PC-AAA-980

GOVERNMENT OF PAKISTAN
PLANNING COMMISSION
PROPOSALS

7th Five Year Plan 1988-93 And Perspective Plan 1988-2003

LIST OF CHAPTERS

FOREWORD ..... (iii)

PART I: NATIONAL OBJECTIVES

1. National Objectives 1

PART II: SECOND PERSPECTIVE PLAN (1988–2003)

2. Long-term Economic Perspective 13
3. Achieving Self Reliance 25
4. Improving the Distribution of Economic Benefits 43

PART III: SEVENTH FIVE YEAR PLAN (1988–93)
A – ECONOMIC PERSPECTIVE

5. Objectives and Strategy of the Seventh Plan 67
6. Plan Size and Investment Priorities 91
7. Public Finances and Money and Credit 105
8. Trade and External Financing 123
9. The Private Sector 159

B – SECTORAL PROGRAMMES

10. Rural Development 179
11. Regional Development and SDP 203
12. Women's Development: A National Imperative 217
13. Culture, Sports, Tourism and Youth Affairs 229

C – HUMAN RESOURCES

14. Manpower and Employment 253
15. Population Welfare 271
16. Health and Nutrition 303
17. Education and Training 341
18. Social Welfare 373

D – ENERGY, WATER AND INFRASTRUCTURE

19. Energy 389
20. Irrigation and Drainage 467
21. Transport and Communications 491
22. Mass Media 551

E – COMMODITIES AND SERVICES

23. Agriculture 565
24. Minerals 611
25. Manufacturing 627
26. Physical Planning and Housing 651

F – SPECIAL TOPICS

27. Science and Technology 677
28. Development of Social and Economic Statistics 693
29. Plan Implementation 703

F O R E W O R D

The Highlights of the Draft Seventh Plan were released by the Planning Commission on March 9, 1988. This document constitutes the detailed proposals of the Planning Commission for the Seventh Five Year Plan. The Chapters included are in a preliminary draft form and will undergo revisions in the light of discussions with the Federal Ministries, Provincial Governments and professional and trade bodies. The following chapters are also proposed to be added:

i) Sixth Five Year Plan: Successes and Failures.

ii) Poverty Alleviation Strategy.

iii) National Consumption Plan.

iv) New Initiatives for Further Deregulation of the Economy.

v) Baluchistan's Accelerated Development.

These draft proposals are being circulated to elicit public opinion.

CHAPTER-1

NATIONAL OBJECTIVES

In the last four decades, ever since the birth of Pakistan, economic development of the country has been to ensure two main objectives at the minimum: securing the national survival, and attending to the day to day tasks of providing basic social necessities. In the process, a structure of production and distribution has evolved. This structure has been only indirectly responding to the higher aspirations of the people.

2. Now that the economic foundations of Pakistan are firmly established, it is time to demonstrate a larger social vision, and to attune the social and economic policies to this vision. Presently we are quite far from the realization of that vision. This is largely because of the obvious difficulties in reaching an agreed view of common objectives between a strong and wealthy elite and the relatively poor and traditional mass of common people.

3. The national dilemma arises from a deep-rooted malaise. Economic development of the last four decades, which, although substantial even by the most cynical yardsticks, has failed to touch the lives of the majority of the population. The distance between national growth in production and satisfaction of the real aspirations of the people can be measured at least in two ways. First, the majority have not shared equitably the benefits of economic growth. Poverty and economic prosperity have cruelly co-existed. At times, while GNP has increased, human lives have shrivelled. And second, economic planning has often proceeded within a vacuum of social and political planning. While economic growth has been significant, the country is still searching for its true destiny. Social mobility is limited; privilege often triumphs over merit; intellectual questioning is penalized rather than rewarded; and a perpetual conflict exists between the primitive value system of the feudal age and the promises of the twenty first century.

4. The Seventh Five Year Plan has, therefore, been formulated in the context of the development efforts in past years and achievements, failures and problems during the Sixth Plan period. Its focus is on the main issues identified in the Sixth Plan period. It builds upon the elements of strength which is identified as a consequence of the development experience. More importantly and hopefully it aims to meets the aspirations of the people in an open political climate with democracy as a goal. The Seventh Plan thus, emphasizes on basic needs and requirements to fulfil the hopes of the vast multitude which had been all along neglected or to whom the benefits of

growth had either not reached at all or remained peripheral. The 7th Plan seeks to bring within the fold of development such areas, sectors and resources as had received little attention in the past. The priorities which dominated the Sixth Plan undergo a change in the Seventh Plan in favour of issues which encompass the political vision of the people and which had not been highlighted in earlier Plans.

5. It may be recalled that the Sixth Five Year Plan had aimed at rapid and equitable development and had been based on economic growth combined with policies to benefit the poor through their participation in economic life. The Sixth Plan strategy, therefore, was to revive private sector investment by progressive deregulation, increase the production base, diversify the agriculture into high value crops, move towards self-sufficiency in oilseeds, improve industrial efficiency; and expand exports. While some of these objectives have been realized, the Sixth Plan has only partially succeeded in some areas and has not performed too well in others. Its outstanding achievement has been in terms of the following objectives:

i) A high growth in GDP at 6.4 per cent per annum, with impressive growth in agriculture and industry, despite some short-falls compared to plan targets. There was also a major expansion in oil and gas production

ii) The revival of private sector investment and its nominal growth at 14.7 per cent per annum, supported by progressive deregulation.

iii) A major acceleration in the pace of rural development and creation of a network of physical infrastructure and public services in the rural areas.

6. The shortcoming of the Sixth Plan has been the failure of the Government to implement structural changes in the economy envisaged in the Plan, notably the diversification of agriculture into high value added crops, shift of industry towards more efficient, export-oriented industries, changes in the composition of exports and a basic strengthening of the fiscal situation to cope with the growing financial obligations. These structural changes are essential for sustaining healthy growth in the long run.

7. The Seventh Plan takes these elements into account. It is based on the experience of implementation of the Prime Minister s Five Point Programme. The approach adopted in the Five Point Programme in the last two years of the Sixth Plan would be carried forward into the Seventh Five Year Plan. The fundamental philosophy that basic amenities of modern life should be available to every Pakistani in the rural and urban areas has been incorporated into a programme of social services for the

entire period of the Seventh Five Year Plan.

8. The Seventh Five Year Plan, unlike its predecessor, has been formulated in an open political environment. The objectives and priorities of the plan have emerged as a result of an inter-action between the political vision of the society and the movement of the economy towards the realization of its material goals.

9. In order to fully reflect the longer term goals and directions of the economy of Pakistan in the operational plans, the Seventh Five Year Plan has been conceived within the framework of a Perspective Plan. But the Perspective Plan, is a flexible instrument. It outlines longer term directions of the economy for the next 15 years upto 2003. This is essential because a plan which articulates a vision of the society must have a longer time horizon.

10. The main national objectives, which have guided the preparation of the Seventh Five Year Plan, are as follows:

i) to promote national solidarity through a fundamental restructuring of education and information policy, which should be based on a well defined concept of national culture;

ii) to implement a concrete programme of poverty alleviation, especially in the rural areas,to attain full employment, and to ensure continued growth with stability;

iii) to prepare uplift programmes for the advancement of all sections of society, particularly women and youth;

iv) to formulate specific, monitorable targets for increasing national self-reliance, supported by legislative safeguards, as necessary, especially in the areas of Government finance, food, defence, export-oriented manufactures, high technology products and energy; and

v) to formulate and implement a cogent policy on the implementation of technological change.

NATIONAL SOLIDARITY

11. The most significant challenge to public policy today lies in combating the growth of divisive social and political forces within the country, which are inspired by factors and which have not so far been mitigated by economic or other policies. The challenge, therefore, is to create a society

where:

- indigenous cultures are promoted so that integration takes place through the national growth of our own diverse cultures and thus national pride in such growth emerges on its own rather than the foisting of any alien culture or the artificial creation of a national culture in a hot house. This should take place through democratization, decentralization and diversification. In short the universal values of Islam provide the foundational base for such a development of the Pakistani culture.

- social mobility is encouraged by bringing down the present economic and feudal barriers to such mobility;

- a determined move is made towards a merit-based society where no regional or ethnic quotas should be needed and where merit becomes the sole criterion for social, economic and political advancement so as to achieve a qualitative development of the whole nation;

- freedom of expression and thought is regarded as sacred, so that whenever a conflict emerges, people rather than the Government are protected;

- a radical reform is undertaken in the present system of education which must end the existing dualism and reorient the education system to give the young a common perception of national heritage,identity and moral purpose.

POVERTY ALLEVIATION

12. The major objective of the Seventh Plan would be to alleviate poverty and would be the cornerstone of the Plan . This would be in continuation of the Sixth Plan initiatives as also the special emphasis which has been accorded to poverty alleviation under the Prime Minister s Five Point Programme. The strategy for poverty alleviation distinguishes between the problems in urban areas and those in the rural areas. In both the areas it would build around an employment strategy as the major source of poverty alleviation.

13. The key elements of an overall strategy for poverty alleviation during the Seventh Plan are:

i) A Motivation Programme - designed to inform, educate, and motivate the people, specially in rural areas, to help themselves by active participation in the social political and economic process. This would be done through an integrated community development programme (implemented at the grass root level through the

Village Development Councils), alongwith extension services, cooperatives, and other self-help schemes;

ii) Investment In Social Infrastructure - to provide the basic facilities of drinking water, health, education and housing, the absence of which presently constrain the efforts of even motivated persons to enhance their productivity; this will be done by invoking self-help at the local level;

iii) Investment In Physical Infrastructure - like electricity, roads, irrigation and drainage, which limit the ability of the people, specially in rural areas, to increase production and to appropriate a higher share of profits from marketed output; and

iv) A System Of Relief - which, despite the considerable practical difficulty of reaching the poor, providing for the weakest among the population (both urban and rural), who may not be able to obtain a subsistence income, due to deficiencies beyond their control; for this purpose, the exist system of Zakat and Usher will be improved.

14. In this context employment issues have been emphasized in the Seventh Plan and are the focal central point. The problem of unemployment, which is multi-dimensional in nature, has been tackled from several fronts. The aim is to reduce unemployment and improve the standard of living of the large mass of people. The Employment Strategy will encourage small industry and service sectors in urban areas, increase the labour intensity of agricultural practice in rural areas; and provide industrial opportunities, including agro-industry and innovative sachems for the employment of women and youth.

15. Employment in the agricultural, industrial and social sectors especially for the educated unemployed including doctors, engineers, other professionals and technicians will be generated. Human resource development, therefore, figures as the center piece in the national development strategy. It lays emphasis on labour intensive techniques, incentives to production units that use labour intensive techniques and encouragement to worker capitalism whereby the workers have shares in the company they work and participate in policy making and decisions.

16. The Seventh Five Year Plan will witness a jump in the number of self-employed persons. For this technical training rather than a degree in the arts will receive greater emphasis. The rural trades and the agro-based industries requirements of trained manpower will receive greater attention. Training units will be located in rural areas to meet their specific needs. Technical and professional hands will be assisted through credit

and other incentives to set up small businesses both in the rural and urban areas. Loans will be advanced so that financial resource is not a constraint for people who have the training and the will to work. The private Sector will play a greater role in the creation of job opportunities than the public sector through expansion in private investment and production. A total of six million jobs will be created during the Seventh Plan period.

17. The employment goal would be linked with such basic needs as nutrition, housing, education, health, transport and other public services including electricity, clean water, and sewerage facilities. The rural areas will receive priority. Larger number of dwelling units will be built. More schools will be opened. Farm to market roads will be constructed. Basic health units will be established. Clean drinking water will be provided. Modern sewerage facilities will be extended to the weakest groups in society. Villages will be electrified. This is bound to usher in a major transformation in life styles, reduce work burdens, open up new areas of employment through a noticeable upgradation of the villages.

18. The Seventh Plan will provide a more contented village life, free from frustrations which are caused by lack of employment or absence of health facilities or non-availability of housing for the shelterless landless tenants and labour. For the latter, 7 marla plots will be provided. Besides, credit and other facilities will be extended to people who wish to build their own houses. In urban areas too there will be major emphasis on improving the katchi abadies. The creation of physical infrastructure and public facilities in the rural areas will attract more development and reduce outward migration from the villages to the towns. The development of rural areas will be the major theme. The task of rural development in the Seventh Plan will be carried forward through the Prime Minister s Five Point Programme, with larger allocations for social sectors and through incentives for agro-based industry. Thus the benefits of growth will filter down to those classes who have remained outside or at best on the fringe of development.

19. Accelerated development of backward regions will continue to be a major objective of the Seventh Plan. This will ensure increase in employment and equitable development of all regions of the country. Special programmes for Baluchistan and FATA will be implemented. The tempo of development in Azad Kashmir and Northern Areas will be increased.

20. Despite efforts, the concept of regional development has remained elusive and private sector investment has tended to gravitate towards a few selected areas resulting in restricted employment opportunities confined to these selected areas. The Seventh Plan seeks to reverse this trend. Equity with growth is

its watchword. It endeavours to effect larger regional dispersal and change the existing locational policy through fundamental and far reaching fiscal policies and through development of basic physical infrastructure and social facilities, all of which will raise the employment levels in these regions. The Seventh Plan provides effective checks on regional concentration of economic activity.

SOCIAL DEVELOPMENT

21. The Seventh Plan has tried to break away from the traditional style. Besides programming sectoral development in a technocratic framework, it addresses the specific problems of various sections of society and how possible solutions can be found in both economic and social terms. Included among these groups are: the middle class,the small farmers and the small artisans, the non-farm labour, and the industrial labour, the senior citizens and the disabled, the female population and the youth. Meaningful programmes for each section of society will be drawn up so that economic development can foster social integration, to the extent possible within the existing premises, rather than lead to further polarization. Particular attention will be given to programmes for women and youth and for the disabled. Together, these three constitute three fourth of the population and yet they have remained neglected.

22. The potential of the youth in the country has not been utilized. They have not been encouraged to enhance their creative abilities. Recognizing the fact that the youth constitute the future of the country, the Seventh Plan lays down policies and programmes for their development so as to enhance the role that they can play in the nation building activities. Special efforts will be made to encourage the highly talented and the able.

23. The Sixth Plan recognised that women's development is a pre-requisite for overall national development. This emphasis continues during the Seventh Plan as well. Concrete steps have been additionally proposed whereby their participation is ensured. Their training will receive high priority and infrastructural facilities such as hostels for working women and Day Care Centers will be set up. To encourage self employment they would be provided access to credit for small business. Non-Government organizations engaged in welfare programmes for women will receive particular attention.

SELF-RELIANCE

24. A major aim of the Seventh Plan is to move perceptibly towards a more efficient and self reliant economy. To a great extent the nation has achieved self-sufficiency in food,although the country is still dependent on heavy imports of edible oils and faces a widening gap between production and consumption of sugar. While there has been commendable growth in industrial production, this has been largely in the inefficient import substitution industries and not in efficient industries with export potential. The country has still a long way to go to develop capability for manufacture of sophisticated defence and in tech products. We continue to depend on large imports of energy and have yet to develop indigenous sources of energy. Dependence on external assistance has grown because we have failed to mobilize domestic financial resources and have not been able to attain adequate growth in manufactured exports.

25. The most challenging issue in the Seventh Plan is the fundamental imbalance between essential public expenditures and the capacity of the tax system to raise the revenues required. The problem arises from an inability to raise resources commensurate with the social needs and economic plans. As a result, the nation is faced with a severely stringent budgetary position.

26. In effect, the problem arises from the inability to raise resources commensurate with social needs and economic plans. Under the Seventh Plan an effort would be made to establish closer formal links between economic planning, investment programming and Government budgeting. In order to inculcate fiscal discipline, and strengthen democratic institutions of public accountability, a major restructuring of budgetary procedures and policies would be undertaken. As a minimum, there will be a statutory provision that the revenue budget will be balanced except in case of war or national emergency. An effort will also be made to formulate specific proposals for mobilizing financial resources for the plan.

27. The Seventh Plan also emphasizes greater self-reliance in food, energy and technology, together with a better balance in foreign trade in the context of a perspective plan covering the next three five year plan periods.

28. Within the context of the Perspective Plan the Seventh Plan provides for all such elements of policy which gear the economy to move towards a regime of self reliance and self-sufficiency. The Seventh Plan recognises that it is no longer feasible to borrow externally and internally to finance development expenditures with net flows having diminished as a consequence of the heavy borrowings that are being serviced. Budgetary reforms will be made and efforts strengthened to

significantly raise the level of domestic resources to reduce the dependence on foreign assistance.

29. While the Seventh Plan aims at increasing the average level of incomes, a negative incentive will be provided for the heavily consumer oriented medium and high income groups of society by an across the board consumption tax on luxury and semi-luxury items. These tax proceeds will be earmarked for specific development needs identified with some Government commitment. A strict anti-tax evasion law is being introduced and the tax collection machinery strengthened to raise the tax ratio from the present 13% of GNP to around 20%. This will be made feasible through effectively plugging tax leakages. The national balance sheet will be improved to reduce deficits so that resources comparable to needs are generated for implementing high priority social programmes for further raising the social indices.

30. Another major step in the direction of reducing the budget deficit will be through a much lower level of subsidies, in certain cases, and total elimination in case of others. The Seventh Plan policy will be to subsidise only new and essential production inputs and also to provide a safety net for farm producers. But consumers will pay for what they use in terms of public services so as to reduce the burden on the exchequer. These funds will be spent on providing utilities to those segments of society where they do not presently exist. Besides, major corporations will undertake self-financing for their programmes through adjustment of their user charges and borrowing from the internal and external credit system.

31. During the Seventh Plan the balance of payment will come under increasing pressure with expected decline in workers remittances from abroad and the much reduced real net aid inflows. The Seventh Plan, therefore, seeks to implement an aggressive export policy in order to increase the volume of exports. At the same time imports will be reduced by increasing production. In agriculture, major emphasis will be on accelerating the pace of oilseeds production to achieve national self-sufficiency within the Perspective Plan period besides increasing meat and sugar production. Necessary infra-structure and linkages will be developed during the Seventh Plan for export of high value items like fruits and vegetables. Export industries will be encouraged through appropriate tax reforms, adjustments in fiscal policy, curbs on domestic consumption and a higher degree of competitive efficiency. Steel based industry, electronics and high technology industries will receive priority. Research and industry will be brought closer together. Necessary missing linkages between the two will be established so that the technological requirements of the private sector are met by the research institutions.

SCIENCE AND TECHNOLOGY

32. Pakistan has made very little progress in science and technology. This poor performance owes itself to falling standards of education in colleges and universities and their failure to inculcate in the students the zeal for inquiry, research and the pursuit of knowledge. The career prospects in government research institutions do not compare favourably with those available in administrative services. Research workers tend to migrate from research work to administrative jobs.

33. Private sector on its part shows little interest in the employment or the development of research. Most of the industrialists are content to import machinery and make profits in a heavily protected market without seeking to improve efficiency through engaging qualified technicians and research workers. Even in export industries efforts to modernize and to improve efficiency have been insignificant. Most of these industries have been exporting low quality goods at cheap prices. When faced with serious competition abroad they have turned to Government for incentives and support rather than increasing competitiveness through research and improved efficiency.

34. The Seventh Plan will address itself to the falling standards in educational institutions, particularly those that relate to science and technology. There will be a rapid upgradation of the standard of teachers and improved facilities for research. The teachers and research workers in Government institutes will be provided incentives and improved career prospects. They will be given higher training abroad, wherever necessary, and adequate remuneration to encourage them to return to their jobs. The higher educational institutions will be upgraded so that they are able to provide higher postgraduate education and progressive reduction in the high cost of sending trainees abroad.

35. During the Seventh Plan the division of work and cooperation between various science and research institutes will be restructured. The decision-making powers of research units will be extended. Management systems suiting the special needs of various research units will be obtained.

36. The private sector, the main intended beneficiary, will have to assume greater responsibility in the field of research. This will be possible only if the private sector feels that research will contribute to the improvement of its productivity and increase in profits. With greater deregulation of the economy, and improvement of tariff structure leading to greater degree of competition, it is expected that the private sector will be more inclined to make investment in R & D.

37. In the field of science and technology also emphasis will be placed on research and development of production technologies, in order to select the correct technologies. Once identified, these technologies will be popularized and promoted in agriculture, mining and industry. Finally, efforts at indigenizing foreign scientific and technological advance will also be made as an organized activity.

38. Finally, the immediate and the long-term objectives for scientific and technological development will be clearly identified. For this purpose the following will be treated as an immediate concern: strengthening of the technological base of the present agricultural and industrial production patterns; raising of the technical and economic indices of the consumption of raw materials and energy, the product quality and the production efficiency by a large margin; the developing of new products new equipment, new materials and new technology, making a greater contribution to the life and health of the people, together with the betterment of their environment.

39. The Seventh Plan reviews the present state of scientific and technical cooperation and explores all forms of international cooperation which exist in this area; bilateral or multilateral agreements, seminars, lectures, exchange programmes, joint research and scientific exploration projects, joint research institutes/centers, exchange of information, and mutual provision of technical assistance and technology transfer. It is an ambitious under-taking, but one which has been long overdue. As the first phase of the Perspective Plan, the Seventh Plan serves as the beginning of a programme which in the next fifteen years should enable the nation to face the demands of the twenty first century offers. The objective of the plan is not merely the survival of the people but also to make the best of what the survival secures.

****

CHAPTER-2

LONG-TERM ECONOMIC PERSPECTIVE, 1988-2003

Social change is a complex long-term process. It involves changes in values and ideas in social, political and economic spheres and innovations in the utilization of natural resources. It is useful to look from time to time at economic development in its wider context, and to prepare long-term plans, more by way of setting distant guideposts than as real effort to achieve specific targets. Obviously, given the uncertainties attaching to even nearer-term projections, a perspective plan cannot be a specific blueprint for action. The Second Perspective Plan has been developed to visualize the desired profile of Pakistan in the year 2003, and outline a broad approach to key problems which may arise.

THE INTERNATIONAL ENVIRONMENT

2. Economic performance is influenced by the changes in the global environment, strength of the economy itself and the effectiveness of public policies. The nation has little control over the first. But it is important to base plans on a consistent set of anticipated developments. As for the second factor the demographic composition of the population is more or less determined for the next two decades, while visible resource endowment can change due to new discoveries and processes but such changes can rarely be foreseen. The third factor i.e the public policies have to ensure that a social and political framework conducive to economic development is provided; that the government's own investment programme is cogent, and that the policy framework is conducive to an appropriate private sector activity. This is explicitly or implicitly assumed in the Perspective Plan.

International Relations.

3. In view of the low saving rate of the economy, Pakistan's ability to formulate and implement the medium-term development plans is dependent on the availability of concessional loans and grants from abroad. Secondly, Pakistan's geo-political circumstances call for a substantial diversion of resources toward the maintenance of a credible defence. As a result, international relations have an important bearing on planning.

4. The recently concluded Summit between the heads of the United States of America and the Union of Soviet Socialist Republics promises continued progress toward the likely

reduction of East-West tensions. This could lead to a withdrawal of Soviet forces from Afghanistan in the near future hopefully, leading to the easing of pressures on the expenditures of defence and Afghan Refugees. Pakistan's relations with the Muslim Arab countries have always been excellent. It is hoped that the Gulf war would soon be brought to an end, leading to a normalization of economic activities. This should also lead to considerable readjustment of the regional economic needs relating to the reconstruction and the rehabilitation work and increasing tempo of growth in the region.

5. There is a trend toward a greater and more independent role for Western Europe and Japan in World affairs. It is expected that the sources of capital inflows would be more diversified in the coming years, with Japan becoming a major source of capital and technology. It is also hoped that bilateral relations with India would improve in the context of the efforts which are underway through the South Asian Association for Regional Cooperation (SAARC) and through bilateral contacts. There is,thus, a basis for planning for an era of reduced tensions in the region, which would be conducive to greater trade and investment activity within the region. This is the political world view on which the Perspective Plan is based.

Prospects for the World Economy

6. Developments in the World economy affect our trade prospects (access to export markets and the terms of trade), remittance flows, and the availability and terms of foreign loans. They also influence the prospects for direct foreign investment in Pakistan and the transfer of technology.

7. Despite the risks of a 'hard landing' of the dollar and the present payment imbalances in the world economy, the most likely scenario for the industrial countries is of continued moderate growth with low inflation. The possibility has been reinforced by several developments: the strong commitment towards recognizing and reducing currency misalignments; the initiatives taken to reconcile adjustment and growth in the highly-indebted developing countries; and the US government's commitment to balance the budget. These appear to be the potential sources of stability. In the industrial countries, monetary policies have been gradually adjusted to support better growth. The Perspective Plan is based on the assumption that intensified international cooperation in the monetary, trade and financial sectors, and pressures for further substantive progress in easing the debt problem would produce favourable results.

8. Real GNP of the five major industrial countries is projected to increase by 3 per cent per annum upto 1990, and by

3.4 per cent per annum till 2003. Such an acceleration of growth and the lower inflation trend should help stabilize and then somewhat improve the terms of trade of the developing countries over the next decade relative to the low levels reached at present. In this way, the improved performance of the industrial countries would assist the developing countries to move gradually towards their economic and social objectives thereby reversing the present poor performance linked to the terms-of-trade losses. Under this scenario, the developing countries' GDP may be expected to increase by about 5 per cent per year upto 1990, accelerating thereafter to 6.0 per cent per annum till 2003. Low-income Asia growth is projected to be somewhat in excess of these average rates but slower than the dramatic performance in the first half of the 1980s. The volume of world trade can be expected to rise at a trend rate of around 5-6 per cent per year upto 2003.

9. However, the projected acceleration in the world economic activity which these figures imply is very modest and only sufficient to reduce the unemployment gradually in the industrial countries. International trade, the major force behind the surge in postwar living standards is expected to increase in the next decade. The slow pace of worldwide economic activity is due, in part, to technological, institutional and demand-related developments in the industrial nations, and partly due to the weight of restrictions sparked by protectionist concerns and fears of de-industrialization. Developing countries like Pakistan attempting to adopt a sharper outward-looking stance will have to implement trade and industrial policies that will prevail in the face of weak demand for traditional items. They must diversify in terms of up-scale products and new markets, the latter aimed at securing a greater share of the rapidly growing intra-LDC trade in manufactures.

10. The flow of technological innovations is expected to accelerate upto 2003, with meaningful implications for the industrial and the employment structures, as well as the living standards. High-technology industries such as mechatronics and informatics will emerge as the leading sectors in the industrial countries while comparative advantage in the chemical and the heavy industries will move in favour of the newly industrializing countries. Certain types of machinery, metal products, petrochemicals and supply of parts for electrical, electronic and automotive industries should emerge as growth industries for an industrial newcomer since they involve relatively moderate technology, scale and marketing barriers.

11. Pakistan must seek to expand its industrial sector, increase manufacturing value-added and widen its export possibilities through increased competitiveness in world markets. This will require a firm commitment to efficient growth, increased external finance to sustain the adjustment effort, and

the benefit of a fair international trading environment. If Pakistan's Seventh Plan is successful in quickening the tempo of manufacturing activity and producing a more dynamic, export-oriented industrial structure, the transition from a low-income country to an emerging industrial nation should be possible by the late 90s.

First Perspective Plan (1965-85)

12. The First Perspective Plan 1965-85, which served as a framework for the formulation of the Third Five Year Plan 1965-70, launched in July 1965. It was formulated with limited experience in development planning and against the background of an exceptionally successful Second Five Year Plan 1960-65. The motivation was both political and economic.

13. Politically, the Government, according to the 1962 Constitution, was committed to equalize per capita incomes in East and West Pakistan in 20 years, to expand employment, and to eliminate the need for foreign assistance. The economic compulsion arose mainly from the long gestation period of the conceived projects in the field of technical education, heavy industry, power and transport and the implementation of the Indus Basin Replacement Works spread over the span of ten years. Naturally, those national objectives could find concrete expression only in a long-term plan.

14. It is instructive to recapitulate some of the main goals of the first Perspective Plan and the actual achievements:

(i) A more than doubling of per capita income by 1985 through an annual average GDP growth of 6.5 per cent which was more or less achieved, with per capita income at constant 1959-60 prices having gone from Rs 450 in 1964-65 to Rs 825 in 1985-86, the actual GDP growth rate recorded being 5.8 per cent.

(ii) Reducing unemployment from 20 per cent (including disguised unemployment of the labour force in the initial year of the plan), to 4 per cent by 1985 by creating 10 million new jobs. This was partially achieved as 11 million new jobs were created and the number employed increased from 16 million in mid-60s to 27 million in the mid-80s. However, open unemployment is reported to have increased from 1.3 per cent to 4 per cent over the same period.

(iii) Parity in per capita incomes between East and West Pakistan, a goal which was overtaken by events.

