



ANNUAL PLAN

1972-73

Planning Commission, Government of Pakistan

July, 1972

ANNUAL PLAN

1972 - 73

PLANNING COMMISSION, GOVERNMENT OF PAKISTAN

JULY, 1972

Placed below is an advance copy of the Annual Plan, 1972-73. It is still being edited. It will be sent to the press in a few days after the necessary editorial changes.

Attention of the Finance Minister is kindly invited to Chapter 9 of the Annual Plan which deals with Consumption Planning. In it an attempt has been made to provide a broad framework for the maintenance of adequate supply of essential wage goods at reasonable prices. This framework would have to remain flexible and subject to constant review throughout the year in the light of actual developments. It will become operationally more significant as soon as firm government decisions are available in respect of the procurement/issue price of the key items of wheat as well as the sale prices of sugar, vegetable ghee and fertilizer.

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(Aftab Ahmad Khan)

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Additional Secretary

Minister for Finance,
Planning & Development

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PART I
ECONOMIC FRAMEWORK

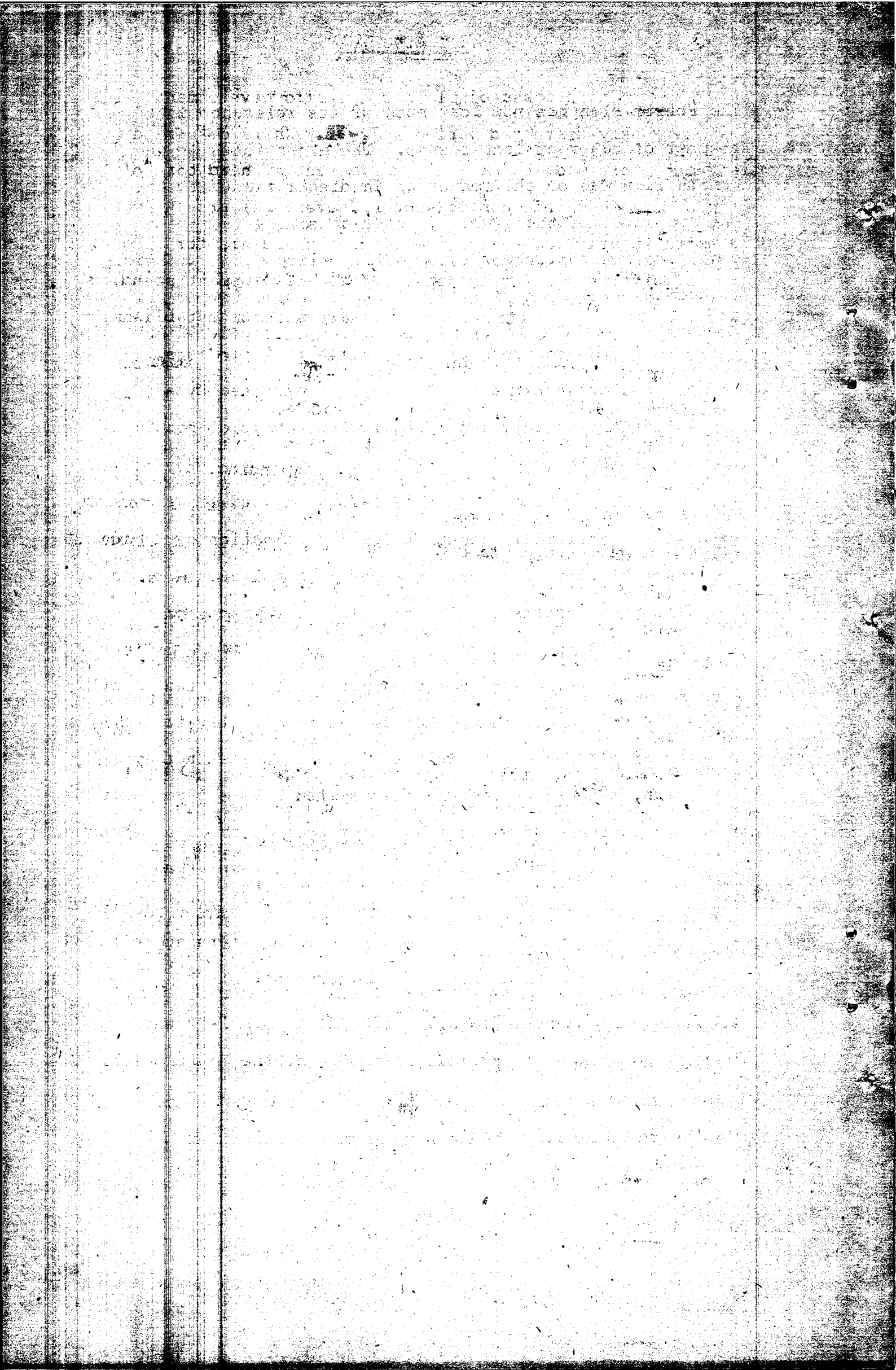
INTRODUCTION

The process of planned economic development was seriously disrupted during 1970-72. While desparate attempts were made to maintain the essential hard core of the programme in the public sector, severe resource constraint drastically cut the size of spending, throwing the priorities completely out of gear. Development spending was largely confined to meeting the bare minimum establishment charges of ongoing projects with little real progress. Private sector investment was adversely affected by a cumulative uncertainty regarding future course of political events and economic policies.

2. The second half of 1971-72 witnessed the emergence of a stable political framework and clarification of basic economic policy issues through a coherent articulation and initiation of reforms concerning all major aspects of economic and social policies.

3. The stage has thus been set for a concerted effort to regain the development momentum and to re-activate the process of planned growth in the economy. While in the short run, reforms in the economic system have a favourable re-distribution effect, over a longer period, the achievement of the objective of providing a continuously improving standard of living to the masses depends on the rate of growth. Economic growth must, therefore, provide long-term support to the reforms carried out by the government.

4. The Annual Plans for 1970-71 and 1971-72 were formulated within the overall framework of the Fourth Plan.



The Fourth Plan has now lost much of its relevance in respect of major current issues. The major focus in the Fourth Plan was on the reduction in disparities between the two wings of the country. It also sought to make a beginning towards integrating social policy with economic objectives within the then existing political framework. The context of both these issues has changed radically. The relevant problems of development today are those of West Pakistan, which the Fourth Plan was willing to sacrifice for the speedy development of East Pakistan. A more coherent and well-defined social policy has emerged as a result of the reforms and policy announcements of the Government. The new planning framework has to be based on these developments.

5. / This does not mean, however, that the physical content of the ~~Plan~~ in terms of the ongoing projects has also to be changed. Furthermore, the need for physical infra-structure is even greater as a result of the gap created by drastically curtailed level of public sector spending during the past two years.

6. The basic task before the Annual Plan is to identify and focus attention on major problems of development which have recently emerged and to work towards their solutions. It seeks to revitalise the economy, raise the level of investment, generate adequate employment opportunities and spread the benefits of development widely and equitably. It marks a beginning towards the formulation and launching of a ~~longer~~ term plan which would more fully reflect the new approach.

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CHAPTER I

REVIEW OF PROGRESS DURING 1971-72

The performance of the economy during 1971-72 bears the imprint of the tragic political developments that culminated in severance of East Pakistan. The steps taken to preserve the integrity of Pakistan, both the actual war and the preceding action, and the eventual break as a result of the military occupation of East Pakistan have also taken their toll in the economic sphere.

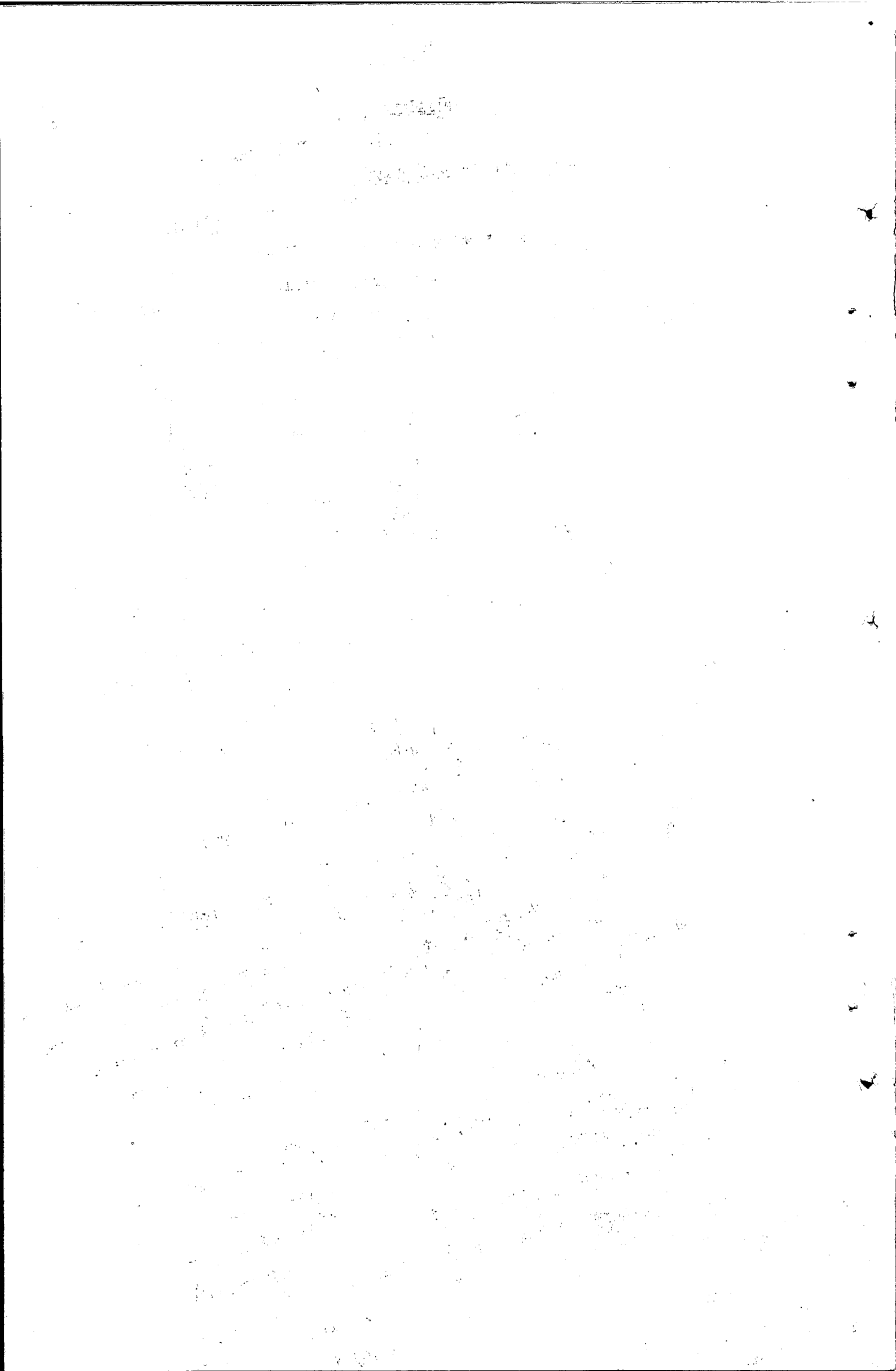
2. In such times it was to be expected that the economy would falter. Uncertainties, diversion of resources from development to defence and relief and rehabilitation operation in East Pakistan, and structural imbalances in supply and demand stemming from the disruption in inter-regional trade placed economic growth under severe strain. It is creditable, evidence perhaps of a robust economy, that in these exceptionally trying circumstances a semblance of growth was maintained and in some crucial sectors rapid progress was recorded. Nevertheless, many critical indicators show a marked slow-down of economic activity.

Growth of Gross Domestic Product

3. Growth in G.D.P. was drastically reduced to below the level of increase in population. The per capita income in real terms registered a decline between 1969-70 and 1971-72:

	GDP (1969-70) constant prices (Crore Rs.)	Growth Rate (%)	Per capita GDP (Rs.)
1969-70	4139.4	6.9	708
1970-71	4206.5	1.6	700
1971-72	4280.5	1.7	692

This represented a marked change after sustained growth averaging 6.3 per cent per annum in GDP in West Pakistan during the sixties.



4. Growth rate in G.D.P. is still largely determined by development in agriculture, where roughly one-third of the output directly originates. Agriculture was affected during the last two years by an unprecedented spell of drought and shortage of water in the canals. During this period, shortage of materials slowed down the rate of installation of new tubewells while power shortage acted as a constraint on the energization and utilization of existing tubewells. Movement towards high-yielding varieties and larger use of chemical fertilizers and pesticides only moderated the decline in the production. The output of major agricultural crops dropped significantly during 1970-71. During 1971-72, there was only a moderate recovery in agricultural production. An increase of 2.8 per cent in value added in agriculture during 1971-72 over the depressed base of 1970-71, meant that in the two years taken together, there was hardly any improvement.

5. The composition of production, however, changed significantly in favour of export crops. A bumper cotton crop of 41.5 lakh bales was harvested in 1971-72, which was approximately 30 per cent above the level of the preceding year. Sugar-cane production, on the other hand, registered a decline resulting in an acute shortage of refined sugar. Wheat production during 1971-72 is estimated to be slightly higher than in the preceding year, though still 7 lakh tons less than in 1969-70. The rice production, though also somewhat higher than 1970-71 was almost of the level achieved in 1969-70.

6. Value added in large-scale industrial sector increased by 2.8 per cent in 1970-71, over 1969-70 but declined by 5.6 per cent in 1971-72. Thus, over the two years there was a decline in manufacturing output.

Fresh investment had slowed down considerably due to political and economic uncertainties. The operation of existing capacity was limited by a variety of factors. The reduced availability of imported raw materials aggravated the phenomenon of under-utilization of capacity in import-based industries. The industries based on domestic raw materials, which had sustained growth of industrial sector in recent years, were hit in 1971-72 by a shrinkage of the domestic market both because of the de-linking of East Pakistan and a generally depressed level of economic activity for a substantial part of the year. Finally, towards the end of the year growing labour trouble acted as a major factor holding back production.

7. It may be observed that during the two-year period 1970-72, the commodity component of G.D.P. showed a decline. Whatever growth was achieved was based on the service sectors. This imbalance between commodity and service components of G.D.P. had a very serious impact on prices and consumption.

Public Sector Development Outlay

8. Public sector development outlay was originally planned at Rs 324 crore for West Pakistan in 1970-71. Actual performance is now estimated at Rs 300 crore. During 1971-72, keeping in view the resource constraint, the size of ADP was fixed at Rs 260 crore against which the actual expenditure is estimated to be about Rs 267 crore. This is mainly due to greater progress on Tarbela, for which higher expenditure had to be incurred. At this level public sector development outlay represents a deceleration of 11 per cent over the estimated expenditure in 1970-71.

9. The public sector development outlay of Rs 267 crore in 1971-72 would again be 11 per cent less than the West

Pakistan programme in 1964-65. The decline is even sharper in real terms. Over the past 8 years, this represents a decline of roughly 35 per cent in real investment excluding Indus Basin.

10. Deceleration in development outlays of such an order had a highly distorting influence on priorities. As the development expenditure was largely confined to meeting the bare minimum of establishment charges on a number of ongoing projects, progress in physical terms was lagging far behind the financial implementation. Cost of projects kept rising and the original cost-benefit calculations lost much of their relevance.

11. The programme of Rs 260 crore for 1971-72 was originally expected to be financed by domestic resources of Rs 143 crore and foreign assistance of Rs 117 crore. As a result of the shortfalls in revenue collections and increased non-development expenditure, the revenue surplus and net capital receipts of the Centre and Provinces have been almost wiped out. The external resource availability is now estimated at Rs 105 crore. Financing of the programme with reduced aid availability implied recourse to large deficit financing. The detailed financing of the programme is discussed in Chapter 5.

Private Investment

12. Various indicators of private investment provide unmistakable evidence that there has been a sharp drop in the level of investment activity during 1971-72. Against a level of Rs 373 crore in 1970-71, private investment in 1971-72 is estimated at Rs 220 crore. The main reasons for this large decline were: Firstly, the investment funds in the form of external assistance, internal resources of firms

and the availability of domestic credit declined markedly. Secondly, as the East Pakistan market was eliminated, various industries were faced with a fall in aggregate demand. Thirdly, the ferment in labour-management relations led to an extremely adverse climate for private investment. Finally, the cumulative effect of uncertainty regarding the future course of the economy and the role of the private sector resulted in postponement of decisions regarding further investments.

13. As a consequence, the ratio of gross private investment to G.D.P. went down from 6.9 per cent in 1970-71 to 3.9 per cent in 1971-72. Making allowance for depreciation, net investment was probably negative during this year. For an economy where bulk of the productive activity is in the private sector, this phenomenon is incompatible with an acceptable rate of economic expansion.

Export Performance

14. The heartening aspect of this period pertained to exports. Merchandise exports from West Pakistan to international markets attained a growth rate in excess of 30 per cent. This phenomenal performance represented two special features besides the real increase which would have occurred in any other year. First, as the East Pakistan market was eroded, and in the end fully lost, a substantial portion of interwing exports was diverted to international markets. The speed with which this feat was accomplished was gratifying. Secondly, fortune along with sensible policies allowed Pakistan to achieve unprecedented exports of raw cotton. In July 1970, the Government announced a 10% bonus on raw cotton exports. Farmers responded quickly and the acreage and output of cotton rose sharply. The availability of large crop coincided with an inter-national scarcity of cotton.

15. Although the export performance has been impressive, it was attained to a significant extent as a consequence of the structural shift in production, a shift from wheat and sugarcane towards cotton. However, it needs to be emphasised that this process has a definite limit. Continued export growth can not occur on a stagnant production base. It has to be supported by an overall increase in domestic production.

Monetary and Credit Situation

16. Monetary situation during the year was largely affected by developments in East Pakistan. Sizeable expenditure was incurred on relief, rehabilitation and reconstruction efforts as well as on defence, with virtually no revenue receipts being realised from that Province. During July-December, 1971 deficit financing of the order of Rs 166 crore was resorted to. In addition, the banks were encouraged to provide more credit for the rehabilitation of the economy of East Pakistan. The total monetary expansion of the period influenced the monetary situation in West Pakistan, as financial transfers were possible even after December 1971. A complete delinking of the currency with East Pakistan could not be brought about before the end of the fiscal year when five and ten rupee notes were demonetised and replaced by new series. While the figures remain unclear for obvious reasons, and the accounts cannot be given separately for East and West Pakistan, it is obvious that the large monetary expansion of this period had inflated the currency base in West Pakistan.

17. Fiscal discipline was restored during the second half of the year. The deficit financing in the public sector was almost negligible. The impact of deficit financing was only to the extent of Rs 5.6 crore during these four months.

Price Situation

18. Aside from monetary expansion, an upward pressure on prices was exerted by wage and salary increases, difficult supply position of essential items and bottlenecks in the production stream of the economy. The whole sale price index (Base year 1959-60=100) in April, 1972 stood at 156.6 for West Pakistan compared to 137.8 in April 1971, showing an increase of 14 per cent over the year. The consumer price index for clerical wage earners (1961=100) at Karachi showed an increase from 145 in April 1971 to 160 in April 1972. At Lahore, the increase was from 139 in April 1971 to 159 in April 1972. Similarly, the consumer price index for industrial workers in the corresponding period rose from 142.6 to 153.9 in Karachi and from 139.3 to 152.5 in Lahore.

19. Serious inflationary situation had already developed in the economy when the new Government took over office in December 1971. A policy was devised to quickly restore a balance between the supply and demand of essential consumer goods. After careful assessment, a combination of measures which included liberal imports of essential goods, changes in tariff and informal price agreements with producers of certain consumption items, was put into effect. This ensured adequate availability of key consumption goods. Nevertheless, price situation has to be carried over during the next year as a major area of concern and the policies initiated during the year have to be strengthened.

CHAPTER 2

Problem Areas in the Economy and Objectives of the Annual Plan

The Annual Plan has been a flexible instrument for implementing the 5-Year Plans. It is formulated in line with the overall plan objectives, making adjustments for each year in the light of progress made earlier, identification of problem areas and specific short-term goals the realization of which would move the economy in the direction determined by longer-term plans.

2. The Annual Plan for 1972-73 is different in as much as it is being formulated at the end of a period during which planning process virtually broke down. Fourth Plan can no longer serve as a valid frame of reference for the Annual Plan. The break with the past manifests itself in terms of loss of continuity of the Plan, and emergence of a new set of problems. Planning for the four provinces of West Pakistan has ^{to be} different from the approach adopted for Pakistan as a whole. Secondly, new social policies have been articulated by the new Government which need early implementation. Thirdly, the devaluation of rupee in May 1972 has set new economic parameters. This was not a traditional type of devaluation, where basic premises on which economic policy is formulated remain unchanged and magnitudes can be re-calculated through a simple exercise. The devaluation of Pakistan rupee implied replacement of a multiple exchange rate system which ^{had} governed economic policies over a period of more than 12 years by a unitary rate. This meant a radical alteration in the whole process of economic decision-making.

3. A new long-term Plan has to be formulated ^{to} reflecting the changed situation and provide a new frame of reference for future development policies. The Annual Plan for 1972-73 is thus essentially a transition to such a long-term plan. It seeks to start a process by which a planned and coordinated approach would be brought to bear upon finding the solution of problems which the country is facing today.

4. The review of recent developments in Chapter I highlights the pressures which have developed in the economy. Many subsidiary effects flow from these basic causes. The first task in 1972-73 would be to rehabilitate the economy and to restore it to a respectable growth path. Most of the magnitudes for production and investment recommended in the Plan would take the economy back to the level of its performance in 1969-70 - the last normal year that it experienced. In this sense, it should be understood that the Annual Plan for 1972-73 is a modest plan, the first aim of which is rehabilitation and stabilisation. Simultaneously the Annual Plan aims at making a beginning towards preparing the economy for a new long-term growth strategy. Specific areas of weakness are to be identified and action indicated.

5. Perhaps the most important problem, which is affecting production levels in the country, lies in the field of labour-management relations. Labour unrest during the recent months has resulted in considerable loss of production. It is assumed that with efforts to remove economic factors which lie at the root of labour discontent and a strict and objective implementation of the new labour policy, it would be possible to restore harmony and secure industrial peace. Failing this, the production, investment and export targets will be jeopardised, no matter how much improvement in the availability of imported raw materials and other essential inputs is brought about.

6. Second, it is imperative to reverse the trend of declining ratio of investment to G.N.P. in the economy. The ratio of net investment (after allowing for depreciation) has fallen to a range of 4 to 5 per cent which is hardly adequate to maintain a minimum growth in the economy to match population increase. Exploitation of the full growth potential of the economy would require substantial increase in investment rate to be sustained over a period. A beginning has to be made in the Annual Plan for next year. Subsequent plans would have to make further progress in this direction.

7. Third, certain critical bottlenecks and shortages are developing in the economy, as a result of inadequate investment in the public sector in the recent past. Power shortage is one such key element which can be held back progress on a wide front. There is no short-cut solution to a problem of this nature. Nor can the problem be solved in isolation. An increase in public sector outlay is necessary to start working towards an early solution. Within the total allocation, priority has to be given to critical areas like power, transport and some elements of water programme.

8. Fourth, the employment situation has worsened considerably as a result of reduced investment in the public and private sectors over a number of years, continued under-utilization of capacity and attitudes developing as a result of serious labour trouble. While quantification is not possible at this stage, all indirect evidence indicates growing unemployment of the open variety in urban areas specially among the educated. In view of its economic, social and political implications, this issue would require the highest priority.

9. Fifth, equally important is the problem of price stability. The labour unrest, identified as the first major problem, is largely related to a worsening employment situation co-existing with a steep rise in the prices of essential consumer goods. A concerted attack on this twin-problem is needed to prepare the ground for reverting to orderly conditions for economic growth.

10. Price stability is essential not only for a just distribution of the reward in the production process, but also for ensuring competitiveness for Pakistan's exports in world markets. A longer-term framework of policies must be designed for maintaining price stability in the area of essential consumer goods.

11. Sixth, the present Government is committed to a programme of social justice. Special long-term programmes and policies have been announced by the Government. These have to be implemented over a period of 7 or 8 years as outlined in the respective policies. Adequate reflection of these policies has to be made in the next

Annual Plan with sufficient allocation to follow the time path chalked out for them.

12. Seventh, the severance of links between East and West Pakistan has meant that the considerable volume of interwing trade that had grown up in the last 25 years will now have to be redirected to international markets, or absorbed domestically. The devaluation measures should help in the disposal of many of these commodities, but some structural changes will have to be made.

13. Eighth, while devaluation should be potent instrument in disposing of exportable surpluses, it will also require special action for the economy to adjust smoothly to it in other spheres. For example, the debt servicing liability in industrial and other undertakings will be increased. Future investment will also be made more expensive and this may affect the growth of the under-developed regions, special measures for these areas would be necessary.

Objectives and strategy of the Annual Plan.

14. The objectives of the Annual Plan 1972-73 have been conceived in terms of making a really concerted attack towards the solution of the problems which are identified in the preceding narrative. These are basic problems and would remain with us for quite some time. There are no easy solutions and no single Annual Plan can claim to take us visibly near the ultimate solutions.

15. An important feature in this Annual Plan is that we are directly focussing attention on the major problems faced by the economy, instead of concentrating on an over-simplified approach embodied in the aggregative G.N.P. analysis. A Plan must indicate a growth target in terms of G.N.P. ^{But} ~~level~~ this is not its objective. This is merely a device to show the overall impact of the achievement of physical targets in various sectors of the economy and becomes a major indication of the level of economic activity.

16. G.N.P. growth rate of 6.6 per cent projected for 1972-73 is a by-product of the revival of economic activity. The other effects of the revival of economic activity would be observed in the

employment situation, availability of essential goods at relatively stable prices and improved investment levels.

17. Various elements of the strategy adopted in the Annual Plan with the basic objectives of revival of economic activity, improvement in employment situation and price stability are explained below:-

- i) The public sector development expenditure is proposed to be increased by 55 per cent to Rs. 415 crores in 1972-73. In real terms, excluding the impact of devaluation on prices of imported capital goods, the increase would be 25 per cent. This increase in public sector development outlay is expected to be the starting point in the process of general recovery.
- ii) Within the public sector programme, emphasis is placed on critical areas viz. power, both generation and transmission, water availability and programmes directed to improve agricultural production. Adequate provision has been made for some of the social policies to start their implementation.
- iii) Private sector is expected to initially concentrate on improved utilization of existing capacity. With the assured free flow of imported raw materials and the pressure for enhanced debt servicing obligation, private sector would have to use the existing capacity to greater advantage.
- iv) Within the private sector, it is expected that the composition of investment would change in favour of small investors. Thus while large-scale industrial investment may not improve, proportion of investment by small investors who can now import machinery freely should improve.
- v) Specifically, to meet the employment situation, a massive Peoples Works Programme is being launched. The PWP is both a supplement to the concrete projects included specifically in the Annual Plan and a technique for mobilizing the effort of the people for implementing a part of the Plan.
- vi) In agriculture, an Integrated Rural Development Programme is being launched to ^{provide} improved supply of inputs to agriculture. Simultaneously a programme

of developing Agrovilles is being started which would help in avoiding a large exodus of rural unemployed to big cities and would absorb them in towns nearer the agricultural centres.

Price pressures would be sought to be combated by assuring adequate availability of essential consumer goods to meet projected demand at stable prices, in

the overall framework of a consumption Plan. The framework of the Consumption Plan seeks to relate the N.P. approach to the needs of the people and thus assign an important place to it in the framework of the objectives of the Annual Plan.

CHAPTER 3

Macro-Economic Framework

The realization of various social and economic objectives analysed in the preceding chapter would ultimately depend upon how quickly and by what margin the production in the country can be increased. In the short run, particularly after a period of depressed economic activity gains in production can be achieved by better utilization of existing capacity. But over a longer period the process must be backed by a sufficiently high rate of investment ~~in excessive~~ infrastructure and the ~~of~~ creation of new capacity.

2. The review in the preceding pages has clearly brought out the fact that Pakistan's economy has suffered from a sustained decline in the investment G.N.P ratio since 1965. During the last two years the decline in investment was very pronounced. The Plan for 1972-73 attempts to reverse this trend.

3. In both the public and private sectors, a positive effort has been planned for increasing the rate of investment. The projections for the private sector should, however, be treated with more than usual reserve. Investment decisions in this sector would be affected by the labour situation, the reaction of entrepreneurs to the extended public sector presence and the impact of devaluation on the cost of imported capital goods as well as on the liquidity position of private firms.

4. Immediate task during 1972-73 is to seek improvement in production levels on the basis of existing capacity particularly in the engineering industries and to bring about a major increase in public investment. This has to be achieved while leaving adequate margin for improvement in the consumption of low-income groups, for which a broad framework has been prepared.

5. The aggregative economic framework is presented in Table 1. The values of all the variables are in current prices as a result of which the figures for different years are not strictly comparable. In this connection it is relevant to mention the effect of devaluation on all the variables; in particular, the increases in imports, exports and investment are much higher in current prices than in real terms.

GNP, Resource Inflow and Total National Resources:

6. It is envisaged that the growth process which was interrupted during the past two years will respond to the improvement in the general situation, both policy measures and the planned increase in the flow of critical inputs. The plan forecasts a growth

rate of 6.6 per cent in the gross domestic product of West Pakistan. Although this growth rate is substantially higher than the achievements in 1970-71 and 1971-72, when rates of growth were less than 2 per cent, the evidence of earlier years suggests that the task is hardly ambitious. As mentioned earlier, the economy had maintained a growth rate of 6.3 per cent during the sixties. Moreover, the proposed growth is projected over a depressed base. The anticipated regional product of West Pakistan in 1972-73 displays a growth rate of only 3.5 per cent per annum with 1969-70 as the base.

7. Implicit in the overall growth rate of 6.6 per cent are sectoral growth rates of 5.1 per cent in agriculture (7 per cent in major crops), 12.6 per cent in manufacturing (15.6 per cent in large scale manufacturing), 10 per cent in construction and a little over 5 per cent in other sectors (see tables 2 and 3).

8. No change is projected in the output of cotton over the bumper crop this year. Substantial increases are forecast for most of the other major crops ranging from ~~7~~ per cent in maize to **11.6** per cent for wheat, ~~and rice~~. The projected increases for sugarcane is about 3 per cent. (~~see table 4~~)

9. A substantial increase has been forecast for large scale manufacturing which reflects in many instances restoration of normal production. Thus, the targets for cotton yarn, cotton cloth and sugar are higher than the production in 1971-72 but considerably less than the output of 1970-71. In most cases the forecasts are based upon installed capacity and presume its fuller utilization. ~~of capacity~~.

10. Increases of 68 per cent and 50 per cent are projected for the basic metals and non-electric machinery sectors respectively. Industries in these sectors were faced in the past with a critical shortage and very high prices of steel in relation to imports of finished products. It is anticipated that the recent devaluation and the generous increase in commodity aid availability will remove the discriminatory treatment of these industries and allow them to increase the rate of capacity utilisation above the extremely low levels recorded in the past (~~see table 5~~)

11. The increases of 10 per cent planned for construction sector follows upon a decline of 5.5 per cent in the previous year. It would, therefore, appear that the expected increase is fairly modest, especially in view of the expansion projected for investment.

12. Aid inflow into West Pakistan is projected to be substantially higher than the level attained last year. Gross aid inflow in 1972-73 is projected at \$ 419 million compared with an estimated level of \$ 364 million (into West Pakistan) in 1971-72. Commodity assistance (excluding food aid) is planned to be nearly doubled: from \$ 75 million to \$ 147 million. In sharp contrast, project aid is planned to decline from \$228 million in 1971-72 to \$ 180 million in 1972-73.

13. The total resource availability in the economy will improve significantly during 1972-73. In the aggregate, the domestic expenditure on investment and consumptions, both government and private, would increase by over 7 per cent in real terms. This rate of increase represents the combined effect of growth in GNP and in the net resource inflow from abroad.

Investment and Savings

14. As explained earlier a high priority is to be attached to the objective of increasing investment expenditure in the economy in order to sustain growth in output and to avoid bottlenecks like power and transport shortages. The allocation for public sector investment in real terms is about 25 per cent higher. Together with the projected increase in private investment, the total gross fixed investment in the economy would show an expansion of over 25 per cent next year. The real investment in the economy during 1972-73, however, would be still below the level of 1969-70.

15. Gross fixed investment during 1972-73 would constitute 13.5 per cent of GNP at current market prices. This would be financed to the extent of 6.6 per cent from net inflow of foreign resource and 6.9 per cent by domestic savings. Including changes in stocks, the ratio of investment in the economy would be 15.2 per cent and the domestic savings 8.6 per cent of GNP.

Consumption

16. The increase of Rs. 150 crore in Government consumption can be attributed almost entirely to the impact of devaluation on debt servicing. Increases have been provided for some other expenditure, especially to accommodate expansion of social services, ~~but these are offset by cuts in other fields.~~ In real terms government consumption will be significantly less than in 1971-72.

17. If the growth target is realised, private consumption can increase by 5 to 6 per cent in real terms. Allowing for a population increase of 2.7 per cent, the margin for increase in per capita consumption would be by about 3 per cent. The pressure for consumption expenditures are larger than can be accommodated within this margin. An attempt has therefore to be made to ensure availability of essential consumer goods within this margin in order that the consumption levels of the lower income groups can improve. This has been attempted in the consumption planning framework discussed in chapter 9.

NATIONAL EXPENDITURE ACCOUNTS

(Rs. crore, current prices)

	<u>1969-70</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
GRP at factor cost	4140	4447	4800	5250
Indirect taxed less subsidies	388	404	380	470
GRP at market price	4528	4851	5180	5720
Imports on current account <u>1/</u> , <u>2/</u>	565	585	585 <u>3/</u>	1280
TOTAL Resources	5093	5436	5705	7000
Private consumption	3386	3642	3995	4340
Government consumption	557	640	740	890
Fixed investment <u>4/</u>	67	68	500	770
Changes in stocks	70	70	70	100
Exports <u>1/</u>	410	404	400 <u>3/</u>	900
Total Expenditure	5093	5436	5705	7000

Footnotes

Remark - as a result of the points noted in foot notes 1, 2, and 3, the figures in this table differ from those in chapter VIII.

- 1/ Includes interwing trade in the first three years.
- 2/ Total payments less repayment of principal on debit servicing account.
- 3/ At pre-devaluation rates.
- 4/ Fixed investment differs from development expenditure in the public sector. Public investment equals public development expenditure plus market financed investment in semi-public Corporations plus grant element in Indus Basin works minus non-investment development expenditure.

TABLE - 2

GROSS DOMESTIC PRODUCT: WEST PAKISTAN
(At constant factor cost of)
1969-70

<u>SECTOR</u>	<u>(Rs crore)</u>			
	<u>1969-70</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
1. Agriculture	14830	14548	14952	15713
a) Major crops	8096	7608	7836	8384
b) Other Agri.	6734	6940	7116	7329
2. Manufacturing	6923	7116	6843	7706
a) Large-scale	5427	5580	5267	6089
b) Small-scale	1496	1536	1576	1617
3. Construction	1822	1866	1763	1939
4. Trade	6341	6333	6498	6840
5. The Rest *	11478	12202	12749	13437
Total :	41394	42065	42805	45635

TABLE - 3

GROWTH RATES
(ANNUALLY COMPOUNDED)

%

	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
1. Agriculture	- 1.9	2.8	5.1
a) Major Crops	- 6.0	3.0	7.0
b) Other Agri.	3.0	2.5	3.0
2. Manufacturing	2.8	- 3.8	12.6
a) Large- Scale	2.8	- 5.6	15.6
b) Small- Scale	2.7	2.6	2.6
3. Construction	2.4	- 5.5	10.0
4. Trade	- 0.1	2.6	5.2
5. The Rest	6.3	4.5	5.4
TOTAL	1.6	1.7	6.6

(*) Including unallocable i.e. Service of P.I.A. Central Public Administration and Defence and Bank and Insurance.

PUBLIC SECTOR DEVELOPMENT PROGRAMME

Size of the Programme:

The Annual Plan 1972-73 aims at implementing a programme of Rs 415 crore in the public sector. This takes into account the higher cost of the import content of investment as a result of devaluation. By way of comparison with the preceding years, it will be seen that if import-content of the programme is expressed in pre-devaluation prices, the programme size would be about Rs.340 crore. This represents an increase of 25 per cent over the estimated expenditure on this account during 1971-72. Excluding the programme for Indus Basin/Tarbela, the real increase ^{for the} rest of the programme is 50 per cent.

2. Despite this large increase in development spending, the size of development effort in 1972-73 would not be higher than the level already achieved during 1969-70. The target for the next year is thus a modest one. With the implementation of next year's development programme, the country would only be regaining the investment path from which it has derailed during the past two years.

3. Determination of the size of the public sector plan for 1972-73 presented a dilemma. Besides a fairly large essential on-going programme, a sizable increase was imperative to regain the momentum, to accommodate new policies and to change the orientation of the programme. At the same time the resource constraint as well as the need to eschew deficit financing, to maintain price stability, circumscribed a number of policy options. The adapted public sector plan presents a compromise between these conflicting aims. It has necessitated, on the one hand, a sizable additional tax effort and on the other hand considerable moderation of the scale at which the new programmes would be implemented during the year.

Objectives and Priorities

4. The broad objectives and priorities of the programme

are as under:-

- (a) give maximum push to agriculture as well as to industries serving it and based on it;
- (b) meet the minimum requirements of on-going and aided schemes, together with vital new schemes;
- (c) accelerate the pace of development in the less developed areas;
- (d) make provision for implementing the new programmes in social sectors;
- (e) overcome critical bottlenecks in the economy, especially in the power and transport facilities;
- (f) enlarge employment opportunities.

5. ADP allocations to the Provinces present a difficult problem as there is no clear cut or agreed formula for inter provincial distribution. There are a number of projects located in one province the benefits of which are shared by the others. It is also difficult to assign relative weight to such considerations as population, past level of development expenditure in the province and their respective stages of development. It should be emphasised that the nature of regional allocation among the provinces of West Pakistan is quite different from that of allocation between East and West Pakistan. West Pakistan is really one integrated economic region, with considerable mobility of population and resources.

6. Balanced provincial development is, however, an important policy objective, deserving high priority for both economic and political reasons. An effort has, therefore, been made to allocate ADP funds to the four provinces keeping in view the relative stage of economic growth of the provinces and the President's directive to increase allocations for the less developed provinces.

7. The total allocation for the Central ADP is Rs. 79.5 crore. Out of this, about 52 per cent has been earmarked for

the programmes which cannot be separately identified as benefitting any one province. Such unallocable programmes consist of Telephone and Telegraph, Federal Capital at Islamabad and the development projects of Azad Kashmir, Northern Regions and the centrally administered Tribal Areas. Keeping the overall priorities and economic feasibility of projects in view the rest of the allocation has been distributed among the four provinces in a realistic manner.

8. The unallocable programme of WAPDA (Power) and PWR have been given Rs. 75.3 crore and Rs. 17.5 crore respectively. In distributing the balance of the provision, considerable edge has been given to the under-developed provinces.

9. Following the Presidential directive to step up development efforts in Baluchistan and NWFP by increasing their ADP allocations by 100% and 50% respectively, their respective programmes will now stand at Rs 12 crore and Rs. 24.6 crore, leaving Rs. 117.5 crore to be divided between the provinces of the Punjab and Sind.

10. The ideal solution would be ^{to} forget about population percentages of the Provinces and allocate the amounts for development on the basis of the most productive projects located anywhere, especially those which can be completed at the earliest. This counsel of perfection is, however, not possible to follow because of historical reasons; the fact that over 90 per cent of next year's total programmes is already pre-empted by on-going projects as well as the fact that no universally accepted criteria exist for determining the comparative economic benefits of projects in two different regions or in respect of projects located in different sectors of the economy. Another attractive alternative for making allocations could be the assessed needs of the various regions. This is also not possible in so far as the needs of the

provinces are much greater than the resources available.

11. In view of these practical difficulties, it has been decided to make allocations on an ad hoc basis keeping in view the size of the on-going programme in the two provinces, their relative development requirements and their respective population. The percentage share of the four provinces works out as follows:-

	Allocation (Crore Rs)	Percentage share in development expenditure	Population share
Punjab	87.5	56.8	62.3
Sind	30.0	19.5	20.4
NWFP	24.6	15.9	14.0
*Baluchistan	12.0	7.8	3.3
	<u>154.1</u>	<u>100.0</u>	<u>100.0</u>

*In addition to the above allocation the Central Government has also undertaken to finance the construction of a Medical College at Quetta.

Breakdown by Executing Agencies:

12. The break-down of the Annual Development Programme for 1972-73 and provision for 1971-72 by executing agencies are given below:-

TABLE - I
Development Programme for 1971-72
and 1972-73 by Executing Authorities. (Crore Rs)

	1971-72 (Budget)	Allocation for 1972-73
1. Centre	35.2	79.5
2. <u>WAPDA (Power)</u>	<u>38.0</u>	<u>75.3</u>
3. <u>PWR</u>	<u>12.0</u>	<u>17.5</u>
4. <u>PIDC</u>	<u>7.5</u>	<u>14.6</u>
5. <u>Indus Basin</u>	<u>70.0</u>	<u>82.4</u>
6. <u>Misc. Central Programmes</u>	-	<u>5.6</u>
7. <u>Provincial Programmes (Gross)</u>	<u>107.2*</u>	<u>140.0</u>
(a) Punjab	61.6	78.9
(b) Sind	23.2	27.8
(c) NWFP	16.2	21.3
(d) Baluchistan	6.2	12.1

*inclusive of ADC, WAPDA (water) and SIC.

Contd....

Sectoral Composition

13. The summary of the sectoral composition of the programme for 1972-73 is shown in Appendix. The priorities are indicated in table II below:-

TABLE - II

Comparative table of the Annual Development Programme 1971-72 and 1972-73 indicating allocations for different sectors.

(Crore Rupees)

Sector	Original ADP 1971-72	ADP 1972-73
1. Agriculture	19.6	37.5
2. Water & Power	62.1	114.3
3. Industry, Fuels & Minerals	17.3	28.3
4. Transport & Communications	41.4	73.0
5. Physical Planning & Housing	15.9	23.1
6. Education	18.8	28.1
7. Health & Family Planning	15.1	14.0
8. Social Welfare	0.7	0.9
9. Manpower	0.4	0.8
10. Works Programme	4.9	9.6
11. Frontier Regions (Development Corpn. for Tribal Areas).	2.0	1.6
12. Lump Provision for Miscellaneous Schemes.	2.0	5.6
	200.2	336.8
- Less shortfall for arriving at a net provision.	10.2	4.2
Total (Net)	190.0	332.6
Indus Basin/Tarbela	70.0	82.4
Grand Total (Net)	260.0	415.0

14. The main emphasis has been on the development programmes of agriculture and education. Agriculture and Water and Power projects directly or indirectly supporting agriculture account for about half of the total allocation.

15. The programme for water resources development during 1972-73 aims at providing better and additional irrigation facilities, drainage and reclamation of land. This programme

is intended to have a favourable impact on agricultural production. Major on-going irrigation projects of all the four provinces have been included in the programme.

16. The strategy in the Power sector is for speedy completion of on-going generation projects, improvement in the quality of services and implementation of WAPDA's hard core programme for improvement of transmission and distribution facilities. Of the total programme, the highest allocation of Rs. 80 crore has been made for the Power sector with a view to increasing the output in Agriculture and Industry. The power gap which has developed as a result of slow investment over the past few years, is not expected to be removed during the year. However, the situation will appreciably improve in 1973-74.

17. The Transport & Communications Sector has been allocated Rs. 73 crore in order to facilitate the movement of intermediate and final products of Agriculture and Industry. A provision of Rs. 24 crore has been made for the improvement of telephone and telegraph facilities during 1972-73.

ANNUAL DEVELOPMENT PROGRAMME 1972-
(BY PROVINCES & CENTRE)

Appendix

(Crore Rs)

Sector	Punjab	Sind	N.F.P.	Baluchistan	Centre	Total
1	2	3	4	5	6	7
1. Agriculture	19.0	6.9	5.1	2.1	4.4	37.5
2. Water	15.6	6.5	4.7	2.6	4.7	34.1
3. Power	-	-	-	-	80.2	80.2
4. Industry	0.3	0.1	0.4	0.1	19.6	20.5
5. Fuels & Minerals.	-	-	-	-	7.8	7.8
6. Transport & Communications.	5.5	5.0	2.3	2.5	53.7	73.9
7. Physical Planning & Housing.	8.0	4.2	1.9	1.2	7.8	23.1
8. Education	12.5	6.8	2.8	1.2	4.8	28.1
9. Health & Family Planning	7.0	1.5	2.7	1.5	1.3	14.0
10. Social Welfare.	0.5	0.1	0.1	-	0.2	0.9
11. Manpower.	0.5	0.1	0.1	0.03	0.1	0.8
12. P.W.P. Including Rural Works Programme	6.0	0.8	1.1	0.9	0.8	9.6
13. Development Corporation for Tribal Areas.	-	-	-	-	1.6	1.6
14. Miscellaneous Programme.	-	-	-	-	5.6	5.6
Total:-	78.9	32.0	1.2	12.1	192.6	336.8
Less Operational Shortfall:-	-	4.2	-	-	-	4.2
Total:-	78.9	27.8	1.2	12.1	192.6	332.6
Indus Basin/Tarbela.	-	-	-	-	82.4	82.4
Grand Total:-	78.9	27.8	1.2	12.1	275.0	415.0

FINANCING OF THE PUBLIC SECTOR DEVELOPMENT
PROGRAMME

Review of progress in 1971-72

The Annual Development Programme for 1971-72 was prepared against the background of a difficult economic situation created by the events of 1970-71. A substantial effort in resource mobilization through additional taxation of Rs. 56.5 crores was made in order to protect even the basic development effort. It was accordingly possible to provide for essential ongoing projects which ^{had} reached an advanced stage of implementation and the projects for which foreign aid was under disbursement.

2. The net size of the development programme for 1971-72 was fixed at Rs. 517 crores of which the share of West Pakistan was Rs. 260 crores. At this level, the West Pakistan programme represented a deceleration of about 13 per cent over the estimated expenditure of Rs. 300 crores in 1970-71.

3. The overall programme of Rs. 517 crores was expected to be financed by Rs. 260.6 crores of domestic resources and Rs. 256.4 crores of foreign assistance. As the Central budget for 1971-72 was prepared on a combined basis, it is difficult to identify the components of financing of the West Pakistan ADP except the project assistance from abroad and the contribution by the Provinces. A notional distribution of various items indicates that the West Pakistan programme of Rs. 260 crores was likely to be financed by Rs. 143 crores of domestic resources and Rs. 117 crores of foreign assistance.

Revenue Receipts

4. The year 1971-72 witnessed serious shortfalls in resources available for development due to a number of factors. The revenue receipts of the Central Government in West Pakistan are estimated at about Rs. 666 crores against the budget estimates of Rs. 705 crores showing a shortfall of Rs. 39 crores. This shortfall is due to a decline of Rs. 53 crores under the principal tax heads partly offset by an improvement of Rs. 14 crores under non-tax receipts. The decline under principal tax heads was mainly due to the following reasons :-

...../2.

