

DONATION

PAKISTAN-BASIC FACTS



*Prepared by the Economic Adviser to the Government of Pakistan,  
Ministry of Finance.*

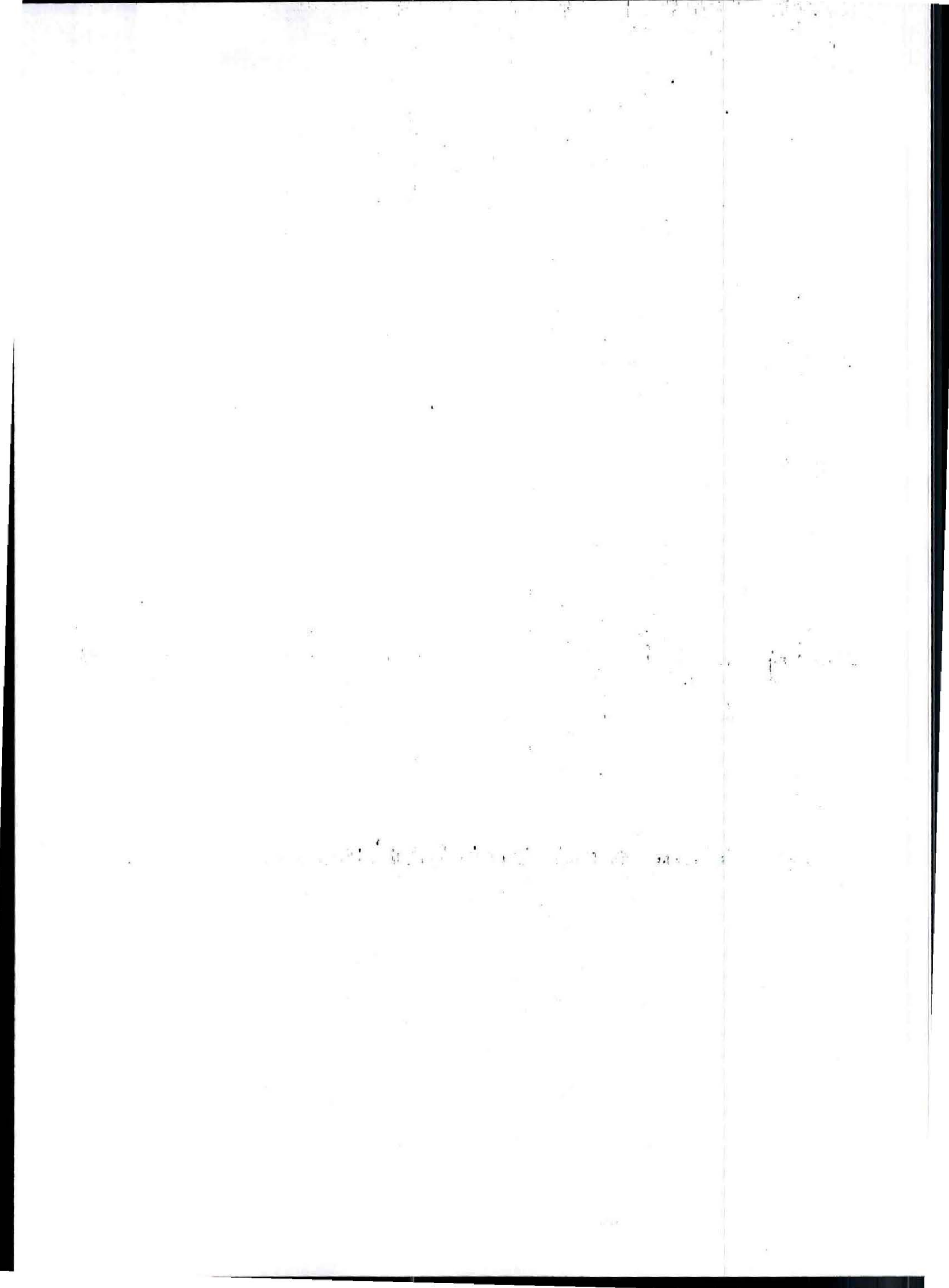
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## PREFACE

*The handbook of Basic Facts About Pakistan has been prepared to help those who want to have a bird's-eye view of Pakistan's economy at a glance. It attempts to present in popular form some of the more important highlights of the progress of development in the country.*

*In the preparation of the handbook every attempt has been made to include the major trends of development in the country; but in the interest of brevity, summarising has become essential and minor details have been left out. Still, there may be some omissions here and there.*

*Any comments and suggestions for its improvement from the readers will be welcomed.*

(ANWAR IQBAL QURESHI)

Economic Adviser to the  
Government of Pakistan.

Dated Rawalpindi, December 1, 1961.

## PAKISTAN ON THE GLOBE

When, owing to persistent demand of the Muslims for a separate home land in areas where they were in majority, the Indian Sub-continent was divided into two States, Pakistan emerged as an independent sovereign State on 14th August, 1947.

Pakistan consists of two parts, East Pakistan and West Pakistan, which are separated from each other by about 1,000 miles of Indian territory. East Pakistan lies between the longitudes 88°E and 92.30°E and between the latitudes 21°N and 27°N; while West Pakistan is located between the longitudes of 61°E and 75°E and the latitudes of 24°N and 37°N.

West Pakistan touches the Himalayan foot-hills and the Hindu-kush mountains in the North. It is separated from Russia by a narrow stretch of mountain ranges and extends from the Pamirs down to the Arabian Sea. In the West are Afghanistan and Iran, while in the East and South it is bounded by India.

It comprises the former Provinces of N.W.F.P., Baluchistan, Sind and major part of the pre-partition Punjab and the former States of Bahawalpur, Khairpur, Kalat, Makran, Lasbela and Karachi.

West Pakistan is a land of great scenic contrast. The rugged mountainous regions of the North give way to the plains and fertile land of the Indus valley and to the barren deserts in the South and West.

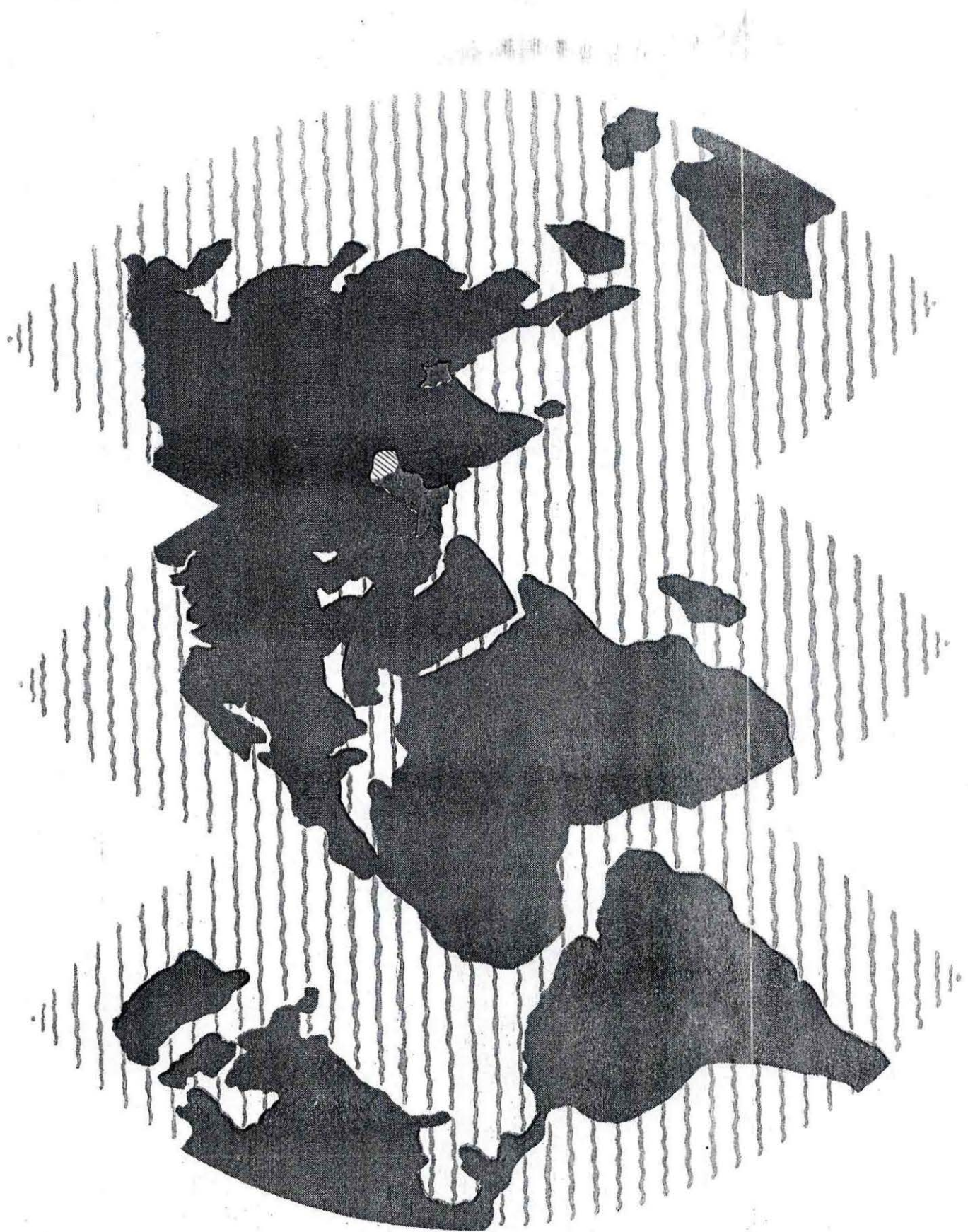
East Pakistan lies between the Indian Provinces of West Bengal, Assam and Burma, with the Bay of Bengal in the South. It comprises the parts of the pre-partition Province of Bengal, major portion of the Sylhet district of Assam, and the Chittagong Hill Tracts.

In East Pakistan there are no wide contrasts of scenery. Heavy rainfall and an extensive river system have made this wing of Pakistan a green and glorious land, rich in sub-tropical products.

Rawalpindi is the interim Capital of Pakistan. The Construction of the New Capital at Islamabad, about 10 miles from Rawalpindi, is underway.

Karachi, the commercial nerve-centre of Pakistan has a fine and well developed seaport and is an important junction of air routes between the Middle East and the Far East and occupies a unique strategic position in the Eastern Hemisphere.







## TOPOGRAPHY AND CLIMATE

### Topography:

The areas of the former provinces of Baluchistan and the North Western Frontier in West Pakistan are mountainous regions, but the rest of West Pakistan is formed of the alluvial Indus Plain. Similarly, except for an insignificant extension of Lushai Hills, East Pakistan consists of the alluvial Brahmaputra plain. Both parts of Pakistan have outlets to the sea, Karachi and Chittagong being the major ports of West Pakistan and East Pakistan respectively.

The landscape varies from the snow-covered peaks of the Himalayas in the North to the arid desert in the south and south-west. There are seven principal rivers running through the country. These are fairly well spaced and ideally suited for the construction of diversion dams for irrigation. The rainfall varies from four inches a year in the South to forty inches in the North of West Pakistan and from 50 inches to 135 inches in East Pakistan.

### Climate:

The climate is continental in West Pakistan. On a summer's day the temperature in the shade may go up to 120°F and may not fall below 90°F during the night. During the cold weather, while the maximum temperature on a calm and clear day may touch 75°F, it falls almost to freezing point after midnight. Along the sea coast, the climate is fairly hot in summer and mild in winter. There are four well-defined seasons, but autumn and spring are of exceptionally short duration. Most of the rainfall occurs during the latter half of summer, and the winter season is generally dry with short and infrequent spells of rain during December and January.

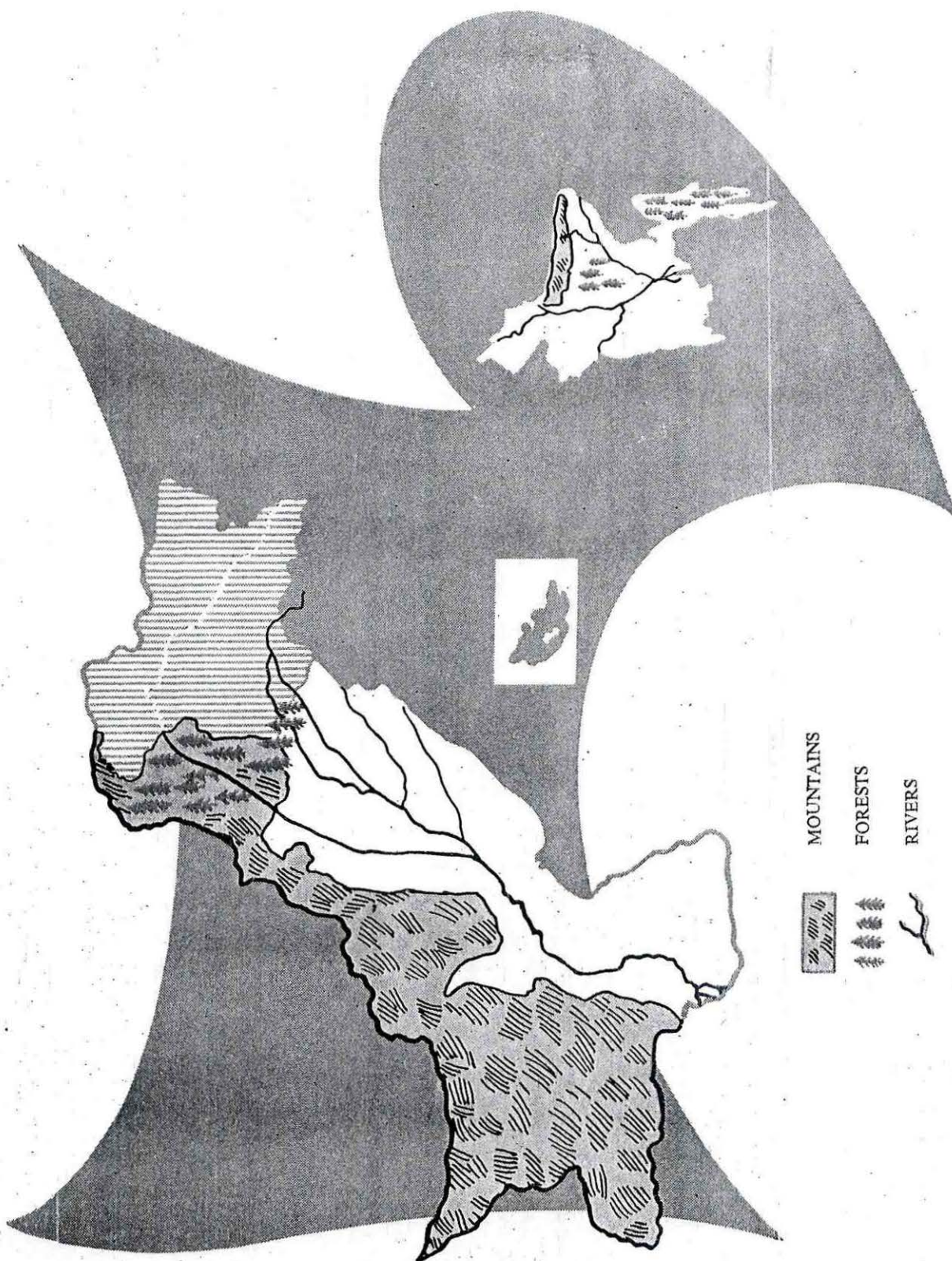
In East Pakistan, the climate is tropical, humid and warm during the summer and mild and dry during the winter. The mean temperature during the winter months is 45°F and in summer 90°F. The rainfall is heavy, varying from fifty to a hundred and thirty five inches, and the bulk of it falls during the monsoon season which extends from May to September.

Due to denudation over the centuries, the country has inadequate forests, which cover about 8.64 million acres, or 3.7 per cent of the total land area. This is considerably smaller compared to optimum requirements.

The main forests in West Pakistan lie in the northern areas, including the States of Amb, Chitral, Dir and Swat. There are also dry hill forests in the Quetta and Kalat Divisions, and in the North Western tribal areas. Plantation forests are located largely in the former Punjab, and are now being extended into the former province of Sind. The natural timber forests of West Pakistan are coniferous, lying in the hilly and mountainous regions where the growth rate is slow and regeneration in cut-over areas is not always successful. Large areas of West Pakistan have been completely denuded over the years and luxuriant forests which once covered the lower Indus Basin are now non-existent. Broadly speaking, it is doubtful whether the present rate of extraction can be increased substantially without the danger of further reducing the forest area—a forest inventory can provide a more definite answer. In the more settled areas of West Pakistan, trees continue to be cut to meet timber and fuel requirements, thus further reducing the forest wealth.

In East Pakistan, the main forests are the evergreen and semi-evergreen forests of the Chittagong Hill Tracts and the tidal forests of the Sunderbans. Extensive unexploited deciduous forest resources are also found in the Chittagong Hill Tracts. Smaller forests are found in the Dacca, Mymensingh and Sylhet Districts. The possibilities of immediate increases in extraction in East Pakistan are considerable, even on the basis of present limited information. The chances of short term economic returns from the accessible reserve areas appear to be equally favourable. Prospects of expanded afforestation and natural regeneration are promising. Because of favourable climatic conditions, forest growth is rapid, and natural regeneration is good.





MOUNTAINS

FORESTS

RIVERS



## AREA AND POPULATION

**Area:** Total area of Pakistan is 365,504 square miles. Of this, the area of West Pakistan is 310,378 square miles or 84.9 per cent of the total and that of East Pakistan 55,126 square miles or 15.1 per cent of the total.

**Population:** Pakistan's population in February, 1961 according to the 1961 census, was assessed at 93.8 million. Of this, 50.9 million or 54.3 per cent were in East Pakistan and 42.9 million or 45.7 per cent in West Pakistan. If the foreign nationals totalling at 0.111 million are excluded, total population of the country will be 93.7 million—50.9 million in East Pakistan and 42.8 million in West Pakistan. Between 1951 and 1961, the population increased by 23.8 per cent in Pakistan—21.2 per cent in East Pakistan and 27.0 per cent in West Pakistan.

The male population of the country is 49.3 million as against the female population of 44.4 million, showing the ratio of 111 male to a hundred female. The ratio of male to female in East Pakistan is lower at 108 to 100 and in West Pakistan it is higher at 115 to 100. Also, it is lower in rural areas at 109 to 100, but substantially higher

at 129 to 100 in urban areas.

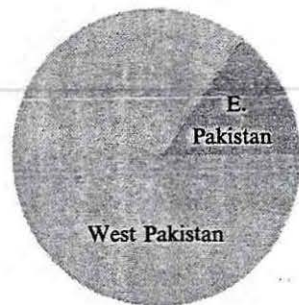
About 12.3 million *i.e.* 13.1 per cent of the total population live in urban areas, while about 81.40 million or 86.9 per cent in rural areas. In East Pakistan, there are 2.64 million persons, *i.e.*, 5.2 per cent in urban areas, while in West Pakistan there are 9.65 million people or 22.5 per cent in urban areas. There is a marked trend in urbanisation of the country. Between 1951 and 1961, the urban population of Pakistan increased by 56.1 per cent. In East Pakistan the increase was 43.2 per cent and in West Pakistan it was 60.1 per cent.

There are 82.5 million Muslims in Pakistan or about 88.1 per cent of the total. In East Pakistan they are 40.89 million, *i.e.*, 80.4 per cent of the Province's population and in West Pakistan 41.64 million *i.e.* about 97.2 per cent.

About 15.3 per cent of the population is literate—17.6 per cent in East Pakistan and 12.7 per cent in West Pakistan.

Tables on the opposite page show the various characteristics of Pakistan's population.





### AREA POPULATION AND LITERACY IN PAKISTAN

Percentage of total population	15.3	17.6	12.7
Literates (2) (000s)	14,383	8,936	5,447
Persons per sq. mile	256	922	138
Population (000s)	93,690 (3)	50,840	42,850
Area sq. miles	365,504	55,126	310,378
Locality	Pakistan (1)	E. Pakistan	W. Pakistan

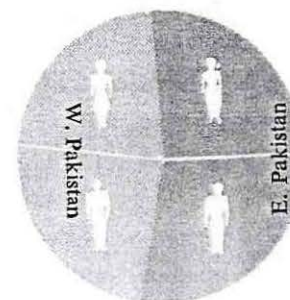
NOTES: 1. Excluding Jammu and Kashmir, Gilgit and Baltistan, Junagarh and Manavadar.

2. Defined as able to read with understanding a short statement on everyday life in any language.

3. Excludes foreign nationals.

1961 (a)	Non Muslims	(000s)	11,165	9,951	1,214
	Muslims	(000s)	82,526	40,890	41,636
	Rural	(000s)	81,404	48,200	33,204
	Urban	(000s)	12,287	2,641	9,646
	Females	(000s)	44,394	24,491	19,903
	Males	(000s)	49,297	26,349	22,948
	% increase over 1951		24	21	27
1961 (a)	Total	(000s)	93,690	50,840	42,850
1951	Total	(000s)	75,842	42,062	33,780
Locality			Pakistan (b)	E. Pakistan	W. Pakistan

### POPULATION OF PAKISTAN 1951-1961



NOTES: (a) Excluding foreign nationals.

(b) Excluding Jammu and Kashmir, Gilgit and Baltistan, Junagarh and Manavadar.





The mineral resources of Pakistan have not been fully explored in the past.

Geologically speaking, indications are that there is a possibility of the existence of oil, both in East and West Pakistan. In fact, oil in West Pakistan has been discovered and is actually being tapped since pre-independence days near Rawalpindi. Production of crude oil has gone up from half a million barrels in 1947 to 2.3 million barrels in 1960. There has been a similar rise in the production of refined petroleum products. Despite this general improvement, the indigenous production does not meet the country's requirements in full. The search for oil, therefore, continues relentlessly both in East as well as West Pakistan. At present, 7 well-known oil companies hold 84 prospecting licences covering an area of 53,064 square miles in West Pakistan and 27,329 square miles in East Pakistan.

With a view to save foreign exchange on account of the imports of petroleum products, Pakistan has recently concluded an agreement with a consortium of two British and two American oil companies for setting up an oil refinery at Karachi at an estimated cost of Rs. 165 million with an initial refining capacity of 1.5 million tons of crude oil. Setting up of the refinery is estimated to result in an annual foreign exchange saving of Rs. 33 million, as the cost of the crude oil

imported for the refinery will be much less than the price of the finished products.

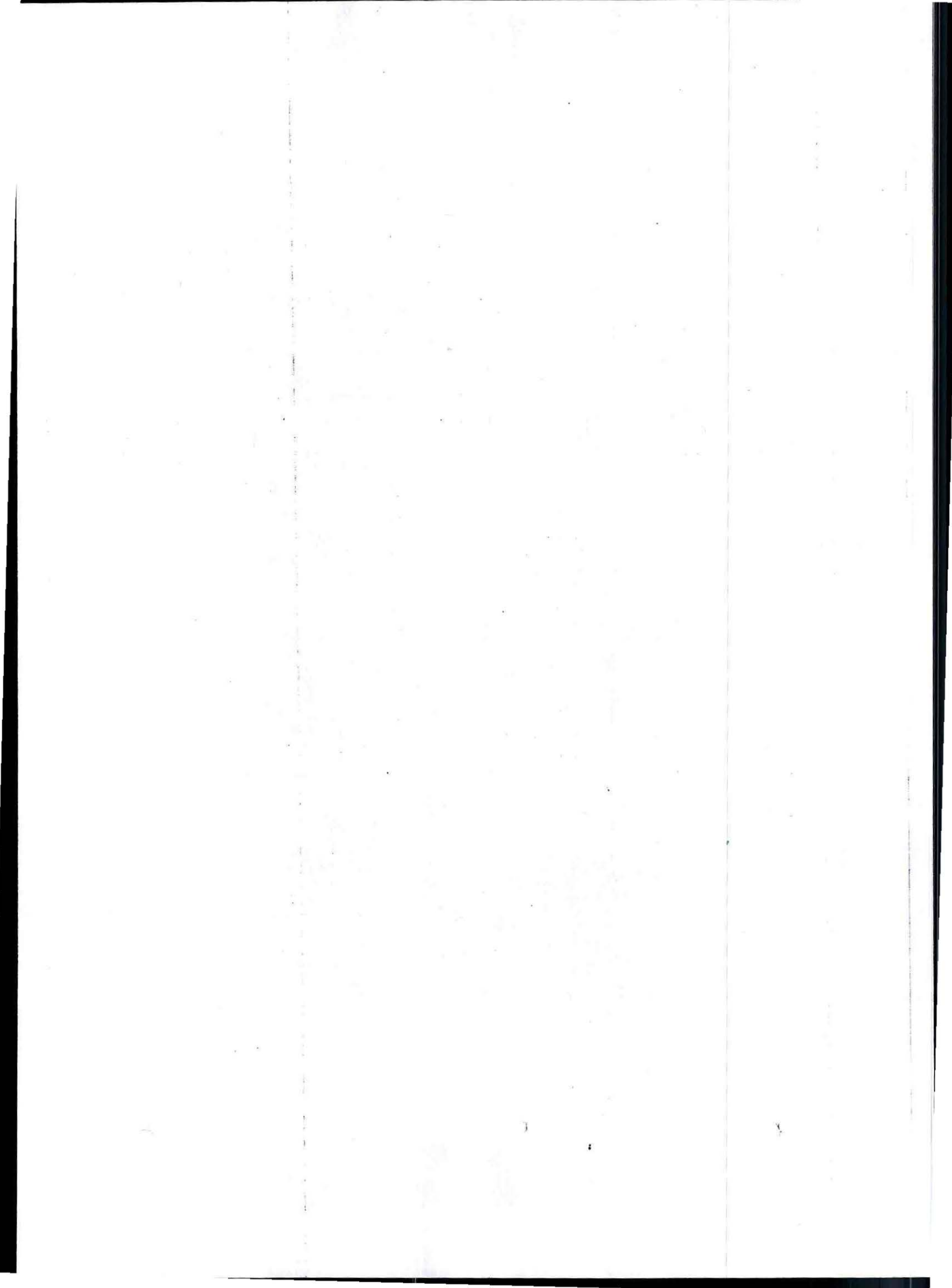
As a result of petroleum exploration by a number of foreign companies, vast deposits of gas have been discovered at Sui. The gas is being produced in the country since 1955. Large deposits of salt and gypsum are found in the former Punjab, while coal, sulphur, chromite, antimony and other minerals are known to exist in several parts of the country. Plans for an exhaustive geological survey of Pakistan are now complete, and it is hoped that this survey will reveal the existence of many minerals in fair quantities.

