PAKISTAN

ECONOMIC

SURVEY

1966-67

Prepared by

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MINISTRY OF FINANCE RAWALPINDI.

CONTENTS

FOREWORD

During the year 1966-67, the economy showed definite signs of having weathered the storm of 1965 when the reduced inflow of foreign economic aid and the increased burden of defence expenditure imposed on us by the Indian aggression in September 1965, together with unfavourable weather conditions adversely affecting agricultural production, had posed a formidable challenge. Although the immediate outlook still remains somewhat clouded, there are clear indications of improvement. That the economy is regaining its momentum, interrupted by the events of 1965, is evident from the preliminary estimates of national income accounts for the year. The GNP is likely to increase by 5.2% in constant prices (1959-60) compared to an increase of 4.6% in 1965-66 and 4.5% in 1964-65.

The agricultural sector indicates a growth rate of 3.1% as against 1.6% in 1965-66.

The spill-over effects of the abnormal events of 1965, coupled with lesser food crops and reduced availability of commodities under PL-480 arrangement and commodity aid caused a rise in prices during the second and third quarter of 1966-67. The Government took various measures to curb the pressure on prices. Monetary policy played an important part in checking inflationary tendencies. The rapid expansion in bank credit during the first six months of 1966-67 necessitated the imposition of credit control measures in early 1967. As a result, the credit expansion slowed down and the rising trend of prices was checked during the later part of the first quarter of 1967.

Impressive gains have been recorded in industrial production, despite prolonged power breakdowns and interruption in imports of raw materials caused by delays in receipt of commodity assistance. The increase in the production of large-scale manufacturing industries during 1966-67 is expected to be around 9% compared to 6.2% in 1965-66.

The performance of the foreign trade sector was also impressive. As a result of various Government measures, our export earnings have increased substantially. Exports have already exceeded the target of growth envisaged in the Third Plan. They had increased by 13% in 1965-66 and the rising trend continues during 1966-67. Obviously, the higher our export earnings, the more will we be able to finance our imports from our own resources.

In recent years, special efforts have been made, as required by the Constitution, to accelerate the pace of economic development in East Pakistan. In the 1966-67 Budget allocations, East Pakistan was given a definite edge over West Pakistan. This policy is to be pursued vigorously in the coming years.

As in the past, an endeavour is made to present in this document all aspects of the economy in deatil. I hope that after reading the Survey, Members of the National Assembly will be in a better position to assess the country's present economic situation. The document is being published ahead of other budget papers in order to give Members adequate time to study it.

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

RAWALPINDI,
May 20, 1967.

PREFACE

The Economic Survey in its present form was first prepared in 1961-62 under my general supervision when I took up the post of Economic Adviser to the Government of Pakistan. In this work I have been ably assisted by my staff.

It has been our consistent effort each year to improve the Survey. The inclusion of the index for the first time last year, designed to make the Survey a better source of quick information, was much appreciated and this will now form a regular feature.

In order to make the Statistical Section as accurate as possible we drew the attention of various Ministries and other organizations to the need of a thorough revision of tables in the light of final data received by them and to the reconciliation of discrepancies between different sources. As a result, several tables have been thoroughly revised. This explains some discrepancies between the statistical tables of this year's Survey and those of previous years.

I would further like to point out that the GNP figures for 1966-67 and agricultural and industrial production figures are based on the data available by mid-February, 1967. In view of the preliminary nature of this data, these figures may change when final estimates are available by the end of 1967.

Suggestions for further improving the Survey will always be welcomed. Once again, I should like to thank the various Ministries and public bodies for their help in providing information.

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

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

RAWALPINDI,
20th May, 1967.

ERRATA

Page 10, under sub-heading Plant Protection, 5th line	instead of	25.26	read	53.28
Page 10, under sub-heading Plant Protection, 6th line	,,	16.70	,,	42.30
Page 19, Table 12, Production of Bajra for 1965-66	,,	384	,,	364
Page 19, Table 12, under column 'Production' against Total for 1965-66 ..	,,	1,282	,,	1,262
Page 19, Table 12, under column 'Production' against Grand Total for 1965-66.	,,	1,856	,,	1,836
Page 21, Table 14, Production for 1965-66	,,	23.50	,,	23.47
Page 95, Table 48, under column 'General' against 1966-67 (July-March). ..	,,	133,89	,,	133.89
Page 141, Table 78, item 1(a)—under heading 'Progressive Total', column 'Amount'	,,	15,57,74,000	,,	14,57,74,000
Page 184, Table 97, Revised Allocation for Industry, fuels and Minerals. ..	,,	410.05	,,	410.5
Page 204, 4th line	,,	40 million	,,	$ 40 million
'Statistical Section', page 38, Table 20 under 'wheat' against 1948-49. ..	,,	144	,,	144,000

GLOSSARY

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

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

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

Units of measurement

One Maund = 82.286 lbs.

One Seer = 2.057 lbs.

One Ton = 2,240 lbs.

One Acre = 4,840 Sq. Yds.

One Acre = 0.4047 Hectare.

One Bale (Jute) = 400 lbs.

One Bale (Cotton) = 392 lbs.

Currency equivalents

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

= 0.075 Pound Sterling, or 18 Pence.

Year

Calendar Year— January 1 to December 31.

Fiscal Year
Trade Year
Agriculture Year
} 1st July to 30th June (Example : 1965-66 means th period covering July 1965 to June 1966).

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

Other terms

Aman = Rice crop sown in summer in East Pakistan.

Aus = Rice crop sown in spring in East Pakistan.

Boro = Rice crop sown in winter in East Pakistan.

Basmati = A superior variety of rice in West Pakistan.

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

Mandi = Local market in West Pakistan.

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

LIST OF GRAPHS

LIST OF TABLES IN THE TEXT

National Income

SUMMARY OF MAIN FINDINGS

NATIONAL INCOME

According to preliminary estimates, the Gross National Product (at constant factor cost of 1959-60) rose to Rs. 4,519 crores in 1966-67, showing an increase of 5.2% over 1965-66 during which the rise was 4.6%.

The G.N.P. increased by 30.4% during the Second Plan period and compared favourably with the increase of 12.4% achieved in the First Plan. While the annual compound growth rate during the First Plan period was slightly above 2.5% it rose to 5.5% during the Second Plan period. The per capita income stood at Rs. 381 in 1966-67 compared to Rs. 372 in 1965-66, indicating an increase of 2.5%. It had increased by 14.8% during the Second Plan period compared to 0.16% during the First Plan period.

The structure of the economy has undergone a significant change since 1949-50. The share of agriculture in the Gross National Product which was 59.9% in 1949-50 gradually declined to 45.8% in 1966-67. The share of manufacturing industries during the same period increased from 5.8% to 11.7%. A large increase is reflected in the construction sector (almost five times) as well as electricity, gas, water and sanitary service sector, (seven times) between 1949-50 and 1966-67.

FOOD AND AGRICULTURE

The two successive bad harvests in both Wings of the country due to climatic factors have put a serious strain on the economy of the country, necessitating considerable expenditure in foreign exchange on import of foodgrains and also increase in local prices. The situation was aggravated by the decline in food imports under PL-480 from the United States. The Government is now determined to make all-out efforts to make the country self-sufficient in food by 1970 and a number of measures have been taken to achieve this end. The strategy of the Third Plan has now been so devised as to provide for much larger investment in agriculture, especially in the private sector. The expenditure in other sectors like transport, water and power has also been given a reorientation in favour of increase in agricultural production.

In East Pakistan, the standing crops and the stored foodgrains were damaged by floods, cyclones and tidal bores in 1966, resulting in a shortage of rice and other foodgrains which pushed up prices. The situation was met by imports of rice, wheat and maize and their distribution at ration depots throughout the country which provided considerable relief.

In West Pakistan, rains in February and early March 1967 improved the condition of standing 'rabi' crops. This combined with large-scale imports of foodgrains arrested the rising price trends. The prospects of comparatively better wheat crop estimated at 42 lakh tons has led to a steep decline in the prices of new wheat which started flowing into the market in April 1967.

The Government adopted a large number of measures to increase agricultural production, especially food. It was planned to sink 49,000 tubewells in West Pakistan during the remaining 3 years of the Third Plan. Of these, 40,000 tubewells would be installed by private owners and the rest by various Government agencies. Similarly, in East Pakistan tubewells are being sunk to increase irrigation facilities during winter season. The consumption of fertilizers is also being increased in East and West Pakistan.

The most important measure was the introduction of better crop-yielding seeds. IRRI rice imported from the Philippines has been introduced in East and West Pakistan on experimental basis and Mexi-Pak wheat in West Pakistan. The area covered by Mexi-Pak wheat during 1966-67 is estimated at 2·95 lakh acres. It is intended to increase it to 20 lakh acres in 1967-68 and to 30 lakh acres by 1968-69.

Due to drought in West Pakistan and floods and cyclones in East Pakistan the growth rate in agriculture showed a small increase of 1.6% in 1965-66. However, as a result of Government's efforts to achieve self-sufficiency in food, the growth rate is estimated at 3.1% during 1966-67, despite unfavourable weather conditions. The index of agricultural production is estimated to rise from 124 to 128.

INDUSTRY AND MINING

During 1965-66, the pace of industrial growth slowed down for several reasons, the most important being the war with India and a decline in the availability of imported industrial raw materials. The index of industrial production increased by 6% from 202 in 1964-65 to 214 in 1965-66. It is estimated that various measures taken by the Government will further raise the growth rate during 1966-67 by about 9%, the index of industrial production rising from 214 to 233. During 1965-66, the production of sugar, silk and rayon cloth, safety blades, safety matches and fertilizers increased, but that of cotton textiles, newsprint, paper and board, salt, cement and tyres and tubes showed some decline. The production trend during 1966-67 seems to be quite encouraging.

The Comprehensive Industrial Investment Schedule is being implemented at a satisfactory rate in spite of certain difficulties during 1965-66.

Sanctions for projects involving an expenditure of Rs. 223.65 crores were issued during the period July 1966 to January 1967. The pace of foreign private investment is according to plan, as during the first one and a half years of the Third Plan it totalled Rs. 20crores against the target of Rs. 70 crores for the entire five-year plan period. Loans and credits issued by the specialised institutions and commercial banks have increased considerably. During the first 6 months of 1966-67, the Industrial Development Bank of Pakistan advanced Rs. 15.71 crores to industry compared to Rs. 5.97 crores during the same period of 1965-66. During 1965-66, loans advanced by the Pakistan Industrial Credit and Investment Corporation amounted to Rs. 12.81 crores.

Public sector activities for the development of industries were accelerated during 1966-67. These were slower during 1965-66 because of the Indo-Pakistan war. The public sector investment increased from Rs. 45.60 crores in 1964-65 to Rs. 47.60 crores in 1965-66 and is estimated at Rs. 77.70 crores in 1966-67. The Provincial P.I.D.C., Small Industries Corporation and other agencies sponsored by the Government are actively engaged in the development of big and small industries in the country. The Public sector is particularly active in East Pakistan where private sector is comparatively shy.

WATER AND POWER DEVELOPMENT

West Pakistan WAPDA

Since its inception in 1958 the West Pakistan WAPDA has undertaken 45 projects estimated to cost Rs. 586 crores. It has so far completed 6 water projects and 13 power projects at a cost of Rs. 223 crores. A sum of Rs. 24.41 crores has been earmarked for ongoing projects and Rs. 3.43 crores for new projects during the Third Plan period.

Work on various water projects such as Tanda Dam, Khanpur Dam, Karachi Irrigation Projects, Chaj Doab Scheme, Lower Thal Scheme, Upper Rechna Scheme etc. continued during 1966.

West Pakistan WAPDA has so far undertaken work on 24 power projects at an estimated cost of Rs. 302.45 crores, of which 13 power schemes costing Rs. 156.2 crores have been completed. Work on Qadirabad Barrage and the Qadirabad-Balloki Link has been substantially completed. Work on the Mangla Dam is ahead of schedule by nearly a year.

East Pakistan WAPDA

East Pakistan WAPDA played a vital role in exploiting both water and power resources to the maximum extent in the Province.

In the field of water development, about 29,000 acres have been irrigated under the Ganges-Kobadak Project. The total milage of embankments raised up to June, 1966, was reported at 1205. Out of 380 deep tubewells, 800 diesel-driven pumps and 70 pumps with electric motors under the Ground Development and Pump Irrigation Scheme, 306 tubewells and 560 pumps have been installed in Dinajpur, Rangpur, Bogra and Rajshahi districts.

In the power sector, power-generating capacity increased during 1965-66 from 208 MW to 234 MW, length of transmission and distribution lines from 2,971 to 3,580 miles, the number of consumers from 120,500 to 151,000 and electrified villages from 150 to 200.

The activities of the Atomic Energy Commission progressed satisfactorily during 1966-67. Some of the important projects undertaken by the Commission are: Karachi Nuclear Plant, Lyallpur Institute of Radiation Genetics and Plant Breeding and Mymensingh Institute of Radiation Genetics.

COMMERCIAL POLICY

In a developing economy, a good part of capital has to be imported and in almost all cases, the imports exceed exports for some time. Pakistan is passing through early stages of development process and her imports exceed exports. The deficit is being met through foreign economic assistance, in the shape of grants or loans and foreign private investment. However, this is not a permanent feature of the development process and sooner or later the country will have to push up exports enough to match imports and to finance development expenditure from her own resources.

Being aware of the need for increasing exports, several measures have been adopted by the Pakistan Government. Among the most important measures are the liberalisation of imports to increase local production of agriculture and mining and manufacturing industries, to substitute imports and to increase the supplies of consumer goods to bring down the price level. The extent of the liberalisation of imports is indicated by the fact that during 1966-67, 65% of the total imports were free from controls as compared to none in 1958-59.

A large number of export promotion measures have been adopted by the Government from time to time. Among these, the Export Bonus Scheme is the most important. During 1966, the exports covered by the Scheme earned Rs. 146.19 crores compared to Rs. 107.83 crores in 1965. Bonus earnings of the exporters increased from Rs. 24.83 crores in 1965 to Rs. 33.59 crores in 1966. Since April 1966, several changes have been made in the import list of the Scheme. Other export promotion measures

are the establishment of several institutions like the Export Promotion Bureau, Pakistan House International, compulsory standardisation of export goods, a survey of a large number of industrial units to assess their import requirements, introduction of pre-shipment inspection facilities to ensure the quality of export goods, several fiscal concessions and provision of cheap credit facilities to exporters.

In addition, 11 trade delegations were sent abroad to find new markets for the country's exports and to tap better sources for imports. Nine missions from other countries also visited Pakistan. A number of new trade agreements were also signed with other countries and existing trade agreements renewed. Pakistan participated in several international trade fairs to exhibit its goods. It also participated in several international trade conferences relating to GATT, UNCTAD, RCD and IPECC.

TRADE AND BALANCE OF PAYMENTS

The interzonal trade between East and West Pakistan increased by 31.8%, from Rs. 141.16 crores in 1964-65 to Rs. 186.04 crores during 1965-66. In 1965-66, exports from East Pakistan to West Pakistan were valued at Rs. 65.18 crores compared to Rs. 53.71 crores in 1964-65, an increase of 21.4% and from West Pakistan to East Pakistan increased by 38.2%, from Rs. 87.45 crores to Rs. 120.86 crores during the same period. Important commodities and goods imported into West Pakistan from East Pakistan were tea, jute goods, paper and paper board, leather and matches, and from West Pakistan to East Pakistan oilseeds, raw cotton, rice, cotton manufactures machinery, drugs and medicines and tobacco manufactures.

During 1965-66, Pakistan's exports increased while its imports declined, resulting in a reduction in the adverse balance of trade. Exports increased from Rs. 241 crores to Rs. 272 crores or by 13% while imports declined from Rs.537 crores to Rs. 421 crores or by 22%. As a result, the adverse balance declined from Rs. 296 crores to Rs. 149 crores.

Exports during 1965-66 included Rs. 20 crores of food items, Rs. 134 crores worth of raw materials and Rs. 118 crores worth of manufactured goods. Superior quality extra fine rice called Basmati was the most important food item exported. Among raw materials, raw jute, raw cotton, hides and skins, raw wool and fish were important. Cotton manufactures, jute goods and leather were the most important finished goods.

Capital goods, such as machinery, electrical goods, transport equipment and iron and steel, industrial raw materials such as non-ferrous metals, art silk yarn, dyes and colours, chemicals and vegetable oils, and food and consumer goods, such as foodgrains, drugs and

medicines, woollen yarn and manufactures and mineral oils, occupied significant positions among Pakistan's imports.

During the first nine months of 1966-67 (July-March) both exports and imports increased. Exports stood at Rs. 217.23 crores compared to Rs. 205.83 crores during the first nine months of the preceding year. Imports also increased from Rs. 327.25 crores to Rs. 362.33 crores.

Pakistan's terms of trade deteriorated during 1965-66. The index fell from 111.65 in 1964-65 to 94.60 in 1965-66. The major contributory factor was the increase in the prices of imports. While the index of the unit value of exports increased by only 0.60 point, from 157.92 to 158.52 the index of the unit value of imports shot up by 26.13 points, from 141.44 to 167.57 during the same period.

The overall balance of payments of Pakistan recorded a surplus of Rs. 7.24 crores in 1965-66, as against a deficit of Rs. 6.36 crores in 1964-65.

PRICES AND COST OF LIVING

Prices and cost of living, which had remained comparatively stable during the past several years, began to show a rising trend in 1965-66. Nature has been quite cruel to the country during the last two years. The failure of monsoons which mostly start from India and failed there for two successive years had also adverse effects on the agrarian economy of Pakistan. The production of wheat decreased from 45 lakh tons in 1964-65 to 39 lakh tons in 1965-66. The rice crop was also adversely affected. The availability of other consumer goods was also reduced as a result of the restrictions on imports made necessary by a long delay in the receipt of foreign economic aid and the diversion of a large amount of the country's foreign exchange resources to finance the import of foodgrains. As a result, prices registered a further rise during 1966-67.

The wholesale price index increased by 18 points in March 1967 compared to March 1966.

During 1966-67, the cost of living index for industrial workers, when compared with 1965-66 increased at Karachi by 12.0 points to 126 8, at Lahore by 14.6 points to 124.5, and at Narayanganj by 10.9 points to 123.4, by the end of March, 1967. The 'food' group was mainly responsible for the upward trend at all three places i.e. Karachi, Lahore and Narayanganj.

TRANSPORT AND COMMUNICATIONS

Significant progress was achieved in the transport and communi-

cations sector during the Second Plan. In view of the key role that this sector plays in economic development, the public sector allocation for it in the Revised Phasing and Priorities of the Third Plan has been increased by Rs. 16 crores to Rs. 671 crores. Greater stress is being laid on strengthening and expanding communications between the East and West Wings.

The steady progress made in the field of shipping was maintained and during the first year of the Third Plan 12 ships, 10 for the National Shipping Corporation and 2 for private companies, were acquired. There was considerable expansion in the activities of the Inland Water Transport Authority. Development of the ports of Karachi and Chittagong and Chalna anchorage progressed satisfactorily, and the traffic handled by these far exceeded their designed capacity.

Pakistan International Airlines continued to make good progress and introduced a number of new services on domestic and foreign routes. Replacement of Viscount services by Trident medium haul jet aircraft has not only increased capacity but also substantially cut flying time between Karachi and Rawalpindi.

In the Post and Telecommunications sector, phenomenal progress has taken place. During the one and a half years of the Third Plan period, 488 new post offices were opened, bringing the total number of post offices in the country at the end of December 1966 to 12,254. In the first quarter of 1967 (January-March), 67 more post Offices were opened. The number of telephones during 1966 increased by 11,500 to approximately 1,45,000 and this number is expected to rise to 1,65,000 by the end of 1967. Subscribers trunk dialling has been introduced between Karachi and the four important cities of Lahore, Rawalpindi, Lyallpur and Multan and also between Rawalpindi and Peshawar. A 100-line telex auto exchange has been installed at Karachi. Similar exchanges are also to be installed at Lahore, Rawalpindi, Dacca, Khulna and Chittagong.

Development in broadcasting and television also made satisfactory progress. The construction of Karachi TV station is being expedited, while pilot stations at Lahore and Dacca are being expanded. A Central Training Institute and a Pilot TV station has also been set up at Rawalpindi, the opening ceremony of which was performed by the President of Pakistan on 15th January 1967.

MONEY AND BANKING

Money supply in 1966 rose by Rs. 139.17 crores, or 14.6 % to Rs. 1088.74 crores at the end of the year compared with an increase of Rs. 79.39 crores or 9.1 % at the end of the preceding year.

Both the Government and the private sectors contributed towards the expansion in money supply during 1966. The share of the former was larger at Rs. 120.59 crores, and that of the latter relatively modest at Rs. 31.26 crores. The expansion in these sectors was partly offset by contraction in the foreign sector and accumulation of time deposits. Money supply declined by Rs. 16.51 crores in the first quarter of 1967. This was largely accounted for by surplus in financial transactions in the government sector.

Bank Credit

During 1966, bank credit increased by Rs. 171.81 crores or 25.5% to Rs. 845.69 crores. During 1965 and 1964 it had increased by Rs. 73.59 crores and Rs. 184.19 crores respectively. Expansion in bank credit was attributed to both the Government and the private sectors. During January-March 1967, bank credit recorded an increase of Rs. 30.66 crores. To restrain the rate of monetary expansion and growth in bank credit which was considered rather high, certain curbs were imposed on bank credit in January, 1967. The measures taken to check the sharp increase in credit expansion included, among others, limitation of maximum period for bank advances against wheat and rice stocks to six months, total ban on advances for financing hire-purchase operations, restrictions on advances against imported manufactured consumergoods beyond 50 per cent for West Pakistan and beyond 60 per cent for East Pakistan. In case of certain imported raw materials advances were restricted to the range between 60% and 85% of the value. Restrictions were also imposed on advances for purchases of all types of edible oil beyond 50% of the market value.

The People's Credit Scheme remained in operation and helped in providing credit to small borrowers. Since its inception in 1964 to the end of 1966, over Rs. 32 crores had been provided to 33,648 borrowers of which 78% were for Rs. 10,000 and below.

The inter-bank call money rate at Karachi, which opened at 5%-5¼% in the first week of January, 1966, remained easy up to November. It was only in December that a tight position began to develop. At the end of March 1967, the rate was quoted at 6½-6¾%.

Banking facilities continued to expand; 358 new bank branches were opened in 1966 as against 325 in 1965. The total number of bank branches increased from 1,825 at the end of 1965 to 2,183 at the end of 1966. At the end of March, 1967, the total was 2,214.

Bank Deposits

The year 1966 witnessed a sharp increase in bank deposits. The net increase during the year amounted to Rs. 187.95 crores, or 25.3%,

the total being Rs. 930.19 crores at the end of 1966, against an increase of Rs. 86.45 crores, or 13.2%, in 1965 and Rs. 144.82 crores, or 28.3%, in 1964. Bank deposits during the quarter ending March 1967, however, recorded a decline of Rs. 7.94 crores and stood at Rs. 922.25 crores.

Notwithstanding the substantial deposit growth, the scheduled banks remained heavily dependent on the central bank. Their borrowings increased from Rs. 177.67 crores at the end of 1965 to Rs. 187.31 crores at the end of 1966, a rise of Rs. 9.64 crores. In 1965, the rise had been of Rs. 40.06 crores. At the end of March, 1967, scheduled bank borrowings stood at Rs. 191.11 crores.

The scheduled banks made much larger investments in various types of securities during 1966. Their volume increased by Rs. 54.31 crores to Rs. 248.44 crores as against an increase of Rs. 8.10 crores during 1965. During the quarter ending March, 1967, scheduled bank investments, however, stood lower by Rs. 9.22 crores to Rs. 239.22 crores.

The specialised credit institutions continued to provide credit facilities; since its inception to March 31, 1967, the Pakistan Industrial Credit and Investment Corporation provided loans and other forms of financial assistance amounting to Rs. 155.20 crores for various projects. The Industrial Development Bank of Pakistan sanctioned loans worth Rs. 17.2 crores during 1966-67 (July-March) as against Rs. 14.7 crores during the corresponding period of 1965-66. Total advances made by the Bank up to March 31, 1967 amounted to Rs. 129.6 crores covering 2,986 cases. During 1966-67 (July-March) the House Building Finance Corporation disbursed loans of Rs. 4.63 crores. The total advances made by the Corporation up to the end of March 1967 amounted to Rs. 44.67 crores. During the year 1966, the Agricultural Development Bank of Pakistan advanced loans of Rs. 13.51 crores compared to Rs. 7.77 crores in 1965. The total advances by the Bank up to March 1967 amounted to Rs. 67.86 crores.

STOCK MARKET AND BONUS VOUCHERS

Stock Market

The Stock Market was characterised by a bearish trend during most of 1966. A decline in the general index of share prices, which had started in the second half of 1965, became more pronounced in 1966. Occasional rallies were minor and shortlived. Investment support remained at a low ebb, and in the face of stringency in the short-term money market, low dividend yields, poor management of some of the companies and absence of institutional support, equities failed to evoke much interest. Also important was the reduced availability of foreign exchange and the shortage of power supply in certain areas. The market,

however, improved in the first quarter of 1967, mainly because of the new Investors' Scheme announced by the Investment Corporation of Pakistan which came into existence on 22nd February 1966.

The general index of shares which stood at 110.13 on 31st March, 1966 declined to 108.41 in June, 1966 and further to 104.90 at the end of December, a net loss of 5.23 points. It increased, however, to 107.11 by 31st March 1967.

Bonus Vouchers

From April 1966 to March 1967, prices of bonus vounchers showed fluctuations of Rs. 20.50 ranging between Rs. 147.00 and Rs. 167.50. The range of fluctuations was Rs. 52.00 in the corresponding period of the previous year, when the prices varied between Rs. 118.00 and Rs. 170.00

The rise and fall in the rates of bonus vouchers could be attributed to the changes in the lists of goods importable under the Bonus Scheme, periodical revisions in the bonus entitlement and import policy and speculative dealings.

PUBLIC FINANCE

The budgets of the Central and Provincial Governments for 1966-67 show the same bouyancy as characterised the earlier budgets. Revenue receipts as well as expenditures on development were budgeted higher than in 1965-66. Total receipts, on revenue account of the Central and Provincial Governments were budgeted at Rs. 773 crores, an increase of Rs. 135 crores, or 21% above the revised estimates of Rs. 638 crores for 1965-66.

The cardinal aim of the Government's budgetary policies continues to be fast and self-sustaining economic growth within the shortest possible time. Greater stress is being laid on the generation of internal resources and keeping non-development expenditure to the minimum.

In the 1966-67 Central Budget, Rs. 98.92 crores (revenue surplus) were transferred from the revenue budget to the capital budget for meeting development needs. Total revenue receipts during 1966-67 were estimated at Rs. 471.02 crores, Rs. 111.19 crores more than the revised estimates of Rs. 359.83 crores for 1965-66. Revenue expenditure, on the other hand, was budgeted less by Rs. 41.29 crores, at Rs. 372.10 crores. The capital budget was balanced at Rs. 481.89 crores, Rs. 143.07 crores more than the revised estimates of Rs. 338.82 crores for 1965-66. In order to bring in more revenue from internal resources, the Central Budget for 1966-67, besides providing for the progressive rationalisation of the tax system, raised additional resources of about Rs. 37 crores from

new taxes. East Pakistan's budget for 1966-67 also levied additional taxes of Rs. 1.16 crores. In the West Pakistan budget, however, no new taxes were levied.

The Annual Development Programme in the public sector stood at Rs. 514 crores, while investment of about Rs. 400 crores was envisaged in the private sector.

Of the public sector programme of Rs. 514 crores, Rs. 230 crores were earmarked for East Pakistan, Rs. 190 crores for West Pakistan and Rs. 94 crores for Central Projects. The larger allocation for East Pakistan was in line with the Plan objective of accelerating the pace of investment in that Province.

PLANNING

Pakistan's Third Five-Year Plan, approved by the National Economic Council in May, 1965, involves a total expenditure of Rs. 5,200 crores, Rs. 3,000 crores in the Public Sector and Rs. 2,200 crores in the Private Sector.

Natural calamities such as droughts in West Pakistan, and floods tidal bores and cyclones in East Pakistan and the reduced inflow of foreign economic assistance because of the postponement of the Aid-to-Pakistan Consortium meeting in July, 1965, and the outbreak of war with India necessitated reconsideration of the resources, priorities and rephasing of the Third Plan.

According to the revised phasing, sectoral priorities and allocations approved by the National Economic Council in December, 1966 the operational size of the public sector programme has been reduced from Rs. 3,450 crores to Rs. 3,100 crores. The net size of the programme however, remains at Rs. 3,000 crores. Transport and Communication is the only sector to which the gross allocation has been increased in absolute terms. The gross allocation for Agriculture now stands at Rs. 411.5 crores, for Water and Power Rs. 804.7 crores, Industry, Fuel and Minerals Rs. 410.5 crores, Physical Planning and Housing Rs. 247.7 crores, Education and Training Rs. 237.4 crores, Health Rs. 117.5 crores Social Welfare Rs. 9.0 crores, Manpower Rs. 8.6 crores, and Works Programme Rs. 182.0 crores.

An Annual Development Programme of Rs. 513.7 crores for 1966-67 was approved by the National Economic Council, of which Rs. 230 crores were allocated for East Pakistan; Rs. 190 crores for West Pakistan and Rs. 93.7 crores for the Centre.

The first year of the Plan was beset with substantially low foreign

economic assistance, due to the postponement of the Consortium meeting in July, 1965, followed by the outbreak of war with India in September, 1965. This resulted in increased expenditure on defence. The natural calamities such as prolonged drought in most areas in West Pakistan and floods in East Pakistan resulted in a decrease in the area under main crops and delay in sowings which adversely affected production and yield per acre. In spite of all these odds and heavy stresses and strains, the progress of economic development was well maintained.

FOREIGN ECONOMIC ASSISTANCE

The Third Five-Year Plan envisages a total expenditure of Rs. 5,200 crores of which Rs. 1,600 crores are to be obtained from external sources in the form of project and non-project assistance. Of this, Rs. 1,285 crores were expected to be mobilised through the Aid-Pakistan Consortium. During the first two years of the Plan, the Consortium assistance was 36 per cent lower than the Plan projection—Rs. 653 crores as against expected Rs. 1,025 crores.

A shortfall of Consortium assistance in the first two years was partly made up by large credits from non-Consortium sources. Total credits from these sources during the first two years of the Third Plan period are estimated at $ 248 million (Rs. 118.5 crores). The impact of these credits on the level of commitment and disbursement is not yet reflected since many of these credits are for large projects with somewhat longer construction periods.

Up to 31st December 1966, total loans contracted amounted to Rs. 1,549 crores. Of this Rs. 1,401 crores were repayable in foreign exchange and Rs. 148 crores in Pakistani rupees.

Up to 31st December 1966, total disbursement amounted to Rs. 1,016 crores of which Rs. 145 crores are repayable in rupees. Total loans repaid by that date amounted to Rs. 175 crores—Rs. 154 crores in foreign exchange and Rs. 21 crores in local currency.

Up to 31st December 1966, out of total loans of Rs. 1,549 crores, Rs. 1,016 crores had been disbursed and Rs. 533 crores ($ 1120 million) were in the pipeline. Of the latter, Rs. 530 crores were in foreign exchange and Rs. 3 crores in local currency.

On 1st January 1967, loans amounting to Rs. 841 crores were outstanding, Rs. 717 crores being repayable in foreign exchange and Rs. 124 crores in rupees.

During 1965-66, Rs. 36.49 crores were spent on debt servicing. In 1966-67, Rs. 45.58 crores are estimated to be spent on the same account,

which is 12.15 per cent of the expected foreign exchange earnings of the country.

RURAL WORKS PROGRAMME

With a view to utilising vast man-power resources lying idle in the rural areas, the Government of Pakistan chalked out a programme in 1962, known as the Rural Works Programme, to employ this resource to build the infra-structure of the rural economy.

The Programme has made good head-way in the field of rural development. In 1965-66, Rs. 22 crores was provided and in 1966-67 an amount of Rs. 15 crores—Rs. 10 crores for East Pakistan and Rs. 5 crores for West Pakistan—was earmarked.

The Rural Works Programme is labour intensive, especially in East Pakistan. The programme provided employment for 108 million man-days of labour to agricultural labourers in East Pakistan. In other words, the programme generated 1,21,760 round-the-year jobs. In West Pakistan the programme provided 18 million man-days to the unemployed agricultural labour. During the Second Plan period, the programme has helped to reduce rural unemployment from 28% to 26% in East Pakistan and from 20% to 15% in West Pakistan.

The achievement of this programme in respect of road construction is very significant. During 1965-66 about 18,585 miles of pucca and kutcha roads, have been constructed by the Union, Thana, District and Municipal Councils in East Pakistan. Nearly 12,000 running feet of bridges have also been built in East Pakistan during the same period under this programme. Over 2,000 miles of embankments and about 1,000 miles of canals and drainage channels have also been constructed. In West Pakistan, since 1963 about 47,000 schemes have been completed at an expenditure of Rs. 36 crores. The Programme has considerably helped to increase per capita income in the rural areas. The implementation of the programme slightly slowed down during 1966-67 owing to delayed release of funds. A sum of Rs. 10.5 crores was released for East Pakistan and of Rs. 5 crores for West Pakistan.

SOCIAL DEVELOPMENTS

Education and Technical Training

Education and technical training, which has been recognised as a pre-condition for social and economic development, has received a total allocation of Rs. 237 crores in the Third Five Year Plan. The programme will provide primary education facilities to about 70 per cent of the

children by way of double-shift programme and utilising mosques, churches and temples in addition to the regular schools. About 20 per cent of the allocation for the education sector will be spent on secondary education where the courses are being diversified by providing a wide choice of subjects like industrial arts, agricultural science, commercial study and home economics for girls. Three new universities at Chittagong, Jehangirnagar (Dacca) and Islamabad have been recently established in order to provide more higher educational facilities. In order to meet the dearth of technicians, the Government has earnestly endeavoured to popularise and introduce technical education in the country. The present annual output of technicians is about 750, which is expected to increase to 1,750 by the end of 1970. The number of ploytechnics was also raised from 28 in 1964-65 to 38 by the end of 1966. Two full fledged universities (one in each wing) are working to meet the needs of agriculture. The Government is also sending adroad students under various Central Overseas Training and Merit Scholarship Schemes.

Health

The Third Five-Year Plan, which proposes an investment of Rs. 117.5 crores in the Health Sector, provides not only preventive and curative services but also aims at creating basic conditions conducive to healthy living. In the face of dimensional problems in health such as low nutritional standards, lack of proper environmental sanitation, paucity of trained personnel and rapid growth of population, the Government has taken a large number of measures for providing relief from the common diseases. Under the malaria eradication programme about 8 crore people have been covered so far. The rate of death from small pox has considerably gone down. The number of BCG Teams and T.B. Clinics was increased to 44 and 103 respectively by the end of 1966, and about 2.73 crores persons have been vaccinated so far. Although West Pakistan is mostly free from Cholera, East Pakistan has been suffering from this disease. The annual deaths of Cholera which numbered 15,655 in 1958 have come down to about 2,000 in 1966. Rural health programme has also been diversified to cover in-door treatment, minor surgery, X-ray, Laboratory facilities, vaccination and inoculation, safe drinking water supply, maternal and child health work and registeration of births, and deaths etc. Family planning programme launched in 1965 is off to an excellent start and has yielded encouraging result.

Labour and Social Welfare

Government embarked on ambitious programme to translate the objectives of the labour policy into reality. Emphasis was laid in the Second Plan on manpower development, social insurance and the employment of satisfactory standards of safety, sanitation, health and eradication of child labour. The Government of West Pakistan has recently promulgated a social security scheme which provides for medical benefits in the

form of disablement pension, gratuity, death grant and survivor's pension to workers in industrial and commercial enterprises. The scheme has, presently, been introduced in Karachi, Hyderabad and Lyallpur.

The Third Plan allocates Rs. 9.03 crores for development of social welfare services. Social work training programme has been prescribed through social work departments in the Universities of Karachi and Rajshahi. The number of urban community development projects had increased to 84 by the end of the Second Plan period, while the number of voluntary social welfare agencies has increased to 2,512 in the country. Eradication of beggary is also being implemented through urban community projects. The target of establishing 9 medical social work projects in East Pakistan was fully achieved, while in West Pakistan 10 medical social work projects were started against the Plan target of 15. The Third Plan proposes to establish 60 such projects, 30 in each province.

Physical Planning and Housing

Apart from the continuance of the basic development programmes of the Second Plan, the Third Plan envisages the provision of low income group houses and essential housing facilities for public servants and industrial workers. The Third Plan envisages the establishment of two building and housing research centres, implementation of 60 urban water supply development schemes and sinking of 200,000 tubewells in East Pakistan and implementation of small rural water supply schemes in 600 villages of West Pakistan and development of 350,000 residential plots.

Apart from construction work on slum clearance, low-income group houses, colonies for Kashmir refugees, Government offices at various places, the Capital Construction Scheme at Islamabad was further pushed forward during 1966. About 85 per cent work of Secretariat buildings at Islamabad (Phase II) has been completed. About 2450 houses for the staff and the officers in the Capital have also been completed. The work on Second Capital at Dacca is well ahead of schedule. The Annual Development Programme of Physical planning and Housing provides for an allocation of Rs. 42.34 crores during 1966-67.

CHAPTER I

NATIONAL INCOME

The National Income Commission, set up in April 1963, submitted to the Government of Pakistan its Interim Report in September, 1964 and its Final Report in February 1966. Subsequently the Government of Pakistan constituted a Working Group in June, 1966 to examine the Report of the National Income Commission and to make appropriate recommendations for its implementation. The Working Group examined in detail the findings and recommendations of the National Income Commission as contained in its Final Report so as to seek ways and means for the implementation of various recommendations made by the Commission. The Working Group after thorough deliberations prepared an 'Action Programme' indicating appropriate assignments to various Central and Provincial Government agencies, Universities and research organisations to facilitate implementation of the recommendations of the National Income Commission. The Working Group submitted its report to the Government in September 1966 which is under active consideration of the Government.

A summary of the main recommendations of the Working Group is given below:

(*i*) Action Programme as devised by the Group and necessary resources required for its implementation be approved.

(*ii*) A high-powered Reconciliation Statistical Board consisting of representatives of the Central and Provincial Governments be set up to resolve differences in statistics computed and released by various Departments.

(*iii*) A high-level National Accounts Committee be constituted for reviewing the methodological and practical problems in setting up the national accounts and for examining the annual estimates prior to their release.

(*iv*) A six-monthly report be submitted by CSO to the Government giving the progress of implementation of the recommendations as contained in the Action Programme.

(*v*) The Final Report of the National Income Commission be released to the public.

GNP ESTIMATES

In 1965-66, the first year of the Third Five-Year Plan, Pakistan's economy faced special problems, diverse in effects. The inflow of foreign economic assistance was cut short as a result of the postponement of the pledging session of the Pakistan Consortium in July 1965. Then came the outbreak of war with India in September, 1965, and an increase in defence expenditure. There was a long drought in most areas of West Pakistan and the availability of canal water was reduced because of low precipitation during the earlier season. As a result, the sowing was delayed

and area under main crops decreased which affected adversely the agricultural production, particularly of wheat. These developments subjected the economy to heavy stresses and strains. However, in spite of these handicaps the progress of economic development was maintained.

The second revised estimates of GNP for 1965-66 at 1959-60 factor cost indicate a growth rate of 4.6% compared to 4.5% during the preceding year.

Growth Prospects for 1966-67

According to preliminary national accounts, the GNP is likely to increase by 5.2% in constant 1959-60 prices as shown in Table 1. This will be in line with the average growth rate achieved during the Second Plan period, though still below the average growth rate of 6.5% visualized in the Third Plan.

The main elements of growth in 1966-67, compared to those in the preceding year and the Second Plan period, are shown in Table 1.

Table 1

COMPOSITION OF GNP

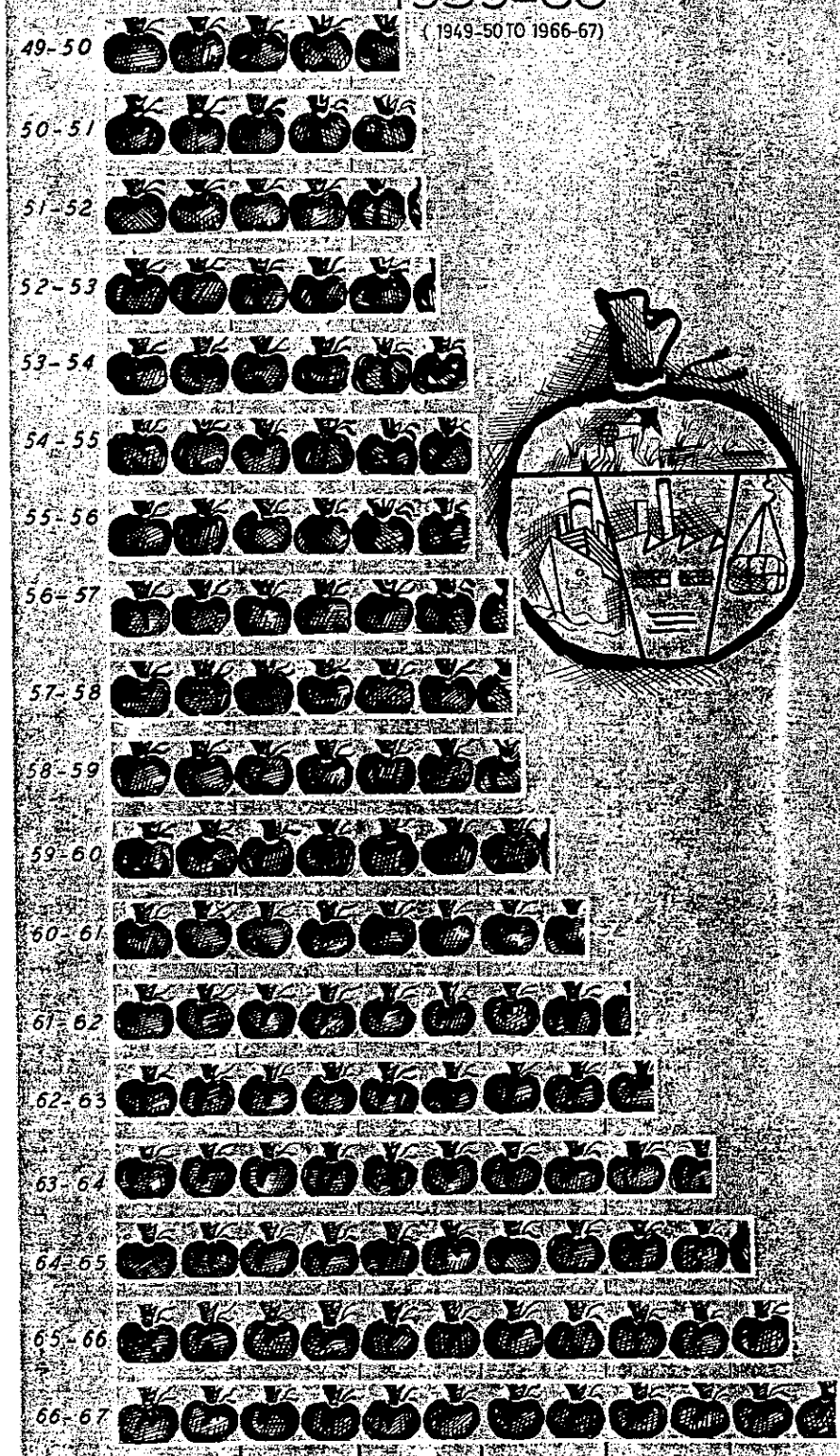
Sector		1959-60	1964-65	1965-66	1966-67	*Growth Rate*		
						Second Plan	1965-66	1966-67
Agriculture	..	53.2	48.1	46.7	45.8	3.4	1.6	3.1
Manufacturing	..	9.3	11.5	11.5	11.7	10.0	5.0	6.9
Large scale	..	(5.0)	(7.7)	(7.8)	(8.1)	(15.0)	(6.2)	(9.0)
Small scale	..	(4.3)	(3.8)	(3.7)	(3.6)	(2.6)	(2.6)	(2.6)
Constructions	..	2.1	4.7	4.2	4.4	24.0	−5.0	9.9
Services	..	35.4	35.7	37.6	38.1	5.8	9.8	6.7
GNP	..	**100.0**	**100.0**	**100.0**	100.0	**5.5**	**4.6**	**5.2**

The overall increase of 3.1% in the agricultural sector in 1966-67 conceals a much higher growth rate of 5% in West Pakistan, partly counterbalanced by a slower increase of only 1.5% in East Pakistan where the rice crop was affected by floods in several districts and jute sowings were delayed by drought in April 1966. If these natural factors had not affected production in East Pakistan, the growth of the agricultural sector and the economy as a whole would have been higher than the growth rates of 5 and 6.5% respectively as visualized in the Third Plan.

In the industrial sector the preliminary index of industrial production in 1966-67 (estimated) was 233 compared to 214.2 for the year 1965-66 (1959-60= 100).

G.N.P. AT CONSTANT FACTOR COST OF 1959-60

(1949-50 TO 1966-67)



The quantum and value indices of industrial production for 1965-66 by quarters and 1966-67 (estimates) are shown in Table 2.

Table 2

INDEX OF INDUSTRIAL PRODUCTION

(1959-60=100)

Period	*Quantum Index*	*Value Index*
1965-66	**214.2**	**234.4**
July-September	189.7	201.7
October-December	218.9	239.5
January-March	231.5	258.5
April-June	216.5	237.9
1966-67 (estimated)	**233.0**	**260.0**

The decline in industrial production in July-September, 1965 was due to the war with India in September 1965 and that in April-June 1966 on account of raw material shortages as inventories got depleted through delayed pledging and commitment of foreign assistance, and restricted flow of imports. Replenishment of stocks started from July 1966 onwards but at a slower rate as a result of delays in fresh commitments of non-project assistance.

The recovery in 1966-67 depicts partly the improvement in the raw material situation and partly the substantial increases in the production of certain major industries based on local raw materials notably jute, sugar, cement and leather goods industries. The overall growth of industrial production in the large-scale sector during 1966-67 is expected to be around 9% compared to about 6.2% in 1965-66. If the flow of raw materials to industries is accelerated still further, as expected, in the next few months and the power situation also improves with the commissioning of Lyallpur and Mangla stations, the growth rate in large scale industries may be further stepped up.

PER CAPITA INCOME

The per capita income of Pakistan increased at a faster rate, 1.9%, during 1965-66 than in 1964-65, 1.8 %. It has increased at a still higher rate of 2.5% during 1966-67 because of better agricultural production in West Pakistan and larger industrial output in both the Provinces.

According to preliminary estimates of the Central Statistical Office, per capita gross income has increased from Rs. 372 in 1965-66 to Rs. 381 in 1966-67 and represents

an increase of 2.5% over the period compared to an increase of 1.9% in the previous year.

The annual compound growth rate in the per capita income during the Second Plan was 2.8% compared to .16% during the First Plan period.

The trend of the per capita gross income in Pakistan from 1949-50 to 1966-67 is shown in Table 3 below.

Table 3

GROWTH OF PER CAPITA INCOME FROM 1949-50 TO 1966-67

Year (July-June)	*Income per capita*	*Annual compound rate of growth (%)*
1949-50	311	—
1954-55	316	0.4*
1959-60	318	.16
1964-65	365	2.8*
1965-66	372	1.9
1966-67	381	2.5

*In the preceding 5 years.

STRUCTURAL CHANGES

The economy of Pakistan witnessed significant changes in its structure during 1966-67. It is evident from Table 1 at page 2 that the contribution of Agriculture to the Gross National Product is continually decreasing while that of the non-agricultural sectors is becoming increasingly important. The contribution of the agricultural sector which was 53.2% in 1959-60 came down to 46.7% in 1965-66 and to 45.8% in 1966-67. The share of manufacturing sector in GNP increased fairly rapidly, from 9.3% in 1959-60 to 11.5% in 1964-65 and 1965-66. Subsequently it increased to 11.7% in 1966-67. The share of construction sector showed a pronounced improvement from 2.1% in 1959-60 to 4.4% in 1966-67. Minor changes were recorded in other sectors.

As the Third Five-Year Plan places greater emphasis than the preceding Plans on manufacturing industries it is hoped that in the following years the share of the non-agricultural sectors, particularly manufacturing, will increase more rapidly than in the past and that of agriculture will accordingly decline still further, thus providing greater stability to the economy.

CHAPTER II

FOOD AND AGRICULTURE

Two successive bad harvests in both wings of the country due to climatic factors, have put a serious strain on the economy of the country, necessitating considerable expenditure of scarce foreign exchange on imports of foodgrains. The situation was aggravated by decline in imports under PL-480 from the United States and an increase in local prices. The Government is determined to make allout efforts to make the country self-sufficient in food by 1970, and a number of measures have been taken to achieve this end. The strategy of the Third Plan has now been so devised as to provide for much larger investment in agriculture, especially in the private sector. The expenditure in other related sectors such as transport, water and power has also been given a reorientation in favour of increased agricultural production. Details of these measures are discussed in the Chapter on Planning.

Food Situation in East Pakistan

The Province started 1966 with a carry-over of 2 lakh tons of rice and 50,000 tons of wheat. Import requirements were estimated at 12.80 lakh tons, 4.50 lakh tons of rice and 8.30 lakh tons of wheat. The requirements were intended to be met by importing 4.60 lakh tons of rice, 1.40 lakh tons from Burma, Thailand and China and 3.20 lakh tons from West Pakistan. The entire quantity from abroad had been received by the end of January 1967, while the shipment of rice from West Pakistan was in progress till the end of March. Of 8.30 lakh tons of wheat, over six lakh tons had been received from the USA, Australia and Canada up to the end of March 1967 and the rest was being arranged and received in instalments from various countries.

Because of the irregular and slow supply of wheat from the USA under PL-480, the Provincial Government had to restrict issues of wheat and rice between January and June, 1966 in order to maintain adequate reserves for any emergency. As a result, prices of rice rose considerably. The Provincial Government took adequate measures to arrest the rising trend by extending rationing to rural areas. They also took steps to enforce anti-hoarding and anti-smuggling measures. In order to augment the East Pakistan Government's stocks of rice, the Central Government proposes to purchase 75,000 tons of rice from Burma and 50,000 tons of rice from China during the calendar year, 1967.

Because of imports of rice from China and Thailand at higher costs and an increase in the procurement prices of Kangni/Joshi rice in West Pakistan, the pooled price of rice for East Pakistan was increased in December 1966, from Rs. 21.00 per maund to Rs. 23.48 per maund. As a result of this increase, the East Pakistan Government also raised the issue price of rice from that date from Rs. 26.40 per maund to Rs. 29.60 per maund.

Free market price of rice also increased. Although in the latter part of December 1966 and January 1967, prices declined to some extent, because of the unsatisfactory condition of the 'aman' crop, they again rose in February. In March,

these began to decline with a good 'rabi' crop and better prospects for the 'boro' crop. Further reductions are expected in the coming months. On 31st March 1967, the Provincial Government had in stock 1.60 lakh tons of rice and 2.17 lakh tons of wheat and maize.

West Pakistan

At the beginning of 1966, the West Pakistan Government had in stock 1.98 lakh tons of wheat. The 1965-66 wheat crop was only 39.10 lakh tons, compared to 45.52 lakh tons in 1964-65. This necessitated heavy imports of foodgrains, estimated at 15.20 lakh tons, in 1966-67. Against these requirements, the quantity supplied up to the end of 1966 was about 4.11 lakh tons, 3.25 lakh tons from the USA and 86,000 tons from Australia. During the first quarter of 1967, imports were 6 lakh tons. Procurement arrangements for the balance have been completed and West Pakistan will in all receive 15.20 lakh tons of wheat and corn till the end of June 1967.

The shortfall in wheat production and slow arrivals of wheat under PL-480 created a scarcity with a steep rise in prices. The increased cost of imported wheat compelled the Government to raise the issue price of wheat from Rs. 16.00 to Rs. 17.25 per maund in May 1966. The prices of wheat during July-December, 1966 ranged between Rs. 14.50 to Rs. 34.00 per maund, as against Rs. 12.00 to Rs. 19.50 per maund during the corresponding period of the previous year. The situation was further aggravated by the failure of the winter rains.

With some rains in February and March and arrivals of more imported wheat, the prices began to decline. In the third week of April, 1967, the prices of wheat in West Pakistan ranged between Rs. 20.00 and Rs. 30.00 per maund and the declining trend continued with the coming of new wheat crop in the markets.

The stocks of wheat with the Provincial Government on 31st March, 1967 were about 3.6 lakh tons.

In order to meet the increased requirements of East Pakistan and to meet foreign sales commitments, a higher procurement target for rice was fixed for 1966-67 than in 1965-66. Procurement prices of cheaper varieties were also raised as shown in Table 4.

Table 4

PROCUREMENT OF RICE IN WEST PAKISTAN

	1965-66		1966-67	
	Quantity procured	*Procurement price per maund*	*Procurement target*	*Procurement price per maund*
	Tons	*Rs.*	*Tons*	*Rs.*
Basmati	1,15,000	28.00	1,40,000	28.00
Permal	11,800	18.00	10,000	17.50
Begmi	14,600	15.00	20,000	17.50
Kangni	44,000	16.00	30,000	17.50
Joshi	1,73,800	15.50	1,64,000	17.00
Total ..	3,59,200		3,64,000	

It has been decided that cultivation of the 'permal' variety of rice in West Pakistan be banned from 1967-68 in order to avoid the admixture of permal with 'basmati' rice which affects adversely exports of 'basmati' rice. During the first nine months, export of 'basmati' rice earned foreign exchange worth Rs. 12.90 crores as against Rs. 13.25 crores during the year 1965-66.

In order to provide an incentive to farmers to increase the production of rice, wheat and maize in West Pakistan, the Government on 27th March, 1967 fixed the the floor prices of these commodities as shown in Table 5

Table 5

FLOOR PRICES OF RICE, WHEAT AND MAIZE

(rupees per maund)

Commodity	*Price*
1. **Rice**	
(*a*) Basmati	31.00
(*b*) Begmi	20.00
2. Wheat	17.00
3. Maize	14.50

These prices are to remain in force for three years, from March 1967.

Edible Oils

In West Pakistan, the main cooking medium used to be 'ghee'. However, with an almost static supply and large scale adulteration the demand is shifting to vanaspati ghee, which is relatively cheaper. In East Pakistan, mustard oil is the chief cooking medium, but because of its shortage, its price is rising, and people have started using other edible oils such as soyabean oil. The consumption of vegetable ghee is also increasing. Mustard oil produced in West Pakistan is largely consumed in East Pakistan as edible oil; cotton seed oil, produced locally is used for the manufacture of vegetable ghee. The local production of edible oils is not sufficient. It is estimated at less than two lakh tons a year, compared to an estimated demand of about 3.50 lakh tons. Cotton seed/soyabean oil is, therefore, imported under the United States Public Law 480 Title 1 programme, and recently also from the country's own resources.

Production of mustard and rape seed was badly affected by drought in 1965-66, and it declined by 9.3% from 3.02 lakh tons in 1964-65 to 2.74 lakh tons in 1965-66. The position was aggravated by the sudden suspension by the USA of supplies of edible oils under PL-480 and as a result, available amount declined considerably. The

supply position of edible oils in Pakistan, specially in East Pakistan, accordingly became very tight during 1965-66. In order to meet the situation, the Government of Pakistan allocated over Rs. 1 crore in foreign exchange to the East Pakistan Government for the import of about 18,000 tons of rape seed (about 6,000 tons in terms of oil) on Government account from Canada. The Central Government also contracted for the import of about 5,000 tons of rape seed oil from China for East Pakistan, which reached the Province during the latter part of 1966. Efforts are being made to procure more quantities of edible oils/oilseeds from abroad.

The US Government issued Purchase Authorisations for about 75,000 tons of cotton seed/soyabean oil during 1965-66 against Pakistan 's request for 1,50,000 tons, distributed equally between East Pakistan and West Pakistan. It also issued Purchase Authorisations for about 20,000 tons of cotton seed/soyabean oil under PL-480, which reached Pakistan around March 1967, and may issue another Purchase Authorisation for about 16,000 tons of edible oil under PL-480. The Pakistan Government has also allowed the import of edible oils and oil seeds on Stamped Bonus Vouchers and importers of edible oils under PL-480 are required to import under vouchers at least half as much as under PL-480. It may be mentioned that bonus vouchers earned from the export of jute are subject to certain restrictions for their use. Fifty per cent is earmarked for imports of machinery, etc, for the jute industry. These vouchers bear special stamps and are called stamped vouchers. Import duty on edible oils imported against stamped bonus vouchers has been reduced from 40% to 20% *ad valorem*. A deal for the import of 30,000 tons of sunflower seed oil against barter with basmati rice has been finalised with the Soviet Government. The Government sent a delegation to the Sudan and other African countries to explore the possibility of import of edible oilseeds/oils against export of cotton textiles.

As a result of these measures, prices of edible oils and vanaspati ghee declined in both the Provinces in March 1967, as indicated in the Chapter on "Prices and Cost of Living."

Sugar

The supply position of sugar was satisfactory during 1966. Total production during 1965-66 was 4.65 lakh tons, as against an estimated annual demand of 3.85 lakh tons. About 75,000—80,000 tons was surplus in West Pakistan from the production of the 1965-66 season. Control on the distribution of sugar in West Pakistan was accordingly lifted in the last week of October, 1966. Restrictions on the movement of sugar from West to East Pakistan were also withdrawn until 31st December 1966, and about 37,000 tons were exported from West Pakisian to East Pakistan during 1966.

According to preliminary estimates, production of sugar during 1966-67 may be 5 lakh tons, as against 4.45 lakh tons during 1965-66. The supply position during 1967, is therefore, likely to remain easy. In March 1967, the Government reduced the issue price of sugar from Rs. 1.50 to Rs. 1.37 per seer in West Pakistan. Market prices were also easy in several towns and cities of the Province.

AGRICULTURAL DEVELOPMENT AND TECHNICAL IMPROVEMENT

The Government are making intensive efforts to increase agricultural production. In March 1967, it announced the revised strategy of the Third Five-Year Plan which gave the highest priority to agriculture. Increased efforts are being made to expand agriculture-based industries. The development programme for transport and communication has been expanded to meet the increasing development requirements of agriculture. Targets for fertilizer distribution and foodgrain production have been increased with a view to attaining self-sufficiency in food by 1970. Greater emphasis is being laid on immediately productive programmes. A block allocation of Rs. 37 crores has been included in the agriculture sector for additional projects, particularly those for achieving self-sufficiency in food.

Another indicator of the Government's efforts to increase agricultural production was the holding of the Governors' Conference under the Chairmanship of the President of Pakistan in Rawalpindi in February, 1967. The decisions of the Confrence included directives of far-reaching importance for agriculture in East and West Pakistan. In pursuance of these decisions, it is planned to sink 49,000 tubewells in West Pakistan during the remaining three years of the Third Plan. Of these, 40,000 tubewells would be installed by private sector and the rest by various Government agencies. Similarly, in East Pakistan tubewells are being sunk to increase irrigation facilities during the winter season. The consumption of fertilisers is also being increased in East and West Pakistan. The most important measure is the introduction of better crop-yieding seeds. IRRI rice imported from the Philippines has been introduced in East and West Pakistan on experimental basis and Mexi-Pak wheat in West Pakistan. The area covered by Mexi-Pak wheat during 1966-67 is estimated at 2.95 lakh acres. It is intended to increase it to 20 lakh acres during 1967-68 and to 30 lakh acres during 1968-69.

Consolidation of Agricultural Holdings

Several measures to increase agricultural production are already under implementation. In West Pakistan, consolidation of holdings is one of the important ways of improving the operational position of agriculture. In early 1967, the work was in full swing in the 21 districts of the former Punjab and the North West Frontier Province. The following figures show the work done between 1st April 1966 and 31st January 1967:

(a) Number of revenue estates consolidated	45(
(b) Area consolidated (in acres)	9,28,48(
(c) Number of plots before consolidation	3,68,72(
(d) Number of Plots after consolidation	1,57,79

Re-grouping of scattered and fragmented parts of holdings has helped in improving the condition of agriculture in several ways. 458 tubewells and 153 open wells have been sunk by the landowners to derive maximum benefit from the regrouping of their scattered plots. 15,243 acres of waste land have been brought under

cultivation. 164 new 'kucha' roads, with a total legnth of 260 miles, were constructed on a self-help basis to provide adequate communications for the villages.

The work of consolidation also involves the reservation of plots for common needs e.g. the extension of village 'abadis' and provision of play-grounds, schools, hospitals, grave-yards, roads, paths linking with pucca road, railway and canal crossing etc., in order to develop the villages as model estates.

Agricultural Development Estates

To meet the increasing demand for green groceries, meat, milk and poultry in the growing towns and to check the rising prices of these commodities, the Provincial Governments, at the instance of the Central Government, are preparing schemes for the establishment of Agricultural Development Estates near Rawalpindi, Lahore, Karachi and Hyderabad in West Pakistan and near Dacca, Chittagong, Rajshahi and Khulna in East Pakistan. The Central Government will give grants on 50:50 basis to the Provincial Government for setting up these estates. For the year 1967-68, a sum of Rs. 10 lakhs is being provided for this purpose in the Central Budget.

In West Pakistan, the work relating to the setting up of Agricultural Development Estates near Rawalpindi, Hyderabad and Karachi has been entrusted to the West Pakistan Agricultural Development Corporation, while that for Lahore to the Provincial Agriculture Department. The West Pakistan ADC has already prepared a survey scheme for the estate near Rawalpindi/Islamabad which is under implementation. The site has been selected, a kucha road has been constructed and electricity is being provided to the area of the estate. The survey is nearing completion and a detailed scheme based on this survey will be prepared for implementation during 1967-68. A similar survey of the Karachi area is also in progress. The Agriculture Department has also prepared a scheme for Lahore which is under consideration of the Provincial Government for sanction. It is also expected to be implemented during 1967-68.

In East Pakistan, a scheme for an Agricultural Development Estate near Dacca has already been sanctioned and is under implementation. A survey for selection of a site near Chittagong and Khulna is in progress.

Plant Protection

Plant protection activities showed continued expansion in East Pakistan during 1965-66. A total area of 42.60 lakh acres was covered during that year, as compared to 35.72 lakh acres in 1964-65. In West Pakistan, the total area covered showed some decline as the Provincial Government did not accord sufficient priority to this work. In 1964-65, the total area covered in West Pakistan was 25.26 lakh acres, which declined to 16.70 lakh acres in 1965-66.

Under the curative measures, which comprised ground and aerial spraying, 62.4 lakh acres were covered during 1965-66, of which 36.8 lakh acres were in East Pakistan and 25.6 lakh acres in West Pakistan. The yearly progress since 1959-60 is reflected in Table 6 on page 11.

Table 6

AREA COVERED BY GROUND AND AERIAL OPERATIONS

(000 acres)

Year (July-June)	*East Pakistan*	*West Pakistan*	*Total*
1959-60	346	1,350	1,696
1960-61	743	1,242	1,985
1961-62	1,110	935	2,045
1962-63	2,626	1,350	3,976
1963-64	1,796	2,700	4,496
1964-65	3,240	3,228	6,468
1965-66	3,680	2,560	6,240

Preventive measures, consisting largely of seed treatment against soil and seed-borne diseases, covered an area of 22.5 lakh acres, 5.8 lakh acres in East Pakistan and 16.7 lakh acres in West Pakistan. Progress in this direction since 1959-60 is indicated in Table 7.

Table 7

AREA SOWN WITH TREATED SEEDS

(000 acres)

Year (July-June)	*East Pakistan*	*West Pakistan*	*Total*
1959-60	25	2,322	2,347
1960-61	71	2,573	2,644
1961-62	56	1,842	1,898
1962-63	48	1,875	1,923
1963-64	325	2,000	2,325
1964-65	332	2,100	2,432
1965 66	580	1,670	2,250

Improved Seeds

The quantity of improved seeds distributed in Pakistan during 1965-66 was 64,000 tons compared to 40,000 tons in 1964-65. In West Pakistan, the quantity

increased from 27,000 tons in 1959-60 to 31,000 tons in 1964-65, and further to 56,000 tons in 1965-66. In East Pakistan, it increased from 6,000 tons in 1959-60 to 9,000 tons in 1964-65, but declined to 8,000 tons during 1965-66.

Mechanisation

The mechanisation programme consisted mainly of land development, irrigation by tubewells and tractor cultivation in West Pakistan and the use of power pumps for irrigation and tractor cultivation in East Pakistan. During 1965-66, in East Pakistan, 3,421 power pumps were hired out to cultivators by the use of which 174,000 acres were irrigated. In addition, 123 tractors were used to reclaim an area of about 19,000 acres. The East Pakistan Agricultural Development Corporation also hired out 200 power tillers to farmers in 1965-66.

In West Pakistan, 84 bull-dozers were added to the existing Government-owned fleet of 336 bull-dozers, while no addition was made to the existing strength of 103 tractors. An area of 94,000 acres was developed in 1965-66 with the use of 250 bull-dozers. The reason for the comparatively smaller number of bull-dozers used (250 of a total of 420) during 1965-66 was that 84 newly-received bull-dozers could not be put into operation, and about 33% of the total number available in the Southern Region were obsolete and needed replacement. The area cultivated by the use of 70 tractors during 1965-66 was 58,000 acres. The low utilization of tractors was due mainly to the lack of demand in the Northern zone (comprising Peshawar and Dera Ismail Khan Divisions). 2,228 tubewells had been sunk by the Agriculture Department of the Government of West Pakistan. Tubewells are considered to be an important source of irrigation and reclamation of water-logged and salined land. Private landlords and agriculturists have also developed a liking for tubewells. The number of tubewells installed up to the end of 1965-66 was 37,000. The West Pakistan Agricultural Development Corporation distributed to the farmers at subsidized rates 635 improved implements, which included mainly improved ploughs, *tharphali*, and single row cotton drills. Table 8. shows the progress of the Farm Mechanisation Programme in East and West Pakistan.

Table 8

FARM MECHANISATION PROGRAMME

Item	*Unit*	1959-60	1964-65	1965-66
East Pakistan				
Tractors used	Number	66	133	123
Pumps used	,,	1,150	2,238	3,421
Area reclaimed	Thousand acres	7	20	19
Area irrigated	,,	47	131	174
West Pakistan				
Tractors used	Number	124	114	70
Bulldozers used	,,	132	290	250
Area cultivated	Thousand acres	51	35	58
Area developed	,,	36	71	94

Fertilizers

The use of fertilizers is increasing although not so fast as the Government wishes because of certain difficulties. The consumption in 1965-66 was 1.36 lakh tons of plant nutrients, 54,000 tons in East Pakistan and 82,000 tons in West Pakistan. The consumption is expected to increase to 2 lakh tons during 1966-67. Local production is being increased, as described in the Chapter on "Industry and Mining."

Agricultural Education

In East Pakistan, 16 Union Assistants and 59 farmers' sons were trained at the Farm Mechanisation Training Institute, Dacca, and the Agricultural School, Tajhat. Work on the expansion of accommodation and other facilities at the East Pakistan Agricultural University, Mymensingh, continued during 1965-66. In West Pakistan, facilities at the Agriculture University, Lyallpur, and the Agricultural Colleges at Tando Jam and Peshawar were strengthened. Vocational and in-service training of farmers was continued. The total number of field assistants trained in West Pakistan during 1965-66 was 580 against 482 in 1964-65.

Under the programme of agricultural extension, facilities available with the Provincial Agricultural Information Services were strengthened. A large number of posters and pamphlets and other publications on the results of research were produced and distributed among the farmers. The Information Services also expanded their programmes of audiovisual aids for demonstrating improved agricultural techniques, advocating the use of seeds of improved varieties, fertilizers, and improved agricultural implements. In East Pakistan, about 45,000 demonstration farms and 46,000 rural demonstration plots were established, and cultivation of coconut and groundnut was encouraged. In West Pakistan, field assistants were appointed in areas falling within urban union committees. The holding of agricultural shows and fairs was continued.

Research on Crop Production

The main emphasis of research has been on the evolution and introduction of new varieties of crops for cultivation under different climatic and soil conditions to increase farm production and farmers' income.

Dwarf wheat varieties were imported from Mexico into West Pakistan and tried on the fields of selected farmers. The results of trials carried out in the Province has been encouraging, establishing that Mexi-Pak-65 variety was the highest-yielding variety for average and rich soils and early sowing. This variety offers good scope for large-scale cultivation, because it is considered quite good for making *chapaties* as compared to other imported Mexican varieties.

A new fodder, yielding on an average about 1,500 maunds of fodder per acre, was developed at the Agricultural Research Institute, Lyallpur. Experiments

were successfully carried out in soyabean cultivation in the Hyderabad region and steps were being taken to popularise its cultivation among the farmers in order to increase the production of oilseeds. High-yielding synthetic varieties of maize were evolved and introduced in the Salinity Control and Reclamation Project in the Central Rechna Doab area of West Pakistan.

During the period under review, many rice varieties were imported into East Pakistan from the International Rice Research Institute of the Philippines and were tried in different localities of the Province. The varieties are liable to higher breakage and insect attack than the local ones, and hence further research is now necessary before they can be recommended for sowing on a large scale.

Experiments are also being made with improved qualities of sugarcane suitable for East Pakistan. Trials made during 1965-66 indicated that two high-yielding varieties could be released to replace the existing ones in the Province. Several varieties of various other crops were still in different stages of experimentation before their release to farmers for general cultivation. Research work for evolving improved varieties of jute was continued during the year under review.

Agricultural Marketing

In East Pakistan, the number of demonstration parties for the hides and skins improvement programme for better marketing was increased from 8 to 17, while for the wool improvement programme, the number was increased from 2 to 6 during 1965-66. A survey of storage facilities for farm products was conducted, and 14 important markets were brought under the purview of the East Pakistan Agricultural Produce Markets Regulation Act, 1964. About 10 lakh eggs were graded at six stations for internal consumption and for export.

In West Pakistan, surveys were conducted on cotton, turmeric, ginger, tobacco, flax fibre and onion for assessing the possibilities for export. Five regulated markets were also set up in the Lahore region.

During 1965-66, the Department of Marketing Intelligence and Agricultural Statistics of the Central Government graded 71,000 bales of wool, 18,000 bales of animal hair, 10,000 bales of sun hemp, and 2,000 maunds of goat and sheep skins for export. Rules for the compulsory grading of hides and skins were finalized. Collection of data for a survey of the production and marketing of cotton in West Pakistan was completed. Reports on the marketing of jowar, gram and other pulses and oilseeds and oilcakes in Pakistan were also prepared.

FISHERIES

The progress in the development of fisheries was fairly satisfactory. The fish production registered an overall upward trend despite the fact that development expenditure had to be considerably curtailed on account of the national emergency. The overall production of fish increased from 3.6 lakh tons in 1964 to 3.8 lakh tons in 1965, indicating an increase of 5%. During 1966, total production of fish

rose to 4 lakh tons, an increase of 5.2% over the previous year. The increase in fish production resulted partly from an encouraging response from the privately-financed sector and partly from the development efforts made in the Government-financed sector.

In East Pakistan, three fish seed-multiplication farms were set up and over 4,000 new tanks were brought under fish cultivation, while 76 boats were equipped with outboard engines received from the United Nations Food and Agriculture Organisation (FAO)

In West Pakistan, 36 fish seed-multiplication farms were set up. About 4 lakh fry were salvaged and 6 lakhs fingerlings were stocked in various water areas of the Province. In the project areas of the West Pakistan Agricultural Development Corporation, 414 acres were brought under fish cultivation, one fish farm and 4 nursery farms were set up, and over 20 thousand fingerlings were raised and stocked. In the Frontier regions, two fish farms were established and about 2.4 lakhs of fry and fingerlings were stocked. The operations of the fish-curing yards were continued at Pasni and Gwadar.

In East Pakistan, land for the construction of a wholesale fish market and a fish-landing terminal at Dacca was acquired and work on site development was taken up. A jetty at Rangamati was constructed.

In East Pakistan, additional staff was appointed at the fish technological station at Chandpur; construction of buildings for the fresh water fisheries research station was completed; and the pre-investment survey for assessing fisheries potential of the Bay of Bengal was continued. In West Pakistan, research on carp fisheries was continued at the Chhenawan Fish Farm, while research on important marine biological problems was continued at the Marine Biological Laboratory, Karachi. A preliminary survey was undertaken for assessing the fisheries potential in the Special Areas and the Mangla Dam.

In East Pakistan, efforts were made by the extension staff of the Fisheries Directorate to popularise fish cultivation in the rural areas. About 110 fishermen were trained at the 4 vocational training centres for fisheries in the basic principles of handling the catch, crafts and gears. In West Pakistan, 42 private persons were trained in improved techniques of fish-raising. A new fisheries training centre was set up at Lahore by the West Pakistan Agricultural Development Corporation.

The mechanised fishing vessels, specially trawlers, have extended their area of operation to exploit deep-sea fisheries. Before 1964-65, the operation of launches (gill-netters) was limited to the maximum depth of 12 fathoms. In 1964-65, the range of operations of trawlers was extended up to 20 fathoms line.

ANIMAL HUSBANDRY

To improve facilities for disease control in East Pakistan, 64 Thana veterinary dispensaries were at various stages of completion. In West Pakistan, 11 new veteri-

nary hospitals and two dispensaries were constructed. The disease control organisation inoculated 1.35 crore poultry birds (88 lakhs in East Pakistan and 47 lakhs in West Pakistan) and treated large number of animals against various diseases.

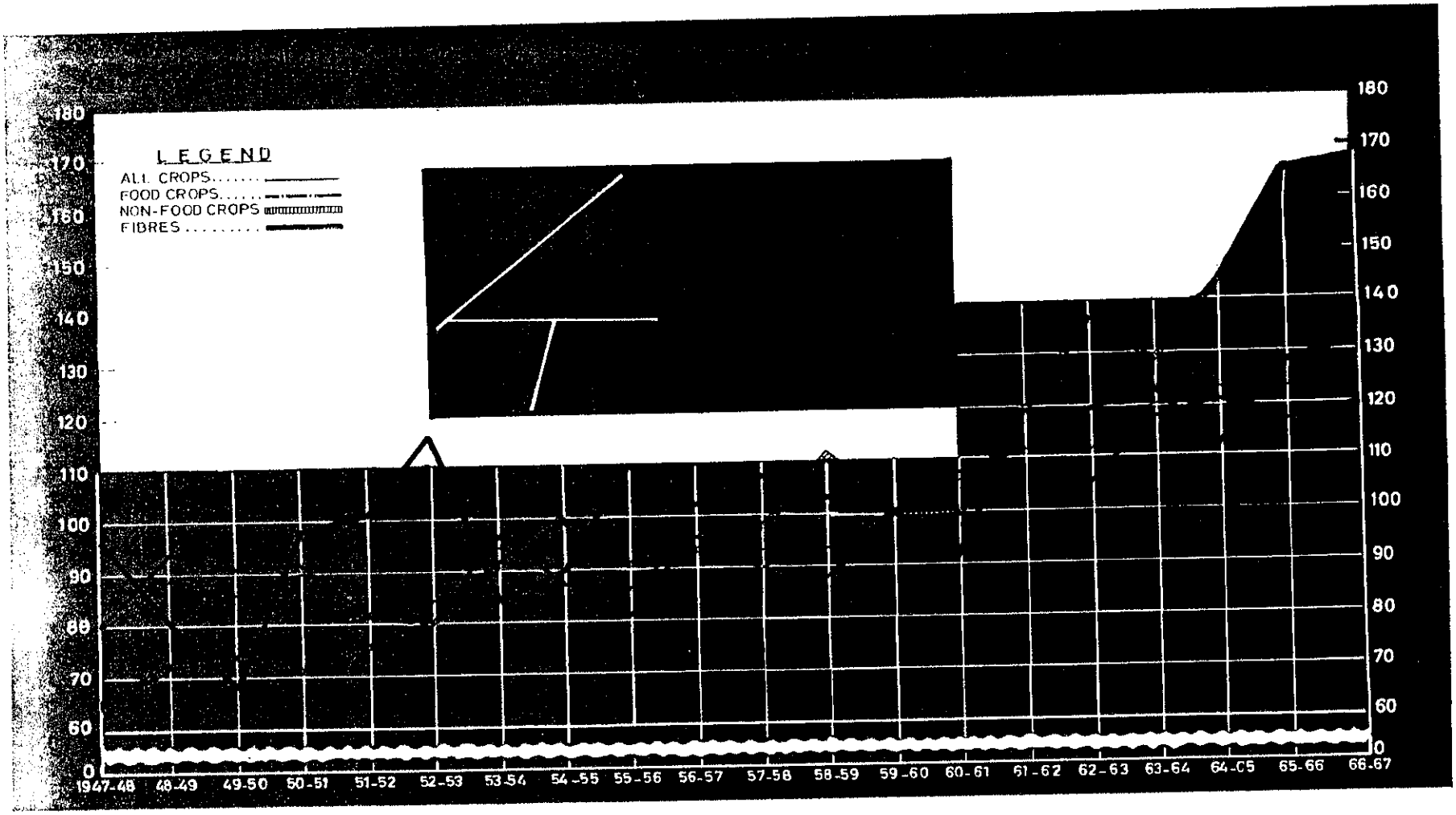
Four livestock farms for specific breeds were improved in West Pakistan. For upgrading and improving local livestock, 673 bulls (including 102 new ones) were maintained on subsidy in West Pakistan, while 18 bulls where distributed from the Savar Farm in East Pakistan. Two artificial insemination centres, one each in in East Pakistan and West Pakistan, were under construction. The Karachi sheep farm and the Angora Goat farm at Rakh Khairewala (District Muzaffargarh) were improved. About 86,000 poultry birds (38,000 in East Pakistan and 48,000 in West Pakistan) were distributed among the farmers for the improvement of poultry, and 4.6 lakh eggs (3.4 lakhs in East Pakistan and 1.2 lakhs in West Pakistan) were distributed among farmers for the propagation of improved breeds of birds in the rural areas.

The construction work on the Veterinary Training Institute in Mymensingh (East Pakistan) made considerable progress. Construction work on the Livestock Production Research Institute, Bahadurnagar (East Pakistan) and the Foot and Mouth Disease Research Centre and the Veterinary Research Institute, Lahore (West Pakistan) progressed satisfactorily. The air-conditioning of the laboratories at the CENTO Institute for Animal Reproduction, Malir (West Pakistan) was completed. The veterinary research laboratories produced 4.5 crore doses of cc/sera and vaccine (2.3 crores in East Pakistan and 2.2 crores in West Pakistan).

FORESTRY

Progress in the field of forestry was satisfactory during 1966. About 17,500 tons of timber were extracted from the forests of the Chittagong Hill Tracts in East Pakistan. While an area of 4,435 acres was afforested, an area of 4,800 acres was regenerated in the Province during 1965-66. Total afforestation during the Second Five-Year Plan was 43,945 acres compared to 1,700 acres in the First Five-Year Plan. The area under rubber plantation increased from 3,000 acres in 1964-65 to 3,100 acres in 1965-66.

In West Pakistan, 858,000 cft of timber were extracted from the forests of Dir and Chitral states during 1965-66. In addition, about 66,630 maunds of resin were extracted from the pine forests of Abbotabad. In West Pakistan, the plantations are concentrated in irrigated areas. The total area planted up to 1965-66 was 5.49 lakh acres. During 1966-67, new plantations covered 2,961 acres. Other afforestation activities relate to (a) linear plantations along roads, canals, and railway track (5,396 miles), (b) fruit tree plantation (650 acres) and (c) afforestation and soil conservation of resumed land (8,400 acres). Further, afforestation activities covered 7,664 acres in the hilly regions and scrub lands. Range management operations, consisting mainly of grazing management, survey and re-seeding operations were carried out on 2,44,140 acres. Watershed management operations, consisting of terracing and anti-erosion work, were carried out on 1,670 acres. 38 miles of new forest roads,


LEGEND
ALL CROPS
FOOD CROPS
NON-FOOD CROPS
FIBRES
180
170
160
150
140
130
120
110
100
90
80
70
60
0
1947-48
48-49
49-50
50-51
51-52
52-53
53-54
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56-57
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59-60
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64-65
65-66
66-67

12 miles of bridle paths, and one new forest building were constructed and 7 new working plans were under preparation. In the Bhurban area, over 1,200 acres of severely eroded land were terraced and another 1,576 acres were protected. About 23,000 acres were covered with fire protection measures in the Hazara district and inventories were prepared for an area of 64,000 acres in Dir, Chitral, and Indus Kohistan. While 1,843 miles of canal-side plantation was raised in the province, road-side plantation was over a length of 89 miles. Forest nurseries were raised over 144 acres during the year under review.

AGRICULTURAL PRODUCTION

Because of adverse climatic factors, there was only a small increase in agricultural production in 1965-66 over the previous year and the index of agricultural production increased from 123 in 1964-65 to 124 in 1965-66. However, considerable improvement was recorded during 1966-67 as a result of various efforts made by the Government and the index of agricultural production moved upward to 128 in 1966-67.

Table 9 shows the index of agricultural production during the last few years.

Table 9

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

Year	*Index*
1947-48	80
1949-50	86
1954-55	90
1959-60	100
1964-65	123
1965-66	124
1966-67*	128

* Estimated

According to preliminary estimates, the growth rate in agriculture which was 1.6% in 1965-66 rose to 3.1% in 1966-67.

The position with regard to some major crops is described below:

Rice

Rice is the most important crop in terms of area, production and contribution to national income. It is also the staple food of East Pakistan.

The area and production of rice during the last few years are shown in Table 10.

Table 10

AREA AND PRODUCTION OF RICE

Year	*Area* (000 *acres*)	*Production* (000 *tons*)
1960-61 to 1964-65 (Average) ..	24,954	10,842
1964-65	26,155	11,666
1965-66	26,573	11,640
1966-67 (Provisional)	25,587	11,800

The yield per acre of rice has shown no significant change during the past several years. During 1965-66, it was 11.5 maunds compared to 12.2 maunds in 1964-65 and the average of 11.8 maunds in the Second Plan period. However, it showed an increase in 1966-67 resulting from the use of better seeds and fertilizers etc.

Wheat

After rice, wheat is the most important crop and the staple food of the people of West Pakistan. Its consumption in East Pakistan is also increasing because of its low price and the shortage of rice. The area and production of wheat showed considerable fluctuations during the last three years because of drought in West Pakistan during 1965-66 and a considerable part of 1966-67.

During 1965-66, the area under wheat was less by about 1 % than in 1964-65. However, it was 5.6 % greater than the annual average area under wheat during the Second Plan period. According to preliminary estimates, the area under wheat during 1966-67 showed an increase of 8.8 % over 1965-66.

The production trend has been discouraging during the last two years. In 1965-66, the production of wheat was 15 % less than in 1964-65, and 6.1 % less than the annual average production during the Second Plan period. In 1966-67, production is likely to increase by 6.5 % over 1965-66. Table 11 on page 19 shows the trend in the area and production of wheat.

In 1965-66, per acre yield of wheat was low at 8.1 maunds compared to 9.3 maunds in 1964-65 and 8.9 maunds during the Second Plan period. Special efforts are now being made to increase the per acre yield of wheat.

PRODUCTION OF RICE AND WHEAT
(IN 000 TONS)

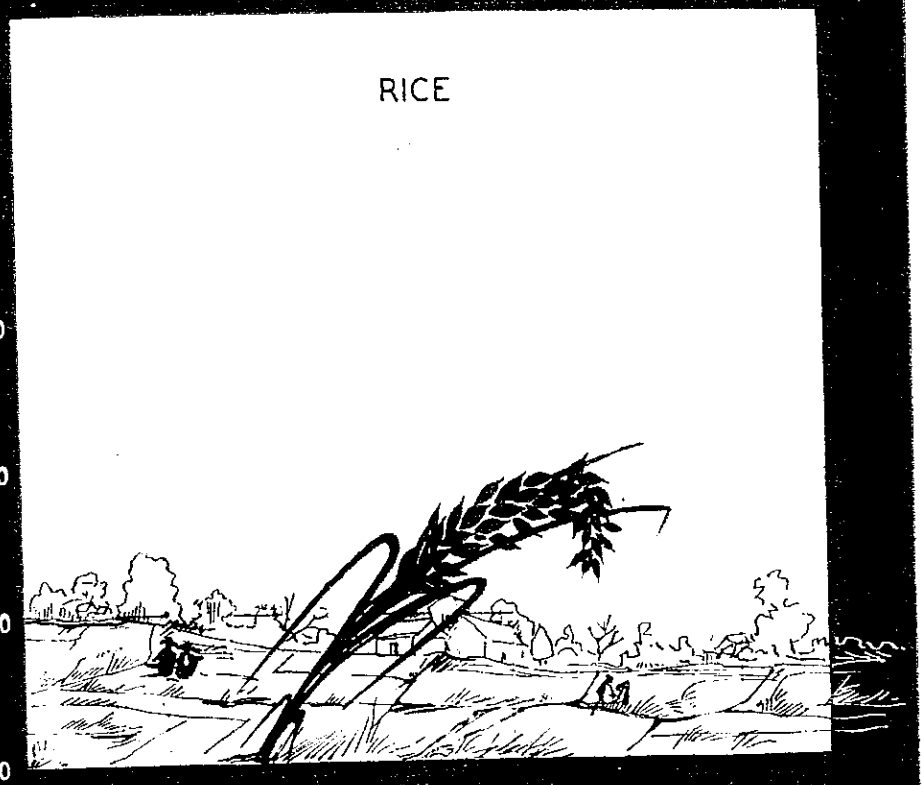


Table 11

AREA AND PRODUCTION OF WHEAT

Year	*Area* (000 *acres*)	*Production* (000 *tons*)
1960-61 to 1964-65 Average	12,464	4,124
1964-65	13,272	4,552
1965-66	13,038	3,910
1966-67 (Provisional)	14,188	4,240

Other Food Crops

Other food crops are bajra, jowar, maize, and barley. Gram is used as cereal in some areas, but mostly as pulse and animal feed through-out the country. The area and production of these crops in 1965-66 exhibited a divergent trend but, on the whole, there was a downward movement due to drought in West Pakistan, the major producer of these crops.

The area under these crops in 1965-66 was lower by 5.0 % than in 1964-65 and higher by 1.0% than the annual average during the Second Plan period. The area stood at 81.26 lakh acres in 1966-67. Production in 1965-66 was 11.6% less than in 1964-65, and 3.8 % less than the annual average of the Second Plan period. Production stood at 19.02 lakh tons in 1966-67. Table 12 gives the details.

Table 12

AREA AND PRODUCTION OF OTHER FOOD CROPS

Crop	*Area* (000 *acres*)				*Production* (000 *tans*)			
	Average 1960-61 *to* 1964-65	1964-65	1965-66	1966-67	*Average* 1960-61 *to* 1964-65	1964-65	1965-66	1966-67
Bajra ..	2,017	2,250	2,075	2,069	375	439	384	365
Jowar ..	1,251	1,448	1,469	1,382	247	288	270	273
Maize ..	1.202	1,212	1,349	1,377	490	523	534	581
Barley ..	529	509	436	502	132	128	94	108*
Total ..	**4,999**	**5,419**	**5,329**	**5,330**	**1,244**	**1,378**	**1,282**	**1,327**
Gram ..	3,028	3,118	2,778	2,796	664	698	574	575
Grand Total ..	**8,027**	**8,537**	**8,107**	**8,126**	**1,908**	**2,076**	**1,856**	**1,902**

*Provisional.

The per acre yield of these crops shows a downward trend.

Jute

Jute is the most important of the non-food crops, and earns the largest amount of foreign exchange. It is produced in East Pakistan and production and prices are largely influenced by world demand. Important developments in the area, production and exports of jute are reviewed in the following paragraphs.

During 1965-66, the area under jute rose sharply, by about 26 %, to 20.90 lakh acres, from 16.60 lakh acres in 1964-65. This increase was mainly due to an increase in prices, the price index (1959-60=100) moving in 1964-65 to 141.22, from 103.56 in 1963-64. In 1966-67, however, the acreage of jute provisionally estimated at 19.46 lakh acres, showed a decline over the previous year.

Jute production at 63.64 lakh bales during 1965-66 exceeded the production of 1964-65 at 53.28 lakh bales by 19.4% The production in 1966-67 is provisionally estimated again at 63.64 lakh bales.

The productivity per acre which is influenced more by weather conditions showed a decline in 1965-66 and the yield per acre fell to 14.8 maunds from 15.6 maunds in 1964-65.

Table 13 shows the acreage and production of jute in recent years.

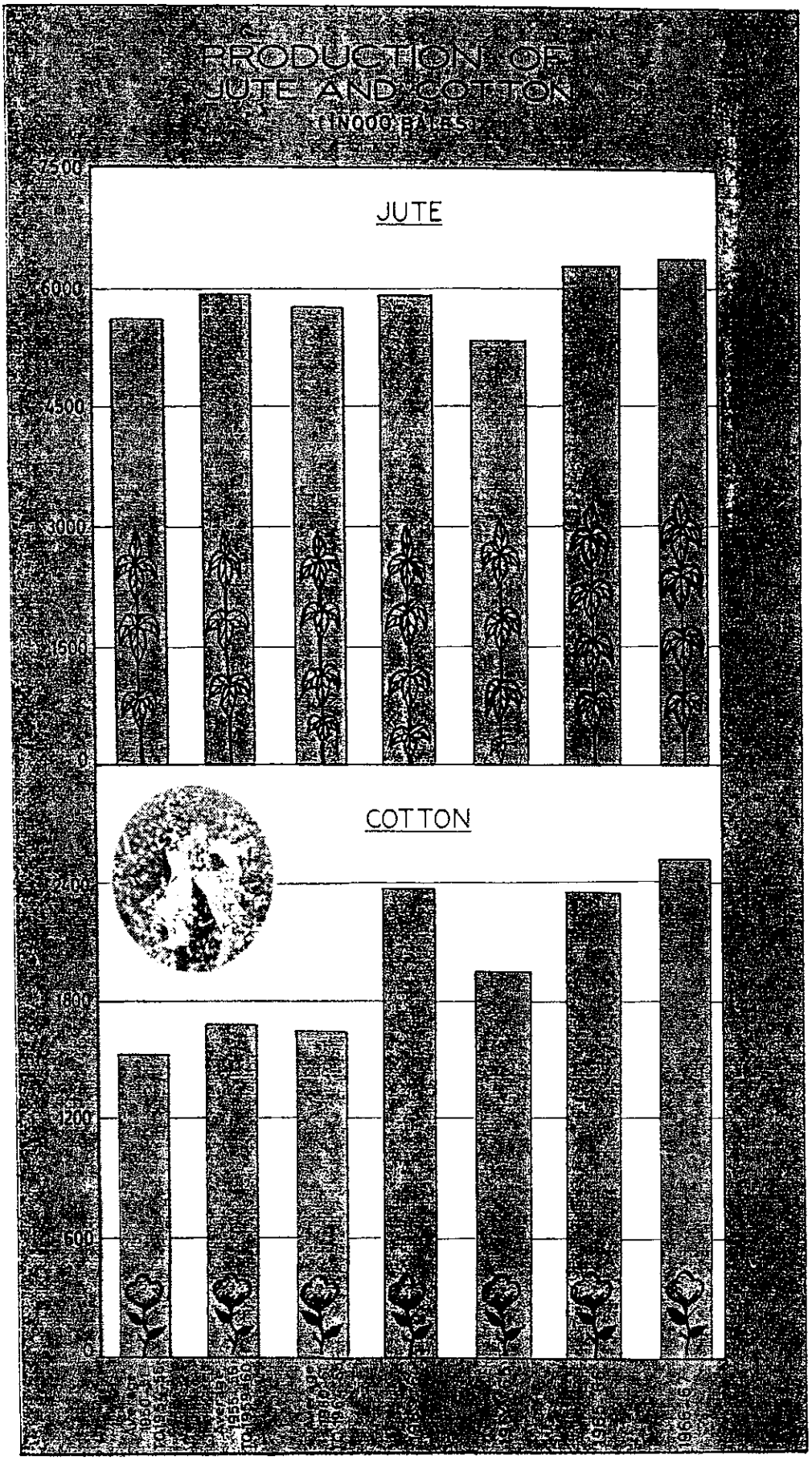
Table 13

ACREAGE AND PRODUCTION OF RAW JUTE

Year	*Area* (000 *acres*)	*Production* (000 *bales*)
1960-61 to 1964-65 Average	1,732	5,786
1964-65	1,660	5,328
1965-66	2,090	6,364
1966-67	1,946*	6,364**

*First estimate **Provisional

During 1965-66, the prices of jute were higher than in 1964-65 but the rate of increase was slower than in the preceding years. In 1965-66 the wholesale index of jute prices (1959-60=100) stood at 144.18 compared to 141.22 in 1964-65. In 1963-64 the index stood at 103.8. During 1966-67, the prices of raw jute were higher than those obtaining during 1965-66. The average price of white and tossa jute combined was Rs. 36.35 per maund during the first nine


PRODUCTION OF
JUTE AND COTTON
(1N000 BALES)
JUTE
COTTON
7500
6000
4500
3000
1500
0
2400
1800
1200
600
0

months of 1966-67 compared to Rs. 26.47 per maund during the same period of 1965-66. This was attributed to a smaller crop and higher world demand. However, the overseas importers resisted the upward trend by restricting import of jute. During the first nine months of 1966-67, 27.31 lakh bales of jute and 73,824 bales of mesta had been exported compared to 37.13 lakh bales of jute and 99,968 bales of mesta exported during the same period of 1965-66. Local consumption of raw jute, however, partly compensated for lower exports and during the first nine months of 1966-67, totalled 18.52 lakh bales, compared to 18.02 lakh bales during the same period of 1965-66.

Cotton

Cotton, mostly produced in West Pakistan is the second most important cash crop. The area under cotton, 38.95 lakh acres in 1965-66, was higher by 6.5% than in 1964-65 (36.59 lakh acres) and higher by 11.3 % than the annual average of 34.99 lakh acres during the Second Plan period. The acreage increased to 39.75 lakh in 1966-67.

In 1965-66, the production of cotton at 23.47 lakh bales exceeded the production of 21.39 lakh bales in 1964-65 by 9.9 % and was higher by 15.9 % than the annual average of 20.27 lakh bales during the Second Plan period. Table 14 shows the area and production of cotton:

Table 14

AREA AND PRODUCTION OF COTTON

Year	*Area* (000 *acres*)	*Production* (*Lakh bales*)
1960-61 to 1964-65 (Average)	3,499	20.27
1964-65	3,659	21.39
1965-66	3,895	23.50
1966-67	3,975	25.20

The yield per acre stood at 2.9 maunds of lint cotton in 1965-66 compared to 2.8 maunds in 1964-65 and 2.8 maunds during the Second Plan period.

Cotton market was easy in Pakistan in 1965-66 (July-June period) and prices were lower than in 1964-65. Index of wholesale prices (1959-60=100) stood at 107.64 compared to 113.99 in 1964-65. Prices showed a further downward trend during 1966-67. Index of average wholesale prices of cotton during the first half of 1966-67 was about 100.6 compared to about 103 during the same period of 1965-66.

During the cotton season 1966-67 prices were lower during the first six months (September-February) than in the same period of 1965-66. Table 15 shows the comparable prices of a few selected varieties.

Table 15

SPOT PRICES OF SELECTED VARIETIES OF RAW COTTON
1965-66 and 1966-67

(In rupees per maund)

Variety	1966-67 (*September-February*)	1965-66 (*September-February*)
N.T.R.	81.49	88.12
N.T.S. ..	87.11	92.80

Actual exports lagged behind the exports of the preceding season although export commitments were higher. Export commitments from 1st September 1966 to 10th April 1967 were 6.42 lakh bales compared to 5.97 lakh bales during the same period of the preceding season. Actual exports declined from 4.94 lakh bales between 1st September, 1965 and 1st April 1966 to 3.64 lakh bales during the same period of 1966-67.

Tea

Tea is an important cash crop of East Pakistan. There has been a constant increase in the area under tea. The annual average of tea acreage during the Second Plan period was 82,000 which increased by 7.3% to 88,000 in 1964-65 and by 12.2 % to 92,000 in 1965-66. It rose further by 3.3 % to 95,000 in 1966-67. This constant increase in the acreage was due to rising demand based upon home consumption and also due to 30% compulsory extension scheme. Production of tea rose by 19 % from an annual average of 54.2 million pounds during the Second Plan period, to 63 million pounds in 1964-65. This increased to 67.2 million pounds in 1965-66. In 1966-67, the production further rose to 71.7 million pounds, indicating an increase of 7% over the previous year. Table 16 shows the acreage and production of tea in recent years.

Table 16

ACREAGE AND PRODUCTION OF TEA

Year	*Area* (000 *acres*)	*Production* (*million lbs.*)
1960-61 to 1964-65 (Average)	82	54.2
1964-65	88	63.0
1965-66	92	67.2
1966-67	95	71.7

Other Non-Food Crops

Other major non-food crops are sugarcane, oilseeds such as rape, mustard and sesamum and tobacco. While area under sugarcane and tobacco has been increasing, acreage of oilseeds, i.e., rape and mustard and sesamum, showed a downward trend during the last few years, as indicated in Table 17.

Table 17

AREA UNDER OTHER MAJOR NON-FOOD CROPS

(000 acres)

Year	*Sugarcane*	*Rape and Mustard*	*Sesamum*	*Tobacco*	*Total*
1960-61 to 1964-65 (Average)	1,476	1,727	215	213	36.31
1964-65	1,590	1,666	209	224	36.98
1965-66	1,873	1,565	194	253	38.85
1966-67	1,763*	1,615@	108@	N.A.	N.A.

@First Estimate. *Second Estimate.

Sugarcane

In 1965-66 the acreage of sugarcane rose by 21.3 % over 1964-65 and by 7.7 % over the annual average of the Second Plan period. This increase in the acreage of sugarcane was due to increased home consumption which was stimulated by a large expansion of sugar industry. The acreage in 1966-67, according to the second estimate, was 17.63 lakh acres. Acreage of tobacco in 1965-66 rose by 12.9 % over 1964-65, and by 18.8 % over the annual average of the Second Plan period. This rising trend continued during 1966-67. The increase was due to the expanding cigarette-making industry. On the other hand, area under rape and mustard in 1965-66 was 6.1 % less than in 1964-65 and 9.3 % less than the annual average of the Second Plan period. The corresponding fall in the acreage of sesamum was 7.2 % and 9.8 %. In 1966-67, area under rape and under sesamum stood at 16.15 and 1.0 lakh acres respectively, according to the first estimate. Acreage of sesamum diminished because of the increase in area under food crops.

Almost the same trend is visible in the production of the above mentioned non-food crops. The production of sugarcane in 1965-66 was greater by 21.3% than in 1964-65 and exceeded the annual average of the Second Plan period by 45.2%. Production of tobacco increased by 25 % and 36 % respectively during the same period under review. Production of rape and mustard fell by 9.3 % and 12.7 % respectively during the same period. The production

of seasamum during 1965-66 showed no change from the previous year and was less by 6 % than the annual average of the Second Plan period. Table 18 indicates the production of these crops during the last few years.

Table 18

PRODUCTION OF SUGARCANE, OILSEEDS AND TOBACCO

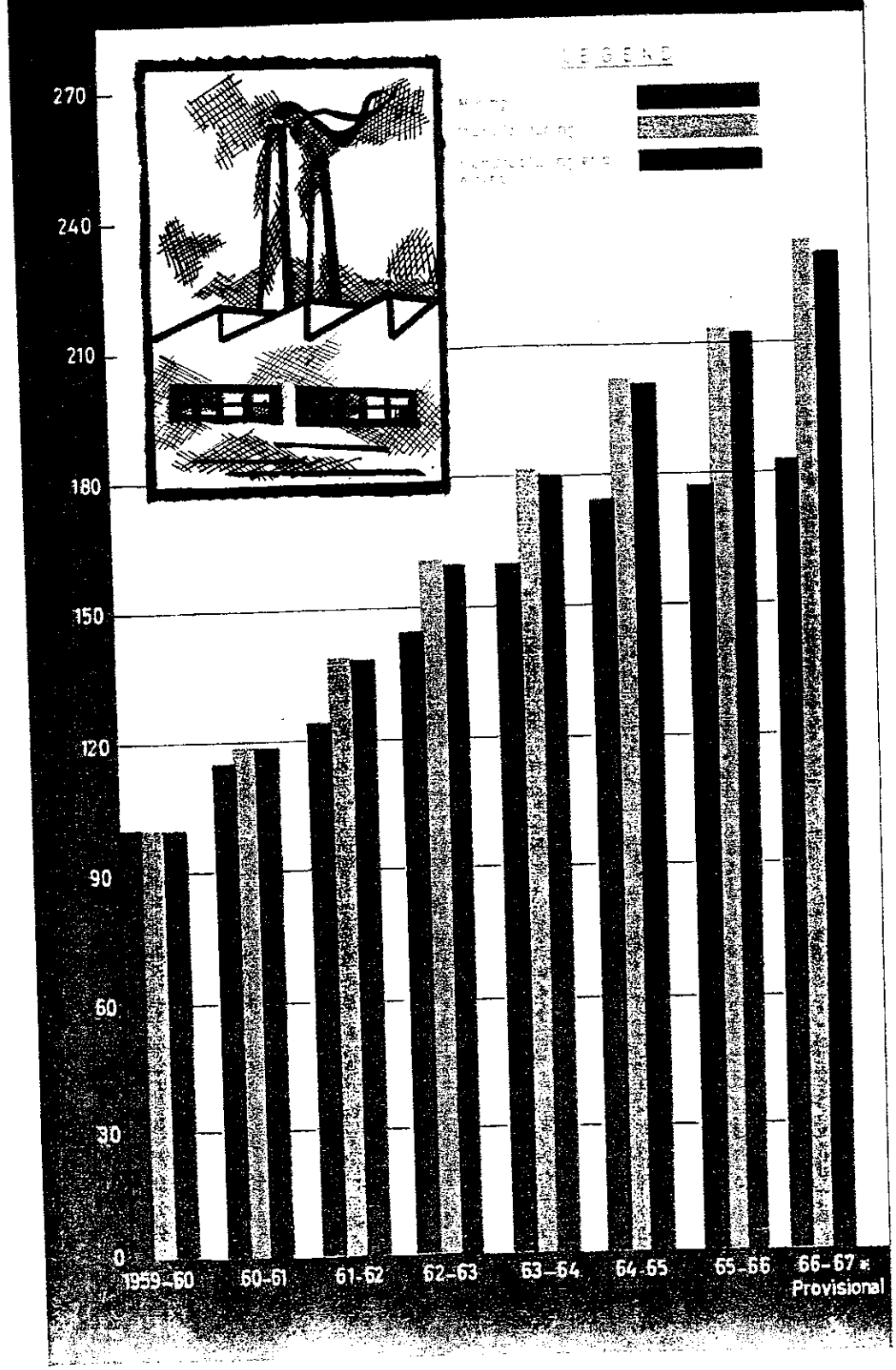
Year	*Sugarcane* (000 *tons*)	*Rape and Mustard* (000 *tons*)	*Sesamum* (000 *tons*)	*Tobacco* (*Million pounds*)
1960-61 to 1964-65 (Average) ..	20,542	314	33	221.7
1963-64	21,248	297	33	228.4
1964-65	24,604	302	31	242.1
1965-66	29,836	274	31	302.8
1966-67	28,201*	283	N.A.	N.A.