- (a) The original estimates of tax receipts were based on the assumption that normal economic activity will revive in the country. This did not materialise.
- (b) Revenue collections from customs were affected as a result of reduced availability of foreign exchange.
- (c) Central excise duties were reduced as a result of decrease in domestic production.

Exclusive of the provincial share in central taxes, the net revenue receipts of the Central Government are estimated at Rs. 580 crores against the budget provision of Rs. 613 crores.

Non-Development Revenue Expenditure

5. The non-development expenditure of the Central Government increased from Rs. 537 crores provided in the original budget to Rs. 662 crores in the revised estimates for 1971-72. This increase occurred mainly as a result of unforeseen claim for defence expenditure due to the war with India, and also on account of higher interest payments.

Net Capital Receipts.

6. The non-inflationary capital receipts of the Central Government were almost doubled from the level provided in the budget. This improvement was brought about due mainly to contributions to the National Defence Fund.

Provincial contributions to the financing of ADP.

7. The Provinces and Autonomous Bodies in West Pakistan were expected to contribute a sum of Rs. 43 crores for financing the Annual Development Programme. The latest assessment indicates that this contribution will decrease substantially. The revenue receipts were reduced due to a decline in shared taxes following the fall in collection of divisible taxes, as well as lower than projected receipts from provincial sources of revenue. The non-development expenditures increased in some cases as a result of pay increase, higher expenditure on wheat subsidy and emergency measures undertaken during war. The capital receipts on account of unfunded debt, recoveries of loans and recoveries from development schemes were less than the budget estimates in the case of Punjab and NWFP.

Foreign Aid

8. External resources were projected at Rs. 117 crores consisting of Rs. 53 crores as project aid and Rs. 64 crores as rupee-generating aid.

The actual inflow was lower. It amounted to Rs. 105 crores consisting of Rs. 46 crores as project aid, and Rs. 59 crores as rupee-generating aid.

Overall position

9. The implemented ADP size at Rs. 267 crores is higher than the original budget estimate. This was due mainly to greater progress on Tarbela for which higher expenditure had to be provided.

10. Maintaining the size of the ADP in the face of a steep decline in resource availability both domestic and foreign required a sizeable recourse to deficit financing. The development programme which was formulated even originally on very drastic assumptions of resource constraint could not be cut substantially during the year when resource availability declined further.

Financing in 1972-73

11. The events of 1971-72 would continue to affect the resource position during the next financial year. Country faces the basic problem of continuing to shoulder obligations and commitments at the preceding level with a reduced resource base after the delinking of East Pakistan. Requirements for unavoidable defence outlays, the payment of interest on internal and external debt incurred for the whole country and higher expenditure on wheat subsidy are some of the major factors pre-empting financial resources. A substantial tax effort has been mounted for the year to finance a programme size of Rs. 415 crores in 1972-73 including a provision of Rs. 82 crores for Indus Basin/Tarbela. This is the minimum programme size necessary to meet the requirements of ongoing and aided schemes with some margin for implementing ^{new} social policies. In purely financial terms, this represents an increase of Rs. 148 crores over the preceding year.

12. The programme of Rs. 415 crores in 1972-73 will be financed from domestic resources of Rs. 114 crores and foreign resources of Rs. 301 crores. The details of financing are shown in the table below:-

Table-1

Financing of the ADP for 1972-73

(Rs. in Crores)

Net Development Programme

415

Financed by :

A- Internal Resources

114

(a) Existing Basis

69

(i) Central Government

59

(ii) Provinces

-

(iii) Autonomous Bodies
(WAPDA AND PWR)

10

(b) Additional Taxation

30

(i) Central Government

26

(ii) PWR

4

(c) Deficit Financing

15

B- External Resources

301

(a) Project Aid

111

(b) Commodity Aid

161

(c) Food Aid including PL-480

29

Total Financing:-

415

Budgetary changes

13. There have been numerous budgetary changes as a result of the introduction of new exchange rate. Government budgets have been affected on the revenue as well as expenditure sides. The receipts of the Central Government have increased due to export duties. The compensatory changes in import tariff and excise duties introduced by Government in order to maintain the old prices of some inputs have, on the other hand, reduced the revenue receipts. Expenditure on public sector invisibles and defence has increased. The exchange reform has also increased the rupee burden of servicing and paying international debts. This has particularly affected the budgetary position of autonomous corporations.

Revenue Receipts and Non-Development
Revenue Expenditure for 1972-73.

14. As the domestic resources have been preempted on account of the factors explained above, the revenue surplus for financing development on the existing basis of taxation would be negligible. The revenue receipts of the Central Government for 1972-73 at the current year's rates of taxation are estimated at Rs. 851 crores. After excluding a sum of Rs. 108 crores on account of provincial share of central taxes, the net revenue receipts of the Central Government are expected to be Rs. 743 crores, which will be wholly used for non-development expenditure. Broad details are shown in the table below:-

Table-2
Revenue Surplus of the Central
Government.

	(Rs in Crores)
	<u>1972-73</u> <u>Budget</u>
1. <u>Revenue Receipts</u>	<u>851</u>
Customs	260
Central Excise Duties	225
Taxes on Income	96
Sales Tax	70
Other taxes & surcharges	14
Non-Tax Receipts	186
2. <u>Non-Development Revenue Expenditure</u>	<u>743</u>
Defence	423
Debt Services	193
Other Expenditure	127
3. <u>Revenue Surplus (Gross)</u>	<u>108</u>
4. <u>Provincial Share in Central Taxes</u>	<u>108</u>
5. <u>Net Revenue Surplus</u>	-

15. Customs revenue for 1972-73 includes export duties of Rs. 110 crores levied following the introduction of new exchange rate. Receipts on account of central excise duties reflect the normal growth in various sectors of the economy. The revenue yield from

taxes on income in 1972-73 is anticipated to be lower than the collections in 1971-72, reflecting losses incurred by industry due to disturbed conditions during the financial year 1971-72 and higher debt servicing liability next year. The non-tax receipts for 1972-73 reflect increased recoveries of interest from the Provinces and local bodies at post-devaluation rates.

16. In the case of non-development expenditure on revenue account the defence outlay for 1972-73 has been budgeted at Rs. 423 crores. This takes into account the increase on account of devaluation. Provision for debt servicing is net of the moratorium on foreign debt liability. Other expenditures in 1972-73 reflect the impact of devaluation and pay increases.

Net Capital Receipts for 1972-73.

17. The net capital receipts of the Central Government which consist of proceeds of Government's borrowings, moneys received in repayment of loans, proceeds of small savings schemes etc. together with the effect thereon of non-development capital payments on account of loans and advances, repayment of foreign debt and miscellaneous non-development investments, are estimated at Rs. 59 crores for 1972-73.

Contribution of Provinces and Autonomous Bodies to the financing of ADP for 1972-73.

18. The Provincial Governments in West Pakistan will not be in a position to make any contribution to the financing of the ADP for 1972-73. The non-development expenditures of the Provincial Governments are increasing on account of recurring liability of completed projects, increase in interest payments, higher provisions for wheat subsidy, provisions for pay increase, and a much larger commitment for expenditure on new social policies. These expenditures for 1972-73 have been budgeted at Rs. 231 crores against an estimated expenditure of Rs. 183 crores in 1971-72. On the other hand, the revenue receipts of the four Provinces excluding the central tax

assignments, which were estimated at Rs. 126 crores in the budget for 1971-72 will decrease to Rs. 116 crores in the budget for 1972-73.

19. Previously, West Pakistan used to make substantial contribution to the financing of the Annual Development Programme. From about Rs. 20 crores in 1960-61, it reached a level of more than Rs. 45 crores in 1967-68. The contribution has been gradually decreasing in the subsequent years. In 1972-73, the Provinces are hard put to meet even their non-development expenditure. Their additional tax effort has been directed towards bridging their non-development financing gap, without making any contribution to the financing of ADP.

External Resources for 1972-73.

20. External resources, at the new exchange rate will contribute an amount of Rs. 301 crores. These estimates include a sum of Rs. 111 crores on account of project assistance including aid for Indus Basin/Tarbela. The commodity aid disbursements are estimated at Rs. 161 crores. The balance of Rs. 29 crores represents food aid including PL-480. Detailed projections and assumptions for adopting these estimates are given in Chapter 7 on Balance of payments.

Deficit Financing

21. The revenue surplus and net capital receipts of the Central and Provincial Governments at the existing rates of taxation together with the external resources indicated above leave a gap of Rs. 45 crores for financing the Annual Development Programme of Rs. 415 crores. This gap has been met to the extent of Rs. 30 crores by additional taxation and Rs. 15 crores by deficit financing. This level of deficit financing is intended to allow the absorption of unduly large monetary expansion during the preceding year. The introduction of the new exchange rate and liberal import policy further warrants a cautious attitude in this field.

New Taxation

22. The taxation measures have been framed keeping in view the following four major considerations:

- (1) Tax payers in lower income bracket should get relief.
- (2) Recourse to indirect taxation should be minimum.
- (3) Procedures for calculation of income tax should be simplified.
- (4) Tax on capital and wealth should be enhanced.

The specific tax measures include the following:

- (i) Enhancement of the rate of wealth tax and estate duty;
- (ii) Abolition of the tax holiday scheme;
- (iii) Higher super tax on profits of banks;
- (iv) Reduction in the earned income relief except in low income brackets;
- (v) Withdrawal of existing deductions to persons in the high income brackets (above Rs. 50,000).
- (vi) Application of the highest marginal tax rate of 70% to taxable incomes above Rs. 50,000/-;
- (vii) Reduction in the exemption limit in respect of dividend;
- (viii) Taxation of entertainment allowance;
- (ix) Enhanced tax on notional value of furnished and maintained houses by employers;
- (x) Limitation of tax exemption to income from residential houses;
- (xi) Abolition of the reduction in inter-corporate taxation of unlisted companies;
- (xii) Elimination of the distinction between registered and unregistered firms.

23. Indirect taxes have been imposed on motor spirit, cigarettes, and alcoholic and non-alcoholic beverages.

24. The income tax structure has been simplified through extending the self-assessment scheme and combining the personal allowance, education allowance and conveyance allowance into a consolidated standard deduction of Rs. 3000 upto incomes of Rs. 50,000/-. The revised income tax measures would provide relief to the low income groups. The limit of investment allowance has been raised to 3% subject to a maximum of Rs. 20,000/- to stimulate personal savings and investments.

PRIVATE INVESTMENT

Quantitative knowledge about private investment in the country remains based on inadequate statistics. This is particularly true of investment in sectors other than organised large-scale industry.

2. Planning Commission set up an Inter-ministerial Working Group on Private Investment in April, 1970 to collect all direct and indirect evidence with a view to finding out the size of investment in the private sector during 1971-72 and to making a projection for 1972-73.
3. Based on direct surveys as well as on information regarding financing of investment, import and domestic production of key inputs for investment, the Working Group concluded that investment in the private sector was taking place at a substantially slower pace than in the preceding year. Private investment was estimated at Rs. 220 crore in 1971-72 compared to Rs. 373 crore in 1970-71. About half of this shortfall was expected in large-scale industry. The rest of it was in agriculture, transport, housing and other sectors.
4. The findings of this Group confirmed the impression that the private sector was adversely affected by the cumulative uncertainty about economic policies and political attitudes in the country during the last three years. Reinvestment in the private sector was also reduced due to changes in tax incentives. Paucity of foreign loans with the financing institutions acted as a further constraint.
5. The climate for private investment was also affected during the year by the loss of control over assets located in East Pakistan. The promulgation of the Economic Reforms Order of 1972 and the abolition of the Managing Agencies system coupled

with proportional representation of share-holders on the board of directors of limited companies effectively reduced the control of large family groups in the industrial and commercial fields. This had an adverse psychological impact on the affected sections. However, it appears that the initial unsettling effect of these reforms has now been moderated. An assurance was extended by the President that the private sector would have an important role to play in the economic development of the country. It was emphasized that 82 per cent of industrial assets in the country were still managed by the private sector and its expansion would be facilitated by the Government, provided that the private sector adhered to its social responsibilities. The uncertainty which had prevailed earlier was thus sought to be removed.

6. In May 1972, the Government announced its decision to replace the bonus scheme by devaluation of the Pakistan rupee. This decision would affect private investment in a number of ways. Firstly, the debt servicing obligation in rupee terms on foreign loans utilized by the private sector has gone up by 131 per cent in respect of dollar loans. Where the loan was obtained in other currencies which have appreciated vis-a-vis the dollar, the increase in debt servicing obligation would be larger. This would affect the immediate profit-and-loss position of existing companies, reducing the margin available with them for re-investment and expansion. In the longer run, this could be met by better utilization of capacity and a higher turnover on existing investment, but there would be certain short-term difficulties. Secondly, with the liberal import policy for raw materials, the attention in the industrial sector would remain focussed on utilization of capacity and a much larger proportion of the funds would be locked up in inventories of raw materials, goods in process and finished goods.

Thirdly, the higher cost of imported machinery spares and equipment would require a reappraisal of various investment possibilities and their cost benefits relationships.

7. The potential investment demand in the economy was always considerably higher than the investment which was actually permitted. The newly acquired freedom to undertake investment in the small and medium categories would allow some of the investment demand which was previously frustrated to be translated into reality. Much of the red tape in the setting up of new units has been done away with. This may bring a good response from a large number of small new investors. New investment should also be expected in export industries.

8. Projections for private investment for 1972-73 have been made keeping the above factors in view. The Working Group mentioned earlier had recommended a target of Rs. 321 crore as the feasible "level of investment" prior to the devaluation decision. In post-devaluation prices of imported machinery, the same level of real investment would require financial investment of Rs. 400 crore. The expectation of improvement in the level of private investment during 1972-73 was largely based on the judgement of the financial institutions regarding disbursement of institutional credit for the organised industrial sector. Since the total financing picture of the private sector is likely to show growing stringency in the post-devaluation phase, it is reasonable to assume that financial investment would not increase by the amount of devaluation. A realistic assumption appears to be that previously determined "feasible investment" of ^{roughly} Rs. 320 crore may be realized in financial terms, though its real content would be smaller.

9. The expected size of Rs. 320 crore for private investment in 1972-73 implies an improvement in comparable terms over the estimated level in 1971-72 but it would still be below the level of 1970-71. Realization of the suggested target for private investment would, of course, depend a great deal on the state of labour-management relationship which, after having deteriorated greatly during the second half of 1971-72, appear to be improving. If the improvement persists and production revives, private sector may be expected to overcome its difficulties and be ready to increase the size of investment during the next year.

10. Expected performance during 1970-72 and the targets for 1972-73 by major economic sectors are indicated in the following table:

TABLE - I

(Rs. Crore)

	<u>1970-71</u> (Provisional)	<u>1971-72</u> (Estimated)	<u>1972-73</u> (Targets)
I. Agriculture	<u>46.8</u>	<u>30.4</u>	<u>45.0</u>
a) Monetized	(32.1)	(16.2)	-
b) Non-monetized	(14.2)	(14.2)	-
II. Manufacturing	<u>151.8</u>	<u>82.2</u>	<u>145.0</u>
a) Large-Scale	(141.6)	(73.2)	(115.0)
b) Small-Scale	(10.2)	(9.0)	(30.0)
III. Transport and Communication, Ownership of Dwellings and Services.	<u>151.0</u>	<u>85.6</u>	<u>105.5</u>
IV. Electricity and Gas, Banking, Insurance, Construction and Mining.	<u>24.2</u>	<u>21.8</u>	<u>24.5</u>
Total:	<u>373.3</u>	<u>220.0</u>	<u>320.0</u>

It may be observed that the bulk of the increased investment in monetary terms is expected to take place in large-scale industry. This mainly reflects the increased cost of imported machinery after devaluation. The amount of Rs. 115 crore indicated for large scale industrial investment in 1972-73 is based on the letters of credit already opened on the assumption that the machinery contracted for earlier would now be imported after the defreezing of the pipeline by aid-giving agencies.

11. Private investment in other sectors will be determined by the relative weights of a number of factors. While the higher cost of imported capital goods and income redistribution policies of the Government might restrain investment demand, the removal of import controls, the incentives to domestic engineering industries and the normalisation of law and order situation and improvement in labour-management relations should induce large investment. It is not possible to quantify the relative weights of these factors so soon after such fundamental changes have occurred. However, it should be possible to increase investment in agriculture, housing and transport substantially if the Government adds the support of a liberal credit policy to its liberal import policy.

Financing of the private sector

It is difficult to identify, in exact term, the sources from which private investment during 1972-73 would be financed. Nevertheless, broad magnitude can be indicated. The investment of Rs. 320 crores indicated above will be financed by private savings, financial institutions, commercial banks, inflow of foreign aid earmarked for the private sector, and foreign private investment. It is expected that the total inflow of foreign resources including loans from P.I.C.I.C. and I.D.B.P. for the private sector would be around Rs. 110 crores of which about Rs. 80 crore would be for the industrial sector. Foreign investment is likely to be available mainly for oil and gas exploration and perhaps petro-chemicals.

Bulk of the monetary expansion during the next financial year has been earmarked for the private sector. The credit budget for 1972-73 is based on making available Rs. 150 crore to the private sector through the banking system. A large part of this credit expansion would be for small investors for whom import of machinery has also been made free. Though a part of credit expansion would finance the increased requirements of trade, substantial portion would go to meet the credit requirements of new investment.

A substantial amount of financing will also be needed for agriculture and private housing. In the case of private housing, the public sector is making a substantial investment to develop plots, and special tax incentives for low cost housing have been given in the budget. It is expected that the private sector would invest about Rs. 50 crore in this sector. Large investment is also expected in the agriculture sector particularly the tubewells, financed by agricultural sector's own savings. In addition, the Government is expected to give direct assistance to this sector through subsidy taccavi loans, and credit facilities through the Agricultural Development Bank. Total assistance from this source would be around Rs. 30 crores.

CHAPTER 7

BALANCE OF PAYMENTS

Apart from the effects of the general economic conditions prevailing in the country, the balance of payments during 1971-72 was affected by three special factors. These were: the delinking of East and West Pakistan, the devaluation of the rupee, and a suspension of the convertibility of certain classes of debt repayments. The first of these elements had its greatest importance in 1971-72, but the effects of the other two will continue into the future.

Exports

2. Complete export figures for 1971-72 are not yet available, but on the basis of 10 months data West Pakistan's exports for the year are placed at Rs 293.5 crore. This is an increase of about 34 percent (in terms of foreign exchange) over the corresponding earnings of Rs 199.8 crore in 1970-71. During the first ten months of the year, West Pakistan exports increased by nearly 45 percent compared with the same period in 1970-71. This rise was due mainly to a massive surge in earnings from raw cotton and the diversion of interwing trade to international markets.

3. Earnings from raw cotton exports during 1971-72 are estimated at about two-and-a-half times those in the previous year. The chief reasons for this increase were:-

- (i) a bonus of 10 percent on raw cotton exports was granted in July 1970. Since the main cotton sowing had been completed by that time, the bonus could not affect the production during 1970-71. The higher rupee return on exports during that year, however, induced farmers to increase the acreage and production of cotton. Some other supporting measures were also adopted; for example, the differentials in water rates between cotton and sugarcane were widened in favour of cotton. These factors brought about an increase of about 500000 acres in the area under cotton and added about

1. All rupee figures for 1971-72 include the effect of devaluation for June 1972.

a million bales to production. Thus, during 1971-72

Pakistan had a much larger volume of raw cotton available

for export.

(ii) A substantial quantity of raw cotton was diverted from

interwing trade following the delinking of East and

West Pakistan.

(iii) During 1971-72 the international price for raw cotton was

significantly higher than in the previous year. The unit

value for raw cotton exports from Pakistan from July 1971

to March 1972 works out at about Rs 3150 per ton, compared

with about Rs 2700 per ton in the same period of 1970-71.

In fact in the first three quarters of 1971-72, earnings

due to the higher price of raw cotton were about Rs 8 crore.

Thus, Pakistan was fortunate that not only was a larger

volume of surplus cotton available for export, but it also

received a higher price in the international market.

While raw cotton was undoubtedly the star performer, other

major commodities also showed sizeable gains. The different growth

rates recorded by primary and manufactured commodities resulted in

a change in the composition of total exports. Primary commodities

are estimated to increase by 67 percent, and will account for

about 45 percent of total exports, compared with 36 percent

of the total in 1970-71. The increase in manufactured items is

estimated at 20 percent and their share in the total merchandise

earnings in 1971-72 at 55 percent. The reason for this reversal

in growth rates and the changed composition of total exports is,

of course, the increase in earnings from raw cotton. The details

of the estimates for the complete year are shown in Table I, and the

actual earnings during July-April in 1970-71 and 1971-72 in Table II.

Diversion from East Pakistan

5. The delinking of East and West Pakistan means that goods which previously entered into interwing trade - and were regarded as domestic transactions - will now be available for, and have to be purchased from, the international market. To a considerable

extent this diversion of interwing export to world markets had already commenced during 1970-71 and contributed significantly to the 24 percent growth registered by West Pakistan exports in that year. After November 1971 the flow to East Pakistan stopped completely. It is not possible to estimate precisely the extent of the diversion, as a number of alternative assumptions can be made regarding pricing behaviour, domestic absorption and capacity utilisation. However, a recent study has estimated that of the 24 percent increase in West Pakistan's exports in 1970-71 about 8 percentage points could be attributed to the diversion effect and 16 points to "autonomous" growth and other factors. Thus, during 1970-71, about a third of the increase in exports could be attributed to the diversion from interwing trade. Another exercise, on similar assumptions estimates that about half the increase in merchandise earnings in 1971-72 was due to the shifting of interwing exports to the international market. In both years, therefore, this reshuffling of markets emerges as an important factor. Moreover, it must be emphasized that this increase was of a once-for-all nature, and will not be available in the future.

Invisible Earnings

6. During the period July-March 1971-72, invisible earnings amounted to Rs 51.5 crore, of which Rs 31.1 crore, or 60 percent were accounted for by home remittances. These remittances were eligible for a bonus of 45 percent which, at the average rate of bonus premium prevailing in that period, meant that they received an effective exchange rate of Rs 8.83/US\$. Other invisibles in the first three quarters of 1971-72 received an effective rate of Rs 8.09/US\$.

7. For 1971-72 as a whole, the total invisible receipts are estimated at Rs 91.0 crore, with the share of home remittances placed at Rs 41 crores.

Effective Exchange Rates

8. The bonus voucher scheme, which was introduced in January 1959, was ended on the 11th May 1972 when the Pakistani rupee was devalued from a parity of Rs 4.76/US\$ to Rs 11.00/US\$. Under the bonus scheme, as it existed in 1971-72, there were three effective exchange rates on the export side. These rates, and the proportion of earnings to which they related, are shown in Table III, together with the weighted averages of these rates. The detailed rates for major items are shown in Table IV. It will be seen that, in fact, there were no export transactions at the official rate. The minimum effective rate was Rs 5.67/US\$, mainly for primary products, while the maximum was Rs 8.83/US\$ for finished goods, home remittances and certain classes of invisible earnings. The effective weighted rate on all earnings, both merchandise and invisible, works out at Rs 7.66/US\$.

9. The devaluation, therefore, means that if the new official rate is applied across the board, it will be an increase in the rupee return per US dollar of about 44 percent, while for the items that were eligible for the highest rate of bonus it represents an increase of 25 percent. These increases, however, will not be available for all commodities, as the Government has imposed export duties. This was done to ensure that there was no reduction in total foreign exchange earnings from the commodity in question. It has been estimated that, on the basis of July 1971 to April 1972 figures, the weighted increase in the rupee return per unit of foreign exchange would be about 24 percent.

10. The devaluation is intended to have four main aims on the export side. First, it is a measure for rationalising and simplifying the exchange rate structure. This would also prevent certain abuses that had existed in the past, such as the under-invoicing of primary exports and over-invoicing of imports and home remittances. Second, the devaluation will extend the margin of profitability in export to encompass new products and firms and would also encourage continued investment in the export sector. This is all the more important as the diversion from

inter-wing trade will be ending and new products will be needed to sustain the momentum of export growth. Third, by increasing the cost of fresh investment compared with that of importing raw materials, it will encourage a fuller use of existing industrial capacity and lead to a fall in unit costs, thus increasing the country's competitiveness in international trade. Fourth, the higher rate of rupee return per unit of foreign exchange earned will give an additional fillip to primary production and exports, which in the past have shown a high degree of responsiveness to economic incentives.

11. Export projections for 1972-73 are shown in Table V.

Export Policy

12. The change in the parity rate will lead to a considerable increase in the financial incentives in export for most commodities. The main thrust of export policy in 1972-73 will be two-fold. One element will be to ensure that the devaluation measure is smoothly integrated into the package of economic policies being applied. The other will be to assist the entry of new items into the export list and in the penetration of new markets. This second aim of export policy will be complex, but will become increasingly important as the new items are likely to be such that mere price competitiveness will not be enough to ensure their sale. These items will be much more in the nature of "finished" goods than our present exports, and will require a greater emphasis on design, adaptation to consumers' preferences, quality and marketing effort. In addition, exporters of engineering items will have to convince buyers on the score of reliability, running cost, regular availability of spares, servicing facilities, and may also have to provide more liberal credit terms. Thus, much of the effort of the export policy in 1972-73 will be devoted to assisting in the aggressive marketing of Pakistani products abroad, on the improvement of quality, on the more liberal provision of credit to exporters and on ensuring easier shipping and other transportation, particularly to markets that have remained untapped.

TABLE - I

EXPORT EARNINGS 1970-72

(Rs. Crore)

Items	1971-72 (Estimated)	1970-71 (Actual)	Percent change (in foreign exchange)
Raw Cotton	72.53 (147.0)	27.00 (56.7)	+ 159.3
Rice	20.90 (39.2)	17.30 (36.3)	+ 8.0
Wool	2.40 (4.4)	2.09 (4.4)	+ 0.0
Fish & Fish Preparation	10.83 (21.3)	6.13 (12.9)	+ 65.6
Other Primary	22.60 (42.5)	20.02 (42.0)	+ 1.0
Total Primary	129.31 (254.4)	72.54 (152.3)	+ 67.0
Cotton Yarn	52.06 (98.0)	35.70 (75.0)	+ 30.7
Cotton Cloth	40.22 (76.1)	31.11 (65.3)	+ 16.4
Leather	13.59 (25.5)	10.70 (22.5)	+ 13.6
Sports goods	4.26 (8.1)	3.27 (6.8)	+ 18.6
Carpets & Rugs	8.88 (16.9)	6.47 (13.6)	+ 24.3
Other Manufactures	45.19 (85.0)	40.05 (84.1)	+ 1.0
Total Manufactures:	164.20 (309.6)	127.30 (267.3)	+ 15.8
TOTAL:	293.51 (564.0)	199.84 (419.6)	+ 34.4

Note: 1. Figures for 1971-72 have been adjusted for the devaluation.

2. Figures in parentheses are in \$ million.

TABLE - II

PRIMARY & MANUFACTURED EXPORTS, JULY - APRIL 1970-71 AND 1971-72

<u>I t e m s</u>	(Rs. Crore)		<u>Per cent change (inforeign exchange)</u>
	<u>July-April 1971-72</u>	<u>July-April 1970-71</u>	
Raw Cotton	66.07 (138.7)	20.74 (43.5)	+ 218.6
Rice	15.31 (32.2)	13.47 (28.3)	+ 13.5
Wool	1.61 (3.4)	1.47 (3.1)	+ 9.5
Fish & Fish Preparation	9.11 (19.1)	5.43 (11.4)	+ 67.8
Other Primary	16.61 (34.9)	16.39 (34.4)	+ 1.4
TOTAL PRIMARY:	108.71 (228.3)	57.50 (120.7)	+ 89.1
Cotton Yarn	38.44 (80.7)	28.07 (58.9)	+ 36.9
Cotton Cloth	30.12 (63.3)	24.78 (52.0)	+ 21.5
Leather	9.98 (21.0)	8.37 (17.6)	+ 19.2
Sports Goods	3.30 (6.9)	2.69 (5.7)	+ 22.7
Carpets and Rugs.	6.76 (14.2)	5.24 (11.0)	+ 29.0
Other Manufactures.	33.21 (69.7)	32.79 (68.9)	+ 0.9
TOTAL MANUFACTURES:	121.81 (255.8)	101.94 (214.1)	+ 19.5
TOTAL:	230.52 (484.1)	159.44 (334.8)	+ 44.6

Figures in parentheses are in \$ million.

TABLE III
1952-53

DISTRIBUTION OF EARNINGS BY EFFECTIVE EXCHANGE RATES

Description	Bonus Rate (per cent)		Foreign Exchange Earnings (per cent)	Effective Exchange Rate (₹/₹)
	1952-53	1951-52		
A. VISIBLES				
i) Primary	10.0	10.00	33.9	5.67
ii) Semi-manufactures	35.0	18.01	36.7	7.93
iii) Finished goods	45.0	28.87	29.4	8.83
Weighted Average	29.2	10.1	100.0	7.46
B. INVISIBLES				
i) Home Remittances	45.0	10.01	60.4	8.83
ii) Miscellaneous	35.0	18.87	29.7	7.93
Weighted Average	41.6	15.88	100.00	8.52
C. ALL EARNINGS				
Primary	10.0	10.00	26.3	5.67
Semi-manufactures	35.0	18.87	35.2	7.93
Finished goods	45.0	28.87	38.5	8.83
Weighted Average	32.0	18.5	100.0	7.66

* Figures in parentheses are in millions of rupees

TABLE - V

PROJECTIONS OF MERCHANDISE EXPORTS FOR 1972-73.

(Rs. Crore)

S.No.	SITC	Item	Value
1.	031,032	Fish	23.10
2.	042	Rice	44.00
3.	051-054	Fruits & Vegetables	6.90
4.	0615	Mollasses	2.30
5.	075	Spices	1.20
6.	0813	Oil Cakes & Meal	2.90
7.	1210	Tobacco	4.60
8.	2191	Animal bones	3.50
9.	2621	Raw Wool & Hair	7.70
10.	2623,2625	Hides & Skins	1.20
11.	2631	Raw Cotton	190.30
12.	2633	Cotton Waste	5.70
13.	273-276	Salt Marble; Chrome Ore and Other Minerals.	4.10
14.	2911	Animal Casings	2.30
15.	2922	Guar & Guar Products	9.20
16.	311,332	Petrol & Petroleum Products	9.30
17.	541	Chemicals & Drugs	4.60
18.	611	Leather	20.96
19.	6513-6514 Except 651426-65128	Yarn	111.10
20.	651426-65128	Thread	1.20
21.	6521-6522	Fabrics	92.40
22.	6535-6536	Synthetic Textile	4.60
23.	656101	Cotton Bags	1.20
24.	6562	Tents & Canvas	3.20
25.	6575	Carpets	20.90
26.	6612	Cement	11.50
27.	7	Machinery & Transport Equipment	4.60
28.	8411-8412,8414	Clothing & Hosiery	9.20
29.	8510,8310,8413	Footwear & Leather Goods	10.30
30.	8617	Surgical Goods	5.70
31.	8941-8944	Sports Goods	9.80
32.	899	Handicrafts	4.60
33.		Miscellaneous	45.90
TOTAL :			680.00
			(\$ 618 m)

Imports

13. The behaviour of merchandise imports for the first three quarters 1970/71 and 1971/72 is shown in Table VI. The SITC numbers falling in each category are shown in Table XII.

TABLE-VI
MERCHANDISE IMPORTS, JULY-MARCH 1970/71 & 1971/72
(Rs. crore)

	<u>July-March</u> <u>1970-71</u>	<u>July-March</u> <u>1971-72</u>	<u>Percent</u> <u>Change</u>
<u>Total</u>	273.98	226.47	- 17.4
Consumer goods	26.98	41.67	+ 54.4
Raw Material for Consumer goods.	67.31	57.51	- 14.6
Raw Material for Capital goods.	27.55	25.01	- 9.2
Capital goods	152.14	102.28	- 32.8

14. Merchandise imports for 1971-72 are estimated at Rs. 335.5 crore. In terms of foreign exchange -i.e. after adjusting for the devaluation-this is a decrease of about 16 percent. The composition of imports in 1970-71 and 1971-72 are shown in Table VII.

TABLE-VII
MERCHANDISE IMPORTS, 1970-71 AND 1971-72
(Rs. crore)

	<u>1970-71</u>	<u>1971-72</u>	<u>Per cent change</u> <u>(in foreign</u> <u>exchange)</u>
<u>Total</u>	360.0 (755)	335.5 (635)	- 16
Consumer goods	38.5 (80)	67.5 (125)	+ 56
Of which:			
Food & live animals	18.0 (21)	40.0 (75)	+ 163
Raw material for consumer goods.	95.0 (200)	91.5 (170)	- 15
Raw material for Capital goods.	38.0 (60)	39.0 (75)	- 7
Capital goods	188.5 (395)	137.5 (265)	- 33

Notes: 1. Figures for 1971-72 have been adjusted for the devaluation.

2. Figures in parentheses are in \$ million.

15. The decrease in the total was made up by decrease in all the major categories except consumer goods, which is estimated to increase by 56 per cent over the level in 1970-71. The main decrease was on the import of capital goods, which in 1971-72, were only about two-thirds of their level in the previous year.

16. The increase in consumer goods import was chiefly taken up by food items, which are estimated at twice their level in 1970-71. The lower availability of both project and programme external assistance was a major factor in the lower imports of capital goods and raw materials. Moreover, the shortage of foreign exchange constrained the Government to increase its price by shifting many items from the free list to the cash-cum-bonus list and the cash-cum-bonus to the bonus list. The higher cost of such imports also led to a reduction in their demand. Finally, the war and the subsequent unsettled conditions also had an adverse effect on investment and industrial production.

Import Projections for 1972-73

17. Merchandise imports for 1972-73 have been estimated at Rs 813 crore (\$ 740 m). This is an increase of about 17 per cent in terms of foreign exchange over the estimated level of Rs 333.5 crore (\$ 635 m) in 1971-72. The projections of merchandise imports are shown in Table VIII, where a comparison with the previous year is also made. The projections of Rs 813 crore for 1972-73 have been worked out keeping in view the likely availability of foreign exchange resources and the absorptive capacity of the economy, given the set of policy measures that are being recommended.

18. The freeing of the import policy that was announced with the devaluation naturally makes it very difficult to forecast the composition of the import list. However, taking into account the existing imbalances in the economy and the new structure of tariff rates that has been imposed, it is expected that the import/^{bill} will be divided among the major categories of merchandise imports in roughly the following proportions:

to provide for an essential...
 ...13...

	1972-73 (%)	1971-72 (%)	1970-71 (%)
Consumer goods	24.5	10.7	19.7
Raw material for consumer goods	26.5	26.4	26.8
Raw material for Capital goods	22.5	10.6	11.6
Capital goods	26.5	52.3	41.9

19. The increase in the level of imports is predicated, of course, on a revival of growth in the economy. The modest rate of investment envisaged in the Plan is reflected in the lower import of capital goods; in fact, it is expected that much of the investment that does take place will emanate from the domestic capital goods industries, for which an adequate supply of raw material imports has been programmed.

TABLE - VIII

MERCHANDISE IMPORTS, 1971-72 AND 1972-73

	1971-72 (Estimated)	1972-73 (Projection)	Percent change (in foreign exchange)
Total	335.5 (635)	813.0 (740)	+ 17
Consumer goods	125.5 (225)	199.0 (180)	+ 44
Cf which			
Food & Live Animals	40.0 (75)	130.0 (120)	(+ 60)
Raw materials for consumer goods	91.5 (170)	215.5 (195)	+ 15
Raw materials for capital goods	39.0 (75)	183.0 (170)	+126
Capital goods	137.5 (265)	215.5 (195)	- 26

Notes: 1. Figures for 1971-72 have been adjusted for the devaluation.

2. Figures in parentheses are in \$ million.

The recovery in real per capita incomes after a fall during 1971-72 means that there will be some pressure to improve - or in the case of certain income classes even to restore - previously attained

consumption standards. A significant increase in the import of consumption goods, particularly food items, has thus to be provided.

External Resources

20. The gross inflow of foreign resources during 1971-72 is estimated at \$ 463 million. Of this amount, the inflow into East Pakistan, until its occupation by India, is estimated at about \$ 100 million.

21. The foreign aid inflow during 1971-72 was about 40 per cent lower than originally estimated (\$ 796 million). This led to considerable shortfalls (compared with the original targets) in the utilisation of both project and non-project assistance. The main reasons for the reduced inflow were the non-commitment of earlier and the lack of new pledges. Table IX shows the inflow of foreign resources into West Pakistan in 1971-72.

TABLE IX

GROSS INFLOW OF FOREIGN RESOURCES, 1971-72

(\$ million)

	WEST		
	Public :	Private :	Total
(i) Project aid including Indus/Tarbela	46	82	128
(ii) Non-Project aid	75	-	75
(iii) Food aid convention	4	-	4
(iv) Other food aid	6	-	6
(v) PL-480	42	-	42
(vi) Foreign Private Investment	9	-	9
	<u>282</u>	<u>82</u>	<u>364</u>

22. In 1972-73 the gross aid inflow into West Pakistan is estimated at \$ 419 million. In keeping with the strategy discussed earlier of concentrating on fuller utilisation of installed capacity, rather than on setting up new plants, the major increase will be in non-project aid which is estimated to rise from about \$ 75 million in 1971-72 to \$ 147 million in 1972-73 - an increase of almost 100 per cent. The increase in PL-480 and other food aid represents the determination of the

Government to hold down prices of essential items by ensuring their easy availability. The details of the aid inflow are shown in Table X.

TABLE X

INFLOW OF FOREIGN RESOURCES, 1971-72 AND 1972 - 73

	1971-72 <u>Revised Estimates</u>	(\$ million) 1972-73 <u>(Estimates)</u>
(i) Project aid including Indus/Tarbela Technical Assistance	228	180
(ii) Non-project assistance	75	147
(iii) Food aid convention	4	18 13
(iv) Other food aid	6	-
(v) PL-480	42	70
(vi) Foreign Private Investment	9	9
TOTAL:	<u>364</u>	<u>419</u>

23. The political events commencing towards the end of 1970-71 and continuing into the next year, resulted in a considerable slowing down in the growth of exports from East Pakistan. The foreign exchange position, therefore, became acute even though West Pakistan's exports increased by 24 percent in 1970-71. Moreover, the debt servicing payments - both principal and interest - had risen to unmanageable amounts. To deal with this situation the Government requested the postponement of the conversion of certain classes of debt repayments from the 1st May, 1971. This was intended to cover all official bilateral loans.

24. The suspension of convertibility was absorbed in a short-term debt relief package by the Consortium members in May 1972. The debt relief amounts to about \$ 234 million for a period of 26 months, from 1st May, 1971 to the end of June, 1973. The main exercise on a long-term rescheduling of debt repayments is being worked out, and is expected to come into effect after June 1973.

BALANCE OF PAYMENTS

25. The Balance of Payments is shown in Table II.

TABLE II

BALANCE OF PAYMENTS 1971-72 & 1972-73

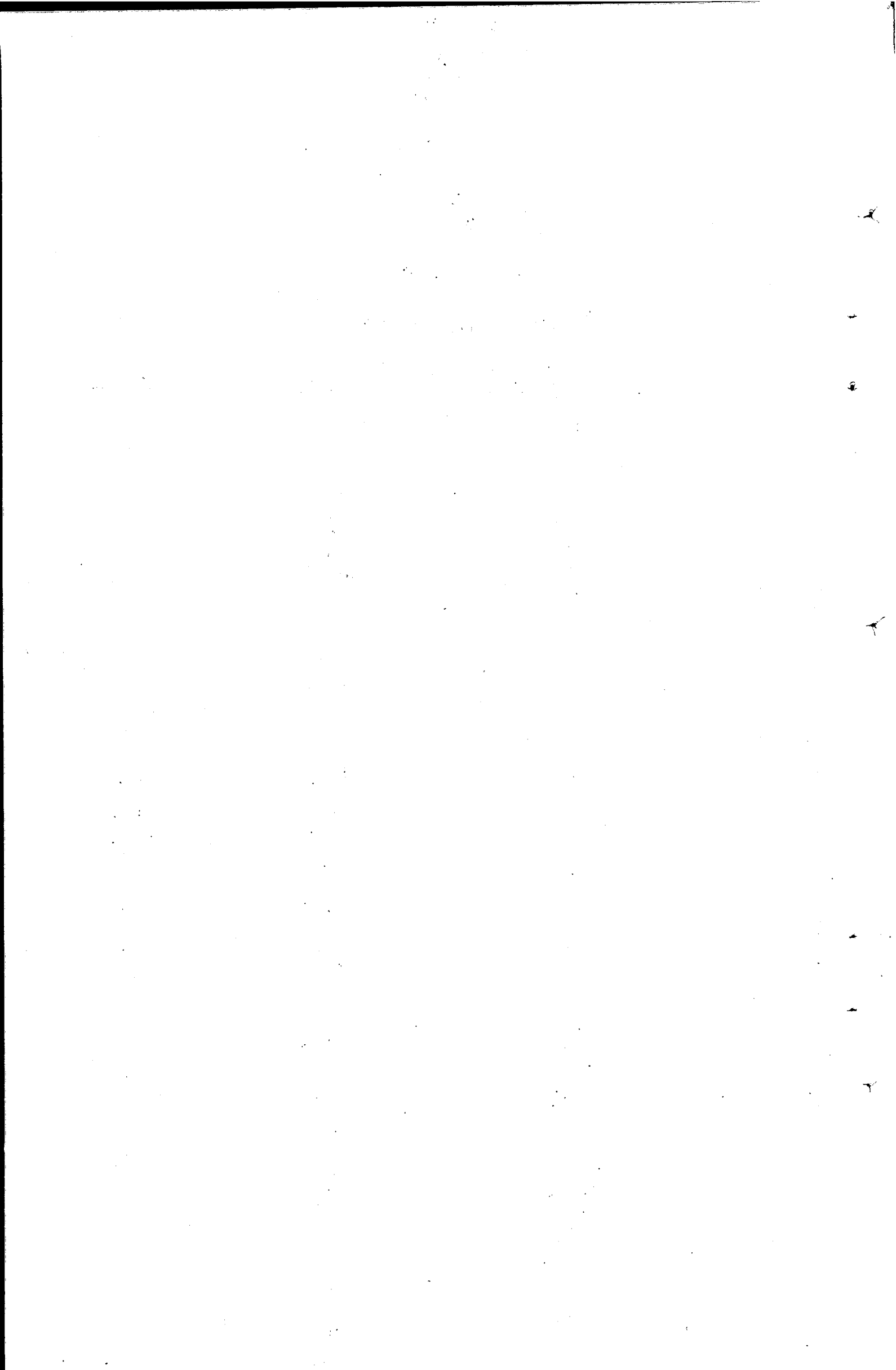
(Rs. Crore)

	1971-72	1972-73
A. RECEIPTS		
1. Merchandise Exports	293.5	660.0
2. Invisibles	50.0	712.0
3. Private Transfers	41.0	710.0
4. Gross External Inflow	173.5	761.0
	<u>558.0</u>	<u>1363.0</u>
B. PAYMENTS		
1. Merchandise Imports	335.9	817.0
2. Invisibles & Defence	222.5	550.0
	<u>558.0</u>	<u>1363.0</u>

TABLE - XII

SUMMARY OF CODE NUMBERS (PSTC)
FOR THE ECAFE CLASSIFICATION

<u>Consumer Goods</u>	<u>Raw Materials for Consumer Goods.</u>	<u>Raw Materials for Capital Goods.</u>	<u>Capital Goods.</u>
0	121	2424	663
1-120	21	2429	673
122	-	-	-
241	22	243	-
3321	23	273	-
3322	2421	274	674
54	2422	275	675
55	2423	276	676
5713	244	281	-
5714	25	282	677
6129	26	283	678
6293	271	284	6822
6299	285	286	6832
6327	29	32	6842
6828	331	3324	6852
642	3323	3325	6862
652	3329	3326	6572
653	341	351	691
654	4	5123	693
6551	5121	5124	694
6559	5122	5126	695
656	5125	5127	6982
657	5128	513	6983
665	5129	514	6984
666	53	515	6986
6985	56	52	7
697	581	5711	81
696	599	5712	861
6981	611	6121	941
6988	6122	6291	-
6989	6123	6294	-
82	613	6324	-
83	621	6556	-
84	631	6558	-
85	6321	661	-
854	6322	662	-
89	633	6641	-
911	641	6643	-
931	651	6644	-
951	6554	6645	-
961	6555	6648	-
-	6557	6647	-
-	6642	6649	-
-	6648	671	-
-	691	672	-
-	667	679	-
-	692	6821	-
-	362	6331	-
-	363	6851	-
-	-	6861	-
-	-	6871	-
-	-	688	-
-	-	689	-



MONETARY AND CREDIT POLICY

During the first half of the fiscal year 1971-72, the expansion of monetary assets reached Rs. 478 crores. Of this Rs. 256 crores represented payment against demonetised notes of high denomination tendered in June, 1971. The net monetary expansion of Rs. 182 crores, which amounted to roughly 9 per cent of monetary assets was mainly attributable to the Government sector.

2. Monetary expansion of a very large magnitude occurred during the first half of the year. This was mainly the result of extra-budgetary and spending on defence, relief and rehabilitation in East Pakistan, while revenue receipts from that province declined sharply. This was largely responsible for price pressures during the second half of the year, despite success in controlling the rate of monetary expansion after January, 1972.

3. During this period the rising expenditure in East Pakistan generated deficit financing of Rs. 166.2 crores. The bank credit expansion during the same period was however comparatively much smaller. While the figures remain unclear for the obvious reason that the accounts cannot be separated for both wings, it is obvious that the large monetary expansion of this period had inflated currency base in West Pakistan also. The financial transfers could be freely made between two wings of the country upto December, 1971. Even after the fall of Dacca, a large part of Pakistan currency was in circulation in East Pakistan and could be transferred to West Pakistan through complicated international transactions. The currency link was not severed until May, 1972 when the old 5 and 10 rupee notes were demonetized and replaced by new series.

4. The monetary situation was brought under control in the second half of the year. During the four months January-April 1972 monetary asset rose by Rs. 73.7 crores only. In contrast to the preceding six months, the increase took place mainly in the private and foreign sectors by Rs. 40.3 crores and ^{Rs.} 15.6 crores respectively. The government sector recorded an expansion of Rs. 5.6 crores only.

5. Credit policy during the year pursued by the State Bank was adjusted and readjusted as economic conditions changed rapidly. A new phase of policy began with the devaluation of the rupee when the bank rate was raised from 5 to 6 per cent and simultaneously the deposits and advance rates of the scheduled banks were also raised. The liquidity ratio of the scheduled banks was raised in June from 25 per cent to 30 per cent to mop up excessive liquidity of the banking system.