With a view to rationalising the administrative set up, dealing with mines and minerals, the Government recently established the Bureau of Mineral Resources, which is now responsible for granting prospecting licences and for promoting surveys in co-operation with and participation of foreign capital. In order to expand the exploration and production activities, the Government intend to set up a Mineral Development Corporation in the near future. An Oil and Gas Corporation has already been set up with a total capital of Rs. 50 million for the exploration, production, refining and distribution of oil and gas in the country.

The table on the opposite page gives production figures of important minerals.

# PRODUCTION OF MINERALS

Name of Minerals	Unit of Weight/ Measurement	1948	1959	1960
Antimony	Tons	—	152	90
Asbestos	"	—	46	—
Bauxite	"	—	2,139	574
Bentonite	"	—	—	1,334
Celestine	"	—	664	2,331
China Clay	"	—	—	6
Chromite	"	17,873	16,023	18,094
Coal	"	240,797	732,634	819,803
Copper	"	—	—	154
Fireclay	"	—	14,400	16,073
Fuller's Earth	"	—	—	1,480
Gypsum	"	—	84,952	89,542
Iron Ore	"	—	2,250	5,421
Limestone	"	346,906	925,142	1,096,879
Lead Ore	"	—	331	17
Magnesite	"	—	396	663
Manganese	"	—	29	180
Marble	"	—	2,796	5,424
Orches	"	—	276	451
Rock Salt	"	—	161,983	195,245
Silica Sand	"	—	21,611	25,873
Soapstone	"	—	2,340	3,395
Sodium Carbonate	"	—	—	1,458
Barytes	"	—	508	635
Gas (Natural)	1,000 c.ft.	—	22,364,993	29,841,973
Petroleum (Crude)	Barrels	502,365	2,041,847	2,306,384
Motor Spirit	Tons	8,654	78,446	85,560
Kerosene Oil	"	2,476	13,645	18,732





# AGRICULTURE

## AGRICULTURE

### Land Utilization

The total land area of Pakistan is 233.8 million acres of which 150.5 million acres or 64 per cent of the total area has so far been fully surveyed. The analysis of the surveyed area reveals that 57 million acres or 38 per cent of the surveyed area is not available for cultivation. Out of the area available for cultivation, only 51.5 million acres are sown which represents only 62 per cent of the surveyed area.

As 9.4 million acres are sown more than once a year, the total cropped area amounts to about 61 million acres.

Because of paucity of rain in West Pakistan, most of the cultivated area is irrigated and exceeds 24 million acres, *i.e.* about 65 per cent of the total cropped area. In East Pakistan, the irrigated area is about 0.2 million acres, which is about 1 per cent of the total cultivated area of the zone. As the Government are anxious to increase agricultural output in East Pakistan through provision of irrigation facilities during winter, a large number of big irrigation projects are under execution.

A table showing the land utilization statistics in Pakistan is given on the opposite page.

# LAND UTILISATION IN PAKISTAN

Total Pakistan:	West Pakistan including Karachi Federal Area	East Pakistan	Provinces	
			AREAS REPORTED	
233,826	198,444	35,382	Total area	
83,310	82,580	730	Area not reported	
8,640	3,180	5,460	Forest area	
57,310	51,720	5,590	Not available for cultivation	
23,910	21,950	1,960	Other uncultivated land excluding current fallows	
9,120	7,930	1,190	Current fallow	
51,530	31,080	20,450	Net area sown	
60,650	39,010	21,640	Total area cultivated (columns 7 & 8)	
9,410	3,930	5,480	Area sown more than once	
60,940	35,010	25,930	Total cropped area (columns 8 & 10)	
150,510	115,860	34,650	Total area reported (columns 4, 5, 6 & 9)	

(000 acres)



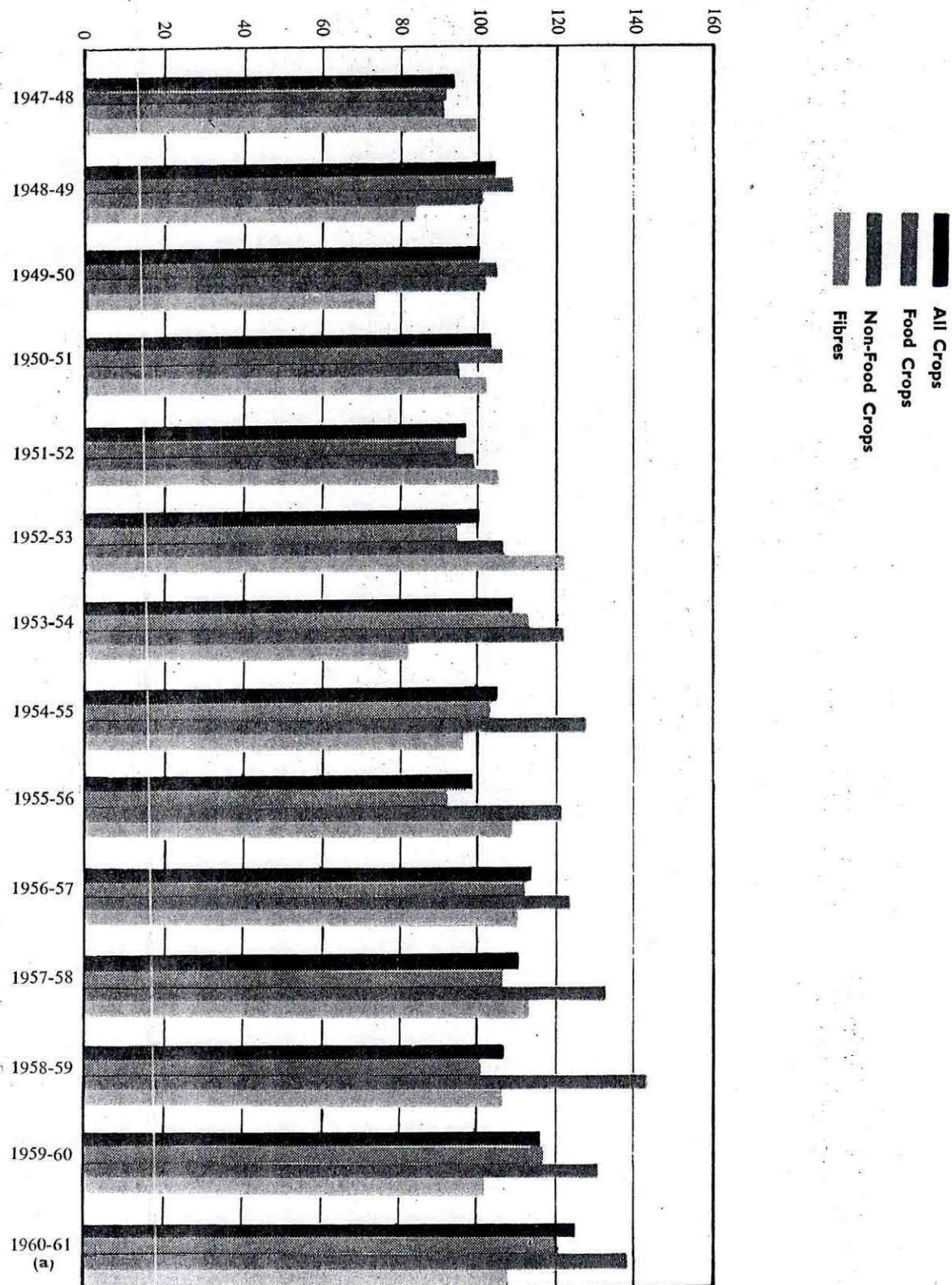
## INDEX OF AGRICULTURAL PRODUCTION

Agricultural production has been rather stagnant. If we take the average of 1949-50 to 1952-53 as 100 we find that the production of all crops increased from 104 in 1948-49 to 107 in 1958-59. The year 1959-60 for the first time shows this index rising to 116 and to 125 in 1960-61.

The food production in Pakistan has not only failed to keep pace with the increase in population but even the absolute increase has been only marginal. We notice from the table on the opposite page that from 1948-49 to 1960-61, while the population increased from 72.6 million to 93.8 million, showing an increase of 30 per cent, the food supply increased from 14.4 million tons to 16 million tons, showing an increase of 11.4 per cent. The position of food supply

in relation to population, as a matter of fact, has deteriorated considerably. While in 1948-49 the *per capita* production was 19.2 ounces, it declined in the course of a decade to 15.5 ounces in 1958-59, but increased to 17.8 ounces in 1959-60. It may be stated that these figures represent only gross production and by no means indicate the net amount available for human consumption. No account has been taken in these figures of seed requirements or wastage due to storing etc. Pakistan is now an importer of both rice and wheat. In order to meet the requirements of its growing population the imports of cereals and cereal preparations, which are mainly wheat and rice, has increased from 125,000 tons in 1948 to 1,986,270 tons in 1960.





(a) Provisional



## AGRICULTURE

### Major Crops

Major crops of Pakistan are classified into two broad categories, viz. food and non-food. The food crops are: rice, wheat, bajra, jowar, maize, barley and gram. Non-food crops are: sugarcane, rape and mustard, cotton, jute, tea and tobacco. Area under major crops has increased from 45,231,000 acres in 1947-48 to 52,191,000 acres in 1960-61 viz. by about 15 per cent. The area under food crops increased from 37,647,000 acres in 1947-48 to 44,125,000 acres in 1960-61 viz. by about 17 per cent. During the same period, the area under non-food crops increased from 7,584,000 acres to 8,066,000 acres or by 6 per cent.

Under food crops, the major increases took place in the case of rice, wheat and maize, while in non-food crops the area under sugarcane, oilseeds and tobacco appreciably increased. There has been substantial decrease in the area under jute, while the area under cotton has remained stagnant, though showing some yearly variations.

In spite of the increase in area under cultivation, no appreciable increase has been witnessed in the output of major crops. The output of food crops in 1960-61 was estimated at 16,048,000 tons as against 12,234,000 tons in 1947-48. However, the output of cash crops increased rather satisfactorily from 10,722,000 tons in 1947-48 to 17,128,000 tons in 1960-61.

The table on the opposite page shows the area under principal crops; while the table on pages 22-23 indicates production.

## AREA UNDER

Year beginning 1st July.

CROPS	1947-48	1948-49
Rice	20,959	21,499
Wheat	9,855	10,686
Bajra	1,998	2,329
Jowar	1,055	1,181
Maize	905	952
Barley	488	658
<b>Total Food Grain</b>	<b>35,260</b>	<b>37,305</b>
Gram	2,387	3,003
<b>Total Food Crops</b>	<b>37,647</b>	<b>40,308</b>
Sugarcane	690	708
Rape and Mustard	1,491	1,581
Cotton (Lint)	3,112	2,654
Jute	2,059	1,877
Tea	70	73
Tobacco	162	164
<b>Total Cash Crops</b>	<b>7,584</b>	<b>7,057</b>
<b>Total Principal Crops</b>	<b>45,231</b>	<b>47,365</b>
	(a) Provisional	



# PRINCIPAL CROPS IN PAKISTAN FOR THE YEARS 1947-48 TO 1960-61

(In thousand acres)

50	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61(a)
3	22,399	22,484	23,021	24,520	23,705	21,881	22,456	22,887	22,487	24,125	24,804
4	10,893	10,244	9,530	10,514	10,633	11,266	11,720	11,495	12,032	12,193	11,603
8	2,404	2,019	2,213	2,583	2,192	2,203	2,288	1,846	2,003	1,990	1,844
2	1,256	1,121	1,317	1,513	1,126	1,327	1,358	955	1,097	1,128	1,177
2	948	981	980	1,072	1,071	1,070	1,071	1,072	132	1,199	1,207
3	511	513	570	602	536	539	525	542	550	630	536
2	38,411	37,362	37,631	40,804	39,263	38,286	39,418	38,797	39,301	41,265	41,171
9	2,956	2,310	2,234	2,764	3,262	3,423	3,327	3,134	3,154	2,954	2,954
11	41,367	39,672	39,865	43,568	42,525	41,709	42,745	41,931	42,455	44,219	44,125
1	694	704	873	979	1,017	967	1,043	1,234	1,301	1,261	1,238
4	1,628	1,867	1,561	1,581	1,796	2,010	1,830	1,745	2,047	1,965	1,791
9	3,071	3,374	3,480	2,928	3,194	3,529	3,608	3,641	3,324	3,370	3,242
51	1,711	1,779	1,937	965	1,243	1,634	1,230	1,563	1,528	1,375	1,518
4	75	75	73	75	74	77	76	76	76	78	79
9	179	184	173	191	242	191	181	196	200	205	198
8	7,358	7,983	8,067	6,719	7,566	10,118	7,968	8,455	8,476	8,254	8,066
9	48,725	47,655	47,932	50,287	50,091	51,827	50,713	50,386	50,931	52,473	52,191
	N.B.—Data corrected upto 16.4.1961.								Source : Ministry of Agriculture.		



# PRODUCTION OF PRINCIPAL CROPS IN PAKISTAN

Year beginning 1st July.

Crop	1947-48	1948-49	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55
Wheat (Cleaned)	7,418	8,408	8,169	8,195	7,753	8,154	9,151	8,415
Wheat	3,321	3,993	3,885	3,950	2,984	2,391	3,611	3,162
Barley	296	394	370	386	265	267	461	348
Oats	202	242	267	244	205	220	288	220
Millet	355	375	404	384	379	349	405	428
Barley	126	191	163	144	115	108	143	122
Total Food Grains	11,718	13,603	13,258	13,303	11,701	11,489	14,059	12,695
Gram	516	804	651	791	474	369	615	656
Total Food Crops	12,234	14,407	13,909	14,094	12,175	11,858	14,674	13,351
Sugarcane	8,982	10,229	10,801	8,817	8,780	10,895	12,876	12,454
Rape and Mustard	250	268	228	285	297	228	263	321
Cotton (Lint)	196	172	220	249	248	315	252	280
Jute	1,222	978	595	1,073	1,131	1,218	804	832
Tea	13	15	17	17	21	23	23	25
Tobacco	59	63	66	72	80	75	87	125
Total Cash Crops	10,722	11,725	11,927	10,513	10,557	12,754	14,305	14,037
Total Principal Crops	22,956	26,132	25,836	24,607	22,732	24,612	28,979	27,388

(a) Provisional



# FOR THE YEARS 1947-48 TO 1960-61

(In thousand tons)

1947-48	1948-49	1949-50	1950-51	1951-52	1952-53
7,212	9,016	8,460	7,897	9,461	10,533
3,339	3,604	3,530	3,870	3,876	3,786
340	363	274	309	324	301
249	255	183	212	229	218
453	464	442	482	480	439
143	130	169	172	149	135
11,736	13,332	13,058	12,942	14,519	15,412
732	716	688	606	627	636
12,468	14,548	13,746	13,548	15,146	16,048
12,045	12,717	14,881	16,126	14,105	15,412
324	315	296	373	318	308
296	302	301	281	290	299
1,161	985	1,107	1,071	992	1,005
23	23	20	24	25	19
88	86	90	99	88	85
13,937	14,428	16,695	17,974	15,818	17,128
26,405	28,976	30,441	31,522	30,962	33,176

## FOODGRAINS

The principal food crops grown in Pakistan are rice, wheat, bajra, jowar, maize, barley and gram. At the time of Partition, the total area under cultivation was 37,647,000 acres and the total yield obtained from those was 12,234,000 tons. The area increased to 40,308,000 acres in 1948-49 and the yield to 14,407,000 tons. In 1959-60, the acreage under foodgrains increased to 44,219,000 acres and the yield to 15,146,000 tons. This increase is negligible when a period of 10 years is taken in view. This becomes all the more glaring when increase in population is taken into account. As a matter of fact, in certain years, the production of these crops showed declines. This is shown in the table on the opposite page.

Rice and Wheat being important foodgrains, are dealt with separately in the following pages.



Pakistan is an important rice producing country. About 56 per cent of its population, mainly in East Pakistan, has rice as staple food. The production of rice is higher than that of any other food crop. The average production of cleaned rice in Pakistan during the ten years period (1947-48 to 1956-57) is about 8,189,000 tons, which is about 61 per cent of the total yield of all food crops. About 90 per cent of rice is grown in East Pakistan.

The conditions under which the crop is grown in East Pakistan vary widely. Cultivation methods differ, crop practices are also diverse. A large number of varieties of rice (about 500) are, therefore, grown in different districts.

Three crops are harvested against one in West Pakistan. 'Aus' or summer paddy is sown in April-May and harvested in September.

'Aman' or winter paddy is sown in nursery in June-July, transplanted in July-August and is harvested in October to December. 'Boro' or autumn paddy is sown in October, transplanted in January in muddy river banks from where the water has receded and is harvested in March-April.

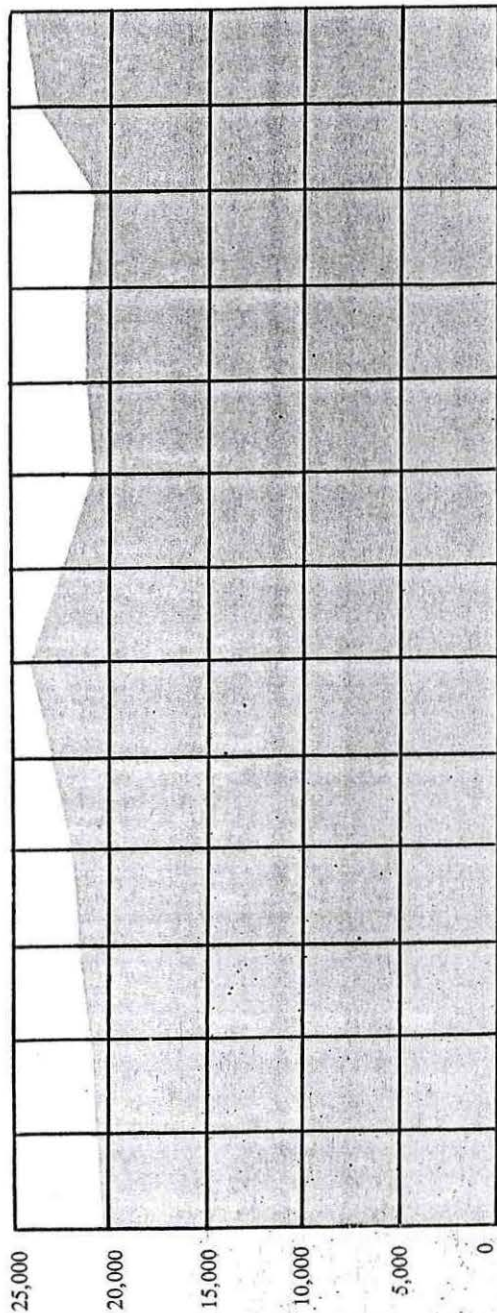
The three crops do not necessarily occupy the same land but sometimes double cropping is arranged. The normal rotations of rice are with pulses and jute. The per acre yield of 'Aman' is generally the highest and that of 'Boro' the lowest, while of 'Aus' it is in between the two.

The graphs on the opposite page show the area and production of the crop during the last 14 years.



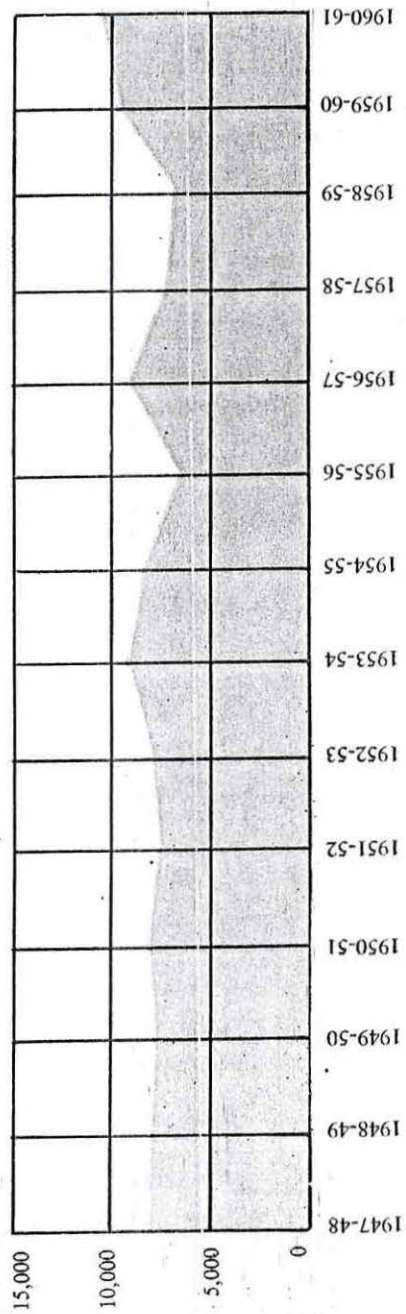
# AREA

Thousand Acres



# PRODUCTION

Thousand Tons



## WHEAT



Wheat comes only next to rice in area as well as production. It is the staple food of people in West Pakistan where it is grown exclusively. Out of about eleven million acres, barely 100,000 acres are under this crop in East Pakistan.

The average production of wheat during the ten years period

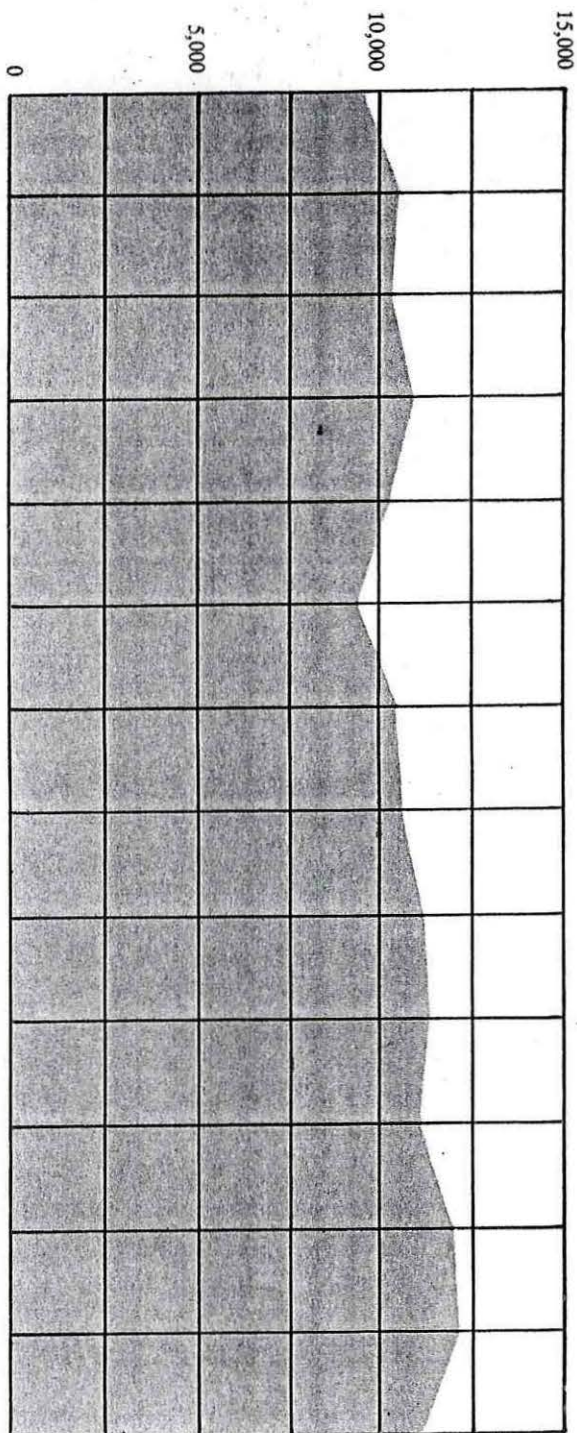
(1950-60) and five years (1955-60) are 3,432 thousand tons and 3,644 thousand tons respectively.

The graphs on the opposite page give a detailed picture of fluctuations in acreage and production of the crop.



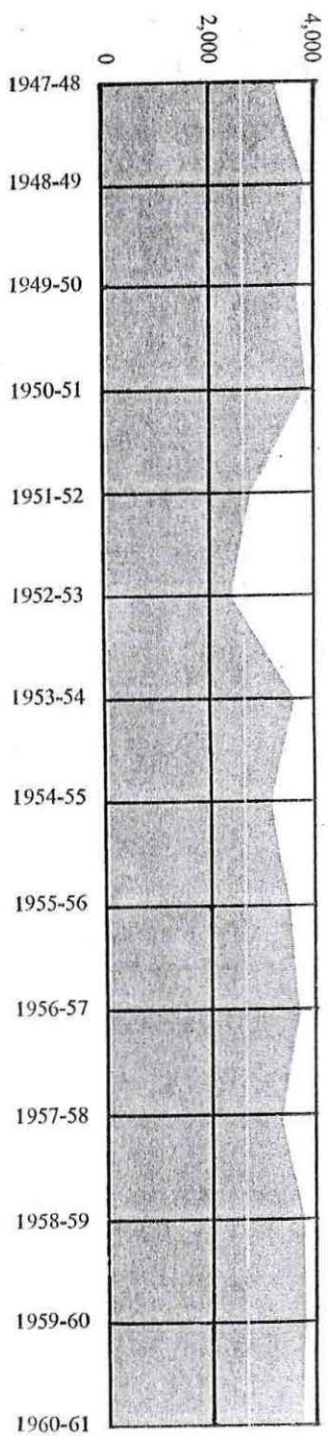
# AREA

Thousand Acres



# PRODUCTION

Thousand Tons



## NON-FOOD CROPS

Important non-food crops of Pakistan are jute, cotton, sugarcane, rape and mustard, tea and tobacco. Jute, cotton and tea are the important foreign exchange earners of Pakistan, though the importance of tea has been declining due to growing internal consumption. A large number of industrial units have been set up in the country and now a large share of these crops, particularly of cotton,

tobacco and oilseeds is consumed locally. About 30 per cent of jute is also consumed locally, but it still occupies the most important place in our exports.

In the following chapters the area and the production of these crops are shown and discussed.