(iv) Universal literacy by 1985 which was not achieved, the rate of literacy in 1985 being estimated at 27.6 per cent;

(v) Increasing the investment level from 18.4 per cent of GNP in 1965 to 22.9 per cent in 1985 with a corresponding increase in the national savings from 10.3 per cent to 21.8 per cent by 1985. This objective could not be achieved as the actual level of savings and investment in 1985-86 were of the order of 12.2 per cent and 15.7 per cent of GNP respectively.

(vi) Eliminating dependence on foreign assistance by 1985 Significant progress was made, as the three year average of the current account deficit in the balance of payments as a ratio of GNP fell from 8.1 per cent in mid-60s to 3.8 per cent in 1984-85.

15. The initial enthusiasm for development, reflected in the preparation of a Perspective Plan, soon abated. With the outbreak of war with India in September 1965, foreign aid was suspended and the economic development programme was seriously curtailed. The situation was further aggravated by the political events of 1970-71 and later by the global economic instability of the early 1970s. In this period, medium-term planning was abandoned in favour of Annual Plans. The process of medium-term planning was revived, however, with the Fifth Five Year Plan (1978-83), and was consolidated with the launching of the Sixth Plan 1983-88, which was to end three years after the terminal year of the First Perspective Plan.

SECOND PERSPECTIVE PLAN (1988-2003)

16. The Second Perspective Plan is being prepared in the context of the preceding assumptions about the domestic and the international environment, and in the light of the experience gained in the First Perspective Plan.

17. The main purpose of a Perspective Plan is to provide a background to the Five Year Plan so that the problems to be solved over a much longer period can be incorporated in a medium-term framework.

18. The key problems which require immediate attention if solutions are to emerge in the long-term i.e. population control, the eradication of illiteracy, the elimination of load-shedding, development of appropriate technologies, reductions in the budgetary and balance of payments imbalances, improvement in the savings performance, complete control over water logging and salinity, the introduction of structural changes conducive to efficient growth and the creation of more jobs etc., can only be solved in a long term context.

19. The major development targets of the Perspective Plan are:

(i) to reduce the rate of population growth from 3.1 per cent in 1987-88 to 2.6 per cent by the year 2003;

(ii) to eradicate illiteracy among youth by the end of the Eighth Plan, through full enrolment of the primary age population;

(iii) to provide the entire population with access to clean water;

(iv) to provide all the urban areas and 60 per cent of the rural areas with access to sewerage facilities;

(v) to provide telephones to about 50 per cent of the population;

(vi) to increase tertiary roads from about 80 thousand kms at present to about 140 thousand kms by the year 2003, against an estimated total requirement of 200 thousand kms;

(vii) to provide a Rural Health Centre (RHC) for each Union Council;

(viii) to gradually expand the level of health care facilities such as ambulance with a radio or radio links;

(ix) to increase the installed capacity for power generation to fully cover the growing demand; and

(x) to provide town development scheme, to accommodate rapidly growing urban population.

POPULATION PROJECTIONS

20. In Pakistan, both productivity and population have been growing for the last four decades. Following Independence, Pakistan's population increased from 36 million in 1951 to 100 million in 1987. Presently, the rate of population growth is estimated at 3.1 per cent per annum, but this rate is expected to decline over the coming years to around 2.6 per cent by the year 2003, when population size would reach 162.4 million. As a result the share of Pakistan in the world population is expected to increase from 2.01 percent in 1985 to 2.74 percent in 2003.

21. The crude death rate per thousand declined from 17 in 1962 to 11.3 in 1987-88, as medical and health facilities have been expanded, while the crude birth rate has fallen marginally, from 45 to 42.6. The infant mortality rate per thousand came down over the same period from 136 to 80, while life expectancy at birth increased from 50 to 61 years.

22. As the crude birth rate remained stagnant around 42 per thousand, the age structure of Pakistan exhibits only marginal changes.

Age Structure of Population

Percentage share

Age Group	1988 Total	1988 Male	1988 Female	2003 Total	2003 Male	2003 Female
0 - 4	17.8	17.5	18.2	15.1	14.9	15.3
5 - 9	14.2	14.3	14.1	13.9	13.8	14.0
10 - 19	22.8	22.9	22.7	23.3	23.2	23.4
20 - 24	8.7	8.8	8.7	8.9	9.1	8.7
25 - 59	31.0	31.0	30.8	32.5	32.9	32.2
60 & Above	5.5	5.5	5.5	6.3	6.1	6.4
	100.0	100.0	100.0	100.0	100.0	100.0

23. Because of the projected decline in population growth from 3.1 percent in 1988 to 2.6 percent in 2003, the population under age 9 is projected to decline from 32 percent in 1988 to 29.0 percent in 2003 and that in the age group of 10 to 19 will go up from 22.8 percent to 23.3 percent. The changing profiles of population in the age groups (5-9) and (10-19) has a significant importance for educational planning at primary, high school and college levels. Although the primary school age population (5-9) is expected to decline from 14.2 percent to 13.9 percent of the total population, in absolute terms it will be 43.8 percent higher over the size in 1988. More importantly, the school and college age population (10-19) will increase from 22.8 percent to 23.3 percent and thus it will lead to a higher demand for school and college levels of education. As a consequence the financial burdens for education is likely to increase. Size of school Age Population is shown below:

(Thousand Nos.)

Population	Primary (5-9)	Middle (10-12)	High School (13-14)	College upto Degree level (15-19)
1988	15,218	8,300	4,668	11,080
Male	7,949	4,367	2,456	5,822
Female	7,269	3,933	2,212	5,258
1993	17,879	9,637	5,421	12,842
Male	9,218	5,040	2,835	6,761
Female	8,661	4,597	2,586	6,081
1998	20,128	11,347	6,383	14,934
Male	10,358	5,853	3,292	7,813
Female	9,770	5,494	3,091	7,121
2003	21,884	12,794	7,197	17,607
Male	11,248	6,586	3,704	9,083
Female	10,636	6,208	3,493	8,524

24. The increase in population has also been accompanied by the social changes with significant repercussions on household income and expenditure patterns. During the period 1951-81, urban population rose by 4.7 per cent per annum compared to 2.6 per cent increase registered in rural population. At the same time the household size has increased from 5.3 members in 1969-70 to 6.2 members in 1984-85. Surprisingly, households with six or more members have increased both in rural as well as in urban areas. The number of rural households increased from 42.8 per cent in 1969-70 to 56.1 per cent in 1984-85. During the same period, the number of households with 8 members and above in the urban areas went up from 19.8 per cent to 36.3 per cent. These indicators, while running counter to theoretical expectations and the experience of other developing countries, reflect the seriousness of the socio-economic pressures of urbanization.

25. During the period of the Perspective Plan, the population is projected to increase by 2.9 per cent per annum and is estimated at around 162.4 million in the year 2003. The urban population, however, is estimated to reach 61 million or almost double the present level. The additional urban population would require the development of cities two times the combined size of the present seven big cities of the country to support them. This uncontrolled process of urbanisation gives rise to a number of socio-economic problems such as accommodation, fresh water, slums clearance, public utilities, nervous diseases and crimes associated with urbanisation. All these problems should attract the attention of town planners right now so that Master Plans in respect of growing cities could

be prepared keeping in view the likely development over the next 20 years. Alongside the problems of urban transport also appear serious. The prospects of problems likely to be encountered must be assessed to predetermine the future requirement in big cities to avoid undesirable consequences.

PAKISTAN IN THE YEAR 2003

26. The socio-economic character of Pakistan over the next fifteen years is not likely to differ much from what it appears today. The performance of agriculture sector will continue to play the dominant role in shaping the overall structure and the performance of the economy. The agricultural production will remain dominated by wheat, cotton, rice and sugarcane. The composition of agro-based exports and imports is not likely to undergo any drastic changes. Despite stress on import substitution, Pakistan will continue to import agro based products like edible oil, tea, rubber, condiments, spices and milk with a strong probability of adding meat to the existing list towards the mid of the Eighth Plan. Cotton and rice will remain the major agricultural exports of Pakistan. To attain self-sufficiency in the production of edible oil and milk and meat, Pakistan will have to restructure its pricing policies.

27. In the manufacturing sector a significant shift in the production structure is expected with engineering and electronics industry claiming a relatively larger share in output and investment. The new industries likely to be set up will be capital intensive and thus will have a direct repercussion on employment. The labour cost together with the cost of fuel and electricity and taxes will be the major determinant of production cost. In a large number of cases, Pakistan will continue to depend on the import of technology and know how.

28. Relative to agriculture and manufacturing, the prospects of import substitution in the energy sector are much better. The proven reserves of gas and coal are enough to meet the country's requirements for another 30 years. The prospects of crude are bright. Pakistan is expected to meet about 50 percent of its requirement of crude oil through domestic production by the end of the Century.

29. During the Perspective Plan, Pakistan's economy is expected to sustain a growth rate of 6.2 percent per annum. As the population growth is forecast to come down from present 3.1 percent to 2.6 percent per annum by 2003, the per capita GNP (at 1987-88 prices) will increase from Rs 5880 in 1988 to Rs 9170 in 2003.

30. Despite high growth rate in population, the projected increase in the per capita income from Rs 5880 in 1988 to Rs

9170 in 2003 (at 1987-88 prices) will enable the major segment of the society to enjoy a relatively higher standard of living. Besides, hundred percent access to clean water and electricity, over 50 percent of the households will have the consumer durables such as T.V., radio, washing machines, refrigerator, telephones. This will however not be the case in household per car which is expected to decline from 40 in 1987 to 18 in 2003.

31. The past performance together with the industrial and human resource development programmes envisaged under the Seventh Plan, should enable Pakistan to sustain an industrial growth rate close to the average of the past ten years. The share of manufacturing value added is forecast to increase from 18.2 per cent in 1988 to 24 per cent in 2003. However, the share of industry (manufacturing, mining, electricity and gas and construction), is projected to reach 35.9 per cent as against 28.4 percent in 1987-88. The industrial structure in Pakistan will be fairly diversified and broad based and will resemble that of advanced middle income groups of countries. Within the manufacturing sector, the automobile, machinery, electronics, petro chemicals and construction materials industries are likely to grow faster compared to the existing agro based and semi processing industries.

32. Together with changes in the industrial structure, the employment structure is also expected to undergo significant changes. It is estimated that about 10.79 million additional jobs would be generated with agriculture accounting for 46.7 percent, mining and manufacturing 21.0 percent, trade 14.6 percent, construction 7.0 percent, transport and communication 5.3 per cent and the rest 5.4 percent. In the process the share of agriculture in total employment would decline from 54.0 percent in 1987-88 to 52.05 percent in the year 2003 and that of industry is likely to go up from 19.1 per cent to 21.7 percent. The changes in the industrial and employment structure are shown in annexure table 3.2.

33. During the process of socio-economic development, the occupational structure of the economy is likely to experience significant changes due to inter and intra occupational movement of labour force. The consumption of the processed foods may increase. This implies that occupations linked with the domestic preparation of food and other household services will decline and the house-wives thus released would enter the labour market thereby pushing up the participation rate.

34. The industrial structure being envisaged over the next fifteen years is likely to increase the demand for skilled, professional and technical manpower. Accordingly the emphasis in educational and manpower planning will have to be shifted in favour of the technical eduction and skills development through the expansion of the technical training programme. The

advancement in the industrial structure together with increase in income levels and living standards, will lead to specialization and diversification in service industries such as banking, insurance, telecommunication and trade. All these developments will lead to greater interactions and interdependence with the rest of the World which will further necessitate the development of efficient means of transportation and communications. The transport and communication sector of Pakistan economy will have to grow fast to meet the challenge.

35. While the domestic passenger traffic is projected to increase by 4.5 per cent per annum, a growth rate of 3.9 per cent is forecast in freight. In absolute terms the total passenger traffic will increase from 130 billion (Pass Kms) in 1987-88 to 252 billion (Pass Kms) in the year 2003, and that of freight from 40 billion (tonne Kms) in 1987-88 to 71 billion (tonne Kms) in 2003. The Perspective Plan provides for a balanced distribution of projected traffic volume among different modes of transportation. Of the projected domestic passenger traffic, the share of air will grow much faster (8.2 per cent per annum) compared to roads (4.8 per cent) and rail 1.6 per cent per annum). However, unlike the share in the passenger traffic, the relative share of rail in freight is expected to go up from 21.1 per cent in 1987-88 to 37.5 per cent in year 2003, with the bulk comprising of long distance transport, particularly of heavy nature. Though the road traffic is forecast to grow by 2.3 per cent per annum as against rail road traffic (7.9 per cent) and air traffic (10.1 per cent), it would still handle 62.3 per cent of the total freight traffic.

36. Of the international demand, the passenger international demand of the traffic on national airlines is forecast to go up from 5447 million (Pass Kms) in 1987-88 to 8327 million (Pass Kms) in 2003 or by 2.9 per cent per annum. On the other hand the traffic by sea is forecast to increase by 4.4 per cent per annum, with dry cargo projected to grow by 4.9 per cent and liquid by 3.75 per cent, largely indicating the imports substitution efforts in the production of crude and edible oils.

37. The number of houses to be constructed are expected to increase by 2.8 per cent per annum. The new houses will be smaller in size but will be equipped with modern facilities. Almost all the houses in the urban areas and about 60 per cent in the rural areas will have access to sewerage facilities. However, the Tenureship of the houses is likely to undergo a significant change, particularly in the urban areas. The number of households residing in rental accommodation is expected to go up from about 20 per cent to 34 per cent in year 2003. Almost all the districts will have a model Town developed under the Township schemes.

****

CHAPTER - 3

ACHIEVING SELF-RELIANCE

The two primary goals of the Second Perspective Plan are the alleviation of poverty and the achievement of greater self-reliance. In order to achieve these goals it is essential that the growth of the private and the public consumption are restrained and the rate of savings is increased. This would ensure higher levels of investment and growth. Once this is realised, higher savings must be channelled into higher Government revenues through the mechanism of appropriate price and tax policies, and into higher export receipts through appropriate exchange and trade policies.

OBJECTIVES AND STRATEGY

2. Economic self-reliance does not mean the ability to meet all the domestic consumption and the investment requirements without recourse to imports or foreign capital. For several reasons autarky is not feasible. Greater economic self-reliance implies the attainment of progressively lower levels of external indebtedness, as a ratio of national income.

3. Self-reliance would mean, (i) financing of investment increasingly through domestic efforts; (ii) balancing the revenue budget; (iii) self-sufficiency in food; (iv) gradual reduction of the current account deficit on the balance of payments; (v) progressive diversification of the capital goods production; and (vi) acquisition of appropriate technology. It also calls for skilled manpower, research, technology and other resources for development. Self-reliance is a way of life which is closely linked with and reflected in the country's entire social and political philosophy and has to be integrated with all the economic and social policies of the Perspective Plan. Its principal aims will be as under:

- The share of investment financed through national savings will be increased from 82.5 percent in 1988 to 95.4 percent in 2003. This would require massive effort to mobilize domestic savings and improvement in trade balance.

- Reduce the dependence on external resources from 2.8 percent of GNP in 1988 to 0.9 percent of GNP in 2003 through improvements in trade balance.

- to reduce the imports of cooking oil.

- Meet most of the petroleum requirement through domestic

PREVIOUS PAGE BLANK

production of crude as against 40 percent in 1988.

- Develop self-sustained defence industries.

- Develop human resources, research and technology.

4. The Plan strategy for the pursuit of greater economic self-reliance lies essentially in achieving rapid expansion of productive capacity. This depends on the actions of a very large number of individuals trying to produce more, consume less, and invest their savings for future consumption and is influenced by factors such as motivation, the availability of natural resources and infrastructural facilities, and the functioning of markets.

5. The ability of the Government to raise the rate of growth depends on the nature and degree of the Government intervention in the economy. In our constitutional, legal and administrative setup, the Government's ability to influence the rate of growth rests mainly on the size and composition of the public sector investment programme to provide infrastructure and other facilities, the nature of price and tax incentives to investment, production and saving, and the maintenance of efficient markets. The bulk of the private sector activity remains outside the direct influence of the Government. Plans can only urge the private sector to undertake efforts in certain directions and ensure that there exist a climate for such efforts.

6. Under the circumstances, the growth strategy of the Plan may be outlined as follows:

- The public sector investment programme would attempt to ensure that the projects implemented are of the highest priority in relation to the twin objectives of poverty alleviation and economic growth.

- Incentives to production and saving in the private sector would also be maintained so as to balance the revenue requirements of the Government against the national objective of growth with equity.

- Markets would be deregulated in order to improve the efficiency of the resource use and production.

7. In the field of economic development the future role of the Government would be passive in nature and limited to the areas where the market cannot function efficiently. Government would only help in guiding the industrial development in desirable directions, and provide protection and support to certain promising industries. However, the development of human resources and technology, research and development, provision of

PRECEDING PAGE BLANK

socio-economic infrastructure, labour management relations, will remain the responsibility of the Government. Conservation of energy in all sectors of the economy, balanced regional development and promotion of small industries, are other important areas where the Government can play a productive role.

INVESTMENT AND GROWTH TARGETS

8. The marginal capital-output ratio during the Sixth Plan is estimated as 2.76 and for the Seventh Plan about 2.8. As the future development would need to be oriented towards the production of new technology, search for the underground resources, construction of multi-storied buildings and greater environmental protection, the ICOR(s) during the Perspective Plan is forecast to reach 3.2.

9. Compared to the average rate of investment of about 16.9 percent of the GDP (market prices), the rate of domestic savings during the Sixth Plan has been 8.0 percent. As a result dependence on foreign resources including remittances from abroad remained at the level of 8.9 percent of the GDP. This also implies that during this period, the domestic savings, on an average, could hardly finance about 47.6 percent of the total investment. About 80 percent of the domestic savings have originated in the private sector and the rest 20 percent in the public sector. However, the share of the private sector in the national savings has been much larger - near 89 percent. Whereas the private savings remained in excess of the private sector's investment, the public sector had to borrow about 84 percent of its investment requirements either internally from the private sector or from the rest of the world. The savings pattern of the economy, actual for the Sixth Plan and that envisaged for the Seventh Plan is shown in table-I.

Table-I

(Billion Rs.)

	Sixth Plan at Current Prices			Seventh Plan at 1987-88 Prices		
	Private*	Public	Total	Private*	Public	Total
Investment	212.26	237.99	450.25	342.57	367.79	710.36
National Savings	344.40	32.68	377.08	521.12	93.03	614.15
Gap (2-1)	+132.14	-205.31	73.17	178.55	274.76	96.21
Net transfer from abroad.	21.95	51.22	73.17	28.86	67.35	96.21
Domestic Tansf	-154.09	+154.09	-	-207.41	+207.41	-

* includes changes in stocks.

10. The Perspective Plan provides for a fairly broad based growth rate of 6.2 percent per annum, which, given the marginal capital/output ratio of 3.0 would require a fixed investment to the GDP (FC) ratio of 18.6 percent as compared to the domestic saving to GDP ratio of 10.1 percent in 1987-88. This gap between savings and investment will be financed by reducing external borrowing, and increasing domestic savings.

SELF-SUFFICIENCY IN DOMESTIC FINANCES

11. The success of the strategy for self-reliance depends largely on the ability of raising the aggregate saving rate, and on the ability of translating this rise in savings into increased budget revenues. The Perspective Plan aims at reducing the saving/investment gap from 17.4 percent of investment in 1987-88 to 4.6 percent of projected investment in 2003.

12. High share of investment largely financed through the national savings is a pre-requisite for the expansion of an economic base for national development. Presently the savings and investment levels in Pakistan are low. This situation in absolute terms as well as in comparison to the levels attained by other countries at the comparable levels of development. In order to ensure a self sustained rate of growth, the savings and investment levels will have to be increased much above the existing levels. Large investment is also needed for the replacement, modernisation and rehabilitation of physical infrastructure, which due to excess use in the past, stands dilapidated. In addition, investment will be required to enable the economy to keep pace with the rapid technological advancement through the replacement of the in-efficient, uneconomical and out-dated technology based productive structure. Such replacement is also essential for the improvement of operative efficiency as well as the international competitiveness of our economy.

13. While the investment level in Pakistan over the last ten years, more or less remained stagnant at about 16.0 percent of GNP, the savings, though still much below the desired level, have shown some improvement, both in level as well as in composition. The domestic savings rate has improved from 6.3 percent of the GDP in 1980-81 to 10.1 percent in 1987-88. At the same time, the domestic savings which constituted 47.3 percent of the national savings in 1980-81 rose to 73.9 percent of the national savings in 1987-88. By the year 2003, the investment and savings are projected to reach 20 percent and 18.2 percent of the GNP respectively. The macro-economic framework is shown in Annexure Table 3.1 and changes in industrial structure in Annexure Table 3.2.

PUBLIC SAVINGS

14. Public Sector in 1987-88 accounted for 57 percent of the fixed investment and about 1.1 percent of the national savings. However, during the Perspective Plan period, the private investment is expected to overtake the Public Sector in terms of investment towards 2000. As a consequence the share of public sector in the total fixed investment is forecast to decline to less than 50 percent in 2003. With the increasing role being assigned to the private sector, the public sector share would be further reduced substantially if account is taken of all such private financing which is to be channelled to the public sector through financial instruments like bearer bonds being issued by WAPDA, T&T, OGDC and other Public Sector enterprises. In view of this the public sector will have to redouble efforts at mobilizing additional resources through reforming the tax structure and broadening the resource base.

BUDGETARY SELF-RELIANCE

15. Fiscal performance has deteriorated significantly in recent years. This reflects both the lack of comprehensive revenue generating effort and the continued rapid growth of the non-development expenditures. As a result, the overall budgetary deficits, as a proportion of the GDP, have increased to about 9 percent in 1987-88. The Perspective Plan aims at converting the revenue deficit into surplus by the end of the Century.

16. The major emphasis of the Perspective Plan will be on attaining budgetary self-reliance through pursuing the following broad objectives:

- to increase Tax/GDP ratio from 13.5 percent to 17 percent;
- to control the Government expenditure and make subservient to revenue generation;
- reduce dependence on external borrowings by creating surpluses in the B.O.P; and
- to convert the overall budgetary deficits into surpluses.

17. As a result of the above measures, the deficit on revenue accounts will be turned into surplus by the end of the Century. The self reliance is to be achieved through reducing the non-development expenditure from 20.6 percent of the GDP in 1987-88 to 18.8 percent of the GDP in 2003. The internal and external borrowings, on net basis, which besides financing the

development expenditure, financed about 19 percent of the non-development expenditure in 1987-88, are projected to come down to the level of 39 percent of the development expenditure in the year 2003. While the internal borrowings are projected to fall from 6.0 percent of the GDP in 1987-88 to 1.3 percent of the GDP in 2003, the external borrowings, are likely to be reduced from 4.0 percent of the GDP in 1987-88 to 1.6 percent of the GDP in 2003. The overall estimates of financial resources for the Perspective Plan are given in table below:

ESTIMATES OF BUDGETARY RESOURCES AND FINANCING THE DEVELOPMENT AND NON-DEVELOPMENT EXPENDITURE DURING THE PERSPECTIVE PLAN: 1988-2003
(At 1987-88 Constant Billion Rupees)
(gross basis)

		1987-88	2002-03	Total Perspective Plan
I)	Expenditure	190.0	428.5	4312.0
	1. Non-development	142.0	323.5	3358.0
	2. Development (ADP)	48.0	95.0	954.0
II)	Financing	190.0	428.5	4312.0
	1. Consolidated Revenue Receipts.	118.0	379.6	3486.7
	2. Contribution of Public Enterprises	5.0	1.0	15.0
	3. Non-Bank Borrowing	28.0	15.0	322.1
	4. Banking Borrowing	12.0	7.1	116.7
	5. External Borrowing	27.0	25.8	371.5
	Memo:			
	As % of GDP			
	1. Total Expenditure	28.4	25.6	
	2. Borrowing	10.0	2.9	
	- Internal	6.0	1.3	
	- External	4.0	1.6	

SELF SUFFICIENCY IN EXTERNAL SECTOR

18. A crucial component in the strategy for self-reliance would be attaining a surplus on the trade account by year 2000 and reducing the current account deficit to 1% of GNP. This goal presupposes a twin objective of achieving real growth in exports earnings of 8.0 percent per annum during the Eighth Plan period and beyond and containing imports growth to 4.6 in real terms (Annexure 3.3). Industrial products will contribute sizably to the attainment of the target set for exports, with their share going up from present 54 percent to 67 percent in the year 2003. But among them, engineering goods, electrical goods, light

electronics, ready made garments, gems and jewellery will account for most of the projected increase in the volume of exports. In fact, export growth in the long run will have to rely on manufactures and, more important still, on increasingly wider spectrum of products. Market penetration in case of these commodities becomes easier because of their exceedingly small share at present in the world trade in manufactures. A significant proportion of addition to exports is also expected from heterogenous commodities such as processed foods, wheat, fruits and vegetables, flowers etc.

19. Imports would be contained to a 4.6 percent real growth per annum through following a much more aggressive policy of import substitution in POL, steel, news print, edible oils, automobiles, pharmaceuticals etc. Of this, import substitution of POL and edible oils will be of crucial importance in containing imports to the projected level. At present, we hardly meet 35 percent of the requirements of crude oil domestically which will be raised to atleast 75 percent by the year 2003. Similarly domestic projection of oil seeds would be stepped up at a much faster rate than at present to support the projected import substitution programme of the Perspective Plan. A significant saving will also be realised in imports of non-bulk items such as equipment, components and spares, precision instruments etc. in pursuit of restrained level of country's import payments in the Perspective Plan.

20. Expatriate remittances are, by far, the most important elements of invisible earnings. A substantial proportion of these receipts originates in the oil producing countries of the Middle East; and unforeseen changes in their development plans and public spending stemming from uncertainties surrounding the world oil market make it hazardous to fix any long term goal. Nevertheless, the Perspective Plan will aim for an unchanged nominal level of remittances during Eighth Plan and beyond. This projection takes into account a massive reconstruction programme likely to start in Iran and Iraq in the aftermath of reconciliation between warring countries. Pakistan would be better placed in terms of having well-trained manpower to meet the requirements of these two countries.

21. An equally important step towards attaining even any semblance of self-reliance lie in seeking a decline in the external debt service ratio over the long term perspective. Nevertheless, this would be a difficult objective as major changes in the pattern of foreign borrowings would occur in years to come. At present, bulk of external borrowings is by way of concessional assistance. In the Perspective Plan this pattern is likely to change in two important ways: (a) non-concessional flows would account for greater proportion of official borrowings, and (b) direct borrowings by financial institutions and the private sector would grow to a substantial figure.

These two factors will mean a significant increase in the average cost of foreign debt. Thus, these realities have to be taken into account in our long term goal of containing debt service payments to a manageable level.

22. Achieving these goals will require sustained and well directed efforts. Maintaining a viable balance of payments without constraining output growth or capital formation will, thus, be a prime strategic concern in the long-run. Exports growth in this context, infact, acquires a particular importance as a means of attaining self-reliance. At the same time the diversification and deepening of efficient import substitution would greatly help in moving towards that direction. Greater attention will, thus, need to be paid not only to the expansion of production in competitive lines but also to all round improvements in productivity. The balance of payments projections are shown in Annexure Table 3.3.

Self Sufficiency in food

23. For several years the output of food grains in Pakistan has been steadily going up. Except for the edible oils, sugar and milk, the country is self-sufficient in rest of the food items and is also exporting over one third of its rice production and some few thousands tonnes of fruits, vegetables and other processed and semi processed food.

24. Although some improvement over-time has taken place in the total consumption of calories, the daily diet still needs to be increased by about 250 calories per day, i.e. by about 10 percent, to reach the recommended level. About 66 percent of calories in an average Pakistani's diet are derived from food grains against the proportion of less than 30 to 35 percent in the developed countries. Further, the contribution of fats and oils to the total calories consumption is only 8 percent against the recommended need of 20 to 25 percent, and the consumption of proteins (probably of low quality) is only 60 grams per capita per day against 62.5 grams recommended by experts. This indicates that an average Pakistani is not only undernourished, but his diet is also unbalanced.

25. The Perspective Plan aims at maintaining self-sufficiency in food grains and in producing surplus for export wherever comparative advantage favours. Compared to 2.87 percent increase per annum in population, the Plan provides for 3.2 percent increase per annum in the production of food grains, which are expected to increase from 20.3 million tonnes in 1988 to 32.5 million tonnes in 2003 with wheat and rice projected to contribute 75 percent and 15 percent of the total production targeted for year 2003. The major emphasis of the Plan will be on improvements in the present imbalance between the contribution to calories by food grains, fats and oils.