6. The projection of the safe limits of monetary expansion is difficult at present due to lack of accurate monetary data. Nevertheless a crude attempt has been made to analyse it. The monetary assets in June, 1972 are estimated at Rs. 2000 crores. National Income is projected to increase by 6.6 per cent during 1972-73. Simultaneously foreign assistance flows would also substantially increase. Therefore, total resources in monetised sector including foreign resources are estimated to grow at roughly 12 per cent. The ratio of monetary assets to real resources in 1971-72 is estimated at 44.4 per cent. If this ratio of monetary assets to real resources is kept constant, monetary assets can be expanded by roughly Rs. 240 crores as can be seen from the following table:

RATIO OF MONETARY ASSETS TO TOTAL RESOURCES
(Rs. in crores)

	<u>1971-72.</u>	<u>1972-73.</u>
1. GDP at market prices.	5180	5520 *
2. Subsistence Sector	800	850
3. Net Monetised Sector (1-2)	4380	4670
4. Net Foreign Resources	125	380
5. Total Resources in the Monetized Sector.	4505	5050
6. Monetary Assets	2000	2240
7. Ratio of Monetary Assets to total resources	44.4	44.4
8. Permissible limit of monetary expansion.		240

* At 1971-72 prices.

7. It is intended, however, to follow a conservative and cautious monetary and fiscal policy during the next fiscal year. The caution is justified in view of the need to allow the absorption of preceding year's increase in money supply and to safeguard against undue pressures developing on the balance of payments. The net monetary expansion during the year would be kept in the range of Rs. 115-120 crores which would be lower than the projected increase in G.D.P. In fact the growth in monetary assets is projected at even less than the growth in GDP. The policy will be so designed as to avoid any pressures from developing on the balance of payments under a liberal import policy. The overall monetary and fiscal policy would also help Government policy in maintaining domestic price stability.

8. The proposed monetary expansion during the next fiscal year is being allowed mainly for the private sector. The overall allocation would permit expansion of Rs. 150 crores in bank credit to the private sector. This represents estimated requirements for working capital at post-devaluation prices and for larger turn-over in industrial sector, leaving a margin for financing a part of the new investment. The seasonal requirements for financing export of cotton would be larger than in preceding years. Such seasonal credit would however be retired by the end of the year.

9. Deficit financing is proposed at a modest level of Rs. 15 crores for financing the development programme of the Government. Monetary expansion resulting from public sector expansion would thus be only of a marginal nature. It is in fact likely to be more than offset by the contractionary influence of the deficit in balance of payments.

10. The only expansionary force on money supply would be operating from the credit expansion of the banking system. The increase in Bank Rate and changes in all lending and deposit rates of the banks have set an interest rate policy designed to keep private sector credit expansion within reasonable limits. The policy has been further strengthened

by a change in liquidity ratio.

11. It may be emphasized that the creation of primary reserves by the deficit financing operations of the Government would be negligible. The deficit financing of Rs. 15 crores as proposed would be largely through subscription to Government loans by the banking system and would thus be a demand on their primary reserves. Banking system may also lose primary reserves as a result of utilization of foreign exchange reserves. The ability of the banking system to meet the credit demand in the private sector would, therefore, largely depend upon their initial excess reserves, borrowing from the State Bank and any shift in favour of deposits in the asset preference of the general public.

CHAPTER-2

CONSUMPTION PLANNING

Government's commitment to maintaining a reasonable standard of welfare for the common man has led, for the first time, to a switchover of emphasis in the Planning exercise to the provision of essential items of mass consumption at reasonable prices. The Annual Consumption Plan is essentially a broad framework through which the Government policy to maintain adequate availability of essential consumer goods at reasonable price is to be implemented. The Plan would have to remain flexible and would have to be reviewed throughout the year in the light of actual developments. The changes in supply and demand would be accommodated while the objective of price stability would remain fixed. The present projections are on the basis of advance indications regarding various magnitudes which are liable to change in the course of the year.

2. As mentioned in chapter 3, the targets of income and investment would enable the economy to satisfy a level of consumption in 1972-73 which would be 5 to 6 per cent higher than that of the preceding year in real terms. The objective of a consumption plan is to ensure ^{the} increased availability of goods consumed by the low-income groups. The absorption of mass items of consumption like foodgrains, edible oils, ~~coarse clothing~~, etc. should rise faster than total consumption in the economy so that the benefit of economic growth is physically passed on to the people in general.

3. Consumption planning aims at providing a balanced nutrition, adequate clothing, proper shelter and education and health facilities. In the context of one year its objective would be rather limited to a marginal improvement within the constraint of the total availability of consumption goods in the country which in turn would depend upon indigenous production and net imports. As an absolute minimum consumption availability must keep in line with population growth. Furthermore, per capita consumption demand of basic wage goods will increase as income levels rise so that a margin has to be provided to ensure price stability. Again, a conscious effort at income redistribution will require additional supplies of essential commodities.

4. The exercise is confined to only a selected few items with a

heavy weightage in the cost of living of industrial workers and low-paid employees in urban areas. Initially 8 items are included for an analysis of trends in per capita availability during the past 3 years, projections for next year in the light of expected demand, production, required imports and changes in stocks. The per capita availability is indicated in the following table with a subsequent detailed discussion on each item:-

PER CAPITA AVAILABILITY

		<u>1969-70</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
		<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	<u>Target</u>
1. Wheat	Ozs. per day	10.0	10.5	9.8	10.5
2. Sugar	Lbs. p.a.	19.6	19.0	17.7	20.4
3. Vegetable ghee	Lbs. p.a.	-	6.3	6.7	7.2
4. Cloth	Yds. p.a.	14.3	11.2	11.3	12.0
5. Washing soap	Lbs. p.a.	-	4.3	4.3	4.5
6. Tea	Ozs. p.a.	16.1	16.0	17.1	18.6
7. Matches	Overall targets are given in the text.				
8. Kerosen Oil					

6. Projections for 1972-73 are based on certain coefficients of income elasticity of demand for these commodities and the assumptions of population and income growth. The World Food and Agriculture Organization (F.A.O) has done considerable work in the field of determining elasticity coefficients especially for the food items in developing countries. A number of studies at the Pakistan Institute of Development Economics have also provided information on this subject. But the results from different sources remain widely divergent. The coefficients adopted for the purposes of this exercise are as follows:-

1. Wheat	0.6
2. Sugar	1.5
3. Vegetable Ghee	1.3
4. Cloth	1.6
5. Soap	1.0
6. Tea	0.8

These are based on a reconciliation of conclusions in various studies and thus indicate broad orders of magnitude relating to the future trends of

demand for the items under examination. These tentative estimates of income elasticity of demand would be firmed by further studies of conditions in Pakistan.

6. To determine the effect of increase in population on demand it has been necessary to emphasize the change in urban population. The urban population is growing faster than the population of the country. One of the major problem is to maintain adequate growth in marketable surpluses of agricultural commodities consumed by the rapidly growing urban population. The rate of urbanization assumed here is 4.5 per cent. Firm figures would be available only after the Census in September, 1972.

7. As it is well known that the demand elasticity of the low income groups for essentials like foodgrain, coarse clothing, Kerosene oil etc. is relatively higher during a period of income redistribution in favour of this group, it is of vital importance to maintain adequate level of supplies with a view to stabilizing their prices. The aim of consumption planning is primarily to adjust and regulate the supplies of basic essentials with a view to increasing the common man's welfare. For this purpose, a dual market system is sometimes adopted as in the case of wheat and sugar in Pakistan. In the case of some other items attempt is made to link them with the international market.

8. That part of domestic market which by and large caters to the requirements of low income groups provides these basic necessities in fixed quantity and at fixed prices. The other part is left relatively free but is regulated through manipulation of supplies. The dual market mechanism is thus designed to favour the low income groups.

1. WHEAT

9. Per capita daily consumption of wheat for 1971-72 is estimated at 9.8 Ozs. showing a significant decline compared to 10.5 Ozs. in 1970-71. These changes in daily per capita consumption are based on the assumption that there was no change in stocks in the private sector. No measurement of change in private stocks is possible. However, it appears from the price behaviour towards the end of the crop-year, that privately-held stocks were considerably depleted during 1971-72. Per

Per capita consumption may, therefore, have been larger than 9.8 Ozs. per day. Consumption during the year was at high prices of wheat. If the prices are to be held stable, an increase in per capita availability should be planned for 1972-73. It must be adequate to accommodate the following elements:

- i) Additional requirements due to increase in population.
- ii) Additional demand as a result of increase in income. Income elasticity of demand of wheat has been estimated at 0.8 for West Pakistan. This implies that a 10 per cent increase in income leads to 8 per cent increase in demand for wheat.
- iii) At least a partial replenishment of wheat stocks both in the public and private sector.

10. Taking into account the above considerations and also the fact that during 1970-71 when the availability was adequate and prices were stable, the per capita consumption was 10.5 Ozs. daily, it has been decided to project the requirements for 1972-73 so as to make available 10.5 Ozs. per day per head to the entire population. On this basis, the total requirement works out to about 69 lakh tons.

11. Over a long-term period price stability of an essential item like wheat which depends essentially on the vagaries of nature from the supply side, must depend upon the maintenance of reasonable level of stocks in the private sector. The present urban population in Pakistan is roughly 28 per cent. The annual requirements for present urban population thus work out to 2 million tons. In a year of short crop, the wheat produced on the farm is largely used within the rural sector, creating very wide fluctuations in the marketable surplus sold in urban areas. It usually takes three to four months to arrange imports from abroad and to transport them to various points of distribution. The reasonable level of Govt. stock should, therefore, be in the range of 5 to 7 lakh tons. It may be pointed out that the level of stocks in 1970-71 was around 7 lakh tons in the public sector.

12. The stocks that can be effectively operative are those above a minimum level of 1.5 lakh tons. Once the stocks touch this level, their availability and spread is not effected in checking prices as they would be

too thinly distributed. Additional requirements of 2.5 lakh tons above the minimum is at all times, therefore, desirable. This is all the more essential because at present the distribution of wheat has to be managed separately in the four provinces. Minimum stocks will have to be held at all provincial centres which can readily be released whenever price stability is threatened.

13. Storage capacity is adequate in all the provinces as shown below:-

	<u>Lakhs tons</u>
Punjab	5.30
Sind	2.24
NWFP	0.89
Baluchistan	0.44
Landhi (Central Govt. Stores)	7.50

This is considered to be sufficient for meeting the present requirements.

The question of improving and modernising storage facilities is already under consideration of the Government.

14. The current crop estimates of 64.0 lakh tons indicates domestic availability of wheat at 57.6 lakh tons, after allowing 10% deduction for seed, wastage etc. This leaves a gap of 11.4 lakh tons for current consumption. With a planned increase in stocks of 4 lakh tons discussed in the above paragraphs, the total import requirement works out at 15.4 lakh tons. To meet the above food deficit arrangements for import are being made.

Operational Alternatives.

15. Under the present system, a two-price structure is being maintained at present-(a) the official issue price of Rs. 17 per maund which caters to the requirements of about 20 per cent of the population, mostly urban, and (b) the open market price which has always remained higher than the official price. The difference between the two prices is significant especially during the second half of the year. It is possible to equalise the two prices if releases of wheat from Government godowns are made freely to everybody

throughout the year; in other words Government should meet the requirements of mills as well as any body else who asks for it. This will need adequate stocks with Government at all times to meet the requirements of everybody during the course of the year. It also pre-supposes an issue price higher than the present one and almost full control over smuggling. Pending a fuller examination of the implications of this alternative, it would be desirable to continue the status quo.

II. SUGAR

16. The sugar market is currently being regulated by a two tier price system: one at the ration depot and the other in the free market. Price of rationed sugar is fixed at Rs. 1.60 per seer and widely differing scales of rationing are being followed in the provinces. Open market prices fluctuate sharply in response changes in availability. Rationing is basically a device for meeting a scarcity situation and is being followed to protect the low-income groups. The extra requirements of those consuming high quantity of sugar and of major industrial and commercial consumers are met from the open market.

17. In the crushing season 1969-70, the year of the record production of over 6 lakh tons and in the following years 1970-71 (with production of over 5.3 ^{lakh} tons) price of sugar remained reasonably stable. There has, however, been a sharp up-turn in the price of this item since the first week of February, 1972 on account of a significant drop in domestic production and a global scarcity of sugar causing sharp increase in the world price of sugar. In the free market, the price has climbed from about Rs. 73 at the end of January, 1972 to Rs. 100-120 per maund during the first half of May, 1972. Lately, the retail price of sugar at various centres in West Pakistan is reported to be Rs. 3.00 to Rs. 3.50 per seer. The current expectation is that in view of the liberal import policy and large orders placed for the import of this item, the price should stabilize in the range of Rs. 2.50 — 2.75 per seer. in the open market. The Government has reduced import duty on sugar from Rs. 400 to Rs. 120 per ton in order to keep the price low. The letter of credit have been opened for the value of Rs.17 crores of sugar to be imported by the private sector for sale in the open market. For maintaining ration supplies the Government procured 3.5 lakh tons from the mills at home and has arranged imports of over 100,000 tons of

which ever 50,000 tons are already on the way.

18. As the level of sugar production during 1972-73 is expected to remain low, it appears essential to formulate the broad guidelines of policy in advance for ensuring adequate supplies of this sensitive item at a reasonable price. Sugar policy has been examined in its two aspects. First, repercussions of the shortages in the immediate future of one year. Secondly, the long-run aspect of regulating the price at a reasonable level by balancing demand against adequate supplies.

1972-73 Projections:

19. Since present shortfall in domestic production is not expected to be reduced substantially during 1972-73, it would be appropriate to retain the present system of a dual market. It would, however, be desirable to remove the differentials in the existing scales of rationing in different provinces by replacing these with a uniform scale. Total requirements of sugar in 1972-73 have thus been worked out on the basis of estimates of:

- i) requirements of rationing on a uniform basis for all the Provinces.
- ii) requirements for industrial/commercial use
- and iii) open market demand.

Requirements for Rationing:

20. Requirements of sugar for the provisioned area are provisionally estimated at 3.5 lakh tons (details are given at Annexure-II). These have been worked out on the basis of a uniform scale of allocation in all the three Provinces, i.e. a monthly ration of $1\frac{1}{2}$ seer per capita for the district headquarter towns including Islamabad; $\frac{3}{4}$ seer per capita for the remainder of urban population and $\frac{1}{4}$ seer per capita for the rural areas.

Size of the Open Market:

21. Demand for sugar in the free market has varied from over 2.5 lakh tons to 3.0 lakh tons in the context of a price spectrum ranging from Rs. 72/- to Rs. 120/- per maund (i.e. from 1.80 to Rs. 3.00 per seer). Of this total, the share of the industrial and commercial users was about 1.2 lakh tons. The total availability of sugar and its distribution over the three main categories during 1970-71, 71-72 and the projection for

1972-73 are as follows:-

SUGAR REQUIREMENTS
('000 tons)

	1970-71 Actual	1971-72 Provisional	1972-73 Provisional
i) Rationing	270	270	350
ii) Commercial/Industrial use	118	125	125
iii) The Rest (for Free market)	135	105	115
Total:	523	500	590

22. On the basis of the above availabilities the per capita consumption of sugar would increase from 17.7 lbs. in 1971-72 to 20.4 lbs. in 1972-73, an increase of about 15 per cent over 1971-72 but only 4 per cent compared to 1969-70 level.

23. Two broad policy issues emerge for 1972-73. One is the question of pricing of sugar and second is the organization for its distribution.

Pricing of Sugar:

24. The price of sugar for rationing in the provisioned areas has been fixed at Rs. 1.60 per seer on the basis of its cost to the manufacturer plus the trade and transport margins and the excise duty. Since the last decision on the above price, three main elements have raised the cost of sugar production and its distribution. These are:

- a) An increase of 25/35 paise per maund of sugarcane as allowed by the Government.
- b) Increase in the price of bag for packing as a result of the non-availability of jute bags from East Pakistan.
- c) Impact of devaluation on certain other components of the cost like depreciation allowances and higher cost of debt servicing, imported components etc.

25. *If the conditions are as above,*
The impact of these cost raising factors on the price of sugar would push it up from the present level of Rs. 1.60 per seer to the range of Rs. 1.80 to Rs. 2.00 per seer. The calculation of appropriate price for domestic refined sugar, however, needs further examination. The Ministry is currently engaged on this exercise.

26. The cost of imported sugar ex-godown (at £75/- per ton in the world market) with custom duty of 120 per ton works out to Rs. 2.30 per seer. After adding the railway freight and other incidental changes including retailer's margin of profit, the ex-retail shop price of imported sugar would range between Rs. 2.50 to Rs. 2.75 per seer depending on the distance from Karachi. **The world market price has recently exhibited a softening tendency. The domestic price level in the free market would accordingly come down in line with international prices.**

Distribution of Sugar:

27. The present organization of the sugar trade and distributive machinery needs to be streamlined in the long-run. Following alternatives need to be considered:-

A- The present two-tier price system may be maintained. The public sector retains the commitment to meet essential requirements through ration shops at a fixed price. The present system of ration allocations would have to be stream-lined to provide a uniform basis. On the basis of the criterion suggested in the preceding paragraphs the government would need to procure from domestic sources amount required for the provisioned areas. The mills should be given fixed quotas in physical quantities to meet the required amount for distribution; the quotas may not be expressed as percentages of production of individual mills as has been the practice in the past. The amount produced by the mills in excess of the fixed quota may be allowed for disposal in the free market as at present. The free market price would be regulated by supplementing its supplies from import which can be available in the market on the basis of the present world price of £75 per ton.

B- A variation of the above system may include a reversion to complete rationing system. Under this alternative, the entire production of sugar mills may be procured by the Government for sale through rationing mechanism at a fixed price. Private trade in sugar outside the rationing system may be banned. However, the past experience of this system rules it out as a viable and practicable proposition. It would lead to malpractices as well as act as a powerful disincentive for domestic production.

C- The present two-tier system can be replaced by a uniform free

market price related to international price through imports. The Government may consider reducing the duty further on imported sugar with a view to bringing down the price of sugar in the market to Rs. 2.00 per seer. Part of the loss in duty may be made up by increasing excise duty on the domestic mills. Advantage in this alternative is that the government would not be involved in procurement, allocation and subsidization of sugar. The domestic sugar would be linked with the international market and a suitable price can be maintained on a much firmer basis through varying the duty. It appears that this system can be adopted.

best

28. For the next year the course would be to continue the present two-tier system as explained in option A.

III. COTTON CLOTH

29. In line with the targets of production of raw cotton, cotton yarn and cloth adjusted for exports/imports, the per capita availability of cotton cloth is estimated to increase from about 11 yards in 1971-72 to 12 yards in 1972-73. (See Annexure-III). This would, however, be lower than the per capita availability of cloth for consumption (14.9 yards) in 1969-70. This is partly explained by the diversion of larger production of textile to the international market as reflected in the recent exports.

30. The bumper cotton crop this year and the expectation of a similar sized crop in 1972-73, *have brightened prospects of cotton yarn production* and the supply of cloth. Main constraint of textile production as of all industrial production under the present circumstances is however the labour management relationship. A modest increase in per capita availability of cloth from 11.3 yards in 1971-72 to 12 yards in 1972-73 has been projected to correspond with a rather conservative estimate of yarn production. In that case a larger surplus of raw cotton would be available for exports.

31. The main issue is the impact of the increase in the prices of raw cotton and yarn resulting from devaluation on the prices of different varieties of cloth. The manufactures have given an estimate of 12 per cent increase in the price of all types of cloth. The increase in the price of common variety of cloth may be moderated to some extent due to competition in the market.

IV. VEGETABLE GHEE/EDIBLE OILS

32. Vegetable Ghee is one of the three basic needs after wheat, atta and sugar whose price is significant in the budget of the common man. The Government has so far succeeded in regulating its supply and price by coming to ~~an~~ ^{-standing} ~~under/~~ with the representatives of the manufacturers of this items. Per capita availability increased from 6.34 lbs. per annum in 1970-71 to 6.73 in 1971-72.

33. At the existing price level the requirements of Vanaspati Ghee would increase from 190,000 tons in 1971-72 to 209,000 tons in 1972-73. This assumes an income elasticity of 1.5 and an additional population effect that is consonant with the rate of increase in urban population. Target of 7.2 lbs. per annum per capita availability of Vanaspati Ghee would, thus help stabilize the prices of Vanaspati.

34. Requirements of oil, domestic and imported, for the production of Vanaspati are summarized below: (Details given in Annexure IV).

	('000' tons)	
	<u>1971-72</u>	<u>1972-73</u>
I. Production of Vanaspati	190	209
II. Requirement of Oil	313	331
i) for production of vanaspati	200	220
ii) for commercial use	54	55
iii) for direct consumption	55	55
iv) Changes in stocks	+ 4	+ 1
III. Domestic production of oils	253	253
IV. Import Gap (II-III)	60	78

35. Major constraint of vanaspati ghee manufactures is the domestic supply of cotton seed which is directly dependent on the size of the cotton crop and other seeds like rape and mustard. The import requirement of 78,000 tons of edible oils has been based on the assumption that the output of the two crops in 1972-73 would be more or less of the same order as in 1971-72. In case any shortfall occurs, import requirements would be enhanced proportionately if the targets of consumption as indicated above are to be achieved.

V. MATCHES

36. The average annual consumption of matches during the period from 1969-70 has been about 70 lakh gross boxes. Out of this 77 per cent was imported and the balance was met from domestic production. Production in West Pakistan has increased substantially after the de-linking of East Pakistan. The consumption requirements for 1972-73 projected at roughly 75 lakh gross boxes. According to the estimates of the Ministry of Industries, the domestic production is likely to be about 40 lakh in 1972-73. The capacity is no constraint in view of the large number of applicants for setting up new units. Since a large gap exists between requirements and domestic production the present import policy with respect to the import of matches should be continued which would cost about 3 crores of rupees in foreign exchange.

VI. SOAP

37. The production of laundry soap is estimated at 1,12,000 tons in 1970-71, out of the total of 1,27,000 tons of all soaps including detergents. Per capita availability of washing soap was 4.3 lbs in 1971-72. The target for 1972-73 is set at 4.5 lbs. per capita on the basis of 2.7 per cent growth in population and income elasticity of unity.

38. The soap manufacturers in their discussion with government on the impact of devaluation pointed out that their costs would go up by over Rs. 700/- per ton due to the increase in the cost of caustic soda and tallow. As a result of devaluation the cost of soap manufacturing is likely to increase by 3 to 5 per cent.

VII. KEROSENE OIL:

39. There has been an annual increase ranging from 10 to 12 per cent in the consumption of Kerosene oil during the last four years. Seasonal variations affect the consumption of Kerosene; the demand for this item increase during winter but declines during summer. For the year 1972-73, it has been estimated that the local production from imported and indigenous crude oil could amount to 3,86,000 tons, while the consumption requirements are projected at 4,85,000 tons. This would leave a gap of about one lakh tons to be met from

import costing roughly about Rs. 1.68 crores in foreign exchange. The Government has already made the necessary arrangements for the import of this amount of Kerosene oil.

40. Inadequate storage capacity outside Karachi especially up-country is the main problem in the distribution of Kerosene Oil. The storage capacity in Punjab and N.W.F.P. including the Attock Oil Company is adequate for meeting only 10 days requirements of these Provinces. The minimum requirement is for meeting a demand for 30 days. Additional Capacity for storage is needed in these two Provinces supplemented by an arrangement of keeping Kerosene oil in bond till its official release.

VIII. TEA:

41. Tea, though not a basic necessity because of its lack of any nutritional effects, is considered to be an essential item of consumption and highly sensitive politically. Regular supply of tea is, therefore, vital in order to maintain its price at a reasonable level. After the delinking of East Pakistan as main source its adequate supply has assumed further importance because of its implication on the foreign exchange budget.

1972-73 Requirements:

42. According to the published data the per capita availability of tea in 1969-70 and 1970-71 was 16.1 and 16.0 Ozs. respectively. According to the information supplied by the Ministry of Commerce the per capita tea availability in 1971-72 increased to 17.6 Ozs. an increase of 10 per cent over the preceding year. A part of this increase is, however, attributed to the diversion of tea which was smuggled into the country previously to the official channels of trade (See Annexure V). Requirements of tea in 1972-73 are projected at 18.1 Ozs. per capita on the basis of an income elasticity of 0.8 and on the assumption, that the present level of prices would be maintained.

(Min.lbs)

Total Requirement:	75.5
1. For consumption	73.5
2. Change in Stocks	2.0
Total Availability:	75.5
1. Import under Barter	32.0
2. Other imports	43.5

43. The import of tea was freely allowed against bonus vouchers when it was felt that regular supply from East Pakistan could not be maintained. Since the devaluation decision in May 1972 import of tea is being freely allowed to the private sector. The duty has been modified in a manner that the effective exchange rate for import of tea including duty remains unchanged. There is no increase for import cost of tea and the tea prices should remain stable throughout the year, as the world tea market has a large surplus.

GENERAL CONCLUSION:

44. Total weight of consumption items covered in this chapter constitutes about 30 to 35 per cent of the household expenditure. The weight of these items in the family budgets of the low-income groups (say with a monthly income below Rs. 300/-) is around 45 per cent. An overall growth of 7.2 per cent in the consumption of these items has been targeted for the year 1972-73 with the largest increase in sugar followed by vegetable ghee and wheat as under:

PERCENTAGE INCREASE P/C AVAILABILITY

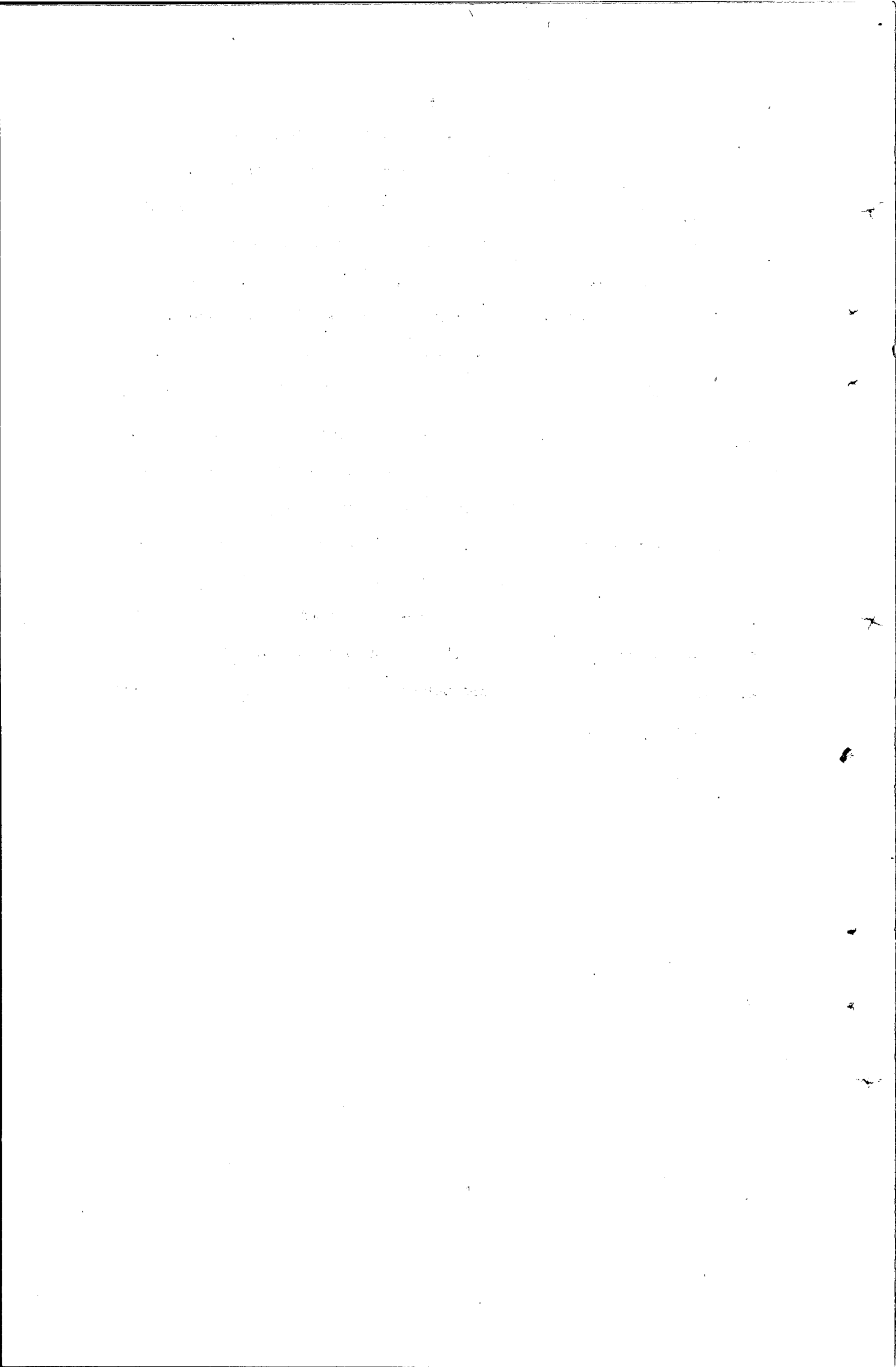
(1972-73 over 1971-72)

	Percentage increase in per capita consumption	Weights
Wheat	7.14	16.9
Sugar	15.2	1.6
Vegetable Ghee	9.81	1.8
Cloth	6.19	6.8
Washing Soap	4.65	1.6
Tea	2.84	1.3
	<u>7.19*</u>	<u>30.0</u>

(*weighted average)

45. Consumption planning strategy for 1972-73 has provided basically two methods for regulating the supply of the main essentials. First, to ensure the regular supply of basic necessities like wheat, atta, and sugar at fixed prices through the system of rationing to meet the requirements of low-income groups. Second, to link the supplies of various essentials to the international market so that the rise in domestic demand can attract a quick supply response at stable prices. This would avoid a magnified effect of local shortages on this price situation.

46. Longer-term measures for a more ambitious programme for the supply of the basic essentials would in fact be required that can be accommodated within the period of an annual Plan. The list of essentials may also have to be enlarged to include such other food items as meat, vegetables and dairy products. Imbalance between the demand for and the supply of these essentials food items has been growing due to the lack of planned effort to increase domestic production in keeping with the continuously rising demand. A long-term plan to augment supplies of such items is called for.



STOCKS AND AVAILABILITY OF WHEAT

II - WHEAT

(1999)

	1971-72	1972-73
1. Opening stocks (000 tons)	32	41
2. Domestic Production	7170	6450
3. Net availability	7202	6491
Wastage etc.	651	645
@ 1% of total	0.88	0.98
4. Exports to East Pakistan	129	-
5. Imports	260	1500
6. Closing stocks	162	400
7. Net availability	6553	6946
8. Per capita availability (Ozs. per day)	10.2	10.5
	0.002	0.002

Notes-

- i) There is an assumed one year lag between harvesting and consumption.
- ii) The year relates to the period from May to April.
- iii) Imported wheat lying in Karachi before despatch is considered as part of stocks.
- iv) Figures on stocks and import are supplied by the Food & Agriculture Division.

(i) ...

(ii) ...

ANNEXURE - II

REQUIREMENTS AND AVAILABILITY OF SUGAR
(NOVEMBER-OCTOBER)

('000' tons)

	<u>1969-70</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
1. Opening stocks (End-October)	89.0	153.8	40.0	25.0
2. Local Production	612.8	531.9	350.0	550.00
3. Imports	0.5	0.4	150.0	150.00
4. Exports	25.0	123.4	15.0	-
5. Closing Stock	153.8	40.0	25.0	35.00
6. Consumption	523.4	522.6	500.0	590.0
A) Rationing Requirements	-	270.0	270.0	354.7
<u>Urban Population</u>				
i) Main Towns: 1½ seer p.c., p.m.	-	-	-	1.387
ii) Other Towns: ¾ seer p.c., p.m.	-	-	-	0.903
<u>Rural Population</u>				
¾ seer p.c., p.m.	-	-	-	1.257
Total:	-	-	-	3.537
B. Commercial/ industrial use	-	118.0	125.0	125.0
C) Open market availability	-	135.0	105.0	125.0
7. Per Capita (lbs.) per annum	19.6	19.0	17.7	20.4

Note:- i) Rationing requirements for 1972-73 have been projected at a uniform scale of allocations in all provinces : i.e. 1½ seers P/C in district headquarter towns and Rawalpindi, ¾ seer P/C for the remaining urban population and ¾ seer P/C for rurals.

ii) Rationing requirements might be changed after verification by the Provincial Governments of their actual requirements.

REQUIREMENTS AND AVAILABILITY OF
COTTON CLOTH

Item	Unit	<u>1969-70</u> Actual	<u>1970-71</u> Actual	<u>1971-72</u> Estimate- ted	<u>1972-73</u> Target
1. Production of Raw Cotton	(Mln bales)	3.015	3.10	4.15	4.1
2. Exports	"	1.06	0.9	1.5	1.6
3. Required for quilts etc.	"	0.1	0.1	0.1	0.1
4. Availability for Yarn Production	"	1.85	2.1	2.55*	2.5*
<u>Yarn Production</u>					
Nos. of Spindles installed	(000 Nos)	2397	2605	2640	2807
Nos. of Spindles operating	"	2327	2491	2500	2730
Production of Yarn	(Mln lbs.)	602	660	611	670
Consumption by Mill sector	"	216	230	201	220
Exports (incl. East Pakistan)	"	193	250	242	275
Available for non-mill sector.	"	193	180	168	175
Required for hosiery (@ 5% of total production)	"	30	33	31	33
Available for non-mill cloth producing sector.	"	163	147	137	142
<u>Producing of Cloth</u>					
Nos. of looms installed ('000' Nos.)		31	30	31	32
Nos. of looms operating	"	27	27	29	30
Production by Mill-Sector	(Mln. Yds)	725	782	713	750
Production by non-mill Sector (@ 4 yds. per lb. of yarn)	"	652	588	549	568
Total Production	"	1377	1370	1262	1318
Exports (incl. E.P.)	"	619	683	547	542
Available for consumption	"	858	687	715	776
Per Capita Availability (yds. per annum)	"	14.3	11.2	11.3	12.0

(*) 1972-73 target of yarn production is a conservative figure in view of the surplus of 25 lakh bales of raw cotton available for this purpose. It should therefore be mentioned that higher production of yarn and/ or higher exports can be expected in 1972-73.

III. FUELS: PRODUCTION OF VANASPATI AND RESERVES OF FUELS OILS

TO UTILIZABLE OILS AVAILABLE TO THE PUBLIC
 (in million tons)

	1971-72 Actual	1970-71 Actual	1969-70 Actual	1971-72 Actual	1972-73 Actual
I. Availability of Fossil Oils					
a) Opening Stocks	3.10	3.05	3.00	3.00	2.9
b) Domestic Production	0.0	0.0	0.0	25.0	23.0
c) Imports	1.0	1.0	1.0	52.0	76.0
d) Total availability	4.1	4.05	4.0	80.0	101.9
II. Consumption					
a) Commercial uses	2.00	2.00	2.00	55.0	55.0
b) Direct Consumption	0.0	0.0	0.0	28.0	25.0
c) Closing Stocks	2.1	2.05	2.0	135.0	135.0
Sub-total	4.1	4.05	4.0	200.0	215.0
Available for Vanaspati manufacturing	0.0	0.0	0.0	190.0	190.0
III. PRODUCTION OF VANASPATI					
IV. PER CAPITA AVAILABILITY					
of VANASPATI (LBS. PER ANNUM)				6.34	7.2

The year relates to November-October

Notes:

- 1. The year relates to November-October
- 2. The year relates to November-October
- 3. The year relates to November-October
- 4. The year relates to November-October
- 5. The year relates to November-October
- 6. The year relates to November-October
- 7. The year relates to November-October
- 8. The year relates to November-October
- 9. The year relates to November-October
- 10. The year relates to November-October

1972-73 target of production of Vanaspati is 25 million tons. It should be noted that the production of Vanaspati in 1972-73 is expected to be 23 million tons.

REQUIREMENTS AND AVAILABILITY
OF TEA

(Mln Lbs.)

	<u>1969-70</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>
Imports from East Pakistan	60.0	58.0	(a)	-
Imports from Foreign	0.2	3.0	69.5	73.5
Total availability	60.2	61.5	69.5	73.5
Per Capita (Ozs. per annum)	16.1	16.0	17.6	18.1

(a) Break-up as supplied by Ministry of Commerce is as follows:

(Mln Lbs.)

Imports of Blenders = 48.45
Imports under Govt.A/C.= 9.00
Imports under Barter = 12.00

PART II

PRODUCTION PROGRAMS AND PHYSICAL RESEARCH

CHAPTER 10

AGRICULTURE

Notwithstanding the rapid industrialisation of the economy of West Pakistan, agriculture continues to dominate the economic scene. More than half of the civilian labour force is engaged in various agricultural branches. Most industries obtain their raw material from this sector. About 35 per cent of the national income originates in this sector and it contributes almost half of the country's merchandise export earnings.

2. The economic performance of the country is, therefore, crucially dependent upon agricultural growth. Notable progress has been achieved in agricultural production and techniques during the past. This process must be maintained; indeed, all efforts should be made to accelerate agricultural growth above the historical rates. At the same time there is a strong need to spread agricultural progress to the smallest farmers. In keeping with this objective a major change has been introduced in the land relationship system.

REVIEW OF 1971-72 PROGRAMME

Financial Implementation

3. In 1971-72, Agriculture sector was allocated Rs. 83.47 crores: Rs. 62.27 crores for East Pakistan, Rs. 17.64 crores for the provincial programmes of West Pakistan and Rs. 3.56 crores for the programmes of the centre. Excluding the allocation for East Pakistan, the total allocation for the provincial and central programmes was Rs. 21.2 crores. The total expenditure incurred during the year on the implementation of various development programmes in the agriculture sector has been estimated at about Rs. 13.5 crores. Thus, about two-third of the amount allocated in the Annual Development Programme was actually utilized. The shortfall was mainly due to the war with India and the consequent financial stringency.

Physical Implementation

4. From the information available so far, it appears that except for cotton the production targets are not likely to be achieved. The main reasons being disturbed conditions in the country, scanty rainfall, low canal discharges, irregular electric supply for tubewells and shortage of supplies of inputs. The likely production of major crops during 1971-72 is set out in Table 2.

ANNUAL PLAN FOR 1972-73

FINANCIAL ALLOCATION

5. A sum of Rs. 38.154 crores has been provided for the agricultural sector. The breakdown of this allocation, by the executing agencies is given in Table below.

Table - 1

ANNUAL DEVELOPMENT PROGRAMME 1972-73 FOR AGRICULTURE
SECTOR, BY EXECUTING AGENCIES

<u>Executing Agency</u>	<u>Amount crore Rs</u>
<u>Provincial Programmes (a)</u>	
Baluchistan	20.061
Sind	6.876
Punjab	19.678
N.W.F.P.	5.099
Total Provincial Programmes	<u>33.714</u>
<u>Federal Government Programmes</u>	
Food & Agri. Division	3.603
Kashmir Affairs Division	0.586
States & Frontier Regions Division	0.251
Total:	<u>4.440</u>
Grand Total:	<u>38.154</u>

(a) The allocation includes the programmes of agricultural education included under the Education Sector. It also includes allocation for the Integrated Rural Programmes which are shown under a separate head by the provinces.

6. The total allocation for the agriculture sector during 1971-72 was Rs. 21,200 crores. Thus, the programmes for 1972-73 is about 80 per cent higher than the preceding year. Further financial details may be seen in the Appendices I to VII.

PHYSICAL PROGRAMME

CROP PRODUCTION

7. Production of foodgrains and cash crops will receive high priority during 1972-73. Production targets for the year have been set on the assumption that irrigation water and supply of agricultural inputs shall not be a constraint. The crop production targets for major crops in 1972-73 are set out in Table 2 below:-

Table 2
Estimated Production of Major Crops 1970-71, 1971-72 and Production Targets for 1972-73

<u>Item</u>	<u>Unit</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u> (Projection)	<u>Percentage increase in 1972-73 over 1971-72</u>
Wheat	('000' tons)	6,374	6,450	7,200	11.6
Rice	"	2,165	2,300	2,500	8.7
Maize	"	706	700	750	7.1
Other foodgrains	"	780	750	750	-
Sugar Cane	"	23,874	19,700	22,000	11.6
Cotton	('000' bales)	3,100	4,150	4,150*	-
Edible Oil seeds	('000' tons)	1,350	1,475	1,600	8.5

* Estimates adopted by the Foreign Exchange Committee

8. The data given in Table 2 show that the Annual Plan 1972-73 envisages an increase of about 9 per cent in the production of foodgrain crops, about 8 per cent in the case of edible oil seeds, and about 12 per cent in case of sugarcane. Looking back to the unsettled and unfavourable conditions which prevailed during 1971-72, these targets appear on the high side. However, with a sound agricultural policy, efficient arrangements of supply of inputs and with the active cooperation and association of the farmers and the administrative machinery these targets should not

be difficult to achieve.

9. The realisation of the target of wheat production will be a move towards self reliance. Pakistan will be able to produce an exportable surplus of about 1 million tons of various qualities of rice and around 1.5 million bales of cotton during 1972-73. With the increased production of cotton seed, and other edible oils seeds, the country's dependence on imports of edible oils will be reduced.

Strategy for increasing crop production

10. The programmes for levelling and development of land by the Provincial Agriculture Departments will continue. Additional area will also come under cultivation as a result of the programmes of increasing irrigation water supplies and improvement of drainage facilities included in the water sector programme. In the agriculture sector, farmers will be encouraged to install tubewells and persian wheels in the rainfed and riverian areas. Despite the higher cost of import of major inputs on account of devaluation of the Pakistani currency, efforts will be made to encourage the use of fertilizer and plant protection measures. Table 3 below shows the amount provided as subsidy on major inputs in Central and Provincial Budgets.

TABLE 3

SUBSIDIES ON MAJOR INPUT PROGRAMMES INCLUDED IN THE ANNUAL DEVELOPMENT PROGRAMMES FOR 1971-72 AND 1972-73

<u>Input</u>	<u>1971-72</u>	<u>1972-73</u>
	--crore rupees--	
Fertilizer	5.02	16.20
Plant Protection	4.39	6.83
Seed	0.09	0.28
Diesel tubewells	0.10	0.43
Total:	9.50	23.74

11. The cropping pattern in various regions is changing in response to price incentives, new varieties of early maturing crops, demand for exports and increased availability of various inputs. Further study would be required to make recommendations about the optimum cropping pattern.

12. Table 4 sets out the proposed targets for 1972-73 of various agricultural inputs.

TABLE 4: AGRICULTURAL INPUTS ACHIEVEMENTS AND TARGETS

	Unit	1970-71 Actual	1971-72		1972-73 Target
			Target	Estimated actual	
Fertilizer					
	thousand nutrient tons				
Nitrogen		251.5	345.0	358.2	408.5
Phosphorus and Potash	"	31.7	74.0	41.8	41.8(a)
Total:		283.2	419.0	400.0	450.3
Plant Protection coverage					
	thousand spray acres				
Ground		1,470	4,710	2,205	5,100
Aerial	"	1,200	1,500	1,795	2,205
Total:		2,670	6,210	4,000	7,305
Distribution of approved seed					
	(000) maunds				
Wheat		255	190	190	456
Rice	"	43	40	40	63
Maize	"	8	7	7	35
Gram	"	4	10	7	23
Cotton	"	225	260	225	320
Potato	"	51	56	50	55
Oil Seeds	"	-	5	5	6
Total:		586	568	524	958
Land Development	thousand acres	186	260	170(b)	300
Tubewells drilled by Agriculture Department					
	Number	2,980	2,700	2,000	3,000

(a) Potash is still a very small portion of total fertilizer use.

(b) Shortfall due to the disturbed conditions and the acquisition of machinery for defence purposes.

13. Any major change in the existing distribution system of fertilizers through private companies is not envisaged but that work is expected to be taken in hand for eventually handing over agricultural supplies to farmers' co-operatives. Use of gypsum, compost and green manure will be popularised. The use of phosphatic fertilizer has still not attained its proper mix and has to be popularised.

14. The following areas need further attention:

- i) commercialisation of seed multiplication and distribution through transferring this function to the private sector;
- ii) utilisation of areas in Baluchistan and NWFP for production of seeds of vegetables, flowers and potato;
- iii) improvement of facilities for testing and storage of seeds in order to ensure production of quality seeds;
- iv) transferring the function of pesticides distribution to private companies in all the Provinces;
- v) manufacture and subsidised sale of standard spraying equipment; and
- vi) reduction of subsidy on the sale of pesticides to a uniform level in all the Provinces.

The Agricultural Policy Committee will no doubt take the necessary decisions in the course of the year.

15. The agricultural machinery available with the Provincial Agricultural Departments was not utilized fully last year due to disturbed conditions in the country. This machinery can, however, be used more efficiently if the Provincial Governments operate only heavy earth moving machinery, leaving the operation of small machinery to the private sector. The heavy earth moving machinery may be operated by a single organisation in each province to avoid duplication of effort and to save over-head expenses, as has been decided by the Government of N.W.F.P.

16. Administrative set-up and procedures need to be improved and adequate supplies of spare parts, etc. should be ensured in the public sector to enable the land development operations to run on a self financing basis. The system of deferred payment of hire charges for land development operations should be adopted for extending the benefits of the programme to small farmers.

17. Systematic efforts will be made to encourage scientific farming in the barani areas. Installation of diesel tube-wells in the sailaba areas will be encouraged through provision of subsidy on diesel engines. Land demonstration units will be established and a new project will be undertaken to improve the grade/level of irrigated fields through the use of agricultural machinery. This will ensure economical and efficient irrigation.

Price Support

18. The programme of support prices for various crops has been successfully operated in the past to help increase agricultural production in farm incomes. This policy will continue and the position will be reviewed periodically. Support prices of wheat and rice were recently reviewed by the Government and the new prices will be announced during the course of the year.

Soil Conservation and Watershed Management

19. The programme of soil conservation and water-shed management has made slow progress in the past due to scattered and fragmented nature of holdings, poor financial condition of land holders and lack of application on the part of field and supervisory staff. A thorough appraisal of this programme needs to be undertaken during 1972-73 and corrective measures adopted to accelerate the pace of work. It is suggested that a cooperative approach be adopted and surplus man-power utilised with a view to augmenting production through soil conservation and water-shed management programmes. This programme will receive special attention under the People's Works Programme.

20. During 1972-73 work on stabilization of sand dunes for control of soil erosion and soil conservation operations will be initiated in the Kalat Division of Baluchistan. In addition, work on Soan Valley Land Improvement Project and Mangla Watershed Management Project in the Punjab and watershed management of Kaghan and Daur area in N.W.F.P. will be continued. Soil conservation work over 10,000 acres and land improvement measures over another 20,000 acres in Soan Valley area will be carried out and Watershed Management Survey will be carried out in the Punjab to cover 70,000 acres during the year.

ANIMAL HUSBANDRY AND RANGE MANAGEMENT

21. The shortage in the supply of milk and meat and needs to be overcome. The chronic problems of shortage of cattle/sheep population for slaughter is expected to be solved through implementation of programmes for disease control and introduction of better breeds. The existing state farms will be made more productive. Private farms and breeders will be provided with superior breeding bulls/artificial insemination facilities and subsidised feeds. Programmes for increasing livestock products will be encouraged for greater consumption.

