PAKISTAN ECONOMIC SURVEY 1967-68

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FOREWORD

The year 1967-68 has been of great significance on two counts. First, it witnessed the fruitful culmination of a great Decade of Reforms and Development which covers the period of the present regime. During this decade, considerable progress has been achieved in all spheres of our economic and social life. Secondly, the year under review saw Pakistan surmount the economic stresses and strains caused by the Indo-Pakistan conflict, reduction in foreign economic assistance and two successive years of crop failures. Glear signs of our having weathered the storm are provided by the preliminary estimates of national income which indicate a growth rate of 8.3 per cent over the previous year. The first two years of the Third Plan had registered growth rates of 4.6 per cent and 5 per cent respectively.

The high rate of economic growth this year is due to a substantial increase in agricultural production, as agriculture still holds a dominant position in the national economy and accounts for almost half of the national income. This excellent performance of the agriculture sector is largely due to the awakening among the farmers created by the bold and imaginative lead given by the President as well as the vigorous efforts of the Government, both Central and Provincial, which have resulted in the large-scale use of key inputs in agricultural production by farmers, such as improved varieties of seed, fertilizers, pesticides and insecticides and improved agricultural implements and machinery. This was also made possible by the increase in the supply of water resulting from the completion of several irrigation schemes as well as the provision of more credit for farmers. Favourable weather also played an important role in raising agricultural production this year.

It is expected that food self-sufficiency will be achieved by 1970, and that the the production of non-food crops will also increase considerably during the next few years. As a result, the rate of GNP growth is expected to rise substantially and the target rate of 6.5 per cent per annum for the entire Plan period may well be achieved.

Progress in industrial production has been maintained despite the shortages of certain imported raw materials caused by diversion of a substantial part of our foreign exchange earnings to the import of foodgrains and by delays in the commitment of commodity assistance. This was due to the re-orientation of our industrial policy towards the maximum utilization of existing capacity and the development of industries based on indigenous raw materials.

During 1967, the Government had to pursue a cautious monetary policy. This was necessitated by the rapid expansion in money supply during the previous years which was caused by increased defence expenditure and a steep rise in bank credit. To meet the situation, a number of selective credit control measures were adopted, as a result of which there was a significant fall in money supply and some easing of the pressure on prices emanating from monetary expansion.

During the year under review, positive steps were taken to impart buoyancy to the stock market which has been sagging for the last few years. Some of the measures were included in the 1967-68 budget and others were taken during the year, such as the amendment of the Companies Act and the Income Tax Act and the relaxation of commercial bank investment in industrial ventures.

Steps were also taken to streamline procedures regarding collection and payment of taxes during the year. Capacity taxation, which aims at increasing industrial production as well as preventing the evasion of taxation, was extended to the hydrogenated vegetable oil and cotton textiles industries. This kind of taxation was previously introduced in the sugar, cement and soda ash industries with encouraging results.

As in the past, an endeavour is made to present in this document all aspects of the national economy in some detail. If the Survey helps the Members of the National Assembly in making a better assessment of the performance of the economy and in appraising the current economic situation more objectively, our efforts will have been well rewarded. The document is being published ahead of other papers in order to give Members adequate time to study it.

ISLAMABAD,
May 28, 1968.

N. M. UQUAILI, S.Pk., S.Q.A.,
Finance Minister.

PREFACE

It has been our desire to present in the Economic Survey more and more information about Pakistan every year and to improve the presentation of the material contained therein. In pursuance of this objective, a number of changes have been made in this issue, both in the text and in the Statistical Section.

The sequence of the chapters has been altered so as to bring together, in a logical order, all the material which is directly related with the analysis of the current economic situation.

An additional appendix has been included, explaining the methodology followed by the Central Statistical Office and the State Bank of Pakistan for the collection and compilation of our foreign trade statistics. This was found necessary because of the discrepancies between the trade figures of the two organisations and the confusion thus caused in the minds of our readers. These discrepancies are actually the result of the application of different methods by the two organisations.

In the Statistical Section, a number of improvements have been made in certain tables. The table dealing with GNP has been expanded to include indices and growth rate of GNP, population and *per capita* income. Similarly, indices of inter-zonal and foreign trade have been added to the respective tables. Two new tables have been included, one giving the indices of wholesale prices and the other showing capital receipts and capital expenditure of the Central and Provincial Governments.

Suggestions for further improvements in the Survey are always welcome. Our thanks are due to various Ministries and public bodies for their help in providing information.

The views expressed in the Survey do not necessarily represent the official views of the Government of Pakistan or of its individual Ministries.

ISLAMABAD,
28th May, 1968.

ANWAR IQBAL QURESHI, S.Q.A.,
Economic Adviser to the Government
of Pakistan.

POSTSCRIPT

In the text of Pakistan Economic Survey 1967-68 as well as the Statistical Section, the growth rate of Pakistan's gross national product during 1967-68 has been indicated as 7 per cent. This preliminary estimate was based on the assumption of 54 lakh tons of wheat crop in West Pakistan, and lower production of cotton crop.

After the Economic Survey had been printed, the latest revised estimates received from the Ministry of Agriculture indicate the production of important crops as follows :

Crop	Provisional Estimates as indicated in the Economic Survey 1967-68			Revised Estimates received after the printing of the Economic Survey 1967-68			
	Pakistan	East Pakistan	West Pakistan	Pakistan	East Pakistan	West Pakistan	Difference
Wheat (lakh tons)	54.47	0.47	54.00	62.57	0 57	62.00	(+)8 10
Rice (lakh tons) .	123.96	109 30	14.66	123 48	108.82	14.66	(—)0 48
Jute* (lakh bales) .	67 22	67.22	..	68.50@	68 50		
Cotton (lakh bales) .	27.43	0 15	27 28	28.22	0.15	28 07	( )0 79

*Excluding Mesta (1 28 lakh bales).

@Including Mesta, though jute production estimates do not usually include Mesta.

Production of minor agricultural crops and the contribution of Construction sector to the G.N.P. are also higher than those indicated in the Economic Survey. The index of agricultural production now stands at 143, instead of 138 as indicated in the Survey

The relative increase in the above figures raises the growth rate of G.N.P. from 7% to 8.3% during 1967-68. The average annual growth rate during the first three years of the Third Plan now works out at 6%.

Wherever possible, some of these changes have been reflected in the text of the Survey. It is, however, regretted that this could not be done in the Statistical Section which was printed somewhat earlier than the main text.

GLOSSARY

One Lakh (1,00,000)=One Hundred Thousand (100,000).

Ten Lakh (10,00,000)=One Million (1,000,000).

One Crore (1,00,00,000)=Ten Million (10,000,000).

Units of measurement

One Maund=82.286 lbs.

One Seer=2.057 lbs.

One Ton=2,240 lbs.

One Acre=4,840 Sq. Yds.

One Acre=0.4047 Hectare.

One Bale (Jute)=400 lbs.

One Bale (Cotton)=392 lbs.

Currency equivalents

One Rupee (100 Paisa)=0.21 Dollar (U.S.)

=0.0875 Pound Sterling, or 21 Pence.

Year

Calendar Year—January 1 to December 31.

Fiscal Year
Trade Year
Agriculture Year } 1st July to 30th June (Example : 1966-67 means the period covering July 1966 to June 1967).

Before 1959-60, the fiscal year was from April 1 to March 31.

Other terms

Aman=Rice crop sown in summer in East Pakistan.

Aus=Rice crop sown in spring in East Pakistan.

Boro=Rice crop sown in winter in East Pakistan.

Basmati=A superior variety of rice in West Pakistan.

Kharif= Crops sown in late spring or in the beginning of summer and harvested in autumn in West Pakistan.

Rabi=Crops sown in autumn and harvested in the following spring in West Pakistan.

Mandi=Local market in West Pakistan.

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NATIONAL INCOME

The growth rate of Pakistan's Gross National Product (at constant factor cost of 1959-60) has gone up from 4.6 % in 1965-66 to 5 % in 1966-67 and to 8.3 % in 1967-68. This sharp increase in the growth rate during 1967-68 is attributed to a steep rise in agricultural production during the year.

The sharp increase in the growth rate of GNP during 1967-68 has compensated for the comparatively lower growth rate for the first two years of the Third Plan. Thus, the average growth rate is now 6% for the first three years. With two years more to go and with a large increase in agricultural production, coupled with increases in other sectors of the GNP, it is estimated that the Third Plan target of an annual growth of 6.5 % will be achieved.

There has been a favourable change in the composition of GNP during the last eight years. The share of agriculture in the GNP has declined, while that of non-agriculture sectors has increased. The share of agriculture in the GNP declined from 53.3 % in 1959-60 to 45.8 % in 1967-68. On the contrary, the share of mining and manufacturing sectors increased from 9.5 % to 12.2 %. The share of construction more than doubled from 2.1 % to 4.5 %. The share of transportation, storage and communications improved from 5.9 % to 6.6 %, of wholesale and retail trade from 11.7 % to 12.7 % and of other sectors from 17.5 % to 18.2 %.

AGRICULTURE

The agricultural sector witnessed an unprecedented rate of growth during July 1967 to March 1968. As against the bad harvests in the previous two years, the crop condition during the current year was reported to be excellent. The provisional index of agricultural production rose from 123 in 1966-67 to 143 in 1967-68. The production of both rice and wheat touched the record levels of 124 lakh tons and 62.57 lakh tons respectively during 1967-68, reflecting an increase of nearly 15 and 44.7% respectively over 1966-67. The production of other food crops such as maize, jowar, bajra also increased appreciably during

1967-68. The production of commercial crops such as jute, cotton and tea registered an increase. The production of sugarcane, however, showed a decline.

The phenomenal increase in agricultural production during the year 1967-68 is the cumulative effect of various development measures taken by the Government as well as favourable weather conditions. Besides providing increased availability of all inputs such as water, fertilizers, improved seeds, plant protection and improved implements to the farmers, various incentives were provided through subsidies, fixing floor prices and buffer stock operations.

While the consumption of fertilizers in Pakistan during 1966-67 was 192 thousand tons in terms of plant nutrients, the programme for distribution during 1967-68 was 385 thousand tons which is likely to be achieved because of better distribution arrangements and the farmers gradually becoming fertilizer-minded. The programme for distribution of improved seeds of the major crops was 140 thousand tons in 1967-68 against the actual distribution of 46 thousand tons in 1966-67.

As a price stabilisation measure and also to give a fillip to production, the floor price of wheat in West Pakistan was raised to Rs. 17.00 per maund in 1967-68 from Rs. 14.50 per maund in 1966-67. The floor price of maize was fixed at Rs. 14.50 per maund in West Pakistan for the first time in 1966-67. The procurement prices of all varieties of rice, with the exception of *Basmati* in West Pakistan in 1967-68, remained unchanged at the previous year's level. The procurement price of *Basmati* was, however, raised from Rs. 31.00 to Rs. 38.00 per maund with a view to encouraging production of this variety of rice for export. Among the commercial crops, the minimum price of jute was revised downward to enable the commodity to face world competition. The age-old cumbersome grades of jute were reduced to twelve, and export duties on both jute and cotton were abolished during the year 1967-68 to promote their export.

The food situation in Pakistan remained fairly satisfactory during 1967-68. Because of increased production of rice in East Pakistan and of wheat in West Pakistan, the market supply position remained quite comfortable and prices showed a steady downward trend. The prices of both rice and wheat during the current season remained lower by Rs. 3 to 5 per maund than in the previous year.

There was also considerable progress in the fishery, animal husbandry and forestry sub-sectors during July, 1967 to March, 1968. The total catch of fish rose to 4.42 lakh tons up to March, 1968 of the current season. In East Pakistan, 1,900 tanks were brought under fish culture and 274 model fish farms were established during the first half of 1967-68. In West Pakistan, 1,200 fish farms were established up to March, 1968.

In the field of animal husbandry, more veterinary hospitals and dispensaries were set up in both the Provinces and the campaign against animal diseases was intensified. In East Pakistan, the works for the establishment of 40 Thana veterinary dispensaries, and in West Pakistan, the works for improving the conditions of 75 veterinary hospitals were progressing satisfactorily. During the first six months of 1967-68, 5.22 lakh animals were treated and 33.89 lakh animals were inoculated in East Pakistan, while in West Pakistan 37.45 lakh animals were treated, 2.86 lakh animals were castrated and 7.62 lakh animals were dewormed against endo-parasitis. Broiler poultry production also showed considerable progress in both the Provinces.

In the field of forestry, not only extraction of timber increased but larger areas were brought under afforestation and regeneration, and a large number of new buildings and roads were constructed in 1967-68. Against 14,533 acres actually afforested during 1966-67 in East Pakistan, the programme for afforestation during 1967-68 was 21,600 acres. In West Pakistan, 14 thousand acres were afforested in 1966-67, while the programme for afforestation during 1967-68 covered 40 thousand acres.

INDUSTRY

The industrial sector has grown and diversified to a remarkable extent during the last few years, in response to the dynamism shown by private enterprise and the facilities and incentives provided by the Government. As a result, the contribution of large-scale industries to the G.N.P. rose from 4.3% in 1955-56 to 7.7% in 1964-65, and further to 8.4% in 1967-68.

Production of cotton cloth increased from 69.1 crore yards in 1965-66 to 73.9 crore yards in 1966-67, of cotton yarn from 50.1 crore lbs. to 53.1 crore lbs., of cement from 16.5 lakh tons to 20.1 lakh tons, of fertilizers from 1.78 lakh tons to 1.86 lakh tons. On the other hand, the production of jute manufactures, sugar, vegetable oil and paper showed some decline. During the first half of 1967-68, production of cotton cloth was 39.2 crore yards, compared to 35.8 crore yards in the first half of 1966-67. The figures of production for cotton yarn for these two periods were 28.7 crore lbs. and 26.8 crore lbs., for cement 9.8 lakh tons and 9.8 lakh tons, for fertilizers 1.0 lakh tons and 0.80 lakh tons respectively. The overall effect was that the production index for manufacturing industries rose from 214.2 (Base : 1959-60=100) in 1965-66 to 237.0 in 1966-67 (10.6%), and is expected to rise further to 261.0, or 10% in 1967-68.

Of the total Third Plan allocation of Rs. 5,200 crore, the industries sector got 23% , *i.e.,* Rs. 1,181 crore. In the revised phasing of the Third Plan, the allocation in the public sector programme of industry has been reduced from Rs. 447.0 crore to Rs. 351.3 crore, a part of the reduction being absorbed by larger allocations in the private sector. This reduction has necessitated postponement or rephasing of some of the projects with long gestation periods and high capital coefficients, and preference will be given to fuller utilisation of existing industrial capacity, and to industries based on local raw-materials, export-oriented and agriculture-based industries.

In the public sector, the EPIDC and WPIDC continued their efforts to complete the on-going projects and take up new ones. The public sector investment in 1966-67 is estimated at Rs. 77.7 crore against only Rs. 45.60 crore in 1964-65. Of the allocation of Rs. 35.1 crore for 1966-67, the EPIDC spent Rs. 26.8 crore on different projects. During 1966-67, it completed six projects, including the Chittagong Steel Mill and three Jute Mills. The allocation of Rs. 37.0 crore for 1967-68 is expected to be utilised in full.

The WPIDC has, since its inception in 1962-63, completed 48 industrial and mining projects at a cost of Rs. 89.5 crore. The completed projects comprise shipyard, fertilizer and cement factories, sugar mills, chemical plants etc. Eleven projects, with an investment of Rs. 4.5 crore, have been transferred to private management. The value of goods produced by WIPDC projects in the first half of 1967-68 was Rs. 13.8 crore, compared to Rs. 25.5 crore in 1966-67. The Corporation is presently implementing 19 projects at an estimated cost of Rs. 100.6 crore. During the first half of the Third Plan period, it completed 5 projects at an estimated cost of Rs. 4.2 crore, while 7 more projects with a capital outlay of Rs. 18.1 crore would be completed by the close of 1967-68.

Foreign loans and credits of \$ 807.4 million have so far been allocated to the industrial sector, of which \$505.5 million have been disbursed through the PICIC and the IDBP. In addition, foreign investment has also considerably assisted the industrial development of the country. Besides the incentives provided by the Government to this sector, a number of technical institutes, industrial advisory and research centres have been set up to promote industrial development.

The mining sub-sector also continued to expand during 1966-67. The index of mineral production increased by 10.7 points during 1966-67, compared to a rise of only 7.8 points during 1965-66. The increase in 1966-67 was due to a rise in the production of chromite, fireclay, limestone etc. During 1967-68, the index is expected to rise further by 15.4 points to 208.4.

MONEY AND BANKING

During 1967, the Government pursued a cautious monetary policy which kept both money supply and bank credit well within the absorption capacity of the economy. In order to restrain the rapid expansion in both which had been experienced during 1966, a number of selective credit control measures were adopted in January 1967, and reinforced later in June. These measures had the desired effect in respect of both monetary and credit expansion. Contractionary influences from the foreign sector and certain other items were responsible for a decline of Rs. 58.54 crore in the money supply, an amount which exceeded the modest increases permitted in the Government sector (Rs. 3.68 crores) and the private sector (Rs. 25.78 crore), so that total money supply was reduced by Rs. 29.08 crore during the year and at the end of March 1968 amounted to Rs. 1,070.49 crore, less by Rs. 18.25 crore than the total recorded at the end of 1966.

Bank Credit

The rate of credit expansion during the second half of 1966 gave rise to some concern. Consequently, certain measures were adopted to slow down the rate of credit expansion. As a result, bank credit rose only by Rs. 80.91 crore to Rs. 881.08 crore during 1967, as against Rs. 135.29 crore in the previous year.

Bank Deposits

During 1967, the net increase in bank deposits was Rs. 71.68 crore or 7.7%, as against Rs. 187.95 crore or 25.3% in 1966. The slow-down in the increase of deposits during 1967 showed that interest rates, which were raised on 16th August 1965, had lost their attraction. Hence, on 16th October, 1967 the State Bank again increased interest rates to attract more deposits.

During 1967, demand and time deposits displayed opposite trends. While the former declined by Rs. 4.96 crore to Rs. 459.67 crore, the latter increased by Rs. 76.64 crore to Rs. 542.20 crore.

The credit-deposit ratio, which stood at 87.0% at the end of 1966, increased to 87.9% by the end of 1967, but declined slightly to 87.8% by end-March 1968.

The scheduled bank's dependence on borrowing from the State Bank was nominally reduced during 1967. It fell from Rs. 187.31 crore at end-1966 to Rs. 183.24 crore at end -1967.

The balances of the scheduled banks with the State Bank stood at Rs. 69.49 crore at the end of 1967, as against Rs. 55.98 crore at the end of 1966.

The scheduled Bank's investment increased at a slower rate in 1967, than the previous year. During 1967, their investments increased by Rs. 16.50 crore to Rs. 264.95 crore, as compared with the rise of Rs. 54.31 crore in 1966.

The short-term money market was characterised by stringent conditions during the greater part of 1967. This was due to credit curbs which remained in force throughout the year.

The State Bank continued to provide increasingly large funds to finance agriculture. Total loans sanctioned by the State Bank up to the end of March, 1968 amounted to Rs. 48.82 crore, of which Rs. 15.71 crore were advanced to cooperatives and Rs. 33.11 crore to the Agricultural Development Bank of Pakistan.

The People's Credit Scheme continued to function smoothly in providing credit to small borrowers. Since its inception to March 1968, over Rs. 34 crore were advanced to 36,277 borrowers. Of the total amount, Rs. 2.88 crore was advanced during July—March 1967-68.

The specialised credit institutions continued to provide credit in the fields of agriculture, industry and housing. Since its inception to March 1968, the Pakistan Industrial Credit and Investment Corporation sanctioned loans of Rs. 137.71 crore for 592 projects. The Industrial Development Bank of Pakistan sanctioned loans of Rs. 155.7 crore since its inception to the end of March 1968. The Agricultural Development Bank of Pakistan sanctioned loans of over Rs. 84 crore up to March 1968. The House Building Finance Corporation sanctioned loans of Rs. 48.37 crore up to 31st March, 1968.

STOCK MARKET AND BONUS VOUCHERS

Stock Market

The Karachi Stock Exchange showed a depressing tendency during the period April-December 1967. Occasional rallies proved to be minor and short-lived. The year 1968, however, started on a positively buoyant note as a result of various measures adopted by the Government. These included the lowering of the banks cash reserve ratio from 6-1/4% to 5% and the State Bank's permission to the scheduled banks to undertake capital financing, including direct investment in stocks and shares. The general index of share prices, which stood at 106.99 on 1st April, 1967 fell to 105.47 at the end of 1967, but rose to 112.48 by the end of March, 1968.

The earlier depressive conditions in the stock market may be attributed to monopolistic developments in share dealings, inadequate support by investment institutions, periodical stringency in the money market, low dividend yields and the poor management of certain companies.

The budget for 1967-68 envisaged various corrective measures to improve the investment climate and to give encouragement to the stock market. Significant amongst these were a reduction from 60% to 40% of the reserve requirements for tax holiday companies on condition that such companies distribute the remaining 60% of profits as dividend, a levy of 10% income tax on a company's free reserve exceeding the amount of its paid-up capital and raising the exemption limit on dividend income from Rs. 3,000 to Rs. 5,000.

In order to investigate the investment climate and suggest corrective measures, the Government has acquired the services of an investment banker from West Germany. A team of Chartered Accountants has also been appointed to look into the management of companies which had failed to come up to the standards. Other measures designed to make investment in shares more attractive for middle-class investors included two Ordinances amending the Company Act and the Income Tax Act.

Bonus Vouchers

Prices of bonus vouchers showed wide fluctuations of Rs. 32.75 during the period April 1967—March 1968, compared to the range of Rs. 20.50 in the preceding corresponding period. The highest quotation during the period under review was Rs. 188.50 in September 1967, compared to Rs. 167.50 during the previous year.

Wide fluctuations in the prices of bonus vouchers were largely due to speculative dealings, shaping and re-shaping of bonus trading lists and periodical changes in bonus entitlement and import policy. The tight foreign exchange position, resulting in increased dependence on bonus vouchers, brought about a rise in their prices.

In order to stimulate the depressed bonus vouchers market and to keep the flow of exports unaffected after the devaluation of sterling, the Government granted a 10% additional bonus on all exports eligible for bonus except jute manufactures, allowed unstamped bonus vouchers at the rate of 20% to jute manufactures, and introduced a 20 % bonus on exports of raw wool. The previous practice of giving a part of bonus in stamped vouchers was discontinued.

PUBLIC FINANCE

The main objective of Government fiscal policy continues to be a rapid, self-sustaining economic growth with stability and this policy finds an increasing reflection in the Central and Provincial budgets for 1967-68. The economic situation during 1966-67 was characterised by difficulties which included reduced inflow of foreign aid, serious shortage of power, increased burden of defence expenditure subsequent to the Indian aggression in September 1965, monetary overhang of the previous years, and unfavourable weather conditions adversely affecting agricultural production. In spite of these stresses and strains, however, the economy showed signs of recovery and even expansion, mainly due to its inherent strength and the various corrective measures which the Government took on a broad front during 1966-67.

As a result of the various measures, the budgetary position of Central and Provincial Governments has shown perceptible improvement over the period and dependence on deficit financing has been eliminated. Total receipts on revenue account during 1967-68, of the Central and Provincial Governments, were estimated at Rs. 848 crore, 14.2% more than the revised estimates of Rs. 742 crore for 1966-67. Development expenditure in the revenue and capital budgets (minus assistance to provinces in the central capital budget) was budgeted higher by 28%, Rs. 614 crore, as against Rs. 478 crore in the revised estimates for 1966-67. As a result of the various fiscal measures and successful budgetary policy, the three Governments have been able to make larger contribution from their revenue budgets to the capital budgets during the Second Plan period. A total revenue surplus of Rs. 313.8 crore, Rs. 186.63 crore from the budget of the Central Government, Rs. 28.84 crore from the budget of East Pakistan Government and Rs. 98.39 crore from the budget of the West Pakistan Government, was transferred from revenue budgets to capital budgets to finance development expenditure.

The 1967-68 budgets of the Centre and West Pakistan did not envisage any new tax. In East Pakistan, however, an additional development and relief tax at the rate of 50 paisa per acre of land was levied, which was estimated to yield Rs. 1.20 crore.

The Annual Development Programme for 1967-68 in the public sector provided for expenditure of Rs. 570 crore, Rs. 263 crore for East Pakistan, Rs. 212 crore for West Pakistan and Rs. 95 crore for the Central Government projects located both in East and West Pakistan. Internal resources will account for 52.5% and external resources for 47.8% of the finance required for the Annual Development Programme. The larger allocation for East Pakistan was in line with the Plan objective of accelerating the pace of development in the province. In the private sector, the Annual Development Programme envisaged an investment of Rs. 430 crore.

PRICES AND COST OF LIVING

There was considerable easing in the price situation, especially of foodgrains and edible oils, during 1967-68 compared to the previous year. This was achieved by increasing the availabilities of foodgrains, some received under PL 480, other imported commercially and paid for from Pakistan's foreign exchange earnings. In addition, vigorous measures taken by the Government to provide key inputs to farmers substantially improved the prospects of the rice and wheat crops, and this had a further salutary effect on prices during the second half of the year. Monetary and fiscal policies were used to stimulate domestic production of both agricultural commodities and manufactured goods.

The cumulative effect of these factors was that the wholesale price index which had increased by 16.3 points to 133.88 during 1966-67 began to decline. The fall was continuous (except in January) from July 1967 to March 1968 when it stood at 122.41. It was sharpest in raw material prices. The price of food items remained high up to September, when the food index stood at 140.78. In October a declining trend set in. At the end of March, 1968 the food index stood at 125.98, a fall of 7.90 points.

During 1967-68 (July—March), the cost of living index for industrial workers at Karachi showed a distinctly upward trend until August, when it touched the highest point at 130.97. Thereafter, the index started declining. It stood at 126.46 in March 1968 as compared to 126.84 in March 1967.

In Lahore, the index moved in an erratic manner. It stood at 124.44 at the end of March 1968 as compared to 124.48 in March, 1967.

In Narayanganj too, the index did not exhibit any definite pattern. From April 1967, it started moving upward, reaching the highest point at 127.25 in June. Thereafter, on the whole, it moved downward. At the end of March 1968, it stood at 122.93 as compared to 123.40 in March, 1967.

COMMERCIAL POLICY

Like other developing countries, Pakistan is spending large amounts on imports in order to accelerate the pace of development and attain a self-sustaining economy in the shortest possible period. These heavy imports, cannot, for the present, be met from the country's current export earnings, with the result that the country is largely dependent on foreign loans and credits which have to be repaid. The reduced inflow of foreign assistance and the stiffening of its terms in recent years has underscored the necessity of more selective imports, placing greater reliance on import substitution, and boosting exports to save/earn more foreign exchange.

During 1967-68, Pakistan's import and export policies continued to aim at meeting essential consumer demands and at the same time promoting the economic growth of other sectors. This necessitated full utilisation of domestic potential and imports, where necessary, of key inputs required for the development of different sectors of the economy, chiefly industry and agriculture.

All possible efforts are being made to discourage inessential imports. This has been done by placing practically all inessential imports on the Bonus or Cash-cum-Bonus lists, where the consumers pay a substantially higher price. In spite of reduced availability of foreign exchange resources, 10 items were retained on the Free List during the July—December 1967 shipping period, including such important items of industrial and agricultural needs as iron and steel, non-ferrous metals and ferro-alloys, tools and workshop equipment, chemicals, marine diesel engines, fertilizers, pesticides and insecticides. The licensable list was reduced to 93 items, from 96 during 1966-67, but care was taken to retain on the list industrial items and essential consumer goods such as drugs and medicines, books and journals, instruments, petroleum, oil and lubricants, tractors etc. The bonus import list was expanded from 45 to 232 and the Cash-cum-Bonus List, with 10 items on it, was introduced for the first time. These lists also included, besides consumer goods, a large number of items of industrial interest. For purposes of industrial licensing, a policy of selectivity was adopted and industries were reclassified under two lists. List I consisted of both high-priority and low-priority industries. The former group, comprising agricultural implements, chemicals and pharmaceuticals, diesel engines, were licensed at a higher percentage than the low-priority industries such as leather, board, musical instruments etc. Industries falling under List II were to meet their requirements entirely on bonus. These included cinema studios, electric lighting tubes, gramophone records, toys and novelties, etc. Besides, to encourage exports, import licensing of the industries, *viz.,* leather goods and footwear and ready-made garments, was linked with the export targets fixed for each.

A significant feature of the import policy for January—June 1968 was the reduction of areas of administrative discretion to the barest minimum by placing a large segment of the import trade on Bonus and Cash-cum-Bonus lists. This was necessary in view of the limited availability of foreign exchange and the desirability of making the industrial sector meet its requirements under the Export Bonus Scheme. However, imports of essential consumer goods and industrial raw materials were maintained at a high level consistent with the availability of foreign exchange resources. The Free List contains 14 items. The Licensable List was reduced from 93 to 25, but it included essential items such as drugs and medicines, books and journals, power tillers, X-ray films and plates etc. The Cash-cum-Bonus List was expanded from 11 to 70 items and the Bonus List from 232 to 242 items. To encourage exports, liberal provisions for imports at 30% of the FOB value of exports were made under the Export Performance Licensing. To meet some of the special needs of East Pakistan, fractional low-lift pumps were placed on the Free List, cotton yarn (80 counts and above) on the Licensable List and 8 items, including commercial vehicles, trucks and buses (CKD), auto-rickshaws without bodies etc., on the Cash-cum-Bonus List. It may be mentioned that for West Pakistan these items are importable on Bonus only. Besides, the Export Performance Licensing Scheme was extended to the jute industry.

The export policies continued to be directed towards boosting the country's exports so as to bridge the import-export gap, a situation which has been a matter of concern for some years. With this end in view, the existing export promotion measures were strengthened and new measures introduced. The import as well as the fiscal and monetary policies were so fashioned as to encourage production and exports. The scope of the Export Bonus Scheme was enlarged and the institutional framework reinforced by setting up such organisations as the Pakistan Trading Corporation, the Jute Trading Company and the Tobacco Board.

These measures have been supplemented by the usual export promotion devices of entering into trade agreements, sending out and receiving trade delegations, participation in international trade fairs and exhibitions. Improving the quality of our goods and increasing their competitiveness in foreign markets have also been given due attention.

Efforts to promote our exports were continued at the international level, and also through strengthening the regional co-operation organisations—the RCD between Pakistan, Iran and Turkey and the IPECC between Pakistan and Indonesia. At international conferences, *viz.,* the GATT, the UNCTAD etc., Pakistan, along with other developing nations, has been emphasizing, *inter alia,* the necessity of stabilising and improving the prices of primary commodities, removal or substantial reduction of tariff and non-tariff barriers imposed by the advanced nations on imports from the developing countries. The removal of these obstacles would considerably improve the foreign exchange earnings of developing countries and accelerate the pace of their economic development. The outcome of UNCTAD II, held in New Delhi in February-March 1968, has, however, fallen far short of the developing countries' expectations.

TRADE AND BALANCE OF PAYMENTS

During 1966-67, the value of Pakistan's visible exports (excluding re-exports, Rs. 4.18 crore) amounted to Rs. 287.09 crore compared to Rs. 269.10 crore in 1965-66, an increase of 6.7%. Indications are that exports may rise further during 1967-68. During the first nine months of the year, they stood at Rs. 231.37 crore, compared to Rs. 215 crore during the same period of 1966-67.

Imports during 1966-67 stood at Rs. 519.23 crore, against Rs. 420.83 crore in 1965-66, an increase of 23.4%. This increase was due to increased availability of foreign economic assistance, particularly Commodity Aid, as well as heavy imports of food grains. During the first nine months of 1967-68, imports were Rs. 351.75 crore, compared to Rs. 362.33 crore during the corresponding period of 1966-67.

The adverse balance of trade increased from Rs. 151.73 crore in 1965-66 to Rs. 232.14 crore in 1966-67. During the first nine months of 1967-68, the situation showed some improvement and the adverse balance stood at Rs. 120.38 crore compared to Rs. 174.33 crore during the same period of 1966-67.

Trade between East Pakistan and West Pakistan, which was valued at Rs. 186.04 crore in 1965-66, increased to Rs. 206.37

crore in 1966-67. During the first six months of 1967-68, the figure was Rs. 101.29 crore, compared to Rs. 97.52 crore during the same period of 1966-67.

Pakistan's overall balance of payments position during 1966-67 exhibited a deficit of Rs. 37.29 crore, as compared to the surplus of Rs. 7.24 crore in the preceding year. The deficit in 1966-67 was the combined result of an adverse balance of Rs. 304.94 crore on goods and services account and net inflows of Rs. 100.61 crore and Rs. 167.04 crore on transfer payments and capital accounts respectively.

The net deterioration of Rs. 44.53 crore in the overall balance of payments may be compared with the fall of Rs. 42.57 crore in the net position of monetary institutions, which in 1965-66 had improved by Rs. 8.79 crore. The gold, dollar and sterling reserves held and controlled by the State Bank of Pakistan decreased over the year by Rs. 47.01 crore, from Rs. 126.33 crore to Rs. 79.32 crore. The reserves on 31st December 1967 were Rs. 75.89 crore.

PLANNING

Pakistan's Third Five-Year Plan (1965—70) involves a total expenditure of Rs. 5,200 crore. It envisages an expenditure of Rs. 3,000 crore in the public sector and Rs. 2,200 crore in the private sector. Of Rs. 3,000 crore in the public sector, Rs. 1,600 crore is to be spent in East Pakistan and Rs. 1,400 crore in West Pakistan. Rs. 2,200 crore in the private sector is to be shared equally between the two provinces.

The year 1967-68, the third year of the Third Plan, marks the end of the period of adjustments through which the Third Plan had to pass in the first two years. The review of 1967-68, therefore, may be studied in the perspective of the difficult circumstances which beset the launching of the Third Plan in its first two years.

The G.N.P. for 1966-67 showed a rate of growth of 5.0% compared to 4.6% realised in 1965-66, thus giving an average annual rate of a little less than 5% for the first two years of the current Plan. This performance fell short of the Third Plan target of 6.5% mainly because of (i) a reduced inflow of foreign economic assistance, (ii) increased expenditure on defence resulting from the Indo-Pakistan conflict in September, 1965, and (iii) heavy imports of foodgrains because of crop failure caused by natural calamities. Because of adverse climatic factors, the growth in the agricultural sector during the first two years of the Third Plan declined to 1.4% on an average as against 3.4% in the Second Plan and 5% projected for the Third Plan.

A number of policy adjustments and improvisations were attempted during 1967-68 in order to accelerate the growth rate of the economy. A most important change in the development strategy was the higher priority assigned to agriculture. As a result of these measures, as well as favourable weather, a bumper crop of wheat and rice and a substantial increase in the production of other crops are expected during 1967-68. Because of this increase, the G.N.P. growth rate for 1967-68 has been estimated at 8.3%. It is expected that with the acceleration of the growth rate in agricultural production during the coming years, the Third Plan target of the average annual G.N.P. growth rate of 6.5% will be achieved during the current Plan period.

An Annual Development Programme of Rs. 570 crore for 1967-68 was approved by the National Economic Council, of which Rs. 264 crore was allocated for East Pakistan, Rs. 212 crore for West Pakistan and Rs. 94 crore for the Centre.

The Annual Development Plan for 1968-69, which covers both the public and private sectors, was approved by the National Economic Council on 4th May, 1968. The Plan aims at achieving a growth rate of 7% for 1968-69. The details will be given on 8th June when the Finance Minister presents the Budget.

It has also been possible to slow down the rate at which economic disparity between the two wings was widening. The increase in disparity in per capita incomes, which was 7.7% per annum between 1959-60 and 1962-63 has fallen to 2.8% per annum after the promulgation of the new Constitution and the assumption of responsibility by the present Government for the removal of regional disparities.

The progress made in regional cooperation through the RCD (Regional Cooperation for Development) between Pakistan, Iran and Turkey is very encouraging. The Ministerial Council of RCD at its meeting held in April, 1968 approved 33 new joint-projects in various fields, which will further strengthen economic cooperation between the RCD countries. Satisfactory progress has also been achieved in the economic and cultural co-operation between Pakistan and Indonesia through IPECC (Indonesia-Pakistan Economic and Cultural Cooperation Organisation).

RURAL WORKS PROGRAMME

The Rural Works Programme was launched by the Government of Pakistan in 1962-63 with a view to giving gainful employment to the un-employed and partially employed rural population by way of under-taking projects for productive purposes through large-scale public participation and to building up local leadership through action. The Rural Works Programme is mainly labour-intensive and aims at using surplus or idle manpower and improving the standard of living of the rural populace.

During the Second Five-Year Plan, Rs. 65.30 crore (Rs. 45.30 crore and Rs. 20 crore in East and West Pakistan respectively) were utilised under the Works Programme. The revised allocation of the Third Five-Year Plan provides Rs. 180 crore for the Programme, Rs. 120 crore for East Pakistan and Rs. 60 crore for West Pakistan. During the three years of the Third Plan, Rs. 59.17 crore have been allocated for this programme, of which Rs. 37.50 crore is for East Pakistan, Rs. 21.32 crore for West Pakistan and Rs. 0.35 crore for the Centre. During 1967-68, Rs. 25 crore were allocated for this programme, out of which Rs. 15 crore and Rs. 10 crore have been provided for East and West Pakistan respectively.

During 1966-67, the West Pakistan Government changed its policy in regard to the allocation of funds for the Rural Works Programme. In the past, the funds used to be allocated entirely on the basis of area and population. Under the new formula, 75% of the funds would be allocated on the basis of area (37.5%) and population (37.5%) and the balance, 25% on the basis of the previous year's performance.

During the first two years of the Third Plan, the Rural Works Programme experienced some difficulties in regard to the availability of funds because of some shift in U.S. policy with regard to the use of counterpart funds generated through the sale of P.L. 480 imports. Despite these difficulties, the achievements under the Programme have been encouraging. During this period, 34,520 miles of kutcha roads and 1,188 miles of pacca roads were built, 20,565 running feet of bridges and culverts and 1,647 school and community buildings were constructed, 3,604 miles of embankment were built, 2,551 miles of irrigation canals and sanitation drainage were dug, 129 tanks were excavated or re-excavated, and 31 playgrounds and parks were set up in East Pakistan. In West Pakistan, about 6,000 schemes were taken in hand in various sectors and most of them have been completed.

FOREIGN ECONOMIC ASSISTANCE

Since the beginning of the Third Plan, Pakistan has received total assistance of $ 1,474 million— $ 70 million in grant and the rest in loans. During this period, total pledges, including the uncommitted pledges carried forward from the Second Plan amount to $ 1,883 million. Of this amount, $ 1,404 million have been received through the Consortium sources and $ 479 million outside the Consortium.

An important development in the field of economic assistance since the beginning of the Third Plan is the increased inflow of aid from the socialist countries. This new source has partly filled the gap from the traditional sources. During the first three years of the Plan, Pakistan has been offered $ 286 million by the socialist countries as against $ 136 million before June, 1965.

The availability and utilisation during the three years has been considerably lower than Plan expectations. This shortfall is all the more pronounced in the case of Consortium assistance where the fresh pledges made up to 31st March 1968 are only 40 per cent of the Plan expectation of $ 2,700 million. Some of this short-fall has, however, been counterbalanced by larger pledges from non-consortium sources. These pledges amount to $ 381 million as against the Plan expectation of $ 150 million for the five-year period. On the whole, total pledges during the three years amount to $ 1,474 million, or 10.7% less than the Plan estimate of $ 1,650 million.

In terms of commitment, the position of Consortium countries is somewhat better because of the availablility of $ 410 million as uncommitted pledges at the end of the Second Plan. Commitments on the whole are 14 % less than Plan anticipation and the shortfall in the case of Consortium assistance is about 23%.

Actual disbursements during the financial years 1965-68 are now estimated at $ 1,348 million as against the Plan projection of $ 1,720 million. Project aid disbursements for 1965-66 and 1966-67 are $ 265 million and $ 259 million respectively against the Plan projection of $ 340 million and $ 353 million, about 26% lower than anticipated.

Actual disbursements of non-project assistance during 1965-66 and 1966-67 were $ 117 million and $ 192 million respectively against Plan projection of $ 210 million and $ 221 million. Commitment of non-project assistance was $ 122 million in 1965-66, $ 225 million in 1966-67 and $ 77 million in 1967-68 (July—December).

Total debt contracted up to December 31, 1967 amounted to 3,677 million, of which $ 2,628 million had been disbursed and $ 1,041 million had remained un-utilised. Up to the end of 1967, Pakistan had repaid $ 474 million towards principal and $ 252.6 million in interest. In 1966-67, Pakistan paid $ 95.7 million on account of external debt service charges which comes to about 13% of Pakistan's foreign exchange earnings. During 1967-68, $ 103 million are estimated to be paid on account of debt-servicing. This amount, although large, is well within our capacity of repayment. The limit for debt obligations considered safe by experts is about 20% of foreign exchange earnings.

The United States has contributed the largest volume of foreign assistance and its total obligation up to 31st December 1967 amounts to about $ 3,600 million including P L 480 assistance. The second important contributor is the World Bank group with $ 804 million.

WATER AND POWER

The development of water and power resources constitutes the infra-structure so necessary for a developing economy like ours. It is essentially required for the growth of agriculture and industry. The Third Plan regards the development of water and power resources as fundamental for the rapid progress of the country in both agriculture and industry. The water and power development programme, therefore, has been so designed as to provide an adequate supply of water to agriculture and sufficient low-cost power to industry in time to meet the growing demands of these sectors.

East Pakistan WAPDA

The revised Third Plan allocation for Water sector was Rs. 196 crore, of which about Rs. 56.30 crore was utilised by the end of December, 1967. In the field of water development, EPWAPDA completed (a) the Comprehensive Drainage Scheme in Faridpur district, (b) Improvement of Gazaria Ichamati River in Bogra district, (c) Improvement of old Dakatia and Little Feni River, (d) the major portion of the Ground Water Development and Pump Irrigation Project and, (e) Teesta Sub-Project in Rangpur district during 1967-68. In adidtion, the first phase of Ganges-Kobadak Project (Kushtia Unit), Dacca-Narayanganj-Demra Project and Equipment Pool project are nearing completion. The work on Coastal Embankment Project and Brahmaputra Left Embankment is in progress.

In the Power sector, power generating capacity increased from 202 MW at the end of the Second Plan period to 237.9 MW by the end of December, 1967, length of transmission and distribution lines from 2,300 miles to 4,272 miles, the number of consumers from 104,000 to 1,63,101 and the electrified villages from 138 to 200.

West Pakistan WAPDA

Since its inception in 1958, the West Pakistan WAPDA has undertaken 48 projects costing Rs. 660.2 crore and completed 23 projects. The first two and a half years of the Third Plan saw the completion of several water development projects of which the most important are Tanda Dam and Mangla Dam.

West Pakistan WAPDA has so far undertaken work on 26 power schemes estimated to cost Rs. 370.46 crore, and completed 15 schemes costing Rs. 155.32 crore. Over 2,02,200 new connections were added to the WAPDA's power system during the first two years of the Third Plan. The maximum demand in the Northern Grid System rose from 410 MW to 538 MW during the same period.

The completed works of the Indus Basin Project *viz.*, Mangla Dam, Trimmu-Sidhnai-Mailsi, Mailsi-Bahawal and Qadirabad-Balloki Link canals, Sidhnai Barrage, Qadirabad Barrage and Mailsi-Siphon and Remodelling works were inaugurated by the President of Pakistan on 23rd November, 1967.

Atomic Energy Commission

The activities of the Atomic Energy Commission progressed satisfactorily during 1967-68. The greatest landmark was reached in October, 1967 when the first batch of artificial radio-isotopes was produced. Three medical centres at Karachi, Lahore and Dacca started functioning during the period under review. Medical centres at Multan, Jamshoro, Chittagong and Narayanganj are expected to operate shortly.

TRANSPORT AND COMMUNICATIONS

The Transport and Communications sector has made significant progress, specially during and since the Second Five-Year Plan. In view of its pivotal role in economic development, the allocation for this sector in the revised phasing of the Third Plan has been increased to Rs. 671 crore, 118.5% more than the actual expenditure of Rs. 307 crore in the Second Plan. Steady progress made in the field of railways, shipping and inland water transport during the Second Plan was further consolidated in the first half of the Third Plan.

Development of the ports of Karachi, Chittagong and Chalna anchorage progressed satisfactorily, and traffic handled at these ports far exceeded their designed capacity. Feasibility studies for the establishment of a second port at Sonmiani in West Pakistan have also been made, and detailed investigations are in progress.

The Pakistan International Airlines continued to expand its operational activities both at home and abroad. During the year ended March 1968, the airline started another international service by connecting Dacca to Bangkok, while the number of inter-wing and intra-wing flights was increased considerably.

The Post and Telecommunication sector has also made impressive progress. During the first half of the Third Five-Year Plan, 811 new post offices were opened, bringing the total to 12,577 at the end of December 1967. In the first quarter of 1968 (January-March 1968), 224 more post offices were opened. The number of telephones during 1967 increased by 12,500 to 1,57,500 approximately. During 1967, the Subscribers Trunk Dialling (STD) service was extended from Rawalpindi to Murree, while the existing STD service on Karachi-Rawalpindi, Lahore-Rawalpindi, and Karachi-Lahore routes was augmented by increasing the voice channels. During 1967, 55 public call offices were opend in the rural areas and 25 new telephone exchanges were installed.

Satisfactory progress has also been made in the development of broadcasting and television stations in Pakistan. Installation of two 100 KWSW transmitters at Islamabad, 100 KWSW transmitter at Daccca for East-West link, 10 KWMV radio station at Rangpur and receiving centres at Chittagong and Rajshahi have been completed.

The Karachi Television Station was opened during 1967, bringing the total number of television stations to four. A comprehensive development programme for the Third and Fourth Plans for the development of television is under implementation, after which 95% of the population in East Pakistan and 84% in West Pakistan will be brought within the viewing range of the television service by the end of the Fourth Plan period.

SOCIAL DEVELOPMENT

Education and Technical Training

The First and Second Five-Year Plans aimed primarily at bringing about re-orientation and re-organisation of the educational system on a pattern suited to the needs and requirements of an independent nation. The major achievement during the Second Plan was the introduction of technical education. The most significant of the reforms envisaged in the Third Plan are the modernisation of the existing curricula and syllabi and the production of standard text-books for improving educational standards.

The Third Plan assigns high priority to primary education and envisages an increase in enrolment from 45 % of children of school-going age group in 1965 to 70 % in 1970. At the secondary level, the major emphasis is placed on qualitative improvement and teaching of sciences. The emphasis in higher education is on improvement of quality and expansion of research facilities. In the field of technical education, the Government is keen to increase the annual intake and output in order to meet the country's rapidly expanding requirements. The annual intake in 1966-67 increased to 6,920 in regard to polytechnic/technical institutions, 11,014 in regard to industrial/vocational institutions, 4,168 in commercial institutions and 1,861 in engineering colleges/universities. Progress in the establishment/expansion of teachers' training institutions was also satisfactory. Besides, ample funds have been allocated for scholarships, learned bodies, archaeology and museums, archives, libraries and other cultural activities.

Health

As in the earlier Plans, the Third Plan has also placed greater emphasis on the organisation and development of preventive services as against curative services. The main objective of the health programme in the Third Plan is to make the most essential health services available to all members of the population and to develop an integrated health service with greater emphasis on public health. The programme covers rural health, family planning, malaria eradication, T.B. control, leprosy control, nutritional standardisation, industrial health, environmental sanitation and training of medical and para-medical personnel.

Performance in malaria eradication and family planning, two of the biggest health programmes which will absorb about 46% of the total allocation, has been satisfactory. A total of 24 lakh couples are now practising family planning against the target of 50 lakh couples by 1970. The number of rural health centres, T.B. clinics and hospital beds has gone up, but because of inadequacy of funds, the progress achieved is not fast enough to meet the increasing requirements of the population. In the field of medical education, good progress has been made at the undergraduate level because of the provision of better facilities, but at the post-graduate level progress has been slow.

Manpower

The Government is committed to attain the goal of full employment by 1985. The Third Plan aims at reducing unemployment from 20% of the labour force in 1965 to 15% in 1970 by creating 55 lakh new jobs against a projected increase of 42 lakh in the labour force during the Third Plan period.

In order to provide safety and security to the workers and their dependents, the West Pakistan Employees' Social Security Ordinance was promulgated in May 1965. The benefits of the scheme were extended to the textile workers of Karachi, Hyderabad, Lyallpur, Multan, Rawalpindi and Peshawar. The scheme will cover the entire industrial sector in the province within the next five years.

With a view to regulating employer-labour relationship, the East Pakistan Government enacted six laws during 1965-66, which included the East Pakistan Inland Transport Act, 1965, the East Pakistan Labour Disputes Act 1965, the East Pakistan Factories Act, 1965, the East Pakistan Trade Union Act, 1965, and the East Pakistan Shops and Establishments Act, 1965. In West Pakistan, the factories (West Pakistan Amendment) Ordinance, 1966 was enacted.

Social Welfare

The allocation for the social welfare sector in the Third Plan is Rs. 9.00 crore of which Rs. 1.37 crore has been spent during the first two years of the Plan. The allocation for the third year, 1967-68, is Rs. 1.35 crore.

In spite of inadequate financial allocations during the first two years of the current Plan, voluntary social welfare agencies continued, strengthened and expanded their programmes. Work also continued on the establishment of model institutions for welfare activities.

Arrangements for post-graduate education in social work were made in various colleges. To meet the requirements of social service in medical institutions, medical social work projects have been established in 25 hospitals.

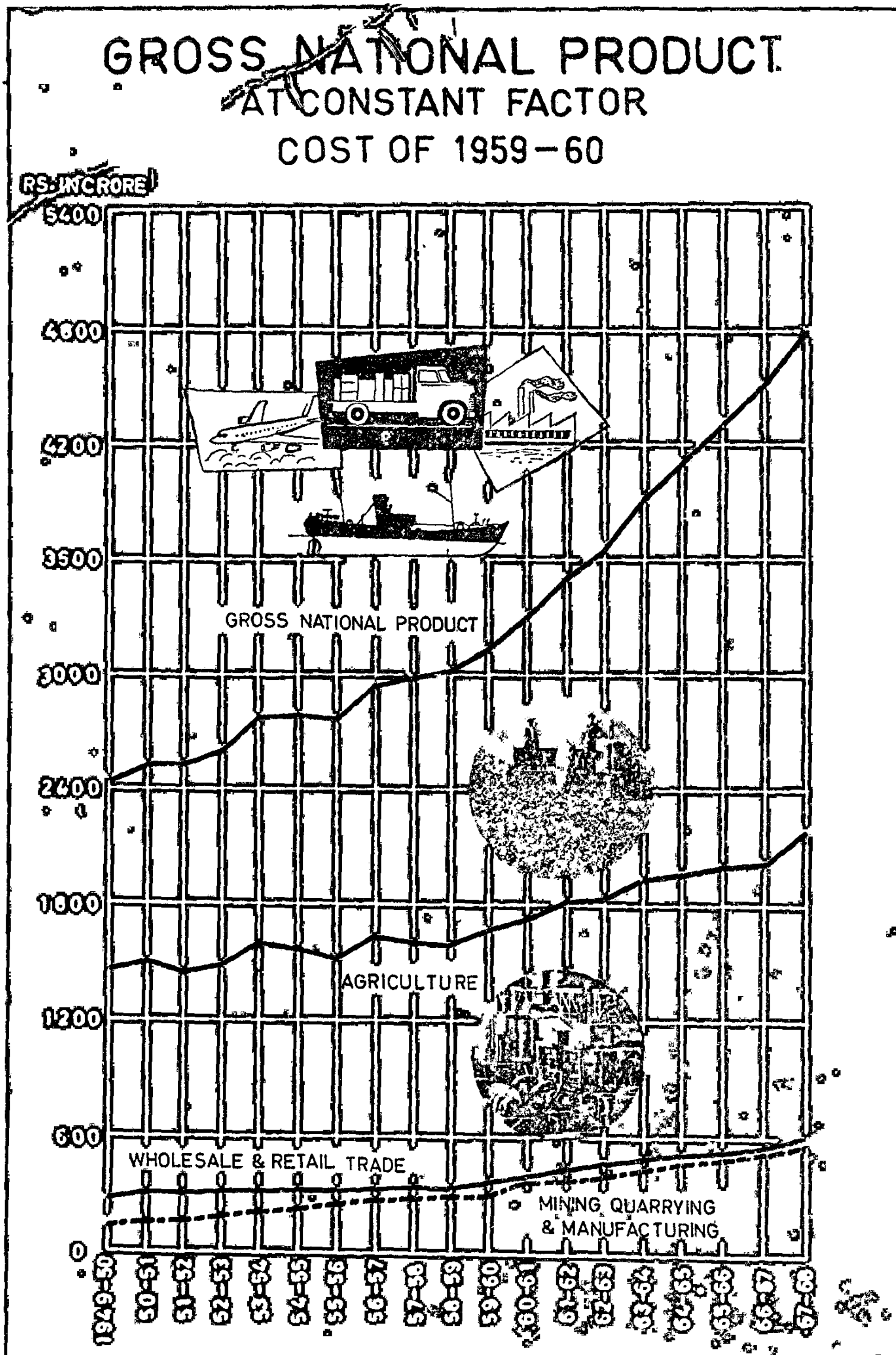
Satisfactory progress was also made in urban community development projects whose number was raised to 118 by the end of 1967. A good deal of work has been done in the field of child-welfare. During the Second Plan, four child-welfare centres were established in East Pakistan and two in West Pakistan, while the Third Plan envisages opening of twenty four such centres (six in East Pakistan and eighteen in West Pakistan).

A comprehensive scheme has been drawn up to start 52 training and rehabilitation centres for beggars in East Pakistan and 3 in West Pakistan. A good start has been made in setting up general education and vocational training centres for the deaf, dumb, and blind students.

Physical Planning and Housing

In view of the curtailment of the budgetary provision in the first year of the Third Plan and subsequent slow progress in the preparation and execution of new schemes, achievements in the Physical Planning and Housing sector have not been encouraging during 1967. The main reasons for poor performance in slum clearance and low-income housing seems to be lack of proper organisation, high cost of construction and difficulties in acquisition of land. As regards low-income public servants' housing, only essential requirements have been met. The rate of progress in water supply, sewerage and drainage in both the provinces has been encouraging. Two new schemes of water supply and sewerage were taken up and work on six on-going schemes was continued in 1967 in East Pakistan. In West Pakistan, 27 major water supply schemes and 7 major sewerage schemes were under execution and 4 major urban water supply schemes were completed during the year 1967. The progress on rural water supply has also been encouraging in both the provinces.

During 1967, work on both the Capitals at Islamabad and Dacca progressed satisfactorily. Good progress has been made in the Capital construction at Islamabad under the second phase of the project, and about 96% of the work on the Secretariat Buildings has been completed.


GROSS NATIONAL PRODUCT
AT CONSTANT FACTOR
COST OF 1959-60
RS. IN CRORE
5400
4800
4200
3600
3000
2400
1800
1200
600
0
GROSS NATIONAL PRODUCT
AGRICULTURE
WHOLESALE & RETAIL TRADE
MINING QUARRYING
& MANUFACTURING
1949-50
50-51
51-52
52-53
53-54
54-55
55-56
56-57
57-58
58-59
59-60
60-61
61-62
62-63
63-64
64-65
65-66
66-67
67-68

CHAPTER I

NATIONAL INCOME

The end-result of economic activity is the production of goods and services and their distribution to the consumers and the producers in the country. Variations in output and income are important for every branch of the economy. In order to evaluate the performance of our economic system in terms of the rapidity of its growth, its stability, or its efficiency in allocating its productive resources to different end-products, some measure of output and income is needed. In order to pursue analysis in this direction, it becomes necessary to collect data on national income.

The size of the national income is determined by the total volume of production. But production is determined by the amount of capital which individuals and business units invest in currently produced goods and services. Whatever amounts we spend for a given good or service constitute income to someone else. Income and expenditure are, thus, merely two different aspects of the same thing, and for the community as a whole, the two must always be equal. It also follows that whenever total expenditures decline, the community's income will fall to the same extent since the two are equal by definition. A specific amount of saving and consumption usually tends to accompany any given level of national income. Both saving and consumption will ordinarily increase with increasing national income.

The purpose of constructing national income accounts is to present a meaningful summary of the working of the economic system of a country. They provide a framework within which the operations of the economy are recorded. The analysis of national income accounts is necessary for a comprehensive appraisal of the working of the economy. Since national income accounts provide a framework for studying the economic system as a whole and its various component parts, they bring out the important inter-relationships of these parts with one another and with the economy as a whole. The growth of economy is most conveniently measured in terms of aggregate national income and of *per capita* income.

The national income accounts provide a framework of data about current consumption and capital formation, the shares in the national income of the different factors of production, the sources of savings in the economy, the part played by internal and external trade in providing goods and services, and the classification of the national product in terms of its industrial origin.

National income accounts also supply the data for forecasting the level of economic activity in future years and for economic planning. In order to ensure that an economic plan is internally consistent and optimal from the view point of the allocation and use of resources, it is necessary to examine its effects on the different aspects of economic activity . Such an appraisal is possible only with the help of the data that become available through national accounts. The quantity and availability of additional resources required to implement a plan, and its effects on employment, output and prices are best analysed within a national accounts framework. The growth of an economy is generally measured with the help of trends in national and *per capita* income over a period of time.

It may, however, be pointed out that the compilation of national income figures is not at all easy, and that there is quite likely to be a considerable margin of error in some of them. This is particularly true of most recent GNP figures which are provisional and are likely to undergo changes when final figures are available, especially of agricultural production.

Gross National Product (GNP)

The most comprehensive measure of national output is the gross national product, usually abbreviated as GNP. It includes the value of all goods and services produced annually in the country less value of intermediate goods and services plus the net factor payments from abroad. Some labour and capital belonging to the country may be engaged in production in other countries, and *vice versa.* Factor payments may, therefore, take place either way. If net factor payments from abroad, which can be positive or negative, are added to the gross domestic product, we get the gross national product. When measured at factor cost, the gross national product is the gross reward during the period to the factors participating in the production process. Gross national product at factor cost is, therefore, identical with gross factor income or gross national income. Gross national product at market prices is the gross factor income plus indirect taxes net of subsidies.

Table 1 shows Pakistan's GNP during the past several years.

Table 1

GROSS NATIONAL PRODUCT AT CONSTANT FACTOR COST OF 1959-60

(In crore rupees)

Year	GNP	Growth rate (over previous year) %
1959-60	31,43.9	4.2
1964-65	41,05.8	4.5
1965-66	42,96.8	4.6
1966-67	45,13.3	5.0
1967-68	48,28.0	7.0*

* Preliminary estimates based on the assumption of 54 lakh tons of wheat crop in West Pakistan and 108 lakh tons of rice production in East Pakistan. As the latest estimates place the production of wheat and cotton at 62.57. lakh tons and 28.22 lakh bales respectively, the rate of GNP growth is now estimated at around 8%.

The average annual compound rate of GNP growth during the Second Plan period was 5.5%. It declined to 4.6% in 1965-66 as a result of a fall in agricultural production caused by natural calamities, economic dislocation caused by Indo-Pakistan war, reduced inflow of foreign economic assistance and lesser imports. In 1966-67, the growth rate increased to 5.0%, mainly because of improvement in non-agricultural sectors of the national economy.

According to the provisional estimates of the Central Statistical Office, the GNP growth rate increased to around 8% during 1967-68. This was mainly due to bumper crops of wheat and rice and a substantial increase in other crops as well. Improvements in other sectors also contributed to the increase in the growth rate.

Composition of GNP

Table 2 shows the composition of the GNP during the last few years.

Table 2

COMPOSITION OF GROSS NATIONAL PRODUCT

(In percentages)

Sector	1959-60	1964-65	1965-66	1966-67	1967-68
Agriculture	53.3	48.1	46.7	45.0	45.8
Mining and Manufacturing.	9.5	11.8	11.8	12.2	12.2
Construction	2.1	4.7	4.3	4.5	4.5
Transportation, Storage and Communication.	5.9	5.9	6.4	6.8	6.6
Wholesale and Retail Trade.	11.7	12.4	12.4	12.6	12.7
Other sectors ..	17.5	17.1	18.4	18.9	18.2
GNP ..	100.0	100.0	100.0	100.0	100.0

It will be seen that the contribution of agriculture to the GNP has been decreasing, while that of non-agricultural sectors has been increasing. The contribution of agriculture to the GNP declined from 53.3% in 1959-60 to 45.8% in 1967-68. The share of mining and manufacturing sector increased from 9.5% to 12.2% during the same period. The contribution of the construction sector to the GNP rose from 2.1% to 4.5%. Other sectors also showed a rising trend.

Per Capita Income

The annual compound rate of growth in real *per capita* income during the Second Plan period was 2.8%, compared to 0.16% during the First Plan period. The *per capita* income rose steadily during the first three years of the Third Plan, its annual compound rate of growth being 2.8%. This rate of growth is the same as for the Second Plan period, despite the various strains and stresses to which national economy was subiected during the first two years of the Third Plan.

Table 3 shows the trend of *per capita* income during the past few years.

Table 3

GROWTH OF PER CAPITA INCOME

Year (July--June)	Income *per Capita* (In rupees)	Annual Compound Rate of Growth
1959-60	318	0.16%*
1964-65	365	2.8*
1965-66	372	1.9
1966-67	381	2.4
1967-68	397@	4.2

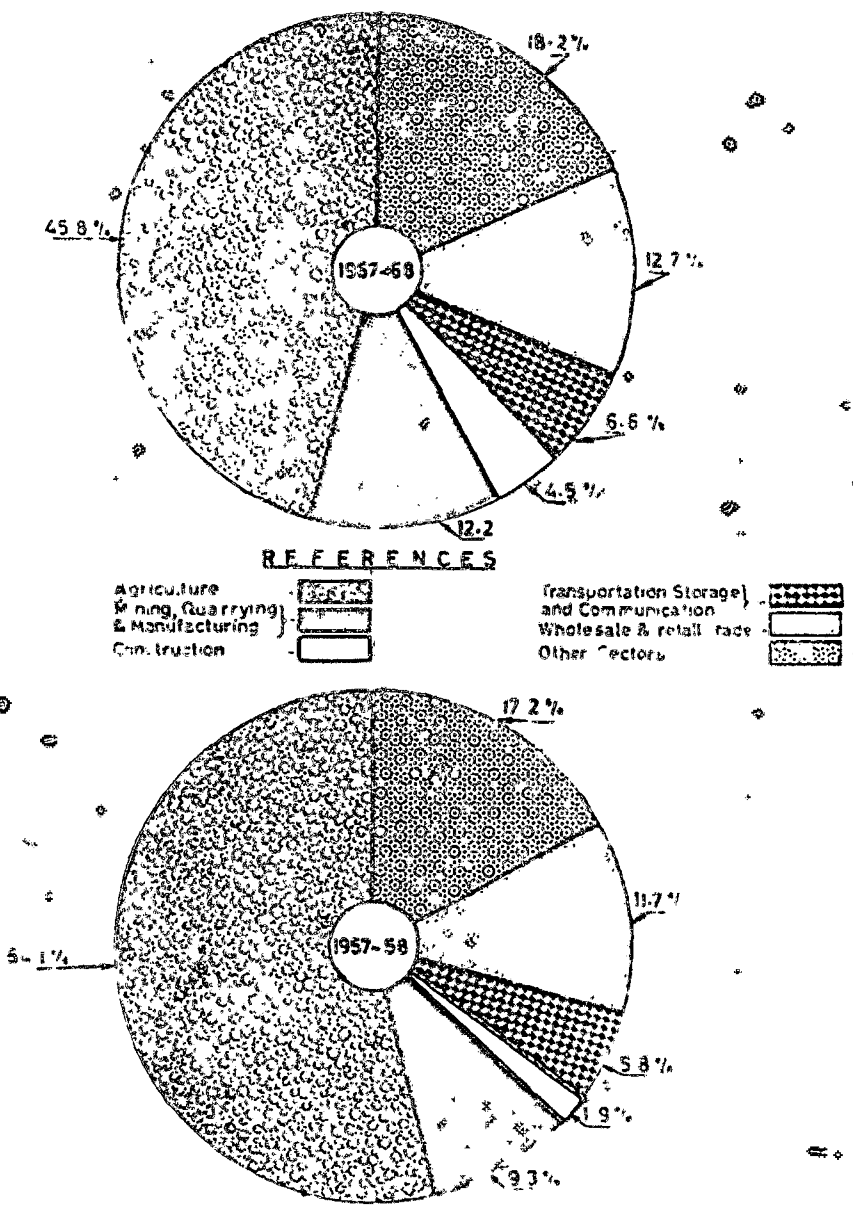
*In the preceding 5 years.@ This figure, worked out on the basis of 7% growth rate, will be higher on the basis of 8% growth rate.

The growth rate in per capita income has risen steeply in 1967-68. Indications are that it may go up further when final figures are available for the year.

The large increase in national income during 1967-68 is due to the successful campaign launched by the Government under the direction of the President to achieve self-sufficiency in food. It is also due to the revision of the priorities in the Third Plan (as explained fully in the Chapter on Planning) in favour of those projects which can be implemented within the shortest possible time and which yield quick results. These factors, combined with much larger investments during the remaining two years of the Third Plan, are expected to bring about a substantial increase in per capita income by the end of the Plan period.

PERCENTAGE CONTRIBUTION OF SECTORS TO GNP

(1959–60 Prices)



CHAPTER II

AGRICULTURE

Agriculture is a vital sector of Pakistan's economy. Although its share in relative contribution to the gross national product is gradually declining as a result of rapid industrialization, it is still the principal source of national income, employment and raw materials for domestic use and export. Agricultural production is, moreover, an important factor for maintaining price stability in the country. Its importance is further heightened by the fact that food shortage, particularly during the last two years, have entailed considerable expenditure of scarce foreign exchange on the import of foodgrains. Evidently the only way to eliminate this dependence on imported foodgrains and to save the scarce foreign exchange resources for economic development is to hasten the attainment of self-sufficiency in food.

In view of these considerations, the Government has given top priority to the development of agriculture and is making intense efforts to expand agricultural production. As a result of these efforts, the country is now on the threshold of an agricultural revolution.

The limiting factors which stand in the way of agricultural development are: low productivity of land due to low fertility of soil caused by water logging, salinity and soil erosion; primitive methods of cultivation; small and fragmented holdings, conservatism and illiteracy of the cultivators which make extension work difficult; low income of farmers, making investment for adopting improved agricultural practices difficult; land tenure problems; poor marketing facilities; inadequate transport, communication and market intelligence; and price fluctuations.

Considerable progress has been made in overcoming these difficulties during the First and Second Plan periods. One of the major achievements of the Second Plan was to break the age-old stagnation in agriculture by generating a growth rate of 3.4% per annum, exceeding the growth rate of the country's population by 0.8% per annum. Although favourable weather played a significant role in bringing about this marked improvement, the basic cause was the institutional changes and the increased use of key inputs such as irrigation water, chemical fertilizer, plant protection and improved seeds.

The Third Plan calls for a sharp acceleration of growth in the agricultural sector and has fixed the target at 5% per annum, compared to 3.5% per annum in the Second Plan. The Third Plan aims :

(*a*) to increase the real income of farmers at the same rate as the *per capita* increase in the non-agriculture sectors;

(*b*) to attain self-sufficiency in food requirements by 1970, the end of the Plan period;

(*c*) to promote agricultural development on a sound self-propelling basis by further improvements in agricultural organization and institutions.

The Third Plan has accorded top priority to the achievement of self-sufficiency and to programmes having a direct bearing on foodgrain production. Two high-powered Agricultural Policy Committees, headed by the respective Governors in each Province, have been appointed to hasten the implementation of these programmes.

Food Self-Sufficiency Programmes

The Agricultural Policy Committee for West Pakistan has prepared a detailed programme for the attainment of self-sufficiency in food by the end of the Third Plan period. This programme was approved in February 1967 by the Governors' Conference, and directives were given to both the Provincial Governments to prepare detailed plans for achieving the targets. The Implementation Plan for the West Pakistan Food Self-Sufficiency Programme, prepared in response to this directive, sets out the production targets for various important crops, outlines programmes for increased use of inputs, indicates the provision of auxiliary services necessary for the achievement of these targets and suggests institutional and organisational improvements to make the programme feasible and effective.

A similar programme for attaining food self-sufficiency in East Pakistan was also worked out by the East Pakistan Agricultural Policy Committee in March 1967. This was, however, modified in November 1967 when an Action Plan was approved.

Economic Incentives

Major reliance for agricultural development has been placed on the initiative of individual farmers. Incentives have been provided to encourage investment and the use of improved inputs through subsidies and other economic incentives. Some of these incentives are indicated below :

(*a*) The Government is subsidising the sale of fertilizers to the extent of 35% of the cost price in West Pakistan and over 50% in East Pakistan.

(*b*) A subsidy of about 100% is being provided by the Government on the protection of crops against pests and diseases in East Pakistan, while in West Pakistan, a system of recovery of 25% of the cost has been introduced.

(*c*) In East Pakistan, the hire charges of pumps operated by the East Pakistan Agricultural Development Corporation for augmenting irrigation water supplies are subsidised to the extent of 50%. The subsidy is allowed in West Pakistan only on some of the material used for boring tubewells by the Agriculture Department and the equipment of persian wells.

(*d*) A subsidy is provided to cover the difference between the market price and the procurement price of improved seeds. The rate of subsidy varies with crops, but the over all rate works out at an average of Rs. 2.00 per maund of seed.

(*e*) Land development operations by bulldozers and the cultivation of land by tractors in West Pakistan are subsidized. The extent of the subsidy varies with the size of the holding. The small owners received a subsidy of 50 % of the cost, while big land-owners have to pay the full cost.

(*f*) Minimum procurement prices of major food crops have been fixed at Rs. 17 per maund for wheat, Rs. 31 per maund for *Basmati* rice. In May 1968, Government raised the procurement price from Rs. 31 to Rs. 38 per maund for *Basmati* rice, Rs. 14.50 per maund for maize and Rs. 20 per maund for groundnut in West Pakistan and Rs. 17 per maund for paddy in East Pakistan.

In addition to these measures, the Government is encouraging large-scale cultivation of new high-yielding varieties of wheat, maize and rice, since these are more responsive to the use of fertilizer, and their yield is at least twice as much as that of the conventional varieties. For increasing land productivity, larger use of fertilizers is being encouraged. The distribution system is being streamlined and improved so as to make adequate supplies of various types of fertilizer available at the right time within easy reach of the farmer. Liberal credit facilities are being provided through the Agricultural Development Bank and other institutions. The programme for plant protection is being expanded. Co-operatives are being encouraged to provide credit and services for the development of agriculture. Education in better cropping patterns, more storage facilities, better marketing conditions and price stabilisation measures are a part of a comprehensive effort to strengthen agricultural organisation programmes.

FOOD SITUATION

The food situation in Pakistan, which was difficult in 1966-67, showed a spectacular improvement in 1967-68. Domestic production of foodgrains, in both East and West Pakistan, was reported to have shown considerable increases in 1967-68, while arrivals of imports were also fairly satisfactory. Increased supply in the market lowered the prices of almost all food stuffs. The Government stock of foodgrains at the beginning of the year was 4.78 lakh tons, 3.06 lakh tons in East Pakistan and 1.72 lakh tons in West Pakistan. Total production of rice during 1967-68 has been provisionally estimated at 15% higher than in 1966-67. The production of wheat which was 11.2% higher in 1966-67 than in 1965-66 is expected to increase by a further 25% in 1967-68. However, the flow of new wheat crop in the markets indicates that the actual production is likely to increase by more than 25%. Other food crops production also showed marked increases during 1967-68.

The total foodgrains deficit in the country for 1967-68 was estimated at 24 lakh tons, which includes 3.5 lakh tons for reserves in West Pakistan, and about 3 lakh tons for reserves in East Pakistan. Arrangements for imports of 22.49 lakh tons were made from U. S. A., Canada, Australia, China, Burma and Mexico (seed-wheat of 40,000 tons). Of this amount, 14.93 lakh tons of wheat were imported from U. S. A. by the end of March, 1968 under PL—480. Details of the food situation in East and West Pakistan are given below :

Food Situation in East Pakistan

The overall food situation in East Pakistan remained satisfactory during July 1967 to March 1968 as compared to the serious situation in 1966-67. The supply position improved considerably as a result of increased production of *aus*, *aman* and *boro* paddy. The production of *aus*, 30.69 lakh tons, indicates an increase of 14.8% over 1966-67. The production of *aman* has been estimated at 68.12 lakh tons, which shows an increase of 15% over the production in 1966-67. The production of *boro* paddy has been estimated at 10.49 lakh tons. Continuous flow of imported foodgrains further eased the situation.

The Provincial Government started the year with stocks of 3.06 lakh tons of foodgrains. This total included 1.21 lakh tons of rice, 1.23 lakh tons of wheat and 62 thousand tons of maize.

The import requirements of rice for East Pakistan for 1967-68 were estimated at 3.16 lakh tons, of which 1.67 lakh tons were to be imported from West Pakistan, 1.00 lakh tons from China and 46 thousand tons from Burma. Up to March 1968, the Provincial Government received 1.29 lakh tons of rice from West Pakistan. The requirements of wheat for the Province during 1967-68 were assessed at 7.00 lakh tons. Up to March 1968, 5.98 lakh tons of wheat were imported from U. S. A. under PL—480, and 20 thousand tons from Australia.

The pooled price of rice for East Pakistan was re-fixed on a "no-profit-no-loss basis" at Rs. 25.78 per maund with effect from 1st July 1967. The increase in freight for Chinese rice made it necessary to refix the price.

As a result, the Provincial Government also raised the issue price of rice from Rs. 29.60 to Rs. 30.80 per maund with effect from 8th January, 1968.

The prices of rice in East Pakistan during the current season remained considerably lower than in the previous year. The provincial average price of coarse varieties of rice was Rs. 32.79 per maund during March 1968, compared to Rs. 39.30 per maund in the same month of 1967.*

Food Situation in West Pakistan

In West Pakistan, the food situation remained quite comfortable during July 1967 to March 1968. The market supply position was fairly satisfactory because of increased domestic production and a continuous flow of imports. The wheat crop harvested in May 1967 was 43.24 lakh tons, an increase of 10.9% over the previous year. The Government of West Pakistan started the year 1967-68 with a stock of 1.22 lakh tons of wheat and 50 thousand maunds of imported maize on 1st July, 1967. The requirements of foodgrains for consumption during 1967-68 has been estimated at 67.08 lakh tons, of which about 14.00 lakh tons will be imported. Imports up to March 1968 were 12.12 lakh tons, of which 9.27 lakh tons were from U. S. A. under P L—480.

The floor price of wheat at Rs. 14.50, enforced during 1966-67, was raised to Rs. 17.00 per maund for 1967-68. The revised floor price will remain in force for three years. To give a fillip to the production of maize, its floor price was fixed in West Pakistan, for the first time during 1967-68, at Rs. 14.50 per maund for three years.

The procurement price per maund of all varieties of rice except *Basmati*, remained unchanged at the previous year's levels of Rs. 20.00 for *Begmi*, Rs. 19 for *Kangni* and Rs. 18.50 for *Joshi*. Procurement price of *Basmati* was, however, raised from Rs. 28 to Rs. 31 per maund with a view to encouraging production of this variety of rice and in May 1968, the price was further raised to Rs. 38 per maund.

Total procurement of wheat in West Pakistan under the voluntary procurement scheme was 8,976 tons during the current season up to March 1968, as compared to 21,214 tons in the whole year 1966-67. Total procurement of rice from October 1967 to the end of March 1968 was 2.58 lakh tons out of which 81 thousand tons were *Basmati*, 107 thousand tons *Joshi*, 34.50 thousand tons *Begmi* and 35.50 thousand tons *Permal*.

The prices of indigenous wheat in the open market showed a steady declining trend during 1967-68. The prices fluctuated between Rs. 17.00 and Rs. 28.50 per maund from July to December 1967, and between Rs. 15 and Rs. 20 per maund during March 1968.

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* For details *see* the chapter on Prices and Cost of Living.

Edible Oils

The principal oils and fats commonly used in Pakistan as cooking media are *ghee*, vegetable *ghee*, and vegetable oils. Pakistan is deficit in edible oils. While the estimated annual requirement is about 3.5 lakh tons, the local production is only around 2 lakh tons, leaving a deficit of about 1.5 lakh tons a year. The Government has, therefore, to import a large quantity of edible oils and oilseeds to make up this shortage.

Total imports of edible oils and oilseeds in Pakistan during 1966-67 amounted to Rs. 10.73 crore, compared to Rs. 17.11 crore in 1965-66. The Government has made arrangements for the import of 1.80 lakh tons of edible olis from different sources during 1967-68.

The domestic production of vegetable *ghee*, mustard oil, cotton seed oil and other edible oils (sesamum and groundnut) stood at 88 thousand tons, 95 thousand tons, 92 thousand tons and 3 thousand tons respectively in 1966-67, compared with 105 thousand tons, 96 thousand tons, 84 thousand tons and 2 thousand tons respectively in 1965-66. It is expected that the production will rise substantially during 1967-68.

The area under the principal oilseed crops rose from 58.53 lakh acres in 1965-66 to 59.77 lakh acres in 1966-67. Production, which was 11.86 lakh tons in 1965-66, rose to 13.19 lakh tons in 1966-67. The averages of the area and production during 1959-60 to 1964-65 were 55.38 lakh acres and 11.06 lakh tons respectively.

To meet the increasing demand for raw materials for the vegetable oil industry, the Government is making an all-out effort to increase local production. Greater emphasis is now being placed on the increased cultivation of groundnuts and large-scale introduction of sunflower seeds.

The declining trend in the prices of edible oils, which was perceptible towards the end of 1966-67, continued up to the end of March 1968.

Sugar

Remarkable progress has been made in the domestic production of sugar. From 34 thousand tons in 1950-51, total production rose to 4.16 lakh tons in 1966-67, 3.04 lakh tons in West Pakistan and 1.12 lakh tons in East Pakistan. Production of sugar showed a decline in 1967-68. The estimated annual requirement of sugar in Pakistan is 4.08 lakh tons, 3.00 lakh tons in West Pakistan and 1.08 lakh tons in East Pakistan.

The supply position remained tight during the first half of the 1967-68 season due to reduced production in 1966-67, and prices moved continuously upward. As against the Government issue price of Rs. 1.37 fixed in March 1967, the free market price rose between Rs. 2.00 to Rs. 2.25 per seer in March 1968. The increase in market prices was also responsible for the enhancement, by the Government of West Pakistan, of the prices of sugarcane at factory gate from Rs. 2.00 to Rs. 2.75 per maund. The ex-factory price of manufactured sugar has been fixed at Rs. 64.00 per manud in West Pakistan.

The Government has, however, recently taken some effective measures to arrest the upward trend of sugar prices. One of these measures was an arrangement for the import of sugar from abroad during the current season. The Trading Corporation of Pakistan has been allowed to import 20,000 tons. In West Pakistan, the Government have arranged for the procurement of 60,000 tons of sugar from local sugar mills and the distribution of sugar at Rs. 1.62 per seer through ration depots.

AGRICULTURAL PRODUCTION

Agricultural production during 1967-68 is expected to rise substantially as compared to the previous year. The growth rate during the year is expected to be 12.2% due to favourable weather and vigorous measures taken by the Government for increasing production. The index of agricultural production is expected to rise to 138 in 1967-68 as compared to 123 in 1966-67.

Table 4 shows the index of agricultural production during the last few years.

Table 4

INDEX OF AGRICULTURAL PRODUCTION (BASE: 1959-60=100)

Year	Index
1954-55	90
1959-60	100
1964-65	123
1965-66	124
1966-67	123
1967-68	138*

* Provisional—This will rise further on the basis of revised higher production figures for wheat and cotton.

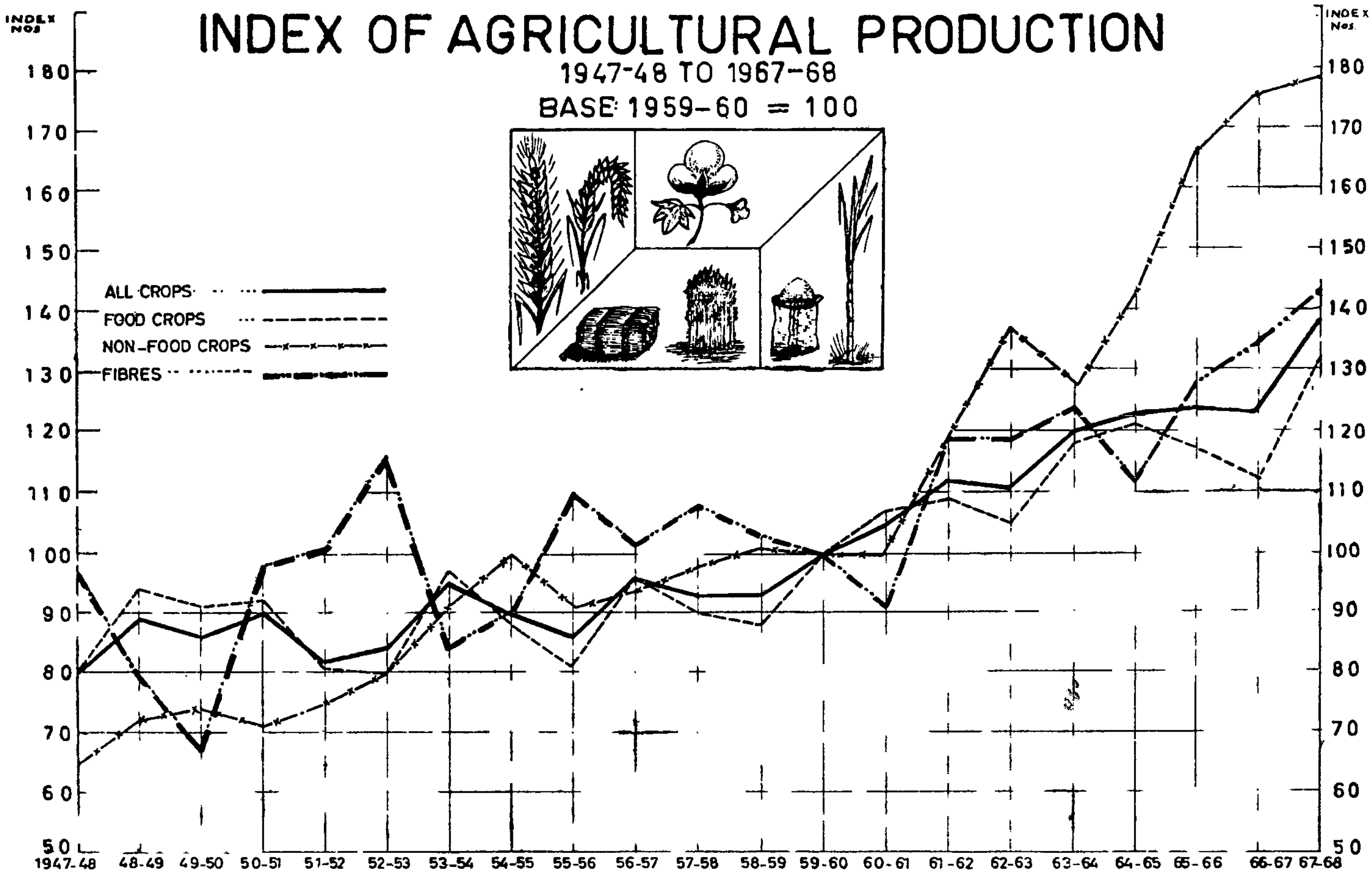
The increase in the index during 1967-68 is due to rise in the production of all principal crops, particularly wheat and rice.

Rice

Rice is the most important food crop in Pakistan in terms of area, production and contribution to national income. Rice is the staple food in East Pakistan and is mainly produced in that province. Of the total cropped area of 290.38 lakh acres in East Pakistan, 224.14 lakh acres or 77% was under rice during 1966-67. The total area under all principal crops in Pakistan was 576.54 lakh acres in 1966-67, of which 258.98 lakh acres or 46% was under rice. Total food crop production in Pakistan in 1966-67 was 164.12 lakh tons, in which the share of rice was 107.67 lakh tons or 67%. In East Pakistan, the production of food crops in 1966-67 was 95.49 lakh tons of which rice production alone was 94.24 lakh tons or 98%.

Rice is also an important foreign exchange earner for Pakistan. There is a good demand for *Basmati*, a superior quality rice, in foreign countries. In 1966-67, 1.78 lakh tons of rice were exported and Rs. 17.69 crore worth of foreign exchange was earned.

Table 5 shows the trend of the area, production and per acre yield of rice in Pakistan in recent years.



INDEX OF AGRICULTURAL PRODUCTION
1947-48 TO 1967-68
BASE 1959-60 = 100
INDEX NOS
ALL CROPS
FOOD CROPS
NON-FOOD CROPS
FIBRES
180
170
160
150
140
130
120
110
100
90
80
70
60
50
1947-48
48-49
49-50
50-51
51-52
52-53
53-54
54-55
55-56
56-57
57-58
58-59
59-60
60-61
61-62
62-63
63-64
64-65
65-66
66-67
67-68

Table 5

ACREAGE, PRODUCTION AND PER ACRE YIELD OF RICE

Year	Area (000 acres)	Production (000 tons)	Per Acre Yield (maunds)
1955-56 to 1959-60 (average) ..	22,767	8,409	10.1
1960-61 to 1964-65 (average) ..	24,954	10,842	11.8
1964-65	26,155	11,666	12.2
1965-66	26,573	11,631	12.1
1966-67	25,897	10,767	11.3
1967-68	27,839@	123,96*	..

*Estimate.
@Third Estimate

It will be observed that the acreage and production of rice showed substantial increases during the Second Plan period. However, production showed a decline in the first two years of the Third Plan, *i.e.*, 1965-66 and 1966-67, due to unfavourable weather conditions in East Pakistan. Production in 1967-68 is estimated at about 123.96 lakh tons, compared to about 108 lakh tons in 1966-67, an increase of 14.8%.

There has been no significant rise in the per acre yield of rice up to 1966-67. However, it is expected to increase substantially in 1967-68 as a result of the increased use of improved seeds and fertilizers.

In West Pakistan, 34.83 lakh acres were cultivated under rice during 1966-67 compared to 34.43 lakh acres in 1965-66. According to the third official estimate, the area under rice has shown an increase of 1.0% in 1967-68 over the corresponding estimate of last year. Production of rice in West Pakistan was 13.43 lakh tons in 1966-67 compared with 12.96 lakh tons in 1965-66. For 1967-68, the total cultivated area under rice crop has been estimated at 34.27 lakh acres in West Pakistan according to third estimate, and the production at 14.66 lakh tons.

Wheat

Wheat is Pakistan's second most important food crop. It is a staple food in West Pakistan and is cultivated mainly in that province. Recently, there has been a significant increase in the consumption of wheat in East Pakistan also. The trend of the area, production, and per acre yield of wheat in recent years is shown in Table 6.

Table 6

ACREAGE, PRODUCTION AND PER ACRE YIELD OF WHEAT

Year	Area (000 acres)	Production (000 tons)	Per Acre Yield (maunds)
1955-56 to 1960-61 (average) ..	11,741	3,644	8.5
1960-61 to 1964-65 (average) ..	12,464	4,124	8.9
1964-65	13,272	4,552	9.3
1965-66	12,874	3,899	8.1
1966-67	13,385	4,324	8.8
1967-68	15,051*	6,257†	..

* First estimate.
† Second estimate.

It will be observed that both the acreage and production of wheat rose substantially during the Second Plan period. However, both declined in 1965-66, because of unfavourable weather conditions in West Pakistan, but showed a rise in 1966-67. For 1967-68, the first official estimate has placed the area under wheat in West Pakistan at 150.51 lakh acres, an increase of 5.7% over the corresponding estimate of last year. The production is estimated to have reached the record level of 62.57 lakh tons, due to timely rains and favourable weather conditions and the increased use of improved seeds, particularly Mexi-Pak variety, fertilizers, the availability of adequate irrigation water etc.

The per acre yield of wheat did not show any significant improvement up to 1966-67. It is expected to increase substantially in 1967-68 as a result of the extensive use of the key inputs mentioned above. It may be pointed out in this connection that in order to bring about substantial increase in wheat production, the Government had set a target of 20 lakh acres for the cultivation of Mexi-Pak wheat in 1967-68.

In East Pakistan, wheat production showed a remarkable increase in 1966-67, rising from 35 thousand tons in 1965-66 to 58 thousand tons during 1966-67. Consumption of wheat in that Province increased from 576 thousand tons in 1965-66 to 618 thousand tons in 1966-67.

Other Food Crops

Other important food crops are *Bajra, jowar*, maize, barley and gram. Gram is used both as cereal and pulse and also as animal feed in some areas. Most of the area under these crops is in West Pakistan. The acreage and production of these crops are shown in Table 7.

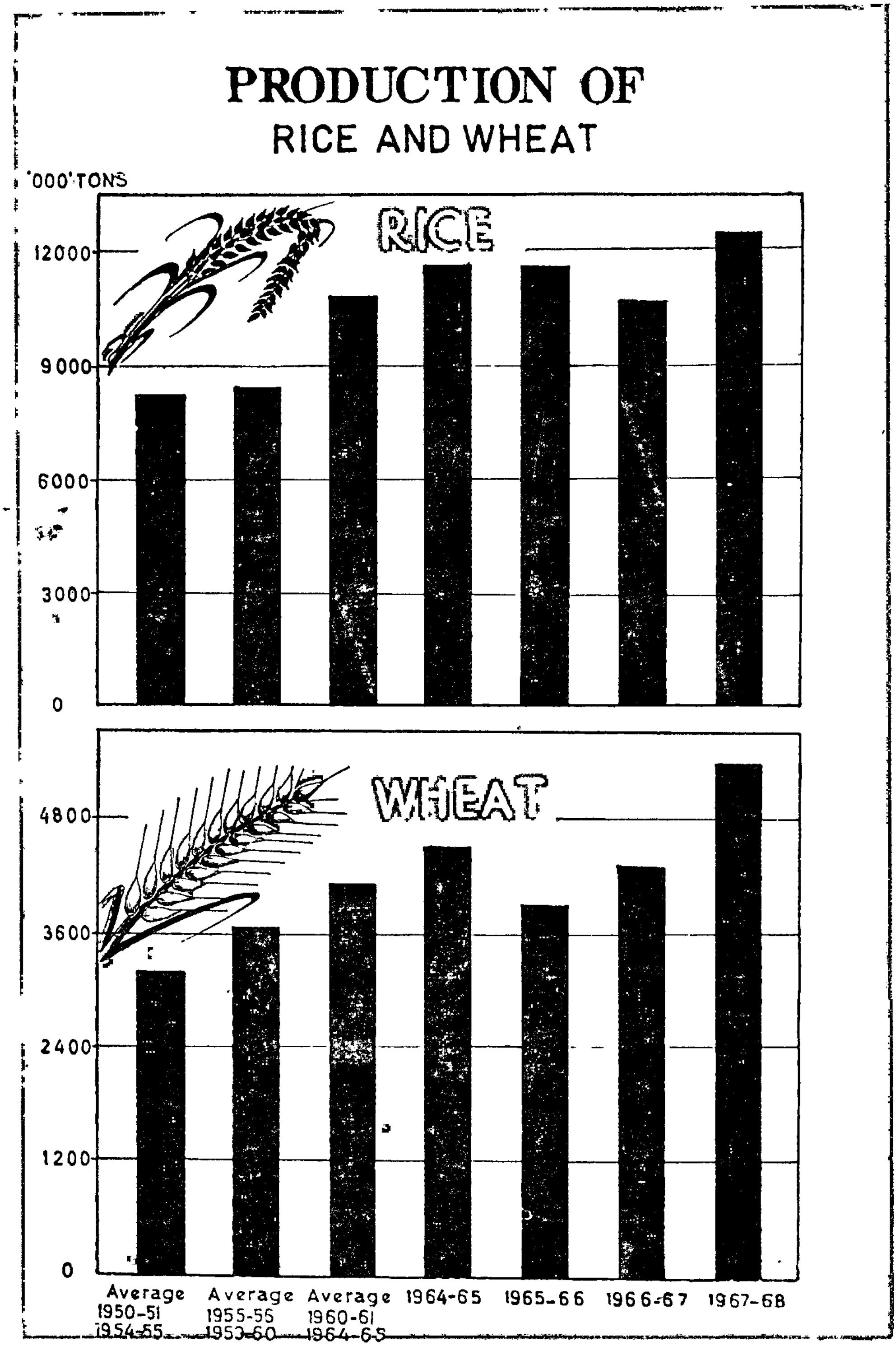

PRODUCTION OF
RICE AND WHEAT
'000' TONS
RICE
12000
9000
6000
3000
0
WHEAT
4800
3600
2400
1200
0
Average 1950-51 1954-55
Average 1955-56 1959-60
Average 1960-61 1964-65
1964-65
1965-66
1966-67
1967-68

Table 7

ACREAGE AND PRODUCTION OF OTHER FOOD CROPS

	Area (000 acres)						Production (000 tons)					
	Average 1955-56 to 1959-60	Average 1960-61 to 1964-65	1964-65	1965-66	1966-67	1967-68	Average 1955-56 to 1959-60	Average 1960-61 to 1964-65	1964-65	1965-66	1966-67	1967-68
Bajra	2,066	2,017	2,250	2,075	2,069	2,258	322	375	439	364	365	407
Jowar	1,173	1,251	1,448	1,469	1,382	1,446	226	247	288	270	273	286
Maize	1,109	1,202	1,212	1,349	1,377	1,511	464	490	523	534	581	782
Barley	557	529	509	436	456	534*	153	132	128	94	102	98(a)
Gram	3,198	3,028	3,118	2,778	2,724	3,063*	674	664	698	574	570	572(a)
Total ..	8,103	8,027	8,537	8,107	8,008	8,812	1,839	1,908	2,076	1,836	1,891	2,145

*First Estimate.
(a)Last two years average.

The acreage and production of these food crops has not shown any significant change during the last few years, with the exception of maize. Both the acreage and production of maize have risen continuously during the past few years. The acreage and production of all the above mentioned food crops are expected to increase substantially in 1967-68.

In view of the importance of maize, bajra and jowar for the attainment of self-sufficiency in food by 1970, the Government launched, at the end of 1966, an accelerated programme in West Pakistan to increase the production of these foodgrains, in accordance with the suggestions of the Rockefeller Foundation. The progress of the programme was reviewed by a technical expert from the same organisation in mid-1967. The acceleration of maize production was found to be a spectacular achievement. About 6 lakh acres were cultivated with high-yielding varieties of seed. The yield was most encouraging and was expected to be 50% higher in those areas. The greatest impact of the programme of maize production was observed in the central region, while the northern region appeared to be in the stage of awakening. The northern region, however, contains the largest acreage of maize. The southern region has very little maize, but a larger acreage of *jowar* and *bajra*. The lack of availability of highyielding varieties of seed, however, limits the scope for increasing the production of jowar and bajra.

As a measure for augmenting the food supply, the Government is making efforts to encourage large-scale production and consumption of potatoes. People who consume more foodgrains than other food stuffs, are being made to realise that potatoes contain more calories, protein, minerals and vitamins than wheat, rice or maize.

The area under potatoes has varied between 1.7 and 1.8 lakh acres during the last few years. In 1966-67, it rose to 2.2 lakh acres, from 1.8 lakh acres in 1965-66. Total production of potatoes also increased by 18.6% from 6.37 lakh tons to 7.56 lakh tons during the same period. In East Pakistan, production increased from 4.86 lakh tons to 5.91 lakh tons, while in West Pakistan it rose from 1.51 lakh tons to 1.65 lakh tons.

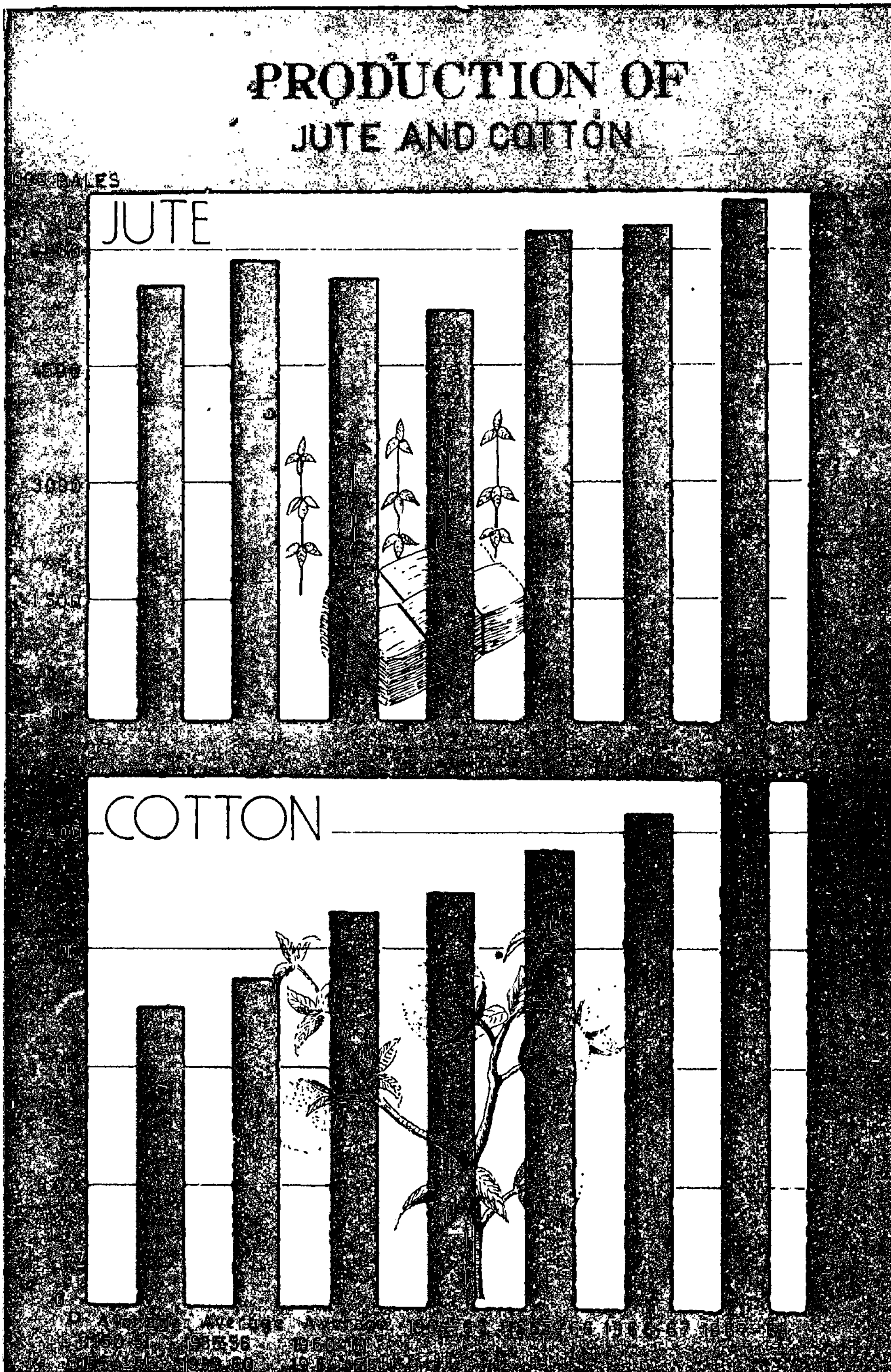
Jute

Jute is the principal cash crop and the largest foreign exchange earner of the country. It is produced in East Pakistan and its production and prices are largely influenced by world demand. Its acreage, production and per acre yield for the various years are shown in Table 8.

Table 8

ACREAGE, PRODUCTION AND PER ACRE YIELD OF JUTE

Year	Acreage (lakh acres)	Production (lakh bales)	Per acre Yield (maunds)
1955-56 to 1959-60 (average)	14.66	59.54	19.80
1960-61 to 1964-65 (average) ..	17.32	57.86	16.80
1964-65	16.60	53.23	16.03
1965-66	20.90	63.64	16.80
1966-67	21.65	64.00	14.40
1967-68	23.54	67.22	..


PRODUCTION OF
JUTE AND COTTON
JUTE
COTTON

Uptil 1964-65 the area under jute in Pakistan generally fluctuated around 16-17 lakh acres. In 1965-66, it rose to 20.90 lakh acres from 16.60 lakh acres in 1964-65, an increase of 26%. In 1966-67, there was a further increase of 3.6 %, to 21.65 lakh acres. The increased acreage in 1966-67 was attributed mainly to the prevailing high prices which induced farmers to bring more land under its cultivation. Favourable weather conditions also contributed substantially towards the increase in jute acreage. In 1967-68, the area under jute is estimated at 23.54 lakh acres.

The production of jute, which rose to 63.64 lakh bales in 1965-66 from 53.23 lakh bales in 1964-65, recorded a further increase to 64.00 lakh bales in 1966-67. This increase was due mainly to the increased acreage and favourable weather conditions. The production during 1967-68 is estimated at 67.22 lakh bales, including Mesta.

The prices of jute in Pakistan have generally shown a rising trend during recent years. In 1966-67, the wholesale index of jute prices moved to 159.23, a figure which compared favourably with 149.18 in 1965-66, 141.22 in 1964-65 and 103.56 in 1963-64. The Provincial average price of unassorted loose jute at growers' level was higher by Rs. 8.64 per maund in 1966-67 than in 1965-66. However, prices showed a downward trend in the current season up to March 1968. This is attributed to the downward revision of the minimum prices to enable jute to face world competition. An increased crop this year and confusion in world market, caused by the devaluation of the pound sterling, are also responsible for the downward trend in jute prices. Table 9 shows the prices of loose jute at growers' level in recent years.

Table 9

PRICES OF LOOSE JUTE AT GROWERS' LEVEL

(rupees per maund)

Season	White Jute	Tossa Jute	White and Tossa Combined
1964-65	31.05	32.26	31.47
1965-66	26.73	29.83	27.39
1966-67	34.97	38.19	36.03
1967-68 (up to March)	26.79	29.30	27.54

Export sales of raw jute during the 1966-67 season were 36.00 lakh bales, compared to 44.48 lakh bales in 1965-66 and 39.94 lakh bales in 1964-65. During the current season up to March 1968, export sales stood at 36.33 lakh bales, compared to 30.19 lakh bales in the same period last year.

Actual export of raw jute during 1966-67 was 34.46 lakh bales as against 43.30 lakh bales in 1965-66. The actual export in the current season up to March 1968 was 33.35 lakh bales compared to 27.32 lakh bales in the corresponding season last year.

Local mills purchased 26.25 lakh bales in 1966-67, compared to 27.08 lakh bales in 1965-66 and 16.92 lakh bales in 1964-65. During the current season up to March 1968, local mills purchased 25.00 lakh bales, as compared to 22.66 lakh bales in the same period last year.

An important development in the jute trade this year was the revision and rationalisation of the grades of jute. There had been more than one hundred grades, which created much confusion in the world market. The number has now been reduced to 12. Another development was that the export duty on jute was abolished in November 1967 to strengthen the competitive position of jute.

It is necessary to improve the yield per acre to achieve the Third Plan target of jute production through the use of better seeds, fertilizers and improved methods of cultivation. The Government has, therefore, prepared a scheme for increased production and distribution of improved jute seeds. Arrangements have also been made for increased supply of fertilizers for jute cultivation on credit.

The Pakistan Jute Association and the Pakistan Jute Mills Association have opened demonstration farms in the Province to induce the growers to adopt improved methods of cultivation. The average per acre yield acheived in these demonstration farms ranges from 18.5 maunds to 41.10 maunds.

Cotton

Cotton, mostly produced in West Pakistan, is the second most important cash crop. The acreage, production and per acre yield of cotton for the various years are shown in Table 10.

Table 10

ACREAGE, PRODUCTION AND PER ACRE YIELD OF COTTON

Year	Acreage (lakh acres)	Production (lakh bales)	Per acre yield (maunds)
1955-56 to 1959-60 (average)	34.94	16.81	2.3
1960-61 to 1964-65 (average)	34.99	20.27	2.8
1964-65	36.59	21.39	2.8
1965-66	38.95	23.47	2.9
1966-67	39.75	25.72	3.1
1967-68	39.85*	28.22**	3.3

* Second Estimate. ** Provisional.

The area under cotton has been increasing steadily over the last few years. This is the result of the vigorous efforts of the Government to increase cotton production by increasing the acreage and adopting other measures. The acreage increased by 6.0% in 1965-66 over 1964-65, and by 2.1% in 1966-67 over 1965-66. According to the second estimate, the area under cotton during 1967-68 was 39.85 lakh acres, compared to 39.75 lakh acres in 1966-67.

The production of cotton remained stagnant at the level of 18-20 lakh bales till 1961-62. Since then, it has shown an upward trend, and in 1963-64 rose to 23.70 lakh bales. In 1964-65, there was a set -back due to unfavourable weather conditions. The production level at 23.47 lakh bales in the subsequent year however, indicated an increase of 9.9% over 1964-65. The production reached a new high level of 25.72 lakh bales in 1966-67 and is estimated to be still higher, at about 28.22 lakh bales, during 1967-68.

The per acre yield of cotton has shown some improvement in recent years. Application of better techniques and improved inputs and availability of more irrigation facilities were mainly responsible for this improvement.

The Karachi cotton market which was generally characterised by easy conditions during the 1966-67 season showed firmness in the early months of the new season i.e. 1967-68. After the devaluation of Pound Sterling on 18th November, 1967 the market witnessed a steep rise in prices following an increase in world level of cotton prices caused by a reduction in the global cotton production, principally in the United States. Besides, the abolition of export duty on cotton by Pakistan after the devaluation and the consistent foreign demand were the other contributory factors in the advancement in price. The March Contract which ruled at Rs. 69.85 on 21st November, 1967, advanced to Rs. 87.15 on 9th January, 1968. Thereafter, the prices came to be stabilised and the March Contract was quoted at Rs. 72.30 on 22nd March, 1968. In spite of our prices ruling firm in comparison to last season, the sale prices of Pakistan cotton remained well competitive with world prices. The traditional buyers like U.K., France, West Germany, Belgium, etc. in the West and Hong-kong and Japan in the East, lifted much more cotton during the season than in the previous one. In addition, new buyers like North Korea, and Kenya entered the Pakistan market. The devaluation of Pound Sterling in November 1967, however, created some difficulties for the exporters in making shipments, against contracts made in Sterlings. The Government, however, quickly decided to grant 10% subsidy to cotton exporters to compensate them in a large measure for the losses incurred on their outstanding pre-devaluation Sterling Contracts. With the grant of 10% subsidy, sterling shipments were resumed from January 1968 onwards and substantial exports were recorded in January, February and March 1968, and the total exports of Pakistan cotton from September 1967 to March 1968 amounted to 6.12 lakh bales compared to 3.60 lakh bales in the corresponding period of last year. Actual exports in 1966-67 were 7.13 lakh bales and compared favourably with 5.80 lakh bales in 1965-66. Table 11 shows the trend of prices of a few selected varieties of cotton.

Table 11

SPOT PRICES OF SELECTED VARIETIES OF COTTON IN THE KARACHI MARKET

(In rupees per maund)

Variety	1965-66 (September-March)	1966-67 (September-March)	1967-68 (September-March)
Punjab Desi	82.70	67.26	70.00
N.T.R.G.	87.81	81.25	84.30
N.T.S.G.	93.15	86.47	89.50

Foreign sales during the cotton season 1966-67 amounted to 8.34 lakh bales compared to 6.23 lakh bales in 1965-66. In the current season upto March 1968, foreign sales were 8.74 lakh bales compared to 6.01 lakh bales in the same period last year.

Tea

Tea is an important cash crop of Pakistan. It is entirely grown in the Eastern Wing of the country. As a result of increasing demand for tea, favourable prices and the various measures adopted by the Government, both acreage and production have registered remarkable increases during the last few years. The acreage, production and per acre yield of tea during the last few years are shown in Table 12.

Table 12

ACREAGE, PRODUCTION AND PER ACRE YIELD OF TEA

	Acreage (000 acres)	Production (million lbs.)	Per acre yield (maunds)
1955-56 to 1959-60 (average)	77	52.5	9.3
1960-61 to 1964-65 (average)	84	54.2	9.5
1964-65	91	63.0	10.6
1965-66	95	60.3	10.0
1966-67	98	63.0	10.2
1967-68	101	64.5	10.3

The increase in the tea acreage has been largely due to the extension effected by tea estates under the Tea Boards' 3% compulsory extension programme, the establishment of new tea estates, the rehabilitation of some derelict tea estates, and the phased extension effected by the tea estates on the excess land so long left unused by them.

Tea season starts in April of each year. The manufactured tea is sold at the auction sales in Chittagong. Generally, 20-22 auction sales are held in a year. The auction sale commences usually in June. During the 1967-68 season, 22 auction sales were held in Chittagong and 63.22 million lbs. of tea were sold as compared to 60.73 million lbs. sold in the auctions in the 1966-67 season. Prices were much lower, averaging Rs. 2.97 per lb. than in the previous season, when the average price was Rs. 3.92 per lb.

Other Non-Food Crops

Other major non-food crops are sugarcane, oilseeds such as rape and mustard, sesamum, groundnut, and tobacco. While the area under sugarcane, groundnut and tobacco has been increasing, the acreage of rape and mustard and sesamum did not show any significant increase during the last few years, as indicated in Table 13.