*Second Estimate.

Productivity in sugarcane rose from 418.8 maunds in 1964-65 to 433.6 maunds in 1965-66 but the yield per acre of tobacco declined considerably during the period. While the per acre yield of tobacco fell from 13.1 maunds to 11.6 maunds, that of mustard declined from 4.9 maunds to 4.8 maunds. The per acre yield of sesamum showed a slight increase from 4.0 maunds to 4.3 maunds during the same period.

INDEX OF INDUSTRIAL PRODUCTION

Base:-1959-60(July-June) = 100



CHAPTER III

INDUSTRY AND MINING

The development of manufacturing industries is essential for the overall development of an underdeveloped economy. Their performance is generally better than that of primary producing sectors in increasing national income, creating job opportunities, replacing imports, increasing exports and consequently improving the balance of payments position, and accelerating the growth of other economic sectors. The development of minerals is also important for the establishment of capital goods producing industries based on local raw materials and fuels.

Pakistan has made considerable progress in industrial development during the last few years. Self-sufficiency has not only been attained in a wide range of essential consumer goods, but sizable surplus in certain goods is available for export. Attention is now being directed towards setting up heavy and more sophisticated industries such as mechanical and electrical complex, iron and steel, machine tools, automotive vehicles, petrochemicals, etc.

During 1965-66, the pace of growth of manufacturing industries was slowe because of several factors like the effects of the war with India which for sometim restricted the operation of some industries, suspension of foreign economic aid an consequent reduction in imported industrial raw materials and spare parts, and diver sion of some national resources to defence. In spite of these problems, the pace o industrial growth was maintained, although at a reduced rate. According to th provisional estimates of the Central Statistical Office, the index of production of manu facturing industries (1959-60=100) increased by 6 per cent from 201.7 in 1964-65 t 214.2 in 1965-66. The index is estimated to rise by 9 per cent to 233 in 1966-67

There were significant increases in 1965-66 in the production of sugar, vegetabl ghee, cigarettes, jutegoods, art silk and rayon cloth, some varieties of board and pape safety razor blades, safety matches, most of the fertilizers and some organic chemica like sulphuric acid and chlorine gas. However, there were declines in the productio of cotton textiles, newsprint, straw and paper board, packing and other paper, te sea salt, cement, tyres and tubes, paints and varnishes, super-phosphate a fe fertilizers and soda ash.

The production trend during 1966-67 appears to be encouraging with t exception of chemicals and cotton textiles. Table 19 on page 26 shows the productic of selected manufactured goods.

The production of minerals increased very slowly. The index of minera production (1959-60=100) rose by 1.5 point from 174.5 to 176 during 1965-66. rose by 6.2 points to 182.2 during 1966-67 (July-December).

Table 19

TREND OF PRINCIPAL MANUFACTURING INDUSTRIES

Item	*Unit*	1960-61	1964-65	1965-66	1966-67* (*July-December*)
Tea ..	.. Lakh lbs.	499	623	619	439
Sugar ..	.. 000 tons	109	232	445	115
Vegetable ghee ..	.. ,, ,,	40	97	100	44
Cigarettes ..	.. Crore	1,088	1,984	2,645	1,491
Cotton yarn	.. Lakh lbs.	4,080	5,180	5,010	2,750
Cotton cloth ..	.. Lakh yds.	6,831	7,635	6,914	3,520
Jute goods ..	.. 000 tons	250	289	409	219
Cement ..	.. ,, ,,	1,142	1,685	1,650	1,030
Paper ..	.. ,, ,,	34	41	42	16
Board ..	.. ,, ,,	16	24	24	14
Newsprint ..	.. ,, ,,	27	38	34	17
Chemical fertilizers					
(a) Urea ..	.. ,, ,,	—	116	132	57
(b) Superphosphate	.. ,, ,,	9	8	8	3
(c) Ammonium Sulphate	.. ,, ,,	46	35	38	20
Soda Ash ..	.. ,, ,,	27 (1960)	34	32	13
Caustic soda ..	.. Tons	5,962 (1960)	10,173	11,226	8,171
Sulphuric acid	.. ,,	13,240 (1960)	20,917	24,149	11,600
Chlorine gas ..	.. ,,	2,775 (1960)	2,682	4,495	2,175

* Estimated.

INDUSTRIAL INVESTMENT SCHEDULE

The Industrial Investment Schedule is an instrument for the implementation of the Plan and to indicate to the private sector where investment is desired. It is flexible, intended to confine governmental control to overall industrial policy, leaving the detailed financing to the development banks, sanctioning agencies and the financing institutions.

Only for foreign exchange investments, is specific governmental sanction required. The schedule is reviewed from time to time to keep in conformity with economic policy. A Comprehensive Industrial Investment Schedule for the entire Third Plan period, aimed at ensuring fulfilment of the Plan's investment target of

Rs. 830 crores, was announced on 4th April, 1966. It covered 200 items involving large, medium and small industries. The investment allocation is Rs. 1,088.53 crores in the private sector, Rs. 586.07 crores (54%) for West Pakistan and Rs. 502.46 crores (46%) for East Pakistan.

Table 20 gives details of the Comprehensive Investment Schedule for the Third Plan period (1965-70).

Table 20

DETAILS OF COMPREHENSIVE INVESTMENT SCHEDULE

(In crore rupees)

Particulars	EAST PAKISTAN		WEST PAKISTAN		PAKISTAN	
	Total	*External*	*Total*	*External*	*Total*	*External*
New Industries						
Large/medium ..	416.65	259.35	445.55	281.77	862.20	541.12
Small	39.12	22.91	20.18	12.16	59.30	35.07
Total ..	455.77	282.26	465.73	293.93	921.50	576.19
Balancing and Modernisation of the existing Industries						
Large/medium ..	38.99	25.49	115.16	81.87	154.15	107.36
Small	7.70	4.66	5.18	3.21	12.88	7.87
Total ..	46.69	30.15	120.34	85.08	167.03	115.23
Grand Total ..	**502.46**	**312.41**	**586.07**	**379.01**	**1,088.53**	**691.42**

It will be seen that the overall allocation includes more than Rs. 167 crores for the balancing and modernisation of existing units, while the rest is for new industries. It is intended that Rs. 454.6 crores should be invested for consumer goods, Rs. 474 crores for intermediate goods and Rs. 142.4 crores for investment goods. The Schedule naturally reflects the Third Plan aims: self-sufficiency, economic viability and lesser dependence on foreign aid. It also reflects the emergent defence needs and the desire to rationalise the agriculture sector and to expand exports. Emphasis is also shifted to accommodate changing needs as the economy itself changes. Broadly speaking, of the total investment of Rs. 1,088.53 crores, the engineering and electrical sector would take Rs. 317.11 crores, chemicals Rs. 229.01 crores, textiles Rs. 327.15 crores and miscellaneous Rs. 215.25 crores.

A notable feature of the Industrial Investment Schedule is the exemption of industrial investment, as much as possible, from the requirement of prior

governmental sanction. No such sanction is now necessary for industries based exclusively on locally available plants and machinery and indigenous raw materials. Nor is any sanction required where the foreign exchange component of the investment can be found by the financing institutions viz., PICIC and IDBP and where the proposed investment is covered by the Industrial Investment Schedule. Only for industries which are to be set up by foreign investment under the 'Pay-As-You-Earn' Scheme or bonus vouchers is the permission of the Central Investment Promotion and Coordination Committee required.

The total investment sanctioned under the Comprehensive Industrial Investment Schedule during the period July 1965 to January 1967 amounted to Rs. 223.65 crores (Rs. 111.98 crores internal and Rs. 111.67 crores external), of which Rs. 72.84 crores was for East Pakistan and Rs. 150.81 crores for West Pakistan. A detailed classification of these sanctions is given in Table 21

Table 21

INVESTMENT SANCTIONED UNDER THE COMPREHENSIVE INVESTMENT SCHEDULE

(In lakh rupees)

Particulars	*Total*	*Internal*	*External*
East Pakistan			
New Capcity	6,665.95	3,401.70	3,264.25
Balancing, Modernisation and Replacement ..	618.13	442.19	175.94
	7,284.08	**3,843.89**	**3,440.19**
West Pakistan			
New Capacity	13,567.13	6,858.04	6,709.09
Balancing, Modernisation and Replacement ..	1,513.78	496.25	1,017.53
	15,080.91	**7,354.29**	**7,726.62**
Grand Total	**22,364.99**	**11,198.18**	**11,166.81**

FOREIGN LOANS AND CREDITS

Considerable improvement was recorded in the allocation and utilization of foreign credits and loans between April 1966 and March 1967 compared to the same period of 1965-66, despite the fact that there was virtually no project aid from the U.S.A., the biggest contributor in the past. Major allocations during the year were from France ($16.19 million), U.S.S.R. ($ 9.67 million), U.K. ($15.98 million), World Bank/IDA/IFC ($9.18 million) and Belgium ($4 million).

Total allocations increased from $89.21 million in 1965-66 to $121.48 million in 1966-67, commitments from $96.39 million to $138.39 million and disbursements from $109.90 million to $184.11 million. Table 22 shows total allocations, commitments, L/Cs opened and disbursements registered up to 31st March, 1967.

Table 22

POSITION OF UTILIZATION OF FOREIGN LOANS AND CREDITS UP TO THE END OF MARCH 1967

(In million $)

Country	*Allocation*	*Commitment*	*Letters of credit opened*	*Disbursement*
Belgium	6.20	0.52	0.52	—
Canada	8.20	8.20	8.20	8.03
China	1.00	—	—	—
Czechoslavakia	3.00	2.94	2.94	0.71
Denmark	8.41	7.60	7.41	7.41
Netherlands	7.70	6.39	5.34	3.76
France	50.16	34.34	26.06	10.68
Germany (West)	112.83	112.27	103.16	96.89
Italy	9.72	7.99	5.57	0.16
Japan	181.46	171.64	130.74	114.00
Poland	3.94	2.95	2.95	0.29
U.S.S.R.	9.67	0.94	—	—
Switzerland	11.48	3.60	1.12	—
Sweden	0.35	0.30	0.30	—
U.K	92.23	81.39	76.29	67.72
U.S.A	431.61	378.35	376.55	369.55
Yugoslavia	14.19	12.04	10.17	2.95
World Bank/IDA/IFC ..	149.88	148.81	117.98	93.37
Total ..	**1102.03**	**980.27**	**875.30**	**775.52**

It may be pointed out here that some of the friendly countries are coming forward to provide credits and loans for the industrialization of Pakistan. New contributors during 1966-67 were China ($1 million), Italy ($9.72 million), U.S.S.R. ($9.67 million) and Sweden ($0.35 million).

FOREIGN PRIVATE INVESTMENT

The Government of Pakistan is committed to give the widest possible scope to foreign private investment in the industrial development of the country. In order to attract foreign capital, it has offered a number of incentives, assurance and guarantees to foreign investors. These are:

(i) Adherence to private enterprise and economic liberalisation;

(ii) Freedom from nationalisation;

(iii) Guaranteed repatriation of capital investment, including capital gains, if any;

(iv) Unrestricted remittance of current profits;

(v) Unrestricted remittance of approved royalties and technical fee;

(vi) Flexibility regarding the extent of local participation;

(vii) Tax-holidays to deserving industries for periods ranging from 2 to 6 years depending on the areas in which the enterprise is located;

(viii) Liberal depreciation allowance;

(ix) Income-tax exemption to foreign technicians for 3 years;

(x) Facility for family remittances to foreign nationals;

(xi) Availability of long-term credit facilities from the industrial financing institutions;

(xii) Tariff protection to deserving industries;

(xiii) Guaranteed import of raw materials and spares subject to availability of foreign exchange;

(xiv) Wide export incentive concessions;

(xv) A central organisation to deal expeditiously with all foreign investment proposals and to solve the day-to-day difficulties faced by foreign-owned enterprises;

(xvi) Relief from double taxation for foreign investors of practically all the big capital exporting countries of the world.

(xvii) Guarantees to US investors against losses due to possible expropriation and currency inconvertibility under the US Investment Guarantee Programme.

In addition to the above gurantees and incentives, the Government have taken a number of other steps to ensure that foreign private investment grows both in volume and variety.

(a) Interested and potential foreign investors are allowed the facility of obtaining pre-sanction letters of intent so as to give them a sort of assurance for preparing feasibility studies and project reports on industries in which they want to invest.

(b) Wide publicity is given to the incentives offered by Pakistan to foreign investment. The Department of Investment Promotion brings out at short intervals a series of publications which spell out specific and detailed information on taxation, labour, power, transportation, financial facilities and variety of other factors relevant to the profitability of doing business in Pakistan. These publications are widely distributed both at home and abroad.

(c) The Government have set up an Investment Promotion Cell at New York. Similar cells are planned to be opened at Dusseldorf, Tokyo and London.

(d) Seminars on Investment are arranged at short intervals in the leading capital-exporting countries of the world. The philosophy underlying the development plans of the country and the profitable avenues of investment are publicised through these Seminars.

(e) Investment teams are invited to Pakistan to make an on-the-spot study of investment opportunities in the country.

(f) Possibilities for the conclusion of bilateral and multilateral investment agreements are being constantly explored.

The efforts of the Government to attract investment from abroad have met with success. The actual in-flow of net foreign investment during the years 1957 to 1964 has been as follows.

Year	*Flow of Foreign Investment (In crore rupees)*
1957	8.97
1958	6.75
1959	8.64
1960	7.66
1961	9.06
1962	7.06
1963	7.67
1964	13.42

Foreign private investment during the Third Plan is expected to be around Rs. 70 crores, which is 45% higher than during the Second Plan period. During the first 1½ year of the Third Plan, foreign private investment amounting to more than Rs. 20 crores has been sanctioned and it is hoped that in spite of the current pessimism about the inflow of foreign private investment, the target of Rs. 70 crores laid down in the Third Plan would not only be achieved but exceeded.

LOANS AND CREDITS TO INDUSTRIES

To assist industry, loans and credits continued to be provided liberally by the specialised credit institutions and the commercial banks. During 1966-67, the Industrial Development Bank of Pakistan increased its lending operation as compared to the previous year. During the first six months of the year, loans and credits sanctioned by IDBP amounted to Rs. 15.71 crores compared to Rs. 5.97 crores during the corresponding period of 1965-66. Total sanctions during 1965-66 were Rs. 19.65 crores compared to Rs. 23.55 crores in 1964-65. Since its inception to the end of December 1966, the Bank sanctioned 2,986 loans amounting to Rs. 129.6 crores.

Since its inception to the end of March 1967, the Pakistan Industrial Credit and Investment Corporation had provided direct and indirect assistance to the industrial sector to the tune of Rs. 155.20 crores compared to Rs. 130.48 crores upto the end of March 1966.

A detailed account of loans and financial assistance by the IDBP and the PICIC is given in the Chapter on Money and Banking. In addition, credit outstanding and advanced by the commercial banks at the end of December 1966 was Rs. 328.16 crores against Rs. 245.44 crores at the end of December 1965.

Protection to Industry

The Tariff Commission continued its policy of granting protection to industries on a selective basis. However, more and more stress is being laid on the efficient operation of an industry and the quality and cost of its production. In 1965-66, the Commission submitted enquiry reports on 15 industries for grant of protection.

During the first 9 months of 1966-67, the Commission submitted to the Government, enquiry reports and interim recommendations on 10 cases, and during the same period the Government granted protection to 3 industries (1) Vitamin 'A' (2) Laminated plastic sheets and (3) Car and truck tyres and tubes.

INDUSTRIAL DEVELOPMENT IN THE PUBLIC SECTOR

The Public Sector through the medium of Government sponsored agencies like the East Pakistan Industrial Development Corporation and the West Pakistan Industrial Development Corporation continued to expand its activities in the field where private sector was shy to invest. The projects taken up by these organisations are generally of a basic nature intended to provide for the infrastructure and where investment is heavy, the gestation period is relatively long and returns not attractive. Public sector investment increased from Rs. 45.60 crores in 1964-65 to Rs. 47.60 crores in 1965-66 and is expected to be Rs. 77.7 crores during 1966-67. Most of this expenditure is being incurred in East Pakistan where infrastructure facilities are not yet adequate and the private enterprise is not so active as in West Pakistan. A brief account of the activities of the EPIDC, WPIDC and a few other agencies is given in the following pages.

East Pakistan Industrial Development Corporation

The EPIDC will complete five years of its separate existence on 30th June 1967. In the Third Five-Year Plan, the Corporation has been allocated Rs. 200.67 crores for its projects, as compared to the actual expenditure of Rs. 61.60 crores during the Second Plan period. Of the Rs. 200.67 crores, Rs. 105.53 crores is required to complete the projects carried over from the Second Plan period and Rs. 95.14 crores would be available for investment in new projects. During 1965-66, *i.e.*, the first year of the Third Plan, the EPIDC had 42 schemes (excluding feasibility studies) under implementation, for which Rs. 23.88 crores was provided in the Annual Development Programme. The Corporation actually utilised Rs. 19.35 crores in addition to the commitments of Rs. 3.52 crores, and the total utilisation amounted to Rs. 22.87 crores *i.e.*, 96% of the total allocation for the year. Now a good part of the industrial development programme is being met from the nation's own resources as shown in Table 23.

Table 23

DEVELOPMENT EXPENDITURE OF E.P.I.D.C. IN 1965-66

(In crore rupees)

Item	*Expenditure*	*Programme*	*%Implementation of original programme.*
Local Currency	10.13	8.96	113
Foreign exchange			
(a) Own resources (foreign currencies)	3.30	3.53	93
(b) Foreign aid	9.44	11.39	83
	22.87	**23.88**	**96**

During 1965-66, six projects were completed, including two jute mills, one DDT factory, one polythene bag manufacturing plant, the expansion of Muslin Cotton Mills and a hard board mill. The capacity of these units is to be 500 looms of jute mills, 3,000 tons of DDT, 50 lakh bags of polythene, 500 looms (additional) of cotton textiles and 10,000 tons of hard board. In addition, 4 plants completed in 1964-65 started production in 1965-66. These included three sugar mills of which two are now with production capacity of 25,000 tons, and one jute mill with 250 looms.

For the financial year 1966-67, EPIDC has been allocated Rs. 33.09 crores to finance its development programme. During July-December 1966 EPIDC took up 6 new projects namely, one ammonium sulphate plant, one insecticide and pesticide plant, one general electrical equipment manufacturing plant, in addition to the execution of the 36 on-going projects.

West Pakistan Industrial Development Corporation

The total number of projects so far completed by the WPIDC is 43, involving an outlay of Rs. 87.65 crores. Of these, 11 projects, involving an investment of about Rs. 4.30 crores and comprising two paper board mills, two chemicals plants, a woollen mill and 6 cotton ginning factories have been transferred to private enterprise. In addition, private enterprise has been associated in 13 other projects to the extent of Rs. 15.26 crores. On the whole, investment from the private sector in WPIDC completed projects amounts to about 23%.

WPIDC managed projects are producing a variety of manufactured goods and are making a handsome contribution to the country's economic development. The same is true of the Corporation's activities in the field of ship-building and repairs. Important manufactures are fertilizers, cement, sugar, chemicals, coal, salt, carpets and woollen textiles. The increasing production of these goods is helping the country, to a considerable extent, in reaching the goal of import substitution. The estimated value of these goods amounts to Rs. 27.15 crores per year.

WPIDC has provided job opportunities to more than 20,000 persons in its managed projects/companies. This number will rise further with the progress of many projects which are under implementation. The WPIDC managed projects are estimated to have earned a net profit of Rs. 2.81 crores during 1965-66, as compared to Rs. 2.77 crores during 1964-65. The percentage return on investment from WPIDC's managed projects is estimated at 5.27% during 1965-66 as compared to 5.32% during 1964-65.

Some of WPIDC companies, such as Zeal-Pak Cement Factory Ltd., Harnai Woollen Mills Ltd., Indus Gas Co., Ltd., and Makerwal Collieries Ltd., are declaring dividends regularly. In addition, the Corporation is receiving dividends from its investment in associated companies under private management, such as Karachi Gas Co., Ltd., Sui Gas & Transmission Co., Ltd., Sui Northern Gas Pipeline Ltd., and Charsadda Sugar Mills Ltd.

The Corporation has, at present, 22 on-going projects. These projects involve an outlay of Rs. 104.09 crores. It is estimated that on completion, these projects will produce goods worth Rs. 65 crores and provide additional jobs to about 15,000 persons. It is anticipated that the projects listed in Table 24 on page 35 will be completed by the end of 1966-67.

The allocation for the WPIDC during the Third Plan, as originally approved, totalled Rs. 113.94 crores. Of this, Rs. 105.68 crores were for the Industries Sector and Rs. 8.26 crores for the Mineral Sector. These allocations covered projects started during the Second Five-Year Plan but to be completed during the Third Plan period, and also new schemes that were to be undertaken during the Third Plan period. This allocation was, however, revised in October 1966 and reduced to Rs. 85.93 crores, Rs. 80.63 crores for industries and Rs. 5.30 crores for minerals.

During 1965-66, the immediate task before the Corporation was to transform

the outlines of the Plan into concrete proposals in the form of detailed project schemes while at the same time advancing the progress of the projects under implementation. Its programme centres round the creation of capacities in capital goods industry such as the heavy mechanical complex, the heavy electrical complex, iron and steel plants, specialised refractory plant and development of related minerals. The formulation of such sophisticated projects necessitates detailed feasibility studies to determine their economic viability and technical soundness. WPIDC has completed feasibility studies of the heavy mechanical complex, heavy electrical complex, and iron and steel plant. In addition, preliminary steps to start the implementation of these projects have also been taken. WPIDC has prepared and submitted 19 more schemes to the Government since July 1965.

Table 24

WPIDC PROJECTS TO BE COMPLETED BY JUNE 1967

Name of the Project	*Commodity*	*Annual Capacity*
White Cement Plant, Daudkhel ..	White Cement	15,000 tons
Coal Tar Distillation Plant, Daudkhel ..	i. Cresote Oil	750 tons
	ii. Road Tar/Pitch	500 tons
Installation of Mechanical Haulage at Kalabagh.	The mule haulage system will be replaced by Mechanical Haulage.	—
Timber Preservation and Treatment Plant, Havelian	i. Treated Sawn Timber.	100,000 cu.ft.
	ii. Treated Poles	10,000 Nos.
Timber Seasoning Plant, Piranwala ..	Sawn Timber	40,000 cu.ft.
Develnpment of Rock Salt Mines and Quarries.	Rock Salt	The output will increase after modernisatinn work is completed.
Development of Degari Mines, Degari (1st phase)	Coal	340 tons/day
Balancing of (Production Units) Natural Gas Fertilizer Factory, Multan ..	i. Ammonium Nitrate	29,700 tons
	ii. Urea	16,500 tons
Zeal Pak Cement Factory Ltd., Hyderabad, (5th and 6th kilns)	Cement	6,00,000 tons
Expansion of Lyallpur Chemicals and Fertilizers Limited	Super-phosphate	36,000 tons

SMALL INDUSTRIES

East Pakistan

In East Pakistan, the development of small-scale industries is looked after by the Small Industries Corporation. During the Second Plan period, Rs. 39.80 crores were earmarked for the development of small-scale industries in East Pakistan. Of Rs. 39.80 crores, Rs. 27.30 crores were to be invested in the public sector and Rs. 12.50 crores in the private sector. Of Rs. 27.30 crores, Rs. 9.44 crores were allocated to the Small Industries Corporation and the balance to the other Government agencies such as the Forest Industries Development Corporation. The Small Industries Corporation undertook the implementation of 83 projects in the public sector. Actual investment of the Corporation amounted to Rs. 6.85 crores and Rs. 2.59 crores were carried forward to the Third Plan period.

Under the Third Plan, an expanded programme has been undertaken for the development of small-scale industries. A total of Rs. 70 crores has been earmarked for the development of small industries in East Pakistan. Of this amount, Rs. 23 crores have been allocated to the public sector and Rs. 47 crores to the private sector. Because of the national emergency, actual utilisation of funds during 1965-66 was small, *i.e.*, Rs. 33 lakhs. The development programme included the starting of an additional common facility centre, service centres and artisan workshops for encouragement of private initiative but the work could not be started fully because of paucity of funds. However, an advisory service—the Small Industries Advisory Service, was started in 1965-66 to provide much needed consulting services to entrepreneurs setting up new plants or encountering plant problems of productivity or management.

The 16 on-going projects of the Second Plan were taken up for implementation during 1965-66. A number of new projects were also undertaken for implementation during 1965-66. During 1966-67, the programme of development was expanded, 31 projects were undertaken for implementation, and actual expenditure was likely to go up to Rs. 94 lakhs.

West Pakistan

In West Pakistan also, the development of small-scale industries is carried on under the aegis of the Small Industries Corporation. The Corporation came into being in October 1965. At its inception, it took over 70 projects from the WPIDC and the Provincial Industries Directorate and initiated one new project. Later, 4 projects were transferred to West Pakistan Agriculture Department. The West Pakistan Small Industries Corporation is also responsible for the implementation of the Comprehensive Industrial Investment Schedule as applicable to small industries. The cost of this Schedule is Rs. 25.36 crores with a foreign exchange component of Rs. 15.36 crores.

During 1965-66, Rs. 81.36 lakhs were allocated to it. For the implementation of the 1966-67 development programme, Rs. 20.08 lakhs had been placed at its disposal. Foreign exchange of Rs. 12 lakhs, including Rs. 10 lakhs in 1965-66 and

Rs. 2 lakhs in 1966-67, was allocated to the Corporation. It was also given licences for the import of industrial raw materials worth Rs. 27.50 lakhs during the same period. In addition, the International Development Association has given a credit of $ 6.5 million for the Industrial Estate projects. Most of this credit has already been used. With the help of the Corporation, private industrialists with small units are able to receive credit from the IDBP and commercial banks.

The important activities of the Corporation during 1966 included the provision of training to 506 craftsmen, technicians, skilled workmen, etc., initiation of work on the implementation of 10 new projects in the public sector costing Rs. 48.08 lakhs, house-to-house census of small and household manufacturing units in the urban areas of West Pakistan, guaranteeing of loans amounting to Rs. 183.93 lakhs extended to small industrial units, and sanctioning of 140 projects for the establishment of small industrial units.

The Corporation also started work on the Small Industrial Trading Estate at Bahawalpur and completed work on seven industrial estates at Gujranwala, Sialkot, Sukker, Peshawar, Gujrat, Quetta and Larkana which had been started during the Second Plan period. Up to the end of December 1966, a total of 256 projects had been sanctioned, 67 factories were under construction and 48 units were already in production. A sewing machine estate has been set up at Lahore to establish 25 units to manufacture spare parts and plant to assemble machines. The Corporation carried out feasibility studies on 51 industries.

ORGANISATIONS FOR PROMOTING INDUSTRIAL DEVELOPMENT

In the industrial development of the country, a large number of organisations set up by the Government have played an important role. These include the Department of Investment Promotion and Supplies, the Pakistan Industrial Technical Assistance Centre (PITAC), (now an autonomous body with its regional offices at Karachi and Dacca), the Management Institute (WPIDC), the Industrial Advisory Centre, the Pakistan Council of Scientific and Industrial Research (PCSIR), the Swedish—Pakistan Institute of Technology, the Central Testing Laboratories, Pakistan Standards Institution, the Patent Office etc.

PROGRESS OF SOME LARGE-SCALE INDUSTRIES

Jute Manufactures

The Third Five-Year Plan provided for the production of 8 lakh tons of jute goods by 1970. For this purpose, 25,000 jute looms are required to be in full production. To achieve this objective, the sanctioning of additional 12,000 looms, 10,000 for East Pakistan and 2,000 for West Pakistan, was planned, besides 1000 looms as backlog from the Second Plan. Up to the end of 1966, 24,096 conventional looms had been sanctioned. Of these, 22,625 looms are for East Pakistan and 1,471 looms for West Pakistan. In addition, 870 broad looms have been sanctioned for East Pakistan. Also, sanctions have been issued for the manufacture of jute twine/yarn increasing overall capacity to 13,494 tons for jute twine/yarn, 11,444 tons for East

Pakistan and 2,050 tons for West Pakistan.

During 1965-66, two mills of 250 looms each were installed. Another two mills went into production in early 1966-67 and eight more mills are likely to start production before the end of June 1967. In addition, 32 broad looms were put to production at a cost of Rs. 50 lakhs, to produce1,500 tons of carpet backing each year.

Arrangements are being made by the EPIDC to achieve the Third Plan target. Orders for 1000 looms are being placed against the credit of $ 3.421 million provided by the U.K. Government. Five more schemes with another 1,250 looms have been approved by the Government and 20 schemes with 5,000 looms are under preparation.

In West Pakistan, work on the Crescent Jute Products, Ltd., Jaranwala, to produce 17,000 tons of jute goods per annum, is nearing completion. The entire machinery has been installed and the factory is due to start production before the end of June 1967.

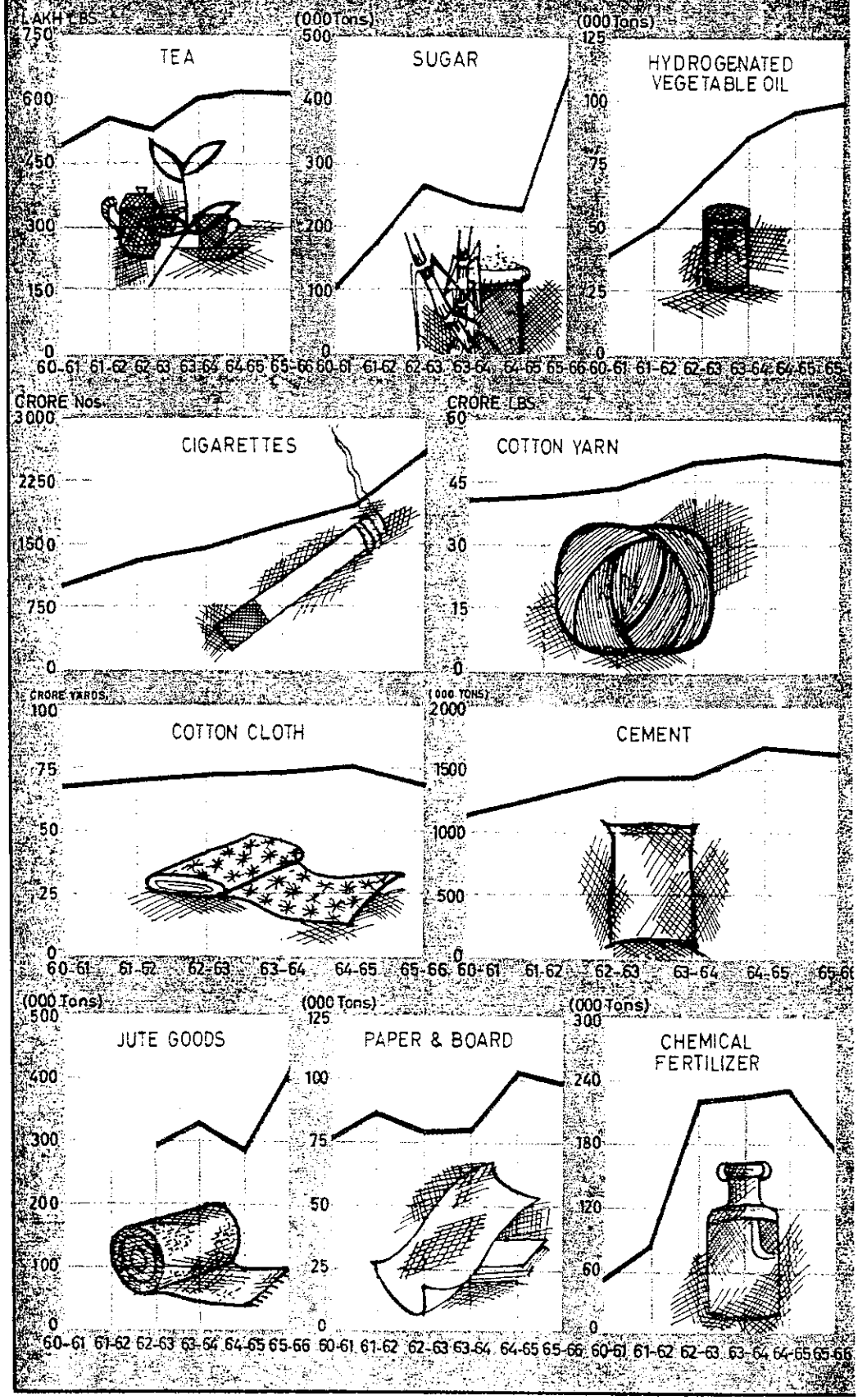
In January 1967, there were 26 jute mills with 2.13 lakh spindles and 14,332 looms. However, working capacity was lower at 2 lakh spindles and 13,559 looms. The consumption of raw jute increased from about 17 lakh bales in 1964-65 to 23.28 lakh bales in 1965-66. During the first seven months of 1966-67, it was more than 16 lakh bales, equivalent to an annual rate of about 28 lakh bales. The production of jute goods increased by 41% from 2.89 lakh tons in 1964-65 to 4.09 lakh tons in 1965-66. Production during the first seven months of 1966-67 was about 3.12 lakh tons or annual rate of about 5.35 lakh tons.

Cotton Textiles

The objective of the Third Plan is to increase the installed capacity of the cotton textile industry from 25.8 lakh spindles and 35,767 looms in 1964-65 to 40 lakh spindles and 70,000 looms, 13 lakh spindles and 20,000 looms in East Pakistan and 27 lakh spindles and 50,000 looms in West Pakistan. Upto the end of 1966, sanctions had been issued for the entire capacity.

The cotton textile industry did not work to its full capacity in 1965-66 and, as a result, production declined. However, since July 1966, production has improved considerably. In January 1967, the number of mills in operation was 132 with an installed capacity of 27.01 lakh spindles and 37,000 looms. Spindles and looms in actual operation were 23.56 lakhs and 30,000 respectively. The consumption of raw cotton declined from 60.80 crore pounds in 1964-65 to 59.89 crore pounds in 1965-66. During the first seven months of 1966-67, consumption was provisionally placed at 37.66 crore pounds. The production of surplus cotton yarn and cloth declined from 29.84 crore pounds and 76.35 crore square yards in 1964-65 to 29.45 crore pounds and 69.14 crore square yards in 1965-66. During the first seven months of 1966-67, the production showed an encouraging trend, as the production of surplus yarn was 19.36 crore pounds and of cloth 39.07 crore square yards.

INDUSTRIAL PRODUCTION



Sugar

The Second Five-Year Plan had a production target of 5.00 lakh tons for the sugar industry. The sanctioned capacity of the 33 sugar mills at the end of Second Plan was 4.84 lakh tons. Actual production in 1965-66 was 4.45 lakh tons, compared to 2.32 lakh tons in 1964-65. Production during the first seven months of 1966-67 (July-January) was about 1.94 lakh tons compared to 1.87 lakh tons during the same period of 1965-66. It may be pointed out here that only 30 units are in production, the remaining three are still under installation. In order to achieve the target of an additional two lakh tons during the Third Plan period, the expansion of certain existing units and the establishment of several new units is under consideration.

Iron and Steel Mill, Chittagong

The EPIDC has been able to set up the Iron and Steel Mill of 1,50,000 tons (ingots) capacity at Chittagong, the only one of its kind in Pakistan. This will give about 1,10,000 tons of finished products. Under an agreement with the EPIDC, M/s Kobe Steel Works of Japan have undertaken the installation of the plant. For the construction of a jetty for M/s Shimizu Construction Company of Japan, 77 Japanese technicians with 517 Pakistani personnel are at work on the site. The entire work has been completed and the Mill would start production before the end of June 1967. EPIDC's technical consultants, M/s Fried Krupps, are assigned to inspect the quality of the plant and machinery, and supervise the construction of the mill.

The Government has decided to expand the present Chittagong Iron and Steel Works capacity from 1,50,000 tons to 2,50,000 tons. A contract has been signed with the contractors to complete the expansion at a cost of Rs. 7.92 crores. The first furnace of the steel mill was fired on 20th January 1967.

Machinery Manufacturing

In the Third Plan, emphasis has been shifted from the production of consumer goods to the manufacture of machinery and other capital goods with the object of reducing the country's dependence on imports.

In West Pakistan, the WPIDC is setting up a machine tool factory at a cost of Rs. 11.6 crores to produce such items as lathes, milling machines, shapers, transmission gears and rear axles for trucks and other automobiles, textile spinning machinery and textile machine spares. The factory will be fully equipped with the latest equipment for dye casting, heat treatment and forging facilities. Considerable progress has been made in the work on different sections of the factory. A detailed production programme is under preparation. Workers are being trained for the factory in national institutions and abroad.

During the Third Plan period, a heavy machinery complex will also be set up near Taxila in West Pakistan to produce cement and sugar plants, low pressure package type boilers, travelling cranes, railway materials, road building machines, medium pressure vessels and miscellaneous steel structure. This will involve an

investment of about Rs. 9.5 crores. The estimated cost is being revised to Rs. 12.13 crores. The planning work had been completed in 1965-66 and implementation has been started.

The WPIDC is setting up a heavy electrical complex with Russian assistance. Capital investment in this project is estimated at Rs. 13.14 crores. It will produce motors, generators, transformers, capacitors and control gears.

In East Pakistan, during the Third Plan, a machine tool and machinery manufacturing factory has been approved and will be set up at Joydevpur near Dacca at an estimated cost of Rs. 23.87 crores to produce 12,155 tons of machine tools per annum. The first phase is scheduled to be completed in 1972. Purchase orders for the machinery required have been issued.

The East Pakistan diesel engine manufacturing plant is designed to produce 3,000 marine diesel engines, stationary diesel engines and centrifugal pumps at an estimated cost of Rs. 72 lakhs. It will go into production by 1967-68. An agreement has been signed with M/s Kleckner Humboldt-Deutz and Continho Caro and Co. of West Germany for the supply of the plant and machinery and technical know-how required.

Government have also sanctioned two units in East Pakistan for the production of jute machinery, spare parts and accessories. Another plant, the General Electrical Manufacturing Plant, is being set up at Chittagong. The work is likely to be completed by 1970-71. The plant is being set up by the EPIDC.

The EPIDC is setting up another important factory for the manufacture of electric wires and cables at Chittagong with an annual production capacity of 6,000 tons. The plant is anticipated to start production in 1968-69.

The enconragement of private enterprise to meet the balance of the country's requirements will continue. Active participation by private sector representatives of major private producers and chambers of commerce and industry will be solicited in the formulation of product lines to be undertaken in the new industries.

Shipyards

Part I of the phase II Scheme of the Karachi Shipyard and Engineering Works Limited, undertaken by the WPIDC, was approved provisionally at a cost of Rs. 3.2 crores and it envisages the construction of a second dry dock, a second berth and additional facilities. The work on the extension of a stores armoury and locksmith shop has been completed up to 85% and on extension of a machines shop up to 65%. Work on marine works was also in progress and the entire internal material had been mobilised.

So far the Shipyard has built more than 77 vessels, mostly small ones, but it has now started building larger vesseles. One of 12,860 DWT has been launched in May 1966. Another agreement for the supply of a ship to a Pakistani Company

was signed in February 1967.

The Khulna Shipyard, completed and modernised at an estimated cost of Rs. 4.15 crores, has undertaken the manufacturing of spare parts for sugar mills, construction of modern tugs and barges and conversion of paddle steamers from steam to diesel.

The Narayanganj Dry Dock is expected to be completed in 1967-68 at a revised cost of Rs. 49.7 lakhs. This Dry Dock will repair vessels for the water transport fleet and will also provide facilities for dry-docking and repairing of dredgers, oil tankers and coastal vessels, etc. weighing up to 1,400 DWT.

The Dry Dock and Heavy Steel Structural Works, Chittagong, after completion at an estimated cost of Rs. 6.46 crores, will undertake the docking and under-water repairs of ocean-going vessels, both foreign and national, up to 12,000 DWT, fabricate medium and heavy steel structure worth Rs. 1.2 crore per annum, and fabricate transmission towers, bridges, steel girders and other heavy structurals. A contract for setting up this project has been signed between the EPIDC and M/s Brodoimpex and Iron Milutiroric of Yugoslavia and the designing and layout of the project have been received from that company. The work will be completed in 1969-70.

Automotive Vehicles

In addition to sanction given to M/s Mack Trucks for an ultimate capacity of 4,000 commercial vehicles per annum in a phased programme of five years, permission has been given for progressive manufacture of Bedford Commercial Vehicles with a capacity of 4,500 vehicles per annum. The unit, in its final phase, will be able to use 70% indigenous components.

A proposal for assembly/manufacture of the Japanese brand 'Rabbit' scooter was approved. Its sanctioned annual capacity would be 6,000. To be installed in East Pakistan, capital investment in it would be Rs. 25 lakhs, Rs. 10 lakhs being foreign investment.

Television Receivers

Permission for the manufacture and assembly of television sets and parts has been given to 9 existing manufacturers of radio components in East and West Pakistan. These firms will manufacture 30% TV components in the initial stage, going up to 70% in the final stage within a period of three years.

Cement

The present sanctioned capacity for grey cement is 37.75 lakh tons, of which 1.50 lakh tons is in East Pakistan. A white cement plant with a capacity of 15,000 tons has been set up by the WPIDC. In addition, a unit has been sanctioned for East Pakistan to manufacture 4.20 lakh tons of cement from imported clinkers. Actual production during 1965-66 was 16.50 lakh tons compared to 16.85 lakh tons in 1964-65 and

production during the first 7 months of 1966-67 was over 12 lakh tons. In addition, a plant to start production in 1969 has been sanctioned to a private party to be set up at Kohat with an annual capacity of 1.8 lakh tons. Another cement plant with 1,400 tons of clinkers capacity per day has been sanctioned to be set up near Taxila in two phases.

Initially, the Third Plan target for cement was 60 lakh tons. Studies still continue to determine the actual requirements of both the Provinces. According to the latest estimates of the Investment Promotion Bureau, the additional capacity to be installed during the Third Plan period would be 19 lakh tons of grey cement for East Pakistan and nine lakh tons of cement for West Pakistan. The Western Wing will also produce 10 lakh tons of clinker for East Pakistan where the prospects for the cement industry have improved with the discovery of limestone. At present, there is only one unit at Chhatak with an annual capacity of 1.50 lakh tons.

At the same time, the installed capacity of Zeal Pak Cement Factory is being increased by two additional kilns, each with a daily production of 1,000 tons. This will raise its annual capacity from 4.80 lakh tons to 10.80 lakh tons. The work is in progress and is likely to be completed in early 1967-68.

Chemicals and Pharmaceuticals

Against the Second Plan production target of 74,000 tons of soda ash, two units were sanctioned in West Pakistan and existing capacity was permitted to increase from 30,000 to 40,000 tons per year. One of these units went into trial production in 1966. The sanctioned and installed capacity for soda ash was 1,36,000 tons in June 1965.

The Second Plan target for caustic soda was 35,000 tons per annum, while at the close of the Plan sanctioned capacity was about 65,000 tons, including about 15,000 tons in East Pakistan. One of the units, M/s. Kohinoor Chemicals at Kala Shah Kakoo near Lahore, went into production in 1966.

The EPIDC, in association with May and Baker Ltd. of the UK, has set up the Pakistan Pharmaceutical Industry Ltd., at Tongi, Dacca, costing Rs. 75 lakhs. This factory produces anti-malaria drugs, sulpha drugs, anti-histamines etc. The streptomycine factory at Dacca, with a rated capacity of twenty tons per year, is expected to be completed shortly at a cost of Rs. 2.64 crores. The DDT factory at Chittagong, with a capacity of five metric tons a day, is expected to be completed during 1966-67 at a cost of Rs. 1 crore. M/s. Imperial Chemical Industries of U.K., M/s. Merck Sharp and Dhome and Pfizer Corporation of U.S.A. have been permitted to set up units at Dacca. M/s. Squib of Pakistan have also been allowed to set up a unit at Dacca in collaboration with the EPIDC.

M/s. Wah Bofor has been allowed to set up a unit at Wah for the manufacture of anti-T.B. drugs.

Building for the polythene Bag Manufacturing Plant, attached to the Fenchuganj Fertilizer Factory is complete and machinery and equipment is arriving.

Fertilizers

Great emphasis is being laid on the development of the fertilizer industry to increase food production in particular and agricultural production in general. The present installed and sanctioned capacity in East and West Pakistan is given in Table 25.

Table 25

INSTALLED AND SANCTIONED CAPACITY OF FERTILIZER PROJECTS

Location	*Type of Fertilizer*	*Annual Capacity (000 tons)*	
WPIDC			
Daudkhel	Ammonium Sulphate	Installed	50
		Expansion	50
		Total	100
Lyallpur	Single Superphosphate	Installed	18
		Expansion	32
		Total	**50**
Multan	Ammonium Nitrate	Installed	99
	Urea	Installed	59
ESSO			
Mari	Urea	Sanctioned	173
EPIDC			
Fenchuganj	Urea	Installed	117
Chittagong	Triple Superphosphate	Sanctioned	32

The production of fertilizers of various types is increasing but slowly. The production of urea during 1965-66 stood at about 1.32 lakh tons compared to 1.16 lakh tons in 1964-65 and about 18,000 tons in 1961-62. The production during the first seven months of 1966-67 was about 65,000 tons.

The production of superphosphate is somewhat discouraging. It declined from 8,020 tons in 1964-65 to 7,860 tons in 1965-66. Production in 1960-61 was the highest at 8,850 tons. During the first seven months of 1966-67, it was less than 3,000 tons. The production of ammonium sulphate increased from 34,852 tons in 1964-65 to 38,424 tons in 1965-66. During the first seven months of 1966-67 it was about 25,000 tons.

The Government engaged M/s Imhausen International to advise on the development of fertilizer and petro-chemical industries. The Chief of the Research Division of the U.N. Special Fund was also consulted. On the basis of these two reports, the Government approved in February 1966 an ambitious fertilizer production programme for the Third Plan aiming at making the country self-sufficient by 1970, in addition to developing an export potential. The approved programme is shown in Table 26 on page 44.

Table 26

PROGRAMME FOR FERTILIZER PRODUCTION

Name	*Annual Capacity*
East Pakistan	
Ghorasal	3.4 lakh tons of urea.
Khulna	1.2 lakh tons of triple Superphosphate.
Chittagong	1.2 lakh tons of triple superphosphate.
Fourth plant in the Ghorasal Region ..	3.4 lakh tons of urea.
West Pakistan	
Daudkhel	6.0 lakh tons of ammonium sulphate nitrate
Karachi	1.5 lakh tons of triple superphosphate.
Third Plant near a gas well-head in West Pakistan ..	5.0 lakh tons of urea.
Fourth plant at Khandkot or any other suitable location near a gas well-head	3.4 lakh tons of urea.
Total ..	**25.1 lakh tons**

Consequent on the above decision, the Government of West Pakistan sanctioned the following projects to 3 private companies.

(a)	.. ..	5 lakh tons of urea
(b)	.. ..	-do-
(c)	.. ..	1.5 lakh tons of triple superphosphate.

Subsequently, a 4th unit was sanctioned for with a capacity of 3.40 lakh tons of urea. At the same time, the capacity of the two plants (a) and (b) was reduced to 3.40 lakh tons each.

Paper and Board

The Third Plan target is 100,000 tons of paper. So far new capacity for 73,600 tons has been sanctioned and various units are under installation.

Besides the existing unit of Karnaphuli Paper Mills at Chittagong, another small unit at Nowshera with an annual capacity of 2,800 tons started production recently. It will produce fine papers for writing, printing, cigarettes, air mail, etc. Thus, when all the units are in production total output will be 1.11 lakh tons.

The North Bengal Paper Mill at Paksey (Pabna) is in an advanced construction

stage and is expected to start production in 1968-69. This mill, with an annual production capacity of 15,000 tons of high quality paper, will use bagasse grass as raw material. For the Sylhet Pulp and Paper Mill, with an annual production capacity of 15,000 tons of fine paper, negotiations for a loan from Germany, France and Italy are in progress.

The present sanctioned capacity of straw board is 22,400 tons a year. Also, the sanctioned capacity of card/paper board is 32,800 tons. The capacity of hard and particle board so far developed is 83,600 tons. Thus, the total capacity so far installed and sanctioned for all types of board is 1.39 lakh tons against the Third Plan target of one lakh tons. A hard board mill with a capacity of 10,000 tons was completed during 1966.

The production of paper and board declined in 1965-66, following the curtailment of operations because of Indian aggression in September 1965. It is hoped that production will improve considerably during 1966-67.

MINING

The development of minerals is a pre-requisite for the development of manufacturing industries, particularly of heavy type. During 1965 the production of minerals increased slightly, the index rising from 174.5 in 1964-65 to 176 in 1965-66. The index increased further to 182.2 in 1966-67. Table 27 shows the production of some of the principal minerals.

Table 27

PRODUCTION OF PRINCIPAL MINERALS

Minerals	*Unit*	1960-61	1964-65	1965-66*	1966-6 (July-De
Chromite	000 tons	23	16	27	7
Coal	,,	855	1,237	1,033	546
Fireclay	,,	15	17	19	10
Iron ore	Tons	9,225	11,789	26,597	15,052
Limestone	000 tons	1,104	2,005	1,934	1,108
Rock salt	,,	210	247	289	100
Crude oil	Million I.G.	97	132	136	66
Natural gas	,, cft.	31,985	62,896	74,036	37,751

*Provisional

Coal

In East Pakistan, the most important activity related to the Gondwana coa exploration in the Rajshahi Division. A hole was drilled 3,449 feet deep at the propose

shaft site for the exploitation of the Gondwana coal. The exploitable reserves of coal, which is of high grade bituminous type, are over 500 million tons and tests carried out in foreign laboratories have proved that metallurgical coke can be produced from this coal. The EPIDC has received a feasibility report from its consultants, M/s. Fried Krupp of West Germany.

In West Pakistan, the WPIDC continued to develope the Degari coal mines, Sharigh coal mines, and Central Block Sor-Range. The production of the Degari coal mines is anticipated to reach 340 tons a day by June 1967. In the Sor-Range area, because of a geological fault, the production target of 1000 tons a day at the end of 1967 is not likely to be reached and a revised scheme has been drawn up.

As the coal of West Pakistan contains a high content of sulphur ash and has a very low physical strength, the WPIDC has drawn up a scheme for the establishment of a pilot low temperature coal carbonisation plant at Quetta. The proposed plant aims at processing such coal into high-grade briquette coke, suitable for industrial consumption. The annual capacity of the plant has been estimated at 39,225 tons of coke briquettes. The capital cost of the project is Rs. 2.19 crores.

Iron Ore

Two iron ore beds with aggregate thickness of 30 feet have been located in the Peru area of D.I. Khan and Bannu districts, and sampled. The iron beds represent the same horizon as are exposed in the Chichali-Kalabagh area of Mianwali district. Regional geological and geophysical observations resulted in the discovery of promising high-grade iron ore deposits in the area about 35 miles north-west of Dalbandin in district Chagai. Detailed exploration and regional studies are being made in this area to locate other deposits.

Reconnaissance geological studies for iron ore were also carried out in the western part of Swat State. The WPIDC arranged with their consultants, M/s. Salzgitter of West Germany, to conduct large-scale tests of Chichali ore to find out its suitability for a steel mill at Kalabagh. The test proved that the Chichali ore could economically be exploited and a viable project could be based thereon.

Chromite

The production of chromite increased substantially, by about 69 per cent, from 16,000 tons in 1964-65 to about 27,000 tons in 1965-66. With the exception of 1955, when production was higher at 28,000 tons, the production in 1966 was the highest since Independence.

Marble

Important deposits of marble are located in Mullagori and Ghunndai Tarako-Maneri areas of Peshawar Division and Chagai district of Quetta Division. The number of marble processing industries is increasing and some headway is also being made in exporting marble products.

Gypsum

Very large deposits of gypsum are present in the Salt Range, Trans-Indus Sa Range and Sulaiman Range areas of West Pakistan, and additional deposits ha recently been found in Loralai district of Baluchistan. The Salt Range deposits a being used in fertilizer and cement factories. Its production will rise steeply wi the increase in demand for manufacture of plaster and plaster boards and in ste casting and moulding.

The production of gypsum declined appreciably from about 1.83 lakh tons 1964-65 to 1.15 lakh tons in 1965-66.

Copper

In the Saindak area of Chagai District, drilling was carried out to find out copper mineralisation increases at depth. Detailed studies of the ore samples are progress.

China Clay and Kaolin Clay

A survey of the China clay deposits of the Shah Dhari area of Swat State w completed in the early part of the year 1966-67. The reserves of high grade Kaolin cl were estimated at about 200,000 tons.

Limestone

In East Pakistan, a thick bed of high grade limestone occurs in the Jamalgi region where coal has also been found. The exploitation of this limestone s perhaps economically feasible, as it can be mined from the same shafts s those for the Gondwana coal, thus eliminating a major outlay for the develo ment. The limestone can be used for the manufacture of cement and lime.

Its production in Pakistan increased from 17.89 lakh tons in 1963-64 20.05 lakh tons in 1964-65. According to the preliminary estimate its producti in 1965-66 slightly decreased to 19.34 lakh tons.

OIL AND GAS

Oil and Gas Development Corporation

During 1966, the Oil and Gas Development Corporation conducted extens geological and geophysical surveys to locate more sites for drilling in both the provins. Drilling of a gib At Jaldi and of two test wells at Sari Sing was completed. Gd quality gas has been discovered at both sites and arrangements are in hand to de- mine the gas reserves there. Drilling continues at Tut Test Well No. 1, Jaldi Test Vil No. 2, Sari Well No. 3 and Kot Sarang Well No. 1. At the end of 1966 these wells d attained the depth of 3,990, 3,360, 455 and 2,333 metres, respectively.

A sum of Rs. 414.90 lakhs (Rs. 167.92 lakhs from cash resources and Rs. 246.98 lakhs from Soviet credit) was spent during 1966. Total expenditure from the date of the inception of this Corporation to 31st December 1966, amounted to Rs. 1,799.33 lakhs, of which Rs. 1,015.75 lakhs came from a Soviet credit of Rs. 1,429.00 lakhs.

During the Third Five-Year Plan an investment of Rs. 2,760.60 lakhs (Rs. 877.40 lakhs from Soviet loan and Rs. 1,883.20 lakhs from own resources) has been envisaged.

Concession for Oil and Gas Exploration

During the year 1966, two mining leases for natural gas, covering 200 square miles in Mari area, West Pakistan, were granted to Esso Standard Eastern, Inc. Two prospecting licences, one in East Pakistan covering one square mile and another in West Pakistan covering 57 square miles, were granted to the Oil and Gas Development Corporation. Moreover, nine exploration licences covering 1,548.6 square miles in East Pakistan and 14 exploration licences covering 7,941.03 square miles in West Pakistan were also granted. Besides, three prospecting licences covering 39.08 square miles were renewed during 1966.

Activities in respect of Oil

The total production of crude oil during 1965-66 was 136 million IG.

Production during the first half of 1966-67 was 66 million IG.

Efforts to find more oil are continuing on both land and sea. In the Dhulian field, efforts continued to obtain increased production from the various horizons.

Off-shore exploration also started in the Bay of Bengal during 1966 to investigate the presence of promising structure for drilling.

Activities in respect of Natural Gas

The total production of gas during 1965-66 was 74,036 million cft. showing an increase of 17.7% over 62,896 million cft. produced during the previous year. The increase in production was mainly due to the drilling of more wells in the Sui Gas field. Production during the first half of 1966-67 was 37,751 million cft.

The construction of the Sui Northern Gas Pipeline was completed in 1966 to Lahore, Gharibwal and Dandot. It will be connected with the Rawalpindi-Wah gas distribution system by the end of June 1967 to meet the increasing demand of various industries.

Drilling continued at Jaldi in East Pakistan and Sari in West Pakistan to assess the resources of gas discovered in those areas. The Titas gas fields, earlier discovered in East Pakistan, was developed and is now ready for gas production.

In East Pakistan, work on construction of a gas transmission line from Titas to Dacca and Narayanganj continued during the year and is expected to be completed by June 1967.

Investment

During 1966-67, the Government of Pakistan invested Rs. 46 lakhs in various oil companies. The total investment made so far in the oil venture is Rs. 15.92 crores. Rs. 32.50 lakhs have been earmarked for exploration through private oil companies during 1967-68.

CHAPTER IV

WATER AND POWER DEVELOPMENT

The development of water and power resources for a developing country like Pakistan is of vital importance. Along with that of transport and communication, it helps in building the infra-structure of the economy, and is an integral part of the rapid progress of agriculture as well as of industry.

West Pakistan has a gross area of about 20 crore acres of which about 7.6 crore acres are cultivable. Since the rainfall is low, irrigation has been developed at a fast pace. About 2.5 crore acres, out of the cultivated area of 4.1 crore acres, are presently irrigated. There are 16 major structures of barrages and weirs across the rivers and about 42,000 miles long channels to provide irrigation and drainage facilities. The irrigation canals have an aggregate maximum capacity of 2,49,000 cusecs at their off takes during the Kharif Season. About 9 crore acre feet of surface water is diverted in a year. At the time of Independence only 6 crore acre feet of water was diverted for irrigation.

WEST PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY

Forty-five projects, estimated to cost Rs. 586 crores have been undertaken by West Pakistan WAPDA. It has so far completed 6 water projects and 13 power projects at a cost of Rs. 223 crores. During the Second Five-Year Plan period, the total allocation to the water and power sector was Rs. 226 crores, of which Rs. 175.85 crores, *i.e.*, 77.8%, was earmarked for the Water and Power Development Programme to be executed by WAPDA. Under the Salinity Control and Reclamation Programme, the results of the operation of 1,800 tubewells in Central Rechna Doab, covering 12 lakh acres, have been very encouraging. The water table has gone down by about 8 feet on an average. About 62% of the affected area has been brought back under the plough. The cropping intensity of the total project area has risen from 77% to 100% and food production was 200% more than in the pre-project year.

Investigations and Surveys

Two original plans, one for the lower Indus Plains comprising Gudu, Sukkur and Ghulam Mohammad Barrage Commands and the other for areas north of Gudu, have been evolved. System Operation Studies to integrate the regional Plan, correlate them with the power system and assess the study operation of the whole system, are undertaken with the help of a computer, through sequential studies covering a period of 20 years *i.e.*, 1965-85. The report, entitled 'Indus Basin Irrigation and Power System', a guide to the Computer Programme, was prepared by June, 1966 to indicate the work done and thus describe the basic criteria and assumptions adopted for the system operation, using the IBM 7,094 computer and some of the input data used for the studies.

Water Development

The West Pakistan WAPDA has so far undertaken 8 water development projects, 6 of which have already been completed. A sum of Rs. 24.14 crores has been ear-

marked for on-going projects, and Rs. 3.43 crores for new projects during the Third Plan period. Work will be started on a new scheme, the 'Mangi Pumping Station' with an estimated cost of Rs. 3.5 crores during 1967-68. Progress of the on-going projects is summarised below.

Tanda Dam

The dam, which will be 114 feet high with a top length of 1,925 feet, is nearing completion. All the diversion work is complete and water was successfully diverted to the dam on 30th June, 1966.

Khanpur Dam

This dam will be 1,310 feet long and 137 feet high with a live storage capacity of 43,736 acre feet. The revised cost of the project is Rs.10.72 crores, against an approved cost of Rs. 6.2 crores.

Gomal Zam Multipurpose Project

The project envisages the construction of a 500 feet high dam across the Gomal River at Khajuri Katch in the D.I. Khan District. It will help in controlling floods and providing hydro-electric power to the extent, in the first instance, of 90 MVA. The cost of the scheme is now estimated to be about Rs. 38 crores.

Karachi Irrigation Project

The project aims at constructing a 146-feet high and 22,900 feet long earthen dam across the Hub River near Karachi, at an estimated cost of Rs. 8.86 crores. Preliminary works such as camp buildings and approach road have been completed; work on the main dam has been started and completed to the extent of 7.25%.

Pilot Wind Mills

It has been proposed to set up six Pilot Wind Mills in Mekran Coast and Lower Sind areas. Four of these mills are intended for stock watering and are located on or near the established stock routes; one WindMill is proposed for irrigation, and one for aero-generation of electric power. If successful, these mills can be used to store water for domestic and irrigation purposes.

Machinery Pool Organisation

This is a pool of construction and heavy earth-moving equipment established in June 1959. During the 7½ years of its existence the actual earth-work done totalled 262 crore cubic feet. The organisation is now doing work on (i) The Ghulam Mohammad Barrage Project, (ii) the Karachi Irrigation Project, (iii) the Larkana-Shikarpur Drainage Project, (iv) the Kot Adu Drains, (v) The Chaj Doab Drainage, (vi) the Khairpur Drainage, (vii) the Remodelling of Balloki-Sulemanki Link and (viii) the

Construction of Mangla Periphery Road.

Reclamation Programme

Top priority is being given to the development of ground water resources in sweet water zone areas to remove salinity and waterlogging and to supplement irrigation water. It is now estimated that with an investment of about Rs. 124.8 crores (including Rs. 40.3 crores for tubewell electrification) during the Third Plan period, about 9,000 tubewells will be installed in various SCARP areas, of which 7,855 tubewells will be put into operation by June, 1970, covering 50 lakh acres and augmenting irrigation supplies by 1 crore acre feet of water per annum. On the basis of the existing cropping pattern, about 20 lakh acre feet of the additional supplies will be applied to wheat production. The progress of the major schemes now under execution is as follows:

Chaj Doab Scheme

This project aims at reclaiming 22.7 lakh acres between the Chenab and Jhelum Rivers in the districts of Jhang, Sargodha and Gujrat through the installation of 2,500 tubewells, excavation of 450 miles of new drainage channels and remodelling of 300 miles of the existing drains. The estimated cost of the project is about Rs. 30 crores. Installation of 301 tubewells (163 tubewells under the Lalian Scheme and 138 tubewells under the Mona Scheme) has since been completed and they are in operation. Of the remainder, about 890 tubewells will be installed in the Upper Jhelum Scheme, 213 in the Khadir Scheme and about 1,100 in the Lower Jhelum Scheme areas. 213 tubewells of the Khadir Scheme have been completed, their electrification is in progress, and is expected to be completed shortly, after which they will be put into operation. Of the 890 tubewells in the Upper Jhelum Scheme, 882 have been constructed and 743 installed. Their electrification is in hand. A loan agreement for financing the 1,100 tubewells of the Lower Jhelum Scheme was signed with US AID a few months back, and the execution of this scheme will be taken up shortly.

Lower Thal Scheme

The project envisages the installation of 1,550 tubewells for irrigation and 150 miles of drainage channels over an area of 13 lakh acres, mainly under the command of Rangpur and Muzaffargarh Canal systems. Work on two units comprising 540 tubewells in Kot Adu Unit has already been started. The construction of the drainage channel is continuing, and about 37.75 miles had been excavated up to December, 1966. The project will be completed at an estimated cost of Rs. 22.45 crores.

Upper Rechna Scheme

This project aims at installing 3,273 tubewells for irrigation at a cost of Rs. 45.4 crores to cover an area of about 20.5 lakh acres in the Upper Rechna Doab. Work was undertaken during 1966-67 on only 300 tubewells of Mangtanwala Unit and so far only four tubewells have been drilled there.

Khairpur Reclamation Scheme

This project envisages the installation of 568 tubewells, 5 pumping stations and 350 miles of drainage channels to reclaim a cultivable commanded area of 3.18 lakh acres in the district of Khairpur at an estimated cost of Rs. 15.10 crores. All the 568 tubewells have been drilled, the main and branch drains had also been completed. The project was inaugurated by the Governor of West Pakistan on April 12, 1967.

Larkana-Shikarpur Scheme Phase-I

The project makes provision for the excavation of 126.5 miles of new drains in an area of 5.78 lakh acres in the districts of Larkana, Shikarpur and Sukkur on the West Bank of the river Indus. Its approved cost is Rs. 2.28 crores. Up to December 1966, 72% of the total earth work involved had been excavated. The construction of structures for the drains is underway.

Agricultural Development Corporations

On the recommendation of the Food and Agriculture Commission, the two Agricultural Development Corporations were set up in East and West Pakistan by the Provincial Legislatures in 1961. These Corporations are responsible for the supply of better seeds, fertilizer, plant protection, better cultivation techniques and short and medium term credit.

In the project areas, these Corporations help in colonisation of the new areas by providing basic essential facilities to the settlers such as land grant for cultivation purposes, supply of water for drinking and irrigation, land levelling, setting up of village *abadis* in *Chcks*, establishment of *Mondi* towns construction of roads and village paths etc. At present Ghulam Mohammad Barrage, Guddu Barrage, Soan Valley Land Improvement Project, Taunsa Barrage Project, Thal Project and Small Dams Scheme are being administered by the West Pakistan Agricultural Development Corporation.

Power Sector

West Pakistan WAPDA was entrusted, with effect from 1959, with the execution of power projects, running of power stations and maintenance of the distribution and transmission systems in West Pakistan, excluding Karachi, on the transfer of the Electricity Department to it from the Provincial Government. It has so far undertaken work on 24 schemes estimated to cost Rs. 302.45 crores, of which 13 power schemes costing Rs. 156.2 crores have been completed.

The total developmental expenditure incurred by WAPDA on various power projects during the First Plan period amounted to Rs. 18.4 crores; during the Second Plan period Rs.111.16 crores as against the Plan allocation of Rs. 106.97 crores, and approximately Rs. 21.9 crores during the first year of the Third Plan.

The completed Phase-I canals and barrages of the T.S.M.B. System were transferred to the Provincial Irrigation Department on the 30th June, 1966. This system was operated satisfactorily during the '*Kharif* Season' of 1966 and early '*Rabi* Season' of 1966-67. The construction of the Phase-II works, including the Mangla Dam Project, also progressed satisfactorily. The Qadirabad Barrage and the Qadirabad-Balloki Link have been substantially completed. Work on the Rasul Barrage and Rasul-Qadirabad Link is also complete by more than 60% and 85% respectively. Work on the Mangla Dam is ahead of schedule by nearly a year and the impounding of the Mangla Reservoir, scheduled to start in March 1967, was commenced on 21st February, 1967.

Indus Basin Project

The Indus Basin Project included two dams, Mangla on the river Jhelum and Tarbela on the river Indus, 8 inter-river link canals about 400 miles in length, 6 river diversion structures including one gated siphon, remodelling of 3 existing link canals, 2 existing headworks and several existing canal systems served by the new construction.

The progress of work on various projects of the Indus Basin Scheme by the end of December 1966 is as follows. The work on Mangla Dam Project has been completed to the extent of 82%, Marala Barrage 67%, Qadirabad Barrage 95%, Rasul Barrage 71%, Rasul-Qadirabad Link 82%, Qadirabad-Balloki Link 93%, Balloki-Sulemanki Link-II 50%, Taunsa-Panjnad Link 38% and Tarbela Preliminary Works 30%. The total revised estimated cost of the Indus Basin Project was Rs. 1,040.3 crores, including custom duties and taxes amounting to Rs. 110.6 crores, against which Rs. 395.4 crores had been spent up to June, 1966 and Rs. 68.35 crores during July to March, 1967.

The West Pakistan WAPDA has been playing a vital role in developing the power resources of the Province to meet the rising demand for power there.

The Third Plan allocation for West Pakistan WAPDA's power projects has been revised to Rs. 162.57 crores, excluding allocation of Rs. 30 crores for tubewell electrification. This outlay aims at providing an additional generating capacity of 723 MW, 11,700 circuit miles of transmission and distribution lines, and 5 lakh new connections apart from the electrification of 1,000 villages.

Two mobile gas turbines with a total generating capacity of 26 MW were commissioned at Shahdara in the first half of the current financial year. It is expected that the Lyallpur (first unit of 66 MW) and the Mangla (first unit of 100 MW) may come on the grid by May, 1967. The Mangla second Unit of 100 MW is likely to be commissioned by July, 1967.

EAST PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY

The revised Third Plan allocation for East Pakistan water and power development is Rs. 351 crores. Of this amount, Rs. 196 crores were allocated for the water sector and Rs. 155 crores for the power development programme. In the water sub-sector,

the East Pakistan programme has been made more selective, emphasis has been placed on the early completion and operation of all on-going projects with work initiated mostly on such projects as are likely to be completed within the Third Plan period. Allocation for flood control schemes has been doubled.

The budget provision for 1966-67 was Rs. 69 crores. The main objectives of water development are flood protection, prevention of salinity, generation of hydropower, drainage, and to develop irrigation within the Province.

Water Sector

Substantial progress has been made on the first phase of the Ganges-Kobadak Project (Kushtia Unit). The auxiliary pump house is now ready and functioning to full capacity. The canals, their branches and sub-branches, are ready and field channels are being dug by the WAPDA. The construction of the main pump house, which was delayed for various reasons, is now steadily progressing. Of the available irrigation potential of 94,000 acres, a maximum of about 29,000 acres has been irrigated. On the second phase of the project the drainage channels and hydraulic structures are under construction.

Although no addition could be made to the mileage of the coastal embankments, other physical works like hydraulic structures etc. were taken up and about 334 of them have been completed. The total mileage of embankments raised up to June, 1966 is reported at 1,205. A total sum of Rs. 46.6 crores had been spent.

Of the 380 deep tubewells, 800 diesel-driven pumps and 70 pumps with electric motors under the Ground Development and Pump Irrigation Scheme, 306 tubewells have been put into operation and 560 pumps have been installed at 73 stations in Dinajpur, Rangpur, Bogra and Rajshahi districts. During 1966, about 8,000 acres were irrigated by tubewells and a further area of 55,000 acres by small pumps. The problems of land acquisition for Government channels have slowed down progress but these are being overcome with the expectation that the benefits of irrigation will reach more areas in the coming year.

On the Dacca-Narayanganj-Demra Project, which envisages provision of irrigation to about 15,000 acres near Dacca, the main canal pumping plant and the intake channel have been completed. Some of the bridges and buildings are still under construction. The land acquisition problems and protracted correspondence with the World Bank over reservation of land for the Dacca-Chittagong highway have caused delays in completing the project. But irrigation facilities to about 5,000 acres have already been provided.

Against an allocation of Rs. 1.8 crores for the first phase of the Tipperah-Chittagong-Chanpur Multipurpose Project, an amount of Rs. 1.1 crore was utilised during 1966. The approach road, bridges and buildings were under construction. Excepting some earthwork for the embankments and the canal system no major construction has yet been initiated.

Against an allocation of Rs. 1.4 crore for the Brahmaputra Flood Embankment Project (Phulchari-Serajganj), Rs. 1.6 crore are reported to have been spent. Work on the project is actively in progress. On an overall basis, the project is nearly 50 per cent complete.

The Teesta Sub-project was nearing completion. For all practical purposes the schemes for Improvement of Gazaria-Ichamati river in Bogra district, the Comprehensive Drainage Scheme in Faridpur district and the Dredging of the Gumti River in Comilla were completed.

A total sum of Rs. 30.3 crores was provided for this sector in the original Agricultural Development Programme. This was reduced to Rs. 25.2 crores when the Agricultural Development Programme was revised in view of the September War. The reduction was made largely on the schemes which were unlikely to produce any immediate productive results and some pruning was done on specific allocations to make them as realistic as possible. Of the reduced total Rs. 22.6 crores, or nearly 90 per cent, have actually been spent. Land acquisition problems hampered the progress of works.

Power Development

During 1966-67, power generating capacity increased from 208 MW to 234 MW, length of transmission and distribution lines from 2.971 to approximately 3,580 miles, number of consumers from 120,500 to 151,000 and electrified villages from 150 to 200.

The addition of 26 MW in the generating capacity was done under the Emergency Power Generation Scheme, Isolated Power Generation Project and under the scheme Acquisition and/or Improvement of Supply of Power to Small Undertakings'. The addition of 612 miles to the transmission and distribution network occurred mostly in the secondary transmission and distribution lines which increased by 427 miles. In the primary transmission (132 KV), there was an increase of 185 miles due to progress on the 110 miles long Ishurdi-Bheramara-Goalpara line, on the 160 miles long Siddhirganj-Sylhet line and the completion of the 42 miles long Thakurgaon-Saidpur line.

Some progress was made on the on-going power generation schemes, namely, 50 MW Siddhirganj Thermal Station Extension, 40 MW Karnafuli Hydro-electric Station Extension, and the 120 MW Ashuganj Thermal Station.

For the three generation schemes of the Third Plan, 110 MW Ghorasal Thermal Station, 60 MW Chittagong Thermal Station and 60 MW Khulna Thermal Station, agreements for their financing have already been signed with the Russian and Czechoslovakian Governments. A Canadian Special Development Loan has been secured for financing the construction of East-West Inter-connector. For the improvement of the power distribution systems at Dacca and Chittagong consultants have finalised the design of the improved systems and equipment for which has begun to arrive in East Pakistan.

In comparison with the overall target of adding around 600 MW generating capacity by the end of the Third Plan, the addition of only 26 MW during 1966-67 is very insignificant. This is due to the fact that the implementation of the schemes namely Karnaphuli Third Unit and Siddhirganj Thermal Station Extension was considerably delayed due to protracted negotiations with foreign aid-giving agency.

The progress of the secondary transmission and distribution facilities has also been slow, primarily because the aid-giving agencies were slow in picking up the schemes.

Although the progress of the power generation, transmission and distribution schemes has been behind schedule, it is expected that the progress will improve from now on, because agreements for financing the three thermal stations of the Third Plan have already been signed, and the aid has also been obtained for a number of secondary transmission and distribution schemes.

PAKISTAN ATOMIC ENERGY COMMISSION

The activities of the Atomic Energy Commission, which are classified into two categories, viz. (i) harnessing of atomic energy by conversion into electronic power; and (ii) application and uses of radioisotopes and radiation sources in the solution of problems in the fields of agriculture, industry and medicine, progressed satisfactorily during 1966-67. Some of the important projects undertaken by the Commission are briefly discussed below:

Karachi: A nuclear power plant with a generating capacity of 137 MW is being established at Paradise Point on the Buleji Coast, 15 miles west of Karachi. The plant, complete in all respects, will cost approximately Rs. 32 crores and will be completed by 1970.

Rooppu-: A nuclear power plant is planned to be established with a generating capacity of 140 MW (gross) at Rooppur in the Pubna district of East Pakistan. It is expected to operate in 1971 if the financial arrangements are finalised and Rs. 25 crores are to be spent on its completion.

Lyallpur: An Institute of Radiation Genetics and Plant Breeding is being set up at Lyallpur at an estimated cost of Rs. 40.98 lakhs. The project is scheduled to be completed by 1969. This institute will provide research facilities for Plant Genetics and Breeding with the help of radiation so that new varieties of crops may be quickly propagated to help the drive for self-sufficiency in food supplies and higher production of cash crops in West Pakistan.

Mymensingh: An Institute of Radiation Genetics and Plant Breeding, similar to that of Lyallpur, will be established at Mymensingh.

Radioactive Mineral Survey

Search for the radioactive minerals to feed the research programme of the

country continued during 1966-67 with full vigour and the scope of the survey was extended to East Pakistan in Coxs' Bazar. Field operations and laboratory tests carried out in East Pakistan indicate the presence in the Coxs' Bazar area of heavy minerals. Similarly, it has been found that there are prospects of discovering uranium ore deposits in Gilgit and Dera Ghazi Khan district of West Pakistan.

Training and International Collaboration

The training programme of engineers and scientists progressed satisfactorily during 1966-67. The Commission was able to get its scientists and engineers trained in reputable institutions abroad and had at the end of January, 1967 some 333 technically trained personnel, including over 158 who were sent abroad for specialised training in various disciplines of nuclear science. The Commission continued its international contacts with encouraging response. Formal understandings were reached with Sweden, Denmark, Spain and Italy for mutual collaboration in the field of peaceful uses of atomic energy.

CHAPTER V

COMMERCIAL POLICY

Pakistan's foreign exchange requirements are increasing rapidly because of the increased tempo of the economic development; in spite of a large increase, by 21% in its exports, in the last three years, exchange requirements still exceed current earnings. The demand for capital goods, spare parts and industrial raw materials has risen considerably. To this may be added some of the consumer goods, especially durable consumer goods, which are not produced within the country. A part of the foreign exchange demand is met through borrowing in the international capital market on Government account and through foreign private investment. However, these cannot be considered as permanent sources of capital formation. Vigorous efforts are, therefore, being made to increase the country's foreign exchange earnings to such an extent as to eliminate its dependence on foreign economic aid to finance a substantial part of its development imports.

In order to expand the country's export earnings, it is necessary to increase not only exports of traditional items, but also those of new primary commodities and of manufactured items. Dependence on the few primary products that constitute the country's traditional exports is fraught with serious risks, because of the widely fluctuating world prices of agricultural products. Pakistan's economic policies have therefore been re-oriented with the aim of increasing exports of manufactured goods to both traditional and new markets.

Pakistan, with many other developing countries, is facing competition from the industrialised countries of the world in the export of its manufactured goods. The developed countries have placed restrictions on imports of manufactured goods from the developing countries such as Pakistan by their import quotas, high tariff walls and other barriers. In order to promote exports several measures have been taken by the Government. One of the important steps is the reorientation of import policy to promote exports.

IMPORT POLICY

The major objectives of Government import policy are the fuller utilization of existing industrial capacity, the promotion of exports, import substitution, improvements in the supplies of consumer goods not produced within the country, stabilisation of prices at reasonable levels, and improvement of the economic condition of the backward areas.

Efforts are being made to liberalise imports as far as possible but because of Indo-Pakistan war in September 1965 and the reduction in the inflow of foreign economic assistance, there was some decline in imports in 1965-66. However, imports recovered during 1966-67. During the first nine months of the year, the value of imports stood at Rs. 362.31 crores compared to Rs. 327.25 crores during the same period of 1965-66, an increase of about 11 per cent.

Import liberalisation has been achieved mainly through gradual relaxation of administrative controls. The entire import trade was subjected to licensing in 1958-59. In 1965-66, imports subject to licensing were 45% of total which came down to 35% in 1966-67. However, towards the close of 1966, the smooth operation of the import policy received certain set-backs because of unexpected diversion of a substantial amount of foreign exchange for food imports which became necessary due to the shortfall in the foodgrains availability under the US PL-480 Programme and prevailing drought conditions in the country. The delay in the availability of a substantial portion of the Commodity Assistance pledged by the US Government for the year 1966-67 also contributed to this set-back. However, the timely adoption of suitable administrative measures helped in maintaining equilibrium in imports and the aforesaid developments did not cause much adverse effect on the operation of the import policy.

In the import policy for 1966-67, as many as 66 items were placed on the Free List as against only 31 during the preceding shipping period. Almost all the essential industrial raw materials, tools and spare parts were on the Free List. The most important items are iron and steel, non-ferrous metals, tools and workshop equipment, chemicals, dyes, dyeing and tanning substances, pigments and dry colour and the new items added to the Free List during the year were instruments for scientific research, X-ray and ECG equipment, asbestos fibre, road rollers, drilling rigs, vegetable and flower seeds, and tea seeds. However, suitable administrative measures were taken to check excessive imports.

During the preceding shipping period, the Open General Licence List (OGL) consisted of only 11 items. The main feature that distinguished this List from the Licensable List was that imports could be repeated subject to the fulfilment of certain conditions. In order to simplify the import procedures, the OGL List was merged partly with the Free List and partly with the Licensable List. Some of the important items transferred from it to the Free List were outboard engines, plants, vegetable and flower seeds, and gelatine capsules. To make up for the loss of repeat facility, it was decided that the licensing of essential items like drugs and medicines, books, typewriters and office machines would be done on a liberal basis so as to ensure adequate supplies.

The Licensable List for 1966-67 consisted of 96 items. It contained mainly essential industrial raw materials or essential consumer goods.

The new policy also provided that licences for 25 items on the Licensable List should be issued to the commercial importers at flat rates. This step was taken in order to scale down the limits of licences which big category-holders were entitled to receive under the previous policies.

The Bonus Import List

Certain noteworthy items added to the Bonus Import List were G.I. Pipes and iron and steel tubing up to 3" dia., metal scrap, iron and steel baling hoops of certain specifications, camphor, valves for iron and steel pipes and tubes, textile power looms of specified types and unserviceable old ships etc.

Industrial Licensing

As many as 258 industries were eligible to receive normal licences for such items of their requirements as were not covered by the Free List. These industries fall into two categories:

(*a*) Those oriented to export/defence, agricultural development, high priority industries, and

(*b*) those subject to comparatively lower priority.

Of these industries, 148 which belong to the first category were eligible to receive initial licences at 100% of entitlement repeatable on production of prescribed shipping documents, while 110 industries belonging to the second category were eligible to receive licences on a specific basis. This facility, coupled with imports under the Free List, should enable the industries to work at optimum levels.

These industries were also allowed to import their requirements on bonus.

A small segment of the industrial sector consisting of such industries as were not covered by the aforesaid two categories was retained on bonus exclusively. These industries were, however, entitled to import Free List items without being called upon to surrender bonus vouchers.

Furthermore, the industries could supplement their stock of raw materials importable under the Free List or under the Licensable List, by effecting imports, should they so choose, under the Bonus Import List as well, without any upper limit.

Similarly, with a view to facilitating industrial production, industrial items whose import is tied to specific sources under credit/barter arrangements, could also be imported under bonus. To enable the industrial units to be balanced and modernised with a view to improving their efficiency, it was decided that import of balancing, modernisation and replacement machinery should be permitted freely under the Bonus Vouchers scheme, subject to the provisions being there in the Industrial Investment Schedule.

Inter-Wing Movement of Free List/Bonus List Goods

In order to free the economy from the unnecessary shackles of bureaucratic red-tape, it was decided that there should be no restriction on the inter-wing movement of such goods as are importable into both Provinces under the Free List/ Bonus Import List.

Export Performance Licensing

The policy regarding issue of special licences against export performance up to 50% of the FOB value of exports remained unchanged.

Special Provisions for East Pakistan

As usual, the new import policy continued to cater to the special requirements of East Pakistan in the matter of imported goods. As many as 20 items could be imported exclusively in that Province.

Registered Importers in East Pakistan/West Pakistan

Since 1959-60 the country has gone a long way along the road to broadbasing its import trade. This is evident from the following comparative figures:

NUMBER OF IMPORTERS

	1959-60	1964-65
West Pakistan	8,731	24,500
East Pakistan	7,037	22,500

It will be seen that the percentage increase in East Pakistan has been of the order of 319 and in West Pakistan of the order of 280. The higher percentage increase in East Pakistan is the result of deliberate Government policy to bring the two Provinces economically on a par with each other.

Trade Diversification

During the last few years, the Government have paid special attention to the development of trade with countries having centrally-planned economies. This has helped the country to find new suppliers of imports and new markets for exports. Pakistan's imports from the countries having centrally-planned economies and Indonesia rose from about Rs. 8 crores in 1960-61 to about Rs. 28 crores in 1965-66, an increase of about 250% in the last six years. The increase has been all the more pronounced in imports from China, which rose from Rs. 1.55 crore in 1960-61 to Rs. 9.68 crores in 1965-66.

EXPORT POLICIES

The Government of Pakistan have adopted several measures to promote exports, with the ultimate objective of eliminating the country's dependence on foreign economic aid for the financing of development imports. During 1966-67, the existing export promotion measures were strengthened and new measures were adopted. As a result, exports have gone up by Rs. 11.42 crores from Rs. 205.83 crores during 1965-66 (July-March) to Rs. 217.25 crores during 1966-67 (July-March).

A summary of important export promotion measures is given below.

Export Bonus Scheme

The Export Bonus Scheme introduced from 15th January, 1959, to increase exports by means of a bonus on export earnings, covers all items except the traditional

primary exports, viz., raw jute, raw cotton, raw wool, hides and skins, tea and rice. Some service industries are also entitled to bonus on their net foreign exchange earnings. The earnings from 'lighterage work' has also been made entitled to bonus from 14th November, 1963.

The Export Bonus Scheme maintained its successful operation during 1966 and exports of commodities covered by the scheme totalled Rs. 146.19 crores against Rs. 107.83 crores in 1965, an increase of about 36%.

Table 28 shows the exports under the Scheme since its inception.

Table 28

BONUS EXPORTS DURING 1959-66

(In crore rupees)

Year	*Amount*	*Percent increase (+) decrease (—)*
1959	55.16	—
1960	66.52	+12.4
1961	72.47	+14.9
1962	77.59	+ 5.1
1963	88.94	+14.6
1964	100.79	+13.3
1965	107.83	+ 7.0
1966	146.19	+36.0

Bonus earnings, i.e. the share of foreign exchange given to exporters during 1966 stood at Rs. 33.59 crores as against Rs. 24.83 crores during 1965. Net foreign exchange earnings under this scheme stood at Rs. 112.60 crores during 1966 against Rs. 83 crores during 1965, an increase of Rs. 29.60 crores or about 36%.

Bonus earnings were utilized for the import of consumer goods, industrial raw materials and machinery and parts as shown in Table 29 on page 64.

It will be seen that in 1966 there was a substantial increase in the import of consumer goods and industrial raw materials and a significant decrease in the import of machinery and parts under the scheme over the figures recorded in 1965 and 1964. This was due to the fact that the Government wanted to increase the production of industries based on imported raw materials and the supplies of consumer goods with a view to bringing prices down. Several changes have been made in the list of goods to

Table 29

IMPORTS UNDER THE EXPORT BONUS SCHEME

(*In crore rupees*)

Item	1963	1964	1965	1966
Consumer goods	4.71	8.64	11.84	17.49
Industrial raw material including iron and steel	8.64	9.82	8.87	17.88
Machinery and parts	6.93	7.94	6.74	4.64
Total	20.28	26.40	27.45	40.01

Note: Excess in imports over bonus earnings is due to advance licensing.

be imported under the Scheme since April 1966. Most important are the inclusion of ambergris, metal valves for cycle tubes, electric lamps for use in automotive vehicles, hurricane lanterns, milk powder, complete bicycles of C & F value exceeding Rs. 90/- each, tea of C & F value not exceeding Rs. 1.70 per pound, betelnuts, edible oils of all sorts, oilseeds producing edible oils, raw materials for tea, paper, match, umbrella and umbrella fittings industries, coconut oil, copra and coconut kernal, belts, rolls and discs of sand paper, emery paper and emery cloth; and the exclusion of bidi leaves, glass and glassware of all kinds, iron and steel bolts, nuts and screws including machine screws and nuts and mechanical and educational toys. The period of the validity of stamped bonus vouchers to be used for the import of raw materials including edible oils has been reduced with a view to increasing immediately the supplies of edible oils, which are below the demand.

Export Credit Guarantee Scheme

The Export Credit Guarantee Scheme was introduced on a trial basis in March 1962 to give credit guarantees for the export of goods from Pakistan, and the Pakistan Insurance Corporation was entrusted with the implementation of the Scheme. Initially the scheme was to remain in force uptil 3rd May, 1965.

After two years of operation, the working of the Scheme was reviewed by the Pakistan Insurance Corporation. It was found that the results were not very encouraging because of the general reluctance of exporters to take advantage of the new facility and the exclusion of certain important export items such as raw jute, jute manufactures, raw cotton, raw wool and commodities exported against confirmed irrevocable letters of credit or cash before shipment, from the scope of the Scheme. Accordingly, the following measures were taken to improve its operation.

(*i*) Raw jute, raw cotton and other items which are exported against confirmec irrevocable letters of credit or against cash before shipment should continue to be ex· cluded from the scope of the Scheme, but it may be applicable to all other items in cluding jute manufactures and raw wool.

(*ii*) The Scheme should issue cover for banks to facilitate the grant of pre· shipment credit to exporters to cover the cost of manufacturing, processing or purchas· ing goods for export. The risks to be covered would be

(*a*) non-delivery of shipping documents to the financing banks; and
(*b*) non-payment of the debt, if shipment cannot be made. (Banks would b insured to the extent of 50% of the credit.)

(*iii*) The Scheme should issue cover to a particular export deal to a particula market.

(*iv*) The Pakistan Insurance Corporation should appoint special agents for th Scheme on the usual commission of 15% of the declaration premium.

(*v*) The premium rates were reduced by about 25% in respect of both short-tern and extended term business.

In April 1965, the working of the Scheme was again reviewed and it was decide that it should be extended to 30th June, 1970 and its working capital raised fron Rs. 15 lakhs to Rs. 20 lakhs.

The Scheme issues guarantee up to 85 % of the political risks and 75% of the commercial risks.

The Scheme's activities, however, suffered a set-back in 1965 partly because o certain restrictions placed on the expansion of commercial credit and partly because o war with India in September, 1965. During 1966, some progress was made, as show in Table 30.

Table 30

WORKING OF THE EXPORT CREDIT GUARANTEE SCHEME

(In rupees)

Year	*No. of proposals Received*	*No. of Policies Issued*	*Premium*
1962	56	40	4,665
1963	92	63	20,369
1964	151	123	27,173
1965	137	126	20,597
1966	205	161	25,000

The total amount of cover in force in respect of exports as on 28th February, 1967 exceeded Rs. 2.44 crores. The amount stood at Rs. 78.74 lakhs at the end of 1962, Rs. 208.66 lakhs at the end of 1965 and Rs. 233.46 lakhs at the end of 1966.

Up to 31st December, 1966 the Scheme had settled 12 claims amounting to Rs. 50,764. A classification of the total of the years is given in Table 31.

Table 31

CLASSIFICATION OF CLAIMS BY YEARS

(*In rupees*)

Year	*Number of claims*	*Amount of claims*
1964	8	40,217
1965	2	9,925
1966	2	622
	12	Rs. 50,764

Another landmark in the Scheme's growth was the issue of cover on all exports made to Indonesia in the national interest under Protocol I to the Trade Agreement between the Government of Pakistan and the Government of Indonesia. The risks were underwritten by the Central Government. On this account, the Scheme received a premium income of about Rs. 7,80,000 and its liability would amount to Rs. 3.89 crores. A sum of Rs. 3.89 crores was placed at the disposal of the Scheme to settle claims arising under 'National Interest' business. The claims that have fallen due are being processed and will be paid to exporters in the near future.

Other Export Promotion Measures

A large number of other measures have been taken to stimulate exports. These include setting-up of the Jute, Cotton and Tea Boards, the Export Promotion Bureau, the Pakistan Trade Offices abroad, Export Promotion Councils and Committees, Advisory Council for the Ministry of Commerce. Export Promotion Advisers to the Commerce Minister, Standardisation, market surveys etc., the Export Marketing Development Fund, Pakistan House International, establishment of a design centre, compulsory grading of export goods, training courses in export techniques, export corporations, reduction in freight rates etc. All these arrangements and measures continued during 1966-67. The following are the important measures taken since April 1966.

(*i*) In order to build up a reputation for the country's goods abroad, compulsory standardisation of export products was introduced in phases. The export of electric fans, wet batteries, dry cells, cement, induction motors, etc., was prohibited unless these goods comply with the prescribed standard specifications.

(*ii*) A large number of industrial units were surveyed with a view to assisting them in importing raw materials and balancing and modernisation equipments where necessary. The units found lacking in their export efforts were urged to improve their performance, failing which they were warned that their import facilities were liable to be withdrawn or curtailed.

(*iii*) The Pakistan House International entered into contracts with different foreign firms to open Trade Houses in Saudi Arabia, Kuwait, Jordan and some other Middle Eastern countries. The PHI has also plans to open Trade Houses at Hamburg and New York.

(*iv*) Export Technique Courses for the benefit of exporters were conducted at Karachi, Dacca and Lahore.

(*v*) A seminar on packaging, storage and carriage of cargoes susceptible to spontaneous combustion was held on the 24th and 25th June, 1966, at Karachi. Seminars were also held on problems of export trade at Dacca and Lahore.

(*vi*) In addition to dealing with individual trade disputes between Pakistani sellers and foreign buyers an effort was made to identify the reasons which led to the recurrence of such disputes. It was decided that the inclusion of a binding clause in the terms of business contracts would be effective in arriving at settlement and compromise between the contracting parties without much delay. A notification to this effect was issued.

(*vii*) Terminal taxes and railway freight on some export items were reduced. Regular sailings were arranged between Pakistan and the Middle East and Red Sea ports and ships plying on the coastal route were permitted to carry parcels of 100-150 tons for Colombo.

(*viii*) A publicity programme was launched by the Export Promotion Bureau for bringing home to exporters the importance of export trade and for getting foreign buyers interested in Pakistani products.

(*ix*) In order to safe-guard against shipment of goods not conforming to contracts between exporters in Pakistan and importers abroad, it was decided to introduce a system of pre-shipment inspection under the aegis of the Chambers of Commerce or Trade Associations. The Chamber of Commerce and Industry, Karachi agreed to establish an organisation on a regular basis to provide pre-shipment inspection facilities to exportable goods at nominal cost.

(*x*) At the instance of the Export Promotion Bureau, the procedure for obtaining refunds of customs and excise duties and sales tax on exports was simplified so

that exporters may get refunds of all three taxes at the point of export within a fortnight of presenting their claims.

(*xi*) Pending a general reduction in railway freight on goods destined for export, the Export Promotion Bureau was able to obtain reductions in 31 individual cases. The rate of reduction ranged from 5% to 77 %

(*xii*) In order to provide cheap and regular credit facilities to exporters, a working group, composed of representatives of the Export Promotion Bureau, the State Bank, the Planning Commission and the Pakistan Insurance Corporation, after studying the present credit facilities, arranged for the following improvements in this regard:

(*a*) The State Bank liberalised the Bill Rediscounting Scheme under which banks can take advances against bills covering exports or can rediscount export bills directly with the State Bank. The restrictions imposed by the State Bank on unsecured advances and advances secured by a guarantee or guarantees were not made applicable to advances granted by banks under confirmed letters of credit opened by foreign importers in favour of Pakistani exporters.

(*b*) The commercial banks agreed to allow exporters a rebate of 1 % in interest (subject to an overall maximum of 6 per cent) on the advances availed of by them for effecting exports. For this purpose, the total exports of a borrower in a year (from October to September) would be divided by 3 (turnover period being 4 months) and the resultant figure will be considered as the amount on which rebate is to be calculated.

Trade Delegations

Between April 1966 and March 1967, eleven trade delegations were sent abroad for promotion of trade relations with (i) South East Asian countries—Philippines, Hong Kong, Singapore and Thailand; (ii) North African countries—Morocco, Algeria, Tunis and Libya; (iii) Arabian Peninsula—Kuwait, Behrain, Saudi Arabia, Jordan, Qatar, Doha and Abu Dhabi; (iv) South East Asian countries (a pharmaceutical delegation from East Pakistan); (v) Western European countries—Italy, Switzerland, and Netherlands ; (vi) Eastern African countries—Kenya, Uganda, Tanzania and Sudan; (vii) some East African countries and Aden (a film delegation); (viii) Yugoslavia; (ix) the U.S.S.R. (for negotiation of an import and export programme in 1967); (x) Poland and Hungary; and (xi) Japan and Ceylon.

Through personal contacts and displays of samples, the delegations succeeded in conducting on the spot sales of Pakistani goods and creating a fund of goodwill. The amount of business done by four of the above business delegations was of the order of Rs. 3.41 crores.

Incoming Delegations

Ten trade delegations were received for the same purpose from Kuwait, Sudan,

Somalia, Tanzania, Japan, North Korea, Poland, Rumania and Indonesia (two delegations) during the same period.

Trade/Barter Agreements

The policy of expansion and diversification of trade has been further intensified. New trade and barter agreements were signed with ten countries viz., Rumania, Czechoslovakia, Yugoslavia, China, North Korea, a Swedish Company, Poland, Hungary, the USSR, and Ceylon. A summary of these agreements is given in Appendix 'A'.

Participation in International Trade Fairs

Pakistan participated in 12 international trade fairs between April, 1966 and March 1967, viz (i) International Trade Fair, Izmir, Turkey, (ii) International Frankfurt Fair, West Germany, (iii) Third International Fair, Algiers, Algeria, (iv) Levant Fair, Bari, Italy, (v) Swiss National Fair, Lausanne, (vi) Vienna International Trade Fair, Austria, (vii) Partners for Progress 'Overseas Import Exhibition, Berlin, West Germany, (viii) Jamhurt Part show, Nairobi, Kenya, (ix) First Asian International Trade Fair, Bangkok, Thailand, (x) International Trade Fair, Tripoli, Libya, (xi) International Spring Trade Fair, Utrecht (Netherland), (xii) International Handicraft Trade Fair, Munich (West Germany).

In these exhibitions good success was achieved in displaying Pakistani products and considerable foreign exchange was earned on the spot, besides contracting for future sales of handsome values.

Pakistan's Role in the GATT since April 1966

The 23rd Annual Session of the Contracting Parties to the GATT was held in Geneva from 24th March to 6th April, 1966. Important items discussed at the Session were: trade of the less-developed countries, Kennedy Round of trade negotiations, import restrictions applied contrary to the GATT by the developed countries and not covered by waivers, trade in cotton textiles, British import surcharge and Australian request for waivers to grant tariff preferences to the less-developed countries.

Pakistan participated actively in the work of the various Working Groups, which had been set up by the United Nations Committee on Trade and Development at its meeting in March, 1965 in order to assist the Committee in the implementation of the provisions of the new Charter on Trade and Development relating to the trade and development problems of the less developed countries. The Group on Residual Restrictions carried out country-by-country discussions with the developed countries maintaining restrictions affecting products of interest to the less developed countries, and presented various proposals and recommendations aimed at accelerating the process of liberalising and removing these restrictions. As a result of these consultations, a number of restrictions have been removed and, in certain cases, the countries applying restrictions have indicated target dates for their removal. This has helped to open up, to some extent, the markets of the developed countries for the products of the less developed countries.

Article XXIII of the Charter provides for the redress of damages caused by action involving nullification or impairment of benefits which a contracting party expects to derive from the provisions of the General Agreement. On the recommendations of the Working Group on Legal Amendments to the General Agreement, procedures have been adopted in order to make the provision favourable to the less-developed countries and which may be used by a less-developed country when it invokes this Article. The Group is examining further additional measures in this respect.

The Group on Adjustment Assistance Measures is charged with studying the measures being applied, or proposed to be applied, by the developed countries for assisting adjustments in the structure and pattern of their production so as to provide larger opportunities for imports from less-developed countries. After studying various measures available to the developed countries in the field of adjustment assistance, the general view of the Group is that adjustment assistance measures could make some contribution to the solution of the difficulties which might otherwise create pressures for erection of new barriers by the developed countries affecting the trade of the less-developed countries. Accordingly, the attention of the developed countries has been drawn for appropriate action to the conclusion of the Group that, although adjustment assistance as a tool of commercial policy designed to improve the trading opportunities of the less-developed countries has its limitation, it, nevertheless, has a valuable role to play in as much as it would help the developed countries to lower barriers to the exports of the less-developed countries, as well as to deal with social and economic problems which might otherwise make it difficult for them to follow a liberal commercial policy.

The problems involved in the expansion of trade among the less-developed countries, with particular reference to the role of preferences between less-developed countries in promoting such trade, are receiving particular attention. As a first step, it has been agreed that the establishment of preferences among the less-developed countries, appropriately administered and subject to necessary safeguards, could make an important contribution to the expansion of trade among them, and that the establishment of such preferences should be the subject of these negotiations have also been adopted. These provide that a less-developed country wishing to negotiate for exchange of concessions with other less-developed countries should notify its intention to do so and table a list of requests to each country with which it wishes to negotiate, as well as submit a list of concessions which it would be prepared to offer. The concessions to be exchanged would apply only to the less-developed countries. In accordance with these procedures, discussions and negotiations are proceeding among the less-developed countries that have indicated their intention to participate in them. Pakistan is participating in these negotiations which are expected to result in each less-developed country securing some concessions from other less-developed countries. This will facilitate expansion of the exports of all less-developed countries, including Pakistan. Consideration is also being given to certain other proposals such as the removal of quantitative restrictions, which could contribute to the expansion of trade among the less-developed countries.

The multilateral and bilateral negotiations between the less-developed countries and the developed countries in connection with the Kennedy Round of trade negotia-

tions are continuing. Negotiations between the developed countries themselves, who are negotiating with each other on the basis of reciprocity, are also continuing and assessments and comparisons of the offers made by each other are being made. Consequently, the Round has entered into a final stage. The basic principle on which these negotiations are based is that every effort shall be made by the developed countries to reduce barriers to the exports of the less-developed countries. The developed countries have also stated on many occasions their intention to make use of these negotiations to contribute in a substantial way to the solution of the trade problems of the less-developed countries. The concern of the underdeveloped countries including Pakistan, therefore, is that appropriate steps to attain the stated objectives of these negotiations should be taken by the developed countries at this stage. Some of the important points made by the less-developed countries in this respect are that products of special interest to them should be eliminated from the exceptions lists of the developed countries, that tariff reductions greater than those provided for under the linear rule of 50% reduction should be made on these products, that tariff reduction should be implemented immediately without the phasing provided for in the general rule, and that in respect of tropical products the reduction of tariff and non-tariff barriers should be maximised.

The less-developed countries have observed that the developed countries generally are not willing to give tariff concessions on products of export interest to them on the ground that they are not the principal suppliers of those products. The less-developed countries have, therefore, been considering ways and means of dealing with this situation and have come to the conclusion that the best way would be to request the developed countries to create tariff sub-positions for the products of the less-developed countries in their tariffs. It has been agreed in the GATT that work on this question should proceed on the basis of specific suggestions from the less-developed countries. Accordingly, suggestions have been made for the creation of new sub-headings in the tariffs of the developed countries for products of exclusive export interest to these countries.

REGIONAL COOPERATION FOR DEVELOPMENT

The RCD would complete its three years of existence in June 1967. During this short period considerable progress has been made as indicated in the following paragraphs.