26. The production of oilseeds and sugar have not kept pace with the growing domestic demand. The Perspective Plan provides for achieving progressive self-sufficiency in these. It can be attained with the implementation of appropriate policies. During the Plan, the trade off with other demands on agriculture sector will have to be investigated to determine the appropriate allocation of land and other resources among the various competing crops. In particular, the need to reduce the import of edible oils and sugar will have to be balanced with the need to increase the export of fruits and vegetables, and also by maintaining, at least the present export markets in rice and raw cotton.

27. With the increase in income and urbanization, the demand for the processed food grows faster. The long-term outlook, therefore, will be for a higher share of food to be processed industrially rather than in homes. The processed food, apart from ensuring greater food security, also contributes significantly to the reduction of post harvest/kitchen losses which now represent serious drain on food supply. During the Perspective Plan period not only the production of food crops, but the processing, preservation and packaging will also be given due priorities.

28. The per capita availability of major food items over the Perspective Plan period is shown in table-III.

Table-III

Kgs/Per Annum

	1987-88	1992-93	1997-98	2002-03
Wheat	118.3	160.8	165.3	171.3
Rice (after exports)	18.9	22.7	22.7	22.7
Maize	9.5	13.2	12.8	12.5
Pulses	7.3	7.4	7.4	7.4
Others grains	5.7	5.7	4.9	4.2
Fruits	31.6	33.6	38.8	44.0
Vegetables	42.0	45.4	53.4	61.7
Sugar	15.1	18.1	20.5	23.1
Edible Oils	12.0	13.3	14.8	16.3
Milk	122.3	135.7	150.8	164.7
Meat	12.3	11.2	12.5	13.7
Eggs (Nos)	57.0	72.0	91.0	113.4

ENERGY

29. Energy is specially important for the socio-economic development. At present about 55 percent of the total energy is obtained through oil and gas. During the Perspective Plan the

present structure of energy supply will undergo drastic changes in line with the Plan's long-term objectives of attaining greater self-reliance through the development of alternative sources of energy. The production base of electricity which is dominated by thermal will be diversified with the share of nuclear energy planned to increase from a meager 2 percent in 1987-88 to 10.6 percent by the year 2003. The deficit of 822 MW in 1987-88 will be eliminated by 1993 and thereafter the Plan aims at maintaining the balance between the demand and supply.

30. Tentative projections indicate that the energy supply will increase from 34.4 MTOE in 1987-88 to 89.9 MTOE by 2003. Energy supply by source is shown in table-IV.

Table-IV

ENERGY SUPPLY BY SOURCE
MTOE

	1987-88	1992-93	2002-03	Annual Growth Rate
Gas	8.1	12.9	12.5	2.9
Hydro	3.2	3.7	8.9	7.1
Nuclear	0.1	0.1	2.3	23.2
Coal	2.3	3.6	11.6	11.4
POL	9.1	14.8	39.5	10.3
Others	-	-	0.4	-
Commercial	22.8	35.1	75.2	8.3
Non-Commercial	11.5	13.7	14.6	1.6
Total	34.3	48.8	89.8	6.6

31. As shown in Table, the requirement of POL is projected to more than quadruplicate over the Perspective Plan. Even if domestic crude production rises from 2.2 million tonnes presently to 7.6 million tonnes by the year 2003, there would be a very large gap between oil demand and domestic production which would need to be met by imports. Whereas the demand for crude (which also indicates the refining capacity) is projected to increase from 5.8 MTOE in 1987-88 to 26.6 MTOE in 2003, the import of POL is forecast to reach 14.0 MTOE from 4.1 MTOE in 1987-88; thus implying three times expansion in the existing refining capacity.

32. The structure of economic growth envisaged during the Perspective Plan together with the associated socio-economic changes like urbanisation, preference for energy intensive life style, growing use of energy based appliances in almost every

sphere of life, are likely to accelerate the energy consumption in general and that of commercial energy in particular.

33. Given an average growth of 6.2 percent per annum in GDP throughout the Perspective Plan period, the Pakistan's all types of end use energy consumption, in absolute terms, is forecast to reach 66.8 MTOE in 2003 as against 28.1 MTOE in 1987-88, with the consumption of commercial energy projected to reach 52.5 MTOE in 2003 compared to 16.9 MTOE in 1987-88, thus implying an energy consumption to GDP elasticity of 1.27. The projected energy consumption by source is shown in table-V.

Table-V

ENERGY CONSUMPTION (END USE) BY SOURCES
(MTOE)

Source	1987-88	1992-93	2002-03	Annual Growth Rate 7th Plan	Annual Growth Rate Perspective Plan
Gas	5.2	8.3	8.5	9.8	3.3
Electricity	2.2	3.5	7.5	9.7	8.5
Coal	1.8	2.4	4.1	5.9	5.6
POL Products	7.3	9.7	31.8	5.9	10.3
Others	0.5	0.5	0.7	0.0	2.3
Commercial	17.0	24.4	52.6	7.6	7.8
Non-Comm.	11.2	13.2	14.4	3.3	1.7
Total	28.2	37.6	67.0	5.9	5.9

34. The above table shows that by 2003, Pakistan will be consuming 2.4 times more energy than in 1987-88. Together with the rapid increase in energy consumption, the structure of energy demand and supply is likely to undergo radical changes. Unless proper emphasis is placed on the development and exploitation of indigenous energy resources, Pakistan is going to face tremendous pressure on the balance of payments to meet its energy demand. To achieve these growth rates, however, a major effort would be required to allocate substantial investment towards the energy sector. The chapter on Energy provides detailed projections of energy supply and demand, and a plan for the elimination of load shedding in the context of a coordinated energy sector programme.

DEFENCE PRODUCTION

35. Another vitally important area is self-reliance in the field of defence production. The defence expenditure now accounts for 30 percent of the current expenditure and its import bill has reached US$ one billion. Obviously a good deal of this is at the expense of resources which can otherwise be available for development. A key aim of the Perspective Plan will be to harmonise the industrial programme with the requirement of the defence services. For this purpose the industries serving the demand of both civil and military sectors (steel, truck, machine tools, electronic equipments, basic chemicals, textile and footwear) will be given priority.

TECHNOLOGY

36. For Pakistan the most critical constraints in maintaining a broad-based high growth, is the acquisition and the development of technology. Presently the investment in technological development is marginal. In order to accelerate the pace of technological development, the allocation of resources for the development of technology including research and development will have to be increased, but due to resource constraints, priority has to be given to the development of technologies which yield the largest linkage effects.

37. The development of high technology industries, particularly those industries which will help save labour, energy and material inputs is expected to alter the international patterns of comparative advantage, even in labour intensive industry where the developing countries currently hold a competitive edge. Likewise, the competition from within the developing countries is also expected to intensify. To sustain a high rate of economic growth in the face of this rapidly changing international economic environment, Pakistan will have to adjust its productive structure continuously on the basis of international comparative advantage. The development of a strong and diversified technologically oriented production base, together with social development, calls for a significant improvement in the level and composition of investment.

38. One of the objectives of the Perspective Plan is to reduce the share of capital goods imports in the total fixed investment from 40 percent in 1988 to 32.1 percent in 2003. The existing production base of industries such as heavy mechanical complex, heavy electrical complex, machine tools, shipyard, heavy steel structure will be further expanded, and dovetailed with the latest technology. Presently the engineering industry in Pakistan, besides being totally dependent on imported technology, is also heavily based on imported raw material and spares. The dependency on imports will be gradually reduced through the

progressive implementation of deletion programme as well as through the exploration and development of metallic minerals like iron ore, copper, manganese, chromium and aluminum.

39. A table showing the self resilience indices is placed at Annex-3.4.

****

ANNEX-3.1

BASIC FRAMEWORK OF PAKISTAN'S LONG TERM PROJECTIONS

(1988 - 2003)
Rs. Billion 1987-88 Prices

	1988	1992	1998	2003	Annual Compound Growth Rate 7th Plan	8th Plan	9th Plan
Key Magnitudes							
GDP(FC)	597.8	819.1	1106.5	1480.7	6.5	6.2	6.0
GDP(MP)	668.3	923.3	1249.2	1676.2	6.4	6.2	6.1
GNP(MP)	692.1	938.9	1262.0	1687.2	6.3	6.1	6.0
Gross Investment	110.6	168.2	237.3	335.2	7.5	7.1	7.2
Gross Fixed Investment	100.2	157.0	221.1	312.6	9.4	7.1	7.2
(Public)	57.1	86.5	115.8	148.9	8.7	6.0	5.2
(Private)	43.1	70.5	105.3	163.7	10.4	8.4	9.2
Gross National Savings	91.3	149.9	220.8	319.7	7.2	8.1	7.7
Gross Domestic Savings	67.5	134.3	208.0	308.7	11.5	9.1	8.2
External Resources	19.3	18.3	16.5	15.5	-1.1	-2.0	-1.2
As % of GDP							
Gross Investment	16.6	18.2	19.0	20.0			
Gross N.Savings/GNP	13.2	16.0	17.5	18.9			
Gross D. Savings	10.1	14.6	16.7	18.4			
External Resources/GNP	2.8	1.9	1.3	0.9			
Key Assumptions							
Marginal Rate of Savings(%)							
National	9.7	23.8	21.9	23.3			
Domestic	18.3	26.2	22.6	23.6			
Capital Output Ratio(Gross)	2.8	2.8	3.2	3.3			
Marginal Propensity to Import		12.4	12.1	11.9			

ANNEX-3.2

STRUCTURAL CHANGES
(Percentage Shares)

	1987-88	1992-93	1997-98	2003
A. OUTPUT				
Agriculture	23.31	21.41	19.75	18.06
Manufacturing	18.74	20.48	22.37	24.35
Mining	2.44	2.61	2.91	3.26
Construction	6.49	6.96	7.06	7.20
Electricity & Gas	2.23	2.45	2.66	2.94
Commodity Sub-Total	53.21	53.91	54.75	55.81
Services	46.79	46.09	45.25	44.19
Total	100	100	100	100
B. EMPLOYMENT				
Agriculture	54.03	53.35	52.71	52.02
Manufacturing & Mining	13.36	13.98	14.70	15.47
Construction	5.23	5.48	5.61	5.73
Electricity & Gas	0.49	0.49	0.48	0.48
Transport & Comm.	4.42	4.53	4.60	4.67
Trade	11.41	11.70	12.00	12.29
Banking & Insurance	0.95	0.89	0.84	0.78
Others	10.11	9.58	9.06	8.56
Total	100	100	100	100

ANNEX-3.3

BALANCE OF PAYMENTS

(AT 1987-88 MILLION DOLLARS)

	1987-88	1992-93	1997-98	2003
RECEIPTS				
Goods & Services	7283	9097	11690	15803
a. Goods	4000	6224	9145	13437
Primary	1040	1237	1585	2085
Semi Manufactured	800	1200	1643	2306
Manufactured	2160	3787	5917	9046
b. Invisibles	3283	2873	2553	2366
(Factor Income)	2178	1767	1690	1660
PAYMENTS				
2. Goods & Services	8353	10112	12607	16663
Goods	6300	7826	9800	12270
Consumer Goods	1145	1330	1365	1387
R.M. for Consumer Goods	2480	3022	3150	3348
Capital Goods	2100	2680	4237	5930
R.M. for Capital Goods	575	794	1048	1605
b. Invisibles	2053	2286	2807	4393
(Factor Income)	854	895	980	1050
c. Current Account Deficit	1070	1015	917	860
Exchange Rate	18	18	18	18
Million Rs.	19260	18270	16506	15480

ANNEX-3.4

SELF-RELIANCE INDICES

Items	1987-88	1992-93	2003
Grains	98.0	119.7	110.5
Wheat	88.0	113.3	102.7
Rice	160.0	170.8	164.7
Maize	100.0	116.6	105.9
Others	100.0	100.0	100.0
Edible Oils	35.6	37.2	41.2
Sugar	84.4	87.0	90.1
Iron Ore	-	-	8.5
Fertilizer (N)	63.5	66.5	80.5
Crude Oil	37.9	39.2	50.0
Savings/Investment	82.5	89.1	95.0
Capital Goods-Machinery and Equipment	20.0	23.4	35.8
Domestic Financing (As % of GDP)			
Revenue Receipts	17.6	18.0	22.6
Tax Receipts	13.5	13.8	17.0
Borrowing	10.0	5.0	2.9
i) Internal	6.0	1.9	1.3
Bank	1.8	1.0	0.9
Non-Bank	4.2	0.9	0.4
ii) External (Gross)	4.0	3.1	1.6

CHAPTER - 4

IMPROVING THE DISTRIBUTION OF ECONOMIC BENEFITS

The ultimate aim of economic development is to improve the well-being of the society as a whole. As such it is important to ensure that the benefits of economic progress are distributed fairly over the entire community. Economic justice is, therefore, an essential objective. It consists of several aspects such as alleviation of poverty, greater availability of opportunities, containment of excessively high incomes and more equitable distribution of income and wealth. Pakistan has experienced high levels of economic growth during the past decade. Average per capita incomes have increased in real terms. The question is to what extent the fruits of development have been shared by all. Whether the poorest have benefited or the rich have become richer. Thus the distributional aspect of growth has now assumed fundamental importance in the development strategy of Pakistan.

PRESENT STATUS

2. Inequalities in income in Pakistan decreased consistently from 1963 to 1971 and thereafter increased consistently upto 1984-85 (Annex-4.1 & 4.2). No data are available which can ascertain income inequalities since 1984-85.The share of 40 percent lowest income households in total income fell from 20.5 percent in 1970-71 to 17.9 percent in 1984-85, while the share of 20 percent households in highest income bracket rose from 41.4 percent to 46.7 percent during the same period. The share of the middle 40% households also dropped, though to a smaller extent, making the 20% households with highest income the greatest beneficiaries of economic growth during the years 1971-85.

3. The same pattern of change in income shares is observed for rural and urban areas separately. Income share of the bottom 40% income households consistently fell from 21.6 percent in 1970-71 to 19.7 percent in 1984-85 for rural areas. In urban areas the corresponding numbers are 18.9 percent for 1970-71 and 17.4 percent for 1984-85. However, there is a smaller increase in inequality for urban areas as compared to the rural over this period. Thus, although there still are greater inequalities in incomes in urban areas compared to the rural, the difference has narrowed.

4. Furthermore consumer prices have also been slightly more favourable to the higher income groups. The consumer price indices with 1980-81 as base are lower for higher income groups for the years 1981-82 to 1985-86. This relative worsening of the

PREVIOUS PAGE BLANK

purchasing power of the lower income groups is a source of further distortion of income distribution in real terms.

5. The poorer section of the society, although receiving a smaller share of the total income, has however graduated to a higher standard of living. Absolute poverty, in terms of minimum calorie intake, is almost eradicated by now. Relative poverty, in terms of basic needs (food, shelter, clothing, etc.), has declined considerably. During 1969-70 to 1984-85 the percentage of households below poverty line (Rs.700 per household in 1979 prices) decreased from 65 percent in 1969-70 to 40 percent in 1984-85. The average income of the remaining poor also increased by 20 percent. The phenomenon of increasing inequality in income alongwith declining poverty is explained partly by the extra-ordinarily large remittances from workers abroad and higher domestic wage levels due to large-scale emigration.

RURAL - URBAN IMBALANCES:

6. Rural incomes are lower than urban incomes on the average. In 1984-85 the average income per household for the rural areas was 36% less than the urban. The average size of the household is, however, slightly smaller for the rural sector and the rural households suffer less from the adverse effects of inflation. These factors reduce the real difference in economic well-being in the two sectors to that extent. Besides there are indications that the gap between the two sectors is narrowing on the average (from 38% in 1979 to 36% in 1984-85).

7. The narrowing of the rural-urban gap in average incomes coupled with greater increase in rural income inequalities points to the fact that, during the period 1979 to 1985, relatively greater economic benefits accrued to the rural areas, but these went to the rich rural in greater measure. The rural rich have become richer. The 1984-85 poverty indicators show that still a much larger proportion of rural population (45%) cannot meet the basic needs requirement compared to their urban counterpart (25%).

8. The quantifiable segments of well-being or interpersonal income distribution may be misleading indicators of distributive justice in a society where provision of social services is predominantly in the public sector. The pattern of income distribution may get modified by that of the public expenditure and result in a different scenario of welfare distribution. The data are not sufficient enough to portray the participation in the facilities by different socio-economic groups. A rural-urban classification is one way of identifying these groups. Their participation in the public services is given below:

Education

9. Rural literacy rate is 21.5% compared to urban 49.4% for the year 1987-88. Female literacy is only 9.3% for the rural areas as against 38.3% for the urban areas. Performance at higher levels of education is even poorer. Sharp differences exist in participation rate also. At the primary level rural enrolment ratio is 58.2% as against 77.4% for urban. Only 40% of the total number of high schools are located in the rural areas.

Health Care:

10. Population per health facility has increased over the last ten years, more so in the rural areas. Less than one-third of the rural population has access to health facilities within a two-mile radius. The number of doctors available in rural areas is inadequate compared to the population. Even with the implementation of the Sixth Plan target, the number of doctors available in the rural sector is likely to increase to only 22% of the total. This sorry state of affairs is reflected in the relatively higher rural death rates. For 1984 the Crude Death Rate was 13.1 per thousand in the rural areas as against 9.1 per thousand in the urban areas. Infant Mortality Rate was 135.2 per thousand live births for rural areas while the corresponding urban figure was 105.2 per thousand.

Water Supply and Sewerage:

11. The rural areas are lagging far behind their urban counter-part in the supply of water and sewerage facilities also.In 1987-88 only 45% of the rural population has access to potable water as against 80% of the urban population, while sewerage facilities are available to only 10% of the rural population as compared to 52% of the urban.

Transport and Communications:

12. Accessability to markets is an important factor in raising rural incomes. By the end of the Sixth Plan period 14,905 Kms is likely to be added to the existing farm to market road network as against a target of 10,000 Kms - an achievement higher than planned. This will raise the total farm to market roads to 58,600 Kms. In spite of this progress, considerably greater efforts are required to bring the rural areas at par with the urban in the matter of transport facilities. As regards telephones, presently only 6% of the total number of connections are available in the rural areas. This inadequacy in the communications network is a serious hindrance in rural development.

Energy:

13. Only a small fraction of the total energy is available to the rural sector. The Sixth Plan target is to electrify 65 percent of the total villages. Even with the implementation of this target, the rural domestic electricity consumption will still be as low as 20% of the total domestic consumption. Only 15% of the rural population has access to electricity as against 81% of the urban. Supply of natural gas to rural areas is virtually nil.

Employment and Wages:

14. No reliable employment figures are available. However, non-quantified information has led to the conclusion that there is considerable under-employment (of about 30%) in terms of income or mismatch in the rural sector of the economy. Besides real wages in the agriculture sector have remained lower than real wages in the manufacturing sector (about 20%), although the differential has narrowed in the recent past. These two factors have together resulted in extensive migration of labour from the rural to the urban areas.

Banking, Credit and Savings:

15. Commercial banks, by the very nature of their operations, open branches mostly in towns and cities where they obtain good business. Very few branches are opened in areas with low population. Thus, as of June 1986, while in the urban areas average population per bank branch is between 3000 and 8000, for rural areas it is as high as 20,000. This difference between the rural and urban areas has been increasing over the years. The resultant inaccessibility of the rural population to credit facilities is an important element in the present depressed state of the rural economy. The bank's role in promoting savings in the rural areas is almost non-existent. This is reflected in the rural savings rate which is about one-third of the urban rate.

REGIONAL INEQUALITIES:

16. Despite considerable efforts to improve the socio-economic conditions of depressed areas, there still exist relatively less developed regions with high concentration of low income households. Broadly speaking, these are Baluchistan, the Federally Administered Tribal Areas and the Northern Areas. Some of the imbalances in the socio-economic infrastructure are reflected in the following figures:

	All Pakistan	Balu-chistan	FATA	NA
Literacy Rate (percent) (1983)	26.2	10.3	6.4	14.7
Road per sq.km (Kms) (1985)	0.14	0.07	0.07	0.05
Electricity per capita (KWH) (1985)	216	131	110	100
Primary Health Care Facility/Population ratio (1987)	1:9777	1:7275	1:2518	1:8233

17. It is seen that these regions figure much lower than the national average in all respects except primary health care, which actually reflects the smallness of population more than the accessibility of the facility. Apart from the above areas, there are less developed areas in other provinces as well. The relative backwardness of these areas has been responsible for the relatively lower incomes of the inhabitants.

ROLE OF GOVERNMENT POLICIES:

18. Policies having a bearing on the distribution of incomes consist of taking from the rich, giving to the poor and using the market mechanism for redistribution. An effective redistribution strategy covers all these aspects to varying degrees. Income and wealth taxes, nationalisation of industries and acquisition of land are ways of taking from the rich. Wage increases, distribution of land and public expenditures on uplift programmes for the poor and on social infrastructure are forms of giving to the poor. Employment creation and price management fall under the category of market mechanism. The choice of a policy package is, however, intimately related to the overall development strategy as well as to the attitude of the society towards equity considerations. Although social justice has always been one of Pakistan's considerations in planning, the distributive objectives have generally been subservient to the growth objective. Government's reliance mainly on indirect measures such as employment generation and provision of health and education facilities for its distributive policies has not yielded desired results.

19. Direct redistributive measures were taken in the past in an effort to redistribute physical assets both in the rural and the urban sectors but with little success. Land Reforms of 1959, 1972 and 1977 were not effective. A total of less than 10% of the cultivated area was resumed through these reforms. Of this, less than half was distributed. The rest was either retained by the government or alloted for other purposes like

livestock and dairy industry, mostly to the original owners. In the urban sector, under the nationalisation measures of early 70s, banks and some categories of industries were taken over by the public sector. The extent to which this affected redistribution of incomes is not easy to assess but the psychic impact was to discourage private investment. Urban land policy has also been an ineffective instrument for reaching the poor, as reflected in the mushrooming katchi abadis in larger cities.

20. Asset redistribution has also taken place between agriculture and industry, but in a negative way. Because of the adverse terms of trade between agriculture and industry and disproportionately higher public expenditures on social and physical infrastructure in the urban areas, there was a resource transfer from agriculture to industry in the past. The situation has, however, been corrected through proper agricultural pricing policies and shifting of emphasis of infrastructure development to the rural sector.

21. Fiscal policy has been used as an instrument for redistributing incomes through levy of progressive taxes and allocation of larger public expenditures for the benefit of lower income classes. Despite efforts, direct taxes still constitute only a small proportion of total taxes (15%). Contrary to general impression however, indirect taxes are progressive in nature, though to a small extent only. For the year 1983-84, indirect taxes were 8.3% of the income for the lowest income group whereas they were 13.5% of the income for the highest income group. Nevertheless, because of excessive reliance on indirect taxes and because of implementation lapses in the form of extensive tax evasion, current tax policy has failed to make a dent in income inequalities. Besides, a proper policy for checking conspicuous consumption has also never been designed. On the public expenditure side, larger allocations have been made lately in areas which directly influence the well-being of poorer classes.These areas include social and physical infrastructure, particularly in the rural areas. But these expenditures still fall far short of what is required to be done.

22. Regulation of wages has been another mechanism through which the government tried to ameliorate the lot of the poor. But the wage legislation is limited to the employees of the organized sectors. It does not apply to the employees belonging to the informal sectors constituting two-thirds of the total . Still, despite the limited coverage of wage policy, its demonstration effect is significant. Wages prevailing in the public or the organized sectors get reflected in the wages in the unorganized and informal sectors. Wages of the public sector employees are controlled directly by the Government by fixing the pay-scales. In the case of other organized sectors, wages are managed through labour policy, trade unions and minimum wage legislation. Effective labour and wage policies together with Middle East

emigration has resulted in a substantial increase in real wages in the past decade. This improvement has been broad-based, covering the informal sectors such as agriculture and construction and the formal sectors like large-scale manufacturing. Government employees were an exception.

SIXTH PLAN STRATEGY AND ACHIEVEMENTS:

23. The Sixth Plan made a significant departure from the previous plan in focusing on the poverty issue and planned to provide safety nets to the poorer section of the society. The programmes included: benefit of zakat and ushr to 1.5-2 million mustahiqeen (deserving indigent); nutrition programmes for 1.25 million severely malnourished children and one million pregnant mothers; a special programme to look after the special education and curative needs of one million disabled and handicapped children; generous financial support to non-governmental voluntary agencies to encourage them in their efforts to ameliorate the social and economic handicaps of the poor people; development of 100,000 small plots every year and provision of interest-free loans to help low-income groups build their own houses on a self-help basis; a nation-wide system of scholarships both through the normal budget and from zakat and ushr funds, to ensure that no talented child is denied education on grounds of poverty; increase in agricultural capacity; greater reliance on small-scale and cottage industries; promotion of overseas employment and development of appropriate labour-intensive technology.

24. The Sixth Plan's strategy for fairer distribution of economic benefits has proved to be a big step forward in this direction. Achievements have been significant, though much remains to be done. The socio-economic programme of the Prime Minister in particular has made a substantial contribution. Some of the targets, however, could not be achieved because of taking a late start in implementation of the plan, specially in the field of education. Achievements fell short of the targets in respect of literacy, and opening of primary and mosque schools. Scholarship targets, however, were fully met. In the health sector, during the Sixth Plan period crude death rate declined from 12 per thousand to about 11 per thousand and infant mortality rate decreased from 98.5 per thousand to 80 per thousand. Life expectancy at birth increased from 58.6 years to 61.0 years. Availability of doctors increased from 19 thousand to 28 thousand in urban areas and from 1.2 thousand to 8 thousand in rural areas. The targets of provision of beds was achieved. Immunisation and Diarrhoeal Disease Control/Oral Re-hydration Salts and Traditional Birth Attendants programmes were also fully implemented. But physical infrastructure achievements fell short of the Sixth Plan targets in respect of opening of basic health units and rural health centres. However 85% of Union Councils now

have a basic health unit or a rural health centre. Target was also not achieved in respect of third degree malnutrition. In the housing sector, 430 thousand plots were developed and 400 thousand housing units were constructed in the urban areas. As for water supply and sanitation, the achievements have been around 80% in both the urban and rural areas.

25. Credit disbursements to farmers during the Sixth Plan period increased from Rs.6.3 billion in 1982-83 to Rs.18 billion in 1987-88. Interest free loan limit was raised from Rs.6000 to Rs.12000. Administrative procedures for obtaining credit were simplified through issue of pass books and credit facilities were supervised to ensure proper utilisation by the small farmers. Mobile credit officers not only took credit facilities to farmers but also provided information on input use and cultural practices. All villages are expected to be covered by this service by the end of 1987-88. However, availability of credit to the small farmer is still far from satisfactory. It is suspected that a large portion of this credit is being hijacked by the non-target group.

26. Zakat provisions were extensively used for the welfare of the mustahiqeen. Greater emphasis was placed on economic rehabilitation of the deserving rather than mere distribution of subsistence allowance. 50% of the total zakat collected was allocated for rehabilitation purposes. More than Rs.4 billion have been disbursed from the zakat fund since 1980.

PRIME MINISTER'S SOCIO-ECONOMIC PROGRAMME:

27. Prime Minister's Five Point Programme is basically a poverty alleviation programme with a largely rural orientation. It is multi-dimensional in nature and its main objectives are to establish institutions of social justice, introduce an egalitarian economy, increase employment opportunities, liberate at least 50% of the population from illiteracy and in its total impact to release the creative energies of the nation for tackling the tasks of national reform and reconstruction. A total of Rs 117.35 billion has been allocated for this programme covering the period 1986-90. It will have a throw-forward of nearly Rs.75 billion in the first two years of the Seventh plan period. On completion it is expected to open 45,000 schools and 1300 basic health units, construct 11.7 thousand kms. of farm to market roads, electrify 20 thousand villages, supply clean water to additional 26 million people and develop katchi abadis for 5.5 million people, besides other achievements. Its impact is already visible and it is expected that its implementation will dramatically change the socio-economic conditions of the masses and usher in a quiet revolution in the rural areas.

28. More than Rs.20 billion were spent during the first year of the Prime Minister's Programme,. The areas covered were village electrification, anti-waterlogging and salinity programme, rural education, rural roads, rural health schemes, rural water supply and sanitation, local development, improvement of katchi abadis and 7-marla schemes. Another Rs.22.56 billion are earmarked for 1987-88. During the first two years of the programme, the likely achievements are: opening of 11 thousand mosque schools and 8 thousand primary schools; setting up of 900 basic health units and 90 rural health centres; supply to additional rural population of 7 million with clean water and 2 million with sanitation; construction of 9 thousand kms. of rural roads; electrification of 6 thousand more villages; development of katchi abadis for more than one million people; and development of more than one million 7-marla plots.