## JUTE

Cultivation of jute was prevalent in the Indo-Pakistan sub-continent even during the pre-historic period. The famous ancient Hindu writer, Manu, mentions 'Patta' a fibre of jute type, in one of his books which traces back its cultivation in the Gangetic delta in 800 B. C. It is said that the leaves of the plant were used at that time as food and medicine. The great historian of the Mughal period, Abul Fazal, had also referred to it in his famous book 'Ain-e-Akbari', wherein jute prices and the revenues derived from it are mentioned.

In spite of its long history, jute cultivation did not develop much until the beginning of the 19th century. The fibre was first spun into yarn in England in 1820 in Oxfordshire. Before that, hand-woven goods were manufactured in certain parts of Bengal, now forming East Pakistan.

In the earlier stages, jute was spun into yarn to make cordage which was used for agricultural purposes and paper making. The next stage was the preparation of rough fabrics for domestic uses, such as matting, bedding etc. Large-scale commercial exploitation of the fibre started much later and when this happened, it assumed unique importance as an industrial raw material. The jute industries first produced only coarse bags but later on experiments enabled them to produce finer qualities of material called hessian. The bleaching and water-proofing of the fabrics made it possible to manu-

facture tarpaulins and canvas. The technique of mixing jute yarn with cotton, wool, silk, flax and other fibres led to the manufacture of curtains, upholstery, and coating fabrics, buckram, packsheets, brattice-cloth, linoleum yarns, cords, rugs and carpets. There is still a great scope for further research to develop other uses of jute.

The Indo-Pakistan sub-continent produces most of the world's jute. It is grown in small quantity in Formosa, Brazil, Argentine, Japan, China, West Africa, Egypt, Sudan, France, Turkey, Thailand, Burma, Indonesia, Paraguay, Mexico and the U.S.S.R. Their combined production, however, is not more than two to three per cent of the world total.

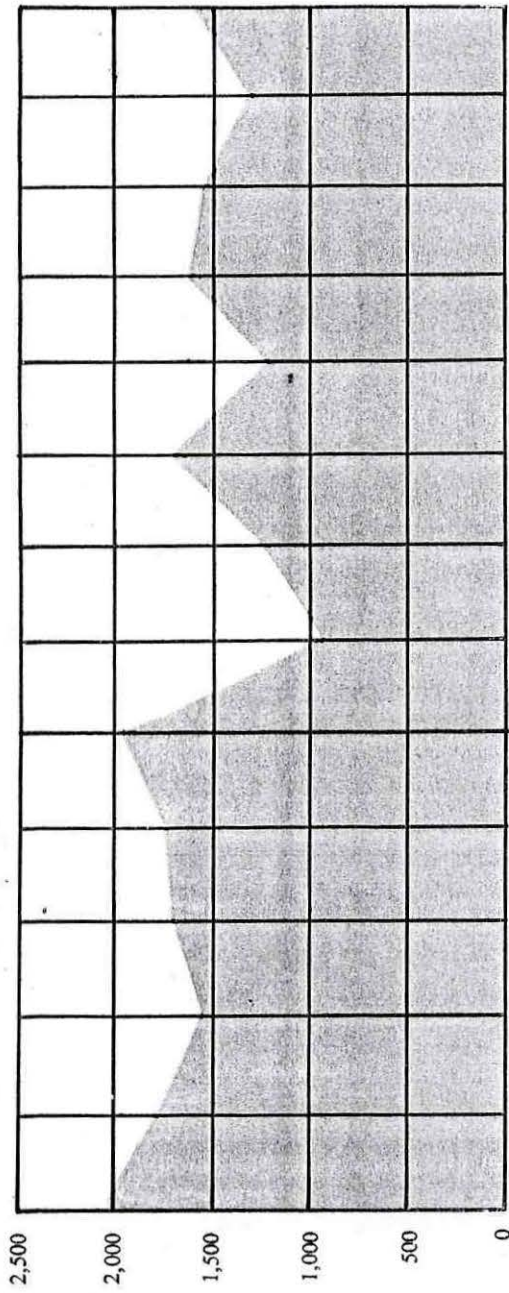
On the opposite page we give graphs showing the area of jute and its production. These reveal declining trends both in area and yield over the last decade. Between 1947-48 and 1959-60, the area decreased from 2,059,000 to 1,375,000 acres, although it recovered to 1,518,000 acres in 1960-61, showing a decline of 33 and 26 per cent respectively; while the yield during the same period decreased from 1,222,000 tons to 992,000 tons and 1,005,000 tons, showing a fall of 19 and 18 per cent respectively.

The five year average of the area under cultivation during 1950-51 and 1954-55 was 1,521,000 acres. During the next five years it further declined to 1,466,000 acres.



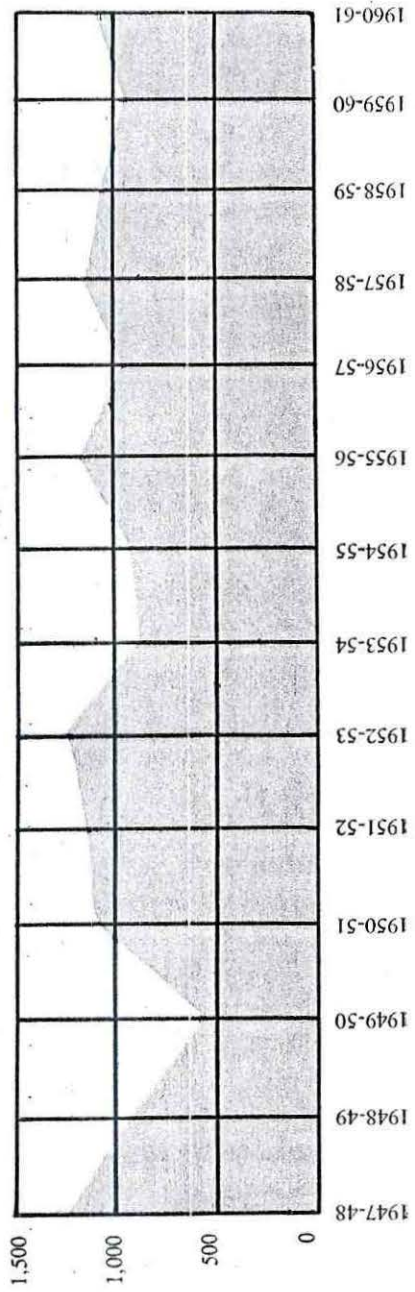
# AREA

Thousand Acres



# PRODUCTION

Thousand Tons



## JUTE PRICES

The story of jute prices is even sadder than the account of decline in area and yield, which has seriously affected the foreign exchange earnings of Pakistan. Price trends in Jute have been very unsteady. From a peak of £ 175-5 per ton in January 1952, these declined to £ 73 in September 1952, and remained near that level till May, 1953. From June 1953, there has been some recovery; but the prices remained generally below £ 100 per ton. Since June 1960, however, the prices have considerably improved. In November 1960, they rose to £ 198 per ton and further to £ 209 per ton in March 1961. These prices are higher than those prevailing during the

Korean boom. This unexpected rise in prices is explained by a heavy short-fall in jute production during the season. In June 1961, however, the prices declined to £ 175 per ton.

It may be mentioned here that during the year 1948 the price of jute averaged at £ 100-7, in 1949 at £ 103-8 and in 1950 at £ 112-6, while the average for 1951 works out at £ 175-19 which is the Korean boom year. The price of jute, on the whole, has failed to keep pace with the general increase in world price level and this largely explains the difficulties of Pakistan in its foreign exchange earnings as jute is the country's number-one foreign exchange earner.




# PRICE OF JUTE IN THE U.K. (Quality—First Marks)

(£-Sh. PER TON C-I-F. Dundee)

MONTH	1948	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961
January	99 15	175 5	76 0	100 5	108 0	82 0	113 0	100 0	93 0	101 10	193 0
February	103 15	165 5	76 0	98 10	109 0	88 0	106 0	97 0	90 0	102 10	199 0
March	90 5	151 0	76 0	93 10	107 0	93 0	102 0	95 0	91 0	101 0	209 0
April	91 5	131 15	76 0	91 5	95 0	91 0	102 0	100 0	94 0	105 0	196 10
May	98 5	123 15	79 0	96 10	93 0	93 0	111 10	103 0	94 0	115 0	190 0
June	101 5	124 15	96 0	95 5	85 0	86 0	116 10	101 0	93 0	145 0	175 0
July	101 5	83 0	89 0	85 5	80 0	84 0	112 0	95 0	92 0	121 0	
August	103 5	76 0	93 0	80 0	80 0	85 0	103 0	98 10	92 0	114 0	
September	101 5	73 0	91 0	93 0	80 0	89 0	95 0	91 0	91 0	118 0	
October	103 5	73 0	85 0	91 0	80 0	89 0	96 10	87 0	90 0	143 0	
November	102 5	73 0	96 0	99 0	80 0	99 0	101 0	91 0	93 0	198 0	
December	108 10	76 0	99 0	107 0	80 0	112 0	97 0	90 0	97 0	188 0	
AVERAGE	100 7	110 10	86 0	93 18	89 15	91 0	104 13	95 15	92 10	129 7	193 17

## COTTON



Pakistan is recognized as the ancient home of cultivated cotton which was spun here into yarn even in pre-historic times. Archaeological excavations at Moenjodaro, which flourished between 3,300 B. C. and 2,700 B. C. have revealed that the small pieces of fabrics discovered there were made of indigenous cotton. The yarn used was up to 34 counts. These fabrics had 60 ends and 20 picks per inch—a creditable achievement of the craftsmen and proof of the durability of the material used. The stories of Dacca weavers bringing out very fine muslin are well-known. The indigenous cottons used had staple hardly an inch long, yet the weavers were able to spin it up to 250 counts.

The story of modern cotton in Pakistan began with the 20th century when successful attempts were made to acclimatise American upland seeds in the canal irrigated areas of West Pakistan and the cultivation of American type, commonly known as Punjab American, was taken up on a commercial scale. The improvement in the quality of cottons, grown in the Indus Basin, by research, irrigation and improved agronomical practices, has indeed been remarkable. A number of varieties have been developed and are now cultivated extensively, viz. L.S.S., 289-F and its further selections 4-F and 199-F, Sind Sudhar, M-4 etc. These American varieties have taken to the soil and climate well in about 40 years and now nearly 87 per cent of the area and 90 per cent of the production of cotton consist of these varieties. Endeavours to improve the quantity and quality of cotton,

however, continue and promise the development of new and better strains. These varieties are now grown in well defined zones. With suitable soil and climate and with effective control measures taken by Government, they have attained a high order of purity.

Cotton is grown in a well defined belt, north to south along the Indus Basin of West Pakistan.

At the time of Independence, the area under cotton cultivation was 3.1 million acres. It has, since then, ranged between 2.65 million acres (in 1948-49) and 3.59 million acres (in 1956-57). Average for the first 10 years (1947-48 to 1956-57) comes to 3.17 million acres, which is slightly less than the 10-year average of pre-Independence period of 3.38 million acres. Production of cotton lint during 1947-48 was 1.12 million bales (392 Lbs. each) and has fluctuated between 0.98 million bales (in 1948-49) and 1.8 million bales (in 1952-53). Average for the first ten years works out to 1.45 million bales as against 1.47 million bales, the average for the 10 years of pre-Independence.

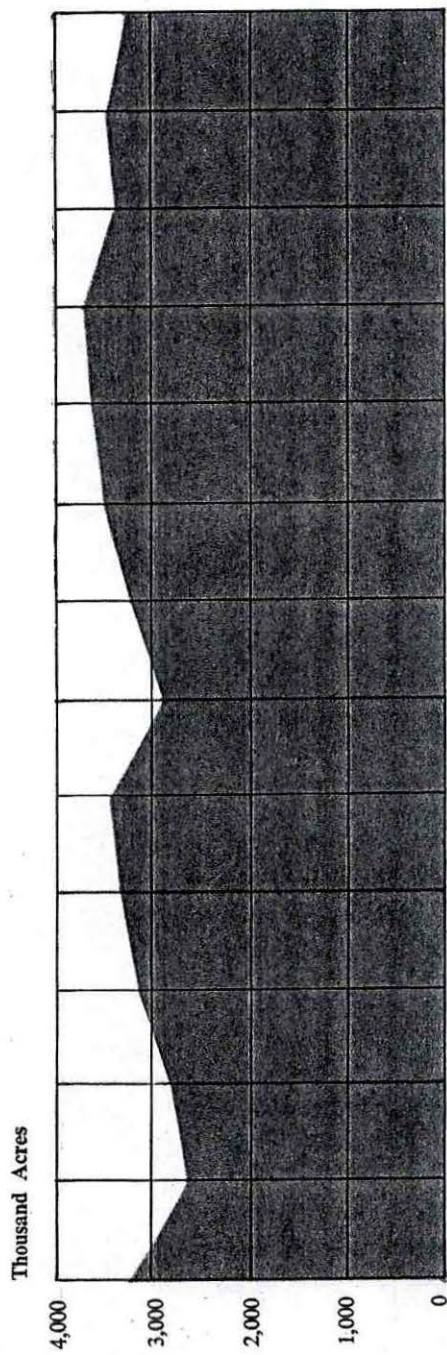
Graph on the opposite page shows the acreage and production of cotton.

The yield per acre in West Pakistan is 179 Lbs as against 115 Lbs. in East Pakistan.

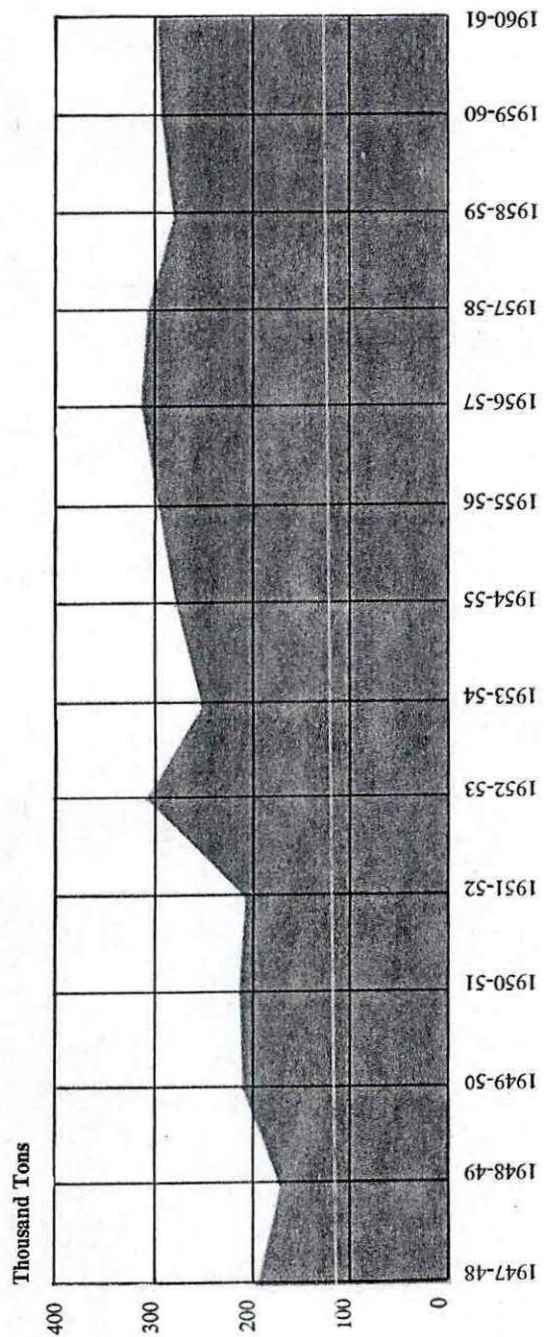
It may be stated that the export of cotton has declined from Rs. 962 million in 1951 to Rs. 211 million in 1960, largely due to increased internal consumption.



# AREA



# PRODUCTION



## PRICES OF COTTON

The price trend in the case of raw cotton has more or less been the same as that of raw jute. On the opposite page, a table is given showing the average annual wholesale price of cotton at Karachi from 1950 to June, 1961. It will be seen that the prices of 4-F

Punjab Roller declined from a peak of Rs. 112.87 per maund in 1951 to Rs. 68.00 in 1959 showing a decline of 40 per cent. Similar decline is reflected in other varieties also. It appears that the worst year was 1953. The prices have, since then, shown a somewhat rising tendency.



## AVERAGE ANNUAL WHOLESALE PRICES OF COTTON AT KARACHI

(Rupees per maund)

YEAR	4-F Punjab R.G.	LSS Punjab R.G.	Variety		Sind Desi	Punjab Desi	Index of Price
			NT Sind R.G.	289-F Punjab R.G.			April-1948 March-1949 =100
1950	83.25	84.50	—	86.50	77.75	76.62	—
1951	112.87	117.75	—	123.19	92.62	90.44	—
1952	86.50	87.69	82.25	90.87	74.37	70.69	111.6
1953	56.81	60.62	63.56	67.06	68.37	65.50	82.4
1954	71.87	75.06	76.12	78.69	75.75	72.75	98.6
1955	69.87	75.62	77.56	79.56	64.37	58.31	95.0
1956	80.12	83.25	84.69	88.81	89.87	83.50	110.6
1957	79.44	82.50	84.31	87.00	84.06	79.31	108.7
1958	69.94	72.94	76.69	81.94	66.00	63.00	95.3
1959	68.00	69.62	71.25	74.25	76.12	66.81	92.5
1960	82.12	85.81	85.06	91.12	89.69	85.56	113.0
1961 Jan.-March	87.84	90.55	91.59	95.26	104.83	102.58	122.7
April-June	85.77	88.27	92.05	94.40	96.62	93.84	119.0

Source : Central Statistical Office.



According to Chinese legend, tea was first used as a beverage as long ago as 5,000 B. C. It is also reported to have been brought to China from India. Tea was found growing in the Brahmaputra Valley in India at the time the British East India Company started taking interest in its cultivation in the Indo-Pak sub-continent. It appears that Europe got acquainted with it late in the 15th century by which time the sea-faring Portuguese had established maritime communications with China. Until about 1830, all the tea supplied to Europe came from China and Japan (mainly of Chinese origin). The British East India Company then got interested in its plantation in India and experiments were carried out in Assam. The Tea industry gradually developed to the present level. The first tea estate of Pakistan, Malinichira, near Sylhet, was, however, established in 1854. In earlier times, tea is reported to have been used in quite interesting ways. Some boiled it, drained off the water and consumed the leaves as vegetable. Its uses and taste, however, developed gradually.

#### Acreage

The acreage under tea in almost all the major tea producing countries of the world *viz.*, Pakistan, India, Ceylon, Indonesia and Africa, has been regulated by the International Tea Agreement that came into force in 1933. The Agreement aimed at restoring equilibrium between supply and demand after the world tea crisis of early

thirties. The Agreement was first concluded among three countries, India, Ceylon and Indonesia in February, 1933. The area under tea and its export from these countries was regulated for a period of five years. An international Tea Committee was set up in London with specific powers and authority. The Agreement was renewed for varying periods until 1960 after which it has not yet been renewed or extended. An important provision of the Agreement, as renewed in 1950, was that each of the participating countries was to be allowed to extend the area by 5 per cent and to replace the old areas by 10 per cent of the total permissible acreage as on 31st March, 1950. The permissible acreage in each country as in force at that time was:

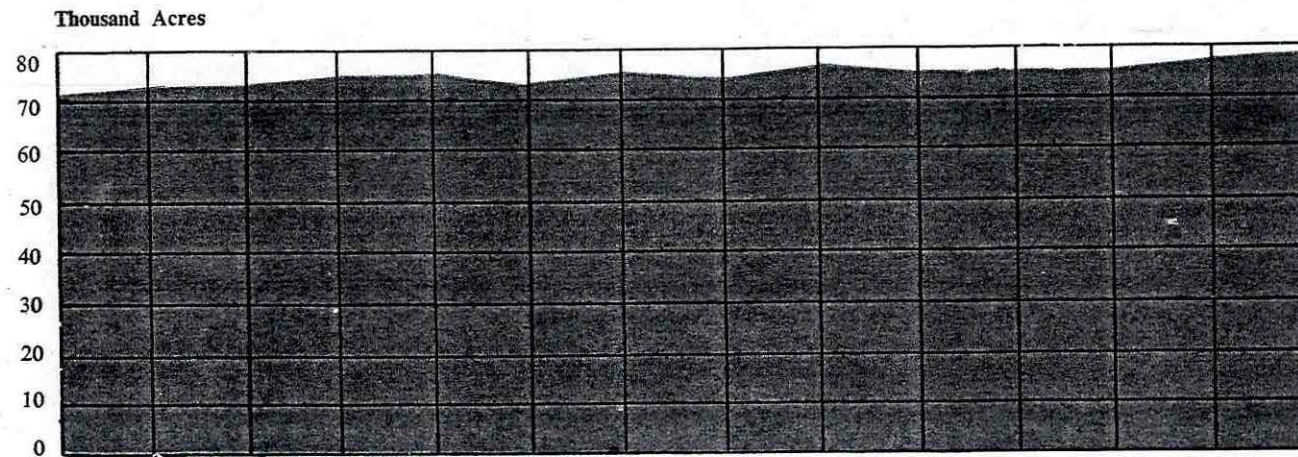
India .....	806,728 acres
Ceylon .....	588,227 „
Indonesia .....	539,772 „
Pakistan .....	83,756 „

World acreage under tea has increased considerably since World War II. Tea plantation had suffered considerable set-back during the war in many of the producing countries. In Pakistan, however, acreage under tea has shown little change since 1947, though possibilities for the expansion have been explored. Area under tea in the principal producing countries is given on the opposite page.

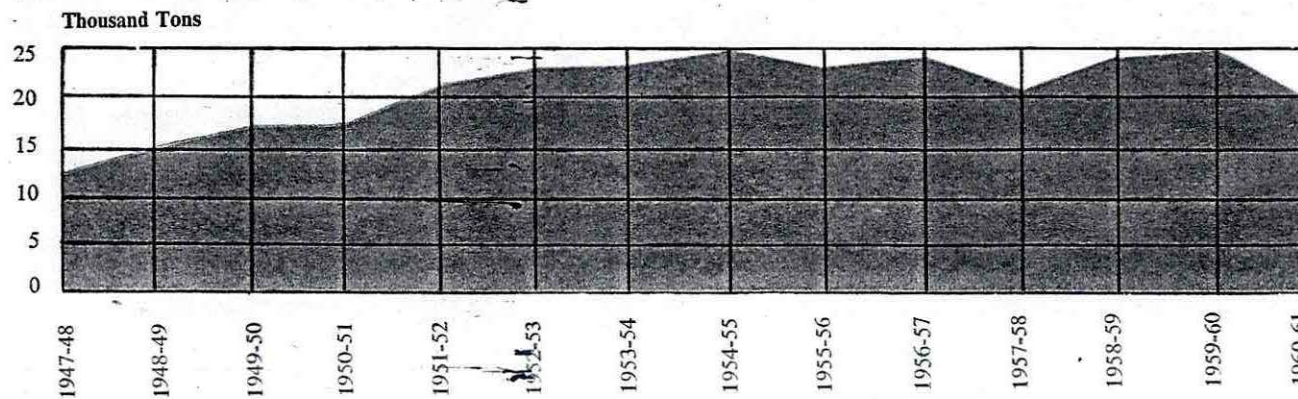


# AREA AND PRODUCTION OF TEA IN PAKISTAN

## AREA



## PRODUCTION



## AREA OF TEA IN MAJOR PRODUCING COUNTRIES IN 1959 (000 Acres)

India	813	Formosa	120
Pakistan	79	Japan	118
Ceylon	580	Argentina	77
Indonesia	180	Soviet Union	154



## OIL-SEEDS

Oil seeds occupy an important position among the agricultural commodities in Pakistan in respect of acreage, yield and value. The oil extracted from the seeds is used largely for edible as well as for industrial purposes. It is used as a medium of cooking as oil and as hydrogenated 'Vanaspati Ghee'. Oil cakes, *i.e.* solids after the extraction of oil are used as animal feed, manure etc. A reasonable quantity of fat is needed by human body for healthy growth. A balanced daily diet here is supposed to contain about 3 ozs. of fat, including at least 2 ozs. of visible fats. At present the *per capita* intake of visible fats, milk, ghee, animal fat and vegetable oils in West Pakistan is estimated at 0.98 oz. which is less than one third of the standard needs. The availability in East Pakistan is still less.

In West Pakistan, vegetable oils are estimated to provide 52 per

cent of the fat consumed by the people, milk ghee 40 per cent and animal body fat 8 per cent. The production of vegetable oils can be increased more easily and speedily and so an increase in the supply of edible oils is of special significance.

The table on the opposite page shows the area and production under principal oil seeds. It may be noted that while there has been considerable increase in the area under cultivation of various types of oil seeds, the country is seriously deficient in fats and imports large quantities of various types of vegetable oils to meet the requirements of its increasing population.

The present production of oilseeds stands at 0.9 million tons against the estimated requirements of 1.50 million tons, thus showing a shortage of at least 0.6 million tons.



# AREA AND PRODUCTION OF OILSEEDS IN PAKISTAN

Area : '000' Acres

Production: '000' Tons

YEAR	Rapeseed & Mustard		Sesamum		Cotton Seed		Linseed		Groundnut	
	Area	Prod.	Area	Prod.	Area	Prod.	Area	Prod.	Area	Prod.
1947-48	1,491	250	203	37	3,112	392	74	13	4	1
1948-49	1,581	268	172	29	2,654	344	74	12	4	1
1949-50	1,384	228	180	27	2,799	439	80	13	12	2
1950-51	1,628	285	202	35	3,071	498	67	11	6	1
1951-52	1,867	297	206	35	3,374	495	69	12	7	1
1952-53	1,561	228	208	36	3,480	630	71	12	8	1
1953-54	1,581	263	216	36	2,928	505	82	15	10	2
1954-55	1,796	321	212	36	3,194	560	76	14	10	2
1955-56	2,010	324	211	37	3,529	593	75	13	14	8
1956-57	1,830	315	214	33	3,608	604	69	12	21	12
1957-58	1,745	296	188	27	3,641	603	31	5	25	12
1958-59	2,047	373	198	34	3,324	561	93	15	38	20
1959-60	1,965	318	218	34	3,370	580	89	15	37	19
1960-61	1,791	308	211	31	3,242	599	N.A.	N.A.	N.A.	N.A.





