

Chapter = 07

Economic Planning and Development

SHORT ANSWERS:



- Economic Planning in Pakistan
- Fifth Five-Year Plan (1978-1983)
- Sixth Five-Year Plan (1983-1988)
- Seventh Five-Year Plan (1988-1993)
- Eighth Five-Year Plan (1993-1998)
- Agriculture of Pakistan
- Problems in Agriculture
- Major Crops of Pakistan
- Industrial Development in Pakistan
- Differences between Rural and Urban Society

DESCRIPTIVE ANSWERS:

- Agriculture of Pakistan
- Industrial Development of Pakistan
- Education in Pakistan



MCA's



1. Quaid-e-Azam inaugurated the State Bank of Pakistan in:
 - ☆ 1947
 - ☆ 1948
 - ☆ 1949
2. The Government of Pakistan enforced Zakat system in:
 - ☆ 1982
 - ☆ 1981
 - ☆ 1980
3. The last census in Pakistan took place in:
 - ☆ 1997
 - ☆ 1998
 - ☆ 1999
4. Pakistan's population lives in rural areas is:
 - ☆ 80%
 - ☆ 70%
 - ☆ 90%
5. The name of the national airways is:
 - ☆ PIA
 - ☆ Air Blue
 - ☆ Shaheen Air
6. Pakistan had its first atomic nuclear explosion on 28th May in:
 - ☆ 1999
 - ☆ 1998
 - ☆ 1997
7. The major agricultural products of Pakistan are:
 - ☆ Rice, Wheat
 - ☆ Rice, Cotton
 - ☆ Wheat, Cotton
8. Pakistan Steel Mill was established with the co-operation of:
 - ☆ Iran
 - ☆ Russia
 - ☆ China
9. Taxila Heavy Mechanical complex was established with the assistance of:
 - ☆ Iran
 - ☆ Russia
 - ☆ China
10. Pakistan Steel Mill is situated far from Karachi:
 - ☆ 40 km
 - ☆ 50 km
 - ☆ 60 km
11. Pakistan is a country:
 - ☆ Developed
 - ☆ Developing
 - ☆ Under Developed
12. The first five year plan was launched in :
 - ☆ 1965
 - ☆ 1960
 - ☆ 1955
13. The duration of twenty years perspective plan was:
 - ☆ 1955-1975
 - ☆ 1965-1985
 - ☆ 1975-1995

SHORT answers



Economic planning in Pakistan

Meaning of economic planning:

There is no precise definition of economic planning which is acceptable to all economists and political thinker. **Prof. H.D. Dickinson** defines economic planning as:

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

Economic planning in Pakistan:

After independence in 1947, the economy of Pakistan was very poor. The neighbor country India did not want Pakistan to be economically stable and strong. But the government of Pakistan took up the job of establishing the institution of planning in the country.

History of Economic Planning In Pakistan:

The history of national economic planning in Pakistan is divided in the following periods:

1. Period of economic coordination (1947-53)
2. Period of planning board (1953-58)
3. Period of Planning Commission (1958-68)
4. Period of decline of Planning Commission (1968-77)
5. Period of revival of Planning Commission (1978-88)
6. Period of (1988-98)
7. Period of restructuring of economy (1999-2008)

Fifth Five-Year Plans (1978-83)

Fifth Five-Year Plans:

The Zia government accorded more importance to planning. The Fifth Five-Year Plan (1978–83) was an attempt to stabilize the economy and improve the standard of living of the poorest segment of the population. Increased defense expenditures and a flood of refugees to Pakistan after the Soviet invasion of Afghanistan in December 1979, as well as the sharp increase in international oil prices in 1979-80, drew resources away from planned investments. Nevertheless, some of the plan's goals were attained. Many of the

controls on industry were liberalized or abolished, the balance of payments deficit was kept under control, and Pakistan became self-sufficient in all basic foodstuffs with the exception of edible oils. Yet the plan failed to stimulate substantial private industrial investment and to raise significantly the expenditure on rural infrastructure development.