LIMITATIONS:

29. The buoyancy of the economy and the accelerated development of infrastructure particularly in rural areas in the past have yielded good dividends. Absolute poverty has been almost eradicated and relative poverty reduced substantially. The income of the lowest income group has also gone up. Besides, while average per capita incomes of both rural and urban sectors have increased, rural incomes have registered a greater increase thereby reducing the gap between the average incomes of the two sectors. Inequalities, however, persist, more so in the rural areas. Incremental incomes have largely accrued to the higher income groups, which have the financial means and the political power to acquire them. The fiscal system was also unable to capture this increase. The single important factor responsible for this state of affairs is the breakdown in implementation of the programmes and policies. No amount of planning and spending will help unless proper implementation is assured. Some of the limitations faced in this regard are:

Political Constraints:

30. Policies and projects which are economically viable are not adopted if these are not met with political approval because of the self-interest of those in power. Reverse is also true; economically unsound policies and projects are approved for the same reason. Matching of economic and political feasibilities have to be ensured for purposes of policy formulation.

Institutional Constraints:

31. Intended transfers of resources do not reach the target group because there are large-scale leakages by way of corruption. A more efficient delivery system is needed. No effort to improve the lot of the poor through any direct or indirect

redistributive policy will have an optimal combination of the mechanics of taking from the rich, giving to the poor and use of market as a distributive agent. And the best development strategy will have an optimal combination of distributive and non-distributive objectives.

Reaching the Target Group:

32. The target group generally cannot be reached to the exclusion of others. Most transfers of resources benefit groups which include members of non-target group also. Low income groups cannot be identified region-wise or activity-wise. This dispersion of the target group and the non-precision of most distributive instruments have made the redistribution task very difficult.

Social Mobility:

33. The present social structure with slack moral and ethical standards has degenerated into a water-tight and compartmentalized setup in which a small group wields almost autocratic power. They have access to good education, best jobs and all material benefits. Such opportunities of education and employment are not available to those at the lower wrung of social ladder. This social immobility has been instrumental in perpetuating income inequality on the one hand and creating a sense of deprivation on the other.

Parallel Economy:

34. Income and wealth amassed covertly though illegal means such as tax-evasion, corruption and smuggling of arms and drugs has further distorted income distribution. The rich classes are the main beneficiaries of such incomes.

PERSPECTIVE AND SEVENTH PLAN STRATEGY:

35. Disenchantment with growth owing to failure of "trickle down" mechanism coupled with emerging concern regarding equity in general and poverty eradication in particular has compelled policy makers in the developing world to chart a course of development with equity. Policy packages in this context range from a direct redistribution whereby redistriutive bias is imparted to the productive structure of the economy to wage-price policies aimed at improving the incomes. Pakistan has been no exception. Both director and indirect measures have been taken to achieve a fairer distribution of economic benefits. Redistribution of assets was attempted in the past but it was not much of a success. Wage-price policies and fiscal measures have helped but not to the extent desired. It is by now quite clear that additional measures specifically designed for income

redistribution and poverty alleviation, are called for if any tangible results are to be achieved. It is in this context that a specific income redistribution and poverty alleviation strategy is being conceived for the Seventh Plan.

36. The poor can be helped by means of contributing directly to their consumption or by strengthening their economic base. Both are no doubt essential. Immediate and pressing consumption needs have to be met. Also there are people who are not capable of doing productive work. Such requirements will be taken care of by zakat and ushr funds. However, the more important role of the government is in improving the productive capacity of the poor (and consequently their earnings) by providing more infrastructural facilities, building up their physical and mental capabilities and affording them greater opportunities of work. This not only strengthens their economic base but also ensures provision of basic needs which is a fundamental right of every human being. This role of the Government is being crystalised in the form of a multi-dimensional strategy covering the following broad areas:

Human Resource Development:

37. While malnutrition, because of low incomes, is an expression of absolute poverty, paucity of social services, in particular eduction, health care, housing, electricity, roads and communication facilities is a manifestation of relative poverty. Such services are not available to the masses in adequate measure. With the Prime Minister's Five Point Programme, however, the last two years have witnessed concerted efforts in this direction specially in the rural areas.

38. With respect to education, there has been the needed shift of emphasis from higher education to literacy, primary education and vocational training. Presently higher education is heavily subsidised. The Government bears a subsidy of about Rs.11,000 per university student per year. Elimination of this subsidy will not only release more funds for primary education and technical training, it will also reduce the unemployment problem of the educated youth. Manpower should be a resource rather than a burden of society. It should be trained according to the requirements of the economy so that their absorption is ensured. Misguided education and training policies will result in unemployment which may lead to unbridled discontentment and social upheavals.

39. The emerging nature of educational process, new avenues of learning as well as the expansion of communication technology have increased the complexity of educational planning. It is, therefore, appropriate that a perspective framework is developed. For this purpose, the curriculum at different levels will have to

be revised at appropriate intervals so as to (i) inculcate social and moral values, (ii) foster values of unity and integration and (iii) eliminate regional and sectarian fanaticism.

40. To make up for the slow progress in the attainment of the literacy target, the Perspective Plan will emphasise:

- attainment of 80% literacy rate by 2003;
- universal primary education combined with quality improvements in the existing system with a stress on income generating skill development;
- a provision of at least one technical high school at the tehsil level;
- the establishment of one polytechnic in each district for males and at the divisional level for females;
- the creation of District Education Authority to manage education upto secondary level in each district;
- the provision of colleges of teacher education for men and women at the district level;
- the upgradation and improvement of teaching skills of teachers through distance learning techniques and other innovative methods;
- the establishment of an education foundation to promote the cause of education and provide facilities to deserving students.

41. While full enrolment will be attained for males and females at the primary level, the participation rate at the middle level will increase from 30 percent in 1987-88 to 57 percent by 2003, and that at the high school level from 17 percent at present to 40 percent by 2003. To achieve the above objectives, about 42 thousand primary, 24 thousand middle and 17 thousand high schools and 30 thousand mosque schools would be required in addition to the present number.

42. The strategy of the Seventh Plan will be to provide school facilities to every child within 3/2 Kms. so that no child is deprived of basic education due to non-availability of school at a reachable proximity. By 1992-93 almost every child (boy and girl) of age 5+ will have access to a primary or mosque school. A primary school will be established for every settlement of 500 persons or more. There will be a legislation for compulsory primary education upto class 5 wherever a school is available

within a radius of 3/2 Kms. This will automatically remove disparities in availability of school facilities for boys and girls and for rural and urban areas. Higher literacy rates are planned to be achieved through improvement and expansion of primary education. It is expected that literacy rate will increase to 38% by the end of 1992-93, with rural literacy rate reaching 32%.

43. To help attain these objectives, Seventh Plan envisages a more than 50 percent increase over the Sixth Plan for the public sector development outlay on education, major portion of which is earmarked for primary and secondary education. Scholarships will be awarded to deserving students from low income groups in order to provide them access to quality institutions. Zakat and ushr funds will be used for award of stipend to children of mustahiqeen.

44. Communities will be encouraged to set up, on a self-help basis or as private venture, primary, middle and high schools using Urdu or a regional language as a medium of instruction. As an incentive Government will provide by way of grants 50% of the annualised capital and recurring cost per student.

45. Nutrition is an important development concern. It is closely related to the improvement of Health standards and it can in fact be regarded as a major preventive measure since a high nutrition level enables people to resist diseases. Nutritional deficiencies are usually caused by under-nourishment which in turn is caused by low family-income, ignorance of good nutrition practices and unequal distribution of food within the family, with lowest priority for women girls and non-earning boys. Such deficiencies are also the result of an imbalances between the intake of calories and proteins. During the Seventh Plan period food stamps will be issued to the poorest families through local councillors, which will make them eligible to purchase specific food items from the utility stores. More utility stores will be opened in the least developed areas and these stores will sell only those items which are essential for meeting the minimum nutritional requirements.

46. Health care is receiving particular attention under Prime Minister's Programme. Basic health units and rural health centres are being opened. Doctors are being appointed in rural areas in large numbers. A service bond for every medical and nursing school student and permission for private practice only in rural areas and small towns should be effective tools. However, greater emphasis on paramedics is needed as most traditional approaches to health care, being highly expensive, have limitations.

47. The Perspective Plan will incorporate a well defined national health policy. The Plan will emphasise the preventive and promotive aspects of health care. Under this programme, all children below the age of 2 years will be fully protected against the six preventable diseases of childhood. Similarly, all females of child bearing age will be protected against tetanus. In addition, immunization will be expanded to provide protection against more diseases. Health insurance, atleast for critical illness will be introduced while Employees Social Security will be extended.

48. During the Seventh Plan period, a number of measures will be taken leading to an improvement in life expectancy at birth from 61 to 63 years. Infant mortality is expected to decrease from 80 per thousand to 60 in 1992-93. By the end of the Seventh Plan period there will be a primary care facility for every 10,500 persons and a hospital bed for every 1380 persons. Number of doctors in rural areas are expected to increase from 8000 at present to 15000 by 1992-93, thereby raising the rural proportion in the total number of doctors to 30 percent from the present 22 percent .

49. Development of proper rural health infrastructure is an important component of the Prime Minister's Socio-Economic Development Programme, wherein each Union Council is to be provided with a Basic Health Unit and Rural Health Centre manned by qualified doctors with necessary supporting staff by the year 1990. Under the Seventh Plan a village health auxiliary will be provided in each census village to act as an extension arm of the basic health units in every village which does nor have a health facility at a convenient proximity. A mechanism will also be developed whereby emergencies and other complicated cases will be referred to the tehsil/district hospitals which will be equipped with modern facilities and specialized services.

50. In the urban areas, primary health care centres will be opened in order to lighten the burden on hospitals. Employment will be provided to all categories of health personnel in public and private sectors. A nation-wide school health service will be made operative to take care of the unattended youth. National health insurance scheme, at least for critical illness, will be introduced and social security scheme will be strengthened. Nutritional anaemia programme will be launched covering all age groups. Fertility regulation will be a focal point of primary health care for better maternal health and improved health endowment at birth. More explicitly the programme will undertake improving of health standards, lowering morbidity and mortality among children under 5 and women, spacing children and family life education.

51. For the health manpower, the following targets have been proposed:

	Facility/Population Ratio	
	1992-93	2003
Doctor	1:2,280	1:2,000
Specialist Doctor	1:15,000	1:8,000
Dentists	1:47,200	1:25,000
Pharmacists	1:100 beds	1:50 beds
Nurse	1:3.3 beds	1:2.7 beds
Auxiliaries	1:2,000	1:1,000
Dais	1:1,000	1:1,000

52. The present approach of developing a nation-wide integrated health care system will be pursued throughout the Perspective Plan.

Rebuilding Physical Infrastructure:

53. The country is presently facing a virtual collapse of infrastructure facilities due to lack of maintenance of existing infrastructure and inadequate allocation for building new infrastructure to meet the requirements of the expanding economy. Besides, financial expenditures have not led to corresponding physical achievements due to heavy leakages by way of corruption which has made matters worse. The institutional arrangements for implementation require tightening up. Higher financial allocations are also needed in order to avoid stoppages in the implementation of other sectoral programmes. The importance of energy and transport in the development of rural economy cannot be overemphasised. The Prime Minister's crash programme for rural electrification and farm to market roads is expected to make a dent in these areas. This programme will be carried over into the Seventh Plan.

54. The Seventh Plan envisages an increase of 13,500 Kms. of farm to market roads, construction of 968 Kms. of new roads and improvement of 351 Kms. of existing roads in underdeveloped areas and opening of 800 new post offices in rural areas as against only 200 in urban. Telephone availability in rural areas is planned to increase three-fold during the Seventh Plan period, Azad Jammu and Kashmir and Northern Areas to be provided with additional 7500 telephone connections. As for supply of electricity, it will be made available to 47% of the total population by 1992-93 as against the present 35%. At least half of the new domestic connections will be provided in the rural areas. The village electrification programme will electrify

another 14000 villages, bringing the proportion of electrified villages up to 68.7 percent by the end of the Seventh Plan period as compared to the present 38.3 percent. Rs.8.4 billion have been earmarked for this purpose. An additional funding of Rs.2.6 billion has been made for rural electrification and up-stream facilities in Azad Jammu and Kashmir, Northern Areas and Federally Administrated Tribal Areas. Another Rs.10.5 billion have been appropriated for extension of secondary transmission systems and distribution of power in the WAPDA system, a major portion of which will provide electricity to new costumers most of who will belong to the lower income group. Funding is also provided for installing generators in farflung areas. The Seventh Plan also proposes that at least 50% of new gas connections will be provided in rural areas and supply of LPG to rural areas will be streamlined. Besides, photovoltaic, solar water heaters will be developed in rural areas.

55. Housing is not growing at the rate of urban population growth with the result that the backlog of houses is building up, which is visible in the form of katchi abadis. Nearly one-third of population of Karachi now lives in katchi abadis. Low-cost housing thus needs priority attention. During the Seventh Five Year Plan, improvement and regularisation of katchi abadis is expected to benefit 5 million persons. Besides 2-3 marla plots will be provided to the urban shelterless. Under the 7-marla plots scheme, 2.2 million plots will be alloted in the rural areas. Construction of 1 million houses for the rural and urban shelterless will be financed through Zakat Fund, Prime Minister's Special Fund, House Building Finance Corporation and foreign grants. Besides, more credit facilities for low-cost housing will be made available in the private sector.

56. Clean water is by far the most immediate requirement, particularly of the rural population. Majority of illnesses are attributable to contaminated water supply. availability of clean water therefore is a vital preventive measure which will curtail water borne diseases and reduce expenses on health services. The Seventh Plan will endeavour to increase the coverage of potable water supply and sanitation. Clean water will be supplied to an additional 13.6 million urban population and 31.2 million rural population. Thus water availability will increase from the present 80 percent to 95 percent by 1992-93 in urban areas and from 40 percent to 75 percent in rural areas. As for sewerage facilities, another 12.4 million urban population and 17.0 million rural population will be served during the Seventh Plan period, thereby increasing the coverage from 52 percent presently to 70 percent in 1992-93 for the urban population and from 10% to 30% for the rural population.

57. Development works like bulk water supply, sanitation, drainage, roads etc. will be undertaken by the public sector for 2302 katchi abadis spread over 42,145 acres. The environmental

conditions will also be improved. The residents, totalling 5.5 million, will be granted proprietary rights.

Employment Generation:

58. Unemployment is expected to assume serious proportions in the near future. Opening of the Middle East market during the early 1970's had temporarily eased the situation. Approximately 8% of the labour force had emigrated during 1975-85. But recent information on migration suggests that Pakistan has already entered the phase of negative outflow. The construction boom is more or less over in the Middle East. Together with low oil prices and competitive edge of few other labour exporting countries, it is generally viewed that 60 to 75 percent of the emigrants are likely to return in the near future. This means that labour market has to absorb not only the incremental labour force which grows at the rate of about 3% per annum but also an additional 1% in the form of return migration, not to mention the existing backlog of under-employed. This constitutes a tall order and requires expansion of employment opportunities at the rate of 4 to 5% per year for the next five to seven years. The problem is further compounded by the structural changes in the economy due partly to emigration over the past 10 years or so. Available evidence indicates that during this period the labour absorptive capacity of the entire economy, particularly the commodity producing sectors like agriculture and manufacturing, has gone down as a labour-short situation, created temporarily by emigration, has led to increased capital intensity.

59. Rural unemployment is on the increase because of structural changes in the agrarian economy such as mechanization, capitalistic orientation of agricultural practices and changes in land tenure system, in addition to the return of migrant labour, half of which comes from rural areas. The pressure of rural population seeking employment in the urban areas is already being felt and is expected to increase in future. Creation of employment opportunities in rural areas has therefore assumed great urgency as it will serve the twin objective of generating income for the rural poor and discouraging migration to large cities, which are facing a total collapse of public utilities.

60. Past industrial policies have tended to favour large-scale manufacturing which is capital intensive and urban based. As a consequence, rural population is migrating to the cities while the industry is not capable of absorbing all the employment seekers. It is therefore, necessary to encourage small-scale industry in rural areas and small towns. This will not only absorb more labor force, being more labor-intensive than large-scale industry, but will also offer more employment opportunities in the areas of residence. Growth of small-scale industry may be adopted as a separate target.

61. The employment problem can also be approached through selective sector strategy. The sectors with higher labour content, like vendor industry, construction and services sector, shall be planned to grow at a faster rate. Appropriate manpower planning will effectively reduce the educated unemployables by charting the future requirements of various abilities and skills and planning education and training accordingly.

62. On the basis of GDP and fixed investment growth targets of 6.2 per cent and 7.9 per cent per annum contemplated under the Perspective Plan, it is estimated that about 10.8 million additional employment opportunities would be generated with agriculture accounting for 46.7 per cent; mining and manufacturing 21.0 per cent; trade 14.6 per cent; construction 7.0 per cent; transport and communication 5.3 per cent and the rest 5.4 per cent. In the process, the share of agriculture in total employment would decline from 54.0 per cent in 1987-88 to 52.1 per cent in 2003, and that of industry is likely to go up from 19.1 per cent in 1987-88 to 21.7 per cent in 2003.

63. An essential element of the plan's employment strategy will be promotion of self employment through the implementation of employment-oriented rural development programmes and a preference for labour-intensive technologies. While appraising projects, the employment effect will be given due weightage and a criteria for evaluating the employment benefit of projects will be applied. In addition, income policies which link real wages to increases in productivity will be followed. The plans' employment policy will also go a long way towards alleviating poverty and providing basic needs.

64. One of the most important objectives of the Seventh Plan is to generate productive employment. Measures will be taken towards this end. On-farm and off-farm employment generation will receive emphasis through introduction of labour-intensive agricultural practices and encouragement of small-scale and cottage industries, which are generally more labour-intensive, in small towns and rural areas. Schemes of self-employment will be introduced. It is expected that 4 million additional jobs will be created during the Seventh Plan period. There will be a decisive shift from general education to technical and vocational training in order to increase productive employment and reduce educated unemployables. 37 vocational training centres including 5 for women will be established. Overseas employment will also be encouraged.

65. Small-scale industries will be accorded high priority in the manufacturing sector. Greater access will be provided to infrastructure facilities like power, gas and telephone; preferential treatment will be given in the matter of credit allocation, sub-contracting arrangements between large and small-scale industries will be made; and a one-window operation will be

established so that a small entrepreneur can meet all his requirements in one place.

Reaching the Small Farmer:

66. The credit-technology package has not reached the small farmer. Even the credit and extension facilities supposedly for the small farmer have mainly benefited the elites . It is difficult to avoid the non-target group entirely, but greater flow of benefits to the target group could be ensured in future by making necessary institutional changes.

67. One of the Seventh Plan objectives in the agriculture sector is to improve support price system and market mechanism in order to make the system responsive to the needs of the small farmer with the ultimate objective of increasing his earnings. Other objectives which benefit the small farmer are diversification of output towards fruits, vegetables and live-stock products, dissemination of modern production techniques and increased availability of interest-free loans. With greater stress on intensive cultivation practices and consequent increase in purchased inputs,the requirement of institutional credit will also increase. Credit facilities are therefore planned to increase by 12% every year, totalling Rs.130 billion for the Seventh Plan period as against Rs.66 billion disbursed during the Sixth Plan. Supervised credit system will be extended to cover the whole country and efforts will be made to curb malpractices. Credit will be backed by crop insurance in order to facilitate recoveries. The training and visit system of agricultural extension, introduced during the Sixth Plan, will be extended to all districts of Punjab and Sind during the Seventh Plan period. Crop and area maximisation programmes will be promoted and effective linkages will be provided between the farms and the research institutes.

Participation at Grass Roots Level:

68. Greater reliance has to be placed on mobilisation of private resources with the public funds becoming scarcer. Programs such as cooperatives, extension services and non-formal education shall be undertaken on a self-help basis. Provision of basic needs to the poor will be organized on a large-scale through zakat and ushr. Mass media will be mobilized extensively for motivating the public for participation in the development process at the grass roots level. A motivation programme will be designed to inform, educate and motivate people to help themselves. This would be done through an integrated community development programme along with extension services, co-operatives and other self help schemes. Basic institutional changes and streamlining of administrative procedures are,

however, required in order to fully utilise the potentials of the masses. The institutions of District Councils in rural areas and Town Committees in urban areas will be strengthened and equipped to supervise the network of functionaries of social services. In addition all federal/provincial organizations involved in the delivery system of these services will be accountable to the District Councils and Town Committees.

Rural Development

69. Rural areas have suffered neglect in the past in terms of developmental effort. They received a disproportionately lower share in the public expenditures. Their average incomes are much lower than the urban. The sense of realization and the will to correct this situation took the shape of Prime Minister's Socio-economic programme. It is a leap forward in rural infra-structure development. It covers education and health services, electrification, farm to market roads, supply of clean water and sanitation, anti-waterlogging and salinity programme, etc. Although this programme ends in 1990, the pace of rural development set by this programme will be maintained till the end of the Seventh Plan period. It is expected that this accelerated rate of rural development will soon bear fruit and will narrow down the rural-urban income differentials. Rural development strategy is discussed in detail in the chapter on Rural Development.

Regional Development:

70. Baluchistan, the Federally Administered Tribal Areas, Azad Kashmir, the Northern Areas and some districts of Punjab, Sind and NWFP have been identified as relatively less developed and low-income areas and will receive a substantially larger allocation from the Federal budget for their development. In the case of underdeveloped regions/districts of the Provinces, Federal expenditure may be linked with a provincial contribution of 50 percent of the total cost of a project. This may apply to the rural areas as well.

71. The development strategy should relate to the natural endowments and limitations of each area. In Baluchistan, the strategy should be the extension and preservation of irrigation by (a) expanding the Pat Feeder Canal (b) building small dams to conserve the rain run-off (c) on-farm water management and (d) extension of trickle irrigation, initially at subsidised rates. Provision of electricity and roads, in Baluchistan will hold high priority. Also, greater geographic spread will be given to primary education in the province.

72. For the Tribal Areas the development priorities are: exploitation of scant irrigation facilities, provision of electricity to meet higher energy requirements, conserving and developing forest areas, linking valley roads to main arteries, and promoting literacy and education, particularly technical.

73. The Northern Areas enjoy highest literacy rates among the less developed areas. With respect to health facilities, it fares even better than the national average. The main development priorities of these areas are irrigation water and energy from hydel power generation. The Agha Khan Foundation is presently doing a marvelous job through the Agha Khan Rural Support Programme, consisting of multi-sectoral activities. Fruit trees thrive wherever water is available. The strategy will be to encourage fruit production. Fruit canning industry has good prospects in these areas.

74. The Industrial Location Policy of the Government has not yielded desired results. While taking advantage of the concessions offered, industries were setup in areas technically qualifying for concessions but also adjoining large cities, thereby negating the very purpose of the policy. Also tariff concessions were misused in many instances and machinery imported for a specific underdeveloped region was installed somewhere else. A new, balanced location policy with a small scale, non-urban orientation will be devised.

75. The Seventh Plan will make a special effort to develop the physical and social infrastructure in the area west of Indus under the Prime Minister's Programme. Efforts will also be made to promote small-scale industry in NWFP, Baluchistan, Azad Kashmir, Federally Administered Tribal Area and Northern Areas and to provide credit facilities for this purpose. Large-scale manufacturing units, with backward and forward linkages will be identified for these areas and specially tailored incentives will be offered on a case by case basis. Key projects which are likely to stimulate economic activity in underdeveloped areas and which are not attracting private investment because of low profitability will be sponsored by the public sector. Tax holiday and full exemption from customs duty on plant and machinery will be allowed only for industries located in Baluchistan, NWFP, Tribal Areas, Northern Areas, Azad Kashmir and the districts of Rajanpur, Mianwali and D.G.Khan in the Punjab and Jacobabad and Tharparkar in Sind. Exemption of 25% of custom duty will be allowed for industries located in rural areas. Vocational Training Centres will be opened in industrial estates of the underdeveloped regions. Rs.19.4 billion have been earmarked in the Seventh Plan for regional development and for Special Development Programme.

Participation of Women in the Development Process:

76. Despite considerable progress in the area of women's development in the recent past, it must be recognized that women are still the deprived majority of our society. The first condition for an effective national development policy for women is the recognition that no society can make real progress unless women become equal partners in the mainstream of social and economic development. A pragmatic action programme for the uplift of women was initiated in the Sixth Plan. There are already noticeable signs of improvement. It is planned that such an uplift programme for women shall be extended to the Seventh Plan and beyond aiming at women's full participation in the development process and complete integration in society.

77. The action programme shall specifically relate to provision of better health, education and employment facilities. Rs.1 billion have been allocated specifically for women's development in the Seventh Plan- an increase of about 40% over the Sixth Plan allocation. It will be ensured that these funds are effectively utilised for the most deserving. Besides, the role of the NGOs will be explored and encouraged. It is through the efforts of the society as a whole that women's participation in social and economic spheres of life can be made more meaningful.

Safety Nets:

78. The social welfare and special education programme of the Government is aimed at socially, economically and physically disadvantaged. As such it is wholly a poverty alleviation programme. The Seventh Plan outlay for this sector is one billion rupees (almost double the Sixth Plan expenditure), covering special education for the disabled, promotion of voluntary social welfare agencies and services, child welfare, medical social work, women's welfare and urban community development, staff welfare services, welfare of senior citizens, control of beggary and rehabilitation of drug addicts. Zakat and ushr funds are expected to play a larger role in providing safety nets to the mustahiqeen during the Seventh Plan period. A system of relief will be worked out for the weakest among the population who may not be able to obtain a subsistence income due to deficiencies beyond their control. A major policy initiative in this area is the reorganisation and streamlining of social welfare and zakat organisations at the federal, provincial and local levels. The Federal Government will also establish and develop a central administrative framework capable of initiating, steering and sustaining programmes for special education and rehabilitation of the disabled.

79. Redistribution of economic benefits as a policy has always been secondary to the objectives of economic growth and stability. There is little scope for redistribution policies which conflict with the growth policy. Planning for redistribution of incomes will, therefore, be combined with planning for economic growth and stability. In formulating the redistribution policies indirect effects of these policies will be taken into account fully. The economic backlash may sometimes completely negate the purpose of the policy. A successful redistributive policy will have an optimal combination of the mechanics of taking from the rich, giving to the poor and use of market as a distributive agent. And the best development strategy will have an optimal combination of distributive and non-distributive objectives.

****

ANNEX-4.1

GINI COEFFICIENTS OF HOUSEHOLD INCOMES

	Pakistan	Rural	Urban
1963-64	0.39	0.36	0.44
1966-67	0.36	0.33	0.39
1969-70	0.34	0.30	0.37
1970-71	0.33	0.30	0.37
1971-72	0.35	0.31	0.38
1979	0.37	0.33	0.40
1984-85	0.39	0.34	0.40

Source: Statistics Division for 1979 and 1984-85.
Economic Survey, 1986-87 for the rest.

ANNEX-4.2

INCOME SHARES (PERCENTAGES)

	1970-71			1979			1984-85		
Households	Pak.	Rural	Urban	Pak.	Rural	Urban	Pak.	Rural	Urban
Lowest 20%	8.2	8.7	7.5	7.4	8.3	6.9	6.9	7.7	6.8
Lowest 40%	20.5	21.6	18.9	18.8	20.9	17.8	17.9	19.7	17.4
Highest 20%	41.4	38.8	45.1	45.5	41.3	47.0	46.7	42.8	47.7
Highest 10%	26.8	24.1	30.6	31.0	27.1	32.2	32.1	28.4	32.8

Source: Statistics Division for 1979 and 1984-85.
PIDE for 1970-71.

CHAPTER - 5

OBJECTIVES AND STRATEGY OF THE SEVENTH PLAN

The Seventh Plan has been prepared in the light of the experience gained from the implementation of the Sixth Plan,and within the Socio-Economic Framework available now for the second Perspective Plan (1988-2003). While pursuing growth of output and employment, increasingly in the private sector, the Seventh Plan would seek concurrently to take direct steps to improve the quality of life and raise the living standards. This would be done by providing infrastructure in the rural areas; public services, such as education and health to all sections of the society, employment opportunities and safety nets for the weakest groups of the population.

Sixth Plan Review

2. The Sixth Five Year Plan (1983-88) had aimed at a rapid economic growth. Policies were designed to benefit the majority of the population. This was to be achieved through emphasis on the production growth and social justice. The strategy was to revive private investment through deregulation, strengthening the production base, diversifying agriculture into high value products, moving toward self-sufficiency in oilseeds, improving industrial efficiency and expanding exports. The distribution of the benefits of growth was to be ensured through active participation of the majority of the population in the economic life, and by the provision of safety nets for the most vulnerable groups in the society.

3. Towards the end of the third year of the Plan, a process of socio-economic change was initiated with the implementation of the Prime Minister's Five Point Programme. The main achievements of the Sixth Plan have been as follows:

- Maintenance of high annual growth in the GDP at 6.3 percent (target 6.5 percent) per annum with growth rates of 3.3 percent in agriculture and 8.0 percent in manufacturing against the targets of 4.9 and 9.3 percent respectively.