# TOBACCO



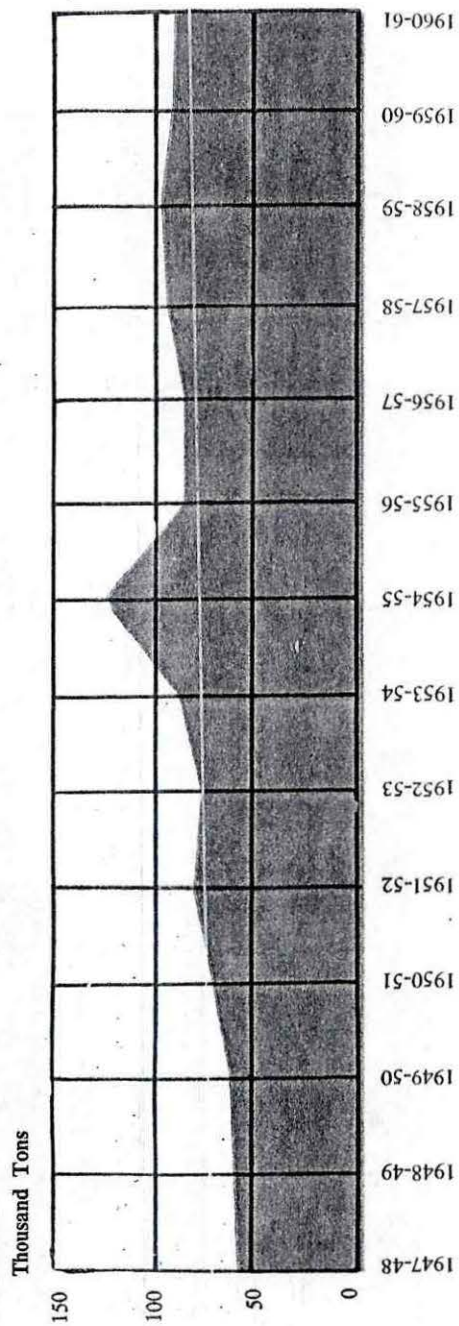
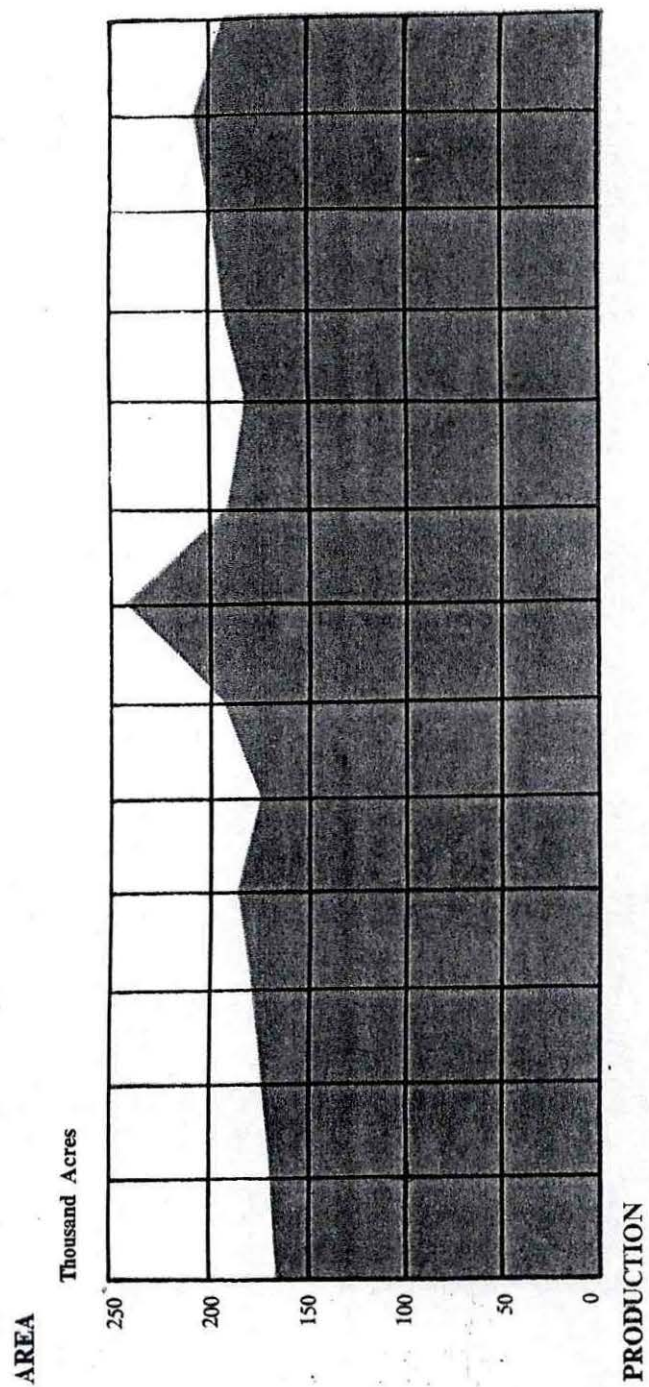
In the Indo-Pakistan Sub-continent tobacco was introduced by the Portuguese in the days of Akbar, the Great. Its popularity is mainly due to its habit-forming effects which are associated with nicotine and its sister alkaloid compounds. It may also be due to the belief that it possesses medicinal properties.

Capable as the tobacco plant is of adapting itself to a very wide range of soil and climatic conditions, its cultivation is undertaken in practically all parts of the country, from hilly and arid lands of north-western to the sandy southern region of West Pakistan and the rain-drenched and riverine areas of East Pakistan. As the commer-

cial importance of the produce is greatly influenced by soil and climatic conditions, cultivation of different types is concentrated in distinct areas. In the north-western and eastern parts of West Pakistan, virginia type tobacco is now being grown. Cultivation of virginia tobacco in Pakistan has increased with the development of cigarette industry since Independence. Tobacco is now an important cash crop and its progress in acreage, production and quality for cigarette making has been remarkable.

Graph on the opposite page shows the area and production of this crop.





## SUGARCANE



Sugarcane is at present the most important source of sugar in this country. Its rival, the sugarbeet, is still not fully established in Pakistan. Judging by the recognised standards of consumption which varies from 2 to 6 ozs. per head per day according to the age groups, the production of sugar in Pakistan is not adequate. The question, therefore, remains how to step up production and to what extent. Of late, considerable progress has been made to set up industry to manufacture white sugar in the country.

The area under sugar cane in Pakistan has increased from 690,000 acres in 1947-48 to 1,300,000 acres in 1958-59, showing an increase of 88 per cent.

The area under sugarcane has increased rapidly in both wings of Pakistan since Independence. The rapid development of the sugar industry is primarily responsible for this increase. The area in West Pakistan is now more than three times that in East Pakistan.

The largest area sown was in 1958-59. During the last twelve years' expansion has been more rapid in West Pakistan where it was 125 per cent against about 9 per cent in East Pakistan. The cultivated area in East Pakistan is limited due to competition of other crops like rice, jute etc. In West Pakistan, wherever water and labour for intensive farming are available, there is considerable scope for increase in acreage.

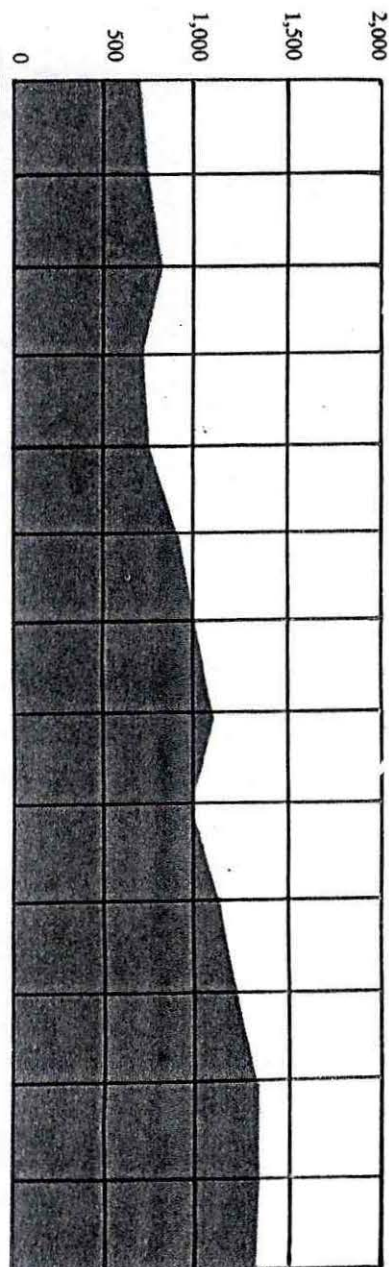
The production of sugarcane increased rapidly from 8,982,000 tons in 1947-48 to 16,126,000 tons in 1958-59. The increase in West Pakistan was significant after 1952-53, mainly due to an expansion of the area under sugarcane. Application of chemical fertilisers and vigorous plant protection measures also contributed to the increase in production.

On the opposite page the area and production of this crop are shown in graphs.



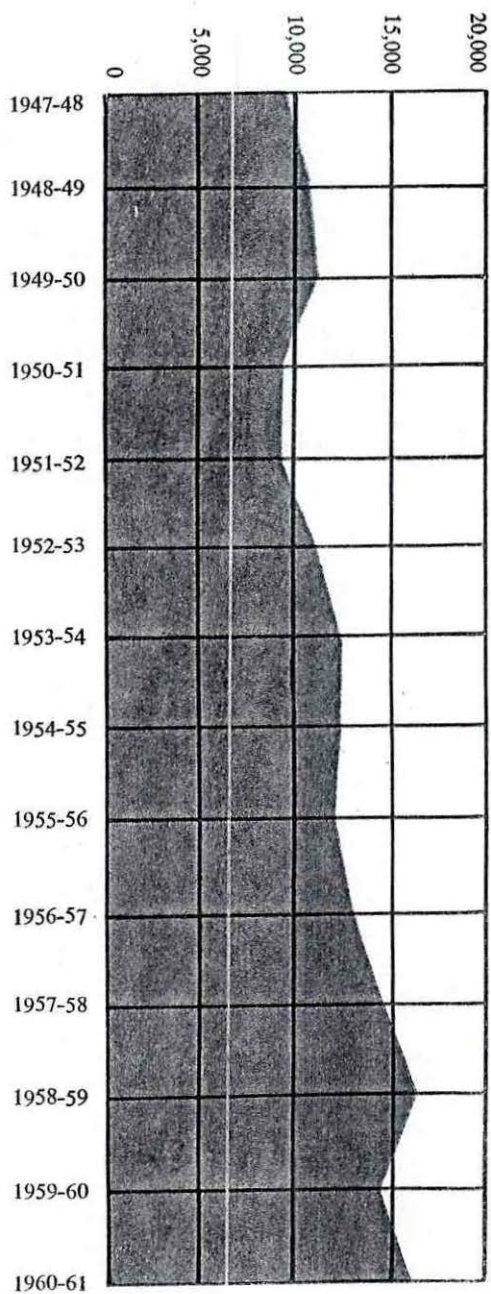
# AREA

Thousand Acres

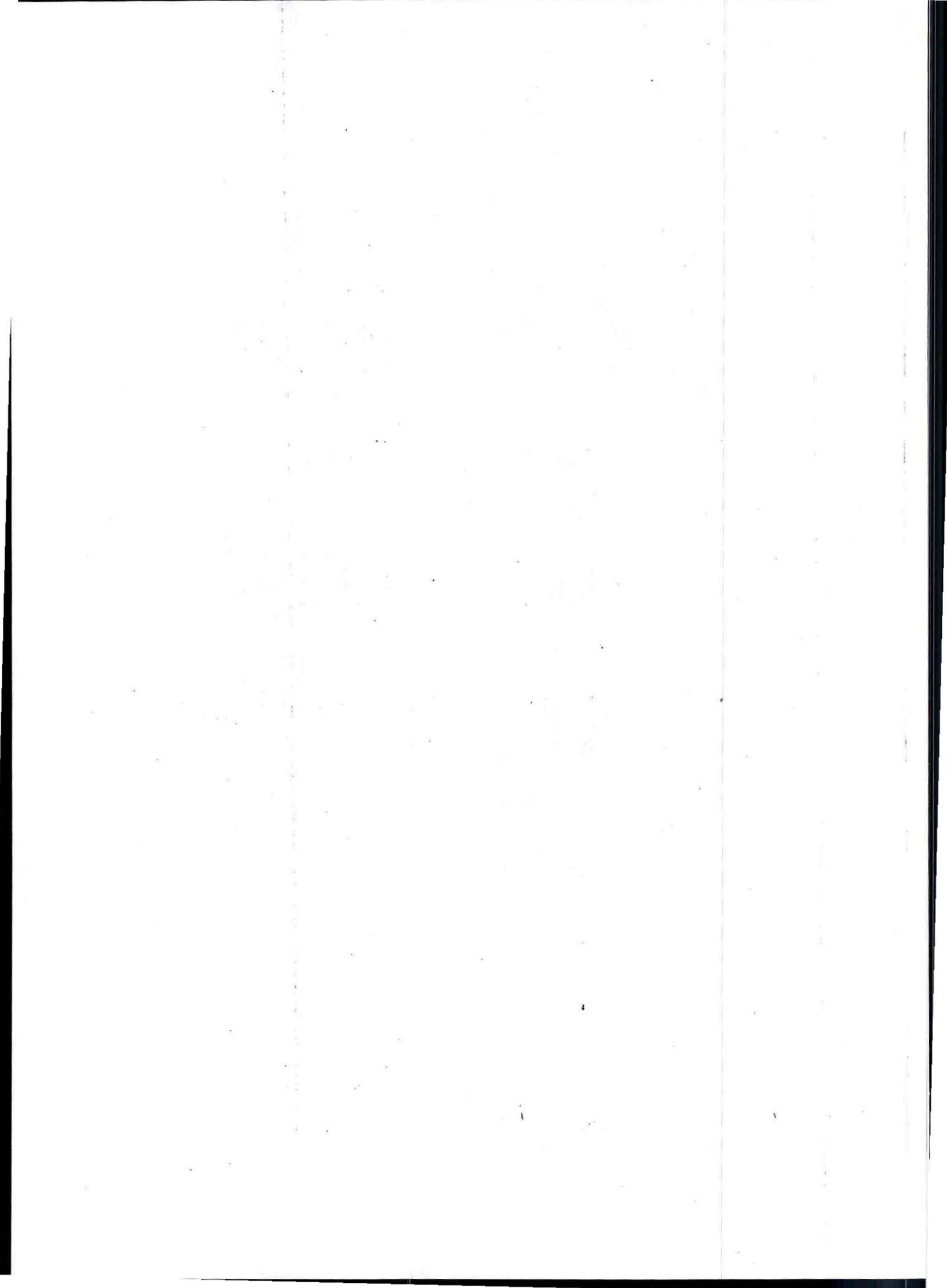


# PRODUCTION

Thousand Tons







# INDUSTRY

11924



## INDEX OF INDUSTRIAL PRODUCTION

Pakistan's economy at the time of partition was predominantly agricultural and there were very few organised industries. The Government, from the very beginning, paid active attention to industrialization, and efforts were made to provide basic facilities to the industrialists. However, because of the shyness of the private enterprise, and technological difficulties, the process of development in the beginning was extremely slow. Very few industrial units were

set up in the first three years. Even upto 1952, the pace of industrialization was relatively slow. After that, due to the establishment of Pakistan Industrial Development Corporation, improvements in basic facilities and liberal tax concessions, the industrialization started gathering momentum. The table on the opposite page shows the index of industrial production from 1950 to June 1961.



# Index of Industrial Production

Y E A R	Base : 1954=100		
	Mining	Manufacturing	Industrial Production (Mining and Manufacturing)
1950	66.7	37.7	39.5
1951	72.4	46.6	48.2
1952	89.1	58.6	60.5
1953	98.5	76.3	77.7
1954	100.0	100.0	100.0
1955	105.9	126.9	125.6
1956	123.3	143.9	142.6
1957	128.6	152.4	150.9
1958	146.3	162.4	161.4
1959	151.9	181.9	180.1
1960	178.9	192.4	191.6
1961 (Jan-March) (a)	193.8	203.1	202.5
1961 (April-June) (a)	198.2	204.9	204.5

(a) Provisional

## INDUSTRIAL PRODUCTION

At the time of establishment of Pakistan in 1947, there was very little manufacturing industry. Of the total 14,569 industrial establishments in the British India in 1947, only 1,406 industrial units were located in areas which formed Pakistan. The lack of manufacturing capacity was high-lighted by the fact that while the population in areas forming Pakistan was about 20 per cent of undivided India, the manufacturing capacity (1406 units) located in Pakistan was barely 10 per cent. To make the situation worse, Pakistan lacked all sorts of industrial credit facilities, technical and technological institutes and research laboratories.

The Government of Pakistan, in order to achieve a reasonable measure of economic security, framed a new industrial policy replacing the pre-partition industrial policy. This new policy, entitled the Central Government to own and operate the following industries:—

1. Manufacture of arms and ammunitions of war
2. Generation of hydro-electric Power, and
3. Manufacture of railway wagons, telephones, telegraphs and wireless apparatus.

The rest of the industrial sector was left to private enterprise. In July, 1951 the Government drew up a Six Year Plan (1951-57), in which the industrial sector had a fair share. On this plan was later superimposed a Two-Year Priority Programme which has at its aim the achievement of self sufficiency in respect of certain goods of basic needs, such as textiles, etc.

The progress still seemed to be below the required mark. The indigenous capital was proving very shy; firstly because there was no tradition of industrialization and the profits seemed uncertain; secondly, commercial sector was yielding big and quick divid-

ends, without locking the much needed capital for a longer period. The Government had, therefore, to enter the private sector. A semi-public organisation, namely Pakistan Industrial Development Corporation, was set up. The aim of the Government was to enlist participation of private capital in conjunction with public funds. This procedure provided the necessary incentive. In addition, the Government also provided tax concessions and credit facilities to industries by setting up Pakistan Industrial Finance Corporation and Pakistan Industrial Credit and Investment Corporation. From thereon, the story of industrial sector is one of steady upward progress.

The progress of some individual industries like Cotton and Jute Textiles, cement, Sugar, Cigarettes etc. has been quite remarkable as shown in the table on the opposite page.

It will be seen that the production of cotton cloth increased from 88 million yards in 1948 to 629 million yards in 1960, showing an increase of 615 per cent.

In 1947, no cotton yarn for sale was produced by any of the mills in the country. Production of yarn for the market started only in 1953 when the production was 118.5 million lbs which increased to 408.7 million lbs in 1960 or by 240 per cent.

Production of Jute manufactures did not start until April 1952, and since then has shown a phenomenal rise and it now rivals cotton manufactures in our export list.

In 1948, Pakistan produced only 30 thousand tons of sugar and was heavily dependent on imports. By 1960, the production increased to 145,400 tons, showing an increase of 383 per cent. Similar progress has been witnessed in regard to cement, cigarettes etc.

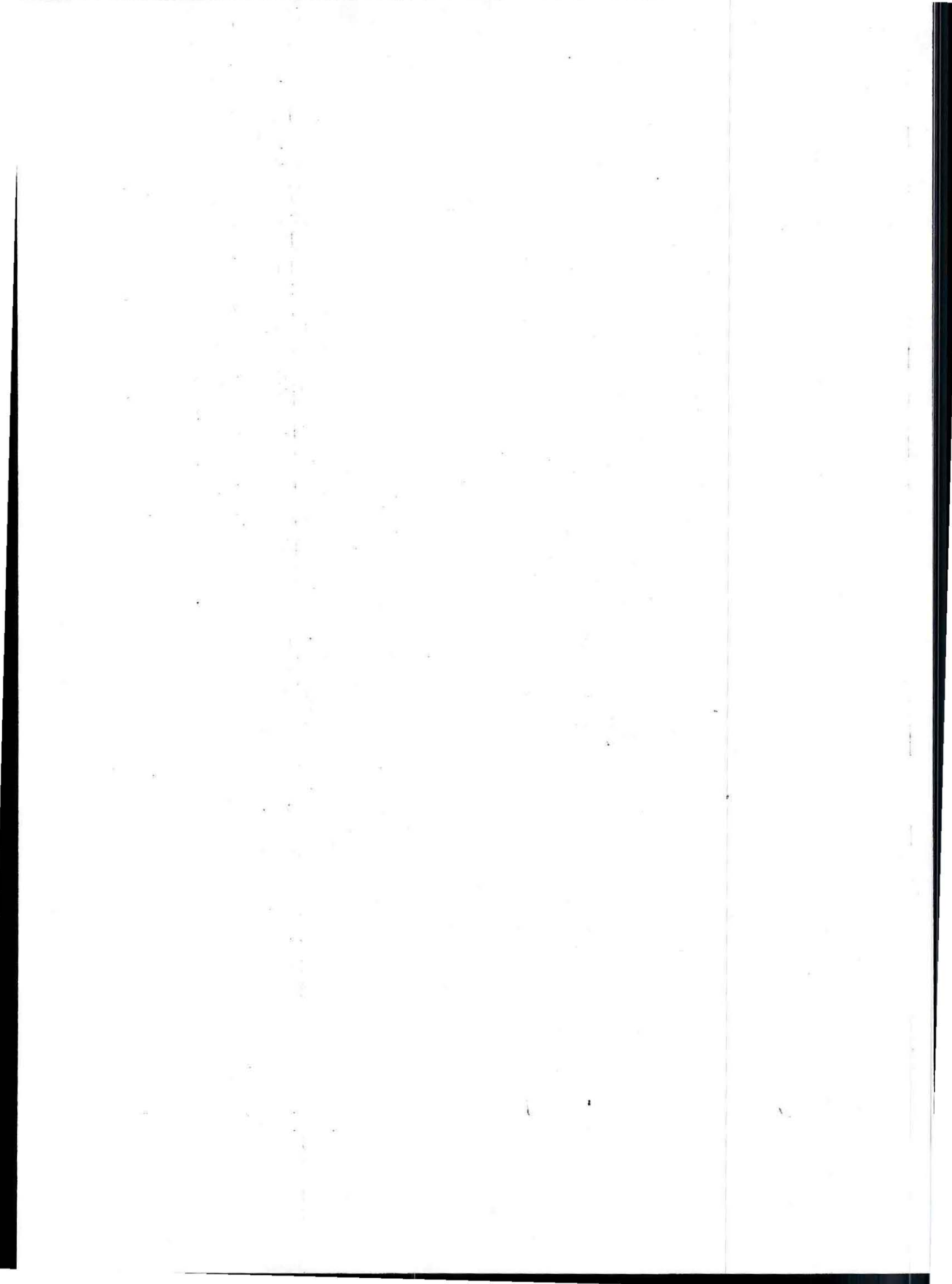


## INDUSTRIAL PRODUCTION

YEAR	Cotton Cloth (Million Yards)	Cotton Yarn (Million Lbs) (1)	Jute Manufac- tures (Thousand Tons)	Cement (Thousand Tons)	Sugar (Thousand Tons)	Cigarettes (Million Nos.)	Tyres & Tubes (Thousand Nos.)	Hydrogenated Vegetable Oil (Thousand Tons)
1948	88.1	-	-	324	30.4	-	-	0.3
1949	92.4	-	-	422	38.6	241	13	2.5
1950	106.3	-	-	413	32.7	1488	112	4.2
1951	127.7	-	-	499	42.8	2716	621	6.0
1952	174.2	-	9.7	530	64.0	3170	776	8.0
1953	251.6	118.5	44.1	595	85.7	3996	1376	10.8
1954	345.2	192.0	53.3	671	75.5	4588	1902	11.1
1955	453.2	274.5	103.2	681	95.1	4833	2035	14.5
1956	500.4	300.4	142.4	773	107.7	5343	2187	16.7
1957	527.0	316.9	148.8	1078	111.5	6481	2651	18.0
1958	576.2	345.1	172.1	1072	162.6	7468	2705	20.4
1959	618.5	386.8	232.6	986	167.2	8771	2778	27.1
1960	628.8	408.7	264.7	1120	145.4	9946	2951	34.3
1961 (Jan-Sept)	524.4	303.9	179.7	873(2)	72.3	8837	3002	33.9

(1) Surplus  
(2) Provisional







## LABOUR FORCE

The Department of Manpower and Employment conducted a comprehensive manpower survey in 1959. This survey revealed that there was a total estimated working population of 87.8 million in 1959. Out of every 100 economically active persons, 94 were found at work, 4 wanting more work, and 2 without any work. This structure of the working population, according to their occupations and economic activities, is given on the opposite page. It was also revealed by the survey that the total labour force was 26.9 million. The number of children under 12 years of age was 34.5 million, house-

wives and persons solely engaged in domestic duties was 17.3 million, and others which include students, disabled and old persons, accounted for 8 million.

The occupational distribution reveals that the total employment in large industrial establishments was 1.6 million. Of this, regular workers account for 95 per cent and contract workers 5 per cent. Larger established manufacturing industries accounted for the employment of 32.6 per cent, followed by services 31.9 per cent, transport and communication 15.3 per cent.



**DISTRIBUTION OF THE PERSONS EMPLOYED  
(INCLUDING UNDER-EMPLOYED)  
BY INDUSTRIAL GROUPS  
(In Millions)**

ECONOMY ACTIVITY	Total
Agricultural Forestry and Related Activities	18.2
Mining and Quarrying	@
Manufacturing (all types)	2.8
Construction (all types)	0.5
Public Utility Services	@
Trade and Commerce	2.0
Transport and Communications	0.6
Services (all types)	2.7
Unclassified	0.1
<b>TOTAL</b>	<b>26.9</b>

**DISTRIBUTION BY OCCUPATIONAL GROUPS  
(In Millions)**

Professional and Technical	0.9
Managerial, Administrative and Clerical	0.6
Sales and Related	1.8
Agricultural	18.1
Mining	@
Transport Operation	0.2
Craft and Production Process	3.7
Services	1.6
<b>TOTAL</b>	<b>26.9</b>

N.B. :—(@) Less than 0.1 million.

## COST OF LIVING

Central Statistical Office collects retail prices from 9 urban centres in West Pakistan and 6 in East Pakistan. The prices are collected on Saturdays by parttime price collectors except in Karachi where prices are collected by wholetime workers. The existing machinery for supervision of prices reported and their quality and accuracy is not very sound. Prices from out-station are received normally with a time lag of a week to a fortnight. These prices are compiled and published regularly.