22. Poultry raising is a profitable industry which requires small investment and yields quick results. About 300 broiler units and 540 poultry farms now operating in the private sector will be provided adequate facilities like feeds, chicks, and foundation stock for hatchery. This will provide the necessary incentive for further development.

23. Efforts will be made to develop ranges for raising of cattle and sheep especially in the Registan, Kohistan and Baluchistan areas. Since the range management programme implemented so far has not made satisfactory progress, it needs to be thoroughly evaluated and if necessary, a new approach adopted.

24. Survey and analysis of range potential in Sind has been completed during 1971-72 and the stage has been set to initiate range development projects on a scientific basis. Range development work in the Thal and Cholistan Areas of the Punjab consisting of (a) Development and maintenance of Tobas, Water points, (b) Seed collection (200 maunds), (c) Sowing (2450 acres) and maintenance of buildings and fair weather roads will be carried out. Range survey over an area of one lac acres will also be completed during the year under the crash programme in the Punjab. In addition, range management work will be initiated in Kohat and D.I. Khan Districts of N.W.F.P. and about 1700 acres will be covered during the year.

FORESTRY

25. The very low percentage of the total area under tree growth and the ever-widening gap between the supply and demand of forest produce in West Pakistan requires special attention. Afforestation of unculturable waste lands, raising of irrigated plantation in the Punjab and Sind, rehabilitation of riverian forests, regeneration of cut-over areas, planting of land strips along canals, roads and rail roads, and encouraging private tree planting, through tree planting campaign, have been carried out during the last 17 years. These programmes have not, however, achieved the desired results so far. The main reasons for the unsatisfactory progress have been induction of schemes with inadequate surveys, lack of proper attention and approach in implementation and inadequate attention to the protection and maintenance of the planted areas.

26. Radical changes in the approach to the afforestation programme are visualised during 1972-73. The importance of growing and protecting trees will be brought home to the masses. Cooperative approach will be applied for raising compact plantations of suitable fast growing species. Grove plantation on village waste land and or on common land will be undertaken and farm forestry encouraged with suitable incentives. Village paths, banks of

streams and water ways will also be planted with suitable species.

27. Rehabilitation of the revierian Forest in Hyderabad area and development of irrigated plantation in the Kotri and Guddu Barrage areas will be continued and irrigated plantation will be raised over 2000 acres in the Guddu Barrage areas during the year. Programme of road side plantation will be initiated in Baluchistan and a length of 25 miles will be covered during the year. Vigorous efforts will be made to bring more areas under tree-growth in the Punjab for which a crash programme will be launched. This consists of raising of new plantation over 1400 acres and linear planting of about 2400 Avenue miles along canal and road sides. Besides, 33,700 acres of private farm land will be brought under tree growth. New forest roads will be constructed over a length of 11 miles and 18 miles of the link roads will be improved during the year. In addition about 4000 acres will be afforested in N.W.F.P and shelter belt planting in D.I. Khan district and raising of flood embankment plantation in Gishkori irrigation canal system will be initiated.

28. The importance of sisal cultivation for production of its fibre as a substitute for jute has recently gained importance. A research project on sisal cultivation will, therefore, be taken up during 1972-73 in order to ascertain whether it can be successfully cultivated in West Pakistan, and if so what climatic and soil conditions are necessary.

29. Special steps will be taken to introduce sericulture in rural areas where climatic conditions permit growing of mulberry trees and rearing of silk worm.

30. A large scale publicity campaign will be launched to educate the masses in the art of growing of trees and looking after them. Game sanctuaries for preservation, development and multiplication of wild life will be established in Sind, Baluchistan and N.W.F.P during 1972-73. In addition, development

of a National Park in Kaghan Valley will be initiated during the year.

FISHERIES:

31. In order to cope with the problem of protein deficiency in the diet of our people, efforts will be made to bridge the gap through increased availability of fish, caught mostly from marine waters along the Karachi and Mekran coasts. Efforts will be made during the year to increase fish production from marine waters, mostly through increasing the number of mechanised fishing boats and increased efficiency of the existing vessels in the private sector. Programme for sea exploratory fishing and oceanographic research will be intensified.
32. In case of inland fisheries, the programme during 1972-73 will include intensification of stocking of fish fry of fast growing species in ponds, tanks, etc. and implementation of conservation measures. Village ponds will be developed for pisciculture.
33. In Baluchistan, work will be initiated on the construction of Gwadar Fish Harbour and the development of infra-structure facilities for the Gwadar town. Work on modernisation of fish curing yards at Jiwani and Ormara will be continued. In order to improve the quality of cured and dried fish demonstrations in modern methods will be arranged for the fishermen. Patrolling launches will also be procured for Mekran coast. During 1971-72 about 5,000 maunds of fish was produced, and an income of about Rs 69,000 realised. About 14,000 fish was stocked in Sind. Work on the development of a landing centre at Mancher Lake and development of fisheries in the other lakes will be continued during 1972-73 to stock 35,000 fish.
34. In the Punjab, fisheries activities will be mainly confined to dams and reservoirs. Efforts will be made to develop village ponds for fish culture in the under-developed areas of Northern Punjab. Facilities at the Research Institute for

Fisheries at Chenawan, will be further developed and expanded. Abandoned irrigation canals and reservoirs will continue to be used for fish culture. Fish seed farms and nurseries will be further developed and a survey of the fisheries resources of the province will be undertaken. A fish seed farm and nursery farm will also be established at Sohawa. A scheme for physio-chemical and biological investigation of Mangla Lake will be implemented for fish culture.

35. In NWFP, the programme of development of trout in Kaghan, Swat and Chitral will be continued.

AGRICULTURAL EXTENSION:

36. Agricultural extension services will be re-organised. A well organised and coordinated in-service training for the staff will be arranged. Emphasis will be placed on training of farmers through practical demonstrations. In order to boost the production of cotton, rice and maize in the Punjab, agricultural extension staff will be strengthened to demonstrate the latest techniques. Cash prizes will be awarded to farmers attaining the highest acre-yield of these crops. About 100 extension workers will be trained in plant protection work in Punjab during 1972-73. Extension work in SCARF- II (A) area will be continued.

37. Agricultural extension service staff in N.W.F.P. will also be strengthened especially in the under developed areas. In order to boost production of oil-seeds about 100 demonstration plots will be laid out. Thirteen block demonstrations will be held to educate the farmers. Agricultural shows and melas will also be held.

Research on Crop Production:

38. The research activities of the various agencies need more and better coordination. An Agricultural Research Coordination Board has already been established in the Punjab for the purpose. Other provinces are also expected to establish such board

39. Work on the scheme "Arid Zone Research Institute in West Pakistan" for conducting research on problems of arid and semi-arid, regions will start during 1972-73.

40. Effective coordination and cooperation between the various research and educational institutions and the extension services in the various provinces will be undertaken.

41. Research programmes for improvement of rice, maize millets, and oil seed crops will be continued in the Punjab and Sind. Special efforts will be continued to evolve high yielding wheat varieties for cultivation in Barani areas. Work on the expansion and intensification of agricultural research will be continued in all the provinces during 1972-73. Research on fruits and vegetables will be given high priority and extensive field work will be undertaken on improvement of potato seed in Baluchistan during 1972-73.

AGRICULTURAL EDUCATION:

42. In-service training and pre-service training facilities will be developed at the existing Agricultural Training Institutes at Quetta, Sakrand, Rahim Yar Khan, Sargodha and Tarnab. Sixteen scholarships will be awarded in N.W.F.P. to agriculture students from Malakand Division. Commensurate with the Education Policy, facilities at the Agri. College Tandojam and Peshawar and Agri. University, Lyallpur will be expanded during 1972-73.

AGRICULTURAL STATISTICS:

43. The report prepared by a committee constituted to recommend an effective set up for collection and compilation of agricultural statistics was approved by the Punjab Agricultural Policy Committee. The various Provincial Governments may take steps to improve their respective agricultural statistics in the light of the recommendations made in the report.

The Second Agricultural Census scheduled to be held in 1970 was delayed for various reasons. In January, 1972, however, the Government decided to hold the Census immediately. Enumeration

in most of the areas covered in the first phase was completed by the end of March, 1972. A complete livestock census has been launched in Baluchistan. The remaining work of the second and third phases will be taken up in 1972-73.

AGRICULTURAL MARKETING:

44. The present system of rural marketing does not ensure to the cultivators a fair return for their produce. There are no well-manned agricultural marketing organisations in the provinces to look after the interests of the producers and consumers of agricultural commodities. Such organisations will be created and expanded in the provinces. Necessary facilities will be provided and laws framed to make them more effective.

45. The Federal Government will undertake grading of agricultural and animal products meant for export. Grading and marketing rules will be prepared for fins and maws, tobacco, molasses, methi seed, cattle and poultry feed and cotton waste. Laboratory research on these products will also be undertaken. In addition, market surveys will be carried out on certain agricultural products.

GOVERNMENT FOODGRAINS STORAGE:

46. Government foodgrain godowns are required for maintaining reserve stocks to ensure price stabilisations, implementation of price support policies and for storage of foodgrains.

47. The provincial Governments owned a storage capacity of about 1.2 million tons while the Federal Government owned a storage capacity of about 700 thousand tons in West Pakistan on June 30, 1971. A Canadian team has since assessed, by location and type, the additional foodgrain storage requirements in West Pakistan including the port of Karachi. The Provincial Governments will review their storage requirements in the light of the recommendations of the Report and formulate their further programmes accordingly.

RURAL CREDIT COOPERATIVES AND INTEGRATED RURAL DEVELOPMENT.

48. The volume of credit available to our farmers is very low. Agricultural Development Bank and Cooperative Banks will start advancing loans to small farmers who will acquire land under the land reforms. In the light of the Bank Reforms announced recently the Agricultural Development of Pakistan will expand its programme and establish its branches at tehsil headquarters.

49. The Integrated Rural Development Programme will be started as pilot projects during 1972-73 in all the four provinces. Work pertaining to the organisation of farmers' cooperative associations etc. will be initiated. In addition, all the departments connected with rural development e.g. Agriculture, Animal Husbandry, Fisheries, Cooperative, A.D.B.P. etc. will start functioning in the project areas in a coordinated manner.

50. The programme for " Reconstruction of Rural Credit and Agricultural Marketing " will be streamlined and more farm service centres and farm service societies will be organised. The programme pertaining to installation of tube wells on a cooperative basis will be expanded further.

51. In order to stabilise prices of essential commodities more cooperative stores will be opened in the urban areas of the Punjab. In NWFP one cooperative Farm Service Centre and six farm service societies were organised during 1971-72. Another Farm service centre and nine new farm service societies will be organised during 1972-73. Similarly, the small farmers will be provided subsidy for installation of tubewells and centrifugal pumps on a cooperative basis. In addition, one cold storage will be constructed in Peshawar District for preservation of agricultural produce and one cooperative farm society will be established to provide packing services to the agriculturists.

LAND REFORMS:

52. The ceiling imposed under the Land Reforms of 1959 was considered high and the landowners has reported to retain areas above the ceiling through certain devices. Consequently the reforms did not break the big estates in all cases. The President announced a far-reaching Land Reforms programmes on 1st March, 1972. The ceiling of individual holding was fixed at 150 acres of irrigated land and 300 acres of unirrigated land or 12,000 produce index units, whichever was more. In addition, an owner could hold an area equivalent to 2,000 units if he either owned a tractor or had installed a tubewell on or before 20th December, 1971. The lands over and above

the ceiling will be taken away without paying any compensation to the landowners and will be given free of cost to landless peasants and to peasants holding land below the subsistence level. Furthermore, the balance of instalments due from owners who acquired lands under the 1959 Land Reforms has been cancelled. Auction of state agricultural lands has been banned. Arbitrary and capricious ejections have been stopped. The liability for payment of water rate has been shifted from / All agricultural taxes are to be paid exclusively by the land owners. tenants to land owners. The land owners will also be responsible for providing and paying for seeds. The cost of the remaining inputs will be shared equally between the land owners and tenants. In the event of sale of land, the tenant of the land will have the right of exemption. One estimate shows that this will place an additional burden of as much as Rs 40 crores on bigger landowners.

53. Consistent with the need of preventing fragmentation, the Government will allow liberal consolidation of holdings to a family as long as these holdings are within the prescribed ceiling. The existing restrictions on partitioning of holdings will continue and will help eliminate fragmentation of holdings and parcelling of economic units into uneconomic holdings. Changes have been made in the method of assessing and collecting revenue and water rates to prevent over taxation, leakage of revenue, corruption and harassment.

54. The above measures are intended to help the small farmer, emphasize his role in agricultural production and elevate him from a subsistence farmer to one who contributes to marketable surpluses. These will also encourage him to use modern techniques and inputs. He will be further helped through the Integrated Rural Development Programme and the People's Works Programme. The establishment of Agro-villes will also bring modern techniques, credit and easy availability of inputs nearer to the farm gate.

ANNUAL PLAN FOR 1972-73

AGRICULTURE
SUMMARY - PAKISTAN

Category Sub-sector	On-going	New	Total
- crore rupees -			
I. Crop Production Sub-Sector			
1. Fertilizers	16.202	-	16.202
2. Plant Protection	7.157	0.200	7.357
3. Improved seed(a)	0.332	0.029	0.361
4. Mechanization	1.219	0.843	2.062
5. Soil Surveys	0.208	0.100	0.308
6. Soil Conservation and Watershed Management	0.560	0.035	0.595
II. Other Sub-Sectors.			
7. Animal Husbandry(b)	1.674	0.546	2.220
8. Range Management	0.055	0.011	0.066
9. Forestry	1.053	0.658	1.711
10. Fisheries	0.776	0.073	0.849
III. Infra-structure and Institutional Arrangements.			
11. Agricultural Extension	0.084	0.166	0.250
12. Research on Crop Production	0.685	0.058	0.743
13. Agricultural Education(b)	1.140	-	1.140
14. Agricultural Economics and Statistics	0.256	-	0.256
15. Agricultural Marketing	0.020	-	0.020
16. Government Foodgrain Storage.	0.447	0.300	0.747
17. Agricultural Credit and Cooperatives.			
(i) Cooperatives	0.576	0.065	0.641
(ii) Contribution to the share capital of A.D.B.P.	0.250	-	0.250
18. Integrated Rural Development Programme	-	1.570	1.570
19. Land Refors	0.513 (0.300)	- (-)	0.513 (0.300)
20. Kashmir Affairs Division	N.A.	N.A.	0.586
	Total (Gross)	N.A.	N.A.
	Recoveries	-	-
	Total (Net)	N.A.	N.A.
			38.456
			0.300
			38.156

(a) For Baluchistan subsidy on improved seeds is included under fertilizers.

(b) These allocations also include allocations for College of Animal Husbandry, Lahore and West Pakistan Agricultural University, Lyallpur provided under Education Sector.

Note:- Figures in parentheses indicate recoveries.

ANNUAL PLAN FOR 1972-73

AGRICULTURE

SUMMARY- TOTAL OF PROVINCIAL PROGRAMMES

Category/Sub-sector	On-going	New	Total
<u>Crone rupees</u>			
<u>I. Crop Production Sub-sectors</u>			
1. Fertilizers	16.203	-	16.203
2. Plant Protection	5.077	0.200	5.277
3. Improved Seed(a)	0.330	0.030	0.360
4. Mechanization	0.996	0.843	1.839
5. Soil Surveys	0.208	-	0.208
6. Soil Conservation and Watershed Management.	0.560	0.035	0.595
<u>II. Other Sub-sectors.</u>			
7. Animal Husbandry(b)	1.492	0.546	2.038
8. Range Management	0.055	0.011	0.066
9. Forestry	1.052	0.658	1.710
10. Fisheries	0.333	0.073	0.406
<u>III. Infra-Structure and Institutional arrangements.</u>			
11. Agricultural Extension	0.084	0.167	0.251
12. Research on Crop Production	0.685	0.048	0.733
13. Agricultural Education(b)	1.135	-	1.135
14. Agricultural Economics and Statistics.	-	-	-
15. Agricultural Marketing	-	-	-
16. Government Foodgrains Storage	0.167	0.300	0.467
17. Agricultural credit and Cooperatives	0.577	0.065	0.642
18. Integrated Rural Development Programme.	-	1.570	1.570
19. Land Reforms	0.513 (0.300)	-	0.513 (0.300)
Total (Gross)	29.467	4.546	34.013
Recoveries	0.300	-	0.300
Total (Net)	29.167	4.546	33.713

(a) For Baluchistan subsidy on improved seeds is included under fertilizers.

(b) These allocations also include allocations for college of Animal Husbandry, Lahore and West Pakistan Agricultural University, Lyallpur provided under Education Sector.

Note: Figures in parentheses indicate recoveries.

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AGRICULTURE

SUMMARY - BALUCHISTAN

Category/Sub-Sector	On-going	New	Total
	----- crore rupees -----		
<u>I. Crop Production Sub-Sectors</u>			
1. Fertilizers	0.050	-	0.050
2. Plant Protection	-	-	-
3. Improved Seed (a)	-	-	-
4. Mechanization	-	0.723	0.723
5. Soil Surveys	-	-	-
6. Soil Conservation and Watershed Management.	-	0.035	0.035
<u>II. Other Sub-Sectors</u>			
7. Animal Husbandry	0.025	0.121	0.146
8. Range Management	-	-	-
9. Forestry	-	0.058	0.058
10. Fisheries	0.294	-	0.294
<u>III. Infra-structure and Institutional Arrangements</u>			
11. Agricultural Extension	-	0.050	0.050
12. Research on Crop Production	0.049	0.003	0.052
13. Agricultural Education	-	-	-
14. Agricultural Economics and Statistics	-	-	-
15. Agricultural Marketing	-	-	-
16. Government Foodgrains Storage	-	0.300	0.300
17. Agricultural Credit and Cooperatives	0.055	0.047	0.102
18. Integrated Rural Development Programme	-	0.250	0.250
19. Land Reforms	-	-	-
Total:	0.473	1.587	2.060

(a) Subsidy on improved seeds is included under fertilizers.

~~CONFIDENTIAL~~
SECRET

ACQUISITION - TITLES

Item No.	Title	Author	Editor	Year	Price	Quantity	Notes
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(a) This report contains information which is classified as SECRET

ANNUAL PLAN FOR 1972-73

AGRICULTURE

SUMMARY - SIND

Category/Sub-sector	On-going	New	Total
	----- crore rupees -----		
I. Crop Production Sub-Sectors			
1. Fertilizers	3.570	-	3.570
2. Plant Protection	0.919	-	0.919
3. Improved Seed	0.011	-	0.011
4. Mechanization	0.747	-	0.747
5. Soil Surveys	0.057	-	0.057
6. Soil Conservation and Watershed Management.	-	-	-
II. Other Sub-Sectors			
7. Animal Husbandry	0.175	-	0.175
8. Range Management	-	-	-
9. Forestry	0.130	0.030	0.160
10. Fisheries	0.009	-	0.009
III. Infra-structure and Institutional Arrangements			
11. Agricultural Extension	-	-	-
12. Research on Crop Production	0.103	-	0.103
13. Agricultural Education	0.139	-	0.139
14. Agricultural Economics and Statistics	-	-	-
15. Agricultural Marketing	-	-	-
16. Government Foodgrains Storage	0.115	-	0.115
17. Agricultural Credit and Cooperatives	-	-	-
18. Integrated Rural Development Programme.	-	0.870	0.870
19. Land Reforms	-	-	-
Total:	5.975	0.900	6.875

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AGRICULTURE

SUMMARY - PUNJAB

Category/Sub-sector	On-going	New	Total
I. Crop Production Sub-sectors			
1. Fertilizers	10.000	-	10.000
2. Plant Protection	3.737	0.200	3.937
3. Improved seed	0.267	0.010	0.277
4. Mechanization	0.030	0.120	0.150
5. Soil Surveys	0.100	-	0.100
6. Soil Conservation and Watershed Management	0.490	-	0.490
II. Other Sub-sectors			
7. Animal Husbandry (a)	1.139	0.323	1.462
8. Range Management	0.055	-	0.055
9. Forestry	0.339	0.416	0.755
10. Fisheries	0.027	0.073	0.100
III. Infra-structure and Institutional Arrangements			
11. Agricultural Extension	0.070	0.045	0.115
12. Research on crop production	0.348	0.045	0.393
13. Agricultural Education (b)	0.994	-	0.994
14. Agricultural Economics & Statistics	-	-	-
15. Agricultural Marketing	-	-	-
16. Government Foodgrains storage	0.050	-	0.050
17. Agricultural Credit and Cooperatives	0.350	-	0.350
18. Integrated Rural Development Programme	-	0.300	0.300
19. Land Reforms	0.450 (0.300)	- (-)	0.450 (0.300)
Total (gross)	18.446	1.532	19.978
Recoveries	0.300	-	0.300
Total (Net)	18.146	1.532	19.678

(a) This includes an allocation of Rs 0.012 crores for the schemes pertaining to college of Animal Husbandry, Lahore provided under Education Sector.

(b) This includes an allocation of Rs 0.966 crores made for the schemes pertaining to West Pakistan Agricultural University, Lyallpur provided under Education Sector.

Note:- Figures in parentheses indicate recoveries.

ANNUAL REPORT FOR 1972-73

AGRICULTURE

SUMMARY - N.M.F.P.

ANNEX VI

<u>Category/Subsector</u>	<u>Ongoing</u>	<u>New</u>	<u>Total</u>
I. <u>Crop Production Sub-sectors</u>			
1. Fertilizers	2.583	-	2.583
2. Plant Protection	0.420	-	0.420
3. Improved Seed	0.051	0.020	0.071
4. Mechanization	0.220	-	0.220
5. Soil Surveys	0.051	-	0.051
6. Soil Conservation and Watershed Management	0.070	-	0.070
II. <u>Other Sub-sectors</u>			
7. Animal Husbandry	0.153	0.102	0.255
8. Range Management	-	0.011	0.011
9. Forestry	0.583	0.194	0.777
10. Fisheries	0.004	-	0.004
III. <u>Infra-structure and Institutional Arrangements</u>			
11. Agricultural Extension	0.014	0.072	0.086
12. Research on crop production	0.184	-	0.184
13. Agricultural Education	0.002	-	0.002
14. Agri. Economics & Statistics	-	-	-
15. Agricultural Marketing	-	-	-
16. Govt. Foodgrains Storage	0.002	-	0.002
17. Cooperatives	0.172	0.018	0.190
18. Integrated Rural Development Programme	-	0.150	0.150
19. Land Reforms	0.063	-	0.063
TOTAL:	4.572	0.527	5.099

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AGRICULTURE

SUMMARY - FEDERAL GOVERNMENT

Category/Sub-sector	On-going	New	Total
- Crore Rupees -			
I. <u>Crop production Sub-sectors</u>			
1. Fertilizers	-	-	-
2. Plant Protection	2.081	-	2.081
3. Improved Seed	0.003	-	0.003
4. Mechanization	0.223	-	0.223
5. Soil Surveys	-	0.100	0.100
6. Soil Conservation and Watershed Management	-	-	-
II. <u>Other Sub-sectors</u>			
7. Animal Husbandry	0.181	-	0.181
8. Range Management	-	-	-
9. Forestry	0.001	-	0.001
10. Fisheries	0.443	-	0.443
III. <u>Infra-structure and Institutional Arrangements</u>			
11. Agricultural Extension	-	-	-
12. Research on Crop Production	-	0.010	0.010
13. Agricultural Education	0.005	-	0.005
14. Agricultural Economics and Statistics	0.256	-	0.256
15. Agricultural Marketing	0.020	-	0.020
16. Government Foodgrains Storage	0.281	-	0.281
17. Agricultural Credit and Cooperatives - Share contribution to Agricultural Development Bank	0.250	-	0.250
18. Integrated Rural Development Programme	-	-	-
19. Land Reforms	-	-	-
Total:	3.744	0.110	3.854
20. Kashmir Affairs Division	N.A.	N.A.	0.586
GRAND TOTAL:			4.440

WATER RESOURCES DEVELOPMENT

Notwithstanding the fact that Pakistan is predominantly an agricultural country and that a larger proportion of its land is irrigated than in any other country of the world, it presently does not produce sufficient food to meet the needs of its people. The low crop yields are attributable to the following major factors:

- i) insufficient water in a large part of the region resulting in under-irrigation;
- ii) inadequate natural and artificial drainage system, causing problems of waterlogging and salinity; and
- iii) wind erosion mostly in the southern and western Indus Plains, and sheet and gully erosion in the sub-montane region, causing damage to fertile lands.

The key to the solution of these problems is the development of additional water resources and an efficient drainage system. Irrigation and drainage have, therefore, been given high priority in the developmental efforts during the various Plans. During 1971-72, however, a drastic cut on the development budget was imposed due to financial constraints thereby reducing the programmes of the executing agencies to a smaller size. Also the water availability suffered on account of reduced river flows during the year.

PERFORMANCE DURING 1971-72

a) Financial - The Annual Plan for 1971-72 provided for the completion of the ongoing projects so that the effects of investment made on these projects in the earlier Plans could be realised at the earliest. A sum of Rs. 21.46 crore had originally been provided for the water sector programme of the four Provinces and the Autonomous Bodies, namely WAPDA & ADC, during 1971-72. But due to resources constraint and consequent imposition of cut on the development budget, the allocation was reduced to Rs. 14.92 crore only. Like wise the

provisinn of Rs. 0.62 crore made originally for the programme of the Central Government Agencies/^{was} reduced to Rs. 0.23 crore.

b) Physical- The physical implementation of the water development programme during 1971-72 by the various Provinces/ executing agencies is briefly described below:-

I. IRRIGATION DEPARTMENT

i) Punjab: An amount of Rs. 2.16 crore estimated to have been spent by the Punjab Irrigation Deptt. as against the revised budget allocation of Rs. 2.2 crore, the overall utilisation being about 98%. The main effort was directed towards completion of the ongoing projects. Twenty seven research studies were completed, and the data collection activities of the Hydrology Directorate were strengthened. Thirty eight miles of new channels were constructed and 127 miles of existing channels were remodelled. About 147 tubewells were to be electrified during the year. On the Drainage & Reclamation side, sub-drains were remodelled, while installation and re boring was carried out in respect of 25 tubewells. Construction of 13 bunds for flood regulation was also completed.

ii) Sind: As against the revised A.D.P. provision of Rs. 1.02 crore, an amount of Rs. 0.74 crore is estimated to have been spent by the Sind Irrigation Deptt. the utilisation being about 72%. The bulk of the allocation was spent on remodelling, reshaping and re-conditioning of Open Canals.

iii) N.W.F.P.: An amount of Rs. 0.22 crore is estimated to have been spent by the N.W.F.P. Irrigation Deptt. against the revised A.D.P. provision of Rs. 0.32 crore, the utilisation being about 70%. The major projects which have made progress are Shadikhel Gravity Flow Irrigation Scheme, Reboring of Tubewells in D.I. Khan Distt. and Gambilla Lift Irrigation Scheme in Bannu Distt.

iv) Baluchistan: As against the revised A.D.P. provision of Rs. 0.39 crore, an amount of Rs. 0.27 crore is estimated to have been spent by the Baluchistan Irrigation Deptt., the utilization being about 68%. The ongoing schemes undertaken during the period were, Purchase of Boring Rigs and Accessories, Mithri Irrigation, Ghazi Irrigation, Mandai Irrigation and Trifurcation of Gidri Shah and Lakhara, which progressed satisfactorily. The schemes of Construction of Weir in old Loi Viala, and Nikri Irrigation were completed during the year. Under Wam Tangi Irrigation Scheme, lining of about 13,300 feet long channel and construction of outlets/culverts were almost completed.

II. WAPDA

A provision of Rs. 7.53 crore was made in the revised A.D.P. 1971-72 for the water sector programme undertaken by WAPDA in the various Provinces. In addition, a special allocation of Rs. 2.20 crores was made by the Central Govt. in the revised A.D.P. for the Khanpur Dam and Karachi Irrigation Project (Hub Dam). In view of inadequate resources, the programme under the SCARPs II, III & IV in the Punjab was confined to electrification of tubewells already installed. In all, 320 tubewells (106 under SCARP II, 134 under SCARP III and 80 under SCARP IV) were energised and put into operation. About 32 miles of open surface drains were also constructed under SCARP II. In Sind, transmission and distribution lines were laid for electrification of tubewells already installed under SCARP Rohri North. The feasibility

report of SCARP Pabbi Pilot Project in NWFP was completed and the preliminary work on antiwater-logging measures in Peshwar was initiated.

The surface water projects, viz. Khanpur Dam and Hub Dam, progressed slowly because of inadequate finances. The work on the Gomai Zam Project was confined to engineering studies and maintenance of works. Preliminary surveys and investigations/land compensation work was taken up for the Ghashma Right Bank Canal. The programme of General Investigations comprising studies, surveys and investigations progressed satisfactorily in all the four Provinces.

III. A.D.C.

A sum of Rs. 1.26 crore was allocated in the revised A.D.P. during 1971-72 for the water sector projects undertaken by ADC in the various Provinces. Of this, an amount of about Rs. 9.70 crore is estimated to have been spent in the Punjab, NWFP and Baluchistan and the balance in Sind. In the Punjab, the work was limited to the construction of small dams, viz. Chichali, Dhurnal, Dhok Tahlian, Qibla Bandi, Nirai and Ratti Kassi Dam, which were completed. The work on the Vehora Pick-up Weir was also taken up. In NWFP, the work on two small dams viz. Chattari and, Kahl and Seri Pick-up Weir was completed. In Sind, work on the Kotri Barrage and Guddu Barrage Projects (other than Headworks) and the Kotri Barrage Drainage Project progressed further. The progress of work on the construction of canal of Pat Feeder in Baluchistan was satisfactory.

ANNUAL PLAN - 1972-73

In the formulation of the development programme for 1972-73, the general strategy followed during 1971-72 has been pursued and emphasis has mainly been laid on protecting the ongoing programme so as to increase agricultural production. Adequate surface drainage facilities will be provided to the irrigated areas susceptible to waterlogging with a view to restoring and maintaining soil fertility under intensified agriculture in the coming years. In view of the short life of the public tubewells and the fact that the cost of operation and

maintenance involves a considerable subsidy, from the Provincial Government fresh plans to encourage development of private tubewells in areas of sweet water zones (hitherto earmarked for public sector tubewell development) are being considered. Experience with the public tubewells under operation has also not been satisfactory by way of declining discharges and progressive deterioration in the quality of ground water pumped. The public tubewells programme has, therefore, been confined to the completion of ongoing SCARPS. Electrification of tubewells already installed within the SCARPS has been assigned the highest priority.

New projects have been included for promising areas on the basis of availability of supplies on the existing pattern, which will provide a base for the utilisation of development potential of Tarbela Dam and future storage projects. Provision has also been made to initiate new schemes, specially in N.W.F.P. and Baluchistan, so as to accelerate the pace of development in these regions. The Tarbela Dam Project and other Indus Basin Works will continue outside the Annual Plan.

Since ADC has been disbanded, the allocation of works previously undertaken by it has been transferred to the Provinces during 1972-73.

Financial Allocations

An allocation of Rs. 34.11 crore has been made for the development programmes sponsored by the four Provincial Governments and the Central Government Agencies during 1972-73. This includes Rs. 11.41 crore for the Provincial Irrigation Departments, Rs. 18.02 crore for WAPDA, and Rs. 4.65 crore for the Central Govt. Agencies, including the allocations of Rs. 1.5 crore and Rs. 2.0 crore made by the Central Govt. for the Hub Dam (Karachi Irrigation Project) and Khanpur Dam respectively. Besides, a sum of Rs. 82.43 crore has separately been earmarked for various works under the Indus Basin Project/Tarbela Dam

Physical Programmes

A) Provincial Governments.

The physical programmes of the various provinces and their distribution by the executing agencies are as follows:-

I. IRRIGATION DEPARTMENTS

i) Punjab

An amount of Rs. 5.60 crore has been allocated to the Govt. of the Punjab for the water development projects sponsored by the Irrigation Department. Of this, Rs. 3.37 crore are for the ongoing and the balance for new projects.

The following table gives sub-sector-wise breakup of the allocation:

<u>Sub-sector</u>	
Survey & Investigation	- Rs. 0.20 crore
Irrigation Schemes	- Rs. 3.15 crore
Drainage & Reclamation	- Rs. 1.71 crore
Flood Regulation	- Rs. 0.30 crore
Miscellaneous	- Rs. 0.24 crore
Total:	<u>Rs. 5.60 crore.</u>

The main ongoing projects include Basic Research Studies in the Irrigation Research Institute; Full Implementation and Operation of Hydrological Survey; Remodelling L.B.D.C. O-353; Thal Project; Taunsa Project; Bakht Extension Scheme; Re-opening of abandoned area and extension of irrigation on Ab-Asia, Bakatwal and Eastern Saddiqia Canals; Lift Irrigation for Eastern Sadiqia Canal; Mianwali Lift Irrigation; Remodelling Rechna Outfall Drainage System and Hudiera Drain;

Remodelling and extending Sukhrawa Drainage System and Sattokotle Drain; Construction Satiana Summundri, Raiwind, Pandoke, Chakbandi and Thal Area Drainage Systems, Constructing Link Water-courses in SCARP II, Reconstruction of damaged Syphon of B.S. Link I, and some flood protection works. Among the major new projects are the Greater Thal Project, Dajal Branch Extension Scheme, Constructing Silt Ejector D.G. Khan Canal, Additional Releases downstream of Rasul Barrage, Constructing Rasul Hydel Station Spillway Channel, Jalalpur Canal Project (Phase I) and Electrification of 216 tubewells already installed. A sum of Rs. 15.0 lac has also been provided to afford subsidy for the installation of private tubewells.

Physical Targets: The above programme in physical terms would mean construction of 158 miles of new irrigation channels, remodelling of 233 miles of existing channels, construction of 43 miles of new drains, remodelling one miles of existing drain and completing 403 masonry works on the existing drains, electrification of 216 tubewells, installation of 4 new tubewells and completion of works of 128 tubewells already in hand, construction of 20 miles of link water-courses and 20 miles of flood protection works/embankments. Besides, about 500 private tubewells are likely to be subsidized in the SCARP areas. About 5.0 lac acres are likely to be improved and provided with irrigation facilities as a result of these developmental efforts.

ii) Sind

The A.D.P. 1972-73 provides an amount of Rs. 3.78 crore for projects of the Irrigation Deptt., Rs. 3.58 crore for the ongoing projects and Rs. 0.20 crore for the new schemes. The main ongoing projects include Full Implementation and Operation of Hydrological Survey, River Survey and Discharge Observation Programme, Reorganisation of Hydrological Directorate, Contour Survey of Riverian Area, Tubewell Irrigation Scheme in Riverian Area of Sukkur and Khairpur

Districts, Increasing Capacity of M.N.V. Drain in Southern Dadu Division, Kotri Surface Drainage Scheme, Guddu Groundwater Scheme, Flood Protection Works in Guddu Barrage, Rehabilitation of Banks of Jamrao Canal, Lift Irrigation Scheme on Left Bank of Nara Canal, Guniting R.C.C. Arches of Sukkur Barrage, Bye-pass at Yousuf Dahri over Rohri Main Canal, Bye-pass Regulator at Kandiara over Rohri Main Canal, Tail Regulator on Kandiara escape RD 22, Qubo Branch Ex-Khirthar Branch of N.W. Canal and its allied Works, Kotri Barrage Irrigation Scheme, Link Canal downstream outfall Regulator R.D. 10.8 of K.B. Feeder Lower and Guddu Barrage Irrigation Scheme. The major new projects included in the A.D.P. are: Conversion of Pandi Wah Channel from non-perennial to perennial, Remodelling 4 Bridges of Khairpur Feeder West, New Nareja Loop Bund and Reconditioning of Rohri Main Canal and Branches in Rohri Division. The bulk of the A.D.P. allocation will be spent for improving the capacity of the existing channels and distributaries.

As a result of this programme, about 4 miles of new irrigation channels will be constructed and the channels of Rohri, Nara, Jamrao, Mithrao and Shahdadt Branch will be remodelled. The masonry works remaining on the Kotri and Guddu Barrage systems and on the Kotri Surface Drainage Scheme will be taken up. About 10 miles of existing Main Nara Valley (M.N.V.) drain will be remodelled. Works on sinking 42 tubewells in the riverian area of Sukkur, Khairpur and Dadu Districts will be completed.

III) N.W.F.P.

A sum of Rs. 0.68 crores has been allocated for projects of the Irrigation Department. About Rs. 0.46 crore will be incurred on the ongoing and Rs. 0.22 crore on new projects.

It is envisaged that about 57 miles of irrigation channels, 12 diesel tubewells and 50 miles of flood protection embankments would be constructed during 1972-73. An area of about 0.65 lac acre will be benefited.

II. WAFDA

i) Punjab

The Govt. of Punjab has made an allocation of Rs 10.0 crore for Water Sector projects to be executed by WAFDA. The major components of the programme are as under:

General Investigations	Rs 0.4 crore
SCARP II	Rs 4.22 "
SCARP III	Rs 3.43 "
SCARP IV	Rs 1.87 "
Mona Reclamation Project	Rs 0.08 "
Total:	Rs 10.0 crore

It is expected that a total of 1725 tubewells will be energized and put into operation during 1972-73 as a part of SCARP II (561 tubewells), SCARP III (811 tubewells) and SCARP IV (353 tubewells). The operation of these tubewells will benefit a gross area of about 11.0 lac acres in the districts of Sargodha, Jhang, Muzaffargarh and Sheikhupura. In addition, work will be completed on 4 Surface Drainage Systems with a total length of 126 miles in SCARP II.

ii) Sind

The Govt. of Sind has made an allocation of Rs 2.75 crore for the following projects to be executed by WAFDA:

Hub Dam Project	Rs 0.50 crore
SCARP Khairpur	Rs 0.20 "
SCARP Rohri North	Rs 1.50 "
SCARP Larkana-Shikarpur (Stage-II)	Rs 0.40 "
General Investigations	Rs 0.05 "
Investigation of Sailaba areas	Rs 0.10 "
Total:	Rs 2.75 crore

The major ongoing projects to be undertaken by the Irrigation Department include Badwan Khairif Irrigation Channel, Nipki Khel Irrigation Scheme in Swat District, Shadikhel Gravity Flow Irrigation Scheme, Reboring of Tubewells in D.I. Khan District, Installation of 7 tubewells in Tail Area of existing canal in Bannu Distt., Gambila Lift Irrigation Scheme in Bannu District, General Investigations for selection of Small Dam Sites, and Darwezai Dam in Kohat District. The new projects included are Gagra flow irrigation scheme in Buner area, Reconstructing aqueduct R.D. 55,000 Warsak Left Bank Canal, Chanda Dam and Tank Zam Flood Diversion Weir.

It is estimated that about 29 miles of new irrigation channels and 3 miles of new surface drains will be constructed. Two new tubewells will be installed in Hazara Distt. and the work on the existing 31 tubewells in D.I. Khan District will be completed. About 0.2 lac acres of land will be brought under new irrigation or improved.

(iv) Baluchistan:

Out of Rs 1.38 crore earmarked for irrigation schemes of the Irrigation Department, Rs 0.60 crore will be spent on the ongoing and Rs 0.78 crore on the new schemes. The ongoing projects are, Purchase of Boring Rigs and Accessories, Pat Feeder, Mandai Irrigation, Dadu Irrigation, Muranj Irrigation, Sangsila Irrigation, Mithri Irrigation, Gazi Irrigation and Trifurcation of Gidri Sheh and Lakhara. The major schemes included in the programme are installation of tubewells in Baluchistan for augmenting the supply of existing Karezes, Small Irrigation Schemes in Baluchistan, Survey and Investigation in Baluchistan, Extension of Joe-Nushki, Storage Tank at Ziarat, Fena Khora Irrigation, Kashok Irrigation, Pishi Irrigation, Gorak Dat Irrigation, Malkhour Lift Irrigation, Dam on Dasht river near Mirani, Feasibility of Dam on Ringol river near Pilar Jhao, Feasibility of Dam on Zhob river near Badinzei and Minabazan, and Sawar Kaur Bund in Mekran.

It is expected that about 105 tubewells will be energized and put into operation under SCARP Rohri North benefiting a gross area of 0.65 lac acres. Work is also expected to be taken up on the construction of sub-drains under SCARP Larkana Shaikupur (Stage-II). Work on the Hab-Dam project which is being financed by the Central Govt. in collaboration with the Govts. of Sind and Baluchistan will be accelerated.

iii) N.W.F.P.

The Govt. of NWFP has allocated a sum of Rs 4.07 crore for the following water sector projects:

General Investigation and Planning	Rs 0.22 crore
Chasma Right Bank Canal	Rs 2.58 "
Pehur High Level Link Canal/ Gandaf	Rs 0.40 "
Gomal Zam Project	Rs 0.36 "
Construction of Tubewells in D.I. Khan	Rs 0.01 "
Anti-waterlogging measures Peshawar City.	Rs. 0.10 "
SCARP Pabbi Pilot Project	Rs 0.12 "
<hr/>	
Tanda Dam Project	Rs 0.04 "
Bara Banda and Naranji Tubewells Scheme	Rs 0.10 "
Kafur Dehri scheme and other parts of Peshawar	Rs 0.04 "
D.I. Khan Tubewell	Rs. 0.10 "
<hr/>	
Total:	Rs 4.07 crore

It is expected that construction of 28 tubewells in the SCARP Pabbi Pilot Project will be completed, benefiting an area of about 8600 acres. In addition, anti-waterlogging measures for the Peshawar city will be completed and the work on ground-water development will be taken up in D.I. Khan, Kafur Dehri, Bara Banda and Naranji areas.

iv) Baluchistan

The Govt. of Baluchistan has made an allocation of Rs 1.2 crore for the following projects to be executed by WAPDA:

Hub Dam Project	Rs 1.0 crore
Survey and Investigations in Baluchistan	Rs 0.2 crore
Total:	<u>Rs 1.2 crore</u>

B) PROJECTS TO BE FINANCED JOINTLY BY THE CENTRAL GOVERNMENT AND THE BENEFICIARY PROVINCIAL GOVERNMENTS

The Khanpur Dam and the Karachi Irrigation Project (Hub Dam) are the two projects which are being financed jointly by the Central Govt. and the beneficiary Provincial Governments. The Central Govt. has allocated Rs 2.0 crore and Rs 1.5 crore respectively for these projects. For the Hub Dam Rs 0.5 crore have been provided by Sind and Rs 1.0 crore by Baluchistan Govt.

C) PROGRAMME OF THE CENTRAL GOVT. AGENCIES

Apart from the allocation of Rs 3.5 crore made by the Central Govt. for Khanpur Dam and Hub Dam to accelerate the pace of progress of these projects, a sum of Rs 1.153 crore has been provided for the development programmes sponsored by the following Central Government agencies/Divisions:

i) Pakistan Meteorological Deptt: (Aviation Division)	Rs 0.230 crore
ii) Geological Survey of Pakistan (N.R. Division)	Rs 0.493 "
iii) Irrigation, Drainage & Flood Control Research Council (N.R. Division)	Rs 0.127 "
iv) Survey of Pakistan (Agriculture Division)	Rs 0.050 "
v) Kashmir Affairs Division	Rs 0.252 "
vi) States and Frontier Regions Division.	Rs 0.001 "
Total:	<u>Rs 1.153 "</u>

ANNUAL DEVELOPMENT PROGRAMME, 1972-73

FINANCIAL ALLOCATIONS - WATER SECTOR

	Irrigation Department	WAPDA	Total
(A) Provinces			
i) Punjab.	5.600	10.000	15.600
ii) Sind.	3.781	2.750	6.531
iii) N.W.F.P.	0.676	4.065	4.741
iv) Baluchistan.	1.384	1.200	2.584
	<u>11.441</u>	<u>18.015</u>	<u>29.456</u>
(B) Centre			
i) Hub Dam/Steel Mills Corporation (Industries Division)			1.500
ii) Khanpur Dam/C.D.A. (Presidential Affairs Division).			2.000
iii) Irrigation, Drainage & Flood Control Research Council (N.R. Division)			0.127
iv) Geological Survey of Pakistan (N.R. Division)			0.493
v) Pak. Met. Department (Aviation Division)			0.280
vi) Survey of Pakistan (Agriculture Division)			0.050
vii) Kashmir Affairs Division			0.252
viii) States & Frontier Regions Division.			0.001
			<u>4.653</u>
			<u>34.109</u>
			<u>82.430</u>

Indus Basin Project/Tarbela Dam

The allocation for the Pakistan Meteorological Department is meant for the approved ongoing projects which include Wind Finding Radar Station at Sargodha, Jacobabad and Karachi, Meteorological Telecommunication Services, Sub-Regional Research Centres, First Class Observatories, Upper Wind Observatories, Aeromet Station, and the Institute of Meteorology and Geophysics.

The ongoing projects of the Geological Survey of Pakistan include Aero-magnetic Survey and Mineral Exploration Project Ahagai.

The programme of the Irrigation, Drainage and Flood Control Research Council includes the following schemes:

Some Basic Studies on Hydraulic Problems,
Lysimeter Studies,
Basic Studies on Groundwater Exploitation,
Expansion of Gaja Tile Drainage Project and
Aid for Research & Training.

The provision made for the Survey of Pakistan is for the ongoing projects - Development of Survey Resources for National Projects and Multipurpose Geodetic Survey Marks.

The allocation made to the Kashmir Affairs Division is meant for the Water and Hydel Power development programme in Azad Kashmir, Gilgit and Baltistan.

A statement showing financial allocations agencies/Province-wise under the Water Sector during 1972-73 is given as Annexure-I.

CHAPTER 12

MANUFACTURING INDUSTRY

INTRODUCTION

Pakistan's industrial sector presents two major challenges. First, the output in this sector must grow at least at 10 per cent per annum to facilitate the attainment of Plan's growth and consumption targets. Second, the industrial programme of the plan should help to keep the foreign exchange gap within manageable limits, by maintaining the momentum of manufactured exports and replacing a larger proportion of imports particularly of engineering goods and imported raw materials.

2. Recent reviews of Pakistan's manufactured exports have highlighted the importance of items based on cotton. This dependence on a single commodity obviously increases the country's vulnerability to shifts in international demand and to the growth of protectionism abroad, especially as cotton products are traditionally among the first manufactures produced by a newly industrialising country. Moreover, the possibility of increasing exports becomes more difficult as the share of Pakistan in world trade in cotton products increases. Therefore, it is essential to diversify the composition of exports by incorporating new manufactures into the list.

3. The present Government has introduced a number of economic and other reforms in the country. Among these reforms which have got direct or indirect bearing on industrial development is the taking over of the management of the industrial units. The basic concepts behind these economic reforms and its implementation were (a) ownership was not disturbed; (b) owners would get dividend income in due course and (c) no technical managerial employees were removed. The take-over operation revealed many irregularities, malpractices and bad management. These are being looked into and rectified. A notable feature of these companies was that the original sponsors did not hold substantial shares in these concerns. They had sold their shares and were controlling these companies through the instrument of Managing Agencies.