Table 13

AREA UNDER OTHER MAJOR NON-FOOD CROPS

(000 acres)

Year		Sugarcane	Rape and Mustard	Sesamum	Groundnut	Tobacco
1955-56 to 1959-60 (Average)	..	1,161	1,919	206	27	195
1960-61 to 1964-65 (Average)	..	1,476	1,727	214	58	214
1964-65	..	1,599	1,666	209	64	224
1965-66	..	1,855	1,565	194	83	253
1966-67	..	2,018	1,622	199	125	290
1967-68	..	1,908(b)	1,713(a)	124(a)	125*	N.A.

*East Pakistan only
N.A. Not available.
(a) First Estimate.
(b) Second Estimate.

Production of the above mentioned crops also show similar trend as indicated in Table 14.

Table 14

PRODUCTION OF SUGARCANE, OILSEEDS AND TOBACCO

Year		Sugarcane (000 tons)	Rape and Mustard (000 tons)	Sesamum (000 tons)	Groundnut (000 tons)	Tobacco (Million pounds).
1955-56 to 1959-60 (Average)	..	13,975	325	33	14	202.3
1960-61 to 1964-65 (Average)	..	20,542	314	33	29	221.1
1964-65	...	24,604	302	31	32	242.1
1965-66	..	29,507	274	31	43	302.8
1966-67	...	29,705	302	34	69	392.0
1967-68	..	N.A.	N.A.	N.A.	N.A.	N.A.

* N.A. —Not available.

The increase in area and production of oilseeds may be attributed to favourable weather conditions and lucrative prices. The Government's efforts to attain self-sufficiency in oilseeds has also been a major factor for the increased production of oilseeds.

AGRICULTURAL DEVELOPMENT

The following paragraphs review the progress made in the development of agriculture, including forestry, fishery and animal husbandry.

Improved Seed

The total quantity of improved seeds of major crops distributed during 1964-65 to 1966-67 is given in Table 15.

Table 15

DISTRIBUTION OF IMPROVED SEEDS

(In thousand tons)

Year	East Pakistan	West Pakistan	Total
1964-65	9	31	40
1965-66	8	56	64
1966-67	8	38	46
1967-68(a)	12	128(b)	140

(a) Planned distribution.
(b) Includinig 59 thousand tons of Mexi-Pak wheat seeds.

Compared to 1964-65, distribution of improved seeds increased by 60% and 15% during 1965-66 and 1966-67 respectively. The quantity of improved seeds distributed during 1966-67 includes about 18 thousand tons of IRRI rice varieties in East Pakistan and about 2.15 thousand tons of Mexi-Pak wheat varieties in West Pakistan. The programme for 1967-68 is to distribute 140 thousand tons, inclusive of seeds of Mexi-Pak wheat (59 thousand tons) and IRRI (2.4 thousand tons). In addition, seeds produced by private farmers will also be available for achieving the target area of 20 lakh acres under Mexi-Pak wheat in West Pakistan and of 3.2 lakh acres under IRRI rice in East Pakistan.

The consumption of fertilizers is increasing both because farmers are becoming gradually fertilizer-minded and as a result of the Government's efforts to popularise their use. The consumption, which was 132 thousand nutrient tons in 1964-65 increased to 192 thousand nutrient tons in 1966-67, an increase of 45%, 76 thousand nutrient tons in East Pakistan and 116 thousand nutrient tons in West Pakistan. This was, however, 27% less than the distribution target of 264 thousand nutrient tons. The distribution of fertilizer fixed at 385 thousand nutrient tons for 1967-68 is likely to be achieved because of better distribution arrangements.

In West Pakistan, arrangements were made for imports of 10 lakh tons of ammonium sulphate during 1967-68 and up to March 1968, 5.87 lakh tons were received. Domestic production up to March 1968 was 1.84 lakh tons only. The West Pakistan Industrial Development Corporation, however, expect to produce the remaining quantity by the end of the year.

In East Pakistan, 168 thousand tons of fertilizers were distributed during 1966-67, including 7.8 thousand tons of ammonium sulphate to the Pakistan Tea Association. Domestic production during the year was 88 thousand tons of urea. The distribution target for fertilizer during 1967-68 has been fixed at 281 thousand tons, 266 thousand tons to farmers and 15 thousand tons to Pakistan Tea Association. Up to the end of March, 1968, 139 thousand tons were distributed to farmers and 15 thousand tons to the Pakistan Tea Association. It is expected that 240 thousand tons may be distributed during the current financial year. The domestic production may be 88 thousand tons during this year also.

Plant Protection

Plant protection activities showed continued expansion in East Pakistan during 1966-67. A total area of 84.3 lakh acres was covered during that year, as compared to 66.3 lakh acres in 1965-66. In West Pakistan, the total area covered in 1966-67 was 70.0 lakh acres, compared to 73.2 lakh acres in 1965-66.

Under the curative measures, which comprised ground and aerial spraying, 140.1 lakh acres were covered during 1966-67, of which 74.4 lakh acres were in East Pakistan and 65.7 lakh acres in West Pakistan. During the first nine months of 1967-68, the total area covered under the curative measures was 54.95 lakh acres, 28.95 lakh acres in East Pakistan and 26 lakh acres in West Pakistan. The yearly progress since 1964-65 is reflected in Table 16.

Table 16

AREA COVERED BY GROUND AND AERIAL OPERATIONS

(Lakh acres)

Year (July-June)	East Pakistan	West Pakistan	Total
1964-65	47.7	47.2	94.9
1965-66	54.3	56.5	110.8
1966-67	74.4	65.7	140.1
1967-68 (up to March)	28.95	26.0	54.95

The total area covered under the preventive measures, consisting largely of seed treatment against soil and seed-borne diseases, is indicated in Table 17.

Table 17

AREA SOWN WITH TREATED SEEDS

(Lakh acres)

Year (July-June)	East Pakistan	West Pakistan	Total
1964-65	6.7	21.0	27.7
1965-66	12.0	16.7	28.7
1966-67	9.9	4.3	14.2
1967-68 (upto March)	6.8	N.A.	N.A.

N.A.—Not Available.

Mechanisation

The mechanisation programme consists mainly of land development, irrigation by tubewells and tractor cultivation in West Pakistan, and the use of power pumps for irrigation and tractor cultivation in East Pakistan. During 1966-67, in East Pakistan, 3,990 power pumps were hired out to cultivators by the use of which 225,105 acres were irrigated. During 1967-68 the targets were to provide 6,392 power pumps to irrigate 4 lakh acres and 150 tractors to cultivate/reclaim 30 thousand acres. Up to the end of March, 1968 about 6,600 pumps and 40 tractors were in the field. It is envisaged to cover about 30,000 acres during 1967-68. The East Pakistan Agricultural Development Corporation also completed its trials of four different types of power tillers in order to select the most suitable type for distribution during 1967-68.

In West Pakistan, 74 bulldozers were added to the existing Government-owned fleet of 263 bulldozers in 1966-67. It is estimated that about 48,000 acres were developed during 1966-67, with the help of 337 bulldozers. It is envisaged to develop 200,000 acres during 1967-68 with the help of the heavy earth-moving machinery available for the purpose. About 60,000 acres were covered by the use of wheel-type tractors during 1966-67. About 4,889 tubewells were drilled in 1966-67, while the target for 1967-68 is to drill 3,500 tubewells. Table 18 shows the progress of the Farm Mechanisation Programme. Extensive farm mechanisation has taken place in the private Sector for which details are not available.

Table 18

FARM MECHANISATION PROGRAMME

Item	Unit	1964-65	1965-66	1966-67
East Pakistan				
Tractors used	Number	133	123	95
Pumps used	„	2,238	3,421	3,990
Area reclaimed	Thousand acres	20	19	15
Area irrigated	„	131	174	225
West Pakistan				
Tractors used	Number	114	70	..
Bulldozers used	„	290	250	337
Area cultivated	Thousand acres	35	58	..
Area developed	„	71	94	48

Soil Surveys

Under the soil surveys programme, an area of 60 lakh acres was mapped in East Pakistan and 60.88 lakh acres in West Pakistan during 1966-67. Survey reports of 12 sub-divisions in East Pakistan and of Peshawar Valley and Gujrat district in West Pakistan were also completed. During 1967-68, an area of 80.96 lakh acres in East Pakistan and 373 lakh acres in West Pakistan will be surveyed.

It is estimated that about 6,399 fertilizer trials on various crops were conducted during 1966-67 under Rapid Soil Fertility Survey scheme, 3,619 in East Pakistan and 2,780 in West Pakistan.

Agricultural Education

In East Pakistan, the two-year training course of union Agricultural Assistants was continued at Gouripur, Daulatpur, Tejgaon, Natore and Gaibandha and at two Agricultural Schools at Sherpur and Tajhat. A total of 118 farmers' sons and 38 Union Agriculture Assistants of the East Pakistan Agriculture Department were trained in the handling of power tillers, power pumps and plant protection equipment at the Farm Mechanisation Training Institute, Tejgaon, during 1966-67.

In West Pakistan, training of Field Assistants was carried out at the Field Assistant Training Institutes at Peshawar, Sargodha, Quetta, Sakrand and Rahimyar Khan. A total number of 3,981 persons received training at these institutions during 1966-67. To improve the quality of the workers, the duration of the training course was increased from one to two years in 1966-67.

Facilities for agricultural education were expanded at the Agricultural University, Lyallpur and Agricultural College, Tandojam. The Agricultural Development Corporation also continued the farmers' training programme in Gudu Barrage area in 1966-67.

Facilities for agricultual education will be further expanded during 1967-68.

Agricultural Extension

The Provincial Agricultural Information Services were strengthened in both the provinces and their programmes of audio-visual aids were expanded during 1965-66 and 1966-67. In East Pakistan, a large number of demonstration farms and plots were set up, and the cultivation of coconut, betelnut, groundnut and lac was encouraged. Preliminary work was started for the establishment of an Agricultural Development Estate near Dacca for augmenting supplies of fruits, vegetables and poultry to the city. In West Pakistan, 300 field assistants were appointed in urban union committees; holding of agricultural shows and *melas* was continued. A survey was carried out for the establishment of an Agricultural Development Estate around Islamabad/Rawalpindi, a scheme for this purpose having been formulated by the West Pakistan Agricultural Development Corporation. Agricultural extension activities were also carried out in Special and Northern Areas.

The projected programme for East Pakistan for 1967-68 envisages, *inter alia*, development and extension of cultivation of *desi* as well as long staple cotton, sugarcane, and wheat; and establishment of demonstration blocks at union, thana, sub-division, and district level. During July 1967 to March 1968, a total of 4,424 Block Demonstration Farms of the sizes of twenty five, fifty, one hundred and two hundred acres have been established at Union, Thana, Sub-Division and District levels. Work on the development of the agricultural estate near Dacca will continue while preliminary work will be taken in hand for the establishment of similar estates near Khulna and Chittagong. Similarly, in West Pakistan, work on Agricultural Development Estates near Lahore and Rawalpindi/

Islamabad will be intensified and a survey will be carried out for the establishment of similar estates around Hyderabad and Karachi. Agricultural staff will be appointed in the newly-created district of Kacohi in Kalat Division. A new programme for training of farmers in improved agricultural practices will be launched in six selected districts of West Pakistan and a fruit preservation demonstration service will be started at Lahore.

Research on Crop Production

The main emphasis of research was the introduction and evolution of new varieties of crops for cultivation under different climatic and soil conditions with a view to increasing farmer's incomes and farm production.

In West Pakistan, dwarf wheat varieties imported from Mexico were tried on the fields of selected farmers. It was found that the new varieties responded to large doses of fertilizer and gave high yields under conditions where controlled irrigation was applied in quantities at least 25-50% larger than that needed by the local varieties. Several varieties are now being selected for different types of soil, and time of sowing under irrigated and *Barani* conditions. However, two varieties *viz.*, Mexi-Pak-65 and Indus-66, offer scope for large-scale cultivation.

A new fodder, Napier grass X Bajra hybrid No. 13 yielding, on an average, about 1,500 maunds of fodder per acre was developed at the Ayub Agricultural Research Institute, Lyallpur, and was approved by the Agriculture Department for cultivation by farmers. Experiments were successfully carried out on soyabean cultivation in Hyderabad Region and steps are being taken to popularise two varieties, K-30 and SBL, amongst the farmers for increasing the production of oilseeds. As a step forward, high-yielding hybrid and synthetic varieties of maize have been evolved and are being multiplied on a large-scale. Two varieties, J-I and S-200, were successfully grown during the spring season.

Rice varieties imported from the Philippines were tried for the first time in West Pakistan during 1966-67. Two new cotton varieties, M.S.—39 and M.S.—40, gave higher yields than the standard variety.

In East Pakistan, research to select suitable varieties of IRRI rice was continued on a large-scale during 1966-67. Best results were obtained in *Boro* season only. Experiment for selecting a suitable IRRI variety for *Aman* season is in progress.

Two high-yielding varieties of sugarcane were found suitable to replace the existing varieties in East Pakistan.

About half a dozen high-yielding varieties of jute were evolved and further research by the Pakistan Central Jute Committee on the evolution of the varieties resistant to pests and diseases was continued.

Storage Facilities

About 113,000 tons of storage capacity was completed in Pakistan during the first two years of the Third Plan against the target of 3.07 lakh tons. While in East Pakistan, the construction of storage capacity of 67,000 tons was completed up to 1966-67, in West Pakistan the total was 37,500 tons. The remaining 8,500 tons was for the Central Government. The work for the construction of 5 silos of 3.15 lakh tons capacity is in progress in East Pakistan. In West Pakistan also a similar project has been taken up in Karachi.

The West Pakistan Agricultural Development Corporation undertook the construction of stores for fertilizers during 1967-68.

Agricultural Marketing

In East Pakistan, 65 important markets were brought under the purview of East Pakistan Agriculture Produce Markets Regulation Act, 1964 up to March, 1968. Sub-Divisional Market Advisory Committees have been set up for 39 notified markets and the recommendations for standardisation of market charges and the prohibition of unauthorised deductions are under consideration by the Government. It is estimted that about 1.6 crore eggs were graded at 6 stations for internal consumption as well as for shipment to West Pakistan. The number of demonstration parties for the hides and skins improvement programme for better marketing was increased from 8 to 17, while for the wool improvement programme, the number increased from 2 to 6 during 1966-67.

In West Pakistan, the programmes of market surveys, grading of agricultural commodities and the expansion of marketing intelligence were strengthened during 1966-67. An Agricultural Marketing Directorate in West Pakistan was set up for making necessary studies to improve agricultural marketing machinery in the Province. The number of markets covered under the amended Punjab Agricultural Produce Market Act 1939 is 144, of which 47 were established during 1966-67.

Consolidation of Holdings

In West Pakistan, the consolidation of holdings programme is showing continuous progress. The programme was in full operation in 21 districts of the former Punjab and North West Frontier Province and showed considerable progress up to January 1968. Between February 1967 and January 1968, 337 revenue estates with an area of 8.10 lakh acres were consolidated. The number of plots, which was 2.63 lakh before consolidation was reduced to 1.41 lakh after consolidation. As a result of the re-grouping of scattered and fragmented holdings, 18,898 acres of waste land were brought under cultivation, and 429 new kutcha roads covering a distance of 911 miles were constructed to provide adequate communications for the villages.

The work of consolidation also involves the reservation of plots for common needs, such as extension of villages, *abadis,* provision of play-grounds, schools, hospitals, graveyards, roads, etc. During February 1967 to January 1968, the progress in these fields was also encouraging. Tanks were constructed in 55 acres, 107 acres were used for construction of hospitals and 239 acres were used for the construction of schools.

FISHERIES

The fish industry which has made notable progress during the last few years, continued to grow during 1967-68. The production of fish, both inland and marine, through commercial catch, rose to 4.42 lakh tons up to March 1968 as compared to 4.12 lakh tons in 1966-67, an increase of 7%. 37 fish processing plants were in operation during 1966-67. In 1967-68, arrangements have been made to add four new such plants. The number of mechanised fishing craft was 885 in 1966-67. During 1967-68, arrangements have been made to procure 90 diesel engines, 55 from Japan and 35 from U.K. under Aid for the expansion of the mechanised fishing fleet. For the exploration of fishing grounds, about 1,660 square miles were surveyed on the coast of East Pakistan during 1966-67. This survey was continued in 1967-68. As a result of the exploration survey, six prospective fishing grounds were located on the coast of West Pakistan.

In East Pakistan, 11,200 tanks were surveyed and 2,950 tanks brought under fish culture and 126 model fish farms were established during the first half of 1967-68. Land for 5 fish seed multiplication farms was acquired during 1966-67 and the construction started on 11 farms during 1967-68. A scheme for the Nursery Fish Farm has been approved for operation in 1967-68. The East Pakistan Fisheries Development Corporation has taken in hand several schemes for execution by them during the Third Plan period. Some of the major schemes are :

1. Pre-investment survey for the development of fisheries in East Pakistan.
2. Fisheries outboard, motorization and introduction of small inshore fishing vessels.
3. Commercial exploration of the Karnafuli Reservoir fishing.
4. Construction of a wholesale fish market and a fish landing terminal.
5. Expansion of a fish-net factory at Comilla.
6. Establishment of fish and fish by-products processing units at Cox's Bazar.
7. Management and commercial exploration of Beel and Baor fisheries in the Province.
8. Fish harbour at Chittagong.

Progress in all these schemes was satisfactory up to March 1968.

In West Pakistan, arrangements have been made with the Karachi Shipyard for the construction of two 95-feet long fishery exploratory vessels during 1967-68 under the Sea Exploratory Research Scheme. These vessels will be fitted with the latest scientific equipment and will operate in the deep water of the Arabian Sea. A feasibility survey for the construction of a jetty at Ibrahim Hyderi for mooring vessels and of other shore facilities was conducted in West Pakistan during 1967-68 under the scheme for the development of marine fisheries. The condition of the Karachi Fish Harbour was substantially improved, and a scheme for the construction of a new jetty has been adopted to remove the existing congestion of boats and vessels and to construct one underground and one overhead tank to meet the fresh water requirement of the fishing fleet. 1,200 fish farms had been established in West Pakistan up to February 1968. While three fish multiplication farms and nurseries were established in 1966-67, work on one more fish multiplication farm was in progress up to March 1968.

ANIMAL HUSBANDRY

In East Pakistan, the establishment of 40 Thana veterinary dispensaries was taken in hand during 1967-68. Under the programme of covering 357 Thanas with veterinary dispensaries, 237 dispensaries had been established up to March 1968. The remaining 120 will be set up before the end of the Third Plan.

The Government of East Pakistan propose to set up 11 Artificial Insemination centres in 11 district headquarters during the Third Plan period. Three of these, had been set up and the construction work for the other two was in progress during 1967-68. At present, there are 9 Artificial Insemination centres functioning in East Pakistan.

The breeding-cum-dairy farm in Sylhet was expanded and is expected to be completed during the Third Plan period. A scheme has been taken in hand for execution during 1967-68 to provide each of the 411 thanas of East Pakistan with one Thana Livestock Assistant, to protect the cattle from the most fatal diseases of Rinderpest and Ranikhet. Up to February 1968, 203 Thana Livestock Assistants were already in the field. During March, 1968, 74 candidates were receiving training for appointment as Thana Livestock Assistants. During July to December 1967, 5.22 lakh animals had been treated and 33.89 lakh animals inoculated in East Pakistan, compared to 12 lakh and 88 lakh animals respectively in the whole year of 1966-67. The number of poultry treated and inoculated was 1.24 lakh and 43.17 lakh in July to December 1967, compared to 2 lakh and 88 lakh in the whole year of 1966-67. Eggs production amounted to 51 thousand during July to December 1967 compared to 1.14 lakh during 1966-67.

In West Pakistan, 402 veterinary hospitals and 550 veterinary dispensaries were functioning in March 1968. A programme for the improvement of 75 veterinary hospitals was taken in hand during 1967-68 and the work showed considerable progress up to March 1968. The number of Veterinary Assistant Surgeons, which was 786 on 1st July, 1967, increased by 100 m March 1968. A scheme for the employment of 1,500 Stock Assistants at Union Council level was approved by the Government in December 1967.

During 1966-67, 74.72 lakh animals were treated and 8.65 lakh scrub males castrated, while 8.15 lakh animals were dewormed against endo-parasitis. During the first half of 1967-68, 37.45 lakh animals were treated, 2.86 lakh scrub males castrated, and 7.62 lakh animals were dewormed against endo-parasitis. The total number of animals vaccinated during 1966-67 was 153.98 lakh. During the first half of 1967-68, 62.22 lakh animals were vaccinated in West Pakistan.

In 1966-67, about 400 bulls of improved breed were maintained by the Government in the rural areas of West Pakistan. This number increased to 750 up to March 1968.

Broiler poultry production is attaining increasing momentum in West Pakistan. The existing poultry farms are being expanded, more laying and brooder houses are being equipped for the production of more breeding birds and hatching eggs for distribution in the rural areas for upgrading native poultry. Special efforts are being made to increase poultry production in the principal towns. Five demonstration units were established for this purpose.

There are six Government Livestock Experiment Stations in West Pakistan for carrying out research in various breeds of cattle in their home tract. The research is at present concentrated on the production of proven sires for distribution to the Artificial Insemination centres and breeding areas. The stations cater for the breeding of different breeds of bulls, baffaloes, goats and sheep, such as Sahiwal, Nilee, Ravi, Red Sindhi, Angora goats, Karakul and Awasi milch-cum-carpet wool sheep. 100 karakul ewes and 12 rams were imported in 1964-65 for cross breeding with local breeds. Their combined strength had increased to 198 up to December 1967, of which 19 Karakul rams were given in extension areas. 50 Awasi ewes and 10 rams were imported in 1964-65. Their combined strength was increased to 134 in December 1967. 50 Angora goats and 10 Billy goats were imported from U.S.A. for breeding with Pakistani dairy goats. The strength of these goats was 185 in December 1967.

The dairy industry which has been placed in the private sector is growing with the technical help of the Government under the Milk Supply Schemes for Karachi and Lahore. Licences for setting up dairy plants have been issued to Cow & Gate and Horlicks Companies. Glaxo is already preparing baby food

FORESTRY

Progress of forestry was satisfactory during 1966-67. In East Pakistan, in addition to the Forest Department of the Provincial Government, the East Pakistan Forest Industries Development Corporation is responsible fort he development of forestry. Against the target of the plantation of 16,000 acres, 14,533 acres were brought under plantation during 1966-67. The programme for plantation during 1967-68 is 21,600 acres. While 8,909 acres were regenerated in 1966-67, the programme for 1967-68 is regeneration of 9,800 acres. During 1966-67, 5,570 acres were afforested and 54 acres brought under economic species. The programme for 1967-68 for afforestation and for economic species was 11,600 acres and 200 acres respectively. While 63 buildings were constructed in 1966-67, the programme for 1967-68 was the construction of 177 buildings. Two hundred miles were surveyed during 1966-67, while for 1967-68 the programme provides for the survey of 550 miles. Training and research schemes also showed remarkable progress during 1966-67, and a larger programme has been undertaken for 1967-68.

Although West Pakistan has less forest resources than East Pakistan, the position has considerably improved in recent years. The area under irrigated plantation has increased, the riverain forests have improved and liners of various types have come into existence.

During 1966-67, 1,159 thousand c. ft. of timber were extracted from the forests of Dir, Chitral and Abbotabad compared to 858 thousand c. ft. in 1965-66. While about 14 thousand acres were afforested during 1966-67, the programme of afforestation for 1967-68 covers 40 thousand acres. The programme for canal side plantation covered during 1967-68 is 18,000 avenue miles, while that of road side and railway side plantation is 3,300 avenue miles and 150 avenue miles respectively.

In West Pakistan, 143 miles of new forest roads and bridle paths were constructed during 1966-67 and another 150 miles are expected to be constructed during 1967-68. Furthermore, 22 new buildings, quarters, huts, etc. were constructed in 1966-67. In the Bhurban area, over 2,190 acres of severely e roded land were terraced and 4,322 acres were protected. About 57,950 acres were covered with fire-protection measures in the Hazara District, and inventories were prepared for 153,000 acres in Dir, Chitral and Indus Kohistan.

During 1966-67, 55 Range Management demonstration areas, covering about 72,000 acres, were maintained in various parts of West Pakistan. During 1966-67, work on the Cholistan Range Management Scheme and the Range Management operationl Project in Thal were intensified.

A project for a forest industries complex in Dir State, involving expenditure of Rs. 2.6 crore, has been sanctioned by the Government and steps are being taken to implement it as early as possible. The Government has entered into an agreement with the Government of Poland under which Poland will provide the equipment required for the implementation of this project.

CHAPTER III

INDUSTRY

Even in a predominantly agricultural country, industry has a very important part to play, as standards of efficiency rise, providing opportunities for higher real incomes. There is a limit to the market possibilities for even the most efficiently produced agricultural products, and if local manufactures can be substituted for some of the goods previously imported, the foreign exchange earnings from agricultural exports can be used for more important purposes. Where conditions are favourable for exports of certain manufactured goods, some protection may, moreover, be gained against the risks of violent fluctuations in export receipts, often associated with excessive dependence on exports of primary commodities. For all these reasons, the industrial sector in Pakistan has received considerable attention, from both the Government and the private enterprise, and rapid growth and diversification have been recorded in this sector during the last few years. In 1949-50 the contribution of the manufacturing sector to the GNP was barely 7% of which only 1.5% was contributed by large-scale industries, the rest being accounted for by small-scale industries. Even by the end of 1955-56, the contribution of large-scale industries to the GNP was only 4.3%. By 1964-65, the end of the second Plan period, the share of large-scale industry in the GNP had risen to 7.7% and of the manufacturing sector as a whole to 11.5%. In 1967-68 the share of large-scale industries in the GNP rose further to 8.4%. As a result of this impressive rate of growth in industry, Pakistan has attained self-sufficiency in a large number of consumer goods and some capital goods. Attention is now being directed to the development of heavy and more sophisticated industries such as heavy engineering, electrical equipment, machine tools and petro-chemicals etc.

Lately, however, it has been decided to postpone or rephase some of the public sector projects with a long gestation period and high capital co-efficient and, instead, to give greater emphasis to food self-sufficiency, fuller utilisation of installed capacity and to export-oriented and agriculture-based industries. Table 19 shows the progress made in the manufacturing sector since 1964-65.

Table 19

TREND OF PRINCIPAL MANUFACTURING INDUSTRIES DURING THE THIRD PLAN PERIOD

	Base Year Production 1964-65	Third Plan Target 1969-70	Achievement/Production			Percentage realisation of Third Plan Targets in 1966—67
			1965-66	1966-67	1967-68 (July-Dec.)	
White Sugar (000 tons) ..	233	640	456	416	109	65.0
Vegetable *Ghee* (000 tons) ..	95	140	105	88	45	62.8
Tea (Million lbs) ..	62	74	62	67	51	90.9
Sea Salt (000 tons) ..	216	400	192	360	187	90.0
Jute Goods (000 tons) ..	289	920	409	404	242	43.9
Cotton Yarn (million lbs) ..	518	720	501	531	287	73.7

Item	Base Year Production 1964-65	Third Plan Target 1969-70	Achievement/Production 1965-66	1967-68	1966-67 (July-Dec.)*	Percentage realisation of Third Plan Target in 1966-67
Cotton Cloth (Million yds)	764	..	691	739	392	..
Writing and Printing Paper (000 tons)	32	100	34	25	15	25.0
Newsprint and Mechanical paper (000 tons)	47	100	42	45	24	45.0
Board (000 tons) ..	24	100	24	26	12	26.0
Nitrogenous Fertilizer (in terms of Ammonium Sulphate) (000 tons).	393	2,500	338**	335**	194**	..
Cement (000 tons) ..	1,685	6,000	1,650	2,009	980	33.5
Caustic Soda (000 tons) ..	10	90	11	17	11	18.9
Soda Ash (000 tons) ..	34	172	32	31	23	18.0
Sulphuric Acid (000 tons) ..	21	600	24	22	12	4.8
Cycle Rubber Tyres and Tubes (000 Nos.)	6,849	..	4,662	7,012	3,786	..

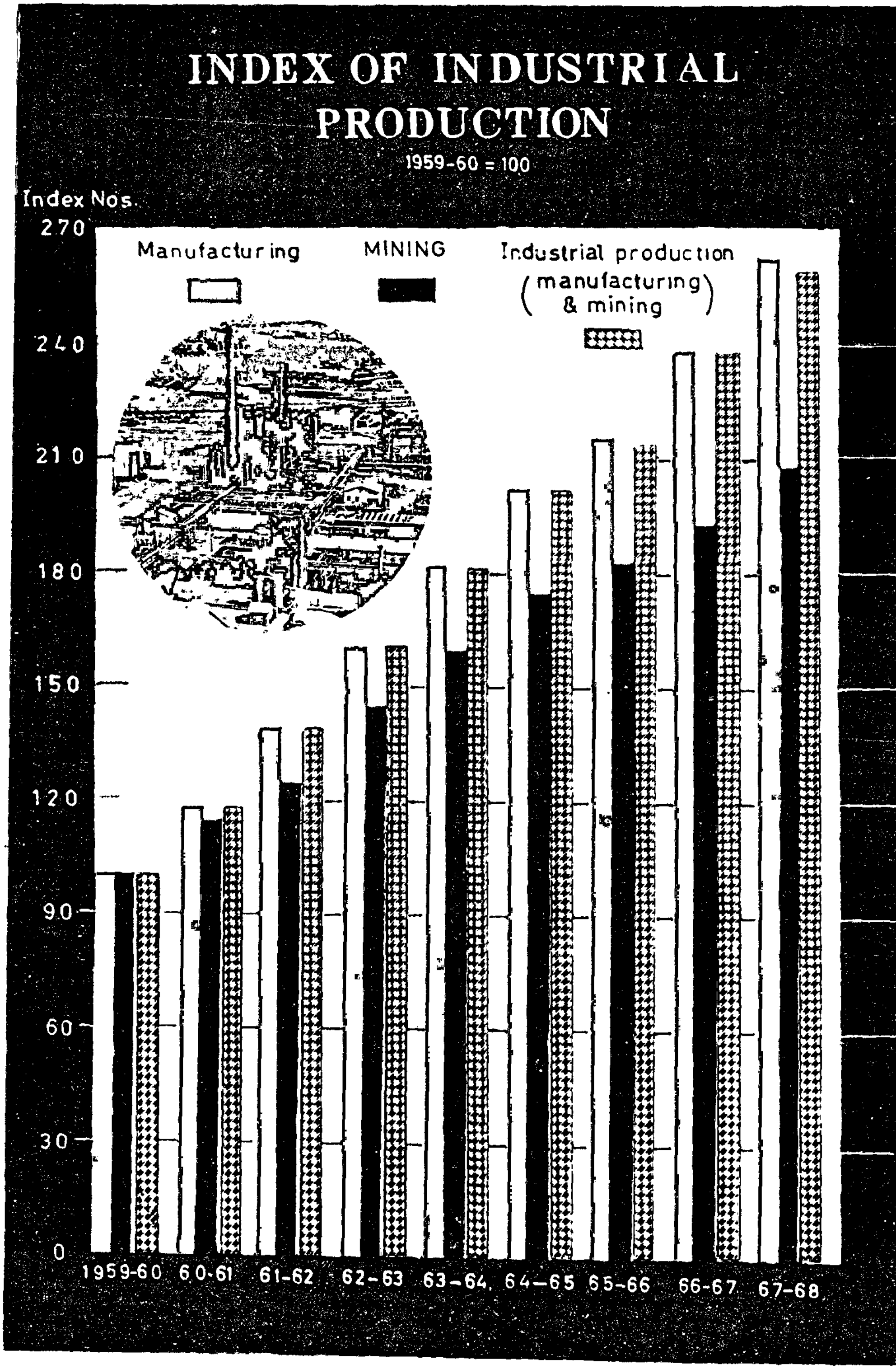
*Figures for July-December 1967 are provisional.

**Data for Amonium Nitrate not available.

It will be seen that there was significant increase in 1966-67 in the production of tea, sea salt, cotton cloth and yarn, board, caustic soda, cement and cycle rubber tyres and tubes. The increase in the quantum index of manufacturing industries from 100 in 1959-60 to 201.7 in 1964-65, gives an idea of dynamism and buoyancy shown by the manufacturing sector. In 1965-66, the index rose less repidly by 6.2% to 214.2 but it increasd by 10.6% to 237.0 in 1966-67; during 1967-68, it is estimated to go up to 261.0 or by 10%. The Indo-Pakistan war in September 1965 and the reduction in the inflow of foreign economic assistance gave a set-back to the pace of industrial growth, and when towards the close of 1966, import policy became more restrictive because of the unexpected diversion of the country's foreign exchange resources to food imports, the supply of industrial inputs was adversely affected. Increasing efforts are, however, being made to overcome these difficulties, and a good deal of success has already been achieved.

The production of minerals has increased steadily. The index of mineral production rose from 174.5 in 1964-65 to 182.3 in 1965-66 and further to 193.0 in 1966-67. During 1967-68, it is estimated to go up to 208.4.

In spite of some set-back in industrial development in recent years, the rate of growth can be favourably compared with the growth rate of many other developing countries. This satisfactory situation, in spite of heavy odds, is due to the keen interest which the President is taking in these matters, to the sound fiscal and monetary policies adopted by the Government, the provision of a large number of incentives and facilities by it, and also, in no small measure, to the dynamism shown by the private sector.


INDEX OF INDUSTRIAL PRODUCTION
1959-60 = 100
Index Nos.
270
240
210
180
150
120
90
60
30
0
Manufacturing
MINING
Industrial production (manufacturing & mining)
1959-60
60-61
61-62
62-63
63-64
64-65
65-66
66-67
67-68

INDUSTRIAL INVESTMENT SCHEDULES

The Industrial Investment Schedule is the main instrument for the attainment of investment targets in various industries by the private sector. The existence of stable conditions in the country, coupled with the availability of a substantial amount of foreign aid, loans and investments, has made it possible for the private sector to break new ground in industrial field. The Government policy of giving maximum assistance and incentives to the private sector has also acted as a catalyst.

Industrial Investment Schedule for the Second Plan

Against an investment target of Rs. 284 crore in the investment Schedule for the entire Second Plan period, sanctions accorded by February 1963 had amounted to Rs. 408 crore. A revised schedule, envisaging an investment of Rs. 153 crore was, therefore, announced. Even this was heavily over-committed, with the result that investment during the Second Plan period amounted to Rs. 588 crore, against Rs. 437 crore envisaged in the two schedules combined.

Investment Schedule for the Third Plan

To achieve the private sector investment target of Rs. 830 crore indicated in the Third Plan, a Comprehensive Industrial Investment Schedule for Rs. 1,088.53 crore was announed in April 1966. The schedule covered 23 groups of industries, sub-divided into 200 industries. Of the total investment allocation in the private sector, Rs. 586.1 crore (54%) is for West Pakistan and Rs. 502.5 crore (46%) for East Pakistan. Table 20 gives the details of the Schedule for the Third Plan period (1965-70).

Table 20

DETAILS OF COMPREHENSIVE INDUSTRIAL INVESTMENT SCHEDULE

(In crore rupees)

Particulars	East Pakistan		West Pakistan		Pakistan	
	Total	External	Total	External	Total	External
New Industries						
Large/medium ..	416.65	259.35	445.55	218.77	862.20	541.12
Small	39.12	22.91	20.18	12.16	59.30	35.07
Total ..	455.77	282.26	465.73	293.93	921.50	576.19
Balancing and Modernisation of the existing Industries						
Large/medium ..	38.99	25.49	115.16	81.87	154.15	107.36
Small	7.70	4.66	5.18	3.21	12.88	7.87
Total ..	46.69	30.15	120.34	85.08	167.03	115.23
Grand Total ..	**502.46**	**312.41**	**586.07**	**379.01**	**1,088.53**	**691.42**

The overall allocation included over Rs. 167 crore for balancing and modernisation of existing units, while the rest is for new units. Most of the allocation is for large and medium units, Rs. 862.20 crore for new units and Rs. 154.15 crore for the balancing and modernisation of existing units, while Rs. 72.18 crore are earmarked for small industries.

To ensure the full implementation of the Schedule, industrial investment has been exempted from prior government sanction. Such a sanction is not necessary for industries based exclusively on locally available machinery and raw materials, and where the foreign exchange component of the investment can be found by the financing institutions, viz., Pakistan Industrial Credit and Investment Corporation and Industrial Development Bank of Pakistan.

The progress of the Comprehensive Industrial Investment Schedule for the Third Plan period in the large industries sector up to December 1967 is indicated in Table 21.

Table 21

PROGRESS OF THE COMPREHENSIVE INDUSTRIAL INVESTMENT SCHEDULE

(In crore rupees)

East Pakistan	Provision made in the CIIS	Utilisation up to 31-12-67	Balance available as on 1-1-1968
Consumer goods industries	167.12	38.77	128.35
Intermediate goods industries	214.63	52.98	161.65
Production goods industries	67.38	8.18	59.20
Industries under items 199 and 200 of CIIS*	6.50	1.25	5.25
Total East Pakistan	**455.63**	**101.18**	**354.45**
West Pakistan			
Consumer goods industries	243.61	122.25	121.36
Intermediate goods industries	249.37	164.65	84.71
Producer goods industries	61.25	18.81	42.44
Industries under items 199 and 200 of CIIS*	6.50	3.39	3.11
Total West Pakistan	**560.72**	**309.10**	**251.62**
All Pakistan			
Consumer goods industries	410.73	161.02	249.71
Intermediate goods industries	464.00	217.63	246.36
Producer goods industries	128.63	26.99	101.64
Industries under items 199 and 200 of CIIS*	13.00	4.64	8.36
Total Pakistan	**1016.35**	**410.28**	**606.07**

*Includes industries based on 100% indigenous raw material, limited to Rs. 5 lakh foreign exchange requirement for plant and machinery and those not elsewhere classified in the Schedule.

By the end of December 1967, 22.2% of the provision made in the CIIS for large industries in East Pakistan had been utilized, 55.1% in West Pakistan and 40.4% in the country as a whole. The overall utilisation in consumer goods has been 39.2%, in the intermediate goods industries 53.4%, and in the producer goods industries 6.6%.

In view of the revised strategy of the Third Plan, which calls for better utilization of existing facilities, coupled with selective expansion of industries geared to the export and agriculture sectors, the National Economic Council has directed that the Investment Schedule should be revised and published as early as possible. The revised Schedule would give high priority to industries based on local raw materials and export oriented industries, emphasize the need for consolidating existing capacity for -better results, promote import substitution and provide support to agriculture. It is expected to operate more or less automatically without administrative restrictions.

Foreign Loans and Credits for Industrial Projects

Pakistan's own foreign exchange earnings being inadequate, these have to be supplemented by foreign aid, loans and credits, which play an important role in the country's economic development. Up to 31st January, 1968, foreign loans and credits to the tune of $807.38 million had become available for industrial projects, against which $ 690.59 million (85.5%) had been comitted and $ 505.50 million (62.6%) disbursed. A classification according to the source of these loans and credits is given in Table 22.

Table 22

UTILIZATION OF FOREIGN LOANS AND CREDITS IN INDUSTRIAL PROJECTS (AS ON 31ST JANUARY 1968)[1]

(In million $)

Country	Allocation	Commitment	Letter of Credit Opened	Disbursement
Belgium	14.80	11.55	1.14	0.52
Canada	8.20	8.20	8.20	8.03
China	25.50	0.77	0.12	0.77
Czechoslovakia	3.00	2.94	2.94	2.72
Denmark	8.73	8.24	7.59	1.47
France	57.77	45.33	41.13	30.74
Germany (West)	121.47	117.88	112.42	105.95
Italy	21.54	11.56	7.83	5.48
Japan	174.94	171.45	148.21	125.51
Netherland	8.28	7.43	7.43	5.87
Poland	3.94	2.94	2.94	2.87
Sweden	0.35	0.30	0.30	0.15
Switzerland	16.42	10.81	7.78	1.50
U.K.[2]	92.38	82.50	79.31	73.72
U.S.A.	41.26	41.23	37.85	36.59
U.S.S.R	31.75	1.70	1.45	0.12
Yugoslavia	14.19	13.32	10.98	2.98
World Bank /IDA/ IFC	162.86	152.44	126.09	100.51
Total :	807.38	690.59	603.71	505.50

1. Figures relating to Commodity Aid in industrial sector have not been included.
2. Revised figures due to devaluation of Pound Sterling on 18th November, 1967.

Of the total allocation of \$ 807.38 million, Japan provided the largest share (22.7%), followed by the World Bank and its affiliates, IDA and ICF (20.2%), West Germany (15.0%) and U.K. (11.4%). These loans have been allocated to a large number of projects through WPIDC, EPIDC, EPSIC, WPSIC and to agencies like PICIC and IDBP for channelling capital to the private sector with a view to accelerating the development of large, medium and small-sized industries.

Foreign Private Investment

Besides foreign aid, loans and credits, foreign private investment constitutes an important source of external finance. Foreign investment during the period July 1965 to December 1967, both repatriable and non-repatriable, associated with foreign private loans sanctioned under the Comprehensive Industrial Investment Schedule, is shown in Table 23.

Table 23

FOREIGN INVESTMENT SANCTIONED UNDER C.I.I.S (JULY 1965 TO DECEMBER 1967)

(In lakh rupees)

Country	Foreign Investment		Total	Foreign loans associated with equity
	Repatriable	Non-Repatriable.		
Bulgaria	..	..	..	25.29
Czechoslovakia	..	..	..	25.29
Germany (West)	286.22	1.80	288.02	42.49
Hong Kong	..	22.37	22.37	..
Japan	101.34	..	101.34	..
Switzerland	82.74	12.33	95.07	..
Sweden	18.95	..	18.95	4.00
Tunisia	316.68	..	316.68	..
U.K.	324.41	215.19	539.00	185.78
U.S.S.R	..	..	..	9.00
U.S.A.	3457.32	64.10	3,521.42	2,556.50
Other countries	9.30	165.21	175.11	..
Countries of investment not yet decided.	0.80	15 87	16.67 676.44*	698.88
Total ..	4,597.76	496.87	5,771.07	3,548.40

*Break-up not available.

As against the Third Plan target of Rs. 70 crore, sanctions issued during the first half of the Plan period amounted to Rs. 57.71 crore, of which Rs. 45.98 crore (79.6%) is repatriable and Rs. 4.97 crore (8.8%) is non-repatriable. While the largest share is that of U.S.A. (61.0%), the shares of U.K., Tunisia, West Germany, Japan and Switzerland are also significant. Apart from foreign private equity investment, foreign private loans associated with equity investment amounted to Rs. 35.18 crore, the biggest share again coming from U.S.A. (72.0%), followed by U.K. (5.4%).

Progress during the Second Plan

The Second Five Year Plan (1960-65) had allocated Rs. 512 crore for industrial development, Rs. 146 crore in the Public Sector and Rs. 366 crore in the private sector. Of the private sector allocation, Rs. 141.4 crore were allocated to East Pakistan, against which sanctions for Rs. 153.3 crore were issued. The total investment actually made in the private industries sector in East Pakistan was Rs. 178.3 crore, including the projects carried over from the First Plan. Sanctions amounting to Rs. 490.4 crore were issued for West Pakistan during the same period against the allocation of Rs. 224.6 crore in the private sector. Actual investment made in both public and private sectors in East and West Pakistan is estimated at Rs. 580 crore, Rs. 150 crore or 21% in the public sector and Rs. 430 crore or 79% in the private sector. This exceeded the Plan allocation by about 13%.

The total foreign private investment sanctioned by the Investment Promotion Bureau since its inception in April 1959 up to the end of the Second Plan period was Rs. 45.9 crore, associated with foreign private loans of Rs. 51.36 crore. The Second Plan concluded on a note of success and various monetary and physical targets were exceeded in almost all sectors. On the whole, a growth rate of more then 5% per annum was achieved in both East and West Pakistan. Investment rose to 18.6 % of the gross national product. The increase in national income was 30% as against the Plan target of 24%. This striking growth of the economy and the degree of firmness achieved in the growth rate of GNP have been largely due to the rapid growth and diversification of the industrial sector. The overall increase in large-scale manufacturing has been 15% per annum, or three times faster than that in GNP, and five times faster than that in agriculture. As a result, the share of the manufacturing sector in GNP increased from 5.8% in 1949-50 to 11.5% at the end of the Second Plan period. The rapid expansion of industrial capacity resulted in a substantial increase in industrial output: self-sufficiency has been attained in a large number of consumer goods, and attention is now focussed on heavy and more sophisticated industries where also substantial progress has been made.

Industry in the Third Plan

Of the total Third Plan outlay of Rs. 5,200 crore (foreign exchange component Rs. 1,650 crore, or 33%,) the industries sector got a big share of about 23%, i.e. Rs. 1,181 crore. It is proposed to raise the contribution of this sector to GNP from the Second Plan level of 11.5% to 14% during the Third Plan. Recently, in the revised phasing of the Plan the allocation for the public sector programme of Industry has been reduced from Rs. 447.0 crore to Rs. 351.3 crore, but the share of industries remains practically the same. A part of this reduction is off-set by larger allocations in the private sector. Consequently, it has been considered necessary to postpone or rephase some of the projects with long gestation periods and high capital coefficients. The new strategy aims at the consolidation of existing units based on fuller utilisation of installed capacity, as well as on giving greater emphasis to export-oriented and agriculture-based industries. Physical targets have, however, been protected for each of the principal industries. The Comprehensive Industrial Investment Schedule is being modified accordingly.

Since self-sufficiency has been achieved in most of the consumer goods industries, emphasis during the Third Plan is being given to heavy and basic industries. This is reflected in the allocation of 15 % and 46% respectively of the Third Plan allocation to the capital goods and intermediate goods industries. A number of fertilizer plants, heavy machinery projects and electrical complexes, cement plants, tractor and automobile plants, oil refineries, and dockyard and engineering works have been sanctioned. Other similar projects are at various stages of consideration and are likely to be sanctioned for implementation during the Third Plan period.

Measures for Promoting Industrial Development

In order to promote industrial development, the objective of the government has been, and will continue to be, to exempt as much investment as possible from the requirement of prior government control, and steps in this direction have already been taken. Government's investment policy in the private sector is embodied in an Investment Schedule, first established and operated during the Second Plan period. It is a flexible policy instrument and provides a broad guideline to private investors. It essentially represents a shift from direct to indirect control of private sector investment. No sanction is required for setting up industries based on locally manufactured machinery. Where plant and equipment have to be imported, the powers to sanction industries within the framework of the Investment Schedule have been transferred to the financing institutions, viz., Pakistan Industrial Credit and Investment Corporation (PICIC), Industrial Development Bank of Pakistan (IDBP), and the Small Industries Corporations. Cases involving foreign investment and direct foreign loans from abroad, however, continue to require prior government approval.

It is also the policy of the government to reduce inter-regional and intra-regional disparities in economic development. With this end in view, the location of industries is dispersed so that overall benefits may be shared equally by the people of the two Wings and of all regions. Incentives have, accordingly, been provided for the development of less developed areas in one way or another and necessary infra-structural facilities are being developed in these regions. To forestal concentration of wealth in a few hands, big industrialists are induced to enter the heavy and sophisticated industries, leaving simple industries for new-comers. The government has acquired legislative powers enabling it to tax industries on the basis of their industrial capacity with the ultimate objective of ensuring and encouraging maximum utilisation of installed capacity. This tax system has already been enforced in respect of the sugar, cement, soda ash and vanaspati ghee industries, and steps are being taken to enforce it in respect of the cotton textile industry.

To attract foreign investors, the Government continues to offer liberal incentives and concessions. Equality of treatment between foreign and Pakistani investors is guaranteed, current profits may be remitted freely at will, industry may be established either with or without the participation of Pakistani capital. Liberal tax holidays ranging from two to six years, income tax exemptions for foreign technicians, and generous depreciation allowances are assured, and guarantees are given against the risk of nationalisation.

Government activity in manufacturing industry is confined to fields which are too technologically complex or too capital intensive for the private sector to undertake or industries which are intended to serve as pioneer units in hitherto less industrialised regions, and such basic industries as are likely to become private monopolies. For the purpose of direct investment in industries by the Government, two Industrial Development Corporations have been set up in East and West Pakistan. Every effort is made by these Corporations to attract private capital in industries, and where it is shy or is not forthcoming at the outset, industries are developed by the Corporations and transferred to private management at the earliest opportunity.

Government is also alive to the important role which small and medium industries have to play in the country's economy and in fulfilling the social objectives of dispersal of ownership, location and economic power. A constant endevour is, therefore, made to protect the interests of small investors from any unfair competition from the large industrial houses. In fact, small industries are being encouraged to assume the role of sub-contracting and specialisation.

Numerous measures, such as soft credits, greater banking facilities, the People's Credit Scheme, separate provision in the Industrial Investment Schedule, etc., have been taken to promote small industries. The minimum lending limits of financing agencies have also been lowered.

Special measures are required to meet the high investment target of East Pakistan, where capital formation is unfortunately still less than is desired. Government have already taken a number of measures designed to activate the private sector in East Pakistan. Institutional credit is being extended there, and PICIC and IDBP have refashioned the framework of their credit operations so as to broaden the economic base to meet the special requirements of East Pakistan. Entrepreneurs of limited resources in East Pakistan are allowed to participate with EPIDC in setting up jute and sugar mills with prospects of ultimate ownership. This experiment will, in future, be increasingly tried in other fields also. A number of industrial estates have been set up throughout the province. The whole of East Pakistan has been allowed longer tax holiday for new industries than in West Pakistan. Import duties on machinery have been fixed at a lower rate. The definition of small-scale industry has been enlarged so as to suit the requirement of that Wing. In addition, Government have set up a high-powered committee to analyse the reasons for the dearth of private investment in East Pakistan and to suggest remedial measures. The Committee is expected to submit its report shortly. A special House Committee is also engaged in a similar task.

Import policy has also been gradually freed from direct government controls, partly to increase the flow of essential goods in the economy and partly to regulate the demand for different importable goods through the price mechanism. The import policy was restrictive during July—December, 1967. In January—June 1968, it has again been liberalised providing for (*a*) doubling of allocations for industrial raw materials, (*b*) freeing over 90% of imports from administrative licensing and, (*c*) adjusting the prices of imported raw materials to the level of Cash-*cum*-Bonus prices. Government are aware of the disadvantage caused by this to industries and have attempted to correct it by (*i*) giving an implicit subsidy to exporters in the form of a bonus under the Export Bonus Scheme, introduced in 1959, (*ii*) introducing a special licensing scheme called the Export Performance Licensing and, (*iii*) by the provision that all industries set up during the period July 1965 to June 1970, which export at least 30% of their production, are to be allowed a tax holiday ranging from two to six years, depending on the area in which they are located.

The measures taken earlier to promote industrial development have also been continued. Price and distribution controls have been relaxed. Facilities for profit and capital remittances have been guaranteed in order to create a favourable climate for foreign private investment. Avoidance of double taxation agreements and investment treaties have been concluded with a number of countries. Liberal credit facilities, both in local and foreign currencies, have been made available to the industrial sector through the Industrial Development Bank of Pakistan, the Pakistan Industrial Credit and Investment Corporation and other financial institutions. Besides establishing a number of technical institutes for the supply of skilled manpower, tariff protection has been granted to selected industries, and basic facilities, such as land, water and power, have been provided by establishing a large number of industrial estates.

The Government's industrial policy is a bold experiment in exploiting the resource endowments of the country, resolving the technical complexities and, lastly, striking a happy balance between the free play of private enterprise and the objective of allowing the public sector to assume the role of a catalyst. Reliance on private enterprise has, however, to be governed by the social objectives of removing cartels and monopolies and introducing new investors into the industrial field without sacrificing economic efficiency.

INDUSTRIAL DEVELOPMENT IN THE PUBLIC SECTOR

Notwithstanding the greater reliance being placed on the private sector, Government is not oblivious of its shortcomings and, accordingly, if the private sector is unwilling to establish an industry, profit expectations are unattractive, or technological and managerial talent are lacking, the government may step in and through its industrial development corporations initiate certain industrial enterprises. In doing so, it acts like a catalyst—executing the projects and transferring them to private investors at an opportune time. Besides, it also helps create the infra-structure so essential to ensure the stable growth of the industrial sector.

Public sector activities in the field of industrial development, which had slowed down during 1965-66 because of the Indo-Pakistan War, were accelerated during 1966-67. Public sector investment increased from Rs. 45.60 crore in 1964-65 to Rs. 47.60 crore in 1965-66, and is estimated at Rs. 77.7 crore in 1966-67. Since 1962, when the PIDC was bifurcated into two provincial organisations, the role of EPIDC has been that of promoter of general industrial development in East Pakistan, at least in certain important fields, as the private sector there has been less buoyant than in West Pakistan. To make up for this, the public sector is more active in East Pakistan; of a total investment of Rs. 351 crore envisaged in the public sector during the Third Plan, Rs. 233 crore has been allocated to East Pakistan, Rs. 97 crore to West Pakistan, and Rs. 21 crore to Centre.

A comparison between the Rs. 83.3 crore invested in East Pakistan by the former PIDC during 10 years from 1952 to 1962, and the Rs. 83.5 crore which the EPIDC has invested in 30 industrial units in 5 years since 1962, indicate the progress made by the Provincial Corporation. In 1966-67, the EPIDC had 44 projects under implementation, including the expansion of the Chittagong Steel Mill, the erection of 4 fertilizer plants and the machine tool plant etc. It has plans to set up 25 jute mills of 250 looms each and other big projects during the remaining 3 years of the Third Plan. Similarly, the WPIDC has completed 43 projects at a total cost of Rs. 87.6 crore. During 1966-67, it had 24 projects involving an investments of Rs. 104.6 crore in hand, of which 10 were completed by June 1967. In addition, 23 new schemes have been submitted to government for consideration, the estimated cost of these is Rs. 291.7 crore.

East Pakistan Industrial Development Corporation

The Third Plan provides Rs. 200.67 crore for EPIDC, including Rs. 105.54 crore for the projects carried over from the Second Plan. Up to December 1967, Rs. 95.97 crore had been allocated, and Rs. 57.15 crore utilised. During the first year of the Third Plan (1965-66), the Corporation had 42 schemes under implementation and utilised Rs. 22.87 crore (96%) out of Rs. 23.89 crore provided in the Annual Development Programme. Six projects, including the Chittagong Steel Mill, were completed during the second year of the Third Plan, and Rs. 26.84 crore (76.5%) were utilised out of Rs. 35.09 crore allocated for the year. The allocation for 1967-68 is Rs. 37.0 crore, which is expected to be utilised in full. Seven projects had been completed up to December 1967 and 3 more are expected to be completed by June, 1968. The progress made in respect of some industries is given below.

Of 2,750 jute looms carried over from the Second Plan, 2,250 looms (9 units each of 250 looms) had gone into production and the remaining 500 looms will be installed during 1967-68. Of the 7,250 looms allocated to EPIDC during the

Third Plan, 9 mills of 250 looms each had been sanctioned and machinery for 8 of them had been ordered. An RCD jute mill of 500 looms, 18 other schemes of 250 looms each and 3 broad loom schemes of 50 looms each had been, or were being, submitted to government for consideration.

To achieve the Third Plan target of 1.79 lakh tons of sugar in East Pakistan, the Corporation has undertaken to set up 8 new sugar mills and to expand 3 ; 2 new mills had gone into trial production, raising total production to 129,000 tons. By 1968-69, all sugar mills being erected will go into production, except one which will be completed in the following year.

With the going into production of the Khulna Hard Board Factory in 1965-66, Pakistan is now self-sufficient in certain types of hardboard and is also exporting this product. The North Bengal Paper Mill, based on baggasse and having an annual capacity of 15,000 tons, is expected to be commissioned by the end of 1969. It is estimated to cost Rs. 7.8 crore.

The Chittagong Steel Mill was completed at a total cost of Rs. 30.9 crore, with 1.5 lakh tons capacity per annum. Its expansion by one lakh tons per annum is expected to be completed by the end of the Third Plan at a cost of Rs. 8.9 crore.

The Urea Fertilizer Factory, Ghorasal, of 3.4 lakh tons, Triple Superphosphate (I) and (II) Plants, Chittagong, of 1.52 lakh tons, Ammonium Sulphate Plant, Fenchuganj, of 12,000 tons and Insecticides and Pesticides Plant of 2,400 tons per annum capacity are in hand and will be completed by the end of the Third Plan. The TSP (III) Plant, Khulna, is under consideration. The DDT Plant of 3,000 tons and Ground Nut Oil Mill of 4,650 tons went into production during 1967. Turn-key offers from two French firms for the Streptomycine Plant of 20 tons per annum capacity are under consideration and civil engineering work is in progress. The Squibb of USA are collaborating in setting up a Vitamin and Hormones Plant in East Pakistan to produce Rs. 50 lakh worth of products. A licensing agreement has been signed and other arrangements are being finalised. On completion of the feasibility studies, presently in hand, for the two plants (*i*) PVC/PVA (20,800 tons of PVC and 8,150 tons of PVA) and, (*ii*) Polythylene (16,000 tons), schemes will be prepared which are likely to be taken up during the Third Plan period. Work on the Drydock at Narayanganj with a capacity to dock vessels up to 1,400 DWT is in hand, and will be completed by the end of 1968. The scheme of the Drydock and Heavy Steel Structure Works at Chittagong, with an approved cost of Rs. 6.46 crore is under revision. It is intended to construct vessels up to 6,000 DWT and repair vessels up to 12,00 DWT, besides constructing barges, tugs, warehouses and transmission towers, etc. The civil engineering work is in progress.

Initial production through the assembly of imported parts and components in the Machine Tool factory (capacity 12,155 tons) will commence by the end of 1968. Progressive manufacture and the First Phase of the project is scheduled to be completed by 1972. The Diesel Engines Manufacturing Plant (capacity 3,000 engines) envisages the manufacture of stationary engines to be used for low lift irrigation pumps. Machinery has been ordered and the initial production is scheduled to start by the end of 1968. About 85% of the machinery has arrived for the Electric Wire and Cable Plant (capacity 6,000 tons) which is expected to go into production by the end of 1968 at an estimated cost of Rs. 3.08 crore. A Russian team has made a survey and collected intitial data for the preparation of a project report for the General Electric Manufacturing Plant (capacity-products valued at Rs. 5 crore). Machinery for the Chittagong Clinker Grinding

Factory (capacity 3 lakh tons of cement) will start arriving by April, 1968. Negotiations for supply of imported clinkers are in progress. The expansion of the Chattak Cement Factory by 1.5 lakh tons is under consideration. The Eastern Refinery at Chittagong (capacity 15 lakh tons, cost Rs. 13.5 crore) is ready and will start production soon. Machinery for the Takerghat limestone project is arriving and the construction work is in progress. The Jaipurhat Limestone and Jamalganj Coal Mines schemes are under government consideration.

West Pakistan Industrial Development Corporation

The WPIDC's development effort is concentrated on achieving the investment target of Rs. 85.93 crore provided in the Third Plan. The programme covers mostly sophisticated and basic industries comprising 27 new and 15 on-going projects in both the industries and the mineral sectors. These include wood and forest, chemicals and fertilizers, iron, steel and engineering, non-metallic, paper, mineral and miscellaneous industries, such as low temperature coal carbonisation, coal briquetting, insecticides and pesticides.

Most of the heavy industry projects have either been launched or are ready for implementation after their technical and economic feasibilities are confirmed by reputed foreign consultants. Thus, work on Pakistan Machine Tool Factory, Landhi, and Heavy Mechanical Complex, Taxila, is already well under way and the schemes for a Heavy Electrical Complex, Heavy Foundry and Forge, Kalabagh Steel Mill, High Pressure Pipes, Ammonium Sulphate/Nitrate Fertilizer are ready for implementation.

During the first half of the Third Plan period, the WPIDC submitted for Government consideration 26 schemes involving a capital outlay of Rs. 297 crore, including Rs. 161.22 crore in foreign exchange. Four of these schemes have been approved, 8 are awaiting EC/NEC's approval, 9 are under consideration in the PDWP/CDWP, one scheme has been rejected, 2 have been dropped and one is being revised.

The Corporation has so far completed 48 projects involving a capital outlay of Rs. 89.52 crore. These include fertilizers, natural gas, shipyard, sugar, white and portland cement, carpets, woollen textiles, chemicals and pharmaceuticals, paper and board, timber seasoning/preservation, jute manufacture, and mining ventures of coal, salt, limestone and gypsum. Eleven projects with an investment of Rs. 4.48 crore, comprising 2 paper board mills, 2 chemical plants, 2 woollen mills and 6 cotton ginning factories, have been transferred to private management. Private enterprise has been associated to the extent of Rs. 16.94 crore with 14 other projects, management of 8 of which is in private hands. Thus, only 29 of the 48 completed projects are at present managed by the WPIDC. Private enterprise has contributed about 24% of the total capital of the completed projects.

During the first half of 1967-68, the estimated value of products of WPIDC projects was Rs. 13.77 crore as against Rs. 25.51 crore during 1966-67. WPIDC managed projects earned a net profit of Rs. 3.22 crore during 1966-67, giving a return of 6.04% on total investment as against Rs. 2.53 crore, or 4.74% during 1965-66.

The Corporation is presently implementing 19 schemes involving a capital outlay of Rs. 100.64 crore. Development work on these schemes is in different stages of completion. During the first half of the Third Plan period, the Corporation had completed 5 projects with a capital cost of Rs. 4.18 crore. It is expected that 7 more projects with a capital outlay of Rs. 18.09 crore would be completed by the close of 1967-68. These are (i) extension of Lyallpur Chemical and Fertilizer Ltd., Lyallpur, (ii) balancing of production Units of Natural Gas and

Fertilizer Factory, Multan, (iii) Zeal-Pak Cement Factory Ltd. (5th & 6th Kilns), Hyderabad, (iv) installation of Mechanical Haulage, Kalabagh, (v) development of Rock Salt Mines and Quarries in West Pakistan, (vi) development of Degari Coal Mines, Degari (First phase) and, (vii) extension of Gas Distribution Lines to Kotri/Hyderabad.

The position of some of the major schemes undertaken by the WPIDC/EPIDC is given in the section dealing with the progress of some large-scale industries.

SMALL INDUSTRIES

Small industries, by providing employment opportunities and increasing the output of goods without requiring much capital or technology, play an important role in promoting economic growth. Despite the fact that the three successive Plans in Pakistan have recognized the importance of small industries, the latter ha not made any appreciable headway and their progress has fallen short of the Plan argets. In contrast to the growth of large-scale industries in Pakistan at the rat- oı 15% per annum, the progress achieved by small industries is only 2.6%. Apart fr-r the strategy suggested in the Plans, Government's policy has consistently aimed for socio-economic reasons at broadening the industrial base and at promoting a greater degree of sub-contracting, and through it specialisation and competition.

In West Pakistan, the public sector investments aimed at the creation of an infra-structure comprising 9 industrial estates, besides the centres providing service facilities, design, sales and display, development-*cum*-training etc. Four of the 9 industrial estates proposed to be established during the Second Plan have been completed, while 4 are nearing completion. The Small Industries Investment Schedule for the Second Plan period visualised an investement of Rs. 9.20 crore with a foreign exchange component of Rs. 5.8 crore. The government provided credits of Rs. 60 lakh in foreign exchange from its own resources and Rs. 3.49 crore from the U.K., West Germany and IDA credits. By 1967, foreign credits so provided were utilised to the extent of Rs. 2.67 crore, and the cash foreign exchange provision of Rs. 60 lakh has been utilised to the extent of Rs. 36.4 lakh so far.

In East Pakistan, 19 industrial estates for small industries were taken up during the Second Plan, of which 9 have been completed, the rest being in various stages of completion. Besides, Common Facilities and Service Centres have been built relating mostly to textiles, handlooms, cane, bamboo, pottery etc. In addition, a Small Industry Advisory Service was started by EPSIC in 1965 with the assistance of advisors from the Stanford Research Institutute.

The total investment envisaged during the Second Plan for Small Industries was Rs. 3.98 crore—Rs. 27.8 crore in the public sector and Rs. 12.0 crore for the development of private-owned small industries. Because of shortage of foreign exchange, local credit facilities and experienced technical personnel, the growth of small industries in East Pakistan remained below expectations.

The Third Plan has again high-lighted the importance of small industries in the industrial growth of the country and has, accordingly, made a provision of Rs. 72.17 crore in the private sector—Rs. 46.81 crore for East Pakistan and Rs. 25.36 crore for the West Wing. The Plan provides a revised definition of small industries, raising its investment limit to Rs. 5 lakh, exclusive of the cost of land. The progress so far achieved in West Pakistan is satisfactory, while East Pakistan lags behind with a wide margin.

East Pakistan Small Industries Corporation (EPSIC)

The Third Plan objective for small industries in East Pakistan is to achieve the investment target of Rs. 46 81 crore in the private sector with a foreign exchange component of Rs. 27.57 crore. The proposed investment is likely to result in the establishment of 3,000 new units and the balancing and expansion of existing units. To help support this programme, Government have allocated Rs. 1.80 crore (Rs. 40 lakh in foreign exchange) in the public sector during 1967-68 for small industries. The on-going schemes include service and facility centres for wood-works and textiles, artisan workshops at Tongi, Chittagong, Khulna and Rajshahi, small industries estates at Chittagong and Mymensingh, a sales and display centre for Small Industries at Tejgaon, a service and facility centre for Hosiery at Pabna, expansion of the Design Centre, and the survey and evaluation of Small Industries in East Pakistan, Small Industry Advisory Service etc.

West Pakistan Small Industries Corporation (WPSIC)

This corporation manages and runs 67 projects established at an approved cost of Rs. 4.77 crore in the public sector for providing production facilities and technical services to small and cottage industries and handicrafts. During April-December 1967, Rs. 15.2 lakh were spent on balancing of capital investment and Rs. 17.5 lakh on meeting the recurring cost of these projects. These include 9 small industries estates, a small industries institute, 9 service eentres, a handicraft design eentre, 43 handicraft institutions and handicraft shops to market the products of artisans and craftsmen. During the period, gross receipts from these establishments totalled Rs. 22.51 lakh and fully developed sites for 11 factories were sold for Rs. 2.5 lakh recoverable in 23 years.

WPSIC has so far sanctioned 310 projects to be established in the 9 industrial estates—161 against IDA credit, 52 against other foreign credits, 67 against cash foreign exchange allocation and 30 against local currency. Letters of credit for 185 projects have been established and 93 projects have gone into production. Total investment involved in the 310 projects amounts to Rs. 11.90 crore, including Rs. 3.97 crore in foreign exchange. When all the units go into production, they will produce goods valued at Rs. 17.85 crore, and employ 8,500 persons.

WPSIC's major activity includes investment promotion. An application for a second IDA credit of $ 12.59 million and a request for a German credit of DM 20 million for small industry have been sponsored. In the current German credit, $ 1 million have been earmarked for small industry. Suppliers' and Government credits from Italy, France, USSR, Denmark, Poland, etc. have also become available. Government credits, however, suit the requirements of small industry better than suppliers' credit. In addition, the Corporation is encouraging production of industrial machinery/spares locally.

Industrial Financing

The Pakistan Industrial Credit and Investment Corporation (PICIC) and the Industrial Development Bank of Pakistan (IDBP) are the two major institutions for providing credit to the industrial sector. PICIC's minimum lending limit is Rs. 10 lakh equivalent in foreign currency for a project to be established in East Pakistan. It is expected that the existing loan limit of Rs. 15 lakh will be lowered for new projects proposed for under-developed areas of West Pakistan. The limit for the balancing and modernisation of an industrial unit is Rs. 2.5 lakh.

Since the beginning of its operations (in 1958) to December 1967, PICIC sanctioned effective loans to 580 projects for a total of Rs. 138.61 crore (Rs. 132.92 crore in foreign currency). It also assisted 24 projects through direct participation in their equity amounting to Rs. 1.78 crore and underwrote public share issues for Rs. 6.27 crore*.

The IDBP provides loans to industry in both foreign and local currencies. The Bank's upper lending limit is Rs. 25 lakh. The foreign exchange limit has recently been raised from Rs. 15 lakh to Rs. 20 lakh. This upper limit does not apply to major industries. Total loans advanced by the Bank up to December, 1967 amounted to Rs. 154.5 crore, including Rs. 38.4 crore in local currency. Of this, Rs. 70.7 crore or 47% were sanctioned for East Pakistan.*

Protection to Industries

During the year ended March 1968, the Tariff Commission submitted its enquiry report on 14 industries for grant of protection. The Government, after careful examination, decided to grant protection to 3 industries *viz.*, Penicillin, water meter and sheet and plate glass, others being under consideration. While recommending protection, the Commission keeps in view the interests of consumers and the present stage of the country's industrial development. Protection is not given to an industry just because it is unable to stand competition against similar imported article; the Commission satisfies itself that it meets the minimum requirements of efficiency, quality, cost and prices.

Investment Corporation of Pakistan

The ICP was established in February 1966, to encourage and broaden the base of investments and develop the capital market in Pakistan by providing institutional facilities that would enable the general public to participate gainfully in the country's economic development.

From May 1966, when the Corporation went into operation, till the end of January 1968, it brought about total equity investments of Rs. 31.74 crore. The total underwriting liability of the Corporation and associated underwriters amounted to Rs. 17.64 crore. The ICP's own underwriting commitments were Rs. 7.76 crore, of which East Pakistan claimed Rs. 4.22 crore and West Pakistan Rs. 3.54 crore. The total assistance the ICP provided through acceptance of debentures amounted to Rs. 2.51 crore. The 42 projects approved by ICP belong to 12 different sectors of industry comprising jute, cotton textile, sugar, paper, engineering, chemicals and pharmaceuticals, petroleum distribution, ceramics, brick manufacturing, dairy and vanaspati ghee. Twenty of the 42 approved projects belong to East Pakistan, while 14 are located in the underdeveloped areas. Twenty five out of the 42 entrepreneurs assisted by the Corporation have gone to the capital market for the first time.

ORGANIZATIONS FOR PROMOTING INDUSTRIAL DEVELOPMENT

Pakistan Industrial Technical Assistance Centre

PITAC has been set up with the primary aim of advising industry on improving production methods, the introduction of controls, procedures and techniques for reducing ineffective time, reducing wastage of materials, improving equipment and machinery utilization, improving the quality of products etc. PITAC assists industry in designing and manufacturing high precision dies, moulds, jigs,

*Details are given in the Chapter on Money and Banking.

fixtures, gauges, etc., of international standard, besides training and upgrading the skills of personnel in the technical and managerial fields. The Centre is also engaged in developing specially-designed machine tools, machine aids and special purpose machines. It maintains close liaison with the Pakistan Standards Institution and the Export Promotion Bureau for prescribing standards for locally-made products, and renders technical assistance to industrial units facing difficulties in production and technical know-how.

PITAC shops at Dacca and Lahore catered to 708 production orders from private and public sector industries, at an estimated cost of Rs. 4.85 lakh. These orders pertained to the design and manufacture of precision-type tools and machinery spares required by industry which could not be imported because of foreign exchange difficulties and were facing reduction or shut-down of their plants.

During the period, June 1967—January 1968, PITAC assisted 95 industrial units in solving manufacturing problems and in the installation and operation of plant and machinery. These included two engineering units in East Pakistan manufacturing irrigation gates and re-rolling steel sections, the Fish Drying Plant, Chittagong and a tea industry.

The Centre also conducted 6 regular courses and two short-term courses at Dacca and Lahore in which 162 technical personnel participated. In addition, 12 engineers from PIDC Machine Tool Factories in East and West Pakistan were given special 24 weeks' training in design and production techniques. PITAC's skill development programme is trainers' training and aims at creating a multiplier effect, so that the personnel trained in PITAC are also able to train other technical persons.

Investment Advisory Centre of Pakistan

The Investment Advisory Centre of Pakistan was set up with U. S. assistance to render technical assistance to Government, Semi-Government and private organisations and individuals in the analysis and appraisal of investment proposals/projects and for the training of Pakistanis in these fields. The project agreement ended in December, 1967 and the American advisors, except two, have left. The IACP has approached the Government to arrange for foreign advisors in various industrial fields to fill this gap.

In the past, the Centre devoted most of its time to Government jobs, but it is now concentrating more on private clients with a view to attaining self-sufficiency by 1969-70. Aid giving Agencies like U. N. and U. S. AID are also now utilising its services for market studies of petro-chemicals and like products. The earnings during 1968-69 are expected at Rs. 6 lakh, against Rs. 4.8 lakh estimated during 1967-68.

Swedish-Pakistani Institute of Technology, Karachi, Gujrat and Kaptai

These technical institutes have been set up as a result of the bilateral agreements concluded between the Royal Swedish Government and the Government of Pakistan. The Karachi institute has six divisions (i) Wood-working and Garments Division (ii) Welding Division (iii) Electrical Division (iv) Garments Production Unit, (v) Mechanical Division and (vi) Wood-Working Production Unit.

Short courses offering 220 hours' instruction to craftsmen and small entrepreneurs, already engaged in production, were started in February 1967 on a self-supporting basis and are being continued in 1968

The production of jute goods, which stood at 409,400 tons in 1965-66 decreased slightly to 402,800 tons in 1966-67 mainly because of strikes in some mills and power failure. It is estimated that, by the end of the Plan period, total production would reach 823,000 tons against the target of 800,000 tons.

Cotton Textiles

The objective of the Third Plan is to increase the installed capacity of the cotton textile industry to 40 lakh spindles and 70,000 looms (13 lakh spindles and 20,000 looms for East Pakistan and 27 lakh spindles and 50,000 looms for West Pakistan), from 25 lakh spindles and 37,000 looms in 1964-65. Against the Plan target, sanctions have so far been issued for 36 lakh spindles and 46,706 looms of which 27 lakh spindles and 37,327 looms were installed by the end of 1966-67.

The production of yarn, which was 500.7 million lbs in 1965-66, increased to 531.0 million lbs. in 1966-67, compared to the Third Plan target of 720 million lbs. Indications are that at the end of the Third Plan, 35 lakh spindles will have been installed.

Sugar

The Third Plan target of white sugar is 6.40 lakh tons, of which 230,000 tons is for East Pakistan and 410,000 tons for West Pakistan. In order to achieve this target, the existing units are being expanded and new ones are being set up. The production of sugar in 1965—66 was 4.6 lakh tons and 4.2 lakh tons in 1966—67

In East Pakistan, during the first two years of the Third Plan, work continued on the establishment of 9 sugar mills, including the expansion of two existing ones. Of these, work was completed on 3 sugar mills, including the expansion of an existing one, increasing the existing capacity from 89,000 tons to 109,000 tons. These units, when completed, would add another 70,000 tons to the existing capacity. All these mills are being set up in the public sector with the ultimate aim of disinvestment to the private sector at the opportune moment. In addition, the Government have sanctioned the expansion of the Darsana Sugar Mills by 8,000 tons in the private sector. The installed capacity and capacity under installation, when completed, would increase the total production capacity of white sugar in East Pakistan to 187,000 tons as against the Plan target of 230,000 tons.

In West Pakistan, the WPIDC has undertaken the establishment of a sugar mill at Bannu with an annual capacity of 15,000 tons. In the private sector, the Government has sanctioned a new sugar mill at Chistian, and some projects for expansion, balancing and modernisation, to an aggregate capacity of 30,000 tons per year. These projects, which are likely to be completed during the Third Plan, would raise the production capacity of white sugar in West Pakistan to 395,000 tons per year, as against the Plan target of 410,000 tons.

Vanaspati Ghee

The vegetable ghee industry has made rapid progress. From only two units with an installed capacity of 9,000 tons per annum at the time of Independence, the number had risen to 10 and capacity to 35,000 tons by 1960. The Second Plan set a target of 50,000 tons of vegetable *ghee*, but because of the enthusiasm shown by investors, the installed capacity (on one-shift basis) rose to approximately 115,000 tons by 1965. The Second Plan target, was, therefore, exceeded by a wide margin.

During the Third Plan period (1965-70), the industry has made further progress. Although two years of the Third Plan period remain, the present sanctioned capacity has risen to 163,000 tons per year in West Pakistan and 28,500 tons in East Pakistan, against the target of 1,29,000 tons for West Pakistan and 25,000 tons for East Pakistan. Despite the quick development of this industry; occasional scarcity of vegetable *ghee* is experienced in the market as production has been less than the installed capacity.

Paper and Board

Keeping in view the educational and industrial programmes and also the export prospects, the Third Plan has fixed a production target of 300,000 tons of paper and board by 1969-70 (160,000 tons in East Pakistan and 140,000 tons in West Pakistan) as against production of 103,000 tons in the base year of 1964-65. The production target of writing, printing and packing paper was 100,000 tons (65,000 tons in East Pakistan and 35,000 tons in West Pakistan), of newsprint and mechanical printing paper, 100,000 tons (65,000 tons in East Pakistan and 35,000 tons in West Pakistan) and of board, 100,000 tons (30,000 tons in East Pakistan and 70,000 tons in West Pakistan).

Besides the functioning mills, Karnaphuli Paper Mills at Chittagong, Khulna Newsprint Mill at Khulna, and board mills at Nowshera and Rahwali, the North Bengal Paper Mills at Paksay (Pabna), with an annual capacity of 15,000 tons of high quality paper, is in an advanced stage of construction and is expected to start production in 1968-69. For the Sylhet Pulp and Paper Mill (annual production capacity of 15,000 tons of fine paper), negotiations for a loan from West Germany, France and Italy are in progress.

Pakistan is now not only self-sufficient in several varieties of paper but also has an exportable surplus. During 1966-67, it exported Rs. 58.6 lakh worth of newsprint.

Artificial Fertilizers

Great emphasis is being laid on the development of the fertilizer industry to increase food production in particular and agricultural production in general. Total production of fertilizers (excluding ammonium nitrate) during 1966-67 was 1.86 lakh tons (urea 140,100 tons, superphosphate 4,000 tons and ammonium sulphate 42,200 tons), as against 1.78 lakh tons during 1965-66.

The Government approved, in February 1966,an ambitious fertilizer production programme for the Third Plan aiming at making the country self-sufficient in fertilizers by 1970. The Third Plan target has, accordingly, been set at 25.0 lakh tons of nitrogenous fertilizers in terms of ammonium sulphate (13.0 lakh tons in East Pakistan and 12.0 lakh tons in West Pakistan).

In East Pakistan, construction work was initiated on four EPIDC projects. The Natural Gas Fertilizer Factory, Ghorasal, with an annual production capacity of 340,000 tons of urea, is likely to go into production by 1970. Construction work is in progress and an agreement with a Japanese firm for the supply of plant and machinery has been signed. Satisfactory progress has been made in respect of the first Triple Superphosphate Factory, Chittagong (32,000 tons capacity). One triple superphosphate plant is expected to be completed by 1968, and another TSP factory at Chittagong (120,000 tons capacity) is scheduled to go into production by the end of 1969-70. The Ammonium Sulphate Plant at Fenchuganj (120,000 tons capacity) has made substantial progress and is expected to be completed by 1968-69. A private party has also been issued a letter of intent for the establishment of 340,000 ton urea plant based on natural gas.

The Gujrat Institute started functioning in 1965 at an estimated cost of Rs. 91.5 lakh (Rs. 46.3 lakh in foreign exchange). The Institute is electro-mechanic and imparts training in electric, mechanical, welding , sheet-metal, automobile and foundry work. The addition of electronic and wood-working technologies are envisaged during 1968-69.

The Institute at Kaptai was set up in the Chittagong Hill Tracts at a cost of Rs. 76 lakhs, of which Rs. 59 lakh were provided by the Swedish Government. The training programme was started early in 1964. It attained full stature in December, 1966. The 5th batch of 56 trainees is now being trained in wood-working, automobiles, mechanical and electrical trades. During 1967, 40 diplomas were awarded to 3-year course trainees and 12 certificates to 2-year course students.

The three Institutes together cost over Rs. 4 crore. The Swedish Government provided the cost of machinery and equipment and technical know-how and a portion of the maintenance and the construction cost. The Karachi Institute has presently 312 students on its roll and is expected to attain its target of 350 students by 1968-69. The Landhi and Gujrat institutes have been technically integrated with the West Pakistan Board of Technical Education, which will conduct the examinations from 1968 and will grant a Diploma of Associate Engineers to successful candidates.

Pakistan Council for Scientific and Industrial Research

During 1967-68 , the PCSIR continued to orient its research efforts more towards the needs and requirements of industry which ranged from developing new processes and rendering technical advice for the removal of serious bottlenecks in industry, to fabrication of plants and equipment.

In keeping with the Council's objectives, high priority was accorded to developing processes resulting in import substitution, thereby conserving foreign exchange. Some of these processes also hold prospects of becoming foreign exchange earners. The success achieved in this vital sphere was mainly due to the restrictive import policy which led industrialists to take a keener interest in the utilisation of indigenous resources and local technical know-how.

During 1967-68, the Council developed a large number of processes for industrial use, quite a few of which have already been leased out. Some of these are : (i) development of processing conditions for '*Tabasheer*' (activited silica), which is in considerable demand by *Hakims,* (ii) fabrication of the plant for detoxification and neutralisation of Cyanide waste for telephone industries of Pakistan, (iii) development of rubber lining compound based on natural latex for can sealing purposes, (iv) process for decolourisation and purification of honey, (v) production of carbon/graphite brushes for electrical industry, (vi) production of Dulcin, an artificial sweetening agent 250—275 times sweeter than sugar, (vii) preparation of palatable vitamin C syrup from *Amla,* (viii) development of process for the production of precipitated calcium carbonate, (ix) process for the manufacture of transcript varnish, (x) discovery of indigenous material for manufacturing silver cans for textile mills, (xi) development of process for the production of embossing ink powder from locally available raw materials and, (xii) the production of glycerine from soap lye etc.

Central Testing Laboratories

The Central Testing Laboratories have played an important role in the advancement of indigenous industries and promotion of trade through scientifi assessment of industrial raw materials and finished products. These laboratories are expanding their activities and rendering technical assistance to Government where questions of grade and quality are involved. They are providing similar facilities to private industry and commerce. These are equipped with modern machinery and apparatus and arrangements exist for complete chemical analysis of organic and inorganic materials and for physical test of engineering and electrical goods and textile materials in accordance with national and international standards. A team of highly qualified and foreign-trained personnel man these laboratories. The Karachi Laboratory was set up in 1951, the Dacca Laboratory in 1955 and the Lahore Laboratory in 1960. From April to December, 1967, the Karachi and Lahore laboratories tested and reported on 2,830 samples received from both public and private sources. The Dacca Laboratory can now test about 3,000 samples per annum.

Pakistan Standards Institution

The Pakistan Standards Institution prescribes national standards and exercises quality control. It has so far established 637 national standards and specifications, including 27 during 1967, for various food products, textiles, chemicals and electrical and mechanical goods. The Institutoin is encouraging voluntary adoption of certification marking of industrial products, besides enforcing it compulsorily on items such as electric fans, induction motors, cement, dry cells and wet batteries.

Patents Office

During the period, April to December 1967, 991 patent applications and 96 designs applications were received, of which 636 patents for new inventions were granted, while 40 new designs were registered. On 31st December 1967, 6,971 patented inventions were in force in Pakistan. The department made a substantial contribution in the dissemination of the latest scientific and technical knowledge for utilization and further research.

PROGRESS OF SOME LARGE-SCALE INDUSTRIES

Jute Manufactures

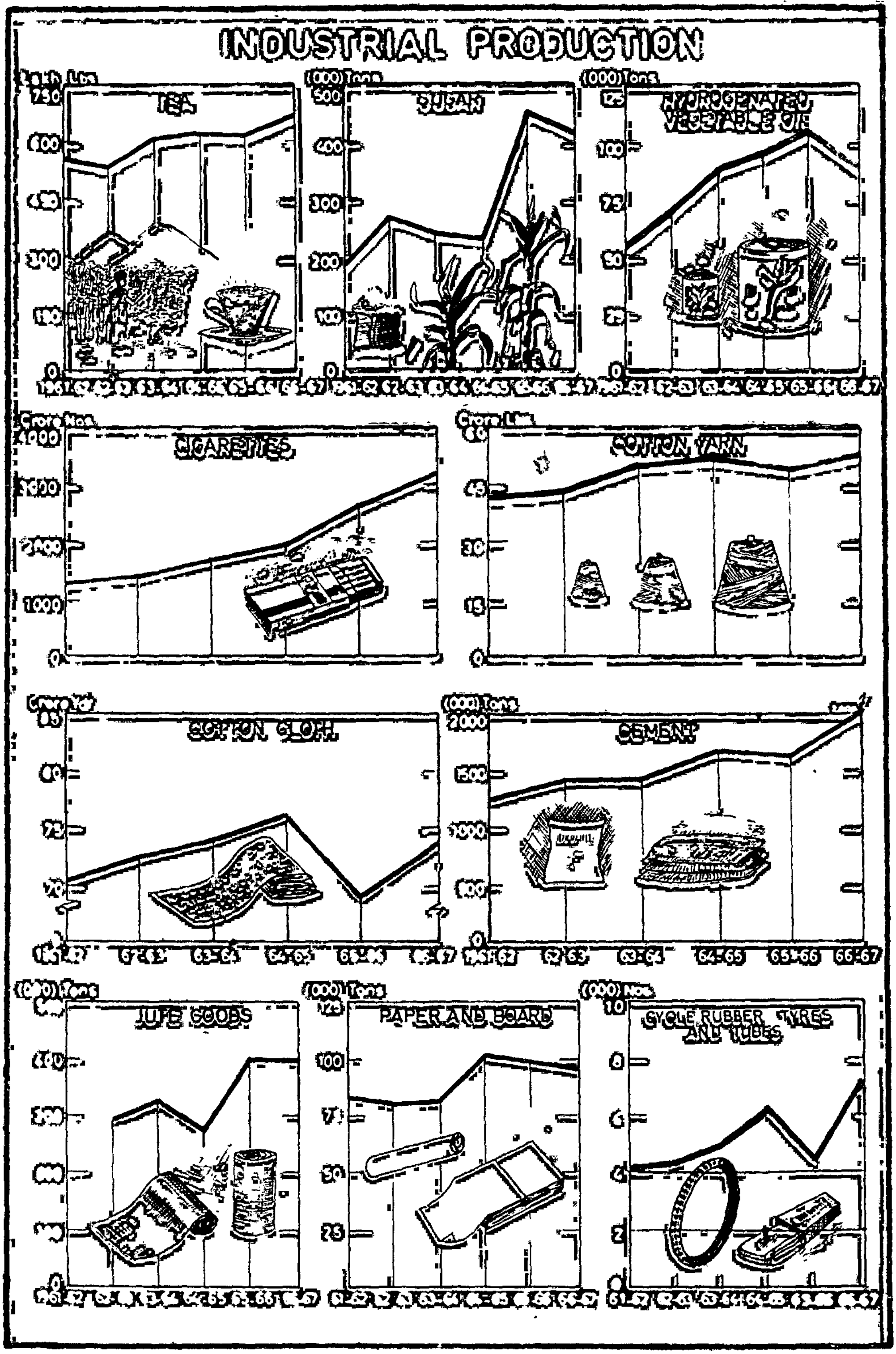
The third Plan provided for the production of a minimum of 8 lakh tons (7,68,000 tons in East Pakistan and 32,000 tons in West Pakistan) of jute goods by 1970 for which 25,000 looms should be in full operation. To attain the target, 12,000 additional jute looms (10,000 looms in East Pakistan and 2,000 in West Pakistan) need to be sanctioned.

Of 10,000 looms to be installed in East Pakistan 7,250 were earmarked for the public sector and the remaining 2,750 for the private sector. Several mills are already in the process of construction.

Of the Plan target of 2,500 broad looms to be set up, 150 broad looms were proposed to be installed by the EPIDC and the balance by the private sector.

In West Pakistan, Construction work in respect of the Jaranwala Jute Mills (capacity 500 looms), which is being set up by private enterprise in association with the WPIDC, is in progress.

At the end of 1967, 17,299 looms had been installed (17,429 looms in East Pakistan and 500 looms in West Pakistan) and 4,750 looms were either being installed or were under order. It is estimated that the total installed capacity at the end of the Plan would be 24,610 looms.


INDUSTRIAL PRODUCTION
Lakh Lbs
TEA
(000) Tons
SUGAR
(000) Tons
HYDROGENATED VEGETABLE OIL
Crore Nos.
CIGARETTES
Crore Lbs.
COTTON YARN
Crore Yds
COTTON CLOTH
(000) Tons
CEMENT
(000) Tons
JUTE GOODS
(000) Tons
PAPER AND BOARD
(000) Nos.
CYCLE RUBBER TYRES AND TUBES

In West Pakistan, the expansion of the Chemical and Fertilizer Factory, Lyallpur, from 18,000 tons to 54,000 tons has been completed and commercial production will start shortly. The first extension of the Pak-American Fertilizer Factory, Daudkhel, for increasing its production capacity from 50,000 tons to 90,000 tons is expected to go into production in 1968-69. Keeping in view the rise in demand for nitrogenous fertilizers, the WPIDC took up two more schemes, *viz*, (i) Balancing of the Natural Gas Fertilizer Factory, Multan, by creating an additional capacity of 29,700 tons of ammonium nitrate and 16,500 tons of urea per annum, and (ii) the second extension of the Pak-American Fertilizer Factory, Daudkhel, for the production of 600,000 tons of ammonium sulphate. While the factory at Multan has been completed, the proposals for the second extension of Daudkhel factory are still under consideration by the Government. Survey and investigations are in progress for setting up a potash fertilizer plant based on Dhariala brine reserve which will make 17,500 tons per annum of potash fertilizer available by 1969-70.

In the private sector, a nitrogenous fertilizer factory at Mari with a rated capacity of 170,000 tons of urea is scheduled to go into production in 1968. Sanction has also been accorded for the setting up of a Triple Super Phosphate factory at Karachi with an annual production capacity of 150,000 tons. Foreign exchange for the project has already been arranged and the plant is expected to go into operation by 1970. Permission has been granted to three private firms to set up urea fertilizer factories with possible location at Sheikhupura, Lyallpur and Mirpur, each with a rated capacity of 340,000 tons per annum. These plants are scheduled to go into production by the end of 1970-71.

Basic Metal Industries

The Third Plan target for the production of steel is fixed at 12 lakh tons—300,000 tons in East Pakistan and 900,000 tons in West Pakistan). In East Pakistan, the iron and steel mill at Chittagong, with an annual capacity of 150,000 tons, has been completed and the mill began trial production from February, 1967, a little ahead of schedule. Provision has also been made for the expansion of its capacity to 250,000 tons of steel ingots, and the scheme has already been taken up for execution which is expected to be completed by 1969-70.

In West Pakistan, the prospects for setting up a steel mill based on indigenous iron ore have brightened following the successful tests carried out by M/s. Salzgitters of West Germany. A project with an annual capacity of 10 lakh tons has been drawn up by the WPIDC and is under active consideration of the Government.

In the private sector, feasibility reports have been submitted for the establishment of two steel plants at Karachi with a capacity of 500,000 tons each, based on imported iron ore, which are also under the consideration of the Government.

Machinery Manufacturing

A large part of the Third Plan programme centres round the setting up of important producer goods industries for the first time in Pakistan with the object of building up a strong base for the future development of the country and also of reducing its dependence on imports.

In West Pakistan, the WPIDC is setting up a heavy Mechanical Complex at Taxila with Chinese assistance, with an annual capacity of 14,000 tons of heavy machinery. It will cost Rs. 15.1 crore, and is expected to go into production in 1968-69. The complex will produce cement and sugar plants, low pressure package types of boiler, railway materials, road building machines, miscellaneous steel structures etc.

The WPIDC also plans to set up a Heavy Foundry and Forge as an adjunct to the Heavy Mechanical Complex at Taxila, at a capital cost of Rs. 14.4 crore, which will produce machine moulded casting iron for H. M. C. requirement for the sugar factories, non-ferrous castings and forging.

Machine Tools

In West Pakistan, the Machine Tool Factory at Landhi, with a capital cost of Rs. 11.6 crore, is nearing completion and is expected to go into production by 1968-69. This factory is designed to produce horizontal, vertical and universal machine tools, gear boxes and differential die-casting and forging, with an annual turnover of Rs. 14.5 crore on a single-shift basis. The factory will be fully equipped with the latest equipment for die-casting, heat treatment and forging facilities.

In East Pakistan, work relating to the establishment of the Machinery Tool Factory at Joydebpur, Dacca, with an annual production capacity of 12,155 tons, is in progress. The total cost of the factory is Rs. 23.9 crore, and it is expected to start initial production in 1968.

Electrical Complex

The planning work of Heavy Electrical Complex, Taxila, was completed by WPIDC during 1966-67 and a revised scheme, involving an outlay of Rs. 14.39 crore, was finalised. The project is proposed to be set up with Russian collaboration. The U.S.S.R. Government are presently examining this project. As soon as this examination is completed, the development work will be taken in hand.

The scheme for Electrical Wire and Cables Manufacturing Plant at Chittagong, with a production capacity of 6,000 tons, is under implementation and is scheduled to be completed by 1968-69 at a cost of Rs. 3.1 crore.

Shipyard

The Part I phase II Scheme of the Karachi Shipyard and Engineering Works, costing Rs. 3 crore, is presently under implementation. When completed, additional facilities for berthing and dry-docking will be available for meeting the growing demand for shipping facilities. The shipyard will be able to construct three ships of over 12,000 DWT in a year, besides providing other facilities. A scheme for the manufacture of 300 tons of spheroidal graphite cast iron at the Karachi Shipyard is also likely to be completed by 1968-69.

The dry dock at Narayanganj is being set up as an adjunct to the existing Dockyard and Engineering Works, Narayanganj. It will have a capacity to dock vessels up to 1,400 DWT and undertake drydock inspection and repairing. The project is expected to be completed by the end of 1969. Drydock and Heavy Steel Structure Works at Chittagong, costing Rs. 6.46 crore, aims at constructing vessels up to 6,000 DWT and undertaking drydock repairing vessels up to 12,000 DWT and carrying on construction of tugs, ware-house and fabrication of transmission towers etc. The development work relating to the project is in progress.

MINING

The exploration and development of minerals and fuels is essential for the supply of raw materials and fuels for industry. Besides, industries based on local mineral resources save foreign exchange and provide employment for the people.

Mineral development has been receiving due attention, in both public and private sectors. As a result, several minerals, including natural gas, coal, iron ore, chromite, barytes, gypsum etc. have been located in both the Provinces. The importance of finding and developing oil and gas resources is underscored by the fact that large amounts are being spent on the import of fuels which is a serious drain on the foreign exchange resources.

The index (base : 1959-60=100) of mineral production rose from 174.5 in 1964-65 to 182.3 in 1965-66, and further to 193.0 in 1966-67. During 1967-68 it is estimated to go up to 208.4. Table 24 shows the production trend of some of the principal minerals.

Table 24

PRODUCTION OF PRINCIPAL MINERALS

	Unit	1960-61	1964-65	1965-66	1966-67	1967-68* (July-Dec)
Chromite ..	.. 000 tons.	23	15	27	38	19
Coal ..	.. „	855	237	1,186*	1,418	709
Fireclay ..	.. „	15	18	19	20	10
Gypsum ..	.. „	94	184	115	122	61
Iron ore ..	.. Tons.	9,225	11,789	12,139*	..	...
Limestone ..	.. 000 tons.	1,104	2,005	1,941	2,280	1,140
Rock salt ..	.. „	210	217	289	231	116
Crude oil ..	.. Million I. G.	97	132	136	128	64
Natural Gas	.. „ cft	31,985	62,896	74,036	79,980	39,990

*Provisional.

It will be seen that the production of all the minerals, except rock salt and crude oil, has recorded a rise during 1966-67, the increases in chromite, coal, limestone and natural gas being more pronounced. The figures for the first half of 1967-68 show similar trend in 1966-67.

Oil

During 1967-68, two prospecting licences for petroleum covering 297.7 sq. miles were granted in East Pakistan. Besides, six exploration licences—three in West Pakistan covering 2,780 sq. miles and three in East Pakistan covering 542 sq. miles—were granted during the year. In addition, three prospecting licences over 64.68 sq. miles in West Pakistan and one prospecting licence covering 26 sq. miles in East Pakistan were also renewed.

Keeping in view the increasing demand for petroleum in Pakistan, efforts continued for the exploration and development of new and existing petroleum resources in the country. Off shore surveys for oil in the Bay of Bengal in East Pakistan were carried out during 1966-67, and, according to the preliminary interpretations, a sizable structure of about 180 square miles has been located near Cox's Bazar in the Bay of Bengal where first offshore exploratory well is expected to be spudded in December, 1968. Foreign oil companies continued to show interest in exploration in Pakistan and at present negotiations are in progress with three international oil companies for establishing joint ventures in oil exploration in Pakistan. Besides, negotiations under RCD and with other friendly Middle East countries for obtaining petroleum concessions outside Pakistan are also in progress.

With the rapid development in the country's economy, consumption of petroleum is fast increasing. It increased by nearly 8% during 1967 and is expected to go up to 10% by the end of 1968. The present consumption is over 4 million tons.

The total production of crude oil during 1967 was 3.18 million barrels, mainly from the oilfields located in the Rawalpindi district. The indigenous production hardly meets about 15% of the country's requirements. Efforts, therefore continue to obtain increased production from the existing fields and to find new fields. Drilling continued at Samutang and Jaldi in East Pakistan and Meyal, Benir, Tut and Kot Sarang in West Pakistan. Although some oil has been struck in Campbellpur district, the size of the reserves have yet to be assessed.

Pakistan is spending nearly Rs. 30 crore every year in foreign exchange on the import of crude oil, refined deficit products and some non-blendables. To minimise foreign exchange expenditure, efforts are made to import crude oil instead of refined products which are costlier. This imported crude oil is processed within the country. Two refineries, *viz.,* Pakistan Refinery Limited and National Refinery Limited with annual capacities of 2.5 million tons and 0.5 million tons respectively are in operation at Karachi. Government has granted sanction for expansion of National Refinery Limited by 1.2 million tons. It is expected that expanded capacity would be commissioned by 1970. Sanction has been issued for setting up of a visbreaker plant by Pakistan Refinery Limited for production of Middle-distillate from their fuel oil to meet the increasing demand for these products. At Chittagong, a refinery with a capacity of 1.5 million tons per annum, is almost ready and is expected to go into trial production shortly. These refining capacities would be sufficient to meet the country's requirements of products to the extent of 90% of the demand.

The consumption of lubricants and greases is also increasing at approximately the same rate as fuels. Seven blending plants, having a total capacity of 52,500 tons annually, are in operation in West Pakistan and 2 in East Pakistan with a total capacity of 15,500 tons. Another plant for East Pakistan has also been sanctioned. With the coming on stream of National Refinery Limited, these plants have switched over to indigenous oils and the imports of deficit lubricants is now only 20% of the total requirements.

Measures are also being taken to set up a Petroleum Institute to tackle the complex problems of technology which are cropping up in the petroleum industry.

The total investment made so far in the oil venture is Rs. 15.8 crore and Rs. Rs. 37.8 lakh are proposed to be earmarked by Government for exploration through private oil companies during 1968-69.

Natural Gas

Total production of natural gas during 1967 was 83,590 million cft, an increase of 8.5% over 77,033 million cft. produced during 1966. The increase stemmed mainly from the increase in demand for natural gas by industrial, commercial and domestic consumers.

Fuels and Minerals in Third Plan

The Third Plan had allocated Rs. 69 crore for fuels and minerals in the Public Sector, but this has been reduced to Rs. 59.2 crore in the revised phasing of the Plan. The cuts have been selective and no reduction in physical targets is anticipated. The private sector is expected to fill this gap especially in oil and gas prospecting. Table 25 gives the allocations for this sector.

Testing of wells at Sari Gas field has been completed and gas reserves are estimated at 0.2 million cft. While testing at Jaldi continues, the Titas Gas field is expected to be put into production shortly. Natural gas discovered at Mari in West Pakistan has also been developed for production.

The Sui Northern Gas Pipeline system was connected with the Rawalpindi-Wah gas distribution system during the year. The work on the construction of the gas transmission line from Titas to Dacca/Narayanganj is expected to be completed in early 1968.

Coal

The Third Five Year Plan provides for increasing the production of coal from 14.2 lakh tons in 1966-67 to 30 lakh tons in 1970. At present, the country is spending nearly Rs. 4.5 crore annually in foreign exchange on the import of coal and this expenditure is likely to go up unless indigenous production is increased.

The Sharigh coal mines of WPIDC have achieved the production target of 450 tons per day, two years ahead of schedule at an estimated cost of Rs. 1.73 crore. The production of Makerwal colliaries has risen from 500 tons to 800 tons a day, while the production of Digari and Sor-Range mines have jumped from 300 to 500 tons a day during the last two years.

In East Pakistan, the discovery of good quality coal near Jamalganj in Bogra district and in Rajshahi district of East Pakistan has opened up new possibilities for the development of the mining industry there. The reserves of bituminous coal, estimated at 76 crore tons, are likely to go up to 146 crore tons when more data become available. The EPIDC has acquired its mining lease and, after having a feasibility report prepared by M/s. Fried Krupp of West Germany, submitted the report to the Provincial Government in July, 1967. The scheme is under examination.

Salica Sand

The presence of good quality salica sand under the alluvial surface of Takerghat was reported by the Geological Survey of Pakistan. The EPIDC took the matter in hand and started investigation to determine the quality, reserves and other matters related to mining. A contract was awarded to M/s. Swiss Boring for underground investigation. A chemical test of the sample proved that the sand was good enough for making colourless glass. The PCSIR is also undertaking research for making high-quality glass from it.

Limestone

ABC Cement Factory at Chhatak was based on limestone supplied from India. As the supply of limestone was cut off after the war with India in 1965, the EPIDC took over the cement plant. Since then, the supply of limestone to the factory is being made from the quarry at Takerghat in Sylhet district. The production of the quarry has gone up from 55,600 tons in 1965-66 to 161,000 tons in 1966-67, and is mostly transported to the Chhatak factory.

Table 25

ALLOCATION FOR FUELS AND* MINERALS

(In crore rupees)

Name of the sub-sector	Revised allocation
Geological Survey	7.05
Oil and Gas Development	25.00
Oil and Gas Prospecting	3.60
Gas Transmission and Distribution	8.00
Coal and Peat	9.61
Selected Minerals	5.94
Total	**59.20**

*During 1965-66, a sum of Rs. 15.8 crore was allocated for mining in the Government-financed sector, which rose to Rs. 8.4 crore in 1967-68. Thus, in the first three years of the Plan, only 41% have been allocated. Larger allocations would be needed in the remaining two years for the attainment of the financial target.

Training and Research

The construction work in respect of the establishment of a College of Minéral Technology at Quetta is progressing. The schemes relating to the establishment of two more Mining Training Institutes, one in each Province, are also underway.

CHAPTER IV

MONEY AND BANKING

(The basic objective of Pakistan's monetary policy is to foster development in a framework of monetary stability. In developing countries, the temptation to pursue apparently easy expansionary policies in order to raise the level of investment by the creation of money is particularly strong. But strict adherence to the objective of monetary stability has helped the Pakistan Government to avoid the pitfalls of excessive money creation in which many developing countries have slumped in pursuit of rapid economic growth.

A close and continuous watch by the Government has ensured that money supply rises in consonance with the genuine requirements of the economy, keeping in view the process of monetisation and changes in the habits and attitudes of individuals and institutions in regard to the liquidity preferences. It is fully realised that excessive monetary expansion raises the price level, discourages savings, leads to misallocation of resources, and creates pressure on the balance of payments. Hence in the monetary sphere, the Government's attention has been focussed on policies which help mobilise larger domestic resources, direct them into productive channels, hold the price line and contain non-developmental and unproductive spending.)

Monetary and Credit Situation

The monetary situation in Pakistan during 1967 has to be viewed in the background of the previous one and a half years. The Indian aggression of September, 1965 subjected the economy to stresses and strains. Increased defence spending caused a deficit in Government sector operations, and was primarily responsible for the steep rise of Rs. 122.15 crore in money supply during 1965-66. The withdrawal of forces from the Indo-Pakistan border in early 1966 heralded the return to a normal position and created conditions conducive to the growth of economic activity. During the first six months of 1966-67, money supply recorded a sharp increase of Rs. 104.45 crore to Rs. 1,088.74 crore. This was mainly attributable to the expansion of as much as Rs. 151.70 crore in bank credit to the private sector. The sharp increase in money supply during July—December 1966, super-imposed as it was on the sizable monetary expansion in the past, led to a significant rise in monetary demand. This, coupled with the two successive years of drought in West Pakistan and heavy floods and cyclones in East Pakistan as also the decreased inflow of foreign economic assistance, inevitably resulted in increased price pressures in the economy.

With a view to moderating the expansionary trends in bank credit as also to redirect it to more essential sector, a number of selective credit control measures were adopted in January 1967 and reinforced with the rise in the reserve requirement for banks from 5% to 6-1/4% with effect from 16th June, 1967. These measures had the desired effect and the second half of 1966-67 witnessed a slowing down in the rate of credit expansion. During this period, money supply contracted by Rs. 50.38 crore. The decline continued till the end of September 1967. With the commencement of the busy season, bank credit again began to expand and the trend of monetary contraction was reversed. During October—December money supply increased by Rs. 82.96 crore to Rs. 1,059.66 crore. At this level, money supply was Rs. 29.08 crore lower compared with December 1966. In January 1968, the reserve requirement was reduced from 6-1/4% to 5% with a view to enabling the scheduled banks to meet adequately the busy season financing needs of the economy.

It is obvious from the above account that the instruments of monetary policy have been used in a flexible manner with the twin objectives of maintaining monetary stability and promoting economic growth.

MONEY SUPPLY

Money supply which stood at Rs. 949.57 crore at the end of 1965, rose by Rs. 139.17 crore or 14.6%, to Rs. 1,088.74 crore at the end of 1966, but declined by Rs. 29.08 crore, or 2.7%, to Rs. 1,059.66 crore at the end of December 1967 and stood at Rs. 1,070.49 crore at the end of March 1968.

Bank credit increased from Rs. 673.88 crore at the end of 1965 to Rs. 809.17 crore, or by 20.1%, during 1966 and to Rs. 881.08 crore, or by 8.9%, in 1967. It stood at Rs. 915.70 crore at the end of March 1968.

The contraction in money supply during 1967 occurred largely in currency in circulation which declined by Rs. 25.42 crore, or 4.1%, to Rs. 584.33 crore in 1967. Demand deposits fell by Rs. 4.97 crore to Rs. 459.66 crore while other deposits with the State Bank rose by Rs. 1.31 crore to Rs. 15.67 crore. During January—March 1968, money supply increased by Rs. 10.83 crore compared with the contraction of Rs. 16.83 crore during the same period of 1967. Table 26 shows the trend of money supply.

Table 26

MONEY SUPPLY

(In crore rupees)

Item	March* 1968	1967				1966			
		March	June	Sept.	Dec.	March	June	Sept.	Dec.
Money supply ..	1,070.49	1071.91	1,038.36	976.70	1,059.66	946.39	984.29	997.90	1,088.74
(i) Currency in circulation	596.15	618.23	556.17	538.55	584.33	559.17	580.20	581.41	609.75
(ii) Demand deposits..	466.67	445.82	468.96	423.45	459.66	378.85	394.94	403.00	464.43
(iii) Other deposits with SBP†	7.67	7.86	13.23	14.70	15.67	8.37	9.15	13.49	14.36

*Provisional.

†Excluding IMF Account No. 1, U.S. Counter Part Funds, IBRD Indus Accounts U.S. Development Loan Fund and Deposit Accounts of German Loans and Deutsche Bank.

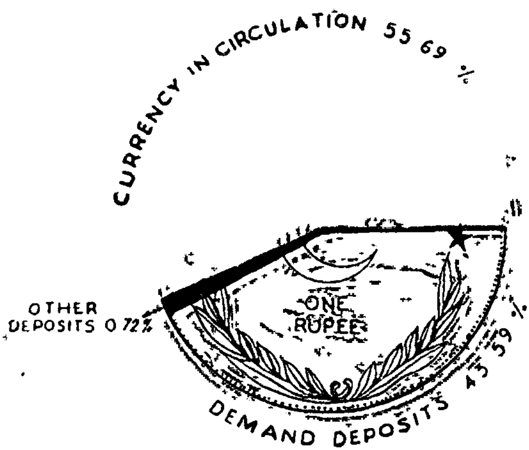
Causative Analysis

The decline in money supply during 1967 was attributable to the contractionary influences emanating from the foreign sector and certain unclassified items. Both the private and Government sectors exerted an expansionary influence, that of the private sector amounted to Rs. 25.78 crore. It emanated from the rise of Rs. 89.49 crore in bank credit to the private sector and of Rs. 12.93 crore in banks' investments in private securities, but was neutralised to the extent of Rs. 76.64 crore by accretions to time deposits.

Money supply in the Government sector expanded by Rs. 3.68 crore, of which a large share of Rs. 3.30 crore originated from transactions under the counter-part funds, IBRD Indus Account etc.

The foreign sector had a contractionary effect of Rs. 13.17 crore upon the money supply. Certain unclassified items accounted for a contraction of Rs. 45.37 crore.

To sum up, during 1967, expansionary factors contributed to the rise of Rs. 36.55 crore while contractionary factors were responsible for a decline of Rs. 65.63 crore in money supply. There was thus, a net contraction of Rs. 29.08 crore in money supply during 1967.


CURRENCY IN CIRCULATION 55 69 %
OTHER DEPOSITS 0 72%
ONE RUPEE
DEMAND DEPOSITS 43 59 %

During January—March 1968, money supply expanded by Rs. 10.83 crore as against the fall of Rs. 16.83 crore during the corresponding period of 1967. An analysis of the causative factors of changes in money supply revealed that the Government and the foreign sectors exerted expansionary impact of Rs. 9.58 crore and Rs. 12.20 crore respectively. These expansionary influences were partly offset by a net decline of Rs. 15.79 crore in operations of the domestic private sector. Table 27 shows the causative factors of changes in money supply.