Based on these retail prices, Central Statistical Office at present computes Cost of Living indices for Industrial workers in Karachi, Lahore and Sialkot in West Pakistan, and Narayanganj in East Pakistan. The commodity weights used were derived from the Family Budget Enquiry made in 1944.

The following table shows the average monthly income of workers surveyed and the group weights at Karachi, Lahore and Narayanganj:—

Cities.	Average monthly Family Income.	Group Weights.				
		Food.	Fuel & Lighting.	House Rent.	Bedding, Clothing & Footwear.	Miscellaneous.
Karachi ..	Rs. 103/-	57.96	5.06	5.44	7.71	23.83
Lahore ..	Rs. 83/-	59.41	9.61	5.64	10.55	14.79
Narayanganj	Rs. 85/-	75.31	7.85	5.46	5.98	5.40

The table on the opposite page shows the cost of Living indices at Karachi, Lahore, and Narayanganj. It will be noted that the cost of living indices show a rather steep rise from 1952-53 which is due mainly to increasing development expenditure and restrictive import policy.

It will be seen that at the end of 1960-61 the highest cost of living was at Karachi where the index stood at 127 followed by Narayanganj where it was 123. Lahore shows the lowest figure at 119.



**GENERAL COST OF LIVING INDICES FOR  
INDUSTRIAL WORKERS IN SELECTED CENTRES**

(Base April, 1948-March, 1949=100)

YEAR/MONTH	CENTRE		
	Karachi	Lahore	Narayan- ganj
1949-50 (Aver.) July-June	97	90	101
1950-51 —do—	96	82	99
1951-52 —do—	100	93	105
1952-53 —do—	107	99	109
1953-54 —do—	111	101	102
1954-55 —do—	107	96	88
1955-56 —do—	107	94	105
1956-57 —do—	113	102	109
1957-58 —do—	123	111	116
1958-59 —do—	118	103	117
1959-60 —do—	125	111	123
1960-61 —do—	127	118	123
October 1961 —do—	131	127	124

**2. CONSUMER'S PRICE INDEX FOR GOVERNMENT  
AND COMMERCIAL EMPLOYEES (CLERICAL)  
IN KARACHI BY EXPENDITURE GROUPS**

(Base : 1956=100)

PERIOD	General Index	Food	Clothing and Footwear	Housing and House- hold operation	Miscel- laneous
1950	90	92	77(e)	91	90
1951	91	94	80(e)	91	92
1952	96	103	79(e)	93	92
1953	98	102	97	95	94
1954	98	100	96	95	96
1955	97	97	95	96	97
1956	100	100	100	100	100
1957	107	109	119	103	100
1958	111	114	130	100	102
1959	106	114	107	97	98
1960	116	125	127	101	99
1961 Jan.	114	125	122	100	98
Feb.	115	126	126	101	97
March	116	128	126	102	98
April	116	129	125	102	98
May	117	132	123	102	98
June	118	133	123	102	98
Oct.	118	134	121	102	97

(e) Excluding Footwear



## TRANSPORT AND COMMUNICATION

### RAILWAYS

Pakistan is served by all the modern means of communication viz. railway, roads, sea, air and telecommunication. Railways and roads are, however, the main arteries of transport.

The Pakistan railways comprise two separate systems. Pakistan Western Railway in West Pakistan and the Pakistan Eastern Railway in East Pakistan. These names were recently substituted for North Western Railway and East Bengal Railway which were the legacy of the undivided India. The Pakistan Western Railway has

a route mileage of 5334 miles and the Pakistan Eastern Railway of 1712 miles, giving a total mileage of 7046 for the country.

The table on the opposite page shows the progress made by the railways since 1948-49.

In Pakistan, railways are now managed by an autonomous Railway Board and make a substantial contribution to the national exchequer from the profits earned. Recently, the Railway budget has been separated from the budget of the Central Government of Pakistan.

## RAILWAY TRAFFIC DEVELOPMENT

(YEAR: APRIL—MARCH)

	1948-49	1960-61	Percentage increase
1. No. of passengers (million)	139	177	27
2. Passenger miles (million)	6,178	6,857	11
3. Goods traffic carried (million tons)	10	17	70
4. Goods traffic tons miles (million)	2,339	4,560	95

## ROADS AND ROAD TRANSPORT

The mileage of roads at the time of Independence was 16,425 of which 5,706 miles were high type motorable and 10,719 miles low type fair weather. In addition, there were Kutcha village roads. The mileage of high type roads has increased to 9,672 (8,772 miles in West Pakistan and 900 miles in East Pakistan). The total mileage is now 63,953. Out of this, 21,573 miles are in West Pakistan and 42,380 miles in East Pakistan. It may, however, be stated that in East Pakistan 40,000 miles of roads are only tracks which are usable only during the fair weather, while most of the roads in West Pakistan are usable throughout the year. The division of these roads into various categories is shown in a table on the opposite page.

To improve the roads in the country, the Central Road Fund was created in 1949, out of a portion of the Customs and Excise Duty on Motor Spirit, excluding Aviation Spirit. The rate of contribution to the Fund from these Central sources of revenue was initially 2 annas per gallon, but was increased to 5 annas per gallon with effect from 1st April, 1953. Eighty five per cent of this fund is allocated to the provincial governments according to an agreed formula based on the considerations of area, population, expenditure on maintenance of roads, and petrol consumption in each unit. The remaining 15 per cent is retained as a Central Reserve to defray expenses on administration, research and special grant-in-aid to other projects connected with roads.

Grants are also made from the Fund for Roads of National Importance which is a special fund set up in 1951-52 out of General Revenues. The fund provides for defraying 50 per cent share of the Central Government in the cost of constructing and improving cer-

tain specified arterial roads. An ad hoc grant of Rs. 50 million was made in 1952.

In addition, a special grant of Rs. 3.2 million was sanctioned from general revenues, for the improvement of some arterial roads in Quetta Division, which had been neglected in the past. A special grant of Rs. 6.5 million has been agreed to by the Ministry of Finance for constructing an all-weather road along the River Indus from Gilgit to Chilas and Besham.

In order to speed up the work of road construction in the country, development loans are also sanctioned by Central Government. Total loans so far sanctioned amount to Rs. 290 million. In all, the Central Government have allocated over Rs. 360 million to the provincial Governments from the Fund for Roads of National Importance and Development Loans.

As regards the Central Road Fund, the total accretions upto the year 1960-61 amounted to Rs. 142.3 million. Out of this amount, the allocations to the provinces for road development are approximately Rs. 121 million leaving Rs. 21.3 million as the share of the Central Road Fund.

Road transport is a concurrent subject and is governed by the Motor Vehicles Act, 1939 and Rules made thereunder. While railways are the main carriers of the country, the road transport is particularly suited to conditions and requirements of a pre-dominantly agricultural economy. For geographical reasons, road transport plays an important role in the economy of West Pakistan.

There has, therefore, been a large increase in the number of vehicles as shown on the opposite page.



## ROADS

PROVINCE	AT THE TIME OF INDEPENDENCE			P R E S E N T		
	High Type	Low Type	Total	High Type	Low Type	Total
East Pakistan	357	828	1,185	900	41,480	42,380*
West Pakistan	5,349	9,891	15,240	8,772	12,801	21,573
<b>Total :</b>	<b>5,706</b>	<b>10,719</b>	<b>16,425</b>	<b>9,672</b>	<b>54,281</b>	<b>63,953</b>

\*There are 40,000 miles of tracks in East Pakistan which are usable only in fair weather.

### Number of Vehicles in Pakistan at the time of Independence and at the end of 1960

	1947	1960
Motor Cars	17,275	50,228
Taxis	1,391	4,113
Motor Cycles :		
(i) Two wheeled	3,816	14,538
(ii) Three wheeled	—	4,311
Buses	5,955	10,341
Trucks	5,620	19,192
Miscellaneous	532	2,157
<b>Total :</b>	<b>34,527</b>	<b>1,04,898</b>

## PORTS

Pakistan has three excellent ports—Karachi in West Pakistan, and Chittagong and Chalna in East Pakistan.

### **Karachi:**

In order to increase the traffic handling capacity of the port, it was decided in 1955 to reconstruct, at a cost of Rs. 159 million, the 13 outmoded berths of the 17-berth single quay of East Wharf of Karachi Port. The work is scheduled to be completed by 1962, increasing the handling capacity of the port to about 5.25 million tons. All the 13 berths have been commissioned since January, 1960.

In 1960-61, it handled 5.7 million tons of cargo, as compared to 2.18 million tons in 1947-48.

### **Chittagong:**

With the establishment of Pakistan, Chittagong, which was the only port to cater to the needs of East Pakistan, had to be developed.

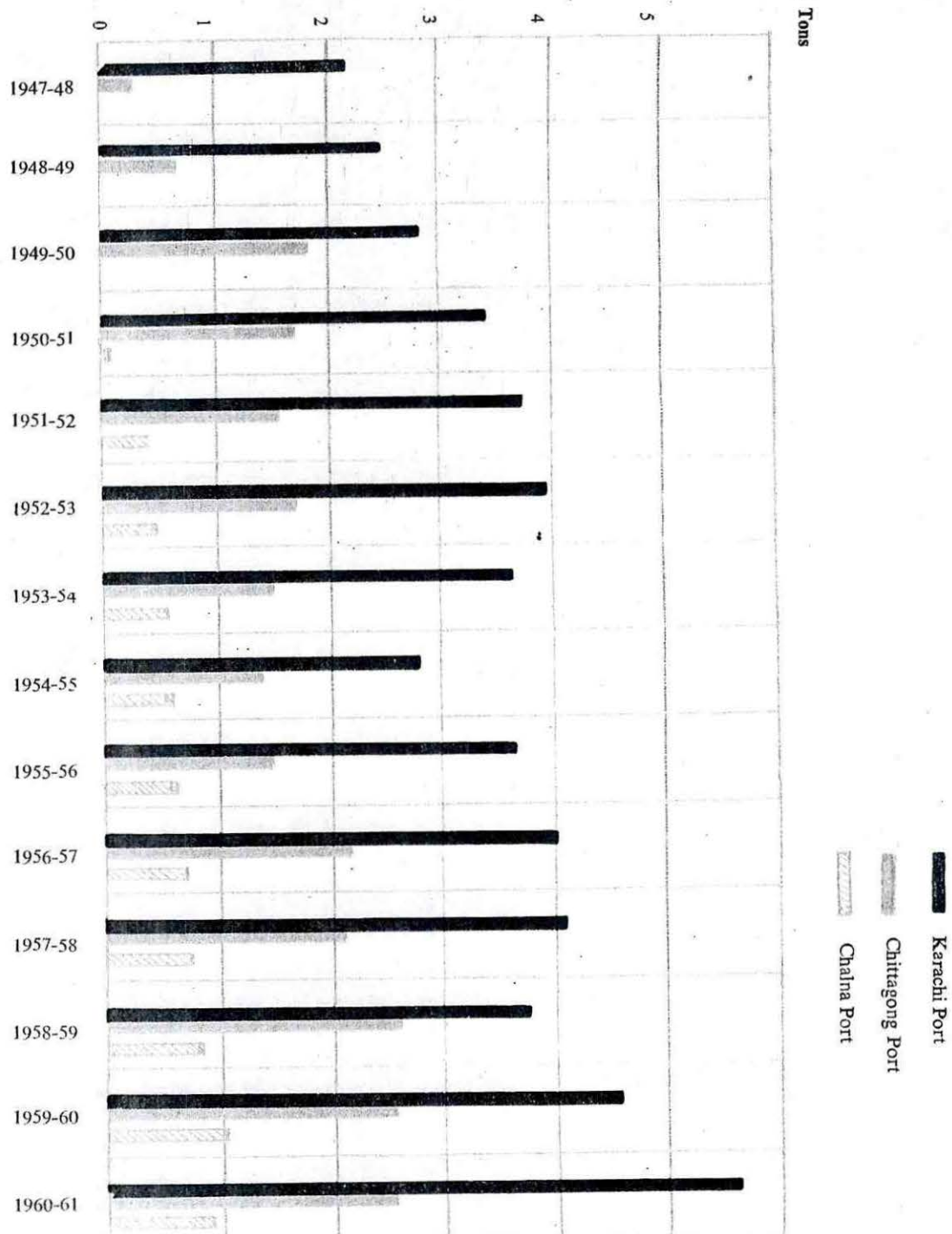
A short term plan costing about Rs. 10 million, was completed in 1950. The long term plan, estimated at a cost of about Rs. 134.1 million was originally intended to develop the handling capacity of the port to 3 million tons of cargo; but was modified to 2 million tons target in view of the development potential of Chalna anchorage. During 1960-61 nearly 2.6 million tons of cargo was handled through this port, as against only 0.3 million ton cargo handled in 1947-48.

### **Chaina:**

The anchorage which was opened for international traffic on December 11, 1950, handled more than one million tons of cargo during 1959-60 as against only 0.4 million tons in 1951-52. To provide further berthing and other facilities, the Government has approved a scheme costing about Rs. 8.17 million.

The table on the opposite page shows the tonnage of cargo handled at these three ports since 1947-48.

Million Tons





## SHIPPING

In 1947, the Pakistan merchant shipping fleet had only 3 vessels of 18,267 D.W.T. One of them was built in 1904 and the other two in 1920. As a result, the entire sea-borne trade of the country, including inter-zonal trade, was handled by the foreign shipping companies. This resulted in a heavy drain on the limited foreign exchange resources of the country. Steps were, therefore, taken by the Government to build up a merchant fleet. In 1955, Pakistan had 23 ships of 184,000 D.W.T. These vessels were rather old and economically not quite profitable. There were 7 ships of 11-15 years age group and 16 ships of 30-45 years. The average age of the fleet was about 30 years.

During the First Five Year Plan period, 23 second hand ships were acquired and 9 old ships were scrapped, bringing the total to 37 of 295,000 D.W.T. At the end of the First Plan, there were 10 ships of 11-15 years age group, 16 ships of 16-20 years age group

and 11 ships of 21-25 years age group. The average age of the fleet was 22.5 years.

In view of the Government policy to acquire relatively new vessels, the condition of the merchant navy has been considerably improved. During the last one year, 10 ships have been acquired and 5 un-economic units have been scrapped. Now, the fleet comprises 42 ships of 371,000 D.W.T., excluding a Hajj vessel under construction in Spain.

The fleet, at present, is in a position to handle the entire zonal trade of Pakistan in addition to a sizeable portion of the foreign trade. Six ships are now operating on the Pakistan—India/United Kingdom North Continent Conference line, 2 ships are engaged on the Pakistan/U.S. route and 2 ships are operating on the East Pakistan/East Africa run.

## PAKISTAN MERCHANT NAVY

Comparative Statistics in Selected Years

YEAR	No. of Vessels	Dead weight tons
1947	3	18,267
1955	23	184,000
1960	37	295,000
1961	42	371,000

## INLAND WATER TRANSPORT

The economy of East Pakistan is heavily dependent on water transport. There are some 2,700 miles of perennial navigable waterways in East Pakistan which extend to 4,000 miles during the Monsoons. Available statistics show that water transport accounts for about three fourths of the traffic, a major portion of the rest is carried by the railway and a negligible amount by roads.

The Inland Water Transport Authority was set up by the Government of East Pakistan in November, 1958, for the control, maintenance and development of inland water transport and of certain navigable waterways.

A scheme costing about Rs. 1.8 million, for providing aids to navigation, marking, bouying, lighting and charting of navigable waterways of East Pakistan from the Industrial centre of Narayanganj to Chittagong and Chalna ports is, at present, under execution.

The Authority is also carrying out surveys and investigations for the development of terminal facilities at the important river ports

of the Province, particularly Narayanganj, Dacca, Chandpur, Barisal, Khulna and Daulatpur. This will be extended to the ports in due course. The first phase of the scheme will cost about Rs. 18 million.

The Inland Water Transport Authority is assisting the private sector of the industry also. The major steamer companies have been encouraged to push forward their development plans for fleet rehabilitation.

The Inland Water Transport in East Pakistan is in the hands of private companies or operators. The largest of these were the Joint Steamer Companies which were incorporated in England and had been carrying on inland water transport business in the Indo-Pakistan Sub-continent for the last one century. After successful negotiations between the Central Government and these companies, a new company incorporated in East Pakistan under the name of Pakistan River Steamers Limited, has started operations from 1st January, 1961. The table on the opposite page shows some of the significant statistics of this sector.



## INLAND WATER TRANSPORT

Some Facts About Inland Water Transport in East Pakistan

1. Perennial navigable waterways	2,700 miles
2. Monsoon season navigable waterways	4,000 "
3. Percentage of traffic handled by Inland Waterways in East Pakistan	75 per cent
4. (a) Estimated number of registered crafts plying in East Pakistan	1,500
(b) Carrying capacity (i) Passengers	80,000
(ii) Cargo	150,000 tons
5. (a) Estimated number of country boats plying in East Pakistan	300,000
(b) Carrying capacity (i) Passengers	1.5 million
(ii) Cargo	1.2 million tons

## FOREIGN TRADE

### EXPORTS AND IMPORTS

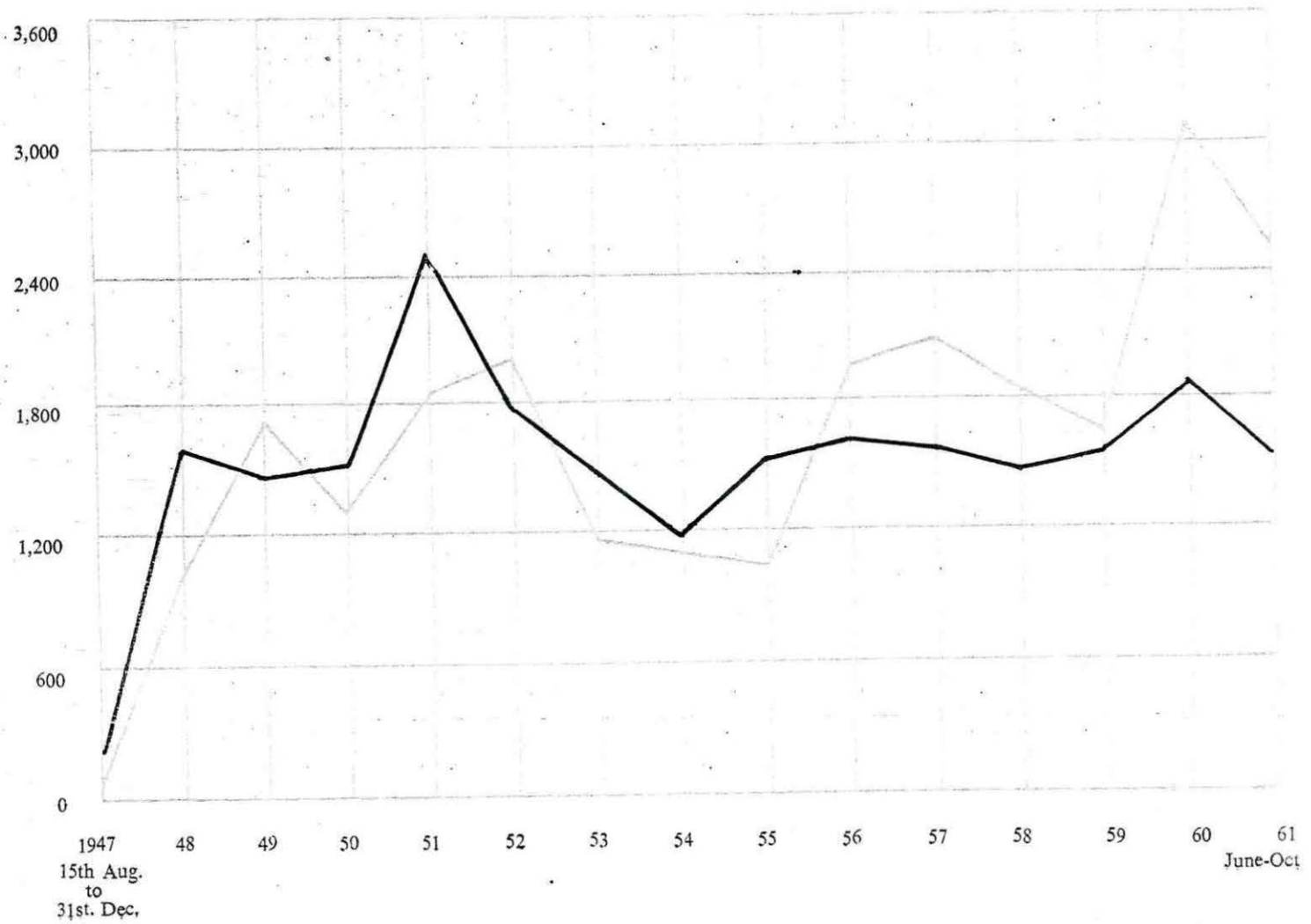
Pakistan is predominantly an agricultural country. Therefore, its main exports consist of primary products, though lately due to rapid industrialization, considerable leeway has been made in the exports of manufactured goods, especially textiles. Imports are

dominated by machinery, industrial raw materials, fuels and manufactured goods. During the last thirteen years (1948 to 1960), Pakistan had favourable balance of trade for six years and unfavourable balance of trade for seven years.

# PAKISTAN FOREIGN TRADE

Million

Exports  
Imports







## MAJOR EXPORTS OF PAKISTAN

Table on the opposite page shows the trends in the exports of major commodities of Pakistan. This, in turn, indicates the structural changes in the country's economy. Of the traditional exports, only jute occupies the old position and its exports, although fluctuating widely, have maintained high levels. Cotton exports have dwindled seriously due to (i) increased domestic consumption,

(ii) increased competition in the world market and wide fluctuations in its prices. Rice and fish are the only new primary products which are becoming important. Among manufactures, jute goods and cotton textiles are promising and their exports are on the increase. Pakistan also exports some finished products of small scale and cottage industries, such as sports goods, carpets and rugs,

## MAJOR EXPORTS OF PAKISTAN

(Million Rupees)

Y E A R	Jute Raw	Cotton Raw	Jute Manu- factures	Cotton Manu- factures	Rice	Wool	Hides and Skins	Tea	Fish
1951	1163	962	0.1	0.3	..	59	59	60	13
1952	696	864	0.7	0.7	..	49	30	31	12
1953	571	631	3	0.9	..	51	39	35	15
1954	545	349	17	0.8	..	43	34	47	21
1955	697	403	67	8	..	67	31	34	29
1956	706	364	93	62	..	71	40	54	25
1957	782	332	93	88	..	103	41	23	24
1958	839	240	108	18	2	48	41	33	23
1959	680	121	213	151	52	62	64	29	38
1960	806	211	246	191	52	77	69	10	56
1961 [Jan-June]	399	75	175	48	29	44	32	..	29



## MAJOR IMPORTS OF PAKISTAN

There have also been substantial changes in the composition of the import trade of Pakistan. These are due to the structural changes in the economy of the country. The traditional imports of consumer goods have lately been reduced due to rapid industrialization of the country. The imports of foodgrains have increased sharply due to the rapid increase in population of the country and relatively

slow growth of agricultural production. The imports of machinery, spare parts, fuel and raw materials have increased considerably due to the rapid economic development and industrialization. A table showing the major imports of Pakistan during the period 1951-1961 (Jan-June) appears on the opposite page.



# MAJOR IMPORTS OF PAKISTAN

(Million Rupees)

COMMODITY	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961 (Jan-June)
Cotton yarn manufactures	567	481	70	84	41	77	21	8	6	7	12
Machinery	141	173	119	274	250	183	318	314	339	669	234
Grain, pulses and flour	347	584	1.4	319	0.013	1.6	558	494	281	515	287
Oils—vegetables and mineral	106	136	104	101	122	107	95	102	219	319	176
Iron and steel manufactures	82	156	58	67	99	117	225	236	109	311	196
Vehicles	68	84	25	44	49	66	114	128	113	180	136
Chemicals and drugs	50	71	25	56	61	74	91	92	85	152	75
Miscellaneous manufactured articles	56	58	22	31	37	34	46	37	49	53	12
Electric apparatus	29	31	16	21	23	26	67	49	46	97	44
Coal	—	—	—	—	—	—	75	66	42	68	22
Hardware	31	32	17	15	17	27	38	29	33	66	24
Non-ferrous metals and manufactures	11	18	6	10	12	18	36	23	34	51	38
Dyes and colours	25	29	12	22	23	28	35	38	24	59	27
Rubber manufactures	14	13	6	10	13	29	16	19	22	41	19
Paper and Stationery	34	36	15	25	16	20	20	17	17	32	12

## BALANCE OF TRADE

The table on the opposite page shows the trade balance of Pakistan with other countries. Upto 1955, the balance was generally favourable, but since 1956, it has been invariably unfavourable. The main reasons for this adverse trend are:—

(a) Deterioration in the terms of trade of Pakistan with other countries due to the wide fluctuations (and general fall) in the prices of Pakistan exports and steep rise in the prices of Pakistan imports.

(b) Due to industrialization a considerable part of major exportables of Pakistan is now consumed locally and the surpluses for exports have been reduced. The most important item in this respect is raw cotton.

(c) The rapid industrialization process has necessitated the increasing imports of capital goods, spare parts, raw materials etc.



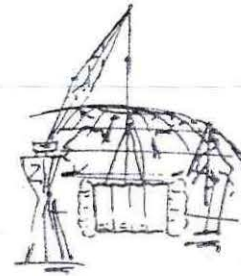
## BALANCE OF TRADE OF PAKISTAN

(Million Rupees)

YEAR	Exports	Imports	Surplus/Deficit
1947 (15th Aug. to 31st Dec.)	186	88	98
1948	1,634	1,033	601
1949	1,479	1,704	-225
1950	1,617	1,332	285
1951	2,525	1,817	708
1952	1,762	2,083	-321
1953	1,453	1,158	295
1954	1,187	1,104	83
1955	1,505	1,087	418
1956	1,620	1,986	-366
1957	1,603	2,096	-493
1958	1,417	1,888	-471
1959	1,527	1,681	-154
1960	1,873	3,112	-1,239
1961(1) (Jan-Oct.)	1,536	2,568	-1,032

(1) Provisional





## FOREIGN TRADE IN JUTE AND JUTE MANUFACTURES

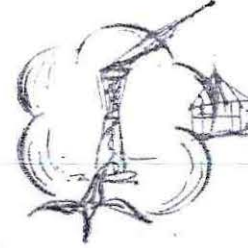
At the time of partition, Pakistan had no manufacturing capacity for jute goods, and as such, the entire output of raw jute was exported and the domestic requirements of jute goods were met by imports. As this condition of the jute economy was unsatisfactory, the jute manufacturing industry was established and has since been expand-

ing. As a result, the imports of jute manufactures have been reduced to a fraction. On the contrary, Pakistan has become an important exporter of jute goods as would be seen from the table on the opposite page.