4. This is a new form of "Nationalisation". Owners were not bought but their management functions taken over.

In any case, they did not have majority holdings any longer. Government hopes to run these concerns on commercial and profitable lines under professional management. The shareholders will eventually have a say in running these industries. The method of doing this is being worked out.

5. As a result of the reforms referred to above the management of 32 units from the private sector which fall under the following broad categories of industries has been taken over :-

1. Iron and Steel
2. Basic Metal
3. Heavy Engineering
4. Heavy Electrical
5. Assembly and Manufacture of Motor Vehicles
6. Tractor Plants, Assembly and Manufacture
7. Heavy and Basic Chemicals
8. Petrochemical Industries
9. Cement Industry
10. Electricity, generation, transmission and distribution
11. Gas and
12. Oil Refineries.

Review of 1971-72

6. An allocation of Rs 12.85 crores was made to finance the public sector schemes during 1971-72. The actual expenditure however is now estimated at Rs 7.85 crores thus indicating a short-fall of about 38 per cent.

7. The Annual Plan for 1971-72 projected an investment of Rs 165 crores for the private sector. The latest estimates indicate that the actual investment is not likely to exceed Rs 82 crores thus falling short of the plan's projection by 50 per cent. The main reasons for this shortfall were the uncertainty about the economic policy and the political attitudes in the country during the year. The availability of re-investible funds with the Private sector was also considerably lower while the availability of foreign loans with the financing institutions and shortage of physical inputs acted as added constraints.

Programme for 1972-73

8. The A.D.P. for 1972-73 provides Rs 20.46 crores for the manufacturing sector. The break-down of this programme is as under:-

	(Crore Rs)
Punjab	0.30
Sind	0.13
NWFP	0.41
Baluchistan	0.10
Central Govt. & WPIDC	<u>20.02</u>
Total:	<u><u>20.96</u></u>

In pursuance of the President's recent directive to set up new plants for the manufacture of Fertilizers, the PIDC is being provided with an additional amount of Rs 50 lakh for the necessary preparatory work.

9. An investment of Rs 115 crores in the private sector for 1972-73 has been projected. The investment in the small scale manufacturing sector is expected to be around Rs 30 crores. The amount of Rs 115 crores projected for large scale manufacturing industry investment is based on the letter of credits already opened on the assumption that the machinery contracted earlier would now be imported after the defreezing of the pipeline by aid-giving agencies. As in the past, the PICIC, IDBP, ICP and NIT are expected to play an important role in the industrial development.

Physical Targets

10. The physical targets likely to be achieved for selected industries during 1972-73 are given below :-

Manufacturing Industries	Unit	Benchmarks 1967	Production 1970-71	Production 1971-72	Targets for 1972-73
1	2	3	4	5	6
Sugar	000 tons	600	532	350	450
Vegetable Ghee	000 tons	151	122	190	209
Cigarettes	Nos. Million	22	23	26	28
Cotton Yarn	Million lbs.	570	640	611	670
Jute Goods	000 tons	15	15	15	15

1	2	3	4	5	6
Paper	000 tons	11	18	25	30
Board	000 tons	44	39	40	50
Fertilizers (Nutrient)	000 tons	140	142	201	300
Soda Ash	000 tons	70	78	78	78
Cement	000 tons	3200	2600	2700	3000
Steel (Furnaces)	000 tons	60	98	136	173

PROVINCIAL PROGRAMMES:

I. Baluchistan:

11. The development outlay 1972-73 in the public financed sector for industries in Baluchistan is Rs 0.102 crore. The major schemes are (i) Industrial Estate at Uthal, which will provide basic infrastructure and incentive to private entrepreneurship for setting up industrial units. (ii) Government Printing Press and (iii) Small Industries Promotional schemes. Consequent on the provincialization of WPSIC, the Government of Baluchistan has proposed to continue implementation work on eight on-going schemes and to undertake three new schemes in the Small Industries Sector during 1972-73 with an estimated investment of Rs 0.082 crore.

II. N.W.F.P.

12. The development programme of the Government of NWFP for industries and fuels and minerals sectors during 1972-73 will be Rs 0.419 crores. The on-going projects and the new projects relate to the creation of basic industrial infra-structure for industrial Estates, development of skills of artisans, development of hides and skins, grant of stipends to trainees, installation of four power looms and 20 carpet looms at Woollen Centre Batkhela, construction of building and purchase of machinery for Government Press and Jail Press and survey and investigation of mineral bearing areas. Consequent on the provincialisation of the WPSIC, the Government of NWFP proposes to continue work on 17 on-going schemes of Small Industries Sector and also to undertake a few new schemes during 1972-73.

III. Punjab

13. The development outlay for 1972-73 of the Government financed sector in the Punjab for industries will be to the tune of Rs 0.3 crores. Bulk of the provision is earmarked for industrial estates, industrial survey, industrial training and research. Some provision has also been made for Printing and Stationery Department for shifting of Forms Press to a new site at Kot-Lakhat, purchase of machinery and construction of residential accommodation for staff, as well as for special repairs, minor works and installation of Turbine Pump in Government Press, Lahore. The WPSIC Schemes, have since been provincialised and only two schemes namely (i) Handicraft Development Centre, Rawalpindi and (ii) Handicraft Development Centre, Mirree, have been reflected under the Provincial Government Programme with a total provision of Rs 29 lakhs. During 1971-72 the total number of schemes being implemented by WPSIC in the Punjab were, however, 30 (out of which 9 are on all West Pakistan basis), as against only 2 schemes included in the ADP 1972-73 by the Provincial Government.

IV. S I N D

14. The development programme of Sind for 1972-73 will be of the order of Rs 0.18 crore. The main scheme is for development of necessary infrastructure and other facilities in the industrial estates for large and medium scale industries. Consequent on the provincialization of the WPSIC schemes, the Government of Sind has proposed to continue the implementation work on 18 on-going schemes in the Small Industries Sector.

Central Programme

15. An allocation of Rs 19.52 crores has been made for 1972-73 for the public sector financed industries of the Centre. The provision will take care of schemes like Karachi Steel Mills, Karachi Shipyard and Engineering Works, Small Industries promotional and Training Schemes including Azad Kashmir and Northern Areas, Centrally Administered Tribal Areas and Centrally Administered Tribal Areas Development Corporation, under States and Frontier Regions Division, Scientific and Industrial Research Schemes etc.

A brief description of proposed development activities for 1972-73 is as follows :

Larkana Sugar Mills, Naudero

16. The aim of setting up of this sugar mill is to demonstrate to the private sector the visibility of sugar plants based on Chinese technology. The machinery is to be manufactured in the Heavy Mechanical Complex, Taxila. The scheme is estimated to cost Rs 5.075 crores. The mill will produce 15,000 to 18,000 tons of sugar annually, Land for the project has been acquired and sub-soil investigation completed. A provision of Rs 1.85 crores has been made in the ADP 1972-73.

Tarbela Cotton Taxila Mills:

17. WPIDC propose to set up a Cotton Textile Mill of 25,000 spindles. With the completion of Tarbela Dam, the new township economic activity, This mill will be an important part of this being developed near the Dam site, would be humming with activity. A provision of Rs 0.25 crore has been made in the ADP 1972-73.

Textile Productivity Centre:

18. A major problem of cotton textile industry in Pakistan is low productivity. The proposed Centre being set up with UNDP assistance, is expected to find ways and means of improving the overall efficiency of the industry. A provision of Rs 30 lakh has been made in the ADP 1972-73.

Dir Forest Industries Complex, Chakdara:

19. The scheme was approved by ECNEC in February 1968 at an estimated cost of Rs 6.58 crores. The total expenditure incurred on the project upto 1971-72 is estimated at Rs 2.50 crore. The foreign exchange cost of the project will be met out of Polish credit. Six hundred packages of plant and machinery from Poland have so far been received. WPIDC is thinking of manufacturing kraft pulp in the project. The original idea of production of plywood and chip board has been abandoned by WPIDC because of surplus capacity in their production in West Pakistan. Instead, WPIDC is thinking of manufacturing kraft pulp for paper from the wood. The reactions of Polish plant and Machinery suppliers regarding production of kraft pulp in this project are awaited by WPIDC. A provision of Rs 1.3 crore has been made in ADP 1972-73.

Printing Corporation of Pakistan:

20. The scope and activities of presses have been enlarged to meet the demand of text books and other printed material of the country. The Corporation will execute the on-going project of "Construction of staff quarters for the employees of the Press at Islamabad" during 1972-73 for which a provision of Rs 23 lakh has been made in the Central Development Programme for 1972-73.

New Fertilizer Plants:

21. A sizable proportion of the country's requirements for fertilizers is at present being imported. With a view to achieving self-sufficiency in this important agricultural input the President has desired that new fertilizer plants should be set up. An additional allocation of Rs 50 lakh has accordingly been made to the PIDC for the necessary preparatory work.

Prilling of Urea Fertilizer at Natural Gas Fertilizer Factory, Multan:

22. As considerable difficulties are being faced by the project in disposing of its present product in face of competition from prilled urea produced by M/S. Esso Fertilizer Plant as well as that being imported. This scheme is designed to produce prilled urea instead of crystalline urea by Natural Gas Fertilizer Factory, Multan.

The cost of the scheme has been estimated at Rs 0.358 crore. Agreement for installation of prilling unit has been signed with M/S. Chemical Consultants (Pakistan) Ltd and M/S. Stami Carbon of Holland. A provision of Rs 15 lakh has been made in ADP 1972-73.

Pak-American Fertilizers Ltd - Conversion of plant to use Natural Gas instead of Coal:

23. The scheme envisages conversion of some of the existing plant of Pak American Fertilizers Ltd., Gudkhel, from the use of coal to natural gas. The technology of producing synthesis gas from Natural gas is far more economic than that of coal. The scheme as originally planned was estimated to cost Rs 2.07 crores, but in view of certain contemplated modifications the cost is now estimated to Rs 0.42 crore. Letter of credit for import of plant and machinery has already been established. A provision of Rs 16 lakh has been made in ADP 1972-73.

Development and Utilization of Swat China Clay:

24. The project is designed to produce 1,40,000 pieces of sanitary wares and 144,00,000 pieces of tiles annually. The project is expected to be taken in hand by WPIDC in 1972-73 with the assistance of West Germany or China. A provision of Rs 1.5 crore has been made in ADP 1972-73.

Karachi Steel Mills Project:

25. An integrated steel mill at Karachi based on high grade imported iron ore and imported coal and coke with an initial capacity of one million ton is being established by the Pakistan Steel Mills Corporation in collaboration with the Government of USSR. The project will be located at Buleji near Karachi and is estimated to cost Rs 485 crores including a foreign exchange component of Rs 165 crores.

26. In January 1971, an agreement was signed with the Government of USSR for the credit of 180 million roubles (\$ 200 million) for supply of machinery and equipment, as well as for meeting the expenses of Pakistani technicians and engineers to be trained in USSR. A detailed project report including the production programme techniques, methods and also plans of construction of the mill is expected to be received by the Government of Pakistan by August 1972.

27. To enable the Pakistan Steel Mill Corporation to undertake the initial work on the project, a provision of Rs 2.83 crore has been made in the ADP 1972-73.

Chilgazi Pig Iron Project:

28. Work on proving the reserves of iron ore in Chilgazi area started earlier, continued during 1971-72. The reserves are now estimated at 1.5 million tons. Assistance of the Government of the People's Republic of China has been requested for putting up Pig Iron Project based on these deposits. The Chinese Team has arrived to carry out its survey. A provision of Rs 20 lakh has been made in the ADP 1972-73.

Central Foundry and Forge Project, Taxila:

29. Implementation of the scheme has been taken up by WPIDC. The project has been approved by ECNEC. Land for the project

has already been acquired. Topographical survey, subsoil investigations and site development and levelling has been completed. Designs for 12 buildings and 1867 tons of construction materials have been received from China. Tender for civil work of some of the buildings have already been invited and work has been awarded. The project is designed to produce steel castings, steel ingots, iron castings, press forgings forged billets and copper and aluminium castings of the value of about Rs 8.9 crores per annum when operating in full capacity. A provision of Rs 6.2 crore has been made in ADP 1972-73.

Pakistan Machine Tool Factory Landhi:

30. The physical work of Pakistan Machine Tool Factory Karachi is expected to be completed by June 1972.

Heavy Mechanical Complex:

31. Civil engineering works upto 97% were completed by December 1971 and 95% machinery had been installed. The production during 1971-72 is estimated at Rs 1.4 crore. When at full capacity production of the Complex is estimated to give a turn over of Rs 9.87 crores per annum. A provision of Rs 1.23 crore has been made in ADP 1972-73.

Heavy Electrical Complex:

32. An amount of Rs 0.408 crore has been spent on the WPIDC's Heavy Electrical Complex Taxila, during 1970-71 which was originally proposed to be set up with Russian Assistance. The expenditure on the project during 1971-72 is estimated to be about Rs 11 lakh.

33. The WPIDC has now commissioned M/S. AEG of West Germany to prepare a fresh feasibility report based on the requirements of West Pakistan only. Report to WPIDC by AEG West Germany is now under scrutiny. The estimated capital cost of the Russian project was Rs 31 crore and the rough estimated cost of the project based on M/S. AEG study is Rs 11.2 crore. A revised scheme will be prepared by WPIDC accordingly.

Karachi Shipyard and Engineering Works (phase II part I)

34. From July 1970 the administrative control of the Karachi Shipyard was transferred from WPIDC to the Ministry of Defence. The original phase II (part I) of the scheme was approved at a total cost of Rs 3.2 crore which has since been exceeded and the revised scheme is under preparation.

35. With the completion of the new Dry Dock and ship repair Berth, it is expected that foreign exchange earnings through ship repairs will be considerably increased. Combined production capacity of phase I and phase II (part I) will be as follows :-

(i) Ship Repairing and Dry Docking:	300 numbers of Rs 9.5 million per year.
(ii) Shipbuilding:	Upto a maximum of 25000 DWT Ship can be constructed. Annual capacity of 3 ships of 13000 DWT each.
(iii) Steel Construction & Heavy Engineering:	6000 tons/year.
(iv) Diesel Engine construction:	400 cylinders/year.
(v) Foundaries and Galvanising:	9,000 tons/year.

36. A provision of Rs 21.75 lakh has been made in the ADP 1972-73 for completion of phase II (part I) of the KSEW.

Small Industries Promotion Schemes:

37. A provision of Rs 18 lakh for schemes like investment Advisory Centres, Peshawar and Lahore has been made in the ADP 1972-73.

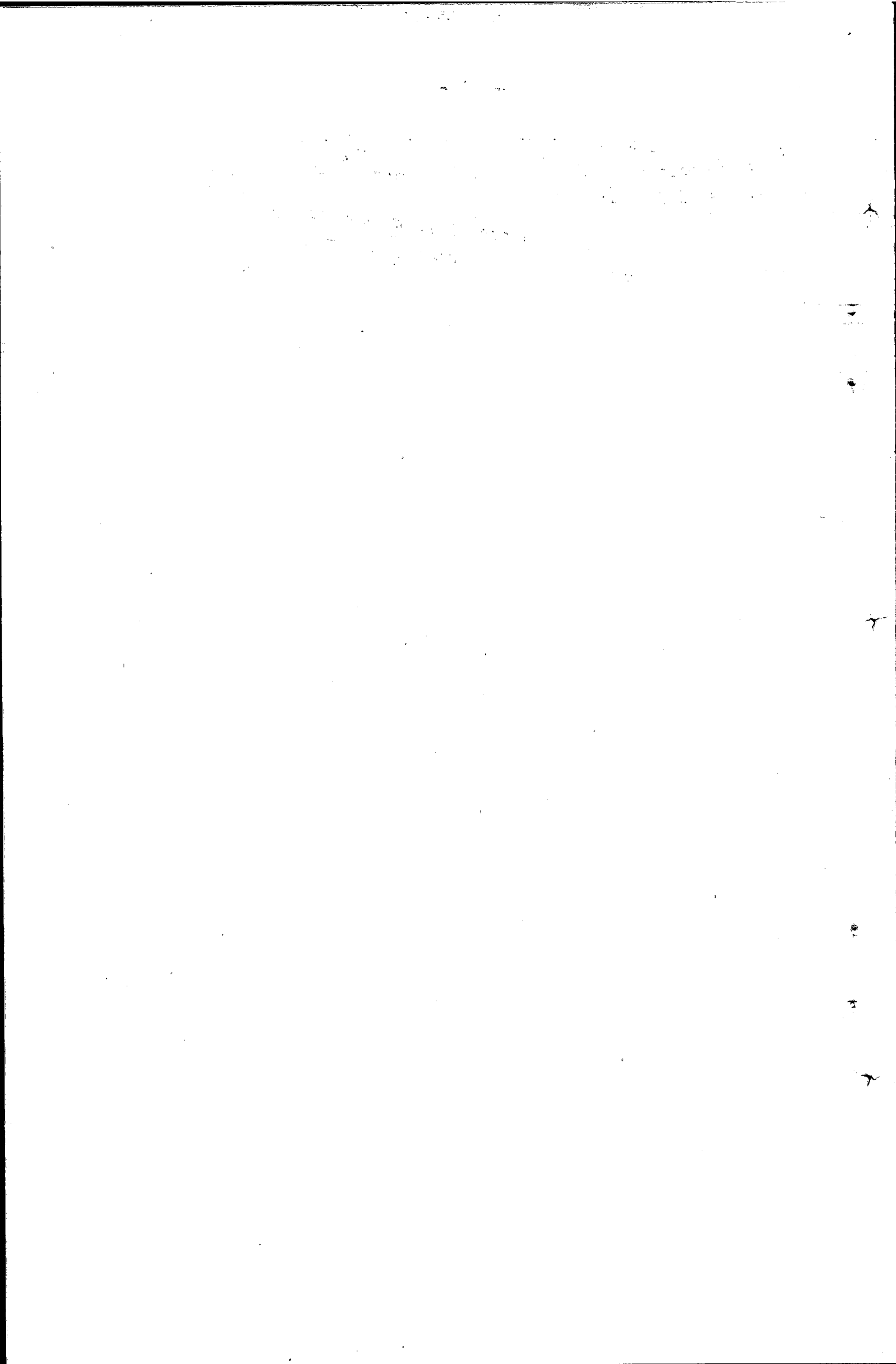
Centrally Administered Tribal Areas and CATAD Corporation:

38. A provision of Rs .86 lakh has been made for Centrally Administered Tribal Areas and Rs 0.74 crore for Centrally Administered Tribal Areas Development Corporation under the States and Frontier Regions Division, for the development of Match, Cigarettes, Fruit Processing and Leather industries. These Schemes of CATAD Corporation are at various stages of formulation and processing.

Azad Kashmir and Northern Areas:

39. A provision of Rs 1.161 crore has been made in the ADP 1972-73 which is inclusive of a provision of Rs 50 lakh for Gilgit and Baltistan Agencies and Rs 25 lakh of AKMIDC. The industries schemes are mostly of research promotional and training

nature. The major important industrial projects of Azad Kashmir are (i) "Logging & Saw Mill project" and (ii) "Industrial Estate at new Mirpur Town".



ALL PAKISTAN

ANNUAL PLAN FOR 1972-73
FINANCIAL EXPENDITURE AND ALLOCATION
MANUFACTURING INDUSTRY

(Crore Rupees)					
Sector / Sub-Sector	Allocation for Fourth Plan	Allocation for 1971-72	Estimated Expenditure in 1971-72.	Percentage implementation of Col. (4) of Col. (5)	Allocation for 1972-73
1	2	3	4	5	6
1. Food Manufacture		0.4000	0.2020	49%	2.10,00
2. Beverages		-	-	-	-
3. Tobacco Manufacture		-	-	-	0.0800
4. Manufacture of Textile					
(a) Cotton		-	-	-	0.2500
(b) Jute		-	-	-	-
5. Footwear and Apparels		-	-	-	-
6. Manufacture of Wood and Cork		0.5300	0.5033	99%	1.3000
7. Furniture & Fixture		-	-	-	-
8. Paper and Paper Products		0.0350	-	-	-
9. Printing and Publishing		0.1681	0.1403	82%	0.4795
10. Leather and Leather Products		0.0015	0.0012	80%	0.1015
11. Rubber Products		-	-	-	-
12. Chemical Industries		0.5000	0.1000	20%	1.3200
13. Product of Petroleum Coal and Gas		-	-	-	0.1200
14. Petrochemical Industries		-	-	-	-
15. Non-metallic Mineral Products		1.0100	0.4700	46.5%	1.7400
16. Basic Metal Industries		2.5000	2.0930	83%	3.0270
17. Metal Products Industries		0.4500	0.7500	166%	6.2000
18. Machinery except Electrical Machinery		4.0150	1.4000	35%	1.2300
19. Electrical Machinery, Apparatus and Appliances		-	-	-	-
20. Transport Equipment		0.2200	0.2200	100%	0.2175
21. Miscellaneous Industries		0.3869	0.1781	46%	0.1097
22. Industrial Estate		0.3612	0.2002	55%	0.0810
23. Training		0.1489	0.0385	25%	0.0422
24. Small Industrial Promotional Programme		1.6830	1.5019	88%	1.6827
25. Scientific and Industrial Research		0.4425	0.0470	11%	0.1944
26. Survey and Investigation		-	-	-	1.800
Total		12.8521	7.8455	61%	20.4555

ANNUAL PLAN FOR 1972-73
FINANCIAL EXPENDITURE AND ALLOCATION
MANUFACTURING INDUSTRY

INDUSTRY

SUMMARY - CENTRE

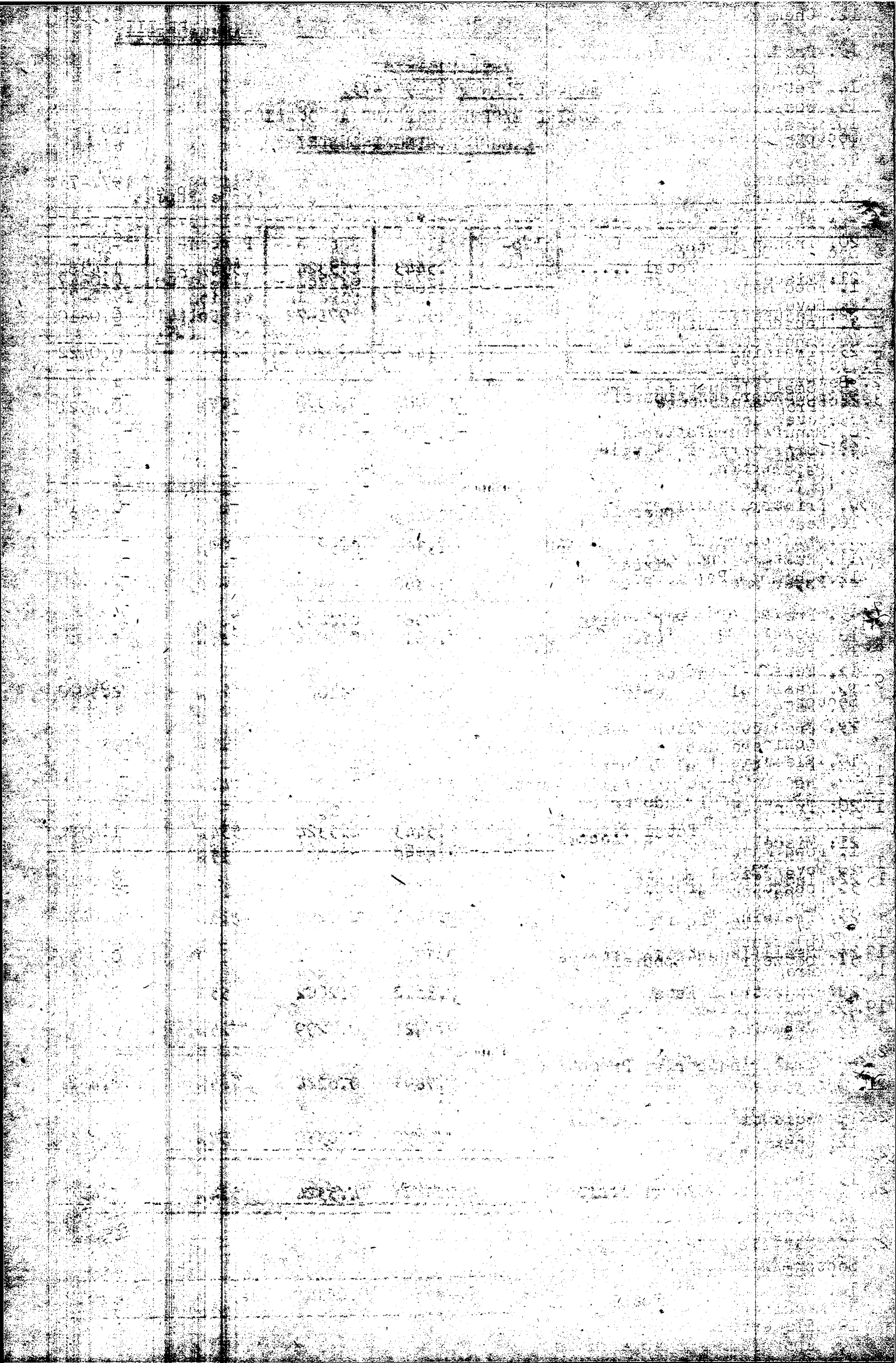
(Gross Rupees)

Sector / Sub-sector	Allocation for 4th Plan	Allocation for 1971-72	Estimated expenditure in 1971-72	Percentage Implementation of Col(4) of Sol.(5)	Allocation for 1972-73
1	2	3	4	5	6
1. Food Manufacture	-	-	-	-	2.1000
2. Beverages	-	-	-	-	-
3. Tobacco Manufacture	-	-	-	-	0.0800
4. <u>Manufacture of Textile</u>	-	-	-	-	-
(a) Cotton	-	-	-	-	0.2500
(b) Jute	-	-	-	-	-
5. Footwear and Apparels	-	-	-	-	-
6. Manufacture of Wood & Cork	-	-	-	-	1.3000
7. Furniture and Fixture	-	-	-	-	-
8. Paper and Paper Products	-	-	-	-	0.2376
9. Printing and Publishing	-	0.1000	0.1000	100%	0.2376
10. Leather and Leather Products	-	-	-	-	0.1000
11. Rubber Products	-	-	-	-	-
12. Chemical Industries	-	-	-	-	1.8200
13. Product of Petroleum Coal and Gas	-	-	-	-	0.1200
14. Petrochemical Industries	-	-	-	-	-
15. Non-metallic Mineral Products	-	-	-	-	1.7400
16. Basic Metal Industries	-	2.5000	2.0930	83%	3.0270
17. Metal Products Industries	-	-	-	-	6.2000
18. Machinery except Electrical Machinery.	-	-	-	-	1.2300
19. Electrical Machinery, Apparatus and Appliances	-	-	-	-	-
20. Transport Equipments	-	0.2200	0.2200	100%	0.2175
21. Miscellaneous Industries	-	0.2100	-	-	0.0250
22. Industrial Estate	-	-	-	Rs	-
23. Training	-	0.0068	0.0086	126%	-
24. Small Industries Promotional Programme	-	0.8935	0.8795	98%	1.2306
25. Scientific and Industrial Research.	-	0.3775	0.0120	-	0.1594
26. Survey and Investigations.	-	-	N.A.	N.A.	0.1800
Total	-	4.3078	3.3131	77%	20.9171

WEST PAKISTAN
ANNUAL PLAN FOR 1972-73.
 FINANCIAL EXPENDITURE AND ALLOCATION
MANUFACTURING INDUSTRY

(Crore Rupees)

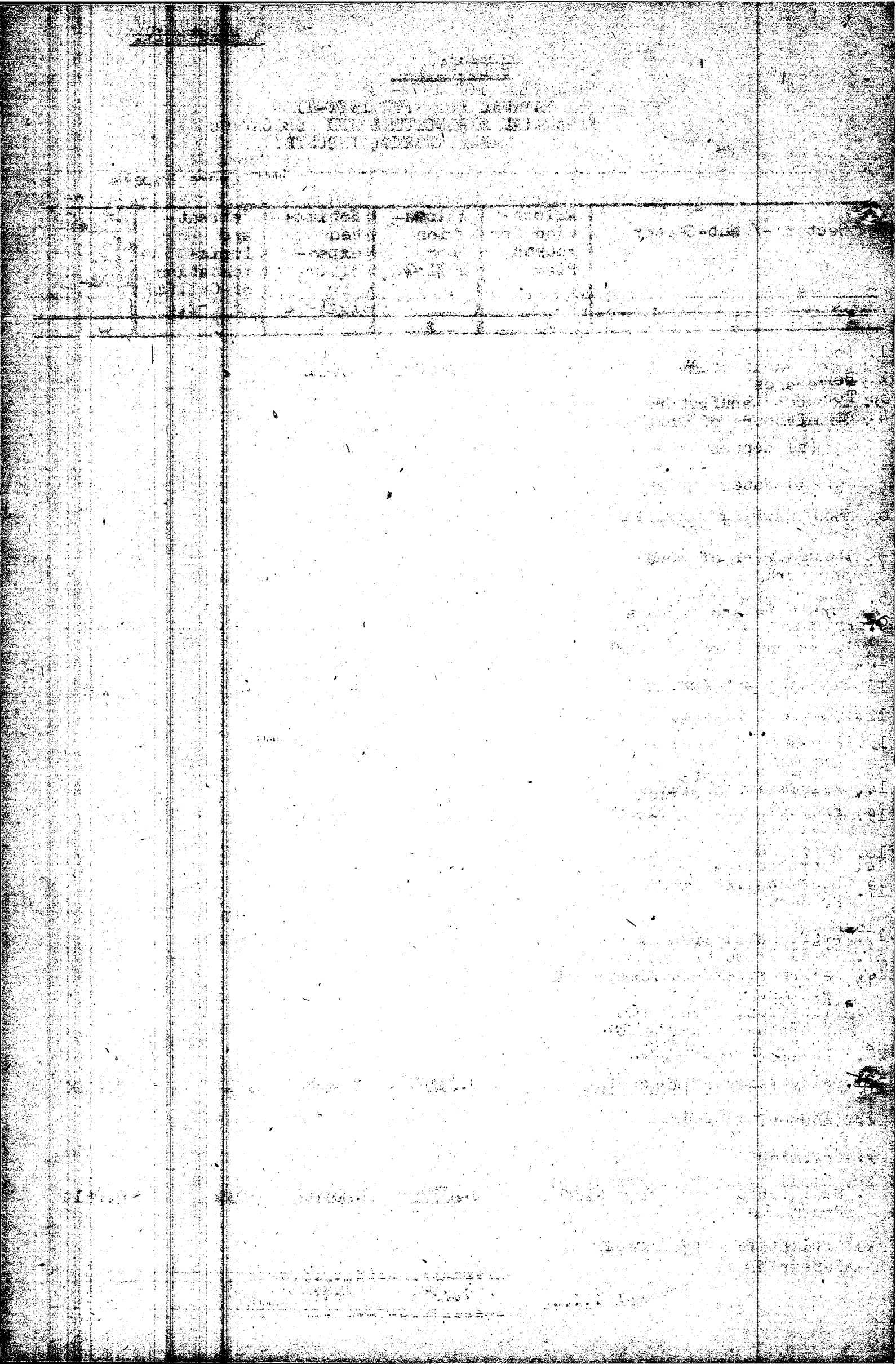
Sector-/Sub-Sector	Allo- cation for 4th Plan	Allo- cation for 1971-72	Estima- ted expendi- ture in 1971-72	Percen- tage Implemen- tation of Col(4) of Col.5)	Alloca- tion for 1972-73.
1	2	3	4	5	6
1. Food Manufacture		0.4000	0.2020	49%	-
2. Beverages		-	-	-	-
3. Tobacco Manufacture		-	-	-	-
4. Manufacture of Textile					
(a) Cotton		-	-	-	-
(b) Jute		-	-	-	-
5. Footwear and Apparels		-	-	-	-
6. Manufacture of Wood & Cork		0.5300	0.5033	99%	-
7. Furniture and Fixture		-	-	-	-
8. Paper and Paper Products		0.0350	-	-	-
9. Printing and Publishing		0.0381	0.0403	40%	0.2419
10. Leather and Leather Products		0.0014	0.0012	38%	0.0015
11. Rubber Products		-	-	-	-
12. Chemical Industries		0.5000	0.1000	20%	0.5000
13. Product of Petroleum Coal and Gas		-	-	-	-
14. Petrochemical Industries		-	-	-	-
15. Non-metallic Mineral Products		1.0100	0.4700	45%	-
16. Basic Metal Industries		-	-	-	-
17. Metal Products Industries		0.4500	0.7500	165%	-
18. Machinery except Electrical Machinery		4.0150	1.4000	35%	-
19. Electrical Machinery, Apparatus and Appliances		-	-	-	-
20. Transport Equipment		-	-	-	-
21. Miscellaneous Industries		0.7709	0.7781	100%	0.0847
22. Industrial Estate		0.3012	0.2002	55%	0.0810
23. Training		0.1421	0.0299	215%	0.0422
24. Small Industrial Promotion Programme		0.7895	0.6224	785%	0.4521
25. Scientific & Industrial Research		0.0650	0.0350	54%	0.0350
Total		8.5443	4.5324	53%	1.4384



BALUCHISTANANNUAL PLAN FOR 1972-73
FINANCIAL EXPENDITURE AND ALLOCATION
MANUFACTURING INDUSTRY

(Crore Rupees)

Sector -/ Sub-Sector	Allocation for Fourth Plan	Allocation for 1971-72	Estimated expenditure in 1971-72	Percentage implementation of Col. (4) of Col. (5)	Allocation for 1972-73
1	2	3	4	5	6
1. Food Manufacture		0.1000	0.0020	2%	
2. Beverages					
3. Tobacco Manufacture					
4. Manufacture of Textile					
(a) Cotton					
(b) Jute					
5. Footwear and Apparels					
6. Manufacture of Wood and Cork					
7. Furniture and Fixture					
8. Paper and Paper Products					
9. Printing and Publishing					0.0100
10. Leather & Leather Products					
11. Rubber Products					
12. Chemical Industries					
13. Products of Petroleum Coal and Gas					
14. Petrochemical Industries.					
15. Non-Metallic Mineral Products					
16. Basic Metal Industries.					
17. Metal Products Industries					
18. Machinery except Electrical Machinery.					
19. Electrical Machinery, Apparatus & Appliances.					
20. Transport Equipment.					
21. Miscellaneous Industries.		0.1100	0.0400	30%	0.0100
22. Industrial Estate					
23. Training					
24. Small Industrial Promotional Programme		0.0775	0.0390	503%	0.0819
25. Scientific & Industrial Research.					
Total		0.2875	0.0810	28%	0.1019



N.W.F.P.

ANNUAL PLAN FOR 1972-73
FINANCIAL EXPENDITURE AND ALLOCATION
MANUFACTURING INDUSTRY

(Crore Rupees).

Sector/Sub-sector	Allocation for Fourth Plan	Allocation for 1971-72	Estimated expenditure in 1971-72	Percentage implementation of Col. (4) of Col. (5)	Allocation for 1972-73
1	2	3	4	5	6
1. Food Manufacture					
2. Beverages					
3. Tobacco Manufacture					
4. Manufacture of Textile					
(a) Cotton					
(b) Jute					
5. Footwear and Apparels					
6. Manufacture of wood and Cork		5.300	0.5035	99%	
7. Furniture and Fixture					
8. Paper and Paper Products					
9. Printing and Publishing		0.02000	0.0180	90%	0.1050
10. Leather and Leather Products		0.0015	0.0012	85%	0.0015
11. Rubber Products					
12. Chemical Industries					
13. Product of Petroleum Coal and Gas					
14. Petrochemical Industries					
15. Non-metallic Mineral Products		0.7100	0.3400	53%	
16. Basic Metal Industries					
17. Metal Products Industries					
18. Machinery except Electrical Machinery					
19. Electrical Machinery, Apparatus and Appliances					
20. Transport Equipment					
21. Miscellaneous Industries		0.0600	0.0201	300%	0.0156
22. Industrial Estate		0.0212	0.0092	43.4%	0.0210
23. Training		-	0.0019	-	0.0022
24. Small Industrial Promotional programme		0.2620	0.2025	89%	0.2612
25. Scientific and Industrial Research					
Total		1.6068	1.1229	69%	0.4065

PUNJAB

ANNUAL PLAN FOR 1972-73
FINANCIAL EXPENDITURE AND ALLOCATION
MANUFACTURING INDUSTRY

(Crore Rupees)

Sector/Sub-Sector	Allocation for Fourth Plan	Allocation for 1971-72.	Estimated Expenditure in 1971-72	Percentage implementation of Col.4 of Col.5.	Allocation for 1972-73
1	2	3	4	5	6
1. Food Manufacture					
2. Beverages					
3. Tobacco Manufacture					
4. Manufacture of Textile					
(a) Cotton					
(b) Jute					
5. Footwear and Apparels					
6. Manufacture of Wood and Cork.					
7. Furniture and Fixture					
8. Paper and Paper Products		0.0481	-		
9. Printing and Publishing			0.0223		0.1269
10. Leather and Leather Products					
11. Rubber Products					
12. Chemical Industries		0.5000	0.100	20%	
13. Product of Petroleum Coal and Gas					
14. Petrochemical Industries					
15. Non-metallic Mineral Products					
16. Basic Metal Industries					
17. Metal Products Industries		0.4500	0.7500	166%	
18. Machinery except Electrical Machinery		2.0000	1.4000	70%	
19. Electrical Machinery, Apparatus and Appliances					
20. Transport Equipment		-	-	-	
21. Miscellaneous Industries		0.0669	0.0580	85%	0.0691
22. Industrial Estates		0.0300	0.0010	33%	
23. Training		0.0400	0.0280	70%	0.0400
24. Small Industrial Promotional Programme		0.3000	0.3000	100%	0.0290
25. Scientific and Industrial Research		0.0650	0.0350	50.4%	0.0350
Total		3.5000	2.5943	78%	0.3000

SIND

ANNUAL PLAN FOR 1972-73
FINANCIAL EXPENDITURE AND ALLOCATION
MANUFACTURING INDUSTRY

(Rupees in Crores)

Sector/Sub-Sector	Allo- cation for Fourth Plan	Allo- cation for 1971-72	Estimated expen- diture in 1971-72	Percent- age imple- menta- tion of Col(4) of Col (5)	Allo- cation for 1972-73
1	2	3	4	5	6
1. Food Manufacture		0.3000	0.2000	66.6%	
2. Beverages					
3. Tobacco Manufacture					
4. Manufacture of Textile					
(a) Cotton)					
(b) Jute					
5. Footwear and Apparels					
6. Manufacture of Wood and Cork					
7. Furniture and Fixture					
8. Paper and Paper Products					
9. Printing and Publishing					
10. Leather and Leather Products					
11. Rubber Products					
12. Chemical Industries					
13. Product of Petroleum, Coal and Gas					
14. Petrochemical Industries					
15. Non-metallic Mineral Products		0.3000	0.1300	43.3%	
16. Basic Metal Industries					
17. Metal Products Industries					
18. Machinery except Electrical Machinery		2.0150			
19. Electrical Machinery, Apparatus and Appliances					
20. Transport Equipment					
21. Miscellaneous Industries		0.0500	0.1000	200%	-
22. Industrial Estate		0.2000	0.1500	75%	0.0500
23. Training		0.1000			
24. Small Industrial Promotional Programme		0.1500	0.0809	53.3%	0.0800
25. Scientific and Industrial Research		-			
Total		3.1500	0.6609	30%	0.1300

WEST PAKISTAN
ANNUAL PLAN FOR 1972-73
PHYSICAL TARGETS AND ACHIEVEMENTS
MANUFACTURING INDUSTRY

Sub-Sector	Unit	Fourth Plan Target	Target for 1971-72	Estimated Achievement during 1971-72	Percentage implementation	Target for 1972-73
1	2	3	4	5	6	7
1. Food Manufacturing						
(i) White Sugar	'000' tons		625	330	52.8%	600
(ii) Vegetable Ghee	-do-		140	140	100%	170
(iii) Cigarettes	Th. Million Nos.		26	26	100%	28
(iv) Tea	Million Lbs.		-	-	-	-
2. Manufacture of Textile						
(i) Cotton Yarn	Mill. Lbs.		650	650	100%	670
(ii) Jute Goods (hussian/Sacking)	'000' tons		15	15	100%	15
(iii) Broad Loom Jute Products	-do-		-	-	-	-
3. Paper and Board						
(i) Writing and Printing Paper	'000' tons		15	25	167%	30
(ii) Boards all kinds	-do-		35	40	114%	50
(iii) Newsprint and Mechanical paper	-do-		-	-	-	-
4. Chemical Industries:						
(i) Fertilizer (in terms of nutrients)	(Tons)		190	201	105%	233
(ii) Soda Ash	-do-		72	78	108%	78
(iii) Caustic Soad	-do-		50	32	64%	38
(iv) Petrochemical	-do-		10	10	100%	10
5. Non-Metallic Minerals:						
Cement	(000 tons)		3242	2700	83%	3370
6. Basic Metal						
(i) Steel	-do-		-	-	-	-
(ii) Steel furnaces	-do-		136	136	100%	173
7. Machinery etc.						
(i) Machinery other than Electrical Machinery	Million Rs.		382	382	100%	480
(ii) Electrical Machinery Apparatus and Appliances	-do-		400	400	100%	445
(iii) Transport Equipment	-do-		300	320	107%	378

'AmanUllah'
6.7.1972.

FUELS AND MINERALSREVIEW OF 1971-72

1. During 1971-72, an allocation of Rs. 6.63 crores was made for the Fuels and Minerals Scheme public sector. Of this Rs. 61.9 crores were allocated for central schemes and Rs. 9.24 crores for WPIDC projects in different provinces. Against this allocation an estimated expenditure of Rs. 4.85 crores was incurred during 1971-72, showing an overall utilization of 73 per cent. As a result of the efforts made during the previous years, the index of mineral production (base 1964-65 = 100) rose from 115.9 in 1969-70 to 116.6 in 1970-71 and is estimated at 120 in 1971-72.

ANNUAL PLAN 1972-73Financial Allocation:

2. For the development and expansion of the Mining Sector Schemes, a provision of Rs. 8.295 crores has been proposed for 1972-73 break-up of which is as follows:-

1. <u>Ministry of Fuel, Power and Natural Resources:</u>	(Crore Rs)
a) Oil and Gas Prospecting	Rs. 1.873
b) Training and Research (Hydrocarbon Development Institute)	Rs. 0.036
c) O.G.D.C.	Rs. 5.834
2. <u>Kashmir Affairs Division:</u>	
A.K. and Northern Areas	Rs. 0.020
3. S. & F.R. Division (Tribal Areas)	Rs. 0.040
4. <u>Production Division</u>	
W.P.I.D.C.	Rs. 0.470
5. <u>Province:</u>	
N.W.F.P.	Rs. 0.022
	<hr/>
	Total: Rs. 8.295

3. A brief description of various projects is given below:-

Centre: The survey, exploration and development activities financed by the Central Govt. are mainly executed by the Ministry of Fuels, Powers and Natural Resources/OGDC and WPIDC.

4. OGDC (Development of Oil and Gas Resources): This project is under implementation with a loan from USSR. The actual expenditure during 1971-72 is likely to be Rs. 4.46 crores.

A provision of Rs. 5.834 crores has been made in the A.D.P. 1972-73.

5. Oil and Gas Prospecting:

A provision of Rs. 1.873 crores has been made in the A.D.P. 1972-73 for the implementation of 6 different projects of various private companies, with the participation of the Government of Pakistan to carry out extensive geological and geophysical surveys and to continue drilling operation. The companies involved in the survey and drilling operations are:-

- 1) Pakistan Oil Filed Ltd.
- 2) Winter Shall A.G. Pakistan Exploration.
- 3) Saudi Arabian Project.
- 4) Amoco Pak. Exploration Company.
- 5) Pak. Staneac Petroleum Project.
- 6) Pak Hunt Petroleum Project.

6. Training and Research

A provision of Rs. 0.036 crores has been made for the projects, "Hydrocarbon Development, Institute (Phase I)" in 1972-73.

WPIDC

The position of important project under WPIDC is as follows
An amount of Rs. 0.47 crores has been provided for various Fuels and Mineral Projects of WPIDC during 1972-73, the provincial break-up of which is as follows:-

Baluchistan	= Rs. 0.13 crores
N.W.F.P.	= Rs. 0.08 crores
Sind	= Rs. 0.05 crores
Punjab	= Rs. 0.21 crores

7. In Baluchistan Rs. 0.08 crores has been allocated for the "Balichistan Mineral Development Project" during 1972-73 and Rs.0.05 crores is provided for three schemes namely (a) Transmission of gas to Quetta (b) Transmission of Gas to Uthal (c) Coal Gasification Plant at Quetta.

8. In N.W.F.P. an amount of Rs. 0.08 crores has been provided for the scheme "Mineral Development Survey" during 1972-73 and Rs. 0.02 crores has been provided by the Industries Department/ Mineral Department of the Government of N.W.F.P. in the A.D.P. 1972-73 for detailed survey and investigation of minerals bearing areas in N.W.F.P.

9. In Sind a provision of Rs. 0.05 crores has been made for Mineral Development Project Sind during 1972-73.

10. Rupees 0.06 crores have been provided for Punjab Mineral Development Project and Rs. 0.15 crores has been allocated for development of "Rock Salt Mines" during 1972-73.

- : 3 : -

Annual Plan for 1972-73
Financial Expenditure & Allocations
Fuels & Minerals

CENTRE

(In crore Rupees)

Sl. No.	Sub-Sector	Allocation for 4th Plan	Allocation 1971-72	Revised estimate	Provision for 1972-73.
1.	* Geological Survey activities.				
2.	Development of Oil and Gas Resources.	21.7	5.750	4.460	5.834
3.	Oil and Gas Prospecting	3.0	0.396	0.358	1.875
4.	Gas Transmission & Distribution	8.0	-	-	0.050
5.	Coal & Peat	7.0 +	+	+	* +
6.	Training & Research	0.5	0.020	0.004	0.035
7.	Selected Minerals	2.8 +	0.020	0.010	0.480
Total:		43.0	6.186	4.832	8.272

* This subject has since been transferred to Water Section.

* W.P.I.D.C. figures are shown in West Pakistan Annexure

Annual Plan for 1972-73
Financial Expenditure & Allocation
Fuels and Minerals

WEST PAKISTAN

(In Crore Rupees)

Sub-Sector	Allocation 4th Plan	Allocation 1971-72	Revised Estimate 1971-72	Percentage implemen- tation Col. (4) of Col. (3)	Provision for 1972-73.
1	2	3	4	5	6.
* 1. Geological Survey activities.	-	-	-	-	-
2. Development of Oil and Gas Resources.	-	-	-	-	-
3. Oil and Gas Prospecting.	-	-	-	-	-
4. Oil & Gas Transmission & Distribution.	-	-	-	-	-
5. Coal & Peat	7.0	0.100	N.A.	-	-
6. Training and Research	0.2	-	-	-	-
7. Selected Minerals.	2.8	0.340	0.014	4	0.022
Total:	10.0	0.440	0.014	-	0.022

* This subject has since been transferred to Water Section.