Table 27

CAUSATIVE FACTORS OF CHANGES IN MONEY SUPPLY

(In crore rupees)

Causative Factors	First* Quarter 1968	1967	1966	1965
Private Sector	+ 18.63	+ 102.42	+ 147.03	+93.73
Shift to time deposits	—34.42	—76.64	—115.77	—56.18
Net Private Sector	—15.79	+ 25.78	—31.26	+ 37.55
Government Sector	+ 16.43	+0.38	+115.89	+81.08
Foreign Sector	+12.20	—13.17	—5.14	—28.83
Counterpart Funds	—5.01	—1.37	+13.55	—10.31
IBRD Indus Account	—1.84	+4.67	—8.85	—0.92
Unclassified items	+4.84	—45.37	—7.54	+0.82
Net Effect	+10.83	—29.08	+139.17	+79.39

*Provisional.

Seasonal Movement

The continuous structural changes which are occuring in the economy have gradually diminished the traditional distinction which used to be drawn in relation to the credit situation between the busy season, from September to March, when the demand for bank credit to finance the movement of major crops such as jute, cotton, tea, rice etc. increased, and the money supply tended to expand, and the slack season, from April to August, when these demands for bank finance decreased. Table 28 shows how far this trend has gone in recent years.

Table 28

SEASONAL MOVEMENT OF MONEY SUPPLY

(In crore rupees)

Last Friday	Slack Season			Last Friday	Busy Season		
	1965	1966	1967		1965-66	1966-67	1967-68
April	881.76	948.31	1035.11	September ..	846.75	997.90	976.70
May	875.66	944.40	1010.74	October ..	857.82	1006.14	986.53
June	862.14	984.29	1038.36	November ..	888.33	1046.07	1011.82
July	848.46	985.05	1003.89	December ..	949.57	1088.74	1059.66
August	827.97	987.18	995.95	January ..	965.29	1085.01	1062.28
				February ..	948.53	1065.28	1055.90*
				March ..	946.39	1071.91	1070.49*
Expansion (+) .. Contraction (—) ..	—53.36	+40.79	—75.96		+118.42	+84.73	+74.54

*Provisional.

During the busy season of 1966-67, money supply expanded by Rs. 84.73 crore as against Rs. 118.42 crore and Rs. 72.71 crore during the corresponding period of 1965-66 and 1964-65 respectively. During the busy season of 1967-68, money supply followed the rising pattern and up to the end of March, 1968 increased by Rs. 74.5 crore.

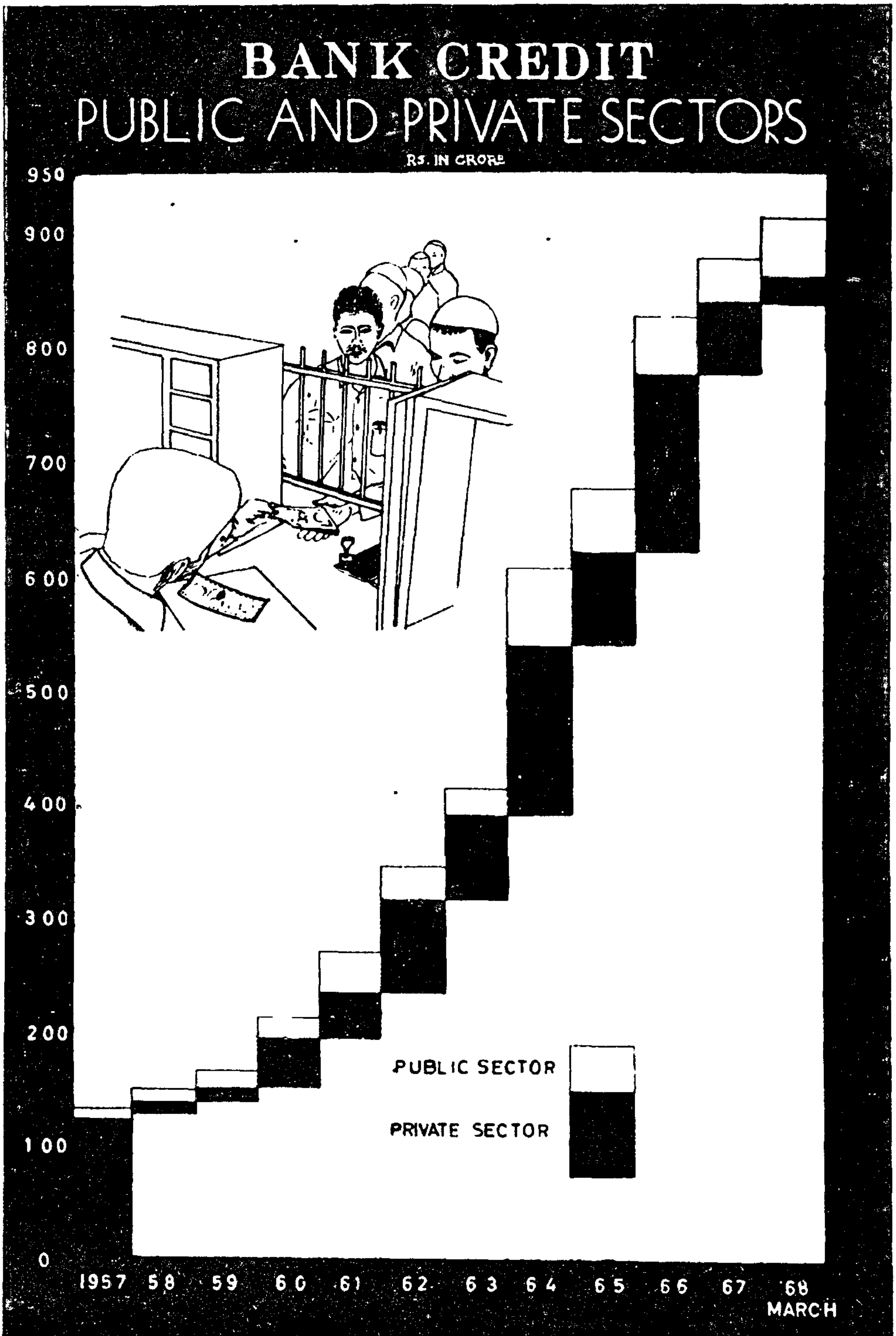
The trend of expansion was not reversed during the slack season of 1966 but money supply declined again in the slack season of 1967. At the end of August 1967, money supply stood at Rs. 995.95 crore depicting a fall of Rs. 75.96 crore which contrasted with a net expansion of Rs. 40.79 crore during the slack season of 1966.

During the slack season of 1967, money supply registered a declining trend, excepting the month of June when it registered an increase of Rs. 27.62 crore. Generally, both the Government and private sectors were affected by the contraction.

During the busy season of 1967-68 money supply increased, although the total expansion was lower than during the previous busy season. During 1967-68 (September—March), it rose by Rs. 74.54 crore compared to an expansion of Rs. 84.73 crore during the corresponding period of 1966-67.

Bank Credit

The main objective of Pakistan's credit policy is to regulate credit in accordance with the productive requirements of the economy and to restrain the flow and expansion of credit for relatively in-essential purposes. The monetary authorities have depended in the main, on qualitative measures designed to help the most efficient allocation of credit resources among competing uses and to prevent their dissipation on less pressing pursuits.


BANK CREDIT
PUBLIC AND PRIVATE SECTORS
RS. IN CRORE
950
900
800
700
600
500
400
300
200
100
0
1957
58
59
60
61
62
63
64
65
66
67
68
MARCH
PUBLIC SECTOR
PRIVATE SECTOR

Bank credit which had registered a rise of only Rs. 20.33 crore during 1965-66 recorded a sharp increase of Rs. 171.41 crore during 1966-67. The sharp rise during the year was entirely due to an expansion of Rs. 175.67 core in the private sector as compared with the rise of Rs. 22·25 crore in the previous year. Bank credit to the Government sector registered a fall of Rs. 4.26 crore over the year. The sharp increase in bank credit to the private sector was to a large extent financed by scheduled banks' borrowings from the State Bank of Pakistan. In contrast to the contraction of Rs. 60.97 crore in borrowings from the State Bank in 1965-66, scheduled banks increased their borrowings from it by Rs. 70.56 crore in 1966-67. It may be mentioned that during 1966-67 the peak level of the banking system's indebtedess to the State Bank stood at Rs. 220.73 crore which compared with the peak level of Rs. 177.67 crore in 1965-66.

During the first nine months of the fiscal year 1967-68 *i.e.* July, 1967—March, 1968, bank credit registered a rise of Rs. 85.19 crore compared with the rise of Rs. 179.19 crore in the same period of last year. The expansion took place largely in credit to the private sector which increased from Rs. 774.09 crore at the end of June, 1967 to Rs. 857.93 crore at the end of March, 1968. Bank credit to the Government sector increased by Rs. 1.35 crore to Rs. 57.77 crore as on 22nd March, 1968. Table 29 shows the trend of bank credit since December, 1957.

Table 29

BANK CREDIT (1957-68)

(In crore rupees)

Month/Year (Last Friday)	Advances	Bills purchased and discounted	Total
December 1957	111.89	14.97	126.86
December 1958	125.30	20.52	145.88
December 1959	141.87	20.11	161.98
December 1960	185.48	23.00	208.48
December 1961	245.90	26.56	272.46
December 1962	309.76	27.29	337.05
December 1963	382.40	33.70	416.10
December 1964	556.74	43.55	600.29
December 1965	631.37	42.51	673.88
December 1966	756.44	52.73	809.17
December 1967	833.20	47.88	881.08
March 1968	861.31	54.39	915.70

Credit Control Measures

The expansion of bank credit during June-December 1966 was quite sharp and required measures to regulate it. During 1967 the State Bank adopted the following measures to slow down the expansion of bank credit as also to redirect it to more essential sectors of the economy.

Effective from 7th January, 1967 scheduled banks were directed not to make :

(1) Any fresh advances for financing operations under hire-purchase or instalment credit plans. Machinery and equipment required for agricultural or industrial purposes were exempted from the ban. (At a later stage, financing of commercial vehicles in the private sector was allowed.)

(2) Advances against any type of edible oil, whether refined, unrefined or hydrogenated and oilseeds beyoned 50% of their market value (On 26th October, 1967 banks were allowed to make advances against edible oil and oil seeds up to 75% of the market value of such goods).

Effective from 30th January, 1967 the banks were further directed not to make advances against :

(*i*) imported manufactured consumer goods beyond 50% in West Pakistan and 60% in East Pakistan, of the landed cost of such goods ;

(*ii*) Imported raw materials beyond 85% of the landed cost of such goods except steel billets ;

(*iii*) Imported steel billet the landed cost of which does not exceed Rs. 10 lakh, beyond 85% and where the landed cost exceeds Rs. 10 lakh, beyond 70% of the landed cost ;

(*iv*) Cotton yarn and cotton textiles both indigenous and imported beyond 75% on the first 80% of the market value or landed cost as the case may be of such goods, and beyond 60% on the remaining 70% of the market value or landed cost as the case may be of such goods ;

(*v*) Electric fluorescent and incandescent lamps, GI pipes, M. S. rounds and structures and hard boards and packing materials both imported and indigenous beyond 60% of landed cost or market value of such goods ;

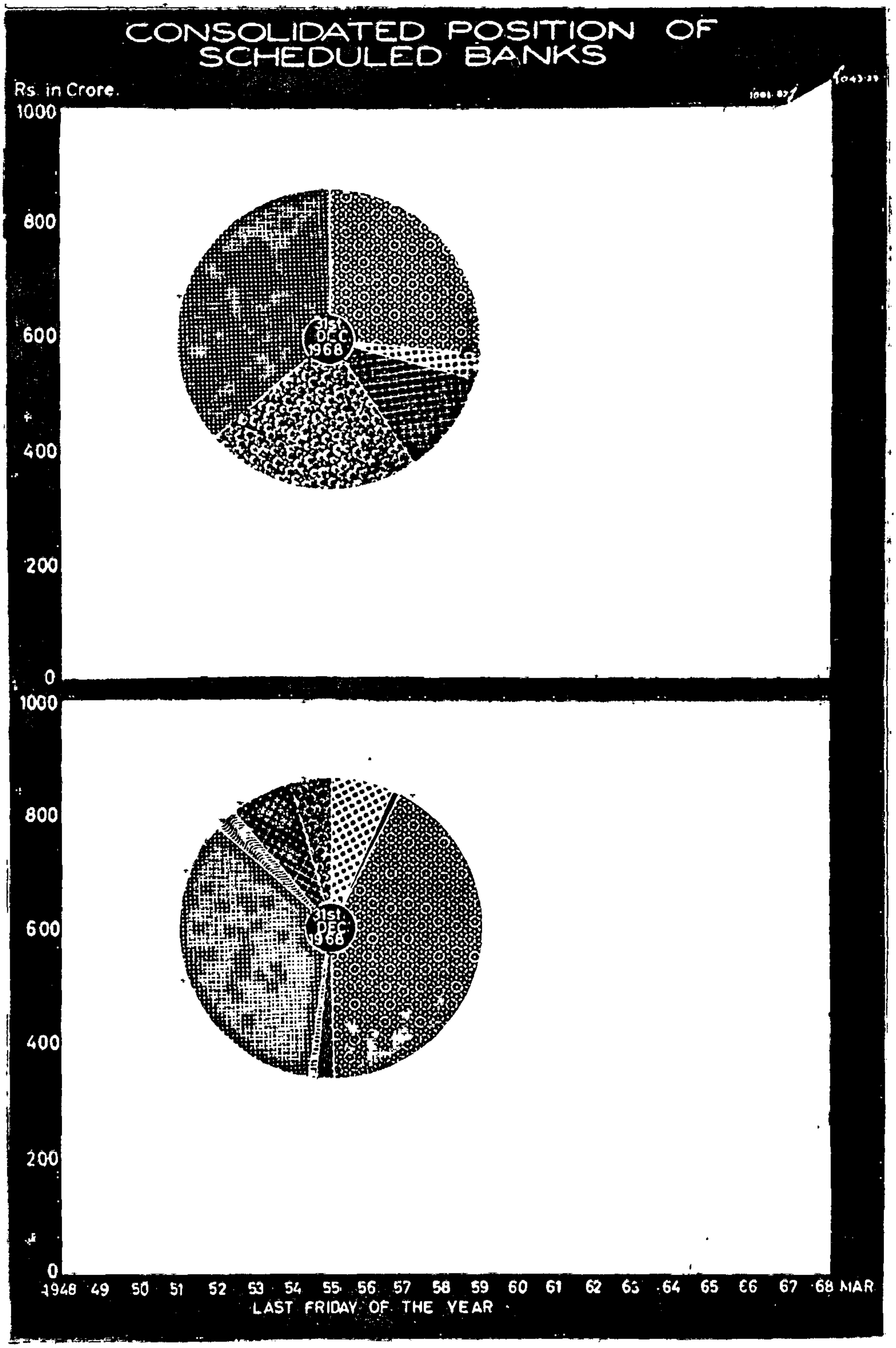
(*vi*) Foodgrains including wheat and rice stock, for a period exceeding six months ;

(*vii*) Real estate except for productive purposes.

Scheduled banks were directed to obtain declaration from borrowers with a view to ensuring :

(*a*) that the advance will not be utilised for frustrating the purposes of the credit restriction in force, and

(*b*) the same party is not availing himself of such loan facilities from other banks so as to exceed the prescribed limit in the aggregate.


CONSOLIDATED POSITION OF SCHEDULED BANKS
Rs. in Crore.
1000
800
600
400
200
0
31st DEC 1968
1000
800
600
400
200
0
31st DEC 1968
1948 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 MAR
LAST FRIDAY OF THE YEAR

On 25th May, 1967, the banks were issued another directive not to make advances against shares not quoted on the recognized Stock Exchanges in Pakistan beyond 40% of the paid-up value of such shares.

On 16th June, 1967 the cash reserve requirement of scheduled banks was raised from 5% to 6-1/4%. (The requirement was reduced again to 5% with effect from 19th January, 1968).

On 4th September, 1967 banks were directed not to make advances against stocks of sugar beyond 50% of their market value. In October 1967, the restriction was relaxed and banks were allowed to make advances against sugar up to 75% of the market value. On 3rd February, 1968, the limit was again reduced to 50%.

Bank Deposits

During 1967, the net increase in bank deposits was Rs. 71.68 core, or 7.7%, as against the net increase of Rs. 187.95 crore, or 25.3%, in 1966, and of Rs. 86.45 crore or 13.2%, in 1965. During the first half of 1967, bank deposits increased by Rs. 52.77 crore while during the second half they rose by Rs. 18.91 crore. The increase in deposits in 1966 was partly due to the enhanced rates of interest announced on 16th August 1965. The slow-down in the increase of deposits shows that interest rates seemed to have lost attraction because of new avenues of investment available to the savers in the ever-expanding economy.

Efforts were made during the year to step up deposit mobilisation by banks. This was sought to be achieved not only through a vigorous policy of expansion of bank branches in the interior of the country but also by an increase in deposit rates. On 16th October, 1967, scheduled banks were directed by State Bank to raise the interest rates on their deposits, the increase ranging from 1/4 per cent to 1/2 per cent on different categories of savings and term deposits. The enhanced rates are specified in Table 30.

Table 30

ENHANCED RATES OF INTEREST ON DEPOSITS

(Per cent per annum)

Types of Deposits	Interest Rates effective from 16th October, 1967
I. (a) Special notice accounts or deposits withdrawable at notice of 7 to 29 days	2-1/2
(b) Special notice accounts or deposits withdrawable at notice of 30 days or over	2-3/4
II. Savings Bank Accounts	4
III. Fixed (or Term) Deposits :	
(a) For 1 month and over but less than 12 months	4
(b) for 12 months and over but less than 24 months	4-1/4
(c) For 24 months and over but less than 48 months	4-1/2
(d) For 48 months and over	5
IV. Cash Certificates :	
(a) For 5 years	4-1/2 (compound)
(b) For more than 5 years	5 (compound)

Smaller banks falling under the following categories were permitted to quote rates of interest on deposits higher than those prescribed above, to the extent mentioned against each category :

(*a*) Banks having deposits upto Rs. 15 crore .. 1% above the prescribed rates.

(*b*) Banks having deposits of over Rs. 15 crore but not exceeding Rs. 30 crore. 3/4% above the prescribed rates.

(*c*) Banks having deposits of over Rs. 30 crore but not exceeding Rs. 50 crore. 1/2% above the prescribed rates.

Table 31

GROWTH OF BANK DEPOSITS*

(In crore rupees)

Deposits	1968	1967				1966			
	March	March	June	Sept.	Dec.	March	June	Sept.	Dec.
Total ..	1043.29 (100)	922.25 (100)	982.96 (100)	933.75 (100)	1001.87 (100)	747.79 (100)	798.80 (100)	834.47 (100)	930.19 (1 00)
Demand ..	466.67 (44.7)	445.82 (48.4)	468.96 (47.7)	423.45 (45.4)	459.67 (46.00)	378.85 (50.7)	394.94 (49.4)	403.00 (48.3)	464.63 (50.0)
Time ..	576.62 (55.3)	476.43 (51.6)	514.00 (52.3)	510.30 (54.6)	542.20 (54.00)	368.94 (49.3)	403.86 (50.6)	431.47 (51.7)	465.56 (50.0)

*Excluding inter-bank items.

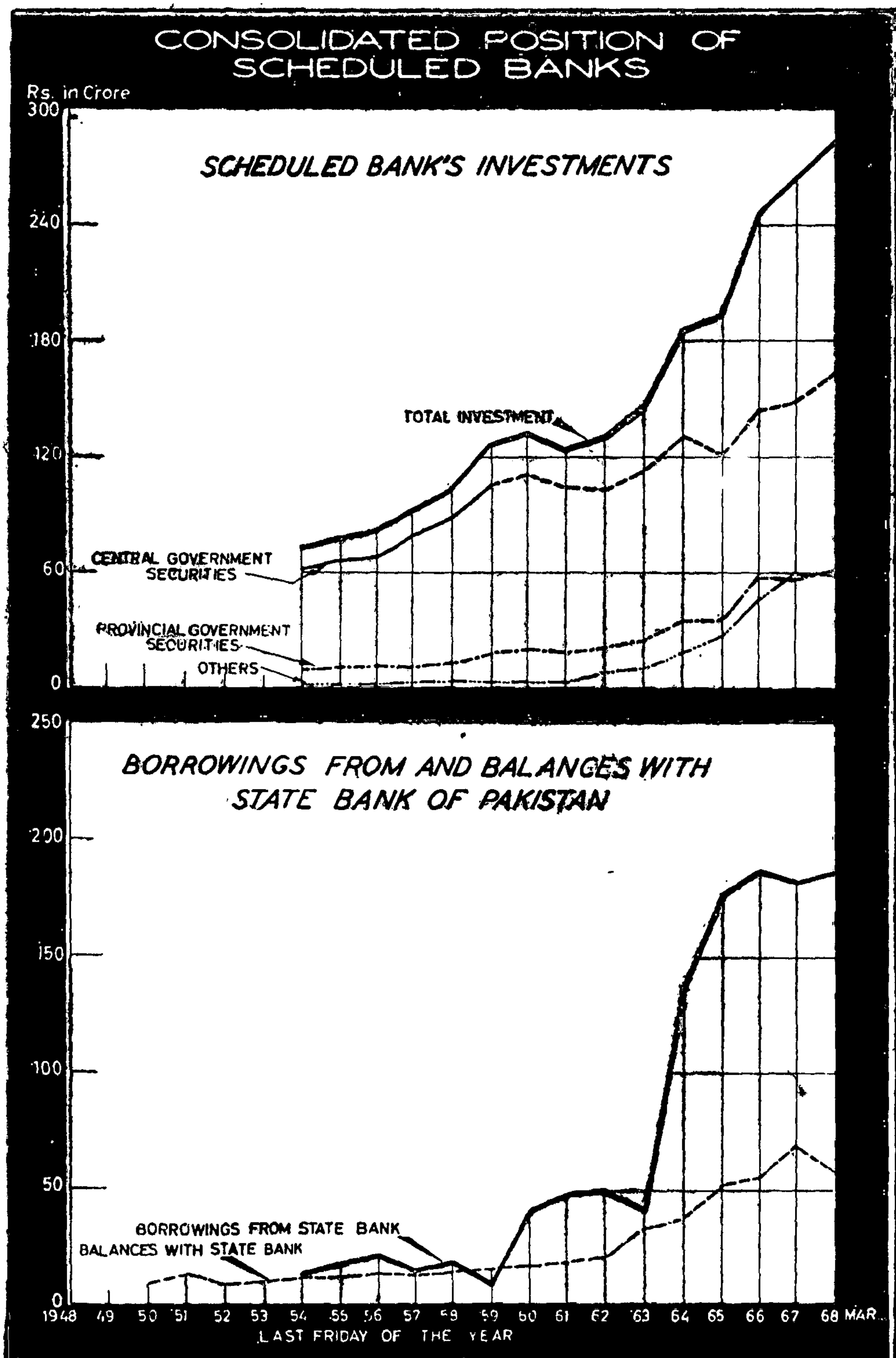
Note.—Figures in brackets are percentage ratio to aggregate deposits.

The demand and time deposits displayed divergent trends during 1967. While the former declined by Rs. 4.96 crore to Rs. 459.67 crore, the latter increased by Rs. 76.64 crore to Rs. 542.20 crore. During 1966, total deposits had increased by Rs. 187.95 crore ; demand deposits by Rs. 72.18 crore and time deposits by Rs. 115.77 crore. During 1967, the ratio of time deposits to total deposits continued to be higher than that of demand deposits to total deposits. Time deposits registered a rise of 4% in the ratio which is the highest ever recorded in any single year. The decline in the ratio of demand deposits to total deposits may be due to the fact that the banks generally do not offer any interest nor do they provide any special facility on such deposits.

During the first quarter of 1968, bank deposits recorded an increase of Rs. 41.43 crore to Rs. 1043.29 crore. The rise occured largely in time deposits which moved up by Rs. 34.42 crore to Rs. 576.62 crore. Demand deposits increased by Rs. 7.01 crore to Rs. 466.67 crore during January—March, 1968.

Borrowings and Balances

The scheduled banks' dependence on borrowings from the State Bank was slightly reduced during 1967. Their borrowings fell from Rs. 187.31 crore at the end of 1966, to Rs. 183.24 crore at the end of 1967, showing a decline of Rs. 4.07 crore over the year. During 1965 and 1966, scheduled banks' borrowings had increased by Rs. 40.08 crore and Rs. 9.64 crore respectively. The borrowings which stood at Rs. 203.21 crore at the end of January 1967, gradually decreased over the year. The borrowings stood, at Rs. 186.34 crore at the end of March 1968.


CONSOLIDATED POSITION OF SCHEDULED BANKS
Rs. in Crore
SCHEDULED BANK'S INVESTMENTS
TOTAL INVESTMENT
CENTRAL GOVERNMENT SECURITIES
PROVINCIAL GOVERNMENT SECURITIES
OTHERS
BORROWINGS FROM AND BALANCES WITH STATE BANK OF PAKISTAN
BORROWINGS FROM STATE BANK
BALANCES WITH STATE BANK
MAR.
LAST FRIDAY OF THE YEAR

The balances of the scheduled banks with the State Bank which had increased to Rs. 52.58 crore by the end of 1965 rose further to Rs. 55.98 crore by the end of 1966 and to Rs. 69.49 crore at the end of 1967. They had reached the peak of Rs. 71.98 crore at the end of June 1967. The balances stood at Rs. 58.01 crore at the end of March 1968.

Investments

The investments of scheduled banks increased at a slower rate in 1967 compared to the previous year. During 1967 their investments increased by Rs. 16.50 crore to Rs. 264.94 crore as compared with the rise of Rs. 54.31 crore in 1966. During the first quarter of 1967, there was a decline of Rs. 9.22 crore in scheduled banks' investments. The decline occurred mainly in Central Government securities. The second and third quarters registered substantial increases of Rs. 13.67 crore and Rs. 13.08 crore respectively. The last quarter, however, recorded a marginal decline of Rs. 1.03 crore. The year closed with a net increase of Rs. 16.50 crore in the investments of the scheduled banks. A break-up of their investments shows that while their holdings of Central and Provincial Governments Securities recorded a small increase of Rs. 3.57 crore, their investments in 'other securities' registered a marked increase of Rs. 12.93 crore.

During January—March 1968, the scheduled banks investment showed an increase of Rs. 19.17 crore to Rs. 284.11 crore. Table 32 shows the borrowings, balances and investments of the scheduled banks.

Table 32

SCHEDULED BANK'S BORROWINGS FROM AND BALANCES WITH STATE BANK OF PAKISTAN AND INVESTMENTS

(In crore rupees)

Items	1968 March	1967				1966			
		March	June	Sept.	Dec.	March	June	Sept.	Dec.
Borrowings from State Bank ..	186.34	191.11	178.41	169.63	183.24	140.36	107.85	128.55	187.31
Balances with State Bank.. ..	58.01	51.06	71.98	62.48	64.49	47.11	47.59	48.70	55.98
Investments	284.11	239.22	252.89	265.97	264.94	198.35	222.26	253.11	248.44
(a) Central Govt. securities ..	164.93	136.85	137.08	145.85	148.89	133.20	147.36	152.14	144.93
(b) Provincial Govt. Securities ..	60.27	57.95	57.87	61.00	57.45	34.90	34.86	57.86	57.84
(c) Other Securities	58.91	44.42	57.96	59.12	58.60	30.25	40.04	43.11	45.67

In June 1967 banks were instructed to follow a cautious policy in giving guarantees and to consult the State Bank before making any further investment in equity or loan capital of corporate bodies. With effect from 26th February, 1968, some relaxations have been made in this regard and banks have been allowed to undertake capital financing including direct investment in stocks and shares without prior consultation with the State Bank. This capital financing has been permitted within the limits to be set by the State Bank for the individual banks keeping in view the overall liquidity position of each bank.

Credit-Deposit Ratio

The credit-deposit ratio which stood at 90.8% at the end of 1965 declined to 87.0% by the end of 1966 but increased to 87.9% by the end of 1967. At the end of March 1968, it stood at 87.8%. The overall position of the credit-deposit ratio can be seen from Table 33.

Table 33

CREDIT-DEPOSIT RATIO

(In crore rupees)

Year/Month (Last Friday)	Total bank credit	Total bank deposits (General)	Ratio of credit to deposits (Per cent)
1959	161.98	282.92	57.3
1960	208.48	302.61	68.9
1961	272.46	338.51	80.5
1962	337.05	412.04	81.8
1963	416.10	510.97	81.4
1964	600.29	655.79	91.5
1965	673.88	742.24	90.8
1966	809.17	930.19	87.0
1967	881.08	1001.87	87.9
1968 (March)	915.70	1043.29	87.8

Private and Public Sectors

During 1967, bank credit to private and public sectors showed opposite trend. While bank credit increased in the former, it registered a net decline in the latter. The private sector increase amounted to Rs. 89.49 crore compared to an increase of Rs. 128.42 crore in 1966. The credit control measures in force acted as a brake on increase in bank credit to this sector. In the public sector, bank credit fell by Rs. 17.58 crore during 1967, compared to an increase of Rs. 6.87 crore in previous year.

During January—March 1968, bank credit to the private sector increased by Rs. 18.32 crore to Rs. 857.93 crore and to the public sector by Rs. 16.30 crore. Table 16 in the Statistical Section shows bank credit to the private and public sectors.

It touched the lowest level of the year in August when it stood at Rs. 800.37 crore. Thereafter, bank credit began to rise and within three months, *i.e.* by the end of December 1967, touched the level of Rs. 881.08 crore. The rising trend persisted in the first quarter of 1968, and reached Rs. 915.70 crore by the end of March 1968.

Table 34

SEASONAL MOVEMENT OF BANK CREDIT*

(In crore rupees)

Month (Last Friday)	Slack Season				Month (Last Friday)	Busy Season			
	1964	1965	1966	1967		1964-65	1965-66	1966-67	1967-68
April ..	470.89	636.74	664.39	831.56	September	510.70	610.02	694.76	801.92
May ..	471.81	634.73	664.49	819.73	October ..	541.54	622.49	723.53	819.70
June ..	479.13	638.77	659.10	830.51	November	562.44	631.66	767.14	851.45
July ..	492.38	631.03	675.85	809.67	December	600.29	673.88	809.17	881.08
August ..	496.47	606.78	677.19	800.37	January	641.86	684.32	834.33	892.97
					February	640.69	676.23	839.42	903.26
					March ..	632.43	663.39	838.29	915.70

*Excluding IDBP Foreign Currency Loans.

Analysis by Economic Groups

The distribution of scheduled banks' advances among various sectors at the end of September 1967, shows that "manufacturing" and "commerce" claimed 42.3% and 33% of total advances respectively compared with 41.3% and 34.69% at the end of September 1966. The share of "Agriculture, Forestry, Hunting and Fishing" in total advances improved from 6.6% to 7.4% over the period.

Money Market

The short term money market was characterised by stringent conditions during the greater part of 1967. The inter-bank call money rate at Karachi opening at 6—6-1/4% ruled unchanged till the first week of February. Thereafter, the rate increased to 6-1/2—6-3/4% by the third week of March, and ruled at that level till the second week of June. The rate rose further to 7% by the third week of June. The rate then evinced a continuous rising tendency and reached the level of 7—7-1/2% in the first week of September and remained at that level till the third week of October. Thereafter, the trend was reversed and the inter-bank call money rate came down to 6-1/2—7% by the second week of November and continued at that level till the end of January, 1968. The rate continued its declining trend, and stood at 6-1/2% at the end of March, 1968.

Table 35

INTER-BANK CALL MONEY RATE (KARACHI)

(Per cent per annum)

Last Friday	1961	1962	1963	1964	1965	1966	1967	1968
January ..	.. 4.25	4.00	3.25-3.50	4.00-4.25	5.50	5.00-5.25	6.00-6.25	6.50-7.00
February ..	.. 4.25-4.50	3.75-4.00	3.25-3.50	4.00-4.25	5.50	5.00-5.25	6.25-6.50	6.25-6.50
March ..	.. 3.75-4.00	3.75-4.00	3.25-3.50	4.00-4.25	6.75	4.75-5.00	6.50-6.75	6.50
April ..	.. 3.75	3.75-4.00	2.50-2.75	4.00-4.25	6.50	4.25-4.50	6.50-6.75	..
May	.. 3.25-3.50	3.75-4.00	2.25-2.50	3.50	6.50-6.75	4.00-4.25	6.50-6.75	..
June	.. 3.50-3.75	2.75-3.00	2.25-2.50	3.50	7.00-7.25	4.00	7.25	..
July ..	.. 3.75	2.50-2.75	1.75-2.00	2.50-2.75	6.00-6.25	4.00	7.00	..
August ..	.. 3.75	2.25-2.50	2.00-2.25	2.50	5.50	4.25	7.00	..
September ..	.. 3.50-3.75	2.25-2.50	3.75-4.00	3.25	5.50-5.75	4.50	7.00-7.50	..
October ..	.. 3.75	3.00-3.25	2.75-3.00	3.75-4.00	5.00-5.25	5.50	7.00-7.13	..
November ..	.. 3.75	3.50	3.75	3.75	5.00-5.25	5.50-5.75	6.50-7.00	..
December ..	.. 4.00	3.25-3.50	4.25-4.50	4.00-4.25	5.00-5.25	6.00-6.25	6.50-7.00	..

RURAL CREDIT

In keeping with the Government's policy of accelerating the pace of development in the agricultural sector, the State Bank of Pakistan has been providing increasingly large funds to finance agriculture. In recent years, there has been a sizable growth in State Bank lending for agricultural purposes. The total loans sanctioned by the State Bank of Pakistan to Cooperatives and to the Agricultural Development Bank amounted to Rs. 48.82 crore at the end of March 1968, compared to Rs. 50.98 crore during 1966-67 and Rs. 42.63 crore during 1965-66. The share of the ADBP in total loans advanced by the State Bank to the agriculture sector has been very significant as is evident from Table 36.

Table 36

TOTAL LOANS SANCTIONED BY THE STATE BANK OF PAKISTAN TO CO-OPERATIVES AND ADBP

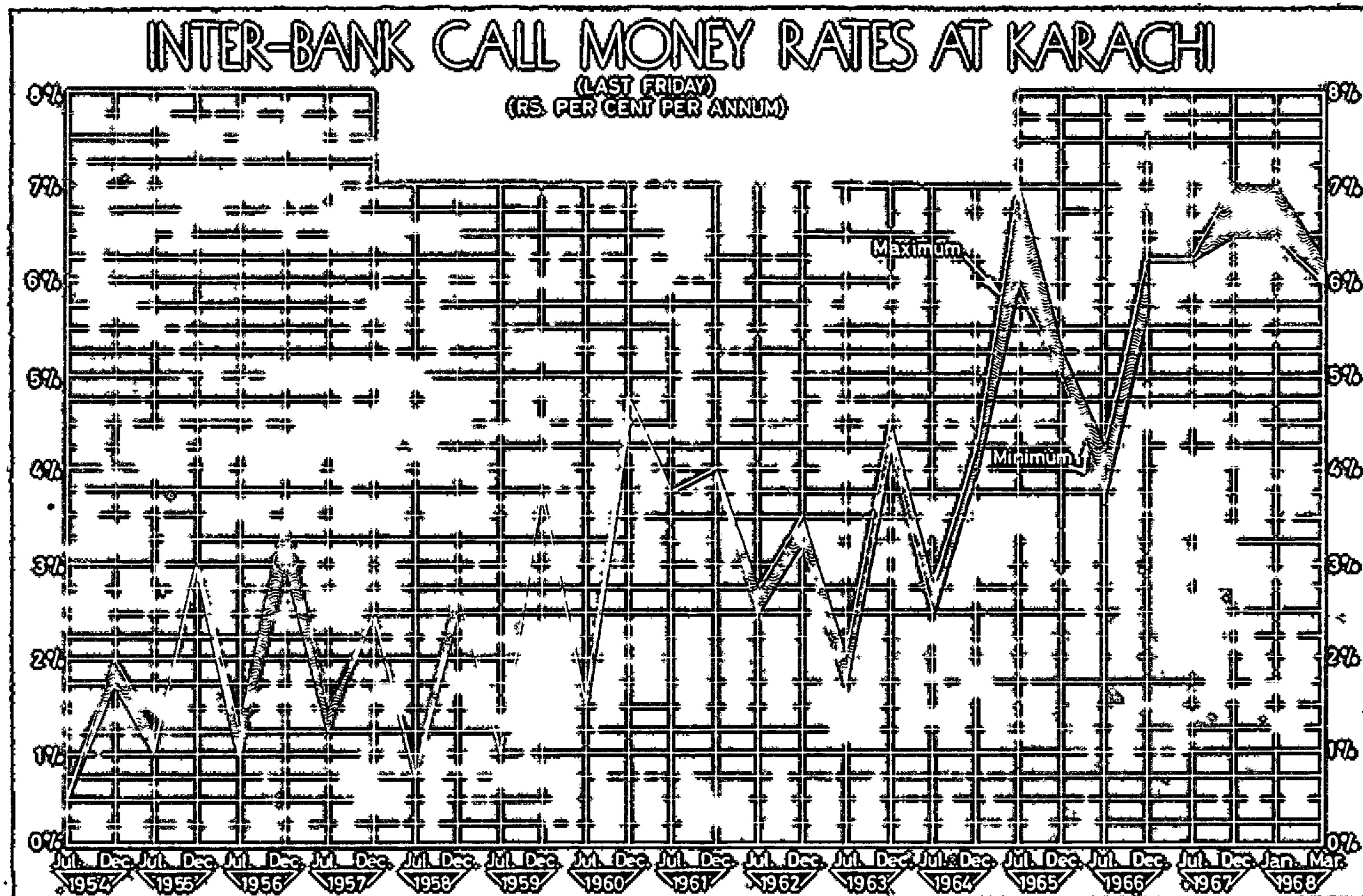
(In core rupees)

Year	Cooperatives @	ADBP	Total
1959-60	6.45	2.50	8.95
1960-61	6.74	4.00	10.74
1961-62	12.81	6.12	18.93
1962-63	16.20	10.26	26.46
1963-64	16.07	13.64	29.71
1964-65	11.50	17.70	29.26
1965-66	19.43	22.20*	41.63
1966-67	21.13	29.85	50.98
1967-68 (up to March) ..	15.71	33.11	48.82

@The loans given to co-operatives also include medium term loans, the details of which are as follows :

1962-63	Rs. 1.68 crore
1963-64	Rs. 0.63 crore
1964-65	Rsr 8.24 crore
1965-66	Rs. 2.24 crors
1966-67	Rs. 0.60 crore
1967-68	Rs. 0.76 crore

* Excluding medium term loans of Rs 0.35 crore.


INTER-BANK CALL MONEY RATES AT KARACHI
(LAST FRIDAY)
(RS. PER CENT PER ANNUM)
8%
7%
6%
5%
4%
3%
2%
1%
0%
Maximum
Minimum
Jul. Dec. 1954
Jul. Dec. 1955
Jul. Dec. 1956
Jul. Dec. 1957
Jul. Dec. 1958
Jul. Dec. 1959
Jul. Dec. 1960
Jul. Dec. 1961
Jul. Dec. 1962
Jul. Dec. 1963
Jul. Dec. 1964
Jul. Dec. 1965
Jul. Dec. 1966
Jul. Dec. 1967
Jan. Mar. 1968

The State Bank charges 3% and 3-1/2% interest on its lendings to cooperatives and to the ADBP for agricultural operations and marketing of crops respectively. The rates were increased to 4% and 4-1/2% after the increase in bank rate from 4% to 5% on 15th June, 1965. In order to provide relief to the ultimate borrowers, the Bank reviewed its interest rate policy in respect of the agricultural sector and the rates of interest on loans to cooperatives and the ADBP were reduced to 3% and 3-1/2% effective from 6th November, 1965, and 15th December, 1965 respectively.

CREDIT TO SMALL BORROWERS

The Government continued to pay due attention to the financing requirements of both medium and small borrowers in order to build a strong middle class. Small borrowings (up to Rs. 25,000) constituted 11.5% of total bank advances (excluding those of the Industrial Development Bank of Pakistan and the Agricultural Development Bank) at the end of September 1967, compared with 11.7 % at the end of September 1966.

People's Credit Scheme

The National Bank of Pakistan continues to provide credit facilities to small businessmen and traders for industrial and commercial purposes. The minimum and maximum limit of advances under the Peoples' Credit Scheme remained Rs. 250 and Rs. 50,000 respectively. Each one of the 650 branches of the Bank has a separate section for small borrowers and every effort is being made to make the scheme more broad-based.

Up to 31st March 1968, advances under the Scheme stood at Rs. 34.36 crore, the number of borrowers being 36,277 of which 28,313 borrowers had received loans of Rs. 10,000 and below. During 1967, Rs. 2.47 crore was advanced to 2,894 borrowers. During the first quarter of 1968, more borrowers received advances of Rs. 40 lakh bringing the total advanced under the Scheme to Rs. 34.36 crore. Table 37 shows the operations of the Scheme each year since its inception.

Table 37

LENDING AND RECOVERY POSITION OF THE PEOPLES' CREDIT SCHEME

(In crore rupees)

	1964 and 1965		1966		1967		March 1968		Progressive total up to March 1968	
	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
LOAN OPERATIONS :										
Limits sanctioned and utilised :										
(i) Upto Rs. 10,000 ..	22,206	12.38	3,354	1.90	2,309	1.15	444	0.24	28,313	15.67
(ii) Above Rs. 10,000 & upto Rs. 25,000 ..	5,277	9.75	491	1.36	412	0.72	73	0.13	6,253	11.96
(iii) Above Rs 25,000 ..	1,330	5.42	198	0.68	173	0.60	10	0.03	1,711	6.73
Total ..	28,813	27.55	4,043	3.94	2,894	2.47	527	0.40	36,277	34.36
RECOVERIES :										
(i) Over due for more than one year. ..		2.03		5.80		5.92		5.79		
(ii) Over due less than one year.		13.29		1.91		1.77		1.72		
(iii) Amount realised. ..		13.99		7.75		2.77		0.62		25.13
Total outstandings as on 31 st March 1968 ..		—		—		—		—		9.23
							TOTAL ..			34.36

DEVELOPMENT IN BANKING

Banking facilities continued to expand during the period under review. Although the number of scheduled banks remained the same as in 1966, there was substantial expansion in the number of branches.

In all there were 36 scheduled banks in Pakistan in 1967, sixteen of which were of Pakistani origin; thirteen of the Pakistani banks are registered in West Pakistan and three in East Pakistan.

During the year ended 31st December 1967, new bank branches totalled 258 as against 358 in 1966, bringing the total number from 2,184 at the end of 1966, to 2,442 at the end of December 1967. Of the 258 new branches 149, were opened in West Pakistan and 109 in East Pakistan, bringing the total to 1,501 and 941 respectively.

The total paid-up capital of the Pakistani scheduled banks stood at Rs. 30.38 crore on 31st December 1967 as against Rs. 28.20 crore on 31st December, 1966. their reserves totalled Rs. 18.33 crore at the end of 31st December, 1967, as against Rs. 15.64 crore on 31st, December 1966. Of the total deposits of the scheduled banks of Rs. 1005.61 crore, on 28th December, 1967, the share of Pakistani banks was Rs. 889.90 crore, or 88.5 %, the foreign banks held Rs. 115.71 crore, or 11.5 % of the total deposits. Similarly, of the total outstanding bank credit of Rs. 922.60 crore as at 28th December 1967, Pakistani banks had provided Rs. 816.90 crore and foreign banks Rs. 105.70 crore.

The number of offices of Pakistani banks abroad increased from 27 at the end of 1967 to 28 at the end of March 1968.

Drive to Popularise Banking

The Banking Publicity Board, which hitherto had concentrated main only the urban areas directed its efforts to the semi-urban and rural areas where the bulk of the population lives. The rural areas are being surveyed with the object of opening bank branches at places which offer prospects for deposit mobilisation. With the opening of rural branches, the Board will be able to launch an all out publicity campaign to create awareness amongst the people of the benefits of savings and banking.

The School Banking Scheme continued to become increasingly popular during 1967. It was extended to another 285 schools during the period of nine months (January-September 1967), thus bringing the total number of schools covered by the scheme to 2,822 in September 1967. The number of individual school children accounts as well as the total amount of deposits increased considerably. At the end of September, 1967 the number of accounts stood at 2,55,524. There was a net addition of Rs. 4.27 lakh in deposits, raising the total to Rs. 57.14 lakh in September 1967. The workers' savings scheme also showed some improvement during the period under review. It was extended to cover another 17 factories during the same period of nine months, thus bringing the total to 224 factories by the end of September, 1967. About 33,500 factory workers opened their accounts under the scheme with a total deposit of Rs. 40 lakh. The Board continued to feed its 99 organisational units with printed literature. As usual, all the units organised lectures, public meetings, essay competitions, elocution contests and screen films.

ROLE OF CREDIT INSTITUTIONS

Specialised credit institutions continued to play the pivotal role in the economic development of the country. These, among others, include the Pakistan Industrial Credit and Investment Corporation, the Industrial Development Bank of Pakistan, the Agricultural Development Bank of Pakistan and the House Building Finance Corporation. The activities of these institutions in the field of financing of industrial, agricultural and other developmental sectors are reflected in the following paragraphs.*

Pakistan Industrial Credit and Investment Corporation

The Pakistan Industrial Credit and Investment Corporation (PICIC) was set up in October 1957, to further the development of industries by providing financial assistance to new and existing industries in the private sector. The Corporation has an authorised share capital of Rs. 15 crore, of which Rs. 2 crore was initially paid-up. The paid-up capital was later raised to Rs. 3 crore in 1961 and Rs. 4 crore in 1963. 60% of the capital has been subscribed by private Pakistani investors, while the remaining 40% is held by private interests, in USA, the UK, Japan and West Germany, and the IFC. The International Finance Corporation (IFC) became a share-holder of PICIC in 1963 when it was allotted shares worth Rs. 20 lakh.

The Corporation is authorised to provide long and medium term loans in foreign and local currencies in addition to making equity participations. In the case of large projects, it shares financing, wherever possible, with other institutions abroad. The Corporation also underwrites shares as part of its programme to assist in the development of the capital market. PICIC has received three long term loans totalling Rs. 7 crore from the Central Government. The United States Agency for International Development advanced a rupee-loan of Rs. 3 crore to PICIC in November, 1966 out of P.L. 480 Counter-part Funds. The loan is repayable in 20 years with a grace period of 10 years. These loans are subordinated to PICIC's liabilities and the share capital, and hence count as equity for all purposes. The Corporation has also received several lines of credit in foreign currencies from the World Bank (IBRD), US Agency for International Development (AID) and some friendly countries. In accordance with the Article 69 of its Articles of Association, PICIC is authorised to make borrowings upto Rs. 150 crore outstanding at any one time. However, by a special arrangement with the World Bank, which is PICIC's major creditor, PICIC has agreed that its borrowings drawn and outstanding would not at any given time exceed the equivalent of four times its share capital, reserves, undistributed surplus and subordinated loans outstanding.

Up to 31st March 1968, PICIC received lines of credit in various foreign currencies totalling the equivalent of Rs. 122.81 crore as shown in Table 38.

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* A detailed account of such institutions is given in a separate pre-budget-document entitled Government Sponsored Corporations, published by Economic Adviser to the Government of Pakistan.

Table 38

FOREIGN CURRENCY CREDITS RECEIVED BY PICIC
(AS ON 31ST MARCH 1968)

Source	Dollars (in million)	Rupees (in crore)
IBRD	143.47	68.33
US (AID)	21.60	10.29
West Germany	33.25	15.83
Japan	21.91	10.44
U.K.	8.85	4.22
France	8.51	4.05
Denmark	0.32	0.15
Czechoslovakia	3.00	1.43
Belgium	5.00	2.38
Poland	2.94	1.40
Italy	9.00	4.29
TOTAL ..	257.85	122.81

PICIC's total resources, however, amounted to Rs. 140.55 crore as shown below :

Paid-up Capital and Reserves	Rs. 7.74 crore
Long-term Government Loans	Rs. 7.00 crore
Long-term loans from US AID	Rs. 3.00 crore
Lines of Credit in foreign currencies	Rs. 122.81 crore
Total ..	Rs. 140.55 crore

The Corporation's minimum lending limit has been recently lowered from Rs. 15 lakh to Rs. 10 lakh equivalent in foreign currency for a project to be established in East Pakistan. This step was taken, with the approval of the Government of Pakistan, to accelerate the pace of industrial development of East Pakistan through the private sector. PICIC is further contemplating to bring down the existing loan limit of Rs. 15 lakh for any project proposed to be established in the underdeveloped areas of West Pakistan. The minimum loan limit for the balancing and modernisation of an approved industrial unit stands at Rs. 2.50 lakh. The total amount for this purpose was equivalent to $10.00 million which was advanced by the World Bank to PICIC.

Since its inception in February 1958 to 31st March 1968, the Corporation had sanctioned loans (less cancelled or withdrawn) for a total of Rs. 137.71 crore to 592 projects of which Rs. 131.84 crore were in foreign currencies and Rs. 5.87 crore in local currency. PICIC has also assisted 24 projects through direct participation in their equity amounting to Rs. 1.78 crore and under-wrote public share issues for Rs. 6.27 crore. In addition, it has directly arranged finance from abroad for 13 of its larger projects totalling Rs. 27.99 crore and arranged 22 joint ventures which resulted in the inflow of foreign private capital of Rs. 8.60 crore. Up to 31st March, 1968, therefore, total effective assistance provided by or arranged through PICIC amounted to the equivalent of Rs. 182.37 crore.

Some of the important features of PICIC financing were :

(i) As many as 326 were new projects and in 87 of these, the entrepreneurs were entering the industrial field for the first time;

(ii) Of 592 projects (with a total investment of nearly Rs. 393.95 crore financed by PICIC, 357 had been completed up to 31st March, 1968 and were in production;

(iii) PICIC endeavours to broaden the base of industrial ownership by requiring as a condition of finance that larger enterprises should be public companies with a general issue of shares to the public. As a result, 86 enterprises have been or will be converted into joint stock companies, the shares of 46 companies are already listed on the Stock Exchange.

The assistance provided by PICIC is widely distributed among industries. The industry-wise distribution of assistance up to 31st March, 1968 showed that the textile industry accounting for assistance of Rs. 66.07 crore occupied the first place. Other industries in order of importance were sugar and sugar by-products (Rs. 22.99 crore), engineering, metal and electrical industries (Rs. 18.03 crore), chemicals and pharmaceuticals (Rs. 15.88 crore), paper, paper products and printing (Rs. 15.33 crore), oil refining and gas distribution (Rs. 12.45 crore), cement, glass, clay, and ceramics (Rs. 10.87 crore), food products and processing (Rs. 9.62 crore), inland and coastal water transport (Rs. 6.10 crore), and other industries (Rs. 5.03 crore).

PICIC also investigates the possibilities of investments in new and untapped fields for the convenience of prospective investors. Some notable examples are its surveys of paper, cement, sugar and sugar by-products, particle board from jute sticks, viscose rayon from bamboo and outboard engines for installation in country-boats. As a result, several projects have been developed and are either already in production or are under installation. PICIC also arranged a survey during the last two years to determine the suitability of growing sugar beet in northern and sub-northern areas of West Pakistan. Experimental cultivation of sugar beet was conducted at several sites in former Punjab region and the results obtained have been quite satisfactory.

The Corporation has now completed over 10 years of successful operation, in the course of which it has grown from a small institution to an outstanding development bank. Throughout it has operated profitably and paid a dividend to its shareholders. It increased the rate of dividend by 1% to 7% for the year ended 31st December 1963. This rate was maintained in 1964; raised by 1/2% to 7-1/2% for the year 1965 and again raised by 1/2% to 8% for 1966. The rate was raised to 10% for the year 1967.

A brief mention may also be made of the likely economic impact of PICIC loans. During the period January, 1958 to 31st March, 1967, 592 projects have been assisted to the extent of Rs. 182.37 crore. This together with the entrepreneurs' own contribution is expected to lead to a total investment of about Rs. 393.95 crore in the private industrial sector. The difference between the latter and former figures *i.e.*, Rs. 211.58 crore, measures the mobilization effect of PICIC loans. It is significant that one rupee of PICIC loan mobilised on an average Rs. 1.16 of private funds. Further, the projects on their completion are expected to contribute Rs. 118.53 crore in the shape of value added by manufacture. The foreign exchange cost of the projects would be recovered in about three years time, through export earnings/import savings which would amount to Rs. 57.29 crore per annum. Jobs would be created for about 98,000 persons, both in the skilled and unskilled categories.

Industrial Development Bank of Pakistan

The Pakistan Industrial Finance Corporation (PIFCO) was re-organised into the Industrial Development Bank of Pakistan (IDBP) on 1st of August, 1961, and has a much wider scope of operations than PIFCO. Whereas PIFCO could finance existing industries only, the Bank can finance the establishment of a wide variety of new industries besides modernisation and balancing of existing units and its lending limits are also higher than PIFCO. IDBP provides loans to industries both in the form of foreign and local currencies and serves the objective of state policy in spreading benefits of industrialisation and in diffusing industrial opportunity and ownership.

The Bank's upper lending limit is Rs. 25 lakh. The limit of foreign exchange component of loan which was Rs. 15 lakh until April 1967, has since been raised to Rs. 20 lakh. The upper limit does not apply to jute and cotton textile industries, inland transport and mining industries, and to such industries as the Government may specify. There is no lower limit for an IDBP loan. The application for small loans are generally routed through the East Pakistan small Industries Corporation (EPSIC) and the West Pakistan Small Industries Corporation (WPSIC).

Besides sanctioning the loans, the Bank guarantees and administers loans on behalf of the Government and finances industrial projects on equity basis. The bank has also financed a number of jute manufacturing units in collaboration with the East Pakistan Industrial Development Corporation and has also participated in R.C.D. (Regional Co-operation for Development) joint purpose enterprises on behalf of the Government.

The loans advanced by the Bank up to the end of March, 1968, amounted to Rs. 155.7 crore (Rs. 117.0 crore in foreign currency and Rs. 38.7 crore in local currency). Out of the total loans crore, Rs. 71.3 rcore or 46% have been sanctioned for East Pakistan. A region-wise break-up of loans sanctioned by the Bank since its inception to 31st March, 1968, is shown in Table 39.

Table 39

LOANS SANCTIONED BY THE IDBP BY REGIONS

(In crore rupees)

Year	East Pakistan				West Pakistan				All-Pakistan			
	No. of Cases	Amount			No. of Cases	Amount			No. of Cases	Amount		
		Local Currency	Foreign Currency	Total		Local Currency	Foreign Currency	Total		Local Currency	Foreign Currency	Total
1st Augt. 1961 to 30th June 1962 ..	107	3.4	5.4	8.8	154	2.2	6.0	8.2	261	5.6	11.4	17.0
1962-63..	178	2.3	8.7	11.0	283	3.2	3.7	6.9	461	5.5	12.4	17.9
1963-64..	403	3.6	15.9	19.5	597	4.7	10.2	14.9	1,000	8.3	26.1	34.4
1964-65..	223	2.8	5.8	8.6	288	7.7	7.3	15.0	511	10.5	13.1	23.6
1965-66..	181	2.0	2.8	4.8	304	2.5	12.4	14.9	485	4.5	15.2	19.7
1966-67..	194	2.1	13.0	15.1	187	1.2	16.1	17.3	381	3.3	29.1	32.4
1967-68 (July—March)..	103	0.6	2.9	3.5	85	0.4	6.8	7.2	188	1.0	9.7	10.7
Total ..	1389	16.8	54.5	71.3	1,898	21.9	62.5	84.4	3,287	38.7	117.0	155.7

An important objective of the Bank's policy has been a wider diffusion of investment activity through increased emphasis on small and medium-sized loans to as large a number of applicants as possible. Table 40 shows the position of loans advanced by size.

Table 40

IDBP LOANS BY SIZE

(In crore rupees)

Size of Loan	Cumulative as on 31st March 1968		1965-66 July—June		1966-67 July—June		1967-68 July—March	
	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount
Upto Rs. 5 Lakh ..	2,675	32.1	394	5.0	279	4.5	157	2.2
Over Rs. 5 Lakh to Rs. 10 Lakh ..	319	22.8	47	3.4	40	2.9	10	0.7
Over Rs. 10 Lakh ..	293	100.8	44	11.3	62	25.0	21	7.8
Total ..	3,287	155.7	485	19.7	381	32.4	188	10.7

During the period 1964-65, there was a decline in the volume of Bank's lending. The factors responsible for this were absence of adquate provision for the year 1964-65 of the Second Plan and the Indo-Pakistan War in September 1965, which resulted in a temporary suspension of foreign economic aid and reduction in the imports of industrial raw materials and spare parts. However, during 1966-67, the situation improved a great deal especially in East Pakistan where the amount sanctioned by the Bank increased from Rs. 4.8 crore in 1965-66 to Rs. 15.1 crore in 1966-67 an increase of 227%.

The loan advanced by the bank during the first half of the Third Plan period are estimated to constitute 53% to 55% of the total investment expected to be generated. Table 41 shows the loans sanctioned and investment generated (estimated) during the Third Plan period.

Table 41

INVESTMENT GENERATED THROUGH IDBP FINANCED UNITS

(In crore rupees)

Year	Loans (Actual)				
	Local Currency	Foreign Currency	Total	Investment Estimated	Loans as % of investment
1965-66	4.5	15.2	19.7	39.0	53
1966-67	3.3	29.1	32.4	59.0	55
1967-68 (July-March), ..	1.0	9.7	10.7	19.4	55

Investment during 1966-67 are estimated at Rs. 59 crore. Due particularly to lower availability of foreign loans, the investment sanctions have suffered a decline in July-March, 1968. However, the position is likely to improve during the remaining months of the year 1967-68.

The progress achieved in the investment sanctioned during the Third Plan, according to the figures published by the Department of Investment Promotion and Supplies show that investment amounting to Rs. 311.6 crore has materialised during the first half of the Third Plan. During the same period investment through the Bank-financed units are estimated to amount to Rs. 110 crore. It is thus roughly estimated that the Bank has financed about 35% of the total investment including joint ventures and units sanctioned through Bonus Vouchers or Pay-As-You-Earn Schemes, during the first half of the Third Plan.

Agricultural Development Bank of Pakistan

The Agricultural Development Bank of Pakistan was established on 18th February, 1961 by the merger of the former Agricultural Development Finance Corporation (established in 1952) and the former Agricultural Bank of Pakistan (established in 1957) for better provision of credit facilities to the agriculturists.

The Bank provides all sorts of credit facilities to the agriculturists. Besides individuals, public and private limited companies engaged in agriculture or the development of agriculture are eligible for loans. Short-term loans repayable within 18 months are generally given for seasonal requirements such as seeds, fertilizers, plant protection measures and hire of plough cattle. Medium term loans, for periods exceeding 18 months but not exceeding 5 years are given for such items as small agricultural implements, levelling of land, digging of wells and purchase of drought animals. Long-term loans for period over 5 years are advanced for major improvements in land installation of tubewells, purchase of tractors, power tillers, and power pumps and raising of orchards. The Bank also provides credit facilities for forestry, fishery, animal husbandry, poultry farming, dairy farming, bee-keeping, sericulture and for the requirements of cottage industries in the rural areas.

Loan Operations

Up to March 1968, the total loans given by the Bank including those by its pre-merger constituents amounted to over Rs. 84 crore. Table 42 shows the detailed position of the loans disbursed by the Bank.

Table 42

DISBURSEMENTS OF LOANS BY ADBP

(In lakh rupees)

Year	Amount of loans disbursed during the year			Progressive amount of loans		
	East Pakistan	West Pakistan	Pakistan	East Pakistan	West Pakistan	Pakistan
1952-53	Nil	0.80	0.80	Nil	0.80	0.80
1953-54	1.19	6.16	8.07	1.91	6.96	8.87
1954-55	4.15	10.86	15.01	6.06	17.82	23.88
1955-56	6.84	9.88	16.72	12.90	27.70	40.60
1956-57	16.52	17.49	34.01	29.42	45.19	74.61
1957-58	37.18	36.27	73.45	66.60	81.46	148.06
1958-59	86.01	56.56	142.57	152.61	138.02	290.63
1959-60	190.78	274.72	438.50	343.39	385.74	729.13
1960-61	381.91	308.99	690.90	725.30	694.73	1420.03
1961-62	373.80	427.45	801.25	1099.10	1122.18	2221.28
1962-63	376.69	406.71	783.40	1475.79	1528.89	3004.68
1963-64	383.44	466.51	849.95	1859.23	1995.40	3854.63
1964-65	364.83	404.69	769.52	2224.06	2400.09	4624.15
1965-66	415.47	679.75	1095.22	2639.53	3079.84	5719.37
1966-67	470.84	1004.81	1475.65	3110.37	4084.65	7195.02
1967-68 (up to March 1968)	470.11	776.62	1246.73	3580 48	4861.27	8441.75

It is clear from the above table that the yearly amount of disbursements show a general upward trend except for short periods when loaning had to be restricted due to the paucity of funds.

In terms of the Second Plan expectations, the Bank advanced about 166% more loans than the target of Rs. 15 crore contemplated for the two pre-merger institutions. The average annual amount disbursed during the Second Plan works out to Rs. 7.79 crore. During the First Plan period (1955-60), the Bank had disbursed a total sum of Rs. 7.05 crore, the average annual amount of disbursements being Rs. 1.41 crore. Thus, the average yearly amount disbursed by the Bank increased by over 450% during the Second Plan period as compared with the average of the First Plan period.

There was also an increase in the volume of specialised loans given against hypothecation of certain food and cash crops. These loans are popular among the agriculturists as the procedure is simple and the borrowers are required neither to mortgage their land nor to produce sureties. From the Bank's point of view, it is easier to supervise and recover these loans as they are given mainly in kind and recovery is made through a third party, the central buying agency, ginning factory in the case of cotton, sugar mills for sugarcane, auction brokers for tea and the Department of Food, Government of East Pakistan, for paddy. Table 43 shows the hypothecation loan operations.

Table 43

CROP HYPOTHECATION LOAN OPERATIONS OF ADBP

(In crore rupees)

Period	Tea crop East Pakistan	Paddy crop East Pakistan	Sugarcane Crop East Pakistan	Sugarcane Crop West Pakistan	Sugarcane Crop Total	Cotton crop. West Pakistan
Since Inception to December 1966	2.40	0.55	1.85	1.44	3.29	0.52
January to December 1967	0.94	..	0.84	0.21	1.05	0.02
January to March 1968	0.42	0.08	..	0.03	0.03	..

Note : Loaning for Sugar cane and Cotton Crops 1968–69 Started after March, 1968.

The Bank is bound by its Ordinance to give preference to the credit needs of the small farmers, which relate mostly to the seasonal requirements of raising the crops and can be met by short term loans. Until, therefore, the credit supply by the institutional agencies other than the Bank can meet these requirements, the Bank cannot ignore the short term needs of the farmers. However, the Bank is fully alive to the fact that for speedier mechanisation of farm operations, wherever possible, and for other development purposes, its medium and long term loans should increase at a fast rate. With the start of the Third Plan period the share of such loans has increased considerably, which is evident from Table 44.

Table 44

TERM-WISE COMPOSITION OF ADBP LOANS

(per cent)

Year	Short-term	Medium-term	Long-term
1963-64	31.3	36.3	32.4
1964-65	33.0	38.4	28.4
1965-66	25.0	28.1	46.9
1966-67	18.7	25.0	56.3
1967-68 (July to December)	19.7	32.7	47.6

During the last six years, the Bank has been keen not only to expand its operations but also to give increasing attention to loans of longer duration for developmental purposes, particularly for mechanisation of farm operations, so as to render the required financial assistance towards increase in agricultural production as envisaged in the country's development programmes. With the start of the Third Plan period, a line of credit for $ 27 million was obtained through the Government of Pakistan from the IDA for loans for farm machinery and tubewells. The peculiar requirements of East Pakistan where, due to smaller holdings, use of tractors and tubewells is not economical, the IDA credit is being utilized for loans for power tillers and low-lift power pumps. The credit was to be utilised in the first three years of the Third Plan period (*i. e.* 1965-66 to 1967-68). Its utilization has, however, been much ahead of schedule. The entire allocation for farm machinery has been fully utilised and that for tubewells is expected to be fully committed within the current financial year. In view of the fast increasing demand for the Bank's loans for mechanisation items, the Bank has obtained a second credit through the International Development Association for $ 15 million out of which $ 10 million will be contributed by the I.D.A. and $ 5 million by the Swedish International Development Authority.

The Bank had prepared a loaning programme of Rs. 80 crore for the Third Plan period but the increasing demand for its loans particularly for farm machinery has warranted a further expansion of this programme to Rs. 100 crore.

The benefits of the Bank's loans in terms of increased production are estimated to be quite large. During the Second Plan period, loans amounting to Rs. 17.17 crore for which the benefits are measurable are estimated to have brought about an increase in agricultural production of the value of Rs. 18.30 crore out of these, benefits amounting to Rs. 10.37 crore accrue annually. During the Third Plan, the benefits of the Bank's loans are expected to be higher and will accrue at an increased average annual rate. During 1965-66 and 1966-67, the loans amounting to Rs. 16.39 crore (for which benefits are measurable) have brought about an increased produce worth about Rs. 13.87 crore.

House Building Finance Corporation

The House Building Finance Corporation (HBFC) was established in 1952 to provide credit facilities for construction of houses in over-crowded towns and cities, continued to function efficiently. The minimum and maximum loan limit of the Corporation remained the same, *viz.* Rs. 2,000 and Rs. 40,000 respectively. For cooperative housing societies, it was recently decided to give loans to individual members of the societies on the merits of the case and not to the societies.

Loans were repayable in equal monthly instalments over a period of 15 years and the rate of interest charged is 7 1/4% per annum until the end of July 1967. However, in view of the increase in bank rate, the rate of interest and period of repayment were revised as follows, with effect from 1st August 1967 :

Loan Limit	Rate of Interest	Repayment Period
Loan upto Rs. 20,000	7 1/2%	12 years
Loan above Rs. 20,000 ..	8%	10 years

Up to 31st March 1968, the Corporation has sanctioned loans amounting to Rs. 48.37 crore throughout Pakistan. A regional break-up of this amount is given in Table 45.

Table 45

LOANS SANCTIONED BY HBFC

(In lakh rupees)

Year	Loans sanctioned in East Pakistan		Loans sanctioned in West Pakistan		Total Loans sanctioned	
	No.	Amount	No.	Amount	No.	Amount
30th June 1955	99	23.06	1,149	1,82.55	1,248	2,05.61
1955-56	58	9.83	764	91.60	822	1,01.43
1956-57	99	22.55	679	1,18.80	788	1,41.35
1957-58	128	25.48	719	1,51.29	847	1,76.77
1958 59	77	23.24	438	85.83	515	1,09.07
1959-60	100	31.90	598	1,23.92	98	1,55.82
1960-61	102	30.90	943	1,24.78	1,045	1,55.68
1961-62	22	69.33	1,246	2,15.70	1,471	2,85.03
1962-63	459	1,16.50	1,740	3,71.31	2,199	4,87.81
1963-64	1,260	3,18.01	1,816	3,18.25	3,076	6,36.26
1964-65	2,517	5,54.48	1,916	3,63.83	4,433	9,18.31
1965-66	1,522	3,20.56	1,580	2,93.57	3,102	6,14.13
1966-67	1,417	2,96.80	1,906	2,99.13	3,323	5,95.93
1967-68 (July—March) ..	547	1,18.70	798	1,34.71	1,345	2,53.41
Total ..	8,610	19,61.34	16,292	28,75.27	24,902	48,36.61

The activities of the Corporation have tremendously increased. But due to the paucity of funds, the increasing demand for loans cannot be met fully. Although there was no allocation of funds from the Government in the year 1967-68 the Corporation is making intensive efforts to augment its funds by the sale of debentures and the stepping up of recovery of the arrears.

CHAPTER V

STOCK MARKET AND BONUS VOUCHERS

Stock Exchange is an important instrument through which resources for investment are mobilised. Government, therefore, attaches great importance to the sound and healthy growth of investment climate through the proper functioning of Stock Exchanges in Pakistan. The Karachi Stock Exchange handles the bulk of transaction in Government securities and shares. For this reason, the index series given in this chapter refers only to quotations on the Karachi Stock Exchange. The total number of scrips quoted on this exchange was 210, with an aggregate value of Rs. 355.80 crore on 30th March, 1968.

As a result of various measures taken by the Government, the Karachi Stock Exchange started 1968 on a positively buoyant note, as evidenced by a rise of 4.28 points in January 1968 in the general index of share prices compiled by the State Bank. Brisk and buoyant conditions continued throughout the first quarter, the general index reaching 112.48 on 30th March, 1968. At this level it indicated a rise of 7.01 points over the quarter. Prior to this revival, the market had evinced mostly a sluggish tendency during the three preceding quarters of 1967. Although signs of revival manifested themselves in the third quarter, the market again turned bearish in the last quarter of the year. The general index of share prices, which stood at 106.99 on 1st April, 1967 declined to 103.09 by the end of May 1967, improved to 109.27 towards the end of September, but again declined to 105.47 by the close of the year 1967.

The recessionary trend had persisted in the stock market for quite a few years, and could be ascribed to a multiplicity of causes. Among those an important one is the fact that an overwhelming number of shares quoted on the Stock Exchange are virtually held by a small number of individuals who also have control over the affairs of big business houses. The outcome of this monopolistic development is that the individual investor stands little chance against the manipulations of the big investors who, through the direction of the affairs of their respective firms, have a knowledge of their position and prospects, which the average investor cannot possibly perceive. Consequently, instead of providing a competitive market for investment in shares, the stock market has very often been the arena of manipulated transactions. Government is fully alive to this position and is adopting several measures for broad-basing investment in public limited companies with a view to reducing concentration of wealth and economic power. Factors other than monopolistic developments which affected the stock market adversely were stringency in the short-term money market, low dividend yields and inefficient management of some of the companies.

Detailed analysis showed that the bearish trend in April 1967 was the combined result of selling pressure and lack of adequate buying support. The bearish sentiment was more pronounced in the 'Banks', 'Jute' and 'Transport and Communications' sectors, and the general index of share prices declined to 104.84.

The stock market could scarcely derive any comfort from the measures adopted by the Board of Directors of the Karachi Stock Exchange to set the market on the right track. The Board, for instance, delisted the shares of some mills for non-compliance with listing rule—45 which calls for the payment of dividends. Strikes in the jute mills of East Pakistan along with pre-budget apprehensions further reduced investment interest in May, and the general index touched the low level of 103.09.

The grave situation that developed in the Middle East after the attack of Israel on U.A.R., Jordan and Syria in early June accentuated the recessionary trend. Although a number of companies announced substantial dividends, the stock market failed to evoke much interest and even the leading industrial indices were marked down. By way of rehabilitating the stock market, the shares of three more companies were delisted for non-compliance with listing rule-45. The punitive measures, however, had little effect and it was not until the budgetary proposals for 1967-68 were announced that the stock market showed marked signs of recovery.

The budget for 1967-68 envisaged various corrective measures to improve the investment climate and to give encouragement to the stock market. Significant amongst these were the following : (i) no further direct taxation was proposed; (ii) levy of 10% income tax on company's free reserves exceeding the amount of its paid-up capital, excluding preference and deferred shares; (iii) treatment of distributed and undistributed income differently for tax purposes i.e. imposing an additional tax of 5% on undistributed income and allowing a rebate of 10% on the amount distributed as dividends; (iv) reducing the reserve requirements on tax-holiday companies from 60% to 40% on condition that such companies will have to distribute the remaining 60% of profits as dividend; (v) for purposes of capital gains, only loss in excess of Rs. 10,000 was allowed to be carried forward; (vi) exemption from tax on the dividend income received by the parent company from a subsidiary company set up in the other province; (vii) proposed strict action against or suspension of a managing agency guilty of fraud or having secured undue pecuniary advantage.

Other budgetary proposals which stimulated the investment climate were : raising the exemption limit on dividend income from Rs. 3,000 to Rs. 5,000, liberalising the limit of Investment Allowance from Rs. 12,000 to Rs. 25,000 on a total income of Rs. one lakh and to Rs 25,000 plus 5% of amount in excess of Rs. one lakh, reducing the rate of income tax on NIT bearer certificates at source from 50% to 30%, and exemption of estate duty to the extent of Rs. 50,000 if the amount is invested in NIT Units, which are required to be held for at least five years prior to one's death.

The very encouraging subscription for the Investment Corporation of Pakistan's first Mutual Fund Certificates in June 1967, created a sense of confidence in the market in July. The prevailing optimism that some of the companies may offer higher dividends also helped sustain the market sentiment. Appreciation in share prices was most pronounced in 'Jute,' 'Tobacco', 'Construction and Engineering' sectors.

During the first half of August 1967, the market remained firm, due primarily to adequate buying support. The assurances given by the Finance Minister to the Directors of the Karachi Stock Exchange in the middle of August also contributed to the improvement in investment. Encouraging dividend declarations by six more companies brought a marked improvement in the activities of the Stock Exchange during the second half of August and, as a result, the general index of share prices rose from 106.15 in mid-August to 107.03 by the end of the month. The majority of scrips, particularly the 'Tobacco', 'Construction and Engineering' and 'Miscellaneous' sectors, registered appreciation. The upward trend continued during September because of encouraging dividend declarations as well as the news of full commitment of funds for the Tarbela Dam. The general index stood at 109.27 at the end of the month.

Share prices tended to decline in October, owing to tight money market conditions, absence of adequate institutional support and low dividend declaration. The salient feature of the month was the commencement of trading in the allotment letters of the investment Corporation of Pakistan's Mutual Fund.

The recessionary trend continued during November, largely because of the devaluation of the pound sterling. The decision of the government of Pakistan, however, not to devalue the Pakistan rupee, to abolish the export duty on cotton and jute and to provide an additional bonus of 10% on other exports, gave temporary relief to the stock market during the closing week of November.

The recessionary trend, however, continued unabated during December, attributable mainly to the absence of institutional support. Mounting selling pressure led to a perceptible decline in general index to 105.47 by the end of the month.

In order to restore confidence in the stock market, the Finance Minister gave an assurance on 19th December, 1967, that the Government were considering several measures to rehabilitate it. These included improvements in the working of those listed companies which had paid no dividend for quite a few years, and appointment of firms of Chartered Accountants under the Income Tax Act to investigate the accounts of those companies in order to safeguard the interests of small investors. Members of the Stock Exchange were advised to assist in the sale of National Investment Trust Units so as to broaden the base of industrial ownership. They were informed that government was also considering necessary legislation to rejuvenate and regulate the Stock Exchange.

The assurance given by the Finance Minister appear to have had a salutary effect on the stock market which started the new year—1968, in a positively buoyant mood, as reflected by the substantial rise of 4.28 in the general index of shares during January. The upturn was most marked in the 'Tobacco', 'Tea' 'Banks', 'Cement' and 'Sugar' sectors. With the exception of 'Jute' and 'Transport and Communications', all other sectors registered increases, and there was an active absorption of all offerings at higher prices during the month. The upward trend was caused by a continued inflow of selective buying support and by encouraging announcements of corporate dividends and bonuses. The buying interest gained further momentum with the lowering, by the State Bank of Pakistan, the banks' cash reserve ratio from 6-1/4% to 5% and the announcement of a relatively liberal import policy for the shipping period, January—June 1968. The new shipping policy announced early in January 1968, envisaged, *inter alia,* a revival of the Free List with 14 items on it, and the doubling of allocation for industrial raw materials and spare parts. This, it is hoped, will increase industrial activity with a favourable impact on the stock market.

Conditions in the stock market continued bullish during February, largely because of somewhat easy money market conditions. Despite minor set-backs during the second and third week when the market went through a period of consolidation and buyers were reluctant to lend support at rising prices, market sentiment remained firm. Trading in stocks was again brisk in the last week of February, following the State Bank of Pakistan's permission to the scheduled banks to undertake capital financing, including direct investment in stocks and shares.

The stock market remained buoyant and brisk during March 1968, aided by increased buying enquiry from institutional sources. Although the market reflected a mixed performance during the first week, the undertone remained firm. Uncertainty in international monetary markets caused by the sudden rush for gold during the second week of March created a cautious atmosphere in the investment field. The release of U.S. gold stocks, however, helped to stabilize the situation, and in the market, in spite of intermittent profit realization, there was sustained buying support during the second week of the month. The stock market regained its exuberance in the latter half of the month as a result of encouraging dividend declarations and stepped-up buying enquiry from institutional sources. The rising tempo, based on expectations of further capital gains and enhanced dividend declarations, received added impetus from expectations, that banks' liquidity position would show a seasonal improvement in coming month. During the month, the Finance Minister reiterated that a separate legislation was proposed to be enacted for regulating dealings in the capital market with a view to safeguarding the interests of individual share holders. The Minister announced that a team of Chartered Accountants had been appointed to look into the management of companies which failed to come up to the standard, and that the Government had also obtained the services of an investment banker from West Germany to investigate the climate of investment and suggest corrective measures. As a result of all these factors, the general index of share prices further rose to 112.48 by the end of March 1968.

Monthly changes in the general index of share prices during the period, April 1967 to March 1968, are indicated in Table 46.

Table 46

GENERAL INDEX OF SHARE PRICES

(1959-60 = 100)

Year/Month	Highest	Lowest	Closing
1967			
April	106.99	103.54	103.84
May	104.84	103.09	103.09
June	105.28	102.94	104.71
July	105.84	104.66	104.87
August	107.08	104.79	107.03
September	109.39	107.84	109.27
October	109.91	108.52	108.63
November	109.18	107.80	108.41
December	108.73	105.47	105.47
1968			
January	109.88	105.16	109.75
February	111.33	109.34	111.10
March	112.68	111.02	112.48

During the year, April 1967 to March 1968, 18 companies offered shares for subscription through the Karachi Stock Exchange as against 15 last year. The aggregate market value of shares at the end of March 1968 was Rs. 355.80 crore as against Rs. 306.51 crore at the end of March 1967. Comparative changes in the indices of share prices are indicated in Table 47.

In order to make investment in shares attractive for middle-class investors, two Ordinances amending the Companies Act and the Income Tax Act were promulgated on 2nd April, 1968.

The Companies Act has been amended to enable the Government to remove dishonest managing agents. Section 23-A of the Income Tax Act has been amended by another Ordinance which provides, with effect from the assessment year 1968-69, for the treatment of any company as a public company whose shares are quoted on a stock exchange.

At the same time, a notification was issued to prevent any company from being henceforth quoted on a stock exchange unless a minimum of 50% of its total issued capital has been offered to the general public and, to the extent subscribed for, allotted fairly and unconditionally. The Controller of Capital Issues will secure compliance with this condition. This measure is in line with the Government policy of broad-basing corporate ownership.

An amendment of Section 23-A of the Income Tax Act is aimed at improving the investment climate and encouraging the listing of companies on the stock exchanges, thereby enhancing the liquidity of corporate stocks held by the general public. At the same time, the amendment envisages action against managing agents who indulge in malpractices which result in a poor return to outside shareholders.

In consequence of the amendment of Section 23-A of the Income Tax Act, a company which is quoted on a stock exchange in the year related to the assessment year 1968-69, will be treated as a company in which the public are substantially interested for that year. Companies which had given an undertaking to convert themselves into public companies by 1970 and had been granted a deferment of 5% in super-tax will continue to be bound by the terms of their undertaking for the purpose of claiming 5% rebate for the assessment years from 1965-66 to 1967-68 (both years inclusive). In other words, the deferred tax will be written off only if these companies fulfil by 1st July, 1970, the conditions existing prior to the present amendment. No windfall benefits are intended for such companies because of the change in the definition of a public company under Section 23-A. On the other hand, the deferred taxes will be collected from these companies if they do not comply with the conditions existing prior to the present amendment by 1st July, 1970.

The amendment, however, does not prevent such companies from being treated as public companies under Section 23-A for the assessment year 1968-69 if they are quoted on a stock exchange in the year relevant to the assessment year.

NATIONAL INVESTMENT (UNIT) TRUST

The basic aim of the National Investment Trust is to mobilise domestic savings and make persons of small means investment minded, thereby providing part of the much-needed domestic capital for the growing industries of the country. The funds collected through the sale of N.I.T. Units are invested in the shares of various industries and the dividends received from them are distributed to the Unit-holders.

During the short span of five years of its operations, since it started functioning in January 1963, the Trust has successfully discharged its functions. It has invested about Rs. 11 crore by March 1968 in stocks and shares of joint stock companies listed on the Dacca and Karachi Stock Exchanges. About half of this amount has been invested in leading industrial shares. Similarly, there has been a progressive increase in the number of Unit-Account-Holders from 6,392 on 31st December, 1963 to 25,729 on 31st March 1968. Most of the Unit-Account-Holders are in the category of small and middle class investors.

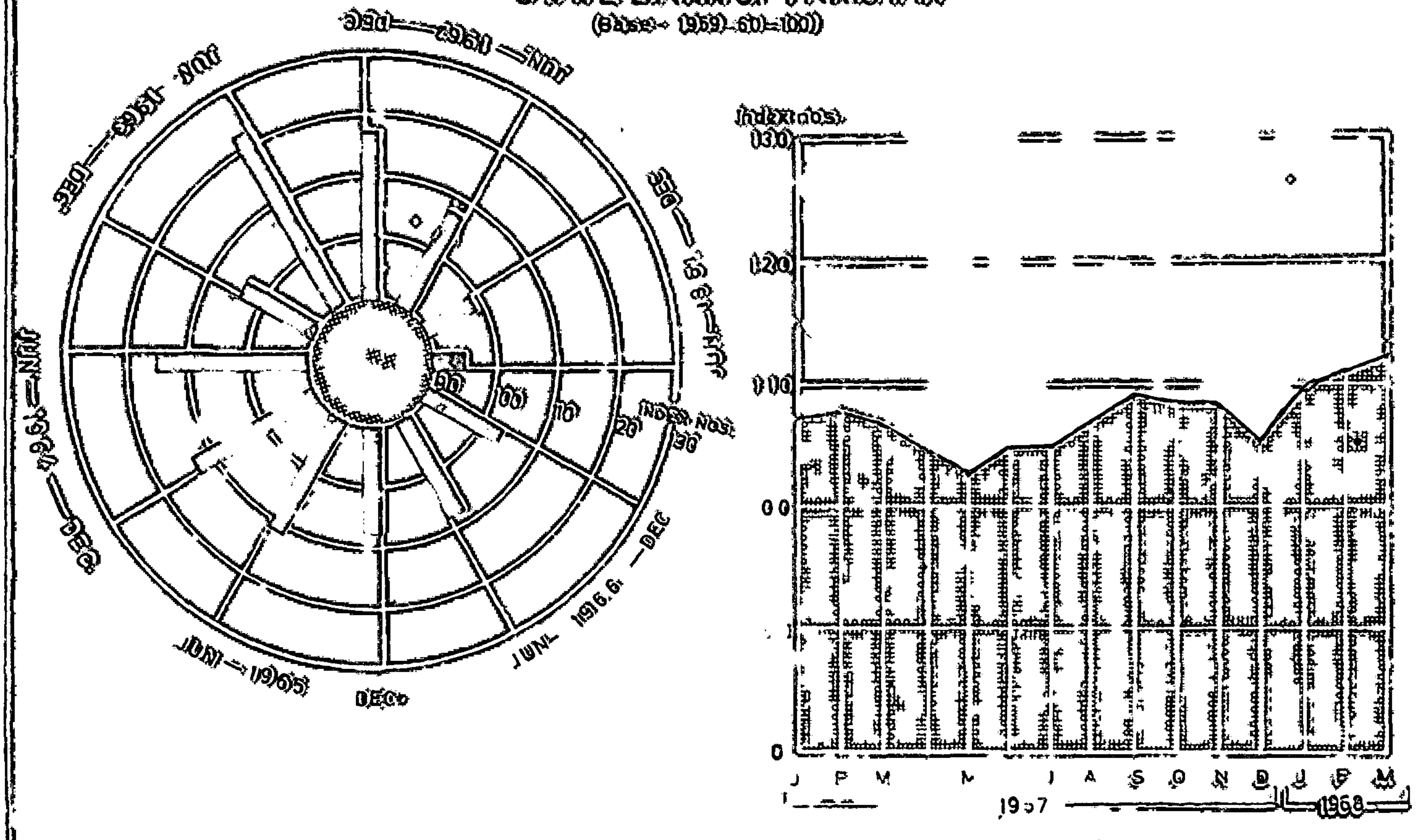
The Trust launched 'Cumulative Investment Plan' during 1966-67, under which Unit-holders may re-invest their income in units at concessional rates, *i.e.*, 8 paisa below the sale price of the units fixed in July every year.

Up to March 1968, the N.I.T. participated in the shares of about 107 companies. Under the provision of the Trust Deed not more than 15% of the Unit Trust Fund can be invested in any single scrip. The operations of the Trust, however, coincided with the depression period in the stock market. Consequently, there was no significant appreciation in the value of new issues acquired by the Trust during the past few years. The recent revival in the stock market will, it is hoped, enable the Trust to exploit the savings entrusted to it more profitably during the coming months.

GENERAL INDEX OF SHARE PRICES

STATE BANK OF PAKISTAN

(Base— 1959-60=100)



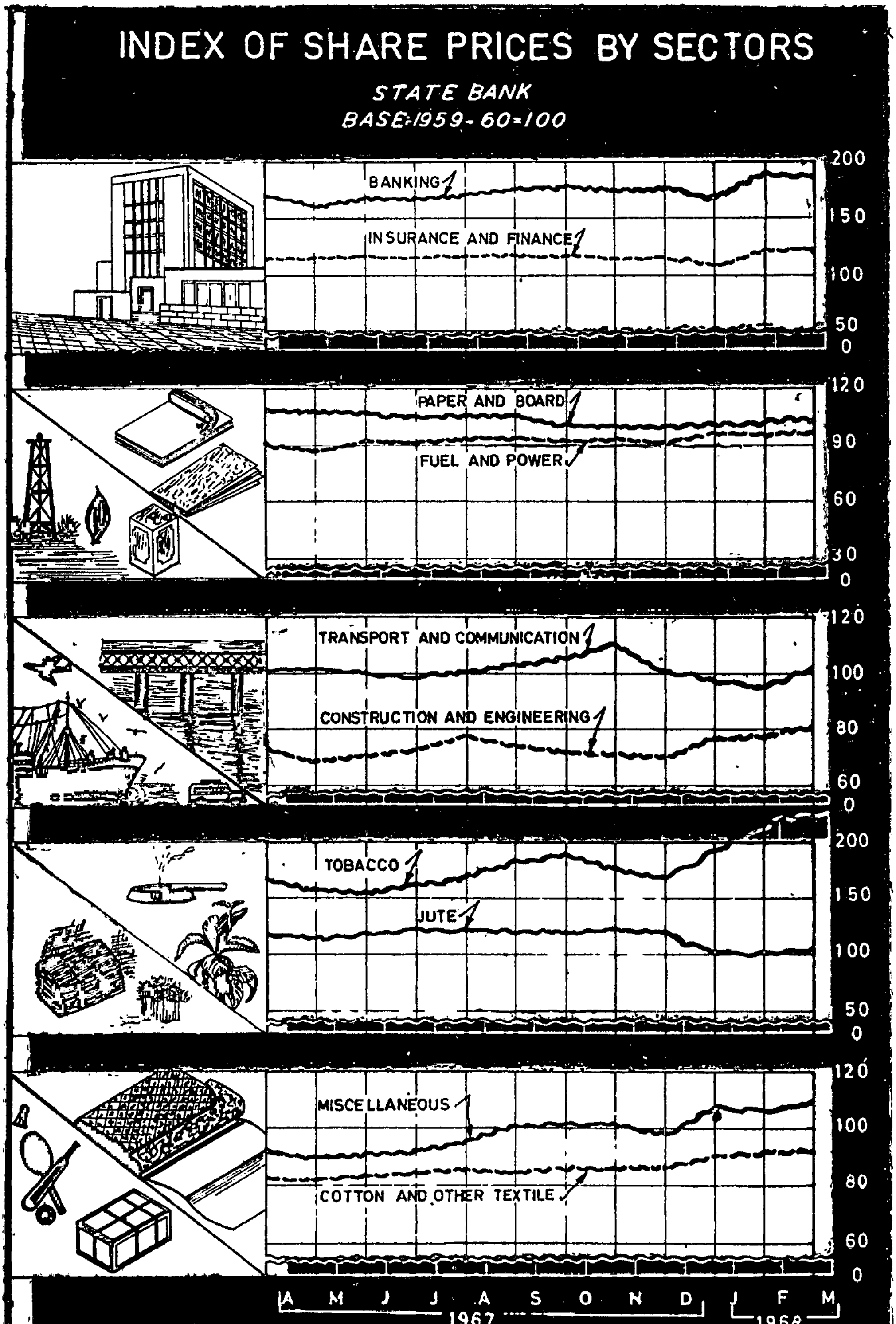

INDEX OF SHARE PRICES BY SECTORS
STATE BANK
BASE: 1959-60=100
BANKING
INSURANCE AND FINANCE
PAPER AND BOARD
FUEL AND POWER
TRANSPORT AND COMMUNICATION
CONSTRUCTION AND ENGINEERING
TOBACCO
JUTE
MISCELLANEOUS
COTTON AND OTHER TEXTILE
200
150
100
50
0
120
90
60
30
0
120
100
80
60
0
200
150
100
50
0
120
100
80
60
0
A M J J A S O N D J F M
1967
1968

Table 47

STATE BANK'S INDICES OF SHARE PRICES—APRIL 1967 TO MARCH 1968

(1959-60=100)

Sector	April 1	April 29	May 30	June 29	July 31	Aug. 31	Sept. 30	Oct. 31	Nov. 30	Dec. 28	Jan. 31	Feb. 29	March 30
Banks	180.62	171.90	168.52	171.44	170.01	171.59	178.32	177.97	177.18	176.97	187.67	191.54	188.58
Insurance and Finance	115.83	117.19	117.01	118.88	117.27	117.19	118.63	119.07	117.35	117.06	119.02	123.73	124.11
Jute	125.98	118.52	116.79	120.24	122.06	122.80	121.60	120.84	123.64	112.25	103.50	101.45	103.54
Cotton & other Textiles	82.81	83.02	83.30	83.81	84.56	86.32	84.84	86.34	86.07	87.25	90.87	92.12	92.32
Fuel and Power	92.06	91.42	89.36	93.26	92.53	93.98	95.33	93.51	94.22	91.79	96.32	96.02	96.97
Construction & Engineering ..	73.73	73.79	69.33	71.46	73.54	77.77	74.84	72.81	72.14	70.98	77.31	78.11	80.66
Transport & Communications ..	102.71	100.99	102.14	100.56	99.97	101.48	104.39	105.72	110.83	100.69	98.91	96.15	101.52
Paper and Board	110.82	110.24	109.79	108.86	106.05	107.21	107.77	101.99	102.57	101.29	101.63	102.45	103.95
Tobacco	167.61	167.12	158.93	158.10	163.78	170.87	185.45	190.61	179.57	169.19	193.37	220.87	223.23
Miscellaneous	93.22	92.85	90.46	92.29	93.17	96.48	101.61	101.71	102.20	98.89	108.30	106.41	109.95
General Index of Shares	106.99	104.84	103.09	104.71	104.87	107.03	109.27	108.63	108.41	105.47	109.75	111.10	112.48

BONUS VOUCHERS

During the first two quarters of the period, April 1967—March 1968, the prices of bonus vouchers tended to rise except in June, when following the Middle East crisis they fell down to Rs. 158.75. The increase in prices may be attributed mainly to the transfer of a number of items from the Import Licensable List to the Import Bonus List. Prices reached the peak level of Rs. 187.75 in September 1967. In the last two quarters of the year under review they tended to fall, touching the lowest level of Rs. 156.00 during March 1968, primarily because of changes in the Import Bonus List. The range of variation during the period, April 1967 to March 1968, was Rs. 31.75 compared to a range of Rs. 20.50 in the preceding year,

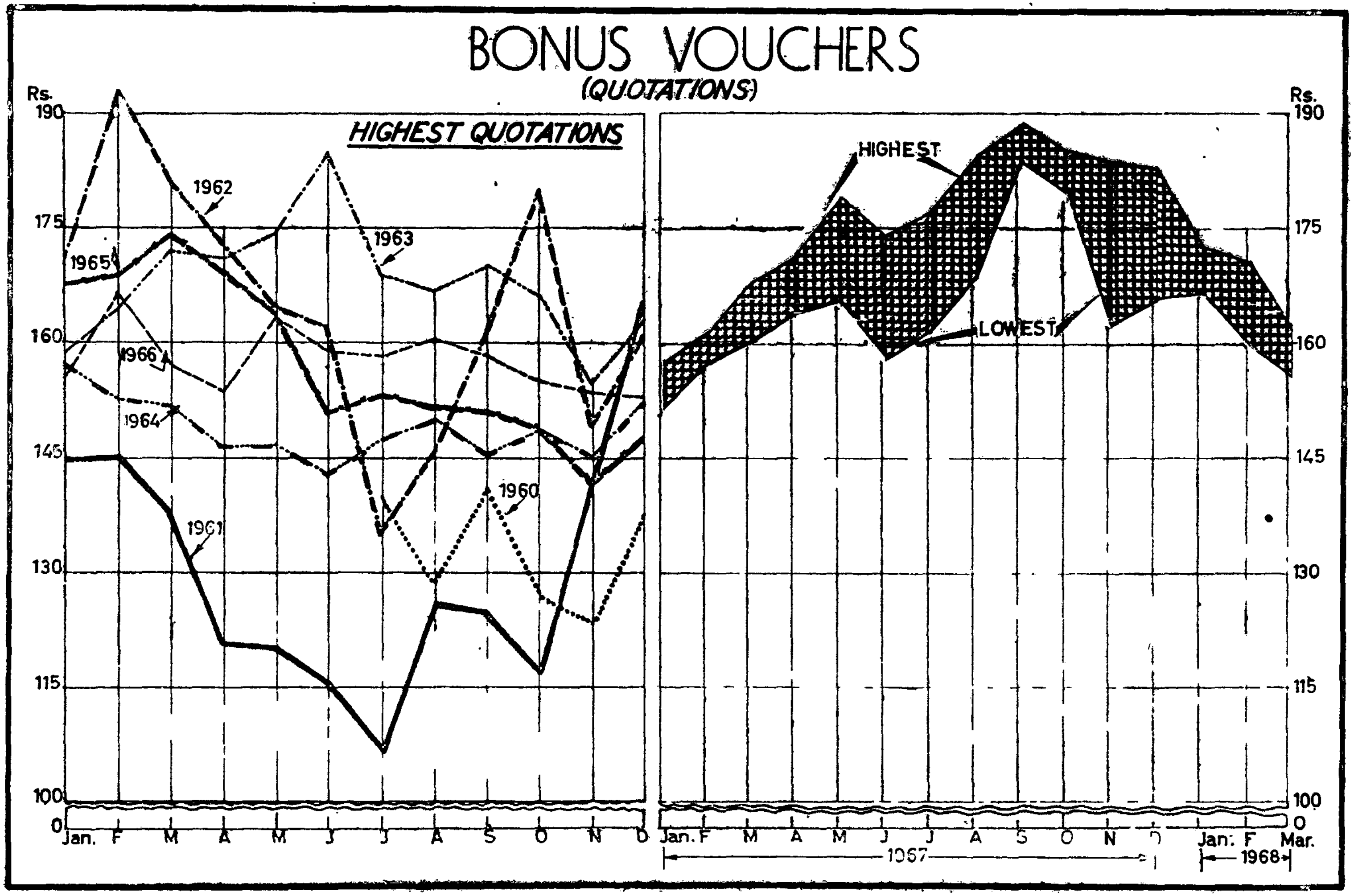
Steady conditions prevailed in the market for vouchers during the first fortnight of April 1967, mainly because of a ready demand for them for the import of book-binding cloth and spare parts of clocks. Occasional uncertainty in the market was ascribed to the general strike in the jute mills in East Pakistan. Profit-taking sales, however, brought down prices in the second half of the month.

The market gained momentum during May as a result of a large demand for ready vouchers from motor-car dealers. However, the grave situation that developed in the Middle East after Israel's attack on U.A.R., Jordan and Syria in early June, there began a recessionary movement. Apprehensions in respect of the new shipping policy for the period, July to December 1967, further aggravated the declining trend. It was apprehended that the reduced availability of foreign exchange might not permit the liberalisation of imports.

Quotations for bonus vouchers began to pick up in July, and in the anticipation that the Free Import List would be curtailed and the Bonus Import List enlarged, the market showed increased interest in trading. The upward trend in the prices of bonus vouchers was accentuated in the second week when the rumour about enlarging the Bonus Import List was confirmed after the announcement of the new shipping policy. In view of the reduced import licences and increased dependence on bonus vouchers, the prices increased considerably in the first fortnight of August. The tempo of increase in prices was maintained during the subsequent period of August in the wake of sustained demand and short offerings of vouchers.

The prices of bonus vouchers again tended to fall in the last quarter of 1967, primarily because of changes in the Export Bonus List. The price decline in October was attributed mainly to the report that the Government had accepted the proposal to ban completely the import of built-up cars and to allow the import of cars in C.K.D. condition for local assembly. The recessionary trend was, however, arrested in the second week of the month following the Government's decision to allow the imports against bonus vouchers, of mining equipment and super-concentrate premixed for recognized units of hatcheries and poultry farms. The import of rubber-scrap had also been included in the Cash-*cum*-Bonus import list. Trading in the bonus vouchers remained uncertain in the second fortnight of October, because of reports that the Government was actively considering further allocation of funds for imports of essential raw materials and consumer goods.

Except for the partial support created by the ready demand for bonus vouchers for Haj purposes, the market showed bearish tendency during November and December. With a view to keeping the flow of exports unaffected after the devaluation of the sterling, the Pakistan Government decided to (*a*) grant a 10



BONUS VOUCHERS
(QUOTATIONS)
HIGHEST QUOTATIONS
Rs.
190
175
160
145
130
115
100
0
1962
1963
1965
1966
1964
1960
1961
Jan.
F
M
A
M
J
J
A
S
O
N
D
HIGHEST
LOWEST
1967
1968
Mar.

additional bonus on all exports eligible for bonus except jute manufactures, (*b*) grant unstamped bonus vouchers at the rate of 20% to jute manufactures of both Hessien and Sackings, (*c*) grant a similar increase in bonus on invisible earnings eligible for bonus, including home-remittance, and (*d*) introduce a 20% bonus on export of raw wool. The previous practice of giving a part of bonus in stamped vouchers was discontinued.

With the restrictions imposed on the import of a number of items against bonus vouchers in the new import policy for January—June 1968, the rates for bonus vouchers softened a little in January. The new policy envisaged enlarging the Cash-cum-Bonus list from 11 to 70 items, and removal of 8 items from the Import Bonus list.

After a slight set-back in the prices of bonus vouchers in the first week of February, trading activity increased during the two following weeks, mainly because of the Government's decision to permit the import of sugar against bonus vouchers. The market, however, again turned bearish in the closing week in the face of persistent rumours that there was a likelihood of increasing bonus entitlement on jute goods exports. Profit-taking interest lowered the price level still further.

The recessionary trend continued in the first week of March on confirmation of the news about raising the bonus on jute goods exports. The downward trend was accelerated during the second week, following the uncertainty created in the world monetary situation by the sudden rush for gold in the international gold markets. The release of U.S. gold stocks, however, helped to stabilize the situation, and prices again began to look up during the closing week of March 1968.

Monthly position of fluctuations in the prices of bonus vouchers during the period, April 1967—March 1968, is given in Table 48.

Table 48

QUOTATIONS OF BONUS VOUCHERS

(Value in rupees)

Year	Month	Highest	Lowest	Closing
1967				
	March	..	..	165.25
	April	169.75	164.00	165.25
	May	178.00	165.75	173.00
	June	173.25	158.75	159.50
	July	176.25	162.75	170.00
	August	184.00	170.00	184.00
	September	187.75	183.50	184.00
	October	184.25	180.75	182.25
	November	183.25	167.50	170.25
	December	182.50	165.50	165.50
1968				
	January	171.00	166.75	167.50
	February	169.75	158.00	160.25
	March	160.00	156.00	157 75

CHAPTER VI

PUBLIC FINANCE

The role of Public Finance in the economy of Pakistan has undergone a fundamental change during the last few years. It is no longer regarded merely as an instrument for raising revenues for stipulated expenditure. It has become a dynamic tool in the hands of Government through which its policies of economic development are implemented. The budget, which reflects a nation's economic health, is being increasingly used to mould the entire socio-economic structure of the country. The fiscal and monetary policies reflected in the budget influence the level of economic activity through their effects on production, consumption, investment and capital formation, foreign trade and employment.

The main objective of Government's fiscal policy continues to be a rapid, self-sustaining economic growth with stability, and this policy is reflected in the Central and Provincial budgets for 1967-68.

During 1966-67, Pakistan faced economic difficulties, which included reduced inflow of foreign aid, serious shortage of power, increased burden of defence expenditure resulting from the Indian aggression in September 1965, monetary overhang of the previous years, and unfavourable weather conditions adversely affecting agricultural production. However, in spite of these stresses and strains, the national economy recorded satisfactory growth, mainly due to its inherent strength and as a result of the various corrective measures which the Government took during 1966-67.

The most important step in this regard was the revision of the Third Plan strategy in the light of the changed situation*. In the fiscal field, the Government continued to mobilise domestic resources to the maximum extent possible for development by cutting non-development expenditure and increasing Government revenue through rationalisation of the tax structure and minimizing tax evasions. As a result of these and other measures, the budgetary position of the Central and Provincial Governments improved perceptibly, and dependence on deficit financing was eliminated. During 1967-68, total receipts on revenue account of the Central and Provincial Governments were budgeted at Rs. 848 crore, Rs. 106 crore or 14.2% more than the revised estimates of Rs. 742 crore for 1966-67. Development expenditure in the revenue and capital budgets (minus assistance to Provinces in the Centre's capital budget) was budgeted higher by Rs. 136 crore or 28% at Rs. 614 crore against Rs. 478 crore in the revised estimates for 1966-67.

As a result of the increased revenues and successful budgetary policy, the Government was able to make a larger contribution from its revenue budget to the capital budget. During the Second Plan period a revenue surplus of Rs. 313.86 crore—Centre Rs. 186.63 crore, East Pakistan Rs. 28.84 crore and West Pakistan Rs. 98.39 crore—was transferred from revenue budgets to the capital budgets to finance development expenditure. During the Third Plan period, the contribution from the revenue budgets to the capital budgets is expected to be more than during the Second Plan period.

THE CENTRAL BUDGET

The provision of incentives to saving and investment, including a fair distribution of dividend income to investors of modest means, continued in the 1967-68 budget. Tax collection machinery was further streamlined and the tax structure rationalized. The scope of capacity taxation was extended further

* Details are given in the chapter on planning.

with a view to penalizing inefficient units and encouraging the optimal use of production capacity, and also to minimizing friction between the producers and tax collectors. The budget laid emphasis on agriculture, and measures were taken to boost agricultural and food production and exports in order to augment the country's foreign exchange resources.

The budget, unlike in previous years, did not envisage any new taxes, relying more on the built-in flexibility of the revenue system for increasing the revenue for development spending. The increase in the rates of existing taxes was confined to a few luxury items including cars, air conditioners and refrigerators. The common man, on the other hand, was afforded some relief by exemption from excise duty of several mass consumption articles like laundry soap, *til* and ground nut oil manufactured in East Pakistan and numerous plastic and rubber products of daily use. Another important relief in the field of personal taxation was a revision of the income-tax schedule reducing the existing rate by 2.5% uniformly in each slab of taxable income where the rate previously exceeded 2.5% and applying the highest marginal tax rate of 70% to taxable income above Rs. one lakh. The financial measures taken in the 1967-68 Central budget are discussed in greater detail below.

CUSTOMS

Tariff Rationalization

The rate structure of the import tariff has been further simplified and rationalised. Under the scheme, the rates of 15% and 35% have been abolished. The 15% rate generally covers semi-processed articles of iron and steel and non-ferrous metals and the 35% rate covers chemicals and a number of other articles including base metals. The former will go up to 20% and the latter will go down to 30% for chemicals and up to 40% for other items. Duty has also been increased on some of the non-essential and luxury items like illuminating and decorative glassware, cutlery, air conditioners, motor cars of landed cost exceeding Rs. 5,500 from 75% *ad valorem* to 100% *ad valorem*.

The existing concessionary rates of duty on items like medicaments, dyeing and tanning substances, fertilizers, edible oils, have been maintained. The existing rates on raw material for rubber industry, unwrought aluminium etc. have also been maintained. Similarly, trucks and buses will continue to be liable to duty at 35% by special notification.

Adjustment of existing rates

In the following cases, the existing concessionary rates have been revised :

	Existing rate	*New rate*
(*i*) Refrigerators (of a capacity not exceeding 10 c.ft.) and deep freezers (of a capacity not exceeding 7 c. ft.)	30%	50%
(*ii*) Motor cars, the landed cost of which does not exceed Rs. 5,500		
(*a*) when imported fully assembled	25%	40%
(*b*) when imported in C.K.D. condition	20%	35%
(*iii*) Micro buses, jeeps, land rovers and like vehicles	25%	30%
(*iv*) Scooters, motor cycles, autocycles, etc.		
(*a*) when imported fully assembled	25%	30%
(*b*) when imported in C.K.D. condition	15%	20%

CENTRAL EXCISE

Jute Manufactures.—The item relating to hessian has been amplified to include sacking and bagging material of all kinds.

Plastic Materials and Products.—The item has been revised and the following specific rates of duty fixed:

Radio Cabinets—	
Large size	Rs. 5 per piece.
Medium size	Rs. 3 per piece.
Small size	Rs. 2 per piece.
Telephones and inter-com instruments	Rs. 5 per piece.
Grinding machines and other domestic appliances	Rs. 5 per piece.

Other plastic products will continue to be subject to the existing rate of 10% *ad valorem.*

Wires and Cables.—A duty of 7-1/2% *ad valorem* has been levied on electric wires and cables. Rubber/plastic coated wires and cables will not now be assessed under rubber and plastic items.

Steel Ingots.—Steel ingots were subject to a duty of Rs. 4 per ton *plus* a regulatory duty of 10% *ad valorem.* A consolidated rate of Rs. 50 per ton has been prescribed and the regulatory duty withdrawn.

Excise Duty on Fabrics of Man-made Fibres.—The duty on fabrics of man-made fibres manufactured by powerloom factories equipped with not more than 50 powerlooms as well as on the processing of such fabrics has been rationalised. The optional rate of Rs. 100 per powerloom per month will now apply only to factories with 50 powerlooms or less which have no processing units of their own. A duty of 5 paisa per square yard will be levied on fabrics processed in factories which are equipped only with bleaching, dyeing, block-printing and/or calendering equipment.

Fabrics processed in other factories will be subject to the existing statutory rate of 5% *ad valorem.*

Cotton fabrics and Yarn.—It was proposed to bring the cotton textile industry under the capacity system of excise duty. Cotton fabrics/cotton yarn were subject to specified rates of excise duty while sales tax, defence surcharge and rehabilitation tax were calculated on an *ad valorem* basis. All these taxes have been merged into consolidated rates of excise duty in order to facilitate the change over to capacity basis.

The following are the new rates of excise duty after merger of sales tax, defence surcharge and rehabilitation tax :

	Present Excise duty	*Proposed consolidated rate*
Fabrics—		
(*a*) Superfine	47 Paisa per sq. yd.	Rs. 1.00 per sq. yd.
(*b*) Fine	28 „ „ „	65 Paisa „ „
(*c*) Medium	17 „ „ „	40 „ „ „
(*d*) Coarse	6 „ „ „	15 „ „ „
Yarn—		
(*a*) Coarse	10 Paisa per lb.	55 Paisa per lb.
(*b*) Medium	50 „ „ „	Rs. 1.10 „ „
(*c*) Fine	Rs. 1.00 „ „	Rs. 1.75 „ „
(*d*) Superfine	Rs. 1.50 „ „	Rs. 2.80 „ „

The consolidated rates represent the previous average incidence of all the different taxes levied on each statutory category of cotton fabrics and cotton yarn.

Vegetable Product.—It was proposed to levy duty on capacity basis on Vegetable Products (Vanaspati factories), after their individual production capacities were fixed. As in the case of textile, the *ad valorem* rates of sales tax etc. have been merged with the specific excise duty of Rs. 7 per cwt. and the new rate fixed at Rs. 45. By a partial exemption notification, the effective rate has been reduced to Rs. 30 per cwt.

Exemptions.—Exemption from excise duty has been granted in respect of :

(*i*) Laundry soap excluding flakes and detergents.

(*ii*) Plastic products—
Fountain pens, ball-point pens and pencils, pencil sharpeners, plastic geometrical instruments, mugs, tumblers, spoons, combs, spectacle frames, clips all sorts, water bottles not exceeding 2-pint capacity, knitting needles.

(*iii*) Glass and glassware—
Chimneys of hurricane lanterns, plain tumblers, Feeding bottles for babies.

(*iv*) *Til* and ground-nut oil manufactured in East Pakistan.

INCOME-TAX

Tax has been levied at the rate of 10% on the amount of free reserves in excess of the paid-up ordinary share capital of a company.