- In the industry, new capacity was created in textiles, cement, vegetable ghee, sugar, tyres and tubes, basic chemicals, motor cars, synthetic fibres and engineering industries. As a result the share of manufacturing sector increased from 19.1 percent of the GDP in 1982-83 to 20.5 percent in 1987-88.

- In energy, electricity and gas production increased by 48 percent and 20 percent, respectively, while the extraction of crude oil increased by 3.5 times, equal to one-third of total demand.

- The overall fixed investment is likely to be 86 percent of the target, public sector (88.4 percent) and private sector (83.7 percent).

- A major acceleration took place in the pace of the rural development through expansion of physical infrastructure and public services.

- Despite unfavourable terms of trade, the external finances strengthened as export volumes increased by 11 percent while imports grew by 6 percent, so that the current account deficit averaged 3.6 percent of the GNP.

- The annual inflation rate fell from the Fifth Plan average of 8.8 percent to about 6.0 percent.

4. In addition to the achievement of the physical and the financial targets, the overall economic policy environment has been strengthened by progress in deregulation, reduction in administrative controls and sanctioning procedures, rationalization of prices in agriculture and energy,the pursuit of a flexible exchange rate policy and progress toward import liberalization and tariff rationalization.

5. While these have been the accomplishments, there have been a number of major shortcomings as well. These include the inability to formulate and implement the fiscal reforms, and the slow pace of structural change in key sectors such as agriculture, industry and exports. In agriculture, the major emphasis was towards the growth of new crops, notably oilseeds and exports of fruits and vegetables. In fact, the agricultural production during the Sixth Plan increased not by moving in these new directions, but because of a breakthrough in cotton and wheat. In the manufacturing too, progress has not been satisfactory in steel based,engineering goods and the more sophisticated industries which were the main objectives of the Sixth Plan.

6. Although over 86 percent of the overall fixed investment target is likely to be realized, the pattern of investment and its financing has not been according to the expectations of the Plan; the private and the public savings of the size envisaged in the Plan could not be raised and Pakistan had to rely on borrowed resources. The balance of payments also came under pressure, particularly in 1984-85 , when the momentum of export growth was interrupted by a major crops failure.

7. Progress in social sectors --- enrollment of primary school population, literacy rate, improvement in health services, provision of clean water, sewerage, electricity and telephones facilities, particularly in the rural areas --- also remained below the expectations.

MACRO-ECONOMIC FRAMEWORK

8. The focus of the Seventh Plan will continue to be on the areas emphasized by the Prime Minister's Programme. It is not likely to be completed until the second year of the Seventh Plan. The rural development programme will be complemented by an added emphasis on employment and poverty alleviation.

9. At the same time, the Seventh Plan would give special consideration to concrete measures for the mobilization of domestic resources in order to restore the viability of domestic and external finances. Monetary policy would be used both to direct credit to the priority sectors and to ensure that price increases are moderated.

10. The basic aims of the Seventh Plan would be as follows:

i) movement towards full employment, specially of the educated (matriculate and above);

ii) provision of nutrition, shelter, health, education and transport and other public services through maximum coverage of population;

iii) development of human resources, with emphasis on education and training of manpower;

iv) progressive achievement of self-reliance in all spheres of life, including the gradual reduction of dependence on foreign loans, technology and know-how;

v) promotion of private sector activity to the fullest extent consistent with social responsibility, through further deregulation of the economy, so as to transfer the bulk of the financial burden of investment and growth from the government's budgetary resources to the private sector's own resources;

vi) restoring equilibrium in public finances by a concrete programme of balancing the revenue budget, and eliminating the imbalance between the Government's expenditure requirement and its revenue raising capacity;

vii) strengthening the balance of payments by aggressive promotion of exports, through industrial, commercial and exchange rate policy and to achieving a better balance between imports and exports; and

viii) pursuing a restrained monetary policy to ensure continued price stability.

11. By diverting public investment, and providing a policy framework for the private sector participation, the Seventh Plan would seek to improve the quality of life and raise living standards. The main instrument for achieving this will be the spread of public services, particularly education and health, to all sections of society. Accordingly, social sector allocations have been raised from 15 percent during the Sixth Plan to 21.8 percent of the total ADP during the Seventh Plan. Table-5-A summarized the improvement expected in the quality of life indicators over the Seventh Plan period.

Table-5-A

QUALITY OF LIFE INDICATORS

		1982-83	1987-88	1992-93
1.	Literacy:			
	Number (Million)	16.1	21.3	33.8
	Percentage	27.0	30.0	40.0
2.	Primary Education:			
	Number enrolled (Million)	6.8	9.3	13.9
	Boys	4.6	6.1	8.0
	Girls	2.2	3.2	5.9
	Percentage of Primary age Population	52.8	63.5	80.0
	Boys	79.5	79.5	88.5
	Girls	35.3	45.7	70.3
3.	Infant Mortality (age 0-1) Per thousand	98.5	80.0	60.0
4.	Life Expectancy: Number of years	58.6	61.0	63.0
5.	Access to Clean Water:			
	% of total population	38.0	53.0	82.0
	% of rural population	22.0	45.0	75.0
	% of urban population	77.0	80.0	95.0
6.	Access to Sewerage Facilities:			
	% of total population	16.0	23.0	44.0
	% of rural population	4.0	10.0	30.0
	% of urban population	48.0	52.0	70.0
7.	Availability of Electricity:(Mill. No.)	24.2	36.5	56.6
	% of total population	27.2	35.2	47.0
8.	Availability of Telephones:			
	Number (Million)	0.4	0.7	1.3
	% of total population	4.1	6.7	13.6
	Urban	3.2	5.2	10.8
	Rural	0.9	1.5	2.8

12. A special aspect of the programme in the social sector is to transform the rural areas. The Seventh Plan provisions are reflected in the physical infrastructure and social services targets for the rural areas given in Table 5-B.

Table.5-B

RURAL SHARE IN BENEFITS OF DEVELOPMENT

	1982-83	1987-88	1992-93
1. Education			
(a) urban literacy rate	42.6	49.9	52.4
rural literacy rate	15.0	21.5	32.0
(b) urban primary enrolment (Million)	2.7	3.1	4.2
rural primary enrolment (Million)	4.3	6.2	9.7
% of rural in Total	61.4	66.6	69.8
2. Health			
(a) urban doctors (Nos.)	18,800	28,000	36,700
rural doctors (Nos.)	1,200	8,000	15,000
% of rural in total	6.0	22.0	36.0
(b) rural health centres (Nos.)	298	492	625
basic health units(Nos.)	1,693	3,496	5,409
3. Electricity			
number of villages electrified.	N.A.	18,617	33,367
% of total villages	N.A.	38.3	68.7
rural electricity consumption as % of total	N.A.	10.0	15.0
4. Rural Roads (KMs)			
Total (Kms)	46,000	60,957	69,457
Increase in KM of farm to market road	5,000	14,957	8,500
5. Water and Sewerage (Rural)			
(a) access to potable water nos. in million.	13.7	28.6	58.9
% of rural population	22.0	40.0	75.0
(b) access to sewerage facilities nos. million.	2.5	7.1	23.6
% of rural population	4.0	10.0	30.0

13. During the Seventh Plan period, the benefit of electricity will be extended to 69 percent of the total villages containing nearly 75 percent of the total rural population. The network of rural roads will be increased to 69,457 kms compared to 60,957 Kms during the Sixth Plan period. The percentage of rural population served with clean drinking water will be raised from the present 40 percent to about 75 percent, and sewerage facilities, from 10 percent to 30 percent. The proportion of the primary school-age children in rural schools will be increased from below 56 percent to 80 percent.

14. In addition to the directed investment, new policy initiatives will be taken to improve the delivery of social services to rural areas. A national rural health service will be introduced (preferably on a voluntary basis) and an extensive network of basic health units and rural health centres will be constructed to extend health cover to the entire rural population.

ECONOMIC GROWTH

15. With an annual increase of population of around 3 percent, the average income per family which increased by Rs 388 and Rs 403 during the Fifth and Sixth Plan periods, would further increase by about Rs 519 during the seventh Plan. This is shown in the table below:

(At 1987-88 billion Rs.)

Sector	1977-78	1982-83	1987-88	1992-93
Agriculture	96.58	118.30	139.70	175.39
Industry	75.17	117.96	178.78	266.25
Manufacturing	46.95	76.22	112.05	167.75
Others	150.16	206.30	279.70	377.47
GDP (Billion Rs.)	321.91	442.56	597.85	819.11
NO. of Families (Million)	12.56	14.61	17.02	19.81
Monthly income per family (Rs.)	2,136	2,524	2,927	3,446
Addition over previous plan (Rs.)		388	403	519

16. While deciding the composition of growth, due consideration is given to four main objective: (i) self sufficiency in a large number of agriculture and industrial products; (ii) promotion and

diversification of exports; (iii) generation of maximum employment opportunities; and (iv) price stability. Towards these ends, the share of the commodity producing sectors in the GDP is projected at 53.9 percent as compared to 46.1 per cent for services.

17. The major elements of growth strategy are:-

- to increase yield per hectare through more efficient use of fertilizer, improvement in on farm water management and development of appropriate farm technology;
- to develop high yielding crop varieties, with high tolerance to heat, salinity and drought;
- to develop improved varieties of fruits and vegetables in size, seasonability and longevity for exports;
- to regain self-sufficiency in the production of sugar;
- to establish foothold in export markets for high value crops;
- to meet 39.2 percent of the national demand for crude through domestic extraction of crude oil;
- to expand the industrial base through the development of steel based, electronics and high technology industries;
- to expedite the implementation of deletion programmes so as to reduce dependence on imported components and technology;
- to provide export credit to developing countries for the import of engineering goods from Pakistan;
- to provide protection to the local engineering industry through supportive tariff and trade policies;
- to encourage investment in labour-intensive equipments/technology; and
- to explore new markets for manpower exports.

18. Over the last five years the total production of the agriculture sector (including fishing and forestry) witnessed a growth rate of 3.3 percent. The pattern of growth however, remained uneven mainly due to the fluctuations in the output of wheat and cotton. For the Seventh Plan, a growth rate of 4.7 percent per annum has been provided as follows:

	Average Annual Growth Rate			
	Long-Term (1949-82)	Sixth Plan Target	Sixth Plan Likely	Seventh Plan Target
Major Crops	3.4	3.6	1.8	4.0
Minor Crops	3.1	7.0	2.9	5.5
Livestocks	2.4	5.9	6.1	5.3
Fishing	4.1	7.5	4.2	4.9
Forestry	2.2	5.0	6.7	2.6
Total Agriculture	5.1	4.9	3.3	4.7

19. These growth targets take into account the prospects of future demand, both at home and abroad, and the possibilities of import substitution. Together with the growth in output, the Plan also stresses on qualitative changes in the present production structure. The major emphasis will be on the production of crops having better demand prospects, including exports, and accelerated oilseeds production to achieve self-sufficiency in a reasonable period of time. Besides, the production of sugarcane, fruits, vegetables, milk and meat will be given priority.

20. Pakistan will need a minimum increase of about 15 percent in agricultural output over the Seventh Plan period so as to meet the growing demand for food. As the crop area cannot be increased by more than 6.0 percent during the Seventh Plan, because of the constrained availability of land and water, higher production would be possible only through substantial increase in yield, both through the development of high yielding new varieties as well as efficient use of available inputs and extension services. The problems involved in stepping up production of sugarcane and oilseeds is particularly complex because the basic research in these crops to evolve appropriate varieties and related agronomic practices have yet to be developed. For the transformation of agricultural production during the Seventh Plan, priority will be given to research and development in biotechnology and genetic engineering.

21. In livestock, high level of herd immunity and disease free environment would be improved. A policy would be followed to progressively reduce the number of inefficient animals and to maintain equilibrium between the supply of feed and fodder resources and the number of animals. A comprehensive programme would be launched for afforestation, watershed management, range management and resources conservation to improve and conserve land and water resources. Social forestry and energy plantation would be promoted on private lands.

22. The projected composition of crops production envisages a higher share of the high value non-traditional crops with high exports potential. The relative share of agriculture in the total GDP will drop from 23.3 percent in 1987-88 to 21.4 percent in 1992-93. In the process, the agricultural sector is expected to account for 16.3 percent of the proposed increase in the GDP to be achieved under the Seventh Plan. The crops and livestock production targets are placed at Annex-5.2 and 5.3.

23. The mineral base of Pakistan's economy is limited. Its expansion is important for the diversification of Pakistan's industrial structure. Presently, over 85 percent of the minerals extracted consist of fuels (coal, petroleum and gas) followed by non-metallic minerals. Except salt and phosphates, the remaining chemical minerals have yet to be explored / developed. Of the metallic group some deposits of copper, iron ore, manganese, chromium and aluminum have been discovered. During the Seventh Plan the present structure of mining will be diversified. Besides the extraction of natural gas and crude oil, the other important projects likely to be implemented include Lakhra (coal), Saindak (copper) and Hazara phosphate. For the development of minerals, the geological investigation and exploration efforts will be further stepped up, the necessary infrastructure network will be extended to promising mineral zones; testing laboratories will be modernized and strengthened; and the mineral-based industries will be encouraged. The value added in this sector is planned to increase by 8.0 percent per annum with major contribution expected from natural gas, crude oil, coal, rock phosphate, limestone and gypsum. The extraction of crude oil is projected to reach 62 thousand barrels a day and that of gas production to 2095 MMCFD by 1992. The exportable minerals shall be exempted from all taxation to encourage exports.

24. While the policy initiatives taken under the Sixth Plan are likely to be further strengthened, value added in manufacturing is planned to grow by 8.1 percent per annum. Its share in the GDP is projected to increase from 18.7 percent in 1987-88 to 20.5 percent in 1992-93. An export-oriented development strategy will be followed by establishing industries with strong export orientation, improvements in quality and extension of export credit facilities. The projected growth rate after meeting the domestic demand also provides for about 11.5 percent increase per annum in the manufacturing exports. The industrial growth strategy for the Seventh Plan stresses on the establishment of more efficient and sophisticated industries with strong export orientation. Priority will be given to industries such as steel-based electronics, high-technology and export oriented industries. The industrialization process will be reoriented towards exports through the appropriate exchange rate policies, tariff reforms, and fiscal incentives designed to promote greater competitive efficiency. In addition, the

operating efficiency will be improved through balancing and modernization of existing production facilities and quality would be improved especially for export markets, by the introduction of production planning and quality control.

25 Priority will be given to the development of the engineering industry, through increased import protection of the sugar machinery, transformers, switch gears, boilers, cranes, centrifugal pumps and other engineering goods. The "export credit" scheme introduced in 1987-88 trade policy to encourage the exports of Pakistan engineering goods to African countries will be extended to other developing countries.

26. The major constraints on the manufacturing growth, particularly during the early part of the Seventh Plan expected to come from industries, where the production level has already approached the rated capacity e.g. fertilizer, oil refining, sugar, basic chemicals. The major contribution to growth is expected from industries like food processing, garments, paper and board, pharmaceuticals, petrochemicals (plastic goods), batteries, construction materials and engineering goods.

27. A large number of policy initiatives were taken in the last two years of the Sixth Plan to facilitate private enterprises and to make the public sector efficient. During the Seventh Plan, it is envisaged to further expand the role of policies. A primary role is assigned to disinvestment of public sector units. Further deregulation efforts would be taken in the financial sector. Efficiency of those units which would remain in the public sector would be improved by the balancing and modernization of the uneconomical units and the promotion of the inter industrial linkages.

28. The critical problems faced in the industrial development involve access to markets, technology, capital finance and,in some cases, management skills. Efforts will be made to increase demand for exports in non-quota markets either through the promotion of barter trade in finished goods or exports tied up with the imports of technology, particularly from the Eastern Block Countries. Direct foreign investment will be encouraged, specially in the projects involving advanced technical know-how and managerial skill, and the role of the multi-nationals in the use of local material and the development of indigenous technology will be emphasized. In addition, the promotion of research and development activities at the sectoral as well as the product level, the establishment of display centres and participation in trade fares and exhibitions will be intensified.

29. The share of manufacturing sector in the GDP is planned to increase from 18.7 percent in 1987-88 to 20.5 percent in the

terminal year of the Seventh Plan. In the process, the manufacturing sector is expected to contribute about 25.2 percent of the increase in the GDP. Together with the GDP growth, the plan also aims at structural changes within the sector through diversification and progress in new directions. The structural changes emerging from the projected growth targets for each production are shown below:

INDUSTRIES	PERCENTAGE SHARE	
	1987-88	1992-93
Food, Drink & Tobacco	16.4	15.2
Textile	12.1	11.7
Paper and Board	1.1	1.4
Pharmaceutical	4.5	4.2
Cement	2.2	2.1
Chemicals	8.4	7.8
(Fertilizer	6.7	6.2)
Petroleum Products	6.8	5.9
Transport Equipments	2.3	2.8
Other Engineering Products	9.6	10.1
Others	36.6	38.8
	100	100

Note: The production targets, consistent with growth and the above structural changes are placed at Annex-5.4.

30. The output arising from the production of the electricity and gas distribution is projected to increase by 8.5 percent per annum. Within the sector, the share of electricity is forecast to increase by 9.0 per cent per annum and that of gas distribution by 6.0 per cent. On the basis of expected energy elasticity demand of 1.3 with respect to the GDP growth, the projected growth rate of 8.5 per cent in the output of electricity and gas together is consistent with the GDP growth target of 6.5 per cent per annum.

SERVICES

31. The share of services in the GDP is forecast to fall from 46.8 percent in 1987-88 to 46.1 percent in 1992-93. A growth rate of 6.2 per cent per annum has been forecast for the services sector as a whole. Sub-sector-wise value added in Public Administration and Defence is projected to grow by 5.8 per cent per annum, taking into account the employment effect alone with productivity assumed to be constant. The growth target of 6.8 per cent for the Transport and Communication Sector is based on the Traffic forecast by all modes of Transportation (Chapter 22) While the growth rate of 6.7 percent per annum in Trade Sector is internally consistent with the composition and level

of output in the agriculture and manufacturing sectors, in the Ownership of Dwelling against the historical growth rate of 3.6 percent, a growth rate of 4 percent per annum has been provided. The composition of the GDP is shown at Annex-5.1.

INVESTMENT

32. The growth targets of the Seventh Plan are estimated to require a total investment (at 1987-88 prices) of Rs 710.36 billion (including fixed investment of Rs 660.22 billion) which is 41.4 per cent higher than the Sixth Plan's expected implementation of Rs 502 billion (at the same 1987-88 prices). A comparative picture of the fixed investment under different plans is shown below:

FIXED INVESTMENT AT 1987-88 BILLION RUPEES.

				Increase Over Previous Plan		
Plans	Total	Public	Private	Total	Public	Private
Second (1960-65)	163.4	81.3	82.1	-	-	-
Third (1966-70)	187.0	87.3	99.7	14.4	7.4	21.4
Non-Plan (70-77)	373.0	229.4	143.6	-	-	-
(Five Years)	233.2	143.4	89.8	24.7	64.3	-9.9
Fifth (1978-83)	321.3	202.7	118.5	37.6	41.4	32.0
Sixth (1983-88)	452.7	266.1	186.6	40.9	31.3	57.5
Seventh(1988-93)	660.2	367.8	292.4	45.8	38.2	56.7

33. Over the course of the Seventh Plan period, the proposed investment implies an average growth of 7.5 per cent per annum compared to 6.1 per cent increase per annum envisaged in the total resources. Though the proposed level of investment would only marginally improve the investment/GDP ratio, yet it is consistent with the Governments long term objectives of self-reliance under the Seventh Plan.

34. Given a 6.5 percent increase per annum in the GDP, the fixed investment of Rs 660.22 billion implies (time lag of one year) a capital output ratio (ICOR) of about 2.8 for the Plan period compared to 2.76 during the Sixth Plan. This reflects no change in the productivity of investment in the Seventh Plan period.

35. About 44.3 percent of Rs 660.22 billion fixed investment over the next five years, is forecast for the private sector with the public sector expected to make up the rest. Against an annual increase of 6.1 percent in the total resources, the fixed investment is projected to increase by 9.4 percent, with public and the private sectors investment expected to go up by 8.7 percent and 10.4 percent per annum respectively. A relative high growth in private investment reflects the

continuation of the Sixth Plan policy of confining public investment to essential infrastructure, while giving the private sector almost exclusive right to all investment in productive sectors and services, and jointly with public sector in investing in highway, airport terminals, power generation and distribution and social sectors.

36. The important objectives of proposed investment plan are:-

- expansion in agricultural mechanization efforts, maximum exploitation of underground and surface water resources and development of livestock, fisheries and forestry;
- modernization and balancing of existing industrial units so as to reduce cost of production and improve productivity;
- creation of new industrial capacity;
- strengthening and expansion of infrastructure facilities in order to support the expansion envisaged in the output of agriculture, manufacturing, mining etc;
- exploration and development of underground mineral resources;
- provision of adequate housing and drainage facilities; and
- provision of basic social services such as health, education, drinking water etc. to the maximum number of population.

The sectoral distribution of gross domestic fixed investment, is shown in Chapters 6 and 9.

SAVINGS

37. Investment and growth of Pakistan's economy have been constrained by the lack of domestic savings and shortage of foreign exchange. Over the last 15 years, domestic savings averaged 8 percent of the GDP. During the Sixth Plan the domestic savings were recorded as 10.1 percent of GDP in 1987-88 and financed 61.0 percent of total investment in 1987-88.

38. Since the objective of the Seventh Plan is to reduce dependence on foreign borrowings and the likely availability and costs (economic and non-economic) of foreign assistance, the plan

envisages a decline in the share of externally financed investment. As a result, the greatest challenge to the viability of the Seventh Plan, is posed by the level and composition of national savings.

39. While Pakistan's investment level over the last ten years remained at about 16.1 percent of GNP, savings have shown some improvement but they are well below the desired levels. A principal source of national savings, so far, has been the worker's remittances. Given the uncertain prospects of remittances, which are forecast to decline throughout the Plan period, the entire improvement in savings is, however, expected from domestic savings. Already the domestic savings rate has improved from 6.3 percent of GDP in 1980-81 to 10.1 percent in 1987-88. At the same time, the domestic savings rose from 47.3 percent of national savings in 1980-81 to 73.9 percent of national savings in 1987-88. During the same period the share of public savings in national total declined from 31 percent in 1980-81 to about 4 percent in 1986-87 and private savings went up from 69 percent to 96 percent.

40. The required level of savings during the Seventh Plan implies marginal rate of domestic savings of 26.2 percent (national 23.8 percent), compared to Sixth Plan achievement of 18.3 percent (national 9.7 percent), and a long-term (1972-86) case of 4.6 percent (national 13 percent). This will require substantial efforts. The most straight forward policy to encourage savings is to provide enough incentives by raising the interest rates and return on savings instruments. In addition to the existing financial instruments (certificates, bonds etc.) there is a great need to restructure the capital market, rationalize the pricing policies regarding output of public enterprises and improvement in fiscal management of the Government budget. The macro economic framework, showing the savings and investment picture is shown in Annexe-5.6.

41. About 88 percent of private savings originate in household sector. Without proper institutional arrangements and incentives, they cannot be fully mobilized to finance the investment in other sectors. The public savings are forecast to reach Rs 93.03 billion or 1.14 percent of GNP over the Plan period. As in the past, the major strain on public savings is likely to be rising deficit on revenue account.

FOREIGN RESOURCES

42. The Seventh Plan envisages a savings-investment gap of Rs 96.2 billion (at 1987-88 prices), which would be financed through foreign resources. This should finance 13.5 percent of the total investment and is equivalent to US $ 5347 million at 1987-88 prices and exchange rate. However, the share of

external resources in Total investment is likely to decline from 17.4 per cent in 1987-88 to about 11 per cent in 1992-93. The Seventh Plan's Balance of Payments projections provide for the gross inflow of foreign resources of $ 9571 million and net inflow (gross disbursement less amortization payments) of long term capital of $ 6815 million at current prices. The detailed composition of foreign resources may be seen in Chapter on Balance of Payments. The composition of savings together with investment rates is shown in Annex-5.6.

PLAN SIZE

43. To arrive at the plan size, the fixed capital formation in the revenue budget as well as by the local bodies, banking and insurance is deducted from the public sector total fixed investment as shown in the Macro-Economic Framework and non-development expenditure in ADP (development subsidies, transfer payment, recurring expenditure etc.) is added. Accordingly, the plan outlay is estimated to amount to Rs 642.63 billion against the Sixth Plan's expected implementation of Rs 464 billion, thus showing 38.5 percent increase over the Sixth Plan's expected implementation. Of the total size, the public sector development outlay works out to Rs 350 billion including ADP of Rs 219 billion. Compared to the public sector Plan outlay of Rs 350 billion, the public sector fixed investment amounts to Rs 368 billion because the fixed capital formation outside the Plan (fixed investment by local bodies, banking, insurance and investment in revenue expenditure) exceeds the non-investment component in the total Plan outlay. The Plan size is derived in the table placed at Annex-5.7. The Macro-Economic Framework at constant 1987-88 prices is placed at Annex-5.5

****

ANNEX-5.1

GDP AT 1987-88 PRICES

(Million Rupees)

	1982-83	1987-88	1992-93	Annual Growth Rate 6th Plan	Annual Growth Rate 7th Plan
Agriculture	121,177	146,559	182,137	3.9	4.4
Major Crops	63,683	72,986	87,525	2.8	3.7
Minor Crops	20,108	23,244	29,667	2.9	5.0
Livestock	33,676	45,433	58,819	6.2	5.3
Fishing	3,305	4,250	5,391	5.2	4.9
Forestry	405	646	735	9.8	2.6
Mining & Quarrying	8,177	13,996	20,558	11.3	8.0
Manufacturing	76,488	112,030	165,690	7.9	8.1
Large Scale	56,069	80,448	118,202	7.5	8.0
Small Scale	20,419	31,582	47,488	9.1	8.5
Construction	23,231	34,763	46,624	8.4	6.0
Electricity & Gas	8,396	13,654	20,062	10.2	8.0
Commodities Sub-Total	237,469	321,002	435,071	6.2	6.3
Transport & Communication	34,565	49,745	66,575	7.6	6.0
Trade	72,416	100,254	136,074	6.7	6.3
Banking & Insurance	13,270	19,274	25,194	7.7	5.5
Ownership of Dwelling	13,220	15,783	19,205	3.6	4.0
Public Admn. & Defence	39,422	56,120	73,348	7.3	5.5
Services	39,292	51,912	68,453	5.7	5.7
Services Sub-Total	212,185	293,088	388,839	6.4	5.8
GDP	449,654	614,090	823,910	6.7	6.0

ANNEX-5.2

CROPS PRODUCTION TARGETS

	Production "000" Tonnes		
	1982-83	1987-88	1992-93
Rice	3445	3622	4120
Basmati	1010	1000	1191
Others	2435	2622	2929
Wheat	12415	15000	17000
Barley	185	136	150
Jowar	222	238	250
Bajra	220	236	248
Maize	1005	1120	1400
Gram	491	590	695
R & Mustard	246	283	370
Seasamum	11	13	14
Tobacco	65	77	85
Sugarcane	32534	35000	43576
Cotton	823	1309	1500
(Million Bales)	4.84	7.7	8.8
Minor Crops			
Pulses	203	215	280
Potato	518	570	750
Onion	475	540	750
Fruits	3170	3520	4493
Vegetables	1803	2450	3279
Groundnuts	84	95	110
Non-Traditional	12	60	321

ANNEX-5.3

LIVESTOCK, FISHING AND FORESTRY 1969-70 PRICES

(Million Rs.)