# FOREIGN TRADE IN JUTE, INCLUDING MANUFACTURES

(Million Rupees)

YEAR	IMPORTS			EXPORTS		
	Raw Jute	Jute Manufactures	Total	Raw Jute	Jute Manufactures	Total
1951	—	16	16	1,163	.095	1,163.095
1952	—	24	24	696	.655	696.655
1953	—	1	1	571	3.456	574.456
1954	—	1	1	545	17.380	562.380
1955	—	0.106	0.106	697	67.170	764.170
1956	—	0.043	0.043	751	93.485	844.485
1957	—	0.032	0.032	782	92.624	874.624
1958	—	0.031	0.031	839	108.357	947.357
1959	—	0.171	0.171	680	212.589	892.589
1960	—	0.044	0.044	806	245.510	1,051.510
1961 (Jan-June)	—	—	—	399	174.980	573.980



## FOREIGN TRADE IN COTTON AND COTTON MANUFACTURES

Pakistan had a small cotton textile industry at the time of partition. It was not adequate to meet the domestic requirements for cotton yarn and piecegoods. Most of the requirements had, therefore, to be met through imports and the major portion of raw cotton output was exported. From 1953 onwards, the textile industry has

been developing and the country is now not only meeting most of her requirements through domestic production, but is also exporting fair quantities of yarn and cloth to other countries. While the imports of cotton manufactures have been reduced, at the same time the exports of raw cotton have been cut by more than a half,



# FOREIGN TRADE IN COTTON (INCLUDING MANUFACTURES)

Million Rupees)

IMPORTS				EXPORTS		
YEAR	Raw Cotton	Cotton Manufactures	Total	Raw Cotton	Cotton Manufactures	Total
1951	5	567	572	962	0.3	962.3
1952	4	481	485	864	0.7	864.7
1953	4	70	74	631	0.9	631.9
1954	3	84	87	349	0.8	349.8
1955	13	41	54	403	8	411.0
1956	0.4	77	77.4	364	62	426.0
1957	30	21	51	332	88	420.0
1958	11	8	19	240	18	258.0
1959	9	6	15	121	151	272.0
1960	6	7	13	211	191	402.0
1961 (Jan.-June)	5	12	17	75	48	123.0

## DISTRIBUTION OF PAKISTAN'S TRADE IN 1959 AND 1960

The table on the opposite page shows the direction of Pakistan trade in 1959 and 1960. From the table, it would be seen that the major importers of Pakistan goods and commodities are the United Kingdom, the United States of America, Japan, Hong Kong and West Germany. On the other hand, the important exporters to Pakistan are the United States of America, the United Kingdom, West Germany, Japan and India.

The trade relations of Pakistan with other countries are based on the following economic factors:—

(a) Trade relations inherited from the pre-partition days such

as those with the United Kingdom and Japan;

(b) Trade relations emerging out of the structural changes in the economy of Pakistan and the development of markets such as Hong Kong and South Africa for the newly manufactured goods of Pakistan.

(c) Trade relation developing because of foreign economic aid and loans such as those with the United States of America and West Germany. To these might also be added the increased imports on account of the growing developmental activities in the country.



# DIRECTION OF PAKISTAN TRADE IN 1959 AND 1960

(In 000 Rupees)

COUNTRY	1959		1960	
	Imports	Exports	Imports	Exports
<b>Total :</b>	<b>1681,031</b>	<b>1527,126</b>	<b>3111,922</b>	<b>1873,173</b>
Australia	16,548	31,151	67,803	45,732
Belgium Luxemburg	42,443	64,832	80,029	68,526
Ceylon	13,347	23,285	22,254	22,424
China (Mainland)	20,060	3,103	19,140	70,507
Czechoslovakia	9,988	8,792	14,676	17,266
Egypt	273	4,390	2,637	25,956
France	37,677	64,907	122,798	78,026
Germany, West	183,728	90,344	281,075	85,161
Hong Kong	2,883	110,231	4,953	101,395
India	68,091	48,460	113,700	130,487
Italy	43,507	45,902	109,342	46,887
Japan	97,514	126,231	263,524	135,321
Netherlands	36,140	35,497	57,970	36,997
Poland	3,371	20,227	9,925	35,398
United Kingdom	296,132	280,827	544,694	325,329
Union of South Africa	11,528	83,073	15,753	78,498
U. S. A.	398,644	158,267	772,246	163,234
U. S. S. R.	3,791	16,847	25,398	20,969
All other countries	395,366	310,760	584,075	385,060



## BANKING AND CURRENCY

### THE STATE BANK OF PAKISTAN

The State Bank of Pakistan, which is an autonomous institution, is the central bank of the country. It was established on 1st July, 1948. It has a paid-up share capital of Rs. 30 million. Fifty one per cent of the shares are held by the Government and 49 per cent by the public.

When, on 1st July, 1948, the State Bank took over the control of banking functions, there was virtually no credit system in the country. During the period of about one year that elapsed between the emergence of Pakistan and the establishment of the State Bank of Pakistan, the country was almost entirely bereft of banking facilities on account of the suspension of business and large-scale closure of bank offices which were mostly manned and staffed by non-Muslims. The number of scheduled bank offices declined from 631 just before Independence to 213 immediately thereafter. The situation was particularly grave in West Pakistan where the number of bank offices declined from 487 to 69. By the time the State Bank of Pakistan came into being, there had been further reduction in the number of bank offices

which stood at 195 on 1st July, 1948. Even out of these, some were transacting only limited business and could not be regarded as full-fledged banking offices. The economic life of the country was seriously dislocated by the sharp reduction in credit facilities. There could be no improvement unless the credit facilities were revived and expanded to meet the urgent requirements of business and commerce. The rehabilitation and development of the country's banking system was, therefore, one of the foremost tasks to which the State Bank had to address itself soon after it was established.

Through its scheme of training banking personnel and actively assisting the setting up of banking and credit institutions, the State Bank has succeeded in developing, within a short period, a sound banking and credit system in the country.

On the opposite page we give a table showing the assets and liabilities of the State Bank, in its Banking Department from July 1948 to the end of the September, 1961.

# STATE BANK OF PAKISTAN: LIABILITIES AND ASSETS OF THE BANKING DEPARTMENT

(Million Rupees)

Year and Date	LIABILITIES				Total Liabilities or Assets (c)	ASSETS (d)				
	DEPOSITS					Notes	Provincial Govt. Debt or Balances	Loans and Advances	Investment	Other Assets
	Central Government	Provincial Government	Banks	Total (a)						
1948 July 2	666.3	59.8	215.3	1,008.0	1,931.3	21.9	..	0.8	..	1,009.1
1948 Dec. 31	923.0	63.4	147.0	1,168.7	1,226.0	23.5	..	3.7	78.0	5.3
1949 Dec. 30	480.8	112.1	218.7	856.2	936.1	31.9	..	22.4	279.2	28.9
1950 Dec. 29	640.9	32.0	100.0	806.2	891.7	57.4	..	92.5	150.8	43.8
1951 Dec. 28	582.0	54.1	147.5	827.0	928.5	62.3	..	136.5	126.8	64.1
1952 Dec 26	377.1	8.5	101.3	525.0	621.6	48.0	4.8	225.6	255.0	85.0
1953 Dec. 25	215.5	20.6	110.2	370.6	472.5	42.5	4.2	44.0	287.4	94.4
1954 Dec 31	173.0	48.8	122.3	406.1	520.3	89.0	..	238.6	115.1	77.4
1955 Dec. 30	151.7	11.2	130.6	512.5	625.7	83.5	10.9	184.4	238.1	97.7
1956 Dec. 28	432.5	7.6	143.7	615.5	785.8	103.3	..	219.0	347.7	106.2
1957 Dec 27	764.4	..	154.5	1,012.2	1,147.7	70.1	87.6	182.2	684.2	122.3
1958 Dec. 26	821.9	5.0	152.6	1,035.8	1,196.5	76.1	32.8	276.5	593.0	90.6
1959 Dec 25	114.3	86.2	168.9	1,128.4	1,312.1	79.7	..	198.7	547.8	97.3
1960 Dec. 30	109.4	3.4	188.7	1,397.1	1,599.2	68.2	6.8	581.2	469.8	96.2
1961 Sept. 30 (b)	211.8	23.3	182.7	1,641.8	1,738.3	133.5	..	421.9	924.6	..

(a) Includes some other deposits.

(b) Provisional

(c) Bills Payable and other liabilities not shown separately

(d) Coins, and Government treasury bills and balance held out side Pakistan not shown separately





## SCHEDULED BANKS

The word Scheduled Bank is a terminology peculiar to the Indo-Pakistan Sub-continent. It came into current usage with the passing of the Reserve Bank of India Act of 1934, where the banks fulfilling certain requirements were included in a schedule to the Reserve Bank of India Act and thus began to be called Scheduled Banks in contrast to innumerable other small banks. The same procedure is being followed in Pakistan.

The branch expansion programme of the Pakistani banks has admirably filled the vacuum caused by the large scale closure of Indian bank offices. In less than thirteen years the total number of branches of Pakistani scheduled banks has increased from 23 to 509 which represents 87 per cent of total bank offices in the country. The expansion in the business of Pakistani banks has been commensurate with the growth in the number of their offices as on 30th June, 1961, they held 69.8 per cent of total bank deposits and were responsible for 74.07 per cent of total bank advances. Two Pakistani banks viz., the National Bank of Pakistan and the Habib Bank (Overseas) Ltd. have also opened branches in foreign countries—the total number of such branches now standing at 9.

The expansion in commercial banking facilities has served to mobilize domestic savings which have been used to meet the growing credit requirements of the economy. Apart from financing of foreign trade and commerce, the commercial banks, in recent years, have played an important part in meeting the working capital requirements of domestic industries. According to the latest available information, the credit provided by them formed 33.6 per cent of the total as against 15.9 per cent at the end of June, 1953. The over-all growth in the deposit resources and loan business of the scheduled banks is given on the opposite page.

We have not dealt with non-Scheduled Banks as in spite of their large number, they play a minor role in the economy of the country. On 24th March, 1961 although their total number was 43, their total liabilities, both demand and time, amounted to only Rs. 23.7 million and the total amount of credit provided by them was Rs. 20.2 million only. Moreover, there is a tendency for their number to decrease. In 1960, their number was 95 which declined to 43 on March 24, 1961.



# CONSOLIDATED POSITION OF SCHEDULED BANKS-SELECTED ITEMS 1948-61

(In Million Rupees)

Year and Date	Number of reporting Banks	LIABILITIES				ASSETS			RESERVES			
		Total Demand Liabilities	Total Time Liabilities	Borrowings from State Bank	Cash in Pakistan	Balance with State Bank & other Banks	Call Money	Total investment	BANK CREDIT		Total Statutory Reserves	Excess Reserves
									Bill Advances	Bills purchased & discounted		
1948 July 2	30	704.3	134.1	..	41.4	221.9	..	..	192.4	5.4	40.9	181.0
1948 Dec. 30	39	896.5	168.9	..	38.2	137.2	..	..	397.6	12.8	48.2	89.0
1949 Dec. 30	38	903.1	205.8	..	39.8	210.5	..	..	421.6	23.0	49.3	161.3
1950 Dec. 29	33	947.8	232.1	..	50.7	92.8	..	..	722.1	48.2	52.0	40.8
1951 Dec. 28	31	1,212.1	286.0	..	71.6	138.7	..	..	837.0	82.1	86.3	72.4
1952 Dec. 26	31	1,129.4	270.8	..	60.8	79.9	..	..	677.2	115.0	61.9	28.0
1953 Dec. 24	32	1,239.6	352.6	..	39.6	97.5	..	..	669.7	120.6	69.0	28.5
1954 Dec. 31	32	1,250.7	517.8	127.7	54.8	162.1	66.5	720.5	761.1	202.1	73.9	42.4
1955 Dec. 30	32	1,424.3	558.2	178.4	49.5	167.9	38.0	793.9	997.0	164.8	82.4	51.4
1956 Dec. 28	30	1,574.1	609.8	214.4	81.0	186.3	115.4	821.5	1,082.2	154.3	90.9	45.9
1957 Dec. 27	27	1,735.5	674.2	147.1	82.7	170.8	134.8	929.9	1,118.9	149.7	100.3	32.3
1958 Dec. 26	26	1,890.8	735.3	181.4	85.7	192.4	135.6	1,047.5	1,353.0	205.2	109.2	35.1
1959 Dec. 25	29	1,977.4	1,045.9	97.5	56.7	197.5	81.0	1,271.8	1,418.7	201.1	119.7	31.3
1960 Dec. 30	29	2,066.2	1,304.3	411.7	82.5	216.4	203.6	1,339.0	1,854.8	230.0	129.4	34.1
1961 Sept. 29	..	2,200.3	1,339.2	366.4	72.8	168.0	202.9	1,321.2	2,042.0	233.5	..	..

## MONEY SUPPLY

The table on the opposite page shows that the money supply increased from Rs. 2,635 million at the end of December, 1948 to Rs. 6,162 million at the end of December, 1960, showing an increase of 134 per cent. It may also be noted that during the same period the demand deposits increased from Rs. 892 million to Rs. 1,933 million, showing an increase of 117 per cent.

The process of slowing down of the monetary expansion started after December, 1960 as a result of the various policies which the Government had initiated. The money supply came down to Rs. 5,778 million and the demand deposits increased to Rs. 86 million by the end of September, 1961.



# MONEY SUPPLY

(Million Rupees)

Last Friday	Currency in Circulation	Demand Deposits (General)	Other Deposits with S.B.P. (@)	Money Supply
December, 1948	1,707.9	891.7	35.3	2,634.9
December, 1949	1,739.4	886.3	44.5	2,670.2
December, 1950	1,991.9	907.2	33.4	2,932.5
December, 1951	2,467.4	1,190.3	40.1	3,697.8
December, 1952	2,150.8	1,022.7	34.9	3,208.4
December, 1953	2,371.8	1,151.4	21.0	3,544.2
December, 1954	2,574.6	1,170.4	58.7	5,803.7
December, 1955	2,989.5	1,326.3	53.5	4,369.3
December, 1956	3,461.1	1,429.7	26.9	4,922.7
December, 1957	3,583.0	1,562.1	88.5	5,233.6
December, 1958	3,742.0	1,708.6	51.4	5,502.0
December, 1959	3,844.3	1,871.3	46.2	5,761.8
December, 1960	4,182.4	1,932.8	47.0	6,162.2
June, 1961	3,846.1	1,990.7	45.1	5,881.9
Sept. 1961	3,711.4	2,018.8	48.1	5,778.3

(@) Excluding I.M.F. Account No. 1 and Special U.S. Commodity Aid Accounts.



## PAR VALUE OF PAKISTAN RUPEE



The par value of Pakistan rupee, as recognised by the International Monetary Fund in terms of gold, is 0.186621 grams. In terms of the U. S. Dollar, Pakistan rupee is worth 21.00 cents or 4.762 rupees a dollar. A large number of currencies, including pound sterling and Indian rupee, were devalued on the 18th September, 1949 but Pakistan did not make any change in its par value. It was not until 31st July, 1955 that the par value of the Pakistan rupee was changed to above parity.

Between 18th September, 1949 and 31st July, 1955, the par value of Pakistan rupee in terms of gold was 0.268601 grams. In terms of U. S. dollar, Pakistan rupee was worth 30.225 cent or 3.30852 rupees a dollar.

The table on the opposite page shows the par value of Pakistan rupee and some of the important currencies.



# PARITY EXCHANGE RATES

Country	Currency	Currency Units per Pakistan Rupee	Pakistan Rupee per Currency Unit
Australia	Pound	0.0938	10.6666
Austria	Schilling	5.4600	0.1832
Belgium	Franc	10.5000	0.0952
Burma	Kyat	1.0000	1.0000
Ceylon	Rupee	1.0000	1.0000
Denmark	Krone	1.4505	0.6894
Egypt	Pound	0.0731	13.6741
Ethiopia	Dollar	0.5217	1.9167
Finland	Markka	67.2001	0.0149
France	New Franc	1.0368	0.9645
Germany, Federal Republic	Deutsche Mark	0.8400	1.1905
Ghana	Pound	0.0750	13.3333
India	Rupee	1.0000	1.0000
Iran	Rial	15.9075	0.0629
Iraq	Dinar	0.0750	13.3333
Ireland	Pound	0.0750	13.3333
Israel	Pound	0.3780	2.6455
Italy	LIRA	131.2501	0.0076
Japan	Yen	75.6001	0.0132
Jordan	Dinar	0.0750	13.3333
Lebanon	Pound	0.4602	2.1729
Libya	Pound	0.0750	13.3333
Luxembourg	Franc	10.5000	.0952
Morocco	Dirham	1.0627	0.9410

Country	Currency	Currency Units per Pakistan Rupee	Pakistan Rupee per Currency Unit
Netherlands	Guilder	0.7602	1.3154
Norway	Krone	1.5000	0.6667
Philippines	Peso	0.4200	2.3810
Saudi Arabia	Riyal	0.9450	1.0582
Spain	Peseta	12.6000	0.0794
Sudan	Pound	0.0732	13.6741
Syria	Pound	0.4602	2.1729
Turkey	Lira	1.8900	0.5291
Union of South Africa	Pound	0.0750	13.3333
United Kingdom	Pound	0.0750	13.3333
U.S.A.	Dollar	0.2100	4.7619
Yugoslavia	Dinar	63.0001	0.0159
France:			
Algeria	New Franc	1.0368	0.9645
United Kingdom:			
Bahamas, Bermuda, Cyprus, Falkland Islands, Gambia, Gibraltar, Jamaica, Malta, Nigeria, Fede- ration of Rhodesia and Nyasaland, Sierra Leone	Pound	0.0750	13.3333
British N. Borneo, Brunei, Sarawak, Sin- gapore	Dollar	0.6429	1.5556
Hongkong	Dollar	1.2000	0.9333
Aden, Kenya, Tangan- yika, Uganda, East Africa, Zanzibar	Shilling	1.5000	0.6667



## TAX ADMINISTRATIVE MACHINERY AND RATES OF TAXATION.

For purposes of income-tax administration, the country has been divided into three areas which are East Pakistan, North Zone (West Pakistan) and South Zone (West Pakistan), each under a Commissioner of Income-tax.

The Commissioners of Income-tax are assisted in the performance of their duties by Assistant Commissioners of Income-tax, Income-Tax Officers, Examining Officers and Inspectors of Income-Tax. Income-tax Officers and Examining Officers are responsible for making assessments and collecting the demand raised against the tax-payers.

### TAX RATES

The table on the opposite page gives the details of the tax rates other than taxes on companies and the inter-corporate taxes, which are dealt with separately. No tax is levied where the annual income of a tax-payer does not exceed Rs. 6,000. In other cases, the following deductions are made from the gross annual income to arrive at the taxable income on which only the tax is computed:—

- |  |    |                                 |
|--|----|---------------------------------|
| (i) Personal allowance   | .. | Rs. 2,000                       |
| (ii) Earned income relief.   |    |                                 |
| This is allowed @ 20 per cent of income derived from personal exertion (e.g. salary, business or professional income etc.) |    | Subject to maximum of Rs. 4,000 |
| (iii) Investment allowance.  |    |                                 |

This is allowed @ 20 per cent (30 per cent in the case of premia paid for life insurance) of the total income of the tax-payer subject to an overall limit of Rs. 12,000 in respect of the following—

- (a) Contributions to Provident Funds,
  - (b) Premia paid for life insurance of the tax-payer or the spouse,
  - (c) Investments in lieu of share-capital of approved public industrial or insurance companies,
  - (d) Investments in Post Office Savings Certificates,
  - (e) Books of professional or technical nature or of general utility.
- (iv) Education allowance.  
This is allowed in case of persons whose annual income does not exceed Rs. 25,000/- at the rate of Rs. 200 for each child, subject to a maximum of Rs. 600.
- (v) Dividend income subject to a maximum of Rs. 1,000.



# **I. RATES OF PERSONAL INCOME TAX—1961-62**

Where Taxable Income		Tax Thereon	
(a)			
Exceeds	But does not exceed	Fixed Amount	Flat rate on Amount exceeding figure in col. 1
Rs.	Rs.	Rs.	Per cent
—	1,000	25	—
1,000	2,000	25 Plus	2
2,000	4,000	45 „	10
4,000	6,500	245 „	15
6,500	10,000	620 „	20
10,000	20,000	1,320 „	25
20,000	30,000	3,820 „	35
30,000	40,000	7,320 „	50
40,000	60,000	12,320 „	65
60,000	No upper limit	25,320 „	75

(a) No tax is levied where annual income does not exceed Rs. 6,000 annually.

## **II. RATES OF TAX FOR A REGISTERED FIRM—1961 62**

—	12,000	—	—
12,000	30,000	—	5
30,000	60,000	900 Plus	10
60,000	1,00,000	3,900 „	20
1,00,000	No upper limit	11,900 „	30

NOTE.— Partners of Registered Firms (Partnerships) are liable to pay tax on their share of partnership income together with their other income, if any, at the rates specified at item (I) above.

## TAX ON COMPANIES

The system of company taxes has recently been changed radically, reducing the impact of taxation on foreign companies. The comparative tables (Tables I-III) on the opposite page show the tax rates in force before June, 1960 and after June, 1960.

**Tax-Holiday for new industrial undertakings and Hotels.** Industrial undertakings established in Pakistan at any time between 1st April, 1959 and 30th June, 1965 have been granted a "Tax holiday" for eight, six and four years depending on the areas in which they are located. In addition, on the expiry of the period of tax holiday, the industrial undertaking will be entitled to get full depreciation allowance on their full cost of the capital assets (except the special initial depreciation allowance).

**Tax on Inter-corporate Dividend:** The rate of tax on inter-corporate profits (*i.e.* dividend income received by one company from another company) has been substantially reduced. In the case of dividends received from industrial companies established after the 14th August, 1947, the tax is leviable at the rate of 10 *per cent*. Where a limited company receives dividend income from another limited company in which it holds shares, such dividend income is exempt from income

tax but is liable to super-tax at the rate of 15 *per cent* or 20 *per cent* depending on whether the dividend income is derived from industrial or commercial sources. This tax is not payable on bonus shares issued by an industrial company out of its profits which exempt from tax under the tax holiday clause.

**Tax on dividends to shareholders:** The dividends received by shareholders are added to their other income, if any, and taxed in the normal way. No tax on such dividends is payable by a company itself. The first Rs. 1,000 of dividend income has been exempted from tax to encourage small investors.

Under the Agreements for the Avoidance of Double Taxation concluded by Pakistan with a number of countries, companies incorporated in those countries receiving dividends from companies in Pakistan are entitled to rebates of tax ranging from 5 to 6.25 *per cent*. The total tax liability of a foreign investor in the industrial field comes to about 50 *per cent* if all the profits after payment of taxes are distributed as dividend. Since, however, it is not the normal practice to distribute the entire profits, the actual tax liability would amount to much less than 50 *per cent* in most cases.



## I

## RATES OF TAX PAYABLE BY COMPANIES

Nature of Income.	Rate of tax 1959-60 (Figures in brackets re- late to companies declaring dividends outside Pakistan).		1960-61 and 1961-62
(1) Public companies:—			
(a) Commercial profits	60	(65)	50 (60)
(b) Profits from industrial undertakings set up before August 15, 1947	60	(65)	50 (60)
(c) Profits from industrial undertakings set up after August 14, 1947	55	(60)	45 (55)
(2) Private companies:—			
(a) Commercial profits	60	(65)	50 (60)
(b) Profits from industrial undertakings set up before 15 August, 1947	60	(65)	50 (60)
(c) Profits from industrial undertakings set up after 14th August, 1947	55	(60)	45 (55)

## II

## INCIDENCE OF TAXATION ON FOREIGN COMPANIES (PUBLIC AND PRIVATE) OPERATING IN PAKISTAN THROUGH BRANCHES.

Nature of income	1958-59 per cent	1959-60 per cent	1960-61 and 1961-62 per cent
1. Commercial profits	66.25 (72.5) <sup>*</sup>	65	60
2. Profits from industrial undertaking set up be- fore 15th August, 1947	66.25 (72.5) <sup>*</sup>	65	60
3. Profits from industrial undertakings set up after 14th Aug. 1947	66.25 (72.5) <sup>*</sup>	60	55

\*In 1958/59 there were different rates for private and public companies; figures in brackets relate to the latter.

## III

## RATES OF INTER-CORPORATE TAXES

Type of company from which dividends are received.	Before June, 1960.	As from July, 1960.
Industrial companies established before In- dependence	20%	20%
Industrial companies established after Inde- pendence but up to 30-6-1959	20%	15%
All commercial companies whether estab- lished before or at any time after Indepen- dence	20%	20%
Industrial companies established after 30th June, 1959	15%	15%



### CENTRAL BUDGET

The Central Budget is divided into two main accounts—Revenue and Capital. The revenue account covers current receipts and expenditures. Principal heads of revenue are customs duties, central excise duties, income tax and corporation tax and sales tax. Other heads under which revenue is realised include utility services like railways and posts and telegraphs, interest receipts and dividends on Central loans and investments, currency and mint, fees from export-import trade, and fees and royalties from natural gas and oil exploration and production. Although the largest single item of revenue is still the customs duties, the rapid structural changes brought about by developing economy have resulted in substantial improvements under other heads also. Collections under income tax and corporation tax and excise duties are gaining importance. These improvements have contributed to better budgets of the Provincial Governments as well, with whom, under the Raisman Award, the receipts from income tax and sales tax are shared roughly to the extent of 50 per cent. In addition, substantial portions of revenues from central excise duties and export duties on jute are also allocated to the Provinces.