Joint-Purpose Enterprises

The projects relating to aluminium and carbon black in Iran and bank note paper in Pakistan are being progressing satisfactorily. The Memoranda of Understanding amongst Countries concerned in respect of the aluminum project had been signed and those in respect of carbon black and bank note paper are expected to be finalised shortly.

At its session in January 1967 at Ankara, the Council of Ministers approved in principle the locomotive and pulp projects in Turkey, and ball bearing, wires and cables and cotton linter pulp projects in Pakistan.

On the basis of detailed regional studies, decisions have been taken to prepare project and feasibility reports for specific joint-purpose enterprises in a large number of industries.

Studies are being undertaken on the following groups of industries with a view to identifying possible specific joint-purpose enterprises:

Electronics, drugs and pharmaceuticals, dye-stuffs; chemicals, oil drilling, extracting and refining equipment, lubricating oils, iron and steel and coal.

The joint-purpose enterprises in relation to jute manufactures are also to be considered in RCD forums during the coming months. The question of having an agreement on promotion and operation of joint-purpose enterprises is under consideration in the appropriate RCD forum.

The Council of Ministers approved in principle in January 1967 the development of Izmir Oil Refinery as a joint-purpose enterprise. The representatives of the Governments of Iran and Turkey would meet at Ankara shortly to discuss all pertinent economic, technical, commercial and financial aspects of the joint-purpose enterprise for the procurement of Iranian crude with a view to establishing a basis for carrying this project further.

Turkey has proposed that Iran construct a pipe line to carry oil from Iranian fields to a Medeterranian port in Turkey. If the project could be developed on an economically viable basis, it would provide significant benefits to both Iran and Turkey. The Council of Ministers recommended in January 1967 that Iran study the proposal and inform the Petroleum Committee of its preliminary reactions. Thereafter, the matter could be carried further.

The Council of Ministers decided that the Committee on Petrochemical Industries should at its next meeting review the progress made in the implementation of the earlier decisions in respect of petrochemical industries so as to expedite their implementation.

The Council of Ministers decided in January 1967 that the delegations of the member countries to the World Industrial Symposium in 1967 should confer at least a month before the Symposium to adopt a common approach to the problems which would be discussed.

Trade

It is considered at the highest level of the RCD organisation that the establishment of an RCD Payments Union would facilitate the movement of intra-regional trade by making available additional foreign exchange in the form of credits for financing imports from the RCD region and in this way act as a positive factor in promoting intra-regional trade. The Payments Union could also facilitate the exchange of goods by the very tripartite nature of its clearing operations. The Council favoured an RCD Payments Union which would be simple to operate and through which the

availability of resources would be sufficient to finance not only the existing volume of trade but the substantially increased trade that is anticipated in the coming years. The Council of Ministers decided in January 1967 that Member Governments examine the draft agreement recommended in the report of the Export Group on Payment Mechanism which met at Karachi in November, 1966 and that the representatives of the Member Governments and their Central Banks should meet under the chairmanship of Turkey at the appropriate level in Ankara from April 10, 1967, to discuss and decide on all the related matters. The representatives of the Member Governments should be authorised to take final decision on behalf of their respective Governments.

The RCD Chamber of Commerce and Industry has started functioning effectively. The Council of Ministers, in January 1967, recommended that Member Governments continue to give full support to the RCD Chamber, so that it could be used as an effective instrument for promoting intra-regional trade.

According to the information compiled by the RCD Chamber, there is a wide scope for expansion of intra-regional trade in pharmaceutical products of acceptable standards. The Council of Ministers decided that the Member Governments take necessary steps to facilitate such trade and exchange views on the report of the Expert Group of UNCTAD on regional development as early as possible with a view to evolving a common approach at the time of the next meeting of the UNCTAD Board in May 1967.

The Council of Ministers also approved proposals relating to exchange of information, participation in trade fairs, establishment of common show rooms, exchange of businessmen's delegations etc. for promoting intra-regional trade.

Banking and Insurance

The three Regional Reinsurance Pools, namely (i) Accident, to be managed by Iran (Bimeh Iran), (ii) Marine (Hull & Cargo), to be managed by Pakistan (Pakistan Insurance Corporation) and (iii) Fire, to be managed by Turkey (Milli Reasurans), have already been formally inaugurated in the three countries and they were accepting business with effect from January 1, 1967.

The Council of Ministers has directed the RCD Insurance Centre to remain in close touch with the Pools and watch their experience with a view to studying the possibility of transforming these pools into a joint reinsurance corporation in due course.

Economic and Cultural Cooperation between Indonesia and Pakistan

In view of the community of interests between Indonesia and Pakistan, the Presidents of the two countries declared, in September 1964, their intention to help establish close cooperation in the economic and cultural spheres. Accordingly, the two governments decided to establish the Indonesia-Pakistan Economic and Cultural Co-operation Organisation (IPECC) for achieving these objectives.

Cooperation under the I P E C C covers a wide field, including communications, technical cooperation, banking, insurance, trade, joint ventures and cooperation between news media.

The Council of Ministers, which comprises the Foreign Ministers of Indonesia and Pakistan and other Ministers, is the highest decision-making body of the Organisation. An Economic Council, dealing with economic and cultural matters, has also been established. In the first year of its life, the I.P.E.C.C. has got off to a good start.

Trade

Considerable progress has been made in the effort to increase trade between Pakistan and Indonesia. The Pakistan Government agreed recently to provide a credit of Rs. 2.3 crores for the purchase of jute goods, cambrics and cotton textiles by Indonesia. This credit will be repaid over a period of 9 years with a grace period of 4 years. The Government of Pakistan has also agreed to reschedule the repayment of an amount of about $ 10 million agreed in January 1965 for a further period of 3 years, upto September 1970.

Joint Ventures

Pakistan presented recently a concrete proposal to the Indonesian Government for setting up a jute mill in that country. The proposal would be considered further by the Economic Council. Work on the identification of other fields of cooperation continues.

Technical Cooperation

It is now realised that there is wide scope for technical cooperation between the two countries. A programme for the exchange of trainees and experts and for arranging seminars on subjects of common interest has been recommended.

Shipping

Implementation of the existing two agreements on shipping was reviewed in a meeting at Dacca in December 1966. Recommendations have been made for regular exchange of such information. The question of the pooling of cargo and stopping operations of Indonesia and Pakistan service as a part of other world-wide routes was also considered.

Insurance

It has been recommended in the Dacca meeting that the two organisations, the Reassuransi Umum Indonesia and the Pakistan Insurance Corporation should exchange relevant data on insurance in respect of the two countries. The Reassuransi Umum Indonesia and Pakistan Insurance Corporation had established direct business relationship. Action is also being taken for the provision of mutual training facilities for insurance executives of one country in the other.

Communications

It was recommended in the Dacca meeting that teleprinter circuit between Karachi and Djakarta should be established. Luckily, technical facilities are available for establishing a direct telex service between Indonesia and Pakistan. Efforts are being made to ensure that this direct link should be established as early as possible. Indonesia and Pakistan have already reduced the postal rates for all surface mail to the level of inland mail.

Organisation

In pursuance of the decision of the first session of the Economic Council to establish the IPECC Secretariat in Djakarta, it has been agreed that the Secretary General and Deputy Secretary General of the IPECC Secretariat should be designated by Indonesia and Pakistan respectively before the next meeting of the Economic Council and Council of Ministers.

CHAPTER VI

TRADE AND BALANCE OF PAYMENTS

During 1965-66, the value of Pakistan's visible exports rose to Rs. 271.77 crores, a record figure, in spite of Indo-Pakistan war. Indications are that there will be a further increase in the country's exports during 1966-67.

Imports during 1965-66 declined substantially because of import restrictions resulting from the reduced availability of foreign aid coupled with increased import substitution through local production.

Trade between East Pakistan and West Pakistan reached a record level of Rs. 186.04 crores during 1965-66 despite the dislocation of communications between the two zones resulting from the Indo-Pakistan conflict. The interzonal coastal trade continued to grow during the first six months of 1966-67 and rose to Rs. 97.52 crores compared to Rs. 84.42 crores in the corresponding period of the previous year.

INTER-ZONAL TRADE

Growth of Inter-zonal Trade

Trade between East Pakistan and West Pakistan increased substantially, by about 32% from Rs. 141.16 crores in 1964-65 to Rs. 186.04 crores in 1965-66. During the first six months of 1966-67, the value of this trade stood at Rs. 97.52 crores, which is 15.52 % higher than the value of Rs. 84.42 crores, during the corresponding period of 1965-66. Table 32 shows the trend of interzonal trade since 1948-49.

Table 32

INTER-ZONAL TRADE

(In crore rupees)

Year (July-June)	Import into West from East Pakistan		Import into East from West Pakistan		*Total Value*	*Trade Index* (1948-49 = 100)
	Value	*Index* (1948-49 = 100)	*Value*	*Index* (1948-49 = 100)		
1948-49 ..	1.98	100.00	14.03	100.00	16.01	100.0
1949-50 ..	5.05	255.05	23.56	167.92	28.61	187.7
1950-51 ..	6.29	317.67	27.25	194.22	33.54	209.5
1951-52 ..	6.63	334.34	25.40	181.04	32.03	200.1
1952-53 ..	14.92	753.53	22.04	155.66	36.96	229.6
1953-54 ..	15.19	767.17	38.69	275.76	53.88	336.5
1954-55 ..	19.82	1,001.01	30.50	217.39	50.32	314.5
1955-56 ..	23.83	1,203.53	33.36	237.91	57.19	357.6
1956-57 ..	24.40	1,232.32	53.16	378.97	77.56	484.5
1957-58 ..	26.95	1,361.11	70.11	500.64	97.06	607.1
1958-59 ..	28.87	1,458.08	68.58	488.80	97.45	608.7
1959-60 ..	36.24	1,830.30	56.94	405.84	93.18	582.0
1960-61 ..	36.35	1,861.11	82.55	580.11	118.90	743.5
1961-62 ..	40.19	2,034.84	85.52	608.55	125.71	785.0
1962-63 ..	47.15	2,389.34	95.72	682.18	143.03	893.2
1963-64 ..	51.12	2,581.81	89.53	638.06	140.65	878.4
1964-65 ..	53.71	2,712.63	87.45	623.61	141.16	881.7
1965-66 ..	65.18	3,291.41	120.86	860.51	186.04	1161.2
1966-67 .. (July-December)	38.10		59.42		97.52	

Imports into West Pakistan from East Pakistan had increased at a faster rate in the past than imports into East Pakistan from West Pakistan, although the absolute value of the imports into East Pakistan was larger. However, the trend was reversed in 1965-66 when imports into East Pakistan from West Pakistan increased by 38.2% while imports into West Pakistan from East Pakistan increased by 21.4%.

The increase in imports into West Pakistan from East Pakistan during 1965-66 was mainly due to increased imports of tea, jute manufactures and matches. During the period July-December 1966, the value of imports into West Pakistan from East Pakistan stood at Rs. 38.10 crores as against Rs. 33.58 crores in the corresponding period of last year, an increase of 13.5%.

Imports into East Pakistan from West Pakistan which had shown a declining trend during 1963-64 and 1964-65 increased by 38.1% from Rs. 87.45 crores in 1964-65 to Rs. 120.86 crores in 1965-66. The increase during 1965-66 was mainly due to increased imports of oil seeds, raw cotton, rice, cotton manufactures, machinery and drugs and medicines. Imports during the first six months of 1966-67 continued to show the rising trend. They amounted to Rs. 59.42 crores, as against Rs. 50.84 crores during the corresponding period of last year, an increase of 16.9% over the period.

Composition of Inter-zonal Trade

Imports into West Pakistan from East Pakistan consist mainly of betelnuts, spices, wood and timber and oilkernels in the primary products group and tea, jute manufactures, paper and paper board, matches, leather and drugs and medicines amongst manufactures. Table 33 shows the value of the various commodities imported into West Pakistan from East Pakistan since 1963-64.

Table 33

IMPORTS INTO WEST PAKISTAN FROM EAST PAKISTAN

(In crore rupees)

Commodity	1963-64	1964-65	*Percentage change in* 1964-65 *over* 1963-64	1965-66	*Percentage change* in 1965-66 *over* 1964-65	1966-6 (*July-Decembe*
I. Pakistan Merchandise						
(a) *Primary Products*						
Betelnuts	2.61	1.56	—40.2	0.74	—52.6	0.6
Spices	1.88	1.10	—41.5	1.46	+32.7	0.3
Wood and timber ..	0.61	0.77	+26.2	0.65	—15.6	0.4
Oil seeds, nuts and oil kernels	0.35	0.52	+48.6	0.46	—11.3	0.5
Fruits and Vegetables	0.30	0.37	+23.3	0.44	+18.9	0.1
Tobacco	0.24	0.30	+25.0	0.50	+25.0	0.1
Grains and pulses ..	0.53	0.18	—66.0	0.47	+161.1	0.4
Hides and skins ..	0.06	0.01	—83.3	..	..	..
Total (a) ..	6.58	4.81	—26.9	4.72	—3.9	2.6

Table 33 Contd.

Commodity	1963-64	1964-65	Percentage change in 1964-65 over 1963-64	1965-66	Percentage change in 1965-66 over 1964-65	1966-67 (July-December)
(b) *Manufactured Goods*						
Tea	18.12	18.54	+2.3	24.34	+31.3	16.24
Jute manufactures ..	10.00	10.49	+4.9	13.75	+31.1	7.42
Paper and paper board	5.80	8.59	+48.1	7.89	—8.1	3.38
Matches	2.85	2.62	—8.1	3.96	+51.1	1.50
Leather	2.21	2.26	+2.3	2.32	+2.7	1.10
Cotton piecegoods ..	0.08	0.11	+37.5	0.19	+72.7	0.30
Drugs and medicines	0.34	0.40	+17.6	0.61	+52.5	0.19
Cordage, rope, twine, and manufactures..	0.38	0.32	—15.8	0.53	+65.6	0.26
Metal manufactures ..	0.19	0.17	—10.5	0.33	+94.1	0.22
Dyeing and tanning material	0.05	0.15	+200.0	0.11	—26.7	0.03
Mats and mattings ..	0.11	0.06	—45.5	..	..	0.05
All other articles ..	4.15	5.08	+22.4	6.22	+24.9	4.40
Total (b) ..	44.28	48.79	+10.2	60.25	+23.7	35.09
Total (a) + (b) ..	50.86	53.60	+5.4	64.97	+21.2	37.78
II. Foreign Merchandise ..	0.26	0.11	—57.7	0.21	+90.9	0.32
Grand Total ..	51.12	53.71	+5.1	65.18	+21.4	38.10

It will be seen that the share of primary products in the imports of Pakistan merchandise into West Pakistan from East Pakistan is continuously decreasing, while the share of manufactured goods is increasing from year to year. The share of primary products, which constituted about 12.9% of total imports in 1963-64, declined to 9.0% in 1964-65 and to 7.2% in 1965-66. The share of manufactured goods increased from 87.1% in 1963-64 to 91.0% and 92.8% in 1964-65 and 1965-66 respectively. These figures indicate the pace of rapid industrialisation of East Pakistan.

The value of betelnuts imported into West Pakistan from East Pakistan declined by 40% from Rs. 2.61 crores in 1963-64 to Rs. 1.56 crore in 1964-65 and by 52% to Rs. 0.74 crore in 1965-66. The decline in 1965-66 was mainly due to a decreased demand for betelnuts in West Pakistan as a result of the suspension of the air transport of betel leaves from East Pakistan to West Pakistan during the Indo-Pakistan War of September, 1965. The decline was also due to a reduction in supply resulting from damage to betelnut trees caused by floods and cyclones in East Pakistan. Imports of spices increased by 32.7% from Rs. 1.10 crore in

1964-65 to Rs. 1.46 crore in 1965-66, because of the rise in import of ginger and coriander seed. Wood and timber imports into West Pakistan declined in 1965-66 compared to 1964-65 as a result of a fall in production in East Pakistan and increased local consumption resulting from increased construction activities. The value of oilseeds, nuts and kernels imported into West Pakistan from East Pakistan also declined in 1965-66, because of a fall in the production of coconuts resulting from successive cyclones in recent years in East Pakistan.

Amongst manufactured goods, tea is the most important item of export from East Pakistan to West Pakistan. It accounted for 35.4% and 34.6% respectively of the total imports into West Pakistan from East Pakistan in 1963-64 and 1964-65. Its share increased to 37.4 % in 1965-66. The second biggest item is jute manufactures, the imports of which increased by 4.9 % in 1964-65 over 1963-64 and 31.1 % in 1965-66 over 1964-65. This increase was due to the increased demand for jute bags and hessian in West Pakistan for sacking purposes. The value of paper and paper board imported into West Pakistan from East Pakistan declined in 1965-66 by 8.2 % over 1964-65. Imports of matches increased from Rs. 2.62 crores in 1964-65 to Rs. 3.96 crores in 1965-66.

Imports into East Pakistan from West Pakistan include rice, raw cotton, oil seeds, tobacco, spices, fruits and vegetables in the primary products group, and cotton manufactures, machinery, drugs and medicines, tobacco manufactures, rubber manufactures, vegetable oil, paints and colour, salt, footwear, cement and chemicals in the manufactured goods group. Table 34 on page 80 shows the value of different commodities imported into East Pakistan from West Pakistan since 1963-64.

The share of primary products in the imports of Pakistan merchandise into East Pakistan from West Pakistan decreased from 39.3% in 1963-64 to 30.9% in 1964-65, but increased to 42.9% in 1965-66. The share of manufactured goods increased from 60.5% in 1963-64 to 69.1% in 1964-65, but decreased to 57.1% in 1965-66.

Oilseeds imports into East Pakistan from West Pakistan increased by 50% in 1965-66 over 1964-65 to meet the shortage of oilseeds in East Pakistan because of a decline in local production and reduced imports from abroad. Raw cotton imports into East Pakistan increased sharply by 67% in 1965-66 over 1964-65, to meet the growing demand of cotton textile factories in East Pakistan. Import of tobacco also increased to feed the cigarette manufacturing industry in East Pakistan. There was an increase in the import of rice from West Pakistan as well.

Imports of cotton, tobacco and rubber manufactures, machinery and drugs and medicines also increased during 1965-66 as compared to 1964-65 and 1963-64 following increased industrial activity in West Pakistan and increased demand in East Pakistan resulting from a rise in the standard of living there. Books and magazines worth Rs. 57 lakhs were imported in 1965-66 as against the exceptionally high imports, worth Rs. 4.02 crores, in 1964-65. Import of cement, on the other hand, showed a steep rise during the period under review, following the grant of a transport subsidy by the Government. This also indicates a steep rise in construction activity in the Eastern Wing.

Table 34

IMPORTS INTO EAST PAKISTAN FROM WEST PAKISTAN

(In crore rupees)

Commodity	1963-64	1964-65	*Percentage change in* 1964-65 *over* 1963-64	1965-66	*Percentage change in* 1965-66 *over* 1964-65	1966-67 *July-December*
I. Pakistan Merchandise						
(a) *Primary Products*						
Oil seeds	7.96	8.92	+ 12.1	13.46	+ 50.9	3.81
Cotton raw ..	8.26	8.13	— 1.6	13.64	+ 67.8	3.85
Tobacco	4.69	4.76	+ 1.5	6.54	+ 37.4	4.53
Wheat and other cereals.	0.51	1.71	+ 235.3	0.69	— 59.6	1.13
Rice	9.92	1.38	— 86.1	14.76	+ 969.5	4.60
Spices	1.34	0.97	— 27.6	1.23	+ 26.8	0.78
Fruits and vegetables	0.47	0.63	+ 34.0	0.72	+ 14.3	0.46
Total (a) ..	33.14	26.51	— 20.0	51.04	+ 92.5	19.16
(b) *Manufactured goods*						
Cotton fabrics ..	15.10	17.61	+ 16.6	18.34	+ 4.1	9.85
Cotton yarn and thread.	9.46	7.78	— 17.8	10.20	+ 31.1	3.07
Machinery	4.14	3.83	— 7.5	5.21	+ 36.0	1.92
Drugs and Medicines	2.84	4.42	+ 55.6	5.50	+ 24.4	2.65
Tobacco manufactures	2.43	4.19	+ 72.4	3.83	— 8.6	0.85
Books and printed matter.	0.28	4.02	+ 1335.7	0.57	— 85.8	0.11
Metal manufactures ..	1.27	1.40	+ 10.2	1.27	— 9.3	0.67
Rape and mustard oil	1.04	1.24	+ 19.2	0.73	— 41.1	0.37
Rubber manufactures	0.48	0.69	+ 43.8	0.86	+ 24.6	1.01
Paper and paperboard	0.37	0.57	+ 54.1	1.22	+ 114.0	0.50
Vegetable oil ..	0.24	1.10	+ 358.3	1.10	—	0.48
Paints and colours ..	0.31	0.41	+ 32.3	0.46	+ 12.2	0.35
Salt	0.77	0.28	— 63.6	0.72	+ 157.1	0.16
Footwear	0.53	0.28	— 47.2	0.49	+ 75.0	0.30
Metals, ores and minerals	1.09	0.36	— 67.0	0.42	+ 16.6	0.40
Soap	0.48	0.26	— 45.8	0.03	— 88.5	0.11
Gum and resins ..	0.07	0.17	+ 142.9	0.17	—	0.12
Chemicals	0.18	0.19	+ 55.6	0.24	+ 26.3	0.13
Cement	0.86	0.02	— 97.7	1.33	+ 6550.0	2.77
All other articles ..	9.26	12.12	+ 30.9	15.25	+ 25.8	13.35
Total ..	51.10	59.17	+ 15.9	67.94	+ 14.8	39.18
Total (a) + (b) ..	84.42	85.68	+ 1.5	118.98	+ 38.9	58.34
II. Foreign merchandise ..	5.10	1.77	— 65.3	1.88	+ 6.2	1.08
Grand Total ..	89.52	87.45	— 2.3	120.86	+ 38.2	59.42

FOREIGN TRADE

Balance of Trade†

Pakistan's foreign trade has shown a constant adverse trend since the launching of the Second Five-Year Plan. In 1959-60, the adverse balance of trade amounted to Rs. 61.83 crores. It rose to Rs. 138.82 crores in 1960-61 and when the Second Five-Year Plan ended in 1964-65 it had risen to Rs. 296.64 crores, the highest adverse balance of trade in the history of foreign trade in Pakistan. However, the adverse trade balance declined to Rs. 149.08 crores during 1965-66 as against the average annual figure of Rs. 186.45 crores during the Second Five-Year Plan period. This decline resulted from a rise in exports and a decline in imports. Exports amounted to Rs. 271.77 crores in 1965-66 as compared to Rs. 240.78 crores in 1964-65 and Rs. 229.91 crores in 1963-64. Imports, on the other hand, declined from Rs. 537.42 crores in 1964-65 to Rs. 420.83 crores in 1965-66. The adverse balance of trade is likely to decline further during 1966-67, with a further fall in imports and an increase in exports.

Exports

Exports from Pakistan have been rising since 1960-61 as shown in Table 35

Table 35

TRENDS OF EXPORTS AND IMPORTS

(In crore rupees)

Year (July-June)	*Exports*	*Percentage change over preceding year*	*Imports*	*Percentage change over preceding year*
1959-60	184.27	—	246.10	—
1960-61	179.94	— 2.4	318.76	+29.5
1961-62	184.34	+ 2.4	310.91	— 2.5
1962-63	224.73	+21.9	318.88	+22.8
1963-64	229.91	+ 2.3	443.00	+16.0
1964-65	240.78	+ 4.7	537.42	+21.3
1965-66	271.77	+12.9	420.83	—21.7
1966-67 (July-March)	217.23	+ 5.5*	362.33	+10.7*

‡ Foreign trade figures as recorded by the Central Statistical Office are somewhat different from those recorded by the State Bank of Pakistan. The figures recorded by C.S.O. are used here, while State Bank statistics are discussed in the section on balance of payments. The C.S.O.'s figures are based on exports as they leave the country, while State Bank figures show the actual payments made for these exports and thus reflect the time-lag between shipments and receipts.

* Percentage change over the corresponding period of 1965-66 (*i.e.*, July-March, 1965-66).

During 1965-66, there was a substantial increase of 12.9% in the value of exports, the highest since Independence. The increase was due to a rise in sales of raw jute and jute manufactures and cotton manufactures.

During the first nine months of 1966-67, the value of exports amounted to Rs. 217.23 crores compared to Rs. 205.83 crores, during the corresponding period of 1965-66, an increase of 5.5%. If the present trend continues, exports may touch a new record level during 1966-67.

Composition of Exports

Table 36 indicates the significant changes in Pakistan's export trade in recent years:

Table 36

EXPORT BY COMMODITY GROUP

(Value in crore rupees)

Year		Total	FOOD		RAW MATERIALS		MANUFACTURES	
			Value	*Percentage share*	*Value*	*Percentage share*	*Value*	*Percentage share*
1959-60	..	184.31	16.60	9.0	114.89	62.3	52.82	28.6
1960-61	..	179.94	13.00	7.2	116.48	64.7	50.46	28.0
1961-62	..	184.34	20.87	11.3	116.52	63.2	46.95	25.5
1962-63	..	224.73	33.66	15.0	138.55	61.7	52.52	23.4
1963-64	..	229.91	25.68	11.2	131.07	57.0	73.16	31.8
1964-65	..	240.78	26.78	11.1	135.89	56.4	78.11	32.4
1965-66	..	271.77	20.00	7.8	133.75	49.2	118.02	43.0

It will be observed that while export trade in food and raw materials is declining, the trade in manufactured goods is increasing steadily in recent years. The share of manufactured goods in exports rose substantially during 1965-66, i.e. 43%. Table 37 on page 83 shows the value of major exports.

It will be seen that there was a substantial decline in total exports of primary products during 1965-66, though exports of raw jute and rice registered increases during that year. The increase in exports of raw jute was mainly a quantity increase as there was no rise in jute prices.

Amongst the manufactured goods, exports of jute manufactures almost doubled during 1965-66. This was due to increases in both volume and world prices of jute manufactures. There was a slight decline in exports of cotton manufactures, due

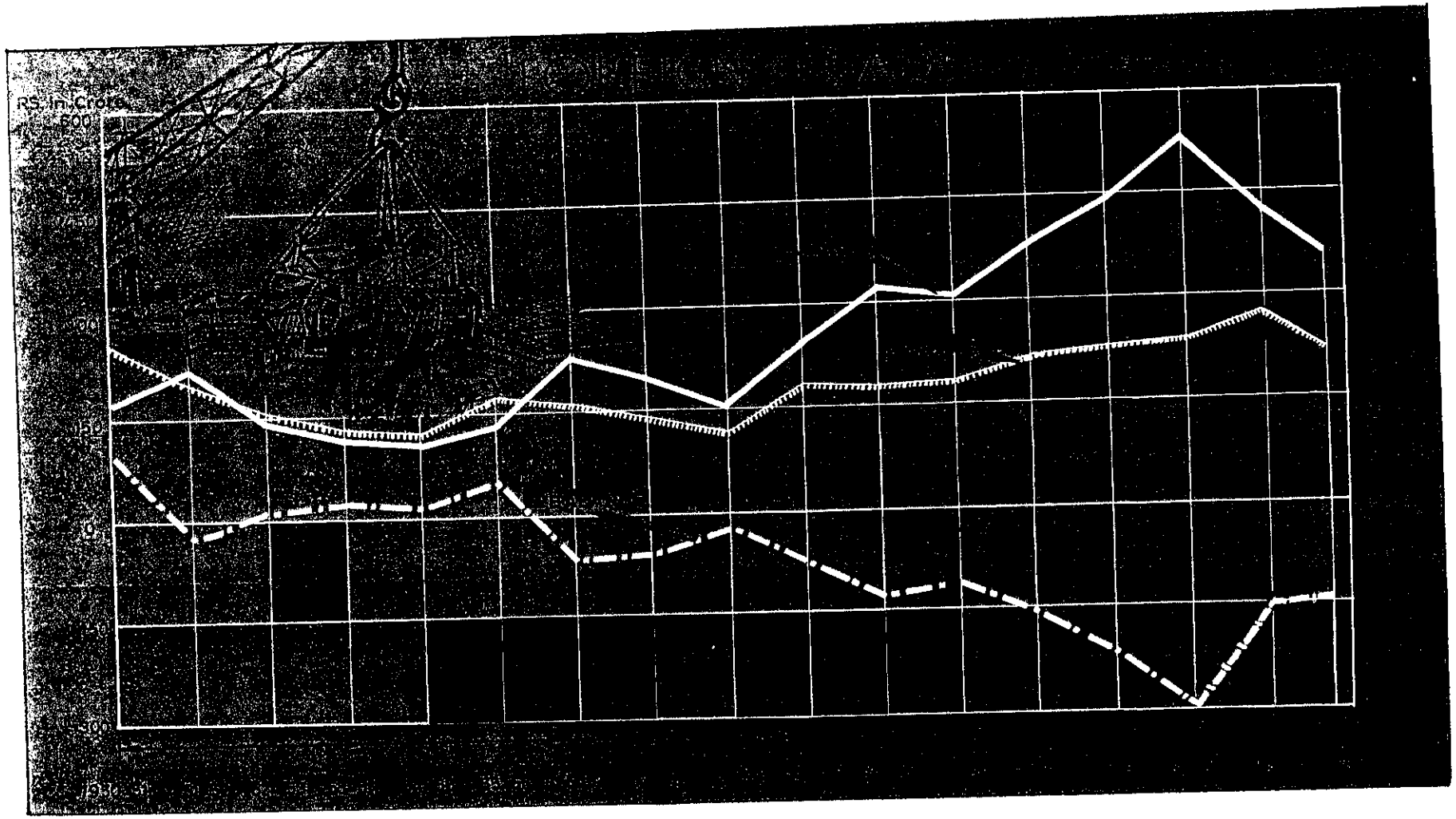

Rs. In Crore
600
150

Table 37

MAJOR EXPORTS

(In crore rupees)

Commodity	1962-63	1963-64	1964-65	1965-66	1966-67 (*July-March*)
A. *Primary Products*					
Raw Jute	79.29	75.29	84.54	86.32	68.50
Raw Cotton ..	37.00	34.00	28.70	27.84	16.27
Hides and Skins ..	5.73	5.10	3.53	3.04	0.70
Raw wool	8.47	7.48	5.87	6.04	1.90
Tea	0.64	—	1.01	1.10	0.08
Fish	10.85	10.01	8.50	4.77	4.99
Rice	17.28	10.56	12.03	13.25	12.90
Other primary products	11.23	11.57	13.70	18.13	15.33
Total ..	170.49	154.01	157.88	160.49	120.67
B. *Manufactures*					
Cotton yarn and piece goods	8.80	18.93	27.22	25.42	19.16
Jute manufactures ..	30.68	32.32	30.07	57.55	47.16
Leather and leather goods	2.05	3.80	5.87	9.97	9.83
Other manufactures ..	12.71	20.85	19.74	18.34	20.41
Total ..	54.24	75.90	82.90	111.28	96.56
Grand Total ..	224.73	229.91	240.78	271.77	217.23

to a fall in demand f om abroad as a result of quota restrictions on exports of cotton manufactures to UK and USA as well as to increased home consumption. The export of leather increased substantially during the year. The rise in the export of other minor manufactures during 1965-66 was remarkable and was mainly due to increases in the exports of ready-made garments, soap and cosmetics, artsilk and synthetic fabrics, footwear, carpets, paints and varnishes, surgical instruments and sports goods.

During the first nine months of 1966-67, exports of primary products and manufactured goods showed much the same trend as in 1965-66.

Imports

Table 35 on page 81 shows the trend of imports since 1959-60. During the Second Plan period, imports increased at an average rate of 21.4% per annum, but in 1965-66 declined, as a result of the reduced availability of foreign economic aid and loans during the year and some dislocation caused by the war with India. Imports, however, improved during the first nine months of 1966-67 and were higher at Rs. 362.33 crores compared to Rs. 327.25 crores during the same period of 1965-66.

Composition of Imports

The pace of development is bringing about changes in the pattern of imports. Imports of consumer goods are going down gradually because of increased local production, while more and more industrial raw materials and capital goods are being imported for industrial development. In 1960, imports of consumer goods were 57.7% of total imports, while those of capital goods and industrial raw materials were 42.3%. In 1966, the share of consumer goods dropped to 33.7% and that of capital goods and industrial raw materials rose to 66.3%. Table 38 shows the composition of Pakistan imports.

Table 38

IMPORTS OF CAPITAL GOODS, INDUSTRIAL RAW MATERIALS AND CONSUMER GOODS

(Value in crore rupees)

Year (Jan-December)	Total	CAPITAL GOODS		INDUSTRIAL RAW MATERIALS		CONSUMER GOODS	
		Value	*Percentage Share*	*Value*	*Percentage share*	*Value*	*Percentage share*
1960	311.20	63.44	20.4	68.03	21.9	179.73	57.7
1961	305.63	63.10	20.7	121.76	39.8	120.77	39.5
1962	351.47	111.32	31.7	124.80	35.5	115.35	32.8
1963	423.18	114.01	26.9	141.61	33.5	167.56	39.6
1964	474.97	145.47	30.6	156.50	33.0	173.00	36.4
1965	496.70	188.46	38.0	157.58	31.7	150.66	30.3
1966	428.44	153.99	35.9	130.03	30.4	144.42	33.7
1967 (Jan-March) ..	133.40	44.68	33.5	43.08	32.3	45.64	34.2

Table 39 on page 85 shows that with the exception of paper and stationery, and mineral oils, all imports declined in 1965-66 as compared to 1964-65, because of the limited availability of foreign aid. This declining trend continued during the first nine months of 1966-67.

Table 39

MAJOR IMPORTS

(In crore rupees)

Item	1963-64	1964-65	1965-66	1966-67 (*July-March*)
Chemicals	9.38	10.75	5.46	6.81
Drugs and medicines	10.44	11.58	7.14	5.48
Electrical goods	12.87	32.90	31.41	22.50
Dyes and colours	7.52	11.76	6.44	6.12
Machinery	93.43	93.55	93.30	64.26
Paper and Stationery	3.84	4.63	5.13	5.22
Rubber manufactures	5.92	6.98	4.01	3.26
Transport equipment	47.83	53.71	46.65	34.55
Woollen yarn and manufactures ..	0.20	0.62	0.50	0.40
Art silk yarn	3.49	3.69	3.19	2.60
Cotton twist and yarn	1.07	1.99	0.87	0.73
Cotton peice goods	0.25	0.43	0.16	0.17
Iron and steel and manufactures ..	59.69	87.78	47.59	42.73
Non-ferrous metals and manufactures ..	8.01	10.62	6.86	12.39
Mineral oils	24.35	12.55	14.70	15.27
Vegetable oil	12.46	20.47	16.06	6.97
Food grains	57.31	68.03	36.89	54.59
Other imports	84.95	105.38	94.46	78.28
Total ..	443.01	537.42	420.83	362.33

Terms of Trade

Pakistan's export price index (1954-55=100) increased slightly to 158.52 in 1965-66 from 157.92 in 1964-65. The import price index, however, shot up to 167.57 in 1965-66 from 141.44 in 1964-65. The index of terms of trade thus deteriorated to 94.60 in 1965-66 from 111.65 in 1964-65.

BALANCE OF PAYMENTS

Pakistan's overall balance of payments position during 1965-66 showed a surplus of Rs. 7.24 crores as compared with the deficit of Rs. 6.36 crores in the preceding

year. The surplus in 1965-66 was the combined result of net inflows of Rs. 105.81 crores and Rs. 131.95 crores on transfer payments and capital accounts respectively and an adverse balance of Rs. 230.52 crores on goods and services account. The net improvement of Rs. 13.60 crores in overall balance of payments compared with the rise of Rs. 8.79 crores in the net position of monetary institutions as against a fall of Rs. 28.83 crores last year. The Gold, Dollar and Sterling reserves held and controlled by the State Bank of Pakistan increased over the year by Rs. 31.16 crores from Rs. 95.17 crores to Rs. 126.33 crores which also include a drawing of US $37.5 million (Rs. 17.86 crores) from International Monetary Fund in July, 1965.

During the first half of 1966-67, the overall balance of payments position showed a deficit of Rs. 29.67 crores as against the deficit of Rs. 22.16 crores during the corresponding period of 1965-66. The balance of payments deficit of Rs. 141.70 crores on goods and services account during July-December, 1966 was partly offset by net inflows of Rs. 54.76 crores and Rs. 57.27 crores in transfer payments and capital accounts respectively, leaving a net deficit of Rs. 29.67 crores. This deficit compared with the deterioration of Rs. 29.42 crores in the net position of monetary institutions. The Gold, Dollar and Sterling reserves held and controlled by the State Bank of Pakistan decreased over the period by Rs. 32.40 crores from Rs. 126.33 crores to Rs. 93.93 crores.

Table 40 summarises the balance of payment position.

Table 40

MAJOR HEADS OF BALANCE OF PAYMENTS

(In crore rupees)

	1964-65	1965-66	*July-December* 1965	*July-December* 1966
Goods and Services				
Receipts	302.51	320.06	150.23	150.14
Payments	603.71	550.57	308.59	291.84
Balance (Net)	—301.21	—230.52	—158.36	—141.70
Transfer Payments (Net)	+142.95	+105.81	+66.74	+54.76
Capital Transactions (Net)	+151.90	+131.95	+69.45	+57.27
Monetary Movements, of which: ..	+ 28.83	— 8.79	+18.35	+29.42
(i) *Gold, Dollar and Sterling reserves* ..	+ 28.36	— 31.16	—3.80	+32.40
(ii) *Others*	+ 0.47	+ 22.37	+22.15	—2.98
Balancing item	—22.46	+ 1.55	+3.81	+0.25

Merchandise Account

During the year 1965-66, the deficit in the merchandise account narrowed substantially to Rs. 167.89 crores as against the deficit of Rs. 225.54 crores in 1964-65.

The improvement of Rs. 57.65 crores over the preceding year was accounted for both by an increase of Rs. 28.32 crores in export proceeds and a shortfall of Rs. 29.33 crores in import payments. Out of the total imports of Rs. 436.57 crores, those financed by foreign loans and credits amounted to Rs. 105.07 crores as compared with Rs. 117.44 crores last year, while those against outright grants, P.L. 480 and loans repayable in rupees aggregated Rs. 45.91 crores as against Rs. 79.60 crores in the previous year. Thus, lower imports during the year had been the result of smaller availabilities of foreign loans and grants. The expenditure on account of Indus Basin (treated as imports in balance of payments accounts) at Rs. 44.84 crores during the year under review remained almost at the previous year's level. The estimates of foreign investments in the form of capital goods and reinvested earnings increased from Rs. 3.09 crores in 1964-65 to Rs. 4.14 crores during 1965-66. The remaining imports of the order of Rs. 236.61 crores were financed from Pakistan's own resources as compared with Rs. 220.38 crores in the preceding year.

The deficit in the merchandise account further narrowed down from Rs. 128.67 crores during July-December, 1965 to Rs. 100.81 crores during July-December, 1966. The improvement of Rs. 27.86 crores over the period was accounted for both by an increase of Rs 2.36 crores in export receipts and a net fall of Rs. 25.50 crores in import payments. The relative position of various component heads of the merchandise account is given in Table 41.

Table 41

MERCHANDISE ACCOUNT

(In crore rupees)

	1964-65	1965-66	*July—December*	
			1965	1966
Exports (f.o.b.)	240.36	268.68	125.54	127.91
Imports	465.90	436.57	254.22	228.72
of which financed by:				
(*i*) Foreign Loans and Credits ..	117.44	105.07	59.09	49.01
(*ii*) Transfer payments (aid and Grants)	79.60	45.91	31.67	24.48
(*iii*) Indus Basin Expenditure ..	45.39	44.84	26.89	13.65
(*iv*) Foreign Investments	3.09	4.14	1.90	2.28
(*v*) Own Resources	220.38	236.61	134.67	139.30

Exports

Recorded total earnings from exports shot up from Rs. 247.10 crores in 1964-65 to Rs. 276.88 crores in 1965-66, the level never attained before and marked an appreciable improvement of Rs. 29.78 crores over the last years's export proceeds. This was due to higher receipts from exports of raw jute, jute manufactures, rice, cotton

yarn, leather tanned, garments and hosiery, oil cakes, bones, horns etc., chrome ore and tea, partly offset by lower export proceeds from raw cotton, cotton manufactures, raw wool, fish, hides and skins, sports goods, cotton waste and other commodities. Earnings from raw jute at Rs. 97.78 crores during 1965-66 were at the highest level since the Korean boom and represented a rise of Rs. 5.20 crores over the preceding year, while receipts from jute manufactures also set a new record and increased from Rs. 32.00 crores in 1964-65 to a peak level of Rs. 59.17 crores in 1965-66, showing a net improvement of Rs. 27.17 crores during one year. Export proceeds from rice also increased and stood at Rs. 12.70 crores as compared to Rs. 11.56 crores during 1964-65. Cotton yarn earned Rs. 8.92 crores as against Rs. 4.56 crores and showed a ne rise of Rs. 4.36 crores over the year. Earnings from leather tanned increased appreciably to Rs. 7.72 crores compared with Rs. 3.11 crores in 1964-65. Garments and hosiery, oilcakes, bones, horns, etc., chrome ore and tea also earned Rs. 2.18 crores, Rs. 2.13 crores, Rs. 2.01 crores, Rs. 2.00 crores and Rs. 1.57 crores as compared to Rs. 1.25 crore, Rs. 1.66 crore, Rs. 1.99 crore, Rs. 0.27 crore and Rs. 1.01 crore respectively during 1964-65. Earnings from hides and skins decreased by 3.13 crores to Rs. 3.00 crores during 1965-66 which is the lowest since 1948-49. Receipts from exports of raw wool also decreased from Rs. 7.30 crores to Rs. 6.74 crores over the year which was the lowest level during the decade. The decreases were recorded in receipts from cotton raw, co ton waste, fish and other commodities by Rs. 4.42 crores, Rs. 0.74 crore, Rs. 1.98 crore and Rs. 6.10 crores to Rs. 28.63 crores, Rs. 2.15 crores, Rs. 6.14 crores and Rs. 17.84 crores respectively, while earnings from cotton manufactures and sports goods at Rs. 14.04 crores and Rs. 2.16 crores remained almost at the previous years's level.

Recorded export receipts increased from Rs. 128.25 crores in July-December, 1965 to Rs. 131.46 crores in July-December, 1966, showing a rise of Rs. 3.21 crores. This was due to higher receipts from jute manufactures, cotton manufactures, cotton yarn, rice, leather tanned, fish, garments and hosieries, sports goods, oil cakes, chrome ore and other commodities, partly offset by lower export proceeds from raw jute, raw cotton, wool, hides and skins, cotton waste, bones, horns etc., and tea. Table 42 on page 89 shows the recorded receipts from exports since 1964-65.

Service Transactions

The deficit in service transactions, excluding transfer payments, narrowed from Rs 75.67 crores in 1964-65 to Rs 62.63 crores in 1965-66. The improvement over the year was accounted for by a marked decrease in invisible payments partly offset by lower receipts. Receipts under all the items were lower than in 1964-65. The notable decrease in receipts were recorded under freight and insurance on international shipments, other transportation, travel, inve ment income, Government n.e.i and other services which dropped by Rs 0.28 crore, Rs 1.91 crore, Rs 0.02 crore, Rs 0.66 crore, Rs 1.36 crore and Rs 6.64 crores to Rs 2.18 crores, Rs 7.09 crores, Rs 1.03 crore Rs 4.34 crores, Rs 16.89 crores and Rs 19.76 crores respectively. Invisible receipts dropped from Rs 24.68 crores in July-December, 1965 to Rs 22.23 crores in the first half of 1966-67.

Table 43 on page 90 shows the receipts under different heads in the services account during the period under review.

Table 42

RECORDED RECEIPTS FROM EXPORTS

(In crore rupees)

Commodity	1964-65	1965-66	*July-December* 1965	1966
Raw jute	92.58	97.78	47.85	38.90
Jute manufactures	32.00	59.17	27.35	34.58
Raw cotton	33.05	28.63	11.59	3.85
Cotton manufactures	14.28	14.04	6.26	6.73
Cotton yarn	4.56	8.92	4.04	4.99
Rice	11.56	12.70	5.79	10.10
Leather tanned	3.11	7.72	2.77	6.34
Wool raw	7.30	6.74	3.95	2.10
Fish	8.12	6.14	2.93	3.61
Hides and Skins	6.13	3.00	1.85	0.70
Garments and hosiery	1.25	2.18	0.62	2.01
Sports goods	2.20	2.16	0.98	1.07
Cotton waste	2.89	2.15	1.05	1.04
Oil cakes	1.66	2.13	0.74	1.28
Bones, Horns etc.	1.19	2.01	0.99	0.91
Chrome ore	0.27	2.00	0.70	1.08
Tea	1.01	1.57	0.58	0.04
Other commodities	23.94	17.84	8.22	12.13
*Total recorded receipts	247.10	276.88	128.25	131.46
Less outward freight adjustment ..	— 6.74	— 8.20	— 2.71	— 3.55
*Total Exports (f.o.b)	240.36	268.68	125.54	127.91

* The difference between the value of exports of merchandise and actual foreign exchange receipts recorded in the State Bank is accounted for by some of the outward freight charges paid by Pakistan to shipping companies.

Invisible payments under freight and insurance fell by Rs 17.98 crores to Rs. 40.16 crores. Travel, Government n.e.i. and other services also recorded lower payments by Rs 2.79 crores, 3.01 crores and Rs 7.16 crores to Rs 2.73 crores, Rs 20.52 crores and Rs 13.94 crores respectively. On the other hand, higher payments were made under the head 'investment income' and 'other transportation' by Rs 5.63 crores and Rs 1.53 crore to Rs 29.73 crores and Rs 6.94 crores respectively. Larger payments against investment income during the year were due mainly to interest payments

Table 43

SERVICES RECEIPTS

(In crore rupees)

Commodity	1964-65	1965-66	*July-December* 1965	*July-December* 1966
Non-Monetary Gold	—	0.07	0.07	—
Freight and Insurance on International shipment	2.46	2.18	1.29	0.60
Other Transportation	9.00	7.09	3.81	3.93
Travel	1.05	1.03	0.47	0.50
Investment Income	5.00	4.34	1.97	2.35
Government n.e.i.	18.25	16.89	8.13	6.44
Other Services	26.40	19.76	8.94	8.41
Total ..	62.16	51.38	24.68	22.23

on foreign loans and credits. During the first half of 1966-67, payments under all the items were higher than in July-December 1965, except travel. Table 44 shows the payments under different heads in the services account.

Table 44

SERVICE PAYMENTS

(In crore rupees)

	1964-65	1965-66	*July-December* 1965	*July-December* 1966
Non-Monetary Gold	—	—	—	—
Freight and Insurance on International Shipments	58.14	40.16	22.38	22.61
Other Transportations	5.42	6.94	2.00	3.83
Travel	5.52	2.73	1.42	1.27
Investment Income	24.10	29.73	14.57	16.32
Government Payment not included elsewhere	23.53	20.52	8.18	12.37
Other Services	21.10	13.94	5.83	6.71
	137.81	114.00	54.37	63.12

Transfer Payments

Transfer payments, comprising private remittances and official donations including loans repayable in rupees, recorded a net inflow of Rs 105.81 crores during 1965-66 as compared with Rs 142.95 crores in 1964-65. Net receipts in private sector increased from Rs 9.60 crores in 1964-65 to Rs 18.23 crores during 1965-66, while those in government sector fell by Rs 45.76 crores to Rs 87.59 crores, thus showing that Pakistan received less grants and aids during 1965-66, specially under PL-480. Net receipts decreased both in private and Government sectors from Rs 9.55 crores and Rs 57.20 crores in July-December, 1965, to Rs 9.05 crores and Rs 45.71 crores respectively during July-December, 1966. The details of the Government sector receipts are given in Table 45.

Table 45

GOVERNMENT SECTOR RECEIPTS

(In crore rupees)

	1964-66	1965-66	*July-December* 1965	*July-December* 1966
P. L. 480	75.20	42.02	29.64	21.99
D. L. F.	8.15	1.21	0.60	0.51
Indus Basin	34.20	31.01	19.50	15.93
Others	15.80	13.35	7.45	7.27
Total	133.35	87.59	57.20	45.71

Capital Transactions

On the capital side, private long-term investment, including direct investment, showed a net inflow of Rs 17.50 crores during 1965-66 as against an inflow of Rs 17.60 crores in 1964-65. Of the above, utilisations of private loans and repayments thereof amounted to Rs 13.96 crores and Rs 4.20 crores respectively. Private short-term items (other than direct investment) comprising mainly trade credits between head offices and branches also showed an inflow of Rs 1.86 crore in 1965-66 as compared to Rs 0.75 crore last year. In the Government sector, there was a net outflow of Rs 1.30 crore under the head 'Local Governments'. This was due to excess of repayment of loans over fresh utilisations, the two amounts having stood at Rs 3.40 crores and Rs 2.10 crores respectively. The Central Government sector, recorded a net inflow of Rs 113.89 crores during 1965-66. This was due mainly to excess of utilization of loans over repayments amounting to Rs 116.88 crores and reduction to the extent of Rs 1.85 crore in the investment securities of Indus Basin Development Fund, partly offset by an increase of Rs 4.85 crores in the exchange balances of Pakistan's diplomatic missions abroad and Indus Basin Development Fund. The total utilisation of loans and repayments thereof during 1965-66 amounted to Rs 139.95 crores and Rs 14.60 crores as compared to Rs 162.62 crores and Rs 13.90 crores in 1964-65 respectively. Besides the above repayments, the total interest paid

on account of foreign loans/credits amounted to Rs 19.47 crores as against Rs 13.01 crores in 1964-65. The total utilisation of loans and repayments thereof during the first half of 1966-67 amounted to Rs 65.45 crores and Rs 9.83 crores respectively. The total interest paid on account of foreign loans/credits, besides the above repayments, amounted to Rs 8.77 crores. The comparative position of the total utilisation of foreign loans and repayments thereof for various sectors is given in Table 46.

Table 46

UTILISATION AND REPAYMENT OF FOREIGN LOANS

(In crore rupees)

Sector	Utilisation				Repayment			
	1964-65	1965-66	*July-Dec.* 1965	*July-Dec.* 1966	1964-65	1965-66	*July-Dec.* 1965	*July-Dec.* 1966
Private sector ..	13.36	13.96	7.90	7.09	3.41	4.20	2.45	3.89
Local Government ..	2.79	2.10	0.31	2.70	3.52	3.40	1.91	1.97
Central Government. ..	146.47	123.89	65.87	55.66	6.97	7.00	3.46	3.97

Regional Balance of Payments

The regional analysis of basic balance of payments reveals that the position with the Sterling Area was favourable to the extent of Rs 31.65 crores, while that with Non-Sterling Area showed an adverse balance of Rs 24.41 crores during 1965-66. In the Sterling Area, surpluses were recorded with all the countries or country groups except U.K. Of these, the position was notably favourable with Middle Eastern group (+Rs 12.10 crores), Far Eastern Group (+Rs 16.46 crores) and the residual group of countries (+Rs 25.48 crores), while payments position was unfavourable with U.K. (—Rs 22.38 crores). In the Non-Sterling Area group, the overall position was favourable with countries in the Far Eastern group (+Rs. 14.29 crores), Latin America (+Rs 6.71 crores), USA (+Rs 6.08 crores), Middle Eastern group (+Rs 4.84 crores), Eastern Europe (+Rs. 4.51 crores) and Canada (+Rs. 1.87 crore) and unfavourable with Japan (—Rs 24.26 crores), Western Europe (—Rs 15.70 crores) and Rest of the World (—Rs 22.75 crores) during 1965-66.

During the period July-December, 1966, the position with the Sterling Area was favourable to the extent of Rs 15.00 crores while that with Non-Sterling Area showed an adverse balance of Rs 44.67 crores. In Sterling Area, overall surpluses were recorded with all the countries or country groups except UK. In the Non-Sterling Area group, the position was favourable with countries of Latin America, Middle Eastern group and Rest of the World while unfavourable with USA, Canada, Western Europe, Eastern Europe, Japan and Far Eastern group. Table 47 on page 93 indicates the regional trend of overall balance of payments.

Table 47

BALANCE OF PAYMENTS BY REGION

(In crore rupees)

Area	1964-65	1965-66	*July—December* 1965	*July—December* 1966
Overall	—6.36	+7.24	—22.16	—29.67
A. Sterling Area:	+33.31	+31.65	+ 6.05	+15.00
U.K.	—28.74	—22.38	—11.54	—18.94
Middle East (Sterling Area) ..	+7.81	+12.10	+ 4.96	+ 5.84
Far East (Sterling Area)	+33.76	+16.46	+ 0.25	+18.08
Elsewhere (Sterling Area)	+20.49	+25.48	+12.39	+10.03
B. Non-Sterling Area:	—39.67	—24.41	—28.21	—44.67
U. S. A.	+14.42	+ 6.08	+ 0.78	— 8.70
Latin America	+ 3.62	+ 6.71	+ 4.78	+ 2.45
Canada	+ 1.30	+ 1.87	+ 0.35	— 0.42
Eastern Europe	+ 0.11	+ 4.51	— 0.13	— 0.11
Western Europe	— 34.20	— 15.70	— 9.24	— 15.90
Japan	— 29.00	— 24.26	— 16.12	— 21.26
Middle East (O.S.A.)	+ 3.57	+ 4.84	+ 2.99	+ 1.62
Far East (O.S.A.)	+13.25	+14.29	+ 5.95	— 4.98
Rest of the World	—12.73	—22.75	—17.57	+ 2.62

The surplus of Rs 31.65 crores with the Sterling Area during 1965-66 compared with the surplus of Rs 33.31 crores in the preceding year. The deterioration of Rs 1.66 crore was accounted for by increased payments on goods and services account to the extent of Rs 6.24 crores, and reduced inflow of Rs 2.23 crores under capital account partly offset by an increased inflow by Rs 6.81 crores in transfer payments during 1965-66. The deficit with the Non-Sterling Area of the order of Rs 24.41 crores compared with the deficit of Rs 39.67 crores in 1964-65, showing a relative improvement of Rs 15.26 crores over the preceding year. The improvement was the combined result of higher earnings from exports and lower foreign aid-financed imports.

1966-67 . CHAPTER VII

PRICES AND COST OF LIVING

Prices and cost of living, which had remained comparatively stable during the past several years, began to show a rising trend in 1966-67. Nature has been quite cruel to the country during the last two years. Failure of the monsoons had also adverse effects on the agrarian economy of Pakistan. The production of wheat decreased from 45 lakh tons in 1964-65 to 39 lakh tons in 1965-66. The rice crop was also affected, and imports of foodgrains and other items under P.L.-480 were reduced. As a result, prices started rising during 1966-67.

There was a fall in the production of wheat because of drought in West Pakistan and a smaller rice crop because of cyclones and floods in East Pakistan. There was a reduction in the availability of foodgrains under P.L.-480. The availability of other consumer goods was also reduced by the restrictions on imports necessitated by a long delay in the receipt of foreign economic aid and the diversion of a large part of the country's foreign exchange resources to imports of foodgrains.

GENERAL PRICE TREND

During 1966-67 (July-March), the general level of prices was higher than in the corresponding period of 1965-66. The wholesale price index increased by 17.1 points from 117.5 in 1965-66 (July-June) to 134.6 in March 1967. The index rose rapidly after June 1966 as inflationary forces tended to assert themselves and caused concern to both the people and the Government. Prices continued to show an upward trend till September, 1966, thereafter they started declining slowly as a result of the various measures taken by the Government. The index moved by 6.3 points from 128.3 in July 1966 to 134.6 in March 1967. The rising trend was mainly due to a rapid increase in food prices after June 1966. The food index, which stood at 130.3 in July 1966 rose by 13.5 points to 143.8 in September 1966. Then, it started falling and came down to 140.8 by the end of March, 1967 as a result of heavy imports of wheat and rice from abroad.

The sharp rise in money supply and bank credit relative to the supply of goods also gave a considerable push to the general price level. The trend in the wholesale price index since 1964-65 is shown in Table 48 on page 95.

There was a wide disparity between prices in East Pakistan and in West Pakistan. Between April-October 1966, the wholesale price index showed a much smaller increase in West Pakistan than in East Pakistan. In West Pakistan it rose by only 6.9 points to 119.7, while the increase was 24.1 points to 149.8 in East Pakistan. The index rose by 7.2 points to 130.3 in West Pakistan and declined by 6.0 points to 137.5 in East Pakistan during the period November 1966 to March 1967.

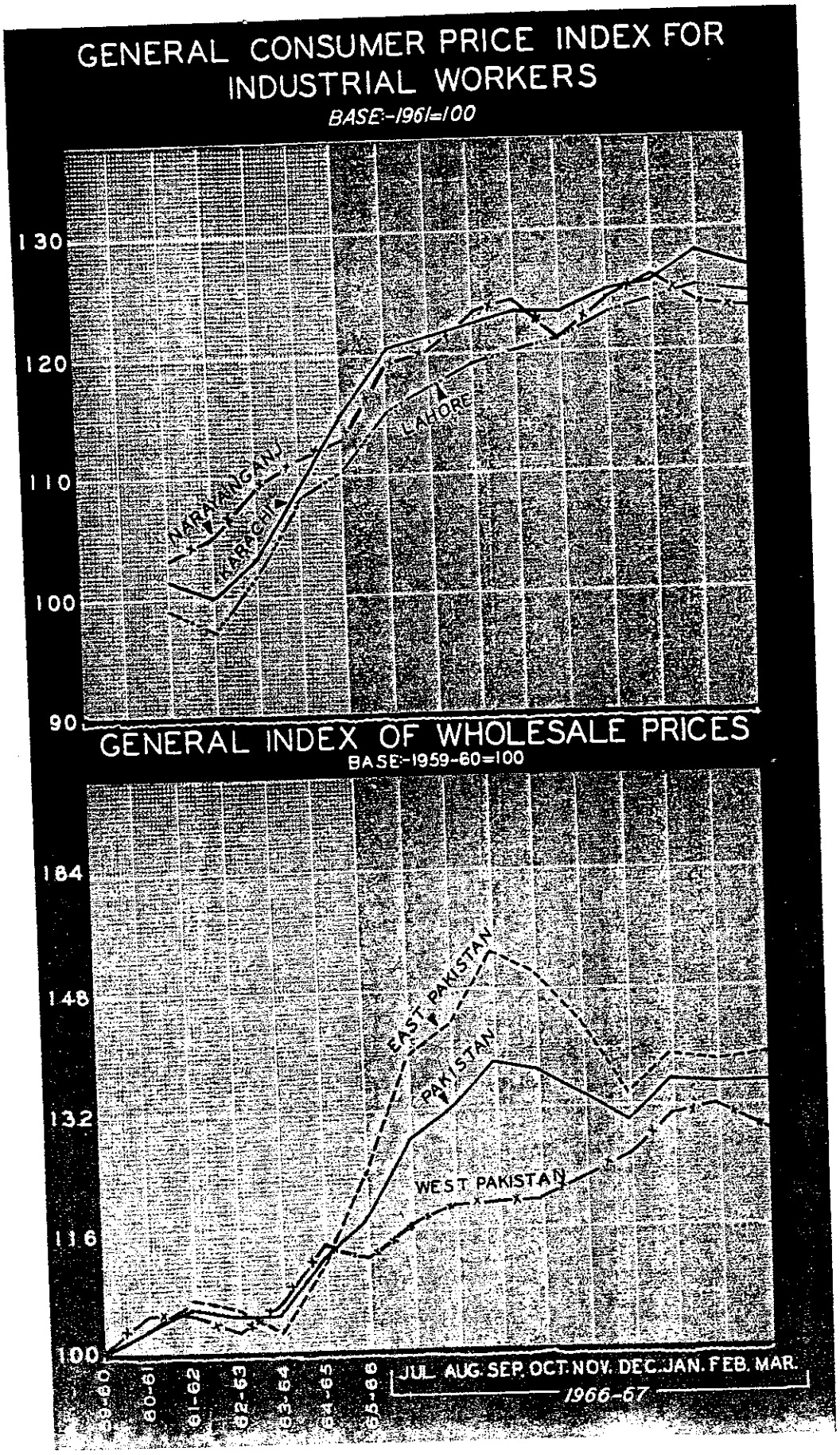

GENERAL CONSUMER PRICE INDEX FOR INDUSTRIAL WORKERS
BASE:-1961=100
130
120
110
100
90
NARAYANGANJ
KARACHI
LAHORE
GENERAL INDEX OF WHOLESALE PRICES
BASE:-1959-60=100
184
148
132
116
100
EAST PAKISTAN
PAKISTAN
WEST PAKISTAN
59-60
60-61
61-62
62-63
63-64
64-65
65-66
JUL. AUG. SEP. OCT. NOV. DEC. JAN. FEB. MAR.
1966-67

Table 48

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

Period (Jnly-June)	*General*	*Food*	*Raw materials*	*Fuel, lighting and lubricants*	*Manufactures*
1964-65 ..	112.43	112.12	121.36	104.78	107.13
1965-66 ..	117.54	117.27	125.24	108.45	113.39
1966-67 (July-March)	**133,89**	**138.82**	**128.90**	**117.91**	**116.86**
1966					
July ..	128.26	130.34	130.84	117.85	117.48
August ..	132.20	135.80	132.61	117.84	116.58
September ..	137.71	143.76	131.96	117.84	116.54
October ..	135.93	141.52	130.36	117.72	116.56
November ..	134.20	138.90	130.89	117.90	116.74
December ..	130.51	134.01	129.45	117.98	116.43
1967					
January ..	135.95	142.12	126.89	118.04	116.85
February ..	135.66	142.12	124.20	117.96	117.21
March ..	134.62	140.83	122.94	118.07	117.40

Source:—Central Statistical Office.

The price trends of some of the principal consumer items are discussed below:

Wheat

The average wholesale prices of wheat started rising after July 1966 and the price which was quoted at Rs. 17.42 per maund at Lyallpur rose to Rs. 24.12 per maund in November 1966. This rising tendency can be attributed to drought conditions, insufficient water supply through the canals because of low level of water in the rivers, and low production forecast for 1966-67 in West Pakistan. As a result of the rapid increase in the price of indigenous wheat, the Government had to import a large amount of wheat as well as maize from foreign countries, and to introduce a rationing system to ease the situation. The issue price of wheat was fixed at Rs. 17.25 per maund without bag in West Pakistan. The rains in February and March 1967 brightened the prospects of the 'rabi' crop in West Pakistan and, as a result, the open market prices of wheat showed a slightly falling trend at the various markets in that province. The average wholesale price of wheat at Karachi, Lyallpur and Rawalpindi since 1965 is shown in Table 49 on page 96.

Table 49

AVERAGE WHOLESALE PRICE OF WHEAT AT KARACHI, LYALLPUR AND RAWALPINDI

(*In rupees per maund*)

Month	1965			1966			1967		
	Karachi	*Lyallpur*	*Rawal-pindi*	*Karachi*	*Lyallpur*	*Rawal-pindi*	*Karachi*	*Lyallpur*	*Rawal-pindi*
January ..	19.36	19.35	18.25	17.14	16.22	17.40	33.95	38.19	28.45
March ..	18.70	18.50	18.00	18.70	15.69	17.06	25.85	36.25	28.00
May ..	16.97	15.97	16.52	17.60	15.75	16.50			
July ..	16.42	14.80	16.00	18.88	17.42	18.42			
September ..	17.37	15.84	16.33	—	19.37	—			
November ..	16.41	15.03	16.56	23.17	24.12	23.12			

Source: Central Statistical Office.

Rice

The average wholesale price of rice in East Pakistan remained high during the period under review. From July 1965 to March 1966, the minimum average wholesale price was Rs. 28.27,the maximum price was Rs. 36.87 per maund at Dacca. The corresponding figures for the period,July 1966 to March 1967 were Rs. 37.00 and Rs. 48.50 per maund respectively. Prices showed the same rising trend at Chittagong. The rise was due to the low yield of the 'boro' crop in some areas of East Pakistan. In Chittagong Division, the reduction was estimated at 25%. In Sunamgunj and Brahmanbaria sub-divisions, hailstorms lashed the standing crop and caused considerable damage to it. In some districts of Chittagong Division, 50% of 'Aus' paddy was not sown because of continued drought and the growth of standing crops was retarded. In order to reverse the rising trend of rice prices, the Provincial Government of East Pakistan had ordered the sale of rice to private parties at the retail price of Rs. 26.40 per maund. The wholesale price was fixed at Rs. 25.40 per maund. Table 50 on page 97 shows the trend of wholesale prices of rice at Dacca and Chittagong since 1965.

Sugar

During 1966-67 (July-March), the open market price of refined sugar remained on the low side throughout West Pakistan. This downward trend was due to increased sugar production and liberal imports of sugar from abroad. The prices of 'gur' and 'desi' sugar also showed a declining trend in sympathy with the price of refined sugar. Domestic production of refined sugar was 4,55,953 tons in 1965-66 and imports in that

Table 50

AVERAGE WHOLESALE PRICE OF RICE (MEDIUM QUALITY) AT DACCA AND CHITTAGONG.

(*In rupees per maund*)

Month	1965		1966		1967	
	Dacca	*Chittagong*	*Dacca*	*Chittagong*	*Dacca*	*Chittagong*
January ..	26.45	25.60	28.27	25.90	41.62	35.94
March ..	29.90	24.12	31.90	30.87	—	40.00*
May ..	31.70	28.40	34.58	33.56		
July ..	33.55	30.00	--	40.00		
September ..	36.87	32.12	48.50	--		
November ..	35.12	31.50	---	45.00		
December ..	31.69	29.62	37.00	40.50		

*Provisional

Source:—Central Statistical Office.

year amounted to 73,179 tons. During 1966-67, total production of sugar is estimated at 5,00,000 tons.

The average wholesale price of sugar in Karachi ranged between Rs. 48.75 and Rs. 58.00 per maund during the first nine months of 1966-67, compared to Rs. 62.00 and Rs. 68.00 per maund during the corresponding period of 1965-66. The average wholesale price of sugar at Rawalpindi ranged between Rs. 47.98 and Rs. 55.60 per maund during the period under review, against Rs. 67.52 and Rs. 70.20 per maund in 1965-66. The prices of 'gur' and sugar 'desi' also showed a downward trend in West Pakistan. The average wholesale price of these items ranged between Rs. 15.80 and Rs. 21.25 and between Rs. 34.00 and Rs. 42.00 per maund respectively at Lahore during the first nine months of 1966-67. The corresponding figures were Rs. 21.50 and Rs. 34.60 and between Rs. 45.07 and Rs. 60.00 per maund respectively during the corresponding period of 1965-66.

The price of refined sugar in East Pakistan also showed a downward trend, although it was still high compared to West Pakistan. The average wholesale price of sugar ranged between Rs. 61.80 and Rs. 79.00 per maund at Dacca during the first nine months of 1966-67, as compared to Rs. 64.50 and Rs. 104.00 per maund during the corresponding period of 1965-66. The maximum price of Rs. 79 per maund was recorded in August 1966 and the minimum, Rs. 61.80, in December 1966.

The world prices of sugar have a considerable influence on domestic prices. During 1966, world sugar prices remained low compared with 1964 and 1965. The London daily price in 1966 ranged between £ 13.25 per ton and £24.25 per ton during 1966, as against £ 17.75 per ton and £26.75 per ton in 1965.

Tea

The price of tea during July 1966 to March 1967 showed a rising tendency compared with the same period of 1965-66. A one-pound packet of Brooke Bond Red Label which was sold at Rs. 6.15, in March 1966, was available at Rs. 6.50 throughout the period under review. Similarly, the price of Lipton White Label (one pound), increased from Rs. 5.25 to Rs. 5.85 during the same period.

During 1966-67, the opening price of tea at the internal auctions was about 85 paisa per pound higher than in the previous season. The highest price reached was Rs. 4.95 per pound in auction No. 5 for Orange Fannings during 1966-67 as against Rs. 4.50 per lb. in auction Nos. 17 and 18 of the 1965-66 season. Table 51 shows the trend in internal auction prices of the Broken Pekoes and Orange Fannings varieties during the last two seasons.

Table 51

INTERNAL AUCTION PRICES OF TEA AT CHITTAGONG

(In rupees per lb.)

Auction No.	*Broken Pekoes* 1965-66	1966-67	*Orange Fannings* 1965-66	1966-67
1	—	4.35	3.60	4.45
5	3.55 to 3.66	4.70	3.80 to 3.90	4.95
10	3.40 to 3.50	3.40	3.75 to 3.85	3.80
15	3.85	—	4.00 to 4.05	4.20
17	4.00 to 4.10	3.30	4.40 to 4.50	—
18	4.10 to 4.20	—	4.50	—

The growing internal consumption is said to be the main reason for the rising prices of tea.

Meat, Fish, Eggs and Vegetables

The prices of meat, fish, eggs and vegetables, which are more or less regarded

as substitutes for each other, recorded sharp increases during 1966-67. The prices of pulses and potatoes also showed an upward trend. Dry onion was the only item the price of which showed a down-ward trend. Table 52 gives the average retail prices of all these items at Karachi during 1966 and the first quarter of 1967.

Table 52

AVERAGE RETAIL PRICES OF PULSES, FISH, EGGS AND VEGETABLES AT KARACHI

(In rupees per seer)

Items	1966				1967	
	January-March	*April-June*	*July-September*	*October-December*	*January-March*	*%change between Column 1 and 5*
	1	2	3	4	5	
Moong (washed)	1.22	1.25	1.25	1.25	1.32	+ 8.1
Masoor ..	1.11	1.16	1.25	1.25	1.25	+12.6
Mutton ..	4.08	4.02	4.19	4.25	4.32	+5.8
Beef ..	1.57	1.61	1.63	1.66	1.88	+19.9
Fish (Rahu) ..	2.61	2.17	2.55	2.67	2.99	+14.5
Eggs (dozen) ..	2.88	2.58	3.06	3.20	3.26	+13.2
Potato ..	0.53	0.52	0.69	0.74	0.61	+15.1
Onion dry ..	0.55	0.45	0.37	0.45	0.41	—25.4

Edible Oils and Vegetable Ghee

The prices of edible oils and vegetable ghee (vanaspati) showed an upward trend during 1966-67. This was mainly due to shortage of vegetable oils and other raw materials required by the vegetable ghee industry resulting from a fall in their local production and a reduction in their imports under P.L.-480 programme. The value of imports of vegetable oils came down to Rs. 6.96 crores (July-March) in 1966-67 from Rs. 16.6 crores in 1965-66. Table 53 shows the price trends of edible oils—mustard oil, and cotton-seed oil—in East and West Pakistan.

Table 53

AVERAGE MINIMUM AND MAXIMUM PRICES OF EDIBLE OILS

(In rupees per maund)

Province	*Item*	1965		1966		1967 *March*	
		Minimum	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*
East Pakistan ..	Mustard oil	125.00	153.33	147.50	150.88	174.00	188.37
West Pakistan ..	Mustard oil	95.00	140.00	105.00	126.50	124.62	155.50
East Pakistan ..	Cotton seed oil	83.83	171.05	124.33	130.00	—	—
West Pakistan ..	Cotton seed oil	85.00	115.67	92.00	113.50	121.87	141.00

It will be observed that during the period under review, while the minimum prices of mustard oil rose by Rs. 26.50 and Rs. 19.62 per maund, the maximum prices increased by Rs. 37.49 and Rs. 29.00 per maund in East and West Pakistan. In March 1967 the minimum and maximum prices of cotton-seed oil were Rs. 121.87 and Rs. 141.00 per maund in West Pakistan.

Table 54 shows the trend in the monthly average wholesale price of vegetable ghee at Karachi.

Table 54

MONTHLY AVERAGE WHOLESALE PRICE OF VEGETABLE GHEE AT KARACHI

(In rupees per tin of 35 lbs.)

Month	1965	1966	1967
January	59.60	61.00	81.56
March	58.50	67.50	71.62
May	57.00	69.50	
July	57.00	68.50	
September	57.00	71.00	
November	60.50	73.75	

It will be seen that the monthly average wholesale price of vegetable ghee rose from Rs. 67.50 for a tin of 35 lbs. in March 1966 to Rs. 71.62 per tin in March 1967.

Cotton Textiles

The prices of most varieties of cotton piece-goods showed a slight upward trend between March 1966 and March 1967. This was due mainly to increased exports.

The prices of Long cloth increased by 3.6%, of Drill and Tussor between 8.0% and 8.6%, of Poplin between 1.8% and 2.4% and of Malatia cloth by 3.4%. The prices of these varieties of cloth ruling in March 1966 and March 1967 are given in Table 55 on page 101.

Drugs and Medicines

Prices of drugs and medicines showed a mixed trend, but remained more or less stable during the period under review. The liberal imports of the requisites used in the pharmaceutical industry within the country facilitated a rapid expansion of

domestic production, which kept the prices of various items more or less stable and also helped in meeting the rising demand. Table 57 on page 103 shows the price trends of some common drugs and medicines in Karachi and Dacca.

Table 55

WHOLESALE PRICES OF COTTON CLOTH (KARACHI)

(In rupees)

Item	*Unit*	31-3-66	31-12-66	31-3-67	*% change in March 1967 over March 1966.*
Long cloth					
5 P (Kohinoor) ..	40 yards	82.00	85.00	85.00	+3.6
Cock (Dawood) ..	,, ,,	62.00	62.00	62.00	—
Drill, Tussor etc.					
Satinette (Adamjee) ..	Yard	4.60	4.60	4.37	—5.0
2 Diamond (Husein) ..	,,	2.15	2.25	2.25	+8.6
White Drill (Dawood) ..	,,	1.50	1.62	1.62	+8.0
Mulls					
4040 (Burewala) ..	20 yards	29.00	31.00	33.00	+13.7
Poplin					
Crystal white (Adamjee) ..	Yard	3.19	3.19	3.19	—
2x2 white 4,000 (Gul) ..	,,	3.25	3.19	3.31	+1.8
Dyed Poplin (Burewala)	,,	1.62	1.66	1.66	+2.4
Malatia					
Leader 36″ (Kohinoor) ..	,,	1.17	1.21	1.21	+3.4

Source: Pakistan Cloth Merchants' Association.

Other Consumer Goods

The Prices of other consumer goods also tended to rise during 1966-67. The prices of Begum ladies slippers and Bata Mazboot cycle tubes increased by 8.7% and 7.5% respectively in Karachi between March 1966 and March 1967. The prices of certain important consumer goods since March 1966 are shown in Table 56 on page 102.

Table 56

AVERAGE WHOLESALE PRICE OF MISCELLANEOUS CONSUMER GOODS

(In rupees)

Item	Unit	Karachi		Chittagong		% change in March 1967 over March 1966	
		March 1966	March 1967	March 1966	March 1967	Karachi	Chittagong
Paper and paper products							
White Printing 20"x30" 24 lbs.	lb.	1.24	1.24	1.17	1.17	—	—
White Imitation art 20"x30"	lb.	1.46	1.46	1.38	1.38	—	—
Rubber Manufactures							
Bata Mazboot cycle tyre ..	Dozen	94.50	96.00	88.00	99.00	+0.1	+12.2
Bata Mazboot cycle tube ..	,,	40.50	43.50	40.50	45.00	+7.5	+11.1
Auto Tyres 5.75/6.00x16 cover Dunlop (6 ply) ..	Each	168.21	—	—	—	—	—
Auto tube (6.00x16) ..	,,	18.23	—	—	—	—	—
Leather Manufactures							
Begum ladies slippers (3-6 sizes)	Pair	7.31	7.95	7.31	7.31	+8.7	—
Sunder slipper waterproof (3-10 sizes) ..	,,	2.80	2.80	—	—	—	—
Centre court canvas shoes (3-10 sizes) ..	,,	9.42	9.42	11.14	11.14	—	—
Soap							
Life buoy 6 oz. cake ..	Dozen	6.60	6.60	6.60	6.60	—	—
Lux 3½ oz. cake ..	,,	7.67	7.67	7.67	7.67	—	—
Cigarettes							
Scissors ..	1,000	33.35	32.40	33.00	32.05	—2.8	—2.8
Capstan ..	,,	87.00	87.00	86.40	86.40	—	—
Bleached Long Cloth							
15,000 w 36" (Colony) ..	40 yds	63.50	65.62	63.00	65.00	+3.3	+3.1

Source: Central Statistical Office.

Table 57

AVERAGE RETAIL PRICE OF SELECTED DRUGS AND MEDICINES

(*In rupees*)

Article	*Unit*	*March* 1966	*June* 1966	*March* 1967	% *change in March* 1967 *over March* 1966
		Karachi			
Gripe Water (Woodwards) ..	Bottle	2.32	2.40	2.62	+12.9
Glucose-D (Glaxo) ..	1/4 lb.	0.94	0.95	0.95	+ 1.1
Penicillin crystalline ..	(10 lakhs Glaxo)	0.83	0.83	0.80	— 3.6
Streptomycin ..	1 mg (Pfizer)	0.68	0.68	0.68	—
P.A.s (Dumex) ..	100 tabs.	4.00	4.00	3.28	—18.0
Entero-vioform (Ciba) ..	10 tabs.	0.93	0.91	0.94	+ 1.1
Sulphadiazine (May & Baker)	24 tabs.	1.18	1.23	1.25	+5.9
Sulphaguanadine (ICI) ..	24 tabs.	0.75	0.75	0.75	—
Paludrine ..	8 tabs.	0.56	0.52	—	—
		Dacca			
Chloromycetin ..	12 caps.	7.90	7.90	7.90	—
Penicillin (2 lacs Glaxo Crystalline)	each	0.40	0.40	0.37	— 7.5
Paludrine ..	8 tabs.	0.50	0.55	0.70	+40.0
B.G. Phos (Sharp & Dhome)	Large	11.40	11.40	11.40	
Gripe Water (Woodwards-local)	Bottle	2.69	2.71	2.65	— 2.2

Source: Central Statistical Office.

COST OF LIVING

The consumer price index for industrial workers (base: 1961=100) at all the three centres, Karachi, Lahore and Narayanganj, moved upward during 1966-67. The index, which stood at 114.9 at Karachi, 109.9 at Lahore and 112.5 at Narayanganj

in 1965-66, rose by 11.9 points to 126.8 at Karachi, 14.6 points to 124.5 at Lahore, and 10.9 points to 123.4 at Narayanganj in March 1967. The rising trend in the index was mainly due to a substantial increase in food prices. Table 58 shows the trend of the index at the three centres since 1962-63.

Table 58

GENERAL CONSUMER PRICE INDEX FOR INDUSTRIAL WORKERS
(BASE: 1961=100)

Year/Month	*Karachi*	*Lahore*	*Narayanganj*
1962-63 ..	99.92	97.06	105.03
1963-64 ..	103.08	102.12	106.90
1964-65 ..	109.34	107.65	111.52
1965-66 ..	114.87	109.92	112.52
1966-67 (July-March)	123.85	120.84	122.79
1966			
July	120.20	114.71	119.08
August	121.44	116.65	120.17
September ..	121.96	118.94	123.14
October ..	122.67	119.79	123.97
November ..	122.96	121.15	121.03
December ..	124.73	122.97	124.20
1967			
January ..	125.70	123.70	126.35
February ..	128.13	125.17	123.80
March ..	126.84	124.48	123.40

Source: Central Statistical Office.

The movements in the four sub-groups, viz., 'food, apparel, textile and footwear', 'housing and household operations', and 'miscellaneous' can be seen from Table No. 26 in the Statistical Section.

Consumer Price Index for Clerical Wage Earners

Like the consumer price index for industrial workers, the clerical wage earners' index showed a rising trend at Karachi, Lahore and Chittagong, during 1966-67. It rose by 11.1 points to 125.5 at Karachi, 6.3 points to 116.4 at Lahore, and 12.6 points to

122.6 at Chittagong in March 1967 as compared to 1965-66. In this case also, the upward trend was due to increased food prices. Table 59 shows the trend in the general consumer price index for clerical wage earners at Karachi, Lahore, and Chittagong.

Table 59

GENERAL CONSUMER PRICE INDEX FOR CLERICAL WAGE EARNERS
(BASE: 1961=100)

Year/Month	*Karachi*	*Lahore*	*Chittagong*
1962-63	100.37	101.35	101.13
1963-64	103.98	105.14	104.16
1964-65	110.01	108.53	106.20
1965-66	114.41	110.08	109.87
1966-67 (July-March)	121.77	117.14	122.92
1966			
July	118.08	116.27	117.71
August	119.22	118.20	120.26
September	119.39	118.90	122.25
October	119.85	116.59	125.16
November	120.72	116.43	123.37
December	122.86	116.58	124.79
1967			
January	124.04	117.22	124.68
February	126.30	117.62	125.52
March	125.49	116.43	122.57

Source: Central Statistical Office.

Note: The index covers clerical wage earners drawing pay of Rs. 60 to Rs. 400 per monlh in the case of Government employees and Rs. 100 to Rs. 500 per month for commercial establishments. The average monthly income in different centres ranged between Rs. 173.46 and Rs. 202.40 for Government employees and between Rs. 213.90 and Rs. 292.88 for commercial employees. In Karachi out of 124 items of goods and services covered, 41 items were of food, 32 of apparel, textiles and footwear, 6 of housing and household operations, and 45 miscellaneous items. The coverage in other centres was more or less the same. The average family size for different centres ranged between 5.7 and 6.2 persons.

The trend in the consumer price index for clerical wage earners, classified by expenditure groups, in Karachi, Lahore and Chittagong can be seen from Table 27 in the Statistical Section.

CHAPTER VIII

TRANSPORT AND COMMUNICATIONS

Economic development and an efficient transport system are to a great extent complementary. In a developing country like Pakistan, the augmentation of transport facilities is a pre-requisite for the successful execution of economic development Plans and social progress Pakistan has all along recognised the significant role that these facilities play in accelerating growth in the agricultural, industrial and other sectors and has made sustained efforts to develop them.

The original Third Plan had made an alloction of Rs. 655 crores, Rs. 348 crores or 113% more than the actual expenditure of Rs. 307 crores incurred during the Second Plan period on Transport and Communications in the public sector. With the difficulties and bottlenecks encountered in the first two years of the Third Plan in this Sector in mind, the allocation for it in the Revised Phasing of the Third Plan has been increased to Rs. 671 crores. Special emphasis is being laid on strengthening and expanding Communications between the two Wings of Pakistan.

Progress made in this sector during the period under review is as follows:

PAKISTAN WESTERN RAILWAY

At the end of December, 1966, total route and track mileage consisting of broad, metre and narrow gauge stood at 5,334.80 and 7,590.43 miles respectively. Table 60 shows the classification of route and track miles at the end of December, 1966.

Table 60

ROUTE AND TRACK MILAGE OF PWR

	Route Miles	*Track Miles*
Broad gauge	4,636.88	6,745.28
Metre gauge	318.20	393.19
Narrow gauge	379.72	451.96
	5,334.80	7,590.43

Passenger revenues during 1965-66 dropped by 1.81% from Rs. 21.59 crores in 1964-65 to Rs. 21.20 crores, and freight revenues by 1.87% from Rs. 32.07 crores in 1964-65 to Rs. 31.47 crores.

In 1965-66 Pakistan Western Railway earned a gross profit of Rs. 6.49 crores and a net profit of Rs. 88 lakhs as compared to Rs. 5.90 crores and Rs. 81 lakhs respectively during 1964-65.

The Pakistan Western Railway ran 474 crore goods-ton mileage during 1965-66, compared to 494 crore ton-mileage during 1964-65. During the first seven months of 1966-67 (July-January), 272 crore goods-ton mileage was run.

Passenger mileage decreased from 626 crore miles in 1964-65 to 601 crore miles in 1965-66. During the first seven months of 1966-67 (July-January), 374 crore miles were run.

The progress achieved on the development works is given below:

Rolling Stock

The following rolling-stock has been placed on line during 1965-66 from that ordered during the Second Plan period:

Diesel Electric Locos.	(BG)	5
Passenger Carriages including three-tier third class sleepers (69).	(BG)	157
Other Coaching Vehicles.	(BG)	9
Wagons.	(BG)	1,614

An order was placed in Japan for the supply of 34 broad-gauge Diesel Railcars, 89 broad-gauge lower class bogie trailing carriages and three air-conditioned bogie trailing carriages financed from IDA credit. One prototype railcar and two trailing carriages were received and put into service for extensive trials. Of the remainder, some are expected to be received during 1966-67 and the balance during 1967-68.

Rehabilitation of Track

The work of rehabilitation and strengthening of track on the Karachi-Lala Musa Main Line with the object of increasing the speeds of passenger trains to 75 m.p.h. progressed satisfactorily. The released permanent way materials are being utilised to rehabilitate and strengthen the old and weak tracks on various branch lines. During 1965-66, 56 miles of rail renewals and 74 miles of sleeper renewals were completed.

Bridge Works

The work on renewal of old and weak wrought iron girders of a number of major bridges on Jand-Daud Khel Section has been continued. Under the Indus Basin Replacement Works, a new railway bridge over the Ravi river near Abdul Hakim was completed and opened for traffic on 2nd February 1966. Construction of five additional railway bridges in the Qadirabad-Balloki Link Canal progressed satisfactorily. The existing wrought iron girders of Sukkur Channel Bridge, which was constructed in 1889, being weak for the present-day loading, are also being renewed.

Engineering and Structural Works

The work in connection with the installation of a factory for the manufacture of broad-gauge pre-stressed concrete sleepers at a cost of Rs. 16.09 lakhs progressed satisfactorily. The annual production of the factory will be about 80,000 sleepers in the first year, rising to 2,00,000 in subsequent years.

A new five-ton electric steel furnace at a cost of Rs. 12.53 lakhs with a foreign exchange component of Rs. 6.7 lakhs was installed in the Steel Shops, Moghalpura, and commissioned into use on 20th May, 1966. With the commissioning of this furnace, the steel manufacturing capacity of the Steel Shop will increase from 7,200 tons to 18,000 tons a year. This will reduce imports of steel billets from 11,000 tons to about 1,000 tons a year, with an annual foreign exchange saving of about Rs. 40 lakhs.

Capacity was developed in the Railway's Workshops for the manufacture of up to 1,500 general service broad-gauge four-wheeled wagons, together with four-wheeled coaching vehicles such as motor vans, horse boxes, etc.

The mechanical workshops were expanded and enlarged for the manufacture of rolling-stock fittings and other items such as bolts, nuts and rivets. A start was also made with limited manufacture of spare parts for diesel locomotives, which is to be fully developed during the Third Plan.

The installation of tokenless block working was completed and brought into use, on Raiwind-Sahiwal and Sahiwal-Khanewal Sections. Similar work on Lala Musa-Chak Lala Section was completed to a large extent. Standard I Signalling was provided at three stations in Quetta Division.

Passenger Amenities and Staff Welfare Works

A number of small works were carried out to provide increased amenities to passengers. These included provision of platforms at a number of stations; improvement of third class waiting halls at seven stations; flush type latrines in upper class waiting rooms at eight stations and provision of water coolers at four stations.

The staff welfare works also received further attention. This included construction of schools, hospitals, dispensaries, and staff quarters.

New Constructions

In order to cater to the transport needs of the ever-growing town of Karachi, Karachi Circular Railway Project was taken in hand. Phase I of the project, linking Drigh Road and Drigh Colony railway stations with Wazir Mansion was opened to passenger traffic on 10th November, 1964. The arrangements to start work on phase II, linking Wazir Mansion with Karachi City Railway station, are in hand.

Kot-Adu-DG Khan Railway

The work on this project is progressing satisfactorily and is expected to be completed during 1967-68.

Conversion of Hyderabad-Mirpur Khas Section

The earth-work for widening the embankment all along the line and staff quarters at Mirpur Khas and Hyderabad were completed during 1965-66. Bridge construction and work on other structural works are in progress. The project is expected to be completed during 1966-67.

Other Major Projects

The following new major projects, which were approved by the National Economic Council are programmed for implementation during the Third Plan. Preparatory work on these projects, which was commenced in 1964-65, progressed satisfactorily.

Electric Traction on Lahore-Khanewal Section

The main purpose of this project is to reduce dependence of the Railway on imported fuel by utilising electric power and also to reduce import of spare parts for locomotives thereby conserving foreign exchange. A contract for execution of this project has been let and the work is expected to commence shortly. The project will take about three years for completion.

Carriage Factory at Rawalpindi

With the establishment of this project, adequate manufacturing capacity would be created to meet the Railway's requirements of all types of passenger carriages, estimated at 150 per year. It is planned to manufacture in the factory not only the carriage bodies but also the bogies, and other components and fittings.

Metre-Gauge Carriage and Wagon Repair Shop at Hyderabad

The Shop, estimated to cost Rs. 60 lakhs, is designed to be fully equipped for undertaking repairs of metre-gauge coaching and goods stock and of BG tank-wagons based at Karachi.

It is expected that these projects will not only provide the much needed facilities, but also result in considerable savings of foreign exchange.

PAKISTAN EASTERN RAILWAY

At the end of December 1966, the total route and track mileage consisting of Broad, Metre and Narrow gauges stood at 1,712.55 and 2,599.89 miles respectively. Table 61 on page 110 shows the classification of route and track miles at the end of December 1966.

Table 61

ROUTE AND TRACK MILAGE OF PER

	Route Miles	*Track Miles*
Broad Gauge	545.57	877.67
Metre Gauge	1,147.23	1,699.84
Narrow Gauge	19.75	22.38
Total	1,712.55	2,599,89

Both passenger and freight revenues went down during 1965-66 owing to the abnormal situation created by Indo-Pakistan war. The position was, however, retrieved during the first nine months of 1966-67 (July-March), when revenues went up. Passenger earnings during 1965-66 decreased by 6.6%, from Rs. 8.07 crores in 1964-65 to Rs. 7.53 crores. Freight revenue decreased by 2.5%, from Rs. 12.56 crores in 1964-65 to Rs. 12.23 crores. There were also decreases in other coaching and miscellaneous earnings. Total railway earnings showed a decrease of of Rs. 1.11 crore and net operating income showed a decrease of Rs. 1.74 crore, from Rs. 4.62 crores in 1964-65 to Rs. 2.88 crores in 1965-66.

Passenger miles decreased by 7 % from 192.2 crores in 1964-65 to 178.7 crores in 1965-66 and goods ton-mileage from 89.3 crores to 85.4 crores, a fall of 4.4%.

The Passenger earnings and passenger miles during the first five months of 1966-67 (July-November) are Rs. 3.34 crores and 79.5 crores against Rs. 2.90 crores and 69.2 crores respectively in the corresponding period of 1965-66.

The goods earnings and goods ton-miles during the first five months of 1966-67 (July-November) were Rs. 4.67 and 31.7 crores respectively; goods-earnings and goods-ton-miles during the corresponding period of 1965-66 were Rs. 5.13 and 38.9 crores respectively.

Rolling Stock

18 BG Diesel Electric Locomotives were procured in 1966. 62 MG Carriages have also been procured. This completes the receipt of the total number of 300 MG Carriages included in the Second Plan. 13 BG Carriages are on order in Japan. Nine partially air-conditioned MG Carriages financed from our own resources, are also on order in Germany.

Forty MG wagons, out of 4,793 wagons provided for under the Second Plan, were received during 1966, bringing total receipts to 4,791 wagons and leaving only 2 MG cranes, on order in Japan, to be received later.

Orders for 50 MG Bogie Flat Trucks, 155 MG Bogie Hopper Trucks, 50 MG Bogie oil Tanks and 15 MG Well wagons have been placed in Japan. Delivery is expected during 1967.

Track Renewals

Thirty-six miles of rail renewal and 40 miles of sleeper renewal were completed during 1966.

Bridge Works

Work on provision of step bearing on 40 bridges was nearing completion. The closure of the gap on the Guide Bank of Hardinge Bridge has been completed. The rebuilding and strengthening of some of the major bridges was taken in hand.

Engineering and Structural Works

Work on provision of relay interlocking and tokenless block working at 41 stations on the Chittagong-Dacca Section was in progress and expected to be completed by 1966-67. Tablet instruments were installed in replacement of 'Paper Line Clear' system on Tongi-Mymensingh Section.

Extra running loops were provided at seven stations while Amnura-Chapai Nawabganj Section was converted into broad gauge. Two stations on Abdulpur-Amnura Section were converted into 'B' Class Stations.

Passenger Amenities and Staff Welfare Works

Good progress has been achieved in respect of the provision of Inter and Third Class waiting rooms, platform sheds, raised platforms, foot over bridges, tubewells, water coolers and the electrification of stations.

Construction of 710 new staff quarters and replacement of 200 thatched quarters at places other than Chittagong have been completed. A new 40-bed Hospital is being built at Paksey. Improvement and expansion of hospitals and institutes and recreational facilities were undertaken.

New Constructions

Satisfactory progress on the work connected with the following new constructions has been made:

Bholaganj-Chhatak Ropeway, Dacca Realignment, Narsinghdi-Madanganj Railway, Khulna-Mongla Railway, Kurigram-Chilmari Railway, doubling of track between Pahartali and Akhaura, Conversion of Rupsa-Bagerhat line from Narrow

Gauge into Broad Gauge, Faridpur-Barisal Railway, Ruhea-Pochagarh Railway, and remodelling of Loco Shed at Parbatipur to house BG and MG Locomotives.

ROADS

The Third Five-Year Plan lays greater emphasis on the development of roads in the country and has increased the allocation for this purpose from Rs. 56.90 crores in the Second Plan to Rs. 207 crores, Rs. 110 crores for East Pakistan, Rs. 90 crores for West Pakistan and Rs. 7 crores for centrally administered areas. The programme primarily aims at strengthening and expanding the existing road network; building up a system of super highways; and construction of secondary and feeder roads to meet the needs of the short distance light traffic in rural areas and newly developing regions.

The progress achieved in the two provinces is as under:

East Pakistan

The Third Plan has allocated Rs. 110 crores for the completion of 1,033 miles of on-going road works, improvement of 300 miles of existing roads, and construction of 250 miles of new roads besides bridges over Buriganga and Karnafulli rivers and feasibility studies of bridging the other major rivers. The Revised Annual Development Programme for the first year of the Third Plan *i.e.*, 1965-66, provided for expenditure of about Rs. 8 crores, besides Rs. 2 lakhs for preliminary work in connection with the construction of a floating bridge across Karnafulli River near Chittagong. In physical terms the construction of about 130 miles of roads and 12,000 Rft. of bridges and culverts was envisaged. During the year Rs. 7.26 crores were spent and 149 miles of roads were paved and 2,800 Rft. of bridges and culverts completed, thus increasing the milage of high type roads in the Province to 2,007 miles on 30th June 1966.

The Annual Development Programme for 1966-67 made a provision of Rs. 13.60 crores out of which Rs. 11.85 crores are earmarked for on-going works and Rs. 1.75 crore for new schemes. A sum of Rs. 1.10 crore has also been allocated for the floating bridge across the Karnafulli River which is expected to be completed by the end of 1966-67.

About half the allocation for 1966-67 is to be spent on construction of a superior type of highways viz., Dacca-Chittagong, Dacca-Aricha and Dacca-Sarial Section of Dacca-Sylhet Road. Other on-going schemes include construction/improvement of 130 miles of roads and completion of a number of drainage crossings throughout the Province. The allocation of Rs. 1.75 crore for new schemes would cover cost of land acquisition, earthwork in embankment of about 25 miles along roads, restoration of flood damages to roads and bridges. and carrying out detailed survey work.

West Pakistan

The Third Five-Year Plan has allocated Rs. 90 crores for West Pakistan for the following works:-

1. On-going road projects including bridges over the Ravi, Jhelum, Sutlej and Indus rivers.

2. Reconditioning and widening of about 200 miles of existing black top roads.

3. Construction of about 300 miles of superior type highways including a bridge at DI Khan.

4. Construction of about 375 miles of other new roads.

5. Improvement of Karachi-Quetta-Zahidan Road (RCD project).

The Revised Annual Development Programme for 1965-66 provided Rs. 5.85 crores for the construction of about 120 miles of new roads and the reconditioning and widening of 125 miles of existing roads. During the year, Rs. 5.48 crores were spent, 115 miles of new roads were constructed and 121 miles of existing roads improved. Besides, the design of 89 miles of Karachi-Hyderabad new highway was completed. About 30 % of the work on the Jhelum bridge and 15 % on the Ravi and Sutlej bridges has been completed. The construction work on Thatta Sujawal bridge and Jehangira bridge on River Kabul has further advanced.

The Annual Development Programme for the year 1966-67 has made a provision of Rs. 14.41 crores. Efforts are being made to complete as many on-going schemes of the Second Plan as possible. In addition, the construction of Karachi-Hyderabad super-highway is to be started and about 25 % of the work will be completed during 1966-67. Detailed designs of Lahore-Multan Highway and hydraulic studies of bridges over the river Indus between D.I. Khan and Darya Khan are proposed.

Centre

For the centrally-administered areas, the Third Plan included a provision of Rs. 7 crores for the improvement of about 600 miles of existing roads/tracks and the construction of about 400 miles of roads/tracks and bridges.

INLAND WATER TRANSPORT

The East Pakistan Inland Water Transport Authority made good progress in the execution of its schemes. Some of the major schemes under execution are the development of five major river ports of Dacca, Narayanganj, Barisal, Chandpur and Khulna, the setting up of a Dacca-Chain Radio Location System, which is almost complete and is ready to go into operation shortly, provision of basic facilities, equipment, hyd-

rographic survey and hydraulic investigation for the improvement of navigable waterways, provision of port facilities and landing stages in cyclone-affected coastal islands, provision of a repair workshop at Barisal and the construction of 50 launch stations of which ten have already been constructed.

The Provincial Annual Development Programme for 1966-67 includes a provision of Rs. 4 crores, with a foreign exchange provision of Rs. 1.72 crore, for the East Pakistan Inland Water Transport Authority. This amount will be utilised for the execution of 16 on-going and four new schemes. By and large, the expenditure will be on improvement of waterways, development of river ports, mechanisation of country boats and provision of workshop and training facilities.

Table 62 shows the performance of the IWT public and private sectors since 1960.

Table 62

PERFORMANCE OF IWT (1960-66)

Item	*Position as on 1-7-60*	*Position as on 30-6-66*
Number of mechanically propelled vessels	821	1,340
Number of dumb craft	696	832
Route mileage	3,373	4,984
Number of boat building yards	9	62
Number of operators	210	475
Number of IWT Routes	140	261
Number of stations served	1,148	1,407
Cargo carrying capacity (in tons)	1,52,819	2,14,229
Passenger carrying capacity	80,386	1,07,000
Powered ferries for connecting important road heads	—	12
Coastal ships for connecting off shore islands with the main land ..	—	4
Landing craft type vessels for connecting offshore islands with the main land	—	2
Motor boats for connecting offshore islands with the main land ..	—	10

SHIPPING

The shipping programme during the Third Plan period provided for the acquisition of 54 ships, 11 for replacements and 43 as additions. The strength of the fleet

is proposed to be raised by 1970 to 98, with approximately 10 lakh dead weight tonnage.

At the end of the Second Plan period, the country had an operational fleet of 48 ships; another seven ships were under construction against foreign loans/credits. During 1965-66 four out of these seven ships were completed and delivered. Besides, seven more second-hand ships were added to the fleet during this period and one second-hand ship acquired as replacement. Thus, during 1965-66, 12 ships were acquired against the Third Plan target of 54 ships. Ten of these ships were acquired for the National Shipping Corporation and two for private shipping companies. The total investment during 1965-66 was Rs. 8.34 crores, of which Rs. 6.14 crores were invested by the National Shipping Corporation and Rs. 2.2 crores by the private companies.

NATIONAL SHIPPING CORPORATION

The Corporation, which has 18 ships with a total dead-weight tonnage of 1,85,407, is operating from Pakistan to U K., South France, Italy, USA, Canada, Australia, Indonesia, China, Iran, Turkey, Persian Gulf and Red Sea Ports.

During 1965-66, the Corporation carried 6,91,826 freight tons of cargo in 68 voyages. The total freight earning was Rs. 6.70 crores, including foreign exchange earning of Rs. 6.07 crores. After allowing for foreign exchange expenditure, net foreign exchange savings were of the order of Rs. 3 crores.

During 1965-66, the Corporation acquired ten vessels. The additional tonnage included three 'Empire' Class vessels for the carriage of coal from China, two coasters for the Persian Gulf/Red Sea Trade, and five modern vessels to augment the existing liner services.

The Corporation is licensed to carry cargoes from Karachi to East Pakistan on board their east-bound vessels operating on the interna ional routes. The Corporation provided 21 sailings and lifted about 1.09 lakh freight tons of cargo. This has helped stabilise freight rates on the coast. Because of the Corporation's good performance and reputation, there is continuing demand from the trade for additional space. It is hoped that, with an increase in tonnage, the Corporation would be able to provide more space for the Coastal trade.

During the Third Plan period the Corporation intends to increase substantially its tonnage to enable it to augment its service on existing routes, and to open up other routes essential to the country's foreign trade. The Corporation plans to place orders for 13 new ships and to acquire 16 second-hand ships during the Third Plan period. Orders have already been placed for seven new Ships, four in Yugoslavia and three in West Germany, and these are expected to join the fleet in 1968-69. The Corporation is also negotiating for the construction of one ship at the Karachi Shipyard and five ships at Japanese Shipyards. Negotiations are also being carried on for acquisition of additional second-hand tonnage. The fleet of the Corporation at the end of Third Plan period is expected to rise to 47 vessels.

EAST PAKISTAN SHIPPING CORPORATION

The East Pakistan Shipping Corporation has been operating coastal and ferry services on various coastal routes and ferry services where there were no bridges.

During 1966, the coastal service carried 2,80,811 passengers and 4,91,096 maunds of cargo, while the ferry services handled 4,56,654 passengers, 27,559 vehicles and 17,712 maunds of cargo.

The provincial Annual Development programme for 1966-67 includes a provision of Rs. 50 lakhs, with a foreign exchange component of Rs. 20.8 lakhs, for the East Pakistan Shipping Corporation. This amount will be used for completion of on-going schemes for the provision of coastal ships, for rehabilitation of cyclone-affected areas, and landing craft type vessels and motor life boats for inter-island communication, and the recently sanctioned scheme for the acquisition of two second-hand oil tankers.

Ports

The increasing trend in international and inter-wing maritime operations necessitates the consolidation and improvement of the existing ports and indicates the need to search for new ones. The Third Plan, therefore, provides for the construction of the first phase of a permanent port at Chalna (Mongla), rehabilitation of old and construction of new berths at Chittagong and Karachi, and procurement of craft and equipment to speed up operations at the port and expansion of other ancillary facilities including storage facilities. The preliminary feasibility of opening a second port on the Mekran Coast in West Pakistan having already been established, detailed surveys and investigations are being arranged.

The progress of the development programme at various ports is as under.