	Unit	1987-88	1992-93
Milk	"000" MT	12,900	16,560
Beef	"000" MT	595	723
Mutton	"000" MT	570	756
Poult. Meat	"000" MT	140	204
Eggs (Million)	Nos.	5,900	8,670
Hides	"000" Nos.	5.66	6.25
Skins	"000" Nos.	34.04	40.47
Wool	"000" MT	55	73
Hair	"000" MT	7.20	8.40
Bones	"000" MT	228	260
Fats	"000" MT	100.33	129.27
Blood	"000" MT	32.90	43.60
Total			
Fish Production "000" MT		448	600
Inlend		68	80
Marine		380	520
Forestry Products "000" Cubic Mtrs			
Timber		410	455
Fire Wood		645	745
Total		1,055	1,200

INDUSTRAIL PRODUCTION TARGETS

ANNEX-5.4

(Large Scale)

Items	Units	Production "000" 1987-88	Production "000" 1992-93	Annual Growth Rates
FOOD, DRINK & TOBACCO				6.4
Sugar	M.T.	1350	1940	7.5
Veg. Ghee & Oil	M.T.	720	970	6.1
Tea Blended	M.T.	53	66	4.5
Wheat Milling	M.T.	15000	18158	4.2
Beverages (Million)	Bottles	910	1350	8.2
Cigarettes (Million)	Nos.	45380	53350	3.3
TEXTILES				5.2
Cotton Yarn (Million)	Kgs.	596	885	8.2
Cotton Cloth (Million)	Sq. Mts.	283	350	4.3
Woolen Blankets	Nos.	510	625	4.2
Woolen Carpets & Rugs	Sq. Mts.	530	680	5.1
Jute Goods	M.T.	120	165	6.5
PAPER AND BOARD				13.5
Paper	M.T.	52	120	17.2
Boards	M.T.	105	165	9.5
CHEMICALS				5.7
Fertilizer(N)	M.T.	1520	1750	2.9
Soda Ash	M.T.	145	190	5.3
Caustic Soda	M.T.	58	80	6.4
Paints & Varnish (Solid)	M.T.	13	18	6.8
Paints & Varnish (Liquid)	M.Ltrs.	15	22	8.0
Matches (Million)	Boses	2150	2680	4.5
CEMENT	M.T.	6800	10000	8.0
PETROLEUM PRODUCTS(Million)	M.Ltrs.	6664	8305	4.5
PHARAMACEUTICALS				6.1
Tablets (Million)	Nos.	7850	10450	5.9
Syrups	Ltrs.	18750	25500	6.3
TRANSPORT EQUIPMENT				11.6
Motor Cycles	Nos.	45	75	10.8
Bicycle	Nos.	595.0	830.0	6.9
Trucks/Buses	Nos.	3.5	6.9	14.6
Motor Car/LCVs	Nos.	32.1	52.4	10.3
Tractors	Nos.	33.0	50.0	8.7
Locomotive Engines	Nos.	-	16.0	-
ENGINEERING GOODS				9.0
Electric Fan	Nos.	210.0	360.0	11.4
T.V. Sets	Nos.	300.0	500.0	10.8
Air Conditioners	Nos.	8.0	34.0	33.6
Referigerators	Nos.	35.0	140.0	32.0
Electric Meters	Nos.	370.0	590.0	10.0
Electric Motors	Nos.	38.0	60.0	9.6
Diesel Engines	Nos.	5300.0	7500.0	7.2
H.E.C. (Million)	(Rs.)	-	135.0	-
H.M.C. (Million)	(Rs.)	120.0	170.0	7.2
H.F.F. (Million)	(Rs.)	50.0	70.0	7.0
P.M.T. (Million)	(Rs.)	145.0	203.0	7.0
M.S.Products	M.T.	833.0	1140.0	6.5
Billets	M.T.	260.0	815.0	25.7
Rolled Sheets	M.T.	670.0	800.0	3.6

Contd..

Items	Units	Production "000" 1987-88	Production "000" 1992-93	Annual Growth Rates
TYRES AND TUBES				7.7
Motor Tyres	Nos.	520	700	6.1
Motor Tubes	Nos.	250	360	7.6
Cycle Tyres	Nos.	1650	7550	10.3
Cycle Tubes	Nos.	6580	8805	5.9
COTTON GINING (Million)	Bales	7.70	8.83	2.8

ANNEX-5.5

MACRO ECONOMIC FRAMEWORK
(At 1987-88 Billion Rs.)

	1982-83	1987-88	1992-93	Five Year Total		Annual Growth Rate	
				6th Plan	7th Plan	6th Plan	7th Plan
GDP (fc)	442.56	597.85	819.11	2660.03	3625.20	6.2	6.5
Indirect Taxes (Net)	48.97	70.44	104.16	313.13	462.59	9.0	8.1
GDP (MP)	491.53	668.29	923.27	2973.16	4087.79	6.4	6.7
Net Factor Income	40.73	23.83	15.58	147.07	95.20	11.0	-8.1
GNP (MP)	532.26	692.12	938.85	3120.23	4182.99	6.5	6.3
Net Foreign Resources	9.68	19.27	18.27	115.97	96.21	14.8	-1.1
Total Resources	541.94	711.39	957.12	3236.20	4279.20	5.6	6.1
Consumption	456.41	600.79	788.88	2733.93	3568.84	5.8	5.6
Investment	85.53	110.60	168.24	502.27	710.36	5.3	7.5
Fixed	76.45	100.20	157.02	452.65	660.22	5.8	9.4
Public	47.16	57.10	86.47	266.08	367.79	4.0	8.7
Private	29.29	43.10	70.55	186.57	292.43	8.0	10.4
Changes in Stocks	9.08	10.40	11.22	49.62	50.14	--	--
Total Uses	541.94	711.39	957.12	3236.20	4279.20	5.6	6.1
As % of GDP							
Total Investment	16.1	16.6	18.2	16.9	17.4		
Fixed Investment	14.4	15.0	17.0	15.2	16.2		
Net Foreign Inflow/GNP	1.8	2.8	1.9	3.7	2.3		
National Savings/GNP	14.3	13.2	16.0	12.4	14.7		
Domestic Savings	7.1	10.1	14.6	8.0	12.7		
Marginal Rate of Savings							
National		9.7	23.8	1.5	21.8		
Domestic		18.3	26.2	12.3	24.3		
I.C.O.R.				2.76	2.77		

ANNEX-5.6

SAVINGS AND INVESTMENT AT 1987-88 PRICES

(Billion Rupees)

	6th Plan	7th Plan	Percent Increase Over the 6th Plan
1. PLAN SIZE	464.00	642.43	38.5
i. Public Sector	277.00	350.00	26.4
ADP	216.00	219.04	1.4
Outside ADP	61.00	130.96	114.7
ii. Private Sector	187.00	292.43	56.4
2. Total Investment	502.27	710.36	41.4
i. Fixed Investment	452.65	660.22	45.9
Public	266.08	367.79	38.22
Private	186.57	292.43	56.74
ii. Stocks	49.62	50.14	
3. Total Resources	502.27	710.36	41.4
i. National Savings	386.30	614.15	59
ii. Domestic Savings	239.23	518.95	116.9
iii. External Resources	115.97	96.21	-17.0

ANNEX-5.7

PLAN SIZE

At 1987-88 Billion Rs

Total Investment	710.36
Less	106.58
Changes in Stocks	50.14
Fixed Investment in Revenue Expenditure	36.64
Fixed Investment by Local Bodies	16.26
Fixed Investment by Banking & Insurance	3.54
Plus	38.65
Non-Investment in ADP	29.65
Subsidies on fertilizer	4.00
Oil Exploration	5.00
Equals Plan Outlays	642.63
Public Sector	350.00
ADP	219.04
Outside ADP	130.96
Private Sector	292.63
Fixed Investment	660.22
Public	367.79
Private	292.43

CHAPTER - 6

PLAN SIZE AND INVESTMENT PRIORITIES

Sixth Plan Review

The Sixth Plan envisaged Public Sector development outlays of Rs 290 billion. The estimates for the first three years indicated a utilization of about Rs 132 billion, an achievement of about 46%. The low level of utilization reflected slow implementation of the Sixth Plan in the first three years. The fourth year witnessed a quantum jump and the expenditure went up by almost 16% to a level of Rs 57.9 billion. In the last year of the Plan the expenditure is projected to reach a level of about Rs 60 billion. It is estimated that by the end of the Sixth Plan period about 85.7% of the financial allocation will stand utilized.

2. Of the total outlay of Rs 290 billion, the Public Sector Corporations were allocated an amount of Rs 70 billion to be spent by them through self financing, budget allocations as well as through foreign and domestic loans.The Public Sector Corporations are estimated to have utilized 84% of this allocation by the end of the Plan period. As against this the financial utilization by Government Ministries and Departments was around 90%.

3. During Sixth Plan, the aggregate size of private investment was envisaged at Rs 200 billion, against which the estimated achievement would be in the vicinity of Rs 167.3 (186.54 at 1987-88 prices) billion, showing a performance of over 83.7%. Thus public and private developmental outlays over the Sixth Plan will aggregate Rs 415.9 billion against the total planned investment of Rs 490 billion, showing achievement of 84.9% of the overall Sixth Plan investment target.

4. The Plan objective to readjust sectoral priorities has also been largely achieved. There was a shift in favour of Energy, Social Infrastructure, Population Welfare and Rural Development as compared to the Fifth Plan.

SIZE OF THE SEVENTH PLAN

5. The Seventh Plan envisages a total fixed investment of Rs 660.2 billion at 1987-88 prices. Of this Rs 292.4 billion is estimated in the private sector and Rs 367.8 billion in the public sector. After deducting the fixed investment of local bodies and that in the revenue account of Government, and adjusting for subsidies and other non-investment expenditure which is treated as developmental, the total developmental outlay in the public sector works out at Rs 350 billion.

6. Of this amount, Rs 93.6 billion will be for Federal Government Ministries and Departments, Rs 90 billion for the Provinces and the rest for Federal Public Sector Corporations. The Public Sector Development Programme of Rs 350 billion will be financed by Federal budgetary allocations including foreign aid and loans channelled through the Federal Government to the extent of Rs 219 billion and an amount of Rs 131 billion will be raised by Public Sector Corporations direct from own resources, bank borrowing, floatation of shares and other commercial papers and foreign loans. The position has been shown in Annex-6.1 and 6.Ia.

The Annual phasing of the Public Sector Development programme is shown in Table-I.

Table-I

ANNUAL PHASING OF SEVENTH PLAN OUTLAYS
(AT 1987-88 PRICES)

(Billion Rs.)

Year	Federal Ministries and Departments	Provinces including SDP & Provincial Corporations	Federal Public sector Corporations	Total
1988-89	17.06	17.00	29.44	63.50
1989-90	17.98	17.50	31.02	66.50
1990-91	18.70	18.00	33.40	70.10
1991-92	19.33	18.50	35.17	73.00
1992-93	20.55	19.00	37.35	76.90
Total (7th Plan)	93.62	90.00	166.38	350.00

7. The programme envisaged in the Seventh Plan would cover the requirements of the on-going energy sector development and the social sector programmes initiated under the Prime Minister Junejo's Five Point Programme. Of the total outlay of Rs 350 billion, Rs 113 billion would be pre-empted by on-going schemes, leaving Rs 237 billion for new schemes/initiatives.

PRIORITIES

8. The sectoral priorities in the public sector development outlays reflect the Seventh Plan strategy which is broadly in line with that adopted for the Seventh Plan. In the main, the public sector would concentrate on the social sector and on providing the infrastructure for the short and the long-

term growth through massive energy projects, drainage schemes, social programmes and special programmes for the less developed regions.

9. The table-2 below shows sectoral public sector outlays in Sixth and Seventh Plan. The details are given in Annex-6.2.

Table-2

SECTORAL PRIORITIES IN SIXTH AND SEVENTH PLANS

(Billion Rs.)

Sector	Sixth Plan Achievements Amount	%Share	Seventh Plan Allocation Amount	% Share
1. Energy	78.9	32	131.8	37
2. Transport & Communications	46.2	19	64.1	18
3. Water	23.3	9	30.2	9
4. PP & H	24.8	10	27.0	8
5. Education	14.5	6	24.1	7
6. Industry and Minerals	15.5	6	17.0	5
7. Health	10.6	4	14.2	4
8. Agriculture	8.5	3	12.0	3
9. Rural Roads & Model Villages	4.1	2	5.4	2
10 Other Sectors	22.2	9	24.2	7
Total	248.6	100	350.0	100

10. The share of agriculture and water programmes in the total public investment will be almost at the same level as in the Sixth Plan, of energy would increase from 32% to 37% and of education and health would increase from 10% to 11%. These sectors account for about 60% of the public sector development programme. Industry shows a clear deceleration. The share of manufacturing and Minerals sector investment comes down from 6% to 5%.

11. The public sector investment is distributed into two components of the Government Departments and public corporations, partly on the basis of the current status of executing agencies and partly as a reflection of the division of responsibilities envisaged in the Seventh five Year Plan. Apart from budgetary allocations, Public Sector Corporations would rely upon their own profits and what capital and loans they can raise domestically or abroad in order to finance their expansion plans.

12. The sector-wise break-up of the public sector development programme between Government Departments and Public Sector Corporations during the Seventh Plan is shown in table-3.

Table-3

SECTORAL DISTRIBUTION OF PUBLIC SECTOR DEVELOPMENT PROGRAMME 1988-93

(Billion Rs.)

S.No.	Sector	Government Departments/ Agencies	Public Corps. Federal & Prov.	Total	Percent-age Share
1.	Agriculture	11.72	0.28	12.0	3.4
2.	Fertilizer Subsidy	3.53	-	3.53	1.0
3.	Water	30.15	-	30.15	8.6
4.	Energy	8.71	123.13	131.84	37.6
	a) Power	(3.00)	(92.67)	(95.67)	(27.3)
	b) Fuels	(5.71)	(30.46)	(36.17)	(10.3)
5.	Industry	0.87	8.65	9.52	2.7
6.	Minerals	3.32	4.13	7.45	2.1
7.	Transport & Communications	29.38	34.72	64.10	18.3
8.	Physical Planning and Housing	25.00	2.00	27.00	7.7
9.	Education & Training	24.06	-	24.06	6.9
10.	Manpower	2.71	-	2.71	0.8
11.	Health & Nutrition	14.16	-	14.16	4.1
12.	Mass Media	1.86	-	1.86	0.5
13.	Population Welfare	3.75	-	3.75	1.1
14.	Special Dev. Prog.for Women	1.00	-	1.00	0.3
15.	Social Welfare & Spl. Edu.	1.00	-	1.00	0.3
16.	Culture Sports & Tourism	1.40	-	1.40	0.4
17.	Science & Technology	1.86	-	1.86	0.5
18.	Rural Roads & Model Villages	5.43	-	5.43	1.6
19.	Research,Statistics Planning and Miscellaneous	0.80	0.30	1.10	0.3
20.	NGO's Programme	0.50	-	0.50	0.2
	Total:	171.21	173.21	344.42	98.4
21.	Special Dev.Prog.	5.58	-	5.58	1.6
	Total:	176.79	173.21	350.00	100.00

PUBLIC CORPORATIONS

13. The Seventh Plan lays considerable emphasis on the role of public corporations in capital formation. Public Corporations are being encouraged to expand their investment out of their own profits and other resources raised by them. The total programme for these corporations in Seventh Plan is estimated to cost Rs 173.21 billion including Rs 42.25 billion channelled through Government budget.

14. The major increase in Public Corporation Sector in Seventh Plan is due to the shifting of programmes of WAPDA Power and T&T, which were included in the government departments during the Sixth Plan period into Public corporation Sector programme. During the Seventh Plan period, an increasing proportion of the development programmes of these corporations will be financed out of their self-generated resources. Consideration will also be given to convert National Highways Board into a public corporation.

15. Of the total programme of Rs 173.21 billion for these Corporations about 36 per cent is estimated to be financed through self-generated funds, 18 per cent through foreign aid/equity, 9 per cent through bank credit, 13 percent from domestic equity and market loan, and the, remaining 24 percent through budgetary allocation,as may be seen in Table-4.

Table-4

PROGRAMME OF PUBLIC SECTOR CORPORATIONS DURING SEVENTH PLAN

(Million Rs.)

Sl. No.	Sector	Total Allo-cation	Budg. Allo. includ. F/Aid channe-lled through Govt.	Self Finan-cing	Domestic Equity & Market Loans	Bank Cre-dit	Foreign Aid/ Equity
1.	Agriculture	280	-	280	-	-	-
2.	Power	92670	38450	31220	13000	4500	5500
3.	Fuels	30460	3800	5980	6520	6260	7900
4.	Industry	8650	-	388	2564	1708	3990
5.	Minerals	4130	-	-	400	1393	2337
6.	Transport & communications	34720	-	22276	-	982	11462
7.	Physical Planning	2000	-	2000	-	-	-
8.	Miscellaneous	300	-	100	-	122	78
	Total	173210	44250	62244	22484	14965	31267

PROVINCIAL PROGRAMME

16. During the Seventh Plan period the development Programme to be executed by the provincial Governments, under the present arrangements regarding the functional responsibility for development expenditure is estimated to cost Rs 84.42 billion. In addition, the Seventh Plan includes a Special Development Programme of Rs 5.58 billion for certain areas in all the four

provinces over and above their normal development outlays. In all an amount of Rs 90.0 billion would be available for provinces which comes to about 26% of the National Programme. This represents an increase of 51% over Sixth Plan estimates, as against an increase of 41% in Plan size. This increase in allocations is due to the emphasis of the Plan on the social sector development which is executed mainly by the provincial governments.

17. The sector wise distribution of the proposed public sector development programme to be executed by the provinces is given in Annex-6.3. Sectoral allocations in the provinces have been projected keeping the broad national priorities in view. These sectoral allocations could be modified to suit the specific requirements of provinces.

PRIVATE INVESTMENT

18. A private investment programme of Rs 292.44 billion is envisaged under the Seventh Plan. The sector-wise breakdown is indicated in the table-5.

Table-5

PRIVATE INVESTMENT DURING THE SEVENTH PLAN (1988-93) (AT 1987-88 PRICES)

(Billion Rs.)

Sl. No.	Sector	Sixth Plan Provi-sional Ests.	percent share	Annual Average Growth (%)	Seventh Plan Alloca-tion	Percent Share
1.	Agriculture	41.81	22.4	5.0	52.50	17.95
2.	Manufacturing	60.37	32.4	14.4	91.17	31.18
	i) large scale	(49.99)	(26.8)	(16.6)	(68.57)	(23.45)
	ii) small scale	(10.38)	(5.6)	(6.4)	(22.60)	(7.73)
3.	Energy	-	-	-	21.26	7.27
4.	Transport and Communications	20.37	10.9	13.9	35.09	12.0
5.	Ownership of Dwellings	43.24	23.2	4.0	66.42	22.71
6.	Services/Others	20.75	11.1	3.2	26.00	8.89
	Total:	186.54	100.0	8.0	292.44	100.0

19. In constant 1987-88 prices, the private investment expanded over Sixth Plan period at compound annual rate of 8%. Investment in large scale manufacturing grew at 16.6% followed by Transport and Communications 13.9% Agriculture 5% housing 4% and services 3.2%.

20. While the overall level of industrial investment in the Sixth Plan was satisfactory it did not follow the priorities stipulated by the Plan and the subsequent industrial policy. The new investment has mostly gone into import substitution and consumer goods industry which enjoy higher protection, and yield high margins of profit. The development of export oriented and engineering industries, was by and large neglected. The share of small industries in total industrial investment was also very small.

21. During the Seventh Plan about 49% of the projected investment is allocated to the production sectors of Agriculture (18%) and Industry (31%). Within Manufacturing Sector small scale industry is emphasised because of its strong linkages and employment efforts. Some acceleration has been projected for sectors ownership of dwelling keeping in view the government policy to encourage small housing, investment in the Transport and Communications sector and likely entry of private investment in the energy sector in a big way.

22. These allocations should be viewed as the targets based on the objectives and the priorities of the plan rather than as specific programmes, centrally determined. Private investment decisions will be made by a host of people, influenced by market considerations and by incentives or disincentives provided by public policy. Detailed treatment of the private sector investment programme may be seen in the Chapter on Private Investment.

23. Within these broad parameters, the Seventh Plan envisages a significant shift from the Public to the Private Sector as is evident from the table-6.

Table-6

SHIFTS IN PUBLIC AND PRIVATE SECTOR OUTLAYS

(Billion Rs.)

	1977-78	1982-83	1987-88	1992-93
Public Sector	21.0	36.1	59.5	76.9
Private Sector	8.7	19.5	43.1	70.6
	29.7	55.6	102.6	147.5
Percentage Share				
Public Sector	70.7	64.9	58.0	52.2
Private Sector	29.3	35.1	42.0	47.8

24. The allocation pattern of planned development outlays specifies a changing role of the public and private sectors. There was a marked shift in favour of the public sector during 1971-72, its share rising from 50 per cent in 1969-70 to over 75 per cent in 1976-77, primarily due to the nationalization of several industries in 1972 and the inclusion of some large industrial projects in the Public Sector Programme. The Fifth Plan reversed this trend and Sixth Plan has succeeded in further increasing the share of private sector investment.

25. During the Seventh Plan the Private Sector would be encouraged to move forward. For this a more deregulated framework will be provided. It is also proposed to shift to the private sector some of the functions which have been performed so far, exclusively by the public sector such as power generation. By the terminal year of the Plan, share of the public sector in overall investment will be reduced to around 52% as against 58% in 1987-88.

******

ANNEX-6.1

SECTORAL ALLOCATION OF SEVENTH PLAN (1988-93)

(Billion Rs.)

	Total Seventh Plan	Government Departments	Public Corporations
1 Agriculture	12.00	11.72	0.28
2 Fertilizer Subsidy	3.53	3.53	--
3 Industry	9.52	0.87	8.65
4 Minerals	7.45	3.32	4.13
5 Water	30.15	30.15	--
6 Power	95.67	3.00	92.67
7 Fuel	36.17	5.71	30.46
8 Transport & Comm.	64.10	29.38	34.72
9 Physical Planning & Housing	27.00	25.00	2.00
10 Mass Media	1.86	1.86	--
11 Rural Road & Model Villages	5.43	5.43	--
12 Science & Technology	1.86	1.86	--
13 Education & Training	24.06	24.06	--
14 Health	14.16	14.16	--
15 Population Welfare	3.75	3.75	--
16 Culture, Sports & Tourism	1.40	1.40	--
17 Manpower & Employment	2.71	2.71	--
18 SDP for Women	1.00	1.00	--
19 Social Welfare	1.00	1.00	--
20 NGO's Programme	0.50	0.50	--
21 Research, Statistics, Planning & Misc.	1.10	0.80	0.30
Total	344.42	171.21	173.21
22 Special Development Programme	5.58	5.58	--
GRAND TOTAL	350.00	176.79	173.21

ANNEX-6.1(a)

PUBLIC SECTOR DEVELOPMENT PROGRAMME FOR SEVENTH PLAN (1988-93)

(Million Rupees)

Sl. No.	Sector/ Agency	Total Allo-cation	Budgetary alloc. i.c foreign aid chann-elled through Budget	Self Finan-cing	Domestic Equity Market Loan	Bank Borrow ings	Foreign Borrow-ings/ Foreign Equity
A. FEDERAL GOVERNMENT							
I. CORPORATIONS							
	AGRICULTURE	280	---	280	---	---	---
	---	---		---			
1.	NLC	280	---	280	---	---	---
	POWER	92,670	38,450	31,220	13,000	4,500	5,500
	---	---	---	---	---	---	---
2.	WAPDA	80,670	38,450	29,220	13,000	---	---
3.	KESC	12,000	---	2,000	---	4,500	5,500
	FUELS	30,460	3,800	5,980	6,520	6,260	7,900
	---	---	---	---	---	---	---
4.	OGDC	17,960	3,800	3,000	3,360	4,000	3,800
5.	Other Corporations	12,500	---	2,980	3,160	2,260	4,100
	INDUSTRY	7,100	---	238	2,114	1,388	3,360
	---	---	---	---	---	---	---
6.	State Engg. Corp.	789	---	---	237	130	422
7.	NFC	3,102	---	---	1,072	430	1,600
8.	PACO	640	---	---	192	173	275
9.	PASMIC	126	---	38	---	30	58
10.	SCCP	2,281	---	200	613	463	1,005
11.	Security Printing Corp.	162	---	---	---	162	---
	MINERALS	3,470	---	---	400	1,258	1,812
	---	---	---	---	---	---	---
12.	PMDC (Saindak)	2,780	---	---	---	1,169	1,611
13.	Gemstone Corporation	70	---	---	---	31	39
14.	Naukundi Iron Ore	500	---	---	400	---	100
15.	AKMIDC	65	---	---	---	33	32
16.	FATA-DC	55	---	---	---	25	30
	TRANSPORT & COMMUNICATIONS	32,300	---	21,576	---	652	10,072
	---	---	---	---	---	---	---
17.	T&T	22,950	---	18,000	---	---	4,950
18.	CAA	4,500	---	3,000	---	---	1,500
19.	PNSC	2,500	---	---	---	652	1,848
20.	PIAC	1,010	---	110	---	---	900
21.	KPT	1,340	---	466	---	---	874
	MISCELLANEOUS	100	---	100	---	---	---
	---	---		---	---	---	---
22.	PTDC & Others	100	---	100	---	---	---
	TOTAL FEDERAL CORPORATIONS	166,380	42,250	59,394	22,034	14,058	28,644
II.	FEDERAL GOVERNMENT DEPARTMENTS	93,620	93,620	---	---	---	---
	TOTAL FEDERAL GOVERNMENT	260,000	135,870	59,394	22,034	14,058	28,644

Contd..

(Million Rupees)

Sl. No.	Sector/ Agency	Total Allo-cation	Budgetary alloc. i.c foreign aid chann-elled through Budget	Self Finan-cing	Domestic Equity Market Loan	Bank Borrow-ings	Foreign Borrow-ings/ Foreign Equity
B. PROVINCIAL GOVERNMENTS							
I. CORPORATIONS							
	INDUSTRY	1,550	---	150	450	320	630
23.	Provincial Industry	1,550	---	150	450	320	630
	MINERALS	660	---	---	---	135	525
24.	Provincial Minerals	660	---	---	---	135	525
	TRANSPORT & COMMUNICATIONS	2,420	---	700	---	330	1,390
25.	Road Transport	2,420	---	700	---	330	1,390
	PP&H	2,000	---	2,000	---	---	---
26.	Urban Development	2,000	---	2,000	---	---	---
	MISCELLANEOUS	200	---	---	---	122	78
	TOTAL(PROVINCIAL CORPORATIONS)	6,830	---	2,850	450	907	2,623
II.	PROVINCIAL DEPARTMENTS	77,590	77,590	---	---	---	---
III.	SPECIAL DEVELOPMENT PROGRAMME	5,580	5,580	---	---	---	---
	TOTAL PROVINCIAL GOVERNMENTS	90,000	83,170	2,850	450	907	2,623
	GRAND TOTAL (FEDERAL & PROVINCIAL)	350,000	219,040	62,244	22,484	14,965	31,267

ANNEX-6.2

SECTORAL DISTRIBUTION OF PUBLIC SECTOR DEVELOPMENT PROGRAMME

(Billion Rs.)

Sl. No.	SECTOR	Sixth Plan: Plan Allocation (Net) Outlays	% Share	Sixth Plan: Revised Plan Allocation Outlays	% Share	Seventh Plan: Projections Outlays	% Share	Percent increase (col.7 over col 5.)
1.	2.	3.	4.	5.	6.	7.	8.	9.
1	Agriculture	10.9	4	8.5	3	12.0	3	41
2	Fertilizer Subsidy	2.6	1	9.2	4	3.5	1	-62
3	Water	28.1	10	23.3	9	30.1	9	29
4	Power	78.8	27	54.3	22	95.7	27	76
5	Fuel	26.9	9	24.6	10	36.2	10	47
6	Industry	19.4	7	14.3	6	9.5	3	-34
7	Minerals	5.4	2	1.2	--	7.4	2	517
8	Transport & Comm.	50.6	17	46.2	19	64.1	18	39
9	Physical Planning & Housing	13.7	5	24.8	10	27.0	8	9
10	Education	16.5	5	14.5	6	24.1	7	66
11	Manpower	0.9	*	1.0	*	2.7	1	170
12	Health	11.4	4	10.6	4	14.2	4	34
13	Mass Media	1.6	1	0.7	*	1.9	1	171
14	Population Planning	2.0	1	2.1	1	3.7	1	76
15	Special Deve. Prog. for Women	0.7	*	0.4	*	1.0	*	150
16	Social Welfare & Special Education	0.5	*	0.5	*	1.0	*	100
17	Culture, Sports & Tourism	2.0	1	0.8	*	1.4	*	75
18	Science & Technology	0.9	*	0.7	*	1.9	1	171
19	Rural Roads and Model Vilages	1.8	1	4.1	2	5.4	2	32
20	NGO's Programme	--	--	--	--	0.5	*	--
21	Research, Statistics, Planning & Misc.	0.3	*	3.0	2	1.1	*	-63
	Total	275.0	95	244.8	98	344.4	98	41
22	Special Development Programme	15.0	5	3.8	2	5.6	2	47
	GRAND TOTAL	290.0	100	248.6	100	350.0	100	41
	At 1987-88 Prices			277.36				26

* Negligible

ANNEX-6.3

SEVENTH FIVE YEAR PLAN 1988-93
PROVINCIAL ALLOCATION INCLUDING S.D.P. AND CORP

(Billion Rs.)