A major part of the revenue expenditure is incurred on the defence services. Other important heads are civil administration and servicing of debt. A sizeable amount is also earmarked for development expenditure on social welfare schemes like education, health and community development. In the past, contribution of revenue account to development was negligible because of smaller revenue receipts.

The capital account mainly includes receipts and expenditures of non-recurrent nature. The capital receipts are broadly classified into two categories, internal and external resources. Internal resources account for receipts from domestic borrowings, public investments in small savings, recoveries of central loans from the Provinces and semi-independent bodies, and sale of capital assets. External resources include foreign loans and grants. Rising national income and public savings and increased availability of foreign economic assistance in the context of the country's economic development are contributory factors to the growing size of capital receipts.

Capital expenditure is broadly divided into developmental and non-developmental outlays. Bulk of this expenditure falls in the former category and is mainly on investments in economic development projects: about 55 per cent as loans and grants to the Provincial Governments which constitutes about 81 per cent of their development budget, and the rest as direct outlays by the Central Government and loans for projects of semi-independent bodies. Non-developmental expenditure is incurred mostly on repayment of debt and payments for reduction of recurring liabilities like capitalised value of pensions. Capital expenditure in the first few years after Independence, when the country had not yet embarked on the important objective of planned development, was mostly of non-development nature. But this trend has since been reversed and non-developmental expenditure now forms only a small proportion of the total capital budget.



**OVERALL BUDGETARY POSITION OF THE CENTRAL GOVERNMENT (IN MILLION OF RUPEES)**

Year.	REVENUE		CAPITAL							
	Receipts.	Expenditure.	Development		Expenditure.			Financed by resources.		
			Direct.	Loans to local Bodies.	Provincial Governments.	Total.	Non-Development Expenditure.	Total Dev' Non-Dev.	Internal including Ad hoc Treasury Bills & Cash balance utilization.	External.
1947-48	198.9	236.0	8.1	3.3	86.7	98.1	22.4	120.5	120.5	—
1948-49	667.6	647.0	49.6	6.7	144.0	200.3	298.2	498.5	498.5	—
1949-50	885.4	856.0	100.9	16.8	208.1	325.8	738.3	1064.1	1064.1	—
1950-51	1273.2	1266.2	70.6	8.4	139.6	218.6	280.9	499.5	499.5	—
1951-52	1448.4	1442.3	206.6	17.3	145.8	369.7	536.5	906.2	903.9	2.3
1952-53	1334.4	1320.1	250.4	19.1	119.0	388.5	475.6	864.1	790.7	73.4
1953-54	1110.5	1108.7	255.3	46.7	439.1	741.1	172.1	913.2	893.5	19.7
1954-55	1172.7	1172.6	258.2	49.8	268.4	576.4	87.9	664.3	625.5	38.8
1955-56	1435.8	1433.4	379.3	38.2	377.1	794.6	— 88.0	706.6	692.1	14.5
1956-57	1331.4	1330.7	405.3	34.4	340.1	779.7	173.8	953.5	914.4	39.1
1957-58	1525.0	1521.8	643.6	82.9	628.2	1354.7	120.4	1475.1	1410.4	64.7
1958-59	2070.2	2067.7	804.3	95.1	546.1	1445.5	15.4	1460.9	580.8	880.1
(April—June) 1959-60	1887.7	1733.8	908.5	105.5	563.9	1577.9	189.8	1767.7	1076.6	691.1
(July—June) 1960-61	1967.4	1742.1	738.0	84.4	1009.9	1882.9	250.7	2038.6	1108.6	930.0
1961-62 (BE)	2155.3	1919.0	1030.9	84.2	1212.5	2327.6	121.8	2299.4	829.6	1469.8



## PROVINCIAL BUDGETS

The Provincial revenues are mainly derived from land revenue, irrigation receipts, allocation of Central revenues under the Raisman Award, and grants from the Central Government. Other important heads are provincial excise and stamps duties, forests, irrigation, and electricity. In West Pakistan, apart from the share of Central revenues, irrigation receipts and land revenue provide most of the Provincial revenues—the land revenue and Central grants constituting major sources of revenue. There have been significant improvements in the revenue position of the Provinces in the last few years, mainly on account of their own improved revenues and better revenue collections by the Central Government and corresponding higher share to the provinces. The trend has been relatively rapid since fiscal year 1959-60.

Major portion of the Provincial revenues, after administrative

expenditure, is spent on social welfare and beneficent departments like education, health and agriculture which are their direct responsibility. With the growing emphasis on economic development, the Provincial Governments are progressively attempting to restrict the non-development and administrative expenditure and to divert maximum resources for beneficent departments and for social and economic development projects. Higher revenue surpluses have enabled them to earmark more funds for financing the capital development expenditure.

The capital expenditure of the provinces is financed both from their own resources and from loans and grants from the Central Government. The latter provide nearly 81 per cent of the Provincial developmental outlays. The capital expenditure of the Provincial Governments is also rising rapidly and contributing to the economic growth of the country.



# OVERALL BUDGETARY POSITION OF PROVINCIAL GOVERNMENTS

(Million Rupees)

Year		REVENUE				CAPITAL					
		East Pakistan		West Pakistan		East Pakistan				West Pakistan	
		Receipts	Expenditure	Receipts	Expenditure	Receipts	Expenditure		Receipts	Expenditure	
							Develop- ment	Non- Develop- ment		Develop- ment	Non- develop- ment
1947-48	..	97.5	86.7	180.5	241.0	15.1	35.0	(—) 19.9	76.4	51.6	24.8
1948-49	..	169.1	160.5	279.5	301.3	7.9	11.9	(—) 4.0	26.2	55.4	(—) 29.2
1949-50	..	144.3	178.6	299.4	307.1	133.1	35.5	97.6	225.7	141.4	84.3
1950-51	..	182.0	190.3	359.8	333.4	35.5	42.3	(—) 6.8	129.5	157.4	(—) 27.9
1951-52	..	201.6	227.5	411.5	377.0	61.9	74.4	(—) 12.5	88.4	183.7	(—) 95.3
1952-53	..	230.1	258.3	386.3	418.3	106.5	129.9	(—) 23.4	203.3	234.7	(—) 31.4
1953-54	..	230.3	260.2	425.0	404.6	133.4	115.6	17.8	439.4	318.7	120.7
1954-55	..	244.2	284.7	475.2	437.5	72.2	67.1	5.1	297.7	301.6	(—) 3.9
1955-56	..	288.3	285.1	510.6	476.6	79.1	62.4	16.7	125.1	233.7	(—) 108.6
1956-57	..	303.8	338.5	608.8	561.4	195.2	157.3	37.9	203.1	248.9	(—) 45.4
1957-58	..	314.1	276.3	602.2	681.9	328.1	250.0	78.1	405.6	382.9	22.7
1958-59	..	521.1	504.9	853.2	878.0	237.2	277.0	(—) 39.8	573.4	500.5	72.9
1959-60	..	397.9	378.9	773.9	694.4	235.8	238.7	(—) 2.9	458.7	423.8	34.9
1960-61 (R.E.)	..	560.8	495.5	844.1	677.3	592.1	397.7	194.4	509.7	490.5	19.2
1961-62 (B.E.)	..	580.6	512.9	853.8	727.7	397.0	539.1	(—) 212.1	545.1	572.9	(—) 27.8

## RAILWAY BUDGET

At the time of Independence, it was decided to merge the Pakistan Railways' finances with the general finances of the country. The main reason for this decision was that in the immediate post-Independence period, the Central Government were not in a position to maintain a separate budget for the Railways with confidence. Reliable figures of actual and approximate expenditure and receipts were not available, and the future of the operations of the Railways was uncertain. Although Railway finances were merged with the general finances, the accounts of the Railways continued to be maintained on a commercial basis.

The total annual surpluses of the Railways were credited to the general revenues. These were paid in addition to the interest which

the Railways were required to pay on the capital invested. With effect from fiscal year 1961-62, the Railway finances have been separated from the general finances. This arrangement is subject to review after 5 years. Under the new arrangement, the contribution of the Railways to the general revenues has been fixed at 4 per cent of the investment made in the Railways. In addition, they would pay the interest charges on all foreign loans obtained for them and would also be responsible for repayment of foreign loans required for rehabilitation and replacement of their assets. As a result of the new policy, it is expected that the Railways would be able to strengthen their financial position and function effectively as a commercial organisation.



# BUDGET OF THE RAILWAYS

## REVENUE ACCOUNTS

(Million Rupees)

Particulars	Budget Estimates 1960-61	Revised Estimates 1960-61	Budget Estimate 1961-62
I. Total Revenue Receipts	661.7	672.8	706.1
II. Total Revenue Expenditure	551.2	557.4	618.7
Surplus	110.5	115.4	87.4

### Distribution

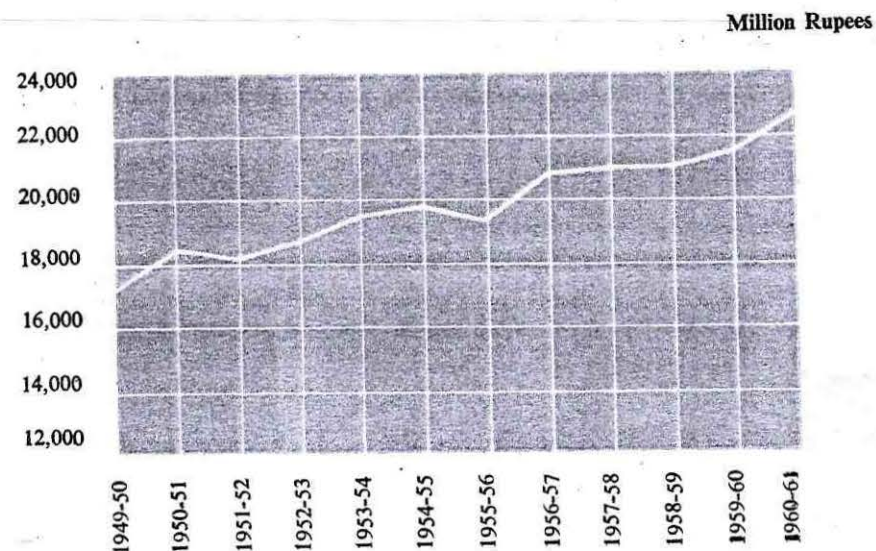
(a) Contribution to General Revenues	50.2	50.2	72.4
(b) Ad-hoc Appropriation to the De- preciation Revenue Fund.	60.3	65.2	—
(c) Appropriation to the Railway Re- serve Fund.	—	—	15.0

### Expenditure not met from Revenue

I. New construction	9.9	11.1	20.2
II. Open Line Works:—			
(a) Rolling Stock	85.1	85.1	189.5
(b) Other	113.0	107.5	136.3
Total:	208.0	203.7	346.0



## NATIONAL INCOME OF PAKISTAN



The national income and the per capita income of Pakistan are one of the lowests in the world. Agriculture is the most important contributing sector. At the same time the development of agriculture in Pakistan has been extremely slow, retarding the increase in the national income. Also agriculture is losing ground, although slowly, to other economic sectors.

Commercial and industrial sectors are gaining ground, although

the developments of these sectors have not been very rapid. There has been no increase in the per capita income of the country due to rapid increase in population and slow rate of economic growth as would be seen from the table on the opposite page. However, the developments during the last few years promise some good results in the near future, particularly at the end of the Second Five Year Plan period.

# NATIONAL INCOME OF PAKISTAN AT CONSTANT PRICES (BY INDUSTRIAL ORIGIN) 1949-50 TO 1960-61

(Prices Average of 1949-50 & 1952-53)

(Million Rupees)

SECTORS	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60	1960-61
Agriculture ..	10,462	10,824	10,495	10,945	11,663	11,630	11,225	12,122	11,954	11,735	12,324	12,551
Major Crops ..	6,326	6,584	6,122	6,379	6,951	6,782	6,377	7,274	7,106	6,887	7,476	7,703
Minor Crops ..	1,154	1,154	1,160	1,274	1,425	1,425	1,425	1,425	1,425	1,425	1,425	1,425
Livestocks ..	2,273	2,323	2,369	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415	2,415
Fisheries ..	676	730	811	844	839	975	975	975	975	975	975	975
Forestry ..	33	33	33	33	33	33	33	33	33	33	33	33
Mining ..	23	26	30	34	36	39	43	46	51	52	57	66
Manufacturing ..	1,191	1,279	1,376	1,505	1,759	1,935	2,208	2,374	2,473	2,585	2,783	3,010
Large Scale ..	250	313	391	500	734	890	1,142	1,286	1,362	1,451	1,626	1,829
Small Scale (b) ..	941	966	985	1,005	1,025	1,045	1,066	1,088	1,111	1,134	1,157	1,181
Government ..	808	858	1,048	1,032	1,052	1,049	1,130	1,164	1,318	1,463	1,362	1,342
Banking and Insurance ..	43	51	58	68	69	71	75	79	100	104	129	145
Transport and Communication (b) ..	442	504	513	519	534	538	565	584	611	646	665	688
Services (1) (b) ..	1,473	1,543	1,573	1,605	1,637	1,668	1,702	1,736	1,771	1,806	1,841	1,878
Rental Income (b) ..	1,005	1,036	1,044	1,065	1,086	1,108	1,130	1,152	1,175	1,200	1,222	1,247
Wholesale and Retail trade (b) ..	1,607	1,669	1,638	1,718	1,852	1,872	1,854	2,001	1,992	1,978	2,119	2,149
Indirect Taxes on Exports ..	182	356	286	292	288	235	287	220	178	182	191	165
Factor Income Payments ..	(-) 10	(-) 9	(-) 8	(-) 14	..	(-) 9	(-) 26	(-) 12	0.8	(-) 10	(-) 18	(-) 18
Effects of Terms of Trade ..	12	187	99	(-) 301	(-) 526	(-) 278	(-) 637	(-) 612	(-) 528	(-) 701	(-) 982	(-) 617
<b>Total National Income</b>	<b>17,238</b>	<b>18,324</b>	<b>18,152</b>	<b>18,468</b>	<b>19,450</b>	<b>19,850</b>	<b>19,556</b>	<b>20,854</b>	<b>21,087</b>	<b>21,040</b>	<b>21,693</b>	<b>22,606</b>
Population (in '000) (a)	74,250	75,040	77,861	80,089	81,571	83,074	84,510	85,964	87,584	89,261	90,997	92,793
Per Capita Income ..	232	244	233	231	238	239	231	243	241	236	238	244

NOTE:—ESTIMATES are provisional and based on year April to March. Income from Minor Crops, Livestock, Fisheries, Forestry has been repeated from previous years.

(i) Includes construction.

(a) Population figures are those worked out by the planning Commission on the basis of preliminary results of 1961 population Census.

(b) The estimates have been revised on the basis of new rate of population growth.



# PLANNING

## IMPORTANT OBJECTIVES OF THE PLAN

The Principal goals of the Second Five-Year Plan are:



To increase national income by 24 per cent. After allowing for the increase in population, this will mean 13 per cent. increase in the per capita income.



To increase the production of foodgrains by over 20 per cent. This will make the country self-sufficient in food by the end of the Plan-period.



To increase industrial fuel and mineral production by about 50 per cent.

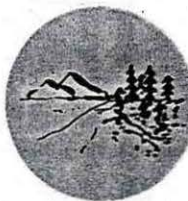


To improve the balance of payments position by about Rs. 450 million. At the same time, the level of imports of industrial raw materials and spare parts of machinery will be substantially increased.





To achieve substantial progress towards the target of 3 million new job opportunities.



To accelerate the economic growth of relatively less-developed areas in East and West Pakistan.



To reorientate and expand educational, health and social welfare facilities.



To increase housing facilities, particularly for lower-income-groups.

## SIZE OF THE PLAN

After taking into account the objectives and strategy of the plan, the availability of resources and the problems of technical and administrative feasibility, the Second Plan, as revised, is estimated to cost Rs. 23,000 million. Of this amount, Rs. 12,400 million will be in the public sector, Rs. 3,800 million in the semi-public sector and Rs. 6,800 million in the private sector. The breakdown of the Plan expenditure by major sectors is shown in the table on the opposite page.

Allocations in the Revised Second Plan over the actual expenditure under the First Plan are substantially higher in absolute terms; but the relative share of various sectors have changed according to the needs of the country. The share of agriculture has increased from 11 per cent to 15 per cent, that of water and power from 17 per cent to 19 per cent and of education and training from 3 per cent to 5 per cent. On the contrary, the share of industry including fuels and minerals has been reduced from 31 per cent to 27 per cent and of housing and settlement sectors from 19 per cent to 15 per cent. The relative shares of the other sectors are about the same as in the First Plan.

A comparison of the First and Second Plan expenditures is given below:—

(Million Rupees)

Sectors				First Plan (actual expenditure)	Revised Second Plan (proposed expenditure)
(In 1960-61 prices)					
Agriculture	..	..	..	1,440	3,420
Water and Power	..	..	..	2,300	4,390
Industry, Fuels and Minerals	..	..	..	4,100	6,120
Transport and Communications	..	..	..	2,280	4,050
Housing and Settlements	..	..	..	2,580	3,410
Education and Training	..	..	..	410	1,050
Health	..	..	..	140	420
Manpower and Social Welfare	..	..	..	50	140
Total				13,300	23,000



## SIZE OF THE PLAN

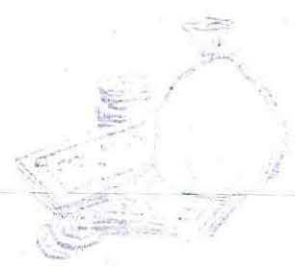
### Revised Second Plan Allocations in the Three Sectors Under Major Heads

(Million Rupees)

	Public Sector.	Semi-Public Sector.	Private Sector.	Total
Agriculture	2,520	—	900	3,420
Water and Power	4,140	190	60	4,390
Industry	100	1,940	3,080	5,120
Fuel and Minerals	180	270	550	1,000
Transport & Communications	2,610	530	910	4,050
Housing & Settlements	1,410	870	1,130	3,410
Education & Training	950	—	100	1,050
Health	370	—	50	420
Manpower & Social Services (a)	120	—	20	140
Village AID (a)	—	—	—	—
<b>TOTAL:</b>	<b>12,400</b>	<b>3,800</b>	<b>6,800</b>	<b>23,000</b>

(a) Minor re-adjustments have lately been made in various sectors within the framework of the plan. The minor changes are in 'Social Services' which has been made a separate sector and allocated Rs. 100 million while Manpower and Employment (instead of V-Aid) has been allocated Rs. 35 million.





## FINANCING OF THE PLAN

The resources required for development expenditure under the Plan, as mentioned earlier, are estimated at Rs. 23,000 million. Of these, 14,550 million will be raised from internal sources and Rs. 8,450 million from external sources by way of foreign aid, loans and investments etc.

The average rate of savings was about 6 per cent of gross national product during the First Plan. It is estimated that the current potential rate of saving is about 7 per cent. Domestic savings amounting to Rs. 14,550 million can be mobilised if the rate of saving is increased from 7 per cent in 1960-61 to about 9 per cent in 1964-65.

The foreign aid, loans and investments required for the Plan are intended partly to meet the foreign exchange costs of the development schemes in the Plan, which are estimated at Rs. 8,450 million, and partly to serve as balance of payments support of Rs. 2,500 million for increased supplies of raw materials and spare parts needed for effective utilization of industrial capacity.

It may be pointed out that the Plan does not assume that the

resources required for its implementation will be easily forthcoming. The mobilization of these resources will require very determined efforts on the part of all concerned. Additional taxation and a higher level of savings will be needed to raise internal finance and economies in non-development expenditures will need to be rigorously enforced. The volume of foreign assistance, already considerable, will also have to be increased very substantially if the requirements of the Plan are to be adequately met.

It is the aim of the Plan to maintain financial stability in the country. It is for this reason that the Plan relies principally on orthodox means of financing, such as taxation and borrowing from the genuine savings of the people. The Plan envisages the use of deficit financing to a very limited extent. Also, it advocates a device switch-over from direct economic controls to a policy of regulation of the economy through suitable fiscal and monetary policies, and greater reliance on market mechanism.

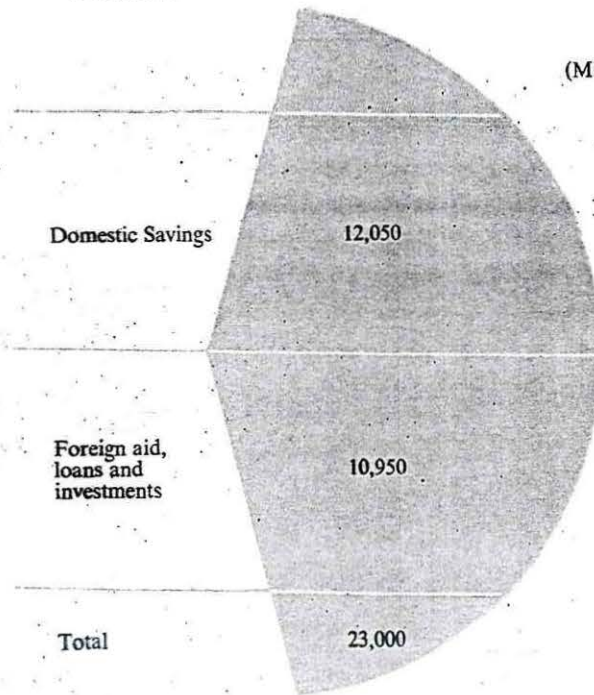
The table on the opposite page shows the sources and the allocation of expenditure in the various sectors under major heads,

## FINANCING

It is proposed to finance the Plan as follows:—

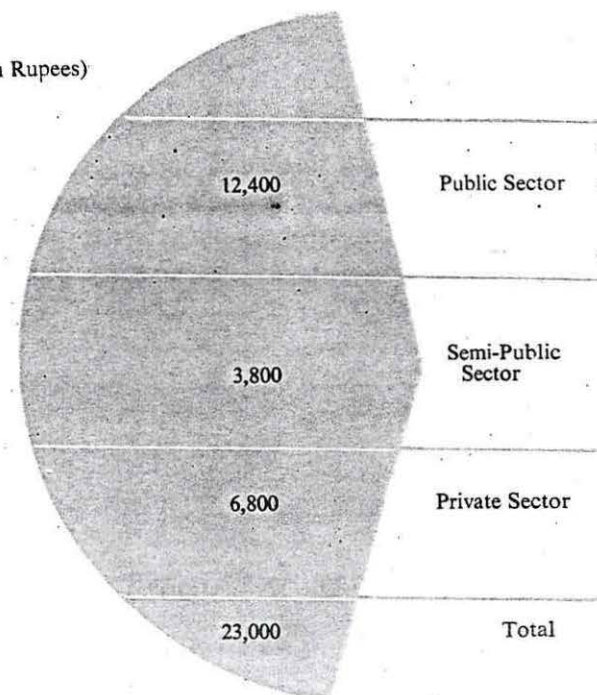
Sources and uses of resources for development.

### SOURCES



(Million Rupees)

### USES



## FINANCING OF THE PUBLIC SECTOR

The Public Sector is expected to mobilise Rs. 14,620 million of resources, including Rs. 2,220\* million to be invested in the semi-public sector.

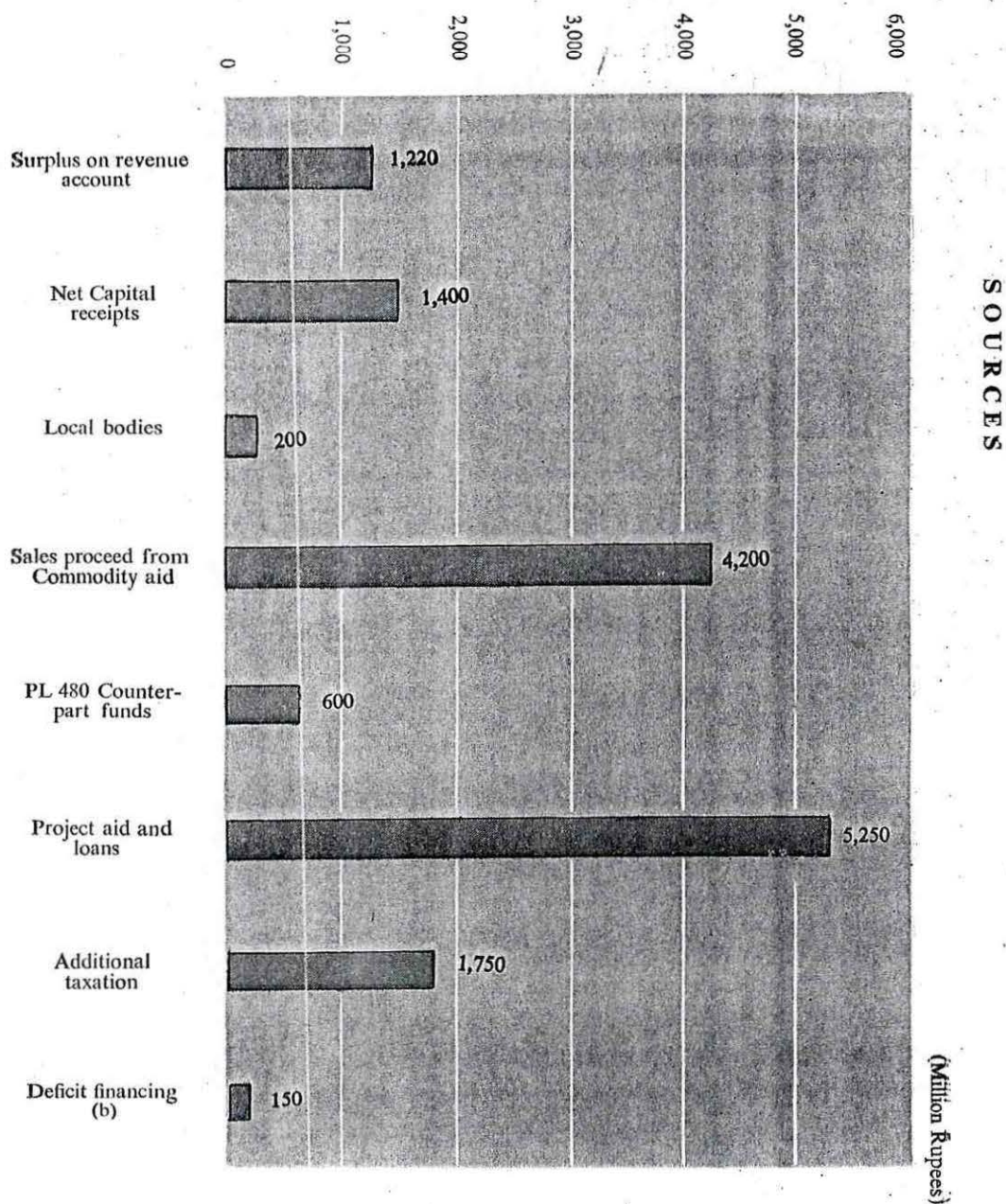
It may be mentioned that this does not include expenditure on the Indus-Basin Replacement Works which falls outside the Plan's expenditure.