Karachi Port

The growth of traffic handled at the port from 1959-60 to 1966-67 is shown in Table. 63 on page 117

Against the Third Plan provision of Rs. 30 crores, an expenditure of Rs. 2.71 crores was incurred in the first year of the Plan. There are six major projects at the Port, for which a loan of $17 million has already been signed with IBRD to finance their external cost. The construction of a new Bulk Oil Pier has been completed, and it has been in commission since January, 1966. The project for widening the Navigable Channel of the harbour is being undertaken departmentally and action to acquire the dredging equipment has already been taken. The construction of a Sea-wall in the reclamation area at Keamari has been completed. Work on the reconstruction of berths 1-4 at East Wharves was begun in September 1966 and is progressing satisfactorily. Preliminary work relating to the construction of three additional berths at West Wharf is also in progress. The work relating to Rehabilitation of Manora Breakwater started in December 1966. Work relating to the preparation of a Master

Table 63

TRAFFIC HANDLED AT KARACHI PORT

(In lakh tons)

Year (July-June)	*Imports*	*Exports*	*Total*	*Percentage increase over* 1959-60
1959-60	34.25	10.78	45.03	—
1960-61	39.10	10.68	49.78	10.5
1961-62	34.88	11.17	46.05	2.2
1962-63	40.16	15.46	55.62	23.5
1963-64	45.24	13.33	58.57	30.0
1964-65	66.73	15.33	78.06	73.3
1965-66	51.86	18.70	70.56	56.7*
1966-67 (July-December)	33.17	11.65	44.82	—

* Decrease due to Indo-Pakistan War.

Plan of the Karachi Harbour is already in hand. The harbour Hydraulic Model has already been completed and the investigations are in hand. The replacement and acquisition of necessary craft and equipment for the port to handle the increasing traffic is making good progress.

Chittagong Port

The growth of traffic handled at the Port from 1959-60 to 1966-67 is shown in Table 64.

Table 64

TRAFFIC HANDLED AT CHITTAGONG PORT

(In lakh tons)

Year (July-June)	*Imports*	*Exports*	*Total*	*Percentage increase over* 1959-60
1959-60	21.47	4.97	26.44	—
1960-61	22.26	3.94	26.20	− 0.8
1961-62	24.56	4.44	29.00	+ 10.0
1962-63	27.12	5.08	32.20	+ 22.0
1963-64	32.98	5.62	38.60	+ 46.0
1964-65	28.65	4.25	32.90	+ 25.0
1965-66	31.98	4.42	36.40	+ 37.5
1966-67 (July-December)	18.40	2.68	21.08	

Against the Third Plan allocation of Rs. 30 crores an expenditure of Rs. 2.9 crores was incurred during 1965-66, the first year of the Plan. The scheme for the rehabilitation of Jetties 1-6 has been revised and is awaiting approval; in the meantime some minor works, such as dismantling old jetties, construction of office buildings, etc., involving local currency expenditure have been completed. The previous agreement with US AID for financing the scheme has since been deobligated, and efforts are being made to assure fresh assistance of a bigger amount on reasonable terms. The scheme for the construction of a Workshop and Slipway, financed from Yugoslav credit, made some progress on preliminaries. Construction of Off-shore Oil Terminal was expected to be completed by 1967. New schemes for replacement of pontoon and Light Jetties and construction of additional jetties are at the planning stage.

Chalna Port

The growth of traffic handled at the port from 1959-60 to 1966-67 is shown in Table 65.

Table 65

TRAFFIC HANDLED AT CHALNA PORT

(In lakh tons)

Year (July-June)	*Imports*	*Exports*	*Total*	*Percentage increase over 1959-60*
1959-60	2.59	6.30	8.89	—
1960-61	4.28	4.79	9.07	2.0
1961-62	6.76	3.24	10.00	12.4
1962-63	7.12	7.99	15.11	70.0
1963-64	8.00	8.62	16.62	86.9
1964-65	7.07	2.95	10.02	12.7
1965-66	8.73	8.81	17.54	97.3
1966-67 (July-December)	5.54	4.43	9.97	

Against the revised Third Plan provision of Rs. 18.75 crores, an expenditure of Rs. 32 lakhs was incurred during 1965-66. The development programme at the port consists of the on-going project of improving the anchorage and the new project of establishing a conventional port river with permanent shore facilities. The on-going project is again divided into two parts, the first part comprising items financed from the country's own resources and those under the second part tied up with an AID loan. Most of the jobs under the first part, costing Rs. 85.5 lakhs out of a total estimate of Rs. 94.17 lakhs, have been carried out, whereas difficulty has been

experienced in the the execution of the second part, and only Rs. 35.5 lakhs have been spent out of an estimated cost of Rs. 2.54 crores.

Negotiation with Yugoslavia for securing the foreign exchange component for the new scheme of establishing a port on Pussur River has made satisfactory progress and preliminary work has been taken in hand.

Second Port in West Pakistan

Feasibility studies for the establishment of a second port for West Pakistan on the Mekran Coast at Sonmiani have been completed. Detailed investigations and studies for the designing of various facilities required at the proposed port are receiving attention.

PAKISTAN INTERNATIONAL AIRLINES

Pakistan International Airlines (PIA) continued to make steady progress in its activities during the period April 1966 to March 1967. Notwithstanding the Emergency and its aftermath, the airline introduced new services at home and abroad. While domestic operations were resumed after the ceasefire, the suspension of Dacca-Lahore services was prolonged till February 9, 1966, because of the absence of permission to over-fly India. Karachi-Dacca services were operated via Colombo till India permitted over-flying in February, 1966. The regional services to India, however, remain suspended.

In view of the encouraging response on the London route the frequency of service has been increased to 9 services per week, adding Istanbul, Paris, Baghdad and Kuwait on the international net work. A twice weekly service to Nairobi via Jeddah was started in November 1966. Services to the Gulf area were also introduced during November, 1966 to connect Doha, Dubai, Bahrain and Kuwait to Karachi on twice weekly services.

On the vital inter-wing routes the flights which had been reduced during the Emergency have been steadily restored. In fact the number of flights on the Karachi-Dacca sector have been increased to 15 per week as against 14 in the pre-Emergency period.

The steady growth in capacity and traffic was maintained. The capacity ton-miles increased by 23.6% while revenue ton-miles increased by 15.6%. Comparing the two years from April 1966 to March 1967, the operational results of PIA are summarised in Table 66 on page 120.

Third Plan Progress

PIA has already made considerable progress in implementing the Third Plan. Efforts have been made towards developing a well-organised air transport system and improving and extending air and ground facilities.

Table 66

EXPANSION OF PIAS OPERATIONAL ACTIVITIES (1965-67)

Particulars	1965-66 (*April-March*)	1966-67 (*April-March*)	% *Variation*
Capacity ton-miles (crores)	12.17	15.05	+ 23.6
Revenue ton-miles (crores)	8.06	9.32	+ 15.6
Available seat-miles (crores)	85.25	112.30	+ 31.7
Revenue passenger-miles (crores)	59.15	74.81	+ 26.5
Passenger load-factor	69.4	66.6	—
Overall load-factor	66.2	62.0	—

Two F-27 aircraft, three Tridents 1-B and two B-707 aircraft were received during the current Plan period. As a result passenger and cargo transportation capacity has considerably increased.

To meet the growing transportation needs of the country feeder services were further extended in East and West Pakistan respectively. In West Pakistan 7 new places—Hyderabad, Nawabshah, Sukkur, Pasni, Gwadar, Jiwani and Panjgur—were airlinked. Services to Sui were also started in November, 1966. The frequency of internal services in East Pakistan was increased.

The policy of fleet modernisation has been continously pursued, and the replacement of Viscount services with Trident-medium haul jet aircraft has not only increased capacity but also substantially cut flying time between Karachi and Rawalpindi.

Maintenance standards of the engineering department were further improved. The engineering department continued to receive out side work and earned Rs. 25.9 lakhs mostly in foreign exchange.

The new engine overhaul shop—one of the most modern and well-equipped outside the United States—was completed and inaugurated in 1966.

To meet the growing needs of air transportation, PIA constantly studies new areas of expansion both at home and abroad. Internationally Dacca-Bangkok service started from April 1967, and extension of Nairobi service to Dares-Salaam is under consideration.

On domestic routes further extension of services to Sargodha, D.I. Khan and Swat will be undertaken on the completion and availability of airfields, if found economically feasible.

PIA will be investing Rs. 34.5 crores during the Third Plan period. As a step towards this end the Corporation has already placed orders for the purchase of additional Fokker Friendship F-27 and Boeing 707-340C aircraft. The scheme for a new engine overhaul workshop was completed during 1965-66, while that of the Jet hangar expected to be completed by September, 1967.

The developments in the fields of Jumbo-jets and SST aircraft are also being constantly watched, and PIA has already reserved two positions for American SST aircraft.

POST OFFICES

Extension of Postal Services

At the time of Independence, there were 6,474 post offices, 614 in urban and 5,860 in rural areas. With the increasing tempo of development in the country, there has been a great demand for more post offices and their number has, therefore, been increasing steadily. At the end of the Second Plan period the number of Post Offices rose to 11,766, 1,207 in urban and 10,559 in rural areas. For the Third Plan period, the Department has set a target of 2,500 new Post Offices, 500 in urban areas, and 2,000 in rural areas. Between July 1965 and December 1966, 488 new Post Offices were opened, bringing the total number to 12 254, 1 305 in urban areas and 10 949 in rural areas. During 1966-67 the Department proposes to open 352 new post offices, 44 in urban and 308 in rural areas. Of the proposed 352 post offices, 166 post offices, 22 in urban areas and 144 in rural areas, had been opened up to March, 1967, and the remaining 186 are expected to be opened by the end of 1966-67.

Postal Revenue and Postal Traffic

There has been a steady increase in the revenue of the Post Office Department and postal traffic as would be seen by Table 67 on page 122.

Airmails

Inland—The frequencies and the expanding network of PIA were fully utilised for accelerating the transmission of mail in the country. With effect from February 1, 1966, the PIA brought the following places within their domestic air network and the mail for these places was airlifted:

Pasni, Gwadar, Jiwani, Panjgur, Hyderabad, Nawabshah, Sukkur and Rahimyar Khan.

International—In the international sphere, PIA introduced nine times a week West-bound services in November, 1966, bringing a number of new countries inthe

Table 67

POSTAL REVENUE AND POSTAL TRAFFIC

Particulars	1954-55	1959-60	1966-67	*% Increase* 1959-60 *over* 1954-55	1966-67 *over* 1959-60
Revenue					
Revenue (in crore rupees) ..	3.39	5.52	9.51	63	72
Postal Traffic					
Unregistered articles delivered (in crores) ..	44.87	60.06	73.02	34	22
Accountable articles, Registered, Insured, V.P. letters and parcels. ..	1.44	1.93	2.24	34	16
Money Orders Issued					
Number (in lakhs)	82.23	105.51	128.36	28	22
Value (in crore rupees)	35.08	57.85	76.55	65	32
Pakistan Postal Orders					
Number (in lakhs)	2.65	8.80	11.20	232	27
Value (in lakh rupees)	6.77	24.66	26.08	264	6

Middle East, the Persian Gulf, Africa and Europe into its air network. These services were utilised for despatch of air mails to these countries and the air parcel service was extended to more countries. The service is now available for 128 countries.

Insured Letter and Parcel Service

Insured letter and parcel service was resumed with Iran with effect from December 1, 1966 and the insurance limit was fixed at £ 115 per article. Consequently, transit traffic of insured articles for Turkey, Greece and Syria started being routed via Iran.

Resumption of Postal Service

Inter-wing air parcel service, mail communication with India (Surface), and air parcel service with Nepal, suspended during the war with India, were resumed in February 1966.

Surface Letter Mail Service from East Pakistan

During the year 1966, direct surface letter mail services were introduced from East Pakistan to Singapore, Thailand, Ceylon, Philippines and Australia.

Introduction of 'Small Packets' service from Pakistan to Foreign Countries

In order to enable the public to transmit to foreign countries small quantities of goods and merchandise in the shape of letter post items (as distinguished from parcels), a new service called the 'Small Packets (PETITS PAQUETS) Service' was introduced with effect from May 1, 1966. The postage rates fixed for this Service are Rupee 1, for the first 10 oz. or part thereof and 25 paisa for every subsequent 2 oz. or part thereof.

With effect from October 1, 1966, a reduced rate of 7 paisa for every five tolas on 'Small Packets' for Iran, Turkey, Indonesia and Iraq was introduced on a reciprocal basis.

Remittance Service

The money order service of the Post Office Department continues to play an important role in the payment of foreign remittances received under the Bonus Scheme. Remittances under the Bonus Scheme received through the banks are also, by and large, channelized through the postal money order system for payment to the beneficiaries.

RCD

In accordance with the decision of the Ministerial Council for RCD the transit charges, to which Pakistan is entitled under the International Parcel Post Agreement, on postal parcels from Iran and Turkey routed via Pakistan for countries in the Near and Far East were reduced with effect from January 1, 1966 by one gold franc (equal to Rs 1.56) per parcel.

Insurance facilities for transit mails, already available in Pakistan and Turkey, were introduced in Iran with effect from December 1, 1966, enabling Pakistan to transmit in a shorter time insured parcels to Turkey and other foreign countries through Iran. On the resumption of the train service from Quetta to Zahidan, quick transmission of surface mail between Pakistan and Iran, as well as to Turkey and other countries in Europe became possible.

Mechanisation of Postal Services

An electro-mechanical letter sorting machine capable of sorting up to 6,000 letters per hour, which is about ten times faster than manual sorting, was installed at Lahore on May 20, 1966. Two similar machines have been functioning in Karachi and Dacca since 1964.

Motorization of Mail Service

Departmental mail motor services were introduced at Lahore, Rawalpindi and Khulna. Such services were already functioning at Karachi, Dacca, Chittagong and Peshawar.

Postal Savings

Over 9,380 post offices, situated in urban and rural areas, are engaged in rendering Savings Bank Service and selling Defence Saving Certificates to the public. Prize Bonds are also sold by post offices and prize money up to Rs. 500 is paid by them.

Postal Life Insurance

During 1966, Postal Life Insurance continued to enjoy the privilege of being the foremost life insurance concern of the country, and 28,983 fresh policies for a sum assured of Rs. 9.16 crores were issued. At the close of 1966 the total number of policies in force stood at 1,46,245, for a sum assured of Rs. 44.89 crores.

Telecommunications

Steady progress has been made in the field of telecommunications to meet the growing demands of trade, industries, commerce, Government departments, the general public and other agencies in urban as well as rural areas. During 1966 the number of telephones rose from 1,33,500 to approximately 1,45,000. This number is expected to rise further to 1,65,000 by the end of 1967.

The Telephone Industries of Pakistan (TIP) have increased their annual production from 17,500 to 22,200 exchange lines and 17,000 to 22,500 telephone instruments. It is also manufacturing private branch exchanges, trunk boards, with allied equipment, subscribers' trunk dialling equipment (STD), carrier channels, teleprinter machines, teleprinter exchanges (Telex), etc. The production of an improved telephone exchange equipment called EMD type has also been taken in hand. Installation of a telephone factory at Dacca has been approved. Its foundation stone was laid by President Ayub on March 28, 1967.

The expansion of long distance network has been receiving due attention to meet the ever increasing trunk traffic. Commissioning of a coaxial cable system on Hyderabad-Multan section in January, 1966 has provided adequate trunk service from Karachi to all major cities of West Pakistan. Point-to-Point Subscriber Trunk Dialling (STD) was introduced on Karachi-Rawalpindi, Karachi-Lahore, Karachi-Lyallpur and Karachi-Multan routes. The existing STD service on Karachi-Hyderabad section has been augmented by increasing the trunk circuits from 48 to 88, and this has given considerable relief to trunk traffic congestion between these cities. Within a span of one year, traffic has grown rapidly on the Karachi-Lahore and Karachi-Rawalpindi routes. STD service has also been introduced on Rawalpindi-Peshawar section.

A multi-channel microwave system has been installed on the Rawalpindi-Murree route. Installation of STD service on this route is in hand and is expected to be cut over by the middle of 1967. Sylhet and Mymensingh will also be provided with trunk dialling facilities with Dacca.

To expand trunk service on subsidiary routes six open wire carrier systems were installed on (i) Rawalpindi-Peshawar (ii) Kharian-Gujrat (iii) Sukkur-Lakhi (iv) Quetta-Mestung and (v) Mirpur Khas-Jhudo routes.

Long distance telephone facilities to rural areas are also receiving attention. A scheme for providing public call offices (PCOs) at *thana* towns in East Pakistan is nearing completion. Thirty-six rural stations were provided with PCO facility during 1966. During the first quarter of 1967 (January-March), five more PCOs were opened in East Pakistan and 38 *thanas* will be provided telephone facility on HF and VHF radio links by June 1967.

Two schemes for opening telephone facilities to 150 Union Councils in East Pakistan and 240 Police Station Towns in West Pakistan have also been initiated.

During 1966, 10 telephone exchanges were expanded and 12 new exchanges with a total capacity of 430 exchange lines were installed. During the first quarter of 1967, six more new exchanges were put into service.

Telegraph Service

To expand and modernise Telex service, the 30-line manual telex exchange at Karachi was replaced by a 100 line auto telex exchange in June 1966. Telex exchanges are also under installation at Lahore and Rawalpindi. On the commissioning of these exchanges, long distance telex calls between telex subscribers of Karachi, Lahore and Rawalpindi will be available by direct dialling. Similar auto exchange will be installed at Dacca, Khulna and Chittagong, thereby providing direct dialling facility to telex subscribers at these stations.

Inter-wing Communication

Under an approved scheme of the Second Plan, a contract has been finalized for the improvement of HF antenna system and expansion of the existing HF radio facilities. On implementation, the scheme will improve the efficiency of the existing service and the number of trunk circuits will rise to 24 reducing the traffic congestion considerably.

A scheme for establishing two Earth stations (one each in the East and West Wings) for Communication via satellite to be launched over the Indian Ocean has been initiated in the Annual Development Programme for 1966-67. Expeditious measures are being taken to implement the scheme.

International telecommunication service is being expanded. Direct radio telephone service connected Karachi to Beirut and Moscow, and telex service was ex-

tended to 12 countries, including a direc tlink to Ankara.

BROADCASTING

The Third Plan allocates Rs. 8.9 crores for the development of Broadcasting. The expenditure during 1965-66, the first year of the Plan amounted to Rs. 90.7 lakhs. The sanctioned budget grant for 1966-67 is Rs. 2.5 crores.

The number of radio stations at present is 10 and there are 22 transmitters with a total output of 450.5 KW. Efforts are being made to establish four more radio Stations and 11 additional transmitters as a result of which the total capacity would rise to 3,620 KW.

The coverage on medium waves, at present, is more than 90% in East Pakistan and about 25% in West Pakistan. After the installation of eight new transmitters. namely, 100 KW each at Hyderabad, Multan and Quetta, 10 KW each at Sukkur, Khairpur, Khulna and Rangpur and 1000 KW each at Islamabad and Dacca, the entire East Pakistan and about 60% area in West Pakistan would be provided with excellent reception on medium waves by the end of the Third Plan period.

During 1966-67 Radio Pakistan had under implementation a huge programme of development comprising 'on-going' schemes of the Second Five-Year Plan and those started in the year 1965-66, the first year of the Third Five-Year Plan. Progress on some of the important schemes is as under:

The progress towards the completion of two 100 KW. SW transmitters and one 10 KW. SW transmitter at Islamabad has been satisfactory. The Receiving Centre at Islamabad has been completed. The 100 KW. SW transmitter at Dacca for East-West link is nearing completion and would be put into operation soon. Sites for the 10 KW. MW Radio station at Khulna, 100 KW. MW transmitter, Receiving Centre and Broadcasting House at Multan, 100 KW. MW transmitter at Hyderabad, 100 KW. MW transmitter at Quetta and Central Stores Depot at Chittagong have been selected and action has been initiated to acquire land. Equipment orders for the Broadcasting Stations at Khulna, Multan and Hyderabad have been placed.

The installation of 10 KW. MW. Radio Station at Rangpur has been completed and the Station is now under test. The buildings for the Receiving Centres at Chittagong and Rajshahi have been completed.

TELEVISION

In view of its utility a general-purpose television service has been introduced in the country. The Service is being run on commercial basis with the participation of private capital and the majority shares held by the Government. As a prelude to the formation of a Television Corporation, the Television Promoters Company has been set up with an authorised capital of Rs. 5 crores.

Construction of Karachi TV Station is progressing satisfactorily, while Pil Stations at Lahore and Dacca, established in 1964, are being expanded. TV Static at Chittagong and Peshawar are also expected to be set up during the Third Plan period.

A Central Training Institute and a Pilot TV Station was inaugurated in Rawalpindi, by the President of Pakistan, on 15th January, 1967.

CHAPTER IX

MONEY AND BANKING

Monetary and Credit Situation

The year 1966 saw a sharp acceleration in monetary expansion; the money supply expanded from Rs. 949.57 crores in December 1965 to Rs. 1.088.74 crores in December, 1966, a rise of 14.6 %. During 1965, money supply had risen by 9.1 % compared with 17.4 % in 1964. During 1966, bank credit rose by 25.5 % compared with 12.3 % in 1965 and 44.3 % in 1964. During the first quarter of 1967, money supply declined by Rs. 16.51 crores* while bank credit rose byRs. 30.66 crores.

The acceleration in the rate of monetary expansion during 1966 resulted mainly from increased resort to the banking system by the Government sector. In the second half of 1966 the sharp rise in bank credit to the private sector became a major expansionary influence. As it was considered necessary to moderate the rate of growth in bank credit and money supply in the interest of monetary stability, a number of credit control measures were taken in January 1967, which are discussed in detail later.

MONEY SUPPLY

Money supply which stood at Rs.949.57 crores at the end of 1965 rose by Rs.139.17 crores, or 14.6%, to Rs. 1,088.74 crores at the end of 1966. This compared with an increase of Rs.129.05 crores, or 17.4%, over 1964. Bank credit increased from Rs.673.88 crores at the end of 1965 to Rs. 845.69 crores@ at the end of 1966, or by 25.5%. The increase in bank credit during 1965 over 1964 was 12.3%.

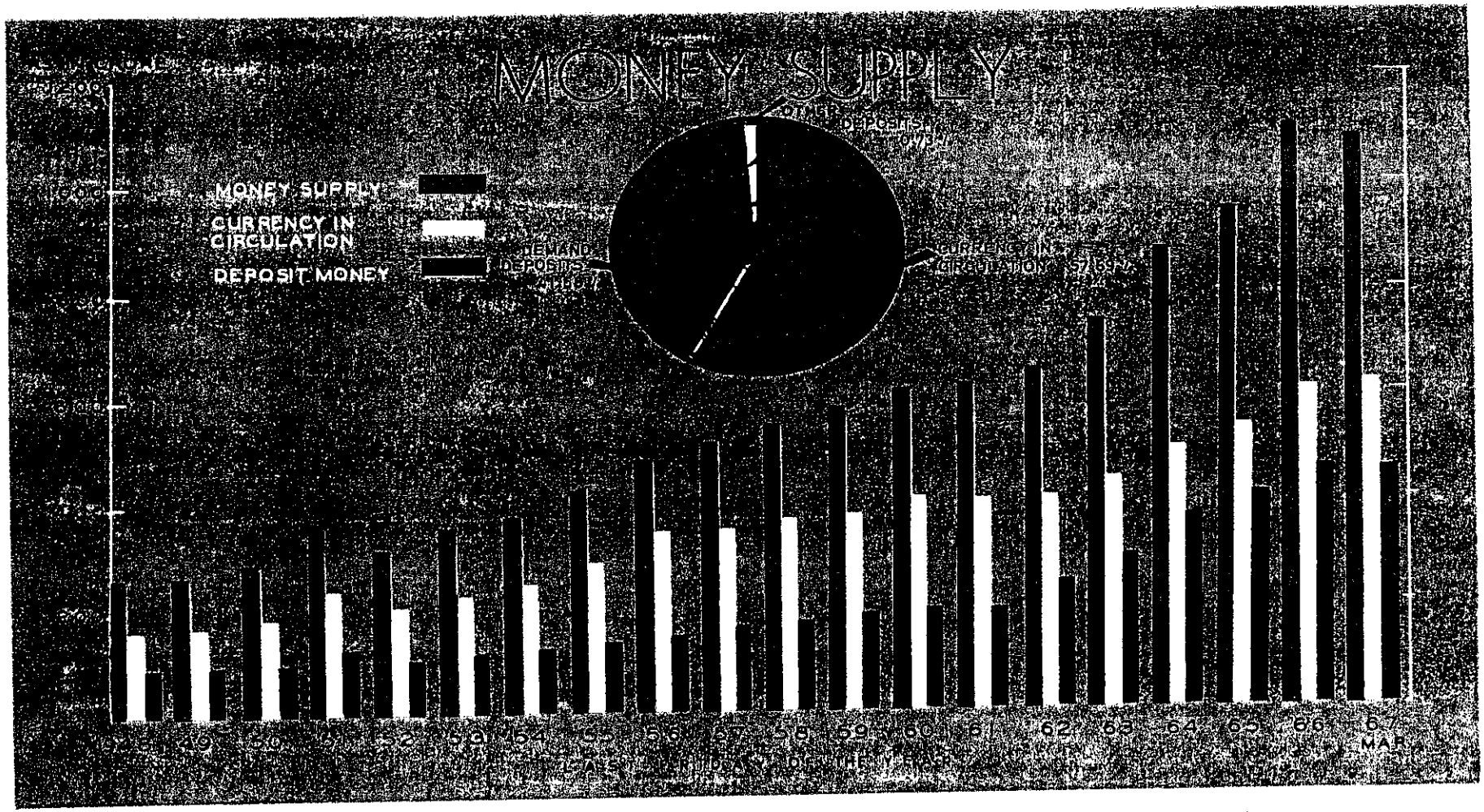
All the components contributed to the expansion in money supply during 1966. The largest expansion of Rs.72.18 crores, or 18.3 % occurred in demand deposits which rose to Rs. 464.63 crores at the end of 1966. Currency in circulation increased by Rs 61.99 crores to Rs. 609.75 crores while "Other Deposits with the State Bank of Pakistan" rose by Rs. 5.00 crores to Rs. 14.36 crores. During January-March 1967 money supply decreased by Rs. 16.51 crores* compared with the contraction of Rs. 3.18 crores during the same period of 1966.

Table 68 on page 129 shows the trend of money supply.

Causative Analysis

Both Private and Government Sectors contributed towards the expansion in money supply during 1966. The largest expansion of Rs. 120.59 crores was in the

* Provisional.
@ Includes foreign currency loans by I.D.B.P.


MONEY SUPPLY
MONEY SUPPLY
CURRENCY IN CIRCULATION
DEPOSIT MONEY
DEMAND DEPOSITS
CURRENCY IN CIRCULATION
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LAST DAY OF THE YEAR

Table 68

MONEY SUPPLY

(In crore rupees)

Item	March *1967	1966 March	1966 June	1966 Sep.	1966 Dec.*	1965 March	1965 June	1965 Sep.	1965 Dec.
Money Supply	1,072.23	946.39	984.29	997.90	1,088.74	881.35	862.14	846.75	949.57
(*i*) Currency in circulation.	618.55	559.17	580.20	581.41	609.75	503.08	490.21	495.94	547.76
(*ii*) Demand Deposits.	445.82	378.85	394.94	403.00	464.63	372.72	365.51	343.49	392.45
(*iii*) Other Deposits with †SBP	7.86	8.37	9.15	13.49	14.36	5.55	6.42	7.32	9.36

* Provisional.
† Excluding IMF Account No. I, U.S. Counterpart Funds, IBRD Indus Account I, U.S. Development Loan Fund and deposit accounts of German loans and Deutsche Bank.

Government sector, of which Rs.4.70 crores originated from transactions under the counterpart funds and the IBRD Indus Account.

The Private Sector was also expansionary. The main contributing factor was an increase in scheduled banks' credit of the order of Rs.164.94 crores. Since the week ended 9th September 1966, loans advanced by the Industrial Development Bank of Pakistan are being included in total scheduled banks' advances. After adjusting foreign currency loans of Rs. 36.52 crores made by the IDBP, the net expansionary effect of the scheduled banks advances plus bills purchased and discounted came down to Rs. 128.42 crores. Banks' investments in private securities increased by Rs.18.61 crores. The total expansionary effect of the private sector was of the order of Rs.147.03 crores which was substantially offset by an increase of Rs.115.77crores in time deposits. The net expansionary effect of the Private Sector during the period was thus of the order of Rs.31.26 crores.

The foreign sector exerted a contractionary impact of Rs. 5.14 crores. Certain unclassifi d items exerted contractionary pressure of Rs. 7.54 crores. To sum up, during 1966, expansionary factors cont ibuted to the tune of Rs. 279.86 crores and contractionary factors were responsible for a decline of Rs. 140.69 crores, leaving a net expansion in money supply of Rs. 139.17 crores at the end of 1966.

During the quarter ending March, 1967, money supply underwent a contraction of Rs. 16.51 crores.* This was primarily brought about by a substantial surplus of

* Provisional.

Rs. 44.58 crores in the financial transactions of the Government sector exclusive of counterpart funds. The latter, however, exerted a sizable expansionary impact of Rs. 18.12 crores. The Government Sector after adjusting for counterpart fund transactions, therefore, siphoned off money-flows to the extent of Rs. 25.76 crores. The private sector adjusted for a shift towards time deposits and exercised an expansionary influence of Rs. 33.86 crores. The foreign sector on the other hand, was responsible for a contraction of Rs.9.81 crores. Unclassified items, exerted a contractionary influence of Rs.14.80 crores. Table 69 shows causative factors of changes in Money Supply.

Table 69

CAUSATIVE FACTORS OF CHANGES IN MONEY SUPPLY

(In crore rupees)

Causative Factors	*January-March 1967**	1966	1965	1964
Private Sector	+44.73	+147.03	+93.73	+152.88
Shift to time deposits	—10.87	—115.77	—56.18	—70.79
Net Private Sector	+33.86	+31.26	+37.55	+82.09
Government Sector	—44.58	+115.89	+81.08	+75.13
Foreign Sector	—9.81	—5.14	—28.83	—26.76
Counterpart Funds	+17.60	+13.55	—10.31	—1.98
IBRD Indus Account	+1.22	—8.85	—0.92	+1.88
Unclassified Items	—14.80	—7.54	+0.82	—1.31
Net Effect	—16.51	+139.17	+79.39	+129.05

* Provisional

Seasonal Movement

During the period September to March, when demand for bank credit to finance the movement of major crops like jute, cotton, tea, rice etc., increases, the money supply expands and this period is termed the busy season. The demand for bank finance decreases during the slack season from April to August. With structural changes taking place in the economy, the gap between the level of credit for the busy and slack seasons is being gradually reduced. Table 70 on page 131 shows the seasonal movement of money supply.

During the busy season of 1965-66, money supply expanded by Rs 118.42 crores compared to the expansion of Rs 72.71 crores during the corresponding period of 1964-65. During the busy season of 1966-67 money supply followed the rising pattern and recorded an increase of Rs 85.05 crores.

Table 70

SEASONAL MOVEMENT OF MONEY SUPPLY

(In crore rupees)

Last Friday	Slack Season 1964	1965	1966	*Last Friday*	Busy Season 1964-65	1965-66	1966-67
April ..	792.46	881.76	948.31	September ..	809.16	846.75	997.90
May ..	791.09	875.66	944.40	October ..	817.55	857.82	1,006.14
June ..	793.97	862.14	984.29	November ..	833.86	888.32	1,046.07
July ..	787.58	848.46	985.05	December ..	870.18	949.57	1,088.74
August ..	808.64	827.97	987.18	January ..	899.39	965.21	1,084.95
				February ..	899.69	948.53	1,066.02
				March ..	881.35	946.39	1,072.23*
Expansion (+) Contraction (—)	+27.20	—53.38	+40.79		+72.71	+118.42	+85.05

*Provisional.

The slack season of 1966 following the busy season of 1965-66 did not witness any decline in money supply. At the end of the slack season in August 1966, money supply stood at Rs 987.18 crores, a rise of Rs 40.79 crores as against a net contraction of Rs 53.38 crores during the slack season of 1965.

An overall review of the slack season shows that there had been a continuous expansion during this period as well except in May 1966 when money supply contracted by Rs 3.91 crores. Generally, both the Government and private sectors contributed towards the expansion.

The busy season of 1966-67 witnessed a further increase in money supply. During the four months to December, it rose by Rs 101.56 crores compared to the increase of Rs 121.60 crores during the same period of 1965. The expansion was attributable to both Government and private sectors.

Bank Credit

The main object of the credit policy has been to seek through general and selective measures to restrain credit expansion for relatively inessential purposes while meeting the genuine credit requirements of the economy. Selective credit controls have been applied over the years, with necessary modifications according to changing situations.

Bank credit showed a mixed trend up to the end of June 1966, but started increas-

ing rapidly from July onwards. It rose by Rs 171.81 crores @ or 25.5% and reached Rs 845.69 crores by the end of December 1966. The expansion in bank credit took place largely in the private sector where it increased by Rs 164.94 crores to Rs 786.64 crores. The rise attributable to the Government sector was Rs 6.87 crores, reaching a total of Rs 59.05 crores. (Table 36 in the Statistical Section shows the expansion of bank credit in both public and private sectors). The rate of credit expansion appeared to be inordinately high and it was felt necessary to check it in the interest of monetary stability. In January 1967, certain selective credit controls were applied.

Bank Deposits

The year 1966 witnessed a sharp increase in bank deposits. The net increase during the year amounted to Rs.187.95 crores to a total of Rs 930.19 crores, or 25.3% as against Rs 86.45 crores or 13.2% in 1965, and Rs 144.82 crores or 28.3% in 1964. Total deposits at the end of December 1966 stood at Rs. 930.19 crores. During the first half of 1966, bank deposits increased by Rs 56.56 crores, while during the later half of the year they rose by Rs 131.39 crores. The increase in deposits is partly due to the enhanced rates of interest announced by the State Bank of Pakistan on 16th August 1965 which continued in force. These rates are shown in Table 71.

Table 71

CURRENT RATES OF INTEREST ON DEPOSITS

(Per cent per annum)

Types of deposits	*State Bank rates announced on 16th August 1965*
1. (*a*) Special notice accounts or deposits withdrawable at notice of 7 to 29 days	2¼
(*b*) Special notice accounts or deposits withdrawable at notice of 30 days or over	2½
2. Fixed (for term) Deposits	
(*a*) For 1 month and over but less than 6 months	3½
(*b*) For 6 months and over but less than 12 months	3¾
(*c*) For 12 months and over but less than 24 months	4
(*d*) For 24 months and over but less than 36 months	4¼
(*e*) For 36 months and over but less than 48 months	4½
(*f*) For 48 months and over	5
3. Savings Bank Account	3½
4. Cash Certificates.	
(*a*) For 5 years	4½ (Compound)
(*b*) For more than 5 years..	5 (Compound)

Note: The differential which certain categories of smaller banks are permitted to pay over and above the existing maximum under the Inter-Bank Agreement, continues to apply to such banks. In other words, smaller banks are authorised to quote rates of interest on deposits ranging from ½% to 1% above the fixed rates depending upon the category of bank. Savings Bank Accounts should cover all deposits accounts, whatever they are called, that are subject to restrictions as to the number and amount of withdrawals permitted during any specified period.

@ Includes foreign currency loans by IDBP.

The upward revision of the rates of interest was intended to promote savings. The results have been encouraging. Accumulation of deposits in the long run helps in the development of an efficient banking system and in meeting the credit requirements for building a strong infra-structure. The new policy of a higher interest rate on deposits, places a premium on self-reliance by the banks. Table 72 shows bank deposits during 1965-66 and 1966-67 (July-March).

Table 72

GROWTH OF BANK DEPOSITS

(In crore rupees)

Deposits	*March* 1967	1966				1965			
		March	*June*	*Sept.*	*Dec.*	*March*	*June*	*Sept.*	*Dec.*
Total ..	922.25	747.79 (100.0)	798.80 (100.0)	834.47 (100.0)	930.19 (100.0)	681.49 (100.0)	688.28 (100.0)	676.78 (100.0)	742.24 (100.0)
Demand ..	445.82	378.85 (50.7)	394.94 (49.4)	403.00 (48.3)	464.63 (50.0)	372.72 (54.7)	365.51 (53.1)	343.49 (50.8)	392.45 (52.9)
Time ..	476.43	368.94 (49.3)	403.86 (50.6)	431.47 (51.7)	465.56 (50.0)	308.77 (45.3)	322.77 (46.9)	333.29 (49.2)	349.79 (47.1)

Note: Figures in brackets are percentage ratios to aggregate deposits.

Both demand and time deposits showed an increase; the increase was however much higher in the latter than in the former. Demand deposits increased by Rs. 72.18 crores to Rs. 464.63 crores; time deposits by Rs. 115.77 crores to Rs. 465.56 crores. During 1965, demand and time deposits had increased by Rs. 30.27 crores and Rs. 56.18 crores respectively. Recently, time deposits have been forming a rising proportion of total deposits. At the end of 1966, time deposits constituted over 50% of the total deposits compared to 47.1% at the end of 1965. The highest point was recorded in October 1966 when time deposits constituted 52% of total deposits.

Over the quarter ending March 1967, total deposits however, recorded a decline of Rs. 7.94 crores to Rs. 922.25 crores. The contraction was entirely accounted for by demand deposits which came down by Rs. 18.81 crores to Rs. 445.82 crores. Time deposits on the other hand, rose by Rs. 20.87 crores to Rs. 476.43 crores.

Borrowing and Balances

The scheduled banks continued to remain dependent upon borrowings from the State Bank of Pakistan. Their borrowings increased from Rs. 177.67 crores at the end of 1965 to Rs. 187.31 crores at the end of 1966, a rise of Rs. 9.64 crores. This was much lower than the increase of Rs. 40.08 crores recorded at the end of 1965. The borrowings which stood at Rs. 171.66 crores at the end of January 1966 gradually decreased to Rs. 107.85 crores at the end of June. They increased to Rs. 128.55 crores

at the end of September to Rs. 187.31 crores at the end of December, 1966 and reached the highest point of Rs. 214.59 crores by February, 1967. The scheduled banks' borrowings, however, stood lower at Rs. 191.11 crores at the end of March 1967.

The balances of the scheduled banks with the State Bank which had improved considerably during 1965 fluctuated from January to November 1966, much below the level attained at the end of December 1965. It was only during December 1966 that they increased by Rs. 7.64 crores to Rs. 55.98 crores. The balances however, came down to Rs. 51.06 crores by the end of March, 1967.

Investments

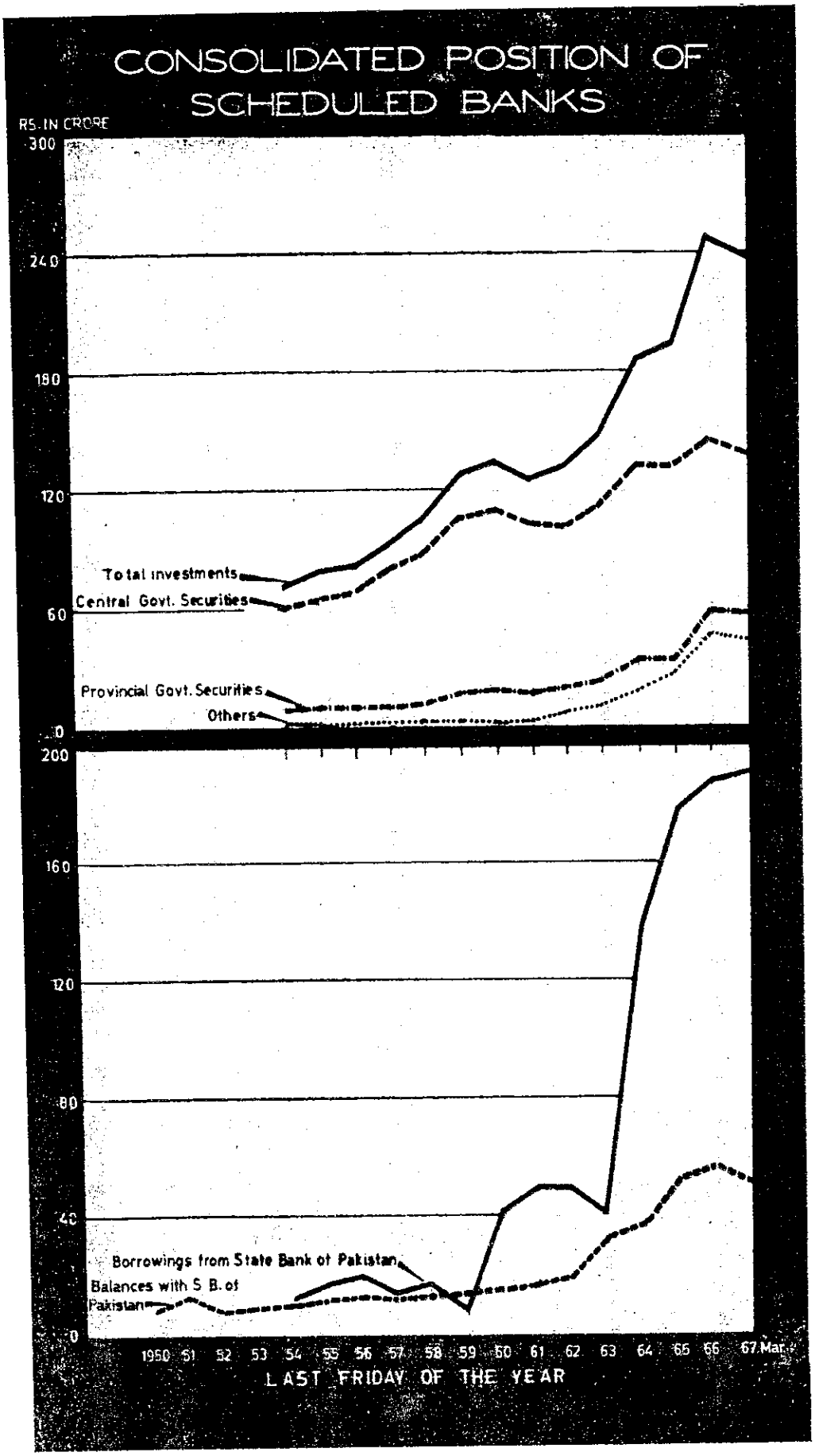
During 1966, the scheduled banks made much larger investments in various types of securities than in the previous year. By the end of 1966, their investments increased by Rs. 54.31 crores to Rs. 248.44 crores. During 1965, scheduled banks' investments in Government securities had showed a fall of Rs. 1.04 crore. Their investment in 'Other Securities', however, had increased by Rs. 9.14 crores. The situation during 1966 substantially changed as their investments in all types of securities increased by Rs. 54.31 crores to a total of Rs 248.44 crores investment in Government securities increasing by Rs 35.70 crores (Central Government Securities Rs. 13.18 crores, and Provincial Government Securities Rs. 22.52 crores) to Rs 202.77 crores in other securities by Rs. 18.61 crores to Rs. 45.67 crores. During January-March 1967, scheduled banks' investments recorded a decline of Rs 9.22 crores to Rs. 239.22 crores. The fall occurred largely in the holding of Government securities which came down by Rs. 7.97 crores to Rs. 194.80 crores. Investments in 'other securities' declined by Rs. 1.25 crore to Rs. 44.42 crores. Table 73 shows the borrowings, balances and investments of the scheduled banks.

Table 73

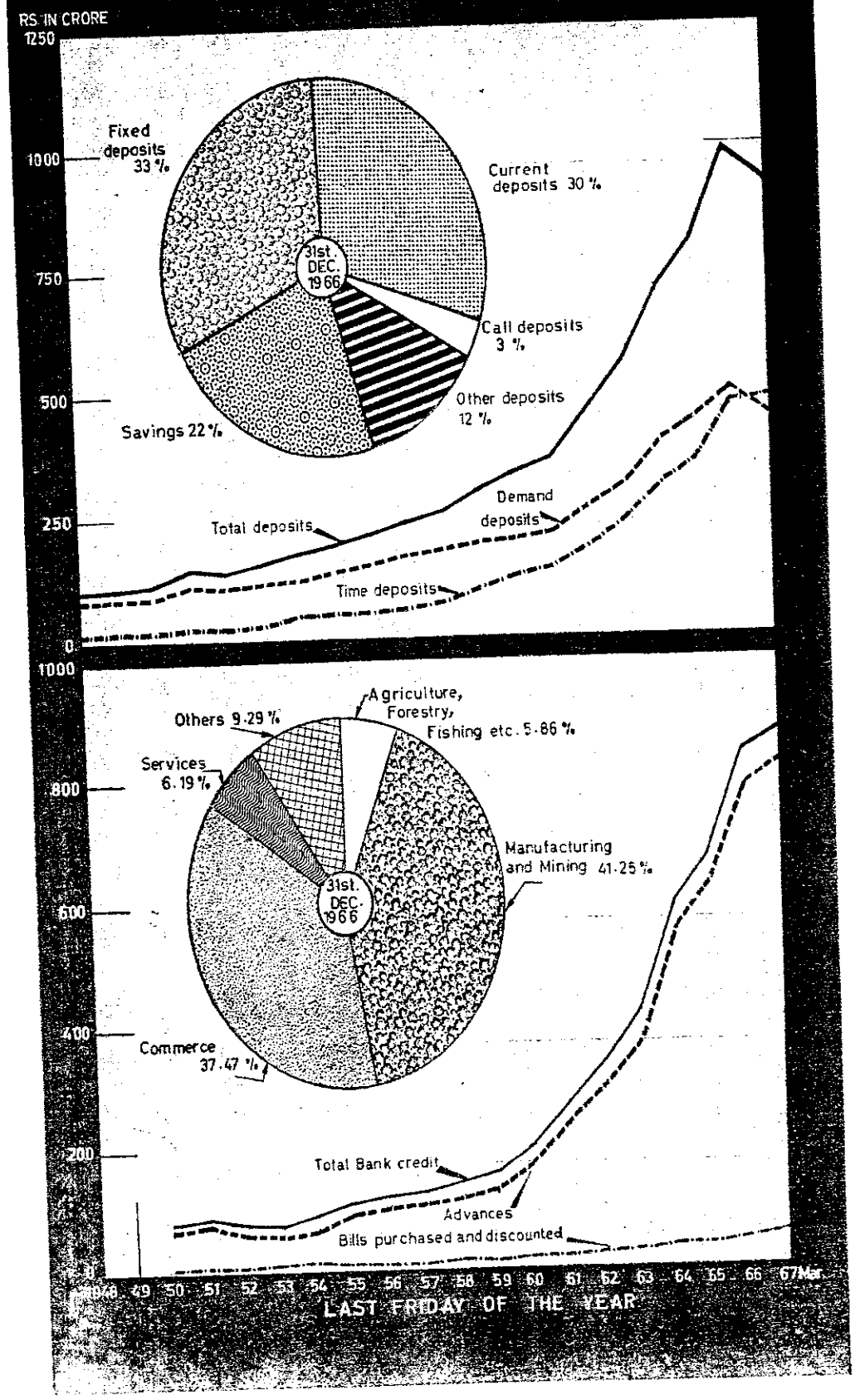
SCHEDULED BANKS' BORROWINGS FROM AND BALANCES WITH STATE BANK OF PAKISTAN AND INVESTMENTS

(In crore rupees)

Item	*March* 1967	1966				1965			
		March	*June*	*Sept.*	*Dec.*	*March*	*June*	*Sept.*	*Dec.*
Borrowings from SBP	191.11	140.36	107.85	128.55	187.31	152.15	168.82	137.50	177.67
Balance with .. SBP	51.06	47.11	47.59	48.70	55.98	39.31	57.40	39.94	52.58
Investments ..	239.22	198.35	222.26	253.11	248.44	190.98	187.41	190.70	194.13
(*a*) Central Government.	136.85	135.20	147.36	152.14	144.93	129.75	126.37	127.41	131.75
(*b*) Provincial Government.	57.95	34.90	34.86	57.86	57.84	36.93	35.08	36.86	35.32
(*c*) Others ..	44.42	30.25	40.04	43.11	45.67	24.30	25.96	26.43	27.06


CONSOLIDATED POSITION OF SCHEDULED BANKS
RS. IN CRORE
300
240
180
120
60
0
Total investments
Central Govt. Securities
Provincial Govt. Securities
Others
200
160
120
80
40
0
Borrowings from State Bank of Pakistan
Balances with S. B. of Pakistan
1950 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 Mar.
LAST FRIDAY OF THE YEAR

CONSOLIDATED POSITION OF SCHEDULED BANKS



CREDIT CONTROL MEASURES

The State Bank took the following measures in January 1967 to restrict credit expansion with a view to restraining rapid increase in money supply and pressure on prices:

The maximum period for bank advances against wheat and rice stocks was restricted to six months.

The scheduled banks were directed not to make advances:

Against imported manufactured consumer goods beyond 50% in West Pakistan and 60% in East Pakistan of the landed cost of such goods;

Against imported raw materials beyond 85% of the landed cost of such goods except for steel billets:

Against imported steel billet the landed cost of which does not exceed Rs.10 lakhs beyond 85% and where the landed cost exceeds Rs.10 lakhs beyond 70% of the landed cost;

Against cotton yarn and cotton textiles both indigenous and imported, beyond 75% on the first 30% of the market value or landed cost as the case may be of such goods and beyond 60% of the market value or landed cost as the case may be of such goods;

Against electric fluorescent and incandescent lamps, GI pipes, MS rounds and structures and hard boards and packing material both imported and indigenous beyond 60 % of landed cost or market value respectively of such goods.

Scheduled banks were also directed not to extend any credit facilities for financing operations under hire-purchase or instalment credit plans. Agricultural and industrial machinery and equipment were exempted from this directive.

The banks were also directed not to make advances against any type of edible oil, whether refined, unrefined or hydrogenated, and oil seeds beyond 50% of their market value.

In respect of clean advances banks were directed to limit such advances secured by guarantee to Rs.50,000 provided that the advances are not intended for financing imported goods excepting industrial machinery, iron and steel and cotton yarn meant for export are exempted from the operation of this directive.

Scheduled banks were directed to obtain a declaration from borrowers with a view to ensuring (a) that the advance will not be utilised for frustrating the purposes of credit restrictions in force, and (b) the same party is not availing himself of such loan facilities from other banks so as to exceed the prescribed limit :-

Advances against real estates were prohibited
productive purposes.

Advances against valid bonus vouchers are to be treated as secured only to the extent of the face value of the vouchers. Advances for purchase of bonus vouchers are to be treated as unsecured.

Earlier on Ist January, 1966, the margin requirement for purchase of shares of newly floated companies was fixed at 33⅓% for East Pakistan and 50% for West Pakistan. There is no such margin requirements for the shares of old established companies.

Table 74 shows bank credit since December, 1957.

Table 74

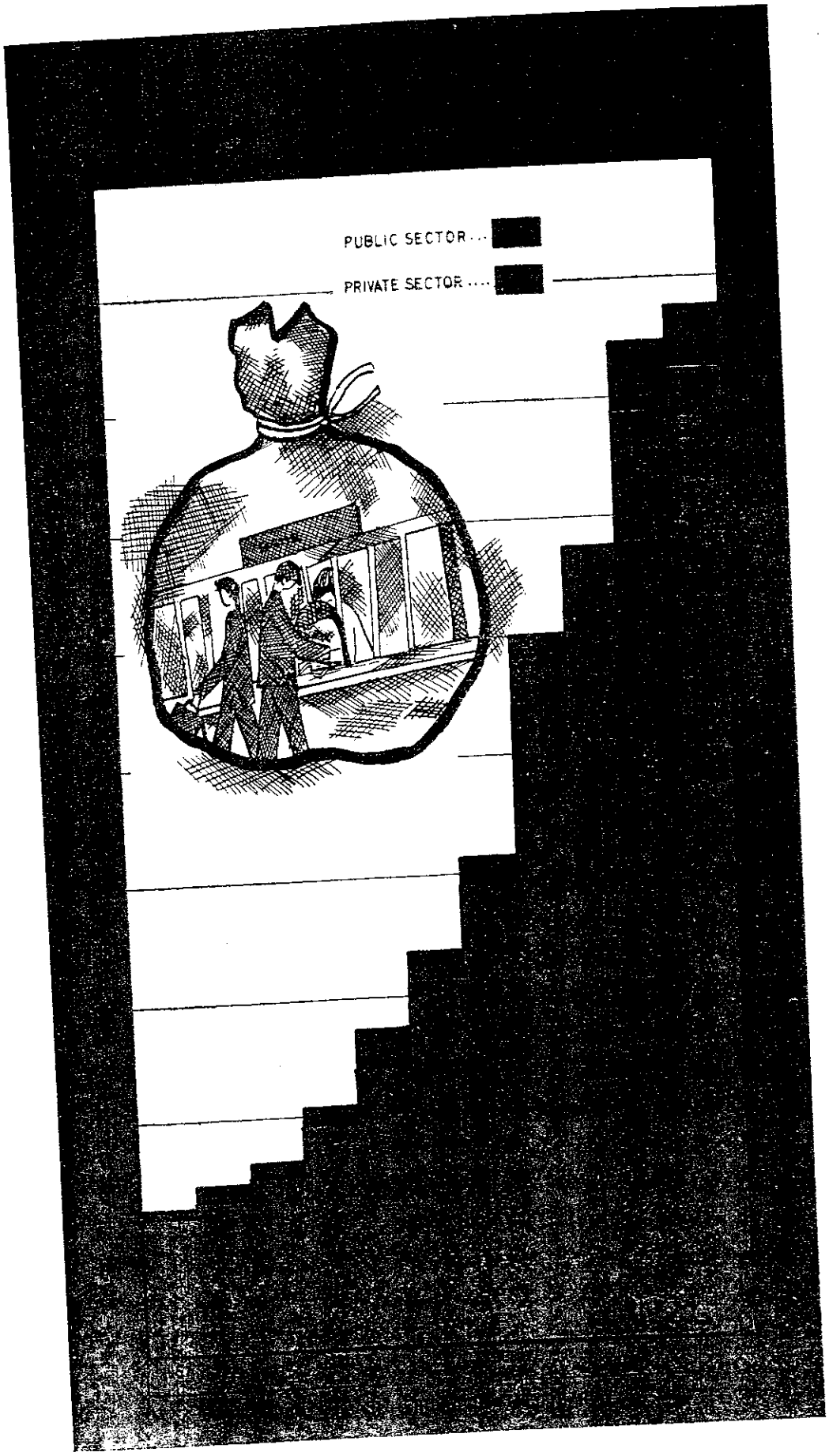
BANK CREDIT (1957-67)

(In crore rupees)

Month/Year (Last Friday)	*Advances*	*Bills purchased and discounted*	*Total*
December 1957	111.89	14.97	126.86
December 1958	125.30	20.52	145.82
December 1959	141.87	20.11	161.98
December 1960	185.48	23.00	208.48
December 1961	245.90	26.56	272.46
December 1962	309.76	27.29	337.05
December 1963	382.40	33.70	416.10
December 1964	556.74	43.55	600.29
December 1965	631.37	42.51	673.88
December 1966	792.96	52.73	845.69
January 1967	814.48	56.99	871.47
February 1967	822.30	54.83	877.13
March 1967	821.54	54.81	876.35*

* Provisional

The expansion of bank credit was sustained by a rapid increase in bank deposits. As in 1965, bank deposits in 1966 also increased faster than bank credit. The former increased by Rs.187.95 crores to Rs.930.19 crores between end-December 1965 and end-December 1966, while the latter increased by Rs.171.81 crores to Rs.845.69 crores during the same period. This increase in deposits improved the liquidity position of the scheduled banks and enabled them to operate on a credit-deposit ratio which was nominally higher than in the previous year, but lower than two years ago, i.e. in 1964. The ratio which stood at 91.5% at the end of 1964 was 90.8% by the


PUBLIC SECTOR
PRIVATE SECTOR

end of 1965 and 87% by the end of 1966. At the end of March 1967 it stood at 90.9%@. The overall position of the credit-deposit ratio can be seen from Table 75

Table 75

CREDIT-DEPOSIT RATIO

(In crore rupees)

Year/Month (Last Friday)	*Total bank credit*	*Total bank deposits (general)*	*Ratio of credit to deposits (per cent)*
1959	161.98	282.92	57.3
1960	208.48	302.61	68.9
1961	272.46	338.51	80.5
1962	337.05	412.04	81.8
1963	416.10	510.97	81.4
1964	600.29	655.79	91.5
1965	673.88	742.24	90.8
1966	809.17*	930.19	87.0
1967 (March)	838.29*	922.25	90.9

*Exclusive of foreign currency loans of Rs. 36.52 crores and Rs. 38.06 crores made by I.D.B.P. in December 1966 and March 1967 respectively.

Private And Public Sectors

During the calendar year 1966, expansion in bank credit was largely attributable to the private sector which claimed an increase of Rs.164.94 crores, with a total of Rs.786.64 crores, compared to an increase of Rs. 84.59 crores with a total of Rs.621.70 crores in 1965 and an increase of Rs.145.69 crores in 1964. In the Government sector, bank credit expanded by Rs.6.87 crores to Rs.59.05 crores, compared to a net decline of Rs.11.00 crores during the same period in 1965.

During January-March 1967, bank credit to the private sector increased by Rs.47.52 crores to Rs.834.16 crores and credit to the Government sector declined by Rs.16.86 crores to Rs.42.19 crores. (Table 36 in the Statistical Section shows bank credit to the private and public sectors).

Seasonal Movement

Table 76 on page 138 shows the seasonal variations in bank credit since 1964.

@ Exclusive of I.D.B.P. foreign currency loans.

Table 76

SEASONAL MOVEMENT OF BANK CREDIT

(In crore rupees)

Month (Last Friday)	Slack Season 1964	Slack Season 1965	Slack Season 1966	Month (Last Friday)	Busy Season 1964-65	Busy Season 1965-66	Busy Season 1966-67
April ..	470.89	636.74	664.39	September ..	510.70	610.02	733.94
May ..	471.81	634.73	664.49	October ..	541.45	622.49	759.47
June ..	479.13	638.77	659.10	November ..	562.44	631.66	803.79
July ..	492.38	631.03	675.85	December ..	600.29	673.88	845.69
August ..	496.47	606.78	677.19	January ..	641.86	684.32	871.47
				February ..	640.69	676.23	877.13
				March ..	632.43	663.39	876.35
Increase — Decrease +	+36.22	—25.65	+13.80		+135.96	+56.61	+199.16

From the above table, it is evident that bank credit is not retired during the slack season in volume equal to the expansion in busy season. What actually happens now is a slow-down in credit exapansion in the slack season and acceleration in the busy season. This is attributable to the growth in demand for bank credit for non-seasonal purposes. The above table shows that during the first three months (April, May and June) of the slack season increases in bank credit continued rather sluggishly. The tempo of increase, howeveer, gathered momentum from July. In that month, bank credit stood at Rs.675.85 crores and at the end of the season in August, 1966, it had expanded to Rs. 677.19 crores. There was a total increase of Rs. 13.80 crores during the slack season as compared to a contraction of Rs.25.65 crores during the same period of 1965 and to an increase of Rs.36.22 crores in 1964.

During the 1966-67 busy season, bank credit increased by Rs.199.16 crores including foreign currency loans by IDBP The expansion occurred entirely in the private sector which went up by Rs.212.38 crores. Credit to the government sector, on the other hand, underwent a contraction of Rs. 13.22 crores.

Analysis By Economic Groups

The distribution of scheduled banks' advances among various sectors at the end of December 1966 shows that the manufacturing group claimed 41.2% of total advances followed by commerce 37.4%. The percentage shares of manufacturing increased by 2.4 and that of commerce declined by 1.9 compared with December 1965. Agriculture, forestry, hunting and fishing trailed far behind, The position, however, slightly improved in 1966 when their share increased by 1.4% to 7.1% as compared with 1965.

RURAL CREDIT

In keeping with the Government's policy of accelerating the pace of development in the agricultural sector, the State Bank of Pakistan has been providing increasingly large funds to finance agriculture. In recent years, there has been sizable growth in State Bank's lending for agricultural purposes. The total loans sanctioned by the State Bank of Pakistan to the Cooperatives and Agricultural Development Bank amounted to Rs.35.53 crores at the end of January 1967, compared to Rs.41.63 crores during 1965-66 and Rs.29.26 crores during the corresponding period of 1964-65. The share of the loans sanctioned to the Agricultural Development Bank had been very significant as is evident from Table 77.

Table 77

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

(In crore rupees)

Year	*Cooperatives*	*ADBP*	*Total*
1959-60	6.45	2.50	8.95
1960-61	6.74	4.00	10.74
1961-62	12.81	6.12	18.93
1962-63	16.20	10.26	26.46
1963-64	16.07	13.64	29.71
1964-65	11.50	17.76	29.26
1965-66	19.43	22.20	41.63
1966-67 (upto January)	10.53	25.00	35.53

The State Bank has also been giving medium term loans for developmental purposes as well as by way of conversion of short-term loans which could not be repaid because of natural calamities. Following are the figures of loans sanctioned during the past few years:

1962-63	Rs. 1.68 crores
1963-64	Rs. 0.63 ,,
1964-65	Rs. 0.94 ,,
1965-66	Rs. 2.24 ,,
1966-67 (upto January)	Rs. 0.50 ,,

Besides financing the normal agricultural credit requirements of the country, the State Bank took special measures during 1965-66 to meet the situation created in the border areas after the Indo-Pakistan war. An interest-free loan of Rs. 35 lakhs was sanctioned for a period of 5 years through the ADBP in order to rehabilitate farmers in the affected areas.

The State Bank charges 3% and 3½% interest on its lendings to cooperatives and the ADBP for agricultural operations and marketing of crops respectively. The rates were increased to 4% and 4½% after the increase in bank rate from 4% to 5% on 15th June 1965. In order to provide relief to the ultimate borrowers, the Bank reviewed its interest rate policy in respect of the agricultural sector and the rates of interst on lending to cooperatives and the ADBP were restored to 3% and 3½%, effective from 6th November 1965 and 15th December 1965 respectively.

CREDIT TO SMALL BORROWERS

The Government continued to pay due attention to the financing requirements of both medium and small borrowers in order to build a strong middle class. As against 10.38% at the end of December 1965, small advances, constituted 11.67% of total bank advances (excluding those of the Industrial Development Bank of Pakistan and the Agricultural Development Bank) at the end of September 1966.

People's Credit Scheme

The People's Credit Scheme of the National Bank of Pakistan introduced in January 1964 to provide credit facilities to small traders and businessmen for industrial and commercial purposes, remained in operation. The minimum and maximum limits of loans remain the same viz., Rs.250 and Rs.50,000 respectively. The Scheme is functioning in the whole of the country through 629 branches of the National Bank of Pakistan. During the last three years, the bank has sanctioned loans under the Scheme amounting to Rs.32.15 crores to 33,648 borrowers, of which 26,200 borrowers, 78% of the total number. got loans of Rs.10,000 and below. The total amount of loans sanctioned during 1966, was about Rs.4 crores, compared with Rs.5.38 crores sanctioned during 1965 and Rs.22.17 crores during 1964, the first year of its operation. The experience in respect of repayment of the loans is not discouraging. The overall percentage of recovery of instalment due is 70. Table 78 on page 141 shows the lending and recovery position under the People's Credit Scheme.

Money Market

The inter-bank call money rate at Karachi which opened at 5%-5¼% in the first week of January 1966 remained easy throughout January and February. In the second week of March it was quoted lower at 4¾%, the maximum reaching 5%. Conditions in the money market further eased and the rate went down to 4¾%-4½% at the end of the second week of May. In the third week of May, the rate further fell to 4-4¼%, where it remained almost stationary up to the end of August. In September, the rate advanced slightly to 4½%. A rising trend was visible from October 1966 when

Table 78

LENDING AND RECOVERY POSITION OF THE PEOPLE'S CREDIT SCHEME

	1964		1965		1966		*Progressive total upto* 31-3-67	
	No. of Accounts	*Amount* Rs.	*No. of Accounts*	*Amount* Rs.	*No. of Accounts*	*Amount* Rs.	*No. of Accounts*	*Amount* Rs.
1. **Loan Operations**								
(*a*) Limits sanctioned and utilized								
(*i*) Upto Rs. 10,000 ..	17,649	9,51,52,000	4,557	2,86,39,000	3,354	1,89,70,000	26,200	15,57,74,000
(*ii*) Above Rs. 10,000 and upto Rs. 25,000 ..	4,003	7,89,30,000	1,274	1,85,79,000	491	1,36,15,000	5,871	11,32,18,000
(*iii*) Above Rs. 25,000 ..	1,189	4,75,87,000	141	65,71,000	198	67,72,000	1,577	6,24,91,000
Total ..	22,841	22,16,69,000	5,972	5,37,89,000	4,043	3,93,57,000	33,648	32,14,83,000
2. **Recoveries**								
(*a*) Overdue for more than one year ..		—		2,02,90,000		5,79,76,000		—
(*b*) Overdue less than one year ..		7,58,54,000		5,69,92,000		1,90,65,000		—
(*c*) Amount realized upto 31st Dec., 1966 ..		7,43,98,000		6,54,58,000		7,74,86,000		21,73,42,000
(*d*) Amount realised from 1st January 1967 to 31st March 1967 ..								81,26,900
3. Total amount realised								22,54,68,900
4. Total outstandings as on 31-3-1967 ..		—		—		—		9,60,14,100

the rate started advancing from $4\frac{3}{4}$% in the second week of October and reached $5\frac{1}{2}$% at the end of the month.

It further moved upward to $5\frac{1}{2}$%-$5\frac{3}{4}$% at the end of November. The opening quotation at the beginning of December was $5\frac{3}{4}$% which ruled firm up to the third week and rose to 6%-$6\frac{1}{4}$% at the end of the year. It may be recalled that during 1965, the money market was tight, the inter-bank call money rate ruling firm. In January and February it ruled in the range of $4\frac{1}{2}$%-6%. In early March 1965 it was quoted at $6\frac{1}{4}$% and had touched a new height of 7% in June 1965. During June, July and August 1965 the minimum rate was quoted at $5\frac{1}{2}$% and the maximum at $7\frac{1}{4}$%. During the week ended 25th June 1965, the inter-bank call money rate was the highest in Pakistan's history at 7%-$7\frac{1}{4}$% and was partly influenced by the raising of Bank Rate from 4% to 5% on 15th June 1965. Table 79 shows the inter-bank call money rate at Karachi since 1961.

Table 79

INTER-BANK CALL MONEY RATE (KARACHI)

(Per cent per annum)

Last Friday	1961	1962	1963	1964	1965	1966	1967
January ..	4.25	4.00	3.25—3.50	4.00—4.25	5.50	5.00—5.25	6.00—6.25
February ..	4.25—4.50	3.75—4.00	3.25—3.50	4.00—4.25	5.50	5.00—5.25	6.25—6.50
March ..	3.75—4.00	3.75—4.00	3.25—3.50	4.00—4.25	6.75	4.75—5.00	6.50—6.75
April ..	3.75	3.75—4.00	2.50—2.75	4.00—4.25	6.50	4.25—5.00	
May ..	3.25—3.50	3.75—4.00	2.25—2.50	3.50	6.50—6.75	4.00—4.25	
June ..	3.50—3.75	2.75—3.00	2.25—2.50	3.50	7.00—7.25	4.00	
July ..	3.75	2.50—2.75	1.75—2.00	2.50—2.75	6.00—6.25	4.00	
August ..	3.75	2.25—2.50	2.00—2.25	2.50	5.50	4.25	
September..	3.50—3.75	2.25—2.50	3.75—4.00	3.25	5.50—5.75	4.50	
October ..	3.75	3.00—3.25	2.75—3.00	3.75—4·00	5.00—5.25	5.50	
November..	3.75	3.50	3.75	3.75	5.00—5.25	5.50—5.75	
December..	4.00	3.25—3.50	4.25—4.50	4.00—4.25	5.00—5.25	6.00—6.25	

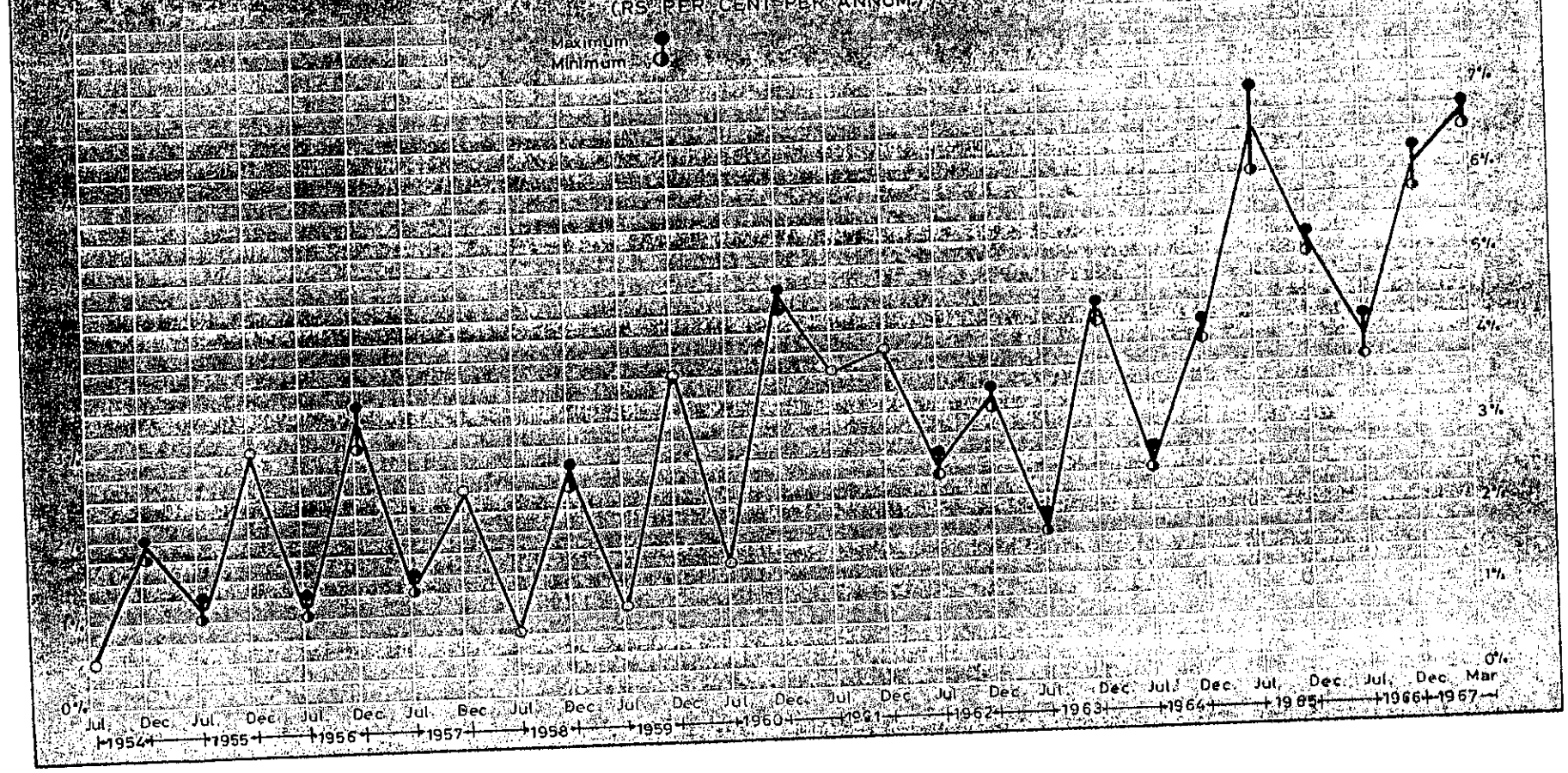
DEVELOPMENTS IN BANKING

Banking facilities continued to expand during 1966 and the first quarter of 1967. Although the number of scheduled banks remained the same as in 1965, the number of branches increased substantially.

INTER-BANK CALL MONEY RATES AT KARACHI

(LAST FRIDAY)

(RS. PER CENT PER ANNUM)



In all, there were 36 scheduled banks in Pakistan in 1966, sixteen of which were of Pakistani origin. Thirteen of the Pakistani banks are registered in West Pakistan and three in East Pakistan.

During 1966, new bank branches totalled 358 as against 325 in 1965 and 370 in 1964, bringing the number from 1,825 at the end of 1965 to 2,183 at the end of December 1966. Of the 358 new branches, 195 branches were opened in West Pakistan and 163 in East Pakistan, bringing the total to 1,351 and 832 respectively.

Although there are more foreign banks than banks of Pakistani origin, in terms of branches and deposit resources Pakistani banks were far ahead of their rivals, of foreign origin. Of the 358 branches opened in 1966, only six were of foreign banks.

The total paid-up capital of Pakistani banks stood at Rs.27.27 crores on 30th September 1966 as against Rs. 27.02 crores on 31st December 1965. Their reserves totalled Rs.13.70* crores and Rs.11.77 crores at the end of September, 1966 and December 1965 respectively. Of Rs.834.47 crores deposits on 30th September 1966, the share of Pakistani banks was Rs.699.43* crores or 83.8%. On 31st December 1965, the shares of Pakistani and foreign banks were Rs. 609.78 crores and Rs. 121.05 crores respectively. Similarly, of Rs. 723.31 crores outstanding bank credit at the end of September 1966, Pakistani banks provided Rs. 639.42* crores and foreign banks Rs. 83.89 crores. This compared favourably with the share of Pakistani banks of Rs.573.15 crores at the end of 1965, the total credit provided in that year being Rs. 667.51 crores.

The number of offices of Pakistani banks abroad increased from 22 at the end of 1965 to 25 at the end of March, 1967.

Drive to Popularise Banking

The Banking Publicity Board's multi-directional compaign succeeded in further spreading, in the urban population and also to a limited extent in the semi-urban and rural areas, an awareness of the benefits offered by banking to the individual and the community in terms of the pooling and mobilisation of savings to meet the needs of individual borrowers, as well as for financing part of the over-all development expenditure in the country. Growth in the number of bank accounts is an index of the growth of the banking habit: the number of bank accounts increased sharply from 23.22 lakhs at the end of September 1965 to 29.80 lakhs at the close of September, 1966. More encouraging, in view of the promise it holds for the future, is the increase in the number of small bank accounts up to Rs.10,000 which rose from 22,57,823 in September, 1965 to 28,90,083 in September 1966, a net addition of 6,32,260 accounts.

In pursuit of its goal of spreading the banking habit, the Board continued to make efforts to extend its organizational coverage into the interior. From the original 66 centres, it extended to 30 additional Tehsils and Sub-Divisions, in the two Wings of the country.

* Based on last day of the month.

The School Banking Scheme continued to be increasingly popular among the school children during the period under review. It was extended to encompass another 403 schools during the last six months of 1966 thus bringing the total number of schools, where the scheme is operative, to 2,483. The number of individual school children accounts, as well as total amount of deposits increased considerably. At the end of December, 1966 the number of accounts stood at 2,25,421 compared with 1,94,107 in July 1966. There was a net addition of Rs.7.22 lakhs in deposits, raising the total to Rs.51.17 lakhs in December 1966. The Workers' Saving Scheme also continued to make steady progress during the period under review. It was extended to 206 factories by the end of December, 1966, as compared to 188 in July 1966. 33,175 factory workers opened their accounts under the scheme with a total deposit of Rs.35.80 lakhs.

ROLE OF CREDIT INSTITUTIONS

A number of specialised credit institutions have been functioning for meeting the credit requirements of the economy. These institutions have had conspicuous success in discharging the functions assigned to them. They include the Agricultural Development Bank of Pakistan, The Pakistan Industrial Credit and Investment Corporation and the House Building Finance Corporation. The Agricultural Development Bank of Pakistan and the Industrial Development Bank of Pakistan are included in the category of scheduled banks. The following paragraphs review the activities of these institutions in the field of distribution of credit to industrial, agricultural and other sectors. A detailed account of such institutions is given in a separate publication entitled "Government Sponsored Corporations", published by the Economic Adviser.

Pakistan Industrial Credit and Investment Corporation

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

In addition to equity participations, the Corporation is authorised to raise long and medium term loans in both foreign and local currencies. In the case of large projects, it shares financing, wherever possible, with other institutions abroad. The Corporation also underwrites shares as part of its programme to assist in the development of capital market. The Corporation has received three long-term loans totalling Rs. 7 crores from the Government of Pakistan. The United States Agency for International Development advanced a rupee loan of Rs.3 crores to PICIC in November 1966 out of PL-480 Counterpart Fund. These loans are subordinated to PICIC's liabilities and share capital and hence are counted as equity for all practical purposes.

In accordance with Article 69 of its 'Articles of Association', PICIC is authorised to make borrowings up to Rs.60 crores outstanding at any one time.

By the end of March 1967, PICIC had received lines of credit in various foreign currencies totalling the equivalent of Rs.95.54 crores from such sources as IBRD (Rs.51.81 crores), US AID (Rs.10.29 crores), West Germany (Rs. 13.10 crores), Japan (Rs.7.35 crores), the UK (Rs.4.92 crores), France (Rs. 3.81 crores), Czechoslovakia (Rs.1.43 crore), Poland (Rs. 1.40 crore) and Italy (Rs.1.43 crore).

PICIC's total resources which stood at Rs.107.56 crores in 1965 increased to Rs.112.29 crores as on 31st March 1967, as shown below:

Paid-up capital and Reserves	Rs. 6.75 crores
Long-term Government Loans	Rs. 7.00 crores
Long-term loans from US AID	Rs. 3.00 crores
Lines of Credit in Foreign Currencies.	Rs.95.54 crores
Total:	Rs.112.29 crores

The Corporation's minimum lending limit for any one project is Rs.15 lakhs in foreign currency and Rs.25 lakhs in local currency. Recently PICIC has lowered the minimum lending limit to Rs. 10 lakhs in foreign currency for any one project to be set up in East Pakistan. Under a special arrangement made by the Government of Pakistan with the IBRD the Corporation has been authorised to lower its lending limit for any one loan to Rs.2.50 lakhs for balancing, modernisation and replacement requirements of small and medium-sized industrial units.

Since its inception to March 31, 1967, the Corporation had sanctioned loans (less cancelled or withdrawn) for a total sum of Rs.118.29 crores to 519 projects of which Rs.114.45 crores were in foreign currencies and Rs.3.84 crores in local currency. PICIC has also assisted seventeen projects through direct participation in their equity amounting to Rs. 1.57 crore, it has underwritten eighteen public issues for Rs 5.91 crores. In addition, it had directly arranged finance from abroad for eleven of its larger projects totalling Rs.23.71 crores and arranged twenty joint ventures which resulted in the inflow of foreign private capital of Rs.5.75 crores up to March 31, 1967. Therefore, total effective assistance provided by or arranged through PICIC amounted to the equivalent of Rs. 155.20 crores. The regional distribution of this assistance between 1958 to March 31, 1967 is shown below:

Karachi area	Rs. 37.85 crores
Rest of West Pakistan	Rs. 70.52 "
East Pakistan	Rs. 46.83 "
Total:	Rs. 155.20 "

The assistance provided by PICIC is widely distributed among industries. Table 80 shows this distribution upto March 31, 1967.

Table 80

INDUSTRY-WISE DISTRIBUTION OF PICIC LOANS

(In crore rupees)

Industry	*Amount*	*Industry*	*Amount*
Textile industry	54.92	Paper, Paper products and printing ..	11.88
Sugar and Sugar by-products ..	21.02	Oil refining and gas distribution ..	10.21
Engineering, metal and electrical industries. ..	15.62	Inland and Coastal Water transport ..	6.53
Chemical and Pharmaceuticals ..	14.90	Food products and processing ..	5.44
Cement, glass, clay and ceramics ..	12.48	Other industries	2.20
		Total ..	155.20

The Corporation completed nine years of successful operation at the end of December 1966, in the course of which it has grown from a small institution to an outstanding development bank. It increased the rate of dividend by 1% to 7% for the year ended December 31, 1963 which was maintained in 1964 and raised by ½% to 7½% for 1965 and again raised to 8% for 1966.

The likely economic impact may also be mentioned. Since January 1958 to March 31, 1967, 519 projects have been assisted to the extent of Rs. 155.20 crores. This together with the enterpreneurs' own contribution is expected to lead to a total investment of about Rs. 350.71 crores in the private industrial sector. It is significant that one rupee of PICIC loan mobilized, on an average, Rs. 1.26 of private funds. The projects on their completion are expected to contribute Rs. 93.75 crores annually in the shape of value added by manufacture.

Industrial Development Bank of Pakistan

The Industrial Development Bank of Pakistan was established in August 1961 and was assigned the role of providing long and medium term loans to industries in the form of local as well as foreign currencies. Its primary objective is to promote the development of small and medium-size units in the industrial sector of the economy in order to ensure a wider diffusion of the investment activity and broaden the base of the entrepreneurial class. The bank usually extends loans upto a maximum of Rs. 25 lakhs including foreign exchange component not exceeding Rs. 15 lakhs. This limit is not applicable to jute manufacturing, cotton textiles, mining, inland water transport and such other industries as the Government may direct the bank to finance beyond this limit. The bank also finances industrial projects on an equity basis.

Total loans sanctioned by the Bank since its inception up to March 31, 1967 amounted to Rs. 129.6 crores, covering 2,986 cases. The loans sanctioned during the first nine months of the financial year 1966-67 totalled Rs. 17.2 crores as against Rs. 14.7 crores during the corresponding period of the previous year. The amount of loans sanctioned so far by the Bank is given in table 81.

Table 81

LOANS SANCTIONED BY THE IDBP

(In crore rupees)

Year	East Pakistan		West Pakistan		All Pakistan	
	No. of cases	*Amount*	*No. of cases*	*Amount*	*No. of cases*	*Amount*
1-8-1961 to 30-6-1962 ..	107	8.7	154	8.1	261	16.8
1962-63	178	11.1	283	6.9	461	18.0
1963-64	403	19·5	597	14.9	1,000	34.4
1964-65	223	8.6	288	15.0	511	23·6
1965-66	181	4·7	304	14.9	485	19.6
1966-67 (July-March)	116	4·3	152	12.9	268	17.2
Total ..	1,208	56.9	1,778	72.7	2,986	129.6

The loan activities of the Bank during July 1966 to March 1967 registered an increase of 16% over the corresponding period of the previous year.

The bank activity strives to remove economic disparity between the two Wings of the country. Accordingly, considerable emphasis is given to the development of industries in the private sector of East Pakistan. It is evident from the above table that out of the total loans of Rs. 129.6 crores sanctioned by the bank upto the end of March, 1967, Rs. 56.9 crores or about 44% have been sanctioned for East Pakistan.

The foreign currency loans sanctioned by the bank up to March 31, 1967 amounted to Rs. 92.8 crores as against loans of Rs. 36.8 crores in local currency. Thus. the share of foreign currency loans constituted about 72% of the total loans sanctioned so far by the Bank. The figures are shown in Table 82 on page 148.

Table 82 shows that the foreign exchange loans sanctioned amounted to Rs. 14.8 crores during July 1966 to March 1967 as against Rs. 10.8 crores during the corresponding period of the previous year. However, on the other hand, the local currency loans declined to Rs. 2.4 crores as compared to Rs. 3.9 crores during the same period of the previous year. This shows that the availability of foreign exchange is the major factor influencing the Bank's lending operations.

Table 82

IDBP LOANS SANCTIONED BY CURRENCIES

(In crore rupees)

	Cumulative as on 31-3-1967	1964-65 (*July-June*)	1965-66 (*July-June*)	1965-66 (*July-March*)	1966-67 (*July-March*)
Local currency	36.8	10.5	4.5	3.9	2.4
Foreign currency ..	92.8	13.1	15.2	10.8	14.8
Total ..	129.6	23.6	19.7	14.7	17.2

Economic Impact of Bank-Financed Projects

An important objective of the Bank's policy has been a wider diffusion of investment activity through increased emphasis on small and medium-sized loans to as large a number of applicants as possible. Table 83 shows the position of loans advanced by size.

Table 83

IDBP LOANS BY SIZE

(In crore rupees)

	Cumulative as on 31-3-1967		1964-65 (*July-June*)		1965-66 (*July-June*)		1965-66 (*July-March*)		1966-67 (*July-March*)	
	No. of cases	*Amount*	*No. of cases*	*Amount*	*No. of cases*	*Amount*	*No. of cases*	*Amount*	*No. of cases*	*Amount*
(*a*) Upto Rs. 5 lakhs	2,442	28.9	432	4.9	394	5.0	290	4.0	203	3.7
(*b*) Over Rs. 5 lakhs to Rs. 10 lakhs.	299	21.4	41	2.9	47	3.4	43	3·1	30	2.2
(*c*) Over Rs. 10 lakhs	245	79.3	38	15.8	44	11.3	31	7.6	35	11.3
	2,986	129.6	511	23.6	485	19.7	364	14.7	268	17.2

It would be observed from the above table that out of a total number of 2,986 loans sanctioned by the Bank up to March 31, 1967, 2,442 cases or 82% were of loans of up to Rs. 5 lakhs, Rs. 90.2 crores constituting 70% of the toal loans, have been sanctioned for the new units. The balance was sanctioned for modernisation and balancing of the existing units

Besides, loans, the Bank according to the position as on March 31, 1967, has administered guarantees for 14 foreign currency loans amounting to Rs. 33.3 crores on behalf of the Government. It has also issued nine local currency guarantees amounting to Rs. 3.1 crores for the development of various industries.

Economic Impact of Bank-Financed Projects

Income generation is one of the important investment criteria followed by the Bank in the selection of Projects. On full production, IDBP units financed during the period under review are estimated to produce goods of the gross value of Rs. 90.5 crores and their contribution to GNP will amount to Rs. 32.7 crores. The availability of these goods will increase the country's exportable surplus and help in the maintenance of price stability.

Capital-output Ratio

The total amount of loans sanctioned during 1966-67 (July-March) amounted to Rs. 17.6 crores. These loans, in turn helped to generate total investments amounting to Rs. 42.5 crores. The capital-output ratio is estimated at 1.3 : 1 as against a ratio of 1.5 : 1, for the private industrial sector as a whole (excluding small-scale industries). The low capital-output ratio is attributeable to the emphasis given by the Bank in selecting projects with low capital intensity.

Employment Generation

It is an important objective governing the Bank's investment decisions to encourage the establishment of such projects as are labour-intensive as far as possible. It is estimated that. on full production, the Bank-financed projects sanctioned during the period under review, will create new employment opportunities for 26 thousand workers. Assuming an average family size of 5 persons, these projects are likely to provide means of livelihood to about 1.31 lakh persons.

Export Promotion

The export-oriented industries are given a high priority by the Bank. It is estimated that additional export earnings due to increased production from the units sanctioned during the period will amount to approximately, Rs. 1.80 crores constituting about 20 % of the total value of goods expected to be produced.

House Building Finance Corporatiou

The House Building Finance Corporation (HBFC) established in 1952 to provide credit for construction of houses in over-crowded towns and cities continued to function smoothly with the lower loan limit being Rs. 2,000 and the upper limit of loan at Rs. 40,000. For Cooperative Housing Societies the maximum limit of loan is Rs. 15 lakhs to one society. Loans are repayable by equal monthly instalments over a period of fifteen years and carry interest at the rate of $7\frac{1}{4}$% per annum. The Corporation during the nine months of 1966-67 (July-March) disbursed loans amounting

to Rs.4.63 crores. From 1963 to the end of March 1967, total disbursement of loans stood at Rs. 22.84 crores. Table 84 shows the loaning operation of the Corporation.

Table 84

LOANING OPERATION OF HBFC

(In crore rupees)

Years	Applications received		Loans sanctioned		Payments made	
	No.	Amount	No.	Amount	No.	Amount
1963-64	3,444	7·56	3,076	6.36	2,372	4.79
1964-65	4,357	12.27	4,433	9.18	3,859	7.11
1965-66	3,534	7.91	3,102	6.14	3,084	6.31
1966-67 (up to March)	—	—	—	—	—	4.63

Repayment of loans on the whole had been satisfactory though there were some cases of delayed payments and fualts. It had been necessary so far to enforce mortgage only in a few cases.

Agricultural Development Bank of Pakistan

The Agricultural Development Bank of Pakistan, established in 1961 by merging the former Agricultural Development Finance Corporation (established in 1952) and the former Agricultural Bank of Pakistan (established in 1957), continued to provide credit facilities to agriculturists—and did so on a larger scale—during the year 1966.

Loan Operations

During the year 1966, the Bank advanced Rs. 13.51 crores in 83,997 cases, as compared to Rs. 7.77 crores, in 84,613 cases, during 1965. During January-March 1967, the Bank advanced a further sum of Rs. 4.15 crores in 22,439 casas. This brought the progressive total of loans advanced by the Bank and its pre-merger constituents to Rs. 67.86 crores, in 7,82,327 cases up to March 1967. Out of the total loans advanced during 1966, Rs. 4.46 crores were given in East Pakistan and Rs. 9.05 crores in West Pakistan, compared to Rs. 3.91 crores in East Pakistan and Rs. 3.86 crores in West Pakistan during 1965.

In East Pakistan, where the holdings are small and the demand is generally for short term loans for seasonal requirements, most of the loans have gone to small agriculturists, the average amount of loan in that Province being about Rs. 600. In West Pakistan the holdings are larger and there is a substantial demand for medium and long term loans, and the average loan came to about Rs. 7,000.

There was also an increase in the volume of specialised loans given against hypothecation of certain food and cash crops. These loans are popular among the agriculturists as the procedure is simple and the borrowers are required neither to mortgage their land nor to produce sureties. From the Bank's point of view, it is easier to supervise and recover these loans as they are given mainly in kind and recovery is made through a third party, the central buying agency, namely, ginning factory in the case of cotton, sugar mills for sugarcane, auction brokers for tea and the Department of Food, Government of East Pakistan, for paddy. Table 85 shows the crop hypothecation loan operations.

Table 85

CROP HYPOTHECATION LOAN OPERATION OF ADBP

(In crore rupees)

Period	*Tea crop East Pakistan*	*Paddy crop West Pakistan*	SUGARCANE CROP		*Total*	*Cotton crop West Pakistan*
			East Pakistan	*West Pakistan*		
Since inception to December 1965.	1.65	0.54	1.60	1.06	2·66	0.47
January-December 1966	0.75	0.01	0.25	0·38	0.63	0.05
January-March 1967*	0·29	—	0.08	0.01	0.09	—

* Provisional.

The Bank is bound by its Ordinance to give preference to the credit needs of the small farmers, which relate mostly to the seasonal requirements of raising the crops and can be met by short term loans. Until, therefore, the credit supply by the institutional agencies other than the Bank can meet these requirements, the Bank cannot ignore the short term needs of the farmers. However, the Bank is fully alive to the fact that for speedier mechanisation of farm operations, wherever possible, and for other developmental purposes, its medium and long term loans should increase at a fast rate. With the start of the Third Plan period the share of such loans has increased considerably, which is evident from Table 86

Table 86

TERM-WISE COMPOSITION OF ADBP LOAN

(In percentage)

	Short-term	*Medium-term*	*Long-term*
1963-64	31.3	36.3	32.4
1964-65	33.0	38.4	28.6
1965-66	25.0	28.1	46.9
1966-67 (July-December)	15.2	22.5	62.3

Farm Mechanisation Loans and Utilization of IDA Credit

As indicated above, the Bank had been keen for long to expand its loans for mechanisation of agriculture at a fast rate. This was, however, not possible in the past due to paucity of funds as well as on account of inadequate availability of the required equipments in the local markets. It was, therefore, felt that a line of credit from an agency which could provide funds in foreign exchange should be sought for the prupose. Accordingly, a loan of $27 million (Rs. 12.85 crores) was obtained from the International Development Association on 30th June, 1965 to finance the foreign exchange component of loans for importing farm machinery and tubewell parts. With this assistance the Bank contemplated to advance Rs. 19.04 crores for these items during the first three years of the Plan period. Under the IDA Credit, the Bank had sanctioned loans amounting to Rs. 4.10 crores for tubewells and Rs. 6.89 crores for farm machinery (a total of Rs. 10.99 crores) up to December 1966. The total amount disbursed against this credit till that date stood at Rs. 8.41 crores (Rs. 4.39 crores for tubewells and Rs. 4.02 for farm machinery). The loan is being utilised at a faster pace than envisaged earlier and is likely to be fully committed before the end of 1967.

The rates of interest charged by the Bank remained unchaged *i.e.*, 7% on short and medium term loans and 6% on long term loans.

Recovery of Bank's dues

The Bank's dues are recovered in suitable instalments keeping in view the convenience of the borrower, *i.e.*, coinciding with the time of harvest of principal crops when it is easier for them to make repayments. The recovery rate since inception till December 1966 was 75%.

CHAPTER X

STOCK MARKET AND BONUS VOUCHERS

The Karachi Stock Exchange, as the nerve centre of the country's economic activity, claims the overwhelming majority of transactions in Government securities and important industrial shares. The present index series thus refers only to the Karachi Stock Exchange.

The Karachi Stock Exchange, which was characterized by a bearish trend during most of 1966, got off to a firm start with the commencement of the New Year. The recovery discernible in January 1967, gained further momentum during the first half of February, but levelled off towards the end of March.

The dull performance of the Karachi Stock Exchange during 1966 is well illustrated by the General Index of Share prices compiled by the State Bank of Pakistan. The index declined from 110.13 at the end of the first quarter of 1966 to 108.41 in mid-1966, and further to 104.90 by the end of December 1966, indicating a net decline of 5.23 points between March 31st and December 31st, 1966. Investment support remained at a low ebb and equities failed to evoke much interest in the face of stringency in the money market and the absence of institutional support. The Stock Market, however, witnessed a recovery with the beginning of the new calendar year, the general index going up to 107.33 by the end of January, 1967, and still further to 109.12 in February. The volume of trading improved substantially, and was attributed mainly to the Investment Corporation of Pakistan's announcement regarding the Investor's Scheme, and the good working results of a number of companies listed on the Stock Exchange. The rapid pace of recovery, however, could not be maintained during the later part of February and in March because of lack of institutional support, and the index tapered off to 107.11, by the end of March, 1967.

The Stock Market opened on a steady note at the beginning of 1966, but signs of weakness soon became apparent in early March. The declining trend, however, was arrested and the market bid for recovery in the last week of March. The recovery was further consolidated during the first fortnight of April. Several important factors contributed to the recovery, including the commencement of the tax levy according to industrial productive capacity. However. uncertainties in respect of the foreign aid negotiations created a "wait and see" atmosphere in the middle of April. This caused nervous selling and nullified the good effects of the previous fortnight. Despite fairly good dividends declared by various industries, efforts to revive trading interest in May failed on account of pre-budget speculations. Trading interest, however, was fairly large in the last week of May in view of further good dividends declared by some more industries. The tempo of increase in the General Index of Share Prices was maintained till the second week of June, as investors showed considerable confidence on the eve of the budget declaration. The general index touched a high of 110.04 by the middle of the second week of June, in response to a number of concessions provided in the budget.

Some of the important measures affecting the Stock Exchange announced

in the budget of 1966-67 were:

1. A refundable surcharge on all companies, and on other assessees having income of Rs. 20,000 and above, at the rate of 10 per cent of income-tax and super-tax payable by them.

2. Relief in tax on account of investment allowance was restricted to 50 per cent of the investment, which would affect those who are in the higher income brackets.

3. Bonus shares issued by tax holiday companies were taxed in their hands at 12½ per cent and were not treated as income in the hands of the share holders i.e. share-holders entitled to Bonus Shares of Tax-holiday companies were exempt from income-tax.

4. The amount paid to Managing Agents by way of Agency commission and/or remuneration on sales and purchases could not exceed in terms of percentage the amount paid by way of dividends to share-holders.

5. Companies falling in the category of public limited companies as defined in Section 23-A of the Income Tax Act could issue rights shares to their share-holders. It was not obligatory to make any offer of their shares to the public.

6. The rates of wealth tax have been changed on intermediary slabs, the highest rate being increased from 2 per cent to 2½ per cent.

7. For the purpose of estate duty, the period of one year has been extended to 3 years.

8. Defence certificates with a yield of 6 per cent per annum have been introduced with a further bonus of 2 per cent if the certificates are held beyond 5 years.

The new tax proposals, however, did not come up to the expectations of the investing public. The suggestion for linking Agency Commission and remuneration to declaration of dividends was received half-heartedly by the market, which accordingly turned bearish towards the end of the second week of June. The flow of capital towards the public sector was encouraged by resorting to monthly prize bond draws instead of quarterly draws, the imposition of refundable surcharge on companies, etc; and the issue of defence certificates with an attractive yield. Besides, continued stringency in the short-term money market, greater dependence for development programmes on internal resources and taxes, the revised definition in Section 23-A of the Income Tax Act of what constitutes a public company and warlike preparations by India across the border, kept market sentiment in the doldrums and thus failed to attract investment support at higher levels. Consequently, prices slipped back on a wide front.

Business in stocks continued to be dull in the first fortnight of July, as apprehensions about the coming import policy kept a number of investors from making fresh commitments. Investors preferred to watch the coming developments and policy announcements in so far as they affected the capital market. After the announcement of the new import policy on July 14, the Stock Market felt disappointed, as no increase was offered in the bonus entitlement on exports of jute and cotton manufactures. None-the-less, the liberal nature of the new import policy left individual investors with little funds, which were likely to be diverted to other trade channels.

The market displayed steadier conditions in the first week of August, the midweek rise in share prices being attributed to institutional support. The volume of trade during the two weeks that followed remained encouraging, but share prices reached lower levels during the end-August period and the first week of September in the absence of both institutional and investors' support. After a minor recovery in the second week of September, resulting mainly from heavy over-subscription for the shares of the National Shipping Corporation, a declining trend in the general index of share prices again set in.

In order to set the Stock Market on an even keel, the new Finance Minister, soon after assuming office, advised the corporate sector to enlist the support of the investing public through regular and enhanced distribution of dividends which alone would strengthen the stock market in the long run. Although a slight recovery was discernible towards the closing period of September after the advice of the Finance Minister, the market soon turned bearish for want of allround support.

The downward movement in share prices was partially arrested in the third week of October by the technically oversold position of the market after a prolonged heavy sell-off, but trading investment was confined to selective scrips during the subsequent week. With the approaching meeting of the members of the Karachi Stock Exchange to consider the continuous decline and suggest remedies, there was a cautious attitude, and lack of any encouraging news subsequently dampened the buying interest in the first fortnight of November. Improvement in the early third week of November was attributed to appreciable investment buying interest which followed the declaration of good dividends by some industries. The prompt action taken by the Stock Exchange against those listed companies which had either not paid dividends to share holders for the last five years, or whose shares had fallen 50 per cent below face value, also proved an encouraging factor for the market.

The approaching elections of the President and the Board of Directors of the Karachi Stock Exchange restrained the trading interest in the last week of November, as the investing public became cautious about any changes in policy that the new office-bearers might introduce. The market manifested a mixed performance in the first week of December. The minor improvement noticed later in the first week was the result of a move to replenish stocks sold in the hope that more dividend announcements would follow. Tight money market and absence of institutional support further curbed the investment interest in the subsequent weeks of December.

The Stock Market got off to a firm start at the commencement of 1967. The optimism in the market was based on hopes placed in the Investment Corporation of Pakistan, the National Investment (Unit) Trust, the Pakistan Industrial Credit and Investment Corporation, and other financial institutions. Investment sentiment remained firm in the first fortnight of January, following the decision of the Government to give an incentive to the jute industry by relaxing restrictions imposed on the salable percentage of bonus earned through export of jute manufactures. The anticipated dividend declarations by leading firms and the belief that Pakistan may also lower its Bank Rate following similar action by U.K., Sweden and Belgium, were also contributory factors. The recovery in the general index of shares became more pronounced with the declaration of dividends by some more industries in the second fortnight.

The rising tendency continued in the first half of February and was attributed mainly to the Investor's Scheme announced by the Investment Corporation of Pakistan, on January 24, 1967. The rising trend, however, could not be maintained during the second half of February and in March, because of lack of institutional support, the general index of shares closing at 107.11 on 31st March. Table 87 on page 157 shows comparative changes in the general index of share prices during April 1966 and March 1967.

During the year under review, 15 companies offered shares for subscription through the Karachi Stock Exchange as against 24 last year. The total aggregate market value of shares at the end of March 1967, was Rs. 306.51 crores as against Rs. 298.58 crores at the end of March 1966. Except for the "Paper and Board", "Tobacco" and "Miscellaneous" groups, nearly all the sectional indices showed a declining trend during 1966, which was most marked in the "Transport and Communications", "Banks", "Insurance and Finance" and "Jute" groups.

In the beginning of the first quarter of 1967, some improvement was discernible in almost all sectors, but in March a down-trend in share prices again set in, with the exception of "Tobacco" which showed a continuous rise. Comparative changes in the indices of share prices in various sectors are indicated in Table 88 on page 158.

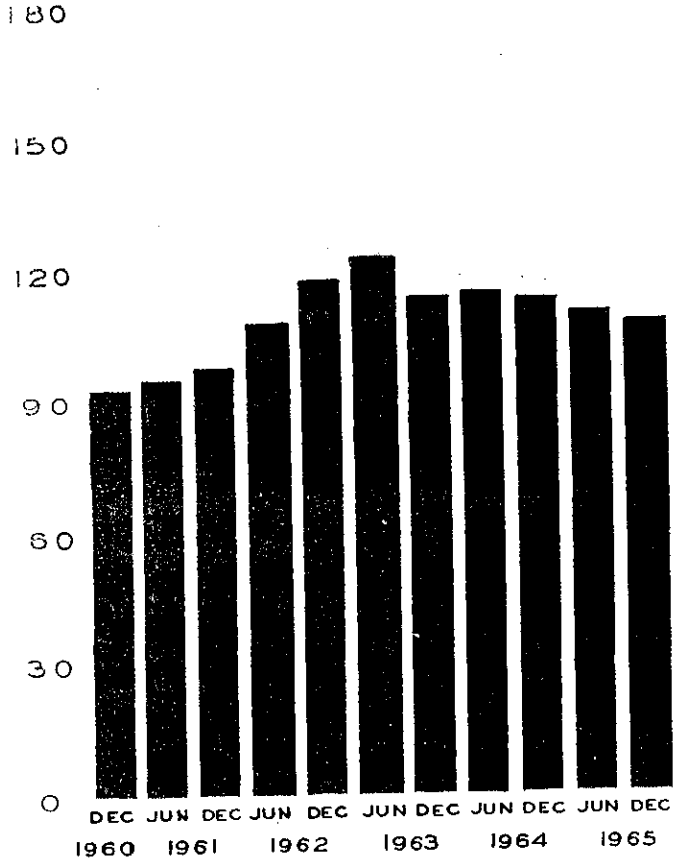
NATIONAL INVESTMENT (UNIT) TRUST

The National Investment Trust completed four years of operations on 31st December, 1966. During April 1966 to March 1967 there was a steady increase in the number of Units held by the public. The net sale of Units increased from 77,32,652 on 31st March, 1966 to 87,87,440 on 31st March, 1967 and the Investment Fund rose from Rs. 8.21 crores to Rs. 9.39 crores.