Sl. No.	SECTOR	Sixth Plan: Plan Allocation (Net) Amount	Sixth Plan: Plan Allocation (Net) Share	Sixth Plan: Revised Plan Allocation Amount	Sixth Plan: Revised Plan Allocation Share	Seventh Plan: Allocation Amount	Seventh Plan: Allocation Share	Percent increase (col.6 over col 4.)
1.		2	3	4	5	6	7	8
A.	SECTORAL PROGRAMME							
	Agriculture	5.17	10.1	3.49	6.3	6.50	7.7	86
	Water	7.00	13.6	5.23	9.4	9.76	11.6	87
	Power	0.46	0.9	0.24	0.4	0.90	1.1	275
	Industry	4.12	8.0	1.20	2.2	1.80	2.1	50
	Minerals	0.74	1.4	0.29	0.5	1.70	2.0	486
	Transport & Communications	7.05	13.7	7.03	12.6	10.00	11.9	42
	Physical Planning & Housing	9.05	17.6	17.18	30.9	21.20	25.1	23
	Rural Roads	1.84	3.6	3.20	5.7	3.50	4.2	9
	Education & Training	7.90	15.4	9.23	16.6	15.60	18.5	69
	Health & Nutrition	7.28	14.2	6.28	11.3	10.90	12.9	74
	Culture, Sports & Tourism	---	---	0.16	0.3	0.48	0.6	200
	Manpower & Employment	0.32	0.6	0.35	0.6	0.85	1.0	143
	Social Welfare	0.22	0.4	0.27	0.5	0.55	0.7	104
	Research, Statistics, Planning & Misc.	0.26	0.5	1.46	2.7	0.48	0.6	-67
	Total	51.41	100.0	55.61	100.0	84.42	100.0	52
B.	SPECIAL DEVELOPMENT PROGRAMME	15.00	---	3.82	---	5.58	---	46
	TOTAL (A&B)	66.41	---	59.43	---	90.00	---	51

CHAPTER-7

PUBLIC FINANCES AND MONEY & CREDIT

Pakistan's economy has shown an impressive growth during the Sixth Plan, with both the GDP and the GNP recording fairly high growth rates despite a host of adversities. But these high rates of growth have not translated themselves into budgetary resources for financing the development. This has created serious structural imbalances in the fiscal system. In recent years, resource mobilization efforts have yielded substantial revenues but nevertheless the revenues generated have not been adequate to cover rapidly growing current expenditures. Deficits in the current account have kept growing compelling the government to borrow for financing part of its development programme and also for its non-development expenditures thereby increasing debt servicing liability. This is not a situation which can be sustained. The Seventh Plan, therefore, aims at restructuring the fiscal system, at all levels i.e Federal, Provincial and Local, in order to reduce the growing budgetary deficits and the consequent dependence on internal and external borrowing.

Sixth Plan Review:

2. An analysis of the implementation of the Sixth Plan has been carried out basically with a view to identifying structural weaknesses in our fiscal system. The fiscal strategy proposed in the Sixth Five Year Plan emphasized significant generation of non-inflationary domestic resources to reduce the dependence on internal and external borrowing. The Plan had anticipated that 36 percent of the budgetary financing for Public Sector Development Programme would be provided through revenue surpluses and by the internal generation of the investible funds in the public sector enterprises. The balance of 64 percent was to be realized from borrowings, both from external (25%) as well as the domestic (39%) sources. These expectations were not fulfilled.

3. Deterioration in public finances has been due to several factors. Firstly, the present taxation structure is relatively inelastic and relies heavily on taxation of foreign trade with a specific rate structure. Domestic taxes are imposed on a narrow base with a number of exemptions. Thus to increase revenues, it became necessary to introduce new taxes each year. Despite this the ratio of taxation to GNP has been virtually stagnant.

4. Secondly, over the past few years there has been a rapid increase in current expenditures due to defence, debt, servicing (particularly interest obligations on domestic debt), rising level of subsidies and enhanced expenditures on the social services and general administration.

PREVIOUS PAGE BLANK

5. Thirdly, since 1980-81 the structure of financing the overall deficit has undergone fundamental changes with increasing reliance on high cost domestic non-bank borrowing, compelling the Government to appropriate private savings at an average interest rate of 14-15%. Domestic debt, both permanent and unfunded, now finances over 60% of the overall deficits.

6. Fourthly, in recent years, none of the provinces has been able to meet its current expenditures from its own resources. As a result, federal grants have risen from about Rs 2 billion in 1982-83 to about Rs 20 billion in 1987-88 to finance the rising level of provincial deficits.

7. A comparative financing picture that has emerged during the Sixth Plan vis-a-vis Fifth Plan is shown in the Table-I.

TABLE-I

BUDGETARY FINANCING OF THE PUBLIC SECTOR DEVELOPMENT PROGRAMME DURING FIFTH AND SIXTH PLAN PERIOD
(Net Basis)

(Rs billion)

	Fifth Plan Implementation	Sixth Plan Target	Sixth Plan Implementation
A) Non-Inflationary Internal Resources:	75.90	126.00	98.20
i) Revenue surplus	26.47	50.00*	-33.58
ii) Net Capital Receipts	40.73	46.00	115.65
iii) Self-Financing by Autonomous Bodies	8.70	30.00	16.13
B. External Resources	20.34	56.00	43.42
C) Total Resource	96.24	182.00	141.62
D) Total budgetary finance for development	123.93	225.00	195.60
E) Gap/Deficit financing	27.69	43.00	53.98
Memo:			
Overall Deficit	88.76	145.00	213.05
(As % of the GDP)	(6.3)	(5.3)	(7.8)

* Includes Rs 16.00 billion proposed to be raised through additional efforts.

8. The most striking feature of the budgetary performance during the Sixth Plan period has been the emergence of revenue deficits instead of anticipated revenue surplus, and steady increase in the overall budgetary deficits. These deficits, as a proportion of the GDP, have increased from less than 5 per cent in 1982-83 to over 9 percent in 1986-87.

REMOVE PAGE BLANK

9. The average annual growth of 17.6 percent in the revenue receipts achieved during the Fifth Plan period also decreased to about 15.5 percent in the Sixth Plan. The main weakness was in the receipts of direct taxes which showed a marked deterioration from 2.6 percent of the GDP at the end of the Fifth Plan period to 2.1 percent of the GDP at the close of the Sixth Plan. The contribution of indirect taxes, as a proportion of the GDP, however, increased from 10.9 percent in 1982-83 to 11.7 percent in 1987-88. Non-tax receipts also indicated a steady growth (23.3%) during the Sixth Plan period vis-a-vis the Fifth Plan period (16.6%) mainly because of the substantive increase in the profits of T&T and the rising level of interest and dividends receipts.

TABLE-II

CONSOLIDATED REVENUE RECEIPTS

(Rs.Billion)

	77/78	82/83	86/87	87/88	Annual Growth Rate (%) Fifth Plan	Sixth Plan
i) Revenue Receipts	26.1	58.7	97.8	120.6	17.6	15.5
ii) Tax Receipts:	21.6	49.0	78.2	93.0	17.8	13.7
a) Direct Taxes	3.2	9.7	11.2	14.0	24.8	7.6
b) Indirect Tax	18.4	39.3	67.0	79.0	16.4	15.0
iii) Non-Tax Receipt	4.5	9.7	19.6	27.6	16.6	23.3
Memo: As % of the GDP						
- Revenue Receipts	14.8	16.2	16.2	17.9		
- Tax Receipts:	12.2	13.5	13.0	13.8		
- Direct Taxes	1.8	2.6	1.9	2.1		
- Indirect Tax	10.4	10.9	11.1	11.7		

It may be remembered here that the rate of growth of revenue receipts in 1987-88 is somewhat inflated due to inclusion of export duties on cotton and cotton yarn to the extent of Rs. 7 billion which are now expected to be substantially lower. However, even after excluding this item, the annual growth in revenues during the Sixth Plan in nominal terms works out to 14.1 per cent or about 8 per cent in real terms which is quite satisfactory even though it was not high enough to keep pace with the growth of non-development expenditure.

10. Expenditures on defence, debt servicing, social services and administration, accounting for about 80% of non-development current expenditures, have increased much faster than the growth in the GDP during the Plan period. The following table gives a comparison of the growth in current expenditures during the Fifth and the Sixth Plan:

TABLE-III

THE NON-DEVELOPMENT CURRENT EXPENDITURE

(Billion Rs.)

	77-78	82-83	86-87	87-88	Average Annual Growth Rate (%) 1/ Fifth Plan	Sixth Plan
I) Total Non-development current expenditure	25.5	62.5	121.3	140.2	19.6	17.5
a) Government Administration	3.4	6.5	13.3	14.5	13.8	17.4
b) Defence	9.7	24.6	38.9	44.0	20.5	12.3
c) Non-Deve. subsidies	1.8	2.7	0.5	8.1	8.4	24.6
d) Debt Servicing 2/	4.1	13.8	31.9	37.0	27.5	21.8
- Domestic	1.5	6.2	15.3	19.0	32.8	25.1
- Foreign	2.6	7.6	16.6	18.0	23.9	18.8
e) Community services	0.8	2.0	4.3	4.9	20.1	19.6
f) Social services	3.3	7.3	16.2	19.4	17.2	21.6
g) Economic services	2.2	5.3	7.7	0.1	19.2	6.0
h) Other	0.2	0.3	1.5	0.2		
Memo: As % of the GDP						
- Total Expenditure	14.4	17.3	20.1	20.8		
- Government Administration	1.9	1.8	2.2	0.1		
- Defence	5.5	6.8	6.5	6.5		
- Subsidies	1.0	0.7	1.2	1.2		
- Debt Servicing	2.3	3.8	5.3	5.5		
- Community services	0.4	0.6	0.7	0.7		
- Social Services	1.9	2.0	2.7	2.9		
- Economic Services	1.2	1.5	1.3	1.0		

1/ Five years average
2/ Excludes short term borrowing repayments.

11. It is evident from the Table-III above that the rate of growth in non-development expenditure in nominal terms has slackened from 19.6 per cent per annum in the Fifth Plan to 17.5 per cent in the Sixth Plan. However, in real terms, the rate of growth in non-development expenditure has been around 11.0 per cent in both the Plan periods. During the Sixth Plan the rate of growth in non-development expenditure was at 3.0 percentage points higher than the growth in revenues leading to progressive worsening of the budgetary deficits, increase in borrowing requirements and acceleration in the debt servicing payments. At present, debt servicing constitutes 25 per cent of the non-development expenditures and is also its fastest growing component.

12. Domestic borrowing has particularly increased during the Sixth Plan as no current account surpluses could be generated, and not only the entire development programme but also a part of the non-development expenditures had to be financed through borrowing at high interest rates. The outstanding internal debt liability has grown by five times during the last decade. The burden of domestic debt has now increased from Rs 40 billion (23% of the GDP) in 1977-78 to Rs 237 billion (39% of the GDP) in 1986-87 (Annex-7.1).

13. The Sixth Plan had estimated the net foreign resources at $ 4.07 billion over the five years span. As against this, actual availability during the Plan is not expected to be more than $ 2.65 billion. This is amplified in Table-IV below:

TABLE-IV
EXTERNAL RESOURCES
(Gross & Net)

($ Million)

	Sixth Plan		
	Target	Likely Implementation	Percentage Achievement
A) Normal Disbursement			
a) Project Aid	4133	3176	77
b) Commodity Aid	2089	902	43
c) Food Aid	444	645	145
d) Other	-	5	-
Total (A)	6666	4728	71
B) Short-term Borrowing	-	1262	-
C) Gross Aid (A+B)	6666	5990	90
D) Less: Repayment of Foreign loans	2592	3344	129
- Long term	2592	2182	84
- Short term	-	1162	-
E) Net Aid (C-D)	4074	2646	65

This shortfall in foreign aid has also increased recourse to domestic borrowing.

14. The Sixth Plan did not envisage any contribution from the Provincial Governments to the financing of their development programmes. However, it was expected that the Provinces would, at least, finance their current expenditures. This did not happen, and the aggregate deficits of the provinces rose from Rs 2 billion in 1982-83 to Rs 20 billion in 1987-88.

15. The broad financing pattern that has emerged in the provinces during the Sixth Plan period is summarized below:

TABLE-V

(Rs.billion)

	1983-84		1987-88			
	Ist Yr of the Plan	% share	Terminal year of Plan	% share	Total Sixth Plan	% share
Provincial Govt.'s own Tax/Non-tax Revenues	6.56	30.4	7.80	17.8	34.97	21.4
Federal tax Assignments	11.28	52.3	15.06	34.3	64.79	39.6
Federal Grants	3.65	16.9	21.01	47.9	64.02	39.2
Borrowing (Net)	0.08	0.4	-0.02	-0.04	-0.35	-0.2
Total Resources	21.57	100.0	43.85	100.0	163.43	100.0
Total Current Expenditure	21.57		43.85		163.43	
Development Expdt.	7.04		14.5			
Memorandum Items:	As % of the GNP					
Prov. Govt.'s Tax/Non-tax revenues	1.4		1.1			
Fed.Tax Assignments	2.5		2.1			
Federal Grants	0.8		3.0			
Current Expdt.	4.7		6.2			
Dev. Expdts.	1.5		2.1			

16. In the first year of the Sixth Plan (1983-84) the provinces' own tax and non-tax revenues financed 30 per cent of their current expenditure. In the terminal year of the Plan (1987-88), this percentage came down to 17.8. Since the share of Federal tax assignments also declined from 52.3 per cent in 1983-84 to 34.3 per cent in 1987-88, the Federal Government non-obligatory grants to the provinces had to be increased from 16.9 per cent in 1983-84 to 47.9 per cent in 1987-88. The present arrangement of supplementing the revenue sharing with non-obligatory budgetary grants, has now become a major cause for concern.

17. Nevertheless, the share of the social sectors, which are largely managed by the provinces, increased from 11.5 percent of the total current expenditure in 1982-83 to 13.8 per cent in 1987-88, showing an average annual increase of 21.6 per cent as against 17.4% during the Fifth Plan.But the most disappointing feature of the Sixth Plan was the inability of the provinces to impose users' charges to recover a part of their recurring expenditures on the social sectors. A comparison of the total current expenditures on three main sectors (social, economic and community services), from which users' charges could be recovered, and the actual recovery of users' charges is given below to indicate the extent of subsidy provided to these sectors.

TABLE - VI

(Rs. billion)

	Current Expenditure	Receipts from User' charges	Receipts as % of the current expenditure
- Social Services	51.8	2.1	4.0
- Economic Services	20.1	9.4	46.8 *
- Community Services	10.5	0.9	8.6
Total	82.4	12.4	15.0

* This higher percentage is due to irrigation receipts where the ratio of users' charges is about 50%. The recovery of users' charges from education and health are 1.1 and 4.1% respectively.

Strategy for the Seventh Plan

18. Financing of a Public Sector development program of Rs. 350 billion with a budgetary allocation of Rs 220 billion at 1987-88 prices while keeping borrowing from bank and non-bank sources within manageable limits, is possible only if public sector savings are significantly increased. A substantial programme of tax reform would have to be implemented, and better collection of the existing taxes ensured through improvement in tax administration. Furthermore, rising trend of current expenditures will have to be curtailed to eliminate revenue deficits.

19. It is expected that after the award of the National Finance Commission, the Provinces will be able to balance their revenue budget. This budgetary balance should be ensured through out the Plan period. No deficit of provinces on revenue account should be picked up by the Federal Government. Provincial Governments should balance their revenue budgets by containing expenditure and raising revenues needed through taxation or

recovery of users' charges such as school and colleges fees hospital bed charges and tolls on roads and bridges.

20. An important shift in the fiscal policy during the Plan period would be a fundamental change in the financing of the developmental programmes of WAPDA and T&T. Budgetary allocations for these bodies will be restricted to the foreign loans and aid channeled to them through the government. For the rest, they will have to finance their programmes through internal resource generation,or by borrowing from the capital markets.

21. More specifically, the Seventh Plan fiscal strategy will aim to bring about the following changes:

i) Balancing the revenue budgets of the Federal and Provincial Governments.

ii) Effective expenditures review and control policies in all areas of government spending, including subsidies and limited growth of current expenditure within clear cut targets.

iii) Introduction of new tax measures, and combining these with better tax administration.

iv) Making the provinces financially viable by equitable distribution of tax revenues and requiring them to maintain budgetary balance.

v) Removing from budgetary finance such sectors which can undertake self-financing of their investment programmes through adjustments in their users' charges and independent borrowings from the internal and external financial markets.

22. The Planning Commission's projections indicate that if no policy changes are made in the Seventh Plan, the budgetary deficit would reach alarming proportions (Annex-7.2). The revenue deficit will rise to Rs 36 billion in the terminal year of the Seventh Plan and the overall deficit,on net basis, would become Rs 354 billion (9% of the GDP) despite exclusion of WAPDA and T&T. This situation is clearly untenable.

23. The following taxation and expenditure control measures (Annex-7.3) would be necessary to reduce the budgetary deficits to manageable proportion:

i) Withdrawal of most of the income tax exemptions, increase in the number of tax assesses and improvement in the tax administration.

ii) Imposition of a land tax or local rate on agricultural holdings to finance expenditures of the local bodies.

iii) Broadening the coverage of sales tax, in the following manner;

a) Imposition of sales tax on all imports subject to Iqra surcharge, except capital goods, and

b) Imposition of sales tax on industrial production--22 percent of industrial production to start with and rising to 28 per cent by the terminal year of the Plan.

iv) Imposition of a fixed tax on all trade and services establishments.

v) Rationalizing excise duties structure by restricting it to only major commodities, and replacing the excise duties by sales tax in other cases.

vi) Gradually reducing all subsidies and increasing users' charges on eduction, health, irrigation water and roads.

vii) Controlling non-development expenditure by freezing civil adminstration and defence at the 1987-88 budgeted level,in nominal terms, for the first year of the Plan and, thereafter, limiting its annual growth to 3 per cent in real terms.

viii) In social sectors growth in expenditures is to be limited to 8 per cent per annum in real terms.

The above measure will eliminate current revenue deficits in the third year of the Plan. The overall deficits will reduce from 8.5 per cent of GDP in 1987-88 to 4.2 per cent by the terminal year of the Plan.

24. In order to improve the fiscal position of the government towards viable levels and to move gradually towards greater self-reliance, it would be essential to raise at least Rs 80 billion in the Seventh Plan. These resources would largely be used to finance the current account deficits. Development expenditure would be financed almost entirely through domestic and external borrowings.

25. The consolidated budgets of the Federal and the Provincial Governments have been projected on the above basis in Annex-7.4 and 7.5. The proposed measures would provide aggregate resources of Rs 80.2 billion during the Plan period. This will result into the following:

1. Revenue deficit will be virtually eliminated by the end of the Plan.

2. Overall deficit will be reduced to 4.2 % of GDP; and

3. The rising trend in Governments domestic borrowing will be arrested as the borrowing will be reduced from Rs 43 billion in 1987-88 to Rs 18 billion by the end of the Plan period.

MONEY AND CREDIT

26. The financial sector in Pakistan has shown impressive growth over the years. The financial savings, both bank deposits and saving schemes, have increased to over 40% of the GNP from 30% in 1974-75, when all the private banks were nationalized. The bank deposits have continued to rise by 10% per annum in real terms and the number of depositors at present is equal to almost one fourth of the total population. Despite the phenomenal growth in this sector, there are some institutional and policy problems which have to be addressed to improve its efficiency in allocation of financial resources. In particular, improvements are needed in the Government debt management, system of credit allocation, efficiency of the banking system and operation of the capital market.

27. Massive size of Government domestic debt has necessitated high interest rates for Government nonbank borrowing, while borrowing from banks is being made at artificially low rates. This has resulted in severe distortions in the monetary market. After Government's budgetary deficit has been brought down, real interest rate on Government's nonbank borrowing can also be brought down. Borrowing from banks should also be made at market related rates. The rates of return on various Government borrowing instruments viz. saving certificates, bearer bonds, long-term debts and treasury bills also need to be rationalized and brought in line with the market requirements.

28. Interest rate subsidies are being currently allowed in case of agriculture loans and credit for export and locally manufactures machinery. There are widespread complaints regarding the misuse of these concessions. It is therefore necessary to review these subsidies and reduce them and provide safeguards against their abuse.

29. There is also an urgent need to improve the efficiency of nationalized commercial banks. For this purpose the banks have to be provided full autonomy. At the same time State Bank should tighten up its supervisory arrangements. There should also be proper accounting of the non-performing loans of the commercial banks. Quantitative performance criteria should be laid down and bank managements should be rewarded for good performance and penalized for defaults.

30. Private investment companies should be permitted to be set up to provide necessary element of competition for the banking system. However strict supervisory arrangements will be necessary to prevent exploitation and fraud.

31. There is growing trend in borrower undiscipline. The legal system for debt recovery should be reviewed to make it more effective. Cases of defaults by corporate sector should not be allowed to linger on. Debt should be recovered by disposal of their assets and unreasonable debts written off.

32. Capital markets in Pakistan are still in a rudimentary stage. Their growth is hampered, interalia by lack of depth. There is also a need to take effective action to prevent insider abuse. For this purpose regulation and supervision of capital market must be strengthened. The accounting and auditing of corporate sector also requires improvement. Lowering of real interest rates on government borrowing will also help the capital market.

33. The monetary policy during the Seventh Plan would aim at monetary expansion to increase at 12.5 percent per annum in the line with the projected increase in the nominal GNP. Breakdown of the causative factors of the monetary expansion during the Seventh Plan is given in Annex-7.6.

******

ANNEX-7.1

DOMESTIC BORROWING & INTEREST LIABILITY ON DOMESTIC DEBT

	1977-78 Actual	1982-83 Actual	1986-87 Revised	1987-88 Adjusted	Annual G.Rate (%) Fifth Plan	Annual G.Rate (%) Sixth Plan
BORROWING						
i) Non-Bank Borrowing	2.5	7.9	28.2	27.7	25.9	28.5
ii) Bank Borrowing	5.2	6.7	11.8	9.0	5.2	6.0
iii) Domestic Borrowing	7.7	14.6	40.0	36.7	13.6	20.2
iv) Outstanding Domestic Debt #	40.0	111.0	237.0	265.0	22.6	19.0
Interest Payments	1.5	6.2	15.3	18.4	32.8	24.3
Memo:						
As % of GDP						
a) Non-Bank Borrowing	1.4	2.2	4.7	4.0		
b) Bank Borrowing	3.0	1.9	1.9	1.3		
c) Domestic Borrowing	4.4	4.1	6.6	5.3		
d) Outstanding Domestic Debt	22.7	30.7	39.4	38.5		
e) Interest Payments	0.8	1.7	2.5	2.7		
f) Per Capita Income (Rs)	2462.0	4506.0	6336.0	6640.0		
g) Outstanding Per Capita Debt(Rs)	522.0	1245.0	2353.0	2550.0		
h) g as % of f.	21.0	28.0	37.0	38.0		

Including permanent debt, unfunded debt and floating debt.

ANNEX-7.2

Consolidated Budget
(At 1987-88 Constantant Billion Rupees)

	1987-88 Adjusted Budget	1992-93 Projec-tions	Seventh Plan Total
A. REVENUE RECEIPTS (a+b)	118.00	146.87	663.28
a) Taxes	90.00	111.67	513.68
i) Direct Taxes	14.00	18.25	83.80
- Taxes on Income	12.00	16.00	73.00
Presumptive Tax On Agricultural Income	0.00	0.00	0.00
- Others	2.00	2.25	10.80
ii) Indirect Taxes	76.00	93.42	429.88
- Import Duty	35.00	45.42	211.13
- Export Duty	3.00	0.00	0.00
- Excise Duty	16.00	19.00	89.00
- Sales Tax	8.00	10.80	48.60
- Others	14.00	18.20	81.15
b) Non Tax Receipts	28.00	35.20	149.60
- Profits of T&T	5.00	0.00	0.00
- Interests & Dividends	8.00	16.40	65.00
- Others	15.00	18.80	84.60
B. CURRENT NON-DEVELOPMENT EXPENDITURE	132.00	182.38	801.88
i) Defence	44.00	53.53	247.85
ii) Subsidies	8.00	9.00	43.00
iii) Debt Servicing	27.00	43.00	173.10
- Interest on Domestic Debt	19.00	34.20	139.10
- Interest on Foreign Loans	8.00	8.80	34.00
vi) Others	53.00	76.85	337.93
C. REVENUE SURPLUS/DEFICIT	-14.00	-35.51	-138.60
D. SELF FINANCING BY AUTONOMOUS BODIES	5.00	1.00	5.00
E. NON-BANK BORROWING	31.00	47.20	206.09
F. BANK BORROWING	12.00	14.00	62.07
G. DOMESTIC RESOURCES	34.00	26.69	134.56
H. EXTERNAL BORROWING.(Net)	14.00	20.72	85.45
- Payment of Foreign Loans	13.00	7.95	39.28
I. TOTAL RESOURCES	48.00	47.41	220.00
J. ADP SIZE	48.00	47.41	220.00
K. RESOURCE GAP / SURPLUS	0.00	0.00	0.00
MEMO:			
RESOURCE SHARE(NET)	100.00	100.00	100.00
Internal (IUG)	70.83	56.30	61.16
External	29.17	43.70	38.84
BORROWING AS PER % OF ADP (Net)	118.75	172.79	160.73
Domestic	89.58	129.09	121.89
External	29.17	43.70	38.84
AS % OF GDP:			
BORROWING (Net)	8.5	8.9	8.6
Domestic Borrowing	6.4	6.6	6.6
External Borrowing	2.1	2.2	2.1
DEBT SERVICING	6.0	5.7	5.2
- Interest on Domectic Debt	2.8	3.7	3.4
- Interest on Foreign Debt	1.2	1.0	0.8
- Overall Deficit (Net Basis)	8.5	8.9	8.6
(Rs Billion)	(57.0)	(81.92)	(353.61)

HPC-01

ANNEX-7.3

TAXATION AND EXPENDITURE CONTROL MEASURES

LOW POLICY CASE

(Constant 1987-88 Billion Rs)

	1988-89	1989-90	1990-91	1991-92	1992-93	Total
I. TAXATION EFFORT AND EXPENDITURE CONTROL PROPOSALS						
1. Income Tax --Removal of exemptions and improvement in tax administration	1.00	2.00	3.00	4.00	5.00	15.00
2. Presumptive Tax on Agriculture Holdings	0.50	0.50	0.75	0.75	1.00	3.50
3. Presumptive Tax on all Trade and Services	0.10	0.10	0.15	0.15	0.20	0.70
4. Sales Tax/VAT/Consumption Tax						
i. Sales Tax on all Imports @ 12.5% (with 20% exemptions)	2.50	2.75	3.00	3.25	3.50	15.00
ii. Sales Tax on Industrial Production @ 12.5% & withdrawl of CE Duties from Commodities other than 9 Major Commodities	4.00	5.00	6.00	7.00	8.00	30.00
5. User Charges						
i. Education Fee	0.50	0.50	0.50	0.50	1.00	3.00
ii. Fee on Indoor & Outdoor Patients and savings in drugs	0.00	0.00	0.00	1.00	1.00	2.00
iii. Removal of Subsidy from Irrigation Water	0.50	0.50	0.50	0.50	1.00	3.00
iv. Removal of Other Subsidies	1.00	1.00	2.00	2.00	2.00	8.00
TOTAL TAXATION AND EXPENDITURE CONTROL MEASURES	10.10	12.35	15.90	19.15	22.70	80.20

CONSOLIDATED BUDGET
(At constant 1987-88 Billion Rupees)