Tax on the income of companies will be payable on the basis of the amount distributed as dividends and the amount retained by the companies. The companies would pay an additional tax of 5% on their undistributed income for the year and have been allowed a rebate of 10% on the existing rates in respect of income distributed as dividend.

The existing rates will not, however, change in respect of Insurance companies or banks.

Tax holiday companies would now have to set apart only 40% of their profits and distribute the remaining 60% or pay a dividend of 10% whichever is the less. The amount left over, if any, after such distribution will be carried forward to the next year for similar distribution as dividends.

Investment Allowance has been liberalized through a graduated scale.

Exemption of an additional Rs. 2,000 of dividend income received from a company listed on the Stock Exchange or from the National Investment (Unit) Trust has been allowed.

Interest income up to Rs. 500 from a Co-operative Bank or Co-operative Society has been exempted.

Assessees, other than companies, will be allowed straightline deduction of donations made to specially approved charitable institutions and Funds.

The tax rate on bonus shares issued by a private company has been raised from 12-1/2% to 15%.

For the purposes of the 5% rebate in tax available to small companies, the definition of small company has been modified.

Insurance companies will be charged tax on their dividend income and capital gains at the rates applicable to other companies.

Gratuity will be charged to tax in the existing manner but after allowing a deduction of 50% of the amount of gratuity or Rs. 25,000 whichever is less.

Loss under the head "Capital Gains" will be carried forward only to the extent it is in excess of Rs. 10,000.

Income of a concern set up by 30th June, 1970 and engaged exclusively in renting out agricultural machinery such as bull-dozers, tractors, power-tillers and water pumps, etc., and in providing pest control services to agriculturists will be exempt for a period of 5 years.

Cold storage set up on or after 1st July, 1967 will be entitled to tax holiday for 6 years regardless of the place where it is set up. If the period of tax holiday of the existing Units has not expired by 1st July, 1967, these will be entitled to additional tax holiday, so that the total period does not exceed 6 years.

Tea companies will be allowed 40% of their development expenditure incurred for bringing new areas under tea plantation in the year in which it is incurred.

Rebates on exports have been liberalized.

Dividend received by a parent company from a subsidiary set up in the wing other than the wing where the parent company has its registered office has been exempted from payment of intercorporate tax.

The rates of personal taxation have been rationalized and the maximum rate of 70% would now be reached on a taxable income in excess of Rs. one lakh.

The benefit of Education Allowance has been extended to assessees with incomes up to Rs. 50,000.

WEALTH-TAX

Rebate on Wealth-tax in respect of foreign assets has been allowed to all persons resident in Pakistan.

ESTATE DUTY

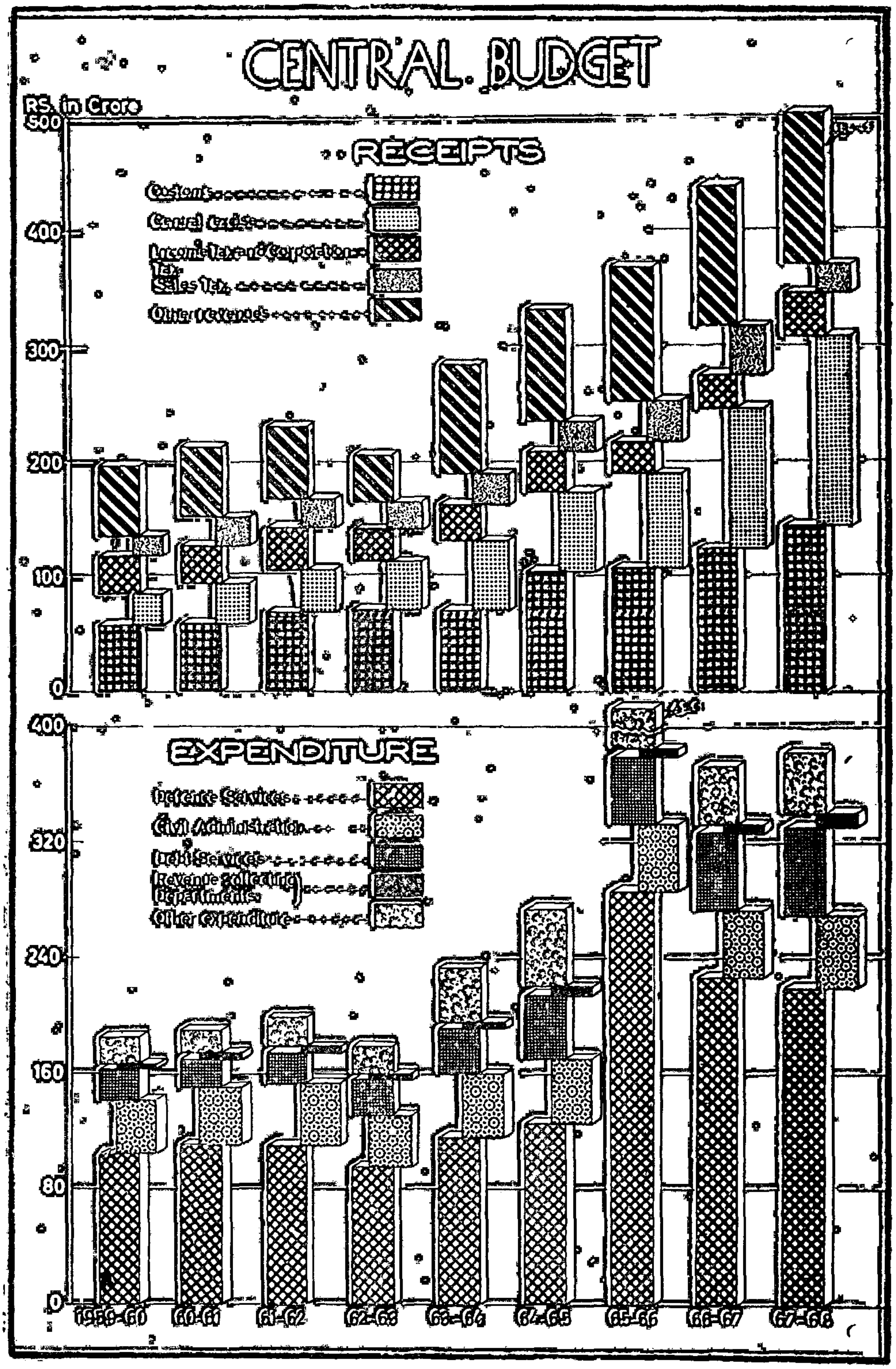
NIT (Units) up to Rs. 50,000 which were held by any person continuously for at least 5 years prior to his death have been exempted from Estate Duty.

REFUNDABLE SURCHARGE

Refundable Surcharge has been continued.

SALES-TAX

Unpacked biscuits, plain glass tumblers, safety razor blades, fountain pens and ball-point pens and pencils, fabrics of man-made fibre, locally assembled motor cycles, chipboard, particleboard, etc., made out of indigenous waste products have been exempted from Sales-tax.



CENTRAL BUDGET
RS. in Crore
RECEIPTS
Customs
Central Excise
Income-Tax and Corporation Tax
Sales Tax
Other revenues
EXPENDITURE
Defence Services
Civil Administration
Debt Services
Revenue Collecting Departments
Other expenditure
500
400
300
200
100
0
400
320
240
160
80
0
1959-60
60-61
61-62
62-63
63-64
64-65
65-66
66-67
67-68

REVENUE BUDGET FOR 1967-68

The Central budget for 1967-68, presented before the National Assembly on 10th June, 1967, envisaged a surplus of Rs. 123.97 crore on revenue account. Total revenue receipts, inclusive of the provincial share in central taxes, were estimated at Rs. 636.93 crore. After deducting the provinces' share, estimated at Rs. 132.73 crore, the net receipts amounted to Rs. 504.20 crore. Revenue expenditure for 1967-68 was estimated at Rs. 380.23 crore.

Table 49 shows the central revenue budget at a glance.

Table 49

CENTRAL REVENUE BUDGET AT A GLANCE

(In crore rupees)

Receipts/Expenditure	1966-67 (Budget)	1966-67 (Revised)	1967-68 (Budget)
Receipts			
Tax revenue	489.00	457.95	516.80
Non-tax revenue	107.21	106.94	120.13
Total ..	596.21	564.89	636.93
Less provincial share of taxes	125.19	128.69	132.73
Net Receipts	471.02	436.20	504.20
Expenditure	372.10	371.40	380.23
Surplus	98.92	64.80	123.97

Revenue Receipts

Total revenue receipts, after paying the provinces' share, for 1967-68 were budgeted at Rs. 504.20 crore, Rs. 68 crore more than the revised estimates of Rs. 436.20 crore for 1966-67.

The expected increase in revenue during 1967-68 is the result of higher anticipated yields from both tax and non-tax sources; tax receipts (inclusive of the provincial share) were budgeted at Rs. 58.85 crore and non-tax receipts at Rs. 13.19 crore more than in the revised budget of 1966-67. The expected increase in tax receipts was based on the assumption that there will be a timely materialization of increased project and commodity aid, resulting in an increase in imports, and a rise in production of excisable goods and in the taxable income of corporations and individuals, assisted by an accelerated tax collection drive.

Compared with the revised estimates for 1966-67, the largest increase in the net receipts of the Central Government was anticipated from Central excise (+Rs. 44.03 crore), followed by customs (+Rs. 22.19 crore), income tax and corporation tax (+Rs. 8.61 crore) and other taxes (+Rs. 76 lakh). Receipts from Sales tax, on the other hand, were expected to fall by Rs. 19.09 crore, mainly on account of the merger of sales tax with central excise duty on cotton fabrics, cotton yarn and vegetable ghee, and exemption of certain articles of daily use from sales tax.

Among non-tax receipts, the most important source was interest receipts which were anticipated to increase by Rs. 9.12 crore.

Revenue Expenditure

The total expenditure during 1967-68 was estimated at Rs. 380.23 crore, Rs. 8.83 crore more than the revised estimates of Rs. 371.40 crore for 1966-67. The small increase in revenue expenditure as against that of revenue receipts is mainly the result of the deliberate policy of the Government to keep non-development expenditure to the minimum and divert maximum possible resources to the capital budget for financing the increased development expenditure. The largest single item of expenditure in the revenue budget relates to defence services, which was budgeted less by Rs. 7 crore, Rs. 218 crore in 1967-68 as against Rs. 225 crore in the revised estimates of 1966-67. Other important items were civil administration and debt services, budgeted at Rs. 49.92 crore and Rs. 62.02 crore, increases of Rs. 2.83 crore and Rs. 9 crore respectively over the revised estimates for 1966-67.

PROVINCIAL SHARE IN CENTRAL TAXES

According to existing arrangements, a percentage of certain central tax proceeds is passed on to the Provincial Governments. The Central Government apportions a percentage of central excise duties, corporation tax, taxes on income, sales tax and estate duty on agricultural land and wealth tax on immovable property, and the full realisation of export duties on jute and cotton.

The whole question of the allocation of resources between the Centre and the Provinces has been constantly under review and with the passage of time, the Provincial share in the central taxes has increased significantly, particularly because the Provincial Governments have been made responsible for economic development in their respective regions. As the arrangements under the Raisman Award, 1951 were not adequate to enable the Provincial Government to discharge their increased responsibilities for economic development, this Award was replaced by the Distribution of Revenue and Consolidation and Repayment of Loans Order, 1962, which had been framed in accordance with the recommendations of the Finance Commission set up in December 1961 to examine the question of allocation of resources between the Centre and the Provinces. The Order provided for an increase in the Provincial share in the Central taxes—50% of the income tax, 60% of the sales tax, 60% of the excise duty on tea, betelnuts and tobacco, and 100% of the export duties on jute and cotton. In addition, it provided relief in the repayment of loans to the Central Government by the Provincial Governments.

In view of the growth of the economy and the need to provide more revenue to the Provinces for development purposes, the Government appointed another Finance Commission in March 1964 to look again into the whole matter of allocation of resources to the Provinces from central taxes. As a result of this Commission's recommendations (given effect to from fiscal year 1965-66), the Distribution of Revenue Order 1965 was issued, whereby the Provinces' share in the net proceeds of income and corporation tax, sales tax, excise duties on tea, tobacco and betelnuts has been raised to 65%.

For calculating the Provincial share, the basis to be followed for taxes on income, excise duties and export duties, East Pakistan shall receive 54 per cent and West Pakistan 46 per cent, while in the case of sales tax, 30 per cent shall be distributed on the basis of collections in each Province and the balance in the same ratio as other taxes, *viz.*, 54% for East Pakistan, 46% for West Pakistan.

The Finance Commission also considered *inter alia* the problem of grants to be provided by the Centre to the Provinces and made a number of recommendations for rationalising the system and ensuring ease in the drawing of grants by the Provinces. These recommendations were accepted by Government and have since been implemented.

The Commission also expressed the view that it would not be advisable to impose any statutory limit on the borrowing powers of the Central Government. In respect of the Provincial Governments as well, the Commission did not favour the placing of any limits on their borrowing powers in addition to those already provided for in Article 140 of the Constitution, which were considered sufficient to enable the Central Government to regulate borrowings by the Provincial Governments in keeping with conditions in the money market.

Table 50 shows the amounts of the Provincial shares in the Central Taxes and duties under the Distribution of Revenue Order of 1965.

Table 50

PROVINCIAL SHARE IN CENTRAL TAXES

(In lakh rupees)

	1965-66 Actuals	1966-67 Budget	1966-67 Revised	1967-68 Budget
Customs	2,69.50	3,00.00	3,06.50	2,78.00
East Pakistan	1,49.00	1,62.00	1,84.00	1,50.00
West Pakistan	1,20.50	1,38.00	1,22.50	1,28.00
Central Excise	16,37.00	18,57.00	23,49.00	22,34.00
East Pakistan	8,83.00	10,02.76	13,22.74	12,07.00
West Pakistan	7,54.00	8,54.24	10,26.26	10,27.00
Taxes on Income	44,37.24	51,08.25	47,91.61	50,65.75
East Pakistan	23,95.87	27,58.56	25,35.26	27,35.98
West Pakistan	20,41.37	23,49.69	22,56.35	23,29.77
Sales Tax	45,52.98	52,06.00	53,68.64	56,55.25
East Pakistan	21,14.00	24,07.00	25,97.50	25,62.73
West Pakistan	24,38.98	27,99.00	27,71.14	30,92.52
Estate Duty	3.74	4.75	9.74	7.05
East Pakistan	0.06	0.25	0.56	2.00
West Pakistan	3.68	4.50	9.18	5.05
Wealth Tax	33.31	43.20	43.26	33.30
East Pakistan	2.63	2.05	3.48	2.60
West Pakistan	30.68	41.15	39.78	30.70
Total	1,09,33.77	1,25,19.20	1,28,68.75	1,32,73.35
East Pakistan	55,44.56	63,32.62	66,43.54	66,60.31
West Pakistan	53,89.21	61,86.58	62,25.21	66,13.04

The National Finance Commission 1964 had estimated that as a result of the implementation of their recommendations, there would be an additional transfer of revenues of the order of Rs. 83 crore to the Provinces over the Third Five-Year Plan period. However, as a result of the experience of the first three years of the Third Plan, during which the additional revenue assignments made to Provinces have been Rs. 93.84 crore, it has now been estimated that Provincial Governments during the Third Plan period would be receiving Rs. 153.50 crore more than what they would have received, if the allocation were continued on the basis of the Distribution Order of 1962.

CAPITAL BUDGET 1967-68

The total capital budget of the Central Government was balanced at Rs. 567 crore, an increase of Rs. 143.89 crore over the revised estimates of Rs. 423.11 crore in 1966-67. Table 51 shows the main heads of capital budget.

Table 51

CENTRAL CAPITAL BUDGET

(In lakh rupees)

Item	1966-67 Budget	1966-67 Revised	1967-68 Budget
Development Expenditure			
Direct Outlay by the Central Government			
Post Office, Telegraph and Telephone	18,85	15,85	18,35
Irrigation (Net)	46,25	50,32	72,47
Industrial Development	3,35	2,67	2,54
Civil Aviation	8,71	8,72	9,56
Broadcasting	2,65	1,20	2,60
Ports	1,75	1,46	3,15
New Federal Capitals	12,50	11,52	14,00
Civil Works	3,47	4,20	5,30
Food Storage and Other Works	18,61	14,45	16,28
Miscellaneous Investments	6,15	5,54	6,53
Other Expenditure	1,13	97	1,15
Loans and Grants to Provincial Governments	3,08,88	2,55,05	3,54,27
Loans to Semi-Independent Bodies etc.	5,29	4,59	2,48
Total—Development Expenditure	4,37,59	3,76,54	5,08,68
Non-Development Expenditure	29,30	36,57	43,32
Contingency Item	15,00	10,00	15,00
Total Disbursements	4,81,89	4,23,11	5,67,00

Item	1966-67 Budget	1956-67 Revised	1957-68 Budget
Financed from :			
External Resources			
Foreign Loans and Grants	2,50,71	2,22,45	2,72,30
Internal Resources			
Revenue Surplus	98,92	64,80	1,23,97
Debt raised in Pakistan (net)	25,00	3,48	36,60
Floating Debt (net)	—28	—16,02	1,88
Unfunded Debt (net)	19,60	11,75	18,48
Recoveries of Loans and Advances	18,03	18,37	21,84
Accretions to Reserve Funds	37,21	44,29	47,56
Other Deposits and Remittances (net)	21,09	24,63	19,19
Other Capital Receipts	12,70	44,82	25,73
Cash Balance utilization	—1,09	4,54	—55
Total Resources ..	4,81,89	4,23,11	5,67,00

Internal Resources

Capital receipts from internal resources were estimated at Rs. 295.25 crore, Rs. 99.13 crore more than the revised estimates of Rs. 196.12 crore for 1966-67. The rise was mainly due to the larger revenue surplus in 1967-68, Rs. 123.97 crore against the revised estimates of Rs. 64.80 crore in 1966-67. Receipts from Unfunded Debt (net), recoveries of loans and advances and accretions to Reserve Funds, were also estimated higher. Receipts from other deposits and remittances (net) and other capital receipts were, however, budgeted less than the revised estimates for 1966-67.

External Resources

Total gross external resources during 1967-68 were estimated at Rs. 299.30 crore, Rs. 273.52 crore from borrowings and Rs. 25.78 crore by way of grants, compared with Rs. 222.45 crore in the revised estimates of 1966-67, an increase of Rs. 76.85 crore. After taking into account a likely shortfall of Rs. 27.00 crore, the net external resources during 1967-68, were, however, estimated at Rs. 272.30 crore.

The funds to be borrowed from abroad include project loans (Rs. 134.39 crore), commodity loans (Rs. 101.83 crore) and PL-480 loans (Rs. 37.30 crore). The anticipated foreign assistance to be received consists of project grants (Rs. 4.91 crore), commodity grants (Rs. 8.17 crore) and PL-480 grants (Rs. 12.70 crore). The main sources of project loans are the USA, IDA, West Germany, Japan and the USSR, whereas commodity loans are supplied primarily by the USA and IDA. Canada is the main donor of both commodity and project grants. Other substantial donors include U.S. Aid, the Ford Foundation, U.N. and Sweden.

Capital Expenditure

Total development expenditure in the capital budget during 1967-68 was budgeted at Rs. 508.68 crore, Rs. 132.14 crore more than the revised estimates of Rs. 376.54 crore during 1966-67. Non-development expenditure on capital account was estimated at Rs. 43.32 crore, an increase of Rs. 6.75 crore over the revised estimate of Rs. 36.57 crore for 1966-67. Compared with the revised estimates for 1966-67, total direct expenditure of the Central Government during 1967-68 was estimated up by Rs. 35.03 crore to Rs. 151.93 crore, development assistance (loans and grants to Provincial Governments) by Rs. 64.38 crore to Rs. 329.56 crore. Development assistance to East Pakistan was estimated up by Rs. 29.62 crore to Rs. 195.56 crore and to West Pakistan by Rs. 34.76 crore to Rs. 134.00 crore.

Loans to semi-independent bodies, Local Funds etc., were, however, estimated less by Rs. 2.11 crore to Rs. 2.48 crore.

Annual Development Programme

The annual development programme in the Government financed sector for 1967-68 was budgeted at Rs. 570 crore, Rs. 263 crore for East Pakistan, Rs. 212 crore for West Pakistan and Rs. 95 crore for the central projects located in both East and West Pakistan. The larger allocation for East Pakistan is in line with the Plan objective of accelerating the pace of investment in that Province.

Of the total programme of Rs. 570 crore, Rs. 297.71 crore (52.2%) were to be realised from internal resources and Rs. 272.29 crore (47.8%) from external resources. The Centre's contribution towards financing internal resources was estimated at Rs. 185.27 crore, East Pakistan's at Rs. 49.43 crore and West Pakistan's at Rs. 63.01 crore.

In accordance with the Plan objectives, internal resources are being increasingly used in financing the country's development programme.

Table 52 shows the sectoral distribution of the development programme 1967-68 by executing authorities.

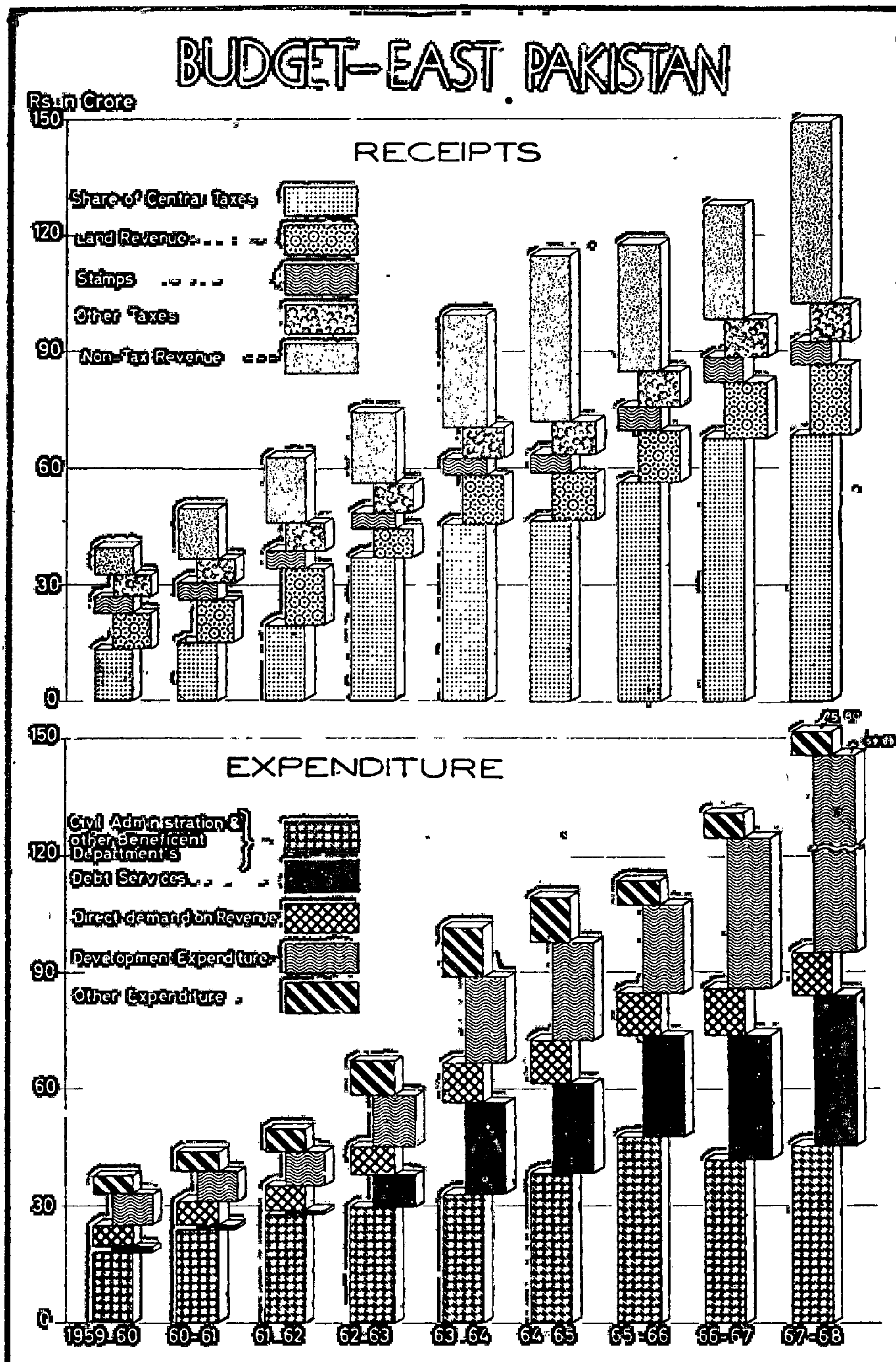
Table 52

SECTORAL CLASSIFICATION OF THE DEVELOPMENT PROGRAMME 1967-68
BY EXECUTING AUTHORITIES

(In crore rupees)

Sector	East Pakistan	West Pakistan	Centre	Total
Agriculture	37.40	29.65	6.10	73.16
Water and Power	83.52	82.60	12.16	178.28
Industry, Fuels and Minerals ..	42.70	16.73	11.31	70.74
Transport and Communications ..	35.70	44.53	44.27	124.50
Physical Planning and Housing ..	18.16	12.18	17.64	47.99
Education and Training	21.10	14.05	2.99	38.15
Health	10.85	8.38	2.02	21.25
Social Welfare	0.70	0.58	0.35	1.64
Manpower and Employment ..	0.86	0.55	0.10	1.52
Works Programme	17.00	5.00	0.40	22.40
Lump-sum Provision for Quetta and Kalat Division Schemes ..	..	1.50	..	1.50
Block Provision for Agriculture, Irrigation and allied activities ..	3.00	2.21	..	5.21
Total ..	271.00	218.00	97.38	586.38
Less shortfall on account of unapproved schemes	7.50	6.10	2.78	16.38
Total (net) ..	263.50	211.90	94.60	570.00

Note: Totals may not tally because of rounding off.



BUDGET—EAST PAKISTAN
Rs. in Crore
RECEIPTS
Share of Central Taxes
Land Revenue
Stamps
Other Taxes
Non-Tax Revenue
EXPENDITURE
Civil Administration & other Beneficent Department's
Debt Services
Direct demand on Revenue
Development Expenditure
Other Expenditure
150
120
90
60
30
0
1959-60
60-61
61-62
62-63
63-64
64-65
65-66
66-67
67-68

It will be observed that the programme fully reflects the new Plan strategy, especially the emphasis on the agricultural development programme for attaining food self-sufficiency by the end of the Plan period. The projects in the water and power and transport and communications sectors which would directly help implement the programme has been given top priority. Substantial allocations have also been made for physical planning and housing and education and training.

EAST PAKISTAN BUDGET

The budget of the East Pakistan Government for the financial year 1967-68, presented to the Provincial Assembly on 12th June, 1967, provided for a deficit of Rs. 11.20 crore. Revenue receipts, including grants-in-aid from the Central Government, were estimated at Rs. 149.96 crore and revenue expenditure, including development expenditure shown in the revenue budget, at Rs. 161.16 crore. But in fact non-development revenue receipts were Rs. 131.33 crore and non-development revenue expenditure Rs. 103.33 crore, producing a surplus of Rs. 28 crore on non-development revenue account.

The Annual Development Programme for the Province for 1967-68 was budgeted at Rs. 263 crore. However, after taking into account an operational shortfall of 7%, the net size of the Development Programme stood at Rs. 245 crore. The proposed financing of the programme was central assistance, Rs. 138.40 crore, foreign project aid, Rs. 57.17 crore, and Provincial contribution, Rs. 49.43 crore. However, after tapping all possible sources and effecting economies, the province had been able to find resources to the extent of only Rs. 47.43 crore, leaving a gap of Rs. 2 crore.

New Taxes

In order to fill this gap, the East Pakistan Finance Minister proposed an additional Development and Relief Tax at the rate of 50 paisa per acre of land. The Finance Minister observed that "the existing Development and Relief Tax of 25 per cent of land revenue was imposed in 1958 to find additional resources for development; since then the volume of agricultural production has increased considerably and the prices of agricultural commodities have increased more steeply. The proposed rise in the Development and Relief Tax is in tune with this increase in volume and value of agricultural produce and should not cause unnecessary hardship to the agriculturists." He further said, "In a developing economy orientated towards agriculture in which considerable expenditure is incurred on agricultural improvements, it is essential that agriculture contributes its due share to the mobilisation of resources for future development". The tax was expected to yield Rs. 1.20 crore. The balance of Rs. 80 lakh was to come from a general improvement in the realisation of Government taxes and dues.

Revised Estimates 1966-67

The revised estimates of revenue receipts for 1966-67 stood at Rs. 127.23 crore as against the budget estimates of Rs. 124.70 crore. The rise of Rs. 2.53 crore was accounted for by the increase in receipts from both Central and Provincial sources. The revised revenue expenditure came to Rs. 131.14 crore, Rs. 7.63 crore less than the budget estimate of Rs. 138.77 crore. The fall in expenditure was the result of the deliberate policy of the Government to restrict non-development expenditure. The foregoing figures include certain items of development receipts and expenditure accounted for in Revenue Sector.

Budget Estimates 1967-68

Total revenue receipts for 1967-68 were budgeted at Rs. 149.96 crore, Rs. 22.73 crore more than the revised estimates of Rs. 127.23 crore for 1966-67. Expected increases in receipts from both Central and Provincial sources were likely to contribute towards this rise. The Provincial share in the Central taxes and duties was budgeted at Rs. 67.64 crore, Rs. 1.21 crore more than the revised estimates of Rs. 66.43 crore. Receipts from the Province's own resources were estimated at Rs. 82.32 crore against the revised estimates of Rs. 60.80 crore for 1966-67.

Total revenue expenditure was estimated at Rs. 161.16 crore, Rs. 30.02 crore more than the revised estimates of Rs. 131.14 crore for 1966-67. The main items responsible for this increase were interest payment to the Central Government on account of development loans and foreign loans, and appropriation for avoidance of debt as a market loan taken in 1960 was mature for repayment in 1967-68. Figures of Revised and Budget Estimates referred to above include certain items of development receipts and expenditure accounted for in Revenue Sector.

Development Programme 1967-68

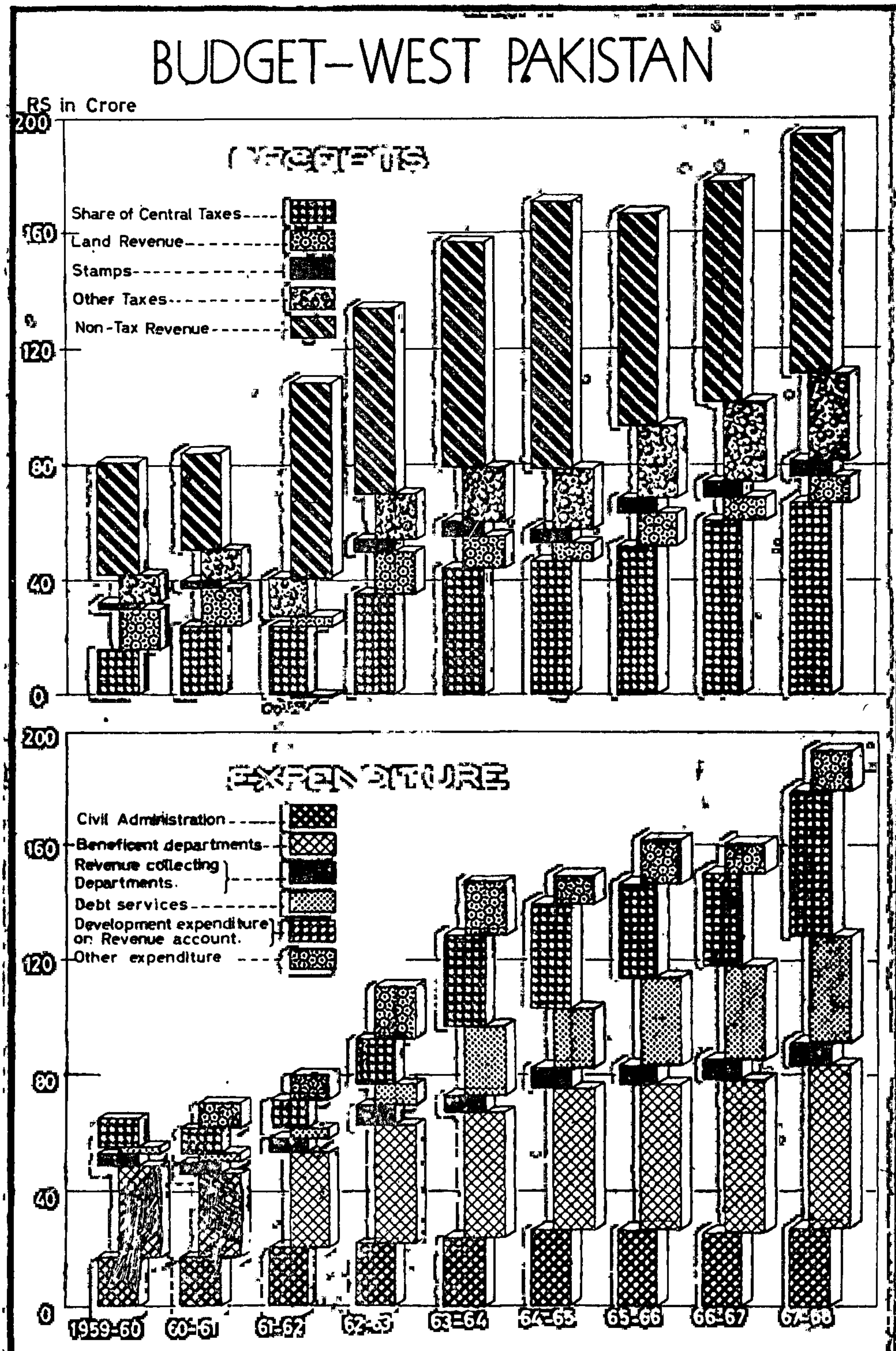
The gross Annual Development Programme of the Province for 1967-68 was budgeted at Rs. 263.50 crore against the revised estimates of Rs. 226 crore for 1966-67, an increase of 16.5%. This included a development expenditure of Rs. 15.02 crore for Pakistan Eastern Railway, Rs. 17 crore for the Works Programme and a block provision of Rs. 3 crore to finance supplementary schemes for the agriculture sector. Table 53 shows the sectoral allocation of the Development Programme from 1965-66 to 1967-68.

Table 53

DEVELOPMENT PROGRAMME—EAST PAKISTAN

(In crore rupees)

Sector	Revised Budget for 1965-66	Original Allocation for 1966-67	Revised Allocation for 1966-67	Allocation for 1967-68
Water and Power	38.61	69.30	71.40	83.52
Agriculture	16.32	24.77	24.76	37.40
Industries	27.30	43.50	41.48	42.70
Transport and Communications ..	20.68	33.00	32.77	35.70
Physical Planning and Housing ..	8.62	15.36	15.22	18.17 (excluding savings of Rs. 3 crore)
Education and Training ..	8.56	15.27	15.14	20.91
Health	5 83	8.50	9.20	10.85
Social Welfare	0 15	0.40	0.30	0.70
Manpower and Employment ..	0.24	0.70	0.65	0.86
Survey and Statistics	0.06	0.20	0.08	0.19
Works Programme ..	12.00	20.00	15.00	17.00
Block provision for Agriculture Irrigation and allied activities ..	..	..	..	3.00
	138.37	231.00	226.00	271.00
Less savings	..	1.00	..	7.50
Approved size of ADP	138.37	230.00	226.00	263.50


BUDGET-WEST PAKISTAN
RS in Crore
RECEIPTS
Share of Central Taxes
Land Revenue
Stamps
Other Taxes
Non-Tax Revenue
EXPENDITURE
Civil Administration
Beneficent departments
Revenue collecting Departments.
Debt services
Development expenditure on Revenue account.
Other expenditure
0
40
80
120
160
200
1959-60
60-61
61-62
62-63
63-64
64-65
65-66
66-67
67-68

The Province's own contribution towards the financing of its development programme during 1967-68 was estimated at Rs. 49.43 crore against the revised estimate of Rs. 46.17 crore for 1966-67. This is a significant change in the pattern of financing the development budget which has been brought about by pursuing the policy of directing as much resources as possible to the development efforts of the province by reducing to the minimum the normal administrative cost.

WEST PAKISTAN BUDGET

The West Pakistan Government budget for the financial year 1967-68, presented to the Provincial Assembly on 14th June 1967, envisaged a surplus of Rs. 27 lakh, revenue receipts being estimated at Rs. 193.65 crore and revenue expenditure at Rs. 193.38 crore. Compared to the revised estimates for 1966-67, the revenue receipts were budgeted higher by Rs. 15.35 crore and revenue expenditure by Rs. 32.78 crore. The increase in receipts was partly due to increase in the share of central taxes and duties and partly to a vigorous plan launched to maximise recovery of taxes and other revenues. The rise in expenditure was mainly due to increases in interest payment, pension rates and routine items, particularly education.

The annual development programme (net) for 1967-68 was budgeted at Rs. 196.88 crore, Rs. 42.21 crore more than the revised estimates of Rs. 154.67 crore for 1966-67. The programme laid greater emphasis on improving the economic conditions of the less-developed areas of the province by allocation of more resources.

Revised Estimates 1966-67

Against the budget estimates of Rs. 177.56 crore, the revised estimates for 1966-67 placed revenue receipts at Rs. 178.30 crore, an increase of Rs. 74 lakh. The revised estimates of revenue expenditure were Rs. 160.60 crore, Rs. 11.89 crore less than the budget estimates of Rs. 172.49 crore. The increase in receipts was mainly due to administrative efforts made in the collection of Provincial taxes and duties. The decline in expenditure was the result of improved financial control.

Budget Estimates 1967-68

Total revenue receipts for 1967-68 were estimated at Rs. 193.65 crore, Rs. 15.35 crore more than the revised estimates of Rs. 178.30 crore for 1966-67. Increases in both the Central and Provincial sources were mainly responsible for this budgeted increase and helped to offset the estimated loss of excise revenue on account of the decision to extend prohibition to the Southern Area and Karachi and the elimination of the grant portion in U.S. counterpart fund assistance.

Total revenue expenditure was estimated at Rs. 193.38 crore, Rs. 32.78 crore more than the revised estimates of Rs. 160.60 crore for 1966-67. The rise was attributable to increased expenditure on debt services, education, development and contingency items.

Development Programme 1967-68

The Annual Development Programme for 1967-68 envisaged a net development outlay of Rs. 196.88 crore, Rs. 42.21 crore more than the revised estimates of Rs. 154.67 crore for 1966-67.

Table 54 shows the sectoral allocation for the Annual Development Programme 1966-67 (Revised) and 1967-68 (Budget).

Table 54

ANNUAL DEVELOPMENT PROGRAMME—WEST PAKISTAN

(In crore rupees)

Sector	1966-67 Revised	1967-68 Budget
Water and Power	55.99	81.77
Agriculture	22.86	29.69
Housing and Settlement	6.80	11.63
Industries, Fuels and Minerals	15.43	15.91
Education and Training	7.01	13.62
Health	4.47	8.42
Communication (including Railways)	36.51	44.47
Social Welfare, Manpower and Employment	0.60	1.12
Works Programme	5.00	10.00
Lump sum provision for Quetta and Kalat Division	..	1.25
	154.67	217.88
Less shortfall	..	—21.00
	154.67	196.88

It will be observed that compared with the revised estimates, substantial increases were made in the allocations for water and power, agriculture, education and training and communication.

RAILWAY FINANCES

Pakistan Eastern Railway Budget

The Pakistan Eastern Railway budget for 1967-68, presented to the Provincial Assembly on 13th June, 1967, showed a gross profit of Rs. 3.63 crore. Revenue receipts were estimated at Rs. 25.83 crore and expenditure at Rs. 22.20 crore. After making a contribution of Rs. 3.56 crore to general revenues, the net surplus or profit amounted to Rs. 7 lakh, out of which Rs. 6 lakh was provided for payment to railway employees for house-building advances, etc., and the balance of Rs. 1 lakh transferred to the Railway Reserve Fund.

During 1967-68, a development programme of Rs. 15.02 crore was budgeted for the Pakistan Eastern Railway as against the revised expenditure of Rs. 13 crore during 1966-67.

Revised Estimates 1966-67

The revised revenue receipts for 1966-67 stood at Rs. 24.15 crore, Rs. 2 lakh more than the budget estimates of Rs. 24.13 crore. The increase in revenue receipts was mainly due to the growth in business activities in East Pakistan, and had been achieved in spite of the loss of Indian cross-traffic and Indo-Pakistan traffic since September, 1965.

The revised revenue expenditure for 1966-67, including all obligatory charges but excluding contribution to general revenues, stood at Rs. 22.82 crore, Rs. 1.29 crore less than the budget estimates of Rs. 24.11 crore. The fall in expenditure was attributable to the various economy measures adopted by the railway administration.

The Revenue Account of the Pakistan Eastern Railway for 1966-67 was thus expected to close with a profit of Rs. 1.33 crore against Rs. 2 lakh anticipated at the time of the preparation of the budget estimates.

Budget Estimates 1967-68

Total revenue receipts for 1967-68 were estimated at Rs. 25.83 crore, Rs. 1.68 crore more than the revised estimates of Rs. 24.15 crore for 1966-67. The estimated increase in receipts was mainly due to the increased tempo of economic activity in the Province, and also to the fact that some of the new lines under construction such as, Narsinghdi-Madanganj, Kurigram-Chilmari, Ruhea-Pochagarh, will come into operation during 1967-68 and thereby add to the revenue earnings.

Total revenue expenditure for 1967-68 was estimated at Rs. 22.20 crore, Rs. 62 lakh less than the revised estimates of Rs. 22.82 crore for 1966-67. The fall in expenditure was due to the strict economy measures adopted by the railway administration and conversion of steam engines to furnace oil burners.

The revenue account of the Pakistan Eastern Railway for 1967-68 was thus expected to close with a profit of Rs. 3.63 crore as against Rs. 1.33 crore for 1966-67.

Development Programme 1967-68

Total development expenditure for 1967-68 was budgeted at Rs. 15.02 crore, Rs. 2.02 crore more than the revised estimates of Rs. 13 crore for 1966-67.

The provision of Rs. 15.02 crore was inclusive of Rs. 40 lakh earmarked for passenger amenity works like electrification of stations, provision of platform sheds, raised platforms, electric watercoolers, waiting rooms and halls and sanitary latrines etc. Under the staff welfare works, replacement of 300 kutcha quarters by pacca ones was expected to be completed during 1967-68.

Construction of new Railway lines like Narsinghdi-Madanganj, Kurigram-Chilmari, Ruhea-Pochagarh and the conversion of the Rupsa East-Bagerhat section from narrow gauge to broad gauge was expected to be completed and opened to traffic during 1967-68. Complete shifting of the old Dacca Station to the new site at Kamalapur was also expected to be carried out during 1967-68. An appreciable progress will also be made in the execution of projects like the Bholaganj-Ropeway, doubling of track etc.

Pakistan Western Railway Budget

The Pakistan Western Railway Budget, presented by the West Pakistan Finance Minister to the Provincial Assembly on 13th June, 1967, envisaged a gross profit of Rs. 6.95 crore, revenue receipts being estimated at Rs. 64.63 crore and revenue expenditure at Rs. 57.68 crore. After providing for payment of a return of 4% to the Central and Provincial Governments in respect of their capital investment in the Railway made up to 30th June 1965, and of 5% to the Provincial Government in respect of its capital investments made after 1st July, 1965 which amount to Rs. 6.75 crore, the net profit or surplus would stand at Rs. 20 lakh. It was proposed to divert the entire surplus to the Railway Reserve Fund in order to strengthen the Fund.

The development programme for the year 1967-68 was budgeted at Rs. 29 crore compared to the revised estimates of Rs. 24.35 crore for 1966-67.

Revised Estimates 1966-67

The revised revenue estimates for 1966-67 stood at Rs. 61.03 crore, a fall of Rs. 1.98 crore over the budget estimates of Rs. 63.01 crore. The decline in receipts was mainly due to the shortfall in goods earnings as a result of the lesser movement of cotton, oilseeds, wheat and other foodgrains. Change in the pattern of traffic like large scale movement of fertiliser to small stations where arrangements for speedy unloading did not exist, thereby affecting turn-round, also contributed towards the decline in earnings. The revised revenue expenditure stood at Rs. 54.74 crore, Rs. 37 lakh less than the budget estimates of Rs. 55.11 crore. The fall was mainly due to the policy of the Railway Board to keep the expenditure to the minimum consistent with the efficiency and safety of operations.

The revenue account of the Pakistan Western Railway for 1966-67 was expected to close with a gross profit of Rs. 6.28 crore against the budget estimates of Rs. 7.90 crore. After paying a return on Central and Provincial investments, Rs. 6.23 crore, the net surplus amounted to Rs. 5 lakh, which was transferred to the Railway Reserve Fund.

Budget Estimates 1967-68

Total revenue receipts for 1967-68 were estimated at Rs. 64.60 crore, Rs. 3.57 crore more than the revised estimates of Rs. 61.03 crore. The rise was expected to be the result of anticipated additions of 20 diesel electric locomotives, 33 diesel railcars and 90 railing carriages to the rolling stock. Larger imports of wheat and other foodgrains and increased exports of cotton, rice and other commodities were expected during 1967-68. The increase included, *inter alia*, additional earnings of about Rs. 15 lakh from the "Rail-road collection and Delivery Services" at Karachi and Lahore,and a bout Rs. 10 lakh from the opening of the D. G. Khan-Kot Adu Rail-Link. After including the figures for traffic suspense (Rs. 3 lakh), the budget estimates of revenue receipts for 1967-68 stood at Rs. 64.63 crore. Total revenue expenditure during 1967-68 was estimated at Rs. 57.68 crore, an increase of Rs. 2 94 crore over the revised estimates of Rs. 54.74 crore for 1966-67 The rise was mainly due to the increased expenditure on passenger amenities and staff welfare works and the provision of a reserve for works connected with floods.

The gross profit of the Pakistan Western Railway for 1967-68 was thus estimated at Rs. 6.95 crore against the revised estimates of Rs. 6.28 crore for 1966-67. After paying a return on central and provincial investment estimated at Rs. 6.75 crore, the net surplus was estimated at Rs. 20 lakh which was diverted to the Railway Reserve Fund.

Development Programme 1967-68

The Annual Development Programme for Pakistan Western Railway during 1967-68 was budgeted at Rs. 29 crore, Rs. 4.65 crore more than the revised estimates of Rs. 24.35 crore for 1966-67. Out of Rs. 29 crore, Rs. 27.29 crore was earmarked for on-going schemes and Rs. 1.71 crore for new schemes to be taken in hand during 1967-68. The programme provided for Rs. 10.38 crore for rolling stock, Rs. 3.86 crore for new constructions, Rs. 7.73 crore for engineering and structural works, Rs. 5.02 crore for track renewals, Rs. 75 lakh for plant and machinery, Rs. 45 lakh for bridge works, and Rs. 81 lakh for rehabilitation and expansion of workshops.

Staff Welfare Works

Under the head "Staff Welfare Works", provision was made for starting work on constructing staff quarters for Class III and Class IV employees and schools for the children of the staff. It also included construction of foot overbridges, staff colonies at four places, provision of canteen facilities at two more stations, and the electrification of a number of stations.

Survey of New Railway Lines

The following surveys which were provided for in the 1966-67 budget but could not be taken in hand because of certain other priority works, were proposed to be undertaken during 1967-68 :

(*i*) Reconnaissance Survey of outer loop of Karachi Circular Railway from Malir to Manghopir Road via Karachi University Campus.

(*ii*) Detailed Traffic and Engineering survey of Daska-Sialkot Rail link *via* Ghunike.

(*iii*) Detailed Traffic and Engineering survey of conversion of Jamrao-Jhudo-Pithoro Section from metre-gauge to broad-gauge.

In addition to the above, the Survey of the Lahore Circular Railway was proposed to be undertaken during 1967-68.

CHAPTER VII

PRICES AND COST OF LIVING

(One of the objectives of Government's economic policy is to maintain price stability which is essential for an orderly economic growth. In order to achieve this objective, the Government has been trying to increase the supply of goods and services in the country by raising domestic production as well as increasing imports. The fiscal, monetary and import policies of the Government have been attuned to bring about a substantial increase in the availability of goods.

In Pakistan, two factors exercise a dominant influence on the supply of goods and, consequently, on prices. They are weather and volume of imports. In an agricultural country, most of the essential supplies are dependent upon the vagaries of the weather. Volume of import is dependent upon international demand for our goods and the availability of foreign economic assistance. These two are very uncertain factors.

Pakistan's achievement in keeping the price rise within certain limits up to 1965 had been quite outstanding. But in that year, a number of conspicuous factors, *viz.* increased defence expenditure, reduction in commodity aid, failure of monsoons, etc. acting jointly, exerted an upward pressure on prices. The Government took various measures, on both the demand and the supply sides, to mitigate the effects of the adverse factors and succeeded, to a large extent, in preventing the situation from deteriorating in 1966-67. With weather having remained good and crop prospects bright, food prices are likely to decline towards the end of 1967-68 and in the subsequent year. It is also expected that the prices of other essential consumer goods will also ease with the expected improvement in the availability of industrial raw materials and other requisites of industrial production.)

General Price Trends

There was considerable easing in the price situation during 1967-68 compared to the previous year. This was achieved by increasing the availabilities of foodgrains through large-scale imports paid for from Pakistan's foreign exchange earnings in addition to supplies received under PL-480. Monetary and fiscal policies were used to stimulate domestic production of agricultural commodities and manufactured goods. Increased availability of foreign economic assistance enabled the country to raise the level of imports. The cumulative effects of these factors was that the wholesale price index which had increased by 16.34 points to 133.88 during 1966-67 began to decline. The fall had been continuous from July to December 1967, when the index touched the lowest point at 127.03, before rising again to 127.30 in January 1968. It again declined and stood at 122.41 at the end of March, 1968. The sharpest fall was in raw material prices. The wholesale price index of this group fell from 122.94 in March 1967 to 108.55 in June, and further to 104.75 in November 1967 and 104.89 in March 1968. The fall in the raw materials price index was due to a steep decline in the prices of jute, wool, hides and oil seeds. The wholesale price index of jute fell from 163.81 in March 1967 to 128.98 in March 1968, of wool from 75.20 to 63.12 and of oilseeds from 175.88 to 122.98 during the same period. The wholesale price index for cotton, however, increased from 95.77 in March 1967 to 100.75 in March 1968. There were minor fluctuations in the prices of skins and tobacco.

The fall in the prices of these commodities was not beneficial to the economy. Much of the country's foreign exchange earnings being dependent on the export of these commodities, the fall in their prices reduced our capacity to import consumer goods and industrial raw materials and thereby partly offset the effects which Government measures were expected to have on the stabilisation of prices.

The prices of food items, which had started rising sharply since October 1966, reached a peak in February 1967. Thereafter, a declining trend set in, although the level remained high. The wholesale price index for the food group stood at 142.1 in February 1967. It fluctuated between 140 and 142 up to September. The declining trend started in October when the index fell by 3.4 points and continued up to March 1968, when it stood at 125.98

The wholesale price index for the fuel, lighting and lubricants group remained more or less stable, fluctuating around 118.6. The index for manufactures group moved upward from 116.18 in July 1967 to 121.28 in March 1968. Table 55 shows the trend of the wholesale price index since 1964-65.

Table 55

INDEX OF WHOLESALE PRICES BY GROUPS (1959—60=100)

Period (July-June)	General	Food	Raw materials	Fuel, Lighting and Lubricants	Manufactures.
1964-65	112.43	112.12	121.36	104.78	107.13
1965-66	117.54	117.27	125.24	108.45	113.39
1966-67	133.88	139.59	124.77	118.04	116.68
1967-68					
July	132.75	141.11	108.30	118.53	116.18
August	132.21	140.27	106.61	118.57	118.03
September	132.49	140.78	105.59	118.57	118.38
October	130.08	137.35	105.14	118.57	118.88
November	129.80	135.55	104.75	118.49	119.12
December	127.03	132.63	106.62	118.79	119.36
January	127.30	131.91	107.34	121.60	120.42
February	123.51	127.26	105.24	118.78	122.42
March (P)	122.41	125.98	104.89	118.78	121.28

P—Provisional

(The long prevailing wide disparity between prices in East and West Pakistan continued almost at the same ratio which prevailed in the previous year. The general index of wholesale prices for East Pakistan stood at 137.52 in March 1967. In April and May it displayed a rising trend and reached 142.63. Thereafter, it developed a downward trend and stood at 120.06 in March 1968. The index for 'food' group remained high. It stood at 143.23 in March 1967, rose to 152.97 in May and started declining afterwards, dipping to 122.76 in March 1968. The wholesale price index for raw materials for East Pakistan displayed almost the same behaviour as the index for all-Pakistan. It stood at 121.30 in March 1967 and started declining sharply thereafter. It fell by about 11 points in three months up to June and by a further 13 points to 108.15 up to March 1968. The sharp decline was mainly due to the steep fall in the prices of jute whose index fell from 163.81 in March 1967 to 128.98 in March 1968. The indices for the 'fuel' and 'manufactures' groups remained almost stable, that of the former fluctuated around 111 and of the latter around 116 during the same period.

The general index of wholesale prices displayed a continuously declining trend in West Pakistan during 1967-68. It stood at 130.29 in March 1967, declined by 7 points in three months up to June. In July, it again moved upward by 2 points and remained stable in August. During the following months, the index again moved downward and stood at 124.34 in March 1968.

As in East Pakistan, the sharpest decline in West Pakistan also occurred in the prices of raw materials. The trend of the index for the 'raw materials' group for all-Pakistan, East Pakistan and West Pakistan was identical. The index for the 'food' group was, however, lower in West Pakistan than in East Pakistan. In March 1967, the index for the 'food' group in West Pakistan stood at 137.40, after having jumped by 12 points to 140.33 in the previous two months. Although the movement of the index had been irregular over the following months, there was a definite downward tendency and the index stood at 130.63 in March 1968. The prices of manufactures remained more or less stable, although a rising trend was discernable. The wholesale price index for this group, which stood at 117.79 in March 1967, rose to 123.15 in March 1968.)

Table 56 shows the trend of wholesale price index of Pakistan, East Pakistan and West Pakistan.

Table 56

INDEX OF WHOLESALE PRICES BY PROVINCES

Period (July-June)	Pakistan	East Pakistan	West Pakistan
1964-65	112.43	111.27	113.55
1965-66	117.54	122.77	112.03
1966-67	133.88	141.48	124.36
1967-68			
July	132.75	138.03	125.27
August	132.21	136.92	125.33
September	132.49	138.60	124.03
October	130.08	135.04	123.13
Novemder	128.80	131.13	124.88
December	127.03	126.39	125.44
January	127.30	124.60	128.28
February	123.51	120.71	125.30
March (P)	122.41	120.06	124.34

P—Provisional

(The price trends of some of the principal consumer items are discussed below :

Wheat

The average wholesale price of wheat remained high throughout 1966-67. Only large-scale imports enabled the country to tide over the crisis created by the failure of *rabi* crop caused by drought. The average wholesale price of wheat was the highest in January 1967, touching the peak at Rs. 41—Rs. 46 per maund on 23rd January. From February onward, a declining trend was visible owing to the prospects of good *rabi* crop. On 28th March. 1967. the West Pakistan per maund. As a result, there was a rise in prices and on 1st April, 1967 quotations for wheat in Lyallpur were Rs. 30—Rs. 40 per maund. With the arrival of the newly-harvested crop, prices tended to fall and reached Rs. 21.50—Rs. 24.50 per maund by the end of June 1967. This decline continued for another two months up to August. The next three months (September—November) again saw a spurt in the prices. However, in December, there was a sharp fall and prices continued to decline thereafter standing at Rs. 18.83 and Rs. 23.80 per maund ending March 1968 at Lyallpur and Karachi respectively.

To mitigate the effects of high wheat prices the Government arranged for the distribution of wheat flour to consumers at the controlled price of Rs. 18.75 per maund through ration depots.

Table 57 shows the average wholesale prices of wheat at Karachi, Lyallpur and Rawalpindi since January 1966.

Table 57

AVERAGE WHOLESALE PRICE OF WHEAT AT KARACHI, LYALLPUR AND RAWALPINDI

(In rupees per maund)

Month	1966			1967			1968		
	Karachi	Lyallpur	Rawalpindi	Karachi	Lyallpur	Rawalpindi	Karachi	Lyallpur	Rawalpindi
January ..	17.14	16.22	17.40	33.95	38.19	28.45	25.50	23.44	24 19
March ..	18.70	15.69	17.06	25.85	36.25	28.00	23.80	18.83	20 25
May ..	17.60	15.75	16.50	21.22	20.06	22.79	..	..	..
July	18.88	17.42	18.42	23.92	23.65	24.37	..	..	..
September ..	..	19.37	..	22.70	21.82	24.65	..	..	..
November ..	23.17	24.12	23.12	24.15	22.00	22.75	..	..	..
December ..	29.28	27.40	26.60	24.40	23.35	23.80	..	..	..

Source : Central Statistical Office.

Rice

The average wholesale price of rice in East Pakistan ruled higher during 1967, than in 1966. This was due to the failure of the rice crop which was about 9 lakh tons short of the previous year. The average price was Rs. 41.62 per maund in Dacca in January 1967. From June onward, prices began to decline and stood at Rs. 34.40 and Rs. 32.40 per maund for medium variety at Dacca and Chittagong respectively at the close of March 1968.

The provincial average price of rice in East Pakistan moved in the range of Rs. 33.95 and Rs. 40.69 till March 1967. Thereafter, a rising trend was noticeable. Towards the end of June, 1967, the provincial average was Rs. 40.63 per maund, as against Rs. 38.73 per maund at the end of June 1966, an increase of Rs. 1.90 per maund over the year. Thereafter, the provincial average price began to decline and stood at Rs. 31.96 per maund in March 1968. Table 58 shows the average wholesale price of rice (medium quality) at Dacca and Chittagong.

Table 58

AVERAGE WHOLESALE PRICE OF RICE (MEDIUM QUALITY) AT DACCA AND CHITTAGONG

(In rupees per maund)

Month	1966		1967		1968	
	Dacca	Chitta-gong	Dacca	Chitta-gong	Dacca	Chitta-gong
January	28.27	25.90	41.62	35.94	36.50	32.00
March	31.90	30.87	..	40.00	34.40	32.40
May	34.58	33.56	..	44.75	..	..
July	..	40.00	..	45.30	..	..
September	...	46.06	...	38.50	...	...
November	..	45.00	..	36.00	..	..
December	37.00	40.50	..	35.20	..	..

Source : Central Statistical Office.

Sugar

During 1967-68 (July-March) the open market prices of refined sugar remained on the high side throughout West Pakistan. This upward trend was due to decreased production of sugar and stoppage of imports during the first eight months of the year up to February 1968. The prices of *gur* and *desi* sugar also showed a rising trend in sympathy with the prices of refined sugar. Domestic production of refined sugar was 41,6,000 tons in 1966-67 and imports were worth Rs. 1.29 lakh only. During 1967-68, total production of refined sugar is estimated to be even less than in 1966-67.

The average wholesale price of sugar in Karachi ranged between Rs. 59.00 and Rs. 78.27 per maund during the first nine months of 1967-68, compared to Rs. 51.31 and Rs. 58.00 per maund during the corresponding period of 1966-67. The average wholesale price of refined sugar at Rawalpindi ranged between Rs. 57.97 and Rs. 77.93 per maund during the period under review, as against Rs. 47.98 and Rs. 57.09 per maund during the corresponding period of 1966-67. The prices of *gur* and sugar *desi* also showed an upward trend in West Pakistan. Their average wholesale prices ranged between Rs.21.00 and Rs. 36.00 and Rs. 49.40 and 59.00 per maund respectively at Lahore during 1967-68 (July-March) as against a range between Rs. 15.80 and Rs. 21.25 and between Rs. 34.00 and Rs. 42 00 per maund respectively during the corresponding period of 1966-67.

The rise in the prices of sugar was considered to be unduly high and Government's intervention was found to be necessary. Consequently, the State Bank of Pakistan took several measures to discourage hoarding and speculation in sugar. In addition, the Government allowed the import of sugar on bonus and directed the Trading Corporation of Pakistan to purchase 20,000 tons of sugar from abroad as a first instalment.

To provide immediate relief, the Government decided to import 6,000 tons of sugar from East Pakistan and to buy 60,000 tons from the mills for distribution through ration depots at Rs. 1.62 per seer.

The prices of refined sugar in East Pakistan also showed an upward trend, although prices remained generally lower than in the previous year. The average wholesale price of sugar ranged between Rs. 64.50 and Rs. 66.37 per maund at Dacca during the first nine months of 1967-68 as compared to Rs. 61.80 and Rs. 79.00 per maund during the corresponding period of 1966-67. The maximum price of Rs. 67.00 per maund was recorded in February 1968 and the minimum, Rs. 64.00, in August 1967

The world prices of sugar have a considerable influence on domestic prices. The year 1967 opened with the London Daily Price of raw sugar at £ 13.25 per ton and with little optimism about the future. On 9th January, forward quotations for many months reached their lowest levels and the Daily Price was quoted at £ 12.25 per ton. This brought a number of buyers into the market and as activity increased the market began to regain confidence. On 20th February, the London Daily Price rose to £ 17.25 per ton, an advance of £ 5.00 in little over a month. During the following weeks, the rising trend was reinforced with the news that a closer statistical balance between supply and demand was within sight. By early May, the LDP was £ 24.00 per ton. The Middle East crisis further provided a fillip to prices and the LDP advanced by £ 5.00 by 9th June. In the meantime, good conditions for the forthcoming harvest gave rise to an easier tendency and by the end of June, LDP was back again to £ 20.00 per ton, and by August to £16.00. By the middle of September, it had come down to £ 15.50. The price again began to rise and during the following three months up to the end of the year LDP fluctuated between £ 18 and £ 20. The rising trend continued during January when the price rose to £ 23.92 per ton. There was a gradual decline in February and March. The London Daily Price in March was £ 22.03 per ton.

Meat, Fish, Eggs and Vegetables

The prices of mutton, beef, eggs and vegetables which are regarded more or less as substitutes for each other, recorded further increases during 1967-68. The prices of most of the pulses, however, remained stable. Table 59 gives the average retail prices of all these items at Karachi during 1967 and the first quarter of 1968.

Table 59

AVERAGE RETAIL PRICES OF PULSES, FISH, EGGS AND VEGETABLES AT KARACHI

(In rupees per seer)

Item	1967				1968	
	January-March	April-June	July-September	October-December	January-March	%change between Col. 1 and 5.
	1	2	3	4	5	6
Moong (washed) ..	1.24	1.24	1.22	1.22	1.23	(—) 0.8
Masoor	1.24	1.24	1.25	1.25	1.25	(+) 0.8
Mutton	4.30	4.41	4.50	4.50	4.50	(+) 4.6
Beef	1.88	1.97	2.00	2.00	2.00	(+) 6.4
Fish (Rahu)	3.01	2.64	3.30	2.91	3.23	(+) 7.3
Eggs (Dozen)	3.21	2.73	3.21	3.38	3.44	(+) 7.2
Potato	0.60	0.66	0.90	0.76	0.41	(—)31.7
Onion dry	0.39	0.23	0.42	0.48	0.38	(—) 2.6

Tea

The prices of tea during April-March 1967-68 showed a declining tendency compared with the same period of 1966-67. Up to August 1967, the price of one lb. packet of Lipton White Label and of Ispahani Red Spot in Karachi remained stable at Rs. 6.32. Thereafter, prices began to decline and by March 1968 the price of the former had come down to Rs. 4.55 per lb. and of the latter to Rs. 4.30 per lb. In Chittagong, the prices of Lipton White Label remained stable throughout the year but Ispahani Red Spot showed a decline of Rs. 1.00 per lb. over the year.

During 1967-68, the prices of tea at the internal auction were ruling easy. The opening price of Broken Pekoes was about Rs. 1.95 per lb. less than in the previous season. The highest price reached at the 17th Auction at Rs. 2.65, Rs. 2.05 per lb. less than the highest reached during the previous season. The price of Orange Fannings was Rs. 3.50 per lb., the maximum being Rs. 3.90 per lb. reached at the 6th Auction. The lowest price was Rs. 3.00 per lb, reached at the 11th Auction. Table 60 shows the trend of internal prices of Broken Pekoes and Orange Fannings during 1966-67 and 1967-68.

Table 60

INTERNAL AUCTION PRICES OF TEA AT CHITTAGONG

(In rupees per lb.)

Auction No.	Broken Pekoes		Orange Fannings	
	1966-67	1967-68	1966-67	1967-68
1.	4.35	2.40	4.45	3.50
5.	4.70	2.40	4.95	3.60
10.	3.40	—	3.80	—
15.	—	2.45	4.20	3.10
17.	3.40	2.65	—	2.65
18.	—	—	—	—

Edible Oil and Vegetable Ghee

The prices of edible oils showed sharp fluctuations during 1967-68. During the first quarter of 1967, prices were on the high side. During the second and third quarters, they had declined but during the last quarter of the year there was again an upward spurt. In the first quarter of 1968, prices again started declining. The average price of mustard oil in Dacca in March 1968 was Rs. 146.60 per maund as against Rs. 174 to Rs. 188.37 per maund in March 1967. The average price of cotton seed oil in West Pakistan in March 1968 was Rs.73.50—105.00 per maund, as against Rs. 121.87—Rs. 141.00 per maund in March 1967. Table 61 shows the price trend of edible oils—mustard seed oil and cotton seed oil in East and West Pakistan.

Table 61

AVERAGE MINIMUM AND MAXIMUM PRICES OF EDIBLE OILS

(In rupees per maund)

ince	Item	1966		1967		1967 March		1968 March	
		Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
East Pakistan ..	Mustard oil ..	147.50	150.88	151.60	188.75	174.00	188.37	130.00	182.00
West Pakistan ..	Mustard oil ..	105.00	126.50	104.80	155.50	124.62	155.50	74.50	122.00
East Pakistan ..	Cotton seed oil ..	124.33	130.00	..	..	..	..	..	..
West Pakistan ..	Cotton seed oil ..	92.00	113.50	86.12	141.00	121.87	141.00	73.50	105.00

The price of vegetable *ghee* showed a declining trend throughout the year. In January 1967, the average price of 5 lb. tin of Dalda was Rs. 13.00. By July 1967, it had come down to Rs. 11.50 and by December to Rs. 11.35. During the first quarter of 1968, the price further declined, in March 1968, it was quoted at Rs. 10.78. It may, however, be mentioned that the prices of 35-lb tins, quite a considerable quantity of which is sold to the lower classes by breaking the bulk, work out substantially less than the 2-lb. or 5-lb. tins of Dalda, which incidentally is the most expensive brand in the market due to large consumer preference. Table 62 shows the trend in the monthly average whole sale price of vegetable *ghee* (Dalda) at Karachi.

Table 62

MONTHLY AVERAGE WHOLESALE PRICE OF VEGETABLE GHEE (DALDA) AT KARACHI

(In rupees per tin of 5 lb.)

Month	1966	1967	1968
January ..	10.37	13.00	11.37
March	11.50	12.00	10.78
May	11.62	12.00	..
July	11.49	11.50	..
September ..	11.16	11.25	..
November ..	11.25	11.25	..
December ..	11.25	11.35	..

Source : C.S.O.

Cotton Textiles

The prices of most varieties of cotton cloth showed an upward trend between April 1967 and March 1968. There were certain varieties such as 2×2 White 4000 (Gul), 4040 (Burewala) mulls and white drill (Dawood) whose prices showed rising tendencies, while the price of poplin crystal white (Adamjee) went down. The decline in the price of poplin white was 6.0%. While the decline was small, the rise was higher, ranging between 1.8% and 20.6 %. The prices of some varieties of cloth ruling in March 1967 and March 1968 are shown in Table 63.

Table 63

WHOLESALE PRICES OF COTTON CLOTH (KARACHI)

(In rupees)

Item	Unit	31-3-67	30-6-67	31-12-67	31-3-68	%change in March 1968 over March 1967
Long cloth						
5 p (Kohinoor)	40 yards	85.00	86.00	84.00	85.00	..
Cock (Dawood)	,, ,,	62.00	62.00	62.00	62.00	..
Drill, Tuser etc.						
Satinatte (Adamjee)	Yard	4.37	4.25	4.25	4.37	..
2 Diamond (Husein)	,,	2.25	2.25	2.28	2.29	(+)1.8
White Drill (Dawood)	,,	1.62	1.75	1.72	1.72	(+)6.1
Mulls						
4040 (Burewala)	20 Yards	33.00	31.00	35.00	35.50	(+)7.6
Poplin						
Crystal white (Adamjee)	Yard	3.19	3.12	3.00	3.00	(—)6.0
2×2 white 4000 (Gul)	,,	3.19	3.40	3.85	3.85	(+)20.6
Dyed poplin (Burewala) ..	,,	1.66	1.66	1.66	1.66	..
Malatia						
Leader 36″ (Kohinoor) ..	,,	1.21	1.21	1.17	1.28	(+)5.8

Drugs and Medicines

Prices of drugs and medicines remained more or less stable during the year under review. There were, however, certain products which registered some increases. The liberal imports of the requisites used in the pharmaceutical industry facilitated a rapid expansion of domestic production. This helped in the stabilisation of prices. It may, however, be mentioned tnat as a result of restrictions on the import of some foreign brands of drugs and medicines, scarcity of such items was felt, and in some cases the existing stocks were sold at higher prices. Table 64 shows the trends of prices of some common drugs and medicines in Karachi and Dacca.

Table 64

AVERAGE RETAIL PRICE OF SELECTED DRUGS AND MEDICINES

(In rupees)

Article	Unit	March 1967	June 1967	December 1967	March 1968	%change in March 1968 over March 1967
			KARACHI			
Gripe Water (Woodwards) ..	Bottle	2.62	2.62	2.62	2.62	..
Glucose-D (Glaxo)	1/4 lb.	0.95	0.95	0.95	0.95	..
Penicillin crystaline	(10 lakhs Glaxo)	0.80	0.80	0.80	0.84	(+)5.0
Streptomycin	1 mg (Pfizer).	0.68	0.68	0.68	0.68	..
P.A.S. (Dumex)	100 tabs.	3.28	4.37	4.40	4.35	(+)32.6
Entero-vioform (Ciba)	10 tabs.	0.94	0.95	1.00	1.00	(+)6.4
Sulphadiazine (May & Baker) ..	24 tabs.	1.25	1.62	1.50	1.50	(+)20.0
Sulphaguanadine (ICI)	24 tabs.	0.75	0.75	0.75	0.75	..
			DACCA			
Chloromycetin	12 caps.	7.90	7.90	7.90	7.90	..
Penicillin (2 lacs Glaxo Crystalline)	each	0.37	0.37	0.37	0.37	..
Paludrine	8 tabs.	0.70	0.50	0.50	0.50	(—)28.6
B. G. Phos (Sharp & Dhome) ..	Large	11.40	11.40	11.40	11.40	..
Gripe Water (Woodwards local) ..	Bottle	2.65	3.17	3.75	3.88	(+)46.4

Source: Central Statistical Office.

Other Consumer goods

The prices of other consumer goods also remained stable during 1967-68. The prices of certain important consumer goods in March 1967 and March 1968

Table 65

AVERAGE WHOLESALE PRICE OF MISCELLANEOUS CONSUMER GOODS

Item	Unit	Karachi March 1967	Karachi March 1968	Chittagong March 1967	Chittagong March 1968	% change in March 1968 over March 1967 Karachi	% change in March 1968 over March 1967 Chittagong
Paper and paper products							
White Printing 20″×30″ 24 lbs.	lb.	1.24	1.13	1.17	1.17	(—)8.9	(—)
White Imitation at 20″×30″ ..	lb.	1.46	1.38	1.48	1.38	(—)5.5	(—)6.7
Rubber Manufactures							
Bata Mazboot cycle tyre.	Dozen	108.00	120.00	108.00	120.00	(+)11.1	(+)11.1
Bata Mazboot cycle tube ..	„	49.50	55.44	49.50	55.44	(+)12.0	(+)12.0
Auto Tyres 6.00×16 cover Dunlop (6ply).	Each	..	195.17	..	195.17	..	..
Auto tube (6.00×16) (6ply).	Each	..	21.10	..	21.10	..	..
Leather Manufactures							
Begum ladies slippers (3-6 sizes)	Pair	6.84	6.84	..	..	—	..
Sunder slipper waterproof (3-10 sizes).	Pair	2.80	2.80	..	..	—	..
Centre court canvas shoes (3-10 sizes).	Pair	9.42	9.42	11.14	..	—	..
Soap							
Life buoy 6 oz. cake ..	Dozen	6.60	6.60	10.95	10.95	—	—
Lux 3-1/2 oz. cake	„	7.67	7.67	7.67	7.67	—	—
Cigarettes							
Scissors	1,000	32.40	32.40	32.05	32.05	—	—
Capstan	„	87.00	87.00	86.40	86.40	—	—
Bleached Long Cloth							
15,000 W36″ (colony) ..	40 yards	65.62	65.00	..	..	(—)1.0	..

Source: Central Statistical Office.

COST OF LIVING

The earlier rising trend of prices in the cost of living indices was generally brought to a halt. The consumer price index for industrial workers (base: 1961=100) at all the three centres, Karachi, Lahore and Narayanganj, moved upward during 1967. The index which stood at 124.73 in Karachi, at 122.97 in Lahore and at 124.20 in Narayanganj in December 1966 had risen by 2.72 points, 3.14 points and 0.19 points respectively by December 1967. In Karachi, the cost of living index for industrial workers displayed a distinct upward trend from January to August, when it touched the highest point at 130.97. Thereafter, the index started declining and stood at 126.46 in March 1968 as compared to 126.84 in March 1967.

In Lahore, the index did not exhibit any definite pattern, but moved in an erratic manner. From 122.97 in December 1966 it moved up in February 1967 to 125.17, moved downward in the next three months to 121.78 in May, again started rising and maintained the upward trend to September, when it stood at 124.20. In October it fell slightly but from November it again started rising, reaching 126.11 in December. However a declining trend started in February and the index fell to 124.44 by the end of March 1968, as compared to 124.48 in March 1967.

In Narayanganj as well, the index was erratic. From 124.20 in December 1966, it rose to 126.35 in January 1967, fell to 123.80 in February 1967 and furthre to 123.40 in March. During April-June, the trend was upward. In June, the highest point of the year was reached at 127.25. In July, the index fell by 1.47 point, rose by 0.48 points in August and by 0.30 points in September. During the last quarter of the year, the index moved downward to 124.39 in December 1967. At the end of March 1968, the index stood at 122.93 as compared to 123.40 in March 1967.

Table 66 shows the trend of the indices at the three centres since 1964-65.

Table 66

GENERAL CONSUMER PRICE INDEX FOR INDUSTRIAL WORKERS (BASE : 1961=100)

Year/Month	Karachi	Lahore	Narayanganj
1964-65	109.34	107.65	111.52
1965-66	114.87	109.92	112.52
1966-67	125.00	121.31	123.55
1967-68			
April	127.95	123.68	124.46
May	128.19	121.78	125.75
June	129.33	122.69	127.25
July	129.67	124.81	125.78
August	130.97	124.75	126.26
September	127.26	124.20	126.56
October	126.86	123.77	126.20
November	127.16	124.54	125.68
December	127.45	126.11	124.39
January	127.22	126.79	123.31
February	127.01	126.10	123.95
March	126.46	124.44	122.93

Source : Central Statistical Office.

The behaviour of indices in all the three industrial centres was influenced largely by the prices of foodgrains, whose movements in their turn were influenced by seasonal changes in the availabilities of wheat and rice. The movements in the four constituent subgroups, *viz.*, 'food', 'apparel, textile and footwear', 'housing and household operations' and 'miscellaneous' can be seen from Table 39 in the Statistical Section.

Consumer Price Index for Clerical Wage Earners

The behaviour of the consumer price indices for clerical wage-earners at Karachi, Lahore and Chittagong during 1967 and the first quarter of 1968 was more or less identical with that of the consumer price indices for industrial workers. In Chittagong, there have been fluctuations from month to month, the overall improvement was, however, negligible. Again, the clerical wage-earners indices were largely influenced by the erratic behaviour of foodgrain prices. Table 67 shows the trend of the general consumer price index for clerical wage earners at Karachi, Lahore and Chittagong.

Table 67

GENERAL CONSUMER PRICE INDEX FOR CLERICAL WAGE EARNERS (BASE : 1961=100)

Year/Month	Karachi	Lahore	Chittagong
1964-65	110.01	108.53	106.20
1965-66	114.41	110.08	109.87
1966-67	123.06	117.36	123.24
1967-68			
April	126.61	117.51	123.52
May	126.56	117.12	124.91
June	127.55	119.44	124.20
July	128.61	122.22	122.79
August	129.94	122.21	120.09
September	126.96	122.25	122.46
October	127.00	121.45	123.94
November	128.15	122.09	124.40
December	128.33	123.11	123.83
January	127.76	122.56	123.97
February	127.17	122.87	123.78
March	126.83	120.61	121.96

Source:—Central Statistical Office.

The trend in the consumer price index for clerical wage-earners, classified by expenditure groups, in Karachi, Lahore and Chittagong can be seen from Table 40 in the Statistical Section.

CHAPTER VIII

COMMERCIAL POLICY

Pakistan, along with the other developing countries, is striving to raise the present low living standards of its people by accelerating the pace of its economic development and attaining a self-sustaining economy as early as possible. This requires not only the maximum mobilisation of domestic resources but also a considerable amount of foreign exchange to enable the country to import its requirements of capital goods and other essential inputs. Due, however, to certain factors beyond their control, the foreign exchange earnings of these countries remain low, making the attainment of the objective difficult. The import and export policies of Pakistan, as of other developing countries, are therefore, largely conditioned by considerations of earning or saving maximum amount of foreign exchange.

The foreign exchange earnings of these countries mainly arise from the exports of primary commodities, and partly semi-manufactures, the prices of which are not only subject to violent fluctuations but are also declining in international markets. The resulting fall in exchange earnings in the face of rising prices of imported goods is hitting developing countries like Pakistan doubly. The reduction in the inflow of foreign economic assistance, and the stiffening of its terms in recent years, have aggravated the situation.

Import policy is framed every six months to ensure that the scarce foreign exchange is put to best possible use. Reliance is placed primarily on indirect controls to allocate foreign exchange to competing uses. Only when inevitable, direct controls are resorted to.

In addition, the policy of import substitution, protection to domestic industry and setting up such industries as are based on local materials is being followed with the same objective.

The import policy for 1966-67 was announced on annual basis, instead of on a six-monthly basis, but it could not work as the receipt from the lending countries of certain loans and credits, which had been taken into account for purposes of import budgeting, was delayed. The import policies for 1967-68 had, therefore, to be announced on six-monthly basis as firm commitments of commodity aid for the entire year were not available at the time of the announcement of the import policy. However, it is hoped that from July 1968, it will be possible to announce the import policy on an annual basis.

On the export side also, Pakistan, along with other developing countries, is trying to diversify and expand its exports through various export promotion devices in order to increase its foreign exchange earnings and making them less susceptible to price fluctuations. At international conferences also, the developing countries have been pressing for improving the prices of primary commodities and the removal of tariff barriers and quota restrictions imposed by the developed countries on the products of the developing countries. In the Conferences,Pakistan has been playing an important role.

During 1967-68, Pakistan's commercial policies continued to aim at meeting essential consumer demands and at the same time promoting overall economic growth. This requires increased production, both through fuller utilisation of the existing installed capacity and setting up new production capacity and infra-structural facilities. Large imports of industrial raw materials, spares and machinery, have, therefore, to be made. Besides, the growing repayment charges on account of servicing foreign loans and repayment of debts have also to be met.

As a result of heavy imports, Pakistan has been experiencing a large adverse balance on trade account for the last many years. In spite of improvement in exports, the gap continues to be wide, as our imports have also been increasing fast as will be seen from Table 68.

Table 68

BALANCE OF TRADE

(In crore rupees)

Year (July-June)	Imports	Exports*	Balance
1961-62	310.91	182.46	—128.45
1964-65	537.42	239.54	—297.88
1965-66	420.83	269.10	—151.73
1966-67	519.23	287.09	—232.14
1967-68 (July-March)	351.75	231.37	—120.38

*Exports do not include re-exports

The balance of trade account amply shows the magnitude of the efforts needed to bridge the vast gap between exports and imports. The crux of the problem is, therefore, not only to achieve an import-export balance through import substitution, eliminating inessential imports and pushing up exports but also to earn enough foreign exchange to meet the demands of accelerated economic development. The tariff and non-tariff restrictions imposed by the developed countries on imports from Pakistan, along with other developing countries, is a serious obstacle to the export promotion drive. Efforts are being made in international forums for the removal of those restrictions.

IMPORT POLICIES

In the earlier years of Independence, import controls were largely applied as an instrument of conservation of foreign exchange, rather than as a means of 'resource allocation' as understood in the terminology of economic development. Lately, however, import controls have come to be regarded as tools of economic planning and of resource allocation for achieving the set objectives defined in the development plans. Imports are now considered not only as merchandise from abroad but also as inputs for quickening the pace of development on the desired lines. It is in this context that the import policies have to be viewed.

Pakistan, it may be recalled, had followed a fairly liberal import policy from 1961-62 to 1964-65. As a result of large availability of commodity aid, most of the industrial raw materials were allowed to be freely imported. The flow of foreign economic assistance also enabled the import of machinery and capital-goods without any serious restrictions.

Pakistan has had to face many unforeseen difficulties since July, 1965, which have been mentioned in the previous pages.

Consequently, during 1967-68, the import policies continued to aim at stimulating industrial production and export through liberal provision for the supply of raw materials and spares; the satisfaction of essential consumer needs and a fairly liberalsupply of the inputs of agriculture to achieve self-sufficiency in food.

Import Policy for July-December 1967

The import policy for 1966-67, as mentioned earlier, was announced on an annual basis. As the position regarding commodity aid was unceritain, the import policies for 1967-68 had, therefore, to be announced on a six-monthly basis.

Free List.— One of the major import liberalisation measures taken during the last few years has been the introduction of the Free List under which specified items, mainly essential raw materials, could be imported without licence. Because of the limited availability of funds, the Free List was reduced from 67 items in 1966-67 to 10 in the July-December shipping period. However, items important for the encouragement of industrial and agricultural production, such as iron and steel, non-ferrous metals and ferro alloys, tools and workshop equipment, chemicals, marine diesel engines, fertilizers, insecticides and pesticides were maintained on the Free List. Even after this drastic curtailment of the Free List, it represented a substantial proportion of the total Free List allocation during 1966-67.

Licensable List.— The licensable List was reduced to 93 items against 96 during 1966-67 ; this list includes essential consumer goods, *viz.*, drugs and medicines,. books, journals and magazines, laboratory glassware, instruments, petroleum, oils and lubricants, tractors etc.

Bonus List.— The Bonus List was expanded from 45 during 1966-67 to 232 during the above-mentioned shipping period. This was done partly because of the limited availability of cash resources and partly with a view to making the industrial and commercial sector self-reliant. Items included in the Bonus Import List covered, *inter-alia,* domestic sewing machines, typewriters and office machines, stationery, maintenance spares, raw materials for fluorescent tubes, duplicating stencils, coir ropes, nylon bristles etc.

Cash-Cum-Bonus List.—The system of licensing on Cash-Cum-Bonus basis, a new feature, was introduced in respect of 10 items, 7 of which included in this List are industrial raw materials and 3 of commercial interest. While the main consideration in introducing this sytem was the conservation of foreign exchange resources, the fact that the importers did not pass on the legitimate benefit of cheaper imports under cash resources to the consumers was another reason for adopting this system. Under it, importers have to surrender bonus vouchers for 50% of their share for securing cash licence for full value of their share.

Stamped Bonus Vouchers.—Stamped bonus vouchers were issued to the jute industry only, the holder of which could import, in addition to raw materials and spares, machinery required for setting up industries in East Pakistan. With the increased availability of these vouchers consequent on the raising of the bonus on jute sacking from 20% to 30%, the import of 8 items was also permitted, including iron or steel rivets, nails and washers, tyres and tubes for tractors, ball roller and taper bearings.

Industrial Licensing.—In the import policy for 1966-67, industries were classified for purposes of import licensing in to three lists, A, B, and C. Industries in the list "A" were eligible to receive import licences at 100% of their requirements, repeatable on the same basis, while those in list "B" were issued licenceson specific basis. Industries in list "C" were required to meet all their requirements exclusively on Bonus, excluding items on the Free List.

During the July-December 1967 shipping period, industries were re-classified into two lists for the purpose of licensing. List I consisted of both high-priority and low-priority industries numbering 217. The high priority industries, such as agricultural implements, pharmaceuticals, diesel engines, chemicals, etc., were licensed at a higher percentage than low-priority industries, such as leather, board, musical instruments etc. Industries on List II, numbering 82, were to meet their requirements exclusively on Bonus, except the items covered by the Free List.

Export Performance Licensing.—The facility of issuing special licences against export performance was continued for all industries, other than the jute and cotton textile industries. However, the percentage for the issue of such licences in relation to the f.o.b. value of exports was rationalised so as to relate them to the actual import component of the exported goods. Special licences were also made valid for the import of the production requirements and packing materials of the units concerned.

Linking Import Licensing with Export Targets:— In order to make industries with export potential to export more, an element of compulsion was introduced by linking the import licensing of such industries with the export targets fixed for each. To begin with, the leather goods and footwear and ready-made garment industries were selected for this purpose.

Import Policy for January-June 1968

This import policy provided for comparatively more liberal and more automatic licensing procedures than the earlier import-policies. It placed particular emphasis on enabling an industry to work to full capacity in spite of the reduced availability of foreign exchange resources. This has been done by placing a larger number of items on the Free List, the Cash-Cum-Bonus and the Bonus Import Lists. The areas of administrative discretion in the operation and actual implementation of the import policy were reduced to the barest minimum. For instance, the Free List which accounted for 60.5 % of imports does not require any licence ; while licensing under Bonus and Cash-Cum-Bonus is also automatic with no discretion. Besides, quantitative restrictions on imports under Bonus were also lifted. This was done with the hope that the removal of administrative restrictions would enable industrialists and the business community to play a more effective role in the country's economic growth.

Free List.—The Free List contains 14 items. Of these, 5 items are importable exclusively by industries, 2 by public sector agencies and the rest 7 by all (excluding 3 items of iron and steel which are importable by Industry only). Importers are not required to take out import licences for these items. Facility to establish Repeat Letters of Credit on the production of Bills of Entry or of Lading was also provided, subject to certain formalities.

This list consists of such important industrial inputs as iron and steel; metal, non-ferrous and ferro-alloys; tools and workshop equipment; chemicals; insecticides and pesticides (for public sector); fractional low-lift pumps (for East Pakistan only); marine diesel engines and parts; fertilizers (for Public Sector); wood pulp, etc.

To prevent excessive/speculative imports, surcharges on a few selected items of iron and steel whose U. S. prices may be appreciably lower than the comparable Cash-Cum-Bonus price can also be levied.

Licensable List.—This list has been reduced to 25 items from 93 in the last shipping period, but includes such essential items as petroleum, oils and lubricants; drugs and medicines; books; magazines and journals; dyeing and tanning substances; scientific instruments, apparatus and appliances; tractors and power tillers, X-ray films and plates; rubber scrap, etc. The licensing of these items is on a liberal basis so as to ensure adequate supplies of these essential items at reasonable prices.

Cash-Cum-Bonus List.—During the shipping period of January-June 1968 the Cash-Cum-Bonus List has been increased to 70 items from 11 in July-December 1967. Significant additions are maintenance spares and components for assembly of motor/scooters industry. The inclusion of these items, along with a large number of essential raw materials, would greatly benefit the industrial sector. All industrial units are made eligible to receive licences, on an automatic basis, up to 100% of their assessed entitlement. In addition, Repeat Licences are also admissible on the production of Bill of Entry/Lading.

Bonus List.—The Bonus List has been enlarged to 242 items from 232 in the last import policy. A significant feature is the removal of all types of administrative restrictions on the quantum of imports under this List. The items covered by the Free, Licensable and Cash-Cum-Bonus Lists are also made importable under the Bonus Import List. This has been done in order to ensure the optimum utilization of the country's indigenous production capacity.

Export Performance Licences.—With a view to stimulating exports, liberal provision has been made for imports under this scheme. An exporter-manufacturer can get Cash licence for importing items required for producing the export product upto 30 % of the f.o.b. value. The scheme is currently under review.

Under this scheme, all exporting industries, other than the cotton and jute textile industries, were made eligible to import spares. The cotton and jute textile industries are to meet their requirements of spares on Cash-Cum-Bonus.

Licence to Actual Users.—Facility for Actual User Licence was allowed for 8 items (5 under Licensable List and 3 under Cash-Cum-Bonus list), including technical and scientific books, laboratory glassware and laboratory equipment, X-ray films for private clinics and clinics having X-ray plants and three-wheeler auto-rickshaws (for East Pakistan only).

Special Provisions for East Pakistan.—To meet some of the special requirements of East Pakistan, fractional low lift pumps were placed on the Free List, cotton yarn (80 units and above) on the Licensable List and 8 items on Cash-Cum-Bonus List, such as coconut oil (for commercial importers), copra for the coconut processing industry, milk condensed and sweetened, commercial vehicles, trucks and buses (CKD), auto-rickshaws without bodies etc.

Items Banned for Import—The import of 7 items has been banned to ensure optimum utilisation of the country's production capacity. Some of the items are art-silk yarn (which is made in Pakistan), fluorescent tubes and electric bulbs (coloured), white cement, soda ash etc. The industry has been put on notice that if prices rose or scarcities appeared in the market, imports might be allowed.

EXPORT POLICIES

During the Second Plan period (1960-65), the export earnings increased at an average annual rate of about 7 % against the projected 3 %. It is aimed to further improve this performance during the Third Plan period (1965-70).

The increase in exports has stemmed largely from the sound pattern of economic growth which made it possible to obtain a larger exportable surplus, the adoption by the Government of appropriate fiscal and momentary policies, the provision of export incentives and the introduction of an effective institutional framework. The initiative and drive shown by industrialists and businessmen were equally responsible for this impressive export performance.

In spite of the substantial increase in exports over the last few years the export-import gap is still considerable—it was Rs. 151.7 crore in 1965-66, Rs. 232.1 crore in 1966-67 and was Rs. 120.4 crore in 1967-68 (July-March). The improvement in the balance of trade in the current year is largely due to decline in imports.

Besides providing fiscal and monetary incentives and facilities, the Government have been trying to encourage exports by sending out official and businessmen's trade delegations and receiving foreign trade teams, entering into trade agreements, participation in international fairs and exhibitions, setting up export corporations for a number of goods, holding seminars and conducting short courses on marketing, improving the design and quality of goods etc.

A brief account of some of the export promotion schemes and measures is given in the following paragraphs.

Export Bonus Scheme

The Export Bonus Scheme was introduced with effect from 15th January, 1959 to increase the country's exports by means of a bonus on export earnings. It covers all items except the traditional primary commodities *viz.*, raw jute, raw cotton, hides and skins, tea, rice, cotton waste, cotton linters and fish. Some service industries are also entitled to bonus on their net foreign exchange earnings. The earnings from raw wool, including wool waste, become entitled to bonus with effect from 22nd November, 1967.

The Scheme has given a considerable impetus to industrial production and has greatly stimulated the country's export promotion efforts by facilitating the supply of raw materials and machinery to industries under bonus imports.

The successful operation of the scheme continued during 1967, and exports of commodities covered by it totalled Rs. 149.83 crore, against Rs. 146.19 crore in 1966, an increase of 2.5%. Table 69 shows the exports under the scheme since its inception.

Table 69

BONUS EXPORTS DURING 1959-67

(In crore rupees)

Year	Amount	% Increase
1959	55.16	..
1960	66.52	20.6
1961	72.47	8.9
1962	77.59	7.1
1963	88.94	14.6
1964	100.79	13.3
1965	107.83	7.0
1966	146.19	36.0
1967	149.83	2.5

Bonus earnings, *i.e.*, the share of foreign exchange given to exporters, during 1967 amounted to Rs. 37.32 crore as against Rs. 33.59 crore during 1966. Net foreign exchange earnings under the Scheme were Rs. 149.84 crore during 1967, compared to Rs. 112.60 crore in 1966, an increase of 33.1%.

Bonus earnings were utilized for the import of consumer goods, industrial raw materials, machinery and parts as shown in Table 70.

Table 70

IMPORTS UNDER THE EXPORT BONUS SCHEME

(In crore rupees)

Item	1963	1964	1965	1966	1967
Consumer goods	4.71	8.64	11.84	17.49	25.57
Industrial raw materials including iron and steel	8.64	9.82	8.87	17.88	13.92
Machinery and parts	6.93	7.94	6.74	4.64	3.66
Total ..	20.28	26.40	27.45	40.01	43.15

Note.—Excess of Imports over bonus earnings is due to advance licencing.

During 1967, there was a substantial increase in the import of consumer goods and a decline in the import of industrial raw materials and machinery and parts under the scheme. This shows that the demand for imported consumer goods was high during 1967 and there was less desire to set up additional capacity based on imported raw materials.

During 1967-68, some significant changes were effected in the Export Bonus Scheme. In April 1967, the period of validity of the bonus vouchers was reduced from 90 to 30 days, in order to accelerate the pace of their uilisation. The rate of bonus on jute manufactures was increased to 30% since April, 1967, of which 10% took the form of orninary bonus vouchers and 20% of "stamped" Vouchers. In November 1967, the rate of bonus on jute manufactures was fixed at 20% in ordinary bonus vouchers, which was raised to 30% from 7th February, 1968. Moreover, consequent upon the devaluation of the pound sterling in November 1967, an additional bonus of 10% was allowed on all goods except jute manufactures, and exports of raw wool including wool waste, became entitled to a 20% bonus.

Export Credit Guarantee Scheme

This scheme was introduced in May, 1962 in order to promote the export trade by providing guarantees against certain financial risks, not normally covered by insurance, borne by exporters in realising their sale proceeds from foreign buyers To achieve this objective, the scheme provides two types of cover : (i) the Pre-shipment Export Finance Guarantee to the banks against non-recovery of the loans given to exporters to facilitate execution of the export order, and (ii) the Post-shipment Comprehensive Guarantee of exporters against non-realisation of sale proceeds from buyers abroad in respect of exports made on credit.

Under this Scheme, cover is issued to exporters for a period of one year, but in specially deserving cases the Scheme may issue "selected market" policies. The policies cover both (a) the commercial risks arising out of the insolvency or failure of the buyers to pay exporters within six months after due date of payment, and (b) political risks, which include transfer risk caused by the operation of any law preventing or restricting the transfer of payment, import control restrictions, war and civil commotion risks, etc. The Scheme pays 75% of the losses on account of commercial risks and 90% of the losses on account of political risks. Initially, the political risks cover was 85% only.

In exceptional cases, the Scheme may issue covers to exporters in the national interest under the direction of the Central Government who, in such cases, underwrite the whole risk.

Initially, the Scheme was for a period of three years, but on the expiry of this period in May 1965 the working of the Scheme was reviewed and its life was extended for another five years, *i.e.*, up to May, 1970. It has also been decided to increase the working capital from Rs. 15 lakh to Rs. 40 lakh, the present working capital being Rs. 25 lakh.

The total cover in force at the end of 1967 amounted to Rs. 2.67 crore in respect of Comprehensive Guarantee and Rs. 22 lakh in respect of Export Finance Guarantee, as compared to Rs. 2.32 crore and Rs. 3 lakh respectively in 1966. The total number of policies in force was 266 in respect of Comprehensive policies and 21 in respect of Export Finance Guarantees. Claims totalling Rs. 73,791 were settled up to 1967.

The Scheme was authorised to issue cover in national interest in respect of exports made to Indonesia under Protocol I of the Pakistan-Indonesia Trade Agreement 1965. On this account, the Scheme received a premium of Rs. 11.54 lakh. Because of the non-receipt of payment from Indonesia, the Government advanced Rs. 3.89 crore by way of loan for the settlement of exporters' claims, against which claims for Rs. 3.80 crore have been settled.

Export Market Development Fund

Selling in foreign markets is becoming highly specialised. Besides the need to offer goods of a reliable standard at competitive prices, success requires foreign market surveys and dissemination of information among interested exportors. Since most of the exporters cannot afford to undertake such preliminary work, an Export Market Development Fund was created in January 1966. The Fund assists by grants the financing of projects relating to the survey of foreign markets for specified products and services, designing Pakistani products to suit the requirements of foreign buyers (one such centre has been opend at Karachi in cooperation with the Pakistan Council of Industrial Design), opening of display centres, opening of offices abroad, dissemination of information relating to foreign markets amongst exporters through seminars, publications, films and other media.

This Fund also extends consultative marketing services to exporters, organisations and industries engaged in export trade. It also cooperates with international and national organisations engaged in acitvities relating to marketing of goods

During 1966-67, the Fund contributed substantially to the promotion of exports through financing various activities, *viz.*, participation in exhibitions, exchange of businessmen's delegations, export publicity and other promotional measures such as the holding of seminars (two seminars were held at Dacca during 1967-68), training of business executives in export marketing etc. The Fund financed participation in 13 international exhibitions at a total cost of Rs. 7 lakh and handled six outgoing business delegations and incoming purchase and Goodwill Missions and Trade Missions from Europe, the Middle East and the Far East.

Trading Corporation of Pakistan

The Corporation was set up in July 1967 for the implementation of barter agreements with Socialist countries and imports of some bulk items from other countries. The Corporation operates only as a commission agent and imports goods in bulk from abroad on Government account, allocating them to commercial importers and industrial consumers under Government direction. This system of bulk purchase has led to economies through securing competitive quotations for cost and freight relative to bulked quantities. It charges a small commission for its services and transfers any profits to the Government.

It also negotiates contracts for exports to the Socialist countries. The Government announces from time to time the items and the countries from which imports can be made so that eligible importers can place orders with it. The Corporation thus consolidates orders and arranges bulk imports.

The Corporation also provides export facilities to the business community. It was noticed that exporters faced difficulties because the Socialist countries import goods through a single centralised agency, whereas in Pakistan there were numerous exporters of the same items. Through its specialised knowledge of world markets regarding specifications, design and import-export regulations, the Corporation could secure better prices for the items exported. It is, however, not intended that the Corporation should take over the entire trade with the Socialist countries.

The TCP was entrusted with the bulk import of certain items in the shipping period, July 1967 to December 1967 for the total value of Rs. 673.08 lakh. As a result of bulk importation of these items by TCP, Pakistan has saved Rs. 96 lakh in foreign exchange expenditure. These items include pig iron, aluminium ingot, sulphur, copper rods, steel stprips and zinc.

Export contracts of the value of Rs. 98.47 lakh have been concluded by the TCP with Poland and Bulgaria for cotton cloth and semi-tanned leather. TCP has also sold for export *Basmati* and *Begmi* rice of the value of Rs. 19.5 crore.

Trade Agreements

In order to diversify the country's export markets and the sources of supply of its import requirements, Pakistan entered into trade and barter agreements with seven countries between April 1967 and March 1968. These countries were Bulgaria, U S S R, Romania, China, Hungary, Poland and Ceylon. In addition, the validity period of existing agreements with 9 countries has been extended since April 1967. A brief account of these trade agreements is given in Appendix "A"

Exchange of Trade Delegations/Missions

Trade delegations/missions consisting of officials and non-officials and sales teams of businesmen are sent abroad from time to time to explore the possibilities of developing trade between Pakistan and other countries. The non-official members of such delegations get the opportunity of booking orders on the spot for the export of Pakistan products. Similarly, the delegations from foreign countries visit, or are invited to visit, Pakistan which enables them to establish close contacts with Pakistani suppliers of a variety of goods and also to see the quality of the goods on the spot.

(i) *Outgoing Trade Delegations.*—Trade missions consisting of officials and non-officials and sales teams of businessmen were sent from time to time to a number of countries to explore the possibilities of boosting exports. Between April 1967 and March 1968, eleven trade delegations were sent out. These were to Ceylon, Romania, East European Countries (USSR, Hungary and Poland), China (mainland), Arabic Peninsula, South East Asian Countries, Italy, East African Countries, Brazil etc.

(ii) *Incoming Delegations.*—During the period under review, thirteen trade delegations were received. The delegations were from USSR, Poland, Hungary, Romania, People's Republic of China, Japan, Ceylon, Jordan, Spain, Italy, UK etc. In addition to trade delegations and purchase missions, a number of foreign dignitaries also visited Pakistan at the invitation of the Export Promotion Bureau. They discussed with the Pakistani authorities possibilities of increased economic cooperation.

Fairs and Exhibitions abroad

International trade fairs and exhibition are the recognised world-wide media for development of trade and commerce between nations. They provide invaluable opportunities not only for publicity for the country as a whole but also for the display of its products and on-the-spot sale of goods and booking of orders. Participation in fairs and exhibitions may be arranged at government level, by the government in collaboration with the trade organisations, or exclusively by the trade organizations.

Between April 1967 and March 1968, Pakistan participated in as many as twelve fairs and exhibitions, (i) National Floor Covering Exhibitions, Montreal, (ii) Erie Country Fair and Exposition, Hamburg, New York, (iii) International Trade Fair, Izmir, (iv) International Frankfurt (Autumn) Fair, (v) 4th International Fair Algiers, (vi) Levant Fair, Bari, Italy, (vii) International Leather Week organised by the Council National du Cuir, Paris, (viii) Jamhuri Park Show, Nairobi, (ix) Y W C A International Bazar, Bangkok. (x) Tripoli International Fair, Libya, (xi) Daily Mail Ideal Home Exhibition, London, (xii) International Trade and Handicraft Fair, Munich.

In addition, single country exhibitions of Pakistan's products were organised in Kuwait, Jeddah, etc.

Pakistan Trade Offices Abroad

Trade offices abroad constitute one of the most effective instruments of trade promotion. These keep the Government and the trade posted with up-todate developments in the field of international trade and commerce, survey foreign markets for Pakistani products, report on the possibilities of introducing our goods abroad, help exporters in establishing contacts with foreign importers year, trade offices were opened in Kuwait, Jeddah, Baghdad, Beirut, Stockholm and Belgrade, and offices in Libya and Lagos will be opened shortly. During 1968—69 more trade offices are expected to be opened in Algeria, Argentina, Brazil, Jordan, the Philippines, Thailand, Turkey and Romania. In all, Pakistan will have 40 trade offices covering more than 75 countries, reflecting greater emphasis on trade with Socialist countries, the Middle East, Africa and Latin America.

Other Export Promotion Measures

Besides providing fiscal incentives and strengthening the institutional framework, the Government has taken a number of other measures to promote exports. These include liberal import facilities for export-oriented industries, export performance licensing, fixation of overall export targets and their distribution, both country and commodity wise, among individual units. Since the export trade has become highly competitive and complex because of quick changes in tariff schedules, currency regulations, quota restrictions etc., the Government have created a new cadre of trade officers for promoting exports. Besides a series of management training schemes sponsored by Government and other agencies, the Export Promotion Bureau conducted Advanced Export Marketing Management Seminars for the benefit of senior executives. These measures have been reinforced by making credit facilities available to exporters, fixing standards for export goods and pre-shipment inspection, allowing rebate of import duty and sales tax on the raw materials consumed in the manufacture of the goods exported, setting up the Jute Trading Company and the Tobacco Board, encouraging business travels and opening sales and display centres abroad etc.

In the international forum, continuous efforts are made to secure facilities for freer export of Pakistan products. At these conferences, Pakistan, along with the other developing countries, has been pressing for the stabilisation and improvement of the prices of primary commodities, removal of tariff and non-tariff barriers imposed by the rich nations on imports from the developing countries. These restictions on exports are adversely affecting the purchasing power of the developing countries and retarding their economic growth. Other points being emphasised by Pakistan include the provision on easy terms of development financing by the developed nations. As a result, some concessions have already been obtained. For example, under the Long-Term Cotton Textile Arrangement, which stands extended up to 30th September, 1970, increased quotas for the export of cotton piecegoods to USA, ECM countries, Austria, etc., have been secured.

INTERNATIONAL TRADE CONFERENCES

Pakistan's Role in the GATT

The Kennedy Round of Trade Negotiations which began in May 1964 successfully concluded on 30th June, 1967. About fifty countries, including Pakistan, took part in these negotiations. The countries that made tariff concessions account for about 75% of world trade and total concessions so far made affect trade valued at over $ 40 billion. The duty reductions on industrial products range between 25 to 50% of the existing rates and average approximately 35%. The tariff reductions will be phased over a period of five years, beginning 1st January, 1968. Since the concessions agreed to will be extended to all participants in the negotiations on a most-favoured-nation basis, the develop-

Separate agreements were negotiated on grains, chemical products, and anti-dumping policies. The negotiation on grains resulted in agreement on basic minimum and maximum prices for wheat and the provision of food aid for developing countries amounting to 4.5 million metric tons annually, initially for a period of three years.

The results obtained in the Kennedy Round fell short of developing countries' expectations as a satisfactory settlement had not been reached on the advance implementation of concessions in favour of developing countries, reduction or elimination of duties on products of particular export interest to these countries, tropical products, commodity agreements, compensation for loss of preferences and removal of non-tariff barriers. However, in response to the request made by the developing countries, a number of developed countries have notified lists of products of interest to developing countries on which tariff reductions made by them in the Kennedy Round would be implemented without phasing.

The Committee on Trade and Development held two sessions, in July and November 1967, and established an *ad-hoc* Group to make an assessment of the results of the Kennedy Round for developing countries, to identify specific problems that might have prevented fuller action, and to suggest future action. The *ad-hoc* Group met on October 26, 1967. While some members of the Group felt that the results of the negotiations, taken as a whole, afforded substantial benefit for developing countries, others maintained that the most important problems in the field of trade remained unresolved. The Group, therefore, identified major problems which prevented fuller action in the negotiation and made a series of suggestions for expanding the trade of developing countries.

Side by side with the general negotiations in the Kennedy Round, the less-developed countries intitiated a separate round of trade negotiations among themselves, under the auspices of the GATT, for the purpose of expanding their mutual trade. It was agreed that the establishment of preferences among the less-developed countries, if appropriately administered and subject to necessary safeguards, could make an important contribution to the expansion of trade among them. A Trade Negotiations Committee has, accordingly, been set up to supervise these negotiations. The Committee has held several meetings and a date has been set for the submission by interested developing countries of indicative request lists to serve as a basis of discussion and negotiations which are progressing. Pakistan is also participating in these negotiations.

The twenty-fourth session of the Contracting Parties to the GATT was held in Geneva from 9th to 24th November, 1967. The Pakistan delegation took an active part in its deliberations. At the close of the Session, Pakistan was elected one of the threeVice-Chairman of the Contracting Parties for the ensuing year. Important items discussed at the session were : trade of the less-developed countries, import restrictions applied contrary to the GATT by developed countries and not covered by waivers, trade in cotton textiles, establishment of an International Trade Centre to be operated jointly by GATT and UNCTAD for the developing countries. The Contracting Parties agreed that an essential first task was to secure the full implementation of all the results agreed upon in the Kennedy Round, but noted that, in the light of the recent conclusions of the Kennedy Round, no new major initiative for a multilateral and comprehensive move forward could be expected in the near future. Against this background, it was decided to establish a Committee on Trade in Industrial Products to explore the possibilities of further liberalisation of trade and to set up an Agricultural Committee to examine the problems in this sector for attaining the objectives of the General Agreement. The examination will cover all agricultural products important in international trade. Certain conclusions relating to the trade of developing countries were also reached by the Contracting Parties.

The General Assembly of the United Nations and the Contracting Parties to the GATT decided to integrate, with effect from 1st January, 1968, the programme, activities and resources of UNCTAD and GATT in the field of export promotion assistance for the developing countries through a jointly-operated International Trade Centre. The Centre's activities in 1968 will initially be based on the programme and facilities of the existing GATT International Trade Centre which has been providing developing countries with information on export markets and marketing and helping them develop their export promotion services and train the personnel needed for these services. The programme will incorporate UNCTAD's activities in the field of export promotion projects financed under the United Nations Technical Corporation Programme.

United Nations' Conference on Trade and Development (UNCTAD)

The Second UNCTAD held its two-month long session from 1st February to 29th March, 1968 in New Delhi (India). The session was attended by about 1,600 delegates from 123 member countries, 15 special agencies, four economic commissions, 20 inter-governmental organisations and seven study groups and councils. Pakistan was represented by 13-man delegation led by the Commerce Minister.

Objectives.—The objectives of UNCTAD II, in terms of the UN General Assembly Resolution No. 2296(XXII) adopted at its 22nd Session held in November 1967, were as under :

(*a*) To re-evaluate the economic situation and its implications for the implementation of the recommendations of the first session of UNCTAD;

(*b*) To achieve, through appropriate forms of negotiations specific results that ensure real progress in international co-operation for development ;

(*c*) To explore and investigate matters requiring more thorough study before agreements can be envisaged.

Agenda for the Conference.—The agenda for the Conference was finalised at the fourth and the fifth sessions of the UNCTAD Board and in consultation with member governments. Among questions on the provisional agenda were : trends and problems of world trade and development ; commodity problems and policies; expansion and diversification of exports of manufactures and semi-manufactures of developing countries ; growth of development finance and aid ; problems of developing countries in regard to invisibles and shipping ; trade expansion and economic integration among developing countries, and special measures to be taken in favour of the least developed among the developing countries, etc. The UNCTAD Secretariat prepared for discussion numerous studies and research documents running into hundreds of pages on the various items included in the Agenda of the Second Session.