The operations of the Trust, however, coincided with the depression period in the stock market. Consequently, there has been no significant appreciation in the value of new issues acquired by the Trust during the year under review.

GENERAL INDEX OF SHARES PRICES
(STATE BANK)

1959-60=100



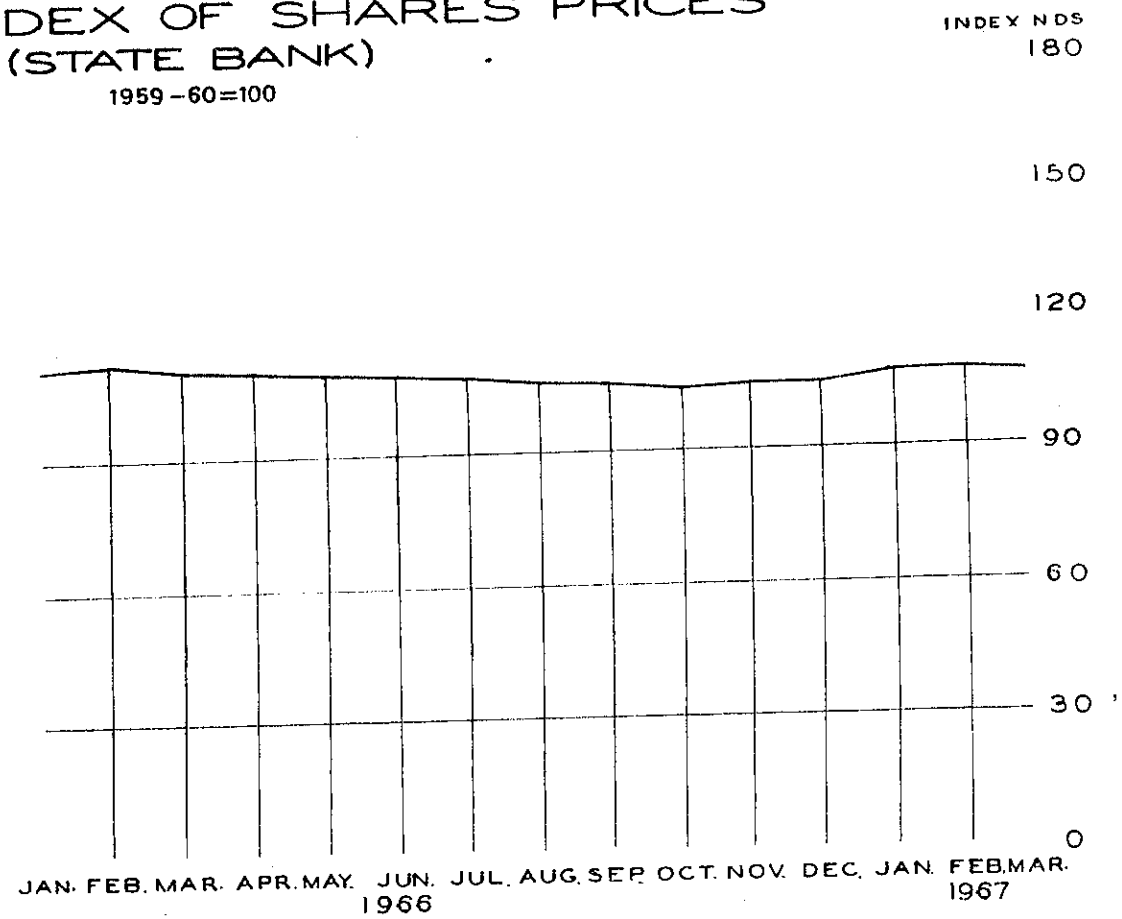


Table 87

GENERAL INDEX OF SHARE PRICES
(1959-60 = 100)

Year	*Month*		*Highest*	*Lowest*	*Closing*
1966					
	April	..	110.15	109.25	109.28
	May	..	109.70	107.71	108.41
	June	..	110.04	107.97	108.41
	July	..	108.28	107.28	107.56
	August	..	108.48	106.48	106.48
	September	..	106.29	105.66	105.72
	October	..	105.72	104.23	104.35
	November	..	105.29	104.10	104.95
	December	..	105.03	103.33	104.90
1967					
	January	..	107.33	104.24	107.33
	February	..	109.12	107.85	108.02
	March	..	108.51	107.11	107.11

Investors' Scheme

An Investors' Scheme was announced by the Investment Corporation of Pakistan on 24th January 1967. Its salient features are as follows:

(*a*) The Corporation will undertake the opening and maintaining of investors' accounts.

(*b*) It will make advances for purchase of shares. It will provide to its account-holders of at least Rs. 1000 loans of Rs. 3000 with interest at $6\frac{1}{2}$ per cent for investment in shares.

(*c*) It will buy and sell shares for its account-holders.

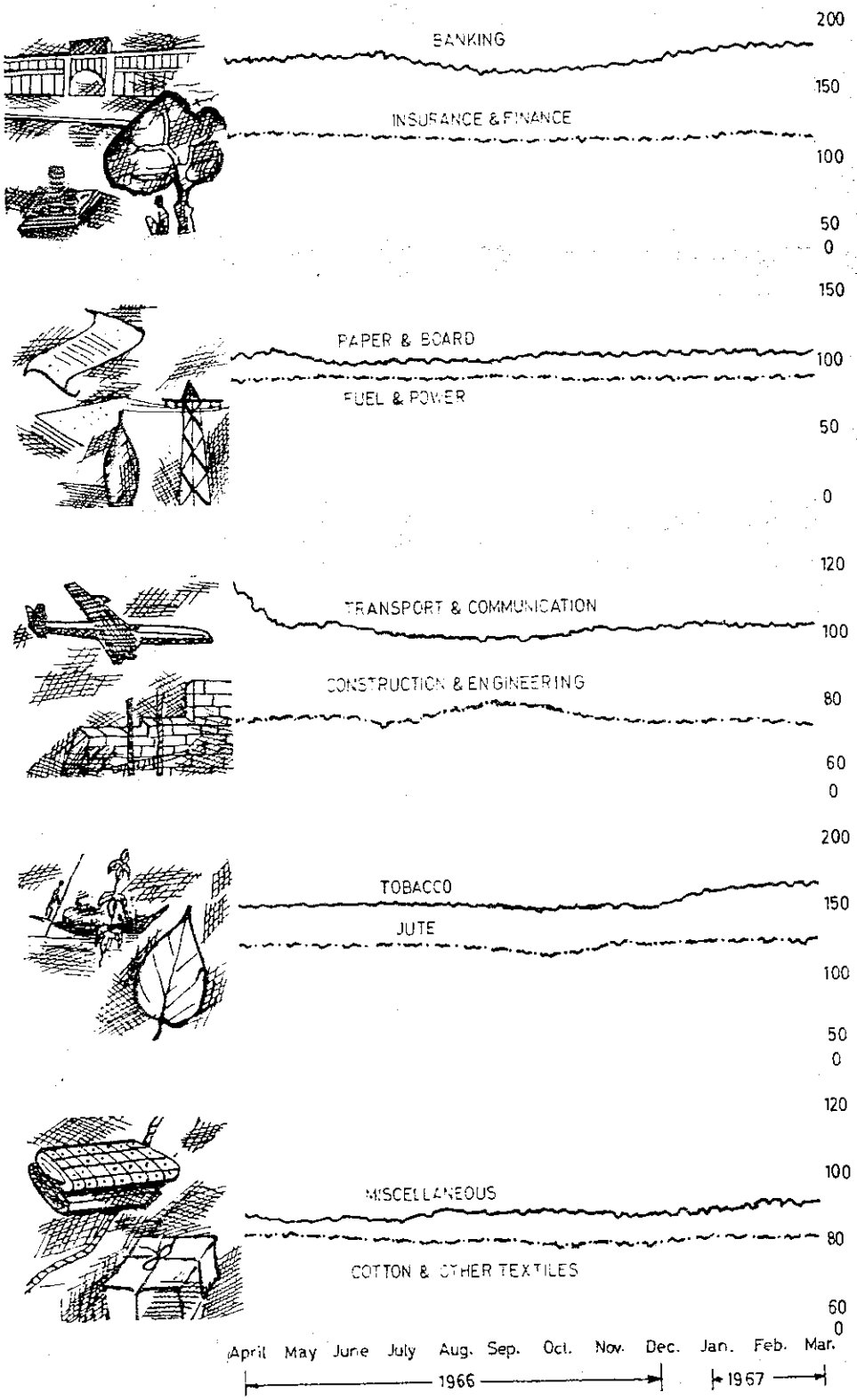
(*d*) It will offer professional advice and service for the management of investors' portfolios.

Table 88

STATE BANK'S INDICES OF SHARE PRICES BY GROUPS (1959-60 = 100)

	Groups	1966									1967		
		April 30	*May* 31	*June* 30	*July* 29	*August* 29	*September* 30	*October* 31	*November* 30	*December* 29	*January* 31	*February* 28	*March* 31
1.	Banks	177.97	178.69	180.48	183.08	172.37	167.70	166.67	169.08	172.53	181.85	182.42	181.01
2.	Insurance and Finance	124.54	125.25	123.44	120.77	119.77	118.48	118.31	118.02	118.11	118.28	122.03	115.96
3.	Jute	127.38	127.99	127.00	126.22	125.44	122.67	117.69	123.76	124.70	125.74	127.50	126.16
4.	Cotton and other Textiles	85.07	84.92	84.19	83.47	82.55	83.57	81.50	82.33	81.27	82.99	82.68	82.92
5.	Fuel and Power	92.98	94.07	96.00	93.82	93.37	94.03	92.49	91.40	90.55	91.55	91.24	91.91
6.	Construction and Engineering	76.89	78.44	78.21	76.25	78.53	81.85	79.98	76.02	75.22	75.63	76.55	73.84
7.	Transport and Communications	16.64	104.75	105.49	102.10	101.39	100.54	100.18	103.83	102.06	104.13	102.80	102.77
8.	Paper and Board	109.48	115.17	105.84	106.04	106.65	105.39	111.38	109.94	109.79	110.86	111.10	110.31
9.	Tobacco	153.94	156.23	156.09	156.66	155.09	154.11	150.40	153.45	151.20	160.15	167.27	168.05
10.	Miscellaneous	90.73	89.10	89.98	89.11	91.73	90.53	91.14	90.59	90.22	91.57	93.81	93.31
11.	General Index	109.28	108.41	108.41	107.56	106.48	105.72	104.35	104.95	104.90	107.33	108.02	107.11

SECTOR-WISE INDICES OF SHARES
(STATE BANK)
BASE: 1959-60=100



The obligatory function of the Corporation will be to advise the investor about the pros and cons of his choice of scrips. In addition, the Corporation will provide free of charge banking services to the investors, design investment plans, manage investment portfolios, provide safe custody for scrips and make periodical reports. It is expected that the scheme will result in increased mobilisation of savings and their investment in stocks and shares. It will, thus, broaden the base of equity investment in the country.

Even though the ICP Scheme has made a good beginning, its future success will depend on the number of clients the Investor's Scheme may attract, as well as on the overall amount of money injected in the economy for the purchase of shares. Also relevant is whether the recoveries recorded by selective scrips are maintained after the purchases of the ICP are completed. The average yield of good shares works out at around 7-8 per cent. This means that after paying $6\frac{1}{2}$ per cent interest on funds borrowed from ICP, there will be a nominal margin left for investors, unless prices show a substantial increase.

To sum up, during 1966-67, the stock market showed a relatively downward trend as compared to 1965-66. The year-end (1966) general index of share prices was 104.90, compared to the previous year-end (1965) general index at 107.91. This depression in the stock market seems to have been caused by the reduced availability of foreign exchange for the import of industrial raw materials and machinery as well as shortage of electric power for industrial consumption. The depression also appears to be the result of low dividend yields, poor management of some companies and tight money market conditions. However, during the first quarter of 1967, there was some recovery in the stock market due mainly to the introduction of the Investors' Scheme of the Investment Corporation of Pakistan.

BONUS VOUCHERS

The Export Bonus Scheme was introduced in January 1959 in order to increase foreign exchange earnings by encouraging exports. The ultimate object of the scheme is to increase production by providing an export market for bonus-fed goods. The resulting increase of foreign exchange earnings would increase the availability of goods. Another purpose is to provide the necessary freedom for imports of those goods which are not absolutely essential and for which foreign exchange cannot be freely given. The exports covered by the scheme have risen from Rs. 55.16 crores in 1959 to Rs. 88.94 crores in 1963, and further to Rs. 146.19 crores in 1966.

Bonus Vouchers were admitted for quotation on the Karachi Stock Exchange on 1st April 1960. In the earlier years of the operation of the scheme, the market price of bonus vouchers remained comparatively low. In subsequent years, however, the price not only improved, but was subject to wide fluctuations due to revisions in the bonus import lists, and to bonus entitlement and speculative dealings. During April 1966 and March 1967, the prices of bonus vouchers fluctuated between Rs. 147.00 and Rs. 167.50, a range of Rs. 20.50. The range of fluctuations was Rs. 52.00 in 1965-66 when the highest quotation was Rs. 170.00 and the lowest Rs. 118.00. The closing

quotation of the year under review was Rs. 165.25 as compared to Rs. 147.75 at the end of March 1966. Table 89 indicates the fluctuations in the prices of bonus vouchers since April 1966.

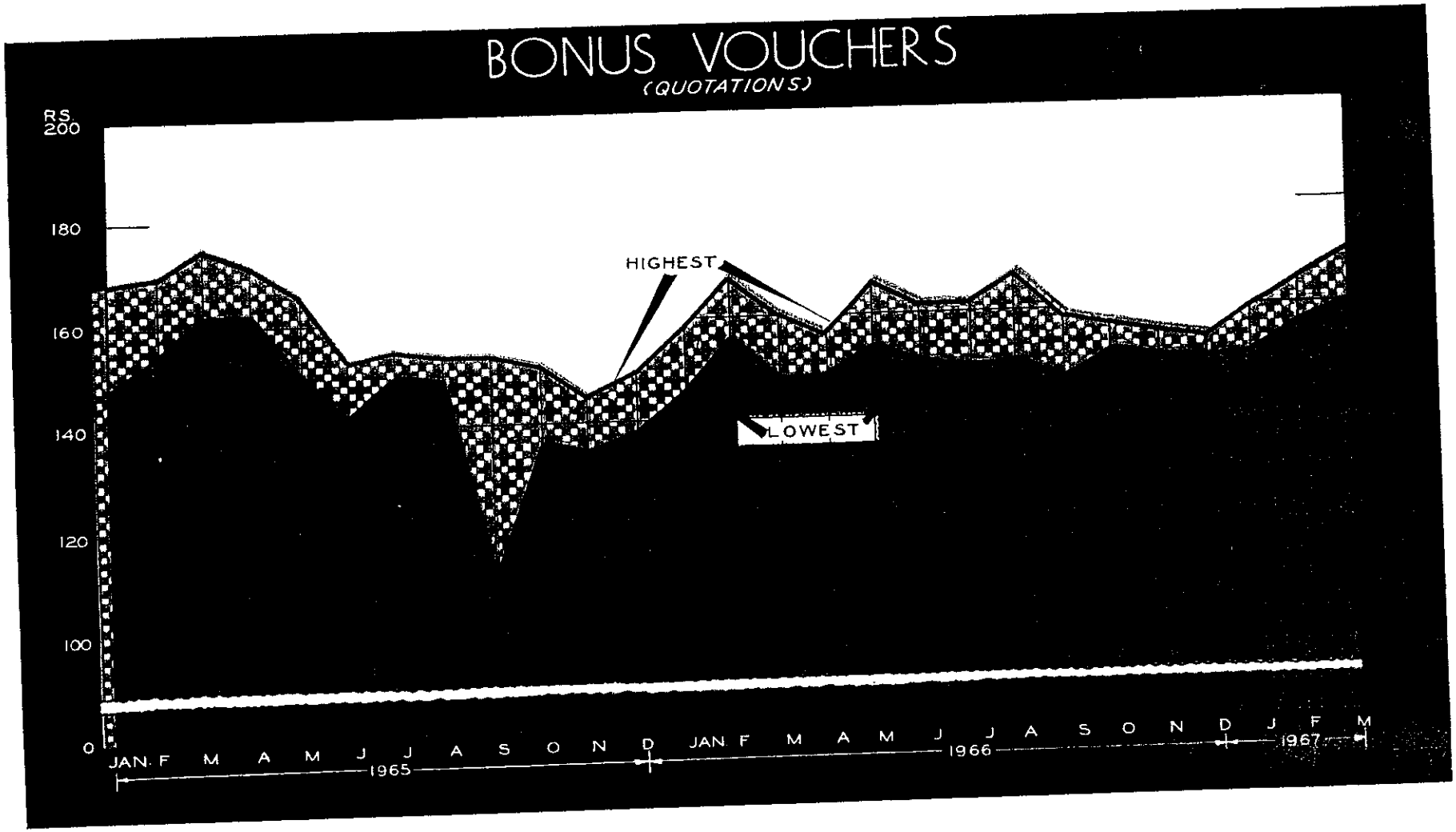
Table 89

QUOTATIONS OF BONUS VOUCHERS

(Value in rupees)

Year	*Month*		*Highest*	*Lowest*	*Closing*
1966					
	April	..	154.00	148.25	154.00
	May	..	163.25	155.25	158.50
	June	..	159.00	150.25	151.00
	July	..	158.50	148.50	151.00
	August	..	160.50	150.50	159.00
	September	..	158.50	147.00	153.25
	October	..	155.75	153.00	154.00
	November	..	154.00	152.00	152.00
	December	..	153.50	151.50	151.50
1967					
	January	..	157.50	151.25	157.50
	February	..	161.75	158.50	160.00
	March	..	167.50	160.00	165.25

The bonus vouchers market opened on a steady note in the first week of April 1966, following recommendations made by the Central Investment Promotion and Coordination Committee that cotton textile units with 25,000 spindles and more should henceforth be expected to meet their requirements of balancing and modernisation through the Bonus Scheme. In response to hectic buying support created by the Government decision to place the imports of sugar under bonus vouchers, and the import of two shiploads of sugar from abroad, the market recorded sizable gains in the subsequent weeks of April. The rumour of restricting OGL, Licensable list and liberalising of import bonus list imparted added strength to the price spiral during the second week of May. The higher prices, however, attracted


BONUS VOUCHERS
(QUOTATIONS)
RS.
200
180
160
140
120
100
0
HIGHEST
LOWEST
JAN. F M A M J J A S O N D JAN. F M A M J J A S O N D J F M
1965
1966
1967

profit-taking sales towards the end of the week. A declining trend in the third week of May was attributed to apprehensions about again reducing the validity of bonus vouchers to one month. Trading in the Ready Vouchers again became brisk on learning that the ready-made-garments industry was allowed to import its requirements against bonus, and that metal valves had been placed on the bonus import list. After the devaluation of the Indian rupee in the first week of June, 1966, the market again turned bearish on the apprehension that the Government might increase the bonus entitlement to give an incentive to exporters to keep commodity prices down against Indian competition. The market recorded fresh declines in the prices of bonus vouchers during the second half of June on the presumption of further import liberalisation. Bonus Vouchers rates moved within a narrow range in the first week of July in the absence of any trading interest. Although the market bid for recovery in the second week of July was based on speculative manoeuvering, the downtrend was soon resumed and continued till the end of July when speculators liquidated a part of their holdings on profit-taking considerations.

In August, the rates touched the highest point mainly because of increased bonus entitlement on exports of certain items like crude fertilizers, crushed bones, grist, spices, handicraft and cotton fabrics. The market entered a new phase in September when the rates of bonus vouchers touched a rock bottom level, caused by a rise in the import duty on art-silk yarn from 125 per cent to 200 per cent, and the proposed reduction in the validity period of Bonus Vouchers from 90 to 30 days. Inclusion of low-grade tea, milk powder, hurricane lanterns and bicycles in the import schedule of the Bonus Scheme, however, provided relief to the deteriorating trade in bonus vouchers in the second half of September.

With the abolition of Open General Licence announced by the Commerce Minister on 3rd October, 1966, the rates of bonus vouchers improved, due to enlarged demand necessitated by the likely import of such items under bonus vouchers. News that Hajis going by air or sea (Ist & IInd class) would be granted foreign exchange on surrender of Bonus Vouchers further strengthened market demand and rates improved in the second fortnight of October. Trading remained buoyant with the demand for motorcar imports in the first week of November, 1966, the steady tone in the second week being the result of a Government decision to permit no bonus on yellow pickings, cotton linters and cotton seed fibres shipped on or after January 1, 1967. Consequent upon the press report that 106 industries would be allowed to import specific raw materials on a percentage basis against the f.o.b. value of their exports, the market remained inactive during the second fortnight of November. There was further reduced interest with narrow fluctuations during December. Lack of buying interest was attributed partly to the lack of ready demand, and partly because of the scheduled elections of the Governing Board of Directors and the President of the Karachi Stock Exchange.

Trading in bonus vouchers remained moderate in the first half of January, 1967. The rumour of an increase in the salable percentage of bonus earned through exports of jute goods gave a promising start to the market. Hitherto, only 10 per cent of 20 per cent Bonus Vouchers allowed against the export of jute goods could be sold in the free market and 10 per cent had to be used for importing machinery and accessories for

the improvement and modernisation of the industry. Since the curb has been lifted, stamped bonus vouchers can now be utilized for importing edible oils, oilseeds, raw materials for the paper industry, match industry and the umbrella fittings manufacturing industry. Recovery was accelerated by a ready demand for vouchers for automobiles and for Haj purposes in the second half of January. The Government has also decided to give an incentive to clock and watch manufacturing units by allowing 30 per cent bonus and 40 per cent licence on its export performance. The appreciation in the prices of bonus vouchers went further during the first fortnight of February, following market reports that more items were likely to be put on the import list against the Bonus Scheme. Despite the Government decision to exclude glass, glass-ware,iron and steel bolts, nuts and screws etc., from the list of items importable against Bonus Vouchers, the market kept a steady trend in the second fortnight of February. Towards the beginning of March, although the market remained easy, automobile importers infused fresh interest by booking orders for vouchers following the rumour that cars might be excluded from the importable list against Bonus Vouchers. A rapid improvement in the prices of bonus vouchers during the second fortnight of March 1967, was ascribed to the Government decision to allow, with immediate effect, the import of bookbinding cloth against bonus vouchers to the bookbinding and stationery industry.

CHAPTER XI

PUBLIC FINANCE

The budgets of the Central and Provincial Governments for 1966-67 show the same bouyancy as characterised the earlier budgets, and reflect the remarkable degree of resilience of the economy which successfully withstood the stresses and strains of war with India in September, 1965. Revenue receipts as well as expenditures on development have been budgeted higher than in 1965-66. The receipts on revenue account of the Central and Provincial Governments increased by 21% from Rs. 638 crores in the revised estimates for 1965-66 to Rs. 773 crores in the budget estimates of 1966-67. Development expenditure in the revenue and capital budgets (minus assistance to Provinces in the Centre's capital budget) increased by about 49% from Rs. 367 crores in 1965-66 (revised) to Rs. 549 crores in 1966-67 (budget). The increase in non-development expenditure has been much less as compared to the increase in the development expenditure mainly because of the deliberate policy of limiting administrative expenditure to the absolute minimum and effecting economies in the buildings and purchase programme.

The main aim of fiscal policy continues to be fast and self-sustaining economic growth within the shortest possible time. Because of the successful budgetary policies of the Government and the limitation of non-development expenditure to the bare minimum, it has been possible to transfer larger sums from the revenue budget to the capital budget for financing the various development schemes. During the Second Plan period (1960-61 to 1964-65) Rs. 186 62 crores were transferred from the Central Government revenue budget to the capital budget. The comparative figures for East and West Pakistan are Rs. 28.84 crores and Rs. 98.39 crores. Greater mobilisation of internal resources is leading to a gradual reduction in our dependence on foreign assistance. During the Second Plan period, foreign resources accounted for only 49% of the overall public sector financing against the original estimates of 64%. The balance of 51% came from domestic resources.

THE CENTRAL BUDGET

Budget Proposals

The budget proposals for 1966-67 provided further incentives to domestic saving. Instead of quarterly drawings of Prize Bonds, Provision was made for monthly drawings. The amount of prizes and their number was also increased.

A new series of Defence Savings Certificates was also introduced carrying interest at 6% if held for five years, and a bonus of 2% was to be given to investors who hold these certificates for a further period of five years.

To attract more deposits, the rate of interest of Post Office Savings Bank Deposits was raised by 1/2% and now stands at 4% per annum.

The budget also sought to improve the investment climate. The Stock Market

had been under bearish influence for some time. One of the important causes of the erratic behaviour of the market was the fact that a fair amount of profits was not being passed on in dividends to the shareholders even by public companies with substantial disposable profits. In the case of companies managed by Managing Agents, the Managing Agents often received their fixed commissions and other benefits from the managed companies without the stock holders receiving their share of the profits. Such practices were harmful to the entire investment climate, particularly for the small investor. As a remedy, it was decided that the managing agency commission and other remuneration should be related to the dividend yield passed on to shareholders. The total percentage of profits payable as managing agency commission and as remuneration for working, sales and purchases by the managing agents shall not, in any year, exceed the percentage of dividends distributed to the shareholders for that year. This condition was to apply equally to old and new companies.

The investment climate was also to some extent influenced by the limitations that governed the issue of share rights. Previously, all public companies applying for issue of rights shares and in which capital was known to be concentrated in a few hands were required to offer to the general public at par a certain percentage of the additional capital. There was no restriction on the issue of rights shares in the case of broad-based companies which offered a prescribed percentage of their capital to the general public at the time of the original issue. The budget made it clear that the condition of public distribution was not to be imposed on companies which qualify as public companies under Section 23-A of the Income Tax Act, whether or not at the time of the original issue of capital a prescribed percentage of shares was offered to the general public. Such companies will also be free to issue rights shares to their existing shareholders.

To meet the deficit in the capital budget, the Finance Minister proposed to raise additional taxation and to impose a refundable surcharge on income tax and super tax to be realised in the form of Government Bonds. The proposals in brief are:

(*a*) Postage on Postcards was increased from five paisa to seven paisa, and their airmail fee increased from two to three paisa;

(*b*) Stationery surcharge on registration envelopes was raised from 9 paisa to 20 paisa.

(*c*) A Refundable surcharge was levied at 10% of income tax and super tax on individuals and companies with income of Rs. 20,000 or above. The surcharge is in the form of Government Bonds;

(*d*) Uniform prices, based on the prices in Rawalpindi and Dacca, are established in each Wing, from 1st July, 1966 for petroleum products i.e. motor spirit, kerosene, high speed diesel oil and light diesel oil;

(*e*) Duty on motor spirit was raised from Rs. 1.55 to Rs. 1.80 per gallon;

(*f*) Lubricants were subjected to a new rate of Rs. 1.20 per gallon including also sales tax;

(*g*) Duty on crude oil was levied at Rs. 3.20 per ton;

(*h*) Excise duty was levied on production capacity in respect of cement, sugar, and soda ash industries; the rate for cement is Rs. 36 per ton and for soda ash Rs. 150 per ton; the existing rate is maintained for sugar.

(*i*) The pattern of excise duty on cigarettes was rationalised, on a slab basis;

(*j*) An Excise duty was placed on cotton yarn for all users of cotton yarn except cloth manufactures where duty is levied at statutory rates. The rates are 10 paisa per lb. for course counts; 50 paisa per lb. for mediums, Re. 1 for fine and Rs. 1.50 for superfine counts;

(*k*) Duty on processing of fabrics — bleaching, printing, sanforising, embroidering etc., — was imposed and rates for superfine, fine and medium textiles were reduced.

(*l*) A ten per cent ad valorem duty was imposed on batteries, glass and glass-ware, rubber and synthetic rubber products. The exemption for cottage industry is maintained;

(*m*) A duty was imposed of Rs. 2.50 per lb on acetate and viscose fibres and yarns and of Rs. 5 per lb. on other fibres and yarns.

The total additional resources to be raised are estimated at Rs. 37.65 crores, of which the Provincial share is to be Rs. 50 lakhs. The net revenue gain of the Central Government was thus estimated at Rs. 37.15 crores. After meeting the gap of Rs. 36.56 crores in the capital budget, there was a nominal surplus of Rs. 59 lakhs.

The Finance Minister also provided some reliefs in income tax, sales tax and customs duties. These amounted to Rs. 7.53 crores:

(*a*) Income from breeding cattle and fisheries exempted from tax till June, 1970. Exemption also extended to poultry and dairy farming;

(*b*) Duty on microbuses, jeeps and jeep-type wagons reduced from 50 to 25 per cent and sales tax abolished altogether. This concession is applicable to small cars wholly imported on bonus vouchers;

(*c*) Duty on second-hand clothing reduced from existing rates of 35% and 50% ad valorem to 25%. Sales tax on second-hand clothing abolished;

(*d*) Condition for self-assessment relaxed for those whose income declined in any year;

(*e*) Rebate in tax to exporters has been liberalised;

(*f*) Soap manufacturers to pay sales tax at 5% instead of the higher rate leviable on raw materials;

(*g*) The tariff structure was simplified and rationalised with 28 rates reduced to 14 and their range modified from 5%-300% to 10%-250%;

(*h*) Duty reduced on surgical dressings, bandages, etc., and on ironware for domestic use.

Revenue Receipts

Total revenue receipts, after deducting the provinces' share in the central taxes, were estimated at Rs. 471.02 crores, Rs. 111.19 crores or 30.9% more than the revised estimates of Rs. 359.83 crores. The anticipated rise in revenue stems from a higher expected yield from both tax and non-tax sources. Tax receipts, after paying the Provincial share, were estimated to be higher by Rs. 105.77 crores, Rs. 358.73 crores, against the revised estimates of Rs. 252.96 crores for 1965-66, while non-tax receipts were estimated to be up by Rs. 5.42 crores, Rs. 112.29 crores, against Rs. 106.87 crores in 1965-66. The increase in tax receipts is attributed to increased collections under various tax heads, defence surcharge levied in the Supplementary Budget of November 1965 and additional taxes of Rs. 37.65 crores.

Compared with the revised estimates for 1965-66, the largest increase was anticipated from central excise (+Rs. 47.92 crores), followed by customs (+Rs. 33.50 crores), sales tax (+Rs. 16.92 crores), other taxes (+Rs. 4.34 crores) and income tax and corporation taxes (+Rs. 3.09 crores). All other sources (non-tax), except civil administration, were also expected to produce more: interest receipts (+Rs. 5.44 crores), post office, telegraph and telephone net (+Rs. 2.74 crores), defence services (+Rs. 2.06 crores), miscellaneous (+Rs. 93 lakhs), other heads (+ Rs. 23 lakhs) and extraordinary items (+ Rs. 3 lakhs). Receipts from civil administration were, however, expected to decline by Rs. 6.72 crores.

Revenue Expenditure

The total expenditure on revenue account during 1966-67 was estimated at Rs. 372.10 crores, Rs. 41.29 crores less than the revised estimates of Rs. 413.39 crores during 1965-66. The revenue expenditure was kept low by keeping down non-development expenditure. Defence expenditure remained high, however, because of national requirements but it was still low compared with the revised estimates of 1965-66. Expenditure on this item was reduced by Rs. 46 crores to Rs. 225 crores in the estimate for 1966-67.

Among other reductions, expenditure on civil works and Central Road Fund was estimated lower by Rs. 1.73 crores, grants to Provincial Governments by Rs. 27 lakhs and other non-development expenditure by Rs. 7.75 crores. Table 90 on page 167 shows the revenue budget at a glance.

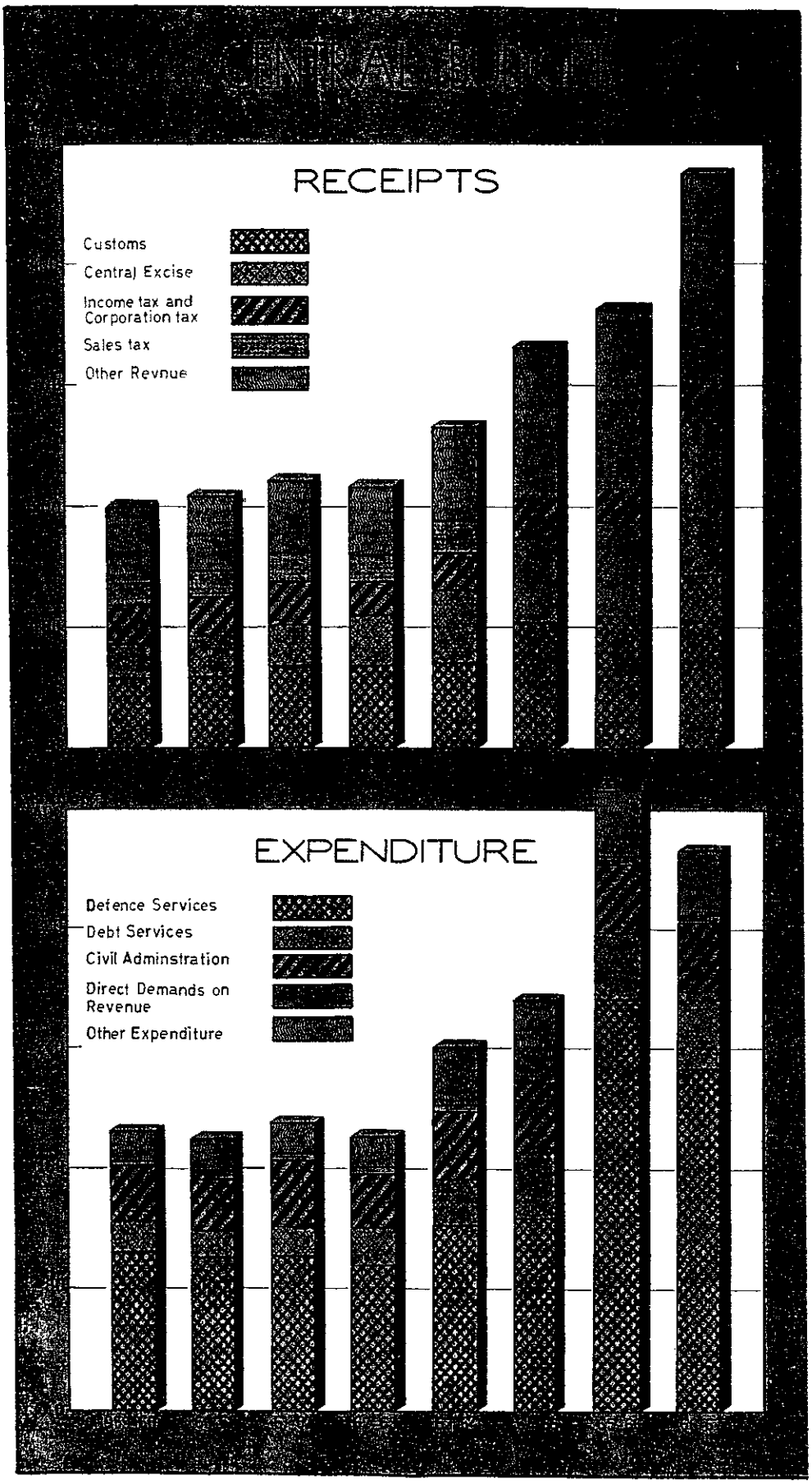

RECEIPTS
Customs
Central Excise
Income tax and Corporation tax
Sales tax
Other Revnue
EXPENDITURE
Defence Services
Debt Services
Civil Adminstration
Direct Demands on Revenue
Other Expenditure

Table 90

CENTRAL REVENUE BUDGET AT A GLANCE

(*In crore rupees*)

Receipts/Expenditure	1965-66 (*Budget*)	1965-66 (*Revised*)	1966-67 (*Budget*)
Receipts	376.90	359.83	471.02
Tax	277.12	252.96*	358.73*
Non-tax	99.78	106.87	112.29
Expenditure	298.35	413.39	372.10
Surplus/Deficit (—) ..	78.55	(—) 53.56	98.92

*Excluding surcharge on Cement and Petroleum

Capital Budget 1966-67

The total capital budget of the Central Government for 1966-67 has been balanced at Rs. 481.89 crores, Rs. 143.07 crores more than the revised estimates of Rs. 338.82 crores for 1965-66. Table 91 shows the main heads of the capital budget.

Table 91

CENTRAL CAPITAL BUDGET

(*In crore rupees*)

Item	1964-65 *Actuals*	1965-66 *Revised*	1966-67 *Budget*
A. DEVELOPMENT EXPENDITURE			
Direct outlay by the Central Government			
Post Office, Telegraph and Telephone ..	13.40	12.30	18.85
Irrigation	25.30	41.84	46.25
Industrial Development	2.52	2.75	3.35
Civil Aviation	5.70	4.82	8.71
Broadcasting	2.40	1.38	2.65

(*In crore rupees*)

Item	1964-65 *Actuals*	1965-66 *Revised*	1966-67 *Budget*
Ports	0.17	0.40	1.75
New Federal Capitals	11.93	12.75	12.50
Civil works	3.92	2.51	3.47
Food storage and other works	5.27	9.49	18.61
Miscellaneous Investments	5.85	4.90	6.15
Other expenditure	2.02	1.22	1.13
Loans to Semi-Independent Bodies etc. ..	2.84	0.95	5.30
Loans and Grants to Provincial Governments	178.07	156.93	287.39
Reserve for additional loans	—	—	21.49
Total	259.39	252.24	437.59
Non-Development Expenditure	26.16	76.57	29.30
Contingency Item	—	10.00	15.00
Total Disbursement: ..	285.55	338.81	481.89
B. FINANCED FROM			
Revenue Surplus	56.93	—53.56	98.92
Debt raised in Pakistan (net)	10.06	40.55	25.00
Debt raised abroad	149.08	176.88	250.72
Floating Debt (net)	17.57	105.81	—0.28
Unfunded Debt (net)	17.82	6.31	19.60
Recoveries of Loans and Advances ..	7.63	14.56	18.03
Accretions to Reserve Fund	27.73	55.88	37.21
Other Deposits and Remittances (net) ..	—4.91	—15.87	21.09
Other Capital Receipts	4.29	11.00	12.69
Cash Balance Utilization	—0.65	—2.84	—1.09
Total:	285.55	338.81	481.89

Internal Resources

Capital receipts from internal resources were estimated at Rs. 232.27 crores, Rs. 67.49 crores more than the revised estimates of Rs. 164.78 crores for 1965-66. The increase is mainly due to the larger revenue surplus in 1966-67, Rs. 98.92 crores, against the revenue deficit of Rs. 53.56 crores in 1965-66. Receipts from unfunded debt (net), other deposits and remittances (net) and recoveries of loans and advances were also estimated higher.

Accretions to Reserve Fund were, however, estimated less by Rs. 18.67 crores to Rs. 37.21 crores.

External Resources

Total gross external resources during 1966-67 were estimated at Rs. 263.92 crores. After making provision for a likely shortfall of Rs. 13.20 crores, the net external resources were estimated at Rs. 250.72 crores, an increase of Rs. 73.84 crores over the revised estimates of Rs. 176.88 crores for 1965-66. Of the gross total of Rs. 263.92 crores, Rs. 253.94 crores was estimated to come from borrowings and Rs. 9.98 crores by way of grants. External borrowings were thus higher by Rs. 90.06 crores, partly offset by a decline of Rs. 36.65 crores in grants. This decline is due to non-availability of local currency grants under U.S. Public Law—480. Funds from this source are now available entirely on a loan basis.

Capital Expenditure

Total development expenditure in the capital budget during 1966-67 was estimated at Rs. 437.59 crores, Rs. 185.34 crores more than the revised estimates of Rs. 252 25 crores during 1965-66. Non-development expenditure on capital account, on the other hand, was budgeted less by Rs. 47.27 crores, Rs. 29.30 crores in 1966-67 against Rs. 76.57 crores in 1965-66 (revised).

Compared with the revised estimates of 1965-66, total direct expenditure of the Central Government during 1966-67 was estimated up by Rs. 29.06 crores, Rs. 123.42 crores against Rs. 94.36 crores during 1965-66. Loans to semi-independent bodies etc. were estimated up by Rs. 4.34 crores to Rs. 5.29 crores. Loans and grants to Provincial Governments were estimated up by Rs. 130.46 crores to Rs. 287.39 crores. Development assistance (loans and grants) to East Pakistan was estimated up by Rs. 75.11 crores to Rs. 174.62 crores and to West Pakistan by Rs. 29.08 crores to Rs. 120.07 crores.

Annual Development Programme 1966-67

The annual development programme in the Government financed sector for 1966-67, the second year of the Third Plan, was budgeted at Rs. 514 crores, Rs. 172 crores more than the revised estimates of Rs. 342 crores for 1965-66. Of this, Rs. 230 crores were earmarked for East Pakistan, Rs. 190 crores for West Pakistan and Rs. 94 crores for the Central projects. The larger allocation for East Pakistan is in line with

the Plan objective of accelerating the pace of investment in that Province.

Of the total programme of Rs. 514 crores, Rs. 263 crores (51.2%) will be realised from internal resources and Rs. 251 crores (48.8%) from external resources. The Centre's contribution towards financing internal resources was estimated at Rs. 159 crores, East Pakistan's at Rs. 44 crores and West Pakistan's at Rs. 60 crores.

It is significant that in accordance with the Plan objectives, internal resources are being increasingly used in financing the countrv's development programme.

Sectoral distribution of the Development Programme 1966-67 by executing authorities can be seen from Table 92.

Table 92

SECTORAL DISTRIBUTION OF THE DEVELOPMENT PROGRAMME 1966-67

(PUBLIC SECTOR—BY EXECUTING AUTHORITIES).

(In crore rupees)

Sector	*East Pakistan*	*West Pakistan*	*Centre*	*Total*	*Percentage of the total allocation*
Agriculture	25	30	4.3	59.3	11.6
Water and Power ..	69	65	8.4	142.4	27.7
Industry, Fuels and Minerals	43	20	13.6	76.6	14.9
Transport and Communication	33	36	46.7	115.7	22.5
Physical Planning and Housing	15	10	16.60	41.60	8.1
Education and Training ..	15	10	1.6	26.6	5.2
Health	8	9	1.7	18.7	3.6
Social Welfare	1	1	0.4	3.4	0.7
Manpower and Employment	1				
Survey and Statistics ..	—	—	0.1	0.1	—
Works Programme ..	20	9	0.3	29.3	5.7
Total	230	190	93.70	513.70	100

From the above it will be seen that the programme aims at increasing expenditure on productive sectors like agriculture and industry and reducing expenditure on public housing, both office and residential accommodation.

EAST PAKISTAN BUDGET

The East Pakistan revenue budget for the fiscal year 1966-67, presented to the Provincial Assembly on 12th June 1966, produced a deficit of Rs. 14.08 crores. Revenue receipts, inclusive of Central Grants, were estimated at Rs. 124.70 crores and expenditure, including development expenditure in the revenue account, at Rs. 138.78 crores. The annual development programme for the Province for 1966-67 was budgeted at Rs. 230 crores with a built-in shortfall of 5% At Rs. 230 crores, the Development Budget represented an increase of Rs. 91.63 crores, or 66% over the revised estimates of Rs. 138.37 crores for 1965-66.

New Taxes

New taxes were imposed, estimated to yield Rs. 1.16 crore to be realised from six sources viz. Water rate and betterment levies (Rs. 71 lakhs); capital gains tax (Rs. 3 lakhs); hotel tax (Rs.5 lakhs); profession tax (Rs. 7 lakhs); additional stamp duty (Rs. 12 lakhs); and motor vehicles tax (Rs. 18 lakhs).

The measures proposed were as follows:—

1. Water rates and betterment levies were imposed on the land which had benefitted from the huge development expenditure incurred by East Pakistan, WAPDA. The rate of levy, related to the consequential additional production from such land, will be quite low in the first year, but will be compounded at a reasonable rate in about five years' time. This rate should then result in a fair recovery of this development expenditure.

2. Capital gains tax was levied on profits arising from the sale, exchange and transfer of immovable property within the urban areas of the Province. The rate of tax will be progressive and vary from 2% to 20% of capital gains. As a relief to the poorer sections of the people, capital gains up to Rs. 3,000 were exempted from the levy.

3. A tax on residential hotels with ten or more lodging units has been imposed. Hotels for this purpose have been classified as First, Second and Third Class. A First Class hotel will pay Re. 1 per lodging unit per day, a Second Class hotel will pay 75 paisa and a Third Class hotel 50 paisa per lodging unit per day. Hotels where the maximum daily charges do not exceed Rs. 5 per lodging unit have been exempted.

4. The scope and coverage of the existing profession tax at the rate of Rs. 50 was extended to include all registered medical practitioners who do not pay income tax.

5. An intermediate slab was proposed in the operation of the additional stamp duty on transfer of property. The existing rate of such duty was 1% of the value not exceeding Rs. 10,000. A new slab of value between Rs. 5,000 and Rs. 10,000 was proposed and the rate of additional stamp duty on this slab increased from 1% to 1½% of the value of the property.

6. The rates of motor vehicles tax were raised. Owners of motor vehicles will be required to pay an additional amount varying from Rs. 10 to Rs. 40, depending on the nature and size of the vehicles. Buses have been exempted since they carry the poorer sections of the people. Rates will be raised from Rs. 80 to Rs. 120 for rickshaw cabs and tricycles, from Rs. 160 to Rs. 200 for taxis carrying up to four passengers and from Rs. 200 to Rs. 250 for those carrying more than four persons. Vehicles meant for transport of goods have been classified into three groups, below 5,000 lbs., between 5,000 and 20,000 lbs. and above 20 000 lbs. of weight laden. The first group will continue to pay the existing tax of Rs. 200; the second will pay Rs. 50 per 1,000 lbs; and the third group will pay Rs. 1,000 plus Rs. 100 for every 1,000 lbs. or part thereof in excess of 20,000 lbs.

Revised Estimates 1965-66

The revised estimates of revenue receipts for 1965-66 stood at Rs. 107.19 crores, as against the budget estimates of Rs. 120.69 crores, a fall of Rs. 13.50 crores. The decline was due to lower receipts from both Central and Provincial sources.

On the expenditure side, the revised estimates for 1965-66 stood at Rs. 98.75 crores, a decline of Rs. 12.63 crores over the budgeted figure of Rs. 111.38 crores.

Budget Estimates 1966-67

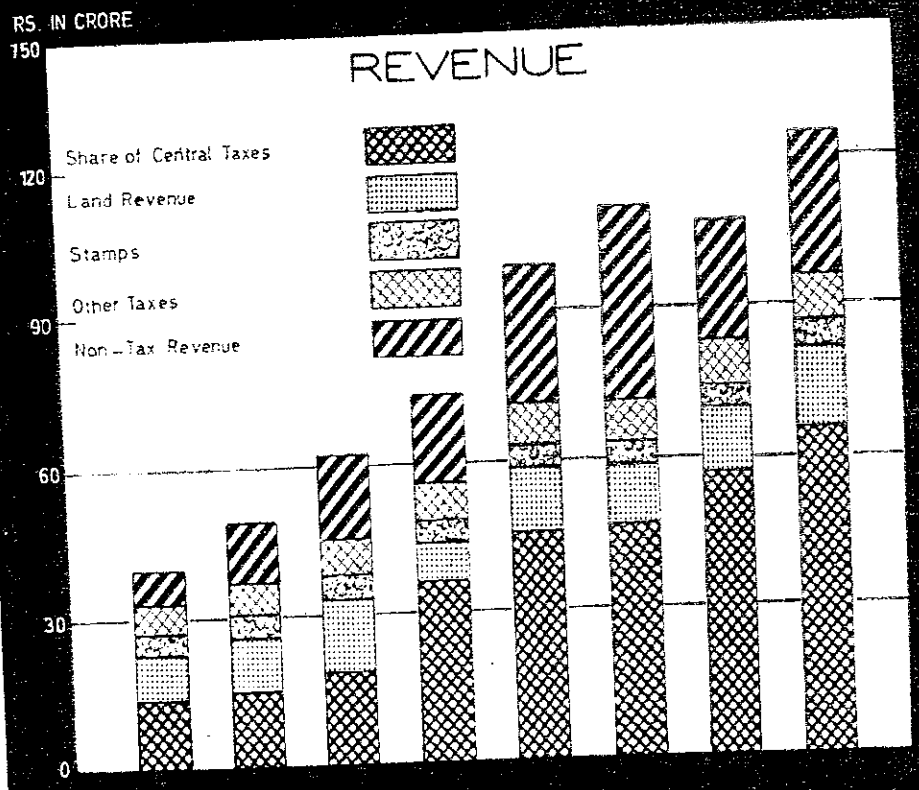
Total revenue receipts for 1966-67 have been estimated at Rs. 124.70 crores, as against the revised estimates of Rs. 107.19 crores for 1965-66, a rise of Rs. 17.51 crores. Expected increases in receipts from both Central as well as Provincial sources were likely to contribute towards this rise. At Rs. 64.50 crores, receipts from Central sources have been budgeted at Rs. 8.89 crores more than the revised 1965-66 estimates of Rs. 55.61 crores. Receipts from Provincial sources have been estimated at Rs. 60.20 crores, a rise of Rs. 8.62 crores over the revised 1965-66 estimates of Rs. 51.58 crores.

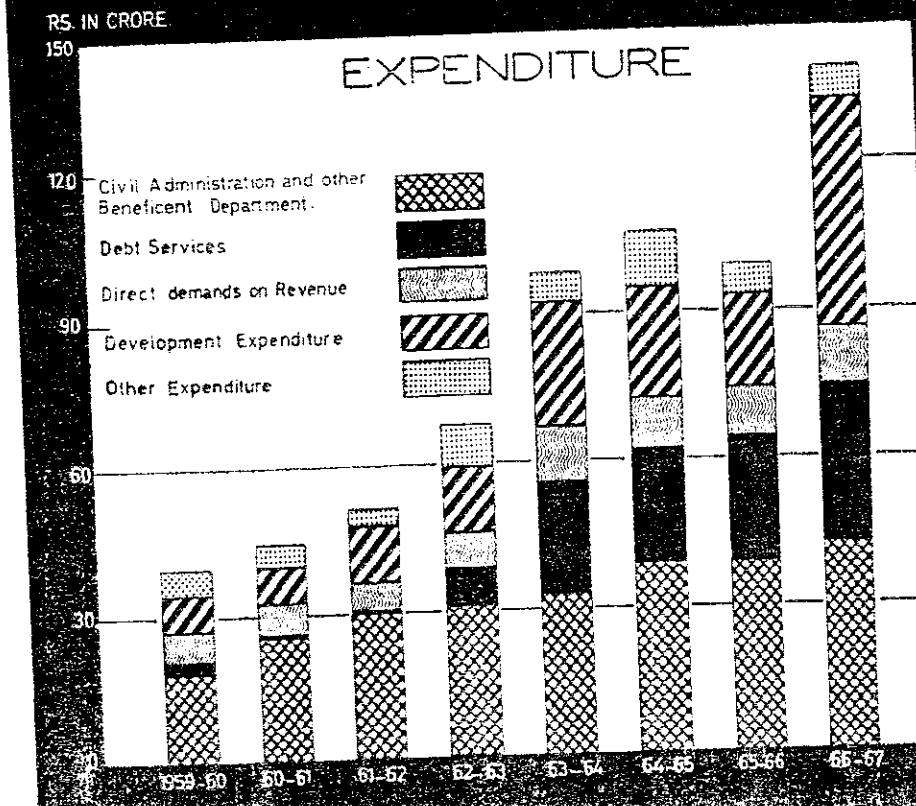
Total revenue expenditure has been estimated at Rs. 138.77 crores, an increase of Rs. 40.02 crores over the revised 1965-66 figure of Rs. 98.75 crores. The increase is mainly due to higher expenditure on development in the revenue budget, and increased expenditure on nation building activities.

Development Programme 1966-67

The Annual Development Programme for 1966-67 has been budgeted at Rs. 230 crores. To this will be added Rs. 4.11 crores representing development expenditure outside the Annual Development Programme financed directly by the Province. This includes such items as agricultural credit and loans given to the cooperative societies

BUDGET-EAST PAKISTAN





for their development activities. A further amount of nearly Rs. 28 lakhs will be spent on schemes financed by the Agricultural Research Council and Rs. 60 lakhs on the scheme for the Cyclone Reconstruction Programme in Barisal district financed by US AID. Thus, the total development budget will be about Rs. 234.99 crores, including Rs. 13 crores for the Pakistan Eastern Railway.

Table 93 shows the sectoral allocations of the Development Programme from 1964-65 to 1966-67.

Table 93

DEVELOPMENT PROGRAMME—EAST PAKISTAN

(*In crore rupees*)

Sector	*Revised Budget for* 1964-65	*Original Allocation for* 1965-66	*Revised Allocation for* 1965-66	*Allocation for* 1966-67
Water and Power	46.05	52.03	38.61	69.30
Agriculture	21.91	23.77	16.32	24.77
Industries	27.66	39.64	27.30	43.50
Transport and Communication ..	26.92	30.25	20.68	33.00
Physical Planning and Housing ..	14.17	14.38	8.62	15.36
Education and Training ..	11.41	14.74	8.56	15.27
Health	5.44	8.72	5.83	8.50
Social Welfare	0.63	0.80	0.15	0.40
Manpower and Employment ..	0.69	0.70	0.24	0.70
Survey and Statistics	—	0.37	0.06	0.20
Works Programme	12.56	20.00	12.00	20.00
	167.44	205.40	138.37	231.00
		Less Savings		1.00
		Total:		230.00

The Province's own contribution towards the financing of its development programme during 1966-67 has been estimated at Rs. 43.88 crores against Rs. 37.31 crores in 1965-66 (revised). This is a significant change in the pattern of financing the development budget which has been brought about by pursuing the policy to divert as

much resources as possible to the development efforts of the Province by reducing to the minimum the normal administrative cost.

WEST PAKISTAN BUDGET

The West Pakistan budget for the financial year 1966-67, presented to the Provincial Assembly on 13th June 1966, envisaged a surplus of Rs. 5.07 crores, revenue receipts being estimated at Rs. 177.56 crores and expenditure at Rs. 172.49 crores.

The budget showed a revenue surplus in spite of the fact that fresh items of revenue expenditure amounting to Rs. 7.62 crores were provided for. Under the circumstances no new taxes were levied in the budget. The Minister of Finance stated that the Government had taken a number of important decisions which had made it possible to restore cuts imposed during the Emergency, undertake new expenditure and meet increased public debt liabilities without any fresh taxation.

The gross annual development programme for 1966-67 was anticipated at Rs. 190.37 crores against the 1965-66 budget estimate of Rs. 181.05 crores (which was later reduced to Rs. 141.75 crores as a result of the Emergency). After taking into account the likely shortfall, the net development programme would amount to Rs. 180.37 crores.

Revised Estimates 1965-66

Against the budget estimates of Rs. 177.20 crores, the revised estimates for 1965-66 place revenue receipts at Rs. 171.02 crores, a decline of Rs. 6.18 crores. The decline is mainly on account of the shortfall in revenue from income tax, sales tax, receipts from the beneficient departments, and contributions and miscellaneous adjustments between the Central and Provincial Governments. The shortfall in these sources was, however, partially offset by an improvement in receipts under the Motor Vehicles Act, Corporation Tax, irrigation and miscellaneous heads of accounts.

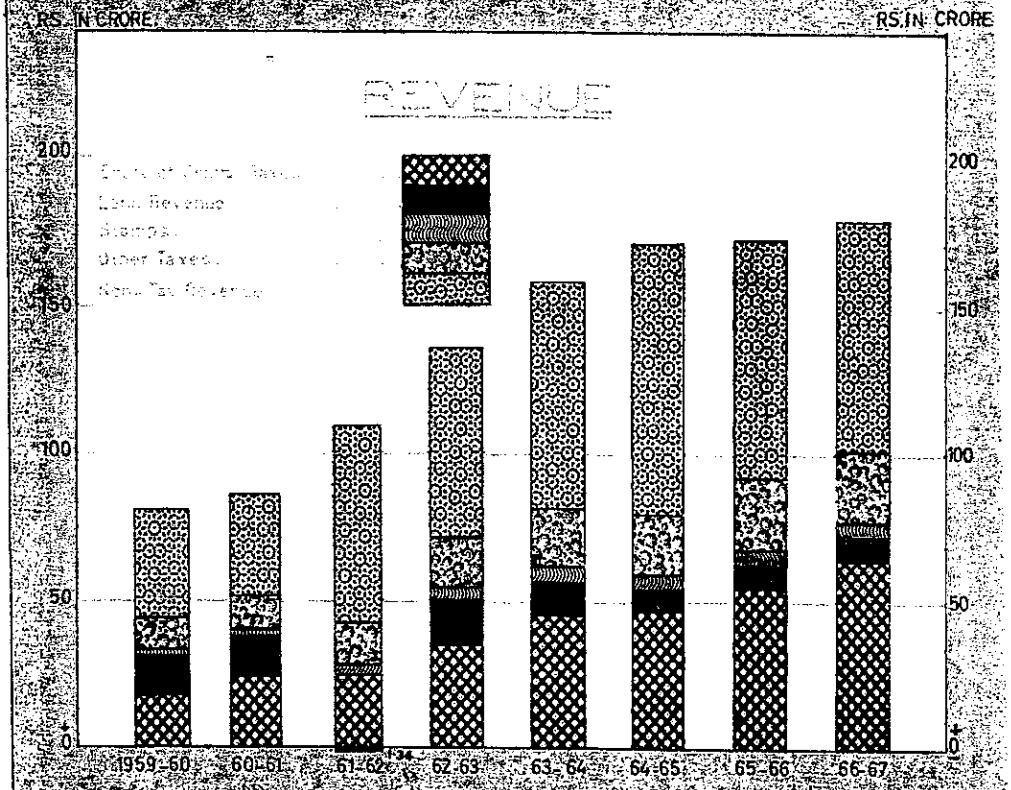
The revised estimates of revenue expenditure stood at Rs. 165.99 crores, Rs. 9.25 crores less than the budget estimates of Rs. 175.24 crores. This has been mainly due to the Government's policy of effecting economy wherever possible.

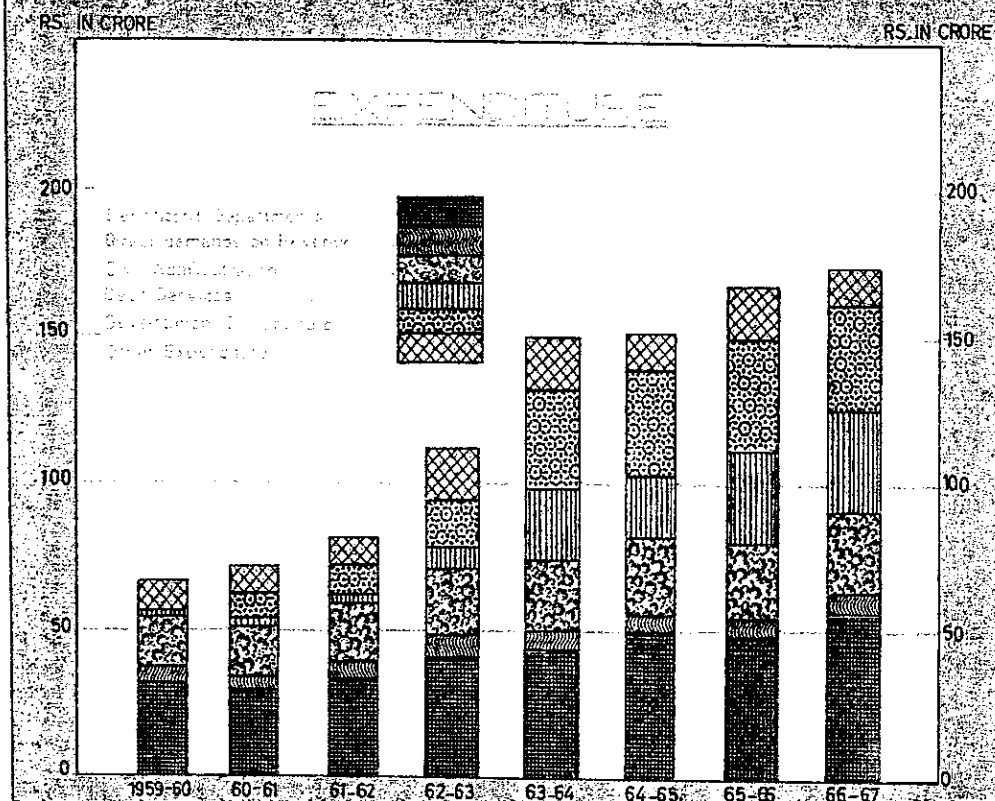
Budget Estimates 1966-67

The revenue receipts for 1966-67 were estimated at Rs. 177.56 crores, Rs. 6.54 crores more than the revised estimates of Rs. 171.02 crores for 1965-66.

Provincial revenues, of late, have shown a substantial increase but because of a number of other factors this has been offset to some extent. The budget estimates for 1965-66 included Rs. 12.39 crores expected to be realised from three sources, viz., Foreign Grants, Excise Duty and Interest. In the 1966-67 budget, however, this amount has been deleted because Rs. 10 crores available during 1965-66 as foreign grants for the Rural Works Programme are no longer available as

BUDGET: WEST PAKISTAN





grant, and also a loss of more than Rs. 1 crore is estimated as a result of the extension of Prohibition to the southern region and Karachi. Moreover, the Government are considering the desirability of waiving Rs. 57 lakhs as interest on non-income yielding projects.

The budget estimates of revenue expenditure for 1966-67 stood at Rs. 172.49 crores, an increase of Rs. 6.50 crores over the revised estimates of Rs. 165.99 crores for 1965-66. The revenue expenditure for 1966-67 includes Rs. 6.27 crores for new items of expenditure, Rs. 1.35 crore for expenditure transferred from the developmental to non-developmental budget and provision for the restoration of ad hoc budgetary cuts made during 1965-66. In previous budgets, the contingency items had not been backed by any resources, but experience had shown the necessity of earmarking certain amounts and Rs. 3 crores were accordingly provided for this purpose. The increase in estimated expenditure for 1966-67, compared to the revised estimates for 1965-66, was also due to increased expenditure on debt services, civil administration and beneficient departments.

Development Programme 1965-66 and 1966-67

The development programme for 1965-66 envisaged a net outlay of Rs. 181.05 crores, later revised to Rs. 141.75 crores. The Annual Development Programme for 1966-67 provides for a gross development outlay of Rs. 190.37 crores. After taking into account the likely shortfall, the net development programme should amount to Rs. 180.37 crores. Table 94 shows the sectoral allocations:

Table 94

DEVELOPMENT PROGRAMME—WEST PAKISTAN

(In crore rupees)

Sector	1965-66 (*Revised*)	1966-67 (*Budget*)
Water and Power	51.92	68.84
Agriculture	20.86	26.65
Housing and Settlement	4.94	10.34
Industries	7.69	20.59
Education and Training	7.69	9.54
Health	6.62	5.46
Transport and Communications	29.46*	14.41
Railways	—	26.61
Social Welfare, Manpower and Employment ..	0.35	0.93
Works Programme	12.22	5.00
Lump sum provision for Emergent Schemes ..	—	2.00
	141.75	190.37
Less shortfall	—	10.00
Total	141.75	180.37

*Including Railways.

RAILWAY FINANCES

Pakistan Eastern Railway Budget

The Pakistan Eastern Railway Budget for 1966-67, presented to the Provincial Assembly on the 11th June 1966, showed a profit of Rs. 2 lakhs, against Rs. 28 lakhs in the revised estimates of 1965-66; revenue receipts were estimated at Rs. 24.13 crores, and revenue expenditure at Rs. 24.11 crores. It was proposed to issue debentures amounting to Rs. 6.50 crores, mainly for the purpose of making a payment of contribution to General Revenues amounting to Rs. 6.25 crores. The amount of Rs. 6.25 crores was inclusive of Rs. 3.04 crores for an arrears contribution for the year 1965-66. Thus, after payment of the contribution to General Revenues, the revenue account was expected to close with a surplus of Rs.27 lakhs, which was proposed to be transferred to the Railway Reserve Fund to meet the deficit for 1964-65.

Total revenue receipts as per budget estimate were Rs. 24.13 crores, against Rs. 23.07 crores in the revised estimates for 1965-66, an increase of Rs. 1.06 crore attributable to an expected increase of 2% in passenger traffic and of 5% in goods traffic.

The budget estimates of revenue expenditure for 1966-67 stood at Rs. 24.11 crores, an increase of Rs. 1.32 crore over the revised estimates of Rs. 22.79 crores for 1965-66. The increase was mainly because of rising fuel costs and increased prices of imported stores.

Development Programme

During the Third Five-Year Plan, Rs. 94 crores were allocated to the Pakistan Eastern Railway for development purposes. Of this sum, Rs. 34 crores were for completing new schemes undertaken during the last two years of the Second Plan and the balance of Rs. 60 crores for the new schemes of the Third Plan. The annual distribution of the proposed development expenditure during the Third Plan is Rs. 10.06 crores for 1965-66, Rs. 13 crores for 1966-67, Rs. 23.16 crores for 1967-68, Rs. 26.58 crores for 1968-69 and Rs. 21.20 crores for 1969-70.

The budget estimates for 1966-67 provided for development expenditure of Rs. 13 crores, Rs. 2.94 crores more than the revised estimates of Rs. 10.06 crores for 1965-66. Of this, Rs. 9.76 crores were earmarked for on-going schemes and Rs. 3.24 crores for the new schemes of the Third Plan. The external cost of the Development Programme was placed at Rs. 5.98 crores and the internal cost at Rs. 7.02 crores.

The provision of Rs. 13 crores included Rs. 31 lakhs earmarked for passenger amenity works like electrification of stations, providing platform sheds, raised platforms, electric water-coolers, waiting rooms and halls and sanitary latrines etc.

Under Staff Welfare, the construction of 710 units of new staff quarters and the replacement of 200 units of thatched quarters at places other than Chittagong have already been completed. A new 40 bed hospital is being built at Paksey and there has been improvement and expansion of other facilities including hospitals, institutes and recreational arrangements. 300 units of kutcha quarters were to be replaced by pucca ones during 1966-67.

Pakistan Western Railway Budget

The Pakistan Western Railway Budget for 1966-67 envisaged a gross profit of Rs. 7.90 crores, revenue receipts being estimated at Rs. 63.01 crores and revenue expenditure at Rs. 55.11 crores. After providing for payment of a return at 4% to the Central and Provincial Governments in respect of their capital investments in the Railway made up to 30th June, 1965 and at 5% to the Provincial Government in respect of its capital investments made after 1st July, 1965, which would amount to Rs. 5.88 crores, the net profit or surplus stood at Rs. 2.02 crores. It was proposed to divert the entire surplus to the Depreciation Reserve Fund in order to strengthen that Fund.

Passenger fares and freight rates on public traffic were increased by 5% with effect from 1st July, 1966. The increased rates would not apply to military traffic chargeable at contract rates. As a result of this increase, additional earnings of about Rs. 2.5 crores were anticipated for the fiscal year 1966-67.

The development programme for the year 1966-67 would be Rs. 26.61 crores, while the revised estimates for 1965-66 were Rs. 22.72 crores under this head.

Budget Estimates 1966-67

The total gross earnings of Pakistan Western Railway during 1966-67 were estimated at Rs. 63 crores, Rs. 3.75 crores more than the revised estimates of Rs. 59.25 crores for 1965-66. These were estimated after taking into consideration the anticipated increase in the traffic offering during 1966-67, estimated to be about 2% and expected to yield additional Rs. 1.27 crore. In addition, the proposed increase of 5% in fares and freight charges on public traffic excluding military traffic chargeable at contract rates, was expected to yield another Rs. 2.5 crores. A new scheme, "Rail-road Collection and Delivery Services at Lahore and Karachi", was being introduced with effect from 1966-67. Under this scheme, door-to-door collection of goods consignment will be made from the premises of the consigners and the consignments will be delivered at the premises of the consignees. This scheme also envisaged carriage of goods traffic in smalls by Railway's owned and operated road-trucks originating from or terminating at road-side stations within a radius of about 50 miles of Lahore and Karachi. This scheme was expected to give additional earnings to the extent of Rs. 15.81 lakhs which had been included in the estimates of revenue receipts for 1966-67.

Revenue expenditure for 1966-67 was estimated at Rs. 55.11 crores, Rs. 2.62 crores more than the revised estimates of Rs. 52.49 crores for 1965-66.

This increase was mainly due to higher working expenses as a result of greater expenditure on repairs and maintenance of railway wasting assets and on fuel because of the imposition of enhanced duties on fuel oil and increased operations. There was also to be some additional expenditure on account of new surveys to be carried out and on the scheme of 'Modernisation of Accounting System'.

Development Programme

The new schemes of the Pakistan Western Railway initially included in the

Third Five-Year Plan were estimated to cost Rs. 218.05 crores, including carry-over from the Second Plan. An additional project, the Kashmor-Dera Ghazi Khan Rail Link, costing Rs. 10.32 crores, has been added to the Plan. Further, because of the upward revision of the cost of certain major projects, such as the introduction of electric traction on the Lahore-Khanewal Section, marshalling yard at Samasata, the Islamabad Spur and shortfall in the estimated expenditure for the Second Plan to the extent of Rs. 3.30 crores, the total cost of schemes as finally included in the Third Plan is Rs. 235.11 crores, which includes a carry-over of Rs. 47.78 crores from the Second Plan. Against this, the tentative allocation made to the railway for expenditure during the Third Plan is only Rs. 137 crores, including a foreign exchange component of Rs. 75.67 crores. This allocation is not adequate to ensure that the Railway fulfils the obligations that the development envisaged in the Third Five-Year Plan will impose on it. According to the latest estimate, the Railway's Third Plan Programme will cost about Rs. 148.64 crores. During 1965-66, the first year of the Third Plan, the expenditure was Rs. 22.72 crores. An outlay of Rs. 26.61 crores had been provided for 1966-67, and the balance of Rs. 99.31 crores will be spread over the remaining three years of the Third Plan.

At Rs. 26.61 crores, development expenditure for 1966-67 was up by Rs. 3.89 crores when compared with the revised estimates of Rs. 22.72 crores for 1965-66. The external cost of the expenditure was estimated at Rs. 12.45 crores, and the internal cost at Rs. 14.16 crores.

The programme consists of new construction and open line works. The latter includes rolling stock, plant and machinery, rehabilitation and expansion of workshops, bridge works, track renewals and engineering and structural works.

Of the total provision of Rs. 5.50 crores under "New Constructions", an outlay of Rs. 3.30 crores would be for 'on-going' projects, of (i) Karachi Circular Railway, Phase I and II, (ii) Kot Adu-Dera Ghazi Khan Railway and (iii) Hyderabad-Mirpur Khas Railway conversion from metre-gauge to broad-gauge. The remaining outlay of Rs. 2.20 crores will be for new schemes of (i) Amruka-Wasawe-Wala Rail Link, (ii) Islamabad Spur; and (iii) Kashmor-Dera Ghazi Khan Rail Link.

The first scheme (Karachi Circular Railway) was included in the 1965-66 budget, but could not be taken in hand because of the Emergency. The last-named scheme which is a non-Plan work, is the second phase of the Kashmor-Kot Adu Railway project. This railway, when completed, will not only provide an alternate route to the northern areas from Karachi on the other side of the river Indus but will also contribute to the economic development of the relatively backward areas in the trans-Indus region.

On rolling-stock, the expenditure would be Rs. 8.90 crores, i.e. Rs. 8.87 crores for 'on-going' schemes and Rs. 3 lakhs for new schemes.

On other Open Line works (i.e., other than rolling-stock), the expenditure in respect of 'on-going' schemes and on new schemes would be Rs. 12.21 crores.

CHAPTER XII

PLANNING

The Third Five-Year Plan represents a crucial stage in the development of Pakistan. It has to consolidate and carry forward the achievements of the earlier Plans, make up for their shortfalls and prepare the ground for a self-reliant economy to be attained by the end of the Plan. The tasks set out in the Plan are within the capacity and aspirations of the nation. Every effort has to be made to see that they are fully achieved and wherever possible, improved upon in the course of the five years of the Third Plan.

Pakistan's Third Five-Year Plan, as originally approved by the National Economic Council in May 1965, involves a total expenditure of Rs. 5,200 crores. It envisages an expenditure of Rs. 3,000 crores in the public sector and Rs. 2,200 crores in the private sector. It aims at increasing the Gross National product by 37, % creating 55 lakh additional job opportunities, reducing inter-regional disparities and leading the economy in the direction of self-sustaining growth.

The Plan visualises that, of the public sector programme of Rs. 3,000 crores, Rs. 1,600 crores would be spent in East Pakistan and Rs. 1,400 crores in West Pakistan. The total expenditure of Rs. 2,200 crores in the private sector would be shared equally between the two Provinces. A detailed discussion of the Third Plan, its size, objectives and targets is contained in the 'Pakistan Economic Survey 1965-66'.

Revised Phasing of the Plan

The following factors necessitated a diversion, not only of material resources towards defence efforts, but also the attention of the executing agencies:

Natural factors: There were serious and exceptional droughts in West Pakistan for two consecutive years and repeated calamities in East Pakistan, such as floods, tidal bores and cyclones, and the outbreak of hostilities with India in September, 1965.

Foreign aid interruption: The Aid-to-Pakistan Consortium meeting was postponed in July 1965. The bilateral pledges during the year 1965-66 totalled $ 250 million against Pakistan's requirements of $500 million endorsed by the Consortium earlier. In 1966-67, the Consortium first met in July to consider Pakistan's request for assistance for the Second Year of the Plan. The pledging session was held in November 1966. The actual flow of assistance during the Second year of the Plan was, therefore, also delayed.

The re-phasing of annual outlay during the remaining period of the Plan and the revised sectoral priorities and allocations are directed to the object of maintaining the size, basic objectives and main targets of the Plan.

The annual rephasing of the Plan was necessitated primarily because of the shortfall in public sector in the first year of the Plan from Rs. 470 crores to Rs. 342 crores

(Rs. 320 crores of implementation). This shortfall would be made up through higher acceleration in rate of development expenditure which now has been revised to a new appreciable but attainable level of 14% as against the original annual projection of 11% per annum.

The re-phasing and inter-sectoral readjustments announced in March 1967 reflect a new strategy for achieving the planned GNP growth rate of 6.5% with lower investment. This is to be achieved through (a) greater concentration on agriculture, selective expansion of agriculture-based industries and provision of more incentives to the farmer; (b) fuller utilisation of installed capacity and subsequent consolidation of the existing units and (c) improvement in the capital-output ratio by postponing projects with long gestation periods. The highest priority is to be given to attain self-sufficiency in food during the Plan period.

The original and the revised phasing of the Third Plan by public and private sectors is given in Table 95 :

Table 95

REVISED PHASING OF THE THIRD PLAN

(In crore rupees)

Year	Government Financed Sector		Private Sector		Total	
	Original phasing	*Revised phasing*	*Original phasing*	*Revised phasing*	*Original phasing*	*Revised phasing*
1964-65	4,25	3,97	3,18	3,39	7,43	7,36
1965-66	4,70	3,42	3,70	3,70	8,40	7,12
1966-67	5,30	5,00	4,05	4,00	9,35	9,00
1967-68	6,00	6,00	4,35	4,30	10,35	10,30
1968-69	6,70	7,10	4,70	4,80	11,40	11,90
1969-70	7,30	8,48	5,20	5,20	12,50	13,68
1965-70	30,00	30,00	22,00	22,00	52,00	52,00
Annual Compound growth rate (1964-65 to 1969-70)	11.4	16.2	10.4	11.6	11.0	14.2

The proposed annual acceleration of development expenditure will be much higher than that proposed in the original Plan (14.2 % as against 11.0 %). This rate appears feasible in the light of the experience of the Second Plan, when development expenditure increased at an annual rate of 18 %. The rate of acceleration in public expenditure in East Pakistan, however, will have to be higher than that of West Pakistan (20.2 % as against 15.3 %). Recent expe-

rience shows that East Pakistan will be able to manage this if continuous and determined efforts are made to improve its absorptive capacity by streamlining its administration and improving the efficiency of the executing agencies. Actual implementation in both the provinces will, however, be determined in the final analysis by the availability of resources.

New Strategy

In re-phasing the Third Plan, the industrial sector has absorbed a substantial part of the reduction in public sector outlays, as it was possible to transfer a number of projects to the private sector.

The original Plan allocation of Rs. 447 crores has been reduced by 19.5 %. A part of this reduction has been offset by larger allocations in the private sector.

The ratio between public and private investment in industry, estimated in the original Plan at 35:65, will shift further in favour of the private sector.

The new strategy aims at the consolidation of existing units based on fuller utilisation of installed capacity, coupled with selective expansion in the export-oriented and agriculture-based industries. The projects with long gestation periods in the industrial as well as in other sectors would be given a lower priority.

In the fuel and minerals sectors, the original allocation of Rs. 69 crores has been reduced to Rs. 59 crores, increasing the participation of private sector in prospecting of oil and gas.

Allocation for the transport and communications sector has been increased by 2.4 %.

In the physical planning and housing sector, the original plan allocation of Rs. 302.5 crores has been reduced by 18.2 % to Rs. 247.7 crores. Substantial economies were secured in this sector by activating the private sector. For example, in the case of the House Building Finance Corporation, the total programme of Rs. 8.4 crores has been shifted to the private sector.

In the education and training sector, greater emphasis has been laid on programmes which aim at improving the quality of higher education, and teaching of scientific subjects at secondary, college and university level. The provision of hostel and recreational facilities at schools and colleges has received priority. The largest reduction is in the sub-sector of primary education, the major portion being in the allocation for West Pakistan. However, the physical targets in the sub-sector have been protected, because the Provincial Government feel that the effect of reductions in allocation can be compltely covered by policies such as double shifts in schools, the use of mosques as feeder schools, and requiring commercial houses and industrial concerns of a certain size to provide facilities for the schooling of their employees' children.

Revised Estimate of Resources

The Third Five-Year Plan had estimated that the total Plan outlay of Rs. 5,200 crores would be financed to the extent of Rs. 1,600 crores or 32 % by foreign assistance and 68 % by domestic resources. The estimate of domestic resources for the public sector programme of Rs. 3,000 crores was Rs. 1,650 crores or 55%.

The Plan period began with some uncertainty regarding the level and timing of foreign economic assistance. The availability of fresh pledges in the first two years of the Plan from Consortium sources was about 40 % less than expected in the Plan, but part of the shortfall was made up by larger assistance from non-Consortium sources. If the level of assistance in the next three years is restored to that originally anticipated, total pledges during the Plan period would be almost equal to the original projections, although actual disbursements may be about Rs. 100 crores less than those estimated in the Plan because of the reduction in commitments in the first two years of the Plan. The country's export prospects are, however, more favourable than originally expected. Larger exports will provide some cushion against any shortfalls in the availability of foreign assistance. Even during the Second Plan period, the unexpected shortfall in foreign assistance was made up by larger export earnings.

The domestic resource position was adversely affected by reduced inflow of foreign assistance in the first year of the Plan and the less than projected growth rate attained during first two years. There was also an unaviodable increase in defence expenditure in the first year of the Third Plan. At the same time, various fiscal measures were introduced to mobilize larger domestic resources in the public sector, through additional taxation, economies in non-development expenditure and various other saving schemes. These measures are likely to raise about Rs. 400 crores of additional resources over and above the Plan projections. The expected realizations from additional taxation imposed in the first two years is expected to yield over Rs. 600 crores compared to the Plan target of Rs. 300 crores. Another Rs. 100 crores are expected from defence bonds, defence fund and economies in non-development expenditure.

A revised estimate of internal resources compared to the original Plan projection is presented in Table 96 on page 183.

The revenue surplus of the Government was seriously affected by enhanced non-development outlay on defence and a less than projected increase in revenue receipts on account of lower availability of foreign assistance, but the effect of these factors was almost offset by the sizable tax effort made during the first two years of the Plan and economies in the Government's non-development expenditure. As a result, the revenue surplus of the Government would decline from Rs. 1,160 crores originally projected in the Plan to Rs. 931.5 crores. This decline in revenue surplus will be made up by additional resources as shown in Table 96.

The distribution of the revenue surplus between the Central and the Provincial Governments would, however, alter significantly. While the Central Government

Table 96

REVISED ESTIMATE OF INTERNAL RESOURCES FOR THE THIRD PLAN

(In crore rupees)

	Plan Estimates	*Revised Projections*
Surplus on Revenue Account		
Centre	793.0	583.0
East Pakistan	38.0	121.5
West Pakistan	29.0	137.0
Additional Taxation	300.0	*
Possible additional Taxation in the remaining 3 years of the Plan ..	—	90.0
Total ..	1,160·0	931.5
Net Capital Receipts		
Centre	55.0	126.5
East Pakistan	58·0	68.0
West Pakistan	127.0	124.0
Total ..	240.0	318.5
Deficit Financing	150.0	300.0*
Possible Additional Resources	100.0	100.0
Total Domestic Resources ..	1,650.0	1,650.0

* The revised estimate of revenue surplus includes likely realisation from additional taxation imposed in 1965-66 and 1966-67.

** This includes Rs. 170 crores of deficit financing already incurred in the first two year of the Plan.

would bear the entire burden of additional defence expenditure, the provinces would in part benefit from the additional taxation imposed by the Centre.

Additional taxation during the Third Plan was originally estimated at Rs. 300 crores. A much larger tax effort has already been made, and is responsible for offsetting the decline in the revenue surplus. It can be reasonably expected that the process of normal adjustments and rationalisation in taxation structure may yield an additional Rs. 90 crores in the remaining three years.

Net capital receipts are expected to show some improvement, mainly on account of the elimination of the subsidy on foodgrains.

The Plan had originally visualized a gap in resources of Rs. 250 crores, of which Rs. 150 crores was expected to be filled by deficit financing depending upon the prevailing monetary situation. On the basis of the revised projections of resources presented above, the gap in the domestic resources required for the public sector programme is Rs. 400 crores. During the first two years, deficit financing is estimated at Rs. 170 crores. It is expected that 'Government paper' to meet the normal legal requirements of the banking system to the extent of Rs. 130 crores will have to be created in the remaining three years. This leaves a resource gap of Rs. 100 crores which appears to be within the manageable range. The crucial element will be the growth rate in the economy, particularly in agriculture. If the agricultural growth rates visualised in the food self-sufficiency programme are achieved, the generation of domestic resources in line with the above estimates, or even in excess of them, should not be difficult. However, the desire to fulfil investment targets will not be allowed to supersede the paramount need for monetary and price stability.

Revised Sectoral Allocations

The revised sectoral allocations compared to the original Plan allocations are shown in Table 97.

Table 97

ORIGINAL AND REVISED ALLOCATIONS IN THE PUBLIC SECTOR

(In crore rupees)

Sector	*Original plan allocation May, 1965*	*Revised allocation Dec. 1966*
Agriculture	467.0	411.5
Water and Power	840.0	804.7
Industry, Fuels and Minerals	516.0	410.05
Transport and Communications	646.0	671.1
Physical Palnning and Housing	302·5	247.7
Education and Training	273.0	237.4
Health	133.0	117.5
Social Welfare	12.5	9.0
Manpower	10.0	8.6
Works Programme	250.0	182.0
Total	3,450.0	3,100.0
Expected shortfall	450.0	100.0
Total (net) ..	3,000.0	3,000.0

These inter-sector adjustments are based on the revised order of priorities and the new strategy outlined above and do not imply any significant change in the Plan's physical targets. In some cases, these targets may be exceeded by more efficient implementation and fuller utilisation of existing facilities. The revisions will also improve the internal consistency of sectoral programmes.

The public sector expenditure in agriculture is mainly of a promotional nature, such as subsidies on fertilizer and the use of agricultural machinery. The growing popularity of chemical fertilizer in rural areas made it possible for the Government to reduce the rate of subsidy in West Pakistan and transfer greater responsibility for this programme to the private sector. This has resulted in a substantial saving in public sector allocation and permitted the formulation of a much larger fertilizer distribution programme in the revised Third Plan at a lower cost. It has thus been possible to aim at higher physical targets in agriculture with reduced Government expenditure.

The revised Plan allocation for agriculture has made full provision for all worthwhile schemes in this important sector. It also includes a block provision of Rs. 37 crores for schemes which may subsequently be conceived and formulated for implementation during the Third Plan period. If this block provision proves inadequate, a decision has already been taken that executing agencies may request an increase in allocation for agriculture through inter-sectoral adjustments. Thus, the limitation of financial allocation would not be a constraint upon the development of agriculture during the Third Plan.

Any plan for increased production requires a carefully adjusted balance between productive sectors and infra-structure. It is the orientation of the infra-structure programme which finally determines the orientation of the Plan as a whole. In the revised Plan priorities, while direct public sector allocation to agriculture has come down, larger allocations have been made to the power and transport sectors. The allocation for the water sector has also been substantially maintained. The direct relationship between the water programme and the development of agriculture is obvious. At the present stage of development, the power programme has an equally crucial bearing on the operation of power pumps for irrigation. Improved transport facilities to supply the farmer with imported agricultural inputs and for marketing his agricultural produce are equally necessary for the growth of the agriculture sector. In the revised industrial programme, there is significant emphasis on industries geared to the requirements of the agriculture sector. The Plan as now revised fully reflects the Government policy of accelerating agricultural production and attempts to attain self-sufficiency in food by the end of the Plan period.

The operational size of the public sector programme has been reduced from Rs. 3,450 crores to Rs. 3,100 crores. The net size of the programme, however, remains Rs.3,000 crores. The Annual Development Programme would continue to be used as a flexible instrument for the implementation of the public sector programme. The size of the ADP would be determined from year to year in the light of a detailed review of resources and the general economic situation.

Revised Regional Allocations

An important objective of the Third Plan is to accelerate the tempo of development in East Pakistan, and to move further towards the objective of the elimination of regional disparities in per capita incomes. The Plan suggested that, of Rs. 3,000 crores development outlay by the Government, Rs. 1,600 crores should be spent in East Pakistan, giving that Wing an edge of Rs. 200 crores. This edge in favour of East Pakistan has been retained and slightly increased in the revised allocations. In the revised operational programme of Rs. 3,100 crores, Rs. 1,660 crores has been allocated to East Pakistan and Rs. 1,440 crores to West Pakistan. East Pakistan's share is thus 53.5%, of the total.

The Government of East Pakistan would be directly responsible for carrying out a development programme of Rs. 1,439 crores, against Rs. 1,200 crores for the Government of West Pakistan. The Central Government's expenditure of Rs. 461 crores would be almost equally divided between the two Provinces, Rs. 221 crores in East Pakistan and Rs.240 crores in West Pakistan. The national allocation of Central expenditure between the two Provinces is guided by the following principles:

(a) All activities whose benefits are shared by all citizens and areas of Pakistan and cannot be attributed to one province or another on any equitable basis, will be divided on a 50:50 basis between the two Provinces.
(b) All other expenditure incurred on any Central project will be considered to have been made in the Province where that project is physically located.
(c) All expenditure on Azad Kashmir and the Northern Areas will be allocated to West Pakistan.

Private Sector

In the Revised Plan allocations, an attempt has been made to shift to the private sector part of the responsibility assigned earlier to the public sector. Information that has more recently become available regarding the performance of the private sector towards the end of the Second Plan period under the impetus of liberal economic policies has opened up possibilities of widening the scope of operations of the private sector. This has been fully kept in view in carrying out the revisions.

In the industries sector, a number of projects for which investment demand has developed in the private sector have been transferred from the public sector. In agriculture, reduction in public sector allocation on fertilizer subsidy implies a much larger increase in private sector allocations for this item. The tubewell irrigation programme in West Pakistan would also be largely financed by the private sector. These factors cannot be quantified at this stage with any degree of accuracy to show corresponding increases in private sector outlays. However, given the improvement which is already under way in the availability of key inputs, private sector investment can achieve a very high rate of acceleration in the remaining three years of the Plan.

Brief notes explaining the salient changes in the allocations and priorities for different sectors are given in the following paragraphs.

Agriculture

The original Plan provision of Rs. 467 crores for the agriculture sector has been reduced to Rs. 411.5 crores. This reduction is almost entirely in the allocation for West Pakistan, which has been reduced from Rs. 219 crores to Rs. 162.2 crores, and is largely accounted for by a reduction in the subsidy on fertilizer, plant protection and mechanisation. There is thus no reduction in the size of these programmes, but part of the financial burden has been shifted to the private sector. Various low-priority schemes, not affecting production targets in the short-run, have been eliminated, mainly in the forestry, fisheries and animal husbandry sub-sectors. Some projects have been transferred to the private sector. The allocation for East Pakistan has been increased from Rs. 209 crores to Rs. 212.1 crores and that of the Centre reduced slightly from Rs. 39.0 crores to Rs. 37.2 crores.

One of the original objectives of the Plan was to move towards self-sufficiency in food to the extent compatible with other needs of the economy. The revised priorities, however, have been drawn up in the light of the food shortage in the country and the growing uncertainty and difficult terms for procuring foodgrains under the PL-480 programme. Top priority will henceforth be given to achieving self-sufficiency in foodgrains production and programmes having direct bearing on foodgrains production will receive a high priority. Such programmes include the enhanced use of fertilizers, improved seed, irrigation water and improved implements. Distribution of inputs, particularly of fertilizers and improved seeds of wheat, maize and rice are to be streamlined and improved and credit and marketing facilities strengthened.

A block allocation of Rs. 37 crores has been included in the agriculture sector for additional projects and programmes, particularly those for achieving self-sufficiency in food. Government has also decided that, if additional funds over and above the Plan allocations are required for programmes designed to increased production they would be provided through inter-sectoral adjustments.

Water and Power

There is a small reduction of 4.2% in the allocations of this sector, the original gross allocation of Rs. 840 crores having been reduced to Rs. 804.7 crores The allocation for Power has been increased by Rs. 39.8 crores whereas that for water and miscellaneous items has been decreased by Rs. 75.1 crores. These changes in the allocation have not, however, affected the overall physical targets.

The overall physical targets in the power sub-sector remain unchanged. The composition of the power-generation will, however, change with conventional power claiming a greater share as compared to nuclear power, because of the delay in securing external finance for the Rooppur Plant in East Pakistan.

In the water sub-sector, the East Pakistan programme has been made more selective, emphasis being placed on the early completion and operation of all on-going projects and initiating work mostly on such new projects as are likely to be complet

ed within the Third Plan period. Allocation for flood control schemes has been doubled. In West Pakistan, similar priority will be accorded to the completion of on-going projects. Economies in expenditure are expected because of increasing reliance on local materials and expertise.

Industry

In this sector, the original Plan allocation of Rs. 447 crores has been reduced to Rs. 351.3 crores, the overall reduction being 19.5%. Simultaneously, however, allocations in the private sector for the sub-sectors affected by the reduction in the public sector allocations will be increased to some extent, although some investments with long gestation periods and high capital coefficient will be postponed or re-phased.

The ratio of public and private investment in industry will change as follows:

Table 98

RATIO OF PUBLIC AND PRIVATE INVESTMENTS IN INDUSTRY

(In core rupees)

	Original	*Revised*
Public	447(35%)	351.3(27%)
Private	830(65%)	925.7(73%)

Physical targets will, therefore, be protected for each of the principal industries. The Comprehensive Industrial Investment Schedule, the main instrument for implementing the Plan in the private sector, will be modified accordingly.

In the revised programme for this sector, while the basic strategy and policy remain unaltered, greater reliance has now been placed on the private sector for the achievement of Plan targets. The new strategy is to aim at consolidation of existing units based on fuller utilisation of installed capacity coupled with a selective expansion in the export-oriented and agriculture-based industries.

Fuels And Minerals

In this sub-sector, the original Plan allocation of Rs. 69 crores was reduced to Rs. 59 crores. The cuts have been selective and no reduction in physical targets is anticipated. The private sector is expected to step into the gaps created by the withdrawal of the public sector, especially in oil and gas prospecting. The allocation for geological survey has been raised.

Transport and Communications

The allocation for this sector has been increased by 2.4% to Rs. 671 crores

from the original Plan allocation of Rs. 655 crores. This does not include any provision for purely strategic roads, which may be accommodated in the annual non-development budgets to the extent possible.

The need for a larger allocation to this sector was highlighted by the recent Emergency. The overall strategy remains largely unchanged. An attempt has been made to readjust intra-sectoral priorities. The allocations for broadcasting, tourism and shipping remain unaltered. The allocations for post offices, ports, inland water transport, roads and road transport have been reduced. The telecommunication programme now covers additional communication lines between East and West Pakistan. Increased allocation has been given to television, telecommunication, civil aviation and railways programme.

Physical Planning and Housing

The original plan allocation of Rs. 302.5 crores for the Physical Planning and Housing Sector has been reduced by 18.2% to Rs. 247.7 crores. In carrying out reductions every effort has been made to protect the most important policies objectives and targets of the programme and curtail only those schemes which were either not well-conceived and formulated, or where the expenditure involved could be phased out into the next Plan period or postponed to a later date. In certain cases the situation appeared more conducive to curtailment. For example, in the case of large water supply, sewerage and drainage projects in East Pakistan, revised and improved phasing and designing were secured by adopting policies for activating the private sector, for example, in the case of the House-Building Finance Corporation the total programme of Rs. 8.4 crores has been shifted to the private sector. Other programmes (public housing, basic development and public servants housing) were decelerated to certain essential minima. The end-result of these selective decreases and in some sub-sectors, increases, has been that some of the physical targets have been modified but the essential targets and programmes have, by and large, been kept intact.

Education And Training

The original Plan allocation of Rs. 273 crores for the education sector has been reduced to Rs. 237.4 crores. This reduction does not visualise any significant departure from the original Plan. The revision, in fact, lays greater emphasis on some of the more important aspects of the Plan, in which programmes for the quality of higher education, particularly at the degree level, teaching of scientific subjects at school and colleges, have received priority. The recommendations of the Commission on Students Problems and Welfare were taken into account in the revision of the programme for this sector.

The largest reduction is in the sub-sector of primary education, the major portion being in the allocation for West Pakistan. The physical targets in the sub-sector have been protected, however, because the Provincial Governments feel that the effect of the reduction in allocation can be completely covered by policies like double shifts in schools, the use of the mosques as feeder-schools, and requiring commercial and

industrial houses of a certain size to provide facilities for the schooling of their employee's children.

The physical targets of secondary education have been somewhat reduced. The allocation for technical education remains, more or less, unchanged. Requirements of special areas like the Frontier Regions and Azad Kashmir and Northern Areas have been protected.

Health

The original Plan allocation of Rs. 133 crores for health has been reduced by 11.7% to Rs. 117.5 crores. The revised allocations are designed to meet the full requirements of the Family Planning Programme, whose allocation has been enhanced. The largest reduction has been in the Malaria Eradication Programme. However, its allocation has been reduced in such a way that there will be no dislocation in its schedule of implementation. Other targets also remain unaffected.

Social Welfare

The original Plan allocation of Rs. 12.5 crores has been reduced to Rs. 9 crores. Minor reduction in targets have been made to accommodate these cuts.

Manpower Training and Labour

The reduction from Rs. 10 crores to Rs. 8.6 crores envisages some reduction in targets. The on-going approved schemes and the more important objectives of this sector have, however, been protected.

Rural Works Programmes

The provision for the Rural Works Programme has been reduced from Rs. 250 crores to Rs. 182 crores. This is due mainly to a shortfall in the size of the programme in the first two years of the Plan. Now that grants are not likely to be available for the entire programme, efforts will be made to devise a more directly productive programme by undertaking selective activities and by concentrating on certain fields in which local initiative and ingenuity is more readily forthcoming. Small local projects which aim at increasing agricultural production will be given priority.

Annual Development Programme 1966-67

A development programme of Rs.513.7 crores for 1966-67 was approved by the National Economic Council in June 1966. Of the total public sector allocations Rs. 230 crores were allocated for East Pakistan, Rs. 190 crores for West Pakistan, and Rs.93.7 crores for Centre. The larger allocation for East Pakistan was considered necessary in order to attain the level of investment suggested in the Third Plan. The size of the programme demonstrates the determined effort being made for the realization of the Plan objectives and the maintenance of the momentum of growth already built in the economy. The sectoral classification of the Development Programme compared to Plan allocations is given in Table 99 on page 191

Table 99

SECTORAL CLASSIFICATION OF THE 1966-67 ADP, 1965-66 ADP AND THE PLAN ALLOCATION

(In crore rupees)

Sector	*Third Plan Original Allocation*	*Revised Allocation*	1965-66 (*Revised ADP*)	1966-67 (*ADP*)
Agriculture	467.0	411.5	46.5	55.7
Water and Power	840.0	804.7	101.3	146.5
Industry	447.0	351.3	47.6	77.7
Fuels and Minerals	69.0	59.2		
Transport and Communications	646.0	671.1	69.4	120.7
Physical Planning and Housing	302.5	247.7	27.2	42.3
Education and Training	273.0	237.4	17.9	26.6
Health	133.0	117.6	13.1	15.7
Social Welfare	12.5	9.0	0.7	1.1
Manpower	10.0	8.6	0.5	1.3
Works Programme	250.0	182.0	20.3	25.4
Block Provision	—	—	1.5	2.0
Total	3,450.0	3,100.0	346.0	515.0
Less (shortfall)	450.0	100.0	26.0	1.3
Total	3,000.0	3,000.0	320.0	513.7

Review of the First Year of the Third Plan

The Third Five-Year Plan (1965-70) started with the year 1965-66. During this year, Pakistan's economy faced a special challenge which was diverse in its effects. The very start of the year was beset with a reduced inflow of foreign economic assistance as a result of the postponement of the pledging session of the Aid-to-Pakistan Consortium in July 1965. This was followed by the outbreak of hostilities with India in September 1965 and consequent increase in the burden of defence expenditure. Prolonged drought in most areas of West Pakistan, coupled with reduced availability of canal water because of low precipitation during the earlier season, resulted in a decrease in the area under the main crops and delayed the sowings, which adversely affected overall production and yield per acre, especially of wheat. These unforeseen and unfavourable developments coming in rapid succession subjected the economy

to heavy stresses and strains. However, in spite of these handicaps, the progress of economic development was maintained during the year under review as is apparent from the various sectors of the economy dealt with in earlier chapters of the survey.

Financial Cost

During 1965-66, the total cost of development in the Government-financed sector amounted to Rs. 320.3 crores, as against Rs. 342.2 crores allocated for the year. This expenditure worked out at 94% of the financial allocation for the year and 9.1% of the revised Plan allocation of Rs. 3,100 crores (gross) in the Government-financed sector. In terms of financial implementation, the Physical Planning and Housing, Transport and Communications, sectors exceeded the allocations. In Water and Power, Education and Training, and Health sectors, financial implementation ranged between 83% and 94%. In the Agriculture and Manufacturing and Mining the level of performance ranged between 76% and 79%

Of the total development expenditure of Rs. 320.3 crores, the share of various sectors falling under the Production Programme (Agriculture, Manufacturing and Mining and Works Programme) amounted to Rs 93.2 crores, of the sectors falling under the Physical Infra-structure Programme (Water and Power, Transport and Communications and Physical Planning and Housing) to Rs. 199.5 crores and of the sectors falling under the Social Infra-structure Programme (Education and Training, Health, Family Planning, Social Welfare Services, and Manpower and Employment) to Rs. 27.6 crores.

The distribution of the development expenditure of Rs. 320.3 crores by executing agencies was 39.3% in East Pakistan, 43.9% in West Pakistan, and 16.8% under the Central Government Programme. After the inclusion of the Central Government development expenditure in both Provinces, the total expenditure amounted to Rs. 142.1 crores (44%) in East Pakistan and to Rs. 178.2 crores (56%) in West Pakistan. Compared to the share of East Pakistan in the development expenditure in the Government financed sector under the Second Plan, there was an improvement of about 2% during the first year of the Third Plan.

This acceleration in East Pakistan's development effort lends support to the expectation that the development effort in that Wing would get momentum to outstrip West Pakistan's development expenditure by the end of the Plan period.

In the privately-financed sector, an amount of Rs. 370 crores was provided for 1965-66 against which an estimated amount of Rs. 333 crores has been incurred. Considering the Second Plan performance in this sector, it is hoped that the investment target would be fully achieved by the end of the Plan period.

CHAPTER XIII

FOREIGN ECONOMIC ASSISTANCE

The Third Five-Year Plan envisaged a total expenditure of Rs.5,200 crores (nearly $10,920 million). The Plan assumed that the country could mobilize Rs. 3,500 crores ($7,350 million) of domestic resources for its development effort by imposing the same degree of austerity as in the Second Plan and by reinvesting nearly one-fourth of additional income generated by the Third Plan. The balance of Rs. 1,700 crores ($3,571 million) was likely to be obtained as external assistance in the form of project and non-project loans, technical assistance, foreign private investment and rupee releases out of counterpart funds. Of this, Rs. 1,285 crores ($2,700 million) was expected through the Aid-Pakistan Consortium.

During the first two years of the Plan, however, the Constortium assistance was considerably lower than the Plan projections as will be seen from Table 100

Table 100

PLEDGES, COMMITMENTS AND DISBURSEMENTS OF CONSORTIUM ASSISTANCE DURING 1965-66 AND 1966-67.

($ million)

	Plan Projections	*Revised Estimates*
1965-66		
Pledges	500	252
Commitments	500	315
Disbursements	510	316
1966-67 (Estimates)		
Pledges	525*	401
Commitments	525	458
Disbursements	545	422

*In view of the shortfall in the first year, fresh pledges of $580 millions were sought from the Consortium for 1966-67.

Pakistan requested for a pledge of $500 million from the Consortium for 1965-66 but due to the postponement of the Consortium meeting and the suspension of US assistance in September 1965, total pledges secured on a bilateral basis from the members of the Consortium did not exceed $252 million—$141 million for projects and $ 111 million as non-project assistance. In view of the lower availability of pledges in 1965-66, Pakistan requested for a fresh pledge of $ 580 million for 1966-67 against $525 million projected in the Plan but the pledges received up to March 31, 1967

through the Consortium add up to only $401 million, of which non-project assistance accounts for $ 236 million. Thus, in the first two years the level of pledges received from the Consortium was 36% lower than anticipated at the time of the preparation of the Plan.