It is expected that the Government will be able to mobilise Rs. 1,220 million from surplus on revenue account, after meeting all non-development revenue expenditure; Rs. 1,400 million as capital

\*Lately revised to Rs. 2,219 million

receipts and Rs. 200 million as resources of local bodies. As a result of the increase in national income, the tax revenues in 1964-65 at the present rates of taxation, are expected to be substantially higher than in 1959-60. This projection is based on past experience regarding the relationship between the growth in income in various sectors and the growth in tax revenues. The sectors from which tax revenues are mainly raised are industry and commerce and income in these sectors will increase at a rate much faster than the national average. The chart on the opposite page shows how the public sector is proposed to be financed.





TOTAL: .. (a) 14,620

- (a) Of this Rs. 2,220 million would be invested by the Government in the semi-public sector.
- (b) Deficit financing will not be resorted to now.

## SEMI-PUBLIC SECTOR

A new classification—the Semi-Public Sector—has been introduced in the Second Plan.

The semi-public sector consists of government-sponsored corporations which draw their finances both from the public and private sectors. The decision-making power of the corporations rests with a board of directors representing the Government and the private enterprise. These corporations have been set up to supplement and encourage private enterprise, not to replace it. The

criteria guiding their policy are much broader than considerations of private profitability; but this does not mean that the corporations should not run on commercial lines.

It is estimated that the corporations will undertake a total investment programme of Rs. 3,800\* million. Of this, the Government is expected to contribute Rs. 2,220 million through loans and grants, while the private investment will be Rs. 1,580 millions.

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\*This has since been revised to Rs. 3,794 million and consequential adjustment in government and private sector contribution.

# FINANCING OF THE SEMI-PUBLIC SECTOR\*

(Million Rupees)

Field of Development	Government Contribution.	Private Contribution.	Total
Water & Power	—	190	190
Industry	1,360	580	1,940
Fuels & Minerals	270	—	270
Transport and Communications	110	420	530
Housing and Settlements	480	390	870
	2,220	1,580	3,800

\*Total allocation has lately been revised from Rs. 3,800 million to Rs. 3,794 million with consequential adjustment in various sectors.



## PRIVATE SECTOR

An investment of Rs. 8,380 million is expected by the Private Sector during the Plan-period. This includes the amount of Rs. 1,580\* million to be invested by the Private Sector in the Semi-Public Sector. Of Rs. 8,380 million, Rs. 2,200 million is expected to be available through foreign aid, loans and investments. The balance of Rs. 6,180 million will be raised through the self-financing of public corporations and private sector and through borrowings from the banking system and the stock exchange. A provision has been made for the private sector to borrow up to Rs. 2,000 million from the banking system over the Plan period. The stock exchange are expected to help in mobilising at least Rs. 500 million of domestic capital. It should not be difficult to mobilise the balance of domestic savings in the private sector in view of the considerable expansion in the size of the industrial sector which is being projected and the past tradition of this sector of reinvesting 75 per cent to 80 per cent of its profits.

Self-financing operations will be the most important means of financing the requirements of the private sector. The growth of the industrial sector is expected to lead to a cumulative process of self-

financing. The average tax incidence on industry is not very high either. The combined incidence of income tax, sales tax and excise duties does not come to more than 30 per cent on an average, because of the liberal depreciation allowances and tax concessions enjoyed by industry. The wage bill is also a relatively small part of the total value added in industry, being less than 40 per cent. This means that a significant share of total value added accrues to the industrialist for distribution as well as for further re-investment. The Plan also proposes to strengthen incentives for re-investment of profits.

A substantial amount of self-financing will be needed for private housing and road transport. In the case of private housing, it is expected that rationalization of existing rates of taxation on property, removal of rent controls on new construction, special tax incentives for low-cost housing, and increasing supplies of key construction materials will bring forth substantial savings, usually earmarked by individuals for owning their houses. The road transport programme contains a large element of replacement and it should be possible to finance it out of the accumulated replacement funds as well as from the profits being made by private operators in this field.

\*This figure has since been revised to Rs. 1575 crores.  
Slight adjustments will have to be made.

## PRIVATE SECTOR

(Million Rupees)

SECTOR	Plan Allocation.
Agriculture	900
Water & Power	60
Industry	3,080
Fuel & Minerals	550
Transport & Communications	910
Housing & Settlements	1,130
Education and Training	400
Health	50
Manpower & Social Welfare	20
TOTAL:	6,800



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## PHYSICAL TARGETS

### Agriculture

The highest priority is attached to increasing agricultural production. It is stipulated that the present gap in food supply should be closed and foodgrains production raised to the level of self-sufficiency. This will require a major effort. Effective agricultural programmes and administrative policies to execute them will have to be devised and increased provision and utilization of fertilizers, pesticides and other aids to agriculture resorted to. An overall increase of 14 per cent in agricultural output is projected. Wheat production is expected to rise from 3.7 million tons to 4.3 million tons and that of rice from 8.3 million tons to 10.2 million tons by the end of the Plan Period. Jute and Cotton are projected to increase from 6 million bales and 1.7 million bales to 7.3 and 2.3 million bales over the Plan Period.

### Industry

A substantial increase is proposed in industrial production.

The increase in industrial, fuel and mining sector is projected to go up by 50 per cent. Provision is made for optimum utilization of existing capacity and substantial additional investment for balancing and modernization in this sector. New capacity is to be established where it demonstrably and substantially earns or saves foreign exchange or is based in the main on the use of indigenous raw materials. Basic industries are to be encouraged where economically feasible. Special emphasis is placed on the development of small scale industries, both because of their intrinsic merits and because of their employment potential. In particular, those major industries are to be encouraged which stimulate agricultural development or which support small scale industries. Private investment in industry is to be given maximum encouragement. *(Please see chart on page 117)*

### Water & Power

Increases in agricultural and industrial production will require further development of water and power resources, transportation,

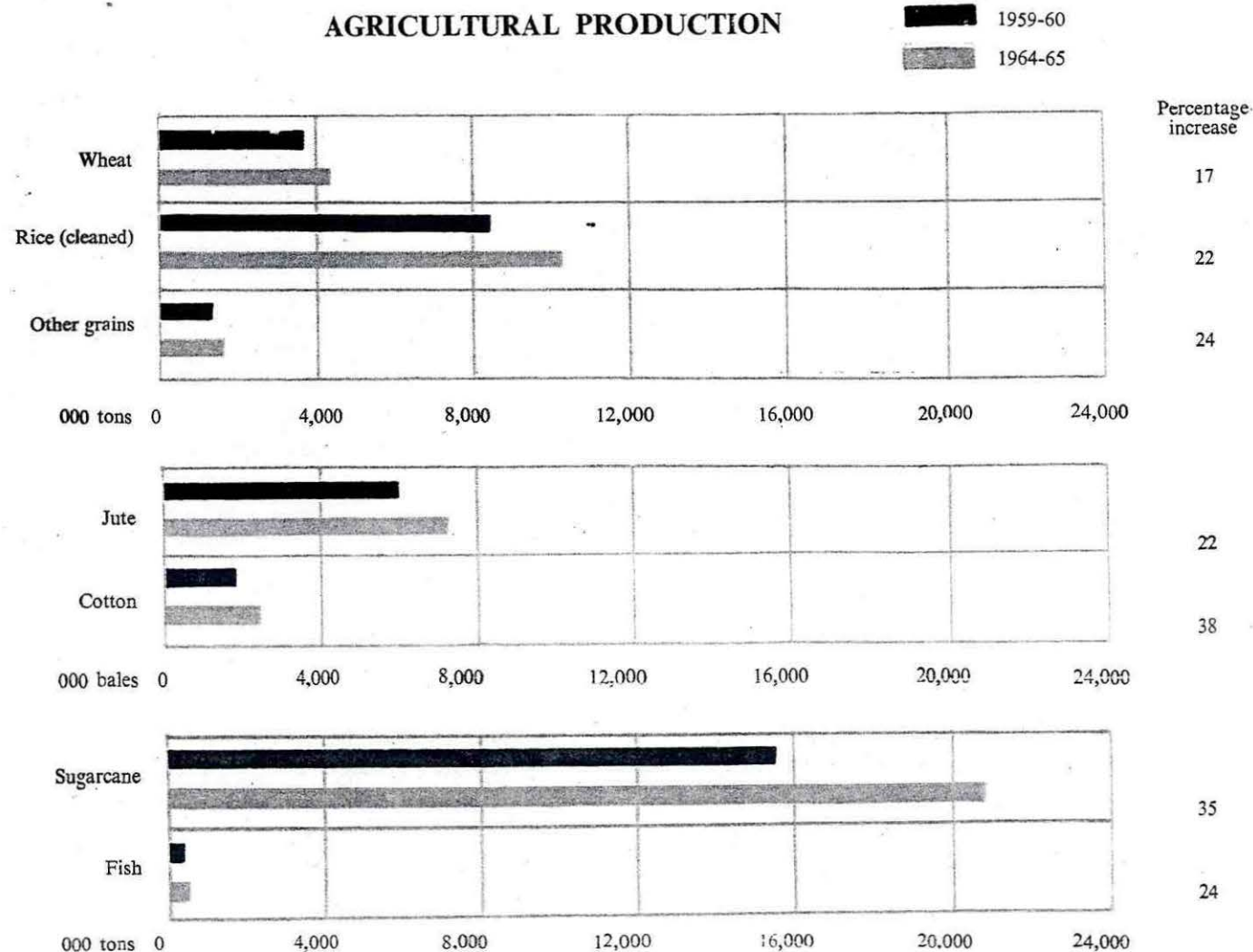


and communications. In particular, it is necessary that transport keep abreast of increasing development requirements. Large investments will be needed for the rapid completion of on-going projects as well as for undertaking selected new schemes. The plan aims at ensuring that deficiencies in these basic services do not retard achieve-

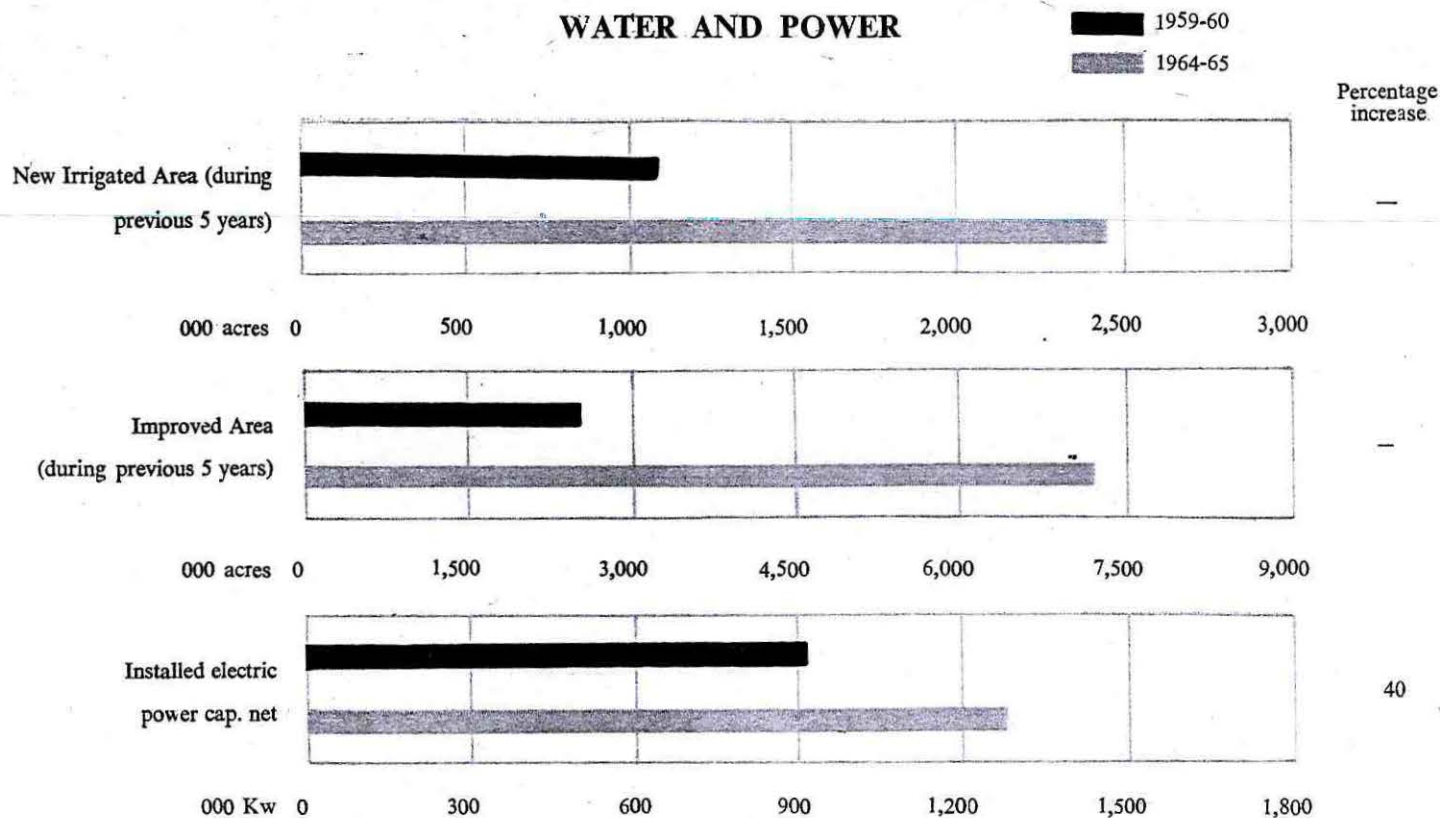
ment of production and income targets. - Installed power capacity is expected to rise from 0.9 million K. W. to 1.3 million K. W. (Please see chart on page 116)

#### Foreign Exchange Earnings

The Plan aims at narrowing the present gap between foreign



## WATER AND POWER



exchange earnings and the essential non-development import requirements of the country. The attainment of this objective will require much effort. In particular, agricultural and industrial output will have to be stepped up with a view to increasing the production of exportable goods and of import substitutes. Improvement in the

balance of payments position has been the principal consideration in determining the various production targets set in the Plan.

The Plan endeavours to accelerate economic growth of relatively less developed areas in East and West Pakistan. Special attention is given to the creation of the economic and social overheads which are

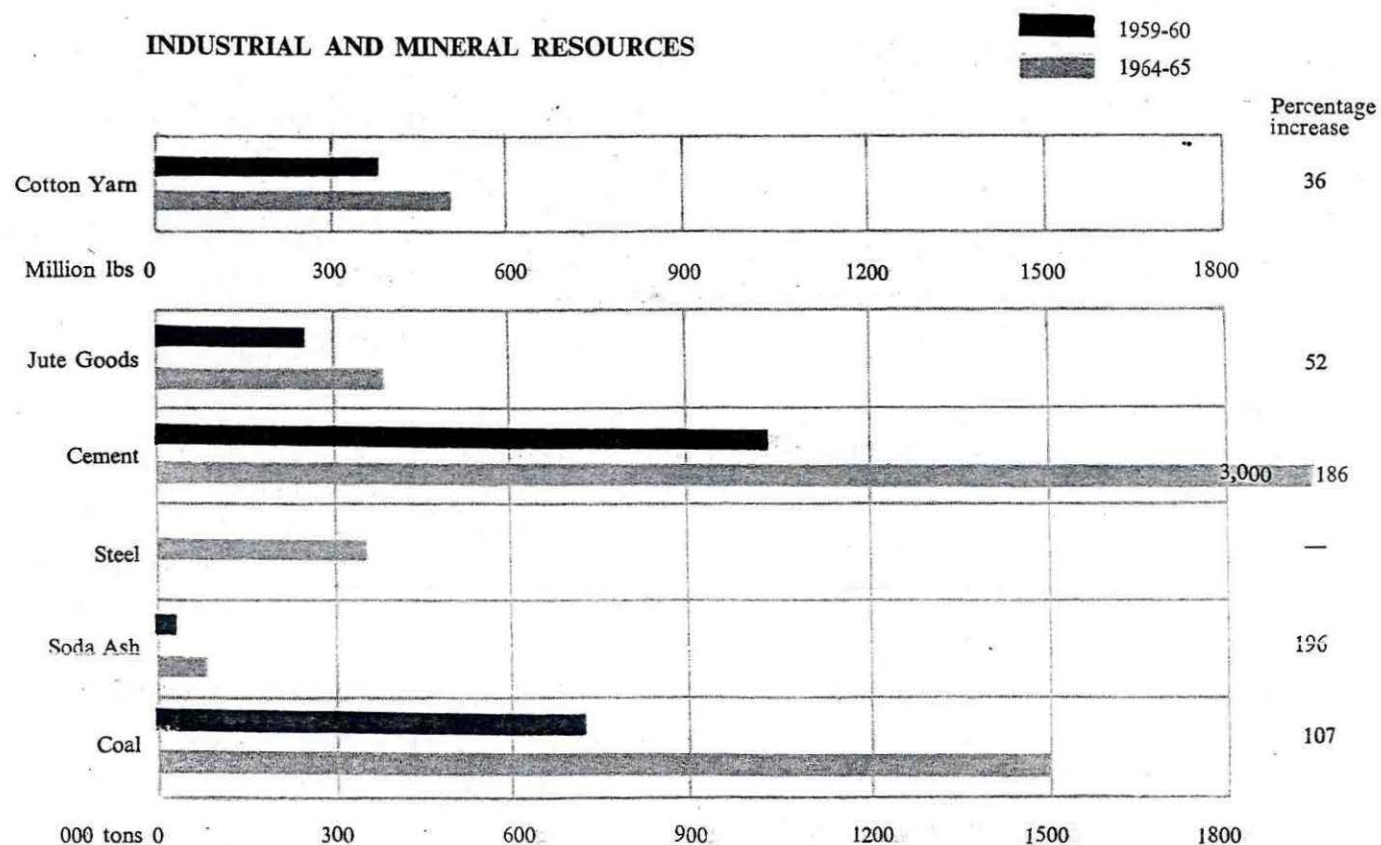
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a precondition for development, and appreciable increase is planned in the per capita income of the less developed areas.

### Education

The development of human resources suffered much neglect

during the first plan period. Measures are suggested in the Second Plan to make up some of the deficiencies. Education is accorded high priority. Institutional facilities are to be expanded and emphasis laid on technical and vocational education, particularly to



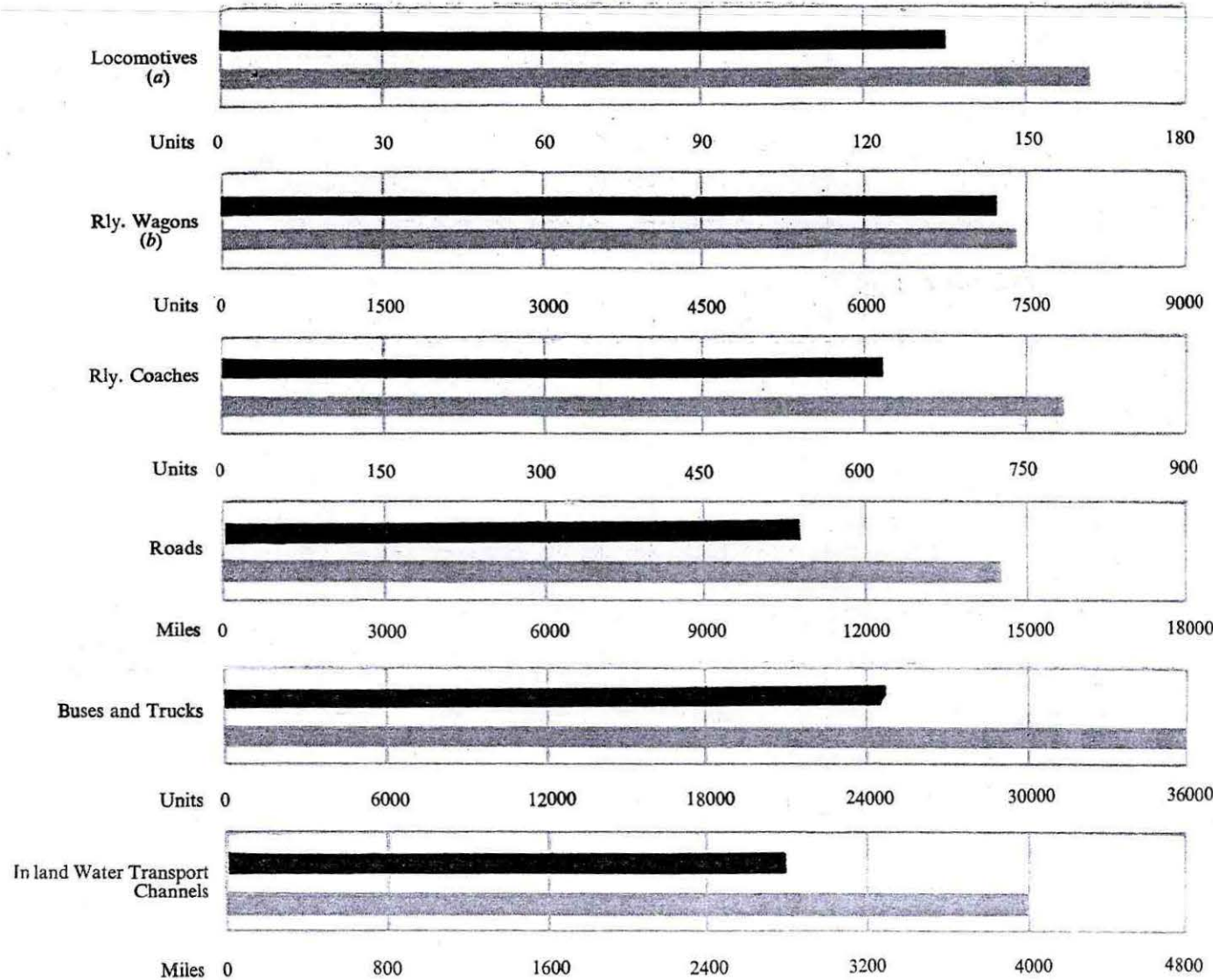


# TRANSPORT

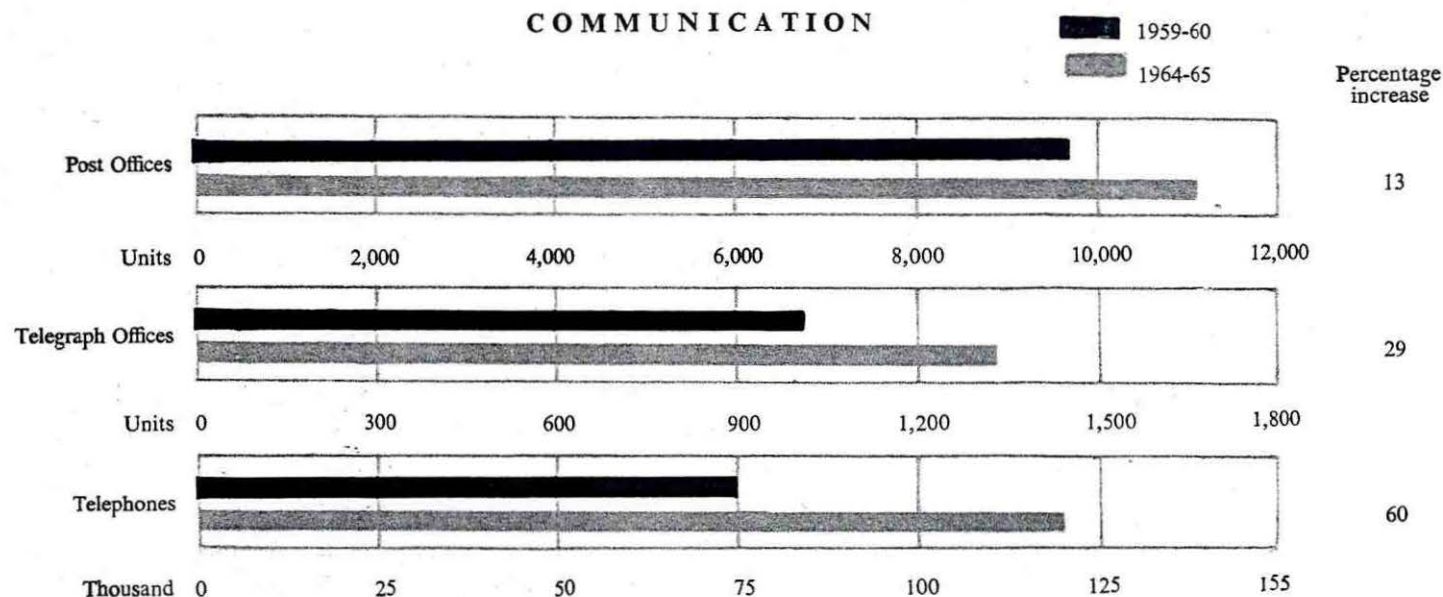
Railway rolling stock (acquired during previous 5 years):

1959-60  
1960-64

Percentage increase



(a) The Target Figure has since been revised to 202  
(b) Target since revised to 12,708



11904

meet the requirements of the Plan.

#### **Transport and Communications**

This sector has been accorded high priority in the plan as on its development depends the progress of other sectors. (please see pages 118 and 119)

A nationally coordinated programme for the training and use of manpower is to be undertaken. Health and social service facilities are to be reorganized and expanded. Consideration is also given

to the improvement in the living and working conditions of the workers and to the provision of a measure of social security for them. Housing facilities, particularly for lower-income groups, are to be extended, although it will not be possible to eliminate the housing shortage in the near future. Finally, provision is made in the Plan for organizing a programme of family planning as hitherto, the fruits of economic development have been almost completely absorbed in maintaining an increasing population.



Ferozsons, Karachi.