Sixth Five-Year Plan (1983-88)

Sixth Five-Year Plan:

The sixth five-year plans represented a significant shift toward the private sector. It was designed to tackle some of the major problems of the economy: low investment and savings ratios; low agricultural productivity; heavy reliance on imported energy; and low spending on health and education. The economy grew at the targeted average of 6.5% during the plan period and would have exceeded the target if it had not been for severe droughts in 1986 and 1987.

Seventh Five-Year Plan (1988-93)

Seventh Five-Year Plan:

The seventh plans provided for total public-sector spending of Rs350 billion. Of this total, 36.5% was designated for energy, 18% for transportation and communications, 9% for water, 8% for physical infrastructure and housing, 7% for education, 5% for industry and minerals, 4% for health, and 11% for other sectors. The plan gave much greater emphasis than before to private investment in all sectors of the economy. Total planned private investment was Rs292 billion and the private-to-public ratio of investment were expected to rise from 42:58 in FY 1988 to 48:52 in FY 1993. It was also intended that public-sector corporations finance most of their own investment programs through profits and borrowing.

In August 1991, the government established a working group on private investment for the Eighth Five-Year Plan (1993-98).

Eight Five Year Plans (1993-98)

Eight Five Year Plans:

This group, which included leading industrialists, presidents of chambers of commerce, and senior civil servants, submitted its report in late 1992. However, in early 1994, the eighth plan had not yet been announced, mainly because the successive changes of government in 1993 forced ministers to focus on short-term issues. Instead, economic policy for FY 1994 was being guided by an annual plan.

From June 2004, the Planning Commission gave a new name to the Five Year Plan - Medium Term Development Framework (MTDF). Thirty two Working Groups then produced the MTDF 2005-2010.

AGRICULTURE OF PAKISTAN

Introduction:

Pakistan is an agricultural country. More than 70 percent of its population lives in rural areas. Over 50 percent are directly engaged in farming or agro-based activities.

- Share of agriculture to GDP is 26 percent.
- In Punjab and Sindh plains are very large. There are irrigated farmlands.

Major Crops:



Two major crops are yielded in a year

(a) **RABI:** Sown in October-November and produce obtained in April-May. Important produces are Wheat, Gram, Oil seeds.

(b) **KHARIF:** Sown in May-June and produce is obtained in October-November.

Important crops are Rice, Sugar Cane, and Cotton etc.

Main crops:

Pakistan's main crops are:

- ✓ Wheat
- ✓ Rice
- ✓ Cotton
- ✓ Sugar
- ✓ Cane
- ✓ Gram
- ✓ Maize
- ✓ Mustard
- ✓ Tobacco
- ✓ Oil seeds
- ✓ Fruits and vegetables.

Land Reforms:

Land Reforms are introduced from time to time by different governments: in 1959, 1972, and 1977. The aim was to reduce land holding and to strengthen the position of tenants. It was done for improving yield per acre and poverty alleviation in agriculture field.

Agriculture and Development Plans:

- ❖ Research is done for the development of high yield seeds giving better output.
- ❖ Information and guidance is being provided to the common farmer to enjoy the fruits of the advance research in the field of agriculture.
- ❖ University education is developed in various parts of Pakistan especially in Faisalabad and Jamshoro. Emphasis is laid on modern technology in practical field.
- ❖ Communication and transportation facilities are increased.
- ❖ Government ensures the payment to the farmers for their produce immediately.

Problems in Agriculture

Agricultural Problems in Pakistan:

There are number of problems in our agriculture, for instance:

1. Outdated modes of cultivation, which cause low per acre yield.
2. Water Logging and Salinity. Attention is being given to these since mid 1960.
3. Crop diseases are big problem. Technical support is being provided by Department of Agricultural. It helped to overcome the problem. Our inputs have problem of quality, which cause low prices in market. Other handicaps are low quality seeds, costly fertilizers, non-availability of electricity or oil for tube well etc.
4. Water related problem, sometimes it is too little, but sometimes it is too much.
5. Cleaning of Canals is also necessary to provide water at the end of canal.
6. Credit facilities are also problematic.
7. Access to market is difficult.
8. Availability of reasonable price should be ensured for the welfare of the farmers and high yield of crop.