In terms of commitments, the position is somewhat better because of the availability of $ 311 million as uncommitted pledges at the beginning of the Plan period. It is expected that in the first two years of the Plan the amount committed to specific projects and programmes out of Consortium pledges would be $ 315 million and $458 million respectively. This will be about 23% lower than expected initially.

Actual disbursements in the first two years of the Third Plan are estimated at $316 million and $422 million which will be about 30% lower than the level projected in the Plan. The shortfall in non-project assistance in relation to the original Plan projections is more pronounced (32%) than that in project assistance (29%), as shown in Table 101

Table 101

DISBURSEMENTS OF CONSORTIUM ASSISTANCE DURING 1965-66 AND 1966-67

($ million)

	Plan Projection	*Revised Estimates*	*% decrease*
Project Assistance			
1965-66	310	212	31
1966-67	330	240	27
Total: ..	640	452	29
Non-Project Assistance			
1965-66	205	104	48
1966-67	215	182	15
Total:	420	286	32
Total:	1,060	738	30

The balance in the aid pipeline on 30th June, 1965 was $839 million. Of this $731 million—$598 million of project assistance and $133 million of commodity assistance—consisted of undisbursed Consortium assistance. Since the level of additional commitments between July 1965 and June 1967 is expected to be almost equal to the amount likely to be disbursed, the balance in the project assistance may not undergo any significant change. The balance in non-project aid pipeline is likely to increase from $133 million at the beginning of the Third Plan period to $172

million by 30th June 1967 because of bunching of commitments in the second half of 1966-67.

The shortfall of Consortium assistance in the first two years was partly made up by larger credits from non-Consortium sources. Total credits from these sources offered during the first two years of the Third Plan period are estimated at $58 million and $190 million respectively. The impact of these credits on the level of commitments and disbursements is not yet reflected since many of these credits are for large projects with somewhat longer construction periods.

Table 102 on page 196 show the position of availability of economic assistance from Consortium and non-Consortium sources during 1965-66 and 1966-67.

CONSORTIUM SOURCES

A country-wise review of foreign assistance pledged and committed so far by various capital exporting countries and international agencies is presented in the following pages.

BELGIUM

Belgium became a member of Aid-to-Pakistan Club during its meeting held in May, 1963 and pledged $10.0 million for 1963-64. In view of the delay in the utilisation of this amount, Belgium did not pledge any further funds during subsequent years. For 1966-67, it has made available an amount of $0.5 million as non-project assistance as a Government-to-Government loan at 3% repayable over 18 years. Out of the pledges thus far made, $1.14 million has been committed and balance allocated as a general credit to PICIC and IDBP. Negotiations for finalisation of contracts against this credit are continuing.

Except for 1966-67 pledge, the Belgian assistance is in the form of suppliers credit which by its very nature is tied to procurement of cpital equipment from Belgium. The rate of interest is not fixed but is at the rate mutually settled between Pakistan buyers and Belgian suppliers but not above the rate prevailing at the Brussels money market. The credit is repayable in 20 equal semi-annual instalments spread over a period of 10 years after delivery or erection as agreed to between the parties. The total period of repayment will not exceed 12 years after the orders have been placed.

The procedure for the utilisation of the Belgium export credits is that initially the Pakistani importers will contract the Belgian suppliers to finalise the details of the proposed contract including financial terms and submit an application to Nationale de Ducroire asking for insurance cover. The suppliers will also approach "Credit Export", an autonomous body, which is the main source of financing in Belgium. The proposal will then be considered by Ducroire and if approved, concurrence of the recipient Government is sought charging the project against the pledge made for that country at the Consortium. At the same time, Ducroire makes a promise to give insurance cover to the supplier, asks him to obtain permission for funds from Credit

Table 102

AVAILABILITY OF ECONOMIC ASSISTANCE FROM CONSORTIUM AND NON CONSORTIUM SOURCES DURING THE THIRD FIVE-YEAR PLAN.

($ Million)

Countries	*Uncommitted pledges as on* 30-6-1965	*Pledges during Third Plan* 1965-66	1966-67	*Total availability upto March* 31, 1967
Consortium Sources				
Belgium	9.5	—	0.5	10.0
Canada	30.4@	25.4	25.4	81.2
France	17.1	10.0	10.0	37.8
Germany	48.4	40.0	38.8	127.2
Italy	14.7	20.0	30.0	64.7
Japan	—	30.0	30.0	60.0
Netherlands	—	4.8	4.4	9.2
United Kingdom ..	—	22.4	22.4	44.8
USA	86.0	50.0	140.0	276.0
Exim Bank	66.0	—	—	66.0
IBRD/IDA	38.2	49.0	100.0	187.2
Total:- ..	311.0	251.6	401.5	964.1
Non Consortium Sources				
A—Project Aid:				
Australia	—	0.9	—	0.9
China	30.0	—	—	30.0
Czechoslovakia ..	14.0	1.5	28.0	43.5
Denmark ..	—	2.2	—	2.2
Japan (Textile Credit)	10.0	—	—	10.0
New Zealand	—	0.9	—	0.9
Poland	14.0	—	—	14.0
Sweden	—	4.8	—	4.8
Switzerland ..	10.0	—	4.5	14.5
USSR	50.0	—	84.0	134.0
Yogoslavia ..	10.7	40.8	30.0	80.8
Suppliers Credits ..	—	1.0	29.9	30.9
Sub-Total (Project)	138.7	52.1	176.4	367.2
B—Non-Project aid:				
Australia	—	2.2	—	2.2
Canada (Wheat) ..	—	3.7	6.8	10.5
China (Food-Grains)	—	—	6.9	6.9
Sub-total (Non-project)	—	5.9	13.7	19.6
Total: ..	138.7	58.0	190.1	386.8

Note:- A sum of $13.3 million has been pledged by France ($10 million), Italy ($2 million) and Germany ($ 1.1 million) outside the Consortium.
@Includes surrenders and savings which have become available for re-programming to-date from earlier allocations.

Export, finalize the contract and submit it to them. After this has been done, the insurance cover is issued on the basis of which funds are made available by Credit Export.

CANADA

Upto the year 1960-61, Pakistan received the second largest amount of economic assistance from Canada, only next to United States. This aid was provided mostly as grant in the form of project assistance, technical assistance and commodities and averaged about $12 million each year since 1951-52. The allocation of aid up to June 1961 aggregated to $121 million of which $72.71 million was project assistance for implementation of various development projects of the power sector.

After the formation of Aid-to-Pakistan Club, Canada became its member and has, during the Second Plan period, pledged $ 80.6 million of capital assistance. For the first two years of the Third Plan, an amount of $ 50.8 million, exclusive of wheat aid, has been made available by Canada. A substantial portion of Canadian aid has been utilised for the development of water and power sector. Canadian assistance consists of grants, special export credits and special development loans:

Grants: The grants have averaged $ 7 to 8 million per annum and been used for the import of commodities like aluminium, copper, wood pulp and sulpher and for projects and technical assistance. In addition, Canada has been providing wheat grant of $ 3.7 million per annum. During 1966-67, wheat grant has been increased to $ 6.8 million.

Special Export Credits: Under this category, Canada has provided an average of $ 7 million per annum during the last two years. Major porjects being financed under this programme are isolated power generation and distribution schemes in East Pakistan ($ 10.5 million) and partly the Karachi Nuclear Power Station. For the latter project, an agreement for $ 22.8 million was signed on December 29,1965. Allocation for this amount are being provided from each year's Canadian pledge. Canadian funds equivalent to $ 13.3 million have been allocated for this project during the first two years of the Third Plan.

Special Development Loans: These were announced by Canada at the Consortium meeting in July, 1964. During the last two years, the pledge under this category has been $11.1 million per annum. The Karachi Nuclear Power Station is being partly financed under this programme also. A loan agreement for $21.6 million was signed on December 29,1965. As in the case of credits from the Export Credits Insurance Corporation of Canada, funds against this loan are being allocated each year from that year's Canadian pledge. For the first two year of the Third Plan, funds to the extent of $ 14.5 million have been allocated to this project from Canadian Special Development Loan pledges. The other main project being financed from this source is East-West Pakistan 132 KV Inter Connector for which a loan agreement for $ 9.25 million was signed in March, 1967.

FRANCE

The French programme of external assistance to Pakistan started in 1957 in the form of training facilities in engineering and public adiministration. Before the Second Plan period, France provided external finance through a suppliers credit for

$ 11.5 million for the Multan Fertilizer Factory. During the Second Plan period, a sum of $ 45 million was pledged by France for the years 1961-65. During 1965-66, France pledged $ 10 million on a bilateral basis and another $ 10 million during 1966-67, including non-project assistance of $5.0 million. In addition, France has pledged $10 million outside the Consortium.

Out of the toal pledges of $75 million made by France, $ 54 million has been contracted for various projects . About 60% of export credits thus far committed is being utilized by the inudstries sector and balance for the purchase of gas-turbine sets for different power projects. The uncommitted pledges are under negotiation for various projects, such as jute mill machinery, Machine Tool Factory at Karachi, Streptomycine Factory and the Triple Superphosphate Plant, Chittagong.

The French assistance consists of suppliers credits which are tied to financing imports of capital equipment from that country. The condition laid down by the French authorities has been that the minimum value of each contract reserved for projects should not be less than $ 1 million. In the case of utilization of these credits as non-project assistance, the lower limit is $ 60,000 for each individual contract. These credits are repayable in 10 years—repayment to start six months after the final shipment and carries 5¼% rate of interest. The year-wise position of commitments under the French export credits is given in Table 103.

Table 103

COMMITMENTS OF EXPORT CREDITS BY FRANCE

Year	*Commitment ($ Million)*	
	Contract amount	*Credit amount*
1962-63	0.31	0.30
1963-64	23.28	21.82
1964-65	5.41	4.59
Sub-total 2nd Plan	29.00	26.71
1965-66	9.70	7.18
1966-67	15.25	12.96
Sub-total 3rd Plan	24.95	20.14
Total	53.95	46.85

GERMANY

During the Second Plan period, Germany pledged $ 217.1 million of economic

aid to Pakistan. During 1965-66, it pledged $ 40 million on a bilateral basis. During 1966-67 it has pledged $ 38.8 million. For 1966-67. the proportion of non-project assistance has been increased from $ 7.5 million to $ 12.5 million and interest on capital aid has been reduced from $5\frac{3}{4}$% to 3%. German assistance for 1966-67 consists of capital aid of $ 30 million and export credits of $ 8.8 million.

The major projects financed by Germany are Ashuganj Power Station, East Pakistan, SCARP Lower Thal, improvement of PWR and PER, North Bengal Paper Mill and ships for National Shipping Corporation. Projects currently under negotiation include the Carriage Factory at Islamabad, and credits for PICIC and IDBP.

Non-project assistance obtained from Germany has been utilised to finance import of fertilizers, dyes and chemicals, medicines and tractors. Total commodity aid committed so far consists of $ 37.75 million, as shown in Table 104.

Table 104

GERMAN COMMODITY ASSISTANCE

Year	*$ million*
1962-63	6.00
1963-64	5.50
1964-65	6.25
Sub-total Second Plan	17.75
1965-66	7.50
1966-67	12.50
Sub-total Third Plan (2 years)	20.00
Total	37.75

Economic assistance from Germany consists of export credits and capital aid. The export credits are repayable over a period of 10 years and bear an interest rate of 5.75% to 6%.

The terms of capital assistance have, however, been liberalised from year to year. Two-thirds of the capital aid pledges of $ 62.5 million and $ 35 million made during 1960-62 and 1962-63 were at an interest rate of $5\frac{1}{2}$ % and repayable over a period of 20 years, including a grace period of 5 years, and the balance of 1/3rd was at 3% repayable over the same period but with a grace period of 7 years. The capital aid pledge for 1963-64 for $ 30 million was equally divided between in-

terest rates of 5½% and 3% but the amortization for the portion carrying 3% interest rate was extended to 25 years including a grace period of 7 years. For the pledges of $ 37.5 million each during 1964-65 and 1965-66, the portion bearing an interest rate of 5½% was reduced to 1/3rd of the total amount and that carrying 3% rate of interest was increased to 2/3rd of the toal amount, the amortization period remaining the same. For the current year 1966-67, the capital aid portion of $ 30 million has all been made available at the interest rate of 3%, repaybale over a period of 25 years, including a grace period of 7 years.

ITALY

Italy became a member of the Consortium during the meeting held in May, 1963 and pledged $ 10 million for the year 1963-64. The same amount was repeated for 1964-65, making total Italian pledges during the Second Plan period $ 20 million. For the first year of the Third Plan, Italy pledged $ 20 million on a bilateral basis. During 1966-67, Italy increased its pledge to $ 30 million including non-project assistance of $ 15 million, pledged for the first time, but excluding $ 2 million provided outside the Consortium for wheat milling plants.

The year-wise position of economic assistance from Italy is given in Table 105.

Table 105

ECONOMIC ASSISTANCE RECEIVED FROM ITALY.

($ Million)

Years	*Pledges*	*Commitments*
1963-64	10.00	—
1964-65	10.00	5.91
Sub-total Second Plan:	20.00	5.91
1965-66	20.00	24.63
1966-67	30.00	9·66
Sub-total Third Plan:	50.00	34.29
Total:	70.00	40.20

Out of the total credits of $ 70 million pledged by Italy, contracts worth $ 40.2 million had been signed up to March 31, 1967 for specific projects, the rest is under negotiation. Projects for which credits have already been signed include power distribution in West Pakistan, gas turbine sets for East and West Pakistan and machinery for one sugar and one paper mill. Projects under negotiation include rural electrification, buses and general lines of credit for PICIC and IDBP.

The Italian aid being given through Consortium does not take the form of loans granted by one government to another government, nor is it in the form of export credits readily available with either a consortium of financial houses (like Japan) or

with an association of exporters but it is only an assurance of the Government of Italy under the Martinelli Law that should an Italian exporter be willing to sell capital goods to Pakistan on credit, the Italian Government would allow that. That in effect means that the Pakistani importers have to operate without a credit framework and find out not only the right type of exporter but an exporter willing to sell goods on credit. Under the terms of this law, the period for which export credit can be granted cannot exceed 10 years. The interest is charged at 6%.

JAPAN

At the first Consortium meeting held in June, 1961 Japan offered a credit of $ 20 million repayable over a period of 15 years inclusive of a grace period of 5 years and bearing an interest rate of 6%. The cridit was mainly utilized for meeting a part of the cost of the Chittagong Steel Mill, Viscose Rayon Plant in East Pakistan and purchase of electrical equipment for EP WAPDA. Subsequently another credit of $ 25 million was granted for 1962-63 on the same terms. For the 3rd yen credit, the Japanese Government reduced the interest rate to 5.75% and increased the amount to $ 30 million. In respect of the 4th Yen credit, announced in July, 1964, the Japanese authorities further improved the terms by increasing the repayment period for 1/3rd of the total pledge to 18 years from 15 years. The grace period remained the same, i.e., 5 years. The total pledges during the 2nd Plan, thus amounted to $ 105 million. About 88% of Japanese ciedit has been used in the industrial sector, 7% in water and power and 5% in transport sector. In the industrial sector, Japan, has financed the Chittagong Steel Plant, Karnapuli Rayon Plant, two sugar mills, a PVC mill etc., in addition to small and medium industries financed through PICIC/IDBP. Japanese credits have also been utilized for the import of power tillers, T&T cables and other machinery and equipment.

In addition, Japan has provided, outside the Consortium, credit facilities for import of textile machinery. Three textile credits totalling $ 43 million were signed during the Second Plan period. During the first year of the Second Five-Year Plan, Japan provided a credit of $ 20 million for the import of textile machinery. It carried an interest rate of 5.75% and was repayable in 8 years in half-yearly instalments. The second textile credit carried an interest of 6% but the period of repayment was increased from 8 to 10 years. The third textile credit of $10 million was signed on 20th May, 1965. It carries an interest of 6% and is repayble over a period of 10 years.

For the first two years of the Third Plan, Japan has pledged $ 60 million. The whole of this amount has already been committed to specific projects.

NETHERLANDS

Netherlands joined the Aid-to-Pakistan Club in May, 1963, and pledged an amount of $ 13.2 million for two years—1963-64 and 1964-65. For 1965-66 and 1966-67, Netherlands has pledged $ 4.76 million and $ 4.4 million respectively. Thus Netherlands total pledges to-date amount to $ 22 million. The Netherlands pledge consists of the following two equal parts:

(a) Suppliers Credit is repayable over a period of 10 years. The interest rate,

the percentage of down payment and other terms were not specified in the beginning and were left for mutual negotiations between the two countries. No financing house was designated to make the credit available. After detailed negotiations, the Netherlands Trading Society agreed to finance projects under this credit. The total servicing cost of the suppliers credit worked out to about 7% which was rather high. Against the availability of $11 million, three projects, namely (a) Fokker Friendship aircraft and (b) three sugar mills in East Pakistan and (c) a 125-ton self-propelled floating crane for Karachi Port Trust have so far been financed under export credits at a cost of $ 6.93 million.

(b) Capital Aid is repayable over a period of 25 years including a grace period of 7 years with interest at borrowing rate plus a service charge of 1/8th to ¼th% per annum. So far two loan agreements for $ 6.6 million and $ 2.76 million have been signed under the Netherlands capital aid funds. Another agreement for a loan of $ 2.2 million was in advanced stage of finalization at the end of March 1967.

The Netherlands, Capital Aid portion carries an interest rate of 5½%. The Netherlands authorities have also agreed to allow a major portion of this to be spent on the import of commodities. An attractive feature of the credit is that it is untied. The Government of Pakistan have, of course, to ensure that the Netherlands exporters are not treated less favourably than exporters from other countries.

The year-wise position of pledges and commitments of economic assistance from Netherlands is given in Table 106.

Table 106

COMMITMENTS OF ECONOMIC ASSISTANCE FROM THE NETHERLANDS

($ Million)

Year	Capital aid		Export Credit		Total	
	Pledge	Committed	Pledge	Committed	Pledge	Committed
1963-64	4.40	—	4.40	—	8.80	—
1964-65	2.20	6.60	2.20	6.58	4.40	13.18
Sub-Total Second Plan: ..	6.60	6.60	6.60	6.58	13.20	13.18
1965-66	2.76	—	2.20	0.09	4.96	0.09
1966-67	2.20	2.76	2.20	0.41	4.40	3.17
Sub-total Third Plan: (2 years only)	4.96	2.76	4.40	0.50	9.36	3.26
Total	11.56	9.36	11.00	7.08	22.56	16.44

THE UNITED KINGDOM

Britain has traditional relationship with Pakistan and has been assisting it in the task of economic development since 1951. Prior to the Second Five-Year Plan, the UK had granted two credits of $ 28 million each. The first credit which was signed in March 1954 was utilised for projects in the fields of power generation, communication, irrigation and industries. This credit being repayable over a period of 10 years and carrying an interest of 4% was fully repaid by 30th June 1963. The second credit was signed in February 1959. It was mainly utilised for the replacement of ships, colonisation of GM Barrage, improvement of Karachi Water Supply and Sewerage system, purchase of heavy earth-moving machinery and jute looms. It was repayable in 10 years in half-yearly instalments. The repayment will be completed by 31st December, 1968. It carries an interest of ¼ of 1% plus the rate charged by the British Treasury on the date of utilisation of the loan for advances of comparable period out of the Consolidated Fund. The effective rate has varied from 5% to 7%.

During the first year of the Second Five-Year Plan, two further credits were offered by UK. The third credit of $ 14 million was signed in December, 1960. It carried the same rate of interest as that of the second loan but was repayable in 20 years including a grace period of 5 years. The credit was allocated for jute machinery ($ 9.8 million), textile machinery ($1.4 million) and East Pakistan irrigation project ($ 2.8 million). The fourth credit of $8.4 million was signed in March 1961 for the purchase from UK of railway wagons to meet the urgent requirements for the development of railways under the Second Five-Year Plan. This credit also carried the same terms and conditions as stipulated in the third credit.

Since the formation of the Aid-to-Pakistan Club, the UK has pledged four credits amounting to $92.4 million during the last 4 years of the Second Plan. All these credits carry an interest of ¼ of 1% plus the rate charged by the UK Treasury on borrowings from the Consolidated Fund for comparable period on the date of issue. This rate has averaged at about 6% per annum during the last few years. The repayment period for these credits has been fixed at 25 years with a 7-year grace period. In July 1964 UK agreed to waive interest charges during the grace period of 7 years which considerably brings down the interest rate over the total amortization period. The total UK credits committed during the Second Five-Year Plan amounted to $114.8 million as against $ 56 million committed during the pre-Second Plan period. In addition $7.84 million was allocated for purchase of ships outside the Consortium.

For the first two years of the Third Plan, UK has pledged $44.8 million. Of this, half the amount is being utilized for the import of commodities such as auto spares, tractors, tyres and tubes, car component, drugs and medicines. On the projects side, these pledges are to be utilised for the purchase of jute mill machinery, introduction of electric-traction between Lahore and Khanewal and the establishment of a carriage and wagon shop at Hyderabad. A significant development in regard to UK credits relates to further liberalization in the terms of these credits. These are now interest free, repayable over 25 years, including a grace period of 7 years.

Due to the fact that UK has been the traditional source of supplies for Pakistan,

UK funds have been in demand in almost all sectors of the economy. Out of the total UK funds of $ 224 million committed so far, the agriculture and water and power sectors have been allocated about $ 35 million, the industries sector, $ 66 million, communications, $ 72 million, while the private and commodities sectors have been allocated 40 million. The balance of $ 5 million is shared by fuels and minerals, and the social sectors.

The year-wise position of pledges and commitments of economic assistance from UK is given in Table 107

Table 107

ECONOMIC ASSISTANCE FROM THE U.K.

($ Million)

Year	*Pledge*	*Commitment*
1954-55	28.00	28.00
1955-56	—	—
1956-57	—	—
1957-58	—	—
1958-59	—	—
1959-60	28.00	28.00
Sub-total 1st Plan	28.00	28.00
1960-61	22.40	22.40
1961-62, 1962-63	47.60	19.60
1963-64	22.40	17.58
1964-65	22.40	30.24*
Sub-total 2nd Plan:	114.8	123.42
1965-66	22.40	11.20
1966-67	22.40	33.60
Sub-total 3rd Plan (2 years)	44.80	44.80
Total UK	215.60	224.22*

* Includes commitment made outside the Consortium arrangements.

THE UNITED STATES OF AMERICA

The United States has provided largest volume of economic assistance and the total obligations up to March 31, 1967 well over $3,400 million, exceed the combined total from all other sources. US assistance to Pakistan began in 1951-52 when $10 million was allocated to provide the foreign exchange cost of certain development projects. A number of programmes have been in operation since then and the position in respect of each of these programme is detailed in the following paragraphs:

Non-Project Assistance

This assistance covers the United States' direct and triangular-trade (commodity import) programmes financed under the Defence Support (DS) and Supporting Assistance (SA) funds. All non-project assistance, except for the four Mutual Security Act loans of $ 103 million of which $ 36.62 million were utilised as project assistance and $ 66.38 million as non-project assistance, was given on a grant basis and thus generated counter-part rupee deposits. This assistance, except for $25 million allocated under Supporting Assistance fund under the 1961-63 Consortium pledge, was made available before the setting up of the Aid-to-Pakistan Consortium. The year-wise figures of obligations under non-project assistance are given in Table 108 on page 206.

The entire amount has already been utilised and there is no pipe-line under the non-project grant assistance programme.

Project Assistance

This assistance covers Capital and Technical Assistance projects financed by grants from Development Assistance (DA) Funds during the fiscal years 1951-52 and 1952-53, Economic Assistance (EA) Funds during the fiscal year 1953-54 and Technical Cooperation (TC) and Defence Support (DS) Funds during the fiscal year 1954-55 through 1956-57. Following the establishment in 1958 of the Development Loan Fund (DLF), the capital projects have been shifted from grant to Development Loan (DL) funding. However, the Technical Assistance projects have continued under TC and Development Grant (DG) funding during the fiscal years 1957-58 through 1966-67. The year-wise allocations under the project Assistance programme is given in Table 109 on page 207.

Out of the Development Grant Assistance of $ 214 million obligabled so far, $ 207 million had been utilised up to January 31, 1967, leaving a pipe-line of about $ 7 million.

Development Loans

Following the establishment of the Development Loan Fund in 1958 and up to the creation of the Agency for International Development in 1961-62, dollar loans were repayable in rupees. Since 1961-62 all AID loans are repayable in dollars. Loans contracted under DLF terms (dollar loans repayable in rupees) amounted to $ 222 million (net of cancellation and savings) of which $ 217 million had been disbursed up to the end of January, 1967. All these were project loans. Loans contracted

Tebla 108

NON-PROJECT GRANT ASSISTANCE FROM THE U.S.A.

Fiscal Year of obligation	*Amount ($ Million)*
1952-53	15.000
1953-54	4.561
1954-55	38.935
Sub-total Pre-1st Plan	58.496
1955-56	71.583
1956-57	47.101
1957-58	62.054
1958-59	90.038
1959-60	100.720
Sub-total 1st Plan	371.496
1960-61	85.568
1961-62	31.878
1962-63	0.538
1963-64	0.680
1964-65	—
Sub-total 2nd Plan	11 .664
1965-66	—
1966-67	—
Sub-total 3rd Plan (2 Years)	—
Total	548.656

and repayable in dollars amount to $ 942 million of which $ 621 million had been disbursed up to the end of January, 1967. All dollar loans contracted before the Consortium were repayable in rupees while loans contracted after the Consortium are repayable in dollars. Up to 31st March 1967, dollar loans of $ 1,164 million had been signed. The year-wise commitments are given in Table 110 on page 208.

Table 109

PROJECT ASSISTANCE FROM THE U.S.A.

Fiscal year of obligation	*Amount ($ Million)*
1951-52	9.223
1952-53	10.604
1953-54	20.670
1954-55	24.130
Sub-total Pre-1st Plan	64.627
1955-56	33.667
1956-57	35.956
1957-58	14.633
1958-59	5.941
1959-60	7.845
Sub-total 1st Plan	98.042
1960-61	7.333
1961-62	8.546
1962-63	8.755
1963-64	8.643
1964-65	8.721
Sub-total 2nd Plan	41.998
1965-66	7.370
1966-67	2.397
Sub-total 3rd Plan (2 Years)	9.767
Total	214.434

Out of $ 1,164 million Development Loans, $ 838 million had been disbursed up to January 31, 1967, leaving an amount of $326 million in the pipeline.

An important feature of the Development Loan assistance from USA has been liberal allocations for import of commodities. Largely due to the availability of non-project assistances Pakistan has been able in the past to pursue liberal import policies

Table 110

DEVELOPMENT LOANS FROM THE U.S.A.

Fiscal year of obligation	*Amount ($ Million)*
1957-58	3.772
1958-59	80.962
1959-60	40.424
Sub-total 1st Plan	125.158
1960-61	97.018
1961-62	45.000
1962-63	193.638
1963-64	113.030
1964-65	349.230
Sub-total 2nd Plan	797.916
1965-66	86.700
1966-67	154.100
Sub-total 3rd Plan (2 years)	240.800
Total	1,163.874

in respect of raw-materials and component requirements of priority industries. This has played a vital role in accelerating investment and production. The position of US commitment of non-project assistance obtained since the setting up of the Consortium (before that the US non-project assistance was available on a grant basis under the Defence Support (DS) and Supporting Assistance (SA) funds, as described in the preceding paragraph) is given in Table 111 on page 209.

Public Law 480

This programme covers import of surplus US agricultural commodities provided by, or through, the US Department of Agriculture. These shipments are arranged under Title I of 1954 Public Law 480 which provides for commerical type sales against payment in rupees, or under Title II which covers surplus agricultural US commodities granted by US Department of Agriculture for emergency relief. During the fiscal year 1962-63 wheat worth $ 73.684 million was made available to Pakistan under Public Law 77 as "Special Wheat Aid". Assistance under PL-480 Title II also include

Table 111

COMMITMENT AND DISBURSEMENT OF U.S. DEVELOPMENT LOANS FOR IMPORT OF COMMODITIES.

($ *Million*)

Year	*Comitment*	*Disbursement*
1960-61	—	—
1961-62	45.00	.33
1962-63	115.42	87.00
1963-64	70.50	120.20
1964-65	240.00	155.14
Sub-Total 2nd Plan	470.92	362.67
1965-66	50.00	79.67
1966-67	140.00	68.56(up Febr.)
Sub- total 3rd Plan (2 years)	190.00	148.01
Total	660.92	510.68

ocean freight paid by AID for transporting the Title II and PL-77 commodities to Pakistan. Under Title II and PL-77 shipments, sale proceeds are generated equal to the amounts that the Government of Pakistan collected for the commodities rather than the equivalent dollar value of the commodities. Surplus US agricultural commodities have also been made available under Title III of PL-480, where the grant programme of the United States Department of Agriculture is handled through four distributing "Voluntary Agencies" which donate Title III commodities to the needy in Pakistan. These Volunteer agencies are: (a) the Co-operative for American Relief Everywhere (CARE), (b) Church World Service (CWS), (c) Catholic Relief Services (CRS), and (d) United Nations International Children Emergency Fund (UNICEF). The obligations made under the various programmes of PL-480 are given in Table 112 on page 210.

Against the PL-480 commitments, disbursements have been made up to the end of January 1967 of $1,068.57 million, $165 million and $54.9 million under Title I, Title II and Title III respectively.

To cover Pakistan's requirements of US surplus agricultural commodities during the 2nd Plan period, a long term agreement under PL-480, Title I (Expanded Programme) was signed with the US Government on October 14, 1961. This agreement provided for the sale of US surplus agricultural commodities worth $ 621.55 million against payment in Pakistani rupees during the fiscal years 1961-62 to 1964-65.

Table 112

OBLIGATIONS UNDER PUBLIC LAW-480

($ Million)

Fiscal year of obligation	*Title I (Sales for local currency)*	*Title II (Emergency grants, sales)*	*Title III (Relief, Grants)*
1951-52	—	—	—
1952-53	—	73.684	—
1953-54	—	2.759	1.207
1954-55	29.086	8.116	4.796
Sub-total Pre-1st Plan	29.086	84.559	6.003
1955-56	16.85	29.772	11.448
1956-57	73.073	—	9.679
1957-58	60.401	7.069	2.941
1958-59	85.850	—	0.653
1959-60	104.446	—	1.201
Sub-total 1st Plan	340.620	36.841	25.922
1960-61	45.200	0.403	2.431
1961-62	157.581	—	2.522
1962-63	155.400	28.296	3.795
1963-64	155.400	9.250	6.999
1964-65	125.173	12.210	4.409
Sub-total 2nd Plan	638.754	50.159	20.156
1965-66	25.244	—	4.993
1966-67	78.922	2.850	—
Sub-total 3rd Plan (two years)	104.166	2.850	4.993
Total ..	1,112.626	174.409	57.074

The agreement was due to expire on June 30, 1965, but was extended up to December 31, 1965 with a view to utilising an estimated balance of $ 94 million.

On May 26, 1966, an interim PL-480 Title 1 agreement was signed. The agreement provides for financing of the commodities given in Table 113.

Table 113

INTERIM PL-480 AGREEMENT

		($ Million)
Wheat	868,000 tons	55.105
Coarse grain	450,000 tons	26.410
Edible oil	49,000 tons	15.631
Cotton	3,000 tons	0.600
Tobacco	500,000 lbs	0.650
Tallow	30,000 tons	5.770

The total value of commodities covered under the interim agreement amounts to $ 104.166 million.

The uses of Pakistani rupees provided for in the PL-480 Title I Agricultural Commodities Agreement dated May, 26, 1966, are as follows:

(a) 20% of Pakistani rupees to be used for United States expenditure.

(b) 5% of Pakistan rupees to be used for loans to be made by AID and for administrative expenses of AID in Pakistan.

(c) 75% of Pakistani rupees to be made available to the Government of Pakistan as a loan for mutually agreed projects to promote economic development.

In pursuance of this last provision, a credit agreement for Rs. 37.52 crores, being 75% of the estimated Pakistani rupee proceeds accruing under the commodities agreement, has been signed on February 28, 1967. The credit is repayable over a period of 40 years, including a grace period of 10 years, and carries an interest of 1% for the first 10 years and 2.5% per annum thereafter.

EXPORT IMPORT BANK OF WASHINGTON (EXIMBANK)

During the 2nd Plan period, $ 100 million was pledged by USA as loans from the Export Bank (EXIM Bank). The year-wise pledges are detailed below:

1961-63	$ 50 million
1963-64	$ 25 million
1964-65	$ 25 million
	$ 100 million

EXIM Bank has also extended some loans outside the Consortium. Total loan agreements amounting to $ 50.7 million have so far been signed. The loans advanced by EXIM Bank are for periods ranging from 5 to 25 years, depending upon

the projects, at an interest rate of 5.7%. The main projects financed from Exim Bank loans are a chain of hotels (Inter-Continental) at Dacca, Lahore, Karachi, Rawalpindi and Peshawar, purchase of railway equipment and aircraft and foreign exchange requirements of small scale industries through the Industrial Development Bank of Pakistan. The year-wise position of commitments of EXIM Bank loans is given in Table 114.

Table 114

US EXIM BANK LOANS TO PAKISTAN

(*$ million*)

Year	*Commitments*
1960-61	6.40
1961-62	12.10
1962-63	16.16
1963-64	5.90
1964-65	3.35
Sub-total 2nd Plan	43.91
1965-66	4.28
1966-67	2.50
Sub-total 3rd Plan (2 years)	6.78
Total EXIM Bank	50.69

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Pakistan has been receiving loans from the IBRD since 1952. To-date loans for $ 412 million have been contracted. These loans have covered the foreign exchange cost of projects relating to agriculture, power generation and distribution, improvement of port facilities at Karachi, Karnaphuli Paper Mills, improvement of railways and development of private industry through the Pakistan Industrial Credit and Investment Corporation. All these loans have been obtained at commercial rates of interest varying from 4% to 6%. The year-wise position of commitment of economic assistance from the World Bank is shown in Table 115 on page 213.

International Development Association

Pakistan has been one of the major beneficiaries from the soft credit funds available through the International Development Association at a service charge of 0.75% and repayable over a period of 50 years including a grace period of 10 years. The

Table 115

IBRD LOANS TO PAKISTAN

($ *million*)

Year	
1951-52	30.45
1952-53	—
1953-54	14.00
1954-55	13.78
Sub-total Pre-1st Plan	58.23
1955-56	18.90
1956-57	—
1957-58	49.05
1958-59	—
1959-66	24.70
Sub-total 1st Plan	92.65
1960-61	104.85
1961-62	—
1962-63	42.59
1963-64	62.00
1964-65	—
Sub-total 2nd Plan	209.44
1965-66	30.00
1966-67	21.50
Sub-total 3rd Plan (2 years)	51.50
Total (IBRD)	411.82

credits extended by the IDA to Pakistan so far amount to $329.24 million. These cover projects relating to irrigation, flood embankments, roads, railways and ports, education and water supply. In addition IDA has also financed two projects relating to commercial road vehicles and industrial imports which have directly assisted the country in liberalising imports in the private sector. The year-wise position of commitment of IDA credits is given in Table 116.

Table 116

IDA CREDITS TO PAKISTAN

($ Million)

Year	*Commitments*
1960-61	—
1961-62	21.00
1962-63	11.50
1963-64	122.75
1964-65	90.79
Sub-total Second Plan	246.04
1965-66	57.20
1966-67	26.00
Sub-total Third Plan (2 years)	83.20
Total IDA	329.24

NON-CONSORTIUM SOURCES

Australia

Australian aid is given in the form of grant, which imposes no debt servicing burden on recipient countries. Pakistan has received up to June 30, 1966, total assistance of $ A 26.895 million. This comprises of economic development grants for 32 projects involving an expenditure of $ 23.836 million and assistance under the Technical Cooperation Scheme involving an expenditure of $ A3.059 million. Under the Scheme Australia has provided training facilities for 488 nominees of the Government of Pakistan at a cost of $ A 1.583 million. Australia has also provided 75 experts at a cost of $ A 0.523 million. In addition, Australia has provided equipment worth $ A 0.953 million ($2.13 million) under the Technical Cooperation Scheme.

During 1964-65 and 1965-66, Australia provided Pakistan with 74 new awards for training in Australia in the following fields: agriculture (12), education (10), architecture (2), aviation (2), banking (3), food technology (4), industry (7), livestock (2), medicine (5), mining (4), nursing (2) public administration (5), and science (10). On 30th June, 1966, there were 58 students from Pakistan getting training in Australia.

Six Australian experts undertook assignments in Pakistan during 1964-65 and

1965-66. They included a food technologist and three instructors for the Khulna Polytechnic.

The technical equipment provided to Pakistan during the period under review included equipment for the Khulna Polytechnic, East Pakistan ($A201,900), equipment for cadet colleges ($A 36,000) and poultry equipment ($A 25,400).

Capital aid provided to Pakistan during 1964-65 and 1965-66 included DDT solvents and emulsifiers ($ A 85,000), coal ($ A 1,035,000) for East Pakistan and a portion of a gift of jarrah sleepers for the railways in West Pakistan ($ A 128,000).

Total Australian assistance under the Colombo Plan for Pakistan during the two years was $ A 2 million.

China

Under the agreement signed on February 18, 1965 China made available an interest free loan of $ 60 million for the purpose of promoting economic and technical cooperation. The loan is being utilised to finance Pakistan's Third Five-Year Plan. Half of this loan was made available for import of commodities and the other half for projects to be selected subsequently. The portion earmarked for commodities has been utilised mainly for import of coal and cement for East Pakistan, iron and steel, electrical and other equipment for East and West Pakistan. China has also provided 100,000 tons of wheat and 50,000 tons of rice. While part of these food shipments have been financed from the balance available in the commodity portion of the earlier loan, the remainder has been financed by an additional loan of $6.9 million signed on January 17, 1967. In addition, two industrial projects one in East Pakistan and the other in West Pakistan are being financed from the project portion of the Chinese loan. The cost of these two projects is $ 18.78 million. For the balance of $ 11.22 million a number of other projects are under negotiation between the two Governments.

Czechoslovakia

During the Second Plan period, Czechoslovakia made available export credits of $14 million. Against these, contracts worth $17.13 million were entered into during 1965-66. These related to thermal power plants at Chittagong and Khulna and a sugar mill at Jaranwala in West Pakistan. A further export credit of $28 million has been made available during 1966-67, against which contracts for machinery and equipment for a power station and fertilizer factory are under negotiation.

Denmark

Denmark has provided both export credits and a Government-to-Government loan. During the Second Plan period, Danish suppliers credits worth $7.4 million were made available for financing the expansion of the Zeal-Pak Cement Factory at Hyderabad and White Cement Plant at Daudkhel. A loan of Danish Kroner 15 million ($2.17 million) was signed on February 21, 1966. It is interest-free and repayable over a period of 20 years.

New Zealand

New Zealand assistance has been given in the form of grants. Apart from technical assistance, capital aid has been made available in convertible currency which has enabled Pakistan to procure the required equipment on a world-wide tender basis. New Zealand's aid to Pakistan up to 1965-66 totals £2.47 million ($6.9 million). While there are no current capital aid projects in hand, New Zealand has contributed over £ 1 million ($2.8 million) towards the construction of the Zeal-Pak Cement Factory at Hyderabad. A number of small projects in the field of agriculture and sugar milling have also been financed from New Zealand aid.

During 1965-66 one new adviser in dairy development was assigned to East Pakistan, bringing the total number of experts to 18. Seventy-nine Pakistani students have been trained in New Zealand since 1951.

Poland

In 1964-65, Poland pledged $ 14 million in export credits. These involve down payments of 15% of the contract amounts, and a credit for the 85% balance repayable over a period of 10 years. Against this credit, three contracts worth $4.1 million, one for a sugar mill in West Pakistan and the other two for wood seasoning and processing machinery in East Pakistan, had been signed during 1965-66. For the balance amount, a number of projects relating to development of forest industries, fish harbour and a number of projects of the Industrial Development Bank of Pakistan are under negotiation.

Sweden

During the Second Plan period, Swedish assistance of $ 3 million was made available to Pakistan for technical education programme. Two institutes, namely, Swedish-Pakistan Technical Institutes at Karachi and Kaptai, have been set up under this programme. During the first year of the Third Plan, Sweden provided a loan of $4.8 million in association with the International Development Association, whose contribution is $19.2 million, for financing the foreign exchange cost of the foodgrain storage project in East Pakistan. The Swedish credit is repayable over a period of 20 years, including a grace period of 5 years, and bears an interest of 2%.

Switzerland

In an endeavour to enable the Pakistan economy to increase the purchase of Swiss capital goods for the economic development of Pakistan, the Government of Switzerland offered a credit of 43 million Swiss francs ($10 million). The agreement for this credit was signed on June 22, 1964. The Swiss offer was in the nature of export credits involving 10% of the total invoice value being paid on the date of the signing of the supply contracts and the balance of 90% being paid within a period of 10 years from the date of shipment. An additional credit of $4.5 million was provided in 1966-67. So far contracts worth $ 3.6 million have been signed. The year-wise position of Swiss commitments is given in Table 117.

Table 117

COMMITMENTS OF EXPORT CREDITS FROM SWITZERLAND

Year	*Amount ($Millions)*	
	Contract amount	*Credit amount*
1965-66	2.4	2.2
1966-67	1.2	1.1
Total	3.6	3.3

Soviet Union

Assistance from the USSR consists of two state credits of $ 30 million and $21 million respectively and commercial credits of $124 million. The aid agreements stipulate down payments of 10% of contract amounts and 90% credit, repayable over 10 years. So far the following credits have been made available to Pakistan:

1. State credit for oil exploration (Agreement signed on March 4, 1961)	$ 30 million
2. First USSR Export Credit for agricultural machinery for the Agricultural Development Corporation of West Pakistan (Contract signed on June 17,1964)	$ 11 million
3. Second USSR Export Credit (Frame agreement signed on April 7, 1965)	$ 50 million
4. State credit for two electrical plants (Frame agreement signed on September 9, 1966)	$ 21 million
5. 3rd USSR Export Credit (Frame agreement signed on September 9, 1966)	$ 63 million
Total	$ 175 million

Against the loan of $30 million for oil exploration, a sum of $26.638 million has been utilised. Export contracts for $46.6 million have been signed against the total availability of $145 million. The main projects for which contracts have been finalised are machinery and equipment for land development in Ghulam

Mohammad Barrage, Guddu Barrage and Soan Valley in West Pakistan, Ghorasal thermal power station and equipment and machinery required by various publicsector agencies. The year-wise position of commitments under USSR export credits is given in Table 118.

Table 118

EXPORT CREDITS FROM U.S.S.R.

Year	*Amount ($Millions)*	
	Contract amount	*Credit amount*
1963-64	11.00	9.90
1965-66	32.94	30.06
1966-67	2.66	2.39
Sub-total 3rd Plan (2 years)	35.60	32.45
Total U.S.S.R.	46.60	42.35

Yugoslavia

Assistance from Yugoslavia consists of export credits. They carry an interest of 3% for usually 80% of the contract amount, the balance of 20% being paid by Pakistan against orders and pro-rata shipments. The credit portion is repayable over a period of 10 to 12 years after completion of shipments. The first credit of $ 10 million was signed on June 6, 1961. Two more credits of $5 million and $10 million were signed in 1964. An agreement was signed on January 15, 1965, for the installation of 2,000 tubewells under special payment arrangements which provided for rupee-payments, credit and barter. The cost of these 2,000 tubewells was estimated at $ 37.1 million. The credit component of the total amount, calculated at 30%, comes to roughly $ 11.13 million, 80% of which ($8.9 million) is to be financed from Yugoslav credit. The total assistance pledged by Yugoslavia during the Second Plan thus comes to $ 33.9 million. Of this, contracts involving credit utilisation of $23.2 million were signed during the Second Plan period.

For the Third Plan, Yugoslavia has so far provided three credits. One of these of $ 21 million meant for rural electrification in East and West Pakistan was signed on July 26, 1965; the other of $ 19.8 million for Gomal Zam multipurpose project in West Pakistan was signed on July 26, 1965; and the third credit of $ 30 million was signed on October 25, 1966.

Against the total credits of $ 104.7 million so far made available by Yugoslavia, contracts have been signed involving utilisation of $45.34 million of credits. The year-wise position of utilization of Yugoslav credits is given in Table 119.

Table 119

COMMITMENTS OF EXPORT CREDITS FROM YUGOSLAVIA

Year	*Purpose*	*Amount ($Millions)*	
		Contract amount	*Credit amount*
1962-63	(*a*) Two ships	5.95	4.76
	(*b*) Sluaghter House Karachi	1.49	1.19
		7.44	5.95
1963-64	(*a*) Two ships	5.86	4.69
	(*b*) Material and machinery for one ship at Karachi Shipyard	1.36	1.09
	(*c*) Slaughter House, Islamabad	0.29	0.23
		7.51	6.01
1964-65	(*a*) Chittagong Dry Dock	8.56	6.84
	(*b*) Chittagong Slipway and Workshop	1.26	1.01
	(*c*) 500 tubewells at Alipur	2.65	2.12
	(*d*) Slaughter Houses, Dacca and Lahore	1.85	1.48
	(*e*) Other IDBP Projects	0.28	0.23
		14.60	11.68
Sub-total Second Plan		29.55	23.64
1965-66 and 1966-67	(*a*) Four ships	14.20	11.36
	(*b*) Rural Electrification in East Pakistan	10.25	9.06
	(*c*) Material and machinery for a ship at Karachi Shipyard	1.60	1.28
		26.05	21.70
Total		55.60	45.34

International Finance Corporation

The International Finance Corporation, an affiliate of the IBRD has taken

an active interest in making investment in industrial enterprises in Pakistan. So far IFC has sanctioned investments worth $ 10.9 million in steel re-rolling, cement, paper and jute mills. It may be added that the IFC investments do not require any Government guarantee and are largely determined on the basis of IFC's appreciation of the economic feasibility of the project on the basis of negotiations conducted by private investors and the IFC. In all its investments in Pakistan, IFC has associated the Pakistan Industrial Credit and Investment Corporation. IFC investments are outside the Consortium arrangements.

The year-wise position of commitment of IFC funds is given in Table 120. These figures exclude equity participation by IFC.

Table 120

INVESTMENTS BY THE INTERNATIONAL FINANCE CORPORATION IN PAKISTAN

Year	*Amount* ($ Million)
1957-58	0.63
1958-59	0.75
1959-60	—
Sub-total 1st Plan	1.38
1960-61	—
1961-62	4.00
1962-63	—
1963-64	—
1964-65	5.52
Sub-total 2nd Plan	9.52
Total	10.90

Technical Cooperation Assistance Under Colombo Plan

A detailed account has been given of economic assistance provided by various countries in the preceding pages. The Technical Co-operation Assistance Programme of the Colombo Plan has also played a vital role in transferring technical skills and know-how to the developing economies of the region. The Technical Co-operation Programme covers three types of assistance:

(a) Training awards are provided by the donor countries in various fields. These enable the developing countries to acquire specilized training and

experience in other countries. As many as 4,339 training facilities have been utilized by Pakistan up to 1965-66. Of these, 401 were utilized during 1965-66.

(b) The provision of expert services is the second principal category of Technical Assistance. Most of these experts function as advisers and in many instances local counter-parts are provided to be trained on the job. Up to the end of 1965-66, Pakistan obtained the services of 940 experts, of which the services of 66 experts were obtained during 1965-66.

(c) The third category of Colombo Plan Technical Assistance is equipment for training demonstration and research purposes. Generally the equipment is tied up within an expert's assignment enabling him to use his specialized know-how to the fullest advantage. In practice, the equipment supplied varies from reference books and spare parts to sophisticated machinery worth lakhs of rupees. Under the Technical Co-operation Programme of the Colombo Plan, Pakistan has received, up to 1965-66, assistance worth $78 million. Of this, assistance worth $9.8 million was received during 1965-66. The main donors are listed in Table 121

Table 121

COLOMBO PLAN TECHNICAL CO-OPERATION ASSISTANCE RECEIVED BY PAKISTAN FROM JULY 1, 1950 TO JUNE 30, 1966

	Amount ($ Million)
Australia	3.4
Britain	11.9
Canada	3.9
Japan	1.3
Newzealand	0.4
United States	57.0
Total	77.9

During the years 1964-65 and 1965-66, the value of technical assistance received from these countries under the above referred main categories is given in Table 122 on page 222

In addition experts and fellow-ships have been provided to Pakistan from a number of United Nations Specialized Agencies. Table 123 on page 222 summarises the position of U.N. experts received and fellowships utilised by Pakistan during 1965 :

Table 122

COLOMBO PLAN TECHNICAL CO-OPERATION ASSISTANCE RECEIVED BY PAKISTAN DURING 1964-65 AND 1965-66

($ Million)

	1964-65	1965-66
Trainees	2.238	2.434
Experts	6.410	4.904
Equipment	1.261	2.494
Total	9.909	9.832

Table 123

UNITED NATIONS EXPERTS RECEIVED AND FELLOW-SHIPS UTILIZED BY PAKISTAN DURING 1965

Supplying Agency	*No. of expert*	*No. of fellow-ships*
United Nations Technical Assistance (UNTA)	7	9
International Labour Organisation (ILO)	12	3
Food and Agriculture Organisation (FAO)	22	1
United Nations Educational Scientific and Cultural Organisation (UNESCO)	12	7
World Health Organisation (WHO)	30	28
World Meteorolgocial Organisation (WMO)	1	0
International Atomic Energy Agency (IAEA)	5	14
Universal Postal Union (UPU)	1	1
Total	90	63

EXTERNAL DEBT SERVICE LIABILITY

The liability incurred so far by Pakistan by contracting loans for development projects is not beyond the capacity of repayment nor has its loan-bearing capacity been exhausted. The position regarding foreign debts contracted, disbursed, repaid and outstanding and consequential debt service liability is explained in the following pages.

Loans Contracted

At the beginning of the Second Plan, foreign loans contracted amounted to Rs. 258 crores. Of these, Rs. 156 crores were repayable in foreign exchange and Rs. 102 crores in rupees. Up to 31st December, 1966, loans contracted amounted to Rs. 1,549 crores ($ 3,253 million). Of this Rs. 1,401 crores ($ 2,941 million) were repayable in foreign exchange and Rs. 148 crores ($ 311 million) in rupees.

Loans Disbursed

At the commencement of the Scond Plan, Rs. 156 crores had been disbursed of which Rs. 102 crores were repayable in foreign exchange and Rs. 54 crores in rupees. Up to 31st December, 1966, total disbursements, amounted to Rs. 1,016 crores of which Rs. 145 crores are repayable in rupees.

Repayment of Loans

Before the beginning of the Scond Plan, Rs. 41 crores had been repaid. Up to 31st December 1966 total loans repaid in foreign exchange amounted to Rs.154 crores ($ 322 million) and Rs. 21 crores ($ 45 million) in local currency making a total repayment of Rs. 175 crores ($ 367 million).

Loans Disbursed and Outstanding

Outstanding liabilities in respect of loans disbursed amounted to Rs. 115 crores at the beginning of the Second Plan. Out of this, Rs. 61 crores were repayable in foreign exchange and Rs. 54 crores in domestic currency. Up to 31st December, 1966, out of the total loans of Rs. 1,549 crores ($ 3,253 million), Rs. 1,016 crores ($ 2,133 million) had been disbursed, and Rs. 533 crores ($ 1,120 million) were in the pipeline. Of the latter, Rs. 530 crores were in foreign exchange and Rs. 3 crores in local currency. Up to the same date, of the total loans disbursed, Rs. 175 crores had been repaid, Rs. 154 crores in foreign exchange and Rs. 21 crores in rupees. On 1st January 1967, loans amounting to Rs. 841 crores were outstanding, Rs. 717 crores being repayable in foreign exchange and Rs. 124 crores in rupees.

Table 56 in the Statistical Section shows foreign debt liability by source up to 31st December, 1966.

Table 124 on page 224 summarises the foreign debt position and also the mode of repayment, that is payment in foreign exchange or in rupees due.

Debt service liability arises only for disbursed and outstanding portions of foreign loans. Only exceptionally commitment charges have to be paid for an undisbrused portion of a loan.

With the increase in indebtedness the debt service payments has also risen. During the first year (1960-61) of the Second Plan, debt service liability amounted to Rs. 8.67 crores. This increased to Rs. 14.58 crores in 1961-62, to Rs. 22.66, crores in 1962-63,

Table 124

FOREIGN LOANS REPAYABLE IN FOREIGN EXCHANGE AND IN RUPEES
(AS ON 31ST DECEMBER, 1966.)

(In million dollar)

Particulars	*Loans*	*Disbursement*	*Repayments*	*Outstanding*
Foreign loans repayable in foreign exchange.	2,942	1,828	322	1,506
Loans repayable in rupees ..	311	305	45	260
Total ..	3,253	2,133	367	1,766

to Rs. 29.29 crores in 1963-64, to Rs. 29.63 crores in 1964-65. Debt serivce during the Second Plan was Rs. 104.83 crores, that is 7.87% of the foreign exchange earnings during the same period. In the first year of the Third Plan, Rs. 36.49 crores were spent on debt servicing. In the second year (1966-67), Rs. 45.58 crores are estimated to be spent on debt servicing. This comes to 12.15 % of the expected foreign exchange earnings.

Table 125 gives debt service as a ratio of foreign exchange earnings during the Second Plan period and the first and second years of the Third Plan:—

Table 125

DEBT SERVICE AS A RATIO OF FOREIGN EXCHANGE

(In crore rupees)

Year (July-June)	*Debt servicing*	*Foreign Exchange earnings*	*Percentage of Cols. 2 and 3*
1960-61	81.67	230.06	3.76
1961-62	14.58	239.46	6.08
1962-63	22.66	278.10	8.14
1963-64	29.29	282.46	10.36
1964-65	29.63	302.51	9.79
1965-66	35.09	347.62	10.08
1966-67	45.58	375.00	12.15
	185.50	2,055.21	9.03

CHAPTER XIV

RURAL WORKS PROGRAMME

The Rural Works Programme was initiated in 1962-63 "to put the under-utilised manpower of Pakistan to work on nation-building projects by liberal provision of basic wage goods". It created considerable enthusiasm among the rural populace of Pakistan because, for the first time, they were associated with the country's development process and programming at the grass-root level with voluntary contributions. The impact of this programme was spectacular in both the Provinces.

As to the prime objective of providing employment opportunities to the unemployed and under-employed agricultural labour, the programme reduced unemployment in East Pakistan by 2 % over the Second Five-Year Plan period from 28 % of the labour force in 1959-60 to 26 % in 1964-65 and in West Pakistan from 20 % to 15 %. The Third Plan had a forecast that in East Pakistan this programme would absorb the additional increase of labour force estimated at 2.25 million, in addition to reducing the already existing backlog of unemployed workers by one million from 5.8 million to 4.8 million and that in West Pakistan it would further reduce unemployment from 15 % to 9 %.

The year 1966-67 started with gloom and pessimism about the future of the Works Programme that had arisen out of new changes in PL-480 legislation by the USA Government. Previously, this programme was financed out of PL-480 counterpart funds received by the Government of Pakistan from USA as grants. Now, the US Government made a major policy shift in the legislation relating to PL-480 Counterpart funds under which part of the funds will be available to Pakistan as grants and the rest as loan. This posed a set-back in implementing the Programme. Of Rs. 10.50 crores earmarked for East Pakistan during 1966-67, Rs. 4.50 crores will be loan and the rest grants, and in West Pakistan of a meagre allocation of Rs.5 crores, Rs.2 crores will be loan and the rest grants. Though commitments had been made, funds were not released to the Provinces up to the end of March. After their release, funds will be allocated to different tiers of Basic Democracies according to the already set practice, on the basis of the population, of districts and sectors.

Considering the issues that had arisen out of the changes in US policy from rupee sales to dollar sales of PL-480 commodities, the Provincial Governments also effected a major shift in their policy-planning and priorities in accordance with the policy-directive issued by the President of Pakistan, namely, 'Revitalization and Future Role of Basic Democracies' and the Election Manifesto. Previously, the major emphasis was laid on building an economic infra-structure in the communication sector. Now, under the changed policy, the Government emphasised the need to introduce labour intensive productive schemes. During the year under review, the Government of West Pakistan had already issued a circular to all the concerned agencies that local councils should make adequate provisions for inclusion of labour intensive productive schemes, such as tubewells, marketing centres, agricultural workshops, cottage industries, etc. Similarly, the Government of East Pakistan had also issued instructions to the concerned officials about the productive schemes to be

undertaken in the light of the situation created by releases of PL-480 Counterpart funds as loans. These productive schemes mainly relate to irrigation and fisheries. Low-lift pump irrigation schemes, are joint ventures of the Basic Democracies, Agricultural Development Corporation, Agricultural and Plant Protection Directorates. The fisheries schemes are also joint ventures of Basic Democracies, Revenue Department and Fisheries Directorate. Under this new arrangement, old, derelict and new tanks owned by the Revenue Department would be transferred to the Union Councils for the purposes of pisciculture. The Small Industries Corporation of East Pakistan, in collaboration with the Basic Democracies, also started workshops for manufacturing and servicing agricultural implements in each Thana. The basic purpose of this change in policy was to generate income so that the Basic Democracies Councils might become self-sufficient and self-reliant units of the Administration at the lower level.

Table 126 shows the expenditure of funds made under this programme for both East and West Pakistan.

Table 126

ALLOCATIONS FOR RURAL WORKS PROGRAMME

(In crore rupees)

Year	*East Pakistan*	*West Pakistan*	*Centre*	*Total*
1962-63	10.00	—	—	10.00
1963-64	20.00	10.00	—	30.00
1964-65	15.30	10.00	—	25.30
1965-66	12.00	6.32	—	18.32
1966-67	10.50	5.00	0.35	15.85
Total:	67.80	31.32	0.35	99.47

Evaluation of 1965-66 Programme

During 1965-66 the Rural Works Programme received two major policy-directives from the President of Pakistan regarding the revitalization and future role of Basic Democracies, in both functional and financial terms. These two directives were considered in the Governors' Conference, and the Provincial Governments were required to frame rules and regulations as to the implementation of these directives from the President. In accordance with the fulfilment of the decision of the Governors' Conference on the subject of "Future Role of Basic Democracies" and their revitalization, the Provincial Governments undertook various measures, chief among which was the formation of ward committees at the ward level; these committees were entrusted with diverse developmental functions of a local character as

well as war-time duties consequent upon the Indian aggression on Pakistan in September 1965, such as civil defence, checking of rumours, co-operation with police and other officials, control of anti-social elements, provision of first-aid, raising of national defence funds and voluntary corps.

Pilot Project Areas

The next important achievement was the establishment of pilot projects in selected areas of East and West Pakistan with a view to building up a labour-intensive productive infra-structure of common facilities and community service centres at Tehsil/Thana level, such as a stationary thresher, rice-milling machine of the Japanese type, setting up of small agricultural workshops for manufacturing and repair of agricultural implements, organising the local smithies for productive purposes, and utilization of other social customs and traditions for local needs. The Provincial Governments also launched a comprehensive pilot project area's scheme in each district, under which one union Council was selected as pilot project area under the direct supervision of the Deputy Commissioner as District Project Director. The pilot project areas undertook a survey of local needs and requiremets and prepared five-year development plans of local character. One of the significant achievements in this regard was the strengthening of Tehsil Councils in West Pakistan as a machinery for coordinating the activities of the Union Councils and the nation-building departments. During the year 1965-66 the Government of West Pakistan, at a cost of Rs.2 crores, set up, on experimental basis, four pilot areas in four tehsils at Peshawar, Kharian, Tando Jam and SCARP-I area. The SCARP-I area envisaged salinity control, rehabilitation of water courses and the construction of metalled roads, storage godowns and agricultural workshops.

Other Achivements

During 1965-66 the total investment made on the programme in both the Provinces was Rs. 18,32 crores, Rs. 12 crores for East Pakistan and the balance in West Pakistan, which fell short by Rs. 6.98 crores of the preceding year's expenditure of Rs. 25.30 crores. The curtailment did not dampen the enthusiasm that had been infused among the rural populace in building up their local development projects on a voluntary basis; rather the functions of the Programme were enlarged to a great extent in accordance with the directives of the President. The major emphasis during the year was laid on building up an economic infra-structure in communications, housing, feeder roads, community centres, etc.

East Pakistan

During 1965-66, Rs. 12 crores were released for Rural Works Programme in East Pakistan. The amount invested through Basic Democracies Councils and Committees was Rs. 11,98,87,340. The account was available for Rs. 11,57,96,991 as reports from 1,281 Union Councils, 82 Thana Councils, 2 District Councils, 15 Town Committees and 12 Municipal Committees had not been received at the time of compilation of the provincial overall picture.

Table 127 shows the amount sanctioned to different councils and committees of Basic Democracies and the expenditure incurred by them.

Table 127

ALLOCATIONS TO VARIOUS TIERS OF BASIC DEMOCRACIES

Local Body	*Amount sanctioned*	*Expenditure (covered by the report)*
Union Councils	Rs. 2,02,86,087.00	Rs. 1,72,18,574.00
Thana Councils	Rs. 5,02,86,087.00	Rs. 5,06,68,666.00
District Councils	Rs. 1,97,13,529.75	Rs. 2,02,87,899.00
Municipal Committees	Rs. 59,73,008.00	Rs. 41,62,900.00
Town Committees	Rs. 23,86,591.00	Rs. 18,10,850.00
Thana Training and Development and Community Centres	Rs. 99,79,600.00	Rs. *1,52,39,233.00
Planning and Evaluation	Rs. 64,08,869.00	Rs. 64,08,869.00
Total:-	Rs. 11,98,87,340.75	Rs. 11,57,96,991.00*

Table No .128 shows the achievements, in both financial and physical terms, of the Programme during 1965-66.

Table 128

PHYSICAL AND FINANCIAL ACHIEVEMENTS OF THE PROGRAMME

Projects	*Physical achievements*	*Expenditure (Rs.)*
Kutcha roads (miles)	17,842	2,70,21,599
Pucca roads (miles)	742	1,74,47,808
	18,584	4,44,69,407
Bridges & Culverts (r.ft)	11,918	2,65,72,298
Buildings (No.)	846	1,61,21,080
Embankments (miles)	2,061	31,70,672
Irrigation and drainage channels(miles)	953	33,24,920
Tanks (No.)	57	3,05,660
Parks and playgrounds (No.)	20	1,12,852
	Total:	9,40,76,889**

*Expenditure covered by Union and Thana Councils.
**Discrepancy in the amount shown under covered expenditure and the expenditure under achievements is due to the fact that some reports were found unsuitable for statistical tabulation.

The highlights of the achievements were that major emphasis was laid on the building of economic infra-structure in communications; both pucca and kutcha roads claimed 47 % of the total expenditure, bridges and culverts 28 % and the building structure 17 %. These projects were labour-intensive in East Pakistan and provided 182 million man-days of labour to the skilled and unskilled agricultrual labourers during the slack season in theratio of 1:4. Assuming that 150 days would be equivalent to a round-the-year job for one farm labourer, this programme generated 1,21,760 jobs in 1965 with an expenditure of Rs. 9,41,48,889.

The Union Councils in East Pakistan during the year under report constructed/repaired 10,185 miles of pucca and kutcha roads; 4,703 running feet of bridges and culverts; 971 miles of embankments; 447 miles of canals and drainage channels; 34 tanks and 9 playgrounds and parks.

The achievement of Thana Councils were also outstanding. They constructed 6,949 miles of pucca and kutcha roads; 6,670 running feet of bridges and culverts; 1,087 miles of embankments; 494 miles of canals and drainage channels and 825 pucca building structures for Thana Training and Development Centres and Union Coastal office-cum-community centres.

Under the Rural Works Programme, the District Councils constructed 1,305 miles of pucca and kutcha roads; 434 running feet of bridges and culverts and two miles of embankments. The Municipal Committees also constructed 38 miles of pucca and kutcha roads; 13 running feet of bridges and culverts; nine miles of canals and drainage channels; nine Community Centres and six playgrounds. The Town Committees constructed 104 miles of pucca and kutcha roads; 98 feet of bridges and culverts; two miles of canals and drainage channels 12 community centres; five playgrounds and two tanks.

West Pakistan

The achievements of the Works Programme in West Pakistan were also in the sector of communication and the projects were labour-intensive. During the three years of the operation of this Programme in West Pakistan since 1963, about 47,000 schemes were completed at an expenditure of Rs. 38.32 crores including voluntary contributions of Rs.6 crores. The major achievements of the Programme are as follows:

1. 18 million man-day labour works were provided to the unemployed agricultural labour.
2. 47,000 development schemes were completed.
3. Per capita income in the rural areas went up by 8 %.
4. The capacity of the local councils to develop their local projects increased tremendously.
5. The local councils proved their capabilities in executing projects that could not have been undertaken by the nation-building departments because of high over-head costs involved.

CHAPTER XV

SOCIAL DEVELOPMENTS

Education and Technical Training

Education is now universally regarded as a pre-condition for economic and social development. This recognition has fully been acknowledged in the Third Five-Year Plan. Vigorous steps have been taken to broaden the base of primary education, to diversify courses at the secondary level, to provide increased facilities for technical education, to introduce new departments of study and new technologies in higher education and to enhance the number and quality of teachers.

Financial allocation for education and technical training in the First Five-Year Plan was rather modest at Rs. 23 crores; in the Second Plan it rose about fivefold to Rs. 110 crores and in the Third Plan further increased to Rs. 237 crores.

In terms of total annual expenditure, education got about Rs 20 crores in 1958-59, Rs 29 crores in 1960-61, Rs 33 crores in 1964-65 i.e. the final year of the Second Five-Year Plan. During 1966-67 the amount provided in the budgets for education is about Rs. 78 crores.

The achievements made in the various stages of education are as under :

Primary Education

By way of introducing universal primary educaion in the country the Government plans to provide about 60 lakh additional places, thus covering in the Third-Five Year Plan nearly 70% of the children of primary school age group. Facilities for the primary education of 45% children had already been achieved with the completion of the Second Plan. In places where there are no regular schools, primary education will be conducted at a lower level in mosques, temples and churches. In addition, a double-shift programme in the primary schools will also be commenced to accelerate the progress of literacy. 400 mosque schools, comprising classes I and II of primary stage, have been started by West Pakistan Government in villages where there are no schools. Setting up of similar schools is under the consideration of the Government of East Pakistan.

Secondary Education

There has been rapid expansion in secondary education. Out of an allocation of Rs. 237 crores in the education sector, a sum of Rs. 55.7 crores will be spent on secondary education during the Third Five-Year Plan.

There has also been a steady progress in implementation of approved schemes and introduction of diversified courses in secondary schools. Industrial art courses have been provided in 300 government schools. Workshops have been added in 30 government and 60 non-government schools. In East Pakistan, 44 High Schools,

14 intermediate colleges and 21 Pilot Secondary Schools have been developed. Establishment of 10 new Government schools for boys and five for girls in congested town areas of Dacca, Khulna, Rajshahi, Chittagong, Comilla and Narayanganj has progressed satisfactorily. Three Cadet Colleges have been established during the period under report. Agriculture and craft courses have been introduced in 252 primary and secondary schools and 57 secondary schools respectively. Provision of science facilities in 250 schools and acquisition of land for establishment of residential model schools have been taken in hand.

Rs. 2.7 crores have been earmarked in the Central Circle for opening and development of Central Government educational institutions at Islamabad, Rawalpindi and Dacca. Rs. 2.8 crores will be spent on the improvement and expansion of existing secondary schools, establishment of 15 high schools, four middle schools and two intermediate colleges.

Higher Education

The promotion of higher education is of vital importance as it is the institutions of higher learning that we look to for providing leadership in various walks of national life. The universities are actively engaged in the process of improving their existing facilities and widening the scope of their academic programmes. The Government has been giving Rs 30 lakhs per annum as grants to the Provincial Universities for undertaking certain special projects like specialization in academic disciplines, establishment of Teacher-Student Centres, Bureaux of Guidance and Counselling. Besides, grants are also given to the universities for Tutorial System in order to help them improve academic standard through regular personal supervision and guidance of students. These universities have also instituted a number of new departments and courses of studies during the year.

Three new universities in East Pakistan were proposed to be established during the Third Plan Period. The University of Chittagong was established by the East Pakistan Government through an Ordinance in September 1966. It started with four departments, English, Bengali, History and Economics in the Arts Faculty. With the completion of its building on the campus, new departments will be opened and it is hoped that by 1970 all the major departments of the Arts and Science faculties will be established. The foundation stone of a new university at Jahangir Nagar near Dacca has already been laid and its construction is under way. Pending the construction of its permanent campus at Islamabad, the Islamabad University started functioning in a rented building in October 1966, with two departments of advanced studies namely Theoretical Physics and Mathematics. A sum of Rs 40 lakhs has been allocated during the financial year (1966-67) for the construction of the campus and to meet other expenditure of the University. The total Third Plan allocation for the University is Rs 3 crores.

In order to avoid duplication of highly specialised areas of study and research on account of very expensive equipment and highly trained staff required for them, the universities have, during the year under report, identified and divided among them fields of specialization which can be fruitfully developed by each.

Technical Education

The most significant progress was made in the field of technical education. At present there are two universities of engineering and technology, one in each Wing, in addition to five engineering colleges offering under-gruaduate and post-graduate courses in engineering disciplines. The Third Plan provides for implementation of the programme of technical education, which is designed to increase the annual intake of 1,630 to 3,300 and the number of graduates from 850 to 1,750, by the end of the Plan period. Similarly, annual admission capacity in Technical Institutes, Polytechnics is expected to rise from 4,100 in 1964-65 to 14,000 by 1970. The number of polytechnics had risen from 28 in 1964-65 to 38 by the end of 1966. The establishment of 18 new polytechnics and the expansion programme of the existing institutions is in progress.

With a view to meeting the requirements of skilled craftsmen in the country, the existing eleven industrial schools for boys and 25 vocational schools for women in West Pakistan are being re-organised. Besides, 35 new vocational schools (25 for boys and 10 for women) are expected to be established shortly in the region. In East Pakistan, 10 vocational schools out of 35, one in each sub-division, had been established by 1966. In addition there is a scheme to open 350 vocational schools, one in each *thana*. Of these, 100 are expected to be completed during the Third Plan Period. The annual intake capacity of the vocational schools is thus expected to increase from 8,300 in 1964-65 to 50,000 in 1970, equally divided between the two provinces.

In order to overcome the dearth for existing technical teachers, a new Technical Teachers Training College is expected to be set up in Lahore, and there is a scheme to expand the existing three colleges of both wings by the end of the Third Plan period. In-service and pre-service training of technical teachers has been introduced in polytechnics at Rawalpindi and Karachi.

At present 22 properly equipped commercial institutions are operating in West Pakistan. Besides, 25 new commercial institutions are expected to be established during the current plan.

Nine commercial sections attached to existing nine technical institutions have been established in East Pakistan during the year 1966-67. Three new commercial institutions at Dacca, Chittagong and Khulna are also expected to be established by the end of the Third Plan.

The intake capacity is expected to increase from 2 350 in 1964-65 to 4,730 by 1970, and output from 1,321 in 1964-65 to 3,706 in 1969-70. The number of courses are also expected to increase from six in 1964-65 to 14 by 1970.

Agricultural Education

Two full-fledged agricultural universities, one in each wing, besides five agricultural/animal husbandry colleges, are already working. The Third Plan provides

for the expansion and improvement of the existing facilities and the establishment of a new agricultural college in East Pakistan, thus increasing the present intake from 1,300 to 2,500, and the annual output of graduates from 400 to 1,300 by the end of the Third Plan. The country is expected to produce about 3,750 agricultural graduates and post-graduates by the end of the Plan.

In order to accelerate the pace of development in rural areas, the West Pakistan Government has decided to form Divisional Evaluation Teams under the Basic Democracies Department. These will impart technical knowledge to the Union Councils.

Scholarships

A large number of students are sent abroad for advanced training in various disciplines which strengthen the faculties of universities and colleges. In addition to scholarships, awarded to Pakistani students by foreign governments/agencies, the Ministry of Education has introduced two specific schemes viz.. the Merit Scholarships Scheme and Central Overseas Training Scheme. Five scholars went to U.K. during 1966-67 under the Merit Scholarship Scheme and 25 scholars (12 from East Pakistan and 13 from West Pakistan) proceeded abroad for higher studies under the Central Overseas Training Scheme, during 1966-67. The Ministry of Education is also making the fullest use of scholarships offered by foreign governments and organisations for higher studies where provision of travelling expenses does not exist. Government subsidizes the cost of passage under a separate scheme. The government is also operating a scheme for recall of talented students and scholars from abroad in order to ensure maximum utilization of indigenous human resources. Under this scheme government pays the return fare of the scholars and universities provide them with suitable jobs.

The Ministry of Education has also launched a programme of stipends to children and dependents of Armed Services personnel who laid down their lives or were permanently disabled while defending the country against the Indian aggression. All deserving cases are fully covered under the scheme which provides about 2,000 scholarships ranging from Rs 15/- to Rs 150/- per month, depending upon the stage of study.

Presidential Awards for Outstanding Teachers and Students

As a token of country's appreciation of the eminent work by teachers and to enhance their status, the Government instituted 16 Presidential awards to be given annually to outstanding teachers of various categories.

With a view to giving students encouragements and stimulus to put their best efforts for further studies, eight Presidential awards have been instituted for outsanding students to be given at the termination of (i) secondary (ii) intermediate (iii) graduate and (iv) post graduate stages of education.

The above awards carry with them in each case a gold medal, a travel grant for study tour in the other wing of the country and a cash grant ranging from Rs. 2,000 to Rs. 5,000.

HEALTH

The Third Plan marks the beginning of a major national public health programme. It not only provides preventive and curative health services but also aims at creating basic environmental conditions conducive to healthy living.

The Third Plan proposes an investment of Rs. 117.5 crores in the Health Sector, about three times higher than the sum of Rs. 37 crores in the Second Plan. The allocation in the First Plan was Rs. 28 crores. Only 50% of the total allocation could be utilised during the First Plan. The total expenditure, however, exceeded the actual allocation during the Second Plan, because of comparatively good basic facilities.

The Third Plan, which is more comprehensive, includes a large number of schemes such as malaria eradication, family planning, T.B. control, leprosy control, mental health, maternity and child health, school health, nutrition, industrial health, environmental sanitation and training of medical and para-medical personnel.

Some of the achievements and targets to be achieved in the Health Sector during the Third Plan are given in Table 129;

Table 129

ACHIEVEMENTS AND TARGETS IN THE HEALTH SECTOR

	Uptil end of 2nd Plan (Achieved)		*Uptil end of 3rd Plan (Proposed)*	
	1948	*Total*	1966	*Total*
Doctors..	3,500	15,600	16,600	19,800
Nurses	204	3,600	4,300	5,400
Medical Colleges ..	3	12	12	14
Hospital Beds	13,500	35,500	38,015(1965)	48,300
Rural Health Centres ..	—	200	200	860
Lady Health Visitors ..	N.A.	1,047	N.A.	2,750
T.B. Clinics	N.A.	96	103	181
T.B. Beds	N.A.	2,500	N.A.	3,450

In spite of the progress made during the Second Plan, health standards in Pakistan are still exceedingly modest. The main causes of morbidity and high mortality are low standards of living and inadequate health services. The basic dimensional problems which are at the root of these difficulties may be listed as follows:

(i) malaria
(ii) tuberculosis
(iii) low nutritional standards

(iv) lack of proper environmental sanitation

(v) paucity of trained personnel

(vi) child and maternal mortality

(vii) rapid growth of population

(viii) religious feelings against family planning

The Third Plan has been prepared within the framework of a long term 20-year Perspective Plan which, in physical terms, aims at :

(a) one doctor for 3,000 persons
(b) one nurse for 4,500 persons or one nurse for 5 hospitals beds
(c) one lady health visitor for 10,000 persons
(d) one tuberculosis hospital bed for 5 fatal cases
(e) one hospital bed for 1,000 persons
(f) 3,800 rural health centres at the rate of one per 50,000 population
(g) 1,900 T.B. clinics at the rate of one clinic for 1,00,000 population.

During 1965-66, the first year of the Third Plan, most of the work to be done pertained to the formulation and clearnace of schemes by the competent authorities. The outbreak of war in 1965 hampered progress in this regard. However, the main achievements and progress in various health fields during 1966 is described below:

Malaria Eradication

A Malaria Eradication Programme, costing Rs. 52 crores with the assistance of WHO spread over a period of 14 years (1961-1974), was drawn up and approved by the National Economic Council. The cost has since been raised to Rs. 66 crores. By the end of September 1966, the malaria eradication operatotion had covered over 7.8 crore people. Remaining population are to be covered under the programme during the Third Plan. There are four phases of the programme, namely, the preparatory phase, the attack Phase, the consolidation phase and the maintenance phase. Each area under the operation of this programme has to pass through these four phases.

Small Pox

In view of the importance of small-pox eradication as part of the global programme for eradication of the disease, a pilot project was started in the badly affected districts of Comilla and Faridpur in East Pakistan in 1960. The scheme was extended to the whole of the Province in 1961, and completed in 1963 with great success. Against 79,060 cases and 58,891 deaths in 1958, there were only 307 cases and 119 deaths in 1965 and 3,129 cases and 1,401 deaths in 1966. A similar scheme for West Pakistan is also contemplated. In 1966, 2,893 cases and 503 deaths occurred in West Pakistan from this disease.

Tuberculosis

Considerable attention is being given to the control of tuberculosis. At present, 44 BCG Teams are carrying out BCG vaccination. More than 100 T.B. clinics are functioning and more than 2,500 T.B. beds are available for hospitalisation of serious cases.

Cholera

Cholera is another infectious disease which is endemic in East Pakistan. Anti-cholera measures have been intensified with encouraging results. According to the provisional estimates only 1,199 deaths occurred in 1966 against 683 in 1965 and 15,655 in 1958. West Pakistan has remained free from cholera during recent years.

Family Planning

It has been estimated that the country's population will increase at least by 2.6% annually. This rate of growth is higher than the rate in many thickly populated countries of the world. With the increase in population the nutritional standards of the country are affected.

Family Planning can adjust the available resources of the country to the needs of the population in the best possible way.

The present family planning programme, launched in July 1965, is off to an excellent start and has yielded encouraging results. At present the scheme has been introduced in 36 districts of the country and its scope is being extended graually to other districts.

The Family Planning Organisation is making efforts to enlist the services of all available medical and paramedical personnel and also employs wholetime doctors and midwives. Since 85 % of population is rural, village "Dais" have been associated with the programme in order to render direct services to the needy.

The Family Planning Council of Pakistan has taken due notice of the President's Manifesto and the tempo of the drive for a family planning programme has been further accelerated. A compaign is being launched to overcome the prejudice of the people and to create awareness that it is possible for one to have "children by choice rather than by chance". It will reduce the birth rate from 50 per thousand to 40 per thousand.

According to the targets fixed by the Council, 80 thousand families will be inserted with Coil or IUD in the next financial year. Three hundred family planning centres will, therefore be opened every year in each wing, while 600 technical personnel will be trained in family planning every year to man these additional clinics. At present, there are 2,945 family planning centres, 1,784 in West Pakistan and 1,161 in East Pakistan, rendering services in planned parent-hood programme.

Foreign Assistance for Family Planning

The Ford Foundation has approved a grant of $1,222,000 for family planning assistance in the form of advisers/consultants, research equipment and short/long-term travel grants during the agreement period, ending September, 1967. This is to be provided for the following projects.

(i) National Research Institute of Family Planning, Karachi.

(ii) Medical Social Research Project, Lahore.

(iii) Family Planning Research and Evaluation Centre, Dacca.

The Royal Swedish Government has also agreed to make a free supply of contraceptives up to the value of Rs. 3 crores during the Plan period (1965-70). Negotiations with UNICEF and US-AID for transport equipment and audio-visual mobile units, have also materialised.

Rural Health

Realising the significance of the health problems of the rural population that comprises 85 % of the total population, the Government conceived a rural health programme for the first time in 1959, and 20 Field Training and Demonstrative Rural Health Centres were then approved. By June 1966, the number of centres had increased to 137 (58 in East Pakistan and 79 in West Pakistan). Another 124 centres, 43 in East Pakistan and 81 in West Pakistan, were almost ready to start. Each centre has three sub-centres and covers 50,000 people. The rural health programme covers indoor treatment, minor surgery, X-ray, laboratory facilities, vaccination and inoculation, safe drinking water supply, maternal and child health work and registration of births and deaths etc. In short, about 1.30 crore of the rural population have been provided with comprehensive medical facilities under this programme.

Unani, Ayurvedic and Homoeopathic Systems of Medicines

Because these systems of medicines were not officially recognised, their use was gradually coming to a standstill. It was necessary, however, to regulate these systems properly so that quackery and ignorance, which have crept into them, could be eradicated. An act to regulate the qualifications and to provide for the registration of practitioners of the Unani-Ayurvedic and Homoeopathic systems of medicines was passed on January 16, 1966. Under this Act, two Boards, one each for the Unani and Ayurvedic and Homoeopathic Systems of medicines, have been constituted by the Central Government.

In spite of dimensional problems in the health field, Government has given due importance to health as it is both a means of achieving rapid socio-economic development of the people and a principal goal of development itself. Investment in health has formed an increasingly important part of national development through the national plans in Pakistan.

LABOUR AND EMPLOYMENT

Three main planks of the labour policy, announced in 1959 are: the assurance of industrial peace which is absolutely necessary for increased production, imporved working and living conditions including welfare measures for workers and increased employment opportunities through vocational training. The Government embarked on an ambitious programme to translate the objectives of this policy into reality. In the Second Plan emphasis was laid on manpower development, social insurance and the employment of satisfactory standards of safety, sanitation, health and eradication of child labour. The Government has been successful to a great extent in getting the co-operation of both the workers and employers for implementing this policy.

The total financial allocation in the third Plan to the "Labour and Employment" sector is Rs. 11.5 crores, about three times as large as the Second Plan allocation of Rs. 3.5 crores.

Manpower Statistics

In order to tackle the basic problem of unemployment, Government established the National Manpower Council in 1962. Under the auspices of the Council, three specialised working agencies viz., the Civil Works Board, the National Training Board and the High Level Personnel Committee, were established. The National Manpower Council coordinates the collection at regular intervals of data on the labour force and employment, with the co-operation of the Panel on Labour Statistics of the National Statistical Council.

With the increase in population, the labour force also goes on increasing. According to the International Labour Organisation, the total labour force of Pakistan, which stood at 265 lakhs in 1955, increased to 292 lakhs in 1960 and further to 325 lakhs in 1965, and it is expected to reach 362 lakhs by 1970. However, Government is endeavouring to absorb the growing labour force in different fields.

In Pakistan, urban population is growing faster than employment opportunities. Between 1951 and 1961, it increased by 57.4 % while the rural population increased by 20 %. Another perpetual problem is that the growing labour force consists of unskilled labour which pose an obstacle in the way of development.

Vocational Guidance and Employment

Vocational guidance, without which un-employment and under-employment are difficult to reduce, was provided on a large scale in the selected areas of Dacca and Karachi. The project received encouragement from both the public and the private sectors. It created interest not only among those who were responsible for adult education in the country but also amongst the parents and guardians of school pupils.

During the period, April to December 1965, 36,000 young boys and girls were

contacted at 30 different schools. Thirteen booklets on individual careers have been circulated among students. A reference book containing details of 95 occupations has also been prepared. Individual guidance was provided to 862 students out of 968 who applied for it. A total of 828 employers and 176 training institutions were contacted to seek their assistance in the placement of vocationally-guided young persons.

Labour Market Organisation

During the Third Plan period, the employment exchanges are to be strengthend and reorganised. Three specialised agencies will be set up within the employment exchange system to provide assistance to (i) rural workers in agriculture, (ii) port and dock workers, and (iii) contract labourers. For vocational guidance and employment counselling, there will be placement bureaux within the various educational institutions.

Industrial Relations and Labour Statistics

The labour relations situation was not quite satisfactory during 1966. A total of 115 work-stoppages, involving 1,06,386 workers, resulted in the loss of 2,95,261 man-days. Of these, 37 work-stoppages occurred in East Pakistan and 78 in West Pakistan. At the end of April 1966, there were 988 registered trade unions with a total membership of 5,17,885. Under the present Constitution, the legislation and administration of labour laws is primarily the responsibility of the Provincial Governments, though the Central Government can legislate in the fields of labour administration for purposes of uniformity and co-ordination.

The Government of East Pakistan has enacted (a) Factories Act, 1965, (b) Labour Disputes Act, 1965 (c) Trade Unions Act, 1965 (d) Shops and Establishment Act, 1965 (e) Inland Water Transport Act, 1965 and (f) Employment of Labour (Standing Order) Act, 1965. The Government of West Pakistan has promulgated two ordinances, the West Pakistan Employees Social Security Ordinance, 1965, and the Industrial Disputes (West Pakistan Amendment) Ordinance, 1965. The West Pakistan Social Security Scheme proivides for medical benefits in the form of disablement pension, gratuity, death grant and survivors' pension to workers in industrial and commercial enterprises. In the first instance, this scheme has been introduced on an experimental basis in the textile industry of three cities of the Province—Karachi, Hyderabad and Lyallpur, from March 1, 1967. The scheme will cover about 1,20,000 workers in 345 textile establishments. It will be extended to other areas and cover the entire industrial sector in the Province within the next five years.

PHYSICAL PLANNING AND HOUSE

With the rising tempo of economic development in the Second Five-Year Plan, Government realized the need for organising housing services. These include preparation of development plans for urban areas, educational facilities for architecture, city planning and building research. The major achievements of the Second Plan in the Housing sector included development of 1,50,000 residential plots, partial com-

pletion of three colleges of architecture and one college of town planning, sinking of 1,00,000 tubewells for rural water supply in East Pakistan and completion of 103 water supply schemes in the rural areas of West Pakistan, implementation of comprehensive water supply, sewerage schemes in Karachi, Dacca and Chittagong, and completion of work on three Building Trade Schools and 30 Building Research Centres.

Third Plan Targets

Apart from the continuance of the basic development programmes of the Second Plan, the Third Plan envisages the provision of low income group houses, and essential housing facilities for public servants and industrial workers. It provides for the establishment of two building and housing research centres, the implementation of 60 urban water supply development schemes and the sinking of 2,00,000 tubewells in East Pakistan, implementation of small rural water supply schemes in 600 villages of West Pakistan and the development of 3,50,000 residential plots.

The Annual Development Programme of Physical Planning and Housing was allocated a sum of Rs. 43.3 crores during 1966-67 compared to Rs. 30.3 crores during 1965-66.

Basic Development

In the Third Plan, Government gave top priority to basic development programmes. Programmes for case studies, as well as special projects and institutional development within the framework of RCD, have also been included. In West Pakistan, comprehensive regional planning will be initiated and new towns and villages will be developed. The Third Plan proposes the preparation of 45 outline plans, 23 urban development plans and three regional development plans for both the provinces.

Housing

On-going schemes of the Second Plan relating to slum clearance and rehabilitation of low-income groups in various cities of both provinces have made good progress. In West Pakistan about 700 nucleus houses and about 3,000 developed plots and in East Pakistan 400 nucleus houses and 517 developed plots have been constructed during the first year of the Third Plan. Progress in respect of public servants' housing has been well maintained during the year. Modest provisions were made by the Government during 1966 for house building loans to Government servants.

To accommodate shelterless Jammu and Kashmir refugees, the Government of Pakistan decided to construct colonies at Dhingranwali (Gujranwala), Ugoke (Sialkot), and Rethian (Jhelum). The colonies will comprise 561, 1,036 and 200 quarters respectively.

In West Pakistan seven on-going urban water supply schemes and five on-going drainage schemes were completed during 1965-66 while the number of rural water

supply schemes completed by that time was 80. In East Pakistan 593 tubewells/hand-pumps were sunk in rural areas for pure water supply and good progress was made in the execution of eight major urban water supply schemes and the pilot scheme for village sanitation.

Government Offices and Buildings

The construction work of essential government offices and residential accommodation is going on satisfactorily. A number of police, jail, judicial and income tax offices are under construction. In East Pakistan the construction of a High Court building at Dacca, Police lines buildings at Kushtia and Chittagong, District and Sub-divisional Headquarters at Haijdi, Kamarpara, Nawabgonj, Khulna, Tangail, Pautakhali, Gopalpur, Pirojpur, Jalakoti and Borguna and Police Thana buildings at various places made good progress. In West Pakistan 33 new schemes of construction and improvements of office buildings were taken in hand. Construction work on office buildings in Quetta, Kalat Division, the West Pakistan Rangers offices at Lahore and Hyderabad, and jails and police stations at various places, made good progress.

To meet the housing needs of various income groups the Lahore and Dacca Improvement Trusts and Karachi Development Authority made substantial progress in the development of residential plots of various categories.

New Capital at Islamabad

Phase II of the Capital construction scheme is well ahead of schedule. About 85% of the work on the Secretariat buildings during Phase II has been completed. Apart from the construction of 3,138 houses for Secretariat staff during Phase I, 78% of the construction work of Phase II on about 2,450 houses had been completed by December 1966, while the work on remaining 22% continued. The housing work for essential services staff is also going on.

A Government officers' hostel, Shahrazad, Hotel, a primary health centre, General Post Office and the main Telephone Exchange Building have already been completed. Work relating to the acquisition of land, construction and improvement of highways/linking roads, water supply, sewerage and drainage and the development of the administrative sector and landscaping is well ahead of schedule.

In order to provide community facilities for the inhabitants of Islamabad, the Capital Development Authority undertook the construction of various educational, health, commercial and religious buildings on behalf of other agencies. In the private sector about 2,442 residential plots were sold to the general public and foreign missions in Islamabad up to December 1966. Plots for industrial and commercial were also sold to the general public.

Second Capital at Dacca

In order to provide the Central Government an opportunity to come into direct

touch with the people of East Pakistan, it was decided to establish a second Capital at Dacca, for which 610 acres of land have been acquired. The capital will cost Rs. 18 crores, (Rs. 6 crores in the Second Plan, Rs. 12 crores in the Third Plan).

The site is divided into sectors, the "Citadel of the Assembly" and "Citadel of Institutions" being particularly important.

Construction work on some of the schemes has made good progress. Residences for the National Assembly, Secretariat and the Ayub Hospital staff together with a mosque and a shopping centre have been completed. The Hostel for gazetted and non-gazetted staff is almost ready. The Hostels for Ministers, Secretaries, and Joint Secretaries was scheduled to be completed by 1967, the Hostel for ihe MNAs will be completed in 1968, and that of the National Assembly will be ready in 1969.

In order to meet the present secretariat requirements, a temporary building and a Rest House for the MNAs was built at a cost of Rs. 30.17 lakhs in 1963.

Housing is of vital national importance. With the growth of population and industrialisation the housing problem has became more acute. The urban population of Pakistan has been increasing at 6 % per annum. By the beginning of the Second Five-Year Plan, it was estimated that there was a shortage of 600,000 urban dwelling units. At the beginning of the Third Plan the shortage has been increased to nearly a million. The bulk of shelterless families exist in Karachi where a large number of shelterless people has been accommodated in two important townships, Korangi and North Nazimabad, planned by Karachi Development Authority.

SOCIAL WELFARE

The Government of Pakistan enunciated the objectives of welfare and elaborated a programme of social service in the First Five-Year Plan. The reason for starting this programme at a later stage was that the newly created State of Pakistan remained preoccupied with the problems of refugees and defence for a number of years. In 1952 the Central Government requested the help of the United Nations Technical Assistance Administration in devising a social welfare programme, and a Welfare Project accordingly came into being. The establishment of the project was followed by three short-term in-service training courses in social welfare, which were organised in Karachi and Dacca in 1952-54. Similarly three Urban Community Development Projects were started in Karachi, and one each in Dacca and Lahore. Later, medical social work was also started in Karachi, and arrangements for post-graduate training in social work were made in the University of the Punjab, where a Department of Social Work was started with financial assistance from the Central Government.

Implementation of the Social Welfare programme during the Second Plan period was satisfactory, compared to the relatively poor performance during the First Plan, when funds were inadequate and there were administrative bottlenecks. The schemes included in the Second Plan have been fully implemented in East Pakistan, whereas in West Pakistan nearly 77 % of the financial allocations have been spent. In May 1962 Social Welfare was transferred under the new constitution to the

Provincial Governments. Since then the Provincial Governments have been able to improve their capacity to organise and administer social welfare services.

The objectives of the Third Five-Year Plan in this field are:

(a) to promote the development process by reaching people and involving them in development tasks;

(b) to consolidate and expand existing preventive, curative and rehabilitative social services at all levels;

(c) to initiate new programmes to meet the outstanding needs and problems of individuals, families and communities.

The revised Third Plan allocates Rs. 9.3 crores for development of Social Welfare Services. This envisages an expenditure of Rs. 4 crores for East Pakistan, Rs.3.3 crores for West Pakistan and Rs. 2 crores for the Centre. In addition, substantial sums of money will be spent under the works programme, and every effort will be made to mobilise funds from private sources.

Implementation during the Second Plan and the programme for the Third Plan are briefly discussed below:

Training

During the Second Plan, departments of social work were established in the Karachi and Rajshahi Universities. The construction of the Dacca College of Social Welfare and its attached hostel has been completed. Degree courses in social work were introduced in the Universities of Dacca, Lahore, Karachi and Rajshahi. The teaching of social work as an elective subject for the B.A. degree was started at six colleges in East Pakistan and eight in West Pakistan. 348 social workers were trained at various Universities. In addition, 42 persons from East Pakistan and 13 from West Pakistan received short-term training. Their number will be increased by 100 % during the Third Five-Year Plan.

Urban Community Development

The Urban Community Development Programme is being implemented with enthusiasm and vigour. The first Urban Community Development Project was established in Karachi in 1952, followed by two more projects in Karachi and one each in Dacca and Lahore. The number of projects has increased to 84 (42 in East Pakistan and 42 in West Pakistan) during the Second Five-Year Plan. Specially trained workers, men and women, are employed to help people in neighbourhood units to solve their problems with assistance from appropriate Govrenment agencies as well as from private agencies. The Third Plan estimates that nearly 491 Urban Community Development Centres will be necessary, 106 for East Pakistan and 385 for West Pakistan, and it proposes to establish 65 projects during the Plan period, 25 in East Pakistan and 40 in West Pakistan.

Development of Voluntary Social Welfare Agencies

There has been a marked increase in the growth of voluntary agencies. During 1966, 419 additional agencies have been registered in East Pakistan, and the total number of agencies there is now 1,763. The number of voluntary agencies in West Pakistan is 749 and thus in the country as a whole 2,512. Eight field Officers are appointed to supervise the activities of the agencies in West Pakistan. In East Pakistan, in addition to the four Social Welfare Organisations at the Divisional Headquarters, the social welfare organisers of the 52 Urban Community Development Projects have been made responsible for the supervision of the agencies located in the assigned areas.

Training And Rehabilitation of Beggars

In pursuance of the decision of the National Council of Social Welfare to tackle the beggar problem and for the eradication of beggary through the Urban Community Projects, appropriate Committees have been formed in the two Provincial Social Welfare Directorates. The Committees recommended various measures for the rehabilitation of the beggars and in both provinces steps are being taken to implement the recommendations of the Committees. In East Pakistan, two vagrants' homes, which provided accommodation and training facilities to 750 beggars, have been established, in West Pakistan, one beggars' home has been started in Lahore. This institution will cater to the needs of disabled beggars as well as provide an "extension service" for the beggars' dependents.

Orphanages

Orphanages in Pakistan are managed by both Government and private agencies. In East Pakistan there are 39 orphanages of which 16 are state-managed and 23 are aided. There is also a state-managed orphanage-cum-workhouse at Madanipur in the district of Faridpur. These orphanages provide protection, care, education and vocational training to some 5,000 orphans. In West Pakistan there are many more orphanages than in East Pakistan and their number is about 460, but the conditions prevailing in most of them are not satisfactory. A campaign for the reform and improvement of orphanages has been initiated by the West Pakistan Government. A scheme for converting an existing orphanage at Sialkot into a "Model Orphanage" was also prepared.

During the September, war with India many people living in the border areas were rendered homeless For instance, in Charwar the Indians resorted to mass-killing, as a result of which the village was left with 90 war widows and 325 orphans. In order to help them, Government has proposed to establish a socio-economic centre for their rehabilitation. The expenditure on this scheme is expected to be about Rs. 1.5 crore.

Social Services For Youth

A programme of educational services and productive activities for youth was arranged in the Second Plan period. In East Pakistan 17 youth centres and hostels

were established, against the Plan target of 20. Two more centres have now been completed and their total number is thus 19. In West Pakistan the scheme was abandoned because of shortage of funds. The programme will be maintained under the Urban Works Programme of the Third Plan.

Medical Social Work

The usefulness of medical social work is recognised throughout the world for its preventive and curative benefits. It prevents the spread of disease and the disruption of patients family, makes medical treatment meaningful and effective; undertakes the rehabilitation of patients and motivates community action for their benefit. It is an on-going programme. The target of nine medical social work projects in East Pakistan was fully achieved. In West Pakistan 10 medical social work projects were opened against the Plan target of 15 . The Third Plan proposes to establish 60 such projects, 30 in each Province.

Grants-In-Aid

The National Council of Social Welfare has decided to provide Rs. 14,19,000 and Rs. 8,33,000 tc East and West Pakistan respectively to be distributed to various social welfare agencies during 1966-67. Another sum of Rs. 35,000 has been sanction ed to improve and extend social welfare activities in national agencies.

The overall performance in the social welfare sector during the Second Plan period and onward was satisfactory both in tangible and intangible terms. Social Welfare Services may not eradicate all of the problems like illiteracy, rapid urbanisation and continued immigration from Kashmir and India, yet they have reduced them by equipping manpower for better participation in development efforts.

APPENDIX

APPENDIX

TRADE AND BARTER AGREEMENTS ENTERED INTO BETWEEN APRIL 1966 AND MARCH 1967

(i) Barter Agreement with Rumania

A protocol valid for one year for exchange of goods between Pakistan and Rumania was signed on 7th July 1966 under which Pakistan was to export raw jute raw cotton, jute bags, cotton textiles, surgical instruments, spectacle frames and sports goods and to import petroleum products, urea, chemicals, including insecticides and pesticides, electrical equipment, tools and workshop equipment, bearings, building and re-building equipment and tractors.

(ii) Barter Agreement with Czechoslovakia

A new protocol valid for one year was signed in November 1966 with Czechoslovakia for the import of metallurgical hard coke, special vehicles, engineering machinery and equipment, chemicals and dyes and raw films and the export of raw jute, raw cotton, cotton textiles, hosiery goods, woollen products, leather and leather goods, animal hair, surgical instruments, *basmati* rice, sulphur, ores and minerals.

(iii) Barter Agreement with Yugoslavia

A protocol, valid for one year, was signed with Yugoslavia in September 1966 under which Pakistan would export raw jute, raw cotton, cotton textiles, woollen textiles, *basmati* rice, hides and skins, newsprint and sports goods, and import cables insulators, conductors, agricultural machinery, tools and workshop and equipment, pesticides aud insecticides, construction machinery and chemicals.

(iv) Barter Agreements with China

(a) A protocol with China was signed on 4th July 1966 for the export of raw jute, raw cotton, cotton yarn, jute goods, hides and skins and surgical instruments and the import of tools and equipment, C.I. Pipes, iron and steel items, milk powder, paper and board.

(b) Another protocol with China was signed on 2nd August 1966, valid for one year, and envisaging exports to that country of raw jute, raw cotton, hesian cloth and cotton yarn against the import of coal.

(v) Barter Agreement with North Korea

A trade and payments agreement with North Korea was signed on 8th November 1966 to last for two years, under which Pakistan would export raw jute, raw cotton jute goods, cotton and woollen textiles, and ores and minerals, and import pig iron chemical fertilisers, iron and steel products, chemicals and dyes.

(vi) Trade Agreement with a Swedish Company

A commodity exchange arrangement between Pakistan and the Swedish Foreign Trade Compensation Company, A.B. Sukah, Stockholm, was signed on 2nd February

of 1967. Under this arrangement, Pakistan's exports would include cotton textiles, including ready-made garments, house-hold linen, hosiery and handloom products, shoes, fruits and fruit products, carpets and rugs, handicrafts, frozen shrimps and prawns, etc. Imports from Sweden will consist of special steel, drilling machinery etc.

(vii) **Barter Agreement with Poland**

An agreement with Poland was signed on 8th February 1967 for exchange of goods during 1967. Pakistan will export cotton textiles, newsprint, minerals, leather goods including footwear and miscellaneous manufactured goods, apart from raw jute and raw cotton under this agreement. Import items under the agreement include coal and coke, tools and workshop equipment, fertilizers, road building and construction machinery, chemicals and dyes, pumps and compressors, electrification equipment, iron and steel products, mining equipment and automatic cotton looms.

(viii) **Barter Agreement with Hungary**

An agreement with Hungary was concluded on 18th February 1967 for exchange of commodites during the period from February 1967 to February 1968. Our export items include raw jute, raw cotton, jute manufactures, raw wool, cotton textiles, tanned and semi-tanned hides and skins, sheep casings, animal hair, fish meal, bone and bone meal, and miscellaneous manufactured items. Under this arrangement, electrical equipment, chemicals and dyes, fertilizers, pharmaceuticals, railway materials, tools and workshop equipment, road building and construction machinery and scientific and surgical instruments will be imported.

(ix) **Barter agreement with USSR**

(a) On 31st January, 1967, a programme was drawn up for export/import under three-year agreement on exchange of goods between Pakistan and USSR signed on 7th April 1965. The level of imports was kept higher to offset the excess of our exports over our imports as on December 31st, 1966.

(b) A rice barter deal for 1967 was also concluded with the USSR on 8th February 1967. This deal provides for the export of *basmati* rice in exchange for fertilizers and sun-flower seed oil. Import of sun-flower oil will ease the prevailing acute shortage of edible oils in the country. A significant aspect of this deal is that *basmati* rice was bartered with 100% cash foreign exchange saving items mentioned above.

(x) **Barter Agreement with Ceylon**

To supplement normal trade between Pakistan and Ceylon, a barter Agreement for exchange of goods was concluded in the month of April 1967. Under the agreement, Pakistan will export newsprint, canned fish, finished leather, surgical instruments and pharmaceuticals against the imports of citronella oil, conch shell and aricanuts.