Preparation for the Conference.—A number of inter-governmental meetings at the ministerial level of Member States of UNCTAD were convened, particularly in the last quarter of 1967, to consider the issues before the New Delhi Conference with a view to contributing to its success. Among others, a Ministerial Meeting of the "Group of 77" (which now comprises from 89 developing countries of Africa, Asia and Latin America) was held at Algiers from 10th to 25th October, 1967. The Meeting adopted the "Charter of Algiers", covering substantive issues on the agenda of the second Conference which was circulated as a document of the Conference.

Charter of Algiers.—Adopted at the Conference held in Algiers, the Algiers Charter, *Inter alia*, stated that the promises of the First United Nations Conference on Trade and Development had remained by and large unrealized, and that "the rate of economic growth of the developing world had slowed down and the disparity between it and the affluent world was widening".

The Charter demanded a radical reform of world trade and aid practices, preferences in industrialized markets for manufactures and semi-manufactures of the developing countries, and a series of international agreements to stabilize prices for the basic commodities that make up 80 % of the exports of the developing countries.

The Algiers Charter also called upon the socialist countries to reduce the gap between the import and sale prices of products originating from the developing countries in order to promote the Consumption of these commodities. It also objected to the resale of items obtained by the Communist countries from developing countries which acts as a depressant on prices and markets which the developing countries need.

Inauguration of the Conference.—The Conference was opened on Ist February 1968 by the Prime Minister of India. As representative of the host country, the Indian Commetce Minister was elected President of the Conference. The Conference also elected 27 Vice-Presidents and a Rapporteur. Pakistan was elected as one of the Vice-Presidents.

The subjects on the agenda were discussed both in the Plenary Session of the Conference and the sessions of its main committees and working groups. Besides, the UN Secretary-General and the Secretary-General of UNCTAD, the Conference was addressed by many heads of Delegations. In their statements, the heads of delegations stressed on the issues which they considered as important. The entire spectrum of the Conference agenda was thus covered in the general debate in the plenary sessions of the Conference. However, substantive discussions on specific issues were carried on in the Committee and Working Groups.

The following Committee and Working Groups were set up by the Conference :

1. Committee I on Commodity problems and policies.
2. Committee II on expansion of exports of manufactures and semi-manufactures from developing countries.
3. Committee III on growth of development finance and aid.
4. Committee IV on invisibles including shipping.
5. Committee V on trends and problems in world trade.
6. Working Group I on world food problems.
7. Working Group II on trade expansion and economic integration among developing countries.
8. Working Group III on special problems of land locked countries.

Pakistan was a member of all these five Committees and also was elected as a member of the three Working Groups. Pakistan was also elected as Rapporteur of Committee II on manufactures and Semi-manufactures.

The discussions at the plenary sessions and in the Committees indicated that approaches to the various problems before the Conference differed among countries or group of countries.

Resolution Passed by the Conference.—Efforts were, accordingly, made in the concluding stages of the Conference to arrive at compromise solutions. These compromises are reflected in the 32 resolutions passed by the Conference.

On Commodities, the Conference recommended series of actions on specific primary products. Of special interest to Pakistan is the recommendation about the trade in jute. The Conference has called for more effective international action for stabilisation of the price of jute and recommended that the possibility of setting up an appropriate buffer stock scheme should be explored.

In the field of manufactures, the Conference took note of the unanimous agreement in favour of early establishment of a mutually acceptable system of generalised non-reciprocal and non-discriminatory preferences which should be beneficial to the developing countries. To this end, the Conference established a special Committee on Preferences to explore a practical scheme of preferences aimed at increasing the export earnings of the developing countries, promoting their industrialisation and increasing their rate of economic growth.

A new target for aid to developing countries was adopted by UNCTAD II, namely, that developed countries should endeavour to provide annually to developing countries financial resources transfers equivalent to a minimum of I % of their GNP at market prices in terms of actual disbursement, having regard to the special position of those countries which are net importers of capital. While the developing countries and some donor countries were of the view that this target should be achieved by 1972, some other donor countries stated that they were prepared to meet it by 1975. All other donor countries, however, were unable to accept this position.

The Conference endorsed the views that the terms of development assistance remained too hard and requested IBRD to prepare a study for possible improvement in techniques of lending conditions and schedule of repayment.

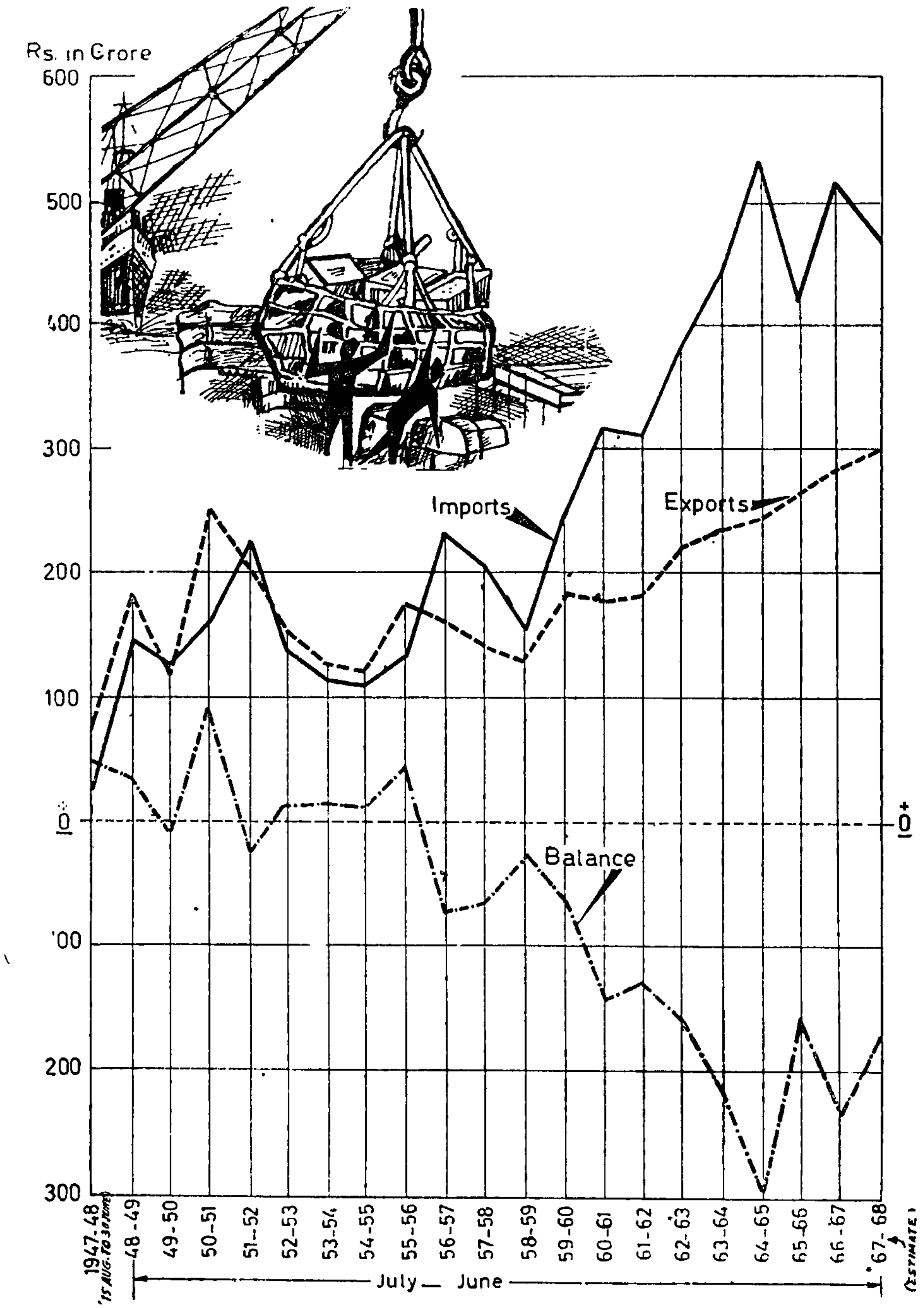
In the Shipping Committee which dealt with the problem of invisibles like shipping, insurance and tourism in the context of improving the balance of payments position of the developing countries, the Conference adopted ten resolutions. Further useful action is possible in the context of recommendations contained in these resolutions particularly on those relating to consultations with Conference Lines on shipping, reduction of freignht rates, development of ports and expansion of merchant marines of the developing countries.

A concerted Declaration for support of trade promotion and economic co-operative efforts among developing countries themselves was adopted by the Conference in very general terms. The effect of the Declaration will be that regional arrangements set up by the developing countries will receive commercial concessions and financial and technical assistance on a case by case basis. In this connection, the Conference took note specifically of the achievements of RCD. (Regional Cooperation for Development between Pakistan, Iran and Turkey).

There was a general sympathy in the Conference for the land-locked countries. A resolution was adopted unanimously emphasising the importance of bilateral consultation between transit and land-locked countries concerned and stressed that bilateral agreements be concluded between them to overcome the difficulties encountered by the land-locked countries.

Assessment of the Results.—The outcome of the Conference was generally disappointing as it failed to produce any concrete programme of action for tackling the trade and aid problems of the developing countries. A consoling factor was that it helped in creating greater awareness of the problems of the developing countries.

FOREIGN TRADE



CHAPTER IX

TRADE AND BALANCE OF PAYMENTS

During 1966-67 the value of Pakistan's visible exports (excluding re-exports of Rs. 4.18 crore) amounted to Rs. 287.09 crore, compared to Rs. 269.10 crore in 1965-66, an increase of 6.7 %. Indications are that exports may rise further during 1967-68 as during the period July—March, they stood at Rs. 231.37 crore compared to Rs. 215 crore during the same period of 1966-67.

Imports during 1966-67 stood at Rs. 519.23 crore, compared to Rs. 420.83 crore in 1965-66, an increase of 23.4 % This increase was due to increased availability of Foreign economic assistance, particularly Commodity Aid, as well as heavy imports of foodgrains. During the first nine months of 1967-68, imports were Rs. 351.75 crore, compared to Rs. 362.33 crore during the same period of 1966-67. The adverse balance of trade increased from Rs. 151.73 crore in 1965-66 to Rs. 232.14 crore in 1966-67. During the first nine months of 1967-68, it stood at Rs. 120.38 crore compared to Rs. 147.33 crore during the same period of 1966-67.

Trade between East Pakistan and West Pakistan which was valued at Rs. 186.04 crore in 1965-66, increased to Rs. 206.37 crore in 1966-67. It amounted to Rs. 101.29 crore during the first half of 1967-68, compared to Rs. 97.52 crore in the same period of 1966-67.

FOREIGN TRADE @

Balance of Trade

While Pakistan's exports have been growing every year, its balance of trade has shown a constant adverse trend since the launching of the Second Five Year Plan, as imports have grown at a faster rate than exports.The adverse balance increased from Rs. 151.73 crore in 1965-66 to Rs. 232.14 crore in 1966-67. During the first nine months of 1967-68, it stood at Rs. 120.38 crore compared to Rs. 147.33 crore during the corresponding period of 1966-67.

Exports

Exports from Pakistan have been rising since 1960-61 as shown in Table 71.

Table 71

TRENDS OF EXPORTS AND IMPORTS

(In crore rupees)

Year (July-June)	Exports*	Percentage change over preceding year	Imports	Percentage change over preceding year
1959-60	183.20	..	246.10	..
1960-61	178.64	—2.5	318.76	+29.5
1961-62	182.46	+2.1	310.91	—2.5
1962-63	222.31	+21.8	381.88	+22.8
1963-64	228.03	+2.6	443.02	+16.0
1964-65	239.54	+5.0	537.42	+21.3
1965-66	269.10	+12.3	420.83	+21.7
1966-67	287.09	+6.7	519.23	+23.4
1967-68**	300.00		470.00	..
1967-68*** (July-March)	231.37	..	351.75	..

*Exports do not include re-exports.
**Estimated.
***Provisional.

@ Analysis in this section is based on the statistical data published by the Central Statistical Office. This data is some-what different from the statistics published by the State Bank of Pakistan, which have been used in the analysis in the section dealing with balance of payments. The differences between the trade statistics issued by the C.S.O. and by the State Bank of Pakistan have been explained in Appendix B.

Exports from Pakistan increased by 6.7% from Rs. 269.10 crore in 1965-66 to Rs. 287.09 crore in 1966-67. The growth rate was, however, lower than the 12.3 % recorded, in 1965-66 over 1964-65. The growth rate during the first nine months of 1967-68, however, increased over the exports of the same period of 1966-67, as the exports were valued at Rs. 231.37 crore compared to Rs. 215.00 crore during the respective period, an increase of 7.6 %.

Pakistan's exports are not keeping pace with its imports. The latter are partly financed from the country's own resources and partly from foreign credits, loans and grants and foreign private investment. The ratio of the country's exports to imports since 1959-60 has been indicated in Table 42 in the Statistical Section.

Composition of Exports

Table 72 indicates the significant structural changes in the country's export trade in recent years.

Table 72

EXPORTS BY COMMODITY GROUPS

(value in crore rupees)

Year	Total	FOOD		RAW MATERIALS		MANUFACTURES	
		Value	Percentage share	Value	Percentage share	Value	Percentage share
1959-60 ..	183.20	16.60	8.7	114.89	62.7	51.71	28.2
1960-61 ..	178.64	13.00	7.2	116.48	65.2	49.16	27.5
1961-62 ..	182.46	20.87	11.4	116.52	63.8	45.07	24.7
1962-63 ..	222.31	33.66	15.1	138.55	62.3	50.10	22.5
1963-64 ..	228.03	25.68	11.3	131.07	57.5	71.28	31.3
1964-65 ..	239.54	26.78	11.1	135.98	56.8	76.87	32.1
1965-66 ..	269.10	20.00	7.4	133.75	49.7	115.35	42.9
1966-67 ..	287.09	31.05	10.8	134.12	46.7	121.92	42.5
1967-68 (July-March). ..	231.37	18.61	8.0	108.11	46.8	104.65	45.2

While the percentage share of food and raw materials in exports is declining, the share of manufactured goods has been increasing steadily in recent years. The share of manufactured goods in exports rose during 1966-67 to 42.5% of the total. Table 73 shows the value of major exports.

Table 73

MAJOR EXPORTS

(In crore rupees)

Commodity	1964-65	1965-66	1966-67	1967-68* (July-March.)
A. Primary Products :				
Raw Jute	84.54	86.32	87.02	65.04
Raw cotton	28.70	27.84	29.06	28.59
Hides and Skins	3.53	3.04	1.16	0.59
Raw Wool	5.87	6.04	3.15	2.56
Tea	1.01	1.10	0.08	..
Fish	8.50	4.77	6.08	4.19
Rice	12.03	13.25	17.59	9.95
Other primary products	13.70	18.13	15.69	15.61
Total	157.88	160.49	159.83	126.53
B. Manufactures :				
Cotton yarn and piece goods	27.22	25.42	27.69	28.99
Jute manufactures	30.07	57.25	58.10	46.04
Leather and leather goods	5.87	10.07	12.81	8.47
Other manufactures	18.50	15.87	28.66	21.34
Total	81.66	108.61	127.26	104.84
Grand Total	239.54	269.10	287.09	231.37

*Provisional.

Exports of almost all commodities and goods increased during 1966-67. Raw jute yielded about 1 % more foreign exchange earnings in 1966-67, the highest since 1952-53. Similarly, there was a 4.4 % increase in 1966-67 in exports of raw cotton and this is likely to increase further during 1967-68, as a result of a good crop and favourable world market conditions. Some new primary commodities are coming up as important foreign exchange earners, most important being rice and fish. Rs. 17.59 crore were earned from exports of rice in 1966-67 which was a new record.

Efforts are being made to increase the country's exports through new incentives. In the past, major primary commodities were not eligible for export under the Export Bonus Scheme, but in 1967 the Government decided to give a 10 % bonus for the export of raw wool as the export of this commodity had declined in recent years. As a result, the export is likely to increase in 1967-68, since its value during the first nine months of the year stood at Rs. 2.56 crore, which is 34.7 % more than in the same period of 1966-67. The Indo-Pakistan conflict gave a set-back to the export of fish in 1965-66. Efforts were made to find markets other than India and as a result exports of fish increased by 27.5 % in 1966-67. These are likely to increase further in 1967-68, as a result of the various measures taken by the Government designed to increase fish production for export.

The export of jute goods reached a record level in 1966-67. However, some difficulties are being experienced in increasing the export due to severe Indian competition and low export prices.

The export of cotton textiles and manufactures also reached the highest level in 1966-67 and is likely to increase further in 1967-68, as indicated by the export trends for the July—March period compared to the same period of 1966-67.

Some of the primary commodities are being increasingly processed locally and exports of manufactured goods are replacing exports of raw materials. For instance, the exports of hides and skins are decreasing while those of leather and leather goods are increasing.

Imports

Imports increased faster than exports in 1966-67. They amounted then to Rs. 519.23 crore, 23.4 % more than in 1965-66, when they were Rs. 420.83 crore. Imports in 1965-66 declined substantially because of Indo-Pakistan War in September 1965, and the reduced availability of foreign economic aid and loans. During the first nine months of 1967-68, imports were Rs. 351.75 crore, compared to Rs. 362.33 crore during the same period of 1966-67.

Composition of Imports

The pace of development is bringing about changes in the pattern of imports. Imports of consumer goods are going down gradually because of increased local production, while more and more industrial raw materials and capital goods are being imported for industrial development. This is evident from Table 74.

Table 74

IMPORTS BY ECONOMIC GROUPS

(In crore rupees)

Year	Total	Consumer Goods	Industrial Raw Material			Capital goods
			Total	For consumer goods	For capital goods	
1960-61	318.80	93.10	104.30	46.20	58.10	121.40
1961-62	310.90	68.80	95.40	48.90	46.50	147.70
1962-63	381.90	76.60	113.30	64.50	48.80	192.00
1963-64	443.00	95.60	139.00	63.00	76.00	208.40
1964-65	537.40	118.80	149.70	86.20	63.50	268.90
1965-66	420.80	74.80	122.50	77.30	45.20	223.50
1966-67	519.20	118.50	166.10	93.80	72.30	234.60
1967-68 (July—March) ..	351.80*	74.70	104.00	61.00	43.00	173.10

* Provisional.

The share of consumer goods in the imports at 23 % in 1966-67 was higher than 18 % in 1965-66 because of heavy imports of foodgrains. This increase as well as the reduced availability of Commodity Aid caused a decline in the shares of capital goods and industrial raw materials.

Table 75 shows the imports of major commodities and goods in recent years.

Table 75

MAJOR IMPORTS

(In crore rupees)

Item	1964-65	1965-66	1966-67	1967-68 (July—March)
Chemicals	10.75	5.46	9.92	5.90
Drugs and medicines	11.58	7.14	8.16	5.24
Electrical goods	32.91	31.41	30.21	22.57
Dyes and colours	11.76	6.44	8.76	4.27
Machinery	93.55	93.30	96.21	82.41
Paper and Stationery	4.63	5.13	7.38	4.02
Rubber manufactures	6.98	4.01	4.36	2.38
Transport equipment	53.71	46.65	46.71	31.76
Iron and steel and manufactures	87.78	47.59	63.66	27.96
Non-ferrous metals and manufactures	10.62	6.86	15.27	8.62
Mineral oils	12.55	14.70	25.91	17.56
Vegetable oils	20.47	16.06	9.44	10.67
Foodgrains	68.03	36.89	77.07	53.18
Other imports	112.10	99.19	116.17	75.21
Total	537.42	420.83	519.23	351.75

It will be seen that the imports of machinery continued to top the list of all imports and reached the high level of Rs. 96.21 crore in 1966-67, an increase of 3.1 % over 1965-66. During the first nine months of 1967-68, these amounted to Rs. 82.41 crore, compared to Rs. 64.26 crore during the same period of 1966-67.

Foodgrains were the second most important import in 1966-67, being valued at Rs. 77.07 crore. Food imports are estimated to be lower during 1967-68 and are likely to decline substantially in 1968-69 and subsequent years because of good rice and wheat crops in 1967-68 and the Government drive to attain self-sufficiency in food by 1970.

The imports of iron and steel, valued at Rs. 63.66 crore in 1966-67, were about 33 % higher than 1965-66. The imports of mineral oils are also increasing, and were 76.3 % higher in 1966-67 than in 1965-66. The imports of transport equipment, valued at Rs. 46.71 crore, were almost the same as in 1965-66. The same was the case with electrical goods and machinery. The imports of vegetable oils declined by about 41.2 % in 1966-67 because of increased local production.

INTER-ZONAL TRADE

Trade between East Pakistan and West Pakistan continued to grow, although at a slower rate, in 1966-67. The rate of growth was 10.9 % as compared to 31.8 % in 1965-66. During the first six months of 1967-68, the value of inter-zonal trade stood at Rs. 101.3 crore, compared to Rs. 97.5 crore during the same period of 1966-67, an increase of 3.9 %. Table 76 shows the trend of inter-zonal trade since 1960-61.

Table 76

INTER-ZONAL TRADE

(Amount in crore rupees)

Year	Exports from East Pakistan to West Pakistan		Exports from West Pakistan to East Pakistan		Total Inter-zonal Trade	
	Amount	Index (1948-49 =100)	Amount	Index (1948-49 =100)	Amount	Index (1948-49 =100)
1960-61	36.35	1,861.11	82.55	587.24	118.90	744.8
1961-62	40.20	2,034.84	85.51	682.18	125.71	784.9
1962-63	47.15	2,389.39	95.72	143.18	142.87	893.2
1963-64	51.12	2,581.81	89.52	638.06	140.64	878.4
1964-65	53.71	2,712.63	87.45	623.31	141.16	881.7
1965 66	65.18	3,291.42	120.86	861.44	186.04	1,162.0
1966-67	73.89	3,731.81	132.48	944.26	206.37	1,289.01
1967 68 (July—Dec.) ..	40.15		61.14		101.29	

Exports from East Pakistan to West Pakistan have been increasing continuously since 1948-49. During 1966-67, they rose by 13.4 % as compared to 21.4 % in 1965-66. The rise was mainly due to increased exports of almost all primary commodities and tea. Exports from East Pakistan to West Pakistan were valued at Rs. 40.15 crore during the first half of 1967-68.

Exports from West Pakistan to East Pakistan increased by 9.6% in 1966-67 over 1965-66, as against an increase of 38.2% in 1965-66 over 1964-65. The rise was mainly due to increased exports of cement, wheat and other cereals, cotton fabrics, soap and rubber manufactures. Exports from West Pakistan to East Pakistan were Rs. 61.14 crore during the first half of 1967-68.

Composition of Inter-zonal Trade

The share of manufactured goods in the inter-zonal trade is much higher than the share of primary commodities, *i.e.* 72 % in 1966-67.

The composition of exports from East Pakistan to West Pakistan is shown in Table 77.

Table 77

COMPOSITION OF EXPORTS FROM EAST PAKISTAN TO WEST PAKISTAN

(In crore rupees)

	1964-65	1965-66	1966-67	Percentage change in 1966-67 over 1965-66	1967-68 (July—Dec.)
Pakistan merchandise					
(*a*) *Primary Products*					
1. Betelnuts	1.56	0.75	0.79	(+) 5.33	0.39
2. Spices	1.10	1.46	1.80	(+)23.28	0.62
3. Wood and Timber ..	0.77	0.65	0.92	(+)41.53	0.52
4. Others	1.38	1.86	2.47	(+) 3.24	0.63
Total (*a*) ..	4.81	4.72	5.98	(+)26.69	2.16
(*b*) *Manufactured goods*					
1. Tea	18.54	24.34	28.73	(+)18.03	14.45
2. Jute goods	10.49	13.75	13.59	(—) 1.17	7.46
3. Paper and paper board	8.59	7.89	7.63	(—) 3.3	4.48
4. Matches	2.62	3.96	2.95	(—) 25.51	1.30
5. Leather	2.26	2.32	2.46	(+) 6.03	1.39
6. All other articles ..	6.29	7.99	10.69	(+)33.75	8.58
Total (*b*) ...	48.79	60.25	66.05	(+) 9.62	37.66
Total Pakistan merchandise	53.60	64.97	72.03	(+)10.86	39.82
Foreign Merchandise ...	0.11	0.21	1.86	(+)785.71	0.33
Grand Total ..	53.71	65.18	73.89	(+)13.36	40.15

Exports of primary commodities from East Pakistan to West Pakistan in 1966-67 was 26.7 % greater than in 1965-66. The increase was marked in grams and pulses, fruits and vegetables, oilseeds, nuts and oil kernels and wood and timber. Export of manufactured goods rose by about 9.6 % during the year under review. The increase in exports of tea and of cotton piece-goods was largely responsible for the rise in the export of manufactured goods.

The composition of exports from West Pakistan to East Pakistan is shown in Table 78.

Table 78

COMPOSITION OF EXPORTS FROM WEST PAKISTAN TO EAST PAKISTAN

(In crore rupees)

Commodities	1964-65	1965-66	1966-67	Percentage Change in 1966-67 over 1965-66	1967-68 (July—Dec.)
Pakistan Merchandise					
(*a*) *Primary Products*					
1. Oil seeds	8.92	13.46	9.57	(—)28.91	6.23
2. Cotton raw ..	8.13	13.64	9.38	(—)31.24	3.54
3. Tobacco	4.76	6.54	9.54	(—)45.87	7.12
4. All other articles ..	3.31	2.64	3.99	(+) 51	2.35
Total (*a*) ..	26.51	51.04	46.46	(—) 8.97	22.85
(*b*) *Manufactured goods*					
1. Cotton fabrics ..	17.61	18.34	22.10	(+)20.50	9.62
2. Cotton yarn and thread	7.78	10.20	5.69	(—)44.22	2.82
3. Machinery	3.83	5.21	5.32	(+) 2.4	3.51
4. Drugs and medicines	4.42	5.50	5.96	(+) 8.36	3.53
5. Tobacco manufactures	4.19	3.83	2.61	(—)31.86	1.14
6. Metal manufactures ..	1.40	1.27	1.49	(+)17.32	0.94
7. Rape and mustard oil	1.24	0.73	1.55	(+)112.32	1.38
8. Rubber manufactures	0.69	0.86	2.26	(+)162.79	1.41
9. Paper and paste paper	0.57	1.22	2.05	(+)68.03	0.70
10. Vegetable oil ...	1.10	1.10	1.50	(+)36.36	2.14
11. Cement	0.02	1.33	6.09	(+)357.89	2.19
12. All other articles ..	18.09	18.35	27.38	(+)49.21	7.68
Total (*b*) ..	59.17	67.94	84.00	(+)23.64	37.06
Total Pakistan Merchandise	85.68	118.98	130.46	(+) 9.65	59.91
Foreign Merchandise	1.77	1.88	2.02	(+) 7.44	1.23
Grand Total ..	87.45	120.86	132.48	(+) 9.61	61.14

The share of primary commodities in the exports from West Pakistan to East Pakistan declined and the share of manufactured goods increased in 1966-67.

The exports of primary commodities from West Pakistan to East Pakistan declined by 8.9 % and the exports of manufactured goods rose by 22.6 % in 1966-67 over the previous year. Among the primary commodities, wheat and other cereals and fruits and vegetables and among the manufactured goods, cement, rubber manufactures, soap and cotton fabrics made the largest contribution to the increase in exports.

The inter-zonal trade is helping the industrial development of both the Provinces. It is expected that with the expansion of the Pakistan Merchant Navy, the volume of inter-zonal trade will increase considerably and as a result, the tempo of industrial development in the country will also rise considerably.

BALANCE OF PAYMENTS

Pakistan's overall balance of payments position during the year 1966-67 exhibited a deficit of Rs. 37.29 crore, as compared to the surplus of Rs. 7.24 crore in the preceding year. The deficit in 1966-67 was the combined result of an adverse balance of Rs. 304.94 crore on goods and services account and net inflows of Rs. 100.61 crore and Rs. 167.04 crore on transfer payments and capital accounts respectively.

Table 79 shows the major heads of Pakistan's Balance of Payments.

Table 79

MAJOR HEADS OF BALANCE OF PAYMENTS

(In crore rupees)

	1965-66	1966-67	July-December	
			1966	1967
Goods and Services	(—) 230.52	(—) 304.94	(—) 142.55	(—) 176.05
Transfer payments	(+) 105.81	(+) 100.61	(+) 54.76	(+) 72.60
Capital Transactions	(+) 131.95	(+) 167.04	(+) 58.77	(+) 84.36
Total ..	(+) 7.24	(—) 37.29	(—) 29.02	(—) 19.09

The net deterioration of Rs. 44.53 crore in the overall balance of payments may be compared with the fall of Rs. 42.57 crore in the net position of monetary institutions which in 1965-66 had improved by Rs. 8.79 crore. The gold, dollar and sterling reserves held and controlled by the State Bank of Pakistan decreased over the year by Rs. 47.01 crore, from Rs. 126.33 crore to Rs. 79.32 crore. The reserves on the 31st December 1967 were Rs. 75.89 crore.

The balance of payments is summarised in Table 80.

Table 80

BALANCE OF PAYMENTS

(In crore rupees)

Items	1965-66	1966-67	July-December	
			1966	1967
Goods and Services	(—) 230.52	(—) 304.94	(—) 142.55	(—) 176.05
Transfer Payments	(+) 105.81	(+) 100.61	(+) 54.76	(+) 72.60
Capital Transactions	(+) 131.95	(+) 167.04	(+) 58.77	(+) 84.36
Monetary Movements	(—) 8.79	(+) 42.57	(+) 29.42	(+) 27.18
of which Gold, Dollar and Sterling reserves	(—) 31.16	(+) 47.01	(+) 32.40	(+) 3.43
Others	(+) 22.37	(—) 4.44	(—) 2.98	(+) 23.75
Balancing item	(+) 1.55	(—) 5.28	(—) 0.40	(—) 8.09

Merchandise Account

During 1966-67, the deficit in the merchandise account increased substantially to Rs. 222.89 crore, as against Rs. 167.89 crore in 1965-66. The deterioration of Rs. 55.00 crore over 1965-66 was accounted for by an increase of Rs. 61.55 crore in import payments partially offset by an increase of 6.55 crore in export proceeds. Of the total imports of Rs. 498.12 crore, those financed by foreign loans and credits amounted to Rs. 131.98 crore as compared with Rs. 105.07 crore in 1965-66, while those made against outright grants, P L-480, and loans repayable in rupees aggregated to Rs. 46.76 crore as against Rs. 45.91 crore in 1965-66. The expenditure on account of Indus Basin (treated as imports in the balance of payments accounts) during 1966-67 fell to Rs. 32.79 crore as compared to Rs. 44.84 crore in 1965-66.

The estimates of foreign investments in the form of capital goods and reinvested earnings increased from Rs. 4.14 crore in 1965-66 to Rs. 4.62 crore in 1966-67. The remaining imports which were financed from Pakistan's own exchange resources and the resources of PICIC and Pakistan's diplomatic missions abroad were of the order of Rs. 281.98 crore, as compared with Rs. 236.61 crore in 1965-66. The deficit in the visible trade account during the first half of 1967-68 stood at Rs. 136.73 crore, exports being Rs. 123.86 crore and imports Rs. 260.59 crore. The relative position of the various component items of the merchandise account is given in Table 81.

Table 81

COMPONENTS OF MERCHANDISE ACCOUNT

(In crore rupees)

Item	1965-66	1966-67	July-December	
			1966	1967
Exports (f.o.b.)	268.68	275.23	127.91	123.86
Imports (f.o.b.) of which financed by ..	436.57	498.12	230.67	260.59
(*i*) Foreign Loans credits	105.07	131.98	47.72	53.49
(*ii*) Transfer payments (Aid and Grants)	45.91	46.76	24.48	38.41
(*iii*) Indus Basin Expenditure ..	44.84	32.79	13.65	27.14
(*iv*) Foreign Investment .. .. and	4.14	4.62	2.28	2.73
(*v*) Own resources-Missions and PICIC	236.61	281.98	142.54	138.82

Recorded exports during 1966-67 were Rs. 282.64 crore, compared to Rs. 276.88 crore in 1965-66, an increase of 2.1 %. Exports during the first six months of 1967-68 were Rs. 127.94 crore, compared to Rs. 131.46 crore during the same period of 1966-67. Table 82 shows the details of major exports.

Table 82

RECORDED RECEIPTS FROM EXPORTS

(In crore rupees)

	1965-66	1966-67	July—December	
			1966	1967
Jute Raw	97.73	90.91	38.89	39.14
Jute Manufactures	59.17	63.08	34.64	28.23
Cotton Raw	28.63	26.09	3.85	8.81
Cotton Manufactures	14.04	15.43	6.73	8.25
Rice	12.70	14.98	10.10	7.12
Cotton Yarn	8.92	10.21	4.99	8.10
Leather Tanned	7.72	11.34	6.34	4.18
Wool Raw	6.74	3.98	2.10	1.59
Fish	6.14	6.91	3.60	3.65
Hides and skins	3.00	1.33	0.69	0.89
Garments and Hosiery	2.18	3.15	2.01	0.81
Sports Goods	2.16	2.30	1.07	1.02
Cotton Waste	2.15	1.72	1.04	0.68
Oil Cakes	2.13	2.58	1.28	0.61
Bones, Horns etc.	2.01	1.63	0.91	0.75
Chrome ore	2.00	1.62	1.08	0.30
Tea	1.57	00.07	0.04	0.03
Other commodities	17.84	25.32	12.16	13.78
Total recorded exports*	276.88	282.64	131.46	127.94
Less outward freight adjustment	8.20	7.41	3.55	4.08
Total exports (f.o.b.)	268.68	275.23	127.91	123.86

* The difference between the value of exports of merchandise and actual foreign exchange receipts recorded in the State Bank is accounted for by some of the outward freight charges paid by Pakistan to shipping companies.

Invisible Account

The deficit on invisible account (excluding transfer payments) increased from Rs. 62.63 crore in 1965-66 to Rs. 82.05 crore in 1966-67. The deterioration was accounted for by a marked increase in invisible payments partially offset by a slight rise in invisible receipts. While receipts under the heads, transportation, travel, investment income, Government and other services increased, those under freight and Insurance on international shipments decreased during the year. Payments under Investment Income and other services fell while payments under the heads freight and insurance on international shipments, other transportation, travel, and Government (not elsewhere included) increased during the year.

Transfer Payments

Transfer payments comprising private remittances and official donations, including loans repayable in rupees, recorded a net inflow of Rs. 100.61 crore during 1966-67 as compared with Rs. 105.81 crore in 1965-66. Net receipts in private sector decreased from Rs. 18.23 crore in 1965-66 to Rs. 17.28 crore during 1966-67, while those in Government sector fell by Rs. 4.27 crore to Rs. 83.32 crore, thus showing that Pakistan received less grants and aid during 1966-67. The components of official donations *viz.* D. L. F. loans repayable in rupees, PL-480 counterpart funds, Indus Basin grants and other grants compared with the corresponding year are given in Table. 83.

Table 83

COMPONENT OF GRANTS AND LOANS

(In crore rupees)

	1965-66	1966-67	July—December 1966	July—December 1967
P. L. 480	42.02	43.68	21.99	42.06
D. L. F. Loans	1.21	0.75	0.51	0.18
Indus Basin	31.01	26.72	15.93	16.04
Other Outright Grants	13.35	12.17	7.28	2.86
	87.59	83.32	45.71	61.14

Capital Transactions

On the capital side, private long-term, including direct, investment showed a net-inflow of Rs. 24.60 crore during 1966-67 as against the inflow of Rs. 17.60 crore in 1965-66. Of the above, utilization of private loans and repayments thereof amounted to Rs. 19.76 crore and Rs. 4.40 crore respectively. Private short-term items (other than direct investment), comprising mainly repatriation of capital in foreign currency, exhibited an inflow of Rs. one lakh in 1966-67. In the Government sector, there was a net inflow of Rs. 1.58 crore under the head "Local Government". This was due to excess of fresh utilization and repayment of loans, the two amounts having stood at Rs. 3.22 crore and Rs. 1.65 crore respectively. The Central Government sector recorded a net inflow of Rs. 14.85 crore during 1966-67. This was due mainly to excess of utilization of loans over repayments amounting to Rs. 151.05 crore and Rs. 7.13 crore and to the increase to the extent of Rs. 5.87 crore in the balance of Indus Basin Development Fund, partially offset by a fall of Rs. 2.62 crore in the balances of Pakistan's diplomatic missions abroad. The total utilization of loans and repayments thereof during 1966-67 amounted to Rs. 174.03 crore and Rs. 13.18 crore as compared to Rs. 139.95 crore and Rs. 14.60 crore respectively in 1965-66. The comparative position of the total utilization of foreign loans and repayments thereof for various sectors is shown in Table 84.

Table 84

UTILIZATION OF FOREIGN LOANS

(In crore rupes)

	1965-66	1966-67	July—December 1966	July—December 1967
A. Utilization of Loans:				
Private Sector	13.96	19.76	6.93	7.58.
Local Government	2.10	3.22	1.43	4.56
Central Government	123.89	151.05	55.00	66.58
Total ..	139.95	174.03	63.36	78.72
B. Repayments of Loans:				
Private Sector	4.20	4.40	2.15	1.53
Local Government	3.40	1.65	0.98	1.17
Central Government	7.00	7.13	3.11	2.60
Total	14.60	13.13	6.24	5.30

Besides the above repayments, the total interest paid during 1966-67 on account of foreign loans/credits amounted to Rs. 16.14 crore as against Rs. 19.47 crore in 1965-66.

Regional Balance of Payments

The regional analysis of the basic balance of payments reveals that the position with the Sterling Area was favourable to the extent of Rs. 35.26 crore, while that with Non-Sterling Area countries exhibited an adverse balance of Rs. 72.55 crore during 1966-67. In the Sterling Area, surpluses were recorded with all the countries or country groups except U. K. Of these, the position was notably favourable with Middle Eastern group (+ Rs. 11.90 crore), Far Eastern group (+Rs. 31.20 crore) and the residual group of countries (+Rs. 20.74 crore), while payments position was unfavourable with U. K. (—Rs. 28.59 crore). In the Non-Sterling Area group, the overall position was favourable during the year under review, with countries in Latin America, (+Rs. 4.28 crore), Middle Eastern group (+Rs. 1.95 crore), Eastern Europe (+Rs. 0.58 crore), Canada (+Rs. 0.10 crore) and the Rest of the World (+Rs. 13.64 crore) and unfavourable with Japan (—Rs. 34.64 crore), Western Europe (—Rs. 34.54 crore), U. S. A. (—Rs. 22.37 crore) and the Far Eastern group (—Rs. 1.54 crore). The regional overall balance of payments position is shown in Table 85.

Table 85

BALANCE OF PAYMENTS POSITION BY REGION

(In crore rupees)

	1965-66	1966-67	July—December 1966	July—December 1967
Overall	(+) 7.24	(—) 37.29	(—) 29.67	(—) 19.09
A. Sterling Area	(+) 31.65	(+) 35.26	(+) 15.00	(+) 19.65
1. U. K.	(—) 22.38	(—) 28.59	(—) 18.94	(—) 1.75
2. Middle East (Sterling Area) ..	(+) 12.10	(+) 11.90	(+) 5.84	(+) 7.17
3. Far East (Sterling Area)	(+) 16.46	(+) 31.20	(+) 18.08	(+) 15.30
4. Elsewhere (Sterling Area) ..	(+) 25.48	(+) 20.74	(+) 10.03	(—) 1.08
B. Non-Sterling Area	(— 24.41	(—) 72.55	(—) 44.67	(—) 38.74
1. U. S. A.	(+) 6.08	(—) 22.37	(—) 8.70	(—) 5.43
2. Latin America	(+) 6.71	(+) 4.28	(+) 2.45	(+) 2.00
3. Canada	(+) 1.87	(+) 0.10	(—) 0.42	(—) 0.38
4. Western Europe	(—) 15.70	(—) 34.54	(—) 15.90	(—) 19.99
5. Eastern Europe	(+) 4.51	(+) 0.58	(—) 0.11	(—) 5.57
6. Japan	(—) 24.26	(—) 34.64	(—) 21.26	(—) 6.11
7. Middle East (other than sterling area)	(+) 4.84	(+) 1.95	(+) 1.62	(+) 3.68
8. Far East (other than sterling area)	(+) 14.29	(—) 1.54	(—) 4.98	(—) 8.07
9. Rest of the World	(—) 22.75	(—) 13.64	(—) 2.62	(—) 1.16

The surplus of Rs. 35.26 crore with the Sterling Area during 1966-67 may be compared with the surplus of Rs. 31.65 crore in the preceding year. The improvement of Rs. 3.61 crore was accounted for by a fall in payments on goods and services account to the extent of Rs. 5.13 crore and an increased inflow of Rs.1.73 crore in capital account, partially off-set by reduction in inflow of Rs. 3.25 crore in transfer payments during 1966-67. The deficit with the Non-Sterling Area was of the order of Rs. 72.55 crore, compared with the deficit of Rs. 24.41 crore in 1965-66, showing a deterioration of Rs. 48.14 crore over the preceding year. The deterioration was the combined result of higher payments on goods and services by Rs. 79.56 crore and decreased inflow of Rs. 1.97 crore in transfer payments, partly offset by increased inflow of Rs. 33.39 crore under capital account during 1966-67.

CHAPTER X

PLANNING

The year 1967-68, the third year of the Third Plan, marks the end of the period of adjustments through which the Third Plan had to pass in the first two years. The review of 1967-68 in this chapter may therefore be studied in the perspective of the difficult circumstances which beset the launching of the Third Plan in its first two years.

The G.N.P. for 1966-67 showed a rate of growth of 5.0 % compared to 4.6 % realised in 1965-66, thus giving an average rate of about 5 % for the first two years of the current Plan. This performance fell short of the Plan target of 6.5%. The shortfall was caused by (i) a reduced inflow of foreign assistance, (ii) the outbreak of hostilities with India in September 1965, which necessitated the diversion of resources and consequent increase in defence expenditure, and (iii) serious and exceptional droughts in West Pakistan for two consecutive years and repeated calamities in East Pakistan, such as flood, tidal bores and cyclones. These factors adversely affected the growth rate during the first two years of the Third Plan. Growth in the agricultural sector, during the first two years of the Third Plan declined to 1.4% on an average as against 3.4% in the Second Plan and 5% projected for the Third Plan.

In order to meet the above mentioned unexpected problems and accommodate the new situation, a number of policy adjustments and improvization have been attempted during the year under review. A careful analysis of these adjustments and policies has been made to obtain a clearer perspective and a realistic basis for future policies.

A most important change in the development strategy was the higher priority assigned to agriculture which has now emerged as the most promising and dynamic sector of the economy. Because of the improved prospects in agriculture, the growth targets remain within reach. According to preliminary estimates, the G.N.P. growth rate during 1967-68 comes to around 8%.

Pakistan's Third Five Year Plan (1965—70) involves a total expenditure of Rs. 5,200 crore. It envisages an expenditure of Rs. 3,000 crore in the public sector and Rs. 2,200 crore in the private sector. Of the revised gross allocation of Rs. 3,100 crore, Rs. 1,660 crore has been allocated to East Pakistan and Rs. 1,440 crore to West Pakistan. The total expenditure of Rs. 2,200 crore in the private sector would be shared equally between the two provinces. A detailed discussion of the Third Plan, its size, objectives and revised phasing, sectoral priorities and allocations may be seen in "Pakistan Economic Survey 1966-67."

The Third Plan, unfortunately, was beset by a number of unavoidable difficult circumstances at its start. Within a short time of the launching of the Plan, the outlook for foreign economic assistance suddenly became gloomy and unfavourable. The Plan assumed that the country could mobilize Rs. 3,500 crore of domestic resources for the Plan envisaged expenditure of Rs. 5,200 crores. The balance of Rs. 1,700 crore was likely to be obtained as external assistance in the form of project and non-project loans, technical assistance, foreign private investment and rupee releases out of counterpart funds. Of this, Rs. 1,285 crore was expected through the Aid-Pakistan Consortium. During the first two years of the Plan, the Consortium assistance was considerably lower than the Plan projections and U.S. assistance also dropped substantially. In the first two years of the Plan, U.S. assistance was less than half the Second Plan average. Even

PL-480 assistance during the two years was one half of that received in the preceeding two years. (Details of pledges, commitments and disbursements of Consortium Assistance during 1965-66 and 1966-67 are contained in the Chapter on Foreign Economic Assistance).

Another unfavourable development was a sizable diversion of domestic resources to meet higher defence needs arising out of the September 1965 war with India. This involved an additional gap of Rs. 500 crore in the financial resources required for the implementation of the Plan. In fact, in spite of its desire to reduce its defence expenditure in order to divert more resources to development, Pakistan has been forced to spend more on defence in the first three years than was provided initially for the entire Plan period, in view of the mounting Indian expenditure on defence.

The adverse impact of the aforesaid factors was compounded by bad weather conditions in both the provinces for two years in succession. This not only deprived the economy of real resources, but also necessitated cash foreign exchange expenditure on food imports.

The combination of adverse factors was quite formidable but a determined effort was made by the Government to protect the essential objectives of planned development by enforcing several changes in the strategy of development. As a matter of fact, it goes to the credit of the Government that during this difficult period the economy maintained a growth rate of about 5 per cent. Some important policy adjustments and improvization, attempted to meet the unexpected problems and accommodate the new situation, are discussed below :

Reduced Inflow of Foreign Assistance

The reduced inflow of foreign assistance in Consortium commitments and U.S. aid was met by higher assistance from non-consortium sources. By diversifying the sources of foreign assistance, the proportion of non-Consortium pledges increased from 3% in the Second Plan to 33% in the first two years of the Third Plan and assistance from U.S.A. dropped from 45% of the total to only 20%. During the first three years of the Plan, the availability as well as the utilization of external assistance is likely to fall short of plan expectations.

Top Priority to Agriculture

The second welcome change in the development strategy was the higher priority assigned to agriculture which has now emerged as the most promising and dynamic sector of the economy. The experience during these food deficit years has proved beyond doubt that tackling the problem of food shortage was more than simply a financial problem. It could have its repercussions on independent national policy and on the foreign relations of the country. Recognising the gravity of the situation arising from the cut in the supply of wheat under the PL-480 programme and the difficult terms offered for procuring this wheat, the President of Pakistan declared the achievement of food self-sufficiency by 1970 a national goal. Following these directions, the Economic Committee of the National Economic Council decided in its meeting held in October 1966 that food production should be augmented on a war footing basis. Accordingly, there is a firm commitment from the highest to the lowest level in the Central and Provincial Governments to accord top priority to agriculture and to provide all the inputs, credit and services required for the agriculture sector. Resources have been provided on a liberal scale for the supply of fertilizer, seeds and water; the evolution of improved varieties of wheat, rice and maize have opened up new possibilities of much higher yields; the farmer has been motivated, and is now eager, to adopt new technology and better agricultural practices. It can now be expected that the Plan's agricultural production targets will be exceeded. The flow of new wheat crop in the markets indicates that the actual production is likely to exceed, the target of 54 lakh tons when final figures of wheat production are available.

Exports

The successful export drive launched in the first two years of the Plan was another encouraging feature of the economic situation during this period. Exports increased by over 9% per annum compared to an average of 7% in the Second Plan. Without such an increase in earnings the pressure on the country's balance of payments would have been almost unbearable.

In order to make better use of existing industrial capacity and to provide more opportunities of employment, a comparatively liberal import policy was announced in early January 1968, which, it is hoped, will give a boost to industrial production. The principal features of import policy announced for the January-June period are: doubling of allocations for industrial raw materials and spares, freeing of over 90% of imports from administrative licensing and adjusting the prices of imported industrial raw materials to the level of Cash-*Cum*-Bonus prices implying a surcharge of over 80% on the official exchange rate. (Further details about the January-June import policy may be seen in the Chapter on Commercial Policy).

Short-fall in Financial Targets

In view of the first two difficult years of the Third Plan, the possibility of a major shortfall in the financial targets of the Plan cannot be ignored. In the public sector only about 41% of the total Plan revised allocation of Rs. 3,100 crore, or Rs. 1,226.3 crore, are likely to be spent in the first three years of the Plan. Table 86 indicates the estimated sector-wise development expenditure likely to be incurred during the first three years of the Plan.

Table 86

DEVELOPMENT EXPENDITURE DURING THE THIRD PLAN PERIOD BY SECTORS

(In crore rupees)

Sectors	Plan allocation	1965-66 (Actual)	1966-67 Revised (Actual)	1967-63 (preliminany Estimates)	Total Estimated expenditure during 1965-68	% implementa tion in the first three years
Agriculture	4,11.5	33.9	42.2	58.0	1,34.1	32.5
Water and Power ..	8,04.7	88.3	1,32.5	1,60.0	3,80.8	47.3
Industry	3,51.3	32.6	48.5	55.0	1,42.3	34.7
Fuels & Minerals ..	59.2	6.2				
Transport and Communications.	6,71.1	74.2	1,03.2	1,12.0	2,89.4	43.1
Physical Planning & Housing.	2,47.7	27.7	34.7	42.5	1,04.9	42.3
Education and Training	2,37.4	14.2	23.5	30.5	68.2	28.7
Health	1,17.5	14.3	14.8	19.5	48.6	41.4
Social Welfare ..	9.0	0.6	0.8	1.5	2.9	32.2
Manpower and Employment.	8.6	0.4	0.7	1.0	2.1	24.4
Works Programme ..	1,82.0	18 9	14.1	20.0	53.0	29.1
Total ..	31,00.0	3,11.3	4,15.0	5,00.0	12,26.3	41.0
Less likely shortfall ..	1,00	—	—	—	—	—
Total (net) ..	30,00.0	311.3	415.0	500.0	12,26.3	41 0

National Economic Council

At a meeting in Rawalpindi on 16th November, 1967 the National Economic Council reviewed the current economic situation and the progress of the Third Five Year Plan. The Council also reviewed the adjustments made in policies and programmes to meet the difficulties which the economy faced in the first two years of the Plan. The Council took note of the resilience of the economy in responding to unexpected problems and the success in implementing the revised strategy of the Third Plan, partcularly the visible prospects of a breakthrough in agriculture. The Council agreed that the difficult period which the economy faced in the past two years was now coming to an end and that the economy was entering a new phase in which the level of investment and production could be sharply raised.

The President re-emphasized that the Third Plan reflected the aspirations of the nation as a whole and collective national effort and coordinated policy support at all levels was essential for its success. The President directed that all policy making bodies and implementing agencies should intensify their efforts so that the major objectives and targets of the Third Plan could be realized.

The National Economic Council took a number of decisions to improve the coordination of economic policies and the implementation of development programmes. The most important of these pertain to the preparation of an Annual Plan.

Pakistan has by now acquired sufficient experience in the preparation of its medium-term plans but short-term planning is not yet fully developed or organised. The annual development programme is prepared each year and confined largely to the public sector and does not cover the economy as a whole. To facilitate the systematic identification of production and other targets in each sector and the impact of alternative policies, it is proposed to introduce the preparation of an Annual Plan from 1968-69 as a regular feature of the planning process. The proposed Annual Plan would provide a framework for achieving overall financial and physical targets fixed for the year and ensure consistency between public and private sector programmes.

The National Economic Council re-affirmed the Government policy of providing a liberal policy framework within which the private sector should play its rightful role so that the economy as a whole can realise its full potential of investment and production.

The Council directed that the Industrial Investment Schedule which has been under revision should be finalized and published as early as possible. The revised Schedule will be in line with the revised strategy of the Third Plan which calls for better utilization of existing facilities, coupled with selective expansion of industries geared to the export and agriculture sectors. A higher priority will be given to industries based on local raw materials. The revised schedule, after its approval, is expected to operate more or less automatically without administrative restrictions.

Annual Development Programme 1967-68

A development programme of Rs. 570 crore was formulated for the year 1967-68 in the public sector. The share of East Pakistan was Rs. 264 crore and that of West Pakistan Rs. 212 crore, Rs. 94 crore being the share of Centre.

The development programme of Rs. 570 crore was distributed between East and West Pakistan in accordance with location/benefits of projects, as shown in Table 87.

Table 87

DISTRIBUTION OF DEVELOPMENT PROGRAMME 1967-68

(In crore rupees)

	Central Expenditure	Provincial Expenditure	Total
East Pakistan	43.00	264.00	307.00
West Pakistan	51.00	212.00	263.00
Total ..	94.00	476.00	570.00

In the Annual Development Programme for 1967-68, a larger allocation of Rs. 264 crore was made to East Pakistan as against Rs. 212 crore for West Pakistan, a difference of Rs. 52 crore in favour of the East Wing. The larger allocation for East Pakistan is in line with the Government objective of removing inter-regional disparity in the shortest possible time.

Sectoral Distribution

The sectoral allocations of the development programme of 1967-68 have been made consistent with the realisation of the Plan objective and the achievements of physical targets envisaged in the Plan. The size and composition of the Annual Development Programme for the year not only demonstrates the country's firm determination to fulfil the Plan targets but also reflects the Plan strategy and revised order of priorities and rephasing approved by the National Economic Council.

The sectoral classification of the Development Programme of Rs. 570 crore by executing agencies is given in Table 88.

Table 88

SECTORAL BREAK-UP OF THE DEVELOPMENT PROGRAMME BY EXECUTING AUTHORITIES

(In crore rupees)

Sector	East Pakistan	West Pakistan	Centre	Total
Agriculture	37.40	29.65	6.10	73.16
Water and Power	83.52	82.60	12.16	178.28
Industry, Fuels & Minerals ..	42.70	16.73	11.31	70.74
Transport and Communications ..	35.70	44.53	44.27	124.50
Physical Planning and Housing ..	18.16	12.18	17.64	47.99
Education & Training	21.10	14.05	2.99	38.15
Health	10.85	8.38	2.02	21.25
Social Welfare	0.70	0.58	0.35	1.64
Manpower and Employment ..	0.86	0.55	0.10	1.52
Works Programme	17.00	5.00	0.40	22.40
Lumpsum Provision for Quetta & Kalat Division Schemes	..	1.50	..	1.50
Block Provision for Agriculture, Irrigation & allied activities ..	3.00	2.21	..	5.21
Total ..	271 00	218.00	97.38	586.38
Less shortfall on account of un-approved schemes	7.50	6.10	2 78	16.38
Total (net) ..	263.50	211.90	94.60	570 00

The sectoral programme has, *inter alia*, the following main features :

(*a*) It fully reflects the new Plan strategy, specially the emphasis on agricultural development programme for attaining food self-sufficiency by the end of the Plan period. The projects in Water, Power and Industries sectors which would directly help in implementing the programme have been given priority. In the Agriculture sector, maximum emphasis has been laid on the fertilizer distribution programme, plant protection measures, distribution of new varieties of seeds and supply of irrigation water, specially from tube-wells in West Pakistan and low lift-pumps in East Pakistan. Adequate provision has been made for constructing foodgrains and fertilizer storage capacity. In addition, a block provision of Rs. 5.2 crore has been kept for both provinces for additional agricultural irrigation and other allied activities for which schemes may be formulated.

(*b*) In the Water and Power sector, Chasma Barrage and Salinity Control and Reclamation Programme in West Pakistan and the Coastal embankments and the Brahmaputra embankments in East Pakistan have been given adequate allocations. Power generation and distribution programme in both the provinces have been fully covered.

(*c*) In the Industries sector, emphasis has been placed on consolidation and fuller utilization of installed capacity so as to increase industrial production to its maximum. Emphasis has been laid on industries serving agriculture and exports.

(*d*) In the Transport and Communication sector, provision has been made for essential roads, water-ways, railways, broadcast, telecommunications, and port facilities. Due consideration has been given to eliminate or reduce the bottlenecks experienced in the transport of foodgrains and fertilizers.

(*e*) In the Physical Planning and Housing sector, the Government offices construction programme has been restricted but water supply programmes in the big towns in both the provinces have been fully protected.

(*f*) In the Education and Training sector, technical education programmes have been given adequate allocations. The allocation for primary education is not really adequate but attempts have been made to achieve the targets of literacy by a more intensive utilization of existing facilities.

(*g*) In the Health sector, the Family Planning and malaria eradication programme have been given their full requirements.

Overall it has been estimated that nearly 92% of the development expenditure would be on the on-going projects and only about 8% of the expenditure has been provided for new projects. This ratio of allocation between on-going and new projects is the result of strenuous efforts to bring to successful completion the projects started earlier.

The financing of the Development Programme 1967-68 is indicated in Table 89.

Table 89

FINANCING OF DEVELOPMENT PROGRAMME 1967-68

(In crore rupees)

	Foreign Exchange Portion	Rupee Portion	Total
Total Development Programme including works Programme :			
Centre	25.44	69.16	94.60
East Pakistan	59.08	204.42	263.50
West Pakistan	54.77	157.13	211.90
Total Expenditure ..	139.29	430.71	570.00
Financing			
(*i*) Internal Resources :			
Centre	..	185.27	185.27
East Pakistan	..	49.43	49.43
West Pakistan	..	63.01	63.01
Total Internal Resources ..	..	297.71	297.71
(ii) External Resources :			
Project Loans and Grants	139.29	..	139.29
Commodity Loans and Grants (Rupee generating)	..	110.00	110.00
PL-480 Loans	..	50.00	50.00
Less likely shortfall	..	—27.00	—27.00
Total External Resources	139.29	133.00	272.29
Total Financing ..	139.29	430.70	570.00
Percentage (in total financing) of :			
Internal Resources	..	..	52.2%
External Resources	..	..	47.8%

Disparities between East and West Pakistan Slowed Down

It has not been possible to reverse the trend towards disparity between the two wings in absolute terms, but the rate at which disparities between the two wings were widening has been slowed down. The increase in disparity in *per capita* incomes, which was 7.7 % per annum between 1959-60 and 1962-63 has fallen to 2.8 % per annum after the promulgation of the new constitution and the assumption of responsibility by the Government for the removal of regional disparities. This slowing down of the previous trends has been brought about by a determined effort of the Government to accelerate the pace of development in East Pakistan.

The growth rate of East Pakistan has increased to 4.2 % in the sixties, as against 1.9 % in the fifties. There are three factors responsible for the slow growth in East Pakistan (i) certain deficiencies in Plan implementation, (ii) shyness of private capital and (iii) the unfavourable climate for investments, and the stagnation in the agricultural sector for a variety of reasons.

The growth rate of East Pakistan in the 1960's at 4.2 % per annum was more than twice its growth rate in the 1950's when it was 1.9 % per annum, and for the first time it was significantly ahead of population growth. The declining trend in *per capita* income in 1950's has changed by now to a healthy increase.

Two specific measures have been taken to arrest the previous trends towards increasing disparity : (a) The Government has tried to increase development expenditure in East Pakistan above the level of West Pakistan through the efforts of the public sector. (b) A considerable transfer of financial and economic resources to East Pakistan has been arranged through both the distribution of domestic development loans and foreign assistance.

Although the rate of increase in disparities has been considerably slowed down since the adoption of the present constitution, it has still not been possible, despite the very considerable efforts made to arrest the trend in absolute terms. This does not, however, mean that the objective of the elimination of these disparities in the foreseable future is unmanageable. The increase in development expenditure in East Pakistan is of recent origin and it will take time before it has its full impact on the growth of the economy. Already the previous trends are being reversed. But a tremendous effort will have to be made by the East Pakistan Government itself, supported by adequate policies and financial allocation by the Central Government, and by the private sector of East Pakistan, if the objective of reducing regional disparities is to be realised.

REGIONAL CO-OPERATION AND DEVELOPMENT

The emergence of regional economic groupings enjoying a community of interest is an outstanding feature of the present time for accelerating the pace of economic growth. Efforts directed towards regional economic collaboration, as a means of attaining the common goal, *viz.*, the strengthening of their developmental efforts through active and sustained collaboration, have gained international acceptance. This is particularly true in the case of Iran, Pakistan and Turkey which share a common historical, cultural and religious heritage, and where a desire for closer economic and cultural co-operation exists. Economic and cultural co-operation is being progressed between these countries under the aegis of Regional Co-operation for Development (RCD), and between Indonesia and Pakistan under the aegis of Indoresia-Pakistan Economic and Cultural Co-operation Organisation (IPECC).

Regional Co-operation for Development (RCD)

Since its establishment in July 1964, the RCD has made impressive progress towards the furtherence of its objective. The Eighth Session of the RCD Council of Ministers was held in Tehran on April 14 and 15, 1968 at which besides reviewing the progress made by RCD so far, decisions aiming at furthering its objectives were taken.

The Council held its discussions in the RCD spirit. The Foreign Ministers reaffirmed the faith of their Governments in the objectives set for the Regional Co-operation for Development. They reiterated the determination of their Governments to take possible measures to further strengthen the special relationship amongst the three countries.

The Council expressed satisfaction at the progress which had been achieved towards the realisation of the goals of RCD and that the RCD Secretariat and its specialised organs were all established and functioning satisfactorily. It noted with satisfaction that the planning stage of most of the activities and projects initiated so far had been successfully completed and the stage was now set for their implementation which would result in accelerated economic growth of the region and bring added prosperity to its people.

The Council considered and approved the report of the Eighth Session of Regional Planning Council held at Tehran on April 11 and 12, 1968.

With a view to streamlining RCD, its structure has been revised in which the following seven committees, instead of the original 17, have been established to deal with various aspects of RCD activity : (i) Committee on Industry, (ii) Committee on Petroleum and Petrochemicals, (iii) Committee on Trade, (iv) Committee on Transport and Communications, (v) Committee on Technical Co-operation and Public Administration, (vi) Committee on Social Affairs and, (vii) Coordination Committee.

Joint-purpose enterprises constitute a major field of co-operation amongst the member countries and their successful implementation would make a marked contribution towards economic advancement of the region as a whole. Most of the projects to be developed on a joint-purpose enterprise basis have been identified and the planning part of the work is nearing the stage of finalisation and the stage is now set for their implementation.

The Council approved and/or approved in principle the establishment of 17 new industrial projects covering a wide range of industries, on a joint-purpose enterprise basis, and fixed deadlines for the coirculation of detailed project reports. These are in addition to 33 joint projects which are in various stages of implementation.

The Council reviewed the progress in respect of joint-purpose enterprises which had been approved or approved in principle at its earlier session, and noted/expressed satisfaction that the aluminium project located in Iran and the bank note paper project located in Pakistan were being implemented successfully. The Council noted with satisfaction that the Memorandum of Understanding in respect of RCD jute mills located in Pakistan had been signed and that the draft Memorandum of Understanding in respect of the ball-bearing project located in Pakistan would be discussed shortly. Regarding the other projects which had been approved and/or approved in principle, the preparation of their project reports was proceeding satisfactorily and that they would be circulated before the end of this year and finalised soon thereafter.

The Council noted with appreciation that Iran and Pakistan were co-operating in geological survey and mineral investigation in the border areas of the two countries. It decided that a joint project should be developed for the geological survey.

The Council stressed the urgent need for the expansion of intra-regional trade and expressed the view that concerted efforts should be made to expand it. With this end in view, it decided that the representatives of member Governments should meet as early as possible at the level of their Commerce Ministers at Teheran to discuss and make recommendations for removing the barriers to intra-regional trade. It noted with satisfaction the progress made in the implementation of the agreement on the RCD Union for Multilateral Payments Arrangements signed at Ankara in April 1967, and also on the RCD Agreement on Trade which had been finalised and only remained to be signed.

In the field of insurance, three RCD Reinsurance Pools have been functioning effectively and several regional companies have either joined or are expected to Join the Pools soon. Moreover, the establishment of two additional pools, namely, Aviation Pool to be managed by Pakistan and the Engineering Pool to be managed by Iran, have been approved. As a result of these arrangements, more insurance business will be retained within the region and this would result in further saving of foreign exchange for the region. Consideration is now being given to the establishment of a regional reinsurance company.

In the cultural field, the Council reiterated the view that cultural exchanges should be maximised in order to promote further the people-to-people relationship which prevailed amongst the three countries. There have been several cultural exchanges under the aegis of RCD, covering sports and games, and efforts are being made to fully implement the 1968 Cultural Exchange Programme.

In the Communication sector, the General Sales Agency Agreement, concluded between the three national airlines appointing each other as their general sales agents, has been finalised and implemented. It is hoped that pooling arrangements by Iran Air and PIA would be finalised shortly. It has also been decided that flights, operated by the regional airlines within the region, should have a RCD flight number. The Council reiterated the urgency of the early completion of the RCD road links and noted that member Governments would take the necessary measures to ensure that the RCD highway would be completed by the end of 1968 or shortly thereafter. Work on RCD rail links between Iran and Turkey is progressing according to schedule and the train service between Quetta and Zahidan has been resumed since November, 1967. The member countries have taken or are taking necessary measures for channelling of cargo through RCD shipping services on the intra-regional and inter-regional routes. An Iranian shipping line would soon be joining the RCD shipping Services. A number of measures have been taken by the member Governments for substantially improving the post and telecommunications systems in the region. It has been decided that an operator trunk dialling system should be introduced on an experimental basis between Ankara, Teheran and Karachi. Besides, decision has been taken to reduce telephone tariff rates for traffic at night in the region.

The Council reaffirmed its view that exchange of technical know-how and expertise amongst the member countries should be extended to the maximum extent possible on a priority basis. It noted with appreciation that in 1967 as many as 7 seminars had been successfully organised by the member countries under the RCD Programme of Technical Co-operation.

nical Co-operation Programme for 1968 includ... the holding of and the exchange of 41 experts. The programme also envisaged ...ilities for Iran—161 in Pakistan and 36 in Turkey; 189 for Pakistan—d 82 in Turkey, and 59 for Turkey—26 in Iran and 33 in Pakistan. ...t course on Public Administration and Management has been arranged at the Pakistan Administrative Staff College Lahore. ...ranging a second joint course on Public Administration and Mana-e autumn of 1968. The RCD Secretariat has successfully compiled a bibliography of publications in the field of Public Administration ...ent. In addition, Pakistan will provide training for the personnel ... Turkish family planning organisations, particularly for lady family ...ors in its regular courses. Pakistan will also send a team, includ-...f its family planning organisation, for assisting in the prepara-ementing a programme of family planning in Iran. A seminar on ...g was successfully organised at Ankara in October, 1967.

...-Pakistan Economic and Cultural Co-operation Organisation, September 1964, has made satisfactory progress during the last few ...PECC Joint Shipping Services is in operation for over a year a good beginning in the movements of goods between the two coun-ational Shipping Corporation of Pakistan and Bipalindo/Djakarta re participants in the Joint Services have opened special cells to deal ...elating to the operation of joint services.

...l agreement between Indonesia and Pakistan relating to Air Services through the two countries has been signed and is being successfully . Arrangements have been made between PIA and Garuda to assist ... the field of aircraft maintenance and exchanging training teams.

...isting teleprinter over-radio (TOR) circuit between Karachi and s being established. This circut will also be technically improved by s of erecting a new aerial directly pointed towards Djakarta. A telex ...donesia and Pakistan is being established *via* Japan. Steps are also n for starting radio photo services between the two countries.

esia and Pakistan are already applying their inland postal rates to let-ards, printed papers, samples of merchandise, small packets and litera-e blind.

... the Technical Co-operation Programme, technical training facilities made available by the member countries. The training programme ...cation, Industry, Telecommunications, Agriculture and Public Admi-

Cultrual Exchange Programme for 1967 included establishment of ...entres in Indonesia and Pakistan. These Cultural Centres will also be ... projecting the image of IPECC and for dissemination of information ... all media. A Chair for Pakistani studies is being established in an ... University and a visiting Professor will be sent by Pakistan to Indonesia ...s on history, culture and civilisation of Pakistan. Exhibitions ... culture will be held in the two countries by rotation. Exchange of ... artists, sports teams, sports coaches is being firmed up.

...eration between Antara News Agency and APP already exists since 1959 exchange of news, photographs and features materials. An agreement ...een signed on behalf of the two Governments for promoting effective ...-operation between the radio organisations of the two countries.

The proposals for setting up a jute mill in Indonesia is being concrete arrangements are being formulated in this regard. A surv experts of cotton textile goods from Pakistan would be visiting In termine the factors that prevented fuller utilisation of installed c the requirements of raw materials and spare parts and also report and extent of assistance Pakistan could render for the efficient w industry.

A substantial increase in the trade between Indonesia and Pakis place since the establishment of IPECC. A re-scheduling of the principal payable under the Protocol-I to 1964 trade agreement betw and Pakistan, providing Indonesia a credit of 10 million dollars fc of commodities from Pakistan, has been agreed upon. Under th Pakistan has exported commodities worth $ 14 million to Indones has further offered an additional credit of 5 million dollars to Indone

The first Session of the Ministerial Council of IPECC was held on February 24-25, 1968. The delegations were led by the Fore of the two countries.

The Ministerial Council Session was preceded by the Third S IPECC Economic Council in which the delegation of Indonesia w Secretary-General of the Indonesian Department of Trade and delegation by the Secretary, Planning Division. Earlier in the w ordination Committee, Committee on Joint Ventures, Committee and Cultural Co-operation and Information Media, Committee on tions and Committee on Trade had met to discuss and recommend mic Council measures relating to promoting economic and cultural under the aegis of IPECC. The Council expressed its satisfaction a of IPECC, noted that the budget for the current year had been appr necessary financial arrangements had been made for the Secreta financial year 1968-69. The Council also decided that the next series meetings should be held in Pakistan in the second week of November, Council also expressed the belief that IPECC had a great future and convinced that it would serve as an instrument for Peace, Progress Pro Stability in the region.

Joint ventures have been approved in principle in several indus including jute manufactures, rubber processing, metal processing, fish exploitation and manufacture of small ships and rivercrafts.

CHAPTER XI

RURAL WORKS PROGRAMME

The Rural Works Programme launched in 1962-63 is being continued with the purpose of providing gainful employment to the unemployed or partially employed in the rural areas, undertaking projects for productive purposes through large-scale public participation and building up local leadership through the opportunities which active participation in the programme offers them. The Works Programme has certain definite and realisable objectives which are summarised below:

(a) To create constructive enthusiasm for development work among the people by providing scope for their large-scale participation in both the planning and the implementation of develpment projects locally,right from the Ward Committee level ;

(b) To inspire people to make voluntary contributions of land, and other things, wherever possible;

(c) To select and implement projects for productive purposes;

(d) To train local leaders to plan balanced development on a long-term basis;

(e) To infuse among the people and the local leaders a feeling of self-confidence in their ability to shoulder responsibilities and encounter their problems ;

(f) To vitalize the Local Council institutions by enabling them through an imaginative work programme to serve the people in a manner that would benefit them and permit the evolution of a genuine partnership between Government servants and local leaders through imagination and work.

This programme has succeeded in introducing a system of planning from below. It has involved a multitude of people spread over remote areas of the country in the task of translating their own desires and ambitions for national development into concrete projects. The broad-based participation in the process of planning by the people whose life is directly affected by economic development is the main aim of this programme.

The Programme developed out of a pilot project undertaken by the Academy for Rural Works Programme at Comilla in 1962. The programme was basically designed to speed up the tempo of efforts to improve social and economic conditions in the rural areas. It aimed at associating the villagers themselves with the development plans of their respective regions. Not only does it give them a sense of participation in the country's massive development efforts, but it is also more practical and useful as the villagers know better than any one else what are their most urgent problems, and they are guided by experts on how best to solve them. Initially, with an allocation of Rs. 100,000 from U.S. PL-480 counterpart funds, the Programme was started on an experimental basis. On the success of this first experiment, the Rural Works Programme was extended to the whole of East Pakistan in 1962-63 and to West Pakistan in 1963-64.

During the Second Five Year Plan, Rs. 160 crore were allocated for the Rural Works Programme. However, only half of the allocation could be utilised during the Plan period. In the Third Five Year Plan (1965—70), Rs. 250 crore were originally earmarked for this purpose. There occurred a major shift in the U.S. Government's policy regarding the utilisation of PL-480 counterpart funds from which allocations were being made available for the Rural Works Programme and this affected the financial arrangements for the Programme. The size of the Programme had to be revised. According to the revised allocations, Rs. 180 crore have been earmarked for the Programme during the Third Plan period, out of which Rs. 120 crore would be spent in East Pakistan and Rs. 60 crore in West Pakistan. Table 90 shows the annual allocation of funds made under this Programme for East and West Pakistan since its inception.

Table 90

ALLOCATIONS FOR RURAL WORKS PROGRAMME

(In crore rupees)

Year		East Pakistan	West Pakistan	Centre	Total
1962-63	.. ..	10.00	..	..	10.00
1963-64	.. ..	20.00	10.00	...	30.00
1964-65	.. ..	15.30	10.00	....	25.30
1965-66	.. ..	12.00	6.32	..	18.32
1966-67	.. ..	10.50	5.00	0.35	15.85
1967-68	.. ..	15.00	10.00	..	25.00
Total	..	72.80	41.32	0.35	124.67

ACHIEVEMENT DURING 1965-66 AND 1966-67

During the two years of the Third Plan, the progress made in the Rural Works Programme is quite encouraging. Although the financial strains which developed following India's attack on Pakistan made it impossible for work to proceed with the speed necessary to achieve the targets laid down, achievements have, however, been substantial. During this period, in East Pakistan 34,520 miles of kutcha roads and 1,188 miles of pacca roads were built, 20,565 running feet of bridges and culverts and 1,647 school and community buildings were constructed, 3 604 miles of embankments were made, 2,515 miles of irrigation and sanitary channels were dug, 129 tanks were excavated and re-exavated and 31 parks and playgrounds were set up. In West Pakistan as well, considerable achievements have been made. About 6,000 schemes were undertaken in various sectors and most of these have been completed.

EAST PAKISTAN

Under the impact of the Works Programme, rural East Pakistan is experiencing what might be called 'planned changes'. This does not mean that before this Programme there were no changes in East Pakistan; the point to emphasise is that planning is increasingly becoming a way of life of the rural populace who are now involved directly in the process of planning, and the execution and evaluation of schemes through project committees. Changes brought about by the Works Programme have added material comforts *e.g.*, surfaced and non surfaced roads, community centres, school buildings etc. Irrigation projects are yielding better crops. Villagers are earning and saving more as larger amounts of money are being injected into the rural economy.

Rural Works Programmes pass through two stages before projects are executed. These stages are Planning and Approval and are discussed in some detail below.

Planning

Schemes of the Union Councils originate at the Ward level, are consolidated at the Union Council level on the basis of priority after discussion and adopted for execution after approval by the next higher tier, *i.e.,* the Thana Council. The plans are based on actual needs and survey. As for the Thana Council plans, these are also suggested, among others, by representatives of the Union Councils All the Union Council Chairmen of a Thana area are members of that Thana Council. The other members are officials of the development departments of the Provincial Government. The Circle Officer (Development) is also an Official member and ex-officio Vice-Chairman, while the Sub-Divisional Officer is the Chairman of all the Councils in his area. The plans of the Thana Councils are approved by the next higher tier, *i.e.,* the District Council. The District Council also approves the plans drawn up by the Town Committees.

Detailed instructions on priorities, and drawing up and execution of plans were issued to all executing agencies from time to time and methods are improved every year. The plans of the District Councils and Municipal Committees are drawn up in special meetings of these bodies every year.

The plans of the Thana and Union areas are in accordance with the Thana Plan Book and the Union Plan Book. The Thana Plan book details works of the Thana area in two main sectors: (a) road sector, and (b) drainage and embankment sector. The Plan Book contains detailed information on existing conditions in the area. The suggested plans are agreed upon in the Council meetings and the technical feasibilities are examined by the local East Pakistan WAPDA engineers. A third sector, irrigation, is being included in the planning pattern.

Approval of Projects

The plans of one tier of the Basic Democracies are approved by the next higher tier. The approving authority examines the schemes mainly from the economic and technical points of view. The approving authority examines whether the sponsoring councils have adhered to the principles laid down for the determination of priorities.

The priorities are as follows : (a) First Priority: maintenance of the project already completed under the Works Programme (b) Second Priority: on-going projects and (c) Third Priority: new projects. At all levels, the approving authority aims at ensuring balanced development, examining the procedural requirements and the past performances of the sponsoring Councils and Committees.

There is also people's participation in the execution of plans. Plans approved for execution are implemented through the Project Committees. All ward Committees, the lowest unit of Basic Democracies or the first base of the system of Basic Democracies, are functioning as Project Committees of the Thana and Union Councils. The plans, as mentioned above, also originate at the Ward level. Each Project Committee has a Chairman, a Secretary and usually five to seven members. These project Committees mobilize local labour, procure materials, conduct the execution, make payments and keep accounts of funds on a prescribed pattern. These are reviewed in regular monthly and fortnightly meetings of the Project Committees. The Sub-Divisional Officer draws funds from the Government treasury and releases them to the Circle Officers, who in their turn, release funds to the Project Committees and obtain accounts on the completion of projects. Usually a second advance is not made to a project Committee until the first advance has been adjusted.

Because of the size and character of their projects, District Councils and Municipal Committees for the most part execute their plans through local contractors on definite agreements with specific terms, and on the basis of a reasonable quotation of rates on a competitive basis. But these bodies also operate as Project Committees and as in other tiers there is, therefore, an adequate measure of public participation.

The delegation of powers to the local bodies by the Government is complete and the freedom enjoyed by them in planning and execution of the Programme is very wide. When a massive programme like the Rural Works Programme is administered, there may sometimes be deviations from prescribed rules and regulations. In that case, the Government does not react in such cases by withdrawing powers from the Local Councils, but sets things in order by corrective measures in the interest of the Programme. When powers are delegated, a system of reporting which keeps the delegating authority informed about the activities of the recipient of the delegations, becomes essential.

Allocation for 1966-67

A sum of Rs. 10.50 crore was originally allocated for the Rural Works Programme for East Pakistan in 1966-67. Later, there was an additional grant of Rs. 4.5 crore, making a total of Rs. 15 crore, of which Rs. 14.96 crore were sanctioned to different tiers of basic democracies for the implementation of schemes. During the year covered by the report, Rs. 12.32 crore were actually spent. Table 91 shows the sanction of funds and expenditure incurred by the different councils and committees for the Rural Works Programme in East Pakistan in 1966-67.

Table 91

SANCTION AND EXPENDITURE FOR RURAL WORKS PROGRAMME IN EAST PAKISTAN DURING 1966-67

(In rupees)

Local body	Amount sanctioned	Expenditure
Union Council	2,00,00,000	1,42,45,825
Thana Council	6,81,59,000	7,58,60,069
District Council	2,23,52,800	1,66,84,682
Town Committees	2,00,00,000	15,91,336
Municipal Committees	69,71,263	63,75,540
Thana training and development centres ..	1,90,07,877	..
Coastal embankment schemes	25,00,000	..
Planning and evaluation	6,40,303	6,40,303
Pilot-irrigation	21,97,193	20,59,449
Total ..	14,96,17,842	12,32,19,931

Complete details of expenditure in the different sectors in 1966-67 had not been reported up to the time this Survey went to Press. Total expenditure incurred in various sectors of the Rural Works Programme in East Pakistan during 1966-67, as covered in the report up to March 1968, stood at about Rs. 11.48 crore. The relative share of each sector in expenditure during 1966-67 is shown in Table 92.

Table 92

SECTOR-WISE EXPENDITURE FOR RURAL WORKS PROGRAMME IN EAST PAKISTAN DURING 1966-67

(In thousand rupees)

Type of work	Expenditure	Percentage expenditure
Kutcha road	31,945	27.82
Pacca road	19,605	17.00
Bridges and Culverts	33,354	29.00
Sub-Total Communication ..	84,904	73.82
Buildings	16,195	14.00
Canals and drainage	6,782	6.00
Embankment	6,606	5.95
Tanks	217	0.18
Parks and playgrounds	54	0.05
Total ..	1,14,758	100.00

The communication sector claimed top priority (74%) in 1966-67. In 1965-66 as well, it accounted for about 58% of expenditure. The idea seems to be that once the infra-structure of communications is laid, it would lead to increased activity in business, commerce, industry, education and recreation. This is the justification for increasing investment in communication network throughout the rural areas of East Pakistan. During the past two years, the scope of the programme has been expanded and diversified, and irrigation schemes are now receiving greater attention. In 1965-66, 10 Thanas were selected for raising additional crops during the dry months through low-lift pumps. The project was continued in 1966-67, and was supported by various institutions connected with agricultural extension work.

Another recent inclusion in the Works Programme in East Pakistan has been the development of fisheries. In 1966-67, the less productive fisheries tanks were improved and their productivity increased.

Physical Achievements during 1966-67

During 1966-67, the Rural Works Programme in East Pakistan experienced some difficulties, and delays in the release of funds slowed down the pace of the works which had been undertaken. In spite of this bottleneck, progress has been encouraging. About 34,922 projects were executed during the period under review. Table 93 shows the achievement of the Rural Works Programme in East Pakistan during 1965-66 and 1966-67.

Table 93

ACHIEVEMENT OF RURAL WORKS PROGRAMME DURING 1966-67

	Physical Performance		Expenditure (In thousand rupees)	
Type of work	1965-66	1966-67	1965-66	1966-67
Kutcha road (miles)	17,842	16,678	27,022	31,945
Pacca road (miles)	742	446	17,448	19,605
Bridges and culverts (rft.) ..	11,918	8,585	26,572	33,354
Buildings (no.)	846	801	16,121	16,195
Irrigation and drainage channels (miles)	953	15,62	3,325	6,782
Tanks (no.)	57	72	306	217
Embankments (miles)	2,061	1,543	3,171	6,608
Parks and playgrounds (no.) ..	24	7	113	54
Total ..	..	..	94,078	114,758

District councils improved and repaired about 734 miles of kutcha and pacca roads and built 12 miles of embankments and 195 running feet of small bridges and culverts ; they also constructed 2 school buildings. The Union/Thana councils constructed, repaired and improved about 16,281 miles of kutcha and pacca roads, excavated and re-excavated 1,558 miles of canals and built 8,300 running feet of small bridges and culverts. These councils have also completed 812 schools, community and other buildings.

The muncipal and town committees repaired or surfaced about 110 miles of roads, repaired or completed 27 projects providing drainage facilities, built 4 parks and constructed and repaired 90 running feet of bridges and culverts.

In all, over half a billion cubic feet of earth was moved, and throughout East Pakistan the traveller will find project of some kind almost every two miles of his journey.

Two million man-months of direct work were provided and an additional million man-months of indirect employment is estimated to have been generated. This was the biggest mobilisation of manpower in the history of the Province. The infusion of purchasing power had a visible impact on the economy. Ons can hardly find a village in East Pakistan where the impact of the Programme is not felt by the common man.

WEST PAKISTAN

There have been major changes in policy during 1966-67 in the Rural Works Programme in West Pakistan. Now 25% of the funds allocated for the programme are given to districts on the basis of performance. Previously, the funds were allocated entirely on the basis of area and population. Under the new formula, allocations are determined on the following basis :

37.5% on the basis of area

37.5% on the basis of population

25% on the basis of previous year's performance. The change in policy was introduced to induce Basic Democracy units to show their best performance.

The other major change is the introduction of a new report system and the creation of Divisional Evaluation Teams. This report system makes use of data processing machinery at the West Pakistan Bureau of Statistics, and allows scientific evaluation of plan and of progress in terms of physical accomplishments. Training programmes were conducted to educate field officers in their functions under the changed system.

Allocation of Funds

The Third Plan has allocated Rs. 60 crore for the Rural Works Programme in West Pakistan. According to the Policy laid down by the West Pakistan Government, 50% of the allocation is to be spent on schemes in the communication sector, 25% on water supply and sanitation schemes and the remaining 25% on other eligible schemes selected by Union Councils from a list prescribed in the Manual of Instructions.

During 1966-67, against the Plan target of Rs. 15 crore, only Rs. 5 crore were earmarked, of which Rs. 4.36 crore could be released piece-meal to the districts during the year. The short-fall in funds adversely affected the overall magnitude of the Rural Works Programme in the Province, and the delay in release of funds further hampered its tempo. No funds were released during the first eight months of the year.

During 1967-68, Rs. 10 crore were earmarked for the Programme, of which only Rs. 90 lakh could be released up to December, 1967. Table 94 shows the allocation and release of funds for the Rural Works Programme each year since 1963 in West Pakistan.

Table 94

ALLOCATION AND RELEASE OF FUNDS FOR RURAL WORKS PROGRAMME IN WEST PAKISTAN

(In crore rupees)

	1963-64	1964-65	1965-66	1966-67	1967-68 (Up to December 67)	Total
Allocation ..	10.00	10.00	6.32	5.00	10.00	41.32
Release ..	9.96	9.46	9.90	4.36	0.90	34.58

The entire allocated amount is not generally released, part of the allocated funds being retained for expenditure on establishment.

Physical Achievement

Despite the delay in the release of funds during 1966-67, the Rural Works Programme registered substantial gains. Physical accomplishments of the Programme are given below.

In the transport and communication sector, 953 schemes were completed which produced 98 miles of metalled roads, 339 miles of treated roads, 450 miles of kutcha roads and six bridges. In the health and sanitation sector, 1,173 schemes were undertaken which produced 422 water supply schmes and 73 civil dispensaries. In the water and irrigation sector, 335 schemes were taken in hand and seven tubewells and 172 surface wells were completed. In the education sector, 622 schemes were completed. These included 422 school buildings. In the social welfare sector, 192 schemes were taken in hand. These included 160 community buildings. In the agriculture sector, 147 schemes were executed which included 26 veterinary dispensaries, 6 marketing centres, 6 stock-breeding centres and one agriculture workshop. 173 other miscellaneous schemes were also undertaken during the year.

The Rural Works Programme in West Pakistan is achieving the objectives for which it was taken in hand. With the creation of Divisional Evaluation Teams and the introduction of a sophisticated reporting system, the Programme is being effectively implemented. Local Councils are making the best use of the Rural Works Programme in solving local problems of the rural population.

CHAPTER XII

FOREIGN ECONOMIC ASSISTANCE

The Third Five-Year Plan envisaged a total expenditure of Rs. 52,000 million (nearly $ 11 billion). The Plan assumed that the country could mobilize Rs. 35,500 million ($ 7.5 billion) of domestic resources and the balance of Rs. 16,500 million ($ 3.5 billion) was likely to be obtained as external assistance in the form of projects and non-project loans, technical assistance, foreign private investment and rupee releases out of counterpart funds. The total pledges made during the first three years of the Third Plan, including the pledges uncommitted carried forward from the Second Plan, amount to $ 1,883 million. Of this, $ 1,404 million is through the Consortium and $ 72 million from Consortium countries but outside the Consortium Club. Non-consortium countries have pledged $ 407 million. The position of pledges by countries is detailed in Table 95.

Table 95

ECONOMIC ASSISTANCE FROM CONSORTIUM AND NON-CONSORTIUM SOUR--- DURING THE THIRD PLAN

($ Million)

Lending Countries / Agencies	Un-committed pledges on 1-7-1965	Pledges during Third Plan 1965-66	1966-67	1967-68	Sub-total 3 years	Total availability
1	2	3	4	5	6	7
A.—Through Consortium :						
1. Belgium	9.6	..	0.5	1.0	1.5	11.1
2. Canada	30.4	25.4	25.4	25.4	76.2	106.6
3. France	17.1	10.0	10.0	10.0	30.0	47.1
4. Germany	48.4	40.0	38.8	38.8	117.6	165.0
5. Italy	14.7	20.0	30.0	15.0	65.0	79.7
6. Japan	..	30.0	30.0	30.0	90.0	90.0
7. Netherlands ..	0.7	4.8	4.4	4.4	13.6	14.3
8. U. K.	..	22.4	22.4	19.2*	64.0	64.0
9. U. S. A.	86.0	50.0	140.0	165.0**	355.0	441.0
10. U.S. (Exim Bank) ..	66.0	—	—	35.00	35.0@	101 0
11. World Bank /IDA ..	38.2	49.0	35.0	161.0***	245.0	283.2
Total (A) ..	311.1	251.6	336.5	504.8	1,092.9	1,404.0

1	2	3	4	5	6	7
B.—Outside Consortium :						
1. Canada (wheat) ..	..	3.7	6.9	7.9	18.5	18.5
2. France	..	..	10.0	...	10.0	10.0
3. Italy	..	..	2.0	..	2.0	2.0
4. Suppliers' Credits ..	..	9.4	25.9	3.4	38.7	38.7
5. I. F. C.	..	..	3.2	..	3.2	3.2
Total (B) ..	..	13.1	48.0	11.3	72.4	72.4
*Total (A & B) ..	311.1	264.7	384.5	516.1	1,165.3	1,476.4
C.—Non-Consortium :						
1. Australia	..	1.7	..	1.6	3.3	3.3
2. China	..	..	6.9	40.3	47.2	47.2
3. Czechoslovakia ..	14.0	3.2	28.0	3.1	34.3	48.3
4. Denmark	..	2.2	..	..	2.2	2.2
5. Poland	14.0	..	..	..	..	14.0
6. Sweden	..	5.1	1.8	5.0	11.9	11.9
7. Switzerland	10.0	..	4.5	..	4.5	14.5
8. U. S. S. R.	50.0	..	84.0	..	84.0	134.0
9. Yugoslavia	10.7	40.8	30.0	50.0	120.8	131.5
Total (C) ..	98.7	53.0	155.2	100.0	308.2	406.9
Grand Total ..	409.8	317.7	539.7	616.1	1,473.5	1,883.3

*The original pledge has been revised due to sterling devaluation.

**Includes $ 25 million expected to be pledged by U. S. for projects in the remainder of 1967-68.

@ Excludes $ 50 Million pledge for Tarbela Dam.

***Includes $ 40 million expected to be pledged by I. D. A. before July, 1968.

It is now evident that during the first three years of the Plan, the availability as well as utilization of external assistance will be considerably lower than the Plan expectations. This shortfall is all the more pronounced in the case of Consortium assistance where the fresh pledges made thus far add up to $ 1,093 million, only 40 % of the Plan expectations of $ 2,700 million. Some of this shortfall was, however, counter-balanced by larger pledges from non-consortium sources. These pledges add up to $ 381 million so far compared to the Plan expectations of about $ 150 million for the entire Plan period. On the whole, total pledges during these three years, are expected to add up to $ 1,474 million or about 9 % less than the estimate of $ 1,650 million envisaged in the Third Five Year Plan.

In terms of commitments, the position is somewhat better because of the availability of $ 410 million

Third Plan period. Commitments, on the whole, were 14 % less than anticipated initially. However, the shortfall in the case of Consortium assistance was roughly 23 %. Table 96 shows the position of commitments during the three years of the Plan.

Table 96

COMMITMENT OF FOREIGN ECONOMIC ASSISTANCE DURING THE THIRD PLAN

(Up to December 31, 1967)

($ Million)

Year	Project	Non-project	Total
1	2	3	4
1965-66 :			
Grants	11.048	19.913	30.961
Loans	319.642	102.700	422.342
Total	330.690	122.613	453.303
1966-67 :			
Grants	7.450	19.622	27.072
Loans	279.517	206.268	485.785
Total	286.967	225.890	512.857
1967-68 (July--December)			
Grants	2.986	8.645	11.631
Loans	122.662	68.425	191.087
Total	125.648	77.070	202.718
Total Grants	21.484	48.180	69.664
Total Loans	721.821	377.393	1,099.214
Grand Total	743.305	425.573	1,168.878

Actual disbursements in the first three years of the Plan are now estimated at $ 1,348 million compared to $ 1,720 million projected in the Plan. Though substantial pledges were secured during this period from non-Consortium sources, the impact of these credits is not yet reflected in the level of disbursements in these years since many of these credits were for large projects with long gestation periods. A summary statement showing the original Plan projections and actual project and non-project aid disbursements during this period is given in Table 97.

Table 97

DISBURSEMENT OF FOREIGN ASSISTANCE DURING THE THIRD PLAN

($ million.)

Particulars	Plan projec-	Actuals	Shortfall
A.—Project Assistance :			
1965-66	340	265	22%
1966-67	353	259	26%
1967-68 (Estimates)	365	315	14%
Sub-total (A)	1,058	839	21%
B.—Non Project Assistance :			
1965-66	210	117	44%
1966-67	221	192	13%
1967-68 (Estimates)	231	200	13%
Sub-total (B)	662	509	23%
Total (A & B)	1,720	1,348	22%

Project aid disbursements for the years 1965-66 and 1966-67 were projected at 340 $ million and $ 353 million respectively. Actual disbursements during the same period were $ 265 million and $ 259 million respectively. On the whole, in these two years disbursements were about 24 % lower than anticipated. The main reason for this short-fall was lower level of commitments. Further, with the curtailment of the Annual Development Programme during 1965-66 due to war with India, the disbursements of project assistance from balances in the pipeline were also slower. Disbursements under project assistance were 17 % higher in 1965-66 compared to the disbursements in 1964-65. However, in 1966-67, these disbursements sligtly decreased compared to the first year of the Plan.

Actual disbursements of non-project assistance during 1965-66 were only 117 million compared to the original plan projection of $ 210 million. The Plan assumed a commitment of $ 210 million of non-project assistance during 1965-66. As against this, actual commitments during the year were 123 million due mainly to the suspension of U.S. assistance in September, 1965.

The position has, however, improved considerably in 1966-67. The level of commitments of $ 226 million was almost in line with the Plan projections but shortages of raw material persisted because of the draw-down of inventories in the preceding year. The disbursement of $ 192 million showed significant improvement over the previous year and was only 13 % less than the Plan projections.

)lic Law 480

ldition to project and non-project assistance, Pakistan also receives assis-
m the United States in the form of agricultural commodities which are supply, particularly foodgrains. This assistance is received under the tates Public Law 480 Title I which provides for commercial type sales ayment in rupees or under Title II which covers surplus commodities y U.S. Department of Agriculture for emergency relief or under Title III ich the programme is handled by three United States charitable orga- and UNICEF. The obligations made during the three years of the n under various programmes of PL 480 are given in Table 98.

Table 98

OBLIGATIONS UNDER PUBLIC LAW 480

($ Million)

Fiscal year of obligation	Title I (Sales for local currency)	Title II (Emergency grants, sales)	Title III (Relief, Grants)
1	2	3	4
.. ..	25.244	..	2.080
.. ..	111.722	2.850	0.611
.. ..	175.100	..	0.783
Third Plan (three years)	312.006	2.850	3.474

: end of the Second Plan, an unutilised balance of $ 94 million from the L 480 agreement signed on October 14, 1961 was available for import ural commodities. The United States Government permitted utilisa- s balance up to December 31, 1965.

ay 26, 1966, an interim PL-480 Title I agreement was signed. With ts dated August 10, October 6, 25, and December 26, 1966, it provided imports worth $ 111.722 million. Details of commodities to be im- er the agreements, signed during 1966-67, are given in Table 99.

Table 99

INTERIM PL-480 AGREEMENTS FOR 1966-67

($ Million)

.. ..	818,000 tons	54.896
.. ..	450,000 tons	26.410
.. ..	80,000 tons	21.846
.. ..	900 tons	2.800
.. ..	30,000 tons	5.770
		111.722

Up to June 30, 1967, agricultural surplus commodities under Law 480, were available against local currency payments. From the ye portion has to be paid in dollars spread over a period of 40 years, th ment being due 10 years after the date of last delivery of commodit calender year. The outstanding amounts carry an interest of 2% duri 10 years and 2.5% during next 30 years. Pakistan has already conc August 3, 1967, three agreements providing for sale of US agricultu dities on the basis of convertible local currency credits. The det under local currency terms and under convertible local currency cred in Table 100.

Table 100

CONVERTIBLE LOCAL CURRENCY CREDIT AND LOCAL CURRENCY TE UNDER PL-480 TITLE—I AGREEMENTS FOR 1967-68

Date of Agreement	Local currency term	Convertible local currency credit
August 3, 1967	85.50	23.40
December 26, 1967	31.40	8.70
May 16, 1968	19.70	6.40
Total	136.60	38.50

In respect of PL-480 sales under local currency terms, the uses rupees, as provided in PL-480 Title I Agreement dated May 11, 1967, on August 3, December 26, 1967 and May 16, 1968, are as follows:

8% of Pakistan rupee generation to be used for United States ex

5% of Pakistan rupee generation to be used for Cooly loans;

10% of Pakistan rupee generation to be given as grants under Sec (mainly for Family Planning programme);

12% of Pakistan rupee generation to be given as grant unc 104(f) (mainly for Rural Works Programme);

65% of Pakistan rupee generation to be made available to the C of Pakistan as a loan for mutually agreed projects economic development.

The various commodities being imported under the PL-480 for 1967-68 are given in Table 101.

Table 101

COMMODITY IMPORT UNDER PL-480 AGREEMENTS FOR 1967-6

Commodities	Quantity
Wheat	1,900,000 tons
Cotton	20,000 bales
Edible oil	120,000 tons
Non-fat dry milk	4,000 tons
Tobacco	900 tons
Tallow	45,000 tons
Ocean Transportation	

TECHNICAL ASSISTANCE UNDER COLOMBO PLAN

Training

Pakistan has been receiving technical assistance under the Colombo Plan since its inception in 1950. Total value of technical assistance up to June 30, 1967 amounts to $ 87.527 million. The main fields of training during 1965-66 and 1966-67 have been Administration, Food, Agriculture and Forestry, Engineering and Medical and Health. Table 102 shows training awards by field of assistance during the first two years of the Third Plan.

Table 102

NEW TRAINING PLACES PROVIDED TO PAKISTAN UNDER THE COLOMBO PLAN BY FIELD OF ASSISTANCE DURING 1965-66 AND 1966-67.

Field of assistance	Number	
		1965
General Education		
Technical Education	5	14
Medical and Health	42	54
Food, Agriculture and Forestry	71	83
Power and Fuel	11	13
Engineering	48	64
Industry and Trade	17	15
Transport and Communication	40	28
Administration	53	106
Social Services	7	4
Statistics	17	23
Fisheries	3	8
Co-operatives	2	6
Banking, Finance, Accountancy, Taxation and Insurance	11	25
Total	401	493

Experts

Exchange of experts is another way of technical assistance under the Colombo Plan. During the first two years of the Third Plan, Pakistan secured the services of 149 experts. Details by field of assignments are given in Table 103.

Table 103

EXPERTS PROVIDED TO PAKISTAN UNDER THE COLOMBO PLAN BY FIELD OF ASSIGNMENTS DURING 1965-66 AND 1966-67.

Field of Assignments	Number of Experts Provided	
	1965-66	1966-67
General Education	8	17
Technical Education	5	2
Medical and Health	11	12
Food, Agriculture and Forestry	7	12
Power and Fuel	2	2
Engineering	5	11
Industry and Trade	10	12
Transport and Communication	4	3
Administration	5	8
Social Services	2	..
Statistics	4	2
Fisheries	1	1
Banking, Finance, Accountancy, Taxation and Insurance	2	1
Total	66	83

Equipment

During the first two years of the Third Plan, $ 3.855 million worth of equipment has been received by Pakistan for training, demonstration and research purposes. The supply of technical equipment is, in the main, closely linked with the services of experts and provision of training facilities, as the value of all three forms of technical assistance is thereby maximised. The total technical co-operation assistance received by Pakistan under the Colombo Plan during the first ıf the Third Plan amounts to $ 19.417 million. The details by type of 'or these two years are given in Table 104.

Table 104

:AL ASSISTANCE RECEIVED BY PAKISTAN UNDER THE COLOMBO PLAN DURING 1965-66 AND 1966-67.

(In US dollars)

Assistance	1965-66	
. .. .	2,434,384	2,
-	4,903,662	5.
... ,.	2,493,809	
Total ..	9,831,855	

NICAL ASSISTANCE UNDER U. N. DEVELOPMENT PROGRAMME

nited Nations Development Programme (UNDP) is devised to assist ıing countries in achieving efficient utilization of their material and ıurces and in building up a framework conducive to economic and ess. The UNDP offers aid in assessing natural resources and planning ı creating or strengthening applied research institutes ; in supporting ıment or expansion of training and education centres and in a broad f technical assistance undertakings in all development fields. These e geared to meet high-priority needs and to have a reasonably quick economic and social development.

January 1, 1968, the UNDP had earmarked $ 14.195 million for 14 ent projects in Pakistan and $ 2.722 million for technical assistance s. Pre-investment and technical assistance projects are implemented ting and executing agencies within whose competence they fall. Pre-projects are large scale endeavours, usually costing more than $ 2 UNDP allocations and Government counterpart contributions and ıore than four years in duration. Allocations for these projects are on experts, equipment and contractual services. Technical assistance s are relatively small and provide chiefly for expert services and wards to Pakistan nationals for study, training and work experience ıe funds allocated by UNDP cover development activities in a broad onomic sectors. A broad account of this assistance for each major ctor is given in the following paragraphs.

ı has received substantial UNDP/FAO aid. As of January 1, 1968 stment projects related to agriculture were being implemented by the Agriculture Organization (FAO). These projects include survey, training endeavours.

ary 1967, field operations began on a fishing survey in East Pakistan e potential for increased production, to train Pakistan nationals in

SALES

Million)

Total

108.90

40.10

modern fishing techniques and to examine marketing and distribut A hydrological survey, on which field operations began in Octob intensify the collection of data which began under a project conclu Field operations to expand and improve the East Pakistan Forest R tute will get under way shortly. The FAO is also assisting Pakistan programme of forestry research and training. In addition, more t cultural undertakings, ranging from animal disease control to the m farm machinery, are scheduled for Pakistan under the 1967-68 techni programme.

Industry

As of January 1, 1968, the UNDP was assisting in three pre-i jects with $ 3.721 million and technical assistance undertaking million. In 1967, the United Nations Industrial Development (UNIDO) was established and designated as a participating and ex of the UNDP. UNIDO is presently helping Pakistan conduct p studies for the promotion of the fertilizer and petro-chemical industr of this project, extension services are being organized to offer guidan on the proper use of fertilizer inputs This project is also geared t future demands for plastics, man-made fibres and other petro-chemic

Training and Education

A key aspect of the assistance offered by the United Nations is expand the base of human skills through projects in training and all development fields. The International Labour Organisation (ILC in establishing and expanding centres for productivity, technical an training and management development in Pakistan. The Unit Educational Scientific and Cultural Organization (UNESCO) c August, 1967, six years of assistance to a group of 11 universities institutes in Pakistan. This assistance was given to strengthen faculties of engineering, to establish laboratories, to improve teaching to introduce new courses so as to relate education more closely t needs of Pakistan. As a result of the project, Pakistan's reservoir manpower has been considerably increased.

Infra-structure

UNDP assistance is also given for a variety of infrastructure pr of which have already been completed and are now contributing to regional growth. A completed UNDP / IBRD telecommunicatio commended the use of a satellite to provide better communications b and West Pakistan. In 1967, the US Export-Import Bank agreed t tan $ 10 million to construct ground relay stations to be linked to a munications satellite. Other recommendations stemming from the been incorporated into Pakistan's Third Plan.

The assistance provided by the UNDP to Pakistan as on January 1, 1968 by economic sectors is given in Table 105.

Table 105

ASSISTANCE PROVIDED BY UNITED NATIONS DEVELOPMENT PROGRAMME TO PAKISTAN AS ON JANUARY 1, 1968

(US dollars)

Field of assistance	Special Fund		Technical Assistance * Allocation	Total UNDP allocation
	No. of projects	Allocation		
1	2	3	4	5
iculture	4	5,229,100	775,500	6,004,600
lustry	3	3,721,100	344,600	4,065,700
blic Utilities	3	1,579,200	190,200	1,769,400
Housing, Building and Physical Planning.	1	1,009,700	40,200	1,049,900
Multi sector	1	1,111,800	350,100	1,461,900
Health	..	..	240,000	240,000
Education	1	856,500	609,100	1,465,600
Social Welfare	..	..	76,100	76,100
Public Administration	1	687,500	96,100	783,600
Total Special Fund and Technical Assistance.	14	14,194,900	2,721,900	16,916,800

* Details relate to the 1967-68 biennium, as approved by the Governing Council in November 1966.

EXTERNAL INDEBTEDNESS

As economic assistance has become available increasingly in the form of loans rather than grants, the problem of external debt burden has assumed great importance with reference to the development objectives of the country. The position of total external debt contracted, disbursed, repaid and outstanding both in the Public and Private sectors up to December 31, 1967 is summarized in Table 106.

Table 106

OUTSTANDING EXTERNAL INDEBTENDESS OF PAKISTAN

(As on December 31, 1967)

($ million)

	Loans repayable in foreign exchange	Loans repayable in rupees	Total
Debt Contracted	3,372.638	304.296	3,676.934
Disbursed	2,323.976	303.975	2,627.951
Repaid	419.809	54.332	474.141
Outstanding	1,880.476	249.643	2,130.119
Undisbursed	1,040.997	0.321	1,041.318
Interest paid	189.219	63.474	252.693

The amounts shown in column 2 against "repaid" and "outstanding" would not add "disbursed" due to devaluation of sterling. For the same reason "disbursed" and "undisbu would not add up to "contracted" amounts under this column.

With the increase in external loans, the debt service burden has been risin There is nothing unforeseen or unexpected about it. The magnitude of the d burden is pre-determined by the terms negotiated when loans are contracted.

The proporation of foreign exchange earnings absorbed by debt service (amortization as well as interest) is presently 13.0%. It was 3.6% in 1960-61. It is well within the tolerable level of 20% of the foreign exchange earnings of the country. Table 107 shows the ratio of debt service charges to Pakistan's earnings of foreign exchange.

Table 107

DEBT SERVICE CHARGES FOR EXTERNAL DEBT CONTRACTED UP TO JUNE 30, 1967 AS RATIO TO PAKISTAN'S EARNING OF FOREIGN EXCHANGE

($ million)

Years	Foreign Exchange Earnings	External Debt Service	Debt Service Ratio to exchange earnings
1960-61	475.587	17.157	3.6%
1961-62	497.322	30.618	6.2%
1962-63	576.807	47.586	8.2%
1963-64	576.198	61.509	10.7%
1964-65	629.139	62.223	9.9%
1965-66	686.784	73.689	10.7%
1966-67	729.981	95.718	13.1%
1967-68	800.562	103.00	13.0%

CHAPTER XIII

WATER AND POWER

The development of water and power resources is of vital importance for a developing country like Pakistan, as it helps in building the infra-structure of the economy which is essential for the development of agriculture, industry and other sectors.

The Third Plan regards the development of water and power resources as fundamental for the rapid progress of the country. The water and power development programme has been designed to provide an adequate supply of water to agriculture and sufficient low-cost power to industry in time to meet the growing demands of these sectors. Private enterpreneurship, which is conventionally shy of investment in water resources, has been brought forward through encouragements and incentives, and quick-maturing schemes of tube-well irrigation have been included in the development programme.

West Pakistan is largely an arid land overlaid with an elaborate network of canals. Insufficient water and under-irrigation on flat alluvial plains with poor natural drainage leads to the problems of salinity, alkalinity and water-logging. Unless the sizable potential supplies of water in the region are developed and adequate arrangements made for drainage, these surface and ground water problems would be difficult to control.

The greater part of East Pakistan is the flat alluvial delta of the Ganges and Brahmaputra known popularly as Ganga and Brahmaputra Doab. This is a river-ridden land, with all its blessings of natural fertilizers and the curse of floods. The total area of East Pakistan is 353 thousand acres, of which 216 thousand acres are at present being cultivated. Only 20 thousand acres still remain as culturable waste. So the total arable land, including culturable waste, comes to 236 thousand acres, or 67 % of the gross area. There is, therefore, hardly any possibility to increase agricultural production by means of extensive cultivation. The only solution is to develop agriculture by means of intensive cultivation in East Pakistan, *i.e.*, by means of irrigation, drainage, flood control and improved methods of farming. Water control through irrigation and protective works is the responsibility of East Pakistan Water and Power Development Authority.

EAST PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY (EPWAPDA)

Water Sector

The main objectives of water development programme of East Pakistan WAPDA are irrigation, drainage, flood protection, prevention of salinity and generating of hydro-power. The programme aims at utilising water for developing land to the fullest extent possible and assigns the highest priority to increased food production by providing irrigation water throughout the year, making low lands fit for cultivation by adequate drainage and protecting crop land from flood damage.

The revised Third Plan allocation for the water sector was Rs. 196 crore, of which about Rs. 56.30 crore were utilised up to the end of December, 1967. During 1967-68, there were 38 major schemes and a number of small schemes in different stages of execution, covering different aspects of water development in East Pakistan. Of the major projects, 12 related to investigation and surveys, 10 to multipurpose development involving flood control, drainage and irrigation, 2 purely irrigation schemes and 8 flood protection schemes.

The overall progress in the Water Sector in East Pakistan was quite satisfactory during 1967-68. EPWAPDA completed (*a*) the comprehensive Drainage Scheme in Faridpur District, (*b*) Improvement of Gazaria Ichamati River in Bogra District, (*c*) Improvement of old Dakatia and Little Feni River (*d*) the major portion of the Ground Water Development and Pump Irrigation Project, and (*e*) Teesta Sub-Project in Rangpur District. In addition, the first phase of the Ganges-Kobadak Project (Kushtia Unit) Dacca-Narayanganj-Demra Project and Equipment Pool Project were nearing completion. The progress of some major projects which were in different stages of execution by EPWAPDA during 1967-68 is given below :

Ganges-Kobadak Project-Kushtia Units.—The project provides for improved irrigation to 3.50 lakh acres of land in Kushtia and Jessore districts. It comprises two phases. The pahse I is almost complete with irrigation potential for about 1.2 lakh acres of land. Its canal system is in operation. The works in Phase II are progressing steadily. The revised cost estimate of the project is Rs. 50.9 crore. The total expenditure on the project up to December, 1967 amounted to Rs. 27.90 crore. The Phase II is expected to be completed by June, 1970.