MAJOR CROPS OF PAKISTAN

Major Crops of Pakistan:

The main crops of Pakistan are classified into food crops and non-food crops. The food crops include wheat, rice, maize, coarse grains, grams and other pulses. The cash crops are cotton, sugarcane, tobacco, mustard and sesame. The total area, yield and production of each crop is now discussed under separate heads.

FOODS CROPS

(1) Wheat:

Wheat is the principal food crop of the people. It occupies an important position in farming policies. The area under wheat crop was 8494 thousand hectares and wheat output stood at **23.52** million tons and it contributed **14.4%** to value added in agriculture in **2006-07**.

(2) Rice:

Rice is the 2nd largest food crop in Pakistan. It is now a major export item accounting for **6.1%** of total export earnings over the last five years and contributes **1.2%** to GDP.

(3) Maize:

Maize is an important food grain as well raw material for edible oil production. It is also used to produce starch and poultry food mixes.

The total area under maize was **1026** thousand hectares in the year **2006-07** which has doubled since independence.

(4) Barley:

Barley is an important coarse grain crop. It is grown in dry, arid conditions. The total area under coarse grains in the year **2006-07** was **93** thousand hectares.

CASH CROPS



(1) Cotton:

Cotton is the most important cash crop of Pakistan in terms of area and value addition. It is the main foreign exchange earnings for the country with the production of **13.0** million cash return to the farmers.

(2) Sugarcane:

Sugarcane crop serves as a major raw material for production of white sugar and gur and is also a cash crop. Its share in value added in agriculture is **3.5%** and in GDP **0.7%** in **2006-07**.

(3) Tobacco:

The total area under tobacco, during the year **2006-07** was **62** thousand hectares and production **126** thousand tones.

(4) Oil Seed and Vegetable Oils:

The main crops grown for oil are rape and mustard seeds sunflowers, safflower soybeans. Total requirement of edible oil was **1.9** million tones, which **32%** was met through domestic production and remaining **68%** was imported.

INDUSTRIAL DEVELOPMENT in pakistan

Historical Overview:

In 1947 Pakistan inherited very small industrial infrastructure. Only about 4 percent of India's industry was there in areas of Pakistan. It was insufficient to meet the needs of the day-to-day life. Initially sugar mills, biscuit factories, cigarettes factories, oil mill, cement units, match factory, steel rolling, and glass work factories were set up.

Priorities set out in the early years:

1. Industry would be based on indigenous raw materials.
2. Consumer goods should be manufactured to meet the immediate needs of the people.
3. Private initiative to be encouraged.

4. The state to be involved in the process through: facilitation and help, financial help, tax incentives, protective tariffs etc. It also played direct role to set up industry.
5. Training and research facilities would be provided.
6. Industrial Development Board was formed in 1948. All Five Years Plans from 1955, 1960, 1965-70 paid greater emphasis on private sector and rapid industrialization. It added to aggregate economic growth.

DIFFERENCES BETWEEN RURAL & URBAN SOCIETY

Rural Society:

Rural society was one which has not industrialized. In general, a rural area is a geographic area that is located outside cities and towns.

Urban Society:

An urban area is a location characterized by high human population density and vast human-built features in comparison to the areas surrounding it.