STATISTICAL SECTION

STATISTICAL SECTION

LIST OF TABLES

STOCK MARKET AND BONUS VOUCHERS

PUBLIC FINANCE

FOREIGN ECONOMIC ASSISTANCE

NATIONAL INCOME

TABLE

GROSS NATIONAL PRODUCT

(1949-50 to

(On July-June basis)

Sector	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56
1. Agriculture	1,466.9	1,511.2	1,454.9	1,491.7	1,605.3	1,565.4	1,513. 5
(a) *Major Crops*	*830.4*	*869.8*	*798.2*	*814.9*	*912.8*	*873.2*	*829.2*
(b) *Minor Crops*	*245.3*	*240.4*	*245.0*	*256.8*	*260.8*	*250.2*	*233.0*
(c) *Livestock*	*297.5*	*304.9*	*312.4*	*319.8*	*327.3*	*334.7*	*342.1*
(d) *Fishing*	*86.6*	*89.4*	*91.7*	*92.8*	*95.1*	*97.9*	*99.8*
(e) *Forestry*	*7.1*	*6.7*	*7.7*	*7.4*	*9.3*	*9.4*	*9.4*
2. Mining and quarrying ..	2.7	3.7	4.1	4.2	4.5	4.5	5.0
3. Manufacturing	143.3	153.9	164.5	179.2	199.9	222.0	243.9
(a) *Large-scale*	*34.6*	*42.7*	*50.7*	*62.8*	*80.8*	*100.2*	*119.3*
(b) *Small-scale*	*108.7*	*111.2*	*113.8*	*116.4*	*119.1*	*121.8*	*124.6*
4. Construction	23.8	23.8	34.0	36.4	43.9	41.5	45.8
5. Electricity, gas, water and sanitary services	3.3	3.6	3.9	3.8	4.4	4.7	5.4
6. Transportation, storage and communications	123.9	128.2	135.2	141.7	146.6	158.8	162.2
7. Wholesale and retail trade ..	285.6	302.0	300.2	311.0	321.1	326.1	325.1
8. Banking and insurance ..	7.7	8.6	9.2	9.9	10.8	11.1	13.5
9. Ownership of dwellings ..	138.7	141.8	145.8	148.5	152.6	155.9	160 5
10. Public Administration and defence	106.3	110.7	130.7	125.1	123.8	124.3	128.6
11. Services	148.0	153.5	159.1	164.9	170.0	177.3	183.8
12. Gross domestic product ..	2,450.2	2,540.8	2,541.6	2,616.4	2,782.9	2,791.6	2,787.3
13. Net factor income from rest of the world	(—)3.6	(—)3.5	(—)2.1	(—)2.5	(—)5.3	(—)0.8	(—)3.9
14. Gross National Product ..	2,446.6	2,537.3	2,539.5	2,613.9	2,777.6	2,790.8	2,783.4
15. Population (in Lakhs) (1) ..	787.8	805.9	824.4	843.4	862.8	882.6	902.9
16. Per capita gross income (in Rs.) ..	311	315	308	310	322	316	308

1. Population figures are those worked out by the Planning Commission.
2. Second Revised Estimates.
3. First Revised Estimates.

No. 1

AT CONSTANT FACTOR COST OF 1959-60

1966-67)

(In crore rupees)

1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66(2)	1966-67 (3)
1,626.6	1,608.9	1,592.3	1,675.3	1,728.5	1,818.3	1,827.2	1,941.1	1,976.1	2,007.5	2,062.9
929.4	900.0	893.1	963.4	1,001.5	1,071.5	1,060.6	1,141.9	1,171.2	1181.2	1,216.8
234.9	236.8	216.1	218.0	222.9	231.6	238.1	258.4	251.8	261.3	268.1
349.6	357.0	364.4	371.9	379.3	386.8	394.2	401.6	409.1	416.5	428.8
102.8	103.7	106.9	111.1	113.7	116.9	121.9	126.1	130.3	134.1	138.2
9.9	11.4	11.8	10.9	11.1	11.5	12.4	13.1	13.7	14.4	15.0
5.5	5.9	6.4	7.0	8.2	8.8	10.0	11.7	13.1	13.7	14.2
258.0	269.1	281.8	293.0	362.2	363.0	397.3	435.1	471.1	494.9	529.1
130.5	138.7	148.4	156.5	186.0	219.1	249.6	283.6	315.6	335.2	365.4
127.5	130.4	133.4	136.5	140.2	143.9	147.7	151.15	155.5	159.6	163.7
52.9	55.8	60.2	65.1	79.6	98.2	108.6	169.4	192.1	182.5	205.2
6.9	7.8	8.0	10.7	12.0	12.5	17.3	23.3	28.3	32.5	34.8
167.4	172.3	191.0	185.7	200.8	200.4	221.9	231.6	242.4	276.1	300.5
339.2	349.1	348.4	366.5	393.8	424.1	448.9	485.6	510.9	533.7	559.[illegible]
16.6	16.2	18.4	22.4	24.7	26.8	29.9	32.5	35.7	41.5	48.1
164.1	168.5	172.4	177.2	181.4	186.0	191.7	196.6	201.7	206.8	212.[illegible]
125.5	122.3	133.5	133.1	136.7	141.9	146.7	167.7	179.0	242.9	278.[illegible]
190.4	196.7	203.9	211.2	219.8	227.9	236.5	245.3	254.4	263.7	273.[illegible]
2,953.1	2,972.6	3,016.3	3,147.2	3,311.7	3,507.9	3,636.0	3,939.9	4,104.8	4,295.8	4,517.[illegible]
(—)3.4	(—)0.7	(—)1.9	(—)3.3	(—)3.1	(—)3.6	(—)7.6	(—)11.5	(+)1.0	(+)1.0	(+)1.[illegible]
2,949.7	2,971.9	3,014.4	3,143.9	3,308.6	3,504.3	3,628.4	3,928.4	4,105.8	4,296.8	4,518.[illegible]
923.7	944.9	966.6	988.8	1,014.5	1,040.9	1,067.9	1,095.6	1,124.1	1,154.4	1,185.[illegible]
319	315	312	318	326	337	340	359	365	372	38[illegible]

Source: Central Statistical Off[illegible]

TABLE

GROSS NATIONAL PRODUCT

(1949-50 to

(On July-June basis)

Sector	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56
1. Agriculture	1,172.7	1,204.2	1,280.8	1,199.4	1,167.7	1,084.7	1,162.0
(a) *Major crops*	644.7	681.8	727.3	664.7	592.8	495.4	608.9
(b) *Minor crops*	195.8	191.1	200.1	200.1	211.9	227.1	203.1
(c) *Livestock*	285.3	278.8	296.8	283.2	303.5	297.8	279.9
(d) *Fishing*	42.9	48.4	51.6	46.8	53.4	58.0	62.3
(e) *Forestry*	4.0	4.1	5.0	4.6	6.1	6.4	7.8
2. Mining and quarrying ..	1.7	2.3	2.6	3.0	3.3	3.3	4.1
3. Manufacturing	139.7	157.8	166.8	171.8	188.1	197·6	218.8
(a) *Large-scale*	33.7	43.8	51.4	60.2	76.0	89.2	107.0
(b) *Small-scale*	106.0	114.0	115.4	111.6	112.1	108.4	111.8
4. Construction	23.2	24.4	34.5	34.9	41.3	36.9	41.1
5. Electricity, gas, water and sanitary services	2.6	2.9	3.2	3.3	3.9	4.2	4.9
6. Transportation, storage and communication	101.5	100.0	114.1	125.9	127.6	126.2	138.2
7. Wholesale & retail trade ..	225.0	255.0	276.2	247.1	248.7	259.4	274.4
8. Banking & Insurance ..	6.2	6.7	7.5	8.7	9.6	9.9	12.0
9. Ownership of dwellings ..	111.2	113.8	120.6	130.1	135.4	138.8	142.2
10. Public administration and defence	86.1	90.8	110.8	109.7	109.5	109.3	114.4
11. Services	121.2	118.0	134.2	147.6	151.4	144.8	156.7
12. Gross domestic product ..	1,991.1	2,075.9	2,251.3	2,181.5	2,186.5	2,115.1	2,268.8
13. Net factor income from rest of the world	(—)1.8	(—)1.9	(—)1.3	(—)1.3	(—)2.9	(—)0.4	(—)3.0
14. Gross national product ..	1,989.3	2,074.0	2,250.0	2,180.2	2,183.6	2,114.7	2,265.8
15. Population (in lakhs) (1) ..	787.8	805.9	824.4	843.4	862.8	882.6	902.9
16. Per capita gross income (in Rs.)	253	257	273	259	253	240	251

1 Population figures are those worked out by the Planning Commission.

2 Second Revised Estimates.

3 First Revised Estimates

No. 2

AT CURRENT FACTOR COST

1966-67)

(In crore rupees)

1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66(2)	1966-67(3)
1,417.9	1,492.7	1,453.4	1,675.3	1,846.5	1,887.9	1,975.2	2,007.5	2,191.9	2333.2	2977·7
800.0	835.8	801.7	963.4	1,084.3	1,083.5	1,150.1	1,137.8	1,250.7	1385.5	1770·4
230.7	235.5	196.6	218.0	229.9	247.6	251.5	266.8	291.3	306.8	487·4
296.6	308.8	336.7	371.9	397.9	405.4	416.5	424.8	432.2	439.7	498·3
82.2	103.1	108.6	111.1	121.2	136.8	139.6	158.8	197.0	178.3	194·6
8.4	9.5	9.8	10.9	13.2	14.6	17.5	19.3	20.7	22.9	27·0
4.5	5.6	5.8	7.0	8.4	9.1	10.5	12.4	15.0	15.6	16·1
254.4	277.2	263.0	293.0	331.6	371.3	416.5	460.3	504.2	562.1	617·4
128.7	142.4	138.5	156.5	188.3	223.6	262.1	300.6	338.1	380.7	426·4
125.7	134.8	124.5	136.5	143.3	147.7	154.4	159.7	166.1	181·4	191·0
52.2	57.7	56.2	65.1	80.4	100.9	113.6	177.4	205.7	208·0	239·3
5.6	7.5	8.0	10.7	12.4	13.3	18.2	25.8	32.8	37.7	44·5
152.6	166.9	180.4	185.7	209.4	215.8	233.5	256.8	280.9	317.4	385·3
322.6	342.8	320.0	366.5	417.9	444.0	467.9	510.9	565.4	615.9	717·5
14.8	15.5	17.8	22.4	26.0	28.9	31.7	36.0	41.4	47.9	62·3
146.8	161.5	166.6	177.2	183.1	194.1	202.4	210.5	229.0	238.7	271·9
117.4	120.2	131.13	133.1	143.0	149.3	156.0	181.2	202.5	284.5	337·9
173.6	193.1	201.7	211.2	223.1	237.6	246.5	261.1	283.7	306.5	346·9
2,662.4	2,840.7	2,804.2	3,147.2	3,481.8	3,652.2	3,872.0	4,139.9	4,552.5	4967.5	6017·3
(—)3.1	(—)0.7	(—)1.9	(—)3.3	(—)3.2	(—)3.7	(—)7.8	(—)11.5	(+)1.0	(+)1.0	(+)1·0
2,659.3	2,840.0	2,802.3	3,143.9	3,478.6	3,648.5	3864.2	4128.4	4,553.5	4968.5	6018·3
923.7	944.9	966.6	988.8	1,014.5	1,040.9	1,067.9	1,095.6	1,124.1	1154.4	1185·6
288	301	290	318	343	351	362	377	405	420	507

Source : Central Statistical Office.

FOOD AND AGRICULTURE

TABLE No. 3

INDEX OF AGRICULTURAL PRODUCTION

(MAJOR CROPS ONLY)

(1947-48 to 1966-67)

(*Base* : 1959-60=100)

Year (July-June)	*All crops*	*Food crops*	*Non-food crops*	*Fibres*
1947-48	80	80	65	97
1948-49	89	94	72	80
1949-50	86	91	74	68
1950-51	90	92	71	98
1951-52	82	81	75	101
1952-53	84	80	80	116
1953-54	95	97	91	84
1954-55	90	88	100	90
1955-56	86	81	91	110
1956-57	96	95	94	102
1957-58	93	90	98	108
1958-59	93	88	111	103
1959-60	100	100	100	100
1960-61	105	107	100	91
1961-62	112	109	119	119
1962-63	111	105	137	119
1963-64	120	118	128	124
1964-65	123	121	143	112
1965-66	124	117	166	128
1966-67 .. (p)	128	120	168	132

(*p*) Estimates. *Source* : Central Statistical Office.

Weighting system. Weighted average prices of the base year are used as a weight for these quantum indices.

Method of calculation. The index numbers are computed by Laspeyre's formula : *i.e.* $\frac{\Sigma \; Q_1 \; P_o}{\Sigma \; Q_o \; P_o}$

where Q_1 is the quantity of current year and Q_0 and P_o are the average quantity and weighted average price of the base year respectively.

TABLE No. 4

PER CAPITA AVAILABILITY OF FOODGRAINS

(1947-48 to 1965-66)

Year (July-June)	Domestic production(a) (lakh tons)	Allowance for seed, animal feed, wastage etc. (a) 10% (lakh tons)	Import (lakh tons)	Export (lakh tons)	Available for consumption (lakh tons) (Cols. 2—3+4—5)	Population (b) (in lakhs)	Per capita availability (ounces per day)
1	2	3	4	5	6	7	8
1947-48 ..	117·3	11·73	·50	0·67	105·40	752·8	13·75
1948-49 ..	136·1	13·61	1·64	0·03	124·10	770·1	15.82
1949-50 ..	132·6	13·26	·43	0·22	119·55	787·8	14·90
1950-51 ..	133·0	13·30	—	3·25	116·45	805·9	14.19
1951-52 ..	117·1	11·71	—	0·73	104·66	824·4	12·47
1952-53 ..	115·0	11·50	8·73	0·79	111·44	843·4	12·97
1953-54 ..	140·8	14·08	7·59	1·38	132·93	862·8	15·13
1954-55 ..	127·2	12·72	—	2·05	112·43	882·6	12·51
1955-56 ..	117·4	11·74	1·76	1·44	105·98	902·9	11.53
1956-57 ..	138·3	13·83	13·09	0·61	136·95	923·7	14·56
1957-58 ..	130·5	13·05	9·04	—	126·49	944·9	13·14
1958-59 ..	129·5	12·95	5·55	0·24	121·86	966·6	12.38
1959-60 ..	145·2	14·52	13·23	0·87	143·04	988·8	14·20
1960-61 ..	154·1	15·41	16·92	0·70	154·91	1,014·5	14·99
1961-62 ..	158·1	15·80	10·56	1·02	151·83	1,040·9	14·32
1962-63 ..	152·5	15·25	18·56	1·85	153·96	1,067·9	14·16
1963-64 ..	169·9	16·99	16·55	1·12	166·34	1,095·6	14·91
1964-65 ..	176·0	17·60	17·54	1·80	174·14	1,124·1	15·21
1965-66 ..	168·5	16·85	9·64	1·46	159·83	1,154·4	13·60

Source : Central Statistical Office.

(*a*) Production data include rice, wheat, barley, maize, bajra and jowar.

(*b*) Population figures are based on estimates of the Planning Commission.

(*c*) Import figures are those supplied by the Ministry of Agriculture and Works (Food Wing).

TABLE No. 5

ACREAGE OF PRINCIPAL CROPS

(1955-56 to 1966-67)

(In thousand acres)

Year beginning July 1st

Crop	Average 1955-56 to 1959-60			Average 1960-61 to 1964-65			1964-65			1965-66			1966-67		
	Pakistan	East Pakistan	West Pakistan	Pakistan	East Pakistan	West Pakistan	Pakistan	East Pakistan	West Pakistan	Pakistan	East Pakistan	West Pakistan	Pakistan	East Pakistan	West Pakistan
Rice	22,767	20,114	2,653	24,954	21,879	3,075	25,155	22,805	3,350	26,573	23,130	3,443	25,587(c)	22,[illegible](c)	3,392(c)
Wheat	11,741	114	11,627	12,464	148	12,316	13,272	132	13,140	13,038	136	12,902	14,[illegible](b)	168(c)	14,02[illegible](b)
Bajra	2,066	1	2,065	2,017	—	2,017	2,250	—	2,250	2,075	—	2,075	2069	—	2,069
Jowar	1,173	1	1,172	1,251	2	1,249	1,448	2	1,446	1,469	2	1,467	1,[illegible]2	2	1,380
Maize	1,109	7	1,102	1,202	17	1,185	1,212	10	1,202	1,349	10	1,339	1377	9	1,368
Barley	557	68	489	529	69	460	599	51	458	436	54	382	502(a)	51(a)	451(a)
Total foodgrains	39,413	20,305	19,108	42,417	22,115	20,302	44,846	23,000	21,846	44,940	23,322	21,618	45105	22,435	22670
Gram	3,198	150	3,048	3,028	137	2,891	3,118	127	2,991	2,778	135	2,643	2,796(a)	145(a)	2651(a)
Total food crops	42,611	20,455	22,156	45,445	22,252	23,193	47,964	23,127	24,837	47,718	23,457	24,251	47961	22,580	25321
Sugarcane ..	1,161	253	908	1,476	318	1,158	1,599	357	1,243	1,873	379	1,494	1,762(b)	406(b)	1,357(b)
Rape and mustard	1,919	508	1,411	1,727	537	1,190	1,676	59	1,207	1,565	474	1,091	1,615(a)	479(a)	1,136(a)
Sesamum ..	206	142	64	214	132	82	209	126	83	194	124	70	108(a)	43(a)	65(a)
Jute	1,466	1,466	—	1,732	1,732	—	1,660	1,660	—	2,090	2,090	—	1,946(a)	1,946(a)	—
Cotton	3,494	52	3,442	3,499	40	3,459	3,659	35	3,624	3,695	37	3,858	3975	36	3939
Tea	77	77	—	82	82	—	88	88	—	92	92	—	95	95	—
Tobacco	195	110	85	214	103	111	224	103	121	253	109	144	238(d)	106(d)	132(d)
Total cash crops	8,518	2,613	5,905	8,944	2,944	6,000	9,105	2,827	6,278	9,962	3,305	6,657	9749	3,111	6,629
Total principal crops	51,129	23,068	28,061	54,389	25,196	29,193	57,069	25,954	31,115	57,639	26,772	30,908	5,7641	2,5691	31,950

(a) First estimate
(b) Second estimate
(c) Third estimate
(d) Last two years average

Source: Compiled on the basis of data supplied by Department of Marketing Intelligence and Agricultural Statistics.

TABLE No. 6

PRODUCTION OF PRINCIPAL CROPS

(1955-56 to 1966-67)

(In thousand tons)

Year beginning July 1st

Crop	Average 1955-56 to 1959-60			Average 1960-61 to 1964-65			1964-65			1965-66			1966-67		
	Pakistan	East Pakistan	West Pakistan	Pakistan	East Pakistan	West Pakistan	Pakistan	East Pakistan	West Pakistan	Pakistan	East Pakistan	West Pakistan	Pakistan	East Pakistan	West Pakistan
Rice	8,409	7,514	895	10,842	9,701	1,141	11,666	10,337	1,329	11,631	10,335	1,296	11,800	10,500	1,300
Wheat	3,844	24	3,620	4,124	37	4,087	4,532	34	4,518	3,871	35	3,836	4,240	40	4,200
Maize	322	—	322	375	—	375	439	—	439	365	—	264	365	—	365
Jowar	226	—	226	247	1	246	288	—	288	270	—	270	273	—	273
Bajra	464	2	462	490	5	485	533	3	530	534	3	531	581	3	578
Barley	153	14	138	132	16	116	128	12	116	94	12	82	108	11	97
Total food grains	13,218	7,554	5,663	16,210	9,760	6,450	17,596	10,386	7,210	16,764	10,385	6,379	17,367	10,554	6,813
Gram	674	36	638	664	35	629	698	37	661	576	43	531	575	48	527
Total food crops	13,892	7,590	6,301	16,874	9,795	7,079	18,294	10,523	7,771	17,338	10,428	6,910	17,942	10,602	7,340
Sugarcane ..	13,975	3,819	10,156	20,542	4,943	15,599	24,604	6,231	18,373	29,836	7,559	22,276	28,201	7,710	20,491
Rape and mustard	325	90	235	314	97	217	302	90	212	274	95	179	298(a)	9(a)	196(a)
Sesamum ..	33	27	6	33	24	9	31	22	9	31	24	7	31(a)	23(a)	8(a)
Jute	1,063	1,063	—	1,033	1,033	—	951	951	—	1,136	1,136	—	1,136	1,136	—
	(5,951)	(5,954)	—	(5,786)	(5,786)	—	(5,328)	(5,328)	—	(5,366)	(6,369)	—	(6,260)	6,369	—
Cotton	294	3	291	355	3	352	374	3	371	411	3	408	452	3	449
	(1,681)	(16)	(1,665)	(2,027)	(16)	(2,011)	(2,139)	(15)	(2,124)	(2,347)	(16)	(2,331)	(2,520)	(20)	(2,500)
Tea	24	23	—	24	23	—	23	23	—	39	39	—	42	42	—
	(52.5)	(52.5)	—	(54.3)	(54.3)	—	(63.0)	(63.0)	—	67.2	67.2	—	(71.5)	(71.5)	—
Tobacco	90	37	53	99	28	71	108	27	81	135	27	108	125	27	98
	(202.5)	(82.2)	(120.3)	(221.1)	(62.7)	(158.4)	(242.13)	(60.0)	(182.1)	(202.8)	(60.2)	(242.6)	(272.4)	(60.4)	(212.0)
Total cash crops	15,803	5,062	10,741	22,400	6,152	16,248	26,393	7,352	19,046	31,853	8,860	22,993	30,252	9,023	21,229
Total principal crops	29,695	12,652	17,042	39,274	15,947	23,327	44,692	17,775	26,917	49,191	19,293	29898	48,194	19,625	28,569

Note.—Figures in brackets indicate '000' bales for jute and cotton and million pounds for tea and tobacco.

(a) Last two years average.

Source : Compiled on the basis of data supplied by Department of Marketing Intelligence and Agricultural Statistics.

TABLE No. 7

YIELD PER ACRE OF PRINCIPAL CROPS

(1955-56 to 1965-66)

(In Maunds)

Year beginning July 1st

Crop	Average 1955-56 to 1959-60			Average 1960-61 to 1964-65			1964-65			1965-66		
	Pakistan	East Pakistan	West Pakistan	Pakistan	East Pakistan	West Pakistan	Pakistan	East Pakistan	West Pakistan	Pakistan	East Pakistan	West Pakistan
Rice	10.1	10.1	9.5	11.8	12.1	10.1	12.2	12.3	10.8	11.9	12.2	10.2
Wheat	8.5	5.7	8.5	8.9	6.8	9.0	9.3	7.0	9.4	8.1	7.0	8.1
Bajra	4.2	—	4.2	5.0	—	5.0	5.3	—	5.3	4.8	—	4.8
Jowar	5.2	—	5.2	5.4	—	5.3	5.4	—	5.4	5.0	—	5.0
Maize	11.4	7.8	11.4	11.1	8.4	11.1	11.7	8.2	11.8	10.8	8.2	10.8
Barley	7.5	5.7	7.7	6.8	6.4	6.8	6.8	6.4	6.9	5.9	6.0	5.8
Gram	5.7	6.6	5.7	6.0	7.0	5.9	6.1	7.8	6.0	5.6	8.7	5.5
Sugarcane	328.2	403.8	308.7	376.6	421.1	364.1	418.8	476.4	402.3	433.6	542.2	406.0
Rape and mustard	4.6	4.9	4.5	4.9	4.9	5.0	4.9	5.3	4.8	4.8	5.5	4.5
Sesamum	4.4	5.1	2.7	4.1	5.1	2.9	4.0	4.8	3.0	4.3	5.3	2.2
Jute	19.8	19.8	—	16.2	16.2	—	15.6	15.6	—	14.8	14.8	—
Cotton	2.3	1.5	2.3	2.8	2.8	2.8	2.8	2.0	2.8	2.9	2.1	2.9
Tea	8.3	8.3	—	8.0	8.0	—	8.7	8.7	—	8.9	8.9	—
Tobacco	12.6	9.1	16.1	12.5	7.4	17.4	13.1	7.1	18.3	11.6	6.7	20.4

Source : Compiled on the basis of data supplied by Department of Marketing Intelligence and Agricultural Statistics.

INDUSTRY AND MINING

TABLE No. 8

A. REVISED QUANTUM INDEX OF INDUSTRIAL PRODUCTION

Base : 1959-60 (July—June)=100

Year July-June	*Manufacturing*	*Mining*	*Industrial Production (manufacturing and mining)*
1959-60	100·0	100·0	100·0
1960-61	118·7	114·7	118.5
1961-62	138·8	124·0	138.2
1962-63	159·5	144·7	158.9
1963-64	181·3	160·5	180.4
1964-65	201·7	174·5	200.5
1965-66	214·2(P)	176·0(P)	212·6(P)
1966-67*	233·0	182.2	230.8

B. VALUE INDEX OF INDUSTRIAL PRODUCTION (MANUFACTURING ONLY)

(*Base* : 1959-60—100)

Year (July-June)	
1959-60	100.0
1960-61	123.4
1961-62	139.0
1962-63	161.9
1963-64	184·2
1964-65	210·6
1965-66	234.4
1966-67*	260.0

Source : Central Statistical Office.

Note. The necessity of revising the index for manufacturing industries arose because the previous index was based on the production trends of only 32 items which then covered about 75% of production. With the broadening of the industrial base and the fast increase in the production of some industries, that index no longer remained as a barometer of industrial development. The present index is based on the production data of 200 items and gives a coverage of about 94% production on All Pakistan basis.

*Estimated.

(P) Provisional.

TABLE No. 9

PRODUCTION OF MANUFACTURING INDUSTRIES—ALL PAKISTAN

(1954-55 to 1966-67)

Item 1	Unit 2	1954-55 3	1959-60 4	1960-61 5	1961-62 6	1962-63 7	1963-64 8	1964-65 9	1965-66 10	1966-67 11 Upto December
Food Manufactures —										
Tea	Lakh lbs.	534	508	499	560	537	608	623	619	439(*p*)
Sugar	000 tons.	87	145	109	180	268	242	232	445(p)	115(*p*)
Hydrogenated Vegetable oil	000 Tons.	13	30	40	52	70	87	97	100	44(*p*)
Sea Salt.	000 Tons.	258	206	226	228	183	191	219	193	65(*p*)
Tobacco Manufactures —										
Cigarettes	Core Nos.	476	928	1088	1326	1456	1767	1984	2645	1491(*p*)
Textile Manufactures —										
(*i*) Cotton yarn	Crore lbs.	23.2	40.3	40.8	42.1	43.9	50.2	51.8	50.1	27·5(*p*)
(ii) Cotton cloth	Crore Yards	38.7	60.6	68.3	70.6	72.7	74.1	76.4	69.1	35 .2(*p*)
Silk (art) and rayon cloth	Lakh sq. yards	97(*a*)	250	238	211	296	82 315(*b*)	322	356	224(*p*)
Woollen Worsted yarn ..	Lakh lbs.	37(*c*)	64(*d*)	5[illegible](*e*)	54(*f*)	56(*g*)	64(*h*)	58(*k*)	70	NA
Jute goods	000 tons.	103(*c*)	265(*d*)	250(e)	286(*f*)	298	331	289	409	219
Leather Manufactures —										
Upper leather (tanned)	Lakh sq. ft.	91(c)	198(*d*)	243(*e*)	383(*f*)	371(*g*)	562(*h*)	NA	NA	NA
Sole leather	Lakh lbs.	140(c)	117(*d*)	11[illegible](*e*)	126(*f*)	240(*g*)	211(*h*)	NA	NA	NA
Rubber Manufactures —										
Tyres & tubes	Lakh Nos.	18.0	30.9	45.1	42.0	49.5	51.8	63.5	46.1	32. 6(*p*)
Manufacture of Chemical fertilizers —										
Superphosphates	000 tons.	—	.8	8.9	7.9	6.1	6.6	8.0	7.9	2.5
Ammonium Sulphate	000 tons.	—	42.2	46.4	51.8	51.6	49.1	34.9	38.4	20.3
Urea	000 tons.	—	—	—	17.8(*l*)	100	146	116	132	56.9

Manufacture of other Chemicals—											
Sulphuric acid	000 tons.	—	13.2(*d*)	16.4(*e*)	17.3(*f*)	16.8	20.2	20.9	24.1	11·6
Soda ash	000 tons.	28.5(*c*)	26.6(*d*)	25.9(*e*)	25.4(*f*)	32.1	29.0	33.8	31.5	12·6
Safety Matches—										
(*i*) 40-60 sticks ..	Lakh gross boxes.	36.7	91.4	96.6	100.7	106.9	115.7	119.0	137.0	67.7(*p*)
Paper and Board										
Paper —										
(*i*) Printing	000 tons.	8.0(*c*)	16.4	21.1	22.3	17.1	17.5	22.5	22.9	7·0
(*ii*) Writing	000 tons.	4.4(*c*)	4.3	4·7	7.6	8.6	7.2	9.7	10.9	5·1
(*iii*) Packing and other paper	000 tons.	6.8(*c*)	6.4	7.9	7.5	6.5	7.1	8.4	8.0	4·0
(*iv*) Newsprints	000 tons.	—	12.8(*j*)	26.6	29.7	31.3	30.4	38.2	33.8	17·4
Board —										
(*i*) Straw	000 tons.	—	4.5	3.6	5.7	4.9	5.0	5.6	4.8	2·7
(*ii*) Paper	000 tons.	—	7.8	10.2	10.6	10.3	12.9	15.7	14.4	8·7
(*iii*) Chip	000 tons	—	1.4	2.1	2.0	2.2	2.2	3.1	4.5	2·3
Paints and Varnishes..	000 cwt.	N.A.	N.A.	82	102	88	108	106	84	45(*p*)
	000 gallons.	N.A.	N.A.	571	582	645	973	1216	1227	529(*p*)
Cement	Lakh tons.	6.9	10.3	11.4	12.9	14.4	14.5	16.9	16.5	10·3

Source: Central Statistical Office.

(*p*) Provisional.
(*a*) Data relate to one month.
(*b*) Lakh Yards.
(*c*) Data relate to 1955 Calendar year
(*d*) ,, ,, 1960 ,, ,,
(*e*) ,, ,, 1961 ,, ,,
(*f*) ,, ,, 1962 ,, ,,
(*g*) ,, ,, 1963 ,,
(*h*) Data relate to 1964 Calendar year.
(*i*) Data relate to six months total
(*j*) Data relate to eleven months total.
(*k*) Data relate to 1965 Calendar year.
— Insignificant.

TABLE No. 10

PRODUCTION OF SELECTED MANUFACTURING INDUSTRIES—EAST PAKISTAN

(1959-60 to 1966-67)

Item	Unit	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67 upto December
Food manufactures —									
Tea	.. Lakh lbs.	508	499	560	537	608	623	619	439(P)
Sugar	.. '000' tons	62	56	67	75	87	77	86	29(P)
Hydrogenated vegetable Oil ..	.. '000' tons	1.8	3.4	4.0	4.1	4.6	4.9	5.3	2.1(P)
Tobacco manufactures —									
Cigarettes	.. Crore Nos.	111	145	275	373	488	554	958	582(P)
Textile manufactures —									
(i) Cotton Yarn	.. Crore lbs.	4.9	4.8	5.4	5.4	6.4	6.4	7.3	4.0(P)
(ii) Cotton cloth	.. Crore yards	6.2	6.9	6.7	5.5	4.8	4.9	4.0	2.4(P)
Art silk & rayon cloth ..	.. Lakh sq. yds.	3.8	3.9	3.9	1.6	1.3(a)	0.9	4.0	5.1(P)
Jute goods	.. '000' tons	265(b)	250(c)	286(d)	298	331	289	409	219
Rubber manufactures									
Tyres and tubes	.. Lakh Nos.	.5	.6	.7	.2	.3	.6	1.1	0.7(P)
Manufactures of chemical fertilizers and chemical products —									
Urea	.. '000' tons	—	—	17.1(c)	71.6	106.4	72.0	91.0	34.5
Sulphuric acid	.. '000' tons	1.3(b)	1.1(c)	1.1(d)	1.5	2.0	2.0	2.4	1.2
Safety matches 40-60 sticks ..	.. Lakh gross boxes	86.0	92.0	96.2	100.1	105.5	107.0	122.8	55.0(P)
Cement	.. Lakh tons	.61	.86	.73	.94	.65	.56	.43	.28

Item	Unit	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67
Paper manufactures —									
Printing paper	'000' tons	16.4	21.1	22.3	17.1	17.5	22.5	22.9	7.0
Writing paper	'000' tons	4.3	4.7	7.6	8.6	7.2	9.7	10.9	4.7
Packing & other papers	'000' tons	6.4	7.9	7.5	6.5	7.1	8.4	8.0	4.0
Newsprint	'000' tons	12.1(f)	26.6	29.7	31.2	30.4	38.2	33.8	17.4
Leather manufactures —									
Upper leather (Tanned)	Lakh sq. ft.	—	111)(c)	200(d)	167(g)	273(h)	NA	NA	NA
Sole leather	Lakh lbs.	—	8(c)	15(d)	17(g)	18(h)	NA	NA	NA
Paints and varnishes	'000' cwt.	6(b)	6.2	14.4	3.9	8.7	13.6	7.5	6.1(p)
	'000' gallons	50(b)	54.6	78.8	69.9	95.7	93.0	74.8	27.5(p)

Source :—Central Statistical Office.

(*a*) Plus .42 lakh yards.
(*b*) Data relate to 1960 Calendar year.
(*c*) Data relate to 1961 Calendar year.
(*d*) Data relate to 1962 Calendar year.
(*e*) Data relate to Six months total.
(*f*) Data relate to eleven months total.
(g) Data relate to 1963 Calendar year,
(h) ,, ,, 1964 ,, ,,
(p) Provisional,

TABLE No. 11

PRODUCTION OF SELECTED MANUFACTURING INDUSTRIES—WEST PAKISTAN

(1959-60 to 1966-67)

Item	Unit	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67 Upto Dec.
Food Manufactures —									
(*i*) Sugar	.. '000' tons	83	53	113	193	155	155	359(*p*)	87(p)
(*ii*) Hydrogenated vegetable oil	.. '000' tons	28	37	48	66	83	92	95	42(p)
(*iii*) Sea salt	.. '000' tons	206	226	228	183	191	219	193	65(p)
Tobacco Manufactures —									
(*i*) Cigarettes	.. Crore Nos.	817	943	1050	1083	1279	1430	1687	902(p)
Textile Manufactures —									
(*i*) Cotton yarn	.. Crore lbs.	35.4	36.0	36.7	38.5	43.8	45.4	42.8	23.5(p)
(*ii*) Cotton cloth	.. Crore yds.	54.4	61.4	63.9	67.2	69.3	71.5	65.1	32.5(p)
(*iii*) Art silk and rayon cloth ..	.. Lakh Sq. yds.	247	235	207	294	81(*a*)	321	352	209(p)
Rubber Manufacturers—									
(*i*) Tyres and tubes	.. Lakh Nos.	30.4	34.5	41.3	49.2	51.5	62.8	45.1	30.9(p)
Matches									
40-60 sticks	.. Lakh gross boxes,	5.4	4.9	4.5	6.8	10.2	12.0	14.2	4.6(p)
Cement Manufactures	Lakh tons	9.7	10.6	12.2	13.5	13.9	16.3	16.1	10.0
Fertilizers & Chemicals —									
(*i*) Superphosphate	.. '000' tons	.8	8.9	7.9	6.1	6.6	8.0	7.9	2.5
(*ii*) Ammonium sulphate ..	.. '000' tons	42.2	46.4	51.8	51.6	49.1	34.9	38.4	20.3
(*iii*) Urea	.. '000' tons	—	—	..	28.1	39.7	44.0	41.4	22.3
Soda ash	.. '000' tons	26.6(*c*)	25.9(*d*)	25.4(*e*)	32.1	29.0	33.8	31.5	12.6

Paper Manufactures —									
(*i*) Straw board	'000' tons	4.5	3.6	5.7	4.9	5.0	5.6	4.8	2.7
(*ii*) Paper board	'000' tons	7.8	10.2	10.6	10.3	12.9	15.7	14.5	8.7
(*iii*) Chip board	'000' tons	1.4	2.1	2.0	2.2	2.2	3.1	4.5	2.3
Leather Manufactures —									
(*i*) Upper Leather (tanned)	Lakh sq. ft.	—	105(d)	183(e)	204(f)	290(g)	NA	NA	NA
(*ii*) Sole Leather	Lakh lbs.	—	107(d)	111(e)	223(f)	193(g	NA	NA	NA
(*iii*) Paints & varnishes	000 cwt.	69(*c*)	76.0	87.3	83.7	99.1	92.5	76.4	38.8(p)
	'000' gallons	522(*c*)	516.8	502.7	575.0	876.9	1123.4	1152.3	141.6(p)

Source. Central Statistical Office.

(*p*) Provisional.
(*a*) Plus 314 lakh yds.
(*b*) Six months total.
(*c*) Data relate to 1960 Calendar year.
(*d*) Data relate to 1961 Calendar year.
(*e*) Data relate to 1962 Calendar year.
(*f*) Data relate to 1963 Calendar year.
(*g*) Data relate to 1964 Calendar year.

TABLE No. 12

PRODUCTION OF MINERALS

(1959-60 to 1966-67)

Mineral	Unit	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67(*p*) upto Dec.,
1. Antimony	(ton)	165	—	65	56	31	265	115(*p*)	61
2. Aragonite	,,	2,813	6,815	3,079	3,112(*a*)	10,369	18,971	11,685(*p*)	7,149
3. Bentonite	,,	261	986	550	322	261	10	—	—
4. Celestite	,,	1,340	555	356	377	203	463	485(*p*)	224
5. Chromite	('000' tons)	15	23	23	22	8	16	27(*p*)	7
6. Coal	,,	775	855	927	1,139	1,229	1,237	1,033(*p*)	546
7. Dolomite	(ton)	151	195	408	546	728	544	84	18
8. Fireclay	(000 tons)	16	15	15	13	33	17	19	10
9. Fuller's earth	,,	—	5	9	10	11	10	10(*p*)	5
10. Gypsum	,,	91	94	103	238	172	183	115	61
11. Iron ore	(ton)	222	9,225	—	1,700	4,027	11,789	26,597(*p*)	15,052
12. Limestone	(000 tons)	1,013	1,104	1,200	1,186	1,789	2,005	1,934(*p*)	1,108
13. Lead ore	(ton)	20	13	70	58	24	15	—	—
14. Magnesite	,,	670	320	—	820	589	622	655	255
15. Manganese	,,	169	152	925	807	610	950	—	—
16. Rock salt	(000 tons)	168	210	191	182	212	247	289	100
17. Silica sand	,,	28	18	15	19	25	28	33(*p*)	19
18. Soapstone	(ton)	2,088	1,353	684	530	822	3,372	2,821(*p*)	1,470
19. Barytes	,,	869	250	1,663	5,316	6,451	12,298	8,795	5,142
20. Crude oil	(million I.G.)	86	97	107	122	130	132	136	66
21. Natural gas	(Million cubic feet)	25,750	31,985	38,790	45,410	54,872	62,896	74,036	37,751

Source : Central Statistical Office.

— Nil or insignificant.
(*a*) From 1962-63 onward the figures of aragonite include those of ordinary marble also.
(*p*) Provisional.

TRADE AND BALANCE OF PAYMENTS

TABLE No. 13

INTER-ZONAL TRADE

(1948-49 to 1966-67)

(In crore rupees)

Year (July—June)	Imports into West Pakistan			Imports into East Pakistan		
	Pakistan Merchandise	*Foreign Merchandise*	*Total*	*Pakistan Merchandise*	*Foreign Merchandise*	*Total*
1948-49	1.88	0.10	1.98	13.76	0.27	14.03
1949-50	3.23	1.82	5.05	22.92	0.64	23.56
1950-51	4.60	1.69	6.29	21.08	6.17	27.25
1951-52	3.64	2.99	6.63	16.12	9.28	25.40
1952-53	10.11	4.81	14.92	17.90	4.14	22.04
1953-54	13.07	2.12	15.19	37.00	1.69	38.69
1954-55	18.07	1.75	19.82	29.29	1.21	30.50
1955-56	22.07	1.76	23.83	31.89	1.47	33.36
1956-57	23.51	0.89	24.40	51.01	2.15	53.16
1957-58	26.40	0.55	26.95	68.92	1.19	70.11
1958-59	27.76	1.11	28.87	66.07	2.51	68.58
1959-60	36.10	0.14	36.24	54.26	2.68	56.94
1960-61	35.59	0.76	36.35	80.05	2.50	82.55
1961-62	39.47	0.72	40.19	82.94	2.58	85.52
1962-63	46.53	0.62	47.15	91.75	3.97	95.72
1963-64	50.86	0.26	51.12	84.42	5.11	89.53
1964-65	53.60	0.11	53.71	85.68	1.77	87.45
1965-66	64.97	0.21	65.18	118.98	1.88	120.86
1966-67 (July—December)	37.78	0.32	38.10	58·34	1·08	59·42

Source : Central Statistical Office.

Note.—Figures up to 1956 relate to private account and thereafter to both private and Government accounts.

TABLE No. 14

FOREIGN TRADE

(1947-48 to 1966-67)

(In crore rupees)

Year (July—June)	*Imports*	*Exports*	*Balance*	*Exports as percentage of imports*
1947-48 (15th August to 30th June) ..	35.92	70.34	(+)34.42	195.8
1948-49	145.91	95.76	(—)50.15	65.6
1949-50	129.71	119.41	(—)10.30	92.1
1950-51	162.00	255.35	(+)93.35	157.6
1951-52	223.73	200.86	(—)22.87	89.8
1952-53	138.36	150.99	(+)12.63	109.1
1953-54	111.80	128.60	(+)16.80	115.0
1954-55	110.33	122.30	(+)11.97	110.8
1955-56	132.51	178.37	(+)45.86	134.6
1956-57	233.46	160.76	(—)72.70	68.9
1957-58	205.00	142.17	(—)62.83	69.4
1958-59	157.84	132.53	(—)25.31	84.0
1959-60	246.10	184.27	(—)61.83	74.9
1960-61	318.76	179.94	(—)138.82	56.4
1961-62	310.91	184.34	(—)126.57	59.3
1962-63	381.88	224.73	(—)157.15	58.8
1963-64	443.00	229.91	(—)213.09	51.9
1964-65	537.42	240.78	(—)296.64	44.8
1965-66	420.83	271.77	(—)149.06	64.5
1966-67 (July—March)	362·3	217·23	(—)145·10	60·0

Source : Central Statistical Office.

Note.— (a) Data on sea-borne trade with Indian Republic are included since April 1948 because of the Standstill Agreement up to March 1948 and land-borne trade since July 1, 1949.

(b) Data on exports to Afghanistan are included since July 1949 whereas data on imports from Afghanistan are included from March 1951.

(c) Data on land-borne trade with Iran are included since July 1949.

TABLE No. 15
MAJOR EXPORTS
(1954-55 to 1966-67)

(Value in '000' Rs.)

Commodity	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67 (July-March)
1. Raw jute	598,469	829,234	705,836	853,561	654,824	729,057	848,097	849,551	792,918	752,885	845,398	863,211	684,982
Quantity tons	917,735	1,014,981	726,368	854,384	729,386	860,207	526,823	719,445	774,538	768,454	703,538	751,376	459,675
2. Raw cotton	296,549	462,137	352,368	215,785	190,355	188,832	137,588	123,450	369,968	340,054	287,043	278,425	162,713
Quantity Tons	127,333	169,351	118,529	77,819	82,282	80,124	52,325	48,729	155,870	158,766	129,415	117,310	72,163
3. Raw hides	8,641	10,930	11,492	5,023	10,594	15,266	8,739	5,523	9,440	9,188	4,974	2,132	1,009
Quantity 000 pieces	1,220	1,508	1,491	522	1,117	1,231	—	—	—	—	59,535(a)	12,384(a)	6,132(a)
4. Raw skins	19,307	27,645	32,323	28,022	39,695	67,566	44,521	54,152	45,769	38,009	25,920	25,035	4,194
Quantity 000 pieces	7,215	8,867	9,802	7,844	10,693	11,701	—	—	—	—	57,380(a)	47,431(a)	6,255(a)
5. Hides & skins *n.e.s.* ..	..	..	..	..	..	..	2,481	2,701	2,087	3,756	4,424	3,246	1,834
6. Raw wool	50,030	63,422	98,578	66,636	65,287	75,418	70,889	68,416	84,718	74,780	58,695	60,403	19,008
Quantity in 000 lbs. ..	24,420	28,613	36,617	27,165	30,767	31,027	28,547	28,562	33,898	27,065	22,677	23,740	9,161
7. Tea	55,777	33,276	51,426	19,352	27,821	35,490	1,067	21,304	6,384	..	10,037	10,985	830
Quantity 000 lbs.	26,027	14,083	21,030	8,357	10,579	15,756	492	11,359	3,118	..	5,520	6,388	285
8. Jute goods	22,846	105,942	91,141	91,270	155,170	227,131	314,055	302,744	306,843	323,204	300,735	575,467	471,586
Quantity tons	13,913	88,189	73,232	69,386	136,259	203,271	..	..	..	..	..	..	..
9. Cotton twist & yarn	568	32,714	75,793	28,285	43,536	175,346	73,612	10,172	20,376	98,906	139,449	104,897	83,833
Quantity 000 lbs.	404	17,841	43,216	15,461	28,066	123,096	39,050	4,969	11,532	60,811	76,896	55,284	48,005
10. Cotton piece goods	707	2,988	17,979	5,103	10,462	56,045	44,619	30,910	67,605	90,393	132,754	149,282	107,767
Quantity 000 yds.	..	..	..	..	..	..	60,729	43,633	112,214	143,713	195,035	196,124	143 494
11. Fish excluding canned.	26,260	28,836	25,949	20,232	32,197	46,670	56,873	72,111	108,489	100,117	84,968	47,748	49,903
Quantity cwt.	606,498	142,893	513,826	470,096	447,656	595,345	574,409	637,837	954,841	809,787	648,000	385,420	333,718

TABLE No. 15—*contd.*

(Value in '000 Rs.)

Commodity	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67 (July March)
12. Rice	20,244	64,560	..	99	16,649	68,288	48,981	86,502	172,837	105,570	120,397	132,519	129,024
Quantity tons	77,015	201,797	..	100	24,091	117,142	69,714	101,839	181,440	110,427	180,156	145,631	134,285
13. Footwear	16	149	1,262	2,664	2,595	3,621	3,003	2,226	4,880	12,082	18,055	8,175	11,943
14. Leather & leather goods ..	298	1,279	2,630	2,664	3,416	15,187	10,403	17,379	20,504	38,002	58,663	75,298	98,309
15. Sports goods	5,934	9,483	13,990	11,473	9,711	11,817	11,521	13,342	17,444	18,529	13,069	19,269	15,678
16. Carpets	130	478	1,514	267	261	6,055	9,387	17,341	11,546	29,448	28,854	12,998	18,252
17. Wheat	56	121	744	..	..	21	16	..	..	813	5	313	..
Quantity tons	300	572	2,710	..	..	21	25	..	..	2,017	..	777	..
18. Others	63,445	99,621	124,511	71,214	62,757	120,923	93,519	165,605	205,515	263,410	274,309	348,334	311,462
Total Value	1,169,278	1,777,815	1,607,536	1,421,650	1,325,330	1,842,724	17,99,371	1,843,429	2,247,324	2,299,146	2,407,749	2,717,737	2,172,328

Source: Central Statistical Office.

(*a*) cwt.

Note.—Data up to December 1956 relate to private account only, whereas from January 1957 it is on both Government and private accounts.

TABLE No. 16
MAJOR IMPORTS
(1954-55 to 1966-67)

(Value in '000' rupees)

Item	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67 (July—March)
1. Chemicals	18,533	25,533	35,126	48,486	34,345	60,974	67,138	53,055	57,964	93,763	107,455	54,662	68,135
2. Drugs and medicines	29,914	43,994	45,638	45,085	42,074	80,295	90,256	81,120	73,273	104,446	115,849	71,432	54,818
3. Dyes and colours	18,487	24,265	36,471	35,992	27,517	43,743	57,136	61,593	58,200	75,201	117,616	64,372	61,167
4. Electrical goods	20,085	21,948	48,901	66,939	37,143	74,236	71,266	77,068	111,380	128,718	329,027	314,122	225,035
5. Machinery	318,523	181,910	268,675	304,818	324,823	551,055	505,474	638,671	977,358	934,256	1,935,475	933,094	642,555
6. Paper, pasteboard and stationery	19,633	19,748	20,537	16,837	14,088	30,768	24,747	31,149	32,670	38,394	46,265	51,372	52,202
7. Rubber manufactures	11,340	18,563	25,004	16,098	14,387	37,890	40,411	33,092	46,936	59,211	69,782	40,050	32,608
8. Transport equipment	44,526	58,423	91,212	139,639	98,811	152,770	254,492	316,348	339,961	478,348	537,097	466,530	345,542
9. Woollen yarn and manufactures	3,054	4,306	2,416	931	453	727	984	2,253	2,828	1,911	6,214	5,055	3,967
10. Art silk yarn	12,415	17,767	24,003	10,614	7,407	23,602	14,382	24,336	19,144	34,917	36,918	31,855	25,988
11. Cotton twist and yarn ..	28,289	15,105	8,944	6,968	1,492	8,700	21,913	13,196	11,263	10,652	19,878	8,710	7,288
12. Cotton piece goods	36,737	63,489	11,205	1,729	1,183	4,159	2,408	3,631	1,794	2,494	4,296	1,577	1,734
13. Iron and steel and manufactures thereof.	70,608	114,392	167,422	246,905	197,995	214,942	396,387	419,718	446,341	596,931	877,830	475,816	427,299
14. Non-ferrous metals and manufactures thereof.	9,644	17,555	29,655	30,925	22,011	42,698	87,991	85,570	83,680	80,072	106,241	68,642	123,875
15. Oil-minerals	108,195	114,264	102,380	81,550	99,940	238,158	302,554	244,505	236,693	243,466	125,452	147,043	152,699
16. Oil-vegetable	3,759	9,494	7,370	10,785	7,387	57,255	89,289	78,805	174,704	124,691	204,653	160,576	69,672
17. Grains, pulses & flour	139	1,210	299,254	594,517	329,373	459,387	552,921	316,344	387,554	573,133	680,302	368,860	645,951
18. Other imports	168,305	241,873	368,393	391,100	317,976	379,631	607,886	628,644	757,028	849,547	1,053,855	944,571	782,765
Total ..	922,186	998,839	1,592,606	2,049,968	1,578,405	2,460,990	3,187,635	3,109,098	3,818,771	4,430,151	5,374,205	4,208,339	3,623,300

Source : Central Statistical Office.

Note.—Data on private account only up to December 1956 and on Government and private accounts from January 1957.

TABLE No. 17

BALANCE OF TRADE BY AREAS AND COUNTRIES

(1962-63 to 1965-66)

(In lakh rupees)

Area/Country	1962-63			1963-64			1964-65			1965-66		
	Imports	*Exports*	*Balance*	*Imports*	*Exports*	*Balance*	*Imports*	*Exports*	*Balance*	*Imports*	*Exports*	*Balance*
EUROPE TOTAL ..	13,641	9,055	—4,587	15,244	8,544	—6,700	20,860	8,030	—12,830	18,725	11,303	—7,422
E. F. T. A.	6,661	3,843	—2,818	7,287	3,776	—3,511	8,498	3,559	—4,939	8,042	4,072	—3,970
U. K.	5,905	3,355	—2,550	6,367	3,317	—3,050	7,350	3,063	—4,287	6,365	3,544	—2,821
Switzerland ..	306	57	—249	386	73	—313	521	67	—454	535	56	—479
Sweden	207	126	—82	255	94	—161	273	138	—135	422	140	—282
Norway	66	8	—58	48	6	—42	52	6	—46	62	8	—54
Denmark	125	70	—55	119	55	—64	171	85	—86	456	73	—383
Austria	30	30	..	33	44	+11	72	30	—42	66	35	—31
Portugal	22	197	+175	79	187	+108	59	170	+111	136	216	+80
E. C. M. TOTAL ..	6,208	3,926	—2,282	7,135	3,356	—3,779	10,589	3,075	—7,514	8,673	4,717	—3,956
West Germany ..	3,972	930	—3,042	4,774	665	—4,109	7,311	711	—6,600	5,045	1,023	—4,022
France	652	906	+254	456	941	+485	729	769	+40	634	1,051	+417
Italy	804	615	—189	805	508	—297	1,257	341	—916	1,860	589	—1,271
Belgium-Luxembourg..	374	1,049	+676	467	857	+390	687	913	+226	441	1,563	+1,122
Netherlands ..	406	426	+20	633	385	—248	605	341	—264	693	491	—202
COMMUNIST COUNTRIES TOTAL ..	646	827	+180	722	994	+272	1,693	842	—851	1,857	1,778	—79
U.S.S.R.	224	327	+166	405	129	—275	631	117	—514	679	800	+121
Poland	97	177	+80	80	203	+123	241	292	+51	393	448	+55

TABLE No. 17—*contd.*

Czechoslovakia ..	86	111	+25	102	198	+96	202	116	—86	203	130	—73
Hungary	19	11	—8	32	32	..	35	48	—13	90	55	—35
Rumania	103	24	—79	12	46	+34	30	50	+20	49	52	+3
Bulgaria	24	..	—24	19	3	—16	15	..	—15	19	14	—5
Yugoslavia	93	114	+21	52	383	+331	286	219	—67	374	279	—95
Albania		..	..	18	..	—18	32	..	—32	36	..	—36
Eastern Germany		..	..	3	..	—3	219	..	—219	14	..	—14
Others		..	..	..	..	..	2	..	—2	..	..	..
OTHER EUROPE TOTAL ..	126	459	+333	100	418	+318	80	553	+473	153	736	+583
Greece	3	51	+48	4	35	+31	5	56	+51	76	68	—8
Turkey	1	20	+19	10	29	+19	1	68	+67	7	163	+156
Irish Republic ..	21	99	+78	7	73	+66	2	131	+129	1	166	+165
Spain	47	285	+238	57	274	+217	49	292	+243	45	329	+284
Finland	54	4	—50	22	7	—15	23	6	—17	24	9	—15
AMERICA TOTAL ..	16,055	2,724	—13,331	19,772	2,963	—16,809	22,038	2,949	—19,089	15,408	4,039	—11,369
U. S. A.	15,286	2,021	—13,265	18,970	2,150	—16,820	20,732	1,901	—18,831	14,478	2,938	—11,540
Canada	757	126	—631	795	218	—577	1,286	218	—1,068	922	234	—688
Argentina	1	65	+64	2	215	+213	3	244	+241	4	259	+255
Cuba	..	61	+61	..	113	+113	..	270	+270	..	235	+235
Chile	..	57	+57	..	74	+74	..	52	+52	..	135	+135
Peru	..	151	+151	..	120	+120	..	124	+124	..	93	+93
Others	11	+232	1	5	73	+68	17	145	+123	4	145	+141

TABLE No. 17—*contd.*

(In lakh rupees)

Area/Country	1962-63			1963-64			1964-65			1965-66		
	Imports	*Exports*	*Balance*	*Imports*	*Exports*	*Balance*	*Imports*	*Exports*	*Balance*	*Imports*	*Exports*	*Balance*
OCEANIA : TOTAL ..	358	616	+258	541	783	+242	509	569	+60	335	839	+504
Australia	347	580	+233	532	741	+209	497	546	+49	329	810	+481
New Zealand ..	11	36	+25	9	42	+33	12	23	+11	6	29	+23
ASIA : TOTAL ..	7,604	8,074	+470	8,494	8,658	+164	10,038	10,271	+230	7,433	8,351	+918
Japan	2,578	2,058	—520	2,888	1,304	—1,584	4,839	1,312	—3,527	3,779	1,372	—2,407
Ceylon	283	357	+74	319	281	—38	336	537	+201	360	453	+93
Burma	683	290	—393	558	483	—75	508	953	+445	357	422	+65
India	1,053	1,945	+892	945	1,114	+169	1,277	2,198	+921	262	180	—82
Afghanistan ..	..	..	..	426	239	—187	429	345	—84	616	496	—120
Iran	1,409	178	—1,231	1,678	97	—1,581	669	121	—548	289	136	—153
Saudi Arabia ..	328	369	+41	156	176	+20	67	188	+121	24	206	+182
Malaysia	226	73	—153	195	212	+17	431	206	—225	152	240	+88
Singapore	165	52	—113	177	85	—92				62	105	+43
Indonesia	9	1	—8	15	62	+47	29	223	+194	105	772	+667
Thailand	10	23	+13	11	33	+22	11	37	+26	48	8	—40
Philippines ..	1	38	+37	5	92	+87	28	69	+41	24	51	+27
Aden	31	196	+165	23	134	+111	45	231	+186	24	125	+101
Iraq	33	188	+155	35	394	+359	37	129	+92	23	105	+82
Bahrein	193	165	—28	149	89	—60	27	161	+134	10	214	+204
Kuwait	22	168	+146	15	268	+253	5	185	+180	148	307	+159
Hong Kong	225	985	+760	106	1,529	+1,423	176	1,131	+955	102	1,104	+1,032
Vietnam Republic ..		13	+13	3	54	+51	..	53	+53	..	52	+52

TABLE No. 17—*contd.*

China	231	429	+198	513	1,666	+1,153	968	1,794	+823	968	1,547	+579
Lebanon	25	14	—11	19	20	+1	10	18	+8	14	42	+28
Syria	..	7	+7	..	2	+2	1	1	..	..	48	+48
Other Asia ..	99	525	+426	258	324	+66	145	379	+234	66	366	+300
AFRICA · TOTAL ..	530	2,004	+1,474	249	2,043	+1,794	273	2,258	+1,985	162	2,645	+2,483
U.A,R. (Egypt) ..	22	240	+218	44	222	+178	68	224	+156	38	158	+120
Kenya	24	89	+65	15	90	+75	28	258	+230	49	281	+232
Uganda	..	5	+5	—	5	+5	—	22	+22	1	7	+6
Tanganyika ..	1	9	+8	3	23	+20	19	42	+23	9	95	+86
Ghana	..	2	+2	..	33	+33	—	3	+3	10	..	—10
Nigeria	..	43	+43	—	60	+60	1	91	+90	..	238	+238
Sudan	8	86	+78	8	86	+78	15	31	+16	1	51	+51
Ethiopia and Eritria ..	..	34	+34	2	40	+38	—	72	+72	5	51	+46
Zanzibar N. Pemba ..	36	41	+5	36	36	..	40	11	—29	20	24	+4
Meuritious	..	14	+14	—	7	+7	—	18	+18	..	37	+37
Morocco	3	47	+44	2	44	+42	4	46	+42	3	66	+63
Muzambiqua (Portuguese East Africa).	2	154	+152	21	172	+151	17	451	+434	4	794	+790
Angola (Portuguese West Africa).	..	82	+82	—	107	+107	—	54	+54	—	235	+235
Tunisia	19	8	—11	2	26	+24	—	9	+9	9	29	+20
Other Africa ..	415	11,50	+735	116	1,094	+978	81	926	+845	19	579	+566

Source : Central Statistical Office.

TABLE No. 18

IMPORTS OF CAPITAL GOODS INDUSTRIAL RAW MATERIALS AND CONSUMER GOODS

(1953-67)

Year	Item	In lakh rupees	Percentage
1953	Total	62,84	100.00
	Capital goods	11,94	19.00
	Industrial raw material	17,84	28.39
	Consumer goods	33,06	52.61
1954	Total	90,70	100.00
	Capital goods	27,45	30.26
	Industrial raw material	22,33	24.62
	Consumer goods	40,92	45.12
1955	Total	93,78	100.00
	Capital goods	25,01	26.67
	Industrial raw material	22,97	24.49
	Consumer goods	45,80	48.84
1956	Total	98,33	100.00
	Capital goods	18,29	18.60
	Industrial raw material	27,91	28.38
	Consumer goods	52,13	53.02
1957	Total	209,65	100.00
	Capital goods	31,82	15.18
	Industrial raw material	45,95	21.92
	Consumer goods	131,88	62.90
1958	Total	188,78	100.00
	Capital goods	31,40	16.63
	Industrial raw material	49,30	26.12
	Consumer goods	108,08	57.25
1959	Total	168,10	100.00
	Capital goods	33,79	20.10
	Industrial raw material	38,23	22.74
	Cnnsumer goods	96,08	57.16
1960	Total	311,20	100.00
	Capital goods	63,44	20.39
	Industrial raw material	68,03	21.86
	Consumer goods	179,73	57.75
1961	Total	305,63	100.00
	Capital goods	63,10	20.62
	Industrial raw material	121,76	39.85
	Consumer goods	120,77	39.51
1962	Total	351,47	100.00
	Capital goods	111,32	31.67
	Industrial raw material	124,80	35.51
	Consumer goods	115,35	32.82
1963	Total	423,18	100.00
	Capital goods	114,01	26.94
	Industrial raw material	141,61	33.46
	Consumer goods	167,56	39.60
1964	Total	474,97	100.00
	Capital goods	145,47	30.63
	Industrial raw material	156,50	32.95
	Consumer goods	173,00	36.42
1965	Total	496,70	100.00
	Capital goods	188,46	37.94
	Industrial raw material	157,58	31.73
	Consumer goods	150,66	30.33
1966	Total	428,44	100.00
	Capital goods	153,99	35.94
	Industrial raw material	130,03	30.35
	Consumer goods	142,42	33.71
1967 (January-March)	Total	133,40	100.00
	Capital goods	44,68	33.50
	Industrial raw material	43,08	32.29
	Consumer goods	45,64	34.21

Source: Central S[illegible]ticalOffice.

Note.—Data up to 1956 relate to private account only and since 1957 to both priv[illegible] and Government accounts.

TABLE No. 19

INDICES OF UNIT VALUES OF IMPORTS AND EXPORTS AND TERMS OF TRADE

1955-56 to 1965-66

(BASE : 1954-55 = 100)

Period (July—June)	Total		Food, Beverages & Tobacco		Crude Materials		Manufactured Goods chiefly classified by Materials		Miscellaneous Manufactured Goods		Indices of Terms of Trade
	Imports	*Exports*	*Imports*	*Exports*	*Imports*	*Exports*	*Imports*	*Exports*	*Imports*	*Exports*	
1955-56	138.0	118.8	142.2	100.3	148.6	121.9	144.5	120.3	100.9	114.3	86.1
1956-57	170.9	131.8	187.0	100.6	153.6	138.0	196.3	106.7	107.3	124.4	77.1
1957-58	168.5	143.4	187.7	183.8	170.7	136.8	199.1	127.7	94.3	144.2	85.1
1958-59	161.4	128.3	178.8	161.6	131.0	123.7	178.5	95.9	109.8	116.9	79.5
1959-60	157.8	126.5	190.4	139.9	168.5	124.7	166.8	100.7	122.7	158.5	80.2
1960-61	168.9	186.0	186.3	144.8	165.0	195.6	194.3	129.3	117.2	117.8	110.2
1961-62	160.4	156.0	207.9	176.9	124.8	154.2	177.5	107.8	133.2	123.6	97.3
1962-63	168.9	144.3	136.3	189.9	166.9	138.0	201.7	103.9	157.7	107.2	85.5
1963-64	159.4	141.2	178.9	188.5	148.7	133.9	172.2	112.1	159.4	141.8	88.6
1964-65	141.4	157.9	138.0	163.2	140.7	158.5	166.3	122.6	237.0	113.6	111.7
1965-66	167.6	158.5	195.5	180.4	190.8	154·6	195.4	144.2	172·0	224.7	94·6

Source : Central Statistical Office.

TABLE No. 20

IMPORTS OF WHEAT, RICE AND SUGAR

(1947-48 to 1966-67)

(Quantity in tons)

Year (July-June)	Wheat	Rice	Sugar*
1947-48	44,659	5,513	...
1948-49	144	19,833	...
1949-50	...	43,170	...
1950-51	...	...	...
1951-52	...	...	...
1952-53	8,73,083	...	49,517
1953-54	7,59,035	...	59,909
1954-55	...	...	85,175
1955-56	1,21,282	54,878	86,736
1956-57	7,67,793	5,41,268	87,768
1957-58	8,62,309	4,21,267	68,164
1958-59	5,36,365	1,82,210	86,563
1959-60	9,62,412	3,60,960	23
1960-61	13,09,508	3,82,414	73
1961-62	8,53,097	2,03,341	82,733
1962-63	16,11,623	2,44,643	1,14,081
1963-64	15,12,707	1,42,724	1,252
1964-65	16,92,731	61,564	96,962
1965-66	9,15,829	47,948	73179
1966-67 (*a*) (up to 20th May)	17,64,423(b)	1,55,779	...

Source: Ministry of Agriculture and Works.

*Central Statistical Office.
(*a*) Estimated.
(*b*) Plus 2,02,767 tons of maize.

TABLE No. 21

BALANCE OF PAYMENTS

(1964-65 to 1966-67)

(in lakh rupees)

ITEM	1964-65 Credit	1964-65 Debit	1964-65 Net Credit	1965-66 Credit	1965-66 Debit	1965-66 Net Credit	1966-67 (July-December) Credit	1966-67 (July-December) Debit	1966-67 (July-December) Net Credit
A. Goods and services	**3,02,51**	**6,03,71**	**—3,01,21**	**3,20,06**	**5,50,57**	**—2,30,52**	150,14	291,84	—141,70
1. Merchandise	2,40,36	4,65,90	—2,25,54	2,68,68	4,36,57	—1,67,89	127,91	228,72	—100,81
2. Non-Monetary Gold	—	—	—	7	—	+7	..	..	..
3. Freight and Insurance on International Shipments	2,46	58,14	—55,68	2,18	40,16	—97,98	60	22,61	—22,01
(i) Freight	2,40	55,70	—53,29	181	38,14	—36,32	43	21,09	—20,65
(ii) Insurance	6	2,45	—2,39	36	202	—166	16	153	—136
4. Other Transportation	9,00	5,42	+3,58	709	694	+16	393	383	+11
5. Travel	1,05	5,52	—4,47	103	273	—169	50	127	—77
6. Investment Income	5,00	24,10	—19,11	434	2,973	—25,39	235	16,32	—13,98
7. Government, not included elsewhere.	18,25	23,53	—5,28	1,689	20,52	—362	644	12,37	—593
8. Other services	26,40	21,10	+5,30	1,976	13,94	+583	841	671	+171
(i) Non-merchandise insurance.	55	1,38	—83	115	103	+12	41	76	—35
(ii) Others	25,86	19,72	+6,13	18,61	12,91	+570	800	594	+206
B. Transfer payments	**1,46,32**	**3,38**	**+1,4,295**	**1,09,06**	**325**	**+1,05,81**	5616	141	+54,76
9. Private	12,92	3,32	+9,60	21,40	317	+18,23	1046	141	+905
10. Central Government	1,33,40	6	+1,33,35	87,67	8	+87,59	4571	..	+4571

ITEM	1964-65 Changes in Assets	1964-65 Changes in Liabilities	1964-65 Net Position	1965-66 Changes in Assets	1965-66 Changes in Liabilities	1965-66 Net Position	1966—67 (July-Dec.) Changes in Assets	1966—67 (July-Dec.) Changes in Liabilities	1966—67 (July-Dec.) Net Position
C. Capital and monetary gold	**+15,14**	**—1,65,58**	**+1,80,72**	**—35,52**	**—15,867**	**+1,23,16**	+2296	—6374	+8669
11. Private long-term (including all direct investment).	—2	—17,62	+17,60	..	—17,50	+17,50	+22	— 762	+784

TABLE NO. 21—*contd.*

(In lakh rupees)

ITEM	1964-65			1965-66			1966-67 (July-Dec.)		
	Changes in		Net Position	Changes in		Net Position	Changes in		Net Position
	Assets	Liabilities		Assets	Liabilities		Assets	Liabilities	
12. Private short-term (other than direct investment).	..	—75	+75	...	—185	+186	..	—107	+107
(i) Currency and bank deposits.	—	—	—	—	—	—	..	..	..
(ii) Foreign Central Government securities.	—	—	—	—	—	—	..	..	..
(iii) Trade credits	—	—69	+69	..	—184	+184	—	—108	+108
(iv) Other assets and liabilities.	—	—5	+5	—	—1	+1	—	+ 1	— 1
13. Local governments	—	+74	—74	—	+130	—130	—	+73	—73
(i) Issues abroad	—	—	—						
(ii) Other securities	—	—	—						
(iii) Other assets and liabilities	—	—	—						
14. Central Government	—6,09	—1,40,37	+1,34,29	—299	—1,16,88	+1,13,89	—404	—5169	+4764
(i) Long-term issues abroad ..	—	—	—						
(ii) Other long-term securities	—	—	—						
(iii) Short-term securities ..	—	—	—						
(iv) Long-term loans ..	—	—1,39,51	+1,39,51	—	—1,16,88	+1,16,88	—	—5169	+5169
(v) Other long-term assets and liabilities.	—647	—86	—5,61	+1,85	—	+485	—648	—	—648
(vi) Other short-term assets and liabilities.	+39	—	+39	—4,85	—	—4,85	+243	—	+243
15. Central Monetary Institutions ..	+26,56	—7,56	+34,13	—43,45	—35,98	—7,46	+2736	—3	+2739
(i) Accounts with I.M.F. ..	—	—7,62	+7,62	—18,10	—35,95	+17,86	—	..	..
(ii) Marketable assets ..	+23,76	—	+23,76	—21,95	—	—21,95	+2991	..	+2991
(iii) Deposits	+2,81	+6	+2,75	—3,33	—3	—3,29	—255	—3	—253
(iv) Loans	—	—	—						
(v) Other foreign assets and liabilities.	—	—	—						
(vi) Gold	—	—	—	—7	—	—7	..	—	..

16. Other monetary institutions ...	—5,32	—2	—5,30	+10,92	+12,24	—1,32	—57	—260	+204
(*i*) Marketable assets ...	—	—	—						
(*ii*) Deposits ... — —	+2,23	—47	+2,70	—4,54	+11,91	—16,45	+413	—290	+703
(*iii*) Loans	...	—	—						
(*iv*) Other foreign assets and liabilities.	—7,54	+46	—8,00	+15,46	+33	+15,13	—470	+29	—498
(*v*) Gold	—	—	—						
D. 17. Errors and Omissions ..	—22,46	—	—22.46	+1,55	—	+1,55	+25	—	+25
E. 18. Multileteral Settlements ..	—	—	—	—	—	—	—	—	—

Source : State Bank of Pakistan.

.. Amount less than Rs. 50,000. —nil

Note.—Pakistan adopted the compilation of balance of payments in accordance with the revised I M F manual (1961 edition) with effect from July 1964.

Total may exhibit small difference due to rounding off.

TABLE No. 22

BALANCE OF PAYMENTS

RECORDED RECEIPTS* FROM EXPORTS

(1959-60 to 1966-67)

(In lakh rupees)

Commodity	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67 July-Dec.
Cotton	17,15	19,46	16,38	40,10	44,27	33,05	28,63	3,85
Cotton manufactures	23,04	12,20	4,92	9,18	11,53	18,83	22,96	11,72
Jute	76,04	87,18	86,98	84,75	77,56	92,58	97,78	38,90
Jute manufactures	22,33	32,00	33,90	31,71	34,12	32,00	59,17	34,58
Hides and skins	9,37	7,41	8,93	8,06	7,60	6,13	3,00	70
Tea	4,65	12	2,42	1,02	1	1,01	1,57	4
Wool	8,25	8,34	8,73	9,13	9,76	7,30	6,74	2,10
Other exports	23,80	25,89	34,20	44,14	44,87	56,20	57,03	39,57
Total ..	1,84,65	1,92,60	1,96,46	2,28,09	2,29,72	2,47,10	2,76,88	1,31,46

Recorded receipts are on a mixed c. &. f. and f. o. b. basis and hence differ from those appearing in the table giving over all position.

TABLE No. 23

GOLD, DOLLAR AND STERLING RESERVES HELD AND CONTROLLED BY THE STATE BANK OF PAKISTAN

(1948-1967)

(In lakh rupees)

Year/Month/Date		
1948		
June	30	51,79
December	31	141,61
1949		
June	30	165,51
December	31	98,02
1950		
June	30	95,85
December	31	94,16
1951		
June	30	151,31
December	31	148,17
1952		
June	30	104,57
December	31	60,61
1953		
June	30	66,88
December	31	68,89
1954		
June	30	63,05
December	31	63,10
1955		
June	30	69,64
December	31	115,62
1956		
June	30	139,47
December	31	126,29
1957		
June	30	120,05
December	31	102,14
1958		
March	31	95,63
June	30	88,05
September	30	72,62
December	31	76,58
1959		
March	31	90,84
June	30	104,32
September	30	112,12
December	31	122,72

Year/Month/Date		
1960		
March	31	132,13
June	30	116,96
September	30	118,02
December	31	129,40
1961		
March	31	143,00
June	30	122,50
September	30	109,26
December	31	113,30
1962		
March	31	114,84
June	30	112,83
September	30	104,98
December	31	118,41
1963		
March	31	132,84
June	30	143,62
September	30	138,41
December	31	132,80
1964		
March	31	140,81
June	30	123,53
September	30	117,66
December	31	104,28
1965		
March	31	107,01
June	30	95,17
September	30	96,50
December	31	98,97
1966		
March	31	126,07
June	30	126,33
September	30	106,91
December	31	93,9[illegible]
1967		
March	31	82,6[illegible]

PRICES AND COST OF LIVING

TABLE No. 24

INDICES OF WHOLESALE PRICES OF SELECTED COMMODITIES

(1956-57 to 1966-67)

(BASE : 1959-60=100)

Period (July—June)	*Rice*	*Wheat*	*Gram*	*Jute*	*Cotton*	*Wool*	*Hides*	*Skins*	*Oilseeds*
1956-57	104.58	95.32	74.75	125.68	98.36	99.35	68.60	64.67	93.83
1957-58	94.27	95.75	78.23	101.56	96.70	89.84	69.97	71.90	125.06
1958-59	96.39	95.83	94.20	77.97	86.20	84.44	74.84	79.64	119.25
1959-60	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1960-61	91.32	114.36	105.54	219.88	109.11	96.70	99.54	74.45	99.14
1961-62	95.60	106.14	106.71	119.88	100.12	98.06	94.05	68.67	101.59
1962-63	103.03	100.31	107.85	103.15	96.73	96.05	96.62	65.47	104.33
1963-64	92.74	110.88	97.17	103.56	97.09	109.38	86.36	64.82	109.51
1964-65	96.21	120.75	123.56	141.22	113.99	102.52	80.81	72.30	150.68
1965-66	112.66	110.42	96.41	149.18	107.64	89.23	77.71	106.01	153.79
1966-67									
July	142.62	120.46	102.86	163.59	109.44	84.22	91.00	141.37	181.78
August	150.25	133.50	110.46	158.31	109.18	82.50	106.02	143.67	193.27
September	166.39	137.29	112.71	154.05	101.47	81.57	117.20	148.75	195.54
October	160.88	142.09	116.31	152.62	97.61	81.57	121.00	138.78	191.00
November	146.92	161.41	119.29	158.49	93.91	78.25	115.65	133.89	202.61
December	124.53	183.31	130.27	164.20	91.99	77·16	118·85	132·43	215.08
January	133·60	221.19	150·86	171.81	91.71	76·93	104.54	134·34	199·48
February	136·99	214·42	147·42	166·38	95·07	76·40	99·21	132·42	180·15
March (P)	137·40	201·84	130·92	160·95	95·76	75·81	95·70	133·32	175·51

Source : Central Statistical Office.

P = Provisional.

TABLE No. 25

AVERAGE WHOLESALE PRICES OF SELECTED COMMODITIES

(1963-64 to 1966-67)

(In rupees)

Item and specification	Market	Unit	1963-64 (average)	1964-65 (average)	1965-66 (average)	1966-67 July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	March
Wheat (Fair average quality)	Karachi	Maund	17.34	18.21	17.36	18.88	21.02	21.93	21.20	23.17	29.28	33.95	29·00	25·85
,, (Fair average quality)	Lyallpur	,,	16.26	18.01	15.63	17.42	19.37	19.96	20.85	24.12	27.40	38.19	36·19	36·25
	Peshawar	,,	15.74	17.91	16.28	17.67	19.62	19.80	20.26	23.61	22.22	20.57	20·57	—
	Dacca (*a*)	,,	12.71	11.50	12.57	13.80	13.80	17.10	18.20	18.20	18.20	18.20	18·20	18·20
Rice Sugdasi ..	Karachi	,,	32.17	29.24	27.56	30.88	34.00	31.70	34.67	35.50	42.40	45.00	44·61	41·55
,, Medium quality	Dacca	,,	27.89	29.50	33.53	—	—	—	—	—	37.00	41.62	—	—
,, Medium quality	Chittagong	,,	26.99	26.52	31.36	40.00	43.81	46.06	45.60	45.00	40.50	35.49	39·87	40·00(*p*)
Masoor (Whole) ..	Lyallpur	,,	17.31	25.48	28.45	31.34	33.00	33 94	35.10	36.09	36.00	37.25	35·75	35·00
,,	Dacca	,,	18.60	29.15	27.14	26.25	26.12	26.37	25.05	24.50	26.00	26.37	28·12	24·50
,, (Split) Punjab ..	Karachi	,,	27.28	27.72	34.29	42.35	42.50	42.62	41.85	40.19	42.20	44.37	43·06	40·56
Mash Kali (Whole) ..	Dacca	,,	12.97	17.68	19.40	17.20	19.50	23.44	21.70	18.12	17.40	18.75	21·50	18·75
,, Split (Chittagong)	Karachi	,,	34.20	31.48	38.75	43.00	43.00	41.00	42.50	45.75	—	—	—	—
,, (Punjab)	Karachi	,,	38.90	34.45	41.41	45.75	45.75	45.25	45.17	45.44	45.90	51.87	52·12	51·37
Moong (Whole) ..	Dacca	,,	22.50	34.00	28.26	24.95	24.94	26.00	26.00	26.87	28.90	26.25	29·50	28·50
,, (Punjab) ..	Karachi	,,	32.62	34.44	34.22	37.75	37.75	30.31	28.60	27.37	30.70	32.31	32·00	29·62
Spices														
Chillies Dry Red (Punjab)	Karachi	,,	99.64	69.48	71.13	96.50	111.87	120.62	104.00	110.00	123.50	147.50	187·50	176·50
,, Superior ,,	Dacca	,,	104.86	61.51	57.80	92.50	109.37	120.00	124.00	125.00	138.30	200.00	186·25	158·75
Black Pepper ..	Karachi	,,	385.82	413.33	490.93	529.50	535.00	452.50	419.00	422.75	411.50	413.75	399·37	365·00
Sugar														
Desi ..	Lahore	,,	54.16	63.82	45.63	34.00	35.25	37.69	36.80	36.50	37.20	38.75	42·00	41·25
Refined / Controlled /	Karachi	,,	59.37	59.37	59.37	59.37	59.37	59.37	—	—	—	—	—	—
,, ,,	Lahore	,,	60.00	60.00	60.00	60.00	59.37	58.75	58.75	58.75	58.00	55.00	55·00	55·00

,, ,, ,,	Dacca	,,	63.95	63.95	63.95	63.95	63.95	63.95	63.95	63.95	63.95	63.95	63·95	63·95	63·95
,, ,, Open Market	Karachi	,,	68.48	74.64	62.85	55.60	53.56	52.87	52.55	51.31	51.87	54.75	58·06	57·59	
,, ,, ,,	Dacca	,,	69.70	74.45	82.47	75.70	79.00	71.25	68.00	68.00	61.80	62.62	63·62	64·00	
Ghee	Lahore	,,	233.92	257.10	259.96	269.70	276.50	275.00	280.50	294.17	314.50	306.25	286·87	271·25	
,, Pak Mark	Karachi	,,	241.05	26.10	265.17	275.00	275.00	273.12	273.00	276.25	305.50	318.12	303·75	274·37	
Oils															
Mustard Oil	Karachi	Maund	71.05	115.66	105.63	110.50	114.37	130.00	131.40	140.12	157.50	155.50	124·62	119·87	
Mustard Oil (Local)	Dacca	,,	95.79	149.76	142.61	147.40	150.75	161.12	177.30	184.37	195.00	188.37	174·00	157·87(p)	
Mustard Oil (Mill)	Chittagong	,,	97.72	132.45	140.57	144.80	151.75	155.75	177.00	175.00	184.00	188.75	193·75	185·10	
,, ,,	Lahore	,,	68.93	112.11	110.55	130.30	139.75	140.62	150.60	155.00	155.90	134.00	119·87	112·62	
Coconut Oil (Imported)	Karachi	,,	121.05	139.49	137.42	138.00	140.00	140.00	165.00	161.25	152.50	146.25	155·00	156·12	
,, ,,	Dacca	,,	130.57	149.38	178.25	161.10	155.00	162.50	163.00	161.87	165.10	161.87	159·75	160·50	
Cotton Seed Oil (Single Zero White)	Karachi	,,	66.33	99.63	98.50	104.00	106.87	121.62	126.00	123.75	138.70	141.00	121·87	118·50	
Vegetable Products :															
Dalda	Karachi	5 lbs. Tin	7.85	9.44	10.69	11.49	11.37	11.16	11.35	11.25	11.25	13.00	12·75	12·00	
Tea (Original) (*b*)															
Broken Pekoe	Chittagong	Lb.	2.37	2.45	3.74	4.50	4.65	4.26	3.36	2.90	3.15	3.35	3·25	2·80	
Broken Orange Pekoe	Chittagong	,,	2.71	2.94	3.88	4.62	4.75	4.35	3.52	3.22	3.47	3.52	3·37	3·15	
Tea (Packetted and Blended)															
Brooke Bond Red Label	Karachi	,,	5.96	5.90	5.99	6.15	6.50	6.50	6.50	6.20	6.20	6.01	5·95	5·95	
Ispahani Red Spot	Karachi	,,	4.35	4.05	4.76	5.25	5.70	5.85	5.85	5.55	5.55	5.14	5·00	4·94	
Lipton Yellow Label	Karachi	,,	6.36	6.25	6.25	6.25	6.50	6.50	6.50	6.50	6.50	6.50	6·50	6·50	
Leaf Tobacco															
Motihari	Mardan	Maund	57.66	73.33	81.52	85.00	88.75	90.00	90.00	90.00	90.00	92.62	95·00	95·00	
Motihari	Dacca	,,	109.50	157.24	144.97	116.00	114.37	113.75	113.00	117.50	116.50	115.00	122·50	125·00	
Jute															
Jat White Bottom	Narayanganj	,,	34.02	45.52	44.64	49.20	48.00	48.00	48.00	49.00	49.80	49.50	49·25	46·50	
Tossa															
Bottom	Narayanganj	,,	35.37	46.12	50.15	51.80	49.00	48.00	46.00	47.50	50.00	50.00	50·50	48·50	

(*a*) Controlled price.

(*b*) Internal auction prices exclusive of excise duty.

(P) Provisional.

TABLE No. 25—*contd.*

Item and specification	Market	Unit	1963-64 (Average)	1964-65 (Average)	1965-66 (Average)	1966-67 July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March
Cotton														
4-F Punjab R.G. ..	Karachi	Maund	76.49	91.80	85.21	88.92	88.00	81.50	78.00	75.00	74.79	74.09	76·67	76·99
N.T. Sind R.G. ..	Karachi	,,	81.00	96.23	90.42	94.52	94.25	89.50	85.40	81.22	77.24	76.46	79·80	80·36
289-F Punjab R.G. ..	Karachi	,,	83.60	98.52	90.49	95.92	95.50	88.25	84.10	81.94	78.14	77.84	80.92	80·74
Punjab Desi ..	Karachi	,,	73.13	85.82	81.71	76.40	74.50	72.50	69.60	63.25	64.10	65.37	67·75	68·12
Hides (Wet Salted)														
70/30 Selection (Cow Med).	Karachi	Piece	16.47	16.83	20.31	24.00	24.00	26.00	25.00	25.25	33.20	24.00	21·00	18.00
80/20 Selection (Buffalo, Medium).	Karachi	,,	29.14	23.42	22.02	25.20	29.50	32.00	32.00	32.00	32.00	25.00	20·50	16·00
Salted (Cow Medium).	Dacca	100 lbs.	109.66	107.00	836.67	(a)1000.00 (a)	1400.00 (a)	1650.00 (a)	1700.00 (a)	1650.00 (a)	1340.00 (a)	1300.00 (a)	1500·00 (a)	1500·00 (a)
Skins (Dry Salted)														
Sheep Skins Papra all Primes, Measurement Basis 32"/36".	Karachi	100 Skins	150.00	184.72	236.04	300.00	300.00	300.00	250.00	250.00	250.00	200.00	200·00	200·00
Goat Skins	Dacca	100 Pieces	348.23	377.87	562.81	825.00	812.50	843.75	819.60	800.00	800.00	800.00	800·00	793·50
Wool Raw														
Punjab Superior White	Karachi	Maund	253.02	226.53	211.00	(b)202.00	198.25	196.00	196.00	179.75	171.60	170.67	168·00	168·00
Wool White ..	Peshawar	,,	141.36	141.39	128.03	119.16	116.19	116.57	112.92	110.48	111.24	--	—	—
Oil Seeds														
Cotton Seed ..	Lyallpur	,,	16.03	19.76	23.01	30.10	—	—	26.67	25.29	27.13	29.06	25·19	24·53
G.T. (Roller) ..	Karachi	,,	15.18	18.89	20.40	24.59	24.50	27.75	25.50	25.70	28.77	29.54	25·34	24·69
Mustard Seed (Punjab)	Karachi	,,	29.09	44.46	45.51	50.12	48.31	49.75	52.70	55.12	56.00	51.87	47·31	47·00
Mustard Seed (Local)	Dacca	,,	31.06	43.50	44.89	51.30	52.87	51.00	53.80	55.00	55.00	50.62	55·00	50·00
Salt														
Rock Salt (Lahore) ..	Karachi	,,	6.23	6.23	7.13	8.62	9.25	7.81	7.52	7.75	7.75	7.75	7·75	7·75
Sea Salt (Mauripur, crushed)	Karachi	,,	4.61	4.26	4.28	5.18	5.50	7.31	7.80	8.00	8.00	3.69	3·81	4·00
Salt (Fine crushed)	Dacca	,,	8.29	8.74	8.71	9.15	9.75	9.75	9.75	9.75	9.75	9.75	9·75	9·75

Coal														
Steam Coal Grade I ..	f.o.r. Wagah Border	Ton	76·60	82·67	95·84	99.00 (c)	99.00 (c)	99.00 (c)	99.00 (c)	99.00 (c)	99.00 (c)	99.00 (c)	99·00 (c)	99·00 (c)
Steam Coal (Sel. A-B) by sea Chinese, Russian or Polish Coal.	f.o.r. Chittagong	"	65·50 (f)	71·11 (f)	104.42 (f)	104.42 (f)	104.42 (f)	104.42 (f)	104.42 (f)	104.42 (f)	104.42 (f)	104.42 (f)	104.42 (f)	104·42 (f)
Rajhora Soft Coke ..	f.o.r. Moghalpura.	"	79·65	89·79	101·84	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105·00	105·00
Hard Coke Indian (By product) ..	Darsana/ Benapole	Ton	87·00	85·18	83.36	108·21 (g)	108·21 (g)	108.21 (g)	108·21 (g)	108·21 (g)	108·21 (g)	108·21 (g)	108·21 (g)	108·21 (g)
Mineral Oil (Imported)														
Motor Spirit (Shell) ..	Karachi	I.G.	2·81(e)	2·62	2·87	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3·80
Motor Spirit (Shell) ..	Chittagong	"	2·97(e)	2·78	3·02	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3·93	3·93
Diesel Oil (Light) ..	Karachi	"	1·28	1·28	1·34	1.39	1.39	1.39	1.39	1.39	1.39	1.39	1·37	1·39
Diesel Oil (Light) ..	Chittagong	"	1·28	1·28	1·35	1.32	1.32	1.32	1.32	1.32	1.32	1.32	1·32	1·32
Furnace Oil	Karachi	Ton	121·65	121·65	123·97	147.22	147.22	147.22	147.22	147.22	147.22	147.22	147·22	147·22
Kerosene Oil (Bulk) ..	Karachi	8 I.G.	8·62(e)	8·31	8·56	12.80	12.80	12.80	12.80	12.80	12 80	12.80	12·80	12.80
Do.	Lahore	"	10·99(e)	10·68	10·93	12.99	12.99	12.99	12.99	12.99	12.99	12.99	12·99	12·99
Do.	Chittagong	"	9·34(e)	9·09	9·34	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11·52	11·52
Cement														
Zeal-Pak	f.o.r. Hyderabad.	Ton.	118·86	119·89	122·25	124.41	124.41	124.41	124.41	124.41	124.41	124.41	124·41	124·41
Dalmia Portland (Pyramid) ..	Karachi (*Ex*-factory)	"	131·10	134·50	132·61	132.00	132.00	132.00	132.00	132.00	132.00	132.00	132·00	132·00

(a) Price unit per 100 pieces.
(b) Price for Pak. Superior White.
(c) Price at Mughalpura.
(e) Includes agents' commission, other price of the item excludes agents' commission.
(f) Price for steam coal (Sea-B) and other than India.
(g) Paice other than Tejgaon.
(p) Provisional.

TABLE NO. 25—*contd.*

Item and specification	*Market*	*Unit*	1963-64 (Average)	1964-65 (Average)	1965-66 (Average)	1966-67 July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March
Assam Bengal ..	f.o.r. Chhattak Bazar, Sylhet.	Ton.	153·00	154·00	157·05	154.50	154 50	166 00	166.00	169.50	169.50	169.50	169·50	169·50
Chemicals														
Soda Ash Light ..	Karachi	Cwt.	28·45	28·53	31·74	38.43	39.20	40.42	41.72	42.26	45.08	52.73	56·35	60·50
Bleaching Powder (I.C.I.)	Karachi	,,	67·64	61·03	100·61	100 80	100.50	114.25	131.25	196.25	128.40	105.00	108·75	97·00
Bleaching Powder (I.C.I.)	Chittagong	,,	56·68	53·07	54·07	60 50	60.25	64.33	..	101.25	96.20	86.67	92·50	88·75
Chemicals (Imported)														
Caustic Soda Solid ,98/99% (U.K.)	Karachi	,,	43·85	44·94	50·18	57.30	59.17	58.50	59.00	62.75	69.40	65.33	68·00	58·50
Dyes														
Alizarine Red 100% Lumps.	Karachi	Lb.	17·94	15·14	14·07	16.00	15.00	15.12	17.00	17.12	16.20	15.17	15·00	15·00
Congo Red (I.C.I.) ..	Karachi	,,	8·24	5·29	5·78	6.05	7.17	7.25	8.00	9.00	8.67	9.00	9·00	9·00
Indigo 60% Grains (I.C.I.)	Karachi	,,	8·72	7·22	7·36	10.50	9.98	11.19	14.00	15.37	14.40	14.00	14·37	14·50

Paints and Varnishes														
Qamar Varnish Paint (1 lb. tin.)	Karachi	Dozen	18·25	19·50	20·27	21.00	21.00	21.67	24.00	24.00	24.00	24.00	24·00	24·00
Buxley Oil Bound Distemper.	Karachi	14 Lbs.	13·00	13·37	14·12	14.50	14.50	..	14.40	14.12	14.00	14.00	14·00	14·00
Jute Manufactures														
Gunny bag B. Twill 2¼ Lbs. (Adamjee)	Karachi	100 Bags	177·25	226·77	256·10	..	..	..	..	..	..	232.00	232·25	232·75
Hessian Cloth W. 45″ (Adamjee).	Narayanganj	100 Yard	67·53	75·21	88·75	92.00	21.06	88.66	86.30	84.62	85.60	88.00	91·00	90·30
Matches														
Butterfly 50 sticks ..	Karachi	Gross	7·72	7·62	7·79	7.56	7.56	7.51	7.50	7.25	7.25	7.25	7·24	7·25
Butterfly 50 sticks ..	E. Pakistan	Gross	6·87	7·02	6·90	6.88	6.88	6.88	6.88	6.88	..	..	..	..
Paper and Paper Products														
White Printing 20″ × 30″ × 24 Lbs.	Karachi	Lb.	1·14	1·17	1·21	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24
White Printing 20″ × 30″ × 24 Lbs.	Chittagong	,,	1·06	1·10	1·12	1.17	1.17	1.17	1.17	1.17	1.17	1.17	1.17	1·17
White Imitation Art 20″ × 30″—40 Lbs.	Chittagong	,,	1·28	1·31	1·35	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1·38
Cycle Tyres														
Bata Mazboot Super ..	W. Pak.	Dozen	87·00	87·00	91·62	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96·00
Cycle Tubes														
Bata Mazboot ..	W. Pak.	,,	37·50	37·50	39·75	43.50	43.50	43.50	43.50	43.50	43.50	43.50	43.50	43.50
Popular	E. Pak.	,,	33·00	33·00	35·25	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39.00	39·00

TABLE No. 25—*contd.*

Item and specification	*Market*	*Unit*	1963-64 (Average)	1964-65 (Average)	1965-66 (Average)	1966-67 July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March
Auto Tyres and Tubes (Imported).														
5.75/6.00×16 Cover Dunlop (6-Ply)	Karachi	Piece	154.12	168·12	168.21	..	..	..	...	..	..	..	..	..
6.00×16 Tube ..	Karachi	,,	16.70	18.23	18.23	...	..	...	...	..	..	...	..	..
32×6 Cover Dunlop (10-ply).	Karachi	,,	390.67	426.37	426.3	...	...	...	...	..	..	..	..	..
32×6 Tube Dunlop ..	Karachi	,,	31.20	33.85	33.85	..	..	..	..	..	..	..	..	..
Bata Shoes														
Begum Ladies Slipper (3—6 size).	W. Pak.	Pair	6.84	6.84	7.11	7.62	7.70	7.70	7.70	7.70	8.18	8.50	8.50	7·95
Soap														
Lifebuoy Soap 6 oz. cake	Karachi	Dozen	5.67	6.12	6.42	6.60	6.60	6.60	6.60	6.60	6.60	6.60	6.60	6·60
Sunlight Soap 6 oz. cake.	Karachi	,,	4.83	5.66	6.42	6.60	6.60	6.60	6.60	6.60	6.60	6.60	6.60	6·60
Cotton Yarn														
20/1 Dawood (Camel Cart).	Chittagong	10 Lbs.	25.77	23.87	25.24	26.75	26.50	25.62	24.95	24.75	24.60	24.50	24·50	24·50
20/2 Dawood (Camel Cart).	Karachi	,,	25.44	26.40	26.77	...	..	27.00	27.00	27.00	27.00	27.00	27·25	27·25

Cotton Textiles														
Bleached Longcloth Karachi 15,000 W. 35" (Colony).	40 Yards	61.37	60.60	63.73	66.00	66.12	65.28	65.20	65.00	65.00	65.69	65·31	65·62
Bleached Longcloth Chittagong Cock Chittagong.	,,	57.92	59.16	62.15	63.20	63.50	63.50	63.50	63.50	63.80	64.33	65·00	65·00
D. C. L. W. 28" (Dawood) Karachi	Yard	2.37	2.38	2.51	2.64	2.66	2.58	2.50	2.50	2.50	2.50	2·50	2·50
Silk Textiles													
Satin No. 900 (Diamond) Karachi	,,	(a) 3.52	3.63	3.75	3.81	3.81	3.78	3.40	3.25	3.25	3.25	3·25	3·25
Motichoor (Haroon) .. Karachi	,,	4.65	5.37	5.37	5.50	5.50	5.50	5.50	..	..	..	..	..
Bidies													
Nasim .. .. Chittagong	1,000	9.54	10.52	10.0[illegible]	7.25	8.00	8.00	8.00	8.00	8.00	8.00	8·00	8·00
Cigarettes													
Scissors .. .. Karachi	,,	30.87	29.35	32.79	32.40	32.40	32.40	32.40	32.40	32.40	32.40	32·40	32·40
Scissors .. .. Chittagong	,,	30.70	29.12	32.50	32.05	32.05	32.50	32.05	32.05	32.05	32.05	32·05	32·05
Capstan .. .. Chittagong	,,	67.82	76.65	84.33	86.40	86.40	86.40	86.40	86.40	86.40	86.40	86·40	86·40

(a) Price for 800 (Diamond).

Source : Central Statistical Office.

TABLE No. 26

CONSUMER PRICE INDEX FOR INDUSTRIAL WORKERS BY EXPENDITURE GROUPS

(Base : 1961=100)

Year/Month (July—June)	General	Food	Apparel, textiles and footwear	Housing and household operations	Miscellaneous
KARACHI					
1961-62	101.25	102.34	97.95	99.87	100.88
1962-63	99.92	100.04	96.20	98.20	101.94
1963-64	103.08	104.85	96.10	99.50	103.88
1964-65	109.34	114.55	97.55	104.58	104.09
1 65-66	114.87	120.88	99.54	108.83	109.97
1966-67(a)	123·85	130·47	105·82	118·53	118·36
1966-67					
July	120.20	125.82	103.63	115.03	116.55
August	121.44	128.03	102.80	115.82	116.50
September	121.96	128.28	104.13	117.10	116.93
October	122.67	129.31	103.88	117.11	117.63
November	122.96	129.74	103.38	117.24	117.53
December	124.73	132.29	106.15	117.49	118.06
January	125·70	131·86	110·03	117·89	121·53
February	128·13	135·75	107·92	124·18	120·40
March	126·84	133·17	109·46	124·62	120·14
LAHORE					
1961-62	98.59	97.23	100.04	100.70	100.80
1962-63	97.06	95.29	95.58	101.34	100.06
1963-64	102.12	100.55	94.07	103.92	109.22
1964-65	107.65	107.62	96.55	107.45	112.46
1965-66	109.92	108.44	100.63	109.47	119.18
1966-67(a)	120·84	123·35	105·67	114·37	124·2
1966-67					
July	114.71	114.43	102.97	110.81	123.80
August	116.65	118.23	102.27	111.79	121.30
September	118.94	120.79	103.15	113·00	124.18
October	119.79	122.12	104.49	113.04	123.87
November	121.15	123.98	105.04	112.82	125.19
December	122·97	126·60	105.66	114.99	124.49

TABLE No. 26—*contd.*

Year/Month (July—June)	*General*	*Food*	*Apparel, textiles and footwear*	*Housing and household operations*	*Miscellaneous*
		LAHORE—(contd.)			
January	123·70	126·81	109·17	117·92	123·99
February	125·17	129·17	109·48	117·15	124·80
March	124·48	127·99	108·78	117·85	124·60
		NARAYANGANJ			
1961-62	103.46	104.16	106.10	100.34	98.96
1962-63	105.03	105.40	109.73	105.98	97.00
1963-64	106.90	105.72	112.45	116.35	100.82
1964-65	111.52	112.77	108.51	112.26	105.56
1965-66	112.52	112.24	107.77	110.59	120.83
1966-67(*a*)	122·79	124·28	112·92	116·27	128·50
1966-67					
July	119.08	119.69	109.72	114.44	128.40
August	120.17	121.22	110.32	114.44	128.65
September	123.14	125.39	110.52	115.56	128.11
October	123.97	126.28	111.51	115.68	128.32
November	121.03	121.54	114.70	115.68	128.69
December	124.20	126.59	110.89	115.68	129.09
January	126·35	129·11	114·65	115·98	128·84
February	123.80	124·71	115·31	120·76	128·84
March	123·40	124·08	118·68	118·22	128·17

(*a*) Average for July—March.

Source :—Central Statistical Office.

TABLE No. 27

CONSUMER PRICE INDEX FOR GOVERNMENT AND COMMERCIAL EMPLOYEES (CLERICAL)

(1961 = 100)

Year/Month	*General*	*Food*	*Clothing & Footwear*	*Housing & Household Operations*	*Miscellaneous*
KARACHI					
1956-57	87.32	79.06	78.06	99.06	99.58
1957-58	92.44	86.38	85.62	99.55	102.30
1958-59	90.00	84.50	81.60	96.48	99.76
1959-60	94.08	90.84	93.36	98.32	96.99
1960-61	96.74	94.83	97.88	99.86	97.98
1961-62	100.25	101.78	98.11	100.20	98.67
1962-63	100.37	100.66	96.99	100.24	101.41
1963-64	103.98	105.19	101.15	100.94	104.61
1964-65	110.01	115.63	103.42	107.73	104.61
1965-66	114.41	121.92	105.53	110.50	107.61
1966-67(a)	121.77	131.47	112.10	120.04	110.71
1966-67					
July	118.08	126.11	109.31	115.61	109.73
August	119.22	128.39	108.67	116.97	109.65
September	119.39	128.18	109.52	118.70	109.44
October	119.85	128.93	110.33	118.75	109.46
November	120.72	130.54	110.70	119.16	109.53
December	122.86	134.34	112.75	119.28	109.88
January	124.04	133.43	116.85	120.93	113.05
February	126.30	137.74	114.72	125.27	112.85
March	125.49	135.54	116.09	125.66	112.84
LAHORE					
1961-62	100.57	100.10	100.44	100.89	101.51
1962-63	101.35	101.70	95.72	101.37	102.31
1963-64	105.14	106.57	93.28	101.99	107.93
1964-65	108.53	110.73	95.04	104.23	110.87
1965-66	110.08	110.58	97.59	104.92	116.93
1966-67(*a*)	117.14	120.80	101.21	107.22	120.98
1966-67					
July	116.27	120.41	98.41	105.12	120.62
August	118.20	123.76	98.43	105.69	120.63
September ..	118.90	124.71	99.06	106.30	120.79
October	116.59	120.38	100.31	106.35	120.48

TABLE No. 27—*contd.*

Year/Month	*General*	*Food*	*Clothing & Footwear*	*Housing & Household Operations*	*Miscellaneous*
LAHORE—contd.					
November	116.43	119.66	101.42	106.23	121.42
December	116·58	119·68	101.36	107.68	120.78
January	117·22	119·78	103·91	100·42	121·29
February	117·62	120·50	104·23	108·97	121·59
March	116.43	118.34	103.73	109.24	12142
CHITTAGONG					
1961-62	100.40	100.36	101.73	101.56	99.05
1962-63	101.13	103.16	98.12	131.05	97.37
1963-64	104.16	106.70	99.15	101.48	101.88
1964-65	106.20	109.42	100.59	100.47	104.54
1965-66	109.87	113.61	106.72	99.71	108.76
1966-67(*a*)	122.92	133.57	113·13	103.58	113.42
1966-67					
July	117.71	125.16	112.98	101.09	112.14
August	120.26	130.57	110.21	101.21	111.55
September	122.25	134.20	111.40	100.95	111.20
October	125.16	137.93	111.84	104.58	112.73
November	123·37	134.40	110.75	104.53	113.94
December	124·79	136.60	113.51	103.65	114.21
January	124·68	135·29	115·40	105.35	115·01
February	125·52	136·63	116·03	105·60	115·03
March	122.57	131.33	116.04	105.29	114.93

(*a*) Average for July—March.