FEDERAL GOVERNMENT
 ANNUAL PLAN FOR 1972-73
 FINANCIAL EXPENDITURE & ALLOCATION
 FUELS & MINERALS

		WEST PAKISTAN							
								(In Crores Rupees)	
S l. No.	Sub-Sector	Punjab	Sind	NWFP	Baluchistan	Centre	Total		
1	2	3	4	5	6	7	8		
1.	Geological Survey activities.	-	-	-	-	-	-	-	-
2.	Development of Oil and Gas Resources.	-	-	-	-	5.834	5.834		
3.	Oil and Gas Prospecting	-	-	-	-	1.873	1.873		
4.	Oil and Gas Transmission & Distribution	-	-	-	-	0.050	0.050		
5.	Coal	-	-	-	-	-	-		
6.	Training & Research	-	-	-	-	0.055	0.055		
7.	Selected Minerals	-	-	0.022	-	0.480	0.502		
Total:-		-	-	0.022	-	8.272	8.294		

* This subject has since been transferred to Water Section.

**ANNUAL PLAN FOR 1972-73
PHYSICAL TARGETS AND ACHIEVEMENTS
SUMMARY - ALL PAKISTAN - FUELS AND)
MINERALS**

Sector/Sub-Sector	U n i t	Fourth Plan Target	Target for 1971-72	Estimated Achieve- ment for 1971-72.	% Imple- menta- tion.	Annual Plan Target.
1	2	3	4	5	6	7
1. Coal	'000 tons	3500	1500	1300	87%	1550
2. Iron Ore	000 tons	300	-	-	-	-
3. Rock Salt	000 tons	500	350	320	91%	350
4. Chromite	000 tons	80	50	30	60%	50
5. Silica Sand	000 tons	300	120	40	33%	130
6. Gypsum	000 tons	500	220	N.A.	-	230
7. Limestone	000 tons	10000	5000	4000	80%	5500
8. Marble	000 tons	30	10	3	30%	12
9. Mica	000 tons	6	3	-	-	4
10. White Poultry Clay	000 tons	150	50	30	60%	50
11. Fire Clay	000 tons	50	30	25	83%	35
12. Sulphur	000 tons	20	10	2	20%	12
13. Natural Gas	000 Mil. Cft.	200	120	27	98%	170
14. Crude Oil	M. I. G.	350	150	120	80%	160

CHAPTER 14

POWER DEVELOPMENT

Introduction

1. The year 1971-72 witnessed a severe power crisis in the Northern grid system. The installed capacity did not register the planned increase, while the capability of the existing system declined due to certain extraneous factors.

REVIEW OF 1971-72

Financial Implementation

2. In financial terms the revised estimates of expenditure in the public sector for 1971-72 are Rs 350,867 million as against the original budget estimates of Rs 380,016 million.

Physical Implementation

3. The estimated shortfall was of the order of 28 MW in summer. In winter it ranged between 120 MW in the morning and 304 MW in the evening. The worst period was from December, 1971 upto March, 1972. There was substantial fall in demand during the Indo-Pakistan war and the maximum demand registered was 652.7 MW as against 913.2 MW in September, 1971. On cessation of hostilities the demand picked up but the reduced capability acted as a constraint against restoration of normal supply.

4. Units 5 & 6 at Mangla were originally scheduled to be commissioned in March and June 1971 respectively. Guddu units 1 & 2 were originally expected to be on line in September and November 1972. Now the revised schedules of commissioning Mangla units 5 & 6 are December 1972 to March 1973 and for Guddus units 1 & 2 are July to August 1973 respectively.

5. The unprecedented drought in the Winter of 1972-73 directly affected the capability of the existing plants. Meagre rivers flows as well as thin snow packs in the mountains greatly reduced the capability of the hydel power stations at Mangla and Warsak. The small hydel stations also suffered

because of low river discharges. Moreover, the defence requirements led to closure of two small hydel stations for some time. At Lyallpur thermal power station one of the machines of 65 MW was taken out in October, 1971 for maintenance and overhaul but could not be brought back into service expeditiously. At the same time on account of damage to the purification plant at Sui gas fields the supplies of natural gas to the major thermal power stations were reduced. With the alternative use of oil the capability of all thermal stations further decreased thus aggravating the situation.

6. The Government took stock of the power position in early January 1972 and took measures in respect of

(a) increasing supply; and

(b) load shedding.

The canal fall hydel stations were restored and steps were taken to activate all captive industrial generation to supplement generation from WAPDA power stations. In respect of load shedding the Government promulgated Electricity Control Order 1972 banning the use of advertisements, external lights of show rooms and outside lights of cinemas and hotels, staggering of holidays by industrial consumers and regulation of tubewell load. By March 1972, however, the worst of the crisis was over and the capability of the Northern system was able to match the demand.

7. In the rest of the system the supply position was by and large satisfactory except for minor shortfalls of supply in respect of demands ranging between 1MW and 2.5 MW in Upper Sind Sukkur system and about 10 MW in the Lower Sind Hyderabad System. In Karachi, on account of the failure of the lubricating system and the consequent damage to the bearings the new C-X station (125 MW) was shut down for sometime. A major power crisis which could have developed on account of this failure was averted on account of general depression in demand. On the whole the demand and energy generation figures fell far short of projections, particularly in the Karachi region due to a decline in industrial activity.

8. In physical terms, the installed capacity in West Pakistan remained static at 1900 MW as against the annual plan target of 2240 MW for 1971-72 on account of delay in the commissioning of Mangla units 5 & 6, as already mentioned as well as the delay in commissioning of the Nuclear Power Station in the Karachi region. Instead of the normal annual increase of 15% in energy generation there was a slight decline from 7670 million Kwh in 1970-71 to 7630 million Kwh in 1971-72, an unprecedented even in the history of power development in the country. The total length of transmission and distribution lines is estimated at 46,582 miles serving approximately about 1.643 million consumers as on 30th June, 1972.

ANNUAL PLAN FOR 1972-73

The power crisis in 1971-72 has brought to light the need for keeping generation capability of the system ahead of the demand and improving the operational efficiency for optimum utilization of the existing facilities.

The major bottleneck in the power development effort of WAPDA has been paucity of funds particularly during the first two years of the Fourth Plan. Most of the present ills of WAPDA are on account of this factor. The investment for 1972-73 in the public sector is therefore proposed to be in excess of the total investment during 1970-71 and 1971-72 and provides for an acceleration in investment by 215% from that of the previous year. The ADP provision for 1972-73 provides financial cover for the speedy completion of all the ongoing schemes, some of which are likely to yield benefits during 1972-73.

PHYSICAL PROGRAMME

Financial Allocation

To avert a major power crisis in 1972-73, WAPDA has drawn up an Action Plan to meet anticipated power shortages in the various systems. The Annual Development Programme 1972-73 with an allocation of Rs 753.257 million with an estimated expenditure in external currency of Rs 335.503 million attempts to protect the main ingredients of this Action Plan besides looking beyond 1972-73 for avoiding major shortfalls of supply in subsequent years.

The following measures for improving the operational efficiency are indicated :-

1. Removal of transmission/transformation bottlenecks for maximum utilization of existing generation.
2. Installation of capacitors for improving power factor and reduction in losses.
3. Maximum utilization of existing equipment by preventive maintenance and keeping the equipment in top condition.

Maximum utilization of Mangla Power is possible from mid-June when the reservoir starts to fill up until mid-November. It is therefore necessary that transmission/transformation bottlenecks in the lines required for optimum utilization of Mangla, viz 220 KV double circuit Mangla to Kala Shah Kaku, 220 KV single circuit Kalashah Kaku to Kotlakhpat and 220 KV double circuit Kalashah Kaku to Nishatabad are overcome by early 1972-73. The protective equipment required for energising of these transmission lines which is lying un-used at certain locations could be put to effective use. The equipment lying at the redundant locations should be shifted to "critical locations" without waiting for the receipt of the new equipment ordered from abroad.

In the Southern Zone the completion of Guddu-Dharki 132 KV transmission line alongwith the Rhari to Naushero Feroz and Naushero Feroz to Hyderabad 132 KV lines should synchronise with the commissioning of Guddu Units 1 and 2 for marketing Guddu Power in the South. About 80 % of the material for these transmission lines has been received by WAPDA but the project implementation is slow as the balance of the material is not being shipped by the donor country. Every effort should be made to remove the bottlenecks in the early completion of these transmission lines.

The installation of 11 KV capacitors received by WAPDA under USAID loans can go a long way in enhancing the capability of the existing system in the Northern Zone. Provision for switched capacitors has been made in the scheme for "secondary transmission lines and grid stations" and unswitched capacitors are provided under

the scheme for "distribution of power". The installation of capacitors will enable the generation and transmission of watts (real power) to the extent the vars (reactive power) are generated during peak load hours and absorbed during off-peak load hours.

Studies conducted at the Network Analyser Study Centre, Lahore, under the guidance of the Planning Commission have indicated that the existing facilities will be able to match the realistic anticipated demands of 1972-73 if approximately 250 MVAR condenser capacity is installed in the Northern system. The study also indicated that on account of the installation of capacitors the reduction in losses would be appreciable. In physical terms it would mean increasing the capability of the system which could go a long way in averting a serious power crisis next year.

Overloading by 10 to 15 % is possible of all electrical equipment both stationery as well as rotating for short duration without any fear of damage. It should be possible to overload the existing equipment as and when required if kept in top condition by carrying out preventive maintenance. The emphasis during 1972-73 should be to evolve operation and maintenance techniques which would enable WAPDA to meet anticipated demands till such time that the on-going generation schemes are completed.

In respect of the major on-going generation schemes Mangla units 5 & 6 of 100 MW each must be commissioned between December 1972 and March 1973. This commissioning will add 230 MW (maximum) to the Northern Grid system capability in July and 134 MW (minimum) in March in average water years. The tempo of work at the Guddu Power Station should be increased so that the first stage comprising two units of 110 MW each supplied by Czechoslovakia can be commissioned from July to August 1973. A provision of Rs 20 million has been made for a Russian built unit of 200 MW to be installed at Guddu. This will enable WAPDA to start importing plant and equipment by July 1973 so that this stage of the project is completed by 1975-76.

The other major generation project is Tarbela units 1,2,3,4, of 175 MW each. The cost of civil works such as dam and intake power tunnels, power house building etc. have been provided under the Tarbela Development Fund agreement 1968. The only financing needed is for the cost of procuring generating units and associated electrical and mechanical equipment. The ADP 1972-73 provides for the import of part of the machinery from Japan on the assumption that credit formalities with them will be finalised soon.

Sufficient allocation has been made to expedite the completion of Quetta units 3 and 4 of 7.5 MW each by providing for civil works and import of 30% of plant and machinery. This is, however, based on the assumption that the loan for the project will be approved by the West German Government in the early part of 1972-73.

The total allocation for generation in the Annual Plan stands at Rs 239,272 million with a foreign exchange component of Rs. 111,400 million. The total installed capacity in the country is likely to increase from 1900 MW to 2240 MW mainly on account of the commissioning of Mangla units 5 & 6 and the Karachi Nuclear Power Station under the Centre's programme. Total generation is likely to expand from 7630 million Kwh in 1971-72 to 9000 million Kwh in 1972-73 with consequent rise in per capita generation from 127 units to 145 units.

In the transmission sector the Annual Plan envisages completion of the Northern Zone transmission system associated with Mangla units 1-4 by providing for the import of protective gear required for energisation of the 220 KV Mangla - Kalashah Kaku second circuit and the 220 KV double circuit between Kalashah Kaku and Nishatabad (Lyallpur). The programme also provides for completion of the Northern Zone transmission extension associated with Mangla units 5 & 6 on the premise that the external financing difficulties for the scheme will be overcome soon to enable import of balance of the sub-station equipment and transmission line hardware.

In the Southern Zone the programme provides for completion of Dharki-Naushero Feroz-Hyderabad 132 KV transmission line alongwith five grid stations to

synchronis with the commissioning of Guddu power station in July 1973. Besides the energisation of these import transmission lines the programme provides for the completion of a large number of 132 KV and 66 KV secondary transmission lines under the secondary transmission and grid station scheme. The important sections of the lines which will be completed by June, 1978 are listed below :-

132 K.V. Northern Zone

Wazirabad - Sambrial - Sialkot
Attabad - Shaikhupura
Nishatabad - Shorkot
Sahiwal - Okara
Multan - Vehari
Lawrence Pur - Cambellpur
Arifwala - Burewala
Daud Khel - Mianwali
Lyallpur - Gojra
Mian Channun - Khanewal
Rawalpindi - Chakri
Ravi Road - Saidpur
Kot Lakhpat - Garden Town
Wah - Haripur - Havelian
Multan - Mizaffarabad
Lyallpur 132 K.V. ring main

132 K.V. Southern Zone

Dharki - Naushero Feroz - Hyderabad
Hyderabad - Hala
Hyderabad - Tando Muhammad Khan
Sakrand - Nawabshah - Sangher
Hala - Tando Allah Yar
Guddu Right Bank - Shikarpur
Kotri - Jherruck - Thatta
Karachi - Uthal (Baluchistan)
Sukkur - Sajawal

66 K.V. Northern Zone

Mardan - Sawabi
Piplan - Fazalabad

Mardan - Husai
Jahanian - Keror Pacca
Qilladidar Sing - Fateh Pur

66 K.V. Southern Zone

Mirpur Khas - Dheronare
Mirpur Khas - Khipro
Naushero - Padidan
Shikarpur - Rato dero
Yaro - Alizai - Qillah Abdullah (Baluchistan)
Quetta Mangi - Shahrigh

Along with the transmission lines 124 grid stations will be completed in the country; 83 in the Punjab, 14 in NWFP and 27 in Sind.

The programme also looks beyond 1972-73 at the transmission requirements of Tarbela. A detailed survey of the Tarbela - Lyallpur section of the 500 K.V. extra high voltage super grid will be undertaken to be extended to Karachi via Lyallpur and Guddu.

The total allocation to transmission sector stands at Rs 397.009 million of which Rs 300,000 million has been earmarked for secondary transmission and grid stations.

Inadequacy of the distribution system, coupled with the longer than permissible length of feeder circuits have contributed to a large extent to poor quality of service and increase in system losses. The distribution programme for 1972-73 includes augmenting the length of 11 K.V. distribution lines by 2500 miles and for installation of switched capacitors for voltage regulation and reduction in distribution losses. It is also planned to give 80,000 new service connections for which province-wise breakdown is likely to be as follows :-

NWFP	12,000
Punjab	54,987
Sind (Excl. Karachi)	11,773
Baluchistan	1,240
	<u>80,000</u>

The allocation for distribution system in the Annual Plan is Rs 116.976 million. By virtue of the investments in transmission and distribution sectors, the total length of power lines is likely to increase from 46,582 miles to 49,000 miles and the number of consumers will rise from 1.64 million to 1.74 million (inclusive of Karachi).

Centre

The major projects included in the programme of Pakistan Atomic Energy Commission in 1972-73 are the Karachi Nuclear Power Project with a provision of Rs 24.807 million and Pakistan Institute of Nuclear Science and Technology with a provision of Rs 6.772 million. Provision has also been made for exploration of Uranium in D.G. Khan district and a few auxiliary projects.

The Karachi nuclear power project has been completed and is expected to be in commercial operation by July 1972. In PINSTECH new laboratories will start functioning in 1972-73. Import of plant and machinery is also envisaged under UNDP assistance for Uranium exploration in D.G. Khan district.

Private Sector

In the private sector substantial expansion is planned by the Karachi Electric Supply Corporation during 1972-73. The KESC programme is to increase energy generation by 372 million Kwh, add 172 miles of 132 K.V. 51 miles of 11 K.V. lines and to give 21000 new service connections.

There will not be any increase in the installed capacity of either the Karachi Electric Supply Company or Rawalpindi Electric Power Company. The only sizable increase will be in that of Multan Electric Supply Company, where 2 x 10 MW steam turbine units are planned to be commissioned by December, 1972.

ANNEXURE I

ANNUAL DEVELOPMENT PROGRAMME
1972-73

In million Rupees

Sl. No.	Name of the scheme	Internal	F/Loan	Total
<u>POWER SECTOR</u>				
1.	<u>GENERATION :</u>			
1.	Hyderabad Thermal Extension.	0.800	-	0.800
2.	Sukkur Thermal.	1.152	-	1.152
3.	Sukkur Thermal Extension.	0.350	-	0.350
4.	Quetta Thermal Power Station.	-	-	-
5.	Mobile Generating Equipment.	-	-	-
6.	Addl: Mobile Generating Equipment.	0.194	-	0.194
7.	Quetta Thermal Extension.	5.817	20.928	26.745
8.	Guddu Thermal Power Station.	77.570	26.437	104.007
9.	Mangla Hydro Ext (Units 4,5&6)	8.805	1.918	10.723
10.	Providing 30 MW Addl: Thermal Generation in Quetta Area.	0.300	-	0.300
11.	Tarbela 1 to 4 Units.	21.507	61.193	82.700
12.	Tarbela Units 5 to 8	9.277	-	9.277
12.A	Chitral Hydro Electric Plant.	2.100	0.924	3.024
<u>II-TRANSMISSION:</u>				
13.	W.Pak High Tension Grid.	-	-	-
14.	N.Z. Transmission line.	4.000	22958	6.958
15.	N.Z. Transmission Line Ext.	30.878	46.218	77.096
16.	S.Z. Transmission Lines.	8.300	-	8.300
17.	500 KV Tarbela Lyallpur.	1.500	1.155	2.655
18.	Three 220 KV circuit between Tarbela-Wah.	2.000	-	2.000
19.	S.T. & Grid Station.	131.304	168.696	300.000
<u>III-DISTRIBUTION:</u>				
20.	Distribution of Power in West Pakistan.	111.900	5.076	116.976
Total (Power)		427.754	335.503	753.257

ANNEXURE VI

	<u>Unit</u>	<u>Bench mark</u> 1971 - 72	<u>Target</u> 1972 - 73
Installed capacity	M.W.	1900	2240
Total Generation	mwh	7630	9000
Per capita Generation	Units	127	145
Length of Transmission and distribution lines.	Circuit miles	46,582	49,000
No. of consumers		1.64	1.74

TRANSPORT AND COMMUNICATIONSIntroduction

The development of an efficient system of transport and communications is a prerequisite for the success of any development plan. Recognising the close interdependence between transport and the level of economic activity the Fourth Plan identified the deficiencies and gaps of the different transport services in the country and indicated the directions in which these need to be strengthened and developed. It emphasised elimination of the more serious bottlenecks to reduce costs through a more effective use of the existing facilities. The programme also took into account new transport demands likely to be generated in other sectors of the economy and a substantial expansion in roads and motor transport capacity was planned to meet the needs of industrial and agricultural sectors.

Meanwhile the West Pakistan Transport Coordination (TRACO) Study has suggested several measures for maximum utilization of existing transport facilities. The development programme for 1972-73 is therefore largely in line with the strategy based on these and other relevant recommendations.

REVIEW OF 1971-72

During 1971-72, the budgetary provision for the Transport and Communications Sector (excluding East Pakistan Provincial programmes) was Rs. 49.287 crore (public sector), of which Rs. 48.75 crore (about 99 per cent) was utilized as follows:

In the case of West Pakistan Public Sector programmes of highways and road transport corporations, implementation was of the order of 57 per cent of the allocations.

In the case of Central projects, the financial investment exceeded the allocation by about 15 per cent. There was large

over expenditure in the T & T and "other" roads programmes while there were some shortfalls in certain other fields.

In the semi-public sector, the programmes of the Karachi Port Trust and the Punjab Road Transport Corporation were implemented fully, but investments in National Shipping Corporation and the P.I.A.C. remained low.

ANNUAL PLAN FOR 1972-73

The Annual Development Programme for 1972-73 in the public sector will be Rs. 73.086 crore, and in the semi-public sector Rs. 24.609 crore. When compared to the actual public sector expenditure in the 1971-72, the allocation for 1972-73 is higher by Rs. 24.329 crore or by 50%.

As the road traffic has been increasing very rapidly the building of roads and highways has assumed special importance. A highlight of the programmes is its emphasis on the three main highways- the R.C.D. Highway, the National Highway and the Indus Highway. It has been proposed to accelerate the pace of work on the RCD Highway so as to complete it by the end of 1973. Similarly the portions of the National Highway requiring improvement have been adequately provided for. The highest priority however has been given to Indus Highway to establish a new direct and shorter link between Karachi and Peshawar via Dedu, Barkana, D.I. Khan, Banu and Kohat. Indus Highway will not only provide access to less developed areas in Sind, Punjab and NWFP but will also provide a strategically important alternate route. The Highway which will be built to international standards has been planned to be completed within a period of two years.

A brief description of the development programme of various sub-sectors under various executive agencies is as follows:

WEST PAKISTAN

The total allocation for 1972-73 to the four provinces of West Pakistan is Rs. 19.377 crore in the public sector and Rs. 7.451 crore in the semi-public sector. The public sector allocation is higher than the allocation for 1971-72 by Rs. 3.588 crore or by 22.7 per cent.

A.D.P. allocations for 1971-72 and 1972-73 and estimated expenditure of 1971-72 are as under:-

Name of Sub-sector	(Cr. Rupees)		
	Provision for 1971-72	Estimated Expenditure for 1971-72	Allocation for 1972-73
<u>PUBLIC SECTOR</u>			
<u>Roads and Road Transport Corporations</u>			
Roads in Punjab	10.00	5.055	9.500
Roads in Sind	2.154	0.912	4.280
Sind RTC	-	0.330	0.750
Roads in NWFP.	1.849	1.018	1.995
N.W.F.P. RTC	0.06	0.260	0.330
Roads in Baluchistan	1.676	1.407	2.472
Baluchistan RTC	0.05	0.05	0.05
Sub-Total (Roads)	15.789	9.032	19.377
<u>SEMI-PUBLIC SECTOR</u>			
Punjab Road Transport Corporation	6.560	6.560	7.45

The figures for the provincial road transport corporations shown under the "public sector" reflect government contributions to the Corporations. The Punjab RTC is financed entirely from its own resources.

PUNJAB

The Annual Development Programme - 1972-73 for the Punjab provides Rs. 9.500 crore for highways and bridges in the public

sector and Rs. 7.451 crore for the Road Transport Corporation in the semi-public sector.

A comparative statement of sub-sectoral allocation for 1971-72 and 1972-73 is given below:-

Sub-Sector	(Crore Rupees)	
	1971-72	1972-73
<u>Public Sector:</u>		
Highways and Bridges.	10.00	9.500
<u>Semi-public Sector:</u>		
Road Transport Corporation, (from own resources).	6.560	7.451
Total:-	10.560	16.951

Highways

In 1971-72, a provision of Rs. 10.00 crore was made for the improvement and widening of 275 miles of roads along with the construction of bridges and culverts. Against this, an expenditure of Rs. 5.055 crore was incurred on the widening, reconditioning and improvement of about 200 miles of existing roads. Certain bridges were also taken up for construction/improvement. The shortfall in expenditure was due to reduced availability of funds.

During 1972-73 a provision of Rs. 9.500 crore has been made for roads and bridges. It is expected that about 250 miles of roads will be widened and improved with this allocation and 80 miles of new roads will be constructed.

Work on the Chenab bridge near Wazirebad will make appreciable headway. An allocation of Rs. 0.60 crore for this has been made. Decking of Sher Shah bridge is also likely to be completed along with its approaches. Prominent among the roads to be widened/improved are the following:-

- (i) Kashmir to Miran (portion of Indus Highway)
- (ii) G.T. Road from Lahore to Attock
- (iii) Lahore-Sheikhupura-Pind/Bhattian-Chiniot-Sergodha-Khushab Road.

- (iv) Gujrat-Sargodha.
- (v) Muzaffargarh-Punjad-Reti-Road.
- (vi) Multan-Sulemanki Road.

Punjab Road Transport Corporation

In 1971-72, the Punjab Road Transport Corporation utilized the allocation of Rs. 6.56 crore for the acquisition of 892 buses 261 for replacement and 631 as additions.

For 1972-73, a provision of Rs. 7.451 crore has been made for the procurement of 1,016 buses (103 for replacement and 913 as additions).

The Annual Development Programme for 1972-73 provides Rs. 42.80 million for highways and bridges, and Rs. 7.5 million for the Road Transport Corporation in the public sector.

A comparative statement of sub-sectoral allocation for 1971-72 and 1972-73 is given below:

Sub-Sector	Crore Rupees	
	1971-72	1972-73
Public Sector:		
Highways and Bridges	2.154	4.280
<u>Semi-public Sector:</u>		
Road Transport Corporation.	6.889(a)	0.75*
Total:-	9.043	5.030

(a) Proposed from own resources.

* Govt. contribution only.

Highways

In 1971-72, a provision of Rs. 2.154 crore was made for the construction of 16 miles of new roads and improvement of 103 miles of existing roads. Against this an expenditure of Rs. 9.12 million was incurred during the year. About 40 miles of existing roads were reconditioned and about 19 miles of new roads were constructed.

An allocation of Rs. 42.3 million has been made in 1972-73 for the construction of about 104 miles of new roads and reconditioning and widening of about 127 miles of existing roads. Most of this allocation will be utilised on the following projects:

- i) Improvement, reconditioning and Strengthening of National Highway from Hyderabad to Reti.
- ii) Indus Highway (Dadu to Kashmir)
- iii) Roads in Larkana districts.
- iv) Roads in Kotri Barrage area.

Sind Road Transport Corporation

The Sind Road Transport Corporation planned for the procurement of 220 double decker buses and 360 single decker buses at a cost of Rs. 6.889 crore. Against this an expenditure of only Rs. 0.33 crore was incurred on procuring 50 single-deck buses, as no foreign aid/loan could be lined up.

The Sind Road Transport Corporation has been allocated Rs. 0.75 crore during 1972-72 for procurement of 100 buses. In addition 100 old buses will be repaired and reconditioned.

N.W.F.P.

The Annual Development Programme for 1972-73 provides Rs. 1.995 crore for highways and bridges and Rs. 0.33 crore for the Road Transport Corporation in the public sector.

A comparative statement of sub-sectoral allocations for 1971-72 and 1972-73 is given below:

Sub-Sector	Crore Rupees)	
	1971-72	1972-73
<u>Public Sector:</u>		
Highways and Bridges.	1.849	1.995
<u>Semi-public Sector:</u>	0.060	0.330
Road Trans. Corp. Govt. Contri. only)	1.909	2.325

Highways

A provision of Rs. 1.849 crore was made in 1971-72 for the construction of 13.25 miles of black-top roads, 24 miles of single roads and improvement of 50 miles of existing roads. Against this, an expenditure of Rs. 1.018 crore was incurred on construction of 14 miles of black-top roads, and 3 miles of single roads and improvement, widening and reconditioning of 29 miles of existing roads in 1971-72.

An allocation of Rs. 1.995 crore has been made for roads and bridges during 1972-73. The programme envisages construction of 23 miles of black topped roads, 12 miles of single roads and improvement of 46 miles of existing roads. Among the improvement works that would be completed during 1972-73 are:-

- i) Improvement of Peshawar-Kohat Road (Bannu, D.I. Khan, Miran (portion of Indus Highway))
- ii) Improvement of Charssdda-Tangi Road.
- iii) Improvement and metalling of D.I. Khan-Dhanasar Road (portion between D.I. Khan and Daraben, 40 miles).
- iv) Bunair-D.I. Khan Road.
- v) Peshawar-Jamrud Road.

Approaches of bridges over Kabul river at Nowshehra and 2 small bridges on the G.T. Road will also be completed.

N.W.F.P. Road Transport Corporation

The Frontier Road Transport Corporation was allocated Rs. 0.06 crore during 1971-72, for the procurement of 18 mini buses. An expenditure of Rs. 0.26 crore was, however, incurred on the procurement of these mini buses. Payment was also made for acquisition of 60 buses during the next year. Of these 38 buses were meant for replacement. Six Jeeps to ply from Dir to Chittal to Garam Chashma and Mastung were also to be procured.

A provision of Rs. 0.93 crore has been made for the Frontier Road Transport Corporation during 1972-73.

BALUCHISTAN

Rupees 2.472 crore has been provided for highways and bridges and Rs. 0.05 crore for the Road Transport Corporation in the Public Sector during 1972-73.

A comparative statement of sub-sectoral allocation for 1971-72 and 1972-73 is given below:

Sub-Sector	(Crore Rupees)	
	1971-72	1972-73
<u>Public Sector:</u>		
Highways and Bridges	1.676	2.472
<u>Semi-public Sector:</u>		
Road Transport Corporation, (Govt. contribution only).	0.050	0.050
Total:	1.726	2.522

Highways

A provision of Rs. 1.676 crore was made during 1971-72 for roads and bridges. Against this, an expenditure of Rs. 14.07 million was incurred. Sizeable work was done on the R.C.D. Highway and Quetta-Zearat Road.

An allocation of Rs. 2.472 crore was made for roads and bridges during 1972-73, important schemes of the programme are: (i) R.C.D. Highway (Rs. 1.48 crore); (ii) Construction of bridge over Hub River, (iii) Construction of important link roads in various districts of Baluchistan. Work will be in progress on the following sections of the R.C.D. Highway:- Mile 14/4 to 112/0, Bela-Kannar Road, Kannar-Wad Road, Wad-Khuzdar Road and Khuzdar-Kalat Road. Construction of major bridges over Watta Nullah between Hub and Uthal and on Purali River on the RCD Highway will also be undertaken.

Baluchistan Road Transport Corporation

Ten mini buses were acquired at a cost of Rs. 0.05 crore in 1971-72.

The programme of Baluchistan Road Transport Corporation envisages procurement of another 10 mini buses at a cost of Rs. 0.05 crore during 1972-73.

-9-
C E N T R E

The Annual Development Programme for 1972-73 provides Rs. 53.709 crore in the public sector and Rs. 17.158 crore in the semi-public sector for central subjects. Sub-sector wise allocations are as follows:

ANNUAL PLAN FOR 1972-73

(Crore Rupees)

Sub-Sector	Allocation for 1971-72	Estimated Expenditure for 1971-72	Allocation for 1972-73.
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A. PUBLIC SECTOR:

1. Telegraphs and Telephones	12.000	16.730	24.172
2. Post Office	0.620	0.279	0.360
3. Ports and Shipping	0.220	0.247	0.317
4. Roads	3.048	7.584	6.367
5. Civil Aviation	3.750	2.262	2.026
6. Broadcasting	1.200	0.877	1.408
7. Television (including Television Corporation).	0.560	0.470	0.500
8. Phitti Creek Project	0.10	0.041	0.179
9. National Academy of Mass Media Communications.	-	-	-
10. National Transport Research Centre	-	-	-
11. Pakistan Western Railway	12.00	11.435	17.480
(Total Public-Sector)	33.498	39.725	53.709

B. SEMI-PUBLIC SECTOR:

1. Karachi Port	5.796	6.644	5.373
2. National Shipping Corporation	17.200	NIL	10.082
3. P.I.A.C.	9.260		1.703
Total (Semi-Public Sector)	32.256	6.644	17.158

Telegraphs and Telephones:

A provision for Rs. 12.10 crore was made in 1971-72 for expansion of telecommunication system, including installation of 25,000 telephone lines in West Pakistan. Against this an expenditure of Rs. 16.73 crore was incurred and 20,000 telephones lines were installed. Increase in expenditure was mainly due to payments for equipment and stores already in the pipeline for various development programmes.

An allocation of Rs. 24.172 crore has been made in 1972-73 for achieving the following targets :-

- i) Installation of 20,000 telephones lines, along with ancillary works.
- ii) Procurement of equipment for telecommunication expansion programme; and
- iii) Generation of enough load for the telephone industries.

It has also been proposed to examine the possibility of converting the T & T Department into a semi-autonomous corporation so that it could run on better commercial lines and ensure maximum utilisation of the installed capacity of the three factories in West Pakistan.

Post Offices,

An allocation of Rs. 0.62 crore was made in 1971-72 but only Rs. 0.279 crore were spent because of the disturbed situation of the country. A provision of Rs. 0.36 crore has been made for 1972-73 to execute the following works :-

21	On-going schemes for operational buildings.	Rs. 18.00 lakhs.
7.	On-going schemes for residential buildings	Rs. 4.08 "
3	On-going schemes for purchase of Machines.	Rs. 3.36 "
1	On-going scheme for purchase of Mail Motors.	Rs. 4.00 "
4	New Building schemes	Rs. 1.46 "
	Minor Works	Rs. 1.00 "
	Overheads	Rs. 4.10 "
		Rs. 36.00 lakhs

Some of the important on-going projects for 1972-73 are: construction of buildings for Karachi General Post Office, and the Mail and Sorting Office at Lahore, extension of Peshawar General Post Office at Lyallpur and Saddar Head Post Offices at Karachi, reconstruction of Gujranwala and Dera Ismail Khan Head Post Offices, and construction of some residential quarters for the staff at Quetta.

Ports and Shipping

A provision of Rs. 1.545 crore was made during 1971-72 but, only Rs. 0.289 crore was spent. The work on Navigational Aids on the Coast of Pakistan has been completed. Designs and model tests and other studies contracted with West Germany in respect of the Second part at Sonmiani could not be carried out and are expected to be taken up during 1972-73.

Phitti Creek Project

Feasibility study for the establishment of a port at Phitti Creek was completed by the Japanese experts during 1971-72 and a few supporting studies by the Phitti Creek Project Cell were also conducted. Further studies as recommended by the Japanese Consultants on wave action, hydraulic investigations, and trial dredging will be carried out during 1972-73. An expenditure of Rs. 0.041 crore was incurred in 1971-72 against an allocation of Rs. 0.1 crore. A provision of Rs. 0.179 crore has been made for 1972-73 to complete all the studies mentioned above.

As re-locating the Karachi Steel Mill is under consideration two studies, namely, (i) feasibility of taking ships right to the Pipri site; and (ii) feasibility of a barging from Pipri to the site of Steel Mill will be carried out.

On completion of all these studies it will be possible to select this site for the second port by comparison with the other two alternatives viz Sonmiani and Karachi, Back Water Complex.

Karachi Port:

A provision of Rs.5.796 crore was made during 1971-72 for the development of Karachi Port against which an expenditure of Rs. 6.644 crore was incurred. Sufficient progress has been made in respect of the Second Project of Karachi Port which includes construction of berths 1 to 4 on East Wharf, including erection of cranes, supply of track, sleeper, pipe, quay walls, three additional berths No.22 to 24 at West Wharf. Approximately 90% of the work has been completed in 1971-72.

An allocation of Rs. 5.373 crore has been made for 1972-73 for the following schemes:-

	(crore rupees)
1. Replacement and Purchase of Craft and equipment.	0.29
2. Mechanisation and Modernisation of cargo handling equipment.	0.063
3. Second Project of Karachi Port which includes among other works, preparation of Master Plan for Karachi Port. This includes engineering Services, departmental supervision and loan charges:	3.230
4. Third Project of Karachi Port under which, works shall be carried out in the following order of priority:..	1.789
i) 4-out of 8 multipurpose & dry cargo handling berths.	
ii) Napier mole Road Bridge.	
iii) Remodelling of M.I.yard. Besides, Civil Engineering works & Mechanical engineering works costing Rs. 8.225 million and Rs. 6.37 million would also be undertaken.	

Total:-Rs.5.372

National Shipping Corporation:

A provision of Rs. 17.2 crore was made during 1971-72 for the acquisition of 2 new and 4 second hand dry cargo ships and 2 second hand oil tankers. No progress in this regard was, however, made. A provision of Rs.10.082 crore has been made during 1972-73 for procurement of 8 ships as detailed below:-

- 1) Two second hand oil tankers - 6 to 9 years oil capable of carrying about 25,000 tons bulk oil, with a speed of about 14 knots.
- 2) Three second hand general cargo ships.
- 3) Three new general cargo ships.

Roads.

A provision of Rs.3.048 crore was made during 1971-72 against which an expenditure of Rs. 7.384 crore was incurred on the projects mentioned below:-

- | | |
|--|-----------------|
| i) "Other" roads. | Rs. 6.734 crore |
| ii) Roads in Azad Kashmir and Northern Areas | Rs. 0.650 crore |

Some progress was made on ongoing projects in Azad Kashmir and Northern Areas and work on "other" roads was executed according to the Annual Plan provision.

A provision of Rs. 6.367 crore has been made during 1972-73 for the following projects:-

- | | |
|---|-----------------|
| i) "Other" roads. | Rs. 5.00 crore |
| ii) Roads in Azad Kashmir and Northern Areas. | Rs. 1.127 crore |
| iii) Roads in States and Frontier Regions. | Rs. 0.240 crore |

Work on two of the major roads in Azad Kashmir will be accelerated and work of conversion of the jeepable road between Gilgit and Skardu to a three tonner road will be taken in hand.

Civil Aviation.

A provision of Rs. 3.750 crore was made for 1971-72 against which an expenditure of Rs. 2.262 crore was incurred. Some progress was made on certain important projects including the Interim expansion of Karachi Air Terminal, Interim expansion at Islamabad airport, expansion of parking areas and aprons in Lahore and Islamabad and construction of the new runway at Lyallpur.

An allocation of Rs.2.926 crore has been made in 1972-73 to complete the ongoing projects.

P.I.A.

An allocation of Rs.9.060 crore was made during 1971-72 mainly for acquisition of STOL aircraft but no progress could be made in this respect. PIAC will have to adopt a flexible and viable strategy for utilisation of the extra aircraft during 1972-73. A provision of Rs.1.703 crore has been proposed for 1972-73 for procurement of essential equipment for handling Jumbo Jet traffic.

National Transport Research Centre:

A provision of Rs.0.25 million has tentatively been made in 1972-73 for setting up of a National Transport Research Centre in the Planning Commission. It will undertake basic research in the transport and communication sector and perform some other co-ordinative functions.

Broadcasting:

A sum of Rs.1.200 crore was provided for development of broadcasting during 1971-72, against which an expenditure of Rs.0.877 crore was incurred. Some progress was made on the ongoing projects namely, installation of 2/250 KW MW Transmitters at Islamabad and 1/450 KW MW Transmitter at Quetta. The Broadcasting House at Multan was completed and work on the Broadcasting House at Islamabad was started.

A provision of Rs.1.408 crore has been made for 1972-73 to continue work on the above mentioned projects. Work on the Broadcasting House, Peshawar and 1/300 KW MW transmitter, Peshawar will also commence.

Television:

An allocation of Rs.0.560 crore was made in 1971-72 against which an expenditure of Rs.0.470 crore was incurred. The TV Station at Lahore was almost completed and air-conditioning work was in progress.

A provision of Rs.0.50 crore has been made to complete the remaining work on ongoing projects at Lahore, Karachi and Rawalpindi.

Pakistan Western Railway

A provision of Rs. 12.00 crore was made for Pakistan Western Railway in 1971-72 for construction work and other line capacity works i.e. acquisition of 50 passenger coaches, 22 other coaching vehicles, and 800 wagons. Against this, an expenditure of Rs. 11.435 crore was incurred during 1971-72.

The most significant achievement was the completion of Kashmir-D. G. Khan rail link. Sher Shah Bridge construction progressed satisfactorily. Commitment for the procurement of rolling stock was made. An expenditure of Rs. 4.00 crore was incurred on the track renewal programme.

An allocation of Rs. 17.480 crore has been made for 1972-73 with the following break up :-

Rolling Stock	Rs. 7.158 crore
Plant and Machinery	Rs. 0.474 crore
Rehabilitation of Track	Rs. 6.436 crore
Other items	Rs. 3.412 crore

About 80 per cent of the allocation has been made for rolling stock and rehabilitation of track under ongoing programmes.

Feasibility studies for the very important project of remodelling of Railway Yard at Pipri and for the second Bridge at Kotri will also be taken in hand.

Emphasis has also been placed on public and passenger amenities, works for the staff welfare, would include construction of about 300 residences and electrification of about 1450 existing quarters.

ANNUAL PLAN FOR 1972-73
TRANSPORT AND COMMUNICATIONS

(Crore Rupees)

Sector/Sub-sector	Allocation for 1971-72	Estimated Expenditure in 1971-72	Percentage implementation of Col 2.	Allocation for 1972-73
1	2	3	4	5
<u>PUBLIC SECTOR</u>				
<u>WEST PAKISTAN</u>				
1. Roads in Punjab	10.00	5.055	50	9.500
2. Roads in Sind	2.154	0.912	42	4.280
3. Sind R.T.C.		0.330	NIL	0.750
4. Roads in N.W.F.P.	1.849	1.018	55	19.95
5. N.W.F.P. R.T.C.	0.060	0.260	43	3.30
6. Roads in Baluchistan	1.676	1.407	84	24.72
7. Baluchistan R.T.C.	0.05	0.05	100	0.50
8. Inland Water Transport	-	-	NIL	-
9. Research and Study	-	-	NIL	-
Total (West Pakistan):	15.789	9.032	57.20	19.377
<u>Centre</u>				
1. Telegraphs and Telephones	12.00	16.730	139	24.172
2. Post Offices	0.620	0.279	45	0.360
3. Ports and Shipping	0.320	0.288	90	0.496
(i) Development of Second Major Port in West Pakistan				
(a) Sonmiani	0.070	0.034	49	0.242
(b) Bhatti Creek Project	0.100	0.041	41	0.179
(ii) Navigational aids, Government Contribution to National Shipping Corporation, and Hydrographic Survey Ships etc.	0.25	0.213	85	0.075
4. Roads in Azad Kashmir and Northern Areas.	1.045	0.650	62	1.127

1	2	3	4	5
5. Roads in Centrally Administered (Roads in States and Frontier Regions) Tribal Areas.	0.983	NIL	NIL	2040
6. Other roads	2.000	6.734	337	500
7. Civil Aviation	3.750	2.262	60	2,926
8. Broadcasting	1.200	0.877	73	1,403
9. National Academy of Mass Communications	-	-	-	-
10. Television	0.560	0.470	84	0.500
11. Pakistan Western Railway	12.000	11.435	95	17,480
12. Research Centre.				
(a) National Transport Research Centre.	-	-	-	*
Total (Centre)	33.492	39.725	119	53,709
Total (Public Sector)	49.287	48.757	99	73,086

*A scheme for the establishment of National Transport Research Centre costing Rs. 0.245 million has been approved by the Secretary, Planning Division, and Funds (Rs. 0.025 million) for the same would be made available by intra-sectoral adjustments from the provisions made for T & C sector under Planning Division.

APPENDIX -II

SEMI PUBLIC SECTOR

West Pakistan

1. Road Transport Corporation:				
1. Punjab R.T.C.	6.560	6.560	100.00	7,451
2. Sind R.T.C.	6.889	-*	-	-*
3. N.W.F.P. R.T.C.	-*	-*	-	-*
4. Baluchistan R.T.C.	-*	-*	-	-*
Total for West Pakistan:	13.449	6.560	49	7,451

Centre

1. Karachi Port	5.796	6.644	115	5,372
2. NSC	17,200	NIL	-	10,082
3. PIAC	9.200	NIL	-	1,703
Total for Centre:	32,250	6.644	21	17,158
Total (Semi-public Sector):	45,705	13,204	29	24,609

*Government Contribution shown in Public Sector.

Chapter 16

PHYSICAL PLANNING AND HOUSING SECTION

INTRODUCTION

Housing and a healthy living environment is a basic human necessity. Unfortunately, this aspect was not given proper attention during the past and physical deficiencies in our towns and cities have reached a crisis stage. This is manifest in Jhu-gies and sub-standard housing, poor community services, absence of sanitation, and inadequate transport facilities.

REVIEW OF 1971-72

FINANCIAL IMPLEMENTATION

2. In the Annual Development Programme for 1971-72 a provision of Rs. 16.9815 crore was made for the Physical Planning and Housing Sector which was later reduced to Rs. 10.6576 crore. Against the reduced allocation of Rs. 10.6576 crore the expenditure is estimated to be Rs. 10.7054 crore showing an overall utilisation of 101.0 per cent as per details given below:

(Rs. crore)

Executing Agency	Original Allocation	Reduced Allocation	Estimated expn.	Percentage Implementation w.r. to reduce allocation.
1. PUNJAB	6.3000	2.7800	3.0800	111
2. SIND	4.3382	2.7000	2.9622	108
3. NWFP	1.5245	1.0304	0.6955	67
4. BALUCHISTAN	0.5478	0.4607	0.1492	32
5. CENTRE	4.2710	3.6865	3.8185	103
	<u>16.9815</u>	<u>10.6576</u>	<u>10.7054</u>	<u>101</u>

PHYSICAL IMPLEMENTATION

3. The overall objective of the sectoral programme is to meet the housing needs of the people in a safe and healthy physical environment. To achieve this the Fourth Plan adopted a two pronged approach encompassing long range preventive and short range curative measures. Due to severe resource constraint in first two years of the Fourth Plan, however, the allocations for this sector were cut down sharply and consequently in the programmes envisaged under the comprehensive approach could not be initiated.

4. In 1971-72, because of meagre allocations made to the Sector in 1971-72, no new scheme was undertaken and even the old on-going schemes of the Third Plan progressed very slowly. The modest physical progress

achieved during 1971-72 is described below.

5. In the field of Urban and Regional Planning, the Master Plan project for Karachi Metropolitan Region and Regional Plan for Lahore Metropolitan Region made satisfactory progress. The Research Project entitled "Urban Development and Slum Improvement" also made some headway and basic data for an indepth study of a slum area, was collected. A few outline development plans for small towns in Punjab were prepared and schemes relating to survey, mapping and aerial photography of five towns in Sind were completed.

6. In the field of housing, the performance was extremely poor. This was due to insufficient allocation of development funds, institutional inadequacies as well as high cost of land acquisition and development and building materials. In all about 6,000 plots were developed and 600 quarters were constructed. In addition, the construction of 1700 flats for industrial workers (683 one-room and 1017 two-room) was taken up in Karachi which reached an advanced stage of completion. The construction of houses for government servants, however, progressed satisfactorily and about 600 units were constructed at various places in West Pakistan.

7. In the field of urban water supply and sewerage, only two major schemes, namely, Comprehensive Water Supply, Sewerage and Drainage Project at Lahore and Greater Karachi Bulk Water Supply scheme Phase II made some progress. In Lahore, water supply was increased by 5.0 mgd to serve an additional population of 1.16 lakh. An additional population of 11,000 was served by laying 70,733 rft sewerage pipeline to cover an area of 40 acres of the city. In Karachi, filtration plant at Pipri was commissioned which increased the supply by 25 mgd.

8. Of the 53 schemes of Rural Water Supply, 10 schemes were completed and the rest registered varifying the degrees of progress.

9. The work on the construction of Islamabad moved ahead. With satisfactory work progress on the Bulk Water Supply scheme. construction of President's House and houses and office building for the Intelligence Bureau.