DIFFERENCES BETWEEN RURAL AND URBAN SOCIETY

S. No.	Rural Society (Pre-industrial Society)	Urban Society (Industrial Society)
<u>Simplicity of Life</u>		
1.	Life in the society was very simple and reflected in the way of living, dressing, food habits, shelter and manners etc.	Life in the city is not simple but very complex and complicated.
<u>Social Status</u>		
2.	The people in the society had homogeneity and thus enjoyed more or less the same social status.	The people in the city belong to different castes, creeds, religions and cultures, thus do not enjoy the same social status.
<u>Occupational Mobility</u>		
3.	In the rural society there was very little scope for occupational mobility.	In cities there are many occupations, so occupational mobility is as well as frequent.
<u>Role of Family</u>		
4.	Here the family played a very significant and predominant role. Its hold was very strong.	In the cities hold of families is not strong, and many functions which the families used to perform have been taken away by other institutions and associations.
<u>Adaptability</u>		
5.	In villages there is no fast change and as such no necessity for social adaptability.	In the cities there must be fast mobility and adaptability to suit ever changing fast life.

<u>Culture</u>	
6.	In the rural society culture was very deep-rooted. Everyone loved culture and cultural heritage above everything else.
	
<u>Division of Labour</u>	
7.	In a rural society there is no division of labour.
	In an urban community there is always division of labour and specialization in job allotment.
<u>Woman's Status</u>	
8.	Rural society did not give due and proper respect to the womenfolk.
	In urban communities women enjoys comparatively high social status.
<u>Materialization</u>	
9.	In this society people loved nature and natural bounties. They were religious minded and afraid of gods and goddesses.
	In cities, people have no time to stand and gaze at the nature. They are not religious minded but more materialistic.
<u>Employment</u>	
10.	There were very few chances of providing employment and incentives to the unemployed by the society.
	The cities provide a lot of chances of both incentive and employment to the people.



DESCRIPTIVE answers



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INDUSTRIAL DEVELOPMENT in Pakistan

Importance:

Industrialization is the key to economic development and overall prosperity. Without it no economy can grow. It is the backbone of a strong and stable economy. It is the basis of modernization and development of the state.

Industrialization helps the international standing of a state. Industry and technology go together. It enhances trade and save foreign exchange. Industrialization brings self-reliance for a nation.

It is also important for agriculture. Agriculture provides raw materials and so input for industry and output is the finished goods.

Industrialization improves the quality of life, help in Poverty reduction, and provide employment facilities.

Industrialization has close relevance with the defence and security of the country.

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Institutional Arrangements:

- Pakistan Industrial Development Corporation (PIDC) was established under a law in 1950. It encouraged the setting up of industry that was less attractive for the private sector. Initially 15 industries were identified.
- Industrial Development Bank of Pakistan (IDBP) was set up in 1961. It provided loan facilities for industrial projects at concessional rates to middle and small investors.
- PICIC: Pak Industrial Credit & Investment Corporation was established to give loans and credit facilities, including foreign exchange facility, for setting up industry. It also launched investment schemes.
- Investment Promotion Bureau, 1959 was formed for the promotion of domestic and foreign investment and to provide advice and guidance to investors and provision of necessary help to them.
- Other institutions like ICP, NDFC, and NIT were established.
- External financial and technical support was provided both bilateral and multilateral by World Bank, IMF, and Colombo Plan etc.

Nationalization of the Seventies:

New democratic government of PPP after assuming power adopted the policy of nationalization.

Ten basic industries were nationalized. Later some others were also taken over to have a greater state role. Initial euphoria ended and industrial output suffered. It also caused flight of capital from the country.

Since the early 1990s:

The policy of the governments in 1990s changed. Since 1990s all the governments including that of PPP followed the policy of denationalization and privatization. They are promoting free economy, foreign investment, non-governmental initiatives, Foreign Direct Investment (FDI) and investment from Pakistanis settled outside the country.

Major Industries:

- **Textiles:** It is major industry based on agriculture; heavy textile industry

caters to domestic and external market. Major Centers are Faisalabad, Multan, Lahore and Karachi. Woolen Cloth is manufactured in Karachi, Lawrencepur, Harnai, Quaidabad, Multan and Bannu.