Coastal Embankment Project.—The project envisages the construction and remodelling of coastal embankment and the construction of cluices for drainage with a view to protecting the coastal regions from tidal inundation and periodical floods. The project will protect about 34 lakh acres of land. The length of the embankment will be 2,600 miles in the districts of Chittagong, Noakhali, Barisal and Khulna. Of this total length, some 1,370 miles have been completed so far. About 274 miles are under construction and will be completed by June, 1968. The revised cost of the project is Rs. 99.15 crore. The total expenditure up to December, 1967 was Rs. 61.49 crore.

Ground Water Development and Pump Irrigation.—The project provides for sinking 380 tubewells for tapping ground water and the installation of 860 low-lift pumps on the rivers for pumping surface water with a view to increasing food production on an area of 1.86 lakh acres. Its revised estimated cost is Rs. 13.46 crore. The total expenditure up to December, 1967 was Rs. 13.20 crore. A total number of 365 tubewells and 558 low-lift pumps, 79 pump houses and 6 electrically driven pump-houses were installed. This project is nearing completion.

Dacca-Narayanganj-Demra Project.—The project aims at providing irrigation, flood protection and pump drainage for a net area of about 20,000 acres of land at a cost of Rs. 1.64 crore. The total expenditure incurred up to December, 1967 amounted to Rs. 2.92 crore.

Brahmaputra Flood Embankment Project.—The project envisages flood protection for an area of 5.80 lakh acres of land in Rangpur, Bogra and Pabna districts by constructing 135 miles of embankment from Kaunia on the Teesta river up to the confluence of Brahmaputra with Hurasargar river 28 miles below Sirajganj Town. More than 64 miles of embankment were completed by the end of December, 1967. The estimated cost of the project is Rs. 6.39 crore. Total expenditure incurred up to December, 1967 amounted to Rs. 4.96 crore. The project is expected to be completed by the end of the current financial year.

Tippera-Chittagong Multipurpose Project (1st Phase : Chandpur Area).—This project provides for irrigation of an area of 1.10 lakh acres of land. Its total expenditure up to December, 1967 amounted to Rs. 4.64 crore.

work on ' 110 MW Ghorasal Power Station ' has been taken in hand. velopment of 207.34 acres of land acquired is in progress and so far 50% proposed power station area has been filled up.

Transmission.—The Goalpara-Bheramara-Ishurdi 132 KV line has been except the Hardinge Bridge Section. The Saidpur-Thakurgaon 132 been completed. The construction of 154 miles of Siddhirganj-Sylhet 132 KV line is progressing rapidly and 136 miles of stringing of conductors have been completed. Survey work for Madanhat-Dohazari 132 KV line ha been completed and that of Serajganj-Saidpur 132 KV line is in progres For the East-West 230 KV Interconnector, consultants have been appointe with the financial assistance from the Government of Canada.

Secondary Transmission and Distribution

Secondary Transmission and Distribution.—The construction work of 66 KV and also 33 KV lines for Dacca and Chittagong under the ' Power Distribution Project ' is in progress. Construction work of sub-stations at Ullon, Siddhirganj Pahartali, Halishabar, Kalurghat and New City Main is in progress. The Kamapapur sub-station has been temporarily energised. A contract has been signed for engineering services for Comilla-Chandpur and Feni-Choumuhani 66 KV lines and preliminary work has been taken inhand. Preliminary work for the improvement of distribution system in Khulna and Kushtia has also been taken up. Stringing work of 32 miles for Ishurdi-Pabna-Serajganj line and tower erection work of 36 miles for Ishurdi Sardah-Rajshahi line has been completed.

About 578.5 miles of 33 KV lines was completed by December, 1967. In addition, 285 miles of 33 KV lines are in different stages of execution at various places in East Pakistan.

WEST PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY (WPWAPDA)

The West Pakistan Water and Power Development Authority made tremendous progress during 1967-68, and completed some very important projects started in earlier years. It has so far undertaken 48 projects costing Rs. 660.2 crore and completed 23 projects. The activities of the West Pakistan WAPDA can be briefly stated under three major sections :

(1) Works connected with large scale investigations and surveys, and execution of Water and Salinity Control and Reclamation Projects.

(2) Work connected with the development and distribution of power in West Pakistan.

(3) Work connected with Indus Basin Settlement Plan.

The revised Third Plan allocation for Water and Power Programme for West Pakistan was Rs. 410.7 crore. Of this, Rs. 218.1 crore was earmarked for the water sector and Rs. 192.6 crore for the power sector.

Investigation and Surveys

West Pakistan WAPDA has been able to prepare comprehensive development plans for the lower Indus Valley and the Northern Zone. Feasibility studies for a number of projects in Quetta and Kalat regions and the north-western region of the province were undertaken. Detailed basin-wide studies were undertaken for the Kurram, Haro, San and Siran rivers. Detailed investigations were in progress for the Hub, Khanpur and Gomal Zam projects. A number of small schemes for the development of both surface and sub-surface water in the rinfed areas of West Pakistan have been investigated. Work relating to the re-organisation of the Irrigation Research Institute, Lahore is also being continued.

Prevention of Flood in Feni Sub-Division.—The project aims at cont nd relieving drainage congestion and water-logging in Feni sub-divis Noakhali district. The revised estimated cost of the project is Rs. 88. unapproved). The total expenditure incurred on the project up to 967 amounted to Rs. 80.08 lakh.

Teesta Barrage Project (Main).—The project envisages irrigation of about .12 lakh acres of land in Rangpur-Dinajpur and Bogra districts with an estimated cost of Rs. 47.18 crore. The total expenditure on this project up to December, 1967 is estimated to be Rs. 2.42 crore.

Besides the large projects discussed above, a number of small schemes ere under execution at various places throughout the province aiming to increase food production by means of irrigation, flood regulation, drainage, embankment and small dams. Some of the schemes have already been completed.

Behind all these development works, was a systematic process of hydrological investigations and surveys, reconnaissance surveys and feasibility studies to provide data for planning. Also socio-economic surveys of on-going and partly completed projects were undertaken. Dredgers were being reconditioned and put on a maximum works programme.

Power Sector

The Third Plan allocation for power development in East Pakistan is Rs. 155 crore including the foreign exchange component of Rs. 84.59 crore. Of the total allocation, a sum of Rs. 81.70 crore *i.e.* about 52.7% has been earmarked for new projects.

The installed power generating capacity in East Pakistan increased from 202 MW at the end of the Second Plan period to 237.9 MW by December, 1967 and this would go up to 304.4 MW by June, 1968. As much as 49% of the target set for route length of transmission and distribution lines had been accomplished by December, 1967. The length of transmission and distribution lines increased from 2,300 miles to 4,272 miles, the number of consumers from 104,000 to 163,161 and the electrified villages from 138 at the end of the Second Plan to 200 by December, 1967.

Generation.—Under the 'Emergency Power Generation Schemes', two gas turbine sets (2×6.5 MW) have already been installed and put into operation, whereas the other two gas turbine sets (2×12MW) were expected to be commissioned by June 1968.

The scheme, 'Improvement and Augmentation of Power Supply under Crash Programme', envisages setting up of 104 MW total capacity at Shahjibazar in the district of Sylhet. Four of the sets aggregating 55.34 MW are expected to go into operation by June, 1968.

Preliminary work in connection with 120 MW Ashuganj Power Station has been taken in hand. Specifications for 50 MW Karnafuli Third Unit have been prepared. Preparation of tender documents is in progress.

In the case of 'Siddhirganj 50 MW Thermal Plant' the piling work for the main Power Station area including turbine buildings and boiler area has been completed.

CHAPTER XIII

WATER AND POWER

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Water Sector

During the first two years of the Third Plan, a number of projects were completed of which the most important are Mangla Dam and Tanda Dam. Progress on the on-going projects is given below :

Tanda Dam Project.—The dam, which is 114 feet high with a top length of 1,925 feet, has been completed except a few minor works and water course. Water was successfully diverted to the dam on 30th June, 1966. A total amount of Rs. 6.68 crore was spent on this project. The project has a gross reservior capacity of 78,400 acre feet with live storage capacity of 64,800 acre feet.

Khanpur Dam.—The scheme envisages the construction of a 1,310 feet long and 137 feet high earthen dam across the Haro river near Khanpur in Hazara district. It has a live storage capacity of 44,000 acre feet and an irrigation potential of 1,13,000 crop acres per year at 150 % intensity. The revised cost of the project is Rs. 10.72 crore against the approved cost of Rs. 6.2 crore. The scheme will be completed by the end of 1968.

Gomal Zam Multipurpose Project.—The project envisages the construction of a 500 feet high dam across the Gomal river at Kharjuri Katch in D. I. Khan district. It will cost approximately Rs. 38.3 crore. This project will help in controlling floods and providing hydroelectric power to the extent of 90 MVA in the first instance. It will be completed by 1970.

Karachi Irrigation Project.—This project aims at constructing a 146 feet high and 22,900 feet long earthen dam across the Hub river near Karachi. The gross storage will be 7,73,000 acre feet and the live storage 6,06,000 acre feet. The canal system is designed to irrigate 84,000 crop acres annually with a gross commanded area of 1,31,000 acres. Its cost is estimated at Rs. 8.86 crore. Preliminary works have been completed and the work on the main dam has also been started.

Pilot Wind Mills.—It has been proposed to set up 6 pilot wind mills in the Mekran Coast and Lower Sind Areas. Four mills will be used for stock watering, one for irrigation and one for aero-generating of electric power. If the mills are found successful, they can be used to store water for domestic and irrigation purposes.

Salinity Control and Reclamation Programme

This sub-sector continued to receive high priority by all the executing agencies. With a view to removing salinity and water-logging and to supplementing irrigation water, the Irrigation Department, besides completing a number of small surface drainage schemes, continued its efforts to remodel the existing drains and construct new major ones under Bukkurawa Drainage System, Pandoki Drainage System, Jaranwala Drainage System, Satiana-Summundari Drainage System and Chatkkandi Drainage System. During the Third Plan period, about 9,000 tubewells will be installed in various SCARP areas, of which 7,855 will be put into operation by June, 1970,. The progress of the major schemes now under execution is reviewed below :

Chaj Doab Scheme.—This scheme aims at reclaiming 22.7 lakh acres between the Chenab and Jhelum rivers in the districts of Jhang, Sargodha and Gujrat through the installation of 2,500 tubewells, the excavation of 450 miles of new drainage channels and the remodelling of 300 miles of the existing drains. The estimated cost of the project is about Rs. 30 crore. Installation of 301 tubewells has been completed and they are under operation. Of the remainder, about 884 tubewells will be installed in the Upper Jhelum Scheme, 213 in the Khadir Scheme and about 1,100 in the Lower Jhelum Scheme areas. 213 tubewells of the Khadir Scheme have been completed, and the electrification which is in progress, is expected to be completed shortly, after which the tubewells will be put into operation. All the 884 tubewells in the Upper Jhelum Scheme as well as the electrification of 250 tubewells have been completed. As many as 139 tubewells have been handed over to the Irrigarion Department. Electrification of the remaining tubewells is in progress. As for the 1,100 tubewells of the Lower Jhelum Scheme, a loan for their financing has been signed with US AID. The execution of this scheme will be taken up shortly.

Lower Thal Scheme.—This scheme envisages the installation of 1637 tubewells and the construction of 150 miles of drainage channels over an area of 13 lakh acres mainly under the commands of Rangpur and Muzaffargarh Canal Systems. Work on three units of this projects, comprising 542 tubewells in the Alipur Units, 523 tubewells in the Kot Adu Units, and 572 tubewells in the Rangpur Units, has already been started. The construction of the drainage channel is continuing, and about 69 miles had been excavated up to December, 1967. The project will be completed with an estimated cost of Rs. 22.44 crore.

Upper Rechna Scheme.—This project aims at installing 1,942 tubewells for an area of 13 lakh acres, of which 12 lakh acres is culturable in Gujranwala, Sialkot and Sheikhupura districts. The scheme has been split into three units namely Upper Chenab (1,062 tubewells), Mangtanwala (300 tubewells), and Muridke (580 tubewells). Foreign Exchange portion of the Mangtanwala and Muridke units are being financed from the credit component of the protocol signed with Yugoslavia. For the Upper Chenab Unit, loan agreement has been signed with U. S. AID. The execution of the project is proposed to be taken up during the later part of the current year.

Khairpur Reclamation Scheme.—This scheme envisages the installation of 568 tubewells, 5 pumping stations and 350 miles of drainage channels to reclaim a cultivatable commanded area of 3.18 lakh acres in the district of Khairpur at an estimated cost of Rs. 15.29 crore. All the 568 tubewells had been drilled by December, 1966. The main and branch drains had also been completed to the extent of 96 % and 76 % respectively. Electrifiation of these tubewells is in hand.

Larkana-Shikarpur Scheme Phase I.—This scheme provides for the excavation of 126.5 miles of new drains over an area of 5.78 lakh acres in the districts of Larkana, Shikarpur and Sukkur on the west bank of the river Indus. The approved cost of the scheme is Rs. 2.28 crore. The construction of structures for the drains is underway.

Mangla Dam

After protracted negotiations with India through the good offices of the World Bank, the Indus Basin Treaty was singed in Karachi in September, 1960 bringing to an end the critical and long-outstanding water dispute between the two countries. The treaty was based on the division of 3 eastern rivers, Sutlej, Beas and Ravi by India in her own territory by 1970. The three western rivers, Jhelum, Chenab and Indus remained with Pakistan for exclusive use in West Pakistan. To compensate for the waters which the country will lose to India from the three eastern rivers, the World Bank came forward with an engineering formula to help Pakistan build two storage dams at Mangla and Tarbela, 8 link canals and 5 barrages. To finance the cost of these replacement projects, an Indus Basin Fund was set up with contributions from the World Bank, United States, United Kindom, Canada, Australia, Newzealand and West Germany. India is paying Rs. 80 crore over period of 10 years as a sort of compensation. The plan also envisages the remodelling of some of the existing link canals which depended on the three eastern rivers.

Tenders to construct the Mangla Dam were invited in June, 1961. The lowest tender was for a sum of about Rs. 168 crore from a consortium of 8 American firms headed by the Spansor firm, Messrs. Gwy F. Atlensan and the contract was awarded to this consortium in January 1962. The contactors started the large-scale construction operation in May, 1962. The early start by the contractors was made possible to some extent by the completion of a large number of ancillary works and services by the West Pakistan WAPDA.

Mangla is a key project of the Indus Basin Programme. The water stored, if applied to new lands, will irrigate an area of 40 lakh acres. The hydro-electric power potential is 10 lakh kilowatts, which is about twice as much as the total power actually consumed in West Pakistan today. Both the water stored and the power generated are within easy reach of the areas to be served. The Treaty provided for a live storage of 4.75 million acre feet at Mangla Dam, two miles long and 380 feet high from the river-bed level, across the main river at Mangla. To contain the reservoir, it was necessary to build a second dam, called Sukiam, 3-1/2 miles long and of a maximum height of 80 feet of an adjacent bridge, and a third called Jari Dam, three miles long and 234 feet high to close a gap in the rim about 16 miles east of Mangla. Thus, of a total length of 250 miles of the reservoir rim, 8-1/2 miles are formed by dams. Jari dam alone is as big as Warsak Dam.

The Mangla dam is one of the largest in the world. It is a rolled earth-filled embankment with a length of approximately 11,000 feet and a height of 380 feet above the river-bed. Its gross capacity has been estimated at 5.55 million acre feet and the live capacity at 4.75 million acre feet. The design, however, provides for the raising of the dam by 40 feet in the future. This will increase the storage capacity to 9.4 millioin acre feet, which will bring new lands under cultivation and reclamation.

It is estimated that the life of the Mangla Dam reservoir will be limited to about 125 years but this will be increased to about 250 years after raising the dam by 40 feet and through the watershed management measures being adopted in the catchment area of the river Jhelum to check the heavy incidence of siltation.

Not only will it provide some additional supplies but also replacement for the uses met from the three Eastern Rivers, and will produce initially 300 MW of hydro-electric power, the potential production capacity being 1,000 MW at the last stage. The fringe benefits to accrue from it are incalculable. In as much as it can now control the flood of Jhelum and store water particularly the winter water, it will succeed in stabilising the West Pakistan irrigation system which was so long subject to seasonal variations and uncertain flow supplies and thus enable the province to pursue the programme of increased agricultural production which is so vitally necessary for the solution of our food problem. By generating 300 MW of hydro-electric power, it will also very substantially contribute to industrial productivity.

The dam was completed almost a year ahead of schedule. The Mangla Dam and seven other projects have been completed at a total cost of Rs. 500 crore under the Indus Basin Replacement Works Plan. The Mangla Dam alone has cost Rs. 335 crore.

Tarbela Dam

The Tarbela Dam project envisages the construction of a storage reservoir on the Indus river about 32 miles above Attock. The reservoir to be created by the 445-feet high and 8870-feet long dam will extend up to nearly 50 miles upstream with a storage capacity of 11.1 million acre feet, of which 9.3 million acre feet will be available for irrigation and power development which is almost twice as much as the capacity of the Mangla reservoir.

The reservoir will conserve 11.1 million acre feet of Indus waters during the summer when the river has surplus flows going to waste at sea. The stored water will be released during winter for irrigation of crops when the river flows are scarce, specially during the critical periods of sowing and maturing.

Tarbela Dam will also provide hydro-electric power, the ultimate potential of which will be 21 lakh kilowatts, produced through 12 generating units with a capacity of 175,000 kilowatts each. The power units will be phased in accordance with the increasing demand. Initially four power units will be installed.

The project involves a total expenditure of 900 million dollars, of which some 500 million dollars required in foreign exchange, between 300 to 320 million dollars are available from the present Indus Basin Fund and 50 million dollars have been granted by the International Development Association. Since the Tarbela Dam has been found technically feasible and economically productive by the World Bank Teams, which visited Pakistan in November, 1966 and April, 1967 respectively. It was decided that the financing of the project would be done by the Consortium countries. It is expected that they would make available about 100 million dollars in foreign exchange, which would be needed not earlier than 1972.

The construction of Tarbela Dam will start before the next monsoon. All the preliminary works would be completed by the end of June, 1968. Preliminary works include an access bridge over the Indus river, a rail track and a road from Lawrencepur to the dam site and relocation of the Pehur canal on the right bank of the river. According to the present programme, the Tarbela reservoir will be completed by 1975 and the remaining ancillary works by 1977. The contract for the construction of the project has been awarded to a French-Italian consortium led by Impreglio, an Italian firm.

Machinery Pool Organisation

This is a pool of construction and heavy earth-moving equipment and other plants belonging to WAPDA and the Irrigation Department under the executive ontrol of WAPDA. It was established in June, 1959. Since then, the actual earth-work done totalled 3635 cubic feet. It is now working on (*i*) the Ghulam Mohammad Barrage Project, (*ii*) the Karachi-Irrigation Project, (*iii*) the Larkana-Shikarpur Drainage Project, (*iv*) the Kot Adu Drains, (*v*) the Chaj Doab Drainage, (*vi*) the Khanpur Drainage, (*vii*) the Remodelling of Balloki-Sulemanki line and (*viii*) the construction of Mangla Periphery Road.

Power Sector

WAPDA was entrusted with the execution of power projects, running of power stations and maintenance of transmission and distribution and transmission systems in West Pakistan except Karachi, on the transfer of the Electricity Department from the Provincial Government in April, 1959. It has so far undertaken work on 26 power schemes estimated to cost Rs. 370.46 crore and completed 15 schemes costing Rs. 155.32 crore. WAPDA has played a very vital role in developing power in the province. The Third Plan allocation for WAPDA's power projects is Rs. 162.6 crore excluding allocation for tubewell electrification. This outlay aims at providing an additional generating capacity of 658 MW excluding 300 MW to be available from the first three units of the Mangla Power House. 11,700 circuit miles of transmission and distribution lines would be added to the power system, 5.75 lakh new connections would be given including 25,000 agricultural private tubewells and about 1,000 villages will be electrified. About 2,02,234 new connections were added to the WAPDA's power system including 10,489 private agricultural tubewells and 12,235 industrial connections during the first two years of the Third Plan, despite the break-down of Multan Thermal Power Station in this period.

During the period under-review, the number of domestic connections added to the system was 81,189 in addition to 4,000 private agricultural tubewells and 3,400 industrial connections. The maximum demand on the Northern Grid System has risen from 410 MW to 538 MW during the first two and a half years of the Third Plan period against the firm capacity of 780 MW. This demand has been recorded at 80% load factor of the system which would have been 640 MW if the load factor had been normal *i.e.* 60%.

Indus Basin Project

The Indus Basin Project consequential to Indus Waters Treaty in 1960 between India and Pakistan, is being executed by WAPDA as agent to the Government of Pakistan. It includes two dams (Mangla on the river Jhelum and Tarbela on the river Indus), 8 inter-river link canals, about 400 miles in length, 6 river diversion structures including one gated siphon, remodelling of 3 existing link canals, 2 existing headworks and several existing canal systems served by the new connection.

As stated earlier, the construction of Mangla Dam was completed during the year, almost one year ahead of schedule. The reservoir was successfully filled in two phases up to the maximum conservation level and two turbo-alternator sets started providing 200,000 KW of power to the National Grid during the year.

The tender documents of Electrical and Mechanical Works of Tarbela Dam are under preparation and will be floated during 1968-69.

The completed works of the Indus Basin Project *viz.* Mangla Dam, Trimmu-Sidhnai-Mailsi, Mailsi-Bahawal and Qadirabad-Balloki Link canals, Sidhnai Barrage, Qadirabad Barrage and Mailsi-Siphon and Remodelling works were inaugurated by the President of Pakistan on 23rd November, 1967.

PAKISTAN ATOMIC ENERGY COMMISSION

The activities of the Atomic Energy Commission include, harnessing of atomic energy by conversion into electronic power and application and uses of radioisotopes and radiation sources in the solution of problems in the fields of agriculture, industry and medicine.

Pakistan's deficiency in conventional fossil fuels such as coal, oil and gas is only too well known. It is believed that within the next ten years a considerable power gap between the demands of industry etc., and the supply from oil-fired or gas-fired stations will develop in the country. Fortunately nuclear technology has developed to a level that this gap can be easily and economically bridged with the help of atomic energy. With these considerations in view the Pakistan Atomic Energy Commission recommended the installation of two nuclear power stations one each in West and East Pakistan. Of the two, the plant at Karachi called the Karachi Nuclear Power Project is under construction on the Buleji Coast, fifteen miles west of Karachi. It would produce 1,37,000 kilowatts of electricity for the industrial and private consumers of Karachi. The construction of the nuclear power station in East Pakistan has not been started yet due to lack of funds.

Pakistan Institute of Nuclear Science and Technology Islamabad

The biggest research establishment of the Commission is the Pakistan Institute of Nuclear Science and Technology located at Nilore near Islamabad. It has as its central facility a 5 MW swimming pool type reactor. It is expected that about 1,000 scientists, engineers and technicians will be able to work at the Institute on problems of special significance to the development of Pakistan. About 45% cent of the total civil work and 12% electrification has been completed and work on the provision of other facilities and amenities is in progress.

Atomic Energy Centre Dacca

The Atomic Energy Centre, Dacca was completed in 1964 with a 3 Mev Van de Graaff accelerator, an IBM 1620 electronic computer, and a 500-Curie Cobalt Source located in heavily shielded room, as the principal facilities for research and development.

The Centre conducted extensive investigation on jute with a view to selecting varieties of fine qualities of this fibre.

The Electronics Department of the Centre designed and fabricated several useful devices such as a seed counting machine, an electronic control of traffic signal, a traffic flow analyser and a cathode ray readout display unit for a 512-channel analyser.

The centre collaborated with the EPWAPDA in locating proper places for sinking tube-wells so as to obtain optimum efficiency in pumping out ground water and thus facilitating the irrigation of a vast area of the northern part of East Pakistan. Construction of a laboratory model has been completed to simulate conditions under which radioisotope techniques can be applied in the field.

Atomic Energy Centre Lahore

The first full-fledged research laboratory of the Commission was established at Lahore in 1961. From the very beginning it has served both as a research laboratory and as a training institute for the benefit of young graduates from the universities. The Centre has all the usual facilities for work with radioactive isotopes and radiation sources in the disciplines of nuclear physics, radiobiology, analytical chemistry, radiation chemistry etc. Among the major research facilities and a 14 Mev neutron generator, a natural uranium light water moderated sub-critical assembly and a 13,000-curie Cobalt 60 Source.

The nuclear chemists at the Centre carried out the analysis of uranium contents in ores supplied by PAEC geologists from different areas of Pakistan. In the radiation chemistry section, pinewood was copolymerized under gamma radiation and significant improvements in its quality, such as tensile strength, resistance to worms and water repellance, were observed. Residual bitumen from Pakistan Oil refineries is also being tested to determine its suitability as a disposal medium for radioactive waste.

Medical Centres

The radio isotope medical centres of the Commission continued to play their useful role in the effective diagnosis and treatment of malignant disease besides carrying out their research work.

The Commission had established three medical centres at Karachi, Lahore and Dacca. These centres have started functioning. Medical Centres at Multan, Jamshoro, Chittagong and Narayanganj are expected to operate shortly.

Directorate of Nuclear Minerals

The Commission continued its activities in the extensive exploration of localised areas in both the Wings of the Country, chemical evaluation of the ore content and devising ways and means of exploiting the deposits.

The search for radioactive minerals, which was confined to only one particular region of West Pakistan, was diversified and extended to other favourable areas in both the Wings of the Country.

CHAPTER XIV

TRANSPORT AND COMMUNICATIONS

The development of an adequate and efficient transport system is a pre-requisite for the success of any plan of economic development, and more so in Pakistan which is divided by 1,000 miles of alien territory. The Inter-dependence of the volume of transport and the level of economic activity creates a close relationship between them. Economic development in Pakistan has reached a stage where the growing requirements of the country are placing an increasingly severe burden on its transport capacity. Structural changes taking place in the economy, as a result of sustained efforts for development, are also exerting a powerful influence on the pattern of traffic in different parts of the country. While the railways and the inland water transport continue to be the chief means of handling bulk traffic in West and in East Pakistan respectively, road transport, specially in West Pakistan, is assuming greater importance, particularly for short-haul traffic. Civil aviation, in view of the special geographical and topographical nature of the country, is also becoming an effective medium for handling both inter-wing and intra-wing traffic.

The allocation for transport and communications in the public sector in the revised phasing of the Third Plan has been increased to Rs. 671 crore, Rs. 16 crore, or 2.4%, more than the original allocation and Rs. 364 crore, or 118.5%, more than the actual expenditure of Rs. 307 crore in the Second Five Year Plan.

Progress in the different sectors of transport and communications during the period under review is as follows.

PAKISTAN EASTERN RAILWAY

At the end of December 1967, the total route and track milage, consisting of broad, metre and narrow gauge, stood at 1,712.55 and 2,599.89 miles respectively. Table 108 shows the classification of route and track miles at the end of December 1967.

Table 108

ROUTE AND TRACK MILAGE OF PER

	Route Miles	Track Miles
Broad gauge	553.82	885.92
Metre gauge	1,138.98	1,691.59
Narrow gauge	19.75	22.38
Total ..	1,712.55	2,599.89

In spite of the loss of Indian cross-traffic and Indo-Pakistan traffic since September 1965, the Pakistan Eastern Railway has maintained a steady growth rate. Both the passenger and freight revenues increased during 1966-67, and the revised accounts for the year closed with a profit of Rs. 1.33 crore, against the budgeted profit of Rs. 2 lakh only.

Passenger-miles increased by 12.2% from 178.7 crore in 1965-66 to 200.4 crore in 1966-67, and goods ton-milage by 1.5% from 85.4 crore to 86.7 crore.

The passenger earnings and passenger-miles during the first 8 months of 1967-68 (July-February) were Rs. 5.95 crore and 143.72 crore, against Rs. 5.46 crore and 129.98 crore respectively in the corresponding period of 1966-67.

The goods earnings and goods ton-miles during the first 8 months of 1967-68 (July-February) were Rs. 9.23 crore and 68.37 crore respectively. Goods earnings and goods ton-miles during the corresponding period of 1966-67 were Rs. 7.42 crore and 50.98 crore respectively.

Rolling Stock

• During 1967, 10 MG carriages were constructed in the PER workshops and placed in service. Construction of 10—20 MG luggage vans was in hand and expected to be completed by June 1968. 21 MG bogie well wagons, 50 MG bogie oil tank wagons, 91 MG bogie hopper trucks and 50 MG bogie flat trucks were procured during 1967 in knocked down condition and after local assembly were placed on line. 9 MG air conditioned carriages were also procured and placed in service, while orders for the purchase of 11 BG carriages, 64 MG bogie hopper trucks, 7 steam cranes (5 MG+2 BG), 3 MG tourist car bogies. 48 luggage vans (46 MG +2 BG), 10 MG bogie motor vans, 3 MG bogie fish vans, 65 MG bogie tank wagon, 100 BG bogie oil tank wagons, 2 tugs and 4 barges were placed and delivery of most of the items is expected to be completed by the end of 1968.

Engineering and Structural Work

Work on the provision of relay interlocking and tokenless block working at 38 stations, replacement of obsolete and worn out B type token instruments on Parbatipur-Biral section and train wire on Kanchan-Ruhea section was completed by the end of 1967.

Replacement of train wire by tablet instruments on Chittagong-Dohazari-Nazirhat Branch line, Laksam-Chandpur section and Parbatipur-Kannia section was in progress and expected to be completed by the middle of 1968.

Passenger Amenity and Staff Welfare Works

Construction of 95 units of staff quarters, 5 platform sheds, one upper class waiting room, one refreshment room and 4 sanitary latrines and electrification of 8 stations were completed during 1967. Satisfactory progress was also made on the construction of 271 units of staff quarters and two high schools.

New Constructions

Satisfactory progress on the work connected with the new construction of Dacca Realignment Scheme, Narsinghdi-Madanganj Railway, Kurigram-Chilmari Railway line construction and Ruhea-Pochagarh railway construction has been made and the lines have already been opened for goods traffic. These are expected to be opened for passenger traffic shortly. Work on doubling of track between Pahartali and Akhaura block hut, Rupsa East Bagerhat conversion from narrow gauge to broad gauge, Faridpur-Barisal railway construction, remodelling of Parbatipur locoshed, Chhatak-Bholaganj ropeway and survey work relating to Khulna-Mongla Railway was also progressing.

Bridge Works

Out of 40 bridges, work on the provision of step bearings on 28 bridges has been completed and the work on remaining 12 bridges is in progress. Work relating to re-building of 5 bridges was also completed and that of strengthening of other major bridges is in progress.

Track Renewals

15.52 miles of rail renewal and 78.93 miles of sleeper renewal were completed during 1967.

PAKISTAN WESTERN RAILWAY

At the end of December 1967, total route and track milage consisting of broad, metre and narrow gauge stood at 5,334.80 and 7,599.17 miles respectively. Table 109 shows the classification of route and track miles at the end of December 1967.

Table 109

ROUTE AND TRACK MILAGE OF PWR

	Route Miles	Track Miles
Broad guage	4,636.88	6,752.95
Metre gauge	318.20	393.19
Narrow gauge	379.72	453.03
Total..	5,334.80	7,599.17

Both passenger and freight revenues went up during 1966-67. Passenger revenues increased by 7.5% from Rs. 21.20 crore in 1965-66 to Rs. 22.78 crore in 1966-67 and freight revenues by 6.8% from Rs. 31.47 crore in 1965-66 to Rs. 33.62 crore in 1966-67.

During 1966-67, Pakistan Western Railway earned a gross profit of Rs. 6.33 crore and a net profit of Rs. 9.83 lakh as compared to Rs. 6.49 crore and Rs. 88 lakh respectively during 1965-66.

Passenger-miles increased by 3.3% from 601 crore in 1965-66 to 620 crore in 1966-67 and goods ton-miles by 5.5% from 474 crore to 500 crore.

The passenger earnings and passenger miles during the first 8 months of 1967-68 (July—February) were Rs. 15.3 crore and 415.3 crore against Rs. 15.4 crore and 412.3 crore respectively in the corresponding period of 1966-67.

The goods earnings and goods ton-miles during the first 8 months of 1967-68 (July-February) were Rs. 21.3 crore and 300.5 crore respectively. Goods earnings and goods ton-miles during the corresponding period of 1966-67 were Rs. 20.9 crore and 318.4 crore respectively.

The progress achieved on the development works during the year 1966-67 is detailed below :

Rolling Stock

20 diesel electric locomotives (BG), 60 passenger carriages (BG), 2 other coaching vehicles (BG), 1,460 wagons (BG) and 3 diesel railcars/trailing carriages were placed on line during 1966-67.

An order for the purchase of 34 broad-gauge diesel railcars and 92 trailing carriages was placed in Japan in April 1965. One railcar and two trailing carriages were received in June 1966 and the shipment of the remaining railcars and trailing carriages will be completed by June 1968.

An order for the purchase of 88 broad-gauge dismantled carriages was also placed in West Germany in April 1966. Out of these, 40 carriages have been received and the balance of 48 carriages will be received by June 1968.

Bridge Works

The work on renewal of old and weak wrought iron girders of a number of major bridges on Jand-Daud Khel Section, Sukkur Channel bridge and Sher Shah bridge over the river Chenab was still in progress. With the replacement of the old girders it will be possible to permit running of heavier locomotives enabling longer trains being hauled at higher speeds.

Rehabilitation of Track

The work of rehabilitation and strengthening of track on the Karachi-Lalamusa main line, by replacing old 90-lbs. rails with new 100-lbs. rails, with increased sleeper density and ballast cushion, with the object of increasing speeds of passenger trains to 75 m.p.h. progressed satisfactorily. The released permanent-way materials are being utilised to rehabilitate and strengthen the old weaker tracks on various branch lines. During 1966-67, 54 miles of rail renewals and 75 miles of sleeper renewals were completed. Welding of rail joints to provide half mile long welded rails on the new 100-lbs. main line track was also progressing satisfactorily and rails over 103 miles of track were welded during the year 1966-67.

Engineering and Structural Works

The work in connection with the installation of a factory for the manufacture of broad-gauge pre-stressed concrete sleepers at a cost of about Rs. 40 lakh was completed and trial production commenced. The annual production of the factory will be about 80,000 sleepers, rising to 200,000 in subsequent years, thereby meeting the full requirements of the Railway.

The other important works relating to the provision of improved signalling, teleprinter circuits and very high frequency (VHF) system of communication between shunting engines, control tower and yard staff at a number of stations and upgradation of certain stations progressed satisfactorily.

Other Major Projects

(i) *Electric Traction on Lahore--Khanewal Section.*—Contract for execution of this project has been let out and the work commenced. The project is expected to be completed by the middle of 1969. The main purpose of this project is to reduce dependence of the Railway on imported fuel by utilising electric power and also to reduce import of spare parts for locomotives thereby conserving foreign exchange. This will also lead to better and faster train service.

(ii) *Carriage Factory at Islamabad.*—With the establishment of this factory adequate manufacturing capacity would be created to meet the Railway's requirements of all types of passenger carriages, which are estimated at 150 per year. It is planned to manufacture in the factory not only the carriage bodies but also the bogies and other components and fittings.

(iii) *Metre-gauge Carriage and Wagon Repair Shop at Hyderabad.*—The Shop is designed to be fully equipped for undertaking repairs of metre-gauge coaching and goods stock and of broad-gauge tank wagons based at Karachi. The work was taken in hand during 1966-67 and is expected to be completed by June 1969.

Passengers and Public Amenities and Staff Welfare Works

A number of works were carried out for providing amenities to passengers and for staff welfare. The former include provision of passenger platform shelters at six stations and extension to the existing one at two stations, third class waiting halls at eight stations, foot overbridges at seven stations and flush type latrines at seven stations.

New Constructions

(i) *Karachi Circular Railway.*—In order to cater to the transport needs of the ever-growing city of Karachi, the Karachi Circular Railway project was taken in hand. Phase I of the project, linking Drigh Road and Drigh Colony railway stations with Wazir Mansion was opened to passenger traffic on 10th November, 1964. Arrangements to start work on Phase-II of the project connecting Wazir Mansion with Karachi City were in hand.

(ii) *Kot Adu—Dera Ghazi Khan—Kashmor Rail Link.*—The project comprises two phases at an anticipated cost of Rs. 16.99 crore. Phase I of the project will connect Kot Adu with the district headquarter of Dera Ghazi Khan across the Taunsa Barrage, a distance of 48.52 miles. This project was taken in hand in 1964-65 and has made substantial progress. It will be opened for traffic by the end of 1968. The work on phase-II connecting D. G. Khan with Kashmor has also been taken up and is programmed to be completed in 3 years. This rail link, when completed will not only provide an alternate route to the northern areas from Karachi on the other side of the River Indus but will also contribute to the economic development of the relatively backward areas of the trans-Indus region.

(iii) *Conversion of Hyderabad—Mirpur Khas Section from Metre-gauge to Broad-gauge.*—The project which was taken in hand in 1964-65 was completed and opened to traffic in November 1967.

ROADS

The Third Five Year Plan lays much greater emphasis on the development of roads. Against the Second Plan expenditure of Rs. 56.90 crore, the allocation for roads in the Third Plan has been increased to Rs. 195.41 crore, Rs. 102.04 crore for East Pakistan, Rs. 85 crore for West Pakistan and Rs. 8.37

crore for Centrally Administered Areas. The programme aims primarily at strengthening and expanding the existing road network, building up a system of main limited access highways and construction of secondary and feeder roads to meet the needs of short distance traffic. Special emphasis is to be laid on providing roads in less developed areas and developing adequate research facilities.

The progress achieved in the two provinces is as under :

East Pakistan

For East Pakistan, Rs. 102.04 crore has been provided for the development of roads. The programme envisages the construction of about 800 miles of on-going road work of the First and Second Plans, improvement of 300 miles of existing roads and construction of 250 miles of new roads, besides bridges over the Buriganga and Karnafuli rivers and feasibility studies of bridging other major rivers. Among the important projects included in the programme are :

(i) Dacca-Sarial-Sylhet Road.

(ii) Dacca-Chittagong-Narayanganj Road.

(iii) Dacca-Aricha Road.

During the first two years of the Third Plan *i.e.*, 1965-66 and 1966-67, an expenditure of Rs. 14.20 crore was incurred, 240 miles of roads were constructed and 37 miles of existing roads improved. The Annual Development Programme for 1967-68 has made a provision of Rs. 14.06 crore. The programme envisages the construction of 150 miles of roads, construction of embankments, bridges and culverts on 238 miles of new roads and modernisation and upgradation of Dacca-Chittagong and Dacca-Aricha roads.

West Pakistan

The allocation for West Pakistan is Rs. 85 crore and the programme envisages the following works :

(*i*) Construction of 650 miles of on-going projects including bridges over rivers Jhelum, Sutlej and Indus.

(*ii*) Re-conditioning and widening 200 miles of existing black top roads.

(*iii*) Construction of 300 miles of superior type highways including bridge at D. I. Khan.

(*iv*) Construction of 375 miles of other roads.

(*v*) Improvement of 650 miles of Karachi-Quetta-Zahidan road (RCD Highway).

During the first two years of the Third Plan *i.e.*, 1965-66 and 1966-67, an expenditure of Rs. 19.54 crore was incurred, 335 miles of new roads were constructed and 355 miles of existing roads improved. The Annual Development Programme for the year 1967-68 provided for expenditure of Rs. 15.47 crore.

Reasons For Short-Fall In Provinces

The reasons for the short-fall during the first two years of the Third Plan in both East and West Pakistan were primarily the emergency created by the Indo-Pakistan War in 1965 and the delay in procuring aid for the major projects. In East Pakistan, two major projects, the Dacca-Chittagong and Dacca-Aricha highways were delayed because of higher cost estimates prepared by the consultants. Similarly, in West Pakistan, the execution of the Karachi-Hyderabad highway was delayed because tenders were re-invited, after those received earlier were found to be too high, and the delivery of equipment was delayed by the closure of the Suez Canal.

Central Sector

Against the Third Plan allocation of Rs. 8.37 crore for the development of roads in the Centrally Administered Areas, expenditure during the first two years of the Third Plan amounted to Rs. 10.5 crore, an increase of about 25%. Certain new projects have been initiated and included in the Plan. The physical and financial achievements in the Central Sector will, therefore, exceed the Plan targets and will make up for the shortfall in the Provincial programmes.

INLAND WATER TRANSPORT AUTHORITY

All the five major river ports of Dacca, Narayanganj, Chandpur, Barisal and Khulna are now open to passenger and cargo traffic. Seventeen timber jetties have been provided on the coastal islands and 18 floating pontoons constructed for smaller river stations. Engineering works at the Barisal Repair Workshop are nearing completion.

The Provincial Annual Development Programme for 1967-68 includes the provision of Rs. 4.29 crore, with a foreign exchange component of Rs. 1.08 crore, for the East Pakistan Inland Water Transport Authority. This amount will be utilised for 18 on-going and new schemes, such as launch landing stations, a training centre for deck hands for inland water vessels, buoying, lighting and marking of inland waterways and development of navigable channels.

Table 110 shows the performance of the IWT public and private sectors since 1960.

Table 110

PERFORMANCE OF IWT 1960—67

Item	Position as on 1-7-60	Position as on 30-6-67
Number of mechanically propelled vessels ..	821	1361
Number of dumb craft	696	852
Route milage	3,373	4,984
Number of boat building yards	9	62
Number of operators	210	479
Number of IWT Routes	140	261
Number of stations served	1,148	1,407
Cargo carrying capacity (in tons)	1,52,819	2,18,764
Passenger carrying capacity (nos)	80,386	1,10,951
Powered ferries for connecting important road head.	..	12
Coastal ships for connecting off-shore islands with the main land.	..	4
Landing craft type vessels for connecting off-shore islands with the main land.	..	3
Motor boats for connecting off-shore islands with the main land.	..	10

SHIPPING

Pakistan's merchant fleet has maintained a steady growth. Its strength, which amounted to 3 ships with 18,500 deadweight tons at the time of Independence, and 55 ships with 5.35 lakh deadweight tons at the end of the Second Five Year Plan, went up by March 1968 to 61 ships with 6.2 lakh deadweight tons and passenger carrying capacity of 6,000. Between January 1967 and March 1968, six ships, three new and three good second-hand, were acquired.

One of the new ships, constructed by the Karachi Shipyard and Engineering Works Ltd., was the first modern cargo ship of its size (12,860 deadweight tons) constructed in Pakistan and thus marked an important event in the history of the country's shipping industry. The quality of the fleet has also improved considerably as a result of the addition of new modern ships and the replacement of many old and obsolete ships. The existing fleet comprises 54 dry cargo ships, 6 passenger or passenger-*cum*-cargo ships and 1 oil tanker. Another 9 fast modern ships (8 dry cargo and 1 passenger-*cum*-cargo) are presently under construction.

The Pakistan Merchant Fleet, besides handling almost the entire coastal sea-borne trade, is at present operating on many important international routes covering services to the U. K./Continent, U.S.A. Canada, Australia, Indonesia, China, Japan, Burma, Ceylon, Iran, Turkey Persian Gulf and Red Sea Ports. The entire Haj traffic is also carried by Pakistani ships.

The Third Plan shipping programme provides for the acquisition of 54 ships, 11 for replacements and 43 as additions, raising the total strength of the merchant fleet by the end of the Plan period to 98 ships with approximately 10 lakh deadweight tonnage.

The ships to be acquired include dry cargo and passenger-*cum*-cargo ships, oil tankers, bulk carriers, fruit ships and Haj ships. Five of these ships have been allocated to 5 newcomers from East Pakistan to increase the participation of the province in the shipping industry.

Total investment during 1966-67 amounted to Rs. 5.50 crore, Rs. 2.93 crore by the National Shipping Corporation and Rs. 2.57 crore by private companies.

National Shipping Corporation

The corporation had, at the end of 1966-67, an operational fleet of 21 vessels with a total deadweight of 215,519 tons. Orders for 8 more vessels—3 from West Germany, 4 from a Yugoslavian firm and one from the Karachi Shipyard, have been placed, and delivery of these vessels is expected to be completed by 1969. With the addition of these 8 vessels, the fleet strength of the National Shipping Corporation will increase to 29 ships totalling 316,979 deadweight tonnage.

The corporation's fleet at presents is engaged in the following trade routes :

Pakistan—Turkey, Mediteranean-UK-Continent.

Pakistan—U.S.A., Canada.

Pakistan—Indonesia, Australia.

Pakistan—Ceylon, China, Far East.

Pakistan—Persian Gulf.

Pakistan—Red Sea.

Specialised Haj traffic is also carried on by the Corporation.

During 1966-67, the corporation carried 11.45 lakh freight-tons of cargo in 129 voyages, against 6.92 lakh in 1965-66 in 68 voyages. The total freight earnings was Rs. 10.52 crore inclusive of foreign exchange earning-cum-saving of Rs. 9.78 crore, as against the 1965-66 total earnings of Rs. 6.70 crore, including foreign exchange earnings of Rs. 6.05 crore. After including other receipts of Rs. 2.62 lakh and deducting foreign exchange expenditure, the net foreign exchange earning-cum-saving amounted to Rs. 4.38 crore, an increase of Rs. 1.38 crore over the 1965-66 figure of Rs. 3 crore.

During the remaining three years of the Third Plan period, the corporation intends to acquire 23 vessels, of which 6 will be new and 17 second-hand. The 23 vessels will consist of 13 Dry Cargo Ships, of which one will be new and 12 second-hand, 2 fruit ships, both second-hand, 3 bulk carriers, all new, and 5 oil tankers, of which 2 will be new and 3 second-hand.

East Pakistan Shipping Corporation

The Corporation with its 4 coasters, 4 landing craft type vessels, 10 motor life boats and 12 ferry vessels is running cargo, passenger and ferry services on the following routes :

Chittagong-Barisal-Narayanganj coastal Service.

Chittagong-Barisal-Narayanganj Cargo Service.

Chittagong-Cox's Bazar LCT Service.

Dacca-Ilsaghat LCT Service.

Narayanganj-Daudkandi Ferry Service.

Aricha-Goalundo Ferry Service.

Aricha-Nagar Bari Ferry Service.

Demra-Daudkandi Road gap Ferry Services.

Motor Life Boat Services.

The Provincial Annual Development Programme for 1967-68 included a provision of Rs. 16.4 lakh, inclusive of Rs. 1.5 lakh in foreign exchange, for the East Pakistan Shipping Corporation to cover the Corporation's schemes for the acquisition of coasters, motor life boats and LCTs.

PORTS

In a developing country like Pakistan, the development of ports, including inland river ports, is essential to meet the growing needs of the people. During the Third Plan, greater emphasis has been laid on the development of ports.

The Plan provides for the construction of the first phase of a permanent port at Chalna (Mongla), rehabilitation of old and construction of new berths at Chittagong and Karachi, and procurement of craft and equipment to speed up operations at the port and expansion of other ancillary facilities including storage facilities. The preliminary feasibility of opening a second port on the Mekran Coast in West Pakistan having already been established, detailed surveys and investigations are being arranged.

The progress of development at various ports is as under :

Karachi Port

During the first two years of the Third Plan, an expenditure of Rs. 6.94 crore was made, against the total Plan expenditure of Rs. 30 crore. The construction of a new bulk oil pier and a sea-wall in the reclamation area at Keamari has been completed. Works relating to rehabilitation of Manora Breakwater reconstruction of berths 1—4 at East Wharves, construction of three additional berths at West Wharf, and replacement and acquisition of necessary craft and equipment for the port to handle the increasing traffic are progressing satisfactorily. The connected projects of a ship-repairing Jetty and a Dangerous Goods shed have already been completed, and the lighterage wharf, shifted to Juna Bunder, has made 60% progress. The growth of traffic handled at the port from 1959-60 to 1967-68 is shown in Table 111.

Table 111

TRAFFIC HANDLED AT KARACHI PORT

(In Lakh Tons)

Year (July—June)	Imports	Exports	Total	Percentage Increase over 1959-60
1959-60	34.25	10.78	45.03	..
1960-61	39.10	10.68	49.78	10.5
1961-62	34.88	11.17	46.05	2.2
1962-63	40.16	15.46	55.62	23.5
1963-64	45.24	13.33	58.57	30.0
1964-65	62.73	15.33	78.06	73.3
1965-66	51.86	18.70	70.56	56.7*
1966-67	67.87	22.87	90.74	100.0
1967-68 (July—January)	37.60	11.15	48.75	..

*Fall in figures due to Indo-Pakistan War and emergency.

Chittagong Port

The growth of traffic handled at the port from 1959-60 to 1967-68 is shown in Table 112.

Table 112

TRAFFIC HANDLED AT CHITTAGONG PORT

(In Lakh Tons)

Year (July—June)	Imports	Exports	Total	Percentage Increase over 1959-60
1959-60	21.47	4.97	26.44	..
1960-61	22.26	3.94	26.20	—0.8
1961-62	24.55	4.44	29.00	+10.0
1962-63	27.12	5.08	32.20	+22.0
1963-64	32.98	5.62	38.60	+46.0
1964-65	28.65	4.25	32.90	+25.0
1965-66	31.98	4.42	36.40	+37.5
1966-67	38.25	5.03	43.28	64.0
1967-68 (July—January)	15.10	0.10	15.20	..

Against the Third Plan allocation of Rs. 30 crore, an expenditure of Rs. 4.65 crore had been incurred up to 1966-67. The construction of an off-shore oil terminal was completed in 1967. The scheme for the construction of workshop and slipway and new schemes for replacement of Pontoon and light jetties and construction of additional jetties made some progress.

Night navigation has also been introduced in Chittagong port for the first time in the history of the port to ensure the quick turn-round of ships. This measure will greatly ease the congestion of ships in the outer anchorage.

Chalna Port

The growth of traffic handled at the port from 1959-60 to 1967-68 is shown in Table113.

Table 113

TRAFFIC HANDLED AT CHALNA PORT

(In Lakh Tons)

Year (July—June)	Imports	Exports	Total	Percentage Increase over 1959-60
1959-60	2.59	6.30	8.89	..
1960-61	4.28	4.79	9.07	2.02
1961-62	6.76	3.24	10.00	12.04
1962-63	7.12	7.99	15.11	71.01
1963-64	8.00	8.62	16.62	87.07
1964-65	7.07	2.95	10.02	12.05
1965-66	8.73	8.81	17.54	97.05
1966-67	13.00	8.62	21.62	141.00
1967-68 (July—January)	4.86	6.09	10.95	..

Against the revised Third Plan allocation of Rs. 18.75 crore, an expenditure of Rs. 1.80 crore was made up to 1966-67. The development programme of the port consists of the on-going project for improving the anchorage and the new project of establishing a conventional port on the river with permanent shore facilities. The work relating to the reconstruction of Roosevelt Jetty has been entrusted to an East Pakistani contractor, and is expected to be completed within two years. Good progress has been made on the work relating to the establishment of a port on the Pussur River.

Second Port in West Pakistan

Feasibility studies for the establishment of a second port for West Pakistan on the Mekran coast at Sonmiani have been completed. Detailed investigations and studies for the designing of various facilities required at the proposed port and preparation of cost estimates are receiving attention.

PAKISTAN INTERNATIONAL AIRLINES

Pakistan Internatonal Airlines (PIA) continued to make steady progress in its operational activities both at home and abroad during the period April, 1967 to March, 1968.

The airline started an international service to the Far East by connecting Dacca to Bangkok with a twice-weekly service. In the domestic market, new services were operated on Karachi-Hyderabad-Multan-Lyallpur- Lahore (daily) and Karachi-Moenjodaro-Sukkur-Multan-Dera Ismail Khan—Rawalpindi (thrice a week) routes.

On the vital inter-wing routes, the flights between Karachi-Dacca were increased from 15 to 18 and between Lahore-Dacca from 8 to 12. Frequency on the following routes was also increased : Dacca-Khatmando-Dacca from 2 to 3, Dacca-Jessore-Dacca from 21 to 28, Dacca-Sylhet-Dacca from 7 to 14, Dacca-Chittagong-Dacca from 28 to 35, Lahore-Rawalpindi-Lahore from 21 to 35 and Peshawar-Kabul-Peshawar from 3 to 4.

As a result of an allround development, there was steady growth in both capacity and traffic. The capacity ton-miles increased by 27.2%, while revenue ton-miles increased by 21.5%. Comparing the two years, 1966-67 and 1967-68 (April-March), the operational results of PIA are summarised in Table 114.

Table 114

EXPANSION OF PIA's OPERATIONAL ACTIVITIES (1966—68)

Particulars	1966-67 (April-March)	1967-68 (April-March)	% Variation
Capacity ton-miles (crore)	14.95	19.01	27.2
Revenue ton-miles (crore)	9.23	11.21	21.5
Available seat-miles (crore)	111.75	141.29	26.4
Revenue passenger-miles (crore)	74.16	85.77	15.7
Passenger load-factor	66.4	60.7	..
Overall load-factor	61.7	59.0	..

The Corporation added one Boeing 707-340C, one Trident and three Fokker aircraft to its fleet during the period under review. The Corporation's fleet, as on 31st December 1967, comprised Boeing 720-B and 707-340C (6), Trident IE (4), Super-Constellation L-1049 (4), Fokker Friendship F-27 (11), DC-3 (1), Skorsky-Helicopter (1) and Hiller-Helicopter (1).

Outlook

By the gradual extension of routes and modernisation of equipment facilities, PIA has kept pace with the latest developments in the airline industry and thus secured a solid base for further expansion in the 'supersonic era'. PIA has already reserved two positions for American SST for delivery in 1976. The various aspects relating to its operation on the PIA network are being examined.

Evaluation and route feasibility studies for the purchase of the jumbo jet, which offers 3 to 4 times the capacity of the present jets, are also being made. The suitability of STOL (short take-off and landing) and other alternatives for replacing helicopter services in East Pakistan are also being studied at present.

Further route extension is planned for both international and domestic markets. Of special interest in this regard is the extension of the Nairobi service to Dar-es-salam and the introduction of a new service to London *via* Tripoli. In the East Pakistan domestic market, Thakargoan and Shamsher Nagar are to be provided with air connections in 1968.

POST OFFICES

At the time of independence, there were 6,474 post offices, 614 in urban and 5,860 in rural areas. By the end of the Second Plan, the number of post offices increased to 11,766—1,207 in urban and 10,559 in rural areas. The Third Plan target is 2,500 new post offices, 500 in the urban areas and 2,000 in the rural areas. Between July 1965 and December 1967, 811 (437 in East Pakistan and 374 in West Pakistan) new post offices were opened, bringing the total to 12,577—1,348 in the urban areas and 11,229 in the rural areas. During the first three months of 1968, another 224 post offices were opened.

Postal Revenue and Postal Traffic

There has been a steady increase in the revenue of the Post Office Department and postal traffic, as indicated in Table115.

Table 115

POSTAL REVENUE AND POSTAL TRAFFIC

(Figures in thousand)

Particulars	1954-55	1959-60	1967-68	% increase/decrease in 1959-60 over 1954-55	% increase/decrease in 1967-68 over 1959-60
Revenue (Rs.)	3,39,23	5,51,58	10,11,30	(+)63	(+)83
Surplus (Rs.)	(—)36,89	(+)8,25	(+)75,23	(+)122	(+)812
Postal Traffic					
Unregistered article delivered.	44,86,89	60,06,44	67,19,83	(+)34	(+)12
Accountable article (Registered) Insured, V. P. letters and parcel)	1,43.69	1,92,52	2,19,25	(+)34	(+)14
Money Orders Issued					
Number	82,23	1,05,51	1,09,73	(+)28	(+) 4
Value	35,07,79	57,85,21	74,93,81	(+)65	(+)30
Pakistan Postal Orders Sold					
Number	2,65	8,80	7,71	(+)232	(—)12
Value	6,77	24,66	20,82	(+)264	(—)16

Air Mails

With the increase in the services of the PIA, the policy of utilising PIA flights for despatch of air mails, both inland and foreign, was further extended during 1967. Direct closed air mail despatches were also introduced to 5 more countries of the Middle East and Africa and the frequency of despatches of mails to the Far East improved considerably.

Air parcel service was also extended to two more foreign countries, bringing the total number of foreign countries to which this service is now available to 128.

Postal Savings

Postal Savings is an agency function performed by the Post Office Department on behalf of the Central Ministry of Finance, and over 9,565 post offices in rural and urban areas are engaged in rendering savings bank service to the people. The net investment in savings bank and savings certificates during the calender year 1967 amounted to Rs. 215.22 lakh, while the net balance at the credit of Savings Certificates holders on 31st December, 1967 stood at Rs. 143.32 crore.

TELECOMMUNICATIONS

Pakistan Telegraph and Telephone Department has made steady progress in the field of telecommunications to meet the growing demand of trade, commerce, industries, Government Departments, the general public and other agencies in the urban as well as the rural areas of the country.

During the year 1967, the number of telephones in the country rose from 145,000 to approximately 157,500. Another 5,500 telephones were installed by the end of March 1968. During the remaining 9 months of 1968, 24,000 more telephones are expected to be installed, bringing the total to 187,000 by the end of 1968.

During 1967, 25 new telephone exchanges (16 in East Pakistan and 9 in West Pakistan) were opened and 12 auto exchanges (3 in East Pakistan and 9 in West Pakistan) and 5 manual exchanges (3 in East Pakistan and 2 in West Pakistan) were expanded. Installation work on 14 more exchanges was in progress and these were expected to be commissioned during 1968.

Long Distance Trunk Service

Expansion of the long-distance trunk network is receiving due attention to meet the ever-increasing trunk traffic. During 1967, STD service was extended from Rawalpindi to Murree on 40-voice channels derived from microwave system. The existing STD service on Karachi-Rawalpindi, Lahore-Rawalpindi and Karachi-Lahore routes was augmented by increasing the voice channels by 12,12 and 18 respectively.

In East Pakistan, the replacement of the existing 72 channels capacity VHF system by a 960 channel microwave system on the Dacca-Chittagong, Dacca-Kushtia, and Dacca-Khulna main routes has commenced. The scheme is likely to be implemented in full by the middle of 1969. On commission of the microwave system, the present shortage of voice channels will be completely wiped out, and there will be enough capacity for future expansion. In West Pakistan, installation of a high capacity coaxial cable system on the Rawalpindi-Peshawar route will be taken up shortly, along with the expansion of the existing Karachi-Rawalpindi coaxial system to its full capacity of 960 channels.

For the expansion of trunk service on subsidiary routes, multi-channels open wire carrier systems were installed on Sargodha-Mianwali and D.I. Khan-Quetta route.

Telecommunication Facility to Rural Areas

Of 413 Thana towns in East Pakistan, 398 have been provided with telephone facilities, installation work for public call offices in the remaining 15 towns is in progress, and expected to be completed during 1968. During 1967, 55 public call offices were opened in the rural areas (8 in West Pakistan and 47 in East Pakistan).

Measures are also in hand to implement the schemes for the installation of PCOs facilities in all Police Station Towns of West Pakistan and 200 Union Councils in East Pakistan.

Telegraph Service

Four telegraph offices were opened in the rural areas and a teleprinter service was introduced at 6 places during 1967. The 30-lines manual telex exchange at Lahore was replaced by a 100-lines auto exchange. A 100-lines auto telex exchange was opened in Rawalpindi. Telex subscribers at Rawalpindi, Lahore and Karachi can now make telex call by direct dialling like STD. The installation of auto telex exchange at Dacca, Chittagong and Khulna will be taken up shortly, and it is expected that the Dacca telex exchange will be commissioned by the end of 1968.

Inter-Wing Communications

Implementation of the scheme for the expansion of HF Radio telephone channels between the two wings of the country from 12 to 24 circuits has commenced, and it is expected that additional direct circuits will be available by the end of 1969, which should reduce the traffic congestion. Expeditious measures arc in hand to implement the scheme for establishing earth stations in East and West Pakistan for communication *via* Satellite to be launched over the Indian ocean.

International Services

(a) During 1967, direct radio telephone service was established between Karachi and Kuwait. Trunk call facilities were also made available on HF Radio to Romania, Rawanda, Portuguese territories, Alaska, Puerto Rico, and Virgin Islands.

(b) A Direct wireless telegraph link was established between Karachi and Kuwait.

(c) Telegraph photo service was established between Karachi and Moscow.

(d) Direct telex link was established between Karachi and Tehran (over microwave system). Telex service was also extended through existing Links to 5 more countries.

BROADCASTING

Against the Third Plan allocation of Rs. 9 crore for the development of broadcasting, Rs. 1.80 crore had been spent up to the end of 1967.

The number of radio stations at present is 11 and there are 23 transmitters with a total output of 460 5 KW. Efforts are being made to establish 4 more radio stations and 19 additional transmitters as a result of which the total capacity would rise to 4,060 KW.

With the installation of 7 new transmitters, viz. 100 KW each at Hyderabad, Multan and 150 KW at Quetta, 10 KW each at Khairpur, Khulna and 1,000 KW each at Islamabad and Dacca, the present area coverage on mediumwave of about 25%in West Pakistan and 95% in East Pakistan is expected to be increased to about 70% in West Pakistan and to the entire East Pakistan by the end of the Third Plan period. Progress on some of the important schemes under implementation is as under :

Installation of two 100 KW SW transmitters at Islamabad, one 100 KW SW transmitter at Dacca for East-West link and 10 KW MW radio station at Rangpur, have been completed. Receiving centres at Chittagong and Rajshahi have also been completed and brought into operation. Work on 100 KW MW transmitter, receiving centre and broadcasting house at Multan and on 100 KW MW transmitter at Hyderabad is in progress. For the 10 KW Khulna Station, equipment has been received and building is under construction.

Construction of a Central Stores Depot at Chittagong has also been taken in hand.

Sites have been selected for the 1,000 KW MW transmitters for Dacca and Islamabad and for the 150 KW MW transmitter for Quetta.

Equipment for increasing training facilities has been ordered and construction of buildings is in progress.

TELEVISION

The Television Promoters Company, established in February 1965, was converted on 29th May, 1967 into a Public Limited Company and named the Pakistan Television Corporation Limited. The authorised capital of the Corporation is Rs. 5 crore with Government holding the controlling share. The main objectives of the Television Service in Pakistan are :

to provide information and education through wholesome entertainment,

to make various regions of Pakistan and Pakistanis from all parts of the country better known and understood, and

purposeful development of the Pakistani way of Life.

The Corporation with its 4 television stations at Karachi, Lahore, Rawalpindi-Islamabad and Dacca, is being run on a commercial basis and advertisement on television is at present its only source of revenue. A comprehensive development programme costing Rs. 14 crore for the Third and Fourth Five Year Plans is under implementation, which would enable the corporation to start paying for itself by 1969-70 and earn a profit of about Rs. one crore annually by 1975. The programme includes, *inter alia*, the setting up of 13 re-broadcast stations (6 in East Pakistan and 7 in West Pakistan), a central production unit at Dacca and at Islamabad, and three audience participation studios at Islamabad, Karachi and Lahore. After the implementation of this programme, about 95% of the population in East Pakistan and 84% in West Pakistan will be brought within the viewing range of the television service by the end of the Fourth Plan period.

A central training institute at Islamabad and an Asian Television News Service, in collaboration with Ifago of West Germany, has already been established. The news service produces daily pictorial news and feeds all the stations. These newsreels are also being used by Ifago for their European television networks and thus help in projecting Pakistan to European audiences.

CHAPTER XV

SOCIAL DEVELOPMENT

EDUCATION AND TECHNICAL TRAINING

The cause of education, technical training and scientific research has been accorded high priority in Pakistan. Soon after assuming office, the President appointed a Commission on National Education to make recommendations for the re-orientation and re-organisation of the education system. The Commission submitted its report in November 1959, and its recommendations were incorporated in the Second Plan. Another high-powered Commission, set up in 1964, has suggested several reforms, particularly those pertaining to modernisation of existing curricula and syllabi and the production of standard text books to meet the country's new requirements. Expenditure on education is now treated in the same way as capital investment in industry, and a direct relationship between education and production has been established, greater emphasis being laid on scientific technical and agricultural education.

The increasing importance being attached to education is reflected in the financial allocation to the Education and Technical Training sector under various plans. In the First Plan a rather modest allocation of Rs. 23 crore was made, which rose almost five-fold to Rs. 110 crore in the Second Plan, and further to Rs. 237 crore in the Third Plan. Total annual expenditure on education, which was only Rs. 20 crore in 1958-59, had risen to Rs. 88 crore by 1967-68. The accelerated increase in public development expenditure at Rs. 21.10 crore on education in East Pakistan as against Rs. 14.05 crore in West Pakistan is meant to remove whatever disparity still exists in this field between the two provinces.

Salient features of the progress achieved in the various sectors of education in the two provinces are stated briefly below :

Primary Education

The government is anxious to achieve the target of universal primary education. However, in view of the colossal expenditure involved, we can achieve the target only over a period of years as further resources become available. The Perspective Plan envisages the schooling up to class V, which is recognised as the minimum standard for literacy, will be universal for boys by 1975 and up to class VIII by 1980. For girls, the target years are 1980 and 1985 respectively. During the First Plan only 8 lakh additional children were enrolled in primary classes, whereas during the Second Plan period about 22 lakh children have been enrolled. In 1954-55 only 31.5% of the children of the relevant age-group were in the primary schools. During the First Plan period there was only a slight increase, which raised this percentage to 33.4 in 1959-60. But during the Second Plan period there was a considerable rise, raising this percentage to 43 in 1965. The Third plan accords high priority to primary education and envisages an enrolment of 58 lakh additional children, this will mean school attendance for 70% of the children in this age group.

Secondary Education

At the secondary stage two important programmes are under implementation. Firstly, the diversification of the curriculum is being carried out by providing facilities for teaching science and mathematics as compulsory subjects and by providing a number of elective subjects. Secondly, there is a programme for establishing a number of model institutions to emphasise quality of teaching and development of personality and character. The enrolment in high schools rose fro—

5 lakh in 1948 to 10 lakh in 1960 and 15 lakh in 1965. It will rise further to 28 lakh by the end of the Third Plan. The government has also established model schools at Islamabad and Dacca with improved educational facilities.

Higher Education

Before 1958 there were only six universities in Pakistan. This number has since doubled with the addition of two Engineering and two Agricultural Universities, one in each Wing and the Universities of Chittagong and Islamabad. Another university is being established in East Pakistan. The emphasis in higher education is now on consolidation of facilities and quality. Centres of advanced studies and research in important disciplines are being established at various universities. As it is not possible for every university to specialise in all subjects, fields of specialization have been identified and allocated to the universities. A sum of Rs. 30 lakh has been provided each year for general universities in both the provinces for projects in which the Central Government is particularly interested. In addition, a sum of Rs. 6.20 lakh was provided in the 1967-68 budget for these Universities as grants for tutorials.

Improvement of Post-graduate Education in East Pakistan

There is a provision of Rs. 10 lakh in the current year (1967-68) for improving and strengthening post-graduate studies in the universities of East Pakistan in accordance with the scheme of the Provincial Government.

Central Council for Higher Education

The Central Government has set up a Central Council for Higher Education to advise the Government on all educational matters of national dimension, such as common courses of study, the medium of higher instruction and examination, common grounding in the ideological basis of our state, mass physical training and orientation of education to the manpower needs of the country, and liaison between higher educational institutions and research establishments.

University of Islamabad

Government has established a post-graduate university at Islamabad to accelerate the economic development of the country by meeting its urgent and growing requirements for experts and specialists.

Since 1967, the University has started post-graduate courses and research work in mathematics, theoretical physics, physical chemistry and economics. Highly qualified and talented Pakistani scientists who were working abroad have been brought back by the University and are now training a number of selected promising students for the M. Sc., and Ph. D., degrees.

Pending the construction of a permanent Campus of the University, which is ..g developed in Islamabad, its academic work has started in rented buildings. ..m of Rs. 15 lakh for maintenance and of Rs. 50 lakh as a capital grant were ..d in the 1967-68 budget.

Technical Teachers' Training Colleges

In order to overcome the dearth of trained technical teachers in the country, a programme of in-service and pre-service training of technical teachers was started at selected polytechnics at Karachi, Dacca and Rawalpindi. Besides the Teachers' Training College at Lyallpur, which offers a training programme for teachers of secondary and vocational schools in industrial arts and crafts, a separate Training College for teachers of vocational schools has also been established at Lahore. In addition, a Teachers' Training Wing is attached to the Swedish-Pakistani Institute of Technology at Landhi, Karachi.

Similarly, a Technical Teachers' College has also been established at Dacca during the year 1964-65. The technical teachers training wing attached to Dacca Polytechnic was transferred to that college in the same year. To cope with the present and future needs of the country, one new technical teachers' training college is expected to be established at Lahore and the existing teachers' training colleges of both wings will be expanded during the Third Five Year Plan.

Engineering Universities/Colleges

At present there are two Universities of Engineering and Technology at Dacca and Lahore, which will be further developed for the promotion of post-graduate studies and research. In addition, there are 5 engineering colleges, 4 in West Pakistan and 1 in East Pakistan. Two more engineering colleges are being established in East Pakistan. The programme is so designed as to increase the annual intake-capacity of the engineering universities and colleges from 1,861 in 1966-67 to about 3,300 in 1969-70, and the output from 810 in 1966-67 to about 1,750 in 1969-70. Besides, new branches of studies in Engineering disciplines will also be introduced at under-graduate and post-graduate level.

Agricultural Universities/Colleges

Pakistan is primarily an agricultural country. The Third Plan aims at self-sufficiency in food and increase in the real income of farmers. An important step towards the achievement of this objective will be availability of credit, marketing and training facilities and furtherance of agricultural education at all levels .

With this end in view, an agricultural University in each province, three agricultural colleges and an animal husbandry college have been established. New departments at graduate and post-graduate levels have been added, and many research and extension services are underway. As a result of this effort, student admission rose from 577 in 1960 to nearly 1,950 in 1967.

Keeping future needs in view the Third Plan provides both for expansion and improvement of all existing facilities. It is estimated that during the Third Plan, a total of about 3,759 agricultural graduates and post-graduates will be produced.

Religious Education

In Pakistan, which is an Islamic State, the importance of religious education can hardly be over-emphasised. Accordingly, due emphasis has been given to religious education in the school curricula. It is now a compulsory subject of study up to class X. In the intermediate classes, Islamic studies is an elective subject. Religious instruction has also been made compulsory for Muslim children studying in Christian schools. There are a large number of *madrassas* and *maktabs* in East and West Pakistan which constitute a specialised system of teaching, paying particular attention to religious studies. Through the Provincial *Auqaf* Departments a programme has been initiated for revising the curricula in order to give proper place to science and mathematics.

National Research Fellowship Scheme

The National Research Fellowship scheme has been sponsored by the Ministry of Education to bring back to Pakistan talented scholars studying or working abroad and thus to stimulate research activities in our universities. A number of research scholars have already returned under this scheme. The provision of Rs. 50,000 was made in the1967-68 budget for this purpose.

Presidential Awards for Outstanding Teachers and Students

As a token of the country's appreciation of the role of teachers in social and economic development and to enhance their status, as also with a view to encouraging outstanding and talented students and providing them with facilities and avenues for further studies, Government have instituted 16 and 8 Presidential Awards for outstanding teachers and students respectively. These awards are to be given annually to outstanding teachers of various categories and to students at various levels of education. A budget provision of Rs. 2,17,000 was made for the year 1967-68 for this purpose.

Scientific and Technical Education

The government are laying special emphasis on science and technology at both the school and the higher education stages. Science and mathematics have been made compulsory subjects in the curriculum, which now also offers a wide range of elective subjects in technical and commercial studies, home economics, agriculture and industrial arts subjects not taught in the past. Directorates of technical education have been established in both the provinces and a new status given to technical education. During 1966-67, four Scientific Associations received a total grant of Rs. 1,15,000. There is a budget provision of Rs. 2,22,000 in 1967-68 for the development of science museums. According to the revised Third Plan allocation, a provision of Rs. 35.7 crore and Rs. 25.9 crore has been made for the development of technical education in East and West Pakistan respectively.

Polytechnical/Technical Institutions

In 1960, there were only three polytechnic/technical institutions. In 1965-66, the number had increased to 39, including one private institution. At the end of the Third Plan, there will be 64 such institutions, 27 in East Pakistan and 37 in West Pakistan. Besides, 5 private institutions are also functioning. The intake increased from 6,429 in 1965-66 to 6,920 in 1966-67. The 1967-68 Development Programme includes the establishment of polytechnic institutes at Chittagong, Comilla and Mymensingh. In West Pakistan, work continued on the establishment of polytechnic Institutes at Multan, Quetta, Larkana, D.I. Khan, Leiah, Sargodha and Haripur.

Industrial/Vocational Institutions

53 industrial/vocational institutions have been established, 36 in West Pakistan and 17 in East Pakistan. By the end of the Third Plan, there will be 160 such institutions, 71 in West Pakistan and 89 in East Pakistan. Some evening courses were introduced at the polytechnics but the overall impact of these programmes was negligible. The intake of industrial/vocational institutes increased from 6,364 in 1965-66 to 11,014 in 1966-67.

Commercial Institutions at Diploma and Certificate Level

31 properly equipped commercial institutions were operating in the middle of 1967 of which 22 were in West Pakistan and 9 in East Pakistan. During 1967-68, four new Institutes are expected to start functioning. Besides, 32 new commercial institutions are expected to be established during the current plan, 25 in West Pakistan and 7 in East Pakistan.

Education of Women

One of the salient features of recent educational development has been expansion of education of women. The increase in facilities for education of girls has been greater than that of boys. At the university level, the percentage increase in the enrolment of female students during the period 1958 to 1965 has been 400 as compared to 236 for boys. At the college level the percentage increase for girls is 220 as against 150 for boys. The trend at the secondary and primary levels is similar.

Scholarships

In addition to the scholarships offered to Pakistan by various foreign governments/organisations, the Ministry of Education is also sponsoring the following schemes:

(i) *Merit Scholarship Scheme.*—This scheme was started in 1954 with a view to infusing a spirit of healthy competition among students. Under this scheme two scholarships, one in arts and one in science subjects, are awarded every year to each General University for students securing the highest aggregate marks in B.A/B.Sc. (Hon) and M.A. /M.Sc. examinations taken together. A provision of Rs. 4.61 lakh existed during 1967-68 for this purpose.

(ii) *Central Overseas Training Scheme.*—The Central Overseas Training Scheme was launched in 1963 to send a number of gifted and talented in-service teachers from the Universities to some of the best Universities abroad for higher academic distinctions, so that on return they may be able to raise the standards in our Universities and Institutions to a level comparable to some of the best Universities in the world. The budget provision for 1967-68 was Rs. 10.23 lakh.

(iii) *Cultural Scholarships to foreign students.*—With a view to promoting cultural relations between Pakistan and other countries, the Government of Pakistan under the Ministry of Education's Cultural Scholarships Scheme offers a number of scholarships to students from foreign countries for various courses of study for which facilities are available in educational institutions in Pakistan. During the academic year 1966-67, 148 foreign students were studying in Pakistan under this scheme.

President's Medal for Pride of Performance

The Government is keenly interested in the promotion of creative activities and in the welfare of persons engaged in these activities. Persons responsible for making notable achievements in the fields of arts, literature, science, sports, farming, nursing and architectural designs are being awarded President's Medal for Pride of Performance, which carry handsome monetary awards. Six persons were given these medals, with monetary awards amounting in all to Rs. 60,000.

Financial Assistance to Bereaved Families of Artists, Writers, etc.

The families of 66 deceased artists, journalists, and men of letters were given financial assistance of a total amount of Rs. 162;300 for their maintenance and education of their children.

Cultural Activities

Government give the highest importance to cultural relations with other countries. As a result, about 20 Cultural Agreements were concluded during the last ten years. Most important of these are the agreements concluded with USSR and China, under each of which an annual programme of exchange in education, science, art and culture and sports continues to take place regularly. Recently, agreements were signed with Morocco and Brazil. Other important agreements that are likely to be signed shortly include those with Romania and France.

During 1967-68, Rs. 5 lakh have been distributed to Arts Councils, Art Galleries etc. For implementation of Cultural Pacts there is a provision of Rs. 10 lakh. A National Arts Council and National Arts Galleries are proposed to be established shortly at Islamabad similar to those already existing in other parts of the country. These institutions receive grants-in-aid from the government.

In the budget for 1967-68 Government had provided Rs. 13 lakh for the Pakistan Sports Control Board and Rs. 3.50 lakh as a special grant. Most of this money was meant for the promotion of Sports in Pakistan and for international exchanges.

Inter-wing and Intra-wing Visits

A sum of Rs. 138,000 had been sanctioned to the Universities/Colleges in Pakistan to enable them to undertake Inter-wing/Intra-wing visits of students during the financial year 1967-68.

Learned Bodies

The Central Government also give grants-in-aid to privately organised learned bodies of an all-Pakistan character, engaged in promotion and development of activities in literary, educational and other fields of learning as well as to autonomous organisations established by Government for undertaking special projects of national importance. Grants-in-aid amounting to Rs. 20 lakh were sanctioned to these organisations during 1967-68.

Archaeology and Museums

A provision of Rs. 30.96 lakh has been made for the development of museums and various branches of archaeology. Adequate funds have been provided for carrying out special repairs to historical monuments in both wings of the country.

Archives and Libraries

The Directorate of Archives and Libraries has been provided with Rs. 4.25 lakh during 1967-68 Funds to the extent of Rs. ten lakh have been provided for starting the construction of the building of the National Library of Pakistan at Islamabad. A sum of Rs. two lakh has also been provided for the Central Library of Pakistan, Dacca (which is the Second National Library).

Development of National Languages

The Central Government has established two autonomous Central Boards for the development of Urdu and Bengali, with a view to developing the two national languages so that they may become effective media of instruction at the higher level of education. The Central Boards for the development of Urdu/Bengali languages were sanctioned grants-in-aid, Rs. 3.5 lakh for Urdu and Rs. 5.5 lakh for Bengali. The Central Urdu Board has produced 9 text books in Urdu for degree classes in Science and arts subjects. In addition, 12 books of educational, historical and Linguistic interest have been produced by the Board. The Central Bengali Board has published 49 books in Science, humanities and general and Islamic subjects in Bengali. Both the Boards have produced standard key-boards for Urdu/ Bengali type-writing machines.

HEALTH

Vigorous attempts are being made by the present Government to improve the health of the people. In 1959-60 there were only 9,200 doctors. Today, there are about 17,000 physicians and surgeons, and the number is expected to go up to 20,000 by 1970. During the same period, the number of nurses has doubled at about 4,000, and efforts are being made to raise it to 5,500 by 1970. There has also been a substantial increase in the number of para-medical personnel. There were only 2,800 hospital beds in 1959-60, the number increased to 35,000 by the end of the Second Plan period and will be raised to 48,300 by the end of the Third Plan. The number of medical colleges is also being raised from 9 in 1959-60 to 14 by 1970. It has all along been the earnest endeavour of this Government to extend health facilities to the rural areas. 169 rural health centres were established during the Second Plan to achieve this end, and the number is expected to go up to 660 during the Third Plan. In addition, there are 100 T.B. clinics and mobile dispensaries all over the country and the number is expected to be doubled by 1970. Forceful campaigns are being launched throughout the country to eradicate diseases like malaria, small-pox, cholera and tuberculosis, with the assistance of international agencies.

The Third Plan proposes an investment of Rs. 117.5 crore in the Health sector, about three times higher than the sum of Rs. 37 crore in the Second Plan. The allocation in the First Plan was Rs. 28 crore. The rephasing and inter-sectoral readjustment announced in March 1967, which necessitated a reduction from Rs. 133.0 to Rs. 117.5 crore in the health sector, is designed to meet the full requirements of the Family Planning Programme. The largest reduction was made in the Malaria Eradication Programme. However, its allocation has been reduced in such a way that there will be no dislocation in the schedule of implementation.

Main achievements and progress in various fields of health during 1967 are described below:

Malaria Eradication

The eradication of malaria has been undertaken under a co-ordinated and integrated plan for both East and West Pakistan at an estimated cost of Rs. 66 crore. It is a phased programme extending from contiguous districts commencing with those located on the Indian border, where a similar scheme is already operating. The whole country is planned to be covered by 1968 and the malaria eradication operations are scheduled to be completed in 1974, when the organisation implementing the programme will be disbanded and the maintenance of the results achieved will become the responsibility of the normal health services. By the end of 1967 malaria eradication operations were carried out in 51 zones covering a popultaion of more than 80 million, about 40 million in each province.

According to the plan of operation the whole country is divided into 66 zones and seven regions, of which 3 regions and 31 zones are in East Pakistan and 4 regions and 35 zones in West Pakistan. In West Pakistan over 21 zones, with a population of about 30 millions have been covered by various plans of attack phase since 1961, when the programme was launched. Another 7 zones with a population of 11.9 millions entered consolidation phase. Still another two zones, namely Hazara and Mardan with 2.6 million people, entered the prepratory phase of the Malaria Eradication Programme during 1967. In East Pakistan about 14 zones, with a population of 27 millions, were brought under various stages of the attack phase. Seven Zones with a population of about 14 million entered consolidation phase.

As a result of these operations a drastic decrease has been recorded in the parasitic rate. Only 44 malaria cases were recorded recently in Sheikhupura district, a highly malarious area in West Pakistan with 2-1/2 lakh malaria cases reported in 1961, just before the commencement of the Malaria Eradication Programme. Similarly, in East Pakistan after the attack phase operations, the number of cases dropped to 31 as against 3 lakh in 1961.

Small Pox

Reported incidence of the disease remained higher than last year in both provinces. WHO was approached for participation in organising a new small pox eradication campaign in East Pakistan and to transform the control programme into an eradication programme in West Pakistan. It was expected that work on the Small Pox Eradication Plan in both Provinces would start by the middle of 1968.

Because of the prevalence of small pox throughout West Pakistan a constant watch was maintained in Islamabad. A number of reported cases occurred in Islamabad, and were removed immediately to the Isolation Hospital of the Rawalpindi Municipal Corporation. Difficulties were faced in getting these cases admitted in the Isolation Hospital. The C.D.A. has, therefore, been advised to build an isolation hospital at Islamabad.

Tuberculosis

It has been estimated by epidemiological survey that about 4% of the population have radiological evidence of tuberculosis in their lungs. An all-out war is being waged against this scourge and government have taken the following steps to prevent tuberculosis:

(i) A mass B.C.G. vaccination programme has been launched in the country since 1949. About 58 million persons have been tuberculin-tested and and 27 million B.C.G. vaccinated.

(ii) Two B.C.G Assistant Units, one in East and the other in West Pakistan were established to assess the effectiveness of the vaccination programme.

(iii) One B.C.G Vaccine product laboratory was established for supplying vaccine and tuberculin for the programme.

(iv) A twenty years' Tuberculin Control Programme has been proposed by the Central Government. The basic feature of the 20 years' National Tuberculosis Control Programme is provision of preventive and curative services to the rural areas in addition to cities and towns.

Rural Health

The rural population is mostly the victim of preventable diseases for lack of proper medical facilities in the country-side. In order to control these diseases and promote rural health, Government initiated a scheme of rural health services in

1959. At present the scheme provides for one health centre for every 40,000 to 50,000 persons in the country-side. In view of its success it is now proposed to provide one health centre for every 8,000 to 10,000 persons. In other words, one health centre will be built in each Union Council area. Each centre, with three sub-health centres, will provide health care such as vaccination, inoculation, safe water supply etc., besides other curative measures. Every health centre costs Rs. 4 lakh and the remaining annual expenditure on each amounts to Rs. 80,000.

Initially 20 field-training and demonstration rural health centres were established. By the end of 1967 there were 101 rural health centres functioning in East Pakistan and 84 in West Pakistan.

In recent years services of specialised medical personnel have been extended to district headquarter hospitals, whereas several new tehsil headquarter hospitals have been established.

Maternity and Child Welfare Services

Great attention is being paid to Maternity and Child welfare in both wings of Pakistan. By the end of 1967 there were 721 maternity and child welfare centres functioning in West Pakistan, 423 in rural areas and 298 in urban areas. In East Pakistan the number of such centres was 120. Besides, 84 and 60 primary rural health centres in West and East Pakistan respectively were functioning to provide health care to mothers and children.

Health Education

Both in East and West Pakistan greater attention is being also paid to training in health education in all the courses of sanitary inspectors, health visitors, doctors and nurses, so that these medical personnel could impart health education to the people during the course of their duties. Health education services are being organised on approved lines at the divisional level under the charge of qualified health educators and generally extended to the districts and sub-divisional thana levels.

In order to impart training in laboratory techniques, physiotherapy and basic sciences, various institutions were set up. These include a school of medical technology in Islamabad, a school of physiotherapy at Jinnah post-graduate Medical centre in Karachi, and Institute of Post-graduate Medicine and Research in Dacca. A college of physicians and surgeons was established in 1962 where twenty one doctors obtained membership of the college during 1966 and seven in 1967, two doctors qualified as F. C. P. S. in the same year. The School of Tropical Medicine and Public Health which is proposed to be established in Dacca at the cost of Rs. 2.9 crore will impart training on tropical diseases and public health.

Schemes for establishing hospitals at National Capital and Second Capital, are in execution. A scheme for the Ayub Central Hospital for providing medical attention to Central Government servants in Dacca was approved in 1963 at a cost of Rs. 1.48 crore and the final design phase has been completed. Similar scheme for establishing hospital at Islamabad was approved in 1966. Later the scheme was revised to accommodate 500 beds at a subsequent date. Till the end of December 1967, a sum of Rs. 7.53 lakh had been spent for planning and designing.

At present there are five health visitors, schools at Lahore, Peshawar, Hyderabad, Quetta, and Karachi, which provide training facilities to about 175 students annually in West Pakistan. In East Pakistan there are three such schools at Dacca, Rajshahi and Barisal, where about 30 students are being trained annually.

Nutrition

According to a report of the Directorate of Nutrition Survey and Research, the calorie intake per person per day is 2,202 in East Pakistan and in West Pakistan 2,111 against the F. A. O. calculated average requirement of 2,150 calories. Carbonydrate is taken in excess and protein and fats are taken in small quantities in East Pakistan, while in West Pakistan, protein intake is satisfactory and fat and carbonydrate are deficient. In both provinces, however, cereal (rice and wheat) consumption is in excess to the extent of 48% and 26% respectively. Milk, pulses, meat and oils etc., are in great deficiency in the diet of the people of both provinces.

Family Planning

Pakistan, being one of the most densely populated countries of the world, has not only accepted population control as a necessity, but has adopted concrete measures to achieve this goal. The family planning is being implemented successfully. It has now started attracting even younger women with fewer children. Outstanding success was achieved in the vasectomy programme, as is evident from 250,000 vasectomies done by the end of April, 1968. A total of 24 lakh couples are now practising family planning against the target of 50 lakh by 1970.

In the Second Plan, a sum of Rs. 3.05 crore was allocated for family planning activities. The Third Plan allocates Rs. 28.4 crore for this purpose. The object of the Third Plan scheme is to bring down the birth rate from 50 per thousand to 40 per thousand. To achieve this objective, atleast half of the 20 million fertile couples who will be representing the total number of the reproductive ages by 1970 will be induced to practise family Planning in one form or another for one whole year.

During 1967, the number of districts included in the programme rose to 44 (31 in West Pakistan and 13 in East Pakistan.) The programme was also extended to selected areas of Quetta Division, in the agencies of Kurram, Malakand and Khyber and in the States of Dir and Swat from January 1967.

Among the various prescribed methods of conventional contraceptives which have been offered to the people, the IUD or Coil is the most emphasised. The IUD programme has proved quite successful in Pakistan, and by the end of 1967, 12 lakh IUD had been done. Following are the achievements between January-December 1967:

IUD insertions	6.75	Lakh
Units of convential contraceptives sold	1,324.17	,,
Sterilisation	1.52	,,
Couple-years of protection in 1967	19.82	,,

In order to see the impact of the programme on the birth/growth rate of and medicines. Under the agreement signed between the Royal Swedish Government and Government of Pakistan, the following quantities of condoms worth 741,456 were received during 1966-67:

West Pakistan	*East Pakistan*
395,000 Gross	304,400 Gross

The U. K. Government have supplied contraceptives worth $ 2,154. The services of 15 foreign advisors were secured, of which 5 came from SIDA, 2 from U. S. Aid and 8 from Population Council/Ford Foundation Grant. In addition, a number of long-term and short-term fellowships and travel grants have been provided by the Population Council/Ford Foundation.

The National Research Institute of Family Planning, in conjunction with the Jinnah Post-Graduate Medical Centre, is doing useful studies on family planning methods, communications, motivation, demography, physiology and biochemistry of reproduction. Two Research and Evaluation Centres (One each in East and West Pakistan) are conducting research at Provincial level to assist the two Provincial Family Planning Boards. In addition, two Evaluation Units (one in either Province) under the Central Family Planning Council are actively engaged in administrative research and in the follow-up, appraisal and evaluation of the action programme in the two wings.

MANPOWER

In order to find out ways and means to develop and utilize our human resources in a planned way, the National Manpower Council was established in 1962. The Council has already undertaken a project to formulate with the assistance of the United Nations Special Fund, an overall plan for development, conservation and utilization of human resources. The National Manpower Council coordinates the collection of data on labour force and employment at regular intervals in co-operation with the Panel on Labour Statistics of the National Statistical Council.

Manpower Statistics

The high rate of new entrants into the labour force, has necessitated the creation of more employment opportunities in Pakistan. Estimates made by the Central Statistical Office indicate that the rate of population growth has accelerated to an estimated 2.6% per annum in 1965. That year 45% of the population was below the age of 15 years. According to the Third Plan, the size of the labour force is expected to increase from 37.25 million in 1965 to 41.45 million in 1970. However, the Government is endeavouring to absorb the growing labour f[illegible] ifferent fields.

In I[illegible] urban population is growing faster than employment opportunities. [illegible] l and 1961, it increased by 57.4%, while the rural population increase[illegible]. Another perpetual problem is that the growing labour force consists of unskilled labour, and this poses an obstacle in the way of development. The problem of rural employment is being met through a Rural Works Programme and the dispersal of Industrial Establishments.

Development of Employment Opportunities

The Government is committed to attain the goal of full employment by 1985. The Third Plan envisages the creation of 55 lakh additional employment opportunities, against the number of 42 lakh new entrants to the labour force during the plan period.

Social Security

The West Pakistan Social Security Ordinance, which was promulgated in May 1965, was put into operation in March 1967, covering in the first instance about 120,000 textile workers of Karachi, Hyderabad and Lyallpur. The benefits of the scheme were further extended to the textile workers of Multan, Rawalpindi and Peshawar in November 1967. The scheme presently covers only short-term risks, namely sickness, maternity and employment injury. The scheme will be extended to the entire industrial sector in the province within the next five years. A similar Social Security Scheme for industrial workers is presently underway in East Pakistan. This step has helped create confidence among the labour community which results in greater efficiency.

Trade Union

At the end of 1967 there were 1,098 registered trade unions in Pakistan with a total membership of 520,452. Of these 363 unions with a membership of 186,534 were in East Pakistan, 440 trade unions with a membership of 286,877 in West Pakistan and 295 unions with a membership of 470,41 in Karachi.

Labour Laws

In order to regulate employer-labour relationship, the East Pakistan Government enacted five laws during 1965-66, which included the East Pakistan Inland Transport Act 1965, the East Pakistan Labour Disputes Act, 1965, the East Pakistan Factories Act, 1965, the East Pakistan Trade Union Act 1965, and the East Pakistan Shops and Establishment Act, 1965. In West Pakistan the Factories (West Pakistan Amendment) Ordinance, 1966 was enacted.

SOCIAL WELFARE

Pakistan's Social Welfare programme, co-sponsored by the Government of Pakistan and the United Nations, came into existence in 1952. The Revolutionary Government has attached great importance to social welfare, which is evident from the increasing allocations to this sector in the Second and Third Five Year Plans. The First Plan made a modest allocation of Rs. 3.25 crore for both wings of the country. This was subsequently raised to Rs. 8.47 crore in the Second Plan and to Rs. 9.00 crore for the Third Plan.

Training in Social Work

There has been a tremendous expansion in training facilities for producing adequate social workers. New arrangements have been made in the Universities of Punjab, Karachi, Rajshahi and at the College of Social Wel[illegible] Research Centre in Dacca for post-graduate education in social work. [illegible]rk education at B. A. degree level is being given in 25 colleges. T[illegible] and facilitate such training, a sum of Rs. 1,80,000 was granted to the c[illegible]nd Rs. 125,000 to the universities during the period 1966-67.

Urban Community Development

The most important amongst the welfare schemes is the "Urban Community Development Programme". This is a people's programme under which residents of a particular area organise themselves for educational, cultural, recreational, vocational and co-operative development. The first Urban Community Development Project was established in Karachi in 1953. The number of projects in Pakistan had increased to 118 (66 in West Pakistan and 52 in East Pakistan) by the end of 1967.

Grants-in-Aid

Social Welfare work by its very nature can best be carried out by voluntary agencies rather than by the Government itself. However, these agencies look to the Government for recognition and supplementing their financial resources. to evaluate their activities and to process grants-in-aid to these agencies, a National Council of Social Welfare was created in 1956. This was followed by the establishment of Provincial Councils.

On the recommendations of the National Council a grant of Rs. 15,541,394 had been given to the Agencies in Pakistan by June 1967 and a grant of Rs. 29 lakh was provided to them during the financial year 1967-68.

Medical Social Work

In a country like Pakistan, with a huge population of illiterate and poor people, there is an urgent need for medical social work. To meet the requirements of social service in hospitals, medical social work projects have been established in 25 hospitals.

Maternity and Child Welfare

A good deal of work is being done in the field of child welfare services in West Pakistan. A child welfare cell, headed by a Senior Family and Child Welfare Officer, has been established in the Social Welfare Department of West Pakistan. Minimum standards have also been fixed for the maintenance and working of orphanages, and the Child Welfare Training Institute in Lahore conducts long-term and short-term training courses for Child Care Workers. In 1966-67, a demonstration project of Mothers and Children Home came into existence in Sialkot. Here widows live with their children as separate family units. They are given an allowance to run their own households, subject to overall supervision by the Home authorities. The Home provides free educational and vocational facilities.

Another demonstration project-Abandoned Babies Home-has been established at Lahore. A Baby Home, for unclaimed babies has been in existence in Dacca since 1963. During the Second Plan period progress in establishing Family and Child Welfare Centres in East Pakistan was quite encouraging. Four centres were established in the East Wing, as against the two centres in West Wing. During the Third Plan, twentyfour Family and Child Welfare Centres will be set up (six in East Pakistan and eighteen in West Pakistan).

Orphanages

There are 17 state orphanages and 25 aided orphanages in East Pakistan. A sum of Rs. 47.00 lakh has been provided in the Third Five Year Plan for the construction of nine State Orphanages. Construction of Orphanages in Barisal, Sylhet, Tangail and Chhagalnaiya has started. In West Pakistan the number of orphanages is above 460, of which only 31 are registered. Their conditions, however, are yet to be reformed. A scheme for converting an existing orphanage into a "Model Orphanage" was chalked out in this connection. Government is also establishing a socio-economic centre for war-affected orphans.

Vagrants Homes

There is a Vagrants' Home in Pubail in Dacca district for male adults, and Vagrants' Home in Dhala in Mymensingh district for females and children. The two Homes have a capacity for 750 Vagrants. The Vagrants receive vocational training so that they can work and eventually live on their own.

Beggars' Homes

A comprehensive scheme has been drawn up to start 52 training and rehabilitation centres for beggars throughout East Pakistan during the Third Five Year Plan period. The scheme has already started at Mymensingh and Chandpur towns as pilot projects. In West Pakistan, the Government have approved establishment of three Welfare Homes for beggars. One such home has already started functioning in Lahore, where arrangements have been made for imparting technical and vocational training to 75 beggars to rehabilitate them and their dependents.

Community Centres

A Rs. 50,000 multi-purpose community centre building has been constructed by the residents of the Lyari area in Nawabad, Karachi, on a self-help basis. It provides for a technical training center, a youth club for boys, a free reading room and library, a women socio-economic centre and a charitable dispensary.

Rehabilitation of Handicapped

In this modern age, physically handicapped persons *i.e.*, the blind, the deaf, and the dumb, need not be parasites any longer and solely dependent on others for their livelihood. The expert services of the United Nations have been obtained in this field. A good start has already been made in Pakistan and composite centres set up for the general education and vocational training of deaf, dumb and blind students. Besides, there are schools for the Deaf and Dumb and schools for blind students.

The United States Government, Department of Health, Education and Welfare (Vocational Rehabilitation Administration) have agreed to give a grant of Rs. 2,17,000 for the establishment of a pilot Research and Training Programme for the deaf under the agencies of the Association for the Welfare of the Adult Deaf and Dumb, Karachi.

The West Pakistan Society for the Blind has prepared a pilot Rural Demonstration Project for rural blind costing Rs. 10,00,000 during the Third Plan period, which has been approved for implementation by the Government of West Pakistan. In East Pakistan four centres for the blind, the crippled, and the deaf and mute were completed during the Second Plan.

Juvenile Homes

In the wake of industrialization and its concomittant urbanization the country is facing the problem of juvenile delinquency. The Government has already provided correctional and rehabilitative services to tackle these problems. In East Pakistan, 'Probation of Offenders Services' has been started as a pilot scheme. Seven probation and delinquency Centres, with qualified officers, are operating in that province. Construction of a training institute for juvenile delinquents has been completed at Tongi, and work on a Remand House and a Juvenile Court is under way.

In West Pakistan because of limited resources, only two centres for delinquent children were established during the Second Plan. Five Social Service Units for delinquents with 100 boys in each, comprising juvenile courts, remand homes, training and rehabilitation centres, probation and after-care services are expected to be established in the Third Plan.

PHYSICAL PLANNING AND HOUSING

Government attaches great importance to the proper development of housing in Pakistan under well thought-out Master Plans. The Third Plan allocates Rs.

247.7 crore to Physical Planning and Housing, of which Rs. 62.4 crore were utilised in the first two years of the Plan. The amount allocated for 1967-68 was Rs. 50.00 crore. The work on construction of Government offices was somewhat restricted during 1967-68, but water supply programmes in the urban and rural areas of both the provinces have been fully protected.

Public Sector

Progress of the on-going schemes of the Second Plan relating to slum clearance and rehabilitation of low-income groups in various cities of both provinces is quite satisfactory. In addition, several new schemes have been undertaken during the Third Plan. In East Pakistan these include construction of 148 quarters for Central Government employees in Agrabad, Chittagong, 36 quarters for Central Excise and Land Customs staff at Fouzdarhat, Chittagong, 78 quarters for displaced employees of Dhakershwari Colony at Tejgaon, Dacca and 110 quarters for the Health Department at Tejgaon, Dacca, 43 quarters for Post Office Department at Khulna and 29 quarters for Post and Telegraph Department at Dacca. On an average, nearly 75 % of this work was completed by the end of 1967.

In West Pakistan construction of 63 quarters for Pak. P.W.D. staff at Quetta, 21 for Pak P.W.D. staff at Lahore, 126 quarters for Post Office Department at Lahore, 89 quarters for Central Government servants at Lahore, 23 quarters for Radio Pakistan staff at Lahore, 87 quarters for Radio Pakistan staff at Hyderabad and 7 quarters for Post Office staff at Peshawar, were undertaken during the Third Plan period. In addition, PWD undertook construction of 200 quarters for Jammu and Kashmir Refugees at Rathian, Jhelum.

Government Offices and other Buildings

Construction of new office accommodation for Central Government employees at Dacca, Chittagong, Lahore, Peshawar and Quetta has been taken in hand. Construction of Haji Camp in Karachi was completed in November 1967. Liaquat National Library, National Museum Building and Meteorological Headquarters Building in Karachi have also been completed. Currently, construction of new Broadcasting House, Transmitting and Receiving Station, Radio Pakistan at Multan and Hyderabad is in progress.

New Capital at Islamabad

The total expenditure incurred by the Capital Development Authority till 30th June 1967 was Rs. 52.73 crore of which Rs. 7.87 crore were spent during 1966-67. Phase II of the Capital construction schemes is well ahead of schedule. About 96 % of the work on the Secretariat Buildings during Phase II has been completed. Apart from the construction of 3,138 houses for Secretariat staff during Phase I, 80 % of the construction work of Phase II on about 3,130 houses had been completed by December 1967, while the work on remaining 20 % continues. Work on housing of essential services staff is also going on.

A Government officers' hostel, Shahrazad Hotel, a primary Health centre, General Post Office and the main Telephone Exchange Building have already been completed. Work relating to the acquisition of land, construction and improvement of highways/linking roads, water supply, sewerage and drainage and the development of the administrative sector and landscaping is well ahead of schedule. Construction of National Health Centre at Islamabad, an on-going scheme of the Second Plan, is nearing completion.

In order to provide community facilities for the inhabitants of Islamabad, the Capital Development Authority undertook the construction of various educational, health, commercial and religious buildings on behalf of other agencies. In the private sector about 5,141 residential plots were sold to the general public and foreign missions in Islamabad up to December 1967. Plots for industrial and commercial purposes were also sold to the general public.

Second Capital

The Second Capital is going to redeem another important pledge of the Revolutionary Government. It will cost about Rs. 18 crore (Rs. 6 crore in the Second Plan and Rs. 12 crore in the Third Plan). The site is divided into two sectors, the "Citadel of the Assembly" and "Citadel of Institutions".

Construction work on some of the schemes has made good progress. M.N.A's Rest House, Temporary Secretariat, Stores and Workshops, Officers' Hostel and Staff quarters have already been constructed at a total cost of about Rs. 2.00 crore. Steady progress is being made in respect of Ministers' Hostel, Secretaries' Hostel, M.N.A. Hostel, National Assembly Building, Development of Land, and Community Centre which will cost about Rs. 12.00 crore. The Secretariat Building and the residences for the Speaker and the Deputy Speaker are also expected to be completed by the end of Third Plan period.

Settlement of Jammu and Kashmir Refugees

In order to resettle shelterless Jammu and Kashmir refugees, the Government had decided to construct refugees colonies comprising 561, 1,036 and 200 quarters at Dhingranwali (Gujranwala), Ugoke (Sialkot), and Rathian (Jhelum) respectively. And 290, 409 and 200 quarters at Dhingranwali, Ugoke and Rathian have already been completed. In addition 30 shops and 8 quarters at Dina (Jhelum) have also been completed. The construction of Mirpur town has been completed at a cost of Rs. 3.4 crore.

Semi-public Sector

Great emphasis was laid in the Second Five Year Plan on the rehabilitation of displaced persons and the housing of other low-income groups. By the end of the Second Plan period 29,000 residential plots were developed and 2,464 flats constructed under 15 schemes in various towns of East Pakistan, such as Dacca, Chittagong, Mymensingh, Saidupur, Khulna etc. The total expenditure incurred during that period is estimated at Rs. 20.05 crore. In addition 20,000 residential plots were developed in the semi-public and private sectors. The physical targets for 1967-68 included development of 2,460 plots, construction of 145 shops, 2,500 nucleus houses, 1,000 flats and 3 ancillary buildings. For this purpose a provision of Rs. 2.6 crore was made in the Annual Development Programme, 1967-68.

General and Displaced Persons' Housing (West Pakistan)

The West Pakistan Housing and Settlements Agency prepared and started execution of 44 schemes for establishing Satellite Towns near big urban areas such as Hyderabad, Mirpurkhas, Nawabshah, Lahore, Lyallpur, Jhang, Gujranwala, Sahiwal, Rawalpindi, Bahawalpur, Multan, Rahimayar Khan and Sargodha. Fourteen schemes have been completed and the remaining ones are in the process of completion. 80,000 families were settled in these townships by the end of the Second Plan period. The revised allocation for on-going schemes in the Third Five Year Plan is Rs. 12.76 crore. The total expenditure incurred in the first two years of the Third Five Year Plan was Rs. 2.04 crore and the estimated expenditure during 1967-68 was Rs. 1.28 crore.

The Greater Karachi Resettlement Programme

After Independence many displaced persons flooded Karachi, which became the country's first Capital. Rehabilitation work was, therefore, given top priority for refugees in this city. By 1958 a number of colonies such as Lalukhet, Drig Road, Malir Extension, Saudabad, Landhi, Aurangabad etc, were set up in Karachi. Although more than 44,000 families were settled in the nucleus houses built in the Colonies, basic amenities such as parks, playgrounds, hospitals etc., were lacking in these areas.

The first major step for proper rehabilitation of displaced persons was the development of Korangi township which was started in December, 1958, within an appropriate area of 45 sq. miles. A sum of Rs. 1.32 crore has been spent on the scheme up to 1967. In all about 26,000 houses, 19 primary schools, three secondary schools, 13 markets, one shopping and office centre, 3 health centres and seven community centres have been completed in the township. Besides, work on construction of roads, water supply, sewerage and store water drainage is in progress. It is now proposed to execute the remaining works costing over Rs. 20 crore under the scheme on a self-financing basis, and for this purpose a new scheme is being prepared by the K.D.A.

Besides the Korangi township, another big project for rehabilitation of displaced persons was undertaken by the KDA in December, 1960, comprising an area of 6,400 acres of land. The expenditure so far incurred on this township which is called, North Karachi Township is Rs. 7.63 crore. In all 18,652 houses, 13 primary schools, one Secondary School, six markets, one health centre and four community centres have been completed. In addition, work on roads, water supply sewerage and storm water drainage is in progress. The remaining works in this township, which are estimated to cost Rs. 10.33 crore, are also proposed to be completed under a self-financing scheme being prepared by the KDA.

The KDA has launched another town expansion scheme to over come the acute private housing shortage in the city. The scheme called North-East Karachi Township will cover an area of over 26,000 acres.

Water Supply and Sewerage Schemes

In West Pakistan four major urban water supply schemes at Bahawalnagar, Pakpattan, Mansehra and Liaqatpur were completed during 1967 at a cost of Rs. 46.93 lakh, 27 major water supply schemes and 7 major sewerage schemes were under execution during the year 1967, at a cost of Rs. 2.91 crore and Rs. 60.13 respectively. In addition, 40 minor water supply schemes were completed and 90 schemes were under execution in 1967 with a total cost of Rs. 1.31 crore and 3.7 crore respectively.

The Greater Karachi Sewerage and disposal scheme is nearing completion and the progress attained is about 96 % The schemes under execution are Water Supply Renovation Scheme, Sewerage Renovation scheme and balancing works.

In East Pakistan the Municipal Water Supply Augmentation Project costing Rs. 75 lakh, provided augmentation of water supply by sinking big tube-wells and laying short distribution mainin 24 towns where the water supply system existed. Another comprehensive water supply scheme for 9 important towns will be completed in June 1969 at an estimated cost of Rs. 1.72 crore. The scheme for the districts and sub-divisional Headquarters towns, where there are no adequate water supply systems at present, costs about Rs. 3.45 crore in the Third Plan. To date, 40 % progress on the project had been achieved. Other small schemes included in the Third Plan are pilot schemes for village sanitation, reclamation and development of Dholaikhal, improvement of the drainage system in Dacca city, and Rural Water Supply (2nd phase) involving a cost of over Rs. 6 crore. The Rural Water Supply Scheme aims at providing one tube well for every 200 persons in the village.

APPENDICES

APPENDIX 'A'

TRADE AGREEMENTS ENTERED INTO BETWEEN APRIL 1967 AND MARCH 1968

Commodity Exchange Agreement with Bulgaria

A new protocol relating to Commodity Exchange Agreement between Pakistan and Bulgaria, valid for one year, was signed on 2nd September, 1967. The volume of trade envisaged under the arrangement is Rs. 2.55 crore each way. Bulgaria will export to Pakistan urea, pig iron, chemicals, pharmaceuticals, transformers, other electrical equipment and tools and workshop equipment etc. Exports from Pakistan will consist of jute, cotton, jute manufactures, cotton textiles, leather and leather products, tanned and semi-tanned hides and skins and miscellaneous manufactured goods.

A significant feature of this agreement is that manufactured items will constitute 57 % of exports from Pakistan against only 50 % in the previous agreements. Another important achievement is that about 70 % of imports will consist of such items on the import of which cash foreign exchange is being spent.

(ii) Package Deal with USSR

A package deal, involving import of tractors along with pig iron and urea valued at Rs. 3.7 crore, was signed with the USSR on 12th September, 1967. Imports will take place within the framework of the 3-year Agreement on Exchange of goods between Pakistan and USSR signed in April 1965.

(iii) New Commodity Exchange Agreement with Romania

A new Commodity Exchange Agreement between Pakistan and Romania, envisaging trade for Rs. 4.5 crore each way for 1967-68, was signed in Bucharest on 9th October, 1967. Romania will export to Pakistan petroleum products, including lubricating oils, cement, urea, chemical products, including insecticides and pesticides, textile dyestuffs, electrical equipment, bearings, tools and workshop equipment and other items of machinery etc. Exports from Pakistan comprise jute, cotton, jute goods, cotton yarn, sewing thread, cotton and woollen textiles, leather and leather products and surgical instruments, sports goods etc.

(iv) Commodity Exchange Agreement with China

An agreement for the import of 1.5 lakh tons of cement for East Pakistan against export of raw cotton was signed with China on 23rd June, 1967. The value of trade each way is Rs. 67 lakh.

(v) Commodity exchange Agreement with China

An agreement for the import of rice against jute and cotton was signed on 2nd August, 1967. The value of trade each way is Rs. 7.5 crore.

(vi) Commodity Exchange Agreement with Hungary

A commodity exchange agreement between Hungary and Pakistan, valid for three years 1968-70, was signed on 20th January, 1968 in Islamabad. The agreement envisages exchange of goods worth Rs. 3 crore each way during 1968.