Source : Central Statistical Office.

TRANSPORT AND COMMUNICATIONS

TABLE No. 28

GROSS EARNINGS OF THE RAILWAYS

(1948-49 to 1966-67)

(Thousand rupees)

Year		P. E. Rly.	P.W. Rly.	Total
1948-49	(April—March)	125,736 (b)	245,079	370,815
1949-50	„	118,840	255,378	374,218
1950-51	„	106,355	266,292	372,647
1951-52	„	113,147	295,533	408,680
1952-53	„	111,448	321,288	432,736
1953-54	„	102,974	339,630	442,604
1954-55	„	111,240	352,951	464,191
1955-56	„	128,377	361,763	490,140
1956-57	„	145,834	389,230	535,064
1957-58	„	153,144	418,948	572,092
1958-59	(April—June) 15 months	200,664	569,977	770,641
1959-60	(July—June)	171,702	482,697	654,399
1960-61	„	187,460	484,226	671,686
1961-62	„	194,755	475,846	670,601
1962-63	„	209,353	493,374	702,727
1963-64	„	235,815	543,252	779,067
1964-65	„	237,899	582,494	820,393
1965-66	.. ..	224,604	592,102	816,706
1966-67	July	19,417	48,665	68,082
	August	17,502	48,649	66,151
	September	19,483	48,512	67,995
	October	20,920	50,044	70,964
	November	20,231	50,997	71,228
	December	20,575	49,671	70,246

(b) Inclusive of Chittagong Port-earnings

P. E. and P.W. Railway Boards.
(C. S. O.)

TABLE No. 29

RAIL MOVEMENT OF PASSENGERS AND FREIGHT

(1948-49 to 1966-67)

Year/Month	Number of passengers carried (thousands)			Passenger-miles (millions)			Freight carried (thousand tons)			Net Freight ton miles (millions)		
	Total	*Pakistan Western Railway*	*Pakistan Eastern Railway*	*Total*	*Pakistan Western Railway*	*Pakistan Eastern Railway*	*Total*	*Pakistan Western Railway*	*Pakistan Eastern Railway*	*Total*	*Pakistan Western Railway*	*Pakistan Eastern Railway*
1948-49 (April—March) ..	139,121	71,654	67,467	6,178	4,016	2,162	10,194	6,356	3,838	2,339	1,702	637
1949-50 " ..	117,693	67,791	49,902	5,486	3,685	1,801	11,292	7,176	4,116	2,462	1,807	655
1950-51 " ..	117,975	69,661	48,314	5,722	3,882	1,840	10,725	7,812	2,913	2,718	2,223	495
1951-52 (July—June) ..	130,611	80,219	50,392	6,154	4,377	1,777	12,293	8,667	3,626	3,048	2,520	528
1952-53 " ..	122,865	78,921	43,944	5,724	4,255	1,469	13,222	9,517	3,705	3,556	2,985	571
1953-54 " ..	124,174	82,169	42,005	5,523	4,191	1,342	12,939	9,780	3,159	3,419	2,934	485
1954-55 " ..	132,642	86,311	46,331	5,778	4,410	1,368	13,680	10,288	3,392	3,329	2,855	474
1955-56 " ..	139,513	88,139	51,374	5,936	4,455	1,481	14,589	10,497	4,092	3,506	2,892	614
1956-57 " ..	155,086	97,752	57,334	6,462	4,853	1,609	15,547	11,121	4,426	3,966	3,282	684
1957-58 " ..	162,849	104,266	58,583	6,784	5,179	1,605	16,713	12,060	4,653	4,205	3,440	765
1958-59 " ..	174,218	109,065	65,153	6,940	5,265	1,675	19,012	13,570	5,442	4,441	3,597	844
1959-60 " ..	191,210	121,119	70,091	7,406	5,590	1,816	17,962	12,329	5,633	4,686	3,814	872
1960-61 " ..	195,912	124,737	71,175	7,598	5,716	1,882	19,373	13,488	5,885	5,074	4,129	945
1961-62 " ..	192,685	119,886	72,799	7,460	5,543	1,917	20,063	13,760	6,303	4,953	3,979	974
1962-63 " ..	195,446	123,444	72,002	7,794	5,858	1,936	20,474	13,659	6,815	5,263	4,201	1,062
1963-64 " ..	204,893	131,748	73,145	8,246	6,243	2,003	20,830	14,046	6,784	5,857	4,804	1,053
1964-65 " ..	202,931	131,606	71,325	8,180	6,257	1,923	20,786	14,713	6,073	5,843	4,949	894
1965-66 " ..	190,085	122,895	67,190	7,792	6,004	1,788	20,948	15,509	5,439	5,599	4,743	856
1966-67 July ..	17,535	11,767	5,768	740	584	156	1,394	1,020	374	405	337	68
August ..	17,363	11,716	5,647	722	573	149	1,429	1,077	352	406	347	59
September ..	16,931	11,366	5,665	699	550	149	1,464	1,075	389	439	372	67
October.. ..	17,664	11,124	6,540	713	538	175	1,526	1,157	369	452	388	64
November ..	NA	10,560	NA	NA	509	NA	NA	1,395	NA	NA	451	NA
December ..	NA	10183	NA	NA	490	NA	NA	11,67	NA	NA	428	NA

Source : P.W. and P.E. Railways. (C.S.O.)

TABLE No. 30

CARGO HANDLED AT PORTS

(1950-51 to 1966-67)

(In thousand tons.)

Year (July—June)	KARACHI			CHITTAGONG			CHALNA			GRAND TOTAL—ALL PORTS		
	Import	*Export*	*Total*	*Import*	*Export*	*Total*	*Import*	*Export*	*Total*	*Impart*	*Export*	*Tatal*
1950-51	2,302	1,172	3,474	1,207	423	1,630	8	69	77	3,517	1,664	5,181
1951-52	2,688	1,076	3,764	1,321	400	1,721	192	210	402	4,201	1,686	5,887
1952-53	3,017	897	3,914	1,054	570	1,624	94	335	429	4,165	1,802	5,967
1953-54	2,664	895	3,559	1,031	510	1,541	123	313	436	3,818	1,718	5,536
1954-55	2,147	892	3,039	902	490	1,392	88	392	480	3,137	1,774	4,911
1955-56	2,530	1,096	3,626	1,086	524	1,610	78	478	556	3,694	2,098	5,792
1956-57	3,271	1,017	4,288	1,746	456	2,202	206	501	707	5,223	1,974	7,197
1957-58	3,394	844	4,238	1,722	492	2,214	306	510	816	5,422	1,846	7,268
1958-59	2,641	967	3,608	1,638	521	2,159	218	580	798	4,497	2,068	6,565
1959-60	3,424	1,078	4,502	2,147	497	2,644	259	627	886	5,830	2,202	8,032
1960-61	3,911	1,068	4,979	2,222	396	2,618	374	480	854	6,507	1,944	8,451
1961-62	3,489	1,117	4,606	2,454	442	2896	325	677	1,002	6,268	2,236	8,504
1962-63	4,016	1,545	5,561	2,714	507	3,221	799	709	1,508	7,529	2,761	10,290
1963-64	4,523	1,331	5,854	3,300	563	3,863	861	800	1,661	8,684	2,694	11,378
1964-65	6,273	1,533	7,806	2,86	425	3,288	293	707	1,000	9,429	2,665	12,094
1965-66	5,184	1,869	7,053	3,098	543	3,641	618	872	1,490	8,900	3,284	12,184
1966-67 :—												
July	567	157	724	228	44	272	78	50	128	873	251	1,124
August	513	234	747	319	38	357	48	53	101	880	325	1,205
September ..	555	217	772	327	37	364	85	64	149	967	318	1,285
October	526	218	744	292	40	332	47	77	124	865	335	1,200
November ..	535	193	728	318	61	379	50	101	151	903	355	1258
December ..	622	146	768	356	47	403	58	89	147	1036	282	1318
January	604	170	774	313	57	370	66	88	154	983	315	1298
February	NA	NA	NA	348	46	394	112	70	182	NA	NA	NA

Source: Central Statistical Office.

TABLE NO. 31

ROAD MILEAGE (MAINTAINED BY COMMUNICATIONS AND WORKS DEPARTMENTS OF EAST AND WEST PAKISTAN (1947-48 to 1964-65)

Year	Total East & West Pakistan	East Pakistan			West Pakistan		
		Total	High Type	Low Type	Total	High Type	Low Type
1947-48 (15th Aug. 1947 to 31st March 1948	14,061	240	240	—	13,821	5,053	8,768
1948-49 (April—March) ..	15,712	240	240	—	15,472	5,433	10,039
1949-50 ,, ...	15,966	240	240	—	15,726	5,624	10,102
1950-51 ,, ...	16,716	390	240	50	16,326	6,150	10,176
1951-52 ,, ...	17,557	405	255	150	17,152	6,654	10,498
1952-53 ,, ...	18,699	420	270	150	18,279	7,001	11,278
1953-54 ,, ...	19,060	440	290	150	18,620	7,444	11,176
1954-55 ,, ...	19,572	470	320	150	19,102	7,980	11,122
1955-56 ,, ...	19,944	520	370	150	19,424	8,038	11,386
1956-57 ,, ...	20,027	600	450	150	19,424	8,238	11,186
1957-58 ,, ...	20,124	700	550	150	19,424	8,412	11,012
1958-59 (April—June) (a) ..	20,261	820	670	150	19,441	8,690	10,751
1959-60 (July—June) ..	20,724	1,040	890	150	19,684	8,772	10,912
1960-61 ,, ...	21,571	1,190	1,040	150	20,381	8,827	11,554
1961-62 ,, ...	22,332	1,342	1,192	150	20,990	9,002	11,988
1962-63 ,, ...	22,549	1,542	1,392	150	21,007	9,327	11,680
1963-64 ,, ...	23,191	1,794	1,644	150	21,397	9,445	11,952
1964-65 ,, ...	23,766	2,008	1,858	150	21,758	9,971	11,781

(a) April 1958 to June 1959.

Source : Ministry of Communications.

(C. S. O.)

TABLE No. 32

POSTAL SERVICE OPERATIONS

(1952-53 to 1966-67)

ear/Quarter	No. of registered letters booked			No. of registered parcels booked			Money Orders issued	
	Insured (000)	Ordinary (in lakhs)	Value payable (lakhs Rs.)	Insured (000)	Ordinary (in lakhs)	Value payable (000 Rs.)	Number (in lakhs)	Value (lakh Rs.)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
ALL PAKISTAN—								
1952-53 (July—June)	248	107	6·7	48	9·5	417	74	3,095
1953-54 ,,	270	114	7·3	53	10·5	359	80	3,230
1954-55 ,,	255	120	8·6	54	12·3	352	84	3,588
1955-56 ,,	284	131	9·1	72	13·6	374	90	4,014
1956-57 ,,	318	137	10·9	87	15·3	457	97	4,481
1957-58 ,,	318	143	11·3	96	15·6	457	98	4,856
1958-59 ,,	313	168	11·0	73	16·4	422	94	4,752
1959-60 ,,	293	153	11·6	63	19·6	437	102	5,340
1960-61 ,,	283	149	11·7	78	21·7	473	108	5,708
1961-62 ,,	253	145	11·7	84	22·9	516	113	6,051
1962-63	233	157	12·8	93	24·3	541	117	6,421
1963-64	223	165	11·9	90	26·4	556	118	7,205

TABLE NO. 32—*contd.*

1	2	3	4	5	6	7	8	9
1964-65 (July—June) ...	192	164	10·4	87	26·5	532	111	7,011
1965-66 ,,	177	166	8·8	96	26·6	440	113	7,389
1964-65 (July—Sept.) ...	50	42	2·8	21	6·4	145	28	1,720
(Oct.—Dec.) ...	52	42	2·5	21	7·1	151	27	1,758
(Jan.—March)	47	37	2·5	18	6·4	117	28	1,684
(April—June) ...	43	44	2·5	27	6·7	120	28	1,849
1965-66 (July—Sept.) ...	44	37	2·0	20	6·4	117	25	1,687
(Oct.—Dec.) ..	45	42	2·2	23	6·9	114	30	1,985
(Jan.—March)	45	41	2·3	19	6·3	99	31	1,959
(April—June) ...	43	46	2·2	34	6·9	110	27	1,758
1966-67 (July—Sept.) ...	46	44	2·1	24	7·6	111	26	1,843
(Oct.—Dec.) ..	44	47	2·2	26	7·4	114	28	2,033

Source : Central Statistical Office.

MONEY AND BANKING

TABLE No. 33

MONEY SUPPLY WITH THE PUBLIC

(Revised Series)

(1948-1967)

(In crore rupees)

Last Friday	*Currency in circulation*	*Demand deposits (general)*	*Other deposits with S.B.P.*[1]	*Money supply*[2]
1	2	3	4	5
December 1948	168·94	89·17	3·53	261·64
December 1949	168·99	88·63	4·45	262·07
June 1950	169·18	99·99	3·68	272·85
December 1950	194·87	90·72	3·34	288·93
June 1951	198·70	109·82	3·95	312·47
December 1951	244·58	119·03	4·01	367·62
June 1952	217·25	104·52	3·77	325·54
December 1952	208·31	102·27	3·49	314·07
June 1953	217·28	111·81	2·11	331·20
December 1953	230·98	115·14	2·10	348·22
June 1954	236·29	120·18	2·01	358·48
December 1954	252·50	117·04	5·87	375·41
June 1955	255·63	127·02	2·95	385·60
December 1955	296·54	132·63	5·35	434·52
June 1956	298·16	143·12	7·26	448·54
December 1956	340·75	142·97	2·69	486·41
June 1957	337·28	149·01	8·83	495·12
December 1957	353·44	156·21	8·85	518·50
June 1958	358·17	168·92	4·60	531·69
December 1958	369·25	170·86	5·14	545·25
June 1959	359·79	186·96	4·39	551·14
December 1959	380·05	187·[illegible]	4·62	571·80

TABLE No. 33—*contd.*

1	2	3	4	5
June 1960	377·21	199·71	4·37	581·29
December 1960	414·88	193·28	4·70	612·86
June 1961	380·62	199·07	4·51	584·20
December 1961	402·41	210·00	5·12	617·53
June 1962	382·49	219·01	4·95	606·45
December 1962	407·70	235·86	5·02	648·58
June 1963	408·15	277·98	4·96	691·09
December 1963	447·90	288·15	5·08	741·13
June 1964	461·21	327·40	5·36	793·97
December 1964	502·48	362·18	5·52	870·18
March 1965	503·08	372·72	5·55	881·35
June 1965	490·21	365·51	6·42	862·14
September 1965	495·94	343·49	7·32	846·75
December 1965	547·76	392·45	9·36	949·57
March 1966	559·17	378·85	8·37	946·39
June 1966	580·20	404·99	9·15	994·34
September 1966	581·41	403·00	13·49	997·90
December 1966	609·75	464·63	14·36	1088·74
March 1967	618·55*	445·82	7·86	1072·23*

Source : State Bank of Pakistan.

[1] Excluding I. M. F. Account No. 1, Special Commodity Aid Accounts, I. B. R. D. Indus Account, U. S. Disbursing Officer's Account and Deposit Accounts of U. S. Development Loans. Deutsche Bundes Bank, Frankfurt/M— Special Account and Deposit Accounts of German Loans have been excluded since March 1963.

[2] Revised.

* Provisional.

TABLE

CAUSATIVE ANALYSIS OF

(1950-51 to

Causative factors On July-June basis	PRE-PLAN 1950-51	1951-52	1952-53	1953-54	1954-55	FIRST 1955-56	1956-57
Changes in money supply.	+39.62	+13.07	+5.66	+27.28	+27.12	+62.94	+46.58
1. Domestic private sector.	+5.98	+22.98	—12.44	+5.51	+2.78	+9.95	+23.70
Adjustment for shift to time deposits.	—7.71	+3.45	—6.10	—12.93	—8.63	—4.44	—0.48
Net private sector	—1.73	+26.43	—18.54	—7.42	—5.85	+5.51	+23.22
2. Gnvernment sector	—15.18	+57.40	+61.96	+17.73	+24.89	+32.15[1]	+86.21
Adjustment for counterpart funds.	..	..	..	..	..	—15.52	—44.61
Net Government sector.	—15.18	+57.40	+61.96	+17.73	+24.89	+16.63	+41.60
3. Foreign sector ..	+44.00	—67.27	—39.80	—1.31	+7.08	+44.45[2]	—21.71
4. I.B.R.D. Indus Account.	..	..	..	..	..	..	..
5. Other factors ..	+12.53	—3.49	+2.04	+18.28	+1.00	—3.65	+3.47
Total causative factors	+39.62	+13.07	+5.66	+27.28	+27.12	+62.94	+46.58

(1) Adjusted for cancellation of *ad hocs* against devaluation profit.

(2) Adjusted for devaluation profit.

Note: The figures of money supply in this table relate to old series. Figures of money supply were, however revised in September 1965.

No. 34

CHANGES IN MONEY SUPPLY

1965-66

(In crore rupees)

PLAN			SECOND PLAN					
1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66
+36.57	+19.45	+30.15	+2.91	+22.25	+84.64	+102.88	+68.17	+122.14
+4.15	—0.42	+35.75	+41.65	+69.02	+79.21	+91.44	+171.53	+36.63
—13.16	—5.32	—19.26	—28.15	—27.96	—42.81	—49.69	—79.56	—81.09
—9.01	—5.74	+16.49	+13.50	+41.06	+36.40	+41.75	+91.97	—44.46
+70.65	+25.30[3]	+12.30[4]	+37.20	—11.41	+40.23	+42.12[6]	+51.56	+143.27
—3.58	—2.68	—15.79	—26.41	+40.39	—23.77	+20.55	—15.68	+24.98
+67.07	+22.35	—3.49	+10.79	+28.98	+16.46	+62.67	+35.88	+168.25
—28.23	—12.17[3]	+22.02	—11.95[5]	—7.90	+27.35	—15.30[6]	—35.69[7]	+15.39
..	..	..	..	—18.61	+5.42	+6.64	—5.48	—5.27
+6.74	—9.33	—4.87	—9.43	—21.28	—0.99	+7.12	—20.51	—11.77
+36.57	+19.45	+30.15	+2.91	+22.25	+84.64	+102.88	+68.17	+122.14

Source : State Bank of Pakistan.

(3) Adjusted for revaluation of gold.

(4) Adjusted for gold payments of $ 12.5 million to the I.M.F. consequent upon 50 per cent increase in Pakistan's Fund quota. The Government borrowed money for this purpose from the State Bank by creating fresh *ad hocs*.

(5) Adjusted for repurchase of foreign currency from the I.M.F.

(6) Adjusted for repurchase of local currency from I.M.F.

(7) Adjusted for receiving a sum of $ 16 million from I.M.F.

(8) Adjusted for creation nf *ad hocs* of Rs. 4.52 crores to purchase gold to meet the increased quota obligatio to I.M.F.

(9) Adjusted for purchase of foreign curreocy worth Rs. 17.86 Crores from I.M.F.

TABLE No. 35

CONSOLIDATED BALANCE SHEET OF THE SCHEDULED BANKS (1964—1966)

(In crore rupees)

Item	30-6-64	31-12-64	31-3-65	30-6-65	30-9-65	31-12-65	31-3-66	30-6-66	30-9-66	31-12-66
LIABILITIES										
Capital	22.86	24.13	25.53	25.48	25.88	27.02	27.02	27.02	27.27	28.15
Reserves	10.51	11.17	12.57	12.22	12.18	12.38	14.84	14.80	14.91	15.48
Demand deposits										
(*a*) From banks	18.95	12.98	15.32	13.32	21.50	25.21	26.11	26.01	24.33	29.35
(*b*) From others	323.29	362.38	338.60	364.32	328.84	381.81	362.57	405.73	387.37	436·77
Total ..	342.24	375.36	353.92	377.64	350.34	407.02	388.68	431.74	411.70	466.13
Time deposits										
(*a*) From banks	12.17	17.27	9.24	5.54	5.01	10.04	6.42	14.62	15.80	13.70
(*b*) From others	252.79	287.80	311.25	325.97	331.22	349.02	368.38	409.23	424.95	459.81
Total ..	264.96	305.08	320.49	331.52	336.23	359.06	374.80	423.85	440.75	473.52
Total demand and time deposits ..	607.20	680.44	674.41	709.16	686.57	766.08	763.48	855.59	852.45	939.65
Borrowings from State Bank ..	71.77	147.98	150.34	153.31	139.58	178.16	137.25	102.28	128.82	187.86
Borrowings from banks abroad ..	0.50	1.96	3.73	2.72	1.93	0.41	0.54	0.33	1.91	37.54
Borrowings from other banks ..	20.01	21.25	17.35	16.75	20.33	24.33	22.85	19.64	21.61	17.67
Total borrowings ..	92.28	171.19	171.42	172.78	161.84	202.90	160.64	122.25	152.34	243.07

Head office and inter-bank/branch adjustments	5.24	12.53	15.17	14.58	19.90	14.25	14.72	16.76	20·54	16·70
Contingent liabilities as *per contra*..	440.44	499.78	481.44	486.94	464.70	471.68	440.13	479.33	531.26	573.01
Other liabilities	47.47	59.64	55.33	57.27	67.24	55.92	54.16	64.62	111.99	77.83
Total ..	1,226.00	1,458.88	1,435.88	1,478.44	1,438.30	1,550.22	1,474.98	1,580.38	1710.77	1893.88
ASSETS										
Cash										
(*a*) Gold	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.05	0.08	0.03
(*b*) Notes, coins and silver	18.93	27.66	18.30	22.86	15.44	32.96	18.91	29.14	22.32	40.03
(*c*) Balances with State Bank ..	39.78	41.31	37.42	61.29	39.62	53.92	43.44	52.43	48.69	55.97
(*d*) Balances with other banks ..	22.58	17.82	14.11	10.97	17.25	24.35	26.41	28.37	27.51	18.21
Total ..	81.32	86.81	69.86	95.14	72.33	111.25	88.78	109.99	98.60	114.24
Balances held abroad	5.62	5.98	7.58	5.10	8.07	7.84	7.73	6.62	5.10	5.86
Bills purchased and discounted ..	37.85	45.27	42.55	37.11	29.65	43.93	43.56	34.09	35.98	54.38
Advances										
(*a*) To banks	25.30	29.97	25.20	25.77	28.39	38.82	33.88	27.27	24.69	27.7
(*b*) To others	434.20	547.99	574.91	590.17	576.55	623.58	610.93	631.66	687.33	785.72
Total ..	459.50	577.96	600.11	615.94	604.94	662.40	644.81	658.93	712.02	813.46
Total bank credit	497.35	623.23	642.66	653.05	634.59	706.33	688.37	693.02	748.00	867.84

TABLE No. 35—*contd.*

Item	30-6-64	31-12-64	31-3-65	30-6-65	30-9-65	31-12-65	31-3-66	30-6-66	30-9-66	31-12-66
Investment in shares and securities										
(*a*) Central Government	114.54	129.28	129.41	126.72	127.61	131.68	131.64	135.45	135·22	137·09
(*b*) Treasury bills	..	3.49	1.00	0.50	1.00	0.70	2.49	12.58	17·34	8·85
(*c*) Provincial Governments ..	27.43	36.24	36.94	35.05	36.85	35.10	34.90	34.91	57·86	57.74
(*d*) Foreign	0.28	0.24	0.24	0.24	0.24	0.24	0.24	0.38	0·38	0·38
(*e*) Others	12.53	17.10	22.42	24.04	24.64	25.56	29.56	40.43	41·62	43.88
Total ..	154.77	186.37	190.01	186.56	190.34	193.28	198.83	223.75	252·41	247.94
Bank premises	4.75	5.86	6.06	5.88	8.25	6.70	5.58	6.86	7·38	7·94
Head office and inter-bank/branch adjustments	7.51	3.71	2.74	3.13	6.72	2.86	2.77	3.68	2·97	3·55
Contingent assets as *per contra* ..	440.44	499.78	481.44	486.94	464.70	471.68	440.13	479.33	531·26	573·01
Other assets	34.25	47.13	35.53	42.64	53.31	50.28	42.78	57.13	65·06	73·50
Total ..	1,226.00	1,458.88	1,435.88	1,478.44	1,438.30	1,550.22	1,474.98	1,580.38	1710·77	1893·88

Note.—Due to rounding off figures, total may show minor differences.

Source: State Bank of Pakistan.

TABLE No. 36

BANK CREDIT TO PRIVATE AND PUBLIC SECTORS (1955-1967)

(In crore rupees)

Month/Year (Last Friday)		Private Sector	Public Sector	Total
June	1955	73.81	14.60	88.41
December	1955	106.50	9.68	116.18
June	1956	83.81	7.75	91.56
December	1956	122.28	1.37	123.65
June	1957	107.83	5.44	113.27
December	1957	120.52	6.34	126.86
June	1958	110.73	11.82	122.55
December	1958	131.98	13.84	145.82
June	1959	110.10	20.10	130.20
December	1959	147.76	14.22	161.98
June	1960	145.83	15.91	161.74
December	1960	192.65	15.83	208.48
June	1961	187.22	33.06	220.28
December	1961	238.52	33.94	272.46
June	1962	253.49	32.66	286.15
December	1962	313.11	23.94	337.05
June	1963	329.19	37.81	367.00
December	1963	391.42	24.68	416.10
June	1964	418.60	60.53	479.13
December	1964	537.11	63.18	600.29
June	1965	575.87	62.90	638.77
December	1965	621.70	52.18	673.88
June	1966	598.42	60.68	659.10
December	1966	786.64	59.05	845.69
March	1967	824·12	52·23	876·35(P)

P—Provisional.

Source : State Bank of Pakistan.

TABLE No. 37

CLASSIFICATION OF SCHEDULED BANK'S ADVANCES BY ECONOMIC GROUPS (1964—1966)

(In lakh rupees)

Economic group	31-3-64	30-6-64	30-9-64	31-12-64	31-3-65	30-6-65	30-9-65	31-12-65	31-3-66	30-6-66	30-9-66	31-12-66
Agriculture, forestry, hunting and fishing ..	25,29	32,08	33,71	41,51	34,49	38,46	39,27	35,81	36,51	49,01	45,22	56,09
Mining and quarrying	1,69	2,17	2,98	2,60	1,94	2,32	2,41	2,97	2,94	2,77	3,64	4,39
Manufacturing	158,88	154,23	165,89	195,99	222,80	229,08	221,30	242,47	249,57	241,53	283,91	323,77
Construction	8,30	9,19	12,22	11,28	9,81	11,12	11,82	12,07	12,03	12,60	15,50	14,27
Electricity, gas, water and sanitary services ..	3,08	1,44	4,99	5,78	1,66	1,76	1,68	2,93	4,33	2,56	3,25	3,29
Commerce	158,50	166,61	173,84	214,50	219,40	219,11	210,86	245,02	225,99	227,75	238,46	294,48
Transport, storage and communications ..	9,73	11,30	9,69	11,35	17,65	17,13	16,54	11,06	11,01	16,74	15,75	16,00
Services	33,53	34,07	41,39	42,06	44,68	44,71	37,01	42,97	40,53	42,21	44,04	48,65
Employees and activities not adequately described	15,44	23,11	24,00	22,94	22,47	26,48	35,66	28,28	28,02	36,48	37,56	34,78
Total ..	414,45	434,20	468,70	547,99	574,91	590,17	576,55	623,58	610,93	631,65	687,33	785,72

Source : State Bank of Pakistan.

Note. Due to rounding off figures, totals may show minor differences.

TABLE No. 38

CLASSIFICATION OF BILLS PURCHASED AND DISCOUNTED BY SCHEDULED BANKS BY ECONOMIC GROUPS

(1964—1966)

(In lakh rupees)

Economic group	31-3-64	30-6-64	30-9-64	31-12-64	31-3-65	30-6-65	30-9-65	31-12-65	31-3-66	30-6-66	30-9-66	31-12-66
Agriculture	4,54	4,26	3,02	5,33	1,15	14	3,11	7,27	6,52	2,61	1,94	4,34
Manufacturing	81	1,43	2,49	63	1,76	37	50	93	1,36	1,11	77	2,13
Construction	3	6	3	9	7	17	6	3	5	20	12	6
Commerce	31,31	29,68	34,07	37,54	38,34	34,80	24,28	34,51	34,27	28,05	21,57	45,01
Financial institutions	1	1	1	2	1	2	5	2	1	4	—	1
Electricity, gas, water and sanitary services ..	16	4	26	14	12	11	3	14	5	21	2	1
Transport, storage and communications ..	1,28	1,28	92	75	16	51	53	26	16	90	61	81
Others	79	1,11	1,71	78	93	99	1,09	78	1,13	97	95	202
Total ..	38,92	37,85	42,52	45,27	42,55	37,11	29,65	43,93	43,56	34,09	35,98	54,38

Source : State Bank of Pakistan.

Note. Due to rounding off figures, totals may show minor differences.

TABLE No. 39

ISSUE OF CAPITAL BY REGION

(1947—1967)

(In lakh rupees)

Year	East Pakistan	West Pakistan (excluding Karachi)	Karachi	Total
1947(*a*)	205.00	152.00	211.00	568.00
1948	486.25	494.99	995.42	19,76.66
1949	226.05	210.64	671.96	11,08.65
1950	117.15	115.00	536.80	768.95
1951	176.91	300.25	889.59	13,66.75
1952	10,06.41	563.13	16,82.24	32,51.78
1953	785.43	794.09	13,35.84	29,15.36
1954	267.75	873.51	18,19.05	29,60.31
1955	727.72	803.95	20,10.83	35,42.50
1956	551.45	523.90	26,56.75	37,32.10
1957	255.25	261.25	16,05.40	21,21.90
1958	904.35	814.04	14,07.92	31,26.31
1959	23,15.31	19,19.64	32,33.56	74,68.51
1960	481.48	632.45	28,06.43	39,20.63
1961	18,99.00	755.95	25,56.28	52,11.23
1962	565.25	19,12.05	46,42.85	71,20.15
1963	14,20.81	510.29	29,78.00	49,09.10
1964	35,56.22	847.01	56,71.86	10,075.09
1965	15,07.26	14,53.27	40,01.73	69,62.26
1966	47,53.71	40,82.26	35,85.71	124,20.68
1967 (up to March)	658.41	242.17	1528.41	2428.99

Source : Ministry of Finance.

(*a*) Data for the period 14th August to 31st December 1947.

STOCK MARKET AND BONUS VOUCHERS

TABLE No. 40

GENERAL INDEX OF SHARE PRICES AT KARACHI COMPILED BY THE STATE BANK OF PAKISTAN (1960—1967)

(Base : 1959-60=100)

End of	1960	1961	1962	1963	1964	1965	1966	1967
January		93.77	103.21	120.17	111.84	114.45	111.09	107.33
February		92.52	106.12	118.25	116.27	116.45	112.38	108·02
March		94.32	109.03	124.08	113.64	114.91	110.13	107·11
April		95.22	106.00	127.97	110.93	112.63	109.28	
May		93.90	106.05	125.11	112.58	110.75	108.41	
June		95.33	108.43	123.23	115.13	110.31	108.41	
July	92.62	92.25	105.31	113.63	114.20	107.21	107.56	
August	90.34	92.77	110.94	113.66	113.68	107.23	106.48	
September	92.95	95.44	111.18	111.12	111.85	104.91 (*a*)	105.72	
October	91.87	95.25	112.83	109.60	110.05	105.20	104.35	
November	92.28	96.55	114.22	114.77	110.98	105.34	104.95	
December	93.52	98.56	118.06	113.84	113.51	107.91	104·90	

(*a*) Quotation for September 6.

TABLE No. 41

BONUS VOUCHERS QUOTATIONS (READY) AT KARACHI

(1964—1967)

(In rupees)

Year/Month	Highest	Lowest	Month-end
1964			
January	157.50	152.00	154.75
February	152.75	150.00	151.25
March	152.00	145.75	146.25
April	146.75	136.75	137.50
May	147.00	135.25	138.00
June	142.75	136.00	140.00
July	147.75	137.00	144.75
August	150.50	140.50	144.50
September	145.75	140.75	141.75
October	149.00	141.25	142.75
November	145.25	140.00	142.25
December	157.75	146.75	148.00
1965			
January	167.50	146.50	153.25
February	168 75	153.50	162.25
March	174.00	151.00	166.50
April	169.50	161.75	161.75
May	163.50	148.75	148.75
June	151.25	141.00	146.50
July	153.50	149.00	150.75
August	152.00	149.00	150.00
September	151.50	118.00	151.50
October	149.25	136.00	136.00
November	142.00	134.00	137.75
December	147.75	137.50	146.75
1966			
January	155.50	145.25	155.50
February	166.50	155.75	155.75
March	157.00	147.50	147.75
April	154 00	148 25	154.00
May	163 25	155.25	158.50
June	159 00	150 25	151.00
July	158 50	148.50	151.00
August	160 50	150.50	159 00
September	158.50	147 00	153 25
October	155 75	153 00	154.00
November	154 00	152.00	152.00
December	153·50	151.50	151·50
1967			
January	157·50	151.25	157·50
February	161.[illegible]	158·25	160·00
March	167.[illegible]	160·00	165·25

PUBLIC FINANCE

TABLE NO. 42

CENTRAL GOVERNMENT REVENUE AND EXPENDITURE

(1950-51 to 1966-67)

(In lakh rupees)

Item	Actuals												1965-66 Revised	1966-67 Budget
	1950-51	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65		
1. *Revenue* :														
Customs	77,62	41,61	55,79	46,96	42,05	49,36	56,17	58,77	66,90	73,58	70,37	103,02	109,00	142,50
Central excise	6,72	11,55	13,50	14,48	19,37	26,41	28,55	34,35	36,76	41,28	60,56	69,70	77,97	125,89
Income tax and corporation tax	13,24	19,41	21,42	21,14	24,04	39,81	31,97	32,06	38,52	27,96	30,95	34,23	27,40	30,49
Sales tax	7,11	10,60	13,72	13,23	14,27	17,02	17,04	24,74	25,52	24,43	25,66	26,86	32,65	49,57
Salt	2,22	2,21	2,40	1,95	5	—6	10	62	26	—	—	—	—	—
Others	2,37	4,56	4,49	4,42	5,05	6,48	6,06	6,62	3,74	84	20	6,63	5,94	10,28
Total Principal Heads ..	109,28	89,94	111,32	102,18	104,83	139,02	139,89	157,16	171,70	168,09	187,74	240·44	252,96	358,73
Railways (net)	1,71	6,18	7,69	7,68	10,22	10,35	12,74	5,02	18,28	—	—	—	—	—
Posts and telegraphs (net) ..	61	66	1,73	1,77	1,85	3,01	2,95	3,06	3,12	4,67	5,06	4,65	6,56	9,30
Debt service	6,01	8,83	9,14	8,68	11,77	13,81	7,16	9,02	11,36	7,07	48,59	45,22	59,27	64,71
Civil administration ..	1,24	1,85	1,99	2,53	3,24	4,48	3,53	4,79	11,24	7,95	10,46	14,23	15,22	8,50
Currency and mint ..	95	2,08	1,96	2,72	3,82	3,78	3,62	5,46	5,55	5,23	18,73	5,99	5,99	6,70
Miscellaneous	93	1,51	3,18	2,74	2,63	4,24	4,15	4,16	5,47	5,38	8,59	8,70	8,16	9,09
Defence services	4,84	3,99	5,83	4,15	6,27	8,44	10,14	10,45	10,31	10,52	10,79	9,93	8,94	11,00
Extraordinary items ..	1,45	1,42	11	17	7,11	8,00	12,13	12,10	12,12	5	23	5	1,91	1,94
Others	30	81	63	52	76	74	1,44	94	81	64	76	88	82	1,05
Total Revenue ..	127,32	117,27	143,58	133,14	152,50	195,87	197,75	212,26	231,68	204,60	282,95	330,10	359,83	471,02

B. Expenditure :														
Direct demands on revenue	2,21	2,72	2,98	2,82	3,19	4,32	3,53	4,03	4,04	4,03	4,59	4,88	4,68	5,45
Debt services	6,94	9,37	9,37	12,55	12,13	16,93	20,69	19,10	21,65	24,51	31,41	43,20	46,48	52,15
Civil administration ..	16,93	23,17	26,41	26,91	29,36	40,73	37,45	39,18	41,71	36,06	44,13	44,74	44,99	45,78
Miscellaneous	29,77	7,56	5,82	4,50	6,08	6,47	8,23	7,93	7,92	4,61	6,15	12,65	13,26	13,63
Currency and mint ..	46	34	37	74	68	81	57	63	90	95	97	1,04	1,03	1,14
Civil works and Central road fund.	1,62	2,03	1,61	1,38	2,52	1,69	4,06	4,25	4,18	2,50	3,06	3,62	3,51	1,78
Defence services ..	64,99	63,51	91,77	80,09	85,42	99,66	104,35	111,24	110,86	95,43	115,65	126,23	271,00	225,00
Grants-in-aid etc., to Provincial Governments.	3,60	5,71	4,89	2,30	368	3,95	4,23	2,69	2,37	1,85	4,49	3,48	4,28	4,00
Others including development expenditure.	10	2,85	12	1,78	9,12	21,09	1,54	37	5,05	6,59	23,26	33,79	24,16	23,17
Total expenditure met from revenue	126,62	117,26	143,34	133,07	152,18	195,65	184,65	189,42	198,68	179,53	233,71	273,63	413,39	372,10
Surplus/deficit(—) ..	70	1	24	7	32	22	13,10	22,84	33,00	25,07	49,24	56,47	—53,56	98,92

Source : Ministry of Finance.

*Accounts for the year 1958-59 cover 15-month period from April 1958 to June 1959.

TABLE NO. 43

PERCENTAGE

DISTRIBUTION OF CENTRAL GOVERNMENT REVENUE AND EXPENDITURE UNDER MAJOR HEADS

(1959-60 to 1966-67)

Item	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66 (Revised)	1966-67 (Budget)
				Per cent of total revenue receipt				
Customs	28.40	27.68	28.85	35.91	24.84	31.20	30.29	30.25
Central excise	14.44	16.18	15.85	20.20	21.38	21.11	21.67	26.73
Income tax and corporation tax.	16.17	15.10	16.60	13.65	10.93	10.37	7.83	6.47
Sales tax	8.62	11.66	11.00	11.92	9.06	8.14	9.07	10.52
Salt	00.05	00.29	00.11	—	—	—	—	—
Other heads	03.06	03.12	1.61	00.41	00.07	2.01	1.65	2.18
Total Principal Heads ...	70.74	74.03	74.02	82.09	66.28	72.83	70.41	76.15
Posts and telegraphs (net) ...	1.49	1.44	1.35	2.30	1.79	1.42	1.82	1.97
Debt services	3.62	4.25	5.00	3.47	17.15	13.70	16.46	13.74
Civil administration ...	1.79	2.26	4.84	3.90	3.69	4.31	4.23	1.80
Currency and mint ...	1.83	2.60	2.40	0.11	3.89	1.82	1.65	1.42
Miscellaneous	2.10	2.00	2.36	2.64	3.04	2.62	2.26	1.93
Defence services	5.13	4.92	4.45	5.14	3.81	3.01	2.47	2.34
Extraordinary items ...	6.13	5.70	5.23	0.04	0.08	0.02	0.53	0.42
Other heads	7.17	0.44	0.35	0.31	0.27	0.27	0.22	0.23
Total Revenue ..	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
				Per cent of total revenue expenditure				
Direct demands on revenue	1.91	2.13	2.03	2.24	1.96	1.81	1.13	1.46
Debt services	11.21	10.08	10.90	13.65	13.44	15.76	11.24	14.01
Civil administration ...	20.30	20.68	21.00	20.09	18.88	16.33	10.88	12.30
Miscellaneous	0.31	4.19	3.99	2.58	2.63	4.61	0.25	0.30
Currency and Mint ...	2.21	0.33	0.45	0.53	0.42	0.37	0.85	0.48
Civil works and Central Road Fund.	4.45	2.24	2.10	1.39	1.31	1.32	3.21	3.68
Defence services	56.51	58.73	55.80	53.16	49.49	46.07	65.56	60.47
Grants-in-aid etc. to Provincial Governments.	2.29	1.42	1.19	2.69	1.92	1.40	1.04	1.07
Others including development expenditure.	0.81	0.20	2.54	3.67	9.95	12.33	5.84	6.23
Total expenditure ...	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Note : Total may exhibit small difference due to rounding off.

Source : Ministry of Finance.

TABLE NO. 44

REVENUE AND EXPENDITURE OF EAST PAKISTAN GOVERNMENT

(1950-51 to 1966-67)

(In lakh rupees)

Item	Actuals													
	1950-51	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66 (Revised)	1966-67 (Budget)
A. *Revenue* :														
Customs	4,25	3,97	5,81	4,51	4,33	5,17	4,75	3,30	6,19	4,58	4,43	2,67	1,49	1,62
Central excise	—	—	1,46	1,75	1,87	2,62	2,16	2,77	2,65	5,09	6,05	6,03	8,50	9,79
Corporation tax ..	—	—	—	—	—	—	—	—	—	2,68	4,00	4,36	6,11	6,67
Tax on income other than corporation tax ..	78	2,50	2,97	2,98	3,53	5,76	3,69	3,91	4,40	10,62	12,51	13,52	20,01	22,25
Sales tax	1,65	2,03	2,03	2,52	2,59	3,62	3,37	5,21	6,22	13,97	18,71	20,26	20,97	25,50
Land revenue	2,24	5,02	5,08	5,15	6,75	13,05	9,35	10,67	14,55	7,65	12,76	12,15	13,08	16,00
Stamps	2,03	2,15	2,51	2,75	2,77	4,02	4,35	4,60	4,58	4,51	4,38	4,54	4,55	4,70
Rehabilitation taxes ..	—	—	—	2	4	20	19	32	25	27	53	59	41	41
Other heads	4,60	4,18	3,37	3,71	4,34	6,54	5,53	5,81	6,96	7,22	7,45	7,90	8,43	8,61
Total Principal Heads ..	15,55	19,85	23,23	23,39	26,22	40,98	33,39	36,59	45,80	56,59	70,82	72,02	83,55	95,55

TABLE NO. 44—*contd.*

Item	ACTUALS													
	1950-51	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65 (Revised)	1965-66 (Budget)	1966-67
Irrigation etc., works for which Capital Accounts are kept	—6	—23	—4	4	1	6	—	—	—	—	—	—	—	—
Irrigation etc., works for which Capital Accounts are not kept	1	2	2	2	4	3	—	—	—	—	—	—	—	—
Debt services	17	20	22	15	19	59	41	63	2,23	2,43	6,54	16,08	13,36	16,94
Civil administration ..	1,18	2,47	2,57	2,01	2,41	5,38	2,17	2,55	2,59	2,40	2,59	4,86	3,66	2,37
Receipts from electricity schemes	—	22	42	44	36	1,42	47	1,06	1,22	96	1,01	88	1,78	65
Civil works	36	61	1,04	41	30	77	62							
Miscellaneous	99	1,07	1,37	3,46	1,15	1,94	2,57	4,24	4,08	2,08	5,18	3,69	1,73	2,70
Grants-in-aid from Central Government	—	6	—	46	75	1,11	34	41	10	2,15	4,26	5,16	3,11	3,04
Foreign aid/grants from Central Government ..	—	—	—	—	—	—	—	3,47	6,45	4,70	3,67	7,45	—	3,45
Extraordinary items ..	—	15	—	—	—	—	—	—	—	—	—	—	—	—
F. E. Railway										3,21	5,47	4 53	—	—
Total Revenue ..	18,20	24,42	28,83	30,38	31,41	52,28	39,97	48,95	62,47	74,52	99,54	114,67	107,19	12,470

B. *Expenditure* :														
Direct demands on revenue	1,28	2,54	3,01	4,47	4,44	6,29	5,73	6,01	6,07	7,41	10,34	11,08	10,56	11,93
Revenue account of irrigation etc., works ..	19	17	17	18	22	57	3	—	—	—	—	—	—	—
Capital account of irrigation etc., works ..	6	25	33	48	76	1,24	—	—	—	—	—	—	—	—
Debt services	20	3,00	2,98	2,20	—11	10,81	1,62	46	76	8,19	23,35	23,36	25,06	31,40
General administration ..	2,18	2,21	2,36	2,35	2,47	3,09	2,51	2,76	2.96	3,31	3,65	3,98	3,96	4,37
Police	3,81	4,70	5,05	5,25	6,14	7,45	5,96	5,41	6,14	7,12	7,44	9,23	80,5	8,03
Education	2,09	2,31	2,65	2,25	3,99	3,44	2,52	6,19	6,72	7,65	8,83	9,54	12,17	14,13
Medical and public health	83	89	96	1,19	1,19	1,96	2,01	2,82	3,05	3,34	3,91	5,17	4,52	5,73
Agriculture	90	95	90	82	1,01	1,08	96	1,05	1,11	1,16	1,22	1,29	1,67	1,73
Industries	17	18	20	23	24	34	29	29	28	31	39	39	46	58
Other departments ..	2,09	2,10	2,07	2,14	2,66	3,62	2,92	3,12	3,20	3,54	3,76	3,85	4,47	4,82
Civil works	21	3,12	1,60	—2	—2,46	1,28	1,06	2,67	4,64	3,54	3,49	4,89	2,85	2,81
Miscellaneous	2,56	2,56	2,62	8,51	3,39	4,04	4,52	5,01	3,70	5,31	7,31	6,26	5,53	6,40
Extraordinary charges ..	61	5	5	5	5	5	—	—	—	—	—	—	—	—
Civil defence	—	—	—	—	—	1	5	6	6	7	3	3	1,08	24
P. E. Railway	—	—	—	—	—	—	—	—	—	3,20	5,47	4,53	—	—
Development expenditure	1,86	3,44	3,56	3,75	4,64	6,83	7,52	7,85	11,22	13,10	22,14	25,52	18,37	46,61
Expenditure met from revenue	19,03	28,47	28,51	33,85	27,63	52,10	37,70	43,70	49,91	67,25	101,33	109,12	98,75	138,78
Surplus/Deficit(—) ..	—83	—4,05	32	—3,47	3,78	18	2,27	5,25	12,56	7,27	—1,79	5,55	8,44	—14,08

Source : East Pakistan Government.

TABLE NO. 45

PERCENTAGE

DISTRIBUTION OF REVENUE AND EXPENDITURE OF EAST PAKISTAN GOVERNMENT UNDER MAJOR HEADS

(1959-60 to 1966-67)

Item	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65 (Revised)	1965-66 (Budget)	1966-67
	Per cent of total revenue receipts							
Custom ..	11.9	6.7	10.0	6.1	4.5	2.3	1.2	1.3
Central excise ..	5.5	5.7	4.2	6.8	6.1	5.3	7.9	7.9
Corporation tax ..	—	—	—	3.6	4.0	3.8	5.7	5.3
Taxes on Income other than corporation tax	9.3	8.0	7.0	14.3	12.6	11.8	18.7	17.8
Sales tax ..	8.4	10.6	10.0	18.7	18.8	17.7	19.6	20.4
Land revenue ..	23.4	21.8	23.3	10.3	12.8	10.6	12.2	12.8
Stamps ..	10.8	9.4	7.3	6.1	4.4	4.0	4.2	3.8
Rehabilitation taxes	0.4	0.7	0.4	0.4	0.5	0.5	0.4	0.3
Other heads ..	13.8	11.8	11.1	9.7	7.5	6.9	7.9	6.9
Total Principal Heads ..	83.5	74.7	73.3	76.0	71.2	62.8	77.9	76.5
Debt services ..	1.0	1.3	3.6	3.2	6.5	14.0	12.5	13.6
Civil administration	5.4	5.2	4.1	3.2	2.6	4.2	3.4	2.0
Civil works ..	1.1	2.2	2.0	1.3	1.0	0.8	1.7	0.5
Receipts from electricity schemes ..	1.5	8.7	6.5	2.8	5.2	3.2	1.6	2.2
Miscellaneous ..	6.5							
Grants-in-aid from Central Government ..	1.0	1.4	0.2	2.9	4.3	4.5	2.9	2.4
Foreign aid grants..	—	7.1	10.3	6.3	3.7	6.5	—	2.8
P. E. Railway ..	—	—	—	4.3	5.5	4.0	—	—
Total Revenue ...	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

TABLE NO. 45—*contd.*

Item	1959-60	1960-61	1961-62	1962-63	1963-44	1964-65	1965-66 (Revised)	1966-67 (Budget)
	Per cent of total revenue expenditure							
Expenditure:								
Direct demands on revenue	15.20	13.76	12.16	11.04	10.21	10.15	10.70	8.60
Revenue account of irrigation etc. works	0.08	—	—	—	—	—	—	—
Debt services ..	4.30	1.05	1.52	12.18	23.04	21.42	25.38	22.62
General administration	6.66	6.32	5.93	4.92	3.60	3.65	4.02	3.15
Police	15.81	12.38	12.31	10.59	7.34	8.46	8.15	5.97
Education ..	6.68	14.16	13.46	11.37	8.72	8.74	12.32	10.18
Medical and public health ..	5.33	6.46	6.11	4.97	3.86	4.74	4.58	4.13
Agriculture ..	2.55	2.40	2.22	1.72	1.20	1.18	1.71	1.25
Industries ..	0.77	0.66	0.56	0.46	0.38	0.36	0.47	0.42
Other departments ..	7.74	7.14	6.41	5.26	3.71	3.53	4.53	3.47
Civil works ..	2.81	6.11	9.30	5.26	3.44	4.49	2.89	2.02
Miscellaneous ..	11.99	11.46	7.42	7.89	7.21	5.73	5.61	4.61
Civil defence ..	0.13	0.14	0.12	0.10	0.03	0.03	1·03	0.17
P.E. Railway ..	—	—	—	4.76	5.42	4.15	—	—
Development expenditure	19.95	17.96	22.48	19.48	21.84	23.38	18.61	33.59
Total Expenditure ..	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Note.—Totals may exhibit small differences due to rounding off.

TABLE NO. 46

REVENUE AND EXPENDITURE OF WEST PAKISTAN GOVERNMENT

(1950-51 to 1966-67)

(In lakh rupees)

Item	Actuals												1965-66 (Revised)	1966-67 (Budget)
	1950-51	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65		
A. *Revenue*														
Customs	6	—	—	—	—	—	—	—	—	4,10	3,77	2,14	1,26	1,38
Central excise duties ..	—	1,45	1,62	2,03	2,13	3,12	2,31	3,10	2,54	4,34	5,17	5,89	7,25	8,34
Corporation Tax ..	—	—	—	—	—	—	—	—	—	2,28	3,65	3,87	5,20	5,78
Taxes on income other than corporation tax..	1	2,04	2,71	2,66	2,83	3,64	2,94	3,46	4,30	7,89	9,87	10,91	16,27	18,30
Sales tax	5,92	6,07	7,23	10,10	9,98	12,75	11,11	16,85	17,53	16,77	22,02	23,45	24,38	29,65
Land revenue ..	3,28	4,40	7,55	11,75	11,95	17,85	13,86	13,24	—1,34	14,49	11,41	7,30	7,95	8,54
Stamps	64	1,03	1,39	1,54	1,55	2,17	2,07	2,59	3,53	4,46	4,83	5,41	5,17	5,29
Other heads	4,79	5,56	5,77	6,33	7,62	12,74	10,22	10,87	13,86	15,90	18,72	20,92	23,85	24,26
Total Principal Heads..	14,70	20,55	26,27	34,41	36,06	52,27	42,51	50,11	40,42	70,23	79,44	79,62	91,33	1,01,54

Railways	—	—	—	—	—	—	—	—	—	9,31	10,57	—	—	93
Irrigation, navigation etc., works for which Capital Accounts are kept	7,73	7,10	5,70	4,79	4,65	5,01	8,48	10,60	21,78	4,99	7,42	11,63	16,29	15,02
Irrigation etc. works for which Capital Accounts are not kept	8	10	8	5	8	6	8	11	64	11	12	14	24	24
Debt services ..	56	1,23	83	64	1,03	140	3,35	4,56	4,80	9,47	14,91	15,41	18,18	19,95
Civil administration ..	64	80	1	1,02	1,62	2,59	2,48	1,56	1,68	161	2,08	1,95	1,86	1,87
Civil works	91	1,39	1,01	1,05	1,29	2,17	2,95	1,75	1,01	1,11	1,12	69	57	53
Beneficent departments..	1,90	2,76	3,37	3,37	5,29	8,88	7,73	4,61	4,66	5,10	5,06	4,89	6,54	8,66
Receipts from electricity schemes	36	1,67	2,20	2,66	2,21	1,82	—	—	2	—	—	—	—	1
Miscellaneous ..	4,26	6,33	3,40	2,11	3,18	3,72	3,37	3,82	3,26	3,67	3,90	3,45	4,69	4,02
Grants-in-aid from Central Government ..	1,01	1,33	2,14	6,72	3,51	4,90	312	2,37	24,12	22,23	21,92	22,28	23,06	16,29
Extraordinary items ..	3,83	4,26	5,15	4,49	2,15	5,27	6,42	5,23	5,96	7,10	10,62	31,24	8,26	8,50
Total Revenue ..	35,98	47,52	51,06	61,31	61,07	88,09	80,49	84,72	108,35	134,93	157,16	171,30	171,02	177,56
B. *Expenditure*														
Direct demands on revenue	4,81	5,37	3,05	3,86	3,84	5,62	4,85	4,62	5,20	6,86	6,13	6,45	6,33	6,91
Irrigation	66	93	2,03	2,80	3,17	4,10	2,79	2,30	1,51	1,89	1,29	1,27	79	82
Debt services ..	2,08	4,45	5,58	7,02	6,87	8,42	2,28	2,92	3,02	6,83	24,11	20,57	31,71	34,58
Railways	—	—	—	—	—	—	—	—	—	9,31	10,57	—	—	—

TABLE No. 46—*contd.*

Item	Actuals												1965-66 (Revised)	1966-67 (Budget)
	1950-51	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65		
Civil administration														
General administration	2,16	2,86	3,11	3,43	3,42	4,36	3,46	4,10	4,82	5,73	6,54	6,79	6,37	6,80
Police	5,41	6,01	6,57	7,09	7,16	9,36	7,20	8,50	10,38	11,19	11,83	12,95	12,76	14,08
Frontier regions ..	—	—	43	80	2,58	4,56	3,99	1,03	1,11	1,28	1,62	2,02	1,79	2,08
Other heads	1,66	2,05	2,17	2,35	2,48	3,56	2,76	3,08	3,54	3,80	4,25	4,52	4,31	4,57
Benficent departments														
Education	4,29	7,48	8,46	10,06	10,28	13,66	11,57	12,16	15,57	20,34	22,91	26,45	27,93	29,85
Health services ..	1,16	1,47	2,13	3,05	3,36	4,75	4,24	4,49	5,75	7,04	6,95	7,46	6,94	7,62
Agriculture	83	96	1,29	1,44	3,14	9,99	8,00	4,59	3,30	4,10	3,42	3,61	4,48	5,97
Veterinary	26	34	93	64	54	86	80	1,06	1,07	1,06	1,06	1,03	1,39	1,66
Industries	46	78	82	1,10	96	1,22	99	92	89	88	1,00	79	88	93
Civil works	3,63	5,17	5,59	4,79	6,74	9,38	4,92	4,94	5,46	6,37	6,69	8,60	4,37	8,05
Other heads	86	1,00	81	68	58	72	64	89	78	89	98	1,11	1,15	1,43
Development expenditure	—	—	—	—	—	—	—	8,50	10,25	15,88	32,82	36,41	38,71	35,99
Miscellaneous	4,63	3,74	4,34	5,69	6,34	7,26	6,91	5,94	7,66	7,12	6,12	8,63	16,09	8,15
Extraordinary items ..	7	92	42	1	1	1	3	—	—	—	—	—	—	3,00
Contingency Items ..														
Expenditure met from revenue	32,97	43,53	47,73	54,81	61,47	87,83	65,43	70,04	80,31	110,57	148,31	148,84	166,00	172,49
Surplus or Deficit(—) ..	3,01	3,99	3,33	6,50	—40	26	15,06	14,68	28,04	24,36	8,85	22,46	5,03	5,07

Source : West Pakistan Government.

TABLE No. 47

PERCENTAGE

DISTRIBUTION OF REVENUE AND EXPENDITURE OF WEST PAKISTAN GOVERNMENT UNDER MAJOR HEADS (1959-60 to 1966-67)

Item	1959-60	1960-61	1961-62	1962-63	1963-65	1964-65	1965-66 (Revised)	1966-6 (Budget)
	Per cent of total revenue receipts							
Central excise	2.98	3.66	2.35	3.22	3.29	3.44	4.24	4.70
Customs	—	—	—	3.04	2.40	1.25	0.74	0.78
Corporation tax ..	—	—	—	1.69	2.32	2.26	3.04	3.26
Taxes on income other than corporation tax ..	4.42	4.08	3.97	5.85	6.28	6.37	9.51	10.31
Sales tax	14.36	19.89	16.18	12.43	14.01	13.69	14.26	16.70
Land revenue	20.26	15.63	(—)1.24	10.74	7.26	4.26	4.65	4.81
Stamps	2.67	3.06	3.26	3.31	3.08	3.00	3.02	2.98
Other heads	12.66	12.83	12.79	11.78	11.91	12.21	13.95	13.66
Total Principal Heads ..	57.35	59.15	37.31	52.06	50.55	46.48	53.40	57.23
Railways	—	—	—	6.89	6.72	—	—	0.52
Irrigation, navigation etc. works for which Capital Accounts are kept ..	8.54	12.51	20.10	3.70	4.72	6.79	9.53	8.45
Irrigation etc. works for which Capital Accounts are not kept	0.10	0.13	0.59	0.08	0.08	0.08	0.14	0.14
Debt services	3.47	5.38	4.43	7.02	9.49	9.00	10.63	11.24
Civil administration ..	12.20	1.84	1.55	1.19	1.32	1.14	1.10	1.05
Civil works	2.98	2.07	0.93	0.82	0.71	0.40	0.33	0.30
Beneficent Departments ..	—	5.44	4.30	3.78	3.22	2.85	3.82	4.88
Receipts from electricity Schemes	—	—	—	—	—	—	—	—
Miscellaneous	4.32	4.51	3.01	2.73	2.48	2.01	2.74	2.26
Grants-in-aid from Central Government	4.02	2.80	22.26	16.48	13.95	13.01	13.48	9.17
Extraordinary items ..	7.02	6.17	5.50	5.26	6.75	18.24	4.83	4.79
Total Revenue	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	Percent of total revenue expenditure							
Direct demands on revenue	6.77	6.60	6.47	6.20	4.13	4.33	3.81	4.00
Irrigation	1.61	3.28	1.88	1.71	0.87	0.85	0.48	.48
Debt services	14.18	4.17	3.76	6.18	16.26	13.82	19.10	20.05
Railways	—	—	—	8.42	7.13	—	—	—
Civil administration ..	24.65	23.86	24.72	19.90	16.35	17.65	15.21	15.96
Education	16.68	17.36	19.30	18.39	15.45	17.77	16.83	17.30
Health services	5.98	6.41	7.16	6.37	4.69	5.01	4.18	4.41
Agriculture	11.43	6.55	4.11	3.71	2.31	2.43	2.70	3.46
Veterinary	1.12	1.51	1.33	0.96	0.71	0.79	0.84	0.98
Industries	1.43	1.31	1.11	0.80	0.67	0.65	0.53	0.54
Civil works	5.89	7.05	6.80	5.76	4.51	5.78	2.63	4.63
Other heads	0.94	1.27	0.97	0.80	0.65	0.75	0.69	0.83
Development expenditure	—	12.14	12.76	14.36	22.13	24.46	23.31	20.86
Miscellaneous	9.29	8.48	9.54	6.44	4.13	5.80	9.69	6.46
Extraordinary items ..	0.03	—	—	—	—	—	—	—
Total Expenditure ..	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Note :—Totals may show small differences due to rounding off.

TABLE No. 48

CHANGES IN PRINCIPAL CENTRAL DUTIES (1966-67)

I CUSTOMS

1. Petroleum products

(a) *Crude oil* (PCT 27.09).—The statutory duty is 30% *ad valorem*. It was, however, hitherto exempt from duty by notification. The exemption was withdrawn and a specific duty of Rs. 3.20 per ton is being levied.

(b) *Motor spirit* (PCT 27.10B).—The duty was increased from Rs. 1.55 per gallon to Rs. 1.80 per gallon. Simultaneouly, 20 paisa per gallon out of the existing development surcharge was merged with the duty. The new rate would thus stand at Rs. 2.00 per gallon.

(c) *Kerosene* (PCT 27.10C).—The statutory duty of 30 paisa per gallon was restored. Simultaneously, 20 paisa per gallon out of existing development surcharge was merged with the duty. The new rate would thus stand at 50 paisa per gallon.

(d) *Light diesel oil* [PCT 27.10 D (i)].—The duty on this item was reduced from 50 paisa per gallon to 34 paisa per gallon. At the same time, 12 paisa per gallon out of existing development surcharge was merged with the duty. The new rate would thus be 46 paisa per gallon.

As a result of duty reduction and consequential reduction in defence surcharge, the retail price of light diesel oil will come down by 20 paisa per gallon. The rebate of 20 paisa per gallon allowed to agricultural consumers of light diesel oil will, therefore, be withdrawn being no longer necessary.

(e) *Furnace oil* [PCT 27.10 D (ii)].—The duty was increased from 10 paisa per gallon to 20 paisa per gallon. Simultaneously, 4 paisa per gallon out of development surcharge was merged with the duty. The new rate would thus be 24 paisa per gallon.

(f) *High speed diesel oil* [PCT 27.10 D (iii)].—8 paisa per gallon out of the existing development surcharge was merged with the duty. The new rate would thus be Rs. 1.08 per gallon.

(g) *Lubricating oil* [PCT 27.10 E (i)].—The existing sales tax was merged with duty and the rate revised to Rs. 1.20 per gallon.

2. Tariff Rationalisation

The rate structure of the Import Tariff was simplified and rationalised. Second Schedule to the Finance Bill and the relevant notifications separately issued give detailed information.

3. Defence surcharge

Defence surcharge at 25% of the effective rate of customs duty on imports (other than machinery) was co

Table No. 48—contd.

4. Existing relief maintained

The proposed revision did not generally affect the special concessionary rates of duty on certain items. For example, complete exemption on items like milk, dried eggs, butter and ghee, mustard oil, glucose, anti-T.B. and anti-malarial drugs, food for infants and invalids, fertilizers, agricultural machinery and implements, laboratory glassware, artificial limbs, etc., was maintained. Similarly, existing low or concessionary rates of duty on items like drugs and medicine X-ray films and plates, Karakuli cloth, spices, umbrella cloth, corrugated sheets, ships, etc., were also continued.

5. New relief items

The duty was reduced on the following items as a further measure of relief :—

S. No.	Pakistan Customs Tariff No.	Description of articles	Existing rate	Proposed rate
1.	30.04 and 30.05	Bandages and surgical dressings, first aid kits, etc.	20%	12-1/2%
2.	63.01 A	Secondhand clothing	35%&50%	25%
3.	73.38 A and 74.19 D (ii).	Domestic hardware of iron and copper	85%&90%	75%
4.	93.05 and 93.07	Rifles of .22 and 7 mm. bores and ammunition therefor ..	60%	Free
5.	87.02 B	Micro buses, jeeps and jeep-type station wagons if imported wholly on bonus	50%	25%

II CENTRAL EXCISE

1. *Petroleum products.*—The rate of customs and excise duties on petroleum products are the same. The customs duty and the excise duty on certain items was revised.

2. *Cement.*—The excise duty and sales tax on cement were merged into a single rate of Rs. 36.00 per ton and cement factories were required to pay excise duty on their production capacity.

3. *Soda ash.*—A duty of Rs. 150.00 per ton was imposed on soda ash but the excise duty on salt used in the manufacture of soda ash and sales tax on soda ash were withdrawn.

4. *Sugar.*—Duty at the existing rate was levied on the production capacity of sugar mills.

5. *Cigarettes.*—The existing pattern of excise duty on cigarettes was rationalised so that the duty now will be assessed on the basis of the retail price to the consumer in the following manner:

Where the retail price per 10 cigarettes—

(i) Does not exceed 15 paisa ...	Rs. 1.50 per 1,000 cigarettes.
(ii) Exceeds 15 paisa but does not exceed 30 paisa.	Rs. 1.50 *plus* 50% of the excess of retail price over Rs. 15.00 per 1,000 cigarettes.
(iii) Exceeds 30 paisa	Rs. 9.00 *plus* 65% of the excess of retail price over Rs. 30.00 per 1,000 cigarettes.

6. *Cotton fabrics.*—(i) The existing duty on the upper three grades of cotton fabrics was slightly reduced and the excise duty on ctotton fabrics was converted into a duty on grey fabrics as shown below:

	Existing duty on fabrics	*Proposed duty on grey fabrics*
(a) Superfine ...	50 paisa per square yard.	47 paisa per square yard.
(b) Fine ..	31 paisa per square yard.	28 paisa per square yard.
(c) Medium ..	19 paisa per square yard.	17 paisa per square yard.
(d) Coarse ..	6 paisa per square yard.	6 paisa per square yard.

The definition of coarse fabrics was revised from the existing limit of 16 counts to 19 counts so that certain fabrics, which were assessed as medium, will qualify for the lower rate of duty as coarse.

(ii) Duty on processing of cotton fabrics was imposed at the following rates:

(*a*) Bleaching, calendering, and/or dyeing and raising.	3 paisa per square yard.
(*b*) Printing	5 paisa per square yard.
(*c*) Sanforizing and mercerizing	10 paisa per square yard.
(*d*) Embroidering, rubberizing or any other process	50 paisa per square yard.

Fabrics processed without the aid of power will remain exempt from processing duty.

7. *Cotton yarn.*—A duty on cotton yarn was imposed at the following rates:

(*i*) Cotton yarn of coarse counts ..	10 paisa per lb.
(*ii*) Cotton yarn of medium counts ..	50 paisa per lb.
(*iii*) Cotton yarn of fine counts	Re. 1,00 per lb.
(*iv*) Cotton yarn of superfine counts ..	Rs. 1.50 per lb.

8. *Salt manufactured in East Pakist* [illegible] ...ption from excise duty which lapsed on the 30th of June 1965 [illegible] ...ed.

9. The following new items were brought under excise levy at the rates shown against each:

(*i*) *Batteries.*—10% *ad valorem*, but duty on battery parts will be 15% *ad valorem.*

(*ii*) *Glass and glassware.*—10% *ad valorem.* Glass and glassware, including glass bangles, made on a cottage industry basis and laboratory glassware will be exempt.

(*iii*) *Rubber and synthetic rubber products*—10% *ad valorem.*

(*iv*) *Plastic goods.*—10% *ad valorem.* Products of rubber and snythetic rubber and of plastics which are made from such products on which excise duty has been paid once will be exempt.

(*v*) *Man-made fibres and yarns.*—Duty at the following rates was imposed:

(*a*) Acetate and viscose fibres and yarn	Rs. 2.50 per lb.
(*b*) Other fibres and yarn	Rs. 5.00 per lb.

10. *Equalisation of POL selling prices.*—One single selling price in each Province was adopted for application throughout the Province in respect of four petroleum products, namely motor spirit, kerosene, high speed diesel oil and light diesel oil. Selling prices in East Pakistan were to be based on Dacca prices and those in West Pakistan on Rawalpindi prices. The yield was to be collected as additional development surcharge.

11. *Revision of postal rates.*—Certain postal rates were revised.

INCOME TAX AND WEALTH TAX

1. A refundable surcharge has been levied on all companies, and on other assessees having income of Rs. 20,000 and above, at the rate of 10 per cent of income-tax and supertax payable by them. The surcharge will be realised in Government Bonds redeemable after 10 years, carrying interest at 5 per cent per annum, payable yearly. The bonds will be negotiable except with the State Bank of Pakistan.

TABLE No. 49

CHANGES IN PRINCIPAL CENTRAL TAXES

(1964-65 to 1966-67)

1964-65

1. A 5 per cent tax relief to small industrial companies with total income up to Rs. 50,000 has been allowed.

2. Tax holiday which was to expire on 30th June 1965 has been extended up to the 30th June 1970. The exemption will be admissible for 2, 4 and 6 years in West Pakistan and 4 and 6 years in East Pakistan as against the present limit of 4, 6 and 8 years in West Pakistan and 6 and 8 years in East Pakistan.

Apart from industries based on indigenous raw material, the industries requiring special technical know-how, or where the return is likely to be low compared to the risk involved, or where an appreciable export potential exists or where an industry contributes to agricultural development the tax holiday will be admissible, irrespective of the source of raw material.

3. Mining industry will get 10 per cent rebate in addition to existing concession (*e.g.* tax holiday, current expensing of capital expenditure, depletion allowances, etc.)

4. Tax rebate of 15 per cent will be allowed to Pakistani enterprises in respect of income from foreign operations remitted to Pakistan.

5. In order to qualify as a public company, the criterion would now be that controlling shares of the company should be held by not less than 50 persons for the major part of relevant previous years.

6. Education allowance up to the maximum limit of Rs. 900 has been made admissible even in the case of one child or two children where expenditure in excess of the present limit of Rs. 300 per child has been incurred.

7. Interest on savings banks accounts up to Rs. 500 has been exempted from income tax.

8. The existing tax exemption given in respect of income from small residential houses with annual rental value up to Rs. 5,000 and small housing estimates has been extended in respect of houses and estates constructed up to the end of the Third Plan period.

9. Foreign technicians will enjoy exemption from tax for 3 years instead of 2 years.

10. Wealth tax has been withdrawn from private companies and the rate of tax for individuals has been raised from 1 1/2 to 2 per cent on the slab of net wealth exceeding Rs. 34 lakhs, subject to a maximum of 15 per cent of total income.

Stocks will be valued on their break-up value.

11. Where a capital assets is disposed of within six months, the gain will be treated as income and taxed accordingly. Where it is disposed of within six months to five years, tax will be levied at the current capital gains tax rates. On capital gains arising from the sale of assets after 5 years tax would be levied at half the present rates. The last concession will also be available to regular dealers, and brokers in stocks and shares.

12. A rehabilitation surcharge will be levied at the rate of one per cent on all goods liable to sales tax. The tax will not be levied on goods exported abroad. The proceeds will go into a special fund exclusively earmarked for refugees.

13. The standard sales tax rate of 15 per cent will apply to imported fruit. This will help the local fruit industry.

14. Raw cotton (exports) furniture, toys, imported tennis and other balls and ink and other stationery used by students have been exempted from sales tax.

15. A surcharge of 25 per cent has been added to the rates of excise duty on cigarettes, except in the case of cheaper cigarettes falling under the lower three excise duty slabs. The actual duty slabs remain unaffected. Cigarettes which sell in retail up to 35 paisa per packet of 10 shall not be affected.

16. Excise duty has been imposed on tyres and tubes for motor vehicles at the rate of 30 per cent *ad valorem* and in the case of other tyres and tubes at 15 per cent *ad valorem*. The rates for cycle tyres and tubes, which are already subject to excise duty, remain unchanged.

17. An excise duty at the rate of Rs. 7 per cwt. has been imposed on non-essential vegetable oils produced with the aid of power, but exemption has been granted in the case of cottage industry.

18. In the case of smaller tea factories which have a garden of not more than 500 acres, the rate of excise duty has been reduced by 50 per cent in respect of the quantity of production in excess of their highest yearly production during the last four years. Similar reduction of duty in the case of bigger factories will be 25 per cent.

1965-66

1. The differential rate of tax rebate admissible to public companies raised from 5 to 10 per cent.

2. As a further inducement in this direction, the relaxation available to private industrial companies under section 23-A of the Income tax Act in the matter of taxation of undistributed profits was withdrawn.

3. As a measure of relief to small companies, which will benefit persons belonging to the middle-class, the limit for purpose of the 5 per cent tax rebate raised. The rebate is now admissible to industrial and commercial companies with annual income up to Rs. 1,00,000 and Rs. 50,000 respectively as against the previous limits of Rs. 50,000 and Rs. 25,000.

4. Bonus shares issued by tax holiday companies to be taxed like dividends. The small share-holder is not likely to be affected as the exemption limit of dividend income is being raised.

5. Shares held by foreign companies are to be excluded in determining whether a company is a public company or not for purposes of section 23-A of the Income-tax Act.

6. Initial depreciation allowances are to continue up to the end of the Third Plan period. The additional depreciation allowance provision was discontinued.

7. The scope of the tax exemption for three years to foreign technicians extended so that technicians employed during the installation and pre-production stage would also be able to get the benefit of the exemption. Foreign technicians employed by firms of consultants and engineers are also to be eligible for the tax exemption. Further tax-on-tax is to be levied up to five years if a foreign technician continues to be employed after the tax-exemption period and the employer pays the tax on his behalf.

8. The maximum marginal rates of personal taxation reduced from 75 and 65 per cent to 70 and 60 per cent respectively.

9. The 15 per cent ceiling, according to which wealth tax liability cannot exceed this limit of the total income of the tax-payer removed. Property gifted away to wife and minor children will not be aggregated with other property of the donor as in the case of income tax.

10. The exemption limit of donations to schools, hospitals and other approved charitable institutions and funds raised from 10 to 20 per cent.

11. The exemption limit in the case of dividend income raised from Rs. 2,000 to Rs. 3,000.

12. The exemption limit in the case of investments in Post Office Savings Certificates, N. I. T. certificates, etc., raised from Rs. 12,000 to Rs. 15,000. The additional Rs. 3,000 will, however, be available for investment in N.I.T. certificates and any other investment companies which may be notified by Government from time to time.

13. In the case of persons over 45 years of age and those who are non-insurable, the special allowance of 10 per cent of total income admissible for life insurance can be availed of by investments in other fileds.

14. The time-limit for investments in the new share capital of industrial companies, as part of the investment allowance extended up to the end of the Third Plan period.

15. Income from new houses with annual rental value up to Rs. 6,000 are to be exempt from income tax for 5 instead of 3 years.

16. Persons over 65 years of age will enjoy complete exemption from income tax in respect of their income from pensions.

17. Recognised Chambers of Commerce and Industry are exempt from income tax.

18. Capital gains accruing to 'dealers' will be taxed at reduced rates if the capital asset is sold after one year as against six months applicable to other tax-payers. For this purpose, a 'dealer' will mean a member of a recognised Stock Exchange in Pakistan, his partners and employees and their close relatives *i. e.*, husband/wife and minor children.

19. Sales tax on ice, washing soap, kerosene oil cookers and pressure stoves, fruits and vegetables preserved or canned, shoe-lasts, mother of pearl and horn buttons, and condensed milk was removed.

A defence surcharge at a flat rate of 25 per cent of the existing rates of sales tax was imposed in the Supplementary Budget for 1965-66 announced in December 1965.

1966-67

1. A refundable surcharge has been levied on all companies, and on other assessees having income of Rs. 20,000 and above, at the rate of 10 per cent of income tax and super payable by them. The surcharge will be used in Government Bonds redeemable after 10 years, carrying interest at 5 per cent per annum, payable yearly. The bonds will be negotiable except with the State Bank of Pakistan.

2. Rebate in tax on account of export has been liberalised in the following respects:—

(*i*) Rebate admissible to commercial exporters, other than companies has been increased from 10 per cent to 15 per cent to bring them at par with companies.

(*ii*) The income of a registered firm will be deemed to be that of an registered firm for purposes of determining rebate on tax. This will enable the former to claim a higher rebate.

(*iii*) The value of the export bonus entitlement will not be deducted from the sale proceeds of exports. This will increase the amount of tax rebate available to exporters.

3. Expenditure incurred by businessmen who go abroad as members of government sponsored delegations for promotion of export trade, will be allowed as expense in the same manner as business expenses are allowed to assessees in respect of their own business.

4. Relief in tax on account of investment allowance has been restricted to 5 per cent of the investment. This will affect only those who are in the higher income brackets.

5. Income from breeding cattle (for beef and mutton) and catching fish has been exempted from tax till June, 1970. This concession is also being extended to poultry and dairy farming, which enjoy tax holiday at present, where this is more favourable to the tax payer.

6. Bonus shares issued by tax holiday companies will be taxed in their hands at 12-1/2 per cent and will not be treated as income in the hands of the shareholders.

7. Pension receivable by the dependents of Shaheeds have been exempted from income tax.

8. The rates of wealth tax have been changed on intermediary slabs and the highest rate has been increased from 2 per cent to 2-1/2 per cent.

9. The estates of Shaheeds have been exempted from estate duty.

10. Property gifted by a person during three years preceding his death will be treated as part of his estate. Adjustment will be allowed for gift tax already paid. No refund will however, be allowed if the gift tax exceeds the estate duty.

11. Sales tax has been levied : the rate of 5 per cent on washing soap. This will give a relief to the manufacturers of soap from the higher sales tax otherwise levied on raw materials.

12. Sales tax on lubricants, cement and soda ash has been merged with customs/central excise duty.

13. Sales tax on vanaspati has been reduced from 15 per cent to 12-1/2 per cent. Complete exemption has been allowed to cotton-hard clothing, rifles of 7 mm and .22 bore and their ammunition, and jeeps and micro-buses etc. imported wholly on bonus.

Source : Ministry Finance.

TABLE No. 50

GOODS EXEMPT FROM SALES TAX

1966-67

The general rate of sales tax which was increased from 12½ per cent to 15 per cent during 1963-64 remains unchanged. The standard rate of 15 per cent will also apply to imported fruits. Luxury goods are taxable at the enhanced rate of 20 per cent.

An up-to-date list of articles exempt from sales tax is given below.

Goods exempt whether imported or locally manufactured

Toys, tennis, table tennis, squash balls, laboratory glassware, school slates, slate pencils, *takhties* and exercise books, writing ink, pen holders, geometry, colour and paint boxes and other instruments used by students; *nan* and *chapaties* (bread) made by *nanbais*, fresh cream, fresh butter (but not tinned or canned) and *ghee* (but not vanaspati or vegetable *ghee*) ; *haldi*, *zeera* (black and white, *lal mirch*, *dhania khushk*, garlic and ginger ; livestock ; fodder including oil cakes and bran ; dried fish, salted or unsalted (including prawns) ; fresh fish ; *khari* salt ; all kinds of animal casings (intestines and guts) ; crushed bones, bone grist, bone meals, horn and hoof meals, leather meals and fish meals ; Peshawari hand fans ; handspun yarn ; cloth woven on hand-looms in the Provinces or the Capital of the Federation ; printed books, maps, charts, periodicals and newspapers ; kerosene ; motor spirit ; matches ; betelnuts ; pan leaves, unginned cotton ; cereals and flour made from cereals (including paddy, rice and rice flour) and pulses (whole or split) ; seeds, flower or plant including seedlings and saplings, fresh vegetables, fresh meat and fresh and dried milk ; sugar, *gur* and molasses ; tobacco, including manufactures of tobacco ; salt ; sewing needles ; tea ; old gunny bags ; electric energy ; imported poultry and poultry products ; ship ; boats and floating structures specified under Heading Numbers 89.01, 89.02, 89.03, 89.04 and 89.05 of the First Schedule to the Tariff Act, 1934 (XXXII of 1934), and the raw materials used in the manufacture thereof :

Provided that in the case of the said raw materials, the exemption under this notification shall apply to such licensed manufacturers only as are approved by the Central Board of Revenue for this purpose, chemical fertilizers ; newsprint ; bricks ; drugs and medicines (including Unani and Ayurvedic medicines and drugs) ; raw wool and animal hair; wool tops; postage stamps and postal stationery ; judicial and non-judicial stamps and stamps papers ; currency notes (includng one rupee notes) and bank notes ; concrete building components (including beams, columns, roofing, cement blocks, doors, windows but *excluding* pipes) furnace and high speed and light diesel oil. Second hand clothing, Jeeps and Micro-Buses imported wholly on Bonus, rifles of 7mm and .22 bore and their ammunition, lubricating oil and their additives.

Goods locally manufactured

Hand tools and machine tools ; bicycle components ; tyre inflators ; cutlery; brass water fittings ; products of re-rolling mills; surgical instruments ; agricultural implements (other than capital goods); cycle accessories ; grinding wheels ; sports goods ; E.P.N.S. goods (means E.P.N.S. sport trophies and tablewares); metal utensils ; products of iron foundries and steam and hammer works ; articles commonly or commercially known as ornaments and jewellery, whether real or imitation, being goldsmiths, and silversmith's products for personal use or for the adornment of person ; hosiery goods ; tanned leather ; *mazri* cloth ; food articles served in hotels and restaurants, products of power loom units equipped with

not more than twenty power looms, and tailored garments *including* readymade garments ; edible oils other than *vanaspati* or vegetable products ; Pakistani crockery and pottery including plastic and glass crockery ; headgear ; umbrella ; *zari* and embroidery goods ; cinematographic and photographic films including prints ; artificial limbs and corrective appliances ; cycle manufactured or assembled in Pakistan ; sewing machines manufactured or assembled in Pakistan ; saltpetre ; (*a*) insecticides and pesticides used for agricultural purposes and (*b*) the ingredients thereof ; locks, hurricane lamps, gas mantles and braids, hand water pumps; timber and bamboo, including products of saw mills ; rubber shoes (including slippers and *chappals*) in which the value of the rubber used is not less than 75 per cent of the total value of the raw materials ; trunks made of iron and zinc sheets ; alkatra ; lead and colour pencils and art silk cloth ; ginned cotton and cotton seeds, furniture, cement soda ash.

Source : Ministry of Finance,
Central Board of Revenues.

TABLE No. 51

CHANGES IN EXPORT DUTIES OF PRINCIPAL COMMODITIES

(Amount in rupees)

Period	Jute (per bale)	Jute cutting (per bale)	Kutcha bale (per maund)
1 JUTE			
Up to 13-11-1947	15·00	4·50	—
14-11-1947 to 31-3-1948	15·00	4·50	3.00
1-4-1948 to 31-10-1951	20·00	6·00	4·00
1-11-1951 to 30-6-1952	35·00	10·00	7·00
1-7-1952 to 24-3-1953	15·00	5·00	3·75
			Plus Rs. 2.50 as licence fee for export to Inda.
25-3-1953 to 22-8-1955	15·00	5·00	3·00
23-8-1955 to 22-8-1956	20·00	5·00	4·00
23-8-1956 to 11-6-1964	20·00	10·00	4·00
12-6-1964 to date	10·00	5·00	2·00

2. COTTON

	Desi	other varieties (per bale)	Comilla
Before 23-1-1948	20·00	20.00	—
23-1-1948 to 22-2-1948	40·00	40.00	—
23-2-1948 to 5-10-1949	60·00	60.00	—
6-10-1949 to 22-10-1950	40·00	60.00	—
23-10-1950 to 23-11-1950	180·00	180.00	—
24-11-1950 to 10-9-1951	300·00	300.00	—
11-9-1951 to 10-9-1952	100·00	180.00	—
11-9-1952 to 9-9-1953	—	90.00	—
10-9-1953 to 22-8-1955	60·00	90.00	—
23-8-1955 to 22-8-1956	60·00	135.00	—
23-8-1956 to 29-8-1958	80·00	115.00	—
30-8-1958 to 4-9-1958	50·00	115.00	—
5-9-1958 to 24-7-1959	80.00(a) 50.00(b)	115.00	—
25-7-1959 to 25-8-1960	40·00	75.00	—
26-8-1960 to 12-8-1961	40·00	75.00	20.00
13-8-1961 to 22-11-1962	25·00	75.00	*Nil*
23-11-1962 to 21-8-1963	25·00	25.00	*Nil*
22-8-1963 to 11-6-1964	20·00	20.00	*Nil*
12-6-1964 to date	10·00	10.00	*Nil*

(a) New crop.

(b) Old crop.

TABLE No. 51—*contd.*

3. WOOL

Up to 4-12-1950	*Nil.*
5-12-1950 to 28-4-1952	25% *ad valorem*
29-4-1952 to date	Exempted.

4. HIDES

Up to 15-3-1948	*Nil*
16-3-1948 to 31-3-1955	10% *ad valorem*
1-4-1955 to date	Exempted.

5. SKINS

Up to 15-3-1948	*Nil.*
16-3-1948 to 20-3-1949	10% *ad valorem*
30-9-1953 to 31-3-1955	13% *ad valorem*
1-4-1955 to date	Exempted.

6. TEA

14-8-1947 to 31-3-1952	25 paisa per lb.
1-4-1952 to 11-9-1952	19 paisa per lb.
12-9-1952 to 31-3-1955	Suspended
1-4-1955 to 20-10-1955	19 paisa per lb.
21-10-1955 to 14-9-1961	38 paisa per lb.
15-9-1961 to 12-6-1962	25 paisa per lb.
13-6-1962 to 8-6-1963	15 paisa per lb.
9-6-1963 to date	*Nil.*

Source : Ministry of Finance, Central Board of Revenues.

TABLE No. 52

Rates of Income Tax

(1966-67)

A. In the case of every individual, Hindu undivided family, un-registered firm and an association of persons not being a case to which paragraph B of this Part applies—

Particulars	*Rates*
1. Where the taxable income does not exceed Rs. 1,000.	Rs. 25.
2. Where the taxable income exceeds Rs. 1,000 but does not exceed Rs. 2,000.	Rs. 25 *plus* 2 per cent of the amount exceeding Rs. 1,000.
3. Where the taxable income exceeds Rs. 2,000 but does not exceed Rs. 4,000.	Rs. 45 *plus* 10 per cent of the amount exceeding Rs. 2,000.
4. Where the taxable income exceeds Rs. 4,000 but does not exceed Rs. 6,500.	Rs. 245 *plus* 15 per cent of the amount exceeding Rs. 4,000.
5. Where the taxable income exceeds Rs. 6,500 but does not exceed Rs. 10,000.	Rs. 620 *plus* 20 per cent of the amount exceeding Rs. 6,500.
6. Where the taxable income exceeds Rs. 10,000 but does not exceed Rs. 20,000.	Rs. 1,320 *plus* 25 per cent of the amount exceeding Rs. 10,000.
7. Where the taxable income exceeds Rs. 20,000 but does not exceed Rs. 30,000.	Rs. 3,820 *plus* 35 per cent of the amount exceeding Rs. 20,000.
8. Where the taxable income exceeds Rs. 30,000 but does not exceed Rs. 40,000.	Rs. 7,320 *plus* 50 per cent of the amount exceeding Rs. 30,000.
9. Where the taxable income exceeds Rs. 40,000 but does not exceed Rs. 60,000.	Rs. 12,320 *plus* 60 per cent of the amount exceeding Rs. 40,000.
10. Where the taxable income exceeds Rs. 60,000.	Rs. 24,320 *plus* 70 per cent of the amount exceeding Rs. 60,000.

Provided that—

(i) no income-tax shall be payable on a total income, which before the deduction of an allowance of Rs. 2,000 (hereafter referred to as personal allowance) and sums, if any, exempt under the first proviso to sub-section (1) of section 7, section 15, section 15A, section 15AA, section 15C, Section 15 E, Section 15F, and section 58F of the Income Tax Act, 1922 (XI of 1922) does not exceed Rs. 6,000 ; and

(ii) the income-tax payable shall in no case exceed (a) the amount by which the total income exceeds Rs. 6,000 or (b) the amount representing seventy per cent of the total income, whichever amount is the less, and, where such income includes any income from a share of the income, profits and gains of a firm to which paragraph C of Part II applies, such portion of the super-tax payable under the said paragraph as bears to the total amount

of such super-tax the same proportion as his share of income, profits and gains of the firm bears to the total income of the firm shall be added to the income-tax payable by such partner under this paragraph and, if the sum so arrived at exceeds seventy per cent of the total income of such partner (including his share of income, profits and gains of the firm), the amount of income-tax payable by him under this paragraph shall be reduced by the amount of such excess.

Explanation.—The expression " taxable income " as used in this paragraph, means—

(a) in the case of an assessee to which sub-section (3) of section 10 or clause (a) of sub-section (1) of section 17 of the Income Tax Act, 1922 (XI of 1922) applies, the total income ;

(b) in any other case, the total income of an assessee as diminished by (i) the personal allowance of two thousand rupees, and (ii) the allowance admissible under the first proviso to sub-section (1) of section 7, section 15, section 15A, section 15AA, section 15C, section 15E, section 15F and section 58F of the Income Tax Act, 1922 (XI of 1922).

B. In the case of every company and local authority and in every case in which under the provisions of the Income Tax Act, 1922 (XI of 1922), income-tax is to be charged at the maximum rate—

	Rates
(1) On the part of the total income consisting of the amount, if any, to which sub-paragraphs (2) and (3) of paragraph A of Part II apply.	*Nil*
(2) On the balance of the total income ..	30 per cent of such income.

Provided that where a company distributes dividends out of its income, profits and gains in respect of which it has obtained a rebate of one anna in the rupee under the proviso to paragraph B of Part I of the Fourth Schedule to the Finance Act, 1958 (XXII of 1958), the Third Schedule to the Finance Act, 1957 (1 of 1957), the Third Schedule to the Finance Act, 1956 (1 of 1956), and the Third Schedule to the Finance (1955-56) Act, 1956 (XXX of 1956), an additional income-tax at the rate of 6·25 per cent shall be levied on the amount of such dividend and such amount shall be deemed for the purposes of this proviso to be a part of the total income of the company of the year in which such distribution is made.

Source : Ministry of Finance,
Central Board of Revenue.

TABLE No. 53

Rates of Super-tax

(1966-67)

Particulars	*Rates*
A. In the case of a company—	
(1) On the whole of the total income excluding income to which sub-paragraph (1) of paragraph B of Part I applies.	30 per cent of such total income.

Provided that—

(i) a rebate of 5 *per cent* shall be allowed in the case of every company which, in respect of its profits liable to tax under the Income Tax Act, 1922 (XI of 1922), has made such effective arrangements as may be prescribed by the Central Board of Revenue in this behalf for the declaration and payment in Pakistan of the dividends payable out of such profits and for the deduction of tax from such dividends ;

(ii) a rebate of 10 *per cent* shall be allowed in the case of every company to which clause (i) applies if it is a company in which the public are substantially interested within the meaning of *Explanation* 1 to sub-section (1) of section 23A of the Income Tax Act, 1922 (XI of 1922) ;

(iii) a rebate of 5 *per cent* shall be allowed in the case of every company to which clause (i) applies not being a company to which clause (iv) applies if its total income does not exceed Rs. 50,000 ;

(iv) a rebate of 5 *per cent* shall be allowed on so much of the income, profits and gains of a company being a company to which clause (i) applies and the total income of which does not exceed Rs. 1,00,000 as is derived by it from an industrial undertaking ;

(v) a rebate of 10 *per cent* shall be allowed in the case of a company to which clause (i) applies in respect of its income, profits and gains to which sub-section (9) of section 10 of the Income Tax Act, 1922 (XI of 1922) applies or which are derived by it from the processing, freezing, preserving and canning of food, vegetables, fruit, grain, meat, fish and poultry;

(vi) a rebate of 15 *per cent* shall be allowed in the case of every company to which clause (i) applies on so much of the income, profits and gains accruing or arising to it outside Pakistan to which sub-section (4) of section 10 does not apply as are brought by it into Pakistan.

Explanation.—The term " industrial undertaking ", as used in clause (iv), means an undertaking which is set up or commenced in Pakistan on or after the 14th day of August, 1947 and which employes (i) ten or more persons in Pakistan and involves the use of electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal agency or

(ii) twenty or more persons in Pakistan and does not involve the use of electrical energy or other form of energy which is mechanically transmitted and is not generated by human or animal agency and which is—

(i) engaged in—

(a) the manufacture of goods or materials or the subjection of goods or materials to any process, which substantially changes their original condition ;

(b) ship-building ;

(c) generation, transformation, conversion, transmission or distribution of electrical energy, or the supply of hydraulic power ;

(d) the working of any mine, oil-well or other source of mineral deposits not being an undertaking to which the Second and Third Schedules to the Income Tax Act, 1922 (XI of 1922) apply ; or

(ii) any other industrial undertaking which may be approved by theCentral Board of Revenue for the purposes of this clause.

	Rates
(2) On the amount representing income from dividends from a company having its registered office in Pakistan—	
(a) Where such dividends are received by a company in which the public are substantially interested within the meaning of *Explanation* 1 of sub-section (1) of section 23A of the Income Tax Act, 1922 (XI of 1922) and are declared and paid by a company formed and registered in Pakistan under the Companies Act, 1913 (VII of 1913), or a body corporate formed in pursuance of a Central Act in respect of the share-capital issued, subscribed and paid after the fourteenth day of August, 1947.	15 *per cent* of such amount.
(b) In other cases	20 *per cent* of such amount.
(3) On the whole of the amount representing the face value of any bonus shares issued by the company to its shareholders.	12·5 *per cent* of such amount.
B. In the case of every local authority— On the whole of total income	12·5 *per cent* of the total income.
C. Iu the case of every registered firm—	
(1) Where the total income does not exceed Rs. 12,000.	*Nil.*
(2) Where the [illegible] income exceeds Rs. 12,000 b[illegible] [illegible]eed Rs. 30,000.	5 *per cent* of the amount exceeding Rs. 12,000.

(3) Where the total income exceeds Rs. 30,000 but does not exceed Rs. 60,000.	Rs. 900 *plus* 10 *per cent* of the amount exceeding Rs. 30,000.
(4) Where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000.	Rs. 3,900 *plus* 20 *per cent* of the amount exceeding Rs. 60,000.
(5) Where the total income exceeds Rs. 1,00,000.	Rs. 11,900 *plus* 30 *per cent* of the amount exceeding Rs. 1,00,000.

Explanation.—The term ' registered firm " as used in this paragraph means a firm registered under section 26A of the Income Tax Act, 1922 (XI of 1922), or a firm treated as a registered firm under clause (b) of sub-section (5) of section 23 of the Income Tax Act, 1922 (XI of 1922).

PART III

Rates of Refundable Surcharge

(A) In the case of every individual, Hindu undivided family, local authority, every firm, association or persons, and the partners of the firm and members of the association individually.

	Rates
(i) Where the total income is below Rs. 20,000.	*Nil.*
(ii) Where the total income is Rs. 20,000 or above.	10 per *cent* of the tax payable.
(B) In the case of a company	10 *per cent* of the tax payable.

Source.—Ministry of Finance,
Central Board of Revenues.

FOREIGN ECONOMIC ASSISTANCE

TABLE No. 54

COMMITMENTS OF FOREIGN AID (GRANTS AND LOANS)

(As on 31st March, 1967)

(In million dollars)

Country/Agency	Pre-1st Plan period		1st Plan		2nd Plan		3rd Plan (Two years)		Total up to 1966-67		
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans	Total
1	2	3	4	5	6	7	8	9	10	11	12
Australia	26·342	..	2·790	..	7·090	..	2·225	..	38·447	..	38·447
Belgium	..	..	..	..	..	0·520	..	0·620	..	1·140	1·140
Canada	42·340	..	62·850	..	65·515	12·351	16·254	45·362	186·959	57·713	244·672
China	..	..	..	..	..	30·000	..	25·710	..	55·710	55·710
Czechoslovakia ..	..	..	..	..	..	..	..	17·130	..	17·130	17·130
Denmark	..	..	..	..	..	7·410	..	2·170	..	9·580	9·580
France	..	..	..	..	..	29·000	..	24·950	..	53·950	53·950
Germany	..	..	..	..	..	224·628	..	70·000	..	294·628	294·628
Italy	..	..	..	..	..	5·910	..	34·290	..	40·200	40·200
Japan	..	..	..	..	0·834	147·477	..	60·000	0·834	207·477	208·311
Netherlands	..	..	..	..	..	13·180	..	3·260	..	16·440	16·440
Newzealand	3·130	..	2·490	..	1·112	..	..	..	6·732	..	6·732
Poland	..	..	..	..	..	..	..	4·100	..	4·100	4·100

Switzerland	..	..	..	..	..	..	..	..	3·300	..	3·300	3·300
Sweden	..	..	..	..	..	3·000	..	..	4·833	3·000	4·833	7·833
U. K.	1·150	28·000	3·630	28·000	5·696	123·420	..		44·800	10·476	224·220	234·696
U. S. A. :												
Project/and Non-project grants.	123·123	..	469·538	..	160·662	..	9·767		..	673·090	..	763·090
D.L.F.	..	..	..	125·158	..	97·018	..		..	..	222·176	222·176
A.I.D.	..	..	..	..	..	700·898	..		240·860	..	941·698	941·698
Eximbank	..	35·000	..	70·830	..	43·910	..		6·780	..	156·520	156·520
PL-480 Title II ..	84·559	..	36·841	..	50·159	..	2·850		..	174·409	..	174·409
PL-480 Title III ..	6·003	..	25·922	..	20·156	..	4·993		..	57·074	..	57·074
Suppliers Credits ..	..	42·290	..	58·010	..	52·295	..		23·480	..	176·075	176·075
U.S.S.R.	..	..	..	..	..	39·900	..		32·450	..	72·350	72·350
Yugoslavia	..	..	..	..	..	29·550	..		26·050	..	55·600	55·600
IBRD	..	58·230	..	92·650	..	209·440	..		51·500	..	411·820	411·820
IDA	..	..	..	..	..	246·040	..		83·200	..	329·240	329·240
IFC	..	..	..	1·380	..	9·520	..		..	..	10·900	10·900
U. N. and Specialized agencies.	3·470	..	5·150	..	4·311	..	..		..	12·931	..	12·931
U. N. Special Fund ..	..	..	5·730	..	6·131	..	..		..	11·861	..	11·861
Ford Foundation ..	..	..	17·230	..	19·329	..	..		..	36·559	..	36·559
Others	0·200	..	4·600	..	0·030	..	..		..	4·830	..	4·830
Total ..	290·317	163·520	636·771	376·028	344·025	2 022·467	36,089		804·785	1,307·202	3,366·800	4,674·002

TABLE NO. 55

DISTRIBUTION OF FOREIGN LOANS BETWEEN PUBLIC AND PRIVATE SECTORS

(As on 31st December 1966)

(In million dollar)

Economic Sector	*Public*	*Private*	*Total*
I. PROJECT LOANS *			
Agriculture	82·295	—	82.295
Water and Power	438·943	56·100	495·043
Industries	232·071	503·950	736·021
Fuels and Minerals	33.126	58.723	91.849
Transport and Communications	677·118	21·928	699·046
Social Services	105·830	—	105·830
Total ..	1569.383	640.701	2210·084
II. NON-PROJECT LOANS	173·783	653·017	826·800
Total I & II ..	1743·166	1293.718	3036·884

Source : Economic Affairs Division.

*Exclusive of loans of $ 217 million for Indus Basin Development Project.

TABLE No. 56

OUTSTANDING EXTERNAL INDEBTEDNESS

(As on December 31, 1966)

I. *Loans repayable in Foreign Exchange.*

(In million dollar)

Country/Lending Agency	Loans contracted	Loans disbursed	Loans repaid	Loans outstanding	Loans undisbursed	Interest paid
1	2	3	4	5	6	7
1. Belgium	0·517	0·517	0·057	0·460	..	0·024
2. Canada	60·765	36·494	0·462	36·032	24·271	0·860
3. China	48·780	15·106	..	15·106	33·674	..
4. Czechoslovakia	17·130	1·563	0·857	0·706	15·567	..
5. Denmark	9·579	6·764	1·347	5·417	2·815	0·184
6. France	53·135	9·313	4·022	5·291	43·822	0·645
7. *Germany* :						
(*a*) Capital Aid	174·125	126·975	..	126·975	47·150	12·624
(*b*) Export Credit	122·482	86·316	34·634	51·682	36·166	11·059
8. Italy	37·898	4·219	1·094	3·125	33·679	0·209
9. *Japan* :						
(*a*) Yen Credit	133·360	80·871	..	80·871	52·489	8·163
(*b*) Suppliers Credits	43·217	33·457	15·215	18·242	9·760	5·742

TABLE NO. 56—*contd.*

(In million dollar)

Country/Lending Agency	Loans contracted	Loans disbursed	Loans repaid	Loans outstanding	Loans undisbursed	Interest paid
1	2	3	4	5	6	7
10. Netherlands	13·369	11·323	0·588	10·735	2·046	0·146
11. Poland	4·130	0·354	0·354	..	3·776	..
12. Switzerland	10·000	0·361	0·361	..	9·639	..
13. Sweden	4·832	0·040	..	0·040	4·792	..
14. United Kingdom	213·010	171·087	50·775	120·312	41·923	22·289
15. *U. S. A.* :						
(*a*) Aid	876·978	596·640	..	596·640	280·338	9·095
(*b*) Eximbank	68·141	65·904	19·194	46·710	2·237	7·857
16. U.S.S.R.	73·943	36·374	7·556	28·817	37·569	1·318
17. Yugoslavia	50·883	13·147	4·839	8·308	37·736	0·464
18. IBRD	390·319	241·255	67·158	174·097	149·065	55·761
19. IDA	328·240	117·753	..	117·753	210·488	0·506
20. IFC	10·900	7·649	1·475	6·174	3·215	1·455
21. Suppliers Credits	196·680	165·059	112·687	52·372	31·621	10·315
Sub-total in Foreign Exchange	2,942·413	1,828·541	322·677	1,505·865	1,113·872	148·716
In Crore Rupees	(1,401·15)	(870·73)	(153·66)	(717·08)	(530·41)	(70·82)

II. *Foreign Exchange Loans repayable in Pakistan Rupees.*

1. *U. S. A.* :						
(*a*) Eximbank	88·000	88·000	4·812	83·188	..	23·310
(*b*) D.L.F.	222·680	216·860	40·049	176·811	5·820	30·686
Total II .. .. (in million dollars)	310·680	304·860	44·861	259·999	5·820	53·996
(in crore rupees)	(147·94)	(145·17)	(21·36)	(123·81)	(2·77)	(25·71)
Total I & II .. .. (In million dollars).	3,253·093	2,133·401	367·538	1,765·864	1,119·692	202·712
(in crore Rupees)	(1,549·09)	(1,015·90)	(175·02)	(840·89)	(533·18)	(96·53)

GPPK—2391/25-21/S/66 (Finance)—30-5-67—5,000.

INDEX

INDEX

A

B

C

D

E

F

G

H

I

J

K

L

M

N

O

P

R

S

T

U

V

W

Y

FEROZSONS, KARACHI