- **Sugar:** Pakistan has made tremendous progress in this industry. It is a food item; agro based industry, located in Sindh, Punjab and Sindh.
- **Cement:** This industry has gone through major expansion. Over 20 factories are established in the public and private sectors which cater to Pakistani needs. Still it is imported in limited quantity. Most of the sites are in Dandot, Daud Khel, Wah, Rori and Karachi.
- **Vegetable Ghee:** Cooking oil is a major food item. There is much expansion over the years both in private and public sectors. Now we are self sufficient, although some raw material for making cooking oil is imported. About 60 units are in Sindh, Punjab and NWFP.
- **Iron and Steel:** Steel Mill near Karachi was set up with the help of the former Soviet Union. The major problem was that of raw material. The iron ore found in Pakistan is very poor in quality. Steel rolling units and iron related factories exist in different parts of Pakistan.
- **Paper:** Major paper industry was in East Pakistan, which was lost in 1971. We had to face shortage of locally made paper after 1971. Now this industry is located in Noshera, Charsada, Gujranwala, Lahore, and Gharo. Some quality paper has to be imported.
- **Machine, tools:** Heavy Mechanical Complex (HMC) Taxila serve this purpose. HMC was set up with Chinese cooperation. Machinery, industrial equipment, engineering goods, engines, machinery for sugar, cement, and fertilizer industry is prepared here.
- **Defence Industry:** Wah Ordnance Complex is established for weapons and armaments. HMC is making Tank Rebuild Factory. Kamara Aircraft Rebuild factory overhaul F-6 and Mirage. It is also manufacturing Maashak, K-8.

Other Important Industry:

Fertilizer, Tobacco and cigarettes, Oil Refineries, Cars and Tractors production, Shipbuilding: Karachi Shipyard, Ship breaking.

Cottage Industry:

Industries established on small scale, involving a household or small number of people, use of limited resources, having less investment are called small or cottage industries e.g., Carpets, sports goods, toys, power or handlooms, handicraft etc.

Future Directions:

There is no escape from industrialization. It is a must for prosperity and

Privatization and Foreign investment need appropriate conditions: political and economic stability, infrastructure, less bottle necks, corruption issue, low interest loans and state support and above all security of investment.

Education in Pakistan

Education the basic need

Education is the light of the life. Education proves to one of the most important factors for the development of human civilization. Education enhances human status and leads everyone to propriety.

Object of Education:

Robert Maynard Hutchins describes it as “The object of education is to prepare the young to educate themselves throughout their lives.” We should give our youth the way to educate themselves. Edward Everett said that “Education is a better safeguard of liberty than a standing army.”

Education System in Pakistan:

The education system of Pakistan consists of junior to higher education. The duration of compulsory education is from age 5 to 15.

Primary:

- Type of school providing this education: Primary School
- Length of program in years: 5
- Age level from: 5 to 10

Middle:

- Type of school providing this education: Middle School
- Length of program in years: 3
- Age level from: 10 to: 13

Secondary:

- Type of school providing this education: Secondary School
- Length of program in years: 2
- Age level from: 13 to: 15

Secondary School Certificate or Matriculation:

Secondary education is divided into three cycles. Students are given certificates after they pass Secondary or Matriculation Examination. They may then study for specializing in Science or Arts. After that, they take the examinations for the Intermediate Certificate or Higher Secondary School Certificate.

Technical Secondary:

- Type of school providing this education: Technical Secondary School
- Length of program in years: 2
- Age level from: 15 to: 17
- Certificate/diploma awarded: Secondary School Certificate (in Technical Subjects)

Higher Secondary:

- Type of school providing this education: Intermediate Colleges
- Length of program in years: 2
- Age level from: 15 to: 17
- Certificate/diploma awarded: Intermediate Certificate or Higher Secondary School Certificate.

Higher Education:

Universities and professional universities provide higher education. Universities are autonomous organizations founded by the central or provincial parliament. The senate, the syndicate and the academic council are the main university bodies responsible for matters concerning studies. The University Grants Commission serves as a clearing house for development schemes of the universities; provides support to centers of excellence, area study centers and Pakistan study centers; supports research fellowships and research programs; and organizes pre-service and in-service training of university teachers.