10. Major development activities in the field of Tourism were transferred from the public to the private sector and a corporation called the Pakistan Tourism Development Corporation was established. The Department of Tourism was abolished and a Tourism Cell was established in the Civil Aviation Division for planning, training and coordination of tourism activities. Recently, a separate Ministry

was created to look after the affairs of Tourism.

ANNUAL PLAN 1972-73

FINANCIAL

11. Recognising the acute housing shortage in the country, the present government has given a high priority to Physical Planning and Housing. In the annual development programme for 1972-73, Rs.22,7709 crore have been provided for this sector. This represents an increase of 114 per cent the level of 1971-72. Out of a total allocation of Rs.22,7709 crore, the central programme is Rs.7,7609 crore and the remaining amount of Rs.15,0100 crore is for the four Provinces. The break-down of 1972-73 allocation by executing agencies is given below:

<u>Executing Agency</u>	<u>Allocation (Crore Rs.)</u>
1. PUNJAB	8,0000
2. SIND	3,9219
3. NWFP	1,8966
4. BALUCHISTAN	1,1915
5. CENTRAL	7,7609
<u>TOTAL</u>	<u>22,7709</u>

12. Although the 1972-73 allocation for Physical Planning and Housing Sector has been increased by 114 per cent over the level of the current year it is still only 6.8 per cent of the total annual plan allocation for 1972-73, excluding Indus Basin/Tarbela allocation. This means that higher allocation should to be made in the coming years so that the implementation of essential programmes in this field is possible. A table showing the sectoral allocation for 1972-73 by sub-sectors and executing agencies is attached at Appendix I.

PHYSICAL TARGETS

13. In view of the limited allocations to this sector, special care has to be exercised in determining priorities and framing strategies for various programmes. In the Annual Plan for 1972-73, environmental approach to Physical Planning and housing has been adopted. Within this framework, efforts will be made to complete the on-going schemes and initiate new programmes which would help in creating clean and healthy environment.

14. A brief account of the on-going and new programmes as well as the physical targets to be achieved in various sub-sectors during 1972-73 is as follows.

REGIONAL PLANNING

15. In the Punjab, the work on the Regional Planning Project for Lahore Metropolitan Region will continue and six new studies are expected to be completed. In Sind, the most important project under execution is the preparation of Master Plan for Karachi Metropolitan Region. Further progress will be made on this project so as to enable its completion by June 1974. In NWFP, the work on the Regional Development Project which was started in 1968 will continue. The aim of this project is to collect basic data and information and carry out research for the determination of development strategies and priorities, identify projects and prepare feasibility and pre-investment studies and formulate guidelines for a Master Regional Programme. The data collection in respect of Peshawar Valley Region has been completed and various surveys and studies for D.I. Khan will be undertaken.

16. In the Centre, the work on the on-going "Regional and Urban Development Project and related research studies which was started in 1968 will continue. The aim of the Project is to carry out feasibility studies and prepare a scheme for establishment of a Training and Research Institute for Regional and Urban Development with the assistance of the United Nations. A preliminary proposal for the establishment of the Institute has been completed and research and training programme under the project will be further expanded during 1972-73. The project will also provide professional and technical assistance to the "Ministry of Presidential Affairs in the field of Town Planning and Agrovillagers.

17. Work on another project entitled "Slum Improvement and Urban Development" will continue. The aim of this project is to find out effective ways and means of dealing with the slums and urban problems. During 1972-73 the on-going in-depth study of a slum area called Ghanesar Goth will be completed and studies on other slum areas will be undertaken.

BASIC DEVELOPMENT

18. In the Punjab, besides the completion of the Outline Development Plans for Jhelum and Sheikhupura a new Schemes for the preparation of an Outline Development Plan for Sialkot will be undertaken. A new research

Laboratory for Public Health Engineering will be established at Rawalpindi. The Building Research Station at Lahore will increase its research activities for developing local building materials, improving traditional methods of construction and introducing new construction techniques so as to reduce the construction.

19. In Sind, work will be carried on in aerial photography and mapping of eight towns in connection with the preparation of Outline Development Plans. Work on two new schemes relating to planning and development of areas around shrines of Shah Abdul Latif and Lal Shah Baz will be initiated.

AGROVILLES

20. In order to ensure that large cities do not become over crowded and that proper plans are prepared for developing small towns in the rural areas which absorb population moving out of the rural areas, a new programme called Agrovilles Development Programme is being launched in 1972-73. The agrovilles are conceived to be self-contained urban settlements planned to offer its inhabitants a balanced range of essential public services and social and cultural facilities. These will serve as focal points for the availability of agricultural services, marketing of agricultural products, supply of consumer goods and development of agro-based and local industries. Since this is a new programme, initial surveys and research will be carried out so that Pilot Projects in the four provinces are prepared and launched during 1972-73.

HOUSING

21. In view of limited resources, the public sector housing programme will primarily deal with the provision of land areas and infrastructure for residential development. The main concern of the government will be to ensure that the needs of low income groups for residential plots are met. The provision of sites and infrastructure for upper income groups will be for the purpose of generating surpluses to be used in subsidizing plots for low income people and creating integrated communities. Residential plots for low income groups will have a preference over ^{upper} income groups with regard to transportation facilities and proximity to work. Based on this approach, a total number of 10,000 residential plots will be developed, out of which 7,200 and

2,000 plots will be developed, in Lahore and Karachi respectively. The remaining 800 plots will be developed in major urban centres of the Punjab and Baluchistan. In addition to the development of 10,000 plots, funds have been provided to complete the low income on-going housing schemes at Lyallpur, Jhang, Lahore and Rahimyar Khan in the Punjab and at Hyderabad in Sind.

GOVERNMENT SERVANTS HOUSING

22. No specific targets have been fixed for this sub-sector and only modest allocations have been made to meet the most essential needs of government servants. In the Punjab a number of on-going schemes for the construction of residential accommodation for Provincial Government employees at Bahawalpur and Lahore will be completed and work will be initiated on forty small schemes to provide accommodation to low income staff of Communication and Works, Judicial, Revenues and Police Departments at Lahore, Bahawalpur, Multan, D.G. Khan, Muzaffargarh, Sahiwal, Chakwal, Jhelum, Daska, Sialkot, Pakpattan, Rahimyar Khan, Rawalpindi and Lyallpur etc.

23. In Sind, the schemes providing residential accommodation to Gazetted Officers at Karachi and Secretariat staff at Hyderabad will be completed. New schemes for the construction of residential accommodation for Provincial Government employees at Hyderabad, Khairpur and other places will be initiated. The construction of Sind House at Islamabad will also be taken up.

24. In the N.W.F.P., the work of construction of six residences at Peshawar will be completed and further progress will be made on the construction of residential accommodation for Provincial Government servants at Jamrud Road, Peshawar. Work will also be initiated on four new schemes in Peshawar, and D.I. Khan for providing residential accommodation.

25. In Baluchistan, it is proposed to start and complete work on two schemes for construction of residential accommodation for low paid government servants in Quetta and Kalat Divisions.

26. Under the Central Programme provision has been made for the construction of residential accommodation for the employees of the Central Government at Lahore, Rawalpindi, Peshawar, and Quetta.

COMMUNITY SERVICES AND UTILITIES

27. In the field of urban and rural water supply and sanitation, the allocation has been increased considerably under a phased programme so that by the year 1985, the majority of urban and rural population will have adequate facilities.

RURAL WATER SUPPLY

28. Major increases have been made in rural water supply programme in the Punjab, NWFP and Baluchistan.

29. In the Punjab, the on-going rural water supply schemes at Fatehjang and Vehova will be completed and work will start on 35 new schemes out of which 21 schemes will be in Bahawalpur Division, 6 in Sargodha, 5 in Rawalpindi, 2 in Lahore and 1 in D.I. Khan Division.

30. In Sind, work on 39 on-going rural water supply schemes will continue and 35 schemes will be completed. In addition two new schemes at Keti Bunder and Thatta will be started.

31. In the NWFP work on two on-going rural water supply schemes at Siraj Khel, Guddi Khel in Peshawar Division and four schemes at Dera Nali, Musazai, Daraban Kalan and Karachi in D.I. Khan Division will be completed and seven new schemes (2 in Peshawar, 3 in D.I. Khan and 2 in Malakand Division) will be taken up.

32. In Baluchistan work will be started on ten new schemes providing water supply to Kudi, Ismail Shehr, Kohlu, Ormara, Larch, Chagai and other rural areas.

URBAN WATER SUPPLY SEWERAGE DRAINAGE

33. In the Punjab, major portion of the allocation for urban water supply, sewerage and drainage has been provided for the on-going Greater Lahore Water Supply and Sewerage Project, the installation of 11 Tubewells and laying of distribution net work for 4,200 new connections. It is expected that with the installation of a new tubewells, a supply of 7 m.g.d. of water will be added to the city of Lahore. The water supply schemes of Multan and Gujranwala will be completed and 66% of the work in Rawalpindi will be accomplished. Work on the remaining on-going schemes at Jhelum, Gujrat, Mianwali, Kamalia Daska, Muzaffargarh, Sialkot and Khewra will continue. Provision has also been made for taking

up new water supply, sewerage and drainage schemes in 21 urban areas of the Province.

34. In Sind, in addition to the completion of the on-going Greater Karachi Bulk Water Supply Phase II Scheme, allocation ^{has} / been made for taking up the Third Phase during 1972-73. Funds have also been provided for the completion of the on-going Sewerage and Drainage Scheme at Sukkur, water supply schemes at Dadu, Tando Adam, Nawabshah, Thatta and Tando Allahyar and for further progressing of water supply schemes in six other urban areas.

35. In the NWFP, work on the eight on-going schemes of water supply and drainage at various places will continue. The water supply schemes at Abbotabad, Nowshera Kalan and Mannu will be completed. In addition Drainage Scheme in Mardan and Water Supply Scheme in D.I. Khan will be undertaken.

36. In Baluchistan work on the on-going water supply schemes at Quetta, and Gwader will continue and that at Nokkundi will be completed. Five new schemes of water supply will be started at Mithi, Fort Sandeman, Dagh, Pasni and Uthal.

GOVERNMENT OFFICE BUILDINGS

37. Thirty on-going major and minor schemes for the construction of office accommodation for Police, Judicial, Jails, Communication and Works, Rangers, Revenues, Income Tax and other departments ^{of} / the Central and Provincial Governments at various places will continue. In addition 64 new schemes will be undertaken for various departments in the Punjab, Sind, NWFP and Baluchistan. Forty one schemes (37 in Punjab and 4 in Baluchistan) will be completed.

CAPITAL AT ISLAMABAD

38. There were serious shortages of drinking water in Islamabad in the past which created great hardship for the residents. A phased programme of Bulk Water Supply to Islamabad has been undertaken to meet this situation. Under this programme, the construction of Simly Dam will be initiated. The Dam will be completed within a period of three years. This would ensure regular supply of Water to Islamabad. Work on the on-going projects such as Internal Water Supply Distribution, Sewerage and Drainage, Highways, Roads, and President House will also continue. Construction of office and residential accommodation for Intelligence Bureau will be completed.

39. The Capital Development Authority will also initiate the work on the development of two residential sectors which will be financed from the private sector.

TOURISM

40. With the creation of Pakistan Tourism Development Corporation, the major development efforts in the field of tourism have been transferred to private sector. However, a modest programme for tourist publicity, training of tourism personnel, development of tourist infrastructure and preparation of Master Plan for Tourism would be undertaken to promote and develop tourist industry in the country.

SPECIAL AREAS

41. The allocation for 1972-73 for Special Areas will be utilised in meeting the requirements of housing and water supply of Azad Kashmir, Gilgit and Baltistan Agencies.

42. In Azad Kashmir the work will continue on the scheme of construction of residential accommodation for Government Servants at Mirpur and Kotli as well as on schemes of water supply to Muzaffrabad, Dadyal, Siakh, Hamidpur and Kotli. Also, water supply schemes at Rhimber and Bagh Towns will be completed. The work of preparation of a Master Plan for Muzaffrabad will also be completed during 1972-73.

43. In Gilgit, construction of 80 housing units of various categories will be completed. The water supply and sanitation schemes will also be completed. The work on the construction of a 70 room Hostel for Bachelors will continue.

44. In Baltistan, work will be completed on five schemes for construction of residential and office accommodation and provisions of water supply at Skardu, Shegar and Khaplu.

PHYSICAL PLANNING AND HOUSING SECTOR

Sub-Sector and Executing Agency-wise Break up of Allocations for 1972-73

(Rs. crore)

Sub-Sector	Punjab	Sind	N.W.F.P.	Baluchistan	Centre	Total Four Provinces & Centre
1. Basic Development and Regional Planning.	0.2000	0.0630	0.0350	-	0.6600	0.3580
2. Agrovillees	-	0.2500	0.1000	-	0.3000	0.6500
3. Housing	1.0800	0.8500	-	0.0700	-	2.0000
i) Slum Improvement & Low Income Housing	-	-	-	-	-	-
ii) Advances to Govt. Servants for House Building.	-	-	-	-	0.5000	0.5000
4. Urban Water Supply, Sewerage and Drainage.	1.8500	0.6050	0.4300	0.2660	-	3.1510
5. Rural, Water Supply, and Sanitation.	0.3500	0.0881	0.2775	0.1980	-	0.9136
6. Aid to local bodies	3.0000	1.4000	-	-	-	4.4000
7. Govt. Servants Housing	0.7500	0.3952	0.3618	0.3045	0.3048	2.1163
8. Govt. Offices and Bldg.	0.7700	0.2706	0.6923	0.3530	0.2060	2.2919
9. Capital at Islamabad.	-	-	-	-	5.5013	5.5013
10. Tourism	-	-	-	-	0.2592	0.2592
11. Special Area	-	-	-	-	0.2184	0.2184
12. S & F.R. Division	-	-	-	-	0.2000	0.2000
13. Centrally Administered Tribal Areas Corps.	-	-	-	-	0.2112	0.2112
TOTAL:	8.0000	3.9219	1.8966	1.1915	7.7609	22.7709

**ANNUAL PLAN FOR 1972-73
PHYSICAL PLANNING AND HOUSING
MAJOR PHYSICAL TARGETS AND ACHIEVEMENTS**

Sub-Sector	Unit	Estimated Achievement 1970-72	Target for 1972-73	Fourth Plan Target	% Achievement
1. Pakistan Centre for Regional & Urban Development.	Nos.	25%	1	1 Centre	100.0
2. Regional Development Plan	Nos.	3 Plans 60%	3 Plans 70%	3 Plans	70%
3. Development of Residential Plots/Housing in Urban Areas.	Nos.	12,900	10,000	60,000	48.0
4. Water Supply in Urban Areas.	Nos. of Urban Areas.	7	13	30	66.0
5. Water Supply in Rural Areas.	No. of Villages.	60	43	500	20.0

Chapter 17

THE PEOPLE'S WORKS PROGRAMME

The nation has been facing an acute socio-economic crisis for the last many years. Despite the psychological advantage of the sense of belonging together and having a common destiny that independence brought, we failed to build truly and well the foundations of our national life. This was in a large measure due to a failure to recognize contemporary reality - that while the capacity for national survival is measured in terms of vast physical, material, economic, technical and human resources, even the merest national existence demands an organic unity, a social cohesion in the community in addition to a minimum of the requisite resources. Given these minimum resources the social cohesion cannot exist unless the people fully participate in their development and have an equitable share in the rewards of such development. Conventional methods of economic progress not only do not take into account the people's participation but also they take a long time to yield results. It could only be through the massive efforts of the people themselves that quick results could be obtained.

2. In a recent directive to the Planning Commission the President observed:

I want genuine development of under-developed regions. I want clean and healthy towns, a vast network of roads, electrification and anti-waterlogging measures. I want factories to feed agriculture and to be its arteries. I want first class hospitals and schools. I want splendid parks and the general beautification of Pakistan.

The People's Works Programme aims at achieving objectives embodied in the spirit of this directive while providing employment opportunities to millions in the nation who are either un-employed or under-employed.

3. The specific objectives of this programme are:
- a) To combat un-employment and under-employment by significantly enlarging opportunities for gainful work.
 - b) To undertake, within the framework of the country's overall development plan, such productive projects as would build up the economy through the provision of basic capacities and amenities. The projects undertaken would be split into comparatively smaller units and would materialise quickly.
 - c) To mobilise local resources and to motivate the people for a massive productive efforts so that the process of development gets institutionalized and is associated with a large segment of the population.
 - d) To provide opportunities for constructive leadership and draw upon local initiative to the maximum extent.
 - e) To generate confidence and self-reliance among the masses through proper training and skill formation so that they become worthwhile productive assets for the country.
 - f) To avoid bureaucratic waste, leakage, delays and defects in old style working in which various vested interests were either directly or indirectly involved.

4. The concept of a broad based economic programme as a means of undergoing rapid rural development was initially introduced in 1962. It intended to provide larger employment opportunities in rural areas and create rural infrastructure through the utilization of the local monetary and manpower resources. The People's Works Programme is radically different from all previous programmes of this nature, in the sense that the area of activity to be covered by the People's Works Programme will be much wider and the implementation of individual projects will be a joint enterprise of the Government and the people. The programme has been framed on a massive scale and it intends to create a tempo which should herald a visible change in society.

5. The basic principles governing the People's Works Programme will be:

- i) The projects included in the People's Works Programme will be executed with the technical help of the personnal of respective departments, but the basic implementation and supervisory unit will be the local representatives of the people.

- ii) In order to curb inflationary trends which can be generated by programmes involving huge expenditure, a system of deferred payments in kind will be introduced. Under this arrangement full time workers employed on projects of the People's Works Programme will be allowed a part of the payment in cash to meet their immediate needs. Workers with other means of livelihood will be encouraged to accept payment in kind which would include plots of land, constructed houses Cycles, Sewing Machines.
- iii) Various projects under the People's Works programme will be initiated by the local population according to the priorities determined by them. Government departments will render technical assistance but the control of the project would remain with the representatives of the people.
- iv) Payment for the work carried out under the auspices of the PWP will be made through a uniform wage structure which would provide incentives to labour to work in their own areas. Thus discouraging migration due to differentials in wage rates.
- v) The responsibility for the execution of this programme will lie with the Provincial Governments in case of provinces and the Central Ministries concerned in case of the centrally administered areas.
- vi) Disbursement of funds for the PWP will be made by the Department of People's Works under the sanction of the People's representatives at appropriate levels.

6. Details of these principles are now under finalization in the Planning Commission in consultation with the concerned Central Ministries and Provincial Governments. The programme will be launched during the Financial year 1972-73.

7. The Minister for Finance, Development and Planning circulated an outline of the People's Works Programme to the Members of the National and Provincial Assemblies for comments and suggestions. Copies of this scheme were also sent to the Central and Provincial Governments for comments. The outline envisaged 25 projects which could be implemented under this

programme. In the light of the suggestions and comments as received from members of the Assemblies and the Government agencies, five small projects have been added to the programme. The Planning Commission has worked out detailed outline of these projects which will be communicated to the executive agencies for guidance. A list of these 30 projects which are proposed to be implemented under People's Work Programme is given below:

(a) COMMUNITY FACILITIES:

- i) Community Workshops
- ii) Community Buildings
- iii) Roads
- iv) Street paving
- v) Drainage and sanitation
- vi) Irrigation and drainage channels
- vii) Housing
- viii) Community shops
- ix) Water sources
- x) Small dams
- xi) Afforestation
- xii) Tree planting
- xiii) Small bridges
- xiv) Small Water Supply Schemes

(b) COTTAGE INDUSTRY:

- xv) Cottage industries
- xvi) Poultry
- xvii) Fish culture
- xviii) Brick making
- xix) Cloths making
- xx) Embroidery and Bee-keeping
- xxi) Sheep Breeding
- xxii) Orchard Growing

(c)

(c) PROMOTIONAL:

- xxiii) Adult literacy drive
- xxiv) Education drive
- xxv) Cultural activities
- xxvi) Play grounds and Games

(d) GENERAL:

- xxvii) Mass immunization
- xxviii) Mass Surveys
- xxix) Distribution of essential commodities
- xxx) Plant Protection

All of these projects are proposed to be launched simultaneously. But the local communities will be free to determine their priorities and initiate only those projects which are most needed by them to start with, and proceed to implement the rest in the following years. The Provincial Governments and the Central Ministries concerned, however, will be requested to start the following projects all over the country without any exception due to their utility and the psychological impact on the masses:-

- a) Adult literacy drive
- b) Mass immunization
- c) Street paving in cities, towns and villages

A strong motivation campaign will be started and maintained to create the will for better environment and for participation in community work.

8. These projects will cut across almost all sectors of the economy. Many on-going projects of the development programme undertaken by various departments and agencies of the Government may profitably be brought under the PWP. The advantage will be that the labour-intensive and employment generating techniques of the PWP will be available for application to these on-going projects. The public sector allocations for these programmes may, however, remain in the department originally responsible

for their formulation and implementation. The sectoral projects which can be implemented through the application of the principles of the PWP are as follows:

- i) Low Cost Housing;
- ii) Small Water Supply Schemes;
- iii) Small Drainage, Reclamation and Dams Projects;
- iv) Afforestation and Tree Planting;
- v) Small Fisheries Projects;
- vi) Poultry;
- vii) Building part of Primary Education;
- viii) Adult Literacy;
- ix) Construction of Health Centres;
- x) Field Services under the Health Sector like Malaria Eradication;
- xi) Community Welfare Centres; and
- xii) Industrial Homes.

The Provincial Governments are examining the possibility of diverting these projects from regular sectoral programmes to the People's Works Programme.

9. The government have recently promulgated a number of reforms in various sectors of the economy and new programmes have been launched many of which are similar to each other. In order to avoid duplication and to achieve the best results, close coordination will be needed between the various programmes. After a detailed examination of the various programmes, the Central Development Working Party suggested that the existing Rural Works Programme and the People's Works Programme should be integrated and the existing machinery of the Rural Works Programme should look-after the People's Works Programme as far as administration and technical help is concerned. The Integrated Rural Development Programme should be coordinated with the programme for the establishment of agrovilles. The non-agric

part of the Integrated Rural Development Programme should, however, be taken over by the People's Works Programme because of the similarity of content.

10. The People's Works Programme envisages participation of people of all shades of opinion and from all walks of life, so that economic and social development becomes a way of life. People will be so motivated and work will be created at such a scale that after accommodating the un-employed and the under-employed, there will be enough opportunity for every citizen to participate in the programme. Institutionalised groups of students and teachers will be mobilised to participate in projects like mass literacy and mass immunization. Government servants may be allowed 1½ months annual leave instead of the usual one month provided they spend at least 4 weeks in their community as active participants in the PWP. Other organized groups could also take part in the PWP on similar principles.

11. This type of a programme has two important pre-requisites. First, there should be strong mass motivation campaigns which should be carried out at the pre-programme stage, execution stage and post completion stage of the project. Unless the entire community is fully motivated, the programme will not be able to achieve its real targets. Secondly, there should be an elected institutional set-up at the village and mohallah levels up to the Provincial level.

12. In order to meet the first requirement, there has to be a central agency to formulate plans for motivation and to produce material required for this purpose. The Provincial Governments should also have a similar machinery to put the motivation plan into operation.

13. For the second requirement an institutional set up at the grass root level has been proposed which will have village/mohallah committees elected by the people. Elected tiers have been provided for various stages upto the provincial level.

Financial Allocations

14. Since the People's Works Programme is going to succeed the old Rural Works Programme it will be appropriate to compare the allocations of the Rural Works Programme during the last financial year. The allocations for the Rural Works Programme for West Pakistan in the original ADP of 1971-72 were Rs. 44.5 million for the provinces and Rs. 4.0 million for the Centre. These were later revised to Rs. 34.20 for the provinces and 3.00 for the Centre. The allocations to the People's Works Programme for 1972-73 will be Rs. 87.27 million for the provincial programmes and Rs. 8.00 million for the central programmes in Azad Kashmir and Northern areas and Tribal Areas. The breakdown of these allocations is shown below:

Figures in crore rupees

	Revised allocation of the Rural Works Programme for 1971-72.	Provision for 1972-73
Punjab	1.75	6.00
Sind	0.22	0.75
NWFP	1.00	1.10
Baluchistan	0.45	0.88
Centre	0.38	0.80
Total:	<u>3.72</u>	<u>9.53</u>

A total allocation of Rs. 9.53 crore for West Pakistan and the centrally administered areas has thus been provided. However the provincial governments are now examining projects in other sectors which can be implemented under the People's Works Programme. In anticipation of these projects being shifted by the various Provincial Governments to PWP an amount of Rs. 25.00

is currently being shown under this program.

15. The program will be launched here locally after plans for its execution at the grass root level are made, the distribution and necessary approval to the detailed scheme is obtained.

• P A R T III

HUMAN RESOURCES AND SOCIAL DEVELOPMENT

CHAPTER 18

EDUCATION AND TRAINING

INTRODUCTION

Educational Reforms announced by the President on March 20, 1972 are intended to reshape Education Policy, re-structure the educational system, revise the content and curriculum at different levels of education to re-organise the educational administration so as to ensure maximum participation of Governmental agencies at various levels of administration, and of the people and students in the affairs of education. Implementation of the proposed reforms are intended to change education from an elite privilege to one of equal expectation where every citizen regardless of race, religion and sex finds an opportunity to receive education in accordance with his ability and aptitude, and to make education functional and economically productive. It is in the wake of these reforms that the development programme in the Sector of Education and Training for 1972-73 has been proposed.

Due to a heavy short-fall in the implementation of the Third Five Year Plan, a large number of on-going programmes had to be carried over to the Fourth Five Year Plan. Most of the financial resources available for the development in the Sector of Education and Training in the first two years had therefore to be allocated to the on-going projects. Due to unforeseen demands of an extremely important nature on the public exchequer during these two years, the amounts which could actually be made available for undertaking development were much below the targets set in the Annual Development Programmes. Implementation, therefore, remained very slow and still many Third Plan projects remain to be completed. The actual expenditure for the year 1970-71 together with the revised estimate of expenditure of 1971-72 gives a total of Rs. 25.906 crore against the total allocation of Rs. 45.705 crore provided in the Annual Development Programmes of the first two years. This expenditure constitutes about 69 per cent of the original allocation in the Annual Development Programme.

The proposed Annual Development Programme for 1972-73 provides a sum of Rs. 27.997 crore for developments in the Sector of education and Training. In preparing the Annual Development Programme every possible efforts has been made to include only such on-going programmes as are expected to promote, directly or indirectly, the achievement of objectives and targets set in the Education Policy. As such most of the available funds will be utilised for implementing programmes envisaged in the Policy. However, in strict technical terms, out of the total allocation of Rs. 27.997 crore, Rs. 17.764 crore is earmarked for on-going programmes and the balance of Rs. 10.234 crore is for new programmes. Out of the amount earmarked for new programmes a sum of Rs. 6.937 crore is specifically earmarked for the implementation of programme envisaged in the education Policy 1972-80.

REVIEW OF 1971-72

FINANCIAL IMPLEMENTATION

A sum of Rs. 18.707 crore was earmarked for developments in the Sector of Education and Training during 1971-72. Due to unprecedented problems faced by the country during the year, the allocation for development work had to be reduced to Rs. 12.579 crore. The revised estimate of expenditure is Rs. 11.990 crore which gives a utilisation percentage of 97 against the reduced allocation, but it is only 64 per cent of the allocation made in the original Annual Development Programme. The position of allocation and utilisation of the Annual Development Budget made for various executing agencies is as follows :

(RS. IN CRORE)

Executing Agency	Original Allocation	Revised Allocation	Estimated Expenditure	Percentage utilisation of Revised Allocation
PUNJAB	8.423	6.000	6.180	103
SIND	4.055	3.040	2.850	94
NWFP	3.556	2.151	1.443	66
BALUCHISTAN	0.389	0.188	0.112	60
CENTRE	2.314	1.200	1.405	117
TOTAL:	18.707	12.579	11.990	97

PHYSICAL IMPLEMENTATION

PUNJAB

During the year, 1,000 new primary schools have been opened of which 200 are in the relatively backward areas, 200 primary schools have been upgraded to Middle standard. 20 Middle Schools have been raised to the status of high school and library books were provided to 63 high schools. In the case of Comprehensive High Schools, about 47% of the work has been completed and three Normal Schools for the training of primary school teachers have been developed to the level of Colleges of Elementary Teachers. Work has been started on one Science Teachers Training College at Lahore, and expansion of two existing Teachers Training Colleges has been taken in hand. In case of Technical Education, the work is nearing completion in respect of Polytechnic Institutes, Isiah, Sargodha and Lahore and Institute of Printing and Graphic Arts, Lahore. In case of college education, the building work pertaining to two degree colleges at Lahore and Multan is in an advanced stage of construction. Work in case of 11 intermediate colleges is at different stages of construction. The revised estimate of expenditure for Punjab University is Rs.40.00 lacs which is the same as ADP allocation showing 100 per cent utilisation. The physical targets which have been achieved include 80% completion of Natural Science and Mathematics Blocks and completion of 18 staff residences, and 3 hostels. Construction of 3 more hostels were also started. For the Engineering University the revised estimate of expenditure is Rs.40.45 lacs against the ADP allocation of Rs.40.00 lacs. The Physical programmes include completion of the Department of Civil Engineering and of 50 residences for the staff.

Ten thousand scholarships were awarded to the students studying at different levels of education at a cost of Rs.1.070 crore.

SIND

During 1971-72, 274 new primary schools have been opened and 44 schools improved in respect of buildings and equipments. Ninety-four primary schools were upgraded to middle standard and 15

middle schools raised to high standard. Forty workshops were added in the existing middle schools. The projects for opening of single and double sections high schools and for establishment of comprehensive high schools made further progress. Work was also continued on projects relating to the construction of hostels at secondary schools, buildings for existing high schools, construction of library rooms and art/drawing rooms in existing government high schools. In-service training facilities were provided to 280 college teachers. Construction of regional education extension centres at Karachi and Khairpur made further progress.

In the field of technical education work was completed in respect of on-going programmes of the construction of buildings for commercial institutes at Karachi and Hyderabad, expansion of Polytechnic Institute at Karachi and the re-organisation of industrial/vocational schools for boys and girls. Vocational institutes for boys at Dadu and Jacobabad and for women at Dadu and Nawabshah were also established. Progress was also made in the establishment of a new Polytechnic Institute at Larkana, and expansion of Hyderabad and Khairpur Polytechnic Institutes and establishment of Vocational Institutes for boys at Sukkur and Nawabshah.

The project for the development of NED Engineering College, Karachi made progress, New courses in architecture, electronics and chemical engineering were introduced at the Sind University Engineering College Jamshore. Grants in Aid were also given to private Polytechnic and vocational institutes.

One new Intermediate College was established. The project for the opening of degree colleges providing facilities for B.Sc pass and Honours courses at Karachi and Khairpur was completed. Work was continued on the construction of the Government Degree College, Jacobabad. The programme of providing improved facilities of education at colleges located at Divisional and Regional Headquarters was carried further. Libraries and reading rooms were constructed both for government and non-government colleges.

The development programme of the Sind University during the year/ included introduction of Ph.D courses in Analytical Chemistry, Mathematics, and Marine Biology.

The scholarships programme for the year covered 8,000 students.

Art Council, Karachi, Bhitsha Cultural Centre and Sindhi Adabi Board received grants-in-aid for improvement and expansion of their programmes.

N.W.F.P.

The programmes implemented during 1971-72 included opening of 110 primary schools and upgrading of 14 primary schools to middle standard. The on-going programmes for the construction of buildings and hostels for the existing high schools, opening of double and single section high schools and establishment of comprehensive high schools made further progress. Science courses were introduced in a number of high schools. In the sub-sector of Teacher education, 1200 teachers were provided in-service training in the teaching of science, mathematics and economics. Work was continued on the on-going programmes for the establishment of 3 intermediate colleges, at Karak, Chitral and Timargarh, construction of hostels for 3 existing intermediate and degree colleges at Mardan, Sawabi and Timargarh and construction of building for existing girl colleges. The project for the opening of degree colleges providing facilities for B.Sc pass and Honours courses was continued. Scholarships were awarded to 1,485 students of various categories. The scheme for the development of Peshawar Museum also progressed further.

BALUCHISTAN

During the year, one hundred new primary schools were established and 205 primary schools were improved in respect of buildings and equipment.

Six primary schools were upgraded to middle standard and 3 middle schools to high standard. Class-rooms were added at two high schools and hostels were constructed for another two high schools. Two residences were constructed for high school headmistresses. One new Science High School for gifted children was established. Construction of building for an existing government girls high school was completed. Teachers training units were improved in respect of equipment.

Six intermediate colleges and 2 degree colleges were improved in respect of building and equipment. Hostels were constructed for three intermediate colleges. Work on the construction of science block at Government Degree College for Women, Quetta made further progress.

C E N T R E

Education Division

Three hostels, administrative buildings and an academic block were completed. Equipment was provided to the Institute of Modern Languages for organising teaching in Chinese, French, German and Russian. The scholarships programme covered 27 scholars under Central Overseas Training Scheme, 11 scholars under Merits Scholarships and Scheme and 7 scholars under Commonwealth Scheme. One hundred eighty-five/SEATO under-graduate Training Scholarships Scheme. One hundred and eighty-five students from foreign countries received scholarships for studies in Pakistani institutions and 60 students received necessary financial support to avail of foreign offers of scholarships. Preliminary investigations were completed relating to the programme of Preservation of Pre-historic Remains at Mohenjodaro. A portion of the building of Museum of Science and Technology, Lahore was completed. Some pictures, exhibits, murals, audio-visual aids, workshop and office equipment and library books were purchased. Micro-filming and photostating equipment was provided for National Archives at Islamabad and a new unit of micro-filming opened at Rawalpindi. The programme for the improvement of existing museums made progress.

The Board for the Development of Urdu Language published 25 new books. The Sports Training and Coaching Centres at Karachi of and Lahore made progress. At Islamabad 18 buildings of primary schools, one of comprehensive school and one of degree college were completed. Furniture and library books were also supplied to educational institutions.

Kashmir Affairs Division

Science laboratories were constructed at 11 high schools and equipment provided to middle schools at Pheri and Drek. Technical wings were added to pilot schools at Kahuta and Mirpur. Commerce courses were introduced in the High School at Samani. Library books were provided to high schools at Hattian, Chiker and Lengi. Fifty-eight schools were provided with the sports material. Construction of building for Girl Guides made progress. Ten teachers completed their courses in physical education and 7 more teachers joined the college of Physical Education at Lahore. The project for the establishment of Teachers Training Institute made further progress. Four staff quarters and 2 bachelor quarters were partly constructed at Rawalakot and Muzaffarabad.

States and Frontier Region
(Centrally Administered Tribal Areas)

The Development Corporation for CATA awarded 5 scholarships for graduate and post-graduate studies in the fields of Geology, Agriculture and Mining Engineering. In addition a lump sum amount was provided for admission charges. Buildings of 15 primary schools were completed.

Information and Broadcasting Division.

Rupees 2.76 lacs were spent on the publicity of the Fourth Five Year Plan.

Planning Division.

Rupees 2.00 lacs provided for allocation to the Provinces for Fourth Plan Publicity remained un-utilised.

Economic Affairs Division

An estimated amount of Rs. 20.00 lacs was spent on the development of statistical services and reorganisation of C. S. C.

Establishment Division

The children of Class II (Non-Gazetted), Class III and Class IV. Central Government Employees were awarded 3,478 scholarships costing Rs. 4.31 lacs.

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Annual Plan for 1972-73

Financial Allocation

Development Programme in the Education Sector has been allocated a sum of Rs. 27.997 crore. This is shared by various executing agencies in the following manner:

<u>Executing Agency</u>	<u>Allocation for 1972-73</u> (Rupees in crore)
Punjab.	12.500
Sind.	6.777
N.W.F.P.	2.705
Baluchistan.	1.215
Centre.	4.800
Total:	27.997

Sub-sector-wise break down of these allocations for different executing agencies is indicated in the statement given at the end of this Chapter.

Physical Programmes

P u n j a b

At the primary level, the programme for the establishment of 800 boys schools, 200 girls schools and 100 schools in economically backward areas will be completed and 2,200 more schools will be opened under the on-going schemes. Of the 2,200 schools, total expenditure on buildings and equipment of 500 schools for girls and 200 schools in economically backward areas will be borne by the Government. Equipment for the remaining 1,500 schools will also be provided by the Government whereas accommodation for these schools will be procured through local and private sources. In view of the emphasis on primary education in the Education Policy, two thousand more schools will be opened under a new scheme. One thousand primary schools will be improved under the on-going scheme in respect of accommodation and teaching materials. Under a new scheme 4102 more schools will be improved.

Work will be completed on the construction of buildings for 60 middle schools, and upgradation of 100 primary schools to middle schools, and 20 middle schools to high standard. Construction of hostels for secondary schools will be continued and work will be started on the construction of buildings of five new double section high schools and 7 new comprehensive high schools. One hundred and fifty primary schools will be upgraded to middle standard. Twenty one middle schools will be raised to the level of high schools for which buildings will be constructed and equipment provided. Integrated science courses (Mathematics, physics, chemistry and biology) will be introduced at the high stage (Classes IX and X) in two existing high schools. Provision of library books, equipments and reading materials will be made at 100 existing high schools. Funds have also been earmarked to initiate action on new programmes to emphasise functional and occupational aspects of education as envisaged in the Education Policy.

Fourteen existing Normal Schools for the training of primary school teachers will be upgraded to the level of Colleges for Elementary Teachers. Work will be continued on the construction of the academic block of Science Teacher's Training College at Lahore. Equipment will be provided to the two Teacher's Training Colleges at Lahore and one each at Multan and Lyallpur for expansion and improvement of science, education and research. Funds have been provided for enabling teachers of primary and secondary schools and colleges to participate in the in-service training courses which will be specially devised for upgrading teacher's knowledge in their own field of specialisation and to acquaint them with the latest methods and techniques of teaching.

On-going programmes proposed to be completed during 1972-73 include projects relating to the Polytechnic Institutes, Leiah, Sargodha and Multan, establishment of the Institute of Printing and Graphic Arts at Lahore, establishment of a Polytechnic Institute for Women,

Lahore expansion of existing Polytechnic Institutes at Lahore, Sialkot, Rawalpindi and Bahawalpur, establishment of Government Vocational Institutes at Khanewal, Bahawalpur, Sheikhupura and Jauharabad and construction of buildings for existing commercial institutes. The programmes for the establishment of Polytechnic Institutes at Lyallpur and Sahiwal and of the reorganisation of existing industrial/vocational schools for boys/girls will progress further. The Swedish Pakistan Institute of Technology, at Gujrat will be improved and strengthened. Facilities of training of teachers for polytechnics will be improved by strengthening the training programmes at Polytechnic Institute, Rawalpindi and Swedish Pakistan Institute of Technology at Gujrat.

Work will be continued on the on-going project for the establishment of 4 Intermediate Science Colleges. The project for starting another 6 similar colleges will be taken up. The programmes which will be completed during the year include establishment of degree colleges at Lahore and Multan providing facilities for B.Sc. Pass and Honours Courses, construction of 4 hostels for intermediate colleges and 5 hostels for degree colleges. Construction of a hostel at the Government College, Shakargarh will also start. Funds have been earmarked to undertake new programmes as envisaged in the Education Policy 1972-80.

Construction of Punjab University buildings will continue. Ph.D. courses in Soil State Physics, development of petroleum and gas technology, plastic technology and unit process laboratory will be introduced. Programmes of education and research at the I.E.R. on subjects such as science, technical/vocational education and functional literacy will receive priority. The new programmes at the university of engineering and technology will include consolidation of facilities of engineering and technology, establishment of Computer section and of Public Health Engineering Research Institute.

A sum of Rs.1.400 crore has been earmarked for the award

of 12,800 scholarships.

A number of miscellaneous programmes will also be implemented which will include completion of minor works at various educational institutions, continuation of the development of the museums at Kanore and Sahawalpur, setting up of two research cells in the Planning and Development Department, i.e. for Studies on Five-Year Development Plans and Manpower Planning. Computer services will be provided at the Bureau of Statistics, Lahore. Under the programme of Development and Research Centre, work will start on curriculum development, research, production/ dissemination of text and library books, preparation of teacher guides, etc.

PRND

The proposed programme provides for the establishment of 700 schools and improvement of 124 existing primary schools. Of the proposed 700 new primary schools only about one fourth will be established in buildings of their own for which funds have been earmarked in the Annual Development Programme, while the remaining will be housed in temporary accommodations. However, each of the 700 schools will be provided with necessary equipment.

The programme of secondary education provides for the raising of 94 primary schools to teach up to Class VIII, upgrading of 15 middle schools to high standard and constructing of workshops in 40 existing middle schools. To initiate the development of integrated programmes at the secondary level, courses in agricultural, industrial and commercial subjects will be introduced in 8 high schools.

Four thousand teachers of primary and secondary schools and colleges will be trained through specially devised inservice training programmes so as to acquaint them with the latest methodology and techniques of teaching. The on-going programmes for the establishment of Regional Education Extension Centres at Karachi and Dhairpur will be completed and the programme for setting-up of a Vocational Teachers Training Institute will be started at Hyderabad.

Ten Vocational schools for boys and two vocational institutes for girls will be established. The on-going programmes for the construction of a new campus for the N.E.D. Engineering College, Karachi will be carried further, The University Engineering College, Jamshoro will be strengthened and expanded. A project for the establishment of a Flying School at Nawabshah will be taken-up.

Two new intermediate colleges will be established and 5 existing intermediate colleges will be raised to degree level. Workshops will be set-up at 10 colleges for introducing teaching of vocational/occupational subjects at the intermediate level.

A sum of Rs. 53.59 lacs has been provided for the introduction of five new courses at the Universities of Karachi and Sind.

Rupees 45.00 lacs has been allocated for the award of 11,000 scholarships.

Funds have also been allocated for the introduction of other programmes of Student's Welfare such as provision of interest free loans to University/College students, setting-up of Book Banks in Universities, colleges and polytechnics and to extend financial support for cheap transport.

Rupees 20.35 lacs has been earmarked for setting-up of varied programmes of adult education. These include establishment of 15 factory schools, 50 farm schools and 25 special Women Education Centres.

Miscellaneous programmes under the Education Policy include provision of facilities for physical education, play-grounds for the promotion of sports, libraries for schools of different categories and colleges and establishment of district audio-visual aid units. Programmes for the development of Hyderabad Museum and Institute of Sindhiology will be

continued. Milk Feeding Programme for School Children and supplementary feeding programme in schools, colleges, and universities will also be started. A sum of Rs.10.00 lacs has also been earmarked for providing conveyance to supervisory administrative staff.

N.H.F.P.

The proposed programme of primary education includes establishment of 118 primary schools of which 92 will be for boys and 26 for girls. Buildings of some of the existing primary schools will be repaired.

Fifty one primary schools at selected locations will be raised to the status of middle schools and 12 middle schools will be upgraded to the level of high schools. Equipment and furniture will be provided to 55 newly upgraded high schools. A new building will be provided to one existing high school and hostels at 3 high schools. The programme for the introduction of compulsory science courses in secondary schools will be completed and the on-going programme for the establishment of 6 comprehensive high schools will reach completion stage.

The programme of teacher training provides for the training of 1200 primary school teachers. One hundred and twenty teachers of secondary schools will receive in-service training in modern techniques of teaching of Mathematics, Physics, Chemistry and Economics.

The on-going programme for the establishment of a Basic Science and Humanities Block at the Engineering College, Peshawar will be completed. Expansion programme of the Polytechnic Institute at Peshawar will include introduction of teaching of Radio electronics and completion of the Department of Chemical Technology. Work will be started on the establishment of a Polytechnic Institute at Saidu Sharif. Residential accommodation for 100 students will be provided at Polytechnic Institute at Haripur and for staff both at Haripur and Peshawar Polytechnic Institutes. Building for the vocational institute at Kogat will be completed and equipment provided. Work will be taken up on the projects relating to the establishment of vocational institutes at Peshawar and Taimara. The work will be taken in hand on construction of buildings

and Principal's residence for the Government Commercial Training Institute at Peshawar and on the programme for the setting up of commercial institutes at Chitral, Mardan, D.I.Khan, Kohat, Abbottabad and Hazara.

Three Science Intermediate Colleges at Karak, Chitral and Taimara will be established and a new degree college providing facilities for B.Sc Pass and Honours courses will be completed and 3 hostels constructed at intermediate and degree colleges. Work will be continued at the Jadet College, Kohat. The colleges at Kohat and Banna will be improved in respect of science equipment, library books and laboratories. Construction of building of Government Intermediate College, Lakki will be continued. Equipment will be provided at the Government Degree College, D.I.Khan for the introduction of post-graduate classes in chemistry. Modern science equipment will be provided at the existing intermediate colleges to bring about general improvement in the standard of science teaching.

The programme at the university level will include completion of physical facilities for the introduction of specialised Ph.D. level teaching in physical chemistry. Construction of a new block at the campus for housing the Departments of Philosophy, Psychology and Pushto will be completed. Provision has been made for equipment, furniture and books for different university departments. Class rooms and laboratories will be provided at Islamia College Peshawar. A building for Student's Union, residential accommodation for the staff of Islamia College, Peshawar and of the collegiate school will be constructed.

Rspees 35.00 lacs will be spent on the award of scholarships.

The on-going construction programme of the building of Peshawar Museum and staff houses for the Institute of Blind, Peshawar will be executed.

Baluchistan

The programme of primary education provides for the establishment of 200 new primary schools. Addition of one class-room each and provision of teaching aids and equipments at 200 primary schools is also contemplated. In addition, 200 more existing primary schools will be improved. in respect of buildings, equipment and teaching aids.

Thirty primary schools will be raised to the status of middle schools and facilities of improved teaching of science will be provided at 169 existing middle schools. Eight middle schools will be upgraded to high standard and improvements will be made in existing high schools.

The existing commercial institutes at Quetta will be upgraded to the level of Intermediate College of Commerce. Existing colleges at Quetta and Mastung will be improved and the Government College for Women, Quetta will be provided with a science block, a hostel and a boundry wall. Hostels will be constructed for colleges at Khuzdar and Sibi and a new building with hostel will be constructed for Government Intermediate College, Turbat. Book Banks will be set up in the existing colleges. Work will also be started on the establishment of a new Intermediate college.

A sum of Rs. 15.00 lacs has been earmarked to enable the newly established University of Baluchistan to set up its teaching departments under the Faculties of Arts and Science.

Rupees 30.00 lacs will be spent on scholarships of which Rs.5.00 lacs will be met from developmental resources and Rs.25.00 lacs from non-developmental budget.

The miscellaneous programme will include improvement of public libraries and construction of residences for the employees of Education Department.

CENTRE :

A. EDUCATION DIVISION

The programme of University of Islamabad will include development of site, provision of external and internal services, continuation of construction of buildings for the Departments of Mathematics, Physics, Chemistry, Biology and Computer Centre.

Equipment will be procured from abroad for the laboratories of the Departments of Physics, Chemistry, Biology and Earth Science. A provision of Rs.7.00 lacs has also been made for importing books for the university libraries and air-conditioning equipment for the science laboratories.