Exports include jute manufactures, cotton textiles, ready-made garments, newsprint, leather and leather manufactures, surgical instruments, jute, cotton and wool etc. Imports include fertilizers, insecticides and pesticides, pharmaceutical raw materials, tools and workshop equipment, railway materials, scientific equipment etc.

(vii) **Commodity Exchange Agreement with Poland**

A Commodity Exchange Agreement, valid for three years and envisaging exchange of goods worth Rs. 7.6 crore during 1968 each way, was signed on 8th February, 1968. The programmes for 1969 and 1970 would be negotiated at the begininng of the year 1969 and 1970.

During 1968, Pakistan's exports will include raw jute, raw cotton, cotton yarn and thread, cotton textiles, leather footwear and other leather goods, crushed bones and spectacles frames, sports goods, newsprint, miscellaneous manufactured goods etc. Our imports will include coal and coke, tools and workshop equipment, fertilizers, road building and construction machinery, electrification equipment, chemicals and dyes, iron and steel products, automatic looms, mining equipment, marine diesel engines, pesticides etc. An important gain in the new agreement is that percentage of exports of primary commodities (*viz.* raw jute and raw cotton) is restricted to 50% only as gainst 60% in the last agreement (1967).

(viii) **Exchange of Goods Agreement between Pakistan and USSR**

A new agreement on exchange of goods between Pakistan and USSR was signed on 28th February, 1968. The agreement, effective from 1st January, 1968, will be valid for three years *i.e.,* 1968-70.

The lists of goods and their quantities or values attached to the Agreement are firm for the first year, whereas the lists for subsequent years will be finalised three months prior to the beginning of the year to which they relate. Exports from Pakistan comprise raw jute, raw cotton, raw wool, jute manufactures, goat skins, cotton textiles, woollen yarn, hosiery, leather footwear, (1968 and 1970), spectacles frames, jute carpets, sports goods, medical instruments, etc. Exports from USSR consist of machinery and mill work, tractors, tools and workshop equipment, bearings, pig iron, billets, zinc, railway sleepers, chemicals and dyestuffs, fertilizers, etc. The total value of trade envisaged during 1968, 1969 and 1970 is Rs. 9 crore Rs. 10 and Rs. 11 crore each way respectively.

A significant feature of the agreement is that 50% of Pakistan's exports will comprise manufactured items and 50% primary commodities.

(ix) **Barter with Ceylon**

Under the existing general goodwill trade agreement between Pakistan and Ceylon, a Protocol was signed in April, 1967 for exchange of commodities worth Rs. 3 million each way between the two countries. This arrangement will come into effect on ratification by the two countries and is to remain valid for one year from the date of its coming into effect. The Protocol is under process of ratification. Exports from Pakistan comprise newsprint, pharmaceuticals, finished leather and canned fish, and imports from Ceylon would consist of arecanuts (Betelnuts), citronella oil, conch shell, and papain.

APPENDIX 'B'

FOREIGN TRADE AND BALANCE OF PAYMENTS STATISTICS

Figures regarding exports are issued by two separate agencies (a) the Central Statistical Office (CSO) and (b) the State Bank of Pakistan. The ordinary reader is often somewhat confused about the divergence between the figures of the two agencies and in the previous issues of the Economic Survey reference to this has been in the form of footnotes only.

However, it is felt that it would be more helpful if the system of the compilation of the two agencies is spelled out in detail here for the convenience of research workers and other interested persons. Before, however, going into details of methodology employed and other points of differences between the two series—CSO's export trade figures and State Bank's exports receipts--difference of concepts may be pointed out. The CSO takes cognizance of physical movements of goods into Custom's barrier for shipment in case of exports, whereas, State Bank's exports receipts depict money counter part of shipments as realized from time to time.

The Central Statistical Office and the State Bank of Pakistan have been maintaining records of exports and export receipts respectively of the country almost since independence, although the statistics were unreliable for some years in the beginning. After March 1952 when the foreign trade of Pakistan through Calcutta ceased or became rather insignificant, the statistics have become more accurate.

The Central Statistical Office has been maintaining records of sea-borne trade with all foreign countries other than India since 15th August, 1947 and with India from April, 1948 because of the stand-still agreement up to March 1948. Land-borne trade with India and Iran were recorded since July, 1948 and imports into Pakistan from Afghanistan were included in the foreign trade statistics since March 1951 and exports to that country since July, 1949.

The main causes of differences in the trade data of CSO and those of the State Bank may be summarized here :

(i) *Source.*—Central Statistical Office presently compiles data of exports/imports from Shipping Bills and Bills of Entry respectively as well as from Custom returns, whereas the State Bank's statistics are compiled from the returns received from the scheduled banks based on GRP Form. Up to June 1959 export/import trade data were compiled from the customs monthly returns but from July 1959 Daily lists were used in respect of exports from Karachi up to December 1965 and in respect of imports up to June 1964. Daily Lists in respect of Chittagong and Chalna ports remained in use, intermittantly, up to May 1967 both for imports and exports. But, since June, 1967 Shipping Bills and Bills of Entry are being used for exports and imports respectively.

(ii) *Coverage.*—The CSO's statistics of imports into Pakistan include those by sea, land and air as released by the Customs whether re-imports or imports intended for home consumption, or for re-exportation. Since March 1966, the coverage has been extended to imports received by parcel post.

Regarding exports, presently figures of exports are those "entered for shipment" and not the actual exports. The export statistics of the Central Statistical Office include those by sea, land and air and the articles exported by parcel post also. They also cover the imported goods, cleared through customs for home consumption but subsequently re-exported without undergoing a manufacturing process in Pakistan unless specially excluded. Recently, some of the re-exports have been made of the machinery originally imported for the implementation of some big multipurpose projects like Mangla Dam built by foreign contractors. Some machinery has been repatriated by these contractors after completion of their contracted works. As the imports or re-export of such machinery does not involve foreign exchange, it is not recorded in the State Bank but such imports and re-exports are included in CSO's figures, unless otherwise indicated.

A distinctive feature of the overall export statistics of the CSO is the recent increase in re-exports of the country mostly because of the repatriation of Mangla dam machinery during 1966-67 and also in 1967-68. Such exports during the last nine years are shown below :

RE-EXPORTS OF PAKISTAN (IN CRORE RUPEES)

1959-60	1.07
1960-61	1.30
1961-62	1.88
1962-63	2.42
1963-64	1.88
1964-65	1.24
1965-66	2.67
1966-67	4.18
1967-68 (July-March)	17.89

Another difference between the trade statistics of the Central Statistical Office and the State Bank of Pakistan is due to the coverage of Land-borne trade with Iran and Afghanistan by the former and partial coverage of this trade by the Exchange Control Department of the State Bank of Pakistan. For instance, the Central Statistical Office showed exports to Afghanistan in 1966-67 at Rs. 5.83 crore, while the State Bank statistics included only Rs. 28.82 lakh worth of such exports. However, the overland export and import trade of Pakistan with Iran and Afghanistan represents lawful trade transactions which are entered duly in the records of the customs authorities and, therefore, these have been included in the analysis in the Chapter on Trade and Balance of Payments.

The Central Statistical Office does not include the following in its import and export statistics.

(a) Defence Stores.

(b) Gold and silver coins and bullion and currency notes.

(c) Non-dutiable articles of luggages and personal effects of passengers.

(d) Dutiable articles of luggage and personal effects of passengers since July 1960.

(e) Trade-in-transit through Pakistan.

The State Bank of Pakistan's export/import statistics as included in their balance of payments statements are recorded by the Exchange Control Department of the State Bank and do not include the entire trade by land route and re-exports.

(*iii*) *Timing.*—The timing of transactions as determined by State Bank is related to transfer of ownership of money and not the movement of goods across Pakistan's international border. Payments may be received in advance of the actual export of the commodity. Similarly, the goods may be exported in advance of actual payment, as in the cases of trade on consignment basis, deferred payments, auction sales, and barter trade. Thus according to the State Bank, the exports should be assumed to have taken place when the payments are received. The majority of transactions are financed by usance bills of 90-120 days maturity and, accordingly, the export receipts lag behind the physical movement of commodities. On the contrary, goods enter into the trade accounts of CSO as soon as they pass into or through customs. This explains partly the difference between the CSO and the State Bank statistics.

(*iv*) *Valuation.*—Another differnece between the trade statistics issued by the CSO and the State Bank is the different methods of valuation of exports and imports. The Central Statistical Office records imports on c.i.f. basis and exports on f.o.b. basis. On the other hand, the State Bank of Pakistan, records initially both exports and imports on a mixed f.o.b. and C&F basis, estimates the freight components for each and includes figures in the merchandise accounts of balance of payments on a uniform f.o.b. basis. For the relatively few items of export on C&F basis and imports on f.o.b. basis the freight component is available from returns of shipping companies . In the case of exports, it is deducted from f.o.b valuation while for imports it is first added to recorded imports to obtain their C&F value and then 8% of this value is deducted to estimate f.o.b. imports. Imports financed by foreign loans, credits or grants are similarly adjusted to f.o.b. basis. Most of the loan agreement with the USA indicate the proportions to be spent on commodities, freight and/or services items. The ratio between the landed cost and transportation is not uniform in all cases but generally transportation charges are 11% of the total. Where this information is not available, transportation and insurance are estimated to be 9% and 1% respectively. In assessing the value of the exports and imports, while the Central Statistical Office follows minutely the declared value in the customs returns, the State Bank has its own way of determining the value of transactions, which are mostly in money terms, after settlement of claims.

Moreover, refunds and rebates based on claims preferred by importers and exporters, made or received by the State Bank are not reflected in the trade data of CSO.

The following table shows the extent of difference between the export statistics of the Central Statistical Office and the State Bank of Pakistan.

EXPORT STATISTICS OF THE C.S.O. AND THE STATE BANK

(In crore rupess)

Year	C.S.O. figures excl. Re-exports	State Bank figures
1959-60	183.20	184.65
1960-61	178.64	192.60
1961-62	182.46	196.47
1962-63	222.31	228.09
1963-64	229.90	229.72
1964-65	239.54	247.10
1965-66	269.10	276.88
1966-67	287.09	282.64
1967-68 (July-March).	231.37	214.72

It will be seen that the export receipts shown by the State Bank are generally higher than indicated by the Central Statistical Office. However, the C.S.O. export figures for 1966-67 were relatively higher because of inclusion of goods by parcel post and short-shipped consignments as well as the difference in the timing of the recording of some exports from East Pakistan between the two agencies.

The following table shows the extent of difference between the import statistics issued by the C.S.O. and the State Bank.

IMPORT STATISTICS OF THE C.S.O. AND THE STATE BANK

(In cror rupees)

Year	CSO's figures	State Bank figures
1960-61	318.76	301.53
1961-62	310.91	263.83
1962-63	381.88	360.97
1963-64	443.02	370.25
1964-65	537.42	465.90
1965-66	420.83	.436.57
1966-67	519.23	498.12

It will be seen that, in all the years, except in 1965-66, the imports recorded by the Central Statistical Office were higher than those of the State Bank. This is mainly due to the different methods of valuation of imports by the two agencies, c.i.f. by the CSO and f.o.b. by the State Bank, inclusion of landborne imports from Afghanistan and Iran by the CSO and exclusion of most of these imports by the State Bank, and inclusion of imports on account of Indus Basin Replacement Works by the CSO and the exclusion of such imports by the State Bank.

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STATISTICAL SECTION

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TABLE

GROSS NATIONAL PRODUCT

(On July—June basis)

Sector	1949-50	1950-51	1951-52 •	1952-53	1953-54	1954-55	1955-56	1956-57
1. Agriculture ..	1,466.9	1,511.2	1,454.9	1,491.7	1,605.3	1,565.4	1,513.5	1,626.6
(a) *Major Crops* ..	*830.4*	*869.8*	*798.1*	*814.9*	*912.8*	*873.2*	*829.2*	*929.4*
(b) *Minor Crops* ..	*245.3*	*240.4*	*245.0*	*256.8*	*260.8*	*250.2*	*233.0*	*234.9*
(c) *Livestock* ..	*297.5*	*304.9*	*312.4*	*319.8*	*327.3*	*334.7*	*342.1*	*349.6*
(d) *Fishing* ..	*86.6*	*89.4*	*91.7*	*92.8*	*95.1*	*97.9*	*99.8*	*102.8*
(e) *Forestry* ..	*7.1*	*6.7*	*7.7*	*7.4*	*9.3*	*9.4*	*9.4*	*9.9*
2. Mining and quarrying	2.7	3.7	4.1	4.2	4.5	4.5	5.0	5.5
3.• Manufacturing ..	143.3	153.9	164.5	179.2	199.9	222.0	243.9	258.0
(a) *Large-scale* ..	*34.6*	*42.7*	*50.7*	*62.8*	*80.8*	*100.2*	*119.3*	*130.5*
(b) *Small-scale* ..	*108.7*	*111.2*	*113.8*	*116.4*	*119.1*	*121.8*	*124.6*	*127.5*
4. Construction ..	23.8	23.8	34.0	36.4	43.9	41.5	45.8	52.9
5. Electricity, gas, water and sanitary services	3.3	3.6	3.9	3.8	4.4	4.7	5.4	6.9
6. Transportation, storage and communications	123.9	128.2	135.2	141.7	146.6	158.8	162.2	167.4
7. Wholesale and retail trade	285.6	302.0	300.2	311.0	321.1	326.1	325.1	339.2
8. Banking and insurance	7.7	8.4	9.2	9.9	10.8	11.1	13.5	16.6
9. Ownership of dwellings	138.7	141.8	145.8	148.5	152.6	155.9	160.5	164.1
10. Public Administration and defence ..	106.3	110.7	130.7	125.1	123.8	124.3	128.6	125.5
11. Services	148.0	153.5	159.1	164.9	170.0	177.3	183.8	190·4
12. Gross domestic product	2,450.2	2,540.8	2,541.6	2,616.4	2,782.9	2,791.6	2,787.3	2,953.1
13. Net factor income from rest of the world ..	(—)3.6	(—)3.5	(—)2.1	(—)2.5	(—)5.3	(—)0.8	(—)3.9	(—)3.4
14. Gross National Product	2,446.6	2,537.3	2,539.5	2,613.9	2,777.6	2,790:8	2,783.4	2,949.7
15. Population (in Lakhs) (3)	787.8	805.9	824.4	843.4	862.8	882.6	902.9	923.7
16. Per capita gross income (in Rs.)	311	315	308	310	322	316	308	319
Indices (1959-60 = 100)								
(a) *Population* ..	*79.7*	*81.5*	*83.4*	*85.3*	*87.3*	*89.3*	*91.3*	*93.4*
(b) *Gross National Product* ..	*77.8*	*80.7*	*80.8*	*83.1*	*88.3*	*88.8*	*88.5*	*93.8*
(c) *Per capita income*	*97.8*	*99.1*	*96.9*	*97.5*	*101.3*	*99.4*	*96.9*	*100.3*
Growth Rate								
(a) *Population* ..	—	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*	*2.3*
(b) *Gross National Product* ..	—	*3.7*	*0.1*	*2.9*	*6.3*	*0.5*	*—0.3*	*6.0*
(c) *Per capita Income*	—	*1.3*	*(—)2.2*	*0.6*	*3.9*	*(—)1.9*	*(—)2.5*	*3.6*

1. Revised.
2. Provisional.
3. Planning Commission estimates.

*"Preliminary estimates based on the assumption of 54 lakh tons of wheat corp in West Pakistan and 108 lakh tons of rice production in East Pakistan. As the new wheat crop appears to be much larger than the target of 54 lakh tons, the rate of G. N. P. growth for 1967-68 will be more in the neighbourhood of 8 than 7 per cent, when final figures for various sectors of the economy are available.

No. 2

AT CURRENT FACTOR COST

(In crore rupees)

	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67 (1)	1967-68 (2)
	1,492.7	1,453.4	1,675.3	1,846.5	1,887.9	1,975.2	2,007.5	2,191.9	2,333.7	2,736.9	2,904.4
	835.8	801.7	963.4	1,084.3	1,083.5	1,150.1	1,137.8	1,250.7	1,385.5	1,587.1	1,653.6
	235.5	196.6	218.0	229.9	247.6	251.5	266.8	291.3	307.3	429.9	467.4
	308.8	336.7	371.9	397.9	405.4	416.5	424.8	432.2	439.7	498.3	552.9
	103.1	108.6	111.1	121.2	136.8	139.6	158.8	197.0	178.3	194.6	200.4
	9.5	9.8	10.9	13.2	14.6	17.5	19.3	20.7	22.9	27.0	29.9
	5.6	5.8	7.0	8.4	9.1	10.5	12.4	15.0	15.6	16.3	17.0
	277.2	263.0	293.0	331.6	371.3	416.5	460.3	504.2	562.1	623.8	687.2
	142.4	138.5	156.5	188.3	223.6	262.1	300.6	338.1	380.7	432.8	486.7
	134.8	124.5	136.5	143.3	147.7	154.4	159.7	166.1	181.4	191.0	200.5
	57.7	56.2	65.1	80.4	100.9	113.6	177.4	205.7	208.0	239.3	253.8
	7.5	8.0	10.7	12.4	13.3	18.2	25.8	32.8	37.7	44.2	48.2
	166.9	180.4	185.7	209.4	215.8	233.5	256.8	280.9	317.4	394.2	418.2
	342.8	320.0	366.5	417.9	444.0	467.9	510.9	565.4	615.9	731.5	791.2
	15.5	17.8	22.4	26.0	28.9	31.7	36.0	41.4	47.9	63.2	76.8
	161.5	166.6	177.2	183.1	194.1	202.4	210.5	229.0	238.7	272.6	282.9
	120.2	131.3	133.1	143.0	149.3	156.0	181.2	202.5	284.5	349.4	356.5
	193.1	201.7	211.2	223.1	237.6	246.5	261.1	283.7	306.5	347.9	368.2
	2,840.7	2,804.2	3,147.2	3,481.8	3,652.2	3,872.0	4,139.9	4,552.5	4,968.0	5,819.3	6,204.4
	(—)0.7	(—)1.9	(—)3.3	(—)3.2	(—)3.7	(—)7.8	(—)11.5	(+)1.0	(+)1.0	(+)1.0	(+)1.0
	2,840.0	2,802.3	3,143.9	3,478.6	3,648.5	3,864.2	4,128.4	4,553.5	4,969.0	5,820.3	6,205.4
	944.9	966.6	988.8	1,014.5	1,040.9	1,067.9	1,095.6	1,124.1	1,154.4	1,185.6	1,217.6
	301	290	318	343	351	362	377	405	430	491	510

Source : Central Statistical Office.

AGRICULTURE

TABLE NO. 3

INDEX OF AGRICULTURAL PRODUCTION

(MAJOR CROPS ONLY)

(1959-60 = 100)

Year (July-June)	All crops	Food crops	Non-food crops	Fibres
1947-48	80	80	65	97
1948-49	89	94	72	80
1949-50	86	91	74	68
1950-51	90	92	71	98
1951-52	82	81	75	101
1952-53	84	80	80	116
1953-54	95	97	91	84
1954-55	90	88	100	90
1955-56	86	81	91	110
1956-57	96	96	94	102
1957-58	93	90	98	108
1958-59	93	88	111	103
1959-60	100	100	100	100
1960-61	105	107	100	91
1961-62	112	109	119	119
1962-63	111	105	137	119
1963-64	120	118	128	124
1964-65	123	121	143	112
1965-66	124	117	166	128
1966-67	123	112	175	134
1967-68(p)	138	131	178	143

(p) Provisional. *Source* : Central Statistical Office.

- *Weighting system.* Weighted average prices of the base year are used as a weight for these quantum indices.

Method of calculation. The index numbers are computed by Laspeyre's formula : *i.e.* $\frac{\sum Q_1 Po}{\sum Q_0 Po}$

where Q^1 is the quantity of current year and Q^o and P^o are the average quantity and weighted average price of the base year respectively.

TABLE No. 4

PER CAPITA AVAILABILITY OF FOODGRAINS

Year (July—June)		Domestic production(a) (lakh tons)	Allowance for seed, animal feed, wastage etc. (a) 10%(lakh tons)	Import (lakh tons)	Export (lakh tons)	Available for consumption (lakh tons) (Cols. 2—3+4—5)	Population (b) (in lakhs)	Percapita availability (ounces per day)
1		2	3	4	5	6	7	8
1947-48	..	117.3	11.73	.50	0.67	105.40	752.8	13.75
1948-49	..	136.1	13.61	1.65	0.03	124.11	770.1	15.82
1949-50	..	132.6	13.26	.43	0.22	119.55	787.8	14.90
1950-51	..	133.0	13.30	—	3.25	116.45	805.9	14.19
1951-52	..	117.1	11.71	—	0.73	104.66	824.4	12.47
1952-53	..	115.0	11.50	8.88	0.79	111.59	843.4	12.99
1953-54	..	140.8	14.08	7.59	1.38	132.93	862.8	15.13
1954-55	..	127.2	12.72	—	2.05	112.43	882.6	12.51
1955-56	..	117.4	11.74	1.76	1.44	105.98	902.9	11.53
1956-57	..	138.3	13.83	13.09	0.61	136.95	923.7	14.56
1957-58	..	130.5	13.05	13.59	—	131.04	944.9	13.61
1958-59	..	129.5	12.95	7.29	0.24	123.60	966.6	12.55
1959-60	..	145.2	14.52	13.29	0.87	143.10	988.8	14.21
1960-61	..	154.1	15.41	16.93	0.70	154.92	1,014.5	14.99
1961-62	..	158.1	15.80	10.54	1.02	151.81	1,040.9	14.32
1962-63	..	152.5	15.25	18.55	1.85	153.95	1,067.9	14.15
1963-64	..	169.9	16.99	16.63	1.12	166.42	1,095.6	14.91
1964-65	..	176.0	17.60	17.70	1.80	174.30	1,124.1	15.22
1965-66	..	167.8	16.78	13.16	1.46	170.10	1,154.4	14.46
1966-67	..	164.1	16.41	23.57	1.80	169.46	1,185.6	14.03

Source : Central Statistical Office.

(*a*) Production data include rice, wheat, barley, maize, bajra and jowar.

(*b*) Population figures are based on estimates of the Planning Commission.

(*c*) Import figures are those supplied by the Ministry of Agriculture and Works (Food Wing).

TABLE NO. 5

ACREAGE OF PRINCIPAL CROPS

Year beginning July 1st (In thousand acres)

Crop	*Average* 1955-56 *to* 1959-60			*Average* 1960-61 *to* 1964-65			1965-66			1966-67			1967-68		
	Pakistan	*East Pakistan*	*West Pakistan*	*Pakistan*	*East Pakistan*	*West Pakistan*	*Pakistan*	*East Pakistan*	*West Pakistan*	*Pakistan*	*East Pakistan*	*West Pakistan*	*Pakistan*	*East Pakistan*	*West Pakistan*
Rice	22,767	20,114	2,653	24,954	21,879	3,075	26,573	23,130	3,443	25,897	22,414	3,483	27,839 (c)	24,422 (c)	3,417 (c)
Wheat	11,741	114	11,627	12,464	148	12,316	12,874	136	12,738	13,385	180	13,205	15051(a)	183(a)	14,868(a)
Bajra	2,066	1	2,065	2,017	—	2,017	2,075	(*e*)	2,075	2,069	(*e*)	2,069	2,258	(e)	2,258
Jowar	1,173	1	1,172	1,251	2	1,249	1,469	2	1,467	1,382	2	1,380	1,446	2	1,444
Maize	1,109	7	1,102	1,202	17	1,185	1,349	10	1,339	1,377	9	1,368	1,511	9	1,502
Barley	557	68	489	529	69	460	436	54	382	456	56	400	534 (a)	57 (a)	477 (a)
Total foodgrains	39,413	20,305	19,108	42,417	22,115	20,302	44,776	23,332	21,444	44,566	22,661	21,905	48,639	24,673	23,966
Gram	3,198	150	3,048	3,028	137	2,891	2,778	135	2,643	2,724	146	2,578	3,063(a)	152(a)	2,911 (a)
Total food crops	42,611	20,455	22,156	45,445	22,252	23,193	47,554	23,467	24,087	47,290	22,807	24,483	51,702	24,825	26,877
Sugarcane ..	1,161	258	903	1,476	318	1,158	1,855	379	1,476	2,018	413	1,605	1,908(b)	419(b)	1,489(b)
Rape and mustard	1,919	508	1,411	1,727	537	1,190	1,565	474	1,091	1,622	486	1,136	1,713(a)	505(a)	1,208(a)
Sesamum ..	206	142	64	214	132	82	194	124	70	199	124	75	124(a)	42(a)	82(a)
Jute	1,466	1,466	—	1,732	1,732	—	2,090	2,090	—	2,165	2,165	—	23,54	23,54	—
Cotton	3,494	52	3,442	3,499	40	3,459	3,895	37	3,858	3,975	36	3.939	3,985(b)	37(b)	3,948(b)
Tea	77	77	—	84	84	—	95	95	—	98	98	—	101	101	—
Tobacco	195	110	85	214	103	111	253	109	144	290	113	177	272(d)	111(d)	161(d)
Total cash crops	8,518	2,613	5,905	8,946	2,946	6,000	9,947	3,308	6,639	10,367	3,435	6,932	10,457	3,569	6,888
Total principal crops	51,129	23,068	28,061	54,391	25,198	29,193	57,501	26,775	30,726	57,657	26,242	31,415	62,159	28,394	33,765

(*a*) First estimate.
(*b*) Second estimate.
(*c*) Third estimate.
(*d*) Last two year's average.
(*e*) Below 500 acres.

Source : Department of Marketing Intelligence and Agricultural Statistics.

TABLE NO. 6

PRODUCTION OF PRINCIPAL CROPS

Year beginning July 1st (In thousand tons)

Crop	*Average 1955-56 to 1959-60*			*Average 1960-61 to 1964-65*			1965-66			1966-67			1967-68		
	Pakistan	*East Pakistan*	*West Pakistan*	*Pakistan*	*East Pakistan*	*West Pakistan*	*Pakistan*	*East Pakistan*	*West Pakistan*	*Pakistan*	*East Pakistan*	*West Pakistan*	*Pakistan*	*East Pakistan*	*West Pakistan*
Rice	8,409	7,514	895	10,842	9,701	1,141	11,631	10,335	1,296	10,767	9,424	1,343	12,396(c)	10,930(c)	1,466(c)
Wheat	3,644	24	3,620	4,124	37	4,087	3,899	35	3,854	4,324	58	4,266	5,447	47 (a)	5,400*
Bajra	322	(*f*)	322	375	(*f*)	375	364	(*f*)	364	365	—	365	407	(f)	407
Jowar	226	(*f*)	226	247	1	246	270	(*f*)	270	273	—	273	286	(f)	286
Maize	464	2	462	490	5	485	534	3	531	581	3	578	782	3	779
Barley	153	14	138	132	16	116	94	12	82	102	15	87	98 (a)	14 (a)	85 (a)
Total foodgrains	**13,218**	**7,554**	**5,663**	**16,210**	**9,760**	**6,450**	**16,782**	**10,385**	**6,397**	**16,412**	**9,500**	**6,912**	**19,416**	**10,994**	**8,423**
Gram	674	36	638	664	35	629	574	43	531	570	49	521	572(a)	46(a)	526(a)
Total food crops	**13,892**	**7,590**	**6.301**	**16,874**	**9,795**	**7,079**	**17,356**	**10,428**	**6,928**	**16,982**	**9,549**	**7,433**	**19,988**	**11,040**	**8,949**
Sugarcane ..	13,975	3,819	10,156	20,542	4,943	15,599	29,507	7,550	21,957	29,705	8,070	21,635	30,205(b)	7,834(b)	22,371(b)
Rape and mustard	325	90	235	314	97	217	274	95	179	302	102	200	288(a)	99(a)	189(a)
Sesamum ..	33	27	6	33	24	9	31	24	7	34	27	7	33(a)	26(a)	7(a)
Jute	1,063 (5,954)	1,063 (5,954)	— —	1,075 (6,020)	1,075 (6,020)	— —	1,136 (6,364)	1,136 (6,364)	— —	1,143 (6,400)	1,143 (6,400)	— —	1,200 (6,722)	1,200 (6,722)	— —
Cotton	294 (1,681)	3 (16)	291 (1,665)	355 (2,027)	3 (16)	352 (2,011)	411 (2,347)	3 (16)	407.9 (2,331)	450 (2,573)	2.6 (15)	447.0 (2,558)	480.0 (2,743)	2.6 (15)	477.4 (2,728)
Tea	23 (52.5)	23 (52.5)	— —	24 (54.2)	24 (54.2)	— —	27.0 (60.0)	27.0 (60.0)	— —	28.0 (63.0)	28.0 (63.0)	— —	29.0 (65.0)	29.0 (65.0)	— —
Tobacco	90 (202.3)	36 (82.2)	54 (120.1)	99 (221.1)	28 (62.7)	71 (158.4)	135 (302.8)	27 (60.2)	108 (242.6)	175 (392)	37.5 (84)	137.5 (308)	155.0(a) (347.4)	32.2(a) (72.1)	122.7(a) (275.3)
Total cash crops	**15,803**	**5,061**	**10,742**	**22,442**	**6,194**	**16,248**	**31,521.0**	**8,862.0**	**22,659.0**	**31,837.0**	**9,410.1**	**22,426.6**	**32,390**	**9,223**	**23.167**
Total principal crops	**29,695**	**12,651**	**17,043**	**39,316**	**15,989**	**23,327**	**48,877.0**	**19,290.5**	**29,587.9**	**48,819.0**	**18,959.1**	**29,859.5**	**52,378**	**20263**	**32,116**

Note.—Figures in brackets indicate '000' bales for jute and cotton and million pounds for tea and tobacco.
(*a*) Last two years average.
(*b*) Second estimate
(*c*) Third estimate.
(*f*) Below 500 acres.
*Targets

Source : Department of Marketing Intelligence and Agricultural Statistics.

TABLE No. 7
YEILD PER ACRE OF PRINCIPAL CROPS

Year beginning July 1st (In Maunds)

Crop	Average 1955-56 to 1959-60			Average 1960-61 to 1964-65			1965-66			1966-67		
	Pakistan	East Pakistan	West Pakistan	Pakistan	East Pakistan	West Pakistan	Pakistan	East Pakistan	West Pakistan	Pakistan	East Pakistan	West Pakistan
Rice	10.1	10.1	9.5	11.8	12.1	10.1	12.1	12.4	10.2	11.3	11.5	10.5
Wheat	8.5	5.7	8.5	8.9	6.8	9.0	8.1	7.0	8.2	8.8	8.8	8.8
Bajra	4.2	—	4.2	5.0	—	5.0	4.8	—	4.8	4.8	—	4.8
Jowar	5.2	—	5.2	5.4	—	5.3	5.0	—	5.0	5.4	—	5.4
Maize	11.4	7.8	11.4	11.1	8.4	11.1	10.8	8.2	10.8	11.5	9.1	11.5
Barley	7.5	5.7	7.7	6.8	6.4	6.8	5.9	6.0	5.8	6.1	7.3	5.4
Gram	5.7	6.6	5.7	6.0	7.0	5.9	5.6	8.7	5.5	5.7	9.1	5.5
Sugarcane	328.2	403.8	308.7	376.6	421.1	364.1	433.0	542.2	404.9	400.7	531.9	366.9
Rape and mustard	4.6	4.9	4.5	4.9	4.9	5.0	4.8	5.5	4.5	5.1	5.7	4.8
Sesamum	4.4	5.1	2.7	4.1	5.1	2.9	4.3	5.3	2.7	8.6	5.9	2.5
Jute	19.8	19.8	—	16.8	16.8	—	14.8	14.8	—	14.4	14.4	—
Cotton	2.3	1.5	2.3	2.8	2.0	2.8	2.9	2.1	2.9	3.1	2.3	3.1
Tea	8.3	8.3	—	7.8	7.8	—	7.7	7.7	—	7.8	7.8	—
Tobacco	12.6	8.9	17.2	12.5	7.4	17.4	11.6	6.7	20.4	16.4	9.0	20.0

Source : Department of Marketing Intelligence and Agricultural Statistics.

INDUSTRY

TABLE NO. 8

A. REVISED QUANTUM INDEX OF INDUSTRIAL PRODUCTION

(1959—60-100)

Year July-June	Manufacturing	Mining	Industrial Production (manufacturing and mining)
1959-60	100.0	100.0	100.0
1960-61	118.7	114.7	118.5
1961-62	138.8	124.0	138.2
1962-63	159.5	144.7	158.9
1963-64	181.3	160.5	180.4
1964-65	201.7	174.5	200.5
1965-66	214.2	182.3	212.8
1966-67	237.0	193.0	235.1
1967-68(P)	261.0	208.4	258.7

B. VALUE INDEX OF INDUSTRIAL PRODUCTION (MANUFACTURING ONLY)

(1959—60-100)

Year (July-June)	
1959-60	100.0
1260-61	123.4
1961-62	139.0
1962-63	161.9
1963-64	184.2
1964-65	210.6
1965-66	234.4
1966-67	274.4
1967-68(P)	302.8

Source : Central Statistical Office.

Note.—The necessity of revising the index for manufacturing industries arose because the previous index was based on the production trends of only 32 items which then covered about 75% of production. With the broadening of the industrial base and the fast increase in the production of some industries, that index no longer remained as a barometer of industrial development. The present index is based on the production-data of 200 items and gives a coverage of about 94% production on All Pakistan basis.

(P) Provisional.

TABLE NO. 9

PRODUCTION OF SELECTED MANUFACTURING INDUSTRIES—ALL PAKISTAN

Item	Unit	1954-55	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68 (July—Dec.)
1	2	3	4	5	6	7	8	9	10	11	12
Food Manufactures—											
Tea	.. Lakh lbs.	538	508	499	560	537	608	623	619	670	505(*p*)
Sugar..	.. 000 tons.	85	144	109	189	274	243	233	456	416(*p*)	109(*p*)
Hydrogenated Vegetable oil	.. 000 tons.	13	30	40	54	71	89	95	105	88(*p*)	45(*p*)
Sea Salt	.. 000 tons.	272	206	223	229	197	193	216	192	360	187(*p*)
Tobacco Manufactures—											
Cigarettes	.. Core Nos.	483	928	1088	1326	1456	1767	1984	2645	3205	1727(*p*)
Textile Manufactures—											
(*i*) Cotton yarn ..	.. Crore lbs.	23.2	40.3	40.8	42.1	43.9	50.2	51.8	50.1	53.1	28.7(*p*)
(*ii*) Cotton cloth ..	.. Crore Yards	38.7	60.6	68.3	70.6	72.7	74.1	76.4	69.1	73.9	39.2(*p*)
Silk (art) and rayon cloth	.. Lakh sq. yards	(*v*) 97(*a*)	145	154	153	186	354	322	356	455	297(*p*)
Woollen Worsted yarn ..	.. Lakh lbs.	37(*)	64(*)	51(*)	54(*)	56(*)	64(*)	58(*)	70	NA	NA
Jute goods	.. 000 tons.	103(*)	265(*)	250(*)	286(*)	298	331	289	409	404	242
Rubber Manufactures—											
Tyres & tubes	.. Lakh Nos.	20.3	30.3	35.1	42.0	49.5	52.0	68.5	46.6	70.1(*p*)	37.9(*p*)
Manufacture of Chemical fertilizers—											
Superphosphates ..	.. 000 tons.	—	.8	8.9	7.9	6.1	6.6	8.0	7.9	4.0	3.8
Ammonium Sulphate ..	.. 000 tons.	—	42.2	46.4	51.8	51.6	49.1	34.9	38.4	42.2	23.0
Urea	.. 000 tons	—	—	—	17.8(*b*)	100	146	116	132	140	76
Manufacture of other Chemicals—											
Sulphuric acid ..	.. 000 tons.	—	13.2(*)	16.4(*)	17.3(*)	16.8	20.2	20.9	24.1	22.4	12
Soda ash	.. 000 tons.	28.5(*)	26.6(*)	25.9(*)	25.4(*)	32.1	29.0	33.8	31.5	31.4	23.0

Item	Unit	1954-55	1959-60	1960-61	1961-62	1962-63	[illegible]				
1	2	3	4	5	6	7	8	9	10		
Safety Matches—											
(*i*) 40-60 sticks	Lakh gross boxes.	66.7	91.4	96.6	100.7	106.9	125.7	118.7	136.0	111.6(*p*)	56.3(*p*)
Paper and Board											
Paper—											
(*i*) Printing..	000 tons.	8.0(*)	16.4	21.1	22.3	17.1	17.5	22.5	22.9	15.6	9.8
(*ii*) Writing	000 tons.	4.4(*)	4.3	4.7	7.6	8.6	7.2	9.7	10.9	9.5	5.1
(*iii*) Packing and other paper ..	000 tons.	6.8(*)	6.4	7.9	7.5	6.5	7.1	8.4	8.0	8.9	4.2
(*iv*) Newsprints	000 tons.	—	12.1(*c*)	26.6	29.7	31.3	30.4	38.2	33.8	36.5	19.9
Board—											
(*i*) Straw	000 tons.	—	4.5	3.6	5.7	4.9	5.0	5.6	4.8	5.0	2.8
(*ii*) Paper	000 tons.	—	7.8	10.2	10.6	10.3	12.9	15.7	14.4	16.6	7.6
(*iii*) Chip	000 tons.	—	1.4	2.1	2.0	2.2	2.2	3.1	4.5	4.6	1.2
Paints and Varnishes	000 cwt.	N.A.	N.A.	83	101	88	108	107	84(*p*)	94(*p*)	40(*p*)
	000 gallons.	N.A.	N.A.	576	583	663	973	1226	1227(*p*)	1195(*p*)	528(*p*)
Cement	Lakh tons.	6.9	10.3	11.4	12.9	14.4	14.5	16.9	16.5	20.1	9.8

(*p*) Provisional.
(*a*) Data relate to one month.
(*b*) Data relate to two months total.
(*c*) Data relate to eleven months total.
(*) Data relate to Calendar year (figures coming under 1954-55 means figures for 1955 Calendar year and so on).
v Unit in lakh yds.

Source : Central Statistical Office.

TABLE No 10

PRODUCTION OF SELECTED MANUFACTURING INDUSTRIES—EAST PAKISTAN

Item	Unit	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68 (July—Dec.)
1	2	3	4	5	6	7	8	9	10	11
Food manufactures—										
Tea	Lakh lbs.	508	499	560	537	608	623	619	670	505 (*p*)
Sugar	000 tons	61	54	67	75	88	77	85	112(*p*)	34 (*p*)
Hydrogenated vegetable Oil	000 tons	1.8	3.4	4.0	4.1	4.6	4.9	5.3	4.7	3.0 (*p*)
Tobacco manufactures—										
Cigarettes	Crore Nos.	110	138	276	373	489	554	958	1313	785 (*p*)
Textile manufactures—										
(*i*) Cotton Yarn	Crore lbs.	4.9	4.8	5.4	5.4	6.4	6.4	7.3	7.4	3.9 (*p*)
(*ii*) Cotton cloth	Crore yards	6.2	6.9	6.7	5.5	4.8	4.9	4.0	5.5	3.1 (*p*)
Art silk & rayon cloth	Lakh sq. yds.	3.4	3.9	3.9	1.8	1.7	0.9	4.0	11.1	12.4 (*p*)
Jute goods	000 tons	265*	250*	286*	298	331	289	409	404	242
Rubber manufactures—										
Tyres and tubes	Lakh Nos.	.5	.6	.7	.3	.4	.6	1.0	1.6 (p)	1.1 (*p*)
Manufactures of chemical fertilizers and chemical products—										
Urea	000 Tons	—	—	17.1*	71.6	106.4	72.0	90.8	93.[illegible]	56.9
Sulphuric acid	000 tons	1.3*	1.1*	1.1*	1.5	2.0	2.0	2.4		
Safety matches 40-60 sticks	Lakh gross boxes	86.0	91.7	96.2	100.1	115.5				
Cement	Lakh tons	.61	.86	.73	.94					

Item	Unit	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68 (July—Dec.)
1	2	3	4	5	6	7	8	9	10	11
Paper manufactures—										
Printing paper	000 tons	16.4	21.1	22.3	17.1	17.5	22.5	22.9	15.6	9.8
Writing paper	000 tons	4.3	4.7	7.6	8.6	7.2	9.7	10.9	9.5	5.1
Packing & other papers	000 tons	6.4	7.9	7.5	6.5	7.1	8.4	8.0	8.9	4.2
Newsprint	000 tons	12.1(*a*)	26.6	29.7	31.3	30.4	38.2	33.8	36.5	19.9
Paints and varnishes	000 cwt.	5.6*	6.2	14.4	3.9	8.0	13.6	7.5 (*p*)	7.2 (*p*)	3.9(*p*)
	000 gallons	50.3*	54.6	79.2	69.9	95.7	93.0	74.8(p)	70.7 (*p*)	35.3(*p*)

(*a*) Data relate to eleven months total.
(*p*) Provisional.
(*) Data relate to calendar year.

Source: —Central Statistical Office.

TABLE No 11

PRODUCTION OF SELECTED MANUFACTURING INDUSTRIES—WEST PAKISTAN

Item	Unit	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68 (July—Dec.)
1	2	3	4	5	6	7	8	9	10	11
Food Manufactures—										
(*i*) Sugar	.. 000 tons	83	55	122	199	155	156	371	304(*p*)	75 (*p*)
(*ii*) Hydrogenated vegetable oil ..	.. 000 tons.	28	37	50	67	84	90	100	83(*p*)	42 (*p*)
(*iii*) Sea salt	.. 000 tons.	206	223	229	197	193	216	192	211	85 (*p*)
Tobacco Manufactures—										
(*i*) Cigarettes	.. Crore Nos.	817	951	1050	1083	1279	1430	1687	1892	942 (*p*)
Textile Manufactures—										
(*i*) Cotton yarn	.. Crore lbs.	35.4	36.0	36.7	38.5	43.8	45.6	42.8	45.6	24.8 (*p*)
(*ii*) Cotton cloth	.. Crore yds.	54.4	61.4	63.9	67.2	69.3	71.5	65.1	68.4	36.2 (*p*)
(*iii*) Art silk and rayon cloth ..	.. Lakh Sq. yds.	142	150	149	184	352	321	352	444	284 (*p*)
Rubber Manufactures—										
(*i*) Tyres and tubes	.. Lakh Nos.	30.8	34.5	41.3	49.2	51.6	67.8	45.6	68.5	36.7 (*p*)
Safety Matches—										
(*i*) 40-60 sticks	.. Lakh gross boxes	5.4	4.9	4.4	6.8	10.2	11.7	14.2	8.7	2.8 (*p*)
Cement Manufactures—	Lakh tons.	9.7	10.6	12.2	13.5	13.9	16.3	16.1	19.3	9.3
Chemical Fertilizers & Chemicals										
(*i*) Superphosphate	.. 000 tons	.8	8.9	7.9	6.1	6.6	8.0	7.9	4.0	3.8
(*ii*) Ammonium sulphate ..	.. 000 tons	42.2	46.4	51.8	51.6	49.1	34.9	38.4	42.2	23.2
(*ii*) Urea	.. 000 tons	—	—	.7 *b*	28.1	39.7	44.0	41.1	46.8	19.3
(*iv*) Soda ash	.. 000 tons	26.6(*)	25.9(*)	25.4(*)	32.1	29.0	33.8	31.5	31.4	23.4
(*v*) Sulphuric acid	.. 000 tons.	12(*)	15(*)	16(*)	15	18	19	22	20	10

Item	Unit	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68 (July—Dec.)
1	2	3	4	5	6	7	8	9	10	11
Paper Manufactures—										
(*i*) Straw board	000 tons	4.5	3.6	5.7	49·	5.0	5.6	4.8	5.0	2.8
(*ii*) Paper board	000 tons	7.8	10.2	10.6	10.3	12.9	15.7	14.4	16.6	7.6
(*iii*) Chip board	000 tons	1.4	2.1	2.0	2.2	2.2	3.1	4.5	4.6	1.2
(*iv*) Paints & varnishes	000 cwt.	69.5(*)	76.6	87.1	84.5	99.1	93.3	76.4 (*p*)	87.1(*p*)	35.9 (*p*)
	000gallons	521.8 (*)	521.1	503.5	593.1	876.9	1133.1	1152.3 (*p*)	1123.8 (*p*)	492.7 (*p*)

(*p*) Provisional.
(*) Data relate to Calendar year.
(*b*) Data relate to two months total

Source :— Central Statistical Office.

TABLE No 12

PRODUCTION OF MINERALS

Mineral	Unit	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68 (July-Dec)
1	2	3	4	5	6	7	8	9	10	11
1. Antimony	(ton)	165	—	65	56	31	265	115(*p*)	924	462
2. Aragonite	„	2,813	6,815	3,079	3,112(*a*)	103,69	9,171	11,685(*p*)	52,34	2617
3. Celestite	„	1,340	555	356	377	203	432	485(*p*)	524	264
4. Chromite	(000 tons)	15	23	23	22	8	15	27(*p*)	38	19
5. Coal	„	775	855	927	1,139	1,229	237	1,186(*p*)	1,418	709
6. Dolomite	(ton)	151	195	408	546	728	544	84	515	257
7. Fireclay	(000 tons)	16	15	15	13	33	18	19	20	10
8. Fuller's earth	„	—	5	9	10	11	10	10(*p*)	20	10
9. Gypsum	„	91	94	103	238	172	184	115	122	61
10. Iron ore	(ton)	222	9,225	—	1,700	4,027	11,789	12,139 (*p*)	—	—
11. Limestone	(000 tons)	1,013	1,104	1,200	1,186	1,789	2,005	1941(*p*)	2,280	1140
12. Lead ore	(ton)	20	13	70	58	24	15	—	—	—
13. Magnesite		670	320	—	820	589	622	655	587	293
14. Manganese	„	169	152	925	807	610	950	—	599	300
15. Rock salt	(000 tons)	168	210	191	220	212	217	289	231	116
16. Silica sand	„	28	18	15	19	25	27	33(*p*)	78	39
17. Soapstone	(ton)	2,088	1,353	684	530	822	24,29	2,821(*p*)	28,70	1435
18. Barytes	„	869	250	1,663	5,316	6,451	12,298	8,795	6,058	3029
19. Crude oil	(Million I.G.)	86	97	107	122	130	132	136	128	64
20. Natural gas	(Million cubic feet)	25,750	31,985	38,790	45,410	54,872	62,896	74,036	79,980	39,990

— Nil or insignificant.

(*a*) From 1962-63 onward figures of aragonite include those of ordinary marble also.

(*p*) Provional.

Source : Central Statistical Office

MONEY AND BANKING

TABLE NO 13

MONEY SUPPLY WITH THE PUBLIC

(Revised Series)

(In crore rupees)

Last Friday	*Currency in circulation*	*Demand deposits (general)*	*Other deposits with S.B.P.(1)*	*Money supply(2)*
1	2	3	4	5
December 1948	168.94	89.17	3.53	261.64
December 1949	168.99	88.63	4.45	262.07
June 1950	169.18	99.99	3.68	272.85
December 1950	194.87	90.72	3.34	288.93
June 1951	198.70	109.82	3.95	312.47
December 1951	244.58	119.03	4.01	367.62
June 1952	217.25	104.52	3.77	325.54
December 1952	208.31	102.27	3.49	314.07
June 1953	217.28	111.81	2.11	331.20
December 1953	230.98	115.14	2.10	348.22
June 1954	236.29	120.18	2.01	358.48
December 1954	252.50	117.04	5.87	375.41
June 1955	255.63	127.02	2.95	385.60
December 1955	296.54	132.63	5.35	434.52
June 1956	298.16	143.12	7.26	448.54
December 1956	340.75	142.97	2.69	486.41
June 1957	337.28	149.01	8.83	495.12
December 1957	353.44	156.21	8.85	518.50
June 1958	358.17	168.92	4.60	531.69
December 1958	369.25	170.86	5.14	545.25
June 1959	359.79	186.96	4.39	551.14
December 1959	380.05	187.13	4.62	571.80

TABLE No. 13—*Contd.*

1		2	3	4	5
June	1960	377.21	199.71	4.37	581.29
December	1960	414.88	193.28	4.70	612.86
June	1961	380.62	199.07	4.51	584.20
December	1961	402.41	210.00	5.12	617.53
June	1962	382.49	219.01	4.95	606.45
December	1962	407.70	235.86	5.02	648.58
June	1963	408.15	277.98	4.96	691.09
December	1963	447.90	288.15	5.08	741.13
June	1964	461.21	327.40	5.36	793.97
December	1964	502.48	362.18	5.52	870.18
March	1965	503.08	372.72	5.55	881.35
June	1965	490.21	365.51	6.42	862.14
December	1965	547.76	392.45	9.36	949.57
June	1966	580.20	394.94	9.15	984.29
September	1966	581.41	403.00	13.49	997.90
December	1966	609.75	464.63	14.36	1088.74
March	1967	618.23	445.82	7.86	1071.91
June	1967	556.17	468.96	13.23	1038.36
September	1967	538.55	423.45	14.70	976.60
December	1967	584.33	459.66	15.67	1059.66
March	1968	596.15*	466.67*	7.67*	1070.49*

Source : State Bank of Pakistan.

1 Excluding I.M.F. Account No. 1, Special Commodity Aid Accounts, I.B.R.D. Indus Account, U.S. Disbursing Officer's Account and Deposit Accounts of U.S. Development Loans. Deutsche Bundes Bank, Frankfurt/M—Special Account and Deposit Accounts of German Loans have been excluded since March 1963.

2 Revised.

* Provisional.

TABLE

CAUSATIVE ANALYSIS OF

Causative factors On July-June basis	PRE-PLAN						FIRST
	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57
Changes in money supply ..	+39.62	+13.07	+5.66	+27.28	+27.12	+62.94	+46.58
1. Domestic private sector ..	+5.98	+22.98	—12.44	+5.51	+2.78	+9.95	+23.70
Adjustment for shift to time deposits.	—7.71	+3.45	—6.10	—12.93	—8.63	—4.44	—0.48
Net private sector ..	—1.73	+26.43	—18.54	—7.42	—5.85	+5.51	+23.22
2. Government sector	—15.18	+57.40	+61.96	+17.73	+24.89	+32.15(1)	+86.21
Adjustment for counterpart funds	..	..	..	..	..	—15.52	—44.61
Net Government sector ..	—15.18	+57.40	+61.96	+17.73	+24.89	+16.63	+41.60
3. Foreign sector	+44.00	—67.27	—39.80	—1.31	+7.08	+44.45(2)	—21.71
4. I.B.R.D. Indus Account ..	..	..	..	..	..	..	..
5. Other factors	+12.53	—3.49	+2.04	+18.28	+1.00	—3.65	+3.47
Total causative factors ..	+39.62	+13.07	+5.66	+27.28	+27.12	+62.94	+46.58

(1) Adjusted for cancellation of *ad hocs* against devaluation profit.

(2) Adjusted for devaluation profit.

No. 14

CHANGES IN MONEY SUPPLY

(In crore rupees)

PLAN				SECOND PLAN					THIRD PLAN
1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67
+36.57	+19.45	+30.15	+2.91	+22.25	+84.64	+102.88	+68.17	+122.14	+54.07(10)
+4.15	—0.42	+35.75	+41.65	+69.02	+79.21	+91.44	+171.53	+36.63	+193.59
—13.16	—5.32	—19.26	—28.15	—27.96	—42.81	—49.69	—79.56	—81.08	—110.14
—9.01	—5.74	+16.49	+13.50	+41.06	+36.40	+41.75	+91.97	—44.46	+83.45
+70.65	—25.30(3)	+12.30(4)	+37.20	—11.41	+40.23	+42.12(6)	+51.56	+143.27	+3.28(11)
—3.58	—2.68	—15.79	—26.41	+40.39	—23.77	+20.55	—15.68	+24.98	—1.04
+67.07	+22.35	—3.49	+10.79	+28.98	+16.46	+62.67	+35.88	+168.25	+2.24
—28.23	—12.17(3)	+22.02	—11.95(5)	—7.90	+27.35	—15.30(6)	—35.69(7)	+15.39	—49.31(11)
..	..	..	..	—18.61	+5.42	+6.64	—5.48	—5.27	+6.02
+6.74	—9.33	—4.87	—9.43	—21.28	—0.99	+7.12	+20.51	—11.77	+11.67
+36.57	+19.45	+30.15	+2.91	+22.25	+84.64	+102.88	+68.17	+122.14	+54.07

Source : State Bank of Pakistan.

(3) Adjusted for revaluation of gold.

(4) Adjusted for gold payments of $ 12.5 million to the I.M.F. consequent upon 50 per cent increase in Pakistan's Fund quota. The Government borrowed money for this purpose from the State Bank by creating fresh *ad hocs.*

(5) Adjusted for purchase of foreign currency from the I.M.F.

(6) Adjusted for repurchase of local currency from I.M.F.

(7) Adjusted for receiving a sum of $ 16 million from I.M.F.

(8) Adjusted for creation of *ad hocs* of Rs. 4.52 crores to purchase gold to meet the increased quota obligation to I.M.F.

(9) Adjusted for purchase of foreign currency worth Rs. 17.86 Crores from I.M.F.

(10) Adjusted for I.D.B.P. foreign currency loans.

(11) Adjusted for devaluation of Indian Rupee, subscription to Asian Development Bank etc.

TABLE NO. 15

CONSOLIDATED BALANCE SHEET OF THE SCHEDULED BANKS

(In crore rupees)

Item	30-6-64	31-12-64	30-6-65	31-12-65	30-6-66	31-12-66	31-3-67	30-6-67	30-9-67	31-12-67
LIABILITIES :										
Capital	22.86	24.13	25.48	27.02	27.02	28.15	28.40	30.43	29.07	30.40
Reserves	10.51	11.17	12.22	12.38	14.80	15.48	16.60	21.22	17.76	18.98
Demand deposits :										
(*a*) From banks	18.95	12.98	13.32	25.21	26.01	29.35	24.23	20.78	21.02	47.01
(*b*) From others	323.29	362.38	364.32	381.81	405.73	436.77	428.06	454.95	415.08	462.64
Total ..	342.24	375.36	377.64	407.02	431.74	466.13	452.28	475.73	436.10	509.65
Time deposits :										
(*a*) From banks	12.17	17.27	5.54	10.04	14.62	13.70	10.59	9.39	7.64	12.73
(*b*) From others	252.79	287.80	325.97	349.02	409.23	459.81	467.42	508.02	500.70	547.32
Total ..	264.96	305.08	331.52	359.06	423.85	473.52	478.01	517.41	508.34	560.05
Total demand and time deposits ..	607.20	680.44	709.16	766.08	855.59	939.65	930.29	993.14	944.44	1069.70
Borrowings from State Bank ..	71.77	147.98	153.31	178.16	102.28	187.86	190.38	177.75	166.15	181.87
Borrowings from banks abroad ..	0.50	1.96	2.72	0.41	0.33	37.54	38.11	41.07	40.32	49.95
Borrowings from other banks ..	20.01	21.25	16.75	24.33	19.64	17.67	26.16	20.52	23.29	14.96
Total borrowings ..	92.28	171.19	172.78	202.90	122.25	243.07	254.65	239.34	229.76	246.78

Head office and inter-bank/branch adjustments	5.24	12.53	14.58	14.25	16.76	16.70	14.43	5.22	14.29	22.49
Contingent liabilities as *per contra* ..	440.44	499.78	486.94	471.68	479.33	573.01	567.26	555.17	575.76	531.49
Other liabilities	47.47	59.64	57.27	55.92	64.62	77.83	77.79	81.63	104.37	99.40
Total ..	1,226.00	1,458.88	478.44	1,550.22	1,580.38	1,893.88	1,889.43	1,926.16	1915.46	2019.06
ASSETS :										
Cash :										
(*a*) Gold	0.02	0.02	0.02	0.02	0.05	0.03	0.04	0.01	—	—
(*b*) Notes, coins and silver ..	18.93	27.66	22.86	32.96	29.14	40.03	27.10	35.58	24.52	38.85
(*c*) Balances with State Bank ..	39.78	41.31	61.29	53.92	52.43	55.97	51.12	71.81	61.58	74.96
(*d*) Balances with other banks ..	22.58	17.82	10.97	24.35	28.37	18.21	30.98	33.28	28.78	30.25
Total ..	81.32	86.81	95.14	111.25	109.99	114.24	109.24	140.68	114.88	144.06
Balances held abroad	5.62	5.98	5.10	7.84	6.62	5.86	6.41	5.09	6.54	8.66
Bills purchased and discounted ..	37.85	45.27	37.11	43.93	34.09	54.38	55.24	42.48	38.29	47.86
Advances :										
(*a*) To banks	25.30	29.97	25.77	38.82	27.27	27.70	30.31	22.29	27.83	28.71
(*b*) To others	434.20	547.99	590.17	623.58	631.66	785.72	813.00	820.78	794.19	871.65
Total ..	459.50	577.96	615.94	662.40	658.93	813,46	843.32	843.07	822.02	900.36
Total bank credit ..	497.35	623.23	653.05	706.33	693.02	867.84	898.56	885.55	832.48	919.51

TABLE NO. 15.—*contd*

Item	30-6-64	31-12-64	30-6-65	31-12-65	30-6-66	31-12-66	31-3-67	30-6-67	30-9-67	31-12-67
Investment in shares and securities :										
(*a*) Central Government	114.54	129.28	126.72	131.68	135.45	137.09	136.98	137.48	143.93	149.33
(*b*) Treasury bills	..	3.49	0.50	0.70	12.58	8.85	0.75	0.85	2.97	4.09
(*c*) Provincial Governments ..	27.43	36.24	35.05	35.10	34.91	57.74	57.85	57.74	58.78	60.27
(*d*) Foreign	0.28	0.24	0.24	0.24	0.38	0.38	0.38	0.38	0.39	0.31
(*e*) Others	12.53	17.10	24.04	25.56	40.43	43.88	43.72	57.11	57.99	57.68
Total ..	154.78	186.37	186.56	193.28	223.75	247.94	239.68	253.56	264.04	271.68
Bank premises	4.75	5.86	5.88	6.70	6.86	7.94	7.96	8.05	8.30	12.98
Head office and inter-bank/branch adjustments	7.51	3.71	3.13	2.86	3.68	3.55	4.16	7.14	4.61	2.43
Contingent assets as *per contra* ..	440.44	499.78	486.94	471.68	479.33	573.01	567.26	555.17	575.76	531.29
Other assets	34.25	47.13	42.64	50.28	57.13	73.50	56.14	70.90	81.02	99.73
Total ..	1,226.00	1,458.88	1,478.44	1,550.22	1,580.38	1,893.88	1,889.43	1,926.16	1915.46	2019.06

Note.—Due to rounding off figures, total may show minor differences.

Source : State Bank of Pakistan.

TABLE NO 16

BANK CREDIT TO PRIVATE AND PUBLIC SECTORS

(In crore rupees)

Month/Year (Last Friday)		*Private Sector*	*Public Sector*	*Total*
June	1955	73.81	14.60	88.41
December	1955	106.50	9.68	116.18
June	1956	83.81	7.75	91.56
December	1956	122.28	1.37	123.65
June	1957	107.83	5.44	113.27
December	1957	120.52	6.34	126.86
June	1958	110.73	11.82	122.55
December	1958	131.98	13.84	145.82
June	1959	110.10	20.10	130.20
December	1959	147.76	14.22	161.98
June	1960	145.83	15.91	161.74
December	1960	192.65	15.83	208.48
June	1961	187.22	33.06	220.28
December	1961	238.52	33.94	272.46
June	1962	253.49	32.66	286.15
December	1962	313.11	23.94	337.05
June	1963	329.19	37.81	367.00
December	1963	391.42	24.68	416.10
June	1964	418.60	60.53	479.13
December	1964	537.11	63.18	600.29
June	1965	575.87	62.90	638.77
December	1965	621.70	52.18	673.88
June	1966	589.42	60.68	659.10
December	1966	750.12*	59.05	809.17*
June	1967	744.09*	56.42	830.51*
December	1967	839.61*	41.47	881.08*
March	1968	861.48*	54.22	915.70*

(*P*) Provisional.

* Excluding IDBP fresh currency loans.

Source : State Bank of Pakistan.

TABLE NO. 17

CLASSIFICATION OF SCHEDULED BANK'S ADVANCES BY ECONOMIC GROUPS

(In lakh rupees)

Economic group	30-6-64	31-12-64	30-6-65	31-12-65	31-3-66	30-6-66	30-9-66	31-12-66	31-3-67	30-6-67	30-9-67	31-12-67
Agriculture, forestry, hunting and fishing ..	32,08	41,51	38,46	35,81	36,51	49,01	45,22	56,09	48,18	54,55	58.35	60.01
Mining and quarrying	2,17	2,60	2,32	2,97	2,94	2,77	3,64	4,39	4,36	4,30	4.99	5,66
Manufacturing	154,23	195,99	229,08	242,47	249,57	241,53	283,91	323,77	348,99	348,45	335,92	365,04
Construction	9,19	11,28	11,12	12,07	12,03	12,60	15,50	14,27	14,66	15,30	14,70	14,89
Electricity, gas, water and sanitary services ..	1,44	5,78	1,76	2,93	4,33	2,56	3,25	3,29	8,89	3,98	5,12	7,48
Commerce	166,61	214,50	219,11	245,02	225,99	227,75	238,46	294,48	280,46	281,19	261,98	305,44
Transport, storage and communications ..	11,30	11,35	17,13	11,06	11,01	16,74	15,75	16,00	17,93	15,49	19,01	18,92
Services	34,07	42,06	44,71	42,97	40,53	42,21	44,04	48,65	52,95	60,28	58,26	59,28
Employees and activities not adequately described	23,11	22,94	26,48	28,28	28,02	36,48	37,56	34,78	36,58	37,24	35,84	34,94
Total ..	434,20	547,99	590,17	623,58	610,93	631,65	687,33	785,72	813,00	820,78	794,18	871,65

Note.—Due to rounding off figures, totals may show minor differences.

Source : State Bank of Pakistan.

TABLE NO. 18

CLASSIFICATION OF BILLS PURCHASED AND DISCOUNTED BY SCHEDULED BANKS BY ECONOMIC GROUPS

(In lakh rupees)

Economic group	30-6-64	31-12-64	30-6-65	31-12-65	31-3-66	30-6-66	30-9-66	31-12-66	31-3-67	30-6-67	30-9-67	31-12-67
Agriculture	4,26	5,33	14	7,27	6,52	2,61	1,94	4,34	4,10	1,76	2,65	4,41
Manufacturing	1,43	63	37	93	1,36	1,11	77	2,13	2,46	1,21	1·25	94
Construction	6	9	17	3	5	20	12	6	2	37	38	5
Commerce	29,68	37,54	34,80	34,51	34,27	28,05	21,57	45,01	46,49	37,11	32,72	40,83
Financial institutions	1	2	2	2	1	4	—	1	3	11	1	5
Electricity, gas, water and sanitary services ..	4	14	11	14	5	21	2	1	7	6	15	30
Transport, storage and communications ..	1,28	75	51	26	16	90	61	81	61	44	8	10
Others	1,11	78	99	78	1,13	97	95	202	1,46	1,43	1,05	1,19
Total ..	37,85	45,27	37,11	43,93	43,56	34,09	35,98	54,38	55,24	42,48	38,29	47,86

Note.—Due to rounding off figures, totals may show minor differences.

Source : State Bank of Pakistan.

TABLE NO 19

ISSUE OF CAPITAL BY REGION

(In lakh rupees)

Year	East Pakistan	West Pakistan (excluding Karachi)	Karachi	Total
1947(a)	205.00	152.00	211.00	568.00
1948	486.25	494.99	995.42	19,76.66
1949	226.05	210.64	671.96	11,08.65
1950	117.15	115.00	536.80	768.95
1951	176.91	300.25	889.59	13,66.75
1952	10,06.41	563.13	16,82.24	32,51.78
1953	785.43	794.09	13,35.84	29,15.36
1954	267.75	873.51	18,19.05	29,60.31
1955	727.72	803.95	20,10.83	35,42.50
1956	551.45	523.90	26,56.75	37,32.10
1957	255.25	261.25	16,05.40	21,21.90
1958	904.35	814.04	14,07.92	31,26.31
1959	23,15.31	19,19.64	32,33.56	74,68.51
1960	481.48	632.45	28,06.43	39,20.36
1961	18,99.00	755.95	25,56.28	52,11.23
1962	565.25	19,12.05	46,42.85	71,20.15
1963	14,20.81	510.29	29,78.00	49,09.10
1964	35,56.22	847.01	56,71.86	10,075.09
1965	15,07.26	14,53.27	40,01.73	69,62.26
1966	47,53.71	40,82.26	35,85.71	124,20.68
1967	2855.40	1,427.62	5,360.23	9143.25
1968 (up to March)	1416.43	253.39	968.83	2638.65

Source : Ministry of Finance.

(a) Data for the period 14th August to 31st December 1947.

STOCK MARKET AND BONUS VOUCHERS

TABLE NO. 20

GENERAL INDEX OF SHARE PRICES AT KARACHI

(COMPILED BY THE STATE BANK OF PAKISTAN)

(1959-60 =100)

End of	1960	1961	1962	1963	1964	1965	1966	1967	1968
January ..	..	93.77	103.21	120.17	111.84	114.45	111.09	107.33	1.09.75
February ..	..	92.52	106.12	118.25	116.27	116.45	112.38	108.02	111.10
March ..	..	94.32	109.03	124.08	113.64	114.91	110.13	107.11	112.48
April ..	..	95.22	106.00	127.97	110.93	112.63	109.28	104.84	..
May ..	..	93.90	106.05	125.11	112.58	110.75	108.41	103.09	..
June ..	..	95.33	108.43	123.23	115.13	110.31	108.41	104.71	..
July ..	92.62	92.25	105.31	113.63	114.20	107.21	107.56	104.87	..
August ..	90.34	92.77	110.94	113.66	113.68	107.23	106.48	107.03	..
September ..	92.95	95.44	111.18	111.12	111.85	104.91 (*a*)	105.72	109.27	..
October ..	91.87	95.25	112.83	109.60	110.05	105.20	104.35	108.63	..
November ..	92.28	96.55	114.22	114.77	110.98	105.34	104.95	108.41	..
December ..	93.52	98.56	118.06	113.84	113.51	107.91	104.90	105.47	..

(*a*) Quotation for September 6.

TABLE NO. 21

BONUS VOUCHERS QUOTATIONS (READY AT KARACHI)

(In rupees)

Year/Month	*Highest*	*Lowest*	*Month-end*
1965			
January	167.50	146.50	153.25
February	168.75	153.50	162.25
March	174.00	161.00	166.50
April	169.50	161.75	161.75
May	163.50	148.75	148.75
June	151.25	141.00	146.50
July	153.50	149.00	150.75
August	152.00	149.00	150.00
September	151.50	118.00	151.50
October	149.25	136.00	136.00
November	142.00	134.00	137.75
December	147.75	137.50	146.75
1966			
January	155.50	145.25	155.50
February	166.50	155.75	155.75
March	157.00	147.50	147.75
April	154.00	148.25	154.00
May	163.25	155.25	158.50
June	159.00	150.25	151.00
July	158.50	148.50	151.00
August	160.50	150.50	159.00
September	158.50	147.00	153.25
October	155.75	153.00	154.00
November	154.00	152.00	152.00
December	153.50	151.50	151.50
1967			
January	157.50	151.25	157.50
February	161.75	158.25	160.00
March	167.50	160.00	165.25
April	171.00	164.00	165.50
May	179.00	165.50	172.50
June	173.75	158.00	161.50
July	177.25	161.50	170.00
August	184.50	168.50	183.25
September	188.50	183.50	183.75
October	185.00	179.50	182.50
November	183.75	162.00	168.25
December	183.00	165.00	166.25
1968			
January	172.50	166.50	168.50
February	170.50	159.50	160.00
March	161.50	155.75	158.00

PUBLIC FINANCE

TABLE NO. 22

CENTRAL GOVERNMENT REVENUE AND EXPENDITURE

(In lakh rupees)

Item	Actuals 1950-51	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67 (Revised)	1967-68 (Budget)
A. Revenue :															
Customs	77,62	41,61	55,79	46,96	42,05	49,36	56,17	58,77	66,90	73,58	70,37	103,02	105,10	121,94	144,13
Central excise	6,72	11,55	13,50	14,48	19,37	26,41	28,55	34,35	36,76	41,28	60,56	69,70	82,28	122,76	166,79
Income tax and corporation tax	13,24	19,41	21,42	21,14	24,04	39,81	31,97	32,06	38,52	27,96	30,95	34,23	28,02	26,98	34,69
Sales tax	7,11	10,60	13,72	13,23	14,27	17,02	17,04	24,74	25,52	24,43	25,66	26,86	34,55	43,02	23,94
Salt	2,22	2,21	2,40	1,95	5	—6	10	62	26	—	—	—	—	—	—
Others	2,37	4,56	4,49	4,42	5,05	6,48	6,06	6,62	3,74	84	20	6,63	4,71	5,45	6,21
Total Principal Heads ..	109,28	89,94	111,32	102,18	104,83	139,02	139,89	157,16	171,70	168,09	187,74	240,44	254,66	319,25	375,76
Railways (net)	1,71	6,18	7,69	7,68	10,22	10,35	12,74	5,02	—	—	—	—	—	—	—
Posts and telegraphs (net)	61	66	1,73	1,77	1,85	3,01	2,95	3,06	3,14	4,67	5,06	4,65	7,03	9,26	11,38
Debt service	6,01	8,83	9,14	8,68	11,77	13,81	7,16	9,12	11,36	7,07	48,59	45,22	57,46	63,98	73,10
Civil administration	1,24	1,85	1,99	2,53	3,24	4,48	3,53	4,79	11,24	7,95	10,46	14,23	17,33	13,85	12,27
Currency and Mint	95	2,08	1,96	2,72	3,82	3,78	3,62	5,46	5,55	5,23	10,73	5,99	6,02	6,72	7,24
Miscellaneous	93	1,51	3,18	2,74	2,63	4,24	4,15	4,16	5,47	5,38	8,59	8,70	10,97	8,73	9,07
Defence services	4,84	3,99	5,83	4,15	6,27	8,44	10,14	10,45	10,31	10,52	10,79	9,94	9,68	10,68	11,00
Extraordinary items	1,45	1,42	11	17	7,11	8,00	12,13	12,09	12,11	5	23	5	1,35	2,66	3,28
Others	30	81	63	52	76	74	1,44	94	81	64	77	88	1,00	1,07	1,10
Total Revenue ..	127,32	117,27	143,58	133,14	152,50	195,87	197,75	212,25	231,69	204,60	282,96	330,10	365,50	436,20	504,20

B. Expenditure :

Direct demands on revenue	2,21	2,72	2,98	2,82	3,19	4,32	3,53	4,03	4,04	4,03	4,59	4,88	4,97	5,18	6,37
Debt services	6,94	9,37	9,37	12,55	12,13	16,93	20,69	19,10	21,65	24,51	31,41	43,20	46,01	53,02	62,02
Civil administration	16,93	23,17	26,41	26,91	29,36	40,73	37,45	39,18	41,71	36,06	44,13	44,74	46,53	47,09	49,92
Miscellaneous	29,77	7,56	5,82	4,50	6,08	6,47	8,23	7,93	7,92	4,61	6,15	12,65	17,93	12,23	13,95
Currency and mint	46	34	37	74	68	81	57	63	90	95	98	1,04	1,07	1,02	1,19
Civil works and Central road fund	1,62	2,03	1,61	1,38	2,52	1,69	4,06	4,25	4,18	2,50	3,06	3,62	5,44	1,87	4,23
Defence services	64,99	63,51	91,77	80,09	85,42	99,66	104,35	111,24	110,86	95,43	115,65	126,23	285,50	22,500	218,00
Grants-in-aid etc., to Provincial Governments	3,60	5,71	4,89	2,30	3,68	3,95	4,23	2,69	2,37	1,85	4,49	3,48	4,50	3,91	4,00
Others including development expenditure ..	10	2,85	12	1,78	9,12	21,09	1,54	37	5,05	6,59	23,26	33,78	20,67	22,08	20,55
Total expenditure met from revenue ..	126,62	117,26	143,34	133,07	152,18	195,65	184,65	189,42	198,68	179,53	233,71	273,62	432,62	371,40	380,23
Surplus/deficit(—)	70	1	24	7	32	22	13,10	22,84	33,00	25,07	49,24	56,48	—67,12	● 64,80	123,97

*Accounts for the year 1958-59 cover 15-months period from April 1958 to June 1959.

Source : Ministry of Finance.

TABLE NO. 23

PERCENTAGE DISTRIBUTION OF CENTRAL GOVERNMENT REVENUE AND EXPENDITURE

Item	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67 (Revised)	1967-68 (Budget)
					Per cent of total revenue receipt				
Customs	28.40	27.68	28.85	35.91	24.84	31.20	28.75	27.95	28.58
Central excise	14.44	16.18	15.85	20.20	21.38	21.11	22.51	28.14	33.08
Income tax and corporation tax	16.17	15.10	16.60	13.65	10.93	10.37	7.66	5.97	6.88
Sales tax	8.62	11.66	11.00	11.92	9.06	8.14	9.45	9.86	4.74
Salt	00.05	00.29	00.11	—	—	—	—	—	—
Other heads	3.06	3.12	1.61	00.41	00.07	2.01	1.28	1.24	1.23
Total Principal Heads ..	70.74	74.03	74.02	82.09	66.28	72.83	69.67	73.18	74.52
Posts and telegraphs (net)	1.49	1.44	1.35	2.30	1.79	1.42	1.92	2.12	2.25
Debt services	3.62	4.25	5.00	3.47	17.15	13.70	15.72	14.66	14.49
Civil administration	1.79	2.26	4.84	3.90	3.69	4.31	4.74	3.17	2.43
Currency and Mint	1.83	2.60	2.40	0.11	3.89	1.82	1.64	1.54	1.43
Miscellaneous	2.10	2.00	2.36	2.64	3.04	2.62	3.00	2.00	1.79
Defence services	5.13	4.92	4.45	5.14	3.81	3.01	2.64	2.44	2.18
Extraordinary items	6.13	5.70	5.23	0.04	0.08	0.02	0.36	0.60	0.65
Other heads	7.17	0.44	0.35	0.31	0.27	0.27	0.27	0.24	0.21
Total Revenue ..	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Percent of total revenue expenditure

2.24	1.9	1.81	1.15	1.39	1.67
13.65	13.44	15.76	10.65	14.27	16.31
20.09	18.88	16.33	10.76	12.67	13.12
2.58	2.63	4.61	4.14	3.29	3.66
0.53	0.42	0.37	0.24	0.27	0.31
1.39	1.31	1.32	1.25	0.50	1.11
53.16	49.49	46.07	66.06	60.58	57.33
2.69	1.92	1.40	1.04	1.05	1.05
3.67	9.95	12.34	4.78	5.94	5.40
100.00	100.00	100.00	100.00	100.00	100.00

Source : Ministry of Finance.

TABLE NO. 24

CAPITAL RECEIPTS OF THE CENTRAL GOVERNMENT

(In lakh rupees)

	1950-51	1954-55	1955-56	1956-57	1957-58	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67 Revised	1967-68 Budget
I.—INTERNAL RESOURCES														
Revenue Surplus	70	1	24	7	32	13,10	22,83	33,01	25,07	49,24	56,48	—67,12	64,80	1,23,97
Public Debt—Debt raised in Pakistan	28,72	24,10	—2,01	77,99	85,37	29,37	27,10	4,02	23,45	38,91	27,64	1,10,00	—12,54	38,48
Unfunded Debt (net) ..	2,23	6,58	8,03	9,73	5,84	11,43	7,76	11,15	12,01	15,78	17,82	12,68	11,75	18,48
Recoveries of Loans and Advances	3,86	7,04	7,29	7,23	13,06	10,74	4,10	15,17	17,98	15,46	8,99	16,90	18,37	21,84
Accretions to Reserve Funds	33,49	12,25	12,97	13,63	13,22	15,51	21,67	34,71	7,62	7,38	17,91	36,58	44,29	47,56
Other Deposits and Remittances (net)	—5,88	12,00	—5,31	—1,73	—7,29	8,28	3,97	—1,25	—1,34	5,20	8,41	18,34	24,63	19,19
Food Credits	..	..	..	..	..	..	..	..	..	..	..	..	18,17	8,71
Other Capital Receipts ..	6,99	3,32	32,92	54	1,20	42	31	31	1,11	13,03	5,43	22,14	26,11	17,02
Total—Internal Resources	70,11	65,30	54,13	1,07,46	1,11,72	88,85	87,74	97,12	85,90	1,45,00	1,42,68	1,49,52	1,96,12	2,95,25
II.—EXTERNAL RESOURCES														
Public Debt—Debt raised abroad	..	3,88	1,45	3,42	3,67	27,15	17,35	35,72	1,10,77	88,28	1,01,76	1,30,93	1,77,82	2,33,15
Project Loans	..	3,88	1,45	3,42	3,67	21,98	15,64	27,65	81,75	34,25	49,59	66,83	96,68	1,31,32
Commodity Loans ..	..	..	..	..	..	5,17	1,71	8,07	29,02	54,03	52,17	64,10	81,14	1,01,83
Foreign Grants	..	35	2,85	6,77	17,52	54,86	90,74	97,94	70,26	67,36	52,70	46,03	20,81	25,78
Project and Technical Assistance	..	..	..	6,77	17,52	50,03	84,16	94,16	65,23	65,53	43,60	41,40	12,23	17,61
Commodity Grants ..	..	..	..	..	..	4,83	6,58	3,78	5,03	1,83	9,10	4,63	8,58	8,17
Total—External Resources..	..	4,23	4,30	10,19	21,19	82,01	1,08,09	1,33,66	1,81,03	1,55,64	1,54,46	1,76,96	1,98,63	2,58,93

Less—Foreign Grants transferred to Revenue Account and likely shortfall ..	..	..	—2,01	—6,29	—1,72	—13,70	—19,69	—17,74	—19,18	—24,33	—28,44	—24,57	..	—27,00
Net External Resources ..	..	4,23	2,29	3,90	19,47	68,31	88,40	1,15,92	1,61,85	1,31,31	1,26,02	1,52,39	1,98,63	2,31,93
Total—Capital Resources ..	70,11	69,53	56,42	1,11,36	1,31,19	1,57,16	1,76,14	2,13,04	2,47,75	2,76,31	2,68,70	3,01,91	3,94,75	5,27,18
III.—CASH BALANCE UTILIZATION	—20,16	—3,10	14,24	—15,82	27,06	20,20	7,44	—3,71	1,32	38	—65	1,85	4,54	—55
TOTAL RECEIPTS ..	49,95	66,43	70,66	95,54	1,58,25	1,77,36	1,83,58	2,09,33	2,49,07	2,76,69	2,68,05	3,03,76	3,99,29	5,26,63

Note.—The figures of Foreign Loans do not include foreign exchange loans obtained direct by Semi-independent Bodies of the Provincial Governments on the guarantee of the Central Government.

Source : Ministry of Finance (Budget Wing).

TABLE NO. 25

CAPITAL EXPENDITURE OF THE CENTRAL GOVERNMENT

(In lakh rupees)

	1950-51	1954-55	1955-56	1956-57	1957-58	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67 Revised	1967-68 Budget
I.—DEVELOPMENT EXPENDITURE :														
A.—Direct Outlay—	7,06	25,82	37,93	40,72	65,10	71,47	68,64	88,54	35,54	47,30	65,46	1,05,81	1,16,90	1,51,93
B.—Loans to Semi-Independent Bodies, Local Funds, etc.	58	3,44	3,49	3,08	7,80	10,26	6,74	7,30	2,94	4,62	3,56	93	4,59	2,48
C.—Assistance to Provincial Governments—														
Cash Loans	13,83	22,09	33,49	28,49	58,62	49,78	59,33	66,72	1,25,17	1,58,37	1,33,89	70,33	1,60,28	2,11,06
Foreign Loans (Equipment, etc.)	..	..	..	..	..	8,84	8,27	9,77	30,96	28,57	30,54	39,10	48,75	69,47
Cash Grants	13	4,75	4,22	5,51	14,20	8,24	16,14	26,51	53,73	57,21	46,63	37,19	26,46	38,05
Reserve Funds ..	..	..	–	–	2,66	1,17	1,47	1,41	67	1,60	68	6,21	6,16	8,26
Counterpart Funds of Foreign Aid ..	13	4,74	4,21	5,50	11,53	4,60	13,92	20,94	50,56	48,02	45,95	23,67	9,21	15,41
Other Grants	..	1	1	1	1	2,47	75	4,16	2,50	7,59	..	7,31	11,09	14,38
Foreign Grants (Equipment, Services, etc.) ..	..	–	–	..	–	–	8,35	80	2,47	2,26	2,91	3,47	5,87	4,01
Total—Assistance ..	1396	2684	37,71	34,00	72,82	66,86	92,09	1,03,80	2,12,33	2,46,41	2,13,97	1,50,09	2,41,36	3,22,59
Less: Assistance Accounted for in Revenue Account	..	..	..	..	..	..	..	..	—11,47	—3758	—40,39	—28,96	—10,13	—8,69
Net : Assistance in Capital Account	13,96	26,84	37,71	34,00	72,82	66,86	92,09	1,03,80	2,00,86	2,08,83	1,73,58	1,21,13	2,31,23	3,13,90
Total : Develoment Expenditure	21,60	56,10	79,13	77,80	1,45,72	1,48,59	1,67,47	1,99,64	2,39,34	2,60,75	2,42,60	2,27,87	3,52,72	4,68,31
Less : Likely Shortfall in Expenditure		..	..	..	..	..	..	..	..	..	..	..	..	..
Net : Development Expenditure	21,60	56,10	79,13	77,80	1,45,72	1,48,59	1,67,47	1,99,64	2,39,34	2,60,75	2,42,60	2,27,87	3,52,72	4,68,31

II.—NON-DEVELOPMENT EXPENDITURE :														
Total—Non-Development Expenditure ..	28,35	10,33	—8,47	17,74	12,53	28,77	16,11	9,69	9,73	15,94	25,45	75,89	36,57	43,32
Total—Capital Expenditure	49,95	66,43	70,66	95,54	1,58,25	1,77,36	1,83,58	2,09,33	2,49,07	2,76,69	2,68,05	3,03,76	3,89,29	5,11,63
III.—CONTINGENCY ITEM	..	..	..	..	..	..	..	..	..	..	..	..	10,00	15,00
TOTAL—Disbursements ..	49,95	66,43	70,66	95,54	1,58,25	1,77,36	1,83,58	2,09,33	2,49,07	2,76,69	2,68,05	3,03,76	3,99,29	5,26,63

Note.—The figures of foreign exchange loans included under ' Assistance to Provinces ' exclude disbursements of the loans obtained direct by Semi-Independent Bodies of the Provincial Governments on the guarantee of the Central Government.

Source : Ministry of Finance (Budget Wing).

TABLE No. 26

REVENUE AND EXPENDITURE OF EAST PAKISTAN GOVERNMENT

(In lakh rupees)

Item	1950-51	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67 (Revised)	1967-68 (Budget)
A. *Revenue* :															
Customs	4,25	3,97	5,81	4,51	4,33	5,17	4,75	3,30	6,19	4,58	4,43	2,67	1,43	1,84	1,50
Central excise	—	—	1,46	1,75	1,87	2,62	2,16	2,77	2,65	5,09	6,05	6,03	8,90	13,23	12,07
Corporation tax	—	—	—	—	—	—	—	—	—	2,68	4,00	4,36	7,53	4,95	7,72
Tax on income other than corporation tax ..	78	2,50	2,97	2,98	3,53	5,76	3,69	3,91	4,40	10,62	12,51	13,52	19,04	21,76	21,96
Sales tax	1,65	2,03	2,03	2,52	2,59	3,62	3,37	5,21	6,22	13,97	18,71	20,26	20,01	25,98	25,73
Land revenue	2,24	5,02	5,08	5,15	6,75	13,05	9,35	10,67	14,55	7,65	12,76	12,15	13,44	14,37	18,00
Stamps	2,03	2,15	2,51	2,75	2,77	4,02	4,35	4,60	4,58	4,51	4,38	4,54	5,78	5,75	6,00
Rehabilitation taxes	—	—	—	2	4	20	19	32	25	27	53	59	66	39	40
Other heads	4,60	4,18	3,37	3,71	4,34	6,54	5,53	5,81	6,96	7,22	7,45	7,90	9,46	9,45	9,98
Total Principal Heads ..	15,55	19,85	23,23	23,39	26,22	40,98	33,39	36,59	45,80	56,59	70,82	72,02	86,25	97,72	103,36
Irrigation etc., works for which Capital Accounts are kept	—6	—23	—4	4	1	6	—	—	—	—	—	—	—	—	—
Irrigation etc., works for which Capital Accounts are not kept	1	2	2	2	4	3	—	—	—	—	—	—	—	—	—
Debt services	17	20	22	15	19	59	41	63	2,23	2,43	6,54	16,08	13,82	17,46	21,55
Civil administration	1,18	2,47	2,57	2,01	2,41	5,38	2,17	2,55	2,59	2,40	2,59	4,86	4,81	4,00	9,25
Receipts from electricity schemes	—	22	42	44	36	1,42	47	1,06	1,22	96	1,01	88	3,30	1,13	87
Civil works	36	61	1,04	41	30	77	6								
Miscellaneous	99	1,07	1,37	3,46	1,15	1,94	2,57	4,24	4,08	2,08	5,18	3,69	2,74	2,47	2,02
Grants-in-aid from Central Government ..	—	6	—	46	75	1,11	34	41	10	2,15	4,26	5,16	3,61	4,45	36
Foreign aid/grants from Central Government ..	—	—	—	—	—	—	—	3,47	6,45	4,70	3,67	7,45	3,41	—	11,55
Extraordinary items	—	15	—	—	—	—	—	—	—	—	—	—	—	—	—
P. E. Railway	—	—	—	—	—	—	—	—	—	3,21	5,47	4,53	—	—	—
Total Revenue ..	18,20	24,42	28,83	30,38	31,41	52,28	39,97	48,95	62,47	74,52	99,54	11 4,67	117,94	127,23	149,96

B. *Expenditure* :

Direct demands on revenue	1,28	2,54	3,01	4,47	4,44	6,29	5,73	6,01	6,07	7,41	10,34	11,08	10,61	11,79	10,86
Revenue account of irrigation etc., works	19	17	17	18	22	57	3	—	—	—	—	—	—	1	6
Capital account of irrigation etc., works	6	25	33	48	76	1,24	—	—	—	—	—	—	—	—	—
Debt services	20	3,00	2,98	2,20	—11	10,81	1,62	46	76	8,19	23,35	23,36	26,55	32,15	38,67
General administration	2,18	2,21	2,36	2,35	2,47	3,09	2,51	2,76	2,96	3,31	3,65	3,98	4,05	4,31	4,65
Police	3,81	4,70	5,05	5,25	6,14	7,45	5,96	5,41	6,14	7,12	7,44	9,23	9,58	8,50	8,37
Education	2,09	2,31	2,65	2,25	3,99	3,44	2,52	6,19	6,72	7,65	8,83	9,54	12,18	13,80	15,89
Medical and public health	83	89	96	1,19	1,19	1,96	2,01	2,82	3,05	3,34	3,91	5,17	5,05	5,40	6,05
Agriculture	90	95	90	82	1,01	1,08	96	1,05	1,11	1,16	1,22	1,29	1,67	1,71	1,73
Industries	17	18	20	23	24	34	29	29	28	31	39	39	46	55	55
Other departments	2,09	2,10	2,07	2,14	2,66	3,62	2,92	3,12	3,20	3,54	3,76	3,85	4,42	4,98	5,16
Civil works	21	3,12	1,60	—2	—2,46	1,28	1,06	2,67	4,64	3,54	3,49	4,89	10,03	2,84	3,60
Miscellaneous	2,56	2,56	2,62	8,51	3,39	4,04	4,52	5,01	3,70	5,31	7,31	6,26	5,83	6,23	5,67
Extraordinary charges	61	5	5	5	5	5	—	—	—	—	—	—	—	—	—
Civil defence	—	—	—	—	—	1	5	6	6	7	3	3	7	6	7
P. E. Railway	—	—	—	—	—	—	—	—	—	3,20	5,47	4,53	—	—	—
Development expenditure	1,86	3,44	3,56	3,75	4,64	6,83	7,52	7,85	11,22	13,10	22,14	25,52	22,63	38,81	59,83
Expenditure met from revenue	19,03	28,47	28,51	33,85	27,63	52,10	37,70	43,70	49,91	67,25	101,33	109,12	113,13	131,14	161,16
Surplus/Deficit(—)	—83	—4,05	32	—3,47	3,78	18	2,27	5,25	12,56	7,27	—1,79	5,55	4,81	—3,91	—11.20

Source : East Pakistan Government.

TABLE No. 27

PERCENTAGE DISTRIBUTION OF REVENUE AND EXPENDITURE OF EAST PAKISTAN GOVERNMENT UNDER MAJOR HEADS

Item	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67 (Revised)	1967-68 (Budget)
	Percent of total revenue receipts								
Customs	11.9	6.7	10.0	6.1	4.5	2.3	1.2	1.4	1.0
Central excise	5.5	5.7	4.2	6.8	6.1	5.3	7.5	10.4	8.0
Corporation tax	—	—	—	3.6	4.0	3.8	6.4	3.9	5.1
Taxes on Income other than corporation tax	9.3	8.0	7.0	14.3	12.6	11.8	16.1	17.1	14.6
Sales tax	8.4	10.6	10.0	18.7	18.8	17.7	17.0	20.4	17.2
Land revenue	23.4	21.8	23.3	10.3	12.8	10.6	11.4	11.3	12.0
Stamps	10.8	9.4	7.3	6.1	4.4	4.0	4.9	4.5	4.0
Rehabilitation taxes . ..	0.4	0.7	0.4	0.4	0.5	0.5	0.6	0.3	0.3
Other heads	13.8	11.8	11.1	9.7	7.5	6.9	8.0	7.4	6.7
Total Principal Heads	83.5	74.7	73.3	76.0	71.2	62.8	73.1	76.8	68.9
Debt services	1.0	1.3	3.6	3.2	6.5	14.0	11.7	13.7	14.4
Civil administration . ..	5.4	5.2	4.1	3.2	2.6	4.2	4.1	3.1	6.2
Civil works	1.1	2.2	2.0	1.3	1.0	0.8	2.8	4.9	0.5
Receipts from electricity schemes	1.5	8.7	6.5	2.8	5.2	3.2	2.3	1.9	1.3
Miscellaneous	6.5								
Grants-in-aid from Central Government	1.0	1.4	0.2	2.9	4.3	4.5	3.1	3.5	0.2
Foreign aid grants ..	—	7.1	10.3	6.3	3.7	6.5	2.9	—	7.7
P. E. Railway	—	—	—	4.3	5.5	4.0	—	—	—
Total Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Expenditure : ..	*Percent of total revenue expenditure*								
Direct demands on revenue ..	15.20	13.76	12.16	11.04	10.21	10.15	9.37	8.99	6.73
Revenue account of irrigation etc. works	0.08	—	—	—	—	—	—	—	.03
Debt services	4.30	1.05	1.52	12.18	23.04	21.42	23.46	24.51	23.99
General administration ..	6.66	6.32	5.93	4.92	3.60	3.65	3.57	3.28	2.88
Police	15.81	12.38	12.31	10.59	7.34	8.46	8.46	6.48	5.19
Education	6.68	14.16	13.46	11.37	8.72	8.74	10.76	10.52	9.58
Medical and public health ..	5.33	6.46	6.11	4.97	3.86	4.74	4.46	4.11	3.75
Agriculture	2.55	2.40	2.22	1.72	1.20	1.18	1.47	1.30	1.07
Industries	0.77	0.66	0.56	0.46	0.38	0.36	0.40	0.41	0.34
Other departments	7.74	7.14	6.41	5.26	3.71	3.53	3.90	3.79	3.20
Civil works	2.81	6.11	9.30	5.26	3.44	4.49	8.86	2.16	2.23
Miscellaneous	11.99	11.46	7.42	7.89	7.21	5.73	5.15	4.75	3.51
Civil defence	0.13	0.14	0.12	0.10	0.03	0.03	0.06	0.04	0.04
P. E. Railway	—	—	—	4.76	5.42	4.15	—	—	—
Development expenditure ..	19.95	17.96	22.48	19.48	21.84	23.38	20.20	29.59	37.12
Total Expenditure	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Note.—Totals may exhibit small differences due to rounding off.

TABLE NO. 28

REVENUE AND EXPENDITURE OF WEST PAKISTAN GOVERNMENT

(In lakh rupees)

Item	1950-51	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67 (Revised)	1967-68 (Budget)
A.—*Revenue :*															
Customs ..	6	—	—	—	—	—	—	—	—	4,10	3,77	2,14	1,05	1,14	1,28
Central excise duties	—	1,45	1,62	2,03	2,13	3,12	2,31	3,10	2,54	4,34	5,17	5,89	7,36	10,29	10,28
Corporation Tax	—	—	—	—	—	—	—	—	—	2,28	3,65	3,87	4,77	5,57	6,58
Taxes on income other than corporation tax ..	1	2,04	2,71	2,66	2,83	3,64	2,94	3,46	4,30	7,89	9,87	10,91	14,72	17,06	18,06
Sales tax ..	5,92	6,07	7,23	10,10	9,98	12,75	11,11	16,85	17,53	16,77	22,02	23,45	24,35	27,00	31,03
Land revenue ..	3,28	4,40	7,55	11,75	11,95	17,85	13,86	13,24	—1,34	14,49	11,41	7,30	11,39	8,17	8,94
Stamps	64	1,03	1,39	1,54	1,55	2,17	2,07	2,59	3,53	4,46	4,83	5,41	5,50	5,41	5,62
Other heads ..	4,79	5,56	5,77	6,33	7,62	12,74	10,22	10,87	13,86	15,90	18,72	20,92	25,00	27,31	29.51
Total Principal Heads	14,70	20,55	26,27	34,41	36,06	52,27	42,51	50,11	40,42	70,23	79,44	79,62	94,14	1,01,95	1,11,30

TABLE No. 28—*contd.*

Item	1950-51	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1965-66 (Revised)	1967-68 (Budget)
Railways ..	—	—	—	—	—	—	—	—	—	—	9,31	10,57	—	—	93
Irrigation, navigation etc., works for which Capital Accounts are kept	7,73	7,10	5,70	4,79	4,65	5,01	8,48	10,60	21,78	4,99	7,42	11,63	11,28	18,56	18,66
Irrigation etc. works for which Capital Accounts are not kept	8	10	8	5	8	6	8	11	64	11	12	14	16	24	24
Debt services ..	56	1,23	83	64	1,03	140	3,35	4,56	4,80	9,47	14,91	15,41	18,02	19,19	22,85
Civil administration	64	80	1	1,02	1,62	2,59	2,48	1,56	1,68	1,61	2,08	1,95	2,10	1,90	1,93
Civil works ..	91	1,39	1,01	1,05	1,29	2,17	2,95	1,75	1,01	1,11	1,12	69	1,10	56	55
Beneficent departments ..	1,90	2,76	3,37	3,37	5,29	8,88	7,73	4,61	4,66	5,10	5,06	4,89	6,64	7,60	9,91
Receipts from electricity schemes	36	1,67	2,20	2,66	2,21	1,82	—	—	2	—	—	—	—	1	—
Miscellaneous ..	4,26	6,33	3,40	2,11	3,18	3,72	3,37	3,82	3,26	3,67	3,90	3,45	7,11	4,27	4,52
Grants-in-aid from Central Government	1,01	1,33	2,14	6,72	3,51	4,90	3,12	2,37	24,12	22,23	21,92	22,28	19,29	16,13	14,84
Extraordinary items	3,83	4,26	5,15	4,49	2,15	5,27	6,42	5,23	5,96	7,10	10,62	31,24	7,38	7,81	8,85
Total Revenue ..	35,98	47,52	51,06	61,31	61,07	88,09	80,49	84,72	108,35	134,93	157,16	171,30	167,12	178,30	193,65

B.—*Expenditure :*															
Direct demands on revenue ..	4,81	5,37	3,05	3,86	3,84	5,62	4,85	4,62	5,20	6,86	6,13	6,45	6,49	6,73	7,20
Irrigation ...	66	93	2,03	2,80	3,17	4,10	2,79	2,30	1,51	1,89	1,29	1,27	2,16	79	82
Debt services ..	2,08	4,45	5,58	7,02	6,87	8,42	2,28	2,92	3,02	6,83	24,11	20,57	30,66	32,57	36,94
Railways ..	—	—	—	—	—	—	—	—	—	9,31	10,57	—	—	—	—
Civil administration :															
General administration ..	2,16	2,86	3,11	3,43	3,42	4,36	3,46	4,10	4,82	5,73	6,54	6,79	6,31	6,52	7,25
Police ..	5,41	6,01	6,57	7,09	7,16	9,36	7,20	8,50	10,38	11,19	11,83	12,95	13,39	12,77	11,53
Frontier regions	—	—	43	80	2,58	4,56	3,99	1,03	1,11	1,28	1,62	2,02	1,81	1,89	2,11
Other heads ..	1,66	2,05	2,17	2,35	2,48	3,56	2,76	3,08	3,54	3,80	4,25	4,52	4,45	4,52	5,92
Beneficent departments :															
Education ..	4,29	7,48	8,46	10,06	10,28	13,66	11,57	12,16	15,57	20,34	22,91	26,45	28,20	28,80	31,43
Health services	1,16	1,47	2,13	3,05	3,36	4,75	4,24	4,49	5,75	7,04	6,95	7,46	7,09	7,06	7,85
Agriculture ..	83	96	1,29	1,44	3,14	9,99	8,00	4,59	3,30	4,10	3,42	3,61	4,86	5,72	6,01
Veterinary ...	26	34	93	64	54	86	80	1,06	1,07	1,06	1,06	1,03	1,32	1,54	1,70
Industries ...	46	78	82	1,10	96	1,22	99	92	89	88	1,00	97	1,04	90	91
Civil works ..	3,63	5,17	5.59	4,79	6,74	9,38	4,92	4,94	5,46	6,37	6,69	8,60	6,37	7,67	7,91
Other heads ..	86	1,00	81	68	58	72	64	89	78	89	98	1,11	1,20	1,30	1,53
Development expenditure ..	—	—	—	—	—	—	—	8,50	10,25	15,88	32,82	36,41	32,63	32,42	50,86
Miscellaneous ..	4,63	3,74	4,34	5,69	6,34	7,26	6,91	5,94	7,66	7,12	6,12	8,43	13,25	8,40	8,41
Extraordinary items	7	92	42	1	1	1	3	—	—	—	—	20	—	1,00	5,00
Contingency Items	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Expenditure met from revenue ..	32,97	43,53	47,73	54,81	61,47	87,83	65,43	70,04	80,31	110,57	148,31	148,84	161,73	160,60	193,38
Surplus or Deficit(—)	3,01	3,99	3,33	6,50	—40	26	15,06	14,68	28,04	24,36	8,85	22,46	5,39	17,70	27

Source : West Pakistan Government.

TABLE No. 29

PERCENTAGE

DISTRIBUTION OF REVENUE AND EXPENDITURE OF WEST PAKISTAN GOVERNMENT UNDER MAJOR HEADS

Item	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67 (Revised)	1967-68 (Budget)
				Percent of total revenue receipts					
Central excise	2.98	3.66	2.35	3.22	3.29	3.44	4.40	5.77	5.30
Customs	—	—	—	3.04	2.40	1.25	0.62	0.63	0.66
Corporation tax	—	—	—	1.69	2.32	2.26	2.85	3.12	3.39
Taxes on income other than corporation tax	4.42	4.08	3.97	5.85	6.28	6.37	8.80	9.56	9.32
Sales tax	14.36	19.89	16.18	12.43	14.01	13.69	14.57	15.14	16.02
Land revenue	20.26	15.63	(—)1.24	10.74	7.26	4.26	6.81	4.58	4.61
Stamps	2.67	3.06	3.26	3.31	3.08	3.00	3.29	3.03	2.90
Other heads	12.66	12.83	12.79	11.78	11.91	12.21	14.96	15.33	15.23
Total Principal Heads ..	57.35	59.15	37.31	52.06	50.55	46.48	56.33	57.17	57.47
Railways	—	—	—	6.89	6.72	—	—	0.52	—
Irrigation, navigation etc. works for which Capital Accounts are kept	8.54	12.51	20.10	3.70	4.72	6.79	6.74	10.40	9.63
Irrigation etc. works for which Capital Accounts are not kept	0.10	0.13	0.59	0.08	0.08	0.08	0.09	0.13	0.12
Debt services	3.47	5.38	4.43	7.02	9.49	9.00	10.78	10.76	11.79
Civil administration	12.20	1.84	1.55	1.19	1.32	1.14	1.25	1.11	0.99
Civil works	2.98	2.07	0.93	0.82	0.71	0.40	0.65	0.31	0.28
Beneficent Departments ..	—	5.44	4.30	3.78	3.22	2.85	3.97	4.26	5.11
Miscellaneous	4.32	4.51	3.01	2.73	2.48	2.01	4.25	2.39	2.33
Grants-in-aid from Central Government	4.02	2.80	22.26	16.48	13.95	13.01	11.54	9.04	7.66
Extraordinary items	7.02	6.17	5.50	5.26	6.75	18.24	4.41	4.38	4.57
Total Revenue	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
				Percent of total revenue expenditure					
Direct demands on revenue ..	6.77	6.60	6.47	6.20	4.13	4.33	4.01	4.19	3.72
Irrigation	1.61	3.28	1.88	1.71	0.87	0.85	1.33	0.49	0.42
Debt services	14.18	4.17	3.76	6.18	16.26	13.82	18.95	20.28	19.10
Railways	—	—	—	8.42	7.13	—	—	—	—
Civil administration	24.65	23.86	24.72	19.90	16.35	17.65	16.43	15.98	13.85
Education	16.68	17.36	19.30	18.39	15.45	17.77	17.43	17.93	16.25
Health services	5.98	6.41	7.16	6.37	4.69	5.01	4.38	4.39	4.05
Agriculture	11.43	6.55	4.11	3.71	2.31	2.43	3.00	3.56	3.10
Veterinary	1.12	1.51	1.33	0.96	0.71	0.79	0.81	0.95	0.87
Industries	1.43	1.31	1.11	0.80	0.67	0.65	0.64	0.56	0.47
Civil works	5.89	7.05	6.80	5.76	4.51	5.78	3.94	4.77	4.09
Other heads	0.94	1.27	0.97	0.80	0.66	0.75	0.74	0.80	0.79
Development expenditure ..	—	[illegible]	12.76	14.36	22.13	24.46	20.17	20.18	26.30
Miscellaneous	9.29	8.48	9.45	6.44	4.13	5.80	8.19	5.23	4.34
Extraordinary items .. .	0.03	—	—	—	—	—	—	0.62	2.58
Total Expenditure	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Note.—Totals may show small differences due to rounding off.

TABLE No. 30

CAPITAL RECEIPTS AND EXPENDITURE OF THE PROVINCIAL GOVERNMENTS

A. EAST PAKISTAN

(In lakh rupees)

Item	1950-51	1954-55	1955-56	1956-57	1957-58	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67 (Revised)	1967-68 (Budget)
Capital Receipts :														
Loans from Central Govt...	7,83	7,65	9,18	12,70	21,07	24,49	26,71	27,32	51,13	72,80	12,00	55,08	160,70	175,57
Other Sources	—89	3,05	—3,00	—6,26	17,04	5,33	14,04	6,98	32,37	25,75	80,37	20,18	30,15	11,90
Total Recources	6,94	10,70	6,18	6,44	38,11	29,82	40,75	34,30	83,50	98,55	92,37	75,26	190,85	187,47
Cash balance utilization ..	—3,39	—3,48	1,75	13,08	—5,39	—6,43	2,61	—5,13	—3,23	18,76	—5,79	2,75	—10,31	..
Total Capital Receipts ..	3,55	7,22	7,93	19,52	32,73	23,39	43,36	29,17	80,27	117,32	96,42	78,01	180,54	187,47
Capital Expenditure :														
Development Expenditure	3,82	5,06	4,70	13,68	23,43	26,24	34,39	47,12	73,10	88,42	103,91	73,90	180,33	211,02
Non-development expenditure	—27	2,16	3,21	5,84	9,30	—2,85	8,97	—17,95	7,17	28,90	—7,49	4,11	5,71	3,45
Contingency item ..	—	—	—	—	—	—	—	—	—	—	—	—	2,00	2,00
Total Capital Expenditure..	3,55	7,22	7,91	19,52	32,73	23,39	43,36	29,17	80,27	117,32	96,42	78,01	180,54	187,47

B. WEST PAKISTAN

Item	1950-51	1954-55	1955-56	1956-57	1957-58	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67 (Revised)	1967-68 (Budget)
Capital Receipts :														
Loans from Central Govt.. .	18,00	14,10	31,33	15,20	39,14	20,92	29,41	17,27	57,02	86,79	65,09	—45,17	61,65	91,97
Other sources	—9,33	13,81	—4,48	—6,14	5,73	28,65	27,86	48,40	25,67	31,08	23,03	113,29	83,58	67,33
Total resources	8,67	27,91	26,85	9,06	44,87	49,57	57,27	65,67	82,69	117,87	88,12	68,12	145,23	159,30
Cash balance utilization ..	4,24	1,80	—3,89	16,44	—10,50	2,19	—3,61	—4,08	—4,13	1,82	—38	2,08	—18,48	19,63
Total Capital receipts ..	12,91	29,77	22,96	25,50	34,37	51,76	53,66	61,59	78,56	119,69	87,78	70,20	126,75	178,93
Capital Expenditure :														
Development Expenditure	12,71	25,52	23,15	27,30	29,84	48,95	56,92	51,92	83,42	111,00	89,59	57,07	126,79	182,81
Non- Development Expenditure	20	4,25	—19	—1,80	4,53	2,81	—3,29	9,67	—4,86	8,69	—1,85	13,13	—2,54	—9,12
Contingency item ..	—	—	—	—	—	—	—	—	—	—	—	—	2,50	8,00
Total Capital Expenditure..	12,91	29,77	22,96	25,50	34,37	51,76	53,66	61,59	78,56	119,69	87,74	70,20	126,75	178,93

TABLE NO. 31

CHANGES IN PRINCIPAL CENTRAL DUTIES (1967-68)

I.—CUSTOMS

1. Tariff Rationalization :

The rate structure of the import tariff has been further simplified and rationalised. Under the scheme, the rates of 15% and 35% are being abolished. The 15% rate generally covers semi-processed articles of iron and steel and non-ferrous metals and the 35% rate covers chemicals and a number of other articles including those of base metals. The former will go up to 20% and the latter will go down to 30% in the case of chemicals and up to 40% in the case of other items. Duty is also being increased on some of the non-essential and luxury items like illuminating and decorative glassware, cutlery, air conditioners, motor cars of landed cost exceeding Rs. 5,500 from 75% *ad valorem* to 100% *ad valorem.*

2. The existing concessionary rates of duty on items like medicaments, dyeing and tanning substances, fertilizers, edible oils, etc., are being maintained. The present rates on raw material for rubber industry, unwrought aluminium, etc., are also being maintained. Similarly trucks and buses will continue to be liable to duty at 35% by special notification. Second Schedule to the Finance Bill and the notifications separately issued in this regard give detailed information.

2. Adjustment of existing rates :

3. In the following cases, the existing concessionary rates have been revised :

	Existing rate	*New rate*
(*i*) Refrigerators (of a capacity not exceeding 10 c.ft.) and deep freezers (of a capacity not exceeding 7 c.ft.)	30%	50%
(*ii*) Motor cars, the landed cost of which does not exceed Rs. 5,500	..	..
(*a*) when imported fully assembled	25%	40%
(*b*) when imported in C.K.D. condition	20%	35%
(*iii*) Micro buses, jeeps, land rovers like vehicles	25%	30%
(*iv*) Scooters, motor cycles, autocycles, etc.	..	..
(*a*) when imported fully assembled	25%	30%
(*b*) when imported in C.K.D. condition	15%	[illegible]

II.—CENTRAL EXCISE

1. *Jute Manufactures.*—The item relating to Hessain has been amplified to include sacking and bagging material of all kinds.

2. *Plastic Materials and Products.*—The item has been revised and the following specific rates of duty fixed.

Radio Cabinets—	
Large size	Rs. 5 per piece.
Medium size	Rs. 3 per piece.
Small size	Rs. 2 per piece.
Telephones and inter-com instruments	Rs. 5 per piece.
Grinding machines and other domestic appliances ..	Rs. 5 per piece.

Other plastic products will continue to be subject to the existing rate of 10% *ad valorem.*

3. *Wires and Cables.*—A duty at the rate of 7-1/2% *ad valorem* has been imposed on electric wires and cables. Rubber/plastic coated wires and cables will not now be assessed under rubber and plastic items.

4. *Steel Ingots.*—So far steel ingot was subject to a duty to Rs. 4 per ton plus a regulatory duty of 10% *ad valorem.* A consolidated rate of Rs. 50 per ton has been prescribed and the regulatory duty withdrawn.

5. *Excise duty on fabrics of man-made fibres.*—The levy of duty on fabrics of man-made fibres manufactured by powerloom factories equipped with not more than 50 powerlooms as also levy of duty on the processing of such fabrics has been rationalised. The optional rate of Rs. 100 per powerloom per month will now apply only to factories with 50 powerlooms or less which have no processing units of their own. A duty at the flat rate of 5 paisa per square yard will be levied on fabrics processed in factories which are equipped only with bleaching, dyeing, block-printing and/or calendering equipment.