Funds have been provided for supporting 53 scholars already studying abroad under the Central Overseas Training Scheme and for 30 scholars studying in foreign universities under Merit Scholarship Scheme. In addition, 17 fresh scholars will be sent abroad under the former programme and 10 under the latter. The programme for the award of scholarships to students from other countries to study in educational institutions in Pakistan will be restricted to financing 223 students already studying here and 42 scholars will be awarded SEATO under-graduate scholarship. Under the new programme of Nishan-e-Haider Scholarships, 42 students will receive awards for degree level studies at different institutions in Pakistan and the programme of Quaid-e-Azam scholarships will make provision of 8 scholarships for enabling talented students to study in foreign universities.

Work on the establishment of a Museum of Science and Technology at Lahore will be continued. Measures will be adopted to arrest further decay of structural remains at Mohenjodaro. Building of Hyderabad Museum will be repaired. The programme of the National Archives, Islamabad will include procurement of micro-filming and photo-stat equipment, books, manuscripts, historical documents etc. Under the programme of the Board for the Development of Urdu Language and Literature, 30 books of different subjects will be published.

The programme for the establishment of 18 primary schools and 9 secondary schools would be completed.

Rupees 23.76 lacs will be provided as working expenses on loan to the Printing Corporation of Pakistan.

Extensive efforts will be made for the revision and modernisation of curricula and text-books, and strengthening of the National Bureau of Curricula and Text-books. A lump sum amount of Rs.2.00 crore has also been made for the implementation of Education Policy in respect of the Central Programmes.

B. Economic Affairs Division

An amount of Rs.32.35 lacs has been allocated to C.S.O. for the purchase of equipments for data processing, re-production and training.

C. Establishment Division

Rupees 5.93 lacs have been provided for the award of scholarships to children of Non-gazetted employees of Central Government for studying in colleges and universities of general and professional education. In view of the Government decision to provide free education upto Classes 4, no scholarships have been proposed for school students in the programme.

D. Kashmir Affairs Division

i) Azad Kashmir

The on-going programme for the introduction of diversified courses in 20 middle schools will be completed. Construction of students' hostels at 3 high schools, development of 9 high school buildings and staff hostels at two colleges, teacher training institute at Afzalpur will also be completed. The programmes for the opening of 3 intermediate colleges, and introduction of diversified courses in 6 high schools will make further progress. Activities of Boy Scouts and Girl Guides will be improved and expanded.

ii) Northern Agencies
(a) Gilgit Agency.

The on-going programmes for the opening of 25 primary schools, upgradation of 3 middle schools to high standard, diversification

of courses in the existing middle schools and the intermediate college at Gilgit will be completed. The programmes for the introduction of technical courses in 2 existing high schools, upgradation of 4 primary schools to middle standard will be carried further. Teachers will be awarded bursaries for taking training courses at different levels in the teachers' training institution of the Punjab.

b) Baltistan Agency

The on-going programmes for the introduction of diversified courses in 3 middle schools, introduction of technical courses in 2 existing high schools and construction of building for the Directorate of Education will be completed. The programmes for the establishment of 35 primary schools, upgrading of 6 primary schools to middle standard, 3 middle schools to high standard, and high school Sakardu to inter college level will be carried further.

E. Centrally Administered Tribal Areas

The programme covers educational projects of Tribal Areas of Peshawar, D.I. Khan and Malakand Divisions.

The on-going programmes for the upgradation of 18 primary schools to middle standard and of Government Intermediate College Parachinar to degree standard will be completed. New programmes will be undertaken in respect of upgradation of 23 primary schools to middle standard and 13 middle schools to high standard. The building of middle school Alamsher will be improved and construction of two hostels for Tribal students at the University of Peshawar will make further progress. Scholarships will be awarded to students of Tribal Regions at different levels under the programme of each of the three Divisions. A hostel will be constructed for the Tribal students in Frontier Regions of D. I. Khan, and residences will be provided for the staff of upgraded schools of Tribal Regions of Malakand Division.

F. Plan Publicity

An amount of Rs. 4.00 lacs has been provided in the Budget of the Ministry of Information and Broadcasting for Plan Publicity. It will be spent in projecting the objectives and goals of longer range economic policies and programmes in general and of the Annual Plan 1972-73 in particular. While an attempt will be made to retrieve some of the projects which became out of date because of the fast changing pattern of the political and economic situation of the country certain fresh projects, mostly in the form of publications, are contemplated. Due attention will also be paid to external publicity and Rupees one lac has been provided in foreign exchange for this purpose.

Rupees 2.00 lacs have again been provided in the Budget of the Planning Division for providing support to the Plan Publicity effort of the Provincial Governments.

Some important pre-requisites for the implementation of the Education Programmes.

1. Full achievement of the targets set in the Education Policy for the 8-year period will depend on the adequacy of the programmes in the subsequent years and their capacity to make-up for the short-falls of 1972-73.
2. As pointed out in the statement for the Minister for Education and Provincial Co-ordination "community resources of all types including cash and kind will be mobilised for the cause of education." A pre-requisite for the successful implementation of the programme envisaged in the Policy is a well-thought publicity campaign to stimulate, inspire and motivate people to participate in the implementation of the programmes.
3. Institutional mechanism necessary for the preparation, execution, administration and supervision of the proposed programmes does not exist at the required levels. Even where it exists it is deficient both in size and professional expertise to

undertake the responsibility of huge development programmes envisaged in the Policy. It is, therefore, imperative that immediate steps are taken to create and strengthen agencies/organisation at all levels of administration.

4. Free education upto Class VIII is to be introduced from October 1972 and the programme of nationalisation of schools and colleges will also be started. These programmes are of a fundamental nature. Since the expenditure on these programmes does not have any direct bearing on the developmental expenditure they have not been reflected in the Annual Development Programme. However, implementation of these programmes will depend on adequate provision in the non-development budgets of the executing agencies.

5. The Policy has assigned a very high priority to the creation of a literate society for which programmes of primary and adult education are considered supplementary to each other. While the executing agencies have made adequate provision for the primary education, the Adult Education programmes does not seem to have the same attention.

6. The Annual Development Programme provides a total amount of Rs. 27.997 million only for Education. The implementation of the programmes as envisaged in the Policy will, however, depend on the total effort of the nation. The resources available for the year 1972-73 are, therefore, expected to be higher than the allocation in the Annual Development Programmes, through the efforts of the private sector.

EDUCATION AND TRAINING

Sub-sectoral distribution of A.D.P. Allocation
1972-73 of various executing agencies

(RUPEES IN CRORE)

Items	Punjab	Shrd	N.W.F.P.	Baluchtan	Centre	Total
Primary Education	3.000	0.874	0.350	0.31	0.008	4.550
Secondary Education	2.963	1.917	0.399	0.32	0.250	5.848
Teacher Education	0.600	0.202	0.030	0.03	-	0.871
Technical Education	1.065	1.518	0.360	0.01	-	2.953
College Education	1.000	0.571	0.589	0.22	-	2.386
University Education	1.972	0.536	0.542	0.15	1.078	4.278
Scholarships	1.400	0.450	0.350	0.05	0.304	2.554
Adult Education	0.072	0.203	0.050	0.01	-	0.343
Social and Cultural Activities	0.030	0.070	0.027	0.01	0.219	0.371
Block Allocation for Education Policy	-	-	-	-	2.000	2.000
Economic Affairs Division	-	-	-	-	0.323	0.323
Establishment Division	-	-	-	-	0.059	0.059
Kashmir Affairs Division	-	-	-	-	0.217	0.217
Centrally Administered Tribal Areas	-	-	-	-	0.269	0.269
Information and Broadcasting, Audit and Haj	-	-	-	-	0.053	0.053
Planning Division	-	-	-	-	0.020	0.020
Studies	-	-	-	0.03	-	0.030
Miscellaneous	0.398	0.382	0.008	0.01	-	0.818
TOTAL:	12.500	6.777	2.705	1.21	4.800	27.997

MANPOWER AND EMPLOYMENT

The rapid growth in labour force is not accompanied by an equally rapid rise in productive employment. There are no reliable statistics to show the situation of manpower and employment in 1971-72 and indicate the trends and outlook for 1972-73. Rough estimates, however, show that in the Fourth Plan unemployment including underemployment was 17.7 per cent of the labour force in 1969-70 and had the Fourth Plan been successfully implemented 13.3 per cent of the labour force would have still remained unemployed or underemployed at the end of the Fourth Plan period. These estimates of unemployment do not indicate the real situation. In fact the position is much worse. Since absorption of labour force outside agriculture is limited by the rate and nature of investment, most of the additional labour force which cannot be productively absorbed by the non-agricultural sector, has to remain on land adding to rural and agricultural underemployment.

2. Many categories of educated manpower are also surplus and unemployment among the educated youth is becoming an increasingly serious problem. A few studies undertaken recently have revealed that unemployment is growing not only among persons having general education but also among technicians and other specialists.

3. There are also shortage of professional and technically trained personnel and there is no mechanism to assess the urgency of various competing interests for trained manpower and allocation of such personnel to meet urgent needs.

4. Efforts made in the country so far to promote employment and human resources development have been too meagre and there has not been adequate integration of policy which could provide

the requisite comprehensive and coordinated measures. The employment effect of economic growth generated through the Five Year Plans have been more a by-product than actual goal. What the country needs is an over-all strategy for employment and manpower development. The potential contribution of all the economic and social policies and programmes to employment promotion should be fully explored and employment should be a development target in its own right either than a by-product. Employment policy should be made the common responsibility of various agencies which should in close cooperation promote employment and development of manpower resources.

GENERAL POLICY MEASURES

5. Population policy:- Population is increasing at an annual estimated rate of 2.7 per cent. In addition to its long term effect, rapid population increase means a annual additions to labor force and an increase in dependency ratio which have direct employment implications. A conscious population policy and programme may be evolved which should take into account not only measures designed to reduce birth rates but also the inter-relationships between population growth and manpower dynamics.
6. Fiscal Policy:- Various fiscal advantages granted to industries have resulted in a production structure unfavourable to employment. These incentives have promoted the use of capital instead of labor. It would be desirable that fiscal incentives should favour forms of investment which promote larger use of manpower.
7. Credit Policy : - Credit facilities are not easily available to the rural population, which has a large numbers of self-employed persons. This imbalance needs to be corrected. A re-orientation of the credit policy to take case of self employed individuals will be of great help,

8. Public Administration Policy : - The Public Administration system in the country needs to be examined with a view to increasing employment opportunities. A programme for decentralized training of officials at district and lower levels may be developed and waste of administrative talent eliminated.
9. Wage and income policy : - The number of occupations carrying acceptable wage rates and status is somewhat limited at present. Wages should be fixed mainly on the basis of contribution that a person engaged in a particular occupation can make to production. So far attention has been paid mainly to fixing minimum wages, reducing disparity between minimum and maximum wage levels and rationalizing the wage structure. Studies in depth are requested for formulation of a comprehensive wage policy as affecting distribution of manpower over different sectors of the economy.
10. Choice of technology : - It is generally observed that labour saving methods are widely used not only in the industrial development but also in the agricultural development and public works programme. While issuing industrial licences, designs and technologies are seldom scrutinized from the point of view of eliminating avoidable labour saving devices and processes. In fact in an employment oriented approach, the actual production process has to be itself employment oriented and a good deal of research is needed to evolve suitable standards for guidance. In this connection it was recommended in the Annual Plan for 1971-72. that consideration may be given to setting up of a central documentation and information centre for evolving and testing new production techniques and their dissemination among employers and owners of enterprises. Action in this connection is still pending.

11. Education and training : With the implementation of the Education Policy announced by the present Government; especially in the field of primary education and adult education, the development of the manpower resources of the country will receive a major fillup. Training facilities should be expanded by identifying streams of technical education in such fields as agriculture, land management, livestock breeding, health, fisheries, marketing, commerce banking, insurance, hospital administration and the like. At present there is concentration on a narrow range of engineering trades in our technical education system. The scope of technical education should be broadened to cater to the full range of occupations to meet the requirements of all branches of modernizing the economy. Again, at present formal apprenticeship training programme is confined to a limited number of large industries. The vocational training policy should make industries actively a greater responsibility for the training of their workers. This will require closer coordination between vocational training institutions and in-plant training programmes on the one hand and cooperation between government and representatives of employers and workers on the other.

12.. Agriculture : - The Government has announced an ambitious programme of agricultural reform which includes reform of the system of land distribution and land tenure. This would help in reducing the number of landless labourers and creating a viable group of peasant proprietors who can, in due course, be converted into groups of small entrepreneurs. A higher growth rate in the agricultural sector would, however, still be necessary to reduce unemployment and underemployment. Measures to increase agriculture production may include, among other things, development markets for agricultural and allied products and greater attention to forestry, fisheries, animal husbandry and activities relating to production of cash crops. Intensification of farming methods can also increase employment.

Development of financing institutions securing national & international

In this connection, a pilot project is proposed to be set up with the assistance of FAO, ILO and U.N.D.P. to find out the effect of new technology on employment and incomes and formulate recommendations for agricultural development policy. /

13. Industry :- As in other sectors, the industrial policy needs to be re-oriented to maximum employment. The degree of under-utilization of capacity is very high in many industries. Measures designed to promote fuller utilization of capacity can increase employment alongwith production. Subsidiary specialization and sub-contracting should also be encouraged with a view to creating a larger number of small entrepreneurs. Measures to promote technical research, quality control and market research in industry will be necessary ^{to} provide opportunities for absorption of educated manpower. Fair recruitment, training and employment practices should be ensured in the public and private sector industries.

14. People's Works Programme and Rural Integrated Programme: The Government has prepared an outline of a nation-wide People's Works Programme. The programme proposes to encompass the rural, urban and metropolitan areas of the country in as many sectors of the economy as possible. The Ministry of Food, Agriculture and Under-developed Areas has also planned a country-wide programme of Integrated Rural Development based on self reliance and mobilization of all resources through social education and mass motivation. It is also proposed to set up agrovilles with the purpose of providing employment opportunities for rural unemployed and underemployed, rural servicing and spreading of urbanization to reduce migration of population to urban areas. All these programme will have a very healthy effect on the employment situation.

OTHER SPECIAL PROGRAMMES

15. A number of special programmes are required to be initiated to meet the needs of various categories of labour

force. These may include the following:

(i) Improvement in the labour market organization:

Measures to facilitate balancing of manpower demand and supply in the labour market should be adopted by revitalization of the existing employment exchange organizations, dissemination of labour market information, initiation of a systematic vocational guidance and employment counselling programme, setting up of placement bureaus at Universities and institutions of higher learning, establishment of comprehensive registers of trained and specialized personnel etc.

(ii) Rationalizing of employment practices in construction:

Employment practices in private sector construction establishments should be rationalized through a review of employment pattern by P.W.D., W.A.P.D.A. and other similar organizations to promote employment of engineers.

(iii) Replacement of foreign consultants:

A programme of phased replacement of foreign consultants, employed in Pakistan, may be prepared to promote employment of local engineers and other technical personnel. In this connection the policy of achieving progressive Pakistanization of foreign owned and managed firms may be evaluated and effectively enforced.

(iv) Promotion of Business Facilities in Foreign Countries:

Private sector establishments in construction, insurance and banking should be provided facilities to set up business in friendly countries.

(v) Employment in Foreign Countries: The Bureau of Emigration may determine the demands of various types of manpower in foreign countries and employment of Pakistanis in foreign countries on a planned basis by entering into agreements with developed countries experiencing labour shortages and with developing countries with high incomes and low manpower levels. Adequate representation may be sought in vacancies occurring in UN organizations.

(vi) Promoting Self Employment Among the Educated: In order to promote self employment among the educated, the 1971-72 Central Budget had set aside Rs. 30 million for direct lending and for inducing commercial banks to lend to technically qualified persons for establishing themselves in self-managed enterprises. A detailed plan for one of these funds should be worked out as soon as

possible.

- (vii) Crash Programmes for the Educated Unemployed: A crash programme for the employment of matriculates, polytechnic institute trainees, M.Sc.s. etc. should be initiated through the preparation of district-wide lists of vacancies.
- (viii) Register of Trained and Specialized Personnel: To maximize the utilization of trained and specialized personnel, a comprehensive register of such personnel may be developed to serve as a centralized source of essential information on the availability and qualifications of Pakistanis trained and employed both inside and outside the country. Several organisations are maintaining or planning to maintain some sort of a register or inventory of such personnel but this needs better coordination.
- (ix) National Service Youth Corps: The Pakistan National Service Ordinance, 1970 provides for compulsory military training for one year for matriculates between the ages of 18 and 20 years. Consideration may be given to enlarge the programme to cover direct labour contribution to national building projects by the young persons. They may be organized in work camps, where they may be provided housing, clothing and food or a small monetary allowance and may be assigned for a short period of time to productive work such as forest development, soil conservation, flood control, improvement of habitation, various community projects and other similar projects. The scheme could provide productive work experience, and strong incentive for youth to find self employment. This will also expand employment opportunities at a relatively low cost.

RESEARCH AND STATISTICS

16. There is a need for detailed research into and experimentation with labour intensive techniques as has been emphasised earlier. Research is also needed on concepts, data collection methods, planning techniques and implementation processes. Like wise, improvement is needed in collection of statistics required for manpower planning. Statistics available from existing sources are fragmentary, inadequate and not well-designed to serve the needs of planning. It is therefore necessary to develop the informational base and strengthen the statistical services responsible for collecting the statistics.

ORGANISATIONAL ARRANGEMENTS

17. Implementation of manpower planning programme on the above lines requires coordination and harmonization of the functions of various agencies as employment and manpower functions are widely distributed and are shared virtually by every arm of the Government and private sector enterprises. A national Manpower Council was created in 1952 in the Labour and Social Welfare Division but it has not been able to deal effectively with the formulation of manpower and employment policies and coordination of policy implementing programmes. Its work was not closely integrated with national economic and social development planning and it is not appropriately located to influence project design and departmental practices. Effective organization arrangements are, therefore needed both in the Central and Provincial Governments which could:

- (i) Formulate an active policy for promotion of employment and development, training and effective utilization of manpower and act as a coordinating agency in this field.
- (ii) Devise specific programmes in the field of manpower and employment, ensure implementation of policies and programmes and make a continuing appraisal and evaluation.
- (iii) Plan and initiate through appropriate agencies a comprehensive programme for collection, processing and analysis of statistics required for manpower planning.
- (iv) Arrange for undertaking a detailed survey of human, natural and physical resources in each district and prepare an inventory of activities particularly in the field of agriculture, agroville industries, small industries, handicrafts, trade and commerce and services including processing of agricultural and allied products in forestry, fisheries and animal husbandry, with a view to exploring the possibilities of expansion of employment in these fields.

18. Action on the above lines would necessitate important structural reforms, shift of emphasis in current development policies and a coordinated approach to all the factors which influence the employment situation.

LABOUR POLICY AND SERVICES

The Fourth Plan aimed at building up a large, diversified and contented industrial force with a wide range of professions and skills. For this purpose it recommended a systematic and broad based programme for skill development, vocational guidance, employment counselling, the safety, security and welfare of workers and the development reliable economic intelligence about various aspects of manpower and employment.

Review of Programme during 1971-72

2. The Programme for 1971-72 envisaged a modest effort towards attaining the Plan objectives of this Sector. The achievements, however, fell short of the targets due to meagre financial allocations, in-adequate organisational arrangements, lack of initiative on the part of the executing agencies and the disturbed political and economic situation in the country. The physical progress of the programme could not go much beyond some work on the existing technical training centres and on a limited number of schemes relating to safety and security of labour.

Financial outlay

3. The total provision for development in this sector for West Pakistan and the Centre during 1971-72 amounting to Rs. 0.42 crore which was only about 6.4 per cent its Fourth Plan allocation of Rs. 6.5 crore. The estimated expenditure during 1971-72 however amounted to only Rs. 0.33 crore which represented a shortfall of 20% compared to budget provisions. The allocation and estimated expenditures for the Provinces and the Centre for 1971-72 for this sector are given below :

Contd...

Province	1971-72 Allocation	Signature
	(Rupees)	
Punjab	0.26	0.17
N.W.F.P.	0.06	0.04
Sind	0.06	0.04
Baluchistan	0.03	0.07
Centre	0.01	0.01
Total all Provinces and Centre.	0.42	0.33

Physical Performance

4. Punjab : The expansion of the existing Technical Training Centres at Gulberg, Lahore was completed. Furniture and equipment were purchased for this centre and also for the existing Technical Training Centre at Multan. In addition work was initiated on the building for a new Technical Training Centre at Rahimyar Khan. Land was also acquired for setting up of a Technical Training Centre for Released Defense Personnel at Gujar Khan and a Basic Training Centre for training of 200 industrial apprentices each year at Lyallpur.

5. Under the Pilot Research Projection Rural Employment Promotion at Multan, about 4600 house-holds were surveyed in and information collected on different aspects of rural employment situation.

6. Improvements in the programme for workers' education included purchase of land and partial construction for expansion and strengthening of the existing Industrial Relations Institute at Lahore.

7. Preliminary work on Weights and Measures Laboratory at Lahore was completed. In addition, land was purchased for setting up a Mines Rescue and Safety Station at Khushab to provide

training to mine workers in safety methods.

8. With a view to improving the programme of analysis, evaluation, research and statistics, the Manpower and employment Wing of the Provincial Labour Directorate at Lahore was strengthened. The Manpower and Employment Wing of the Labour Directorate published a Quarterly Employment Review. A Report on the 11th round of Survey of Professional vocational and technical training institutions in the Punjab and a Report on the 17th round of Establishment Enquiry were also published.

9. N.W.F.P. There was not much to report in physical performance of the Labour Policy and Services sector in NWFP. The programmes undertaken during the year were confined to acquisition of land for the setting up of an Occupational Rehabilitation centre in District Hazara and opening of a Research, Planning and Statistical Cell in the Provincial Labour Directorate at Peshawar.

10. Sind: Implementation of the Programmes in this sector during 1971-72 was confined to the partial construction of buildings and provision of equipment for expansion of the existing Technical Training Centre at Kotri, Hyderabad.

11. Baluchistan: The only work undertaken in this sector related to the partial construction of a building for the setting up of a Mines Rescue and Safety Station at Singidi, Kalat.

12. Centre: The only scheme implemented during the period 1971-72 under the central programme related to the construction of a building for a Seamen's Hostel at Karachi.

Annual Plan for 1972-73

13. The public sector development programme for 1972-73 provides Rs. 0.81 crore for the development schemes in the Labour Policy and Services sector. Of this Rs. 0.50 crore

have been allocated for the programmes in Punjab, Rs. 0.05 crore for Sindh, Rs. 0.10 crore for N.W.F.P., Rs. 0.03 crore for Baluchistan and Rs. 0.13 crore for the Centre. Despite its modest financial diversions, the programme ensures the continuance of progress on the on going schemes and provides for some essential new schemes also.

14. Punjab: Work will be continued on the on going schemes in the Punjab during 1972-73 relating to the setting up of Technical Training Centre at Lahore (Gulberg), Rahimyar Khan, a training centre for Released Defence Personnel at Gujar Khan and a Training Centre for Basic Training of Industrial Apprentices at Lyallpur. The centre at Gulberg (Lahore) is already functioning with an annual capacity of 350 trainees. The centre at Rahimyar Khan and Gujar Khan will have annual training capacity of 200 and 500 trainees respectively. In addition, a new scheme for providing some additional facilities at the existing technical training centre at Mughalpura (Lahore) will be taken in hand. The on-going Pilot Research Project for Rural Employment Promotion will be continued and a survey and statistical Cell at the Manpower and Employment Wing of the Labour Directorate will be set up. Under the Pilot Research Project, useful information has been collected in Sultan area on rural employment situation including population of the area, extent of unemployment and underemployment, productivity of land, use of fertilizers and other unputs, credit needs, and marketing facilities. A preliminary report has been prepared and preparation of the final report is in progress. A similar survey in respect of incomes, expenditure employment and skills of non-farm families is underway. A site has been selected and staff appointed for undertaking such a project at Cambellpur also. A new scheme for setting up a vocational guidance and employment counselling unit will be taken in hand.

Work will continue on the building of a Trade Union Institute and a Weights and Measures Laboratory at Lahore. Two new schemes relating to the setting up of a mobile training unit for mine-workers and a training centre for mining supervisors and mining technicians will be taken in hand.

15. N.F.P.: In N.F.P., programme for 1972-73 provides for on-going schemes relating to the setting up of an Occupational Rehabilitation Centre at Haripur, (Hazara) to provide training to the displaced persons of the Tarbela Dam area and the establishment of a research, planning and statistical cell at the headquarters of the Labour Directorate at Peshawar. Funds have also been earmarked for the acquisition of land and partial construction of building for a technical training centre D.I. Khan.

16. Sindh: Work relating to provision of additional facilities at the Technical Training centre at Retri, Hyderabad will be completed. The centre is already functioning with a total training capacity of 360 persons. The extension and reorganisation work when completed will enable the centre to introduce evening courses. Work will be started for setting up of a Weights and Measures Laboratory and an Institute of Industrial Safety, Health and Factory Inspection.

17. Baluchistan: The annual development programme for 1972-73 for Baluchistan is confined to the on-going scheme relating to the setting up of a mine rescue and safety station at Kalat.

18. Centre: The central programme for the year 1972-73 includes only one on-going scheme relating to the setting up of a Seamen's Hostel at Karachi to provide cheap boarding and lodging facilities to the Pakistani seamen. A joint PAO/ILO/PAK rural employment survey project will be started by the

Agricultural Census Organisation: The project is designed to measure and evaluate the present and projected demand for labour and resultant income distribution in agriculture and directly related activities with special reference to the introduction of high-yielding variety of seeds.

19. A comprehensive new Labour policy designed to protect the rights of organised workers in Urban areas and to create an equitable environment in which both industrialists and workers can work together harmoniously for the achievement of higher productivity was promulgated by the government in February 1972.

20. The new policy, among other things, provides for workers' participation in management to the extent of 20 per cent; increase of the share of the workers in the companies' profits from 2½ per cent to 4 per cent; payment of bonus; abolition of workers' share to social security and increasing the employers' share from 4 per cent to 6 per cent of the wage bill; application of Payment of Wages Act, 1936 and Industrial Employment (standing order) Ordinance, 1968 to labour under contractors; employers' liability for educational expenses of one child of a worker upto matriculation and the government to take care of the education of the rest of the children; initiating a programme of housing and other welfare facilities; introduction of a shop steward system; more powers to work councils; establishment of a quasi-judicial authority to deal with cases of unfair labour practices and promote effective trade unionism; reduction in strike notice period from 21 days to 3 days; authorising either party of a labour dispute to approach the labour court for adjudication and requiring labour court to give its decision within 30 days instead of 60 days.

21. In order to give effect to the various provisions of the labour policy, the relevant labour laws have been amended by Labour Laws (Amendment) Ordinance, 1972 and Labour Laws (Second Amendment) Ordinance, 1972. The laws which have been amended by these Amendment Ordinance are : the Workmen's Compensation Act, 1923; the Factories Act, 1923; the payment of Wages Act, 1936; the West Pakistan Employees' Social Security Ordinance, 1965; the West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968; the Companies Profits (Worker's Participation) Act, 1968; the Industrial Relations Ordinance, 1969; and Worker's Welfare Fund Ordinance, 1971. In addition, the employees' old Age Pension Ordinance, 1972 and the Workers' Children (Education) Ordinance, 1972 have been enacted to provide for a scheme of old age pension and education of workers' children respectively. Model rules have also been finalised and sent to the Provincial Governments for implementation. Consideration is being given to setting up of an implementation cell at the Centre to enable the Central Government to remain in touch with the labour situation and implementation of Labour Laws. A National Industrial Relations Commission will also be set up to promote formation of trade unions, their federations and to deal with related matters. Provincial Governments will increase the number of labour courts wherever necessary.

22. According to the new labour policy, the above mentioned measures are the first steps towards improving the working conditions of the workers and more reforms would be carried out as soon as situation permitted. Steps may, therefore, be taken to enlarge the scope of labour policy to include other aspects of labour and special programmes for the solution of the problems of wage earners in smaller establishments, self-employed workers, sea-men, ex-servicemen,

Juvenile and women workers. A detailed review and codification of the labour laws may be undertaken to make the provisions in the labour laws updated to meet the present day needs, remove anomalies and inconsistencies of definitions and procedures and make the laws simple and clear. While the labour policy may be basically implemented through legislation, it may, in part, take the form of voluntary codes and joint declarations agreed to by workers' and employers' organisations.

23. Programmes to ensure satisfactory standards of working conditions require to be vigorously enforced, particularly among smaller establishments. In this connection the labour services dealing with inspection, conciliation, mediation, trade union registration, settlement and adjudication of labour disputes, wage fixation etc. should be streamlined and improved both in quality and quantity. It would also be necessary for the Central and Provincial Governments to undertake a systematic programme analysis, lay down specific and meaningful targets, make continuing appraisal of the progress and adjust the policies and programmes in the light of evaluation. Specific targets and measures of improvement also need to be fully integrated with the Five Year and Annual Plans so that problems to which solutions are sought are not treated in isolation but are regarded as inter-dependent factors in the development efforts.

CHAPTER 21.

HEALTH AND FAMILY PLANNING

Introduction

Health occupies a very important place in the general process of planning for socio-economic development. Better health standards are necessary for alleviating disease and misery as also in accelerating the pace of economic development. The health sector has therefore been provided increasing allocations in the successive five year plans of Pakistan.

REVIEW OF 1971-72.

Financial Implementation

An allocation of Rs.9.22 crore was made for the health sector for 1971-72. According to the revised estimate for that year, an amount Rs.6.05 crore was spent, giving a financial implementation of about 65 per cent. A table showing the Provincial and Central breakup of allocations and estimated achievements is given below:-

<u>Executing Agencies</u>	<u>Allocation for 1971-72</u>	<u>Estimated Expenditure (1971-72)</u>
Punjab	4.60	3.10
Sind	1.07	0.72
N.W.F.P.	2.18	1.49
Baluchistan	0.33	0.27
Centre	1.04	0.47
Total:	<u>9.22</u>	<u>6.05</u>

P U N J A B

Physical Implementation

Malaria Eradication Programme

Almost hundred percent of the rural areas in the province are reported to have been brought under the operations of the malaria eradication programme. There are 9 zones under the consolidation phase and 12 in the attack phase.

Tuberculosis Control

The B.C.G. work in the province continued. In the Punjab, there are 14 B.C.G. control teams including one training team.

Communicable Diseases Control.

The smallpox eradication programme is progressing satisfactorily. The Punjab Government proposes to integrate all unipurpose programmes into a comprehensive "communicable diseases control programme" in the near future.

Rural Health Programme

Work on the construction of 39 Rural Health Centres is under progress in the province and 25 percent work has so far been completed.

Hospitals

Work in relation to the expansion and improvement of the existing hospitals at Lahore, Multan, Jhelum, Gujrat etc. continued. Work on the construction of the new hospitals at Jhang, Rajanpur, Leiah etc. also continued.

Medical Education and Training.

Work continued for the establishment of Quaid-e-Azam Medical College at Bahawalpur and 25 percent work has so far been completed. The medical colleges at Lahore and Multan were improved. In the Nishtar Medical College, Multan a dental section has been added this year and necessary equipment procured. Equipment for the Demontmorency College of Dentistry, Lahore, was also procured. A hostel for students will be completed before June, 1972.

The training programme for the probationary nurses in different hospitals at Bahawalpur and Lahore continued. During the current year, 334 nurses are being given training. Equipment for Public Health Nursing School, Lahore, has been procured. Scholarships and stipends in large numbers were provided.

N.W.F.P.

Malaria Eradication Programme.

Malaria Eradication Programme continued in the province on the pattern of the previous year. A total of 447,733 blood slides were taken from different suspected cases and out of these 9,348 positive malaria cases were confirmed in the province.

Tuberculosis Control.

Equipment, including a X-Ray plant, has been procured for T.B. clinic at Hangu. Construction work of different buildings at T.B. Sanatorium Dadar, was completed. B.C.G. campaign also progressed well and by the end of 1971-72 the people of the entire province were vaccinated against tuberculosis.

Hospitals.

Construction of two new district headquarters hospitals at Karak and Mansahra is at a final advanced stage and the former reached its final stage by the end of June, 1972. District headquarters hospital at Bannu is also nearing completion. Civil Hospital, Hangu is nearly complete. Development work in respect of Lady Reading Hospital, Peshawar, was carried out. Construction of 7 dispensaries in Malakand^d is nearly complete.

Rural Health Centre.

Work on five rural health centres in Peshawar Division and 3 rural health centres in D.I.Khan Division remained under progress. By the end of 1972 one new centre is expected to start functioning.

Medical Education and Training.

Work on the University Teaching Hospital (674 beds) remained in progress. Scholarships for training in the various fields of medicine and technology were offered.

Communicable disease.

Smallpox eradication programme continued. The integration

of this programme with normal health services had yet to be taken up.

S I N D

Malaria Eradication Programme.

Spraying operations were carried out under the programme. It was reported that the incidence of malaria was brought down from a pre-eradication level of 8.94 percent to 1.3 percent in 1971-72.

Tuberculosis Control.

Seventy percent work of the construction of 72 beds ward in T.B. Sanatorium Kotri was completed. B.C.G. campaign in the province continued during the year. Seven mobile B.C.G. teams are operating in the Province. About 3 lakh persons were expected to be vaccinated by the end of the year.

Hospitals.

Construction of tehsil headquarters hospital at Ghotaki, Kandhkot and Shahdadkot was completed. Construction of tehsil headquarters hospital at Kamber was in an advanced stage. Work was also undertaken for improving the hospitals at Karachi and Hyderabad.

Rural Health Centres.

Work on 6 rural health centres remained in progress.

Medical Education and Training.

Scholarships and stipends for medical education and training were offered in large numbers. Work for the improvement of Liaquat Medical College and Dow Medical College was undertaken.

B A L U C H I S T A N.

Malaria Eradication Programme.

Although the programme of Malaria Eradication continued the progress of work was not satisfactory. The main reasons were: non-availability of equipment, lack of adequate transport, vastness of area and delay in provision of funds. Different remedial measures were taken to remove these impediments.

Hospitals

Expansion and improvement of the hospitals, one each at Quetta, Loralai, Fort Sandeman, Khuzdar and Turbat progressed satisfactorily during the year. Besides, some rural dispensaries were expanded and improved.

Tuberculosis Control.

The B.C.G. campaign continued as before during the year. Provision for central heating arrangement in the Fatima Jinnah T.B. Sanatorium, Quetta was made. Smallpox eradication programme also made some progress in the Province.

Medical Education and Training.

Scholarships were provided for the year. Paramedical School at Quetta was upgraded and improved.

C E N T R E.

In the Central Programme, work on the improvement of J.P.M.C., Karachi was continued. Construction of hospital at Islamabad could not be taken up.

ANNUAL PLAN FOR 1972-73

In spite of financial constraint, a substantially large allocation has been made for the Health Sector during 1972-73. Among the major features of this plan are:- the launching of the People's Health Scheme; an increase of more than 300 percent in the allocation of Baluchistan as compared to that of the last year; an adequate provision for continuing the work on various on-going schemes and introducing some new schemes during the year.

Financial Allocation for 1972-73.

In financial terms, the Annual Plan envisages an investment of Rs.11.45 crore in the public sector - Rs.5.70 crore for the Punjab, Rs.1.33 crore for Sind, Rs.2.21 crore for N.W.F.P., Rs.1.42 crore for Baluchistan and Rs.0.79 crore for the Central Programme.

The attached table presents the revised estimates for 1971-72 and the allocation for 1972-73 in respect of each executing agency separately:-

STATEMENT SHOWING THE ESTIMATED EXPENDITURE FOR 1971-72 AND ALLOCATION FOR 1972-73 BY EXECUTING AGENCIES

Sub-Sector	Estimated Expenditure for 1971-72					Allocation for 1972-73						
	Punjab	Sind	N.W.F.P.	Baluchistan	Centre	Total	Punjab	Sind	N.W.F.P.	Baluchistan	Centre	Total
Malaria Eradication programme.	1.40	0.34	0.56	0.14	0.05	2.49	1.10	.15	0.75	0.25	0.05	2.30
Rural Health Programme.	0.64	0.08	0.09	0.02	-	0.83	1.00	.21	0.14	0.06	-	1.41
T.B. Control	0.09	0.04	0.02	0.04	0.01	0.20	0.15	.04	0.02	0.03	0.01	0.25
Communi cable disease control	0.02	0.03	0.05	-	-	0.10	0.70	.10	0.05	-	-	0.85
Medical Education and Training.	0.60	0.13	0.53	-	-	1.26	1.50	.20	0.77	0.52	0.05	3.04
Hospitals	0.35	0.10	0.24	0.07	0.21	0.97	1.25	.60	0.48	0.56	0.41	3.30
Miscellaneous	-	-	-	-	0.20 +	0.20	-	.03 ++	-	-	0.27 +	0.30
Total	3.10	0.72	1.49	0.27	0.47	6.05	5.70	.33	2.21	1.42	0.97	11.45

Note: + Azad Kashmir and Northern Areas.
 ++ Minor Works.

MI*

Physical Programme for 1972-73

A major portion of the programme consists of Malaria Eradication, Family Planning, Tuberculosis control, Rural Health and control of Communicable diseases. Work on the construction of Rural Health centres at different places will continue. In Sind construction of 8 new Rural Health Centres will be taken up.

The existing hospitals will be improved and expanded in all the four provinces. Work on the construction of new hospitals will also be taken up. Medical institutions located at different places will be improved and expanded. Work will continue for the establishment of a medical college at Bahawalpur. Work for the construction of Bolan Medical College at Quata will be taken up through a Central grant.

People's Health Scheme.

A People's Health Scheme was announced in a meeting of the members of medical profession in March, 1972. The scheme covering a period of 7 years is expected to cost Rs. 380 crore. The scheme, which is yet in a draft form has the following salient features:-

1. Provision of a nationwide network of health units to bring medical treatment within easy reach of the common man.
2. Setting up of one basic health unit headed by a graduate doctor for every 10,000 people (in Baluchistan one for 5,000).
3. Provision of 10 beds and more and better staff for every fifth health unit. These health units to be linked up with town, tehsil and district hospitals.
4. Provision of all major specialities at tehsil hospitals and additional facilities for treatment of mental diseases at district hospitals.
5. Provincilising the services of doctors ⁱⁿ local bodies.
6. Banning of medicine dispensing by private doctors in their premises.
7. Provision of consultation fees on laid down scale for private practitioners.

Financial Implementation

A provision of Rs. 3.33 crore including Central Programme was made for the Family Planning Programme in West Pakistan for 1971-72. The break up of allocation was as under:-

Punjab	1.60 Crore
Sind	0.51 "
N.W.F.P.	0.53 "
Baluchistan	0.04 "
Centre	0.65 "
Total	<u>3.33</u>

An amount of approximately Rs. 2.59 crore was spent. The break down of the expenditure was as under:-

	Estimated Expenditure (1971-72)	(Crore Rupees)
Punjab.	1.40	

Sind	0.30
N.W.F.P.	0.35
Baluchistan	0.02
Centre	0.52
Total.	<u>2.59</u>

Physical Achievements.

In physical terms, the performance of Family Planning Programme was not satisfactory. The table below shows the provincewise achievements of Family Planning Programme for 1971-72:

	I.U.Ds	Sterilizations	Oral Pills (Packets)	Contra ceptives (Dozens)	Diaphragm etc (Bottles)	Others
Punjab	91,236	2,064	33,395	165,466	74,646	103,639
Sind	17,940	1,147	16,064	556,945	27,037	40,195
N.W.F.P.	15,597	151	15,135	141,300	20,541	31,060
Baluchis- tan	1,562	55	453	5,716	626	1,033

Annual Plan for 1972-73

Financial Allocation

The allocation for Family Planning Programme in the Annual Plan for 1972-73 is Rs.2.41 crore of which Rs.1.30 crore is for the Punjab, Rs.0.15 crore for Sind, Rs.0.45 crore for N.W.F.P., Rs.0.04 crore for Baluchistan and Rs.0.47 crore for the Central Government Programme.

MI*

CHAPTER 22

SOCIAL WELFARE SERVICES

INTRODUCTION

The fact that a satisfied society is progressive, development-oriented and prepared to sacrifice and suffer for long-term interests was duly recognised in all the Five Year Plan. Yet due to meagre resources, social welfare was not given enough financial allocations either in Plan outlays or annual budgetary provisions to meet the minimum needs.

PROGRESS DURING 1971-72

Work on new schemes could not start in 1971-72 in any province as the financial allocations for the year were utilised in continuing the projects carried over from the previous years. The Government of Baluchistan transferred 16 already completed schemes from the development to revenue side but did not take up any new scheme. The overall utilisation was 100% in social welfare sector in the provinces of the Punjab, Sind, N.W.F.P., and the Centre. The government of Baluchistan had no provision for development programme during 1971-72. The financial implementation was estimated at Rs.0.72 crore - Rs.0.23 crore under the Centre, Rs.0.29 crore in the Punjab Rs.0.14 crore in Sind and Rs.0.06 crore in the N.W.F.P.

PROGRAMME FOR 1972-73

In view of the deviation from the Plan targets as stated above, the first and foremost requirement is to transfer all the completed projects to the revenue side, so that they do not burden and handicap the development programme. Till this happens, 157 completed projects will continue to be borne on the development budget of 1972-73. Out of 157 projects, 1 is located in the Centre, 80 in the Punjab, 61 in Sind and 16 in the N.W.F.P. These include 85 urban community development projects, 24 rural community development projects, 1 central and 3 provincial administrative units to administer grants-in-aid programme, 2 homes for destitute and under-privileged women (Darul-Aman), 2 child welfare and In-service training institutes,

Physical Programme for 1972-73

A major portion of the programme consists of Malaria Eradication, Family Planning, Tuberculosis control, Rural Health and control of Communicable diseases. Work on the construction of Rural Health centres at different places will continue. In Sind construction of 8 new Rural Health Centres will be taken up.

The existing hospitals will be improved and expanded in all the four provinces. Work on the construction of new hospitals will also be taken up. Medical institutions located at different places will be improved and expanded. Work will continue for the establishment of a medical college at Bahawalpur. Work for the construction of Bolan Medical College at Quata will be taken up through a Central grant.

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4. Provision of all major specialities at tehsil hospitals and additional facilities for treatment of mental diseases at district hospitals.
5. Provincilising the services of doctors ⁱⁿ local bodies.
6. Banning of medicine dispensing by private doctors in their premises.
7. Provision of consultation fees on laid down scale for private practitioners.

8. Dispensing of generic medicines only.
9. Setting up of one government drug store for every 50,000 people.
10. Cutting down by one year the graduation course for the doctors.
11. Setting up of a medical college for Baluchistan.
12. Imposing a small cess to cover expenses for the scheme.

A committee of members of medical and allied professions was set up to examine the draft scheme and submit proposals to the Government within a short period.

FAMILY PLANNING

Introduction

The Family Planning Programme started vigorously during the Third Five Year Plan. The programme made a substantial impact. In physical terms, the programme achievements were about 50 percent, and in financial terms the achievement was over 129 percent.

Review of 1971-72

Financial Implementation

A provision of Rs.3.33 crore including Central Programme was made for the Family Planning Programme in West Pakistan for 1971-72. The break up of allocation was as under:-

Punjab	1.60	Crore
Sind	0.51	"
N.W.F.P.	0.53	"
Baluchistan	0.04	"
Centre	0.65	"
Total	<u>3.33</u>	

An amount of approximately Rs.2.59 crore was spent. The break down of the expenditure was as under:-

	Estimated Expenditure (1971-72)	(Crore Rupees)
Punjab.	1.40	

3 Evaluation and Research Units, 2 Child Welfare Cells, 1 Welfare Home for Training and Rehabilitation of beggars, 12 School Social Work Units, 1 Mothers' and Children's Home, 2 Model Orphanages, 17 Medical Social Service Projects, 1 Abandoned Babies Home and 1 Socio-economic centre for women. In addition to these projects, the provincial Annual Plan for 1972-73 proposes to initiate preliminary work on the establishment of 4 new rural and 2 new urban community development projects in the N.W.F.P. In the Punjab, it is proposed to initiate work on 50 new urban community development projects, 5 socio-economic centres for women, 10 recreation parks for children, 4 rescue homes, 18 school social work projects, 1 planning cell in the Social Welfare Directorate and construction of 1 Social Welfare building to accommodate the offices of the Social Welfare Directorate.

The Central Annual Development programme for 1972-73 has an allocation of Rs.0.22 crore - Rs.0.16 crore under the Health and Social Welfare Division to provide financial assistance and technical consultation to voluntary welfare agencies, Universities and Colleges; Rs.0.05 crore under the Establishment Division for Staff Welfare schemes and Rs.0.01 crore under Kashmir Affairs Division for Social Welfare schemes in Azad Kashmir Region. The objectives underlying the programmes are :-

- i) To provide grants-in-aid to 300 voluntary welfare agencies in order to improve their services, ensure a minimum uniform standard of their administration by employment of qualified social workers/technical staff and to generate private investments, initiatives and efforts to voluntary social work.
- ii) To provide grants-in-aid to 2 Universities and 22 Colleges to train social workers.
- iii) To continue the staff welfare facilities for the Central Government employees, particularly at the lower levels.
- iv) To start social welfare programmes in Azad Kashmir Region.

THE FINANCIAL OUTLAYS FOR 1972-73

The Annual Plan for 1972-73 provides a total allocation of Rs.0.87 crore (Centre - Rs.0.22 crore; the Punjab - Rs.0.50 crore; Sind - Rs.0.05 crore; and N.W.F.P. - Rs.0.10 crore).

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Sind	0.30
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Centre	0.52
Total.	<u>2.59</u>

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MI*

Hospitals

Expansion and improvement of the hospitals, one each at Quetta, Loralai, Fort Sandeman, Khuzdar and Turbat progressed satisfactorily during the year. Besides, some rural dispensaries were expanded and improved.

Tuberculosis Control.

The B.C.G. campaign continued as before during the year. Provision for central heating arrangement in the Fatima Jinnah T.B. Sanatorium, Quetta was made. Smallpox eradication programme also made some progress in the Province.

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Rural Health Programme.	0.64	0.08	0.09	0.02	-	0.83	1.00	.21	0.14	0.06	-	1.41
T.B. Control	0.09	0.04	0.02	0.04	0.01	0.20	0.15	.04	0.02	0.03	0.01	0.25
Communicable disease control	0.02	0.03	0.05	-	-	0.10	0.70	.10	0.05	-	-	0.85
Medical Education and Training.	0.60	0.13	0.53	-	-	1.26	1.50	.20	0.77	0.52	0.05	3.04
Hospitals	0.35	0.10	0.24	0.07	0.28	0.97	1.25	.60	0.48	0.56	0.41	3.30
Miscellaneous	-	-	-	-	0.20 +	0.20	-	.03 ++	-	-	0.27 +	0.30
Total	3.10	0.72	1.49	0.27	0.47	5.05	5.70	.33	2.21	1.42	0.97	11.45

Note: + Azad Kashmir and Northern Areas.
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