Fabrics processed in other factories will be subject to the present statutory rate of 5% *ad valorem.*

6. *Cotton fabrics and yarn.*—It is proposed to bring the cotton textile industry under the capacity system of excise duty. At present cotton fabrics/ cotton yarn are subject to specific rates of excise duty while sales tax, defence surcharge and rehabilitation tax are calculated on an *ad valorem* basis. All these taxes have been merged into consolidated rates of excise duty in order to facilitate the change over to capacity basis.

The following are the new rates of excise duty after merger of sales tax, defence surcharge and rehabilitation tax :

Febrics		*Present Excise duty*	*Proposed consolidated rate*
(*a*) Superfine	..	47 paisa per sq. yd.	Rs. 1.00 per sq. yd.
(*b*) Fine ..	..	28 „ „ „	65 paisa „ „
(*c*) Medium	..	17 „ „ „	40 „ „ „
(*d*) Coarse	..	6 „ „ „	15 „ „ „
Yarn			
(*a*) Coarse	..	10 paisa per lb.	55 paisa per lb.
(*b*) Medium	..	50 „ „ „	Rs. 1.10 „ „
(*c*) Fine ..	..	Rs. 1.00 „ „	Rs. 1.75 „ „
(*d*) Superfine	..	Rs. 1.50 „ „	Rs. 2.80 „ „

The consolidated rates represent the present average incidence of all the different taxes levied at present on each statutory category of cotton fabrics and cotton yarn.

7. *Vegetable Product.*—It is proposed to levy duty on capacity basis on Vegetable Product (Vanaspati factories), after their individual production capacities have been fixed. As in the case of textiles the *ad valorem* rates of sales tax etc. have been merged with the specific excise duty of Rs. 7 per cwt. and the new rate fixed at Rs. 45.

By a partial exemption notification, the effective rate has been reduced to Rs. 40 per cwt.

8. *Exemptions.*—Exemption from excise duty has been granted in respect of the following :

(1) Laundry soap excluding flakes and detergents.

(2) Plastic products—

Fountain pens, Ball-point pens and pencils, Pencil sharpeners, Plastic geometrical instruments, Mugs, Tumblers, Spoons, Combs, Spectacle frames, Clips all sorts, Water bottles not exceeding 2-pint capacity, knitting needles.

(3) Glass and glassware :

Chimneys of hurricane lanterns, plain tumblers, Feeding bottles for babies.

(4) *Til* and Ground-nut oil manufactured in East Pakistan.

III.—INCOME-TAX

1. (i) Tax has been levied at the rate of 10% on the amount of free reserves in excess of the paid-up ordinary share capital of a company.

(ii) Tax on the income of companies will be payable on the basis of the amount distributed as dividends and the amount retained by the companies. The companies would pay an additional tax of 5% on their undistributed income of the year and have been allowed a rebate of 10% on the existing rates in respect of income distributed as dividend.

The existing rates will not however change in respect of Insurance Companies or Banks.

2. Tax holiday companies would now have to set apart only 40% of their profits and distribute the remaining 60% or pay a dividend of 10% whichever is the less. The amount left over, if any, after such distribution will be carried forward to the next year for similar distribution as dividends.

3. (i) Investment Allowance has been liberalized through a graduated scale.

(ii) Exemption of additional Rs. 2,000 to dividend income received from a company listed on the Stock Exchange or from the National Investment (Unit) Trust has been allowed.

(iii) Interest income up to Rs. 500 from a Co-operative Bank or Cooperative Society has been exempted.

4. Assessees other than companies will be allowed straightline deduction of donations made to specially approved charitable Institutions and Funds.

(5) (a) The tax rate on bonus shares issued by a private company has been raised from 12-1/2% to 15%.

(b) For the purposes of 5% rebate in tax available to small companies the definition of small company has been modified.

(c) Insurance companies will be charged tax on their dividend income and capital gains at the rates applicable to other companies.

(d) Gratuity will be charged to tax in the existing manner but after allowing a deduction of 50% of the amount of gratuity or Rs. 25,000, whichever is the less.

(e) Loss under the head "Capital Gains" will be carried forward only to the extent it is in excess of Rs. 10,000.

6. (i) Income of a concern set up by 30th June, 1970 and engaged exclusively in renting out agricultural machinery such as bull-dozers, tractors, power-tillers and water pumps, etc., and in providing pest control services to agriculturists will be exempted for a period of 5 years.

(ii) Cold storages set up on or after 1st July, 1967 will be entitled to tax holiday for 6 years regardless of the place where these are set up. If the period of tax holiday of the existing Units has not expired by 1st July, 1967, these will be entitled to additional tax holiday so however that the total period does not exceed 6 years.

(iii) Tea companies will be allowed 40% of their development expenditure incurred for bringing new areas under tea plantation in the year in which it is incurred.

7. Rebates on exports have been liberalized.

8. Dividend received by a parent company from a subsidiary set up in the wing other than the wing where the parent company has its registered office has been exempted from payment of intercorporate tax.

9. The rates of personal taxation have been rationalized and the maximum rate of 70% would now be reached on a taxable income in excess of Rs. 1 lakh.

10. The benefit of Education Allowance has been extended to assessees with incomes up to Rs. 50,000.

IV.—WEALTH-TAX

Rebate of Wealth-tax on foreign assets has been allowed to all persons resident in Pakistan.

V.—ESTATE DUTY

NIT (Units) up to Rs. 50,000 which were held by any person continuously for at least 5 years prior to his death have been exempted from Eastate Duty.

VI.—REFUNDABLE SURCHARGE

Refundable Surcharge is being continued.

VII.—SALES-TAX

Unpacked biscuits, plain glass tumblers, safety razor blades, fountain pens and ball-point pens and pencils, fabrics of man-made fibre, locally assembled motor cycles, chipboard, particleboard, etc., made out of indigenous waste products have been exempted from Sales-tax.

TABLE NO. 32

GOODS EXEMPT FROM SALES TAX

1967-68

The general rate of sales tax which was increased from 12-1/2 per cent to 15 per cent during 1963-64 remains unchanged. The standard rate of 15 per cent will also apply to imported fruits. Luxury goods are taxable at the enhanced rate of 20 per cent.

An up-to-date list of articles exempt from sales tax is given below.

Goods exempt whether imported or locally manufactured :

Toys, tennis, table tennis, squash balls, laboratory glassware, school slates, slate pencils, *takhties* and exercise books, writing ink, pen holders, geometry, colour and paint boxes and other instruments used by students : *nan* and *chapaties* (bread) made by *nanbais,* fresh cream, fresh butter (but not tinned or canned) and *ghee* (but not vanaspati or vegetable *ghee*) ; *haldi, zeera* (black and white, *lal mirch, dhania khushk,* garlic and ginger ; livestock ; fodder including oil cakes and bran ; dried fish, salted or unsalted (including prawns) ; fresh fish ; *khari* salt ; all kinds of animal casings (intestines and guts) ; crushed bones, bone grist, bone meals, horn and hoof meals, leather meals and fish meals ; Peshawari hand fans ; handspun yarn ; cloth woven on hand-looms in the Provinces or the Capital of the Federation ; printed books, maps, charts, periodicals and newspapers ; kerosene ; motor spirit ; matches ; betelnuts ; pan leaves, unginned cotton ; cereals and flour made from cereals (including paddy, rice and rice flour) and pulses (whole oı split) ; seeds, flower or plant including seedlings and saplings, fresh vegetables, fresh meat and fresh and dried milk ; sugar, *gur* and molasses ; tobacco, including manufactures of tobacco ; salt ; sewing needles ; tea ; old gunny bags ; electric energy ; imported poultry and poultry products ; ship ; boats and floating structures specified under Heading Numbers 89.01, 89.02, 89.03, 89.04 and 89.05 of the First Schedule to the Tariff Act, 1934 (XXXII of 1934), and the raw materials used in the manufacture thereof :

Provided that in the case of the said raw materials, the exemption under this notification shall apply to such licensed manufacturers only as are approved by the Central Board of Revenue for this purpose, chemical fertilizers ; newsprint ; bricks ; drugs and medicines (including Unani and Ayurvedic medicines and drugs) ; raw wool and animal hair ;wool tops ; postage stamps and postal stationery ; judicial and non-judicial stamps and stamps papers ; currency notes (including one rupee notes) and bank notes ; concrete building components (including beams, columns, roofing, cement blocks, doors, windows but *excluding* pipes) furnance and high speed and light diesel oil. Second hand clothing, Jeeps and Micro-Buses imported wholly on Bonus, rifles of 7mm and 22 bore and their ammunition, lubricating oil and their additives.

Goods locally manufactured :

Hand tools and machine tools ; bicycle components ; tyre inflators ; cutlery ; brass water fittings ; products of re-rolling mills ; surgical instruments ; agricultural implements (other than capital goods) ; cycle accessories ; grinding wheels ; sports goods ; E.P.N.S. goods (means E.P.N.S. sport trophies and tablewares) ; metal utensils ; products of iron foundries and steam and hammer works ; articles commonly or commercially known as ornaments and jewellery, whether real or imitation, being goldsmiths, and silversmith's products for personal use or for the adornment of person ; hosiery goods ; tanned leather ; *mazri* cloth ; food articles served in hotels and restaurants, products of power loom units equipped with not more than twenty power looms, and tailored garments *including* readymade garments ; edible oils other than *vanaspati* or vegetable products ; Pakistani crockery and pottery including plastic and glass crockery ; headgear ; umbrella ; *zari* and embroidery goods ; cinematographic and photographic films including prints ; artificial limbs and corrective appliances ; cycle manufactured or assembled in Pakistan ; sewing machines manufactured or assembled in Pakistan ; saltpetre ; (*a*) insecticides and pesticides used for agricultural purposes and (*b*) the ingredients thereof ; locks, hurricane lamps, gas mantles and braids, hand water pumps ; timber and bamboo, including products to saw mills ; rubber shoes (including slippers and *chappals*) in which the value of the rubber used is not less than 75 per cent of the total value of the raw materials ; trunks made of iron and zinc sheets ; alkatra ; lead and colour pencils and art silk cloth ; ginned cotton and cotton seeds, furniture, cement soda ash.

Unpacked biscuits, plain glass tumblers, safety razor blades, fountain and ball point pens and pencils, all fabrics of man-made fibre, chip-board, particle-board and hard-board made out of indegenous waste products which can substitute timber, locally assembled scotters and motor-cycles.

TABLE NO 33

CHANGES IN EXPORT DUTIES OF PRINCIPAL COMMODITIES

(Amount in rupees)

Period	*Jute (per bale)*	*Jute cutting (per bale)*	*Kutcha bale (per maund)*
1. JUTE			
Up to 13-11-1947	15.00	4.50	—
14-11-1947 to 31-3-1948 ..	15.00	4.50	3.00
1-4-1948 to 31-10-1951 ..	20.00	6.00	4.00
1-11-1951 to 30-6-1952 ..	35.00	10.00	7.00
1-7-1952 to 24-3-1953	15.00	5.00	3.75 *Plus Rs.* 2.50 as licence fee for export to Inda.
25-3-1953- to 22-8-1955 ..	15.00	5.00	3.00
23-8-1955 to 22-8-1956 ..	20.00	5.00	4.00
23-8-1956 to 11-6-1964 ..	20.00	10.00	4.00
12-6-1964 to 21-11-67	10.00	5.00	2.00
22-11-67 to date	Exempted	Exempted	Exempted

	Desi	*other varieties (per bale)*	*Comilla*
2. COTTON			
Before 23-1-1948	20.00	20.00	—
23-1-1948 to 22-2-1948 ..	40.00	40.00	—
23-2-1948 to 5-10-1949 ..	60.00	60.00	—
6-10-1949 to 22-10-1950 ..	40.00	60.00	—
23-10-1950 to 23-11-1950 ..	180.00	180.00	—
24-11-1950 to 10-9-1951 ..	300.00	300.00	—
11-9-1951 to 10-9-1952 ..	100.00	180.00	—
11-9-1952 to 9-9-1953	—	90.00	—
10-9-1953 to 22-8-1955 ..	60.00	90.00	—
23-8-1955 to 22-8-1956 ..	60.00	135.00	—
23-8-1956 to 29-8-1958 ..	80.00	115.00	—
30-8-1958 to 4-9-1958	50.00	115.00	—
5-9-1958 to 24-7-1959	80.00(*a*) 50.00(*b*)	115.00	—
25-7-1959 to 25-8-1960 ..	40.00	75.00	—
26-8-1960 to 12-8-1961 ..	40.00	75.00	20.00
13-8-1961 to 22-11-1962 ..	25.00	75.00	*Nil*
23-11-1962 to 21-8-1963 ..	25.00	25.00	*Nil*
22-8-1963 to 11-6-1964 ..	20.00	20.00	*Nil*
12-6-1964 to 21-11-67	10.00	10.00	*Nil*
22-11-69 to date	Exempted	Exempted	Exempted

(*a*) New crop.
(*b*) Old crop.

TABLE NO. 33—*contd.*

3. WOOL	
Up to 4-12-1950	*Nil.*
5-12-1950 to 28-4-1952	25% *ad valorem.*
29-4-1952 to date	Exempted.
4. HIDES	
Up to 15-3-1948	*Nil.*
16-3-1948 to 31-3-1955	10% *ad valorem.*
1-4-1955 to date	Exempted.
5. SKINS	
Up to 15-3-1948	*Nil.*
16-3-1948 to 20-3-1949	10% *ad valorem.*
30-9-1953 to 31-3-1955	13% *ad valorem.*
1-4-1955 to date	Exempted.
6. TEA	
14-8-1947 to 31-3-1952	25 paisa per lb.
1-4-1952 to 11-9-1952	19 paisa per lb.
12-9-1952 to 31-3-1955	Suspended.
1-4-1955 to 20-10-1955	19 paisa per lb.
21-10-1955 to 14-9-1961	38 paisa per lb.
15-9-1961 to 12-6-1962	25 paisa per lb.
13-6-1962 to 8-6-1963	15 paisa per lb.
9-6-1963 to date	*Nil.*

Source : Ministry of Finance, Central Board of Revenues.

TABLE NO. 34

Rates of Income Tax (1967-68)

Particulars	Rates
A. In the case of every individual, Hindu undivided family, unregistered firm and an association of persons not being a case to which paragraph B of this Part applies—	
	Rate
1. Where the taxable income does not exceed Rs. 1,000.	Rs. 25.
2. Where the taxable income exceeds Rs. 1,000 but does not exceed Rs. 2,000.	Rs. 25 *plus* 2 per cent of the amount exceeding Rs. 1,000.
3. Where the taxable income exceeds Rs. 2,000 but does not exceed Rs. 4,000.	Rs. 45 *plus* 7.5 per cent of the amount exceeding Rs. 2,000.
4. Where the taxable income exceeds Rs. 4,000 but does not exceed Rs. 6,500.	Rs. 195 *plus* 12.5 per cent of the amount exceeding Rs. 4,000.
5. Where the taxable income exceeds Rs. 6,500 but does not exceed Rs. 10,000.	Rs. 507.50 *plus* 17.5 per cent of the amount exceeding Rs. 6,500.
6. Where the taxable income exceeds Rs. 10,000 but does not exceed Rs. 20,000.	Rs. 1,120 *plus* 22.5 per cent of the amount exceeding Rs. 10,000.
7. Where the taxable income exceeds Rs. 20,000 but does not exceed Rs. 30,000.	Rs. 3,370 *plus* 32.5 per cent of the amount exceeding Rs. 20,000.
8. Where the taxable income exceeds Rs. 30,000 but does not exceed Rs. 40,000.	Rs. 6,620 *plus* 47.5 per cent of the amount exceeding Rs. 30,000.
9. Where the taxable income exceeds Rs. 40,000 but does not exceed Rs. 60,000.	Rs. 11,370 *plus* 57.5 per cent of the amount exceeding Rs. 40,000.
10. Where the taxable income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000.	Rs. 22,870 *plus* 67.5 per cent of the amount exceeding Rs. 60,000.
11. Where the taxable income exceeds Rs. 1,00,000.	Rs. 49,870 *plus* 70 per cent of the amount exceeding Rs. 1,00,000.

Provided that—

(*i*) no income-tax shall be payable on a total income, which before the deduction of an allowance of Rs. 2,000 (hereafter referred to as personal allowance) and the sums, if any, exempt under the first proviso to sub-section (1) of section 7, section 15, section 15A, section 15AA, section 15C, sub-section (5) of section 15D, section 15E, section 15F, and section 58F of the Income Tax Act, 1922 (XI of 1922) does not exceed Rs. 6,000 ; and

(*ii*) the income-tax payable shall in no case exceed (*a*) the amount by which the total income exceeds Rs. 6,000 or (*b*) the amount representing seventy per cent of the total income, whichever amount is the less, and, where such income includes any income from a share of the income, profits and gains of a firm to which paragraph C of Part II applies, such portion of the super-tax payable under the said paragraph as bears to the total amount of such super- tax the same proportion as his share of income, profits and gains of the firm bears to the total income of the firm shall be added to the income-tax payable by such partner under this paragraph and, if the sum so arrived at exceeds seventy per cent of the total income of such partner (including his share of income, profits and gains of the firm), the amount of income-tax payable by him under this paragraph shall be reduced by the amount of such excess.

Explanation.—The expression "taxable income" as used in this paragraph, means—

(*a*) in the case of an assessee to which sub-section (3) of section 10 or clause (*a*) of sub-section (1) of section 17 of the Income Tax Act, 1922 (XI of 1922) applies, the total income ;

(*b*) in any other case, the total income of an assessee as diminished by (*i*) the personal allowance of two thousand rupees, and (*ii*) the allowance admissible under the first proviso to sub-section (1) of section 7, section 15, section 15A, section 15AA, section 15C, sub-section (5) of section 15D, section 15E, section 15F and section 58F of the Income Tax Act, 1922 (XI of 1922).

B. In the case of every company and local authority and in every case in which, under the provisions of the Income Tax Act, 1922 (XI of 1922), income-tax is to be charged at the maximum rate—

	Rates
(1) On the part of the total income consisting of the amount, if any, to which sub-paragraphs (2), (3) and (4) of paragraph A of the Part II apply.	Nil.
(2) On the balance of the total income.	30 per cent of such income.

Provided that where a company distributes dividends out of its income, profits and gains in respect of which it has obtained a rebate of one anna in the rupee under the proviso to paragraph B of Part I of the Fourth Schedule to the Finance Act, 1958 (XXII of 1958), the Third Schedule to the Finance Act, 1957 (I of 1957), the Third Schedule to the Finance Act, 1956 (I of 1956), and the Third Schedule to the Finance (1955-56) Act, 1956 (XXX of 1956), an additional income-tax at the rate of 6.25 per cent shall be levied on the amount of such dividend and such amount shall be deemed for the purposes of this proviso to be a part of the total income of the company of the year in which such distribution is made.

TABLE No. 35

Rates of Super Tax (1967-68)

Particulars	Rates
A. In the case of a company—	
(1) On the whole of the total income excluding income to which sub-paragraph (1) of paragraph B of Part I applies.	30 per cent of such total income.

Provided that—

(*i*) a rebate of 5 per cent shall be allowed to a company—

(*a*) which, in respect of the profits liable to tax under the Income Tax Act, 1922 (XI of 1922), has made such effective arrangements as may be prescribed by the Central Board of Revenue in this behalf for the declaration and payment in Pakistan of dividends payable out of such profits and for the deduction of tax from such dividends ; and

(*b*) which is also a Banking or an Insurance Company :

(*ii*) a rebate of 15 per cent shall be allowed, in the case of every company to which sub-clause (*a*) of clause (*i*) applies but sub-clause (*b*) of clause (*i*) does not apply on so much of the income of such a company of the relevant year as has been distributed as dividend to its shareholders (including dividends on preference shares) ;

(*iii*) a rebate of 10 per cent shall be allowed in the case of every company to which sub-clause (*a*) of clause (*i*) applies if it is a company in which the public are substantially interested within the meaning of Explanation 1 to sub-section (1) of section 23A of the Income Tax Act, 1922 (XI of 1922) ;

(*iv*) a rebate of 5 per cent shall be allowed in the case of every company to which sub-clause (*a*) of clause (*i*) applies, not being a company to which clause (*v*) applies, if its paid-up capital *plus* the free reserves do not exceed Rs. 5,00,000 ;

(*v*) a rebate of 5 per cent shall be allowed on so much of the income, profits and gains of a company being a company to which sub-clause (*a*) of clause (*i*) applies and the paid-up capital *plus* free reserves of which do not exceed Rs. 10,00,000 as is derived by it from an industrial undertaking ;

(*vi*) a rebate of 10 per cent shall be allowed in the case of a company to which sub-clause (*a*) of clause (*i*) applies in respect of its income, profits and gains to which sub-section (9) of section 10 of the Income Tax Act, 1922 (XI of 1922) applies or which are derived by it from processing, freezing, preserving and canning of food, vegetable, fruit, grain, meat, fish and poultry ;

(*vii*) a rebate of 15 per cent shall be allowed in the case of every company to which sub-clause (*a*) of clause (*i*) applies on so much of the income, profits and gains accruing or arising to it outside Pakistan to which sub-section (4) of section 10 does not apply as are brought by it into Pakistan.

Explanation.—The term "industrial undertaking", as used in clause (*v*), means an undertaking which is set up or commenced in Pakistan on or after the 14th day of August, 1947 and which employs (*i*) ten or more persons in Pakistan and involves the use of electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal agency or (*ii*) twenty or more persons in Pakistan and does not involve the use of electrical energy or other form of energy which is mechanically transmitted and is not generated by human or animal agency and which is—

(*i*) engaged in—

(*a*) the manufacture of goods or materials or the subjection of goods or materials to any process, wich substantially changes their original condition ;

(*b*) ship-building ;

(*c*) generation, transformation, conversion, transmission or distribution of electrical energy, or the supply of hydraulic power.

(*d*) the working of any mine, oil-well or other source of mineral deposits not being an undertaking to which the Second and Third Schedule to the Income Tax Act, 1922 (XI of 1922) apply ; or

(*ii*) any other industrial undertaking which may be approved by the Central Board of Revenue for the purposes of this clause.

(2) On the amount representing income from dividends from a company having its registered office in Pakistan—

	Rates
(*a*) Where such dividends are received by a company from a subsidiary company set up in the wing other than the wing in which the holding company has its registered office and carries on business.	Nil.
(*b*) Where such dividends are received by a company to which clause (*a*) does not apply and in which the public are substantially interested within the meaning of Explanation 1 to sub-section (1) of section 23A of the Income Tax Act, 1922 (XI of 1922) and are declared and paid by a company formed and registered in Pakistan under the Companies Act, 1913 (VII of 1913), or a body corporate formed in pursuance of a Central Act in respect of the share-capital issued, subscribed and paid after the fourteenth day of August, 1947.	15 per cent of such amount.
(*c*) In other cases	20 per cent of such amount.

Explanation.—For the purposes of clause (*a*) a company shall be deemed to be a subsidiary of another company if that other company holds more than 50 per cent of the face value of the equity share capital of the first mentioned company.

(3) On the whole of the amount representing the face value of any bonus shares or the amount of any bonus issued by the company to its shareholders with a view to increasing its paid-up capital—

	Rates
(*a*) Where a company which issues bonus shares or bonus, as the case may be, is a company in which the public are substantially interested within the meaning of Explanation 1 to sub-section (1) of section 23A of the Income Tax Act, 1922 (XI of 1922).	12.5 per cent of such amount.
(*b*) In other cases	15 per cent of such amount.
(4) On the whole of the amount by which the free reserves of any company, not being a Banking or an Insurance Company, exceed the paid-up ordinary share capital of the company as on the last day of the relevant previous year.	10 per cent of such amount.

B. In the case of every local authority—

	Rates
On the whole of total income ..	12.5 per cent of the total income.

C. In the case of every registered firm—

(1) Where the total income does not exceed Rs. 12,000.	Nil.
(2) Where the total income exceeds Rs. 12,000 but does not exceed Rs. 30,000.	5 per cent of the amount exceeding Rs. 12,000.
(3) Where the total income exceeds Rs. 30,000 but does not exceed Rs. 60,000.	Rs. 900 *plus* 10 per cent of the amount exceeding Rs. 30,000.
(4) Where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000.	Rs. 3,900 *plus* 20 per cent of the amount exceeding Rs. 60,000.
(5) Where the total income exceeds Rs. 1,00,000.	Rs. 11,900 *plus* 30 per cent of the amount exceeding Rs. 1,00,000.

Explanation.—The term "registered firm" as used in this paragraph, means a firm registered under section 26A of the Income Tax Act, 1922 (XI of 1922), or a firm treated as a registered firm under clause (*b*) of sub-section (5) of section 23 of the Income Tax Act, 1922 (XI of 1922).

PART III

Rates of Refundable Surcharge

A. In the case of every individual, Hindu undivided family, local authority, every firm, association of persons, and the partners of the firm and members of the association individually :—

	Rates
(*i*) Where the total income is below Rs. 20,000.	Nil.
(*ii*) Where the total income is Rs. 20,000 or above.	10 per cent of the tax payable.
B. In the case of a company ..	10 per cent of the tax payable.

PRICES AND COST OF LIVING

TABLE No. 36

INDICES OF WHOLESALE PRICES BY GROUPS PAKISTAN

(1959-60 = 100)

Period		General	Food	Raw Materials	Fuel, Lighting & Lubricants	Manufactures
1956-57	.. ..	95.37	93.12	102.62	96.41	99.69
1957-58	.. ..	95.62	92.78	103.19	99.18	102.13
1958-59	.. ..	93.94	93.39	92.32	101.09	96.96
1959-60	.. ..	100.00	100.00	100.00	100.00	100.00
1960-61	.. ..	102.99	100.50	119.15	99.21	101.24
1961-62	.. ..	105.88	106.63	107.30	98.70	102.12
1962-63	.. ..	104.80	104.92	105.06	98.96	104.92
1963-64	.. ..	104.62	104.26	105.32	104.49	105.82
1964-65	.. ..	112.43	112.12	121.36	104.78	107.13
1965-66	.. ..	117.54	117.27	125.24	108.45	113.39
1966-67	.. ..	133.88	139.59	124.77	118.04	116.68
1967-68	July	132.75	141.11	108.30	118.53	116.18
	August	132.21	140.27	106.61	118.57	118.03
	September ..	132.49	140.78	105.59	118.57	118.38
	October ..	130.08	137.35	105.14	118.57	118.88
	November ..	128.80	135.55	104.75	118.49	119.12
	December ..	127.03	132.63	106.62	118.79	119.36
	January ..	127.30	131.99	107.37	121.60	120.42
	February ..	123.51	127.26	105.24	118.78	122.42
	March (P) ..	122.41	125.98	104.89	118.78	121.28

(P) Provisional

TABLE NO. 37

INDICES OF WHOLESALE PRICES OF SELECTED COMMODITIES

(1959-60=100)

Period (July—June)	*Rice*	*Wheat*	*Gram*	*Jute*	*Cotton*	*Wool*	*Hides*	*Skins*	*Oilseeds*
1956-57	104.58	95.32	74.75	125.68	98.36	99.35	68.60	64.67	93.83
1957-58	94.27	95.75	78.23	101.56	96.70	89.84	69.97	71.90	125.06
1958-59	96.39	95.83	94.20	77.97	86.20	84.44	74.84	79.64	119.25
1959-60	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1960-61	91.32	114.36	105.54	219.88	109.11	96.70	99.54	74.45	99.14
1961-62	95.60	106.14	106.71	119.88	100.12	98.06	94.05	68.67	101.59
1962-63	103.03	100.31	107.85	103.15	96.73	96.05	96.62	65.47	104.33
1963-64	92.74	110.88	97.17	103.56	97.09	109.38	86.36	64.82	109.51
1964-65	96.21	120.75	123.56	141.22	113.99	102.52	80.81	72.30	150.68
1965-66	112.66	110.42	96.41	149.18	107.64	89.23	77.71	106.01	153.79
1966-67	145.65	166.31	124.84	159.23	96.58	75.55	103.66	133.85	184.69
1967-68									
July	149.14	160.42	135.27	135.47	88.41	57.35	87.58	128.40	161.48
August	142.73	161.46	139.76	128.36	89.06	56.61	89.16	117.24	160.46
September	144.25	155.52	146.81	126.52	86.98	56.88	91.52	123.90	156.28
October	140.57	147.38	152.05	126.39	82.18	57.38	94.37	132.80	157.13
November	130.58	156.52	154.25	132.94	81.81	57.56	92.96	130.61	151.35
December	119.95	160.43	154.64	129.18	100.60	58.42	98.82	131.12	144.46
January	117.30	160.50	153.44	129.18	108.81	60.93	99.69	131.12	133.90
February	115.49	147.47	150.22	129.18	100.94	62.65	99.32	134.10	124.44
March (P)	114.85	140.96	148.56	128.98	100.75	63.12	99.45	135.45	122.98

P — Provisional.

Source : Central Statistical Office.

TABLE NO. 38

AVERAGE WHOLESALE PRICES OF SELECTED COMMODITIES

(In rupees)

Item and specification	Market	Unit	1964-65 (average)	1965-66 (average)	1966-67 (average)	1967-68 July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	March
Wheat (Fair average quality).	Karachi	Maund	18.21	17.36	24.82	23.92	25.62	22.70	22.25	24.15	24.40	25.50	24.00	23.80
,, (Fair average quality).	Lyallpur	,,	18.01	15.63	26.04	23.65	23.12	21.82	21.00	22.00	23.35	23.44	21.40	18.83
	Peshawar	,,	17.91	16.28	21.19	25.90	25.14	25.90	22.87	24.00	23.84	22.48	21.99	19.88
	Dacca(*a*)	,,	11.50	12.57	17.37	18.26	19.62	19.62	19.62	19.62	19.62	19 62	19.62	19.62
Rice/Sugdasi/ ..	Karachi	,,	29.24	27.56	39.85	45.72	45.15	44.00	43.90	50.00	54.00	54.25	53.25	52.00
,, Medium quality ..	Dacca	,,	29.50	33.53	39.31	..	..	..	..	..	..	36.50	32.12	34.40
,, Medium quality ..	Chittagong	,,	26.52	31.36	42.70	45.30	39.25	38.50	38.62	36.00	35.20	32.00	32.75	32.40
Masoor (Whole) ..	Lyallpur	,,	25.48	28.45	33.66	29.70	30.37	30.50	29.00	29.12	29.70	29.65	27.67	26.08
,,	Dacca	,,	29.15	27.14	24.68	25.55	27.12	27.65	29.06	32.25	37.80	41.87	35.87	24.70
,, (Split) Punjab ...	Karachi	,,	27.72	34.29	41.95	41.80	42.37	40.80	40.37	41.81	41.20	42.00	40.37	36.80
Mash Kalai (Whole) ..	Dacca	,,	17.68	19.40	20.02	21.80	22.75	23.20	21.87	19.50	20.30	26.50	22.62	20.20
,, Split (Chittagong)	Karachi	,,	31.48	38.75	43.05	42.25	41.50	41.00	44.00	44.12	44.00	45.62	48.75	44.60
,, (Punjab)	Karachi	,,	34.45	41.41	47.70	47.10	48.75	49.00	49.00	49.50	50.00	49.00	49.00	46.80
Moong (Whole) ..	Dacca	,,	34.00	28.26	26.34	22.60	24.75	25.80	26.75	27.87	33.70	38.75	39.12	36.80
,, (Punjab) ..	Karachi	,,	34.44	34.22	31.76	33.20	32.00	28.80	28.75	30.12	30.95	30.62	29.37	32.10
Spices														
Chillies Dry Red (Punjab)	Karachi	,,	69.48	71.13	146.35	222.00	173.75	107.50	69.37	65.62	70.60	77.12	70.62	60.00
,, Superior ,,	Dacca	,,	61.51	57.80	134.93	95.50	109.37	105.00	95.00	90.00	93.00	97.50	99.37	90.00
Black Pepper ..	Karachi	,,	413.33	490.93	416.23	335.00	373.75	326.00	330.62	326.87	324.50	316.62	317.50	313.50
Sugar														
Desi	Lahore	,,	63.82	45.63	40.45	49.40	52.75	52.60	51.52	51.75	56.00	59.00	61.75	62.60
Refined/Controlled ..	Karachi	,,	59.37	59.37	57.33	54.37	54.37	54.37	54.37	..	..	..	..	..
,, ..	Lahore	,,	60.00	60.00	56.66	54.00	54.00	54.00	54.00	54.00	54.00	—	—	64.80

„ „	Dacca	„	63.95	63.95	63.95	63.95	63.95	63.95	63.95	63.95	63.95	63.95	63.95	63.35
„ „ Open Market	Karachi	„	74.64	62.85	54.56	62.67	60.62	59.02	60.00	62.43	67.35	73.03	74.68	78.25
„ „ „	Dacca	„	74.45	82.47	67.13	64.50	64.50	65.50	64.50	64.75	65.70	66.12	66.37	66.50
Ghee	Lahore	„	257.10	259.96	281.46	293.50	295.00	292.12	298.44	298.12	314.00	299.37	270.62	271.56
„ Pak Mark ..	Karachi	„	26.10	265.17	281.15	288.00	298.12	291.00	293.75	300.00	300.00	295.00	278.75	274.00
Oils :														
Mustard Oil	Karachi	Maund	115.66	105.63	125.85	110.90	113.50	112.00	110.00	104.25	104.80	101.00	91.50	38.50
Mustard Oil (Local) ..	Dacca	„	149.76	142.61	165.96	143.20	147.62	152.40	149.37	146.87	162.20	170.00	165.75	146.60
Mustard Oil (Mill) ..	Chittagong	„	132.45	140.57	166.83	146.00	159.75	154.20	145.75	145.25	151.60	168.00	162.50	155.00
„ „ ..	Lahore	„	112.11	110.55	129.64	109.50	114.25	110.80	107.37	108.50	106.62	99.62	79.50	74.62
Coconut Oil (Imported) ..	Karachi	„	139.49	137.42	151.66	156.00	157.50	158.50	160.00	160.00	162.50	170.00	172.50	172.50
„ „ „ ..	Dacca	„	149.38	178.25	160.91	163.20	164.50	162.20	162.00	165.75	178.40	190.00	199.50	209.50
Cotton Seed Oil (Single Zero White).	Karachi	„	99.63	98.50	118.97	113.10	112.75	107.00	106.62	104.00	101.70	95.50	85.62	82.50
Vegetable Products :														
Dalda	Karachi	5 lbs. Tin	9.44	10.69	11.76	11.50	11.50	11.25	11.25	11.25	11.35	11.37	11.37	10.78
Tea (Original) (b) :														
Broken Pekoe ..	Chittagong	Lb.	2.45	3.74	3.47	2.07	2.60	2.88	2.57	2.77	2.75	3.02	3.35	3.37
Broken Orange Pekoe ..	Chittagong	„	2.94	3.88	3.67	2.47	2.85	3.27	2.97	3.04	3.09	3.44	3.72	3.72
Tea (Packetted and Blended) :														
Brooke Bond Red Label	Karachi	„	5.90	5.99	6.15	5.95	5.95	5.95	5.85	5.55	5.55	5.55	5.55	5.55
Ispahani Red Spot ..	Karachi	„	4.05	4.76	5.25	4.59	4.55	4.55	4.49	4.30	4.30	4.30	4.30	4.30
Lipton Yellow Label ..	Karachi	„	6.25	6.25	6.48	6.50	6.50	7.50	9.00	8.60	8.60	8.60	8.60	8.60
Leaf Tobacco :														
Motihari	Mardan	Maund	73.33	81.52	91.98	95.00	95.00	95.00	95.00	95.00	95.00	95.00	98.75	100.00
Motihari	Dacca	„	157.24	144.97	118.58	117.50	117.50	117.50	117.50	117.50	125.50	127.50	135.00	—
Jute :														
Jat White Bottom ..	Narayanganj	„	45.52	44.64	47.33	38.60	37.25	38.00	38.00	42.00	39.00	39.00	39.00	39.40
Tossa :														
Bottom	Narayanganj	„	46.12	50.15	47.94	39.40	39.50	39.20	40.00	39.75	39.00	39.00	39.00	39.00

(*a*) Controlled price.
(*b*) Internal auction prices exclusive of excise duty.

TABLE NO. 38—*contd.*

Item and specification	*Market*	*Unit*	1964-65 (*Average*)	1965-66 (*Average*)	1966-67 (*Average*)	1967-68 *July.*	*Aug.*	*Sept.*	*Oct.*	*Nov.*	*Dec.*	*Jan.*	*Feb.*	*March*
Cotton :														
4-F Punjab R.G. ..	Karachi	Maund	91.80	85.21	77.02	65.12	65.00	61.20	57.00	56.00	68.41	88.34	79.95	80.22
N.T. Sind R.G. ..	Karachi	,,	96.23	90.42	82.09	72.82	73.50	77.40	78.40	81.49	89.77	93.21	85.20	84.92
289-F Punjab R.G. ..	Karachi	,,	98.52	90.49	82.74	73.32	74.50	70.80	70.27	83.11	92.17	95.21	87.20	86.92
Punjab Desi	Karachi	,,	85.82	81.71	68.75	68.00	68.00	66.40	63.50	64.00	75.60	74.50	72.75	72.50
Hides (Wet Salted) :														
70/30 Selection (Cow Med).	Karachi	Piece	16.83	20.31	22.55	18.00	17.00	16.40	18.00	18.00	20.00	20.00	20.00	23.60
80/20 Selection (Buffalo, Medium).	Karachi	,,	23.42	22.02	24.35	16.00	16.00	16.00	16.00	16.50	22.00	22.00	22.00	22.00
Dry Salted (Cow Medium).	Dacca	100 lbs.	107.00	836.67 (*a*)	1475.41 (*a*)	1500.00 (*a*)	1350.00 (*a*)	1300.00 (*a*)	1300.00 (*a*)	1300.00 (*a*)	1220.00 (*a*)	1200.00 (*a*)	1300.00 (*a*)	1280.00 (*a*)
Skins (Dry Salted) :														
Sheep Skins Papra all Primes, Measurement Basis 32″/36″.	Karachi	100 Skins	184.72	236.04	237.50	200.00	200.00	270.00	300.00	262.50	250.00	265.50	300.00	250.00
Goat Skins	Dacca	100 Piece	377.87	562.81	809.04	775.00	643.75	660.00	700.00	700.00	660.00	650.00	700.00	730.00
Wool Raw :														
Punjab Superior White	Karachi	Maund	226.53	211.00 (*b*)	175.92 (*b*)	137.00 (*b*)	136.25 (*b*)	134.80 (*b*)	138.00 (*b*)	132.00 (*b*)	132.00 (*b*)	148.50 (*b*)	153.25 (*b*)	153.00 (*b*)
Wool White	Peshawar	,,	141.39	128.03	113.32	116.00	115.00	120.00	112.50	80.25	84.00	85.06	84.56	91.70
Oil Seeds :														
Cotton Seed	Lyallpur	,,	19.76	23.01	25.74	21.56	21.17	20.65	20.62	19.87	17.92	15.93	15.03	14.56
N. T. (Roller) ..	Karachi	,,	18.89	20.40	25.46	20.22	20.56	20.01	19.98	19.81	17.50	15.90	15.68	14.40
Mustard Seed (Punjab)	Karachi	,,	44.46	45.51	48.99	45.40	47.06	44.87	42.62	42.25	43.50	40.87	33.62	33.16
Mustard Seed (Local) ..	Dacca	,,	43.50	44.89	52.04	47.50	47.50	47.50	47.50	47.50	47.50	48.75	45.00	42.70
Salt :														
Rock Salt (Lahore) ..	Karachi	,,	6.23	7.13	7.92	7.75	7.75	7.80	7.75	7.75	7.75	7.75	7.75	7.75
Sea Salt (Mauripur, crushed).	Karachi	,,	4.26	4.28	4.20	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Sea Salt (Fine crushed)	Dacca	,,	8.74	8.71	9.70	9.44	9.75	9.55	9.62	9.75	9.95	10.75	12.12	11.50

Coal :														
Steam Coal Grade I ..	f.o.r. Wagah Border	Ton	82.67	95.84	99.00 (c)	99.00 (c)	99.00 (c)	99.00 (c)	99.00 (c)	99.00 (c)	99.00 (c)	..	..	.
Steam Coal (Sel. A-B) by sea Chinese, Russian or Polish Coal.	f.o.r. Chittagong	,,	71.11 (f)	104.42 (f)	104.42 (f)	104.42 (f)	104.42 (f)	104.42 (f)	104.42 (f)	104.42 (f)	104.42 (f)	..	..	.
Rajhora Soft Coke ..	f.o.r. Moghalpura.	,,	89.79	101.84	105.00	105.00	105.00	105.00	105.00	105.00	105.00	..	..	..
Hard Coke Indian (By product).	Darsana/ Benapole	,,	85.18	83.36	108.21 (g)	108.21 (g)	108.21 (g)	108.21 (g)	108.21 (g)	108.21 (g)	108.21 (g)	..	..	..
Mineral Oil Imported) :														
Motor Spirit (Shell) ...	Karachi	I.G.	2.62	2.87	3.80	3.83	3.83	3.83	3.83	3.83	3.83	3.83	3.83	3.83
Motor Spirit (Shell) ...	Chittagong	,,	2.78	3.02	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93
Diesel Oil (Light) ...	Karachi	,,	1.28	1.34	1.39	1.42	1.42	1.42	1.42	1.42	1.42	1.42	1.42	1.42
Diesel Oil (Light) ...	Chittagong	,,	1.28	1.35	1.32	1.32	1.32	1.32	1.32	1.32	1.32	1.32	1.32	1.32
Furnace Oil	Karachi	Ton	21.65	123.97	148.08	152.40	152.40	152.40	152.40	152.40	152.40	152.40	152.40	152.40
Kerosene Oil (Bulk) ...	Karachi	8 I G.	8.31	8.56	12.80	13.04	13.04	13.04	13.04	13.04	13.04	13.04	13.04	13.04
Do.	Lahore	,,	10.68	10.93	12.99	12.99	12.99	12.99	12.99	12.99	12.99	13.69	13.69	13.69
Do.	Chittagong	,,	9.09	9.34	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52
Cement :														
Zeal-Pak	f.o.r. Hyderabad.	Ton.	119.89	122.25	125.34	128.41	128.41	128.41	128.41	128.41	128.41	128.41	128.40	128.40
Dalmia Portland (Pyramid). ..	Karachi (*Ex*-factory)	,,	134.50	132.61	132.80	136.00	136.00	136.00	136.00	136.00	136.00	136.00	136.00	136.00

(*a*) Price unit per 100 pieces. (Wet salted)
(*b*) Price for Pak. Superior White.
(*c*) Price at Mughalpura.
(*f*) Price for steam coal (Sea-B) and other than India.
(*g*) Price for Tejgaon.

TABLE NO. 38—*contd.*

Item and specification	*Market*	*Unit*	1964-65 (*Average*)	1965-66 (*Average*)	1966-67 (*Average*)	1967-68 *July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.*	*Jan.*	*Feb.*	*March*
Assam Bengal ..	f.o.r. Chhattak Bazar Sylhet.	Ton	154.00	157.05	166.42	169.50	169.50	169.50	169.50	169.50	169.50	169.50	169.50	169.50
Chemicals :														
Soda Ash Light ..	Karachi	Cwt.	28.53	31.74	47.70	49.00	49.00	48.40	49.25	50.00	49.10	49.00	49.00	49.00
Bleaching Powder (ICI)	Karachi	,,	61.03	100.61	112.41	83.20	84.75	79.60	80.50	79.00	79.60	82.75	82.25	85.20
Bleaching Powder (ICI)	Chittagong	,,	53.07	54.07	82.27	..	..	..	..	..	..	..	..	..
Chemicals (Imported) :														
Caustic Soda Solid 198/99% (UK).	Karachi	,,	44.94	50.18	61.09	62.80	64.37	63.70	63.25	62.62	60.80	61.75	65.62	65.12
Dyes :														
Alzarine Red 100% Lumps.	Karachi	lb.	15.14	14.07	15.55	15.00	16.37	18.15	17.37	17.00	16.40	16.31	16.75	16.87
Congo Red (ICI) ..	Karachi	,,	5.29	5.78	8.34	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.25	9.00
Indigo 60% Grains (ICI)	Karachi	,,	7.22	7.36	13.34	13.92	14.50	16.00	15.00	14.25	14.20	14.25	14.75	15.25
Paints and Varnishes														
Qamar Varnish Paint (1 lb. tin).	Karachi	Dozen	19.50	20.27	23.31	24.00	24.00	24.00	24.00	24.00	24.00	22.00	22.00	22.00
Buxley Oil Bound Distemper.	Karachi	14 lbs.	13.37	14.12	14.14	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
Jute Manufacturers														
Gunny bag B. Twill 2 1/4 Lbs. (Adamjee).	Karachi	100 Bags	226.77	256.10	230.76	221.20	219.33	220.80	222.00	222.25	223.80	222.25	220.62	223.20
Hessian Cloth W. 45" (Adamjee).	Narayanganj	100 Yard	75.21	88.75	87.66	80.37	78.00	78.95	79.44	78.62	81.00	80.50	80.00	80.06

Matches					
Butterfly 50 sticks ..	Karachi	Gross	7.62	7.79	7.34
Butterfly 50 sticks ..	E. Pak.	Gross	7.02	6.90	6.88
Paper and Paper Products					
White Printing 20″—30″ %24 Lbs.	Karachi	Lb.	1.17	1.21	1.22
White Printing 20″—30″ %24 Lbs.	Chittagong	,,	1.10	1.12	1.16
White Imitation Art 20″ %30″—40 Lbs.	Chittagong	,,	1.31	1.35	1.37
Cycle Tyers					
Bata Mazboot Super ..	W. Pak.	Dozen	87.00	91.62	100.00
Cycle Tubes					
Bata Mazboot ...	W. Pak.	,,	37.50	39.75	45.50
Popular	E. Pak.	,,	33.00	35.25	41.00
Bata Shoes					
Begum Ladies Slipper (3—6 size).	W. Pak.	Pair	6.84	7.11	7.30
Soap:					
Lifebuoy Soap 6 oz. cake	Karachi	Dozen	6.12	6.42	6.60
Sunlight Soap 6 oz. cake	Karachi	,,	5.66	6.42	6.60
Cotton Yarn:					
20/2 Dawood (Camel Cart).	Karachi	,,	26.40	26.77	27.21

* 40 Sticks

7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
5.75*	5.75*	5.75*	5.75*	5.75*	5.75*	5.75*	6.18*	6.62*
1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13
1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13
1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33
108.00	108.00	117.60	120.00	120.00	120.00	120.00	120.00	120.00
49.50	49.50	54.25	55.44	55.44	55.44	55.44	55.44	55.44
45.00	45.00	49.80	51.00	51.00	51.00	51.00	51.00	51.00
6.84	6.84	6.84	6.84	6.84	6.84	6.84	6.84	6.84
6.60	6.60	6.60	6.60	6.60	6.60	6.60	6.60	6.60
6.60	6.60	6.60	6.60	6.60	6.60	6.60	6.60	6.60
27.00	27.00	27.00	27.00	27.00	27.50	27.50	27.50	27.50

TABLE 38—*Contd.*

Item and specification	*Market*	*Unit*	1964-65 (*average*)	1965-66 (*average*)	1966-67 (*average*)	1967-68 July.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	March
Cotton Textiles:														
Bleached Longcloth 15,000 W. 35″ (Colony)	Karachi	40 Yards	60.60	63.73	65.40	65.00	65.00	65.00	65.00	65.00	65.20	65.50	65.06	65.00
Bleached Longcloth (Cock) Chittagong.	Chittagong	,,	59.16	62.15	64.17	65.00	65.00	65.00	..	..	..	67.00	67.00	67.00
D.C.L.W. 28″ (Dawood)	Karachi	Yard	2.38	2.51	2.53	2.50	2.57	2.62	2.75	2.75	2.75	2.75	2.75	2.75
Silk Textiles:														
Satin No. 900 (Diamond)	Karachi	,,	3.63	3.75	3.40	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Bidies:														
Nasim	Chittagong	1,000	10.52	10.00	7.94	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Cigarettes:														
Scissors	Karachi	,,	29.35	32.79	32.40	32.40	32.40	32.40	32.40	32.40	32.40	32.40	32.40	3.40
Scissors	Chittagong	,,	29.12	32.50	32.05	32.05	32.05	32.05	32.50	32.05	32.05	30.05	30.05	30.05
Capstan	Chittagong	,,	76.65	84.33	86.23	86.40	86.40	86.40	86.40	86.40	86.40	86.40	86.40	86.40

Source : Central Statistical Office.

TABLE NO. 39

CONSUMER PRICE INDEX FOR INDUSTRIAL WORKERS BY EXPENDITURE GROUPS

(1961 = 100)

Year/Month (July—June)	*General*	*Food*	*Apparel, tesxtiles and footwear*	*Housing and household operations*	*Miscella-neous*
KARACHI					
1961-62	101.25	102.34	97.95	99.87	100.88
1962-63	99.92	100.04	96.20	98.20	101.94
1963-64	103.08	104.85	96.10	99.50	103.88
1964-65	109.34	114.55	97.55	104.58	104.09
1965-66	114.87	120.88	99.54	108.83	109.97
1966-67	125.01	131.93	106.55	120.03	118.76
1967-68					
July	129.67	138.34	110.21	124.62	119.34
August	130.97	140.23	110.37	125.41	119.93
September	127.26	134.49	109.67	124.76	118.46
October	126.86	133.20	111.57	124.83	118.96
November	127.16	133.61	112.48	124.75	118.87
December	127.45	134.07	113.16	124.79	118.63
January	127.22	133.32	111.75	124.76	120.30
February	127.01	133.10	111.58	124.76	120.34
March	126.46	132.15	112.08	124.76	119.65
LAHORE					
1961-62	98.59	97.23	100.04	100.70	100.80
1962-63	97.06	95.29	95.58	101.34	100.06
1963-64	102.12	100.55	94.07	103.92	109.22
1964-65	107.65	107.62	96.55	107.45	112.46
1965-66	109.92	108.44	100.63	109.47	119.18
1966-67	121.31	123.58	106.10	116.28	124.10
1967-68					
July	124.81	127.89	105.89	122.64	123.91
August	124.75	128.07	105.89	120.11	125.11
September	124.20	127.25	106.60	120.89	123.85
October	123.77	126.96	106.23	119.39	123.99
November	124.54	127.83	105.98	121.28	123.73
December	126.11	129.55	106.56	124.19	124.05

TABLE NO. 39—*contd.*

Year/Month (July—June)	*General*	*Food*	*Apparel, textiles and footwear*	*Housing and household operations*	*Miscellaneous*
		LAHORE—contd.			
January	126.79	130.81	105.98	124.00	123.98
February	126.10	130.07	106.00	122.07	124.23
March	124.44	126.88	105.42	123.10	124.95
		NARAYANGANJ			
61-62	103.46	104.16	106.10	100.34	98.96
62-63	105.03	105.40	109.73	105.98	97.00
63-64	106.90	105.72	112.45	116.35	100.82
64-65	111.52	112.77	108.51	112.26	105.56
65-66	112.52	112.24	107.77	110.59	120.83
66-67	123.55	125.04	115.08	116.40	128.48
67-68 :					
July	125.78	127.26	121.68	116.07	128.61
August	126.26	127.81	122.04	116.07	129.23
September	126.56	128.08	123.22	116.07	129.09
October	126.20	127.51	122.98	116.23	129.55
November	125.68	126.91	122.05	116.23	129.55
December	124.39	124.99	122.05	116.73	129.55
January	123.31	123.35	122.37	116.73	129.88
February	123.95	125.03	122.99	116.73	124.12
March	122.93	123.52	122.99	117.40	123.92

Source: —Central Statistical Office.

TABLE NO. 40

CONSUMER PRICE INDEX FOR GOVERNMENT AND COMMERCI EMPLOYEES (CLERICAL)

(1961 = 100)

Year/Month	General	Food	Clothing & Footwear	Housing & Household Operations	Miscel neou.
			KARACHI		
1956-57	87.32	79.06	78.06	99.06	99
1957-58	92.44	86.38	85.62	99.55	102
1958-59	90.00	84.50	81.60	96.48	99
1959-60	94.08	90.84	93.36	98.32	96
1960-61	96.74	94.83	97.83	99.86	97
1961-62	100.25	101.78	98.11	100.20	98
1962-63	100.37	100.66	96.99	100.24	101
1963-64	103.98	105.19	101.15	100.94	104
1964-65	110.01	115.63	103.42	107.73	104
1965-66	114.41	121.92	105.53	110.50	107
1966-67	123.06	133.19	112.84	121.44	111
1967-68 :					
July	128.61	141.79	116.36	125.66	11
August	129.94	144.32	116.62	126.12	11
September	126.96	137.26	116.02	126.12	11
October	127.00	136.56	118.13	126.35	11
November	128.15	138.27	118.96	126.07	11
December	128.33	138.38	119.83	126.21	11
January	127.76	137.90	118.21	126.12	11
February	127.17	136.58	118.60	126.12	11
March	126.83	135.49	119.18	126.12	11
			LAHORE		
1961-62	100.57	100.10	100.44	100.89	10
1962-63	101.35	101.70	95.72	101.37	10
1963-64	105.14	106.57	93.28	101.99	10
1964-65	108.53	110.73	95.04	104.23	11
1965-66	110.08	110.58	97.59	104.92	11
1966-67	117.36	120.68	101.90	108.28	12
1967-68 :					
July	122.22	126.58	104.18	111.75	12
August	122.21	128.54	104.31	110.37	12
September	122.25	127.86	105.13	110.91	12
October	121.45	126.40	105.09	110.16	[illegible]

TABLE No. 40—*contd.*

Year/Month	*General*	*Food*	*Clothing & Footwear*	*Housing & Household Operations*	*Miscellaneous*
LAHORE—contd.					
November	122.09	127.19	104.85	111.23	123.54
December	123.11	128.69	105.36	112.90	123.05
January	122.56	127.78	105.53	112.82	122.79
February	122.87	128.25	106.76	111.85	123.39
March	120.61	123.82	105.89	112.43	123.85
CHITTAGONG					
1961-62	100.40	100.36	101.73	101.56	99.05
1962-63	101.13	103.16	98.12	101.05	97.37
1963-64	104.16	106.70	99.15	101.48	101.88
1964-65	106.20	109.42	100.59	100.47	104.54
1965-66	109.87	113.61	106.72	99.71	108.76
1966-67	123.24	133.72	114.01	103.96	113.86
1967-68 :					
July	122.79	132.39	114.37	105.03	114.26
August	120.09	127.59	113.80	105.03	114.08
September	122.46	132.34	113.47	105.13	113.16
October	123.94	134.82	113.79	105.19	113.59
November	124.40	135.49	114.58	105.19	113.63
December	123.83	134.20	114.88	105.19	114.15
January	123.97	138.85	116.09	105.11	115.19
February	123.78	132.70	120.17	105.11	115.23
March	121.96	129.23	121.11	105.10	115.03

Source : Central Statistical Office.

TRADE AND BALANCE OF PAYMENTS

TABLE No. 41

INTER-ZONAL TRADE

(In crore rupees)

Year (July—June)	Exports from East Pakistan to West Pakistan				Exports from West Pakistan to East Pakistan				Total Interzonal Trade	
	Pakistan Merchandies	Foreign Merchandies	Total (a)	Indices (1959-60-100	Pakistan Merchandies	Foreign Merchandies	Total (b)	Indices 1959-60-100	a+b	Indices 1959-60-100
1948-49	1.88	0.10	1.98	5.46	13.76	0.27	14.03	24.64	16.01	17.18
1949-50	3.23	1.82	5.05	13.93	22.92	0.64	23.56	41.34	28.61	30.70
1950-51	4.60	1.69	6.29	17.36	21.08	6.17	27.25	47.86	33.54	36.00
1951-52	3.64	2.99	6.63	18.29	16.12	9.28	25.40	44.61	32.03	34.37
1952-53	10.11	4.81	14.92	41.17	17.70	4.14	21.84	38.36	36.76	39.45
1953-54	13.07	2.12	15.19	41.91	37.00	1.69	38.69	68.42	53.88	57.82
1954-55	18.07	1.75	19.82	54.69	29.30	1.20	30.50	53.56	50.32	54.00
1955-56	22.07	1.76	23.83	65.75	31.89	1.49	33.38	58.62	57.21	61.40
1956-57	23.51	0.89	24.40	67.33	51.01	2.16	53.17	93.38	77.57	83.25
1957-58	26.40	0.55	26.95	74.36	68.92	1.22	70.14	123.18	97.06	104.20
1958-59	27.76	1.11	28.87	79.66	66.07	2.51	68.58	120.44	97.45	104.58
1959-60	36.10	0.14	36.24	100.00	54.26	2.68	56.94	100.00	93.18	100.00
1960-61	35.59	0.76	36.35	100.30	80.05	2.50	82.55	144.97	118.90	127.60
1961-62	39.47	0.73	40.20	110.92	82.93	2.58	85.51	150.17	125.71	134.91
1962-63	46.53	0.62	47.15	130.10	91.75	3.97	95.72	168.10	142.87	153.33
1963-64	50.86	0.26	51.12	141.06	84.42	5.10	89.52	157.22	140.64	150.93
1964-65	53.60	0.11	53.71	148.20	85.68	1.77	87.45	153.58	141.16	151.49
1965-66	64.97	0.21	65.18	179.85	118.98	1.88	120.86	212.25	186.04	199.66
1966-67	72.03	1.86	73.89	203.88	130.46	2.02	132.48	232.66	206.37	221.50
1967-68 (July-December)	39.82	0.33	40.15	..	55.91	1.23	61.14	..	101.29	..

Source :—Central Statistical Office.

Note.—Figures up to 1956 relate to private account and thereafter to both private and Government accounts.

TABLE 42

FOREIGN TRADE

(In crore rupees)

Year (July—June)	Imports	Exports	Balance	Exports as percentage of Imports	Indices (1959-60=100) Imports	Exports
1947-48 (15th August to 30th June).	26.88	71.65	(+)44.77	266.6	..	..
1948-49	148.71	187.04	(+)38.33	125.8	60.4	102.1
1949-50	128.43	121.84	(—)6.59	94.9	52.2	66.5
1950-51	162.00	255.35	(+)93.35	157.6	65.8	139.4
1951-52	223.73	200.86	(—)22.87	89.8	90.9	109.6
1952-53	138.36	150.99	(+)12.63	109.1	56.2	82.4
1953-54	111.80	128.60	(+)16.80	115.0	45.4	70.2
1954-55	110.33	122.30	(+)11.97	110.8	44.8	66.8
1955-56	132.51	178.37	(+)45.86	134.6	53.8	97.4
1956-57	233.46	160.76	(—)72.70	68.9	94.9	87.8
1957-58	205.00	142.17	(—)62.83	69.4	83.3	77.6
1958-59	157.84	132.53	(—)25.31	84.0	64.1	72.3
1959-60	246.10	183.20	(—)62.90	74.4	100.0	100.0
1960-61	318.76	178.64	(—)140.12	56.0	129.5	97.5
1961-62	310.91	182.46	(—)128.45	58.7	126.3	99.6
1962-63	381.88	222.31	(—)159.57	58.2	155.2	121.3
1963-64	443.02	228.03	(—)214.99	51.5	180.0	124.5
1964-65	537.42	239.54	(—)297.88	44.6	218.4	130.8
1965-66	420.83	269.10	(—)151.13	63.9	171.0	146.9
1966-67	519.23	287.09	(—)232.14	54.1	210.9	156.7
1967-68 (July—March)..	351.75	231.37	(—)120.38	68.8	..	..

Source : Central Statistical Office.

Note—(*a*) Data on sea-borne trade with Indian Republic are included since April 1948 because of the Standstill Agreement upto March 1948 and land-borne trade since July 1, 1949.

(*b*) Data on exports to Afghanistan are included since July 1949 whereas data on imports from Afghanistan are included from March 1951.

(*c*) Data on land-borne trade with Iran are included since July 1949.

(*d*) Data of exports do not include re-exports from 1959—60.

TABLE No. 43

MAJOR EXPORTS

(Value in '000' Rs.)

Commodity	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68 (July-Mar.)
1		3	4	5	6	7	8	9	10	11	12	13	14	15
1. Raw jute	598,469	829,234	705,836	853,561	654,824	729,057	848,097	849,551	792,918	752,885	845,398	863,211	870,189	650,420
Quantity tons	917,735	1,014,981	726,368	854,384	729,386	860,207	526,823	719,445	774,538	768,454	703,538	751,376	598,042	569,911
2. Raw cotton	296,549	462,137	352,368	215,785	190,355	188,832	137,588	123,450	369,968	340,054	287,043	278,425	290,607	285,858
Quantity tons ..	127,333	169,351	118,529	77,819	82,282	80,124	52,325	48,729	155,870	158,766	129,415	117,310	132,364	155,150
3. Raw hides	8,641	10,930	11,492	5,023	10,594	15,266	8,739	5,523	9,440	9,188	4,974	2,132	1,075	687
Quantity 000 pieces ..	1,220	1,508	1,491	522	1,117	1,231	—	—	—	—	59,535(*a*)	12,384(*a*)	6,342	6,021
4. Raw skins	19,307	27,645	32,323	28,022	39,695	67,566	44,521	54,152	45,769	38,009	25,920	25,035	8,421	3,824
Quantity 000 pieces ..	7,215	8,867	9,802	7,844	10,693	11,701	—	—	—	—	57,380(*a*)	47,431(*a*)	15,212	5,512
5. Hides & skins *n.e.s.* ..	..	..	..	..	..	..	2,481	2,701	2,087	3,756	4,424	3,246	2,144	1,360
6. Raw Wool	50,030	68,422	98,578	66,636	65,287	75,418	70,889	68,416	84,718	74,780	58,695	60,403	31,498	25,603
Quantity in 000 lbs. ..	24,420	28,613	36,617	27,165	30,767	31,027	28,547	28,562	33,898	27,065	22,677	23,740	15,164	16,569
7. Tea	55,777	33,276	51,426	19,352	27,821	35,490	1,067	21,304	6,384	..	10,037	10,985	833	..
Quantity 000 lbs. ..	26,027	14,083	21,030	8,357	10,579	15,756	492	11,359	3,118	..	5,520	6,388	287	..
8. Jute goods	22,846	105,942	91,141	91,270	155,170	227,131	314,055	302,744	306,843	323,204	300,735	575,467	581,039	460,441
Quantity tons	13,913	88,189	73,232	69,386	136,259	203,271	..	..	..	..	..	..	..	..
9. Cotton twist & yarn ..	568	32,714	75,793	28,285	43,536	175,346	73,612	10,172	20,376	98,906	139,449	104,897	117,808	155,087
Quantity 000 lbs. ..	404	17,841	43,216	15,461	28,066	123,096	39,050	4,969	11,532	60,811	76,896	55,284	66,713	100,860
10. Cotton piece goods ..	707	2,988	17,979	5,103	10,462	56,045	44,619	30,910	67,605	90,393	132,754	149,282	159,132	134,783
Quantity 000 yds. ..	..	..	..	..	..	..	60,729	43,633	112,214	143,713	195,035	196,124	212,331	186,998
11. Fish excluding canned ..	26,260	28,836	25,949	20,232	32,197	46,670	56,873	72,111	108,489	100,117	84,968	47,748	60,824	41,919
Quantity cwt.	606,498	142,893	513,826	470,096	447,656	595,345	574,409	637,837	954,841	809,787	648,000	385,420	421,023	202,951

TABLE 43—*contd.*

(Value in '000' Rs.)

Commodity	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68 (July-Mar.)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
12. Rice	20,244	64,560	..	99	16,649	68,288	48,981	86,502	172,837	105,570	120,397	132,519	175,903	99,519
Quantity tons ..	77,015	201,797	..	100	24,091	117,142	69,714	101,839	181,440	110,427	180,156	145,631	179,502	82,461
13. Footwear	16	149	1,262	2,664	2,595	3,621	3,003	2,226	4,880	12,082	18,055	8,175	15,781	19,593
14. Leather & leather goods ..	298	1,279	2,630	2,664	3,416	15,187	10,403	17,379	20,504	38,002	58,663	75,298	128,102	84,723
15. Sports goods	5,934	9,483	13,990	11,473	9,711	11,817	11,521	13,342	17,444	18,529	13,069	19,269	20,085	16,142
16. Carpets	130	478	1,514	267	261	6,055	9,387	17,341	11,546	29,448	28,854	12,998	39,796	26,924
17. Wheat	56	121	744	..	..	21	16	..	..	813	5	313	..	22
Quantity tons	300	572	2,710	..	..	21	25	...	..	2,017	..	777	..	31
18. Others	63,445	99,621	124,511	71,214	62,757	110,223	80,519	146,805	181,315	244,610	261,909	321,634	367,689	206,776
Total Value	1,169,278	1,777,815	1,607,536	1,421,650	1,325,330	1,832,024	1,786,371	1,824,629	2,223,124	2,2,80346	2,395,349	2,691,037	2,870,926	2,313,681

(*a*) cwt.

Source :—Central Statistical Office.

Note. —Data up to December 1956 relate to private account only whereas from January 1957 it is on both Government and private accounts.
2 From 1959-60 total exports do not include re-exports.

Table No. 44

MAJOR IMPORTS

(Value in '000' rupees)

Item	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68 (July-Mar.)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Chemicals	18,533	25,533	35,126	48,486	34,345	60,974	67,138	53,055	57,964	93,763	107,455	54,662	99,206	58,956
2. Drugs and medicines ..	29,914	48,994	45,638	45,085	42,074	80,295	90,256	81,120	73,273	104,446	115,849	71,432	81,606	52,394
3. Dyes and colours ..	18,487	24,265	36,471	35,992	27,517	43,743	57,136	61,593	58,200	75,201	117,616	64,372	87,649	42,651
4. Electrical goods ..	20,085	21,948	48,901	66,939	37,143	74,236	71,266	77,068	111,380	128,718	329,027	314,122	302,123	225,710
5. Machinery	318,523	181,910	268,675	304,818	324,823	551,055	505,474	638,671	977,358	934,256	935,475	933,094	962,080	824,091
6. Paper, pasteboard and stationery.	19,633	19,748	20,537	16,887	14,088	30,768	24,747	31,149	32,670	38,394	46,265	51,372	73,787	40,203
7. Rubber manufactures ..	11,340	18,563	25,004	16,098	14,387	37,890	40,411	33,092	46,936	59,211	69,782	40,050	43,610	23,835
8. Transport equipment ..	44,526	58,423	91,212	139,639	98,811	152,770	254,492	316,348	339,961	478,348	537,097	466,530	46,057	317,571
9. Woollen yarn and manufactures.	3,054	4,306	2,416	931	453	727	984	2,253	2,828	1,911	6,214	5,055	5,212	2,698
10. Art silk yarn	12,415	17,767	24,003	10,614	7,407	23,602	14,382	24,336	19,144	34,917	36,918	31,855	32,614	7,819
11. Cotton twist and yarn ..	28,289	15,105	8,944	6,968	1,492	8,700	21,913	13,196	11,263	10,652	19,878	8,710	11,883	4,680
12. Cotton piece goods ..	36,737	63,489	11,205	1,729	1,183	4,159	2,408	3,631	1,794	2,494	4,296	1,577	2,480	254
13. Iron and steel and manufactures thereof.	70,608	114,392	167,422	246,905	197,995	214,942	396,387	419,718	446,341	596,931	877,830	475,816	636,571	279,624
14. Non-ferrous metals and manufactures thereof.	9,644	17,555	29,655	30,925	22,011	42,698	87,991	85,570	83,680	80,072	106,241	68,642	152 716	86,180
15. Oil-minerals	108,195	114,264	102,380	81,550	99,940	238,158	302,554	244,505	236,693	243,466	125,452	147,043	259,097	175,580
16. Oil-vegetable	3,759	9,494	7,370	10,785	7,387	57,255	89,289	78,805	174,704	124,691	204,653	160,576	94,374	106,654
17. Grains, pulses & flour ..	139	1,210	299,254	594,517	329,373	459,387	552,921	316,344	387,554	573,133	680,302	360,860	770.734	531,780
18. Other imports	168,305	241,873	368,393	391,100	317,976	379,631	607,886	628,644	757,028	849,547	1,053,855	944,571	110,9453	736,839
Total ..	922,186	998,839	1,592,606	2,049,968	1,578,405	2,460,990	3,187,635	3,109,098	3,818,771	4,430,151	5,374,205	4,208,339	519,2252	351,7519

Note.—Data on private account only up to December 1956 and on Government and private accounts from January 1957.

Source :—Central Statistical Office.

TABLE No. 45

BALANCE OF TRADE BY AREAS AND COUNTRIES

(In lakh rupees)

Area/Country	1963-64			1964-65			1965-66			1966-67		
	Imports	Exports	Balance	Imports	Exports	Balance	Imports	Exports	Balance	Imports	Exports	Balance
EUROPE TOTAL ..	15,244	8,544	—6,700	20,860	8,030	—12,830	18,725	11,303	—7,422	20,973	12,243	—8,730
E. F. T. A.	7,287	3,776	—3,511	8,498	3,559	—4,939	8,042	4,072	—3,970	8,266	4,136	—4,130
U. K.	6,367	3,317	—3,050	7,350	3,063	—4,287	6,365	3,544	—2,821	6,809	3,527	—3,282
Switzerland ..	386	73	—313	521	67	—454	535	56	—479	605	97	—508
Sweden	255	94	—161	273	138	—135	422	140	—282	382	170	—212
Norway	48	6	—42	52	6	—46	62	8	—54	106	6	—100
Denmark	119	55	—64	171	85	—86	456	73	—383	139	50	—89
Austria	33	44	+11	72	30	—42	66	35	—31	130	51	—79
Portugal	79	187	+108	59	170	+111	136	216	+80	95	235	+140
E. C. M. TOTAL ..	7,135	3,356	—3,779	10,589	3,075	—7,514	8,673	4,717	—3,956	8,986	4,226	—4,760
West Germany ..	4,774	665	—4,109	7,311	711	—6,600	5,045	1,023	—4,022	4,572	1,141	—3,431
France	456	941	+485	729	769	+40	624	1,051	+427	1,087	814	—273
Italy	805	508	—297	1,257	341	—916	1,860	589	—1,271	2,022	729	—1,293
Belgium-Luxembourg	467	857	+390	687	913	+226	441	1,563	+1,122	471	1,002	+531
Netherlands ..	633	385	—248	605	341	—264	693	491	—202	834	540	—294
COMMUNIST COUNTRIES TOTAL ..	722	994	+272	1,693	842	—851	1,857	1,778	—79	3,470	3,071	—399
~~U.S.S.R.~~	~~405~~	~~129~~	~~—275~~	~~631~~	~~117~~	~~—514~~	~~679~~	~~800~~	~~+121~~	~~1,792~~	~~1,372~~	~~—420~~
Poland	80	203	+123	241	292	+51	393	448	+55	572	579	+7

—86	203	130	—	325	266	—59
+13	90	55	—35	171	125	—46
+20	49	52	+3	155	182	+27
—15	19	14	—5	170	201	+31
—67	374	279	—95	276	295	—19
—32	36	..	—36	4	..	—4
—219	14	..	—14	5	51	+46
—2	..	..	..	..	..	..
+473	153	736	+583	251	810	+559
+51	76	68	—8	34	72	+38
+67	7	163	+156	102	301	+199
+129	1	166	+165	1	59	+58
+243	45	329	+284	35	373	+338
—17	24	9	—15	79	5	—74
—19,089	15,408	4,039	—11,369	16,990	3,756	—13,234
—18,831	14,478	2,938	—11,540	15,281	2,960	—12,321
—1,068	922	234	—688	1,683	189	—1,494
+241	4	259	+255	6	186	+180
+270	..	235	+235	—	—	..
+52	..	135	+135	—	112	+112
+124	..	93	+93	—	166	+166
+128	4	145	+141	20	143	+123

TABLE No. 45—*contd.*

Area/Country	1963-64			1964-65			1965-66			1966-67		
	Imports	*Exports*	*Balance*	*Imports*	*Exports*	*Balance*	*Imports*	*Exports*	*Balance*	*Imports*	*Exports*	*Balance*
OCEANIA : TOTAL ..	541	783	+242	509	569	+60	335	839	+504	2,938	1,072	—1,866
Australia	532	741	+209	497	546	+49	329	810	+481	2,919	940	—1,979
New Zealand ..	9	42	+33	12	23	+11	6	29	+23	19	132	+113
ASIA : TOTAL ..	8,494	8,658	+164	10,038	10,271	+230	7,433	8,351	+918	10,756	9,820	—936
Japan	2,888	1,304	—1,584	4,839	1,312	—3,527	3,779	1,372	—2,407	1,529	1,193	—335
Ceylon	319	281	—38	336	537	+201	360	453	+93	362	589	+227
Burma	558	483	—75	508	953	+445	357	422	+65	537	634	+97
India	945	1,114	+169	1,277	2,198	+921	262	180	—82	22	7	—13
Afghanistan ..	426	239	—187	429	345	—84	616	496	—120	985	538	—447
Iran	1,678	97	—1,581	669	121	—548	289	136	—153	1,243	173	—1,070
Saudi Arabia ...	156	176	+20	67	188	+121	24	206	+182	7	314	+307
Malaysia	195	212	+17	431	206	—225	152	240	+88	282	140	—142
Singapore	177	85	—92				62	105	+43	197	999	+802
Indonesia	15	62	+47	29	223	+194	105	772	+667	246	49	—197
Thailand	11	33	+22	11	37	+26	48	8	—40	73	18	—55
Philippines	5	92	+87	28	69	+41	24	51	+27	15	84	+69
Aden	23	134	+111	45	231	+186	24	125	+101	2	154	+152
Iraq	35	394	+359	37	129	+92	23	105	+82	40	174	+134
Bahrein	149	89	—60	27	161	+134	10	214	+204	12	121	+109
Kuwait	15	268	+253	5	185	+180	148	307	+159	203	530	+327
Hong Kong	106	1,529	+1,423	176	1,131	+955	102	1,104	+1,032	122	1,302	+1,180
Vietnam Republic ..	3	54	+51	..	53	+53	..	52	+52	—	51	+51

—823	968	1,547	+579	1,592	2,216	+624
+8	14	42	+28	27	44	+17
..	..	48	+48	..	2	+2
+234	66	366	+300	3,261	488	—2,773
+1,985	162	2,645	+2,483	204	3,149	+2,945
+156	38	158	+120	19	191	+172
+230	49	281	+232	70	207	+137
+22	1	7	+6	..	16	+16
+23	9	95	+86	8	136	+128
+3	10	..	—10	..	7	+7
+90	..	238	+238	1	223	+222
+16	1	51	+51	30	22	—8
+72	5	51	+46	6	33	+27
—29	20	24	+4	14	4	+10
+18	..	37	+37	2	39	+37
+42	3	66	+63	5	67	+62
+434	4	794	+790	29	1,403	+1,374
+54	—	235	+235	..	166	+166
+9	9	29	+20	..	15	+14
+845	19	579	566	20	620	+600
—	—		—	62	11	—51

Source : Central Statistical Office.

TABLE No. 46

IMPORTS OF CAPITAL GOODS INDUSTRIAL RAW MATERIALS AND CONSUMER GOODS

Year	Item		In crore Rupees	Percentages
1960-61		Total ..	318.8	100.00
	Capital goods	..	121.4	38.08
	Industrial Raw Materials	..	104.3	32.71
	Consumer goods	..	93.1	29.20
1961-62		Total ..	310.9	100.00
	Capital goods	..	146.7	47.18
	Industrial Raw Materials	..	95.4	30.68
	Consumer goods	..	68.8	22.12
1962-63		Total ..	381.9	100.00
	Capital goods	..	192.0	50.27
	Industrial Raw Materials	..	113.3	29.66
	Consumer goods	..	76.6	20.05
1963-64		Total ..	443.0	100.00
	Capital goods	..	208.4	47.04
	Industrial Raw Materials	..	139.0	31.37
	Consumer goods	..	956	21.58
1964-65		Total ..	537.4	100.00
	Capital goods	..	268.9	50.03
	Industrial Raw Materials	..	149.7	27.85
	Consumer goods	..	118.8	22.11
1965-66		Total ..	420.8	100.00
	Capital goods	..	223.5	53.11
	Industrial Raw Materials	..	122.5	29.11
	Consumer goods	..	74.8	17.77
1966-67		Total ..	519.2	100.00
	Capital Goods	..	234.6	45.18
	Industrial Raw Materials	..	166.1	31.99
	Consumer goods	..	118.5	22.82
1967-68 (July-March)*		Total ..	351.8	100.00
	Capital goods	..	173.1	49.20
	Industrial Raw Materials	..	104.0	29.56
	Consumer goods	..	74.7	21.23

*Estimated

TABLE No. 47

INDICES OF UNIT VALUES OF IMPORTS AND EXPORTS AND TERMS OF TRADE

(1954-55 = 100)

Period (July—June)	Total		Food, Beverages & Tobacco		Crude Materials		Manufactured Goods chiefly Classified by Materials		Miscellaneous Manufactured Goods		Indices of terms of trade
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	
1955-56	138.0	118.8	142.2	100.3	148.6	121.9	144.5	120.3	100.9	114.3	86.1
1956-57	170.9	131.8	187.0	100.6	153.6	138.0	196.3	106.7	107.3	124.4	77.1
1957-58	168.5	143.4	187.7	183.8	170.7	136.8	199.1	127.7	94.3	144.2	85.1
1958-59	161.4	128.3	178.8	161.6	131.0	123.7	178.5	95.9	109.8	116.9	79.5
1959-60	157.8	126.5	190.4	139.9	168.5	124.7	166.8	100.7	122.7	158.5	80.2
1960-61	168.9	186.0	186.3	144.8	165.0	195.6	194.3	129.3	117.2	117.8	110.2
1961-62	160.4	156.0	207.9	176.9	124.8	154.2	177.5	107.8	133.2	123.6	97.3
1962-63	168.9	144.3	136.3	189.9	166.9	138.0	201.7	103.9	157.7	107.2	85.5
1963-64	159.4	141.2	178.9	188.5	148.7	133.9	172.2	112.1	159.4	141.8	88.6
1964-65	141.4	157.9	138.0	163.2	140.7	158.5	166.3	122.6	237.0	113.6	111.7
1965-66	167.6	158.5	195.5	180.4	190.8	154.6	195.4	144.2	172.0	224.7	94.6
1966-67	157.4	185.9	262.0	214.0	107.2	181.7	170.4	178.8	205.7	138.1	118.1

Source: Central Statistical Office.

TABLE NO. 48

IMPORTS OF WHEAT, RICE AND SUGAR

(Quantity in tons)

Year (July—June)	Wheat	Rice	Sugar*
1947-48	44,660	5,513	..
1948-49	1,45,285	19,833	..
1949-50	..	43,170	..
1950-51	..	..	..
1951-52	..	..	..
1952-53	8,88,114	..	49,517
1953-54	7,59,034	..	59,909
1954-55	..	..	85,175
1955-56	1,21,282	54,878	86,736
1956-57	7,67,793	5,41,268	87,768
1957-58	9,38,078	4,21,267	68,164
1958-59	5,46,751	1,82,210	86,563
1959-60	9,68,164	3,60,960	23
1960-61	13,10,508	3,82,414	73
1961-62	8,51,138	2,03,341	82,733
1962-63	15,81,875	2,44,643	1,14,081
1963-64	15,20,561	1,42,724	1,252
1964-65	17,08,523	61,564	96,962
1965-66	12,68,164	47,948	73,179
1966-67	17,70,803	1,90,799	..
1967-68 (July—April)	19,16,236(a)	1,49,000	..

Source : Ministry of Agriculture and Works.

*Central Statistical Office.

(*a*) Includes 40,318 tons wheat seed.

TABLE No. 49

BALANCE OF PAYMENTS

(In lakh rupees)

Item	1965-66			1966-67			1967-68 (July—Dec.)		
	Credit	*Debit*	*Net Credit*	*Credit*	*Debit*	*Net Credit*	*Credit*	*Debit*	*Net Credit*
A. Goods and services ..	**3,20,06**	**5,50,57**	**—2,30,51**	**3,28,30**	**6,33,24**	**—3,04,94**	**1,49,76**	**3,25,82**	**—1,76,05**
1. Merchandise	2,68,68	4,36,57	—1,67,89	2,75,23	4,98,12	—2,22,89	1,23,86	2,60,59	— 136,73
2. Non-Monetary Gold ..	7	—	+7	—	—	—	1	—	+ 1
3. Freight and Insurance on International Shipments ..	2,18	40,16	—37,98	98	46,77	—45,79	16	25,06	—2491
(*i*) Freight	181	38,14	—36,33	68	43,92	—43,24	11	23,66	—23,56
(*ii*) Insurance	36	202	—166	30	2,85	—2,55	5	140	—135
4. Other Transportation ..	709	694	+15	7,54	9,99	—2,45	435	415	+20
5. Travel	103	2,73	—1,70	1,18	4,89	—3,71	127	199	—72
6. Investment Income ..	434	29,73	—25,39	5,25	29,70	—24,45	196	15,96	—13,99
7. Government, not included elsewhere	1,689	20,52	—3,63	17,64	30,20	—12,56	5,84	9,28	—3,43
8. Other services	19,76	13,94	+5,82	20,47	13,56	+6,91	12,30	8,78	+3,51
(*i*) Non-Merchandise insurance	115	103	+12	57	1,34	—77	22	145	—122
(*ii*) Others	1,861	12,91	+5,70	19,90	1,223	+767	1208	733	+475
B. Transfer payments ...	**1,0,906**	**3,25**	**+1,05,81**	**10,3,63**	**302**	**+100,61**	**7401**	**141**	**—7260**
9. Private	2,140	3,17	+18,23	2,031	3,02	+17,29	1287	141	+1146
10. Central Government ..	87,67	8	+87,59	83,32	—	+83,32	6114	—	+6114

TABLE NO. 49—*contd.*

Item	1965-66			1966-67			1967-68 (July—Dec.)		
	Change in			*Change in*			*Change in*		
	Assets	*Liabilities*	*Net Position*	*Assets*	*Liabilities*	*Net Position*	*Assets*	*Liabilities*	*Net Position*
C. Capital and monetary gold ..	**—35,52**	**—1,58,67**	**+1,23,16**	**+40,18**	**—1,69,43**	**+2,09,61**	+23,30	—88,23	+11,153
11. Private long-term (including all direct investment)	..	—17,50	+17,50	+51	—24,09	+24,60	+29	—10,93	+11,22
12. Private short-term (other than direct investment) ..	..	—1,85	+1,85	...	—1	+1	+2	+21	—20
13. Local Governments ..	—	+1,30	—1,30	—	—1,58	+1,58	—	—3,39	+3,39
14. Central Government ..	—2,99	—1,16,88	+1,13,89	—3,06	—1,43,91	+1,40,85	+5,91	—63,98	+69,89
(*i*) Long-term loans ..	—	—1,16,88	+1,16,88	—	—1,43,91	+1,43,91	—	—63,98	+63,98
(*ii*) Other long term assets and liabilities ..	+1,85	—	+1,85	—5,67	—	—5,67	+7,24	—	+7,24
(*iii*) Other short term assets and liabilities	—4,85	—	—4,85	+2,62	—	+2,62	—1,34	—	—1,34
15. Central Monetary Institutions	—43,45	—35,98	—7,46	+41,45	+1,11	+40,34	+1,77	—65	+2,43
(*i*) Accounts with I.M.F.	—18,10	—35,95	+17,85	—	+91	—91	—	—13	+13

(*ii*) Marketable assets ..	—21,95	—	—21,95	+41,22	—	+41,22	+7,08	—	+7,08
(*iii*) Deposits	—3,33	—3	—3,30	+22	+20	+2	—529	—53	—4,76
(*iv*) Gold	—7	—	—7	...	—	...	1	—	1
16. Other Monetary Institutions	+10,92	+12,24	—1,32	+1,29	—95	+2,23	+1532	—950	+24,81
(*i*) Deposits	—4,54	+11,91	—16,45	+6,44	—55	+6,99	—2,82	—9,13	+6,31
(*ii*) Other foreign assets and liabilities ..	+15,46	+33	+15,13	— 5,16	—40	—4,76	+18,13	—37	+18,49
D.									
17. Errors and Omissions ..	+1,55	—	+1,55	—5,28	—	—5,28	—8,08	—	—8,08
E.									
18. Multilateral Settlements ..	—	—	—	—	—	—	—		—

...Amount less than Rs. 50,000 —nil. *Source* : State Bank of Pakistan.

Note.—Pakistan adopted the compilation of balance of payments in accordance with the revised I.M.F. manual (1961 edition) with effect from July 1964.

Total may exhibit small difference due to rounding off.

TABLE NO. 50

BALANCE OF PAYMENTS

RECORDED RECEIPTS* FROM EXPORTS

(In lakh rupees)

Commodity	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68 (July-Dec.)
Cotton ..	17,15	19,46	16,38	40,10	44,27	33,05	28,63	26,09	8,81
Cotton manufactures..	23,04	12,20	4,92	9,18	11,53	18,83	22,96	25,64	16,36
Jute	76,04	87,18	86,98	84,75	77,56	92,58	97,78	90,91	39,14
Jute manufactures ..	22,33	32,00	33,90	31,71	34,12	32,00	59,17	63,08	28,23
Hides and skins	9,37	7,41	8,93	8,06	7,60	6,13	3,00	1,33	89
Tea	4,65	12	2,42	1,02	1	1,01	1,57	7	3
Wool ..	8,25	8,34	8,73	9,13	9,76	7,30	6,74	3,98	1,59
Other exports ..	23,80	25,89	34,20	44,14	44,87	56,20	57,03	71,54	32,89
Total ..	1,84,65	1,92,60	1,96,47	2,28,09	2,29,72	2,47,10	2,76,88	2,82,64	1,27,94

* Recorded receipts are on a mixed c. & f. and f. o. b. basis and hence differ from those appearing in the table giving overall position.

TABLE NO. 51

GOLD, DOLLAR AND STERLING RESERVES HELD AND CONTROLLED BY THE STATE BANK OF PAKISTAN

(In lakh rupees)

Year/Month/Date			*Year/Month/Date*		
1948			1960		
June	30	51,79	June	30	116,96
December	31	141,61	December	31	129,40
1949			1961		
June	30	165,51	March	31	143,00
December	31	98,02	June	30	122,50
			September	30	109,26
1950			December	31	113,30
June	30	95,85			
December	31	94,16	1962		
			March	31	114,84
1951			June	30	112,83
June	30	151,31	September	30	104,98
December	31	148,17	December	31	118,41
1952			1963		
June	30	104,57	March	31	132,84
December	31	60,61	June	30	143,62
			September	30	138,41
1953			December	31	132,80
June	30	66,88			
December	31	68,89	1964		
			March	31	140,81
1954			June	30	123,53
June	30	63,05	September	30	117,66
December	31	63,10	December	31	104,28
1955			1965		
June	30	69,64	March	31	107,01
December	31	115,62	June	30	95,17
			September	30	96,50
1956			December	31	98,97
June	30	139,47			
December	31	126,29	1966		
			March	31	126,07
1957			June	30	126,33
June	30	120,05	September	30	106,91
December	31	102,14	December	31	93,93
1958			1967		
June	30	88,05	March	31	82,66
December	31	76,58	June	30	79,32
			September	30	78,87
1959			December	31	75,89
June	30	104,32			
December	31	122,72	1968		
			March	31	81,64*

*Provisional.

FOREIGN ECONOMIC ASSISTANCE

TABLE No. 52

COMMITMENTS OF FOREIGN AID (GRANTS AND LOANS)

(As on 31st December, 1967)

(In million U.S. dollars)

Country/Agency	Pre 1st Plan		1st Plan		2nd Plan		3rd Plan (1st 2-1/2 years)		Upto December 31, 1967		
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Total
1	2	3	4	5	6	7	8	9	10	11	12
Australia :											
Capital aid	26.342	..	2.790	..	7.090	..	2.446	..	38.668	..	38.668
Belgium :											
Capital aid	..	..	..	..	..	..	..	0.500	..	0.500	0.500
Export credits	..	..	..	..	..	0.517	..	2.016	..	2.533	2.533
Sub-Total ..	..	..	..	..	..	0.517	..	2.516	..	3.033	3.033
Canada :											
Capital aid	42.340	..	62.850	..	65.515	11.315	37.169	68.765	207.874	80.080	287.954
China :											
Capital aid	..	..	..	..	..	60.000	..	6.932	..	66.932	66.932
Czechoslovakia :											
Export credits	..	..	..	..	..	..	..	41.902	..	41.902	41.902

Denmark :													
Capital aid	..	..	..	..	..	..	...	..	..	2.000	..	2.000	2.000
Export credits	..	..	..	..	..	..	..	7.409	..	..	..	7.409	7.409
Sub-Total		..	..	..	—	—	..	7.409	..	2.000	..	9.409	9.409
France :													
Export credits	..	..	..	..	..	23.045	..	33.034	..	33.593	..	89.672	89.672
Germany :													
Capital aid	..	..	..	..	..	..	..	134.633	..	73.242	..	207.875	207.875
Export credits	..	..	..	..	..	..	..	89.789	..	41.703	..	131.492	131.492
Sub-Total		.	—	..	..	—	..	224.422	..	114.945	..	339.367	339.367
Italy :													
Export credits	..	..	..	..	..	..	..	5.908	..	37.115	..	43.023	43.023
Japan :													
Capital aid	..	..	..	..	..	..	..	103.352	..	90.000	..	193.352	193.352
Export credits	..	..	—	..	..	..	..	68.613	..	..	..	68.613	68.613
Sub-Total		..	—	..	..	..	..	171.965	..	90.000	..	261.965	261.965
Netherlands :													
Capital aid	..	..	..	..	..	..	..	6.630	..	7.182	..	13.812	13.812
Export credits	..	..	..	..	..	6.160	..	8.183	..	0.281	..	14.624	14.624
Sub-Total		..	..	..	..	6.160	..	14.813	..	7.463	..	28.436	28.436

TABLE No. 52—*contd.*

Country/Agency	Pre 1st Plan		1st Plan		2nd Plan		3rd Plan (1st 2-1/2 years)		Upto December 31, 1967		
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Total
1	2	3	4	5	6	7	8	9	10	11	12
New Zealand :											
Capital aid	3.130	..	2.490	..	1.112	..	..	..	6.732	..	6.732
Poland :											
Export credits	..	..	..	..	..	..	..	5.630	..	5.630	5.630
Switzerland :											
Export credits	..	..	..	..	..	0.114	..	9.430	..	9.544	9.544
Sweden :											
Capital aid	..	..	..	..	..	..	..	6.592	..	6.592	6.592
Export credits	..	..	..	..	..	..	..	0.303	..	0.303	0.303
Sub-Total ..	..	..	..	..	..	..	..	6.895	..	6.895	6.895
U. K. :											
Capital aid	1.150	28.000	3.630	28.000	5.696	123.424	..	74.354	10.476	253.778	264.254
Export credits	..	..	..	..	..	16.884	..	12.878	..	29.762	29.762
Sub-Total ..	1.150	28.000	3.630	28.000	5.696	140.308	..	87.232	10.476	283.540	294.016

U.S.A. :											
Grants	88.121	..	401.527	–	160.410	–	16.196	..	666.254	..	666.254
D. L. F. Loans	...	..	..	123.839	...	92.457	..	..	..	216.296	216.296
A. I. D. loans	..	..	..	..	..	699.854	..	275.198	..	975.052	975.052
Export credits	..	..	..	3.610	..	21.751	..	24.691	..	50.052	50.052
Sub-Total	88.121	..	401.527	127.449	160.410	814.062	16.196	299.889	666.254	1,241.400	1,907.654
Exim Bank :											
@	–	15.000	..	2.827	...	45.479	..	14.303	..	77.609	77.609
*	..	20.000	..	68.000	..	...	...	...	..	88.000	88.000
Sub-Total	..	35.000	..	70.827	..	45.479	..	14.303	..	165.609	165.609
P. L. 480 Title II	84.559	..	36.841	..	49.267	..	2.850	..	173.517	..	173.517
PL-480 Title III	1.207	..	29.741	..	20.808	..	3.474	..	55.230	..	55.230
U.S.S.R. :											
Capital aid	..	..	..	..	..	30.000	..	..	..	30.000	30.000
Export credits	..	..	..	..	..	11.000	..	38.596	..	49.596	49.596
Sub-Total	..	..	..	..	..	41.000	..	38.596	..	79.596	79.596
Yugoslavia	..	..	..	..	..	29.562	..	43.858	..	73.420	73.420
Suppliers credits	..	..	..	42.285	..	...	..	..	..	42.285	42.285
I.B.R.D.	..	58.227	..	92.655	..	209.239	..	100.000	..	460.121	460.121
I.D.A.	..	..	..	..	..	246.026	..	84.950	..	330.976	330.976
I.F.C.	...	–	...	1.380	..	9.520	..	3.200	..	14.100	14.100
U.N. & Specialized Agencies	3.470	–	5.150	–	4.311	–	–	...	12.931	..	12.931

@ Loans repayable in US dollars.
* Loans repayable in Pak-rupees.

TABLE No. 52—*contd.*

Country/Agency	Pre 1st Plan		1st Plan		2nd Plan		3rd Plan (1st 2-1/2 years)		Upto December 31, 1967		
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Total
1	2	3	4	5	6	7	8	9	10	11	12
U.N. Special Fund ..	..	..	5.730	..	6.131	..	..	..	11.861	..	11.861
Ford Foundation ..	..	..	17.230	..	19.329	..	7.529	..	44.088	..	44.088
Others	0.200	..	4.600	..	0.030	..	..	..	4.830	..	4.830
TOTAL ..	250.519	121.227	572.579	391.801	339.699	2,064.693	69.664	1,099.214	1,232.461	3,676.934	4,909.395

TABLE NO. 53

DISTRIBUTION OF FOREIGN LOANS BETWEEN PUBLIC AND PRIVATE SECTORS

(As on 31st December, 1967)

(In million US dollars)

Economic Sector	*Public*	*Private*	*Total*
I.—PROJECT LOANS :			
Agriculture	59.850	27.000	86.850
Water and Power	694.003	77.770	771.773
Industries	349.064	579.287	928.351
Fules and Minerals	32.239	46.394	78.633
Transport and Communications.. ..	539.009	199.939	738.948
Social Services	90.949	..	90.949
Total ..	1,765.114	930.390	2,695.504
II.—NON-PROJECT LOANS	981.431	..	981.431
Total I & II ..	2,746.544	930.390	3,676.934

Source : Economic Affais Division.

Due to rounding off figures, total may show minor differences.

Note :—Central Government assumes all responsibilities for repayment and interest payment in respect of non-project loans. Accordingly these loans have been entirely shown under the public sector for which they generate rupee funds.

TABLE No. 54

OUTSTANDING EXTERNAL INDEBTEDNESS OF PAKISTAN

(As on 31st December, 1967)

(In million US dollars)

Country/Agency	Loans contracted	Loans disbursed	Loans repaid	Loans outstanding	Loans undisbursed	Interest paid
1	2	3	4	5	6	7
1.—Loans repayable in Foreign Exchange						
CAPITAL AID :						
1. Belgium	00.500	00.500	..	00.500	..	..
2. Canada	80.080	27.355	1.500	25.855	52.725	1.936
3. China	66.932	33.387	..	33.387	33.546	..
4. Denmark	2.000	00.053	....	00.053	1.947	..
5. Germany	207.875	144.012	1.566	142.446	63.863	18.925
6. Japan	193.352	108.750	2.000	106.750	84.602	12.986
7. Netherlands	13.812	7.589	..	7.589	6.223	00.456
8. Sweeden	6.592	00.912	..	00.912	5.679	00.001
9. U. K.	253.778	204.065	58.506	124.765 (a)	42.611 (a)	27.085
10. U. S. /AID	975.052	744.718	..	744.718	230.334	14.206
11. U. S. EXIMBANK	77.609	73.889	27.269	46.621	3.720	9.588
12. U. S. S. R.	30.000	25.847	5.133	20.715	4.153	1.192

13. I. B. R. D.	460.121	291.857.	97.202	194.654	168.265	64.791
14. I. D. A.	330.976	188.746	..	188.746	142.230	1.468
15. I. F. C.	14.100	10.260	2.082	8.178	3.840	1.974
Total—Capital Aid ..	2,712.780	1,861.940	195.257	1,645.887	843.738	154.608
EXPORT CREDITS :						
1. Belgium	2.533	00.548	00.109	00.439	1.984	00.041
2. Czechoslovakia	41.902	6.890	2.907	3.983	35.011	..
3. Denmark	7.409	7.409	2.479	4.930	..	00.548
4. France	89.672	65.402	31.215	34.187	24.271	1.251
5. Germany	.1.492	110.604	49.306	61.298	20.888	14.783
6. Italy	43.023	24.009	2.951	21.058	19.014	00.609
7. Japan	68.613	68.353	47.153	21.200	00.259	6.810
8. Netherlands	14.624	14.286	8.990	5.296	00.338	1.325
9. Poland	5.630	4.318	00.990	3.328	1.312	00.013
10. Sweeden	00.303	00.138	00.043	00.095	00.165	00.008
11. Switzerland	9.544	3.218	00.378	2.840	6.326	00.038
12. U. K.	29.762	25.813	5.538	17.379 (a)	3.384 (a)	1.355

(a) The outstanding and undisbursed sterling loan amounts have been converted at the post-devaluation rate of £ 1 = $ 2.4. This has resulted in a reduction of $ 20,794,109 and $ 7,101,891 under U.K Capital aid and $ 2,896,463 and $ 564,035 in terms of dollars (as also in rupees) under U.K. credits representing a gain in exchange on account of devaluation of sterling.

TABLE No. 54—*contd.*

(In million US dollars)

Country/Agency		Loans Contracted	Loans disbursed	Loans repaid	Loans outstanding	Loans undisbursed	Interest paid
1		2	3	4	5	6	7
13.	U. S. A.	50.052	49.572	15.456	34.116	00.480	3.825
14.	U. S. S. R.	49.596	20.160	4.621	15.538	29.437	00.570
15.	Yugoslavia	73.420	19.031	10.131	8.900	54.390	00.710
16.	Suppliers Credits	42.285	42.285	42.285*	..	..	
	Total—Export Credits ..	659.858	462.036	224.552	234.587	197.258	34.601
	Total—(I) ..	3,372.638	2,323.976	419.809	1,880.475	1,040.997	189.219
	Rs. Crores ..	16,06.02	1,106.65	1,99.91	895.46	4,95.71	90.10
	II—Loans Repayable in Pak. Rupees						
1.	US-EXIMBANK	88.000	88.000	5.966	82.034	..	26.626
2.	US/DIF	216.296	215.975	48.366	167.609	00.321	36.848
	Sub-Total—(II) ..	304.296	303.975	54.332	249 643	00.321	63.474
	Rs. Crores ..	144.90	1,44.75	25.87	1,18.88	00.15	30.23
	Total—I & II ..	3,676.934	2,627.950	474.141	2,130.118	1,041.318	252.693
	Rs. Crores ..	17,50.92	1,251.40	2,25.78	1,014.34	495.87	120.33

* Includes interest payment

TRANSPORT AND COMMUNICATIONS

TABLE NO. 55

GROSS EARNINGS OF THE RAILWAYS

(Thousand rupees)

Year	P. E. Rly.	P. W. Rly.	Total
1948-49 (April—March)	125,736(*b*)	245,079	370,815
1949-50 "	118,840	255,378	374,218
1950-51 "	106,355	266,292	372,647
1951-52 "	113,147	295,533	408,680
1952-53 "	111,448	321,288	432,736
1953-54 "	102,974	339,630	442,604
1954-55 "	111,240	352,951	464,191
1955-56 "	128,377	361,763	490,140
1956-57 "	145,834	389,230	535,064
1957-58 "	153,144	418,948	572,092
1958-59 (April—June) 15 months	200,664	569,977	770,641
1959-60 (July—June)	171,702	482,697	654,399
1960-61 "	187,460	484,226	671,686
1961-62 "	194,755	475,846	670,601
1962-63 "	209,353	493,374	702,727
1963-64 "	235,815	543,252	779,067
1964-65 "	237,899	582,494	820,393
1965-66	224,604	592,102	816,706
1966-67	242,960	615,551	858,511
1967-68 (July—Sept.)	61,401	1,47,774	2,09,175

(*b*) Inclusive of Chittagong Port-earnings.

Source : Central Statistical Office.

TABLE NO. 56

RAIL MOVEMENT OF PASSENGERS AND FREIGHT

Year/Month	Number of passengers carried (thousands)			Passenger-miles (millions)			Freight carried (thousand tons)			Net Freight ton-miles (millions)		
	Total	*Pakistan Western Railway*	*Pakistan Eastern Railway*	*Total*	*Pakistan Western Railway*	*Pakistan Eastern Railway*	*Total*	*Pakistan Western Railway*	*Pakistan Eastern Railway*	*Total*	*Pakistan Western Railway*	*Pakistan Eastern Railway*
1948-49 (April—March)	139,121	71,654	67,467	6,178	4,016	2,162	10,194	5,356	3,838	2,339	1,702	637
1949-50 „ ..	117,693	67,791	49,902	5,486	3,685	1,801	11,292	7,176	4,116	2,462	1,807	655
1950-51 „ ..	117,975	69,661	48,314	5,722	3,882	1,840	10,725	7,812	2,913	2,718	2,223	495
1951-52 (July—June) ..	130,611	80,219	50,392	6,154	4,377	1,777	13,222	8,667	3,626	3,048	2,520	528
1952-53 „ ..	122,865	78,921	43,944	5,724	4,255	1,469	12,222	9,517	3,705	3,556	2,985	571
1953-54 „ ..	124,174	82,169	42,005	5,523	4,191	1,342	12,939	9,780	3,159	3,419	2,934	485
1954-55 „ ..	132,642	86,311	46,331	5,778	4,410	1,368	13,680	10,288	3,392	3,329	2,855	474
1955-56 „ ..	139,513	88,139	51,374	5,936	4,455	1,481	14,589	10,497	4,092	3,506	2,892	614
1956-57 „ ..	155,086	97,752	57,334	6,462	4,853	1,609	15,547	11,121	4,426	3,966	3,282	684
1957-58 „ ..	162,849	104,266	58,583	6,784	5,179	1,605	16,713	12,060	4,653	4,205	3,440	765
1958-59 „ ..	174,218	109,065	65,153	6,940	5,265	1,675	19,012	13,570	5,442	4,441	3,597	844
1959-60 „ ..	191,210	121,119	70,091	7,406	5,590	1,816	17,962	12,329	5,633	4,686	3,814	872
1960-61 „ ..	195,912	124,737	71,175	7,598	5,716	1,882	19,373	13,488	5,885	5,074	4,129	945
1961-62 „ ..	192,685	119,886	72,799	7,460	5,543	1,917	20,063	13,760	6,303	4,953	3,979	974
1962-63 „ ..	195,446	123,444	72,002	7,794	5,858	1,936	20,474	13,659	6,815	5,263	4,201	1,062
1963-64 „ ..	204,893	131,748	73,145	8,246	6,243	2,003	20,830	14,046	6,784	5,857	4,804	1,053
1964-65 „ ..	202,931	131,606	71,325	8,180	6,257	1,923	20,786	14,713	6,073	5,843	4,949	894
1965-66 „ ..	190,085	122,895	67,190	7,792	6,004	1,788	20,948	15,509	5,439	5,599	4,743	856
1966-67 „ ..	201,401	128,384	73,017	8,212	6,201	2,005	19,779	14,667	5,112	5,855	5,046	809

Source : Central Statiscal Office.

TABLE NO. 57

CARGO HANDLED AT PORTS

(In thousand tons)

Year (July—June)	KARACHI			CHITTAGONG			CHALNA			GRAND TOTAL—ALL PORTS		
	Import	*Export*	*Total*	*Import*	*Export*	*Total*	*Import*	*Export*	*Total*	*Import*	*Export*	*Total*
1950-51	2,302	1,172	3,474	1,207	423	1,630	8	69	77	3,517	1,664	5,181
1951-52	2,688	1,076	3,764	1,321	400	1,721	192	210	402	4,201	1,686	5,887
1952-53	3,017	897	3,914	1,054	570	1,624	94	335	429	4,165	1,802	5,967
1953-54	2,664	895	3,559	1,031	510	1,541	123	313	436	3,818	1,718	5,536
1954-55	2,147	892	3,039	902	490	1,392	88	392	480	3.137	1,774	4,911
1955-56	2,530	1,096	3,626	1,086	524	1,610	78	478	556	3,694	2,098	5,792
1956-57	3,271	1,017	4,288	1,746	456	2,202	206	501	707	5,223	1,974	7,197
1957-58	3,394	844	4,238	1,722	492	2,214	306	510	816	5,422	1,846	7,268
1958-59	2,641	967	3,608	1,638	521	2,159	218	580	798	4,497	2,068	6,565
1959-60	3,424	1,078	4,502	2,147	497	2,644	259	627	886	5,830	2,202	8,032
1960-61	3,911	1,068	4,979	2,222	396	2,618	374	480	854	6,507	1,944	8,451
1961-62	3,489	1,117	4,606	2,454	442	2,896	325	677	1,002	6,268	2,2336	8,504
1962-63	4,016	1,545	5,561	2,714	507	3,221	799	709	1,508	7,529	2,761	10,290
1963-64	4,523	1,331	5,854	3,300	563	3,863	861	800	1,661	8,684	2,694	11,378
1964-65	6,273	1,533	7,806	286	425	3,288	293	707	1,000	9,429	2,665	12,094
1965-66	5,184	1,869	7,053	3,098	543	3,641	618	872	1,490	8,900	3,284	12,184
1966-67	6,786	2,285	9,071	3,823	503	4,326	988	863	1,851	11,597	3,651	15,248
1967-68 (July—Dec.) ..	3,120	911	4,031	1,602	267	1,869	320	516	836	5,042	1,694	6,736

Source : Central Statistical Office.

TABLE NO. 58

ROAD MILEAGE STATISTICS

Year	Total East & West Pakistan	East Pakistan			West Pakistan		
		Total	High Type	Low Type	Total	High Type	Low Type
1947-48 (15th Aug. 1947 to 31st March 1948)	14,061	240	240	—	13,821	5,053	8,768
1948-49 (April—March) ..	15,712	240	240	—	15,472	5,433	10,039
1949-50 ,, ..	15,966	240	240	—	15,726	5,624	10,102
1950-51 ,, ..	16,716	390	240	50	16,326	6,150	10,176
1951-52 ,, ..	17,557	405	255	150	17,152	6,654	10,498
1952-53 ,, ..	18,699	420	270	150	18,279	7,001	11,278
1953-54 ,, ..	19,060	440	290	150	18,620	7,444	11,176
1954-55 ,, ..	19,572	470	320	150	19,102	7,980	11,122
1955-56 ,, ..	19,944	520	370	150	19,424	8,038	11,386
1956-57 ,, ..	20,027	600	450	150	19,424	8,238	11,186
1957-58 ,, ..	20,124	700	550	150	19,424	8,412	11,012
1958-59 (April—June)(*a*) ..	20,261	820	670	150	19,441	8.690	10,751
1959-60 (July—June) ..	20,724	1,040	890	150	19,684	8,772	10,912
1960-61 ,, ..	21,571	1,190	1,040	150	20,381	8,827	11,554
1961-62 ,, ..	22,332	1,342	1,192	150	20,990	9,002	11,988
1962-63 ,, ..	22,549	1,542	1,392	150	21,007	9,327	11,680
1963-64 ,, ..	23,191	1,794	1,644	150	21,397	9,445	11,952
1964-65 ,, ..	23,766	2,008	1,858	150	21,758	9,971	11,781
1965-66 ,, ..	25,629	3,593	2,112	1481	22,036	10,134	11,902
1966-67 ,, ..	25,941	3,685	2,204	1481	22,256	10,354	11.902

(*a*) April 1958 to June 1959.

Source : Ministry of Communications.

TABLE NO. 59

POSTAL SERVICE OPERATIONS

Year/Quarter	No. of registered letters booked			No. of registered parcels booked			Money Orders issued	
	Insured (000)	Ordinary (in lakhs)	Value payable (lakhs Rs.)	Insured (000)	Ordinary (in lakhs)	Value payable (000 Rs.)	Number (in lakhs)	Value (lakh Rs.)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
ALL PAKISTAN—								
1952-53 (July—June)	248	107	6.7	48	9.5	417	74	3,095
1953-54 ,,	270	114	7.3	53	10.5	359	80	3,230
1954-55 ,,	255	120	8.6	54	12.3	352	84	3,588
1955-56 ,,	284	131	9.1	72	13.6	374	90	4,014
1956-57 ,,	318	137	10.9	87	15.3	457	97	4,481
1957-58 ,,	318	143	11.3	96	15.6	457	98	4,856
1958-59 ,,	313	168	11.0	73	16.4	422	94	4,752
1959-60 ,,	293	153	11.6	63	19.6	437	102	5,340
1960-61 ,,	283	149	11.7	78	21.7	473	108	5,708
1961-62 ,,	253	145	11.7	84	22.9	516	113	6,051
1962-63 ,,	233	157	12.8	93	24.3	541	117	6,421
1963-64 ,,	223	165	11.9	90	26.4	556	118	7,205
1964-65 ,,	192	164	10.4	87	26.5	532	111	7,011
1965-66 ,,	177	166	8.8	96	26.6	440	113	7,389
1966-67 ,,	169	181	8.4	111	28.4	432	110	7,668
1967-68 (July—Dec) ...	78	90	3 9	54	15.6	214	57	2.032

Source :—Central Statistical Office.

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