ANNEX-7.4

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	Total	Gr Rate
REVENUE RECEIPTS	118.00	125.37	137.49	145.75	155.23	166.30	730.14	7.1
TAX RECEIPTS	90.00	100.27	107.79	114.55	121.63	127.90	572.14	7.3
Direct Taxes	14.00	15.60	18.60	21.40	21.85	24.18	101.63	11.5
Income Tax	12.00	14.00	16.00	18.00	19.00	21.00	88.00	11.8
Others	2.00	1.60	2.60	3.40	2.85	3.18	13.63	9.7
Indirect Taxes	76.00	84.67	89.19	93.15	99.78	103.72	470.51	6.4
Import Duty	35.00	38.49	39.99	41.90	45.33	45.42	211.13	5.4
Export Duty	3.00	0.00	0.00	0.00	0.00	0.00	0.00	-100.0
Excise Duty	16.00	17.00	17.00	18.00	18.00	19.00	89.00	3.5
Sales Tax	8.00	13.88	16.80	17.20	20.25	21.10	89.23	21.4
Surcharges	10.80	12.00	12.00	12.50	12.50	14.30	63.30	5.8
Others (Resdl)	3.20	3.30	3.40	3.55	3.70	3.90	17.85	4.0
NONTAX RECEIPTS	28.00	25.10	29.70	31.20	33.60	38.40	158.00	6.5
T&T & PO Profits	5.00	0.00	0.00	0.00	0.00	0.00	0.00	-100.0
Int & Dividends	8.00	9.60	11.20	12.70	15.10	16.40	65.00	15.4
Others (Resdl)	15.00	15.50	18.50	18.50	18.50	22.00	93.00	8.0
CURR NONDEV EXPEN	132.00	132.86	138.62	144.39	151.83	158.46	726.15	3.7
Govt Adminstrn	14.00	13.16	13.55	13.96	14.38	14.81	69.87	1.1
Defence	44.00	41.36	42.60	43.88	45.20	46.55	219.59	1.1
Community Servs	5.00	5.40	5.83	6.30	6.80	7.35	31.68	8.0
Social Services	20.00	21.60	23.33	25.20	27.21	29.39	126.73	8.0
Education	13.00	14.04	15.16	16.38	17.69	19.10	82.37	8.0
Health	4.00	4.32	4.67	5.04	5.44	5.88	25.35	8.0
Others	3.00	3.24	3.50	3.78	4.08	4.41	19.01	8.0
Econ Services	7.00	7.42	7.86	8.34	8.84	9.37	41.83	6.0
Irrigation	3.00	3.18	3.37	3.58	3.79	4.02	17.94	6.0
Others	4.00	4.24	4.49	4.76	5.05	5.35	23.89	6.0
Subsidies	8.00	8.50	7.50	6.50	6.50	5.50	34.50	-7.2
Debt Servicing	27.00	27.48	29.53	31.28	33.47	36.43	158.19	6.2
Interest								
Domestic	19.00	21.48	23.53	25.08	26.47	27.63	124.19	7.8
Foreign	8.00	6.00	6.00	6.20	7.00	8.80	34.00	1.9
Grants to LBs	1.50	2.00	2.00	2.00	2.00	1.00	9.00	-7.8
Others (Resdl)	5.50	5.94	6.41	6.93	7.43	8.06	34.77	7.9
REVENUE SURPLUS	-14.00	-7.49	-1.13	1.36	3.40	7.84	3.99	0.0
SELF-FIN BY ABs	5.00	1.00	1.00	1.00	1.00	1.00	5.00	-27.5
NONBANK BORROWING	31.00	25.74	19.07	16.54	13.43	8.34	83.12	-23.1
BANK BORROWING	12.00	7.52	7.98	8.46	8.98	9.51	42.45	-4.5
DOMESTIC RESOURCES	34.00	26.77	26.92	27.36	26.81	26.69	134.56	-4.7
EXT RESOURCES (Net)	14.00	13.73	15.48	16.65	18.87	20.72	85.44	8.2
TOTAL RESOURCES	48.00	40.50	42.40	44.01	45.68	47.41	220.00	-0.2
ADP SIZE	48.00	40.50	42.40	44.01	45.68	47.41	220.00	-0.2
RESOURCE GAP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Memo:								
RESOURCE SHARE(NET)	100.00	99.99	100.01	99.99	100.01	99.99	100.00	0.0
Internal(IUG)	70.83	66.10	63.50	62.17	58.70	56.29	61.16	-4.5
External	29.17	33.89	36.51	37.82	41.31	43.70	38.84	8.4
BORROWING AS								
PER % OF ADP(NET)	118.75	116.02	100.31	94.63	90.37	81.35	95.92	-7.3
Domestic	89.58	82.12	63.80	56.81	49.06	37.65	57.08	-15.9
External	29.17	33.89	36.51	37.82	41.31	43.70	38.84	8.4
AS % of GDP:								
BORROWING(NET)	8.53	6.55	5.56	5.12	4.76	4.18	5.16	-13.3
Domestic	6.43	4.63	3.54	3.07	2.58	1.93	3.07	-21.4
External	2.09	1.91	2.02	2.04	2.17	2.24	2.09	1.4
DEBT SERVICING								
-Int.on Dom.Debt	2.84	2.99	3.08	3.08	3.05	2.99	3.04	1.0
-Int.on Foreign Debt	1.20	0.84	0.78	0.76	0.81	0.95	0.83	-4.5
-OverallDeficit(Net)	8.53	6.55	5.56	5.12	4.76	4.18	5.16	-13.3
(Rs Billion)	57.00	46.99	42.53	41.65	41.28	38.57	211.01	-7.5

ANNEX-7.5

EXTERNAL RESOURCES

(At 1987-88 Constant Billion Rupees)

	Bench mark	Seventh plan projections	
	1987-88	1992-93	Total
Project Aid	16.32	21.79	89.85
Commodity Aid	5.19	5.43	27.93
Food Aid	0.94	1.45	6.94
Other Aid	4.66	0	0
External Resources (Gross)	27.11	28.67	124.72
- Repayment of foreign loa	13	7.95	39.28
External Resources (Net)	14.11	20.72	85.44

Annex.7.6

CRR

PROJECTED CREDIT PLAN

(Rs. billion at current prices & exchange rates)

	Credit Plan 1987-88	Sevent Plan Projections 1988-89	1989-90	1990-91	1991-92	1992-93	Total
A. DOMESTIC CREDIT EXPANSION (NET)	27.4	29.0	31.6	35.1	38.2	42.8	176.7
(Domestic Credit Growth %)	(10.7)	(11.3)	(11.1)	(11.1)	(10.8)	(11.0)	(11.0)
a. Public Sector	13.0	10.6	11.0	12.1	13.3	14.7	61.7
- Budg: Support	8.0	8.0	9.0	10.1	11.3	12.7	51.1
- Commodity Oper.	5.0	2.6	2.0	2.0	2.0	2.0	10.6
b. Private Sector	15.4	17.5	20.0	22.8	26.1	29.7	116.1
c. Public Sector Enterprises	2.0	4.2	4.2	4.2	3.2	3.2	19.0
d. Other Items	-3.0	-3.3	-3.6	-4.0	-4.4	-4.8	-20.1
B. FOREIGN ASSETS (NET)	0.0	2.7	5.1	6.8	10.0	12.6	37.2
C. MONETARY EXPANSION	27.4	31.7	36.7	41.9	48.2	55.4	213.9
(% GROWTH)	11.4	11.8	12.2	12.5	12.8	13.0	12.5
(END YEAR STOCK) 240.40	267.8	299.5	336.2	378.1	426.3	481.7	

CRR.
20-03-1988

CHAPTER - 8

TRADE AND EXTERNAL FINANCING

SIXTH PLAN REVIEW

The Sixth Five Year Plan had envisaged a considerable strengthening of Pakistan's balance of payments position. Based on a decisive shift in the production and export of higher value added items, and the accelerated development of agro-industrial potential for export markets, exports were projected to grow by 15% per annum in current prices, from $ 2,504 million in the base year to $ 5,036 million in 1987-88, or by 8.5% per annum in volume terms. Imports were expected to rise by a relatively modest 12% per year, or 5.5% per year in volume, on the assumption of eliminating the imports of food items in which Pakistan had achieved near self-sufficiency and the possibilities of securing substantial import savings across a large number of other items. Reflecting the uncertainties of the demand for labour in the Middle East, the Plan had anticipated a marked slowdown in the flow of workers' remittances to a growth of only 10% per annum in current prices compared to a rate which was almost twice as fast in the Fifth Plan. Together, these assumptions were expected to generate a cumulative current account deficit of $ 6.0 billion over the Plan, or an average of $ 1.2 billion per year (2.7% of GNP).

2. On the capital account, the Plan had assumed that the substantial build-up of the commitments of external assistance in the last year of the Fifth Plan would continue and allow real net aid inflows to rise by 3.5% per annum. In addition, the Plan also envisaged the possibility of supplementing these official flows by prudent amounts of commercial borrowing for selected high-priority development projects. Overall, the Sixth Plan had envisaged that these assumptions would lead to a gradual strengthening of Pakistan's foreign exchange reserves position with gross foreign exchange reserves rising to the equivalent of three months' imports of goods and service by the terminal year 1987-88.

3. An evaluation of the balance of payments performance during the Sixth Plan suggests that in contrast to the anticipated strengthening of the external position, Pakistan's balance of payments came under some pressure [1]. Despite

---

1 This evaluation is based on actual data for the first three years, provisional actuals for 1986-87 and projections for 1987-88.

PREVIOUS PAGE BLANK

impressive trade performance, the current account position weakened, averaging 3% of GNP, largely on account of the fall in workers' remittances flows which led to a sharp erosion of Pakistan's surplus on its invisibles account [2]. On the capital account, shortfalls in external assistance and other capital flows, and higher debt service payments (including repurchases from the IMF), are expected to lead to a weakening of Pakistan's foreign exchange reserves position.

4. In the first year of the Sixth Plan, 1983-84, the balance of payments recorded an overall deficit of $ 86 million as the current account moved to $ 1.0 billion or 3.1% of GNP. This deterioration in the current account stemmed from adverse exogenous developments which led to a 1.6% nominal increase in exports, a decline in the workers' remittances and a surge in import payments. Raw cotton and textiles exports fell dramatically reflecting sharply reduced availabilities following the disastrous cotton crop. The rapid growth of imports was a consequence of higher edible oil prices which soared to record levels.

5. In 1984-85, there was a further sharp deterioration in the external position. The current account deficit widened to $ 1.6 billion equivalent to over 5% of GNP and the overall balance recorded a deficit of $ 1.0 billion. The two major factors underlying these results were a fall in exports and remittances of 8% and 11% respectively. The adverse developments in the current account were exacerbated by a decline in net capital flow reflecting lower aid disbursements and higher outflows on account of debt servicing.

6. In the following year 1985-86, however, Pakistan's balance of payments underwent a significant improvement. The principal elements accounting for this improvement were a near 20% increase in exports combined with a marginal fall in imports and an upturn in remittances. As a consequence, the current account contracted to 3.4% of GNP and the capital account benefited by higher aid disbursements and inflows of receipts of the foreign exchange bearer certificates and the deposits of foreign banks. As a result, Pakistan's gross foreign exchange reserves rose by close to $ 200 million.

---

2. Pakistan's average current account deficit during the Sixth Plan is biased upwards by the unusually severe deterioration of the current account in 1984-85 caused by adverse exogenous developments. If 1984-85 is treated as an atypical year, which indeed it was, the average deficit in the remaining years is expected to be below the plan target.

7. 1986-87 saw a further strengthening of the balance of payments position. With exports continuing to grow rapidly (20% in value) combined with a modest decline in the value of imports, the trade deficit improved sharply. Despite an 11% fall in the workers' remittances the current account deficit declined to only 2.1% of GNP, and the overall balance of payments recorded a surplus of $ 197 million.

8. Current projections for the final year of the Seventh Plan 1987-88 suggest that the balance of payments will come under renewed pressure despite continued robust growth in exports. These pressures are likely to arise from a resumption of import growth and a fall in the surplus on the invisibles account. As a consequence, the current account deficit is expected to rise to about 2.8% of GNP. After allowing for other capital flows and Pakistan's repurchases from the IMF, there is likely to emerge an overall financing gap of about $ 400 million. However, this gap could be significantly lower if exports respond more positively to the recent initiatives contained in the new Trade Policy and the workers' remittances stabilize at around the $ 2.2 billion mark.

9. The performance of major components of the balance of payments during the Sixth Plan are discussed in the following paragraphs.

EXPORT PERFORMANCE

10. The Sixth Plan had projected that Pakistan's merchandize exports would rise by 8.5% per year in volume and 15% per annum in value. The main elements underlying this growth target were a significant improvement in the product and market composition of exports in favour of newer, higher value added items and the accelerated development of Pakistan's agro-industrial potential for exports. The Plan laid particular stress on the continued fast growth of Pakistan's 'other' exports which had demonstrated a capacity for rapid growth during the Fifth Plan and offered the hope of a considerable broadening of the export base. Manufactured exports were projected to grow by about 11% per annum in volume terms. The Plan recognized that the achievement of these targets would require continued flexibility in the areas of exchange rate management, further trade liberalization, an easing of the domestic regulatory framework and, most importantly, a gradual reform of the industrial incentive system aimed at improving the allocation of resources and stimulating manufacturing industry to adopt a more 'outward-looking' orientation.

11. An overall assessment of the export performance during the Sixth Plan is presented in table 8.1 where exports are measured in current and constant prices. Looking at the current price data first, table 8.1 suggests that compared with a

cumulative target of close to $ 20 billion, total export earnings are expected to reach a little over $ 16 billion, equivalent to a shortfall of around 18% from the plan target. Exports of raw cotton, yarn, tanned leather and garments are expected to exceed the plan targets, in some cases by a substantial margin. Fabric and carpet exports, being close to the target in current price terms, are also projected to perform well. This was an encouraging development, given the intense competition that Pakistan has faced in recent years from the new developing country exporters and the protectionist pressures in key markets overseas. The performance of carpet exports has been especially noteworthy following the substantial loss of market share during the world economic recession of 1981-82. All other items were, however, below the Plan targets with the largest shortfall having occurred in the case of 'other,' mainly manufactured, exports.

12. When measured in terms of constant prices of 1982-83, the performance of exports is strikingly altered. As the second column of table 8.1 shows, the overall plan target of $ 16.5 billion was exceeded by 4%. Virtually all the major exports of Pakistan met or exceeded the Sixth Plan target in volume terms with particularly good performance in the case of raw cotton, fish, yarn and garments.

13. The difference between the two measures of performance is, of course, explained by the behaviors of export prices relative to what was assumed in the plan. The Sixth Plan had assumed that after falling sharply in the Fifth Plan, Pakistan's average export prices will rise by about 6.5% per year reflecting a strengthening in external demand and a gradual move towards exports of higher quality. In the event, following a 5.4% increase in 1983-84, average export unit values dropped by a cumulative 16.5% in the following two years before recovering slightly in 1986-87. Even allowing for some improvement in 1987-88 on the strength of the sharp recovery in raw cotton prices, on a trend basis average export prices are expected to fall by about 1.2% a year during the Sixth Plan thereby seriously undermining the Plan's value targets for export earnings. The entire 18% shortfall in export earnings is, therefore, attributable to lower world prices with particularly sharp falls having been experienced in the case of fish, raw cotton and rice.

14. The fall in export unit values does not, however, explain the large shortfall in the performance of Pakistan's 'other' exports since a comparison of the current and constant price data indicates that the magnitude of the shortfall is large under either measure. Here it is the substantially slower-than-expected growth in the volume of these exports that accounts for the disappointing performance of earnings in this category. The implication of this result is that the while overall export targets were exceeded, the plan's basic thrust of modifying the product composition of exports towards higher value added non-

traditional agricultural and newer manufactured exports, was not realized.

15. A disaggregation of the category of 'other' exports (Table 8.2) shows that the shortfall in performance has been substantial. In textiles, apart from the above target growth in the case of garments and made ups (Table 8. 1), there is little evidence of a move towards a more diversified product structure. If anything, the share of traditional textile items -- yarn and fabrics -- in total earnings from textiles remained stable at around 52% [This conclusion needs to be qualified by the consideration that exports of yarn and fabrics performed unusually well thereby inflating their contribution to the overall growth in earnings. In absolute terms exports of garments and textile made-ups grew very rapidly and exceeded the plan targets by a substantial margin]. In contrast, exports of fruits, vegetables and engineering goods which were an important element in the Plan's diversification strategy were well below the target. Shortfalls in other items were also notable. Only in the case of sports goods and surgical goods (which, however, again belong to the category of traditional exports) are Plan targets likely to be exceeded. On a more positive note, earnings from leather, garments, molasses, guar and products and raw wool grew in importance. However, given the relatively small size of these exports, even fairly rapid growth in these items was insufficient to contribute to a broadening of the export base.

16. That the Sixth Plan's overall export volume targets are expected to be exceeded despite the difficult internal and external conditions is noteworthy. Internally, the setback to the cotton crop and the infrastructural constraints proved to be highly disruptive in the first two years of the Plan. Externally, while the world economy did register some improvement following the worst recession in forty years, several elements including the persistence of current account imbalances, weakening commodity prices, volatile exchange rate movements, the debt problem, and intensified protectionist pressures combined to restrain the volume of developing countries' exports to only 4.4% per annum growth between 1980-86. Yet, Pakistan was able to raise its exports at an average rate of close to 11% per annum in volume terms during 1984-87 when world trade growth had slowed to 3.5% per annum and protectionism threatened to imperil the foundations of the world trading system. This was a considerable accomplishment. But this outcome was almost entirely due to Pakistan's traditional exports having performed much better than expected and which helped offset the large shortfall in the growth of the non-traditional items.

IMPORT TRENDS

17. The Sixth Plan had projected that imports would grow by 5.5% per year in volume terms and 12% per annum in value. This relatively slow growth in imports reflected the planned elimination of the imports of wheat, sugar and cement in which Pakistan had achieved near self-sufficiency or surplus and on the possibilities of securing substantial import savings in edible oils, milk and dairy products, and other key products. Imports of petroleum and products were projected to rise by 9% per annum while capital goods imports were assumed to grow by close to 11% per year. Remaining imports, mainly comprising raw material and intermediate products, were forecast to rise by 14.5% per year or about 8% per year in volume terms. The projections for intermediate and capital goods reflected the net outcome of the requirements to support a real GDP growth rate in excess of 6% per year, more rapid private sector investment, an ambitious energy sector programme and import liberalization on the one hand, with a sequence of major import replacement programmes in steel, transport and engineering on the other.

18. The actual performance of imports measured in current and constant prices is shown in Table 8. 3. A glance at Table 8. 3 brings out that during FY84-88, total imports are estimated to be significantly below the Plan projections. In fob terms, they are estimated to aggregate $ 30 billion compared with a projected figure of about $ 40 billion, lower by close to 25% or $ 10 billion. With the exception of import expenditures on edible oils, which are likely to exceed the plan target by 10%, all other categories of imports identified in Table 8.3 were well below the Plan targets.

19. The substantial shortfall in imports is due to two factors (i) a steep fall in international prices, particularly of POL, and (ii) successful import substitution policies. With regards to overall imports, the price effect is clearly dominant with the entire import savings being accounted for by lower prices. This is brought out clearly in the data on imports in constant price terms.

20. On examining individual items it is evident that Pakistan has achieved notable success in its import substitution programme. Thus, in the case of milk and dairy products, the entire import shortfall reflects higher than expected domestic production. The aggregate figure for POL conceals developments in its two components, crude and products. Crude oil production has substantially increased and currently accounts for about 25% of total domestic consumption demand. Product imports on the other hand have risen sharply reflecting industrial and energy requirements. Nevertheless, overall expenditures on POL were 47% below plan expectations, a savings of $ 5 billion. In the case of edible oils, however, the Government's ambitious targets were

not met as the entire excess over the projected figure is due to volume increases.

21. Capital goods imports in volume terms were on target so that the entire shortfall in current price terms stemmed from lower prices. For 'other' imports, including the raw material component, higher than expected volume increases probably reflect improvements in capacity utilization rates in manufacturing.

TRADE DEFICIT AND THE TERMS OF TRADE

22. The Sixth Plan had envisaged that Pakistan's trade deficit would rise marginally from about $ 3.0 billion in the base year to $ 4.9 billion in 1987-88, but fall as percentage of GNP. Cumulatively the trade deficit was expected to aggregate close to $ 21 billion. The actual trade deficit in current prices is estimated to be lower by $ 7 billion, reflecting the net impact of an import shortfall of $ 10 billion and exports which are expected to be $ 3.8 billion below expectations.

23. When translated into constant prices, Pakistan's trade deficit comes to be larger than anticipated by about $ 0.2 billion. The difference in outcomes is explained by movements in the terms of trade and the relative price and income elasticities of demand for imports and exports; the relevant calculations are presented in Table 8.4. The Sixth Plan had anticipated that Pakistan's terms of trade would show no significant improvement and that export and import prices would rise by the same 6.6% per annum rate. As the data in Table 8.4 shows, the actual movements in the terms of trade differed from the Plan assumptions. In the first year 1983-84, Pakistan's terms of trade actually improved by 6.7% largely on the strength of the rising raw cotton prices; they fell thereafter in each of the following two years so that by 1985-86, the index was nearly back to the level in the benchmark year. However, in 1986-87, under the influence of rising prices for Pakistan's manufactured exports and declining POL import prices, the terms of trade index rose by 8.3% on the previous year; some further strengthening is expected in 1987-88. Thus, Pakistan is expected to enjoy an overall $1.16 billion boost to domestic incomes via an improvement in its terms of trade during the Sixth Plan in contrast to the sharp fall experienced by other oil-importing developing countries.

CURRENT INVISIBLES

24. The Sixth Plan had anticipated that workers' remittances would grow by 10% per annum in nominal terms. This rate was less than half the growth rate actually achieved during the Fifth Plan and reflected the uncertainty surrounding the developments in the international oil market and its effects on the economies of the oil-producing countries. Accordingly, the Plan had projected that the invisibles surplus would rise by a

little over 9% per year and aggregate $ 14.6 billion. Present estimates suggest that workers' remittances during the Sixth Plan are likely to come to $ 12.1 billion only, a shortfall of over $5.0 billion or 31% from the Plan target. This shortfall is the consequence of the unprecedented cutback in the economic activity in the Middle East following the collapse of oil prices and the massive shake-out of labor which it has entailed (Table 8.5).

25. The impact of this large shortfall in the flows of the remittances on the size of the invisibles surplus has been profound. Instead of rising by the expected 9.3% per year, Pakistan's surplus on the invisibles account is projected to fall by close to 12% per annum in nominal terms, totalling $ 8.7 billion compared with a projected figure of $ 14.6 billion. Indeed, the deterioration on the invisibles account would have been larger had other outflows not been below the target. Thus, for example, interest payments were only $ 9.7 billion compared with an expected figure of $ 13.3 billion in the Plan.

26. An important implication of this development was that the very large savings in current prices on the trade account is expected to be offset by the deterioration in the invisibles surplus. As a consequence, the current account deficit is estimated to be $ 0.3 billion larger than what was anticipated in the Plan.

DEVELOPMENTS ON THE CAPITAL ACCOUNT

27. Several important departures have occurred in the capital account from what the Plan foresaw. As Table 8.6 shows, the Sixth Plan had assumed that gross disbursements of official assistance [excluding refugee assistance] would rise by about 11% per annum in current price terms and net aid inflows [gross disbursements less amortization] by 29% in the first year and by 10% per year thereafter. The sharp rise in the aid flows in the first year reflected the substantial build-up of aid commitments in the 1982-83 which marked the end of a long period of decline in net external assistance to Pakistan. The Plan projected that real net aid inflows would rise by 21% in the first year and 3.5% per year in subsequent years.

28. Actual developments in aid inflows differed substantially from the Plan expectations. Gross aid [excluding refugee assistance] is estimated to aggregate $ 6.2 billion compared with close to the $ 7.3 billion that had been anticipated. Since amortization payments are expected to be some 15% larger than the plan forecast, the shortfall in net aid inflows will be $ 1.5 billion, or 34% below Plan expectations.

29. Allowing for shortfalls in other private long-term capital, and, notwithstanding the exceptionally large inflows on account of the Foreign Exchange Bearer Certificates and the

foreign banks' deposits, net capital inflows are estimated to be $ 3 billion below the Plan expectations. When combined with the movements in the current account and larger than expected repayments to the IMF, a cumulative reserve drawdown of close to $ 1.5 billion is estimated over FY84-88 in contrast to a projected reserve build-up of $ 1.3 billion (Annex 8.1 gives a detailed account of Pakistan's overall balance of payments comparing targets with the expected performance during the Sixth Plan).

30. The overall balance of payments developments during the Sixth Plan present a mixed picture. Trade performance was good and helped to mitigate the very sharp deterioration in the invisibles account that occurred due to adverse exogenous developments whose severity could not be foreseen. Under these circumstances, limiting the current account deficit to around 3% of GNP over the Plan constitutes a notable achievement. On the other hand, the vulnerability of the external sector to a narrow export base and reliance on the uncertain flow of the workers' remittances was heightened. Export diversification in terms of both commodities and markets remained an elusive goal. The much-hoped-for breakthrough in high value agriculture exports failed to materialize; yields remained low and the sub-sector continued to be hampered by a host of marketing, infrastructure and technical inefficiencies. In manufacturing, despite considerable progress towards greater reliance on market-determined price and investment signals, and reforms of the trade, incentives and regulatory regime, the sector continued to suffer from a lack of sufficient export orientation. High protection, the security of the domestic market, and the absence of domestic and international competitive pressures on firms to upgrade technological and managerial efficiency and quality of output--factors which are essential to maintaining international competitiveness -- undermined export prospects as well. It was evident that policies to stimulate competition and efficiency combined with a more effective set of export promotion measures to help offset the bias inherent in the trade regime were needed if Pakistan's potential for manufactured exports was to be fully exploited.

SEVENTH PLAN: STRATEGY AND POLICY FRAMEWORK

31. The Seventh Plan, covering the period 1988-89 to 1992-93, will build upon the elements of strength identified by the performance of the external sector during the Sixth Plan and address the structural weaknesses that have emerged. Given the need to progressively reduce dependence on workers' remittances, the limited prospects for a sustained improvement in the terms of trade, the constrained outlook for external concessional assistance and a world trading environment that will, at best, remain uncertain, maintaining a viable external payments position

during the Seventh Plan will represent a considerable challenge. Pakistan's ability to achieve the balance of payments targets set in the Plan will depend on policies of sound macroeconomic management, structural reforms in the key trade-related sectors, and the adoption of a more aggressive export-led growth strategy. Rapid and sustained improvements in export performance combined with efficient import substitution will need to be supported by policies which help restructure and reorient growth towards a more dynamic export sector. This will be essential to finance the required increase in investment and essential imports while maintaining prudent external debt levels.

32. There are broadly four areas where action will be needed to assure the realization of the Plan's objectives. First, in agriculture, a substantial improvement in yields, product quality, marketing efficiency and the development of a complete support system for the grower to exploit fully the potential for exports of high value agricultural commodities will be required. Second, in industry, the enactment of a more efficient set of pricing and trade incentives aimed at fostering greater competitive efficiency will be necessary. This will call for a reorientation of the structure of incentives towards exports, combined with measures aimed at improving the domestic policy environment through further deregulation and reductions in sanction requirements so as to stimulate internal competition and create a more flexible and resilient industrial structure. The Plan will also address critical issues related to technological flows, design and quality standard, and export marketing. Third, in the energy sector, continued rationalization of domestic energy prices and intensified conservation efforts so as to provide incentives for the exploration and development of domestic energy resources while containing the demand for energy and oil imports will be undertaken. Fourth, in the area of trade policies, an active exchange rate policy guided by the need to accelerate the flow of exports and diversify its composition, and restrain inessential imports, combined with the establishment of a 'free trade' status for exporters and the extension of these incentives to indirect exporters will be pursued.

33. Reaffirming that efficient export-led growth can made a significant contribution to reducing Pakistan's trade deficit and external financing needs, in June 1987 the Government announced a new Trade Policy which would remain in force for the three years upto 1991. This new policy constituted a major step towards neutralizing the unfavourable impact of domestic protection on exporters' costs and signals a major Government commitment to export-oriented development. Embodying an innovative array of trade promotion actions, the basic thrust of the Trade Policy is to establish a more neutral incentive regime combined with positive intervention in favour of exporters. When complemented by the planned improvements in the domestic regulatory environment and a rationalisation of the structure of industrial

protection, Pakistan will have in place a solid policy framework which should greatly sharpen the economy's ability to respond to export-led growth and establish the basis for sustained improvement in trade performance during the Seventh Plan.

34. Some of the important specific measures embodied in the new Trade Policy are:

- highest priority to improvements in export unit values and export quality through enhanced fiscal concessions, the development of technology institutions, and trade houses;

- a more effective and comprehensive system of export compensation;

- fundamental change in export quota policy for textiles so as to maximize value addition;

- a significant easing of access to imported raw materials and modern machinery to facilitate quick modernization and technical upgrading of export industry, as well as improving quality standards;

- improved access to credit for exporters through the establishment of an Export Credit Wing in the State Bank of Pakistan;

- greater emphasis on product design and marketing strategies by enhancing financial resources of the Export Market Development Fund;

- special steps to accelerate the development and modernization of the powerloom sector;

- stimulating export rivalry through the induction of the private sector in the export of rice and cotton;

- removal of all restriction on the textile sector including permission for the free importation of high quality yarn;

- forging a closer link between export and import flows through trade diplomacy and special incentives for the export of engineering goods.

- establishment of efficient mechanisms for implementing and monitoring export-specific measures.

THE EXTERNAL ENVIRONMENT

35. While domestic economic reforms in the areas of trade, finance and industrial policy will play a crucial role in encouraging rapid export growth and efficient import substitution, developments in the world economy will also be important given Pakistan's reliance on trade and factor service flows. Table 8.7 brings together the key assumptions on world output and trade growth, commodity prices and other indicators which underline the assessment of Pakistan's external sector prospects during the Seventh Plan.

36. The world economic recovery that started in 1983 has already showed that it is weakening. The rate of output growth in the industrial countries fell to 2.5% in 1986 compared with 2.8% in 1985 and 4.6% in 1984. In the developing countries as a whole, GDP slowed to 4.2% from 5.1% in 1984. At the same time, current account imbalances among the industrial countries remained large and the debt problem of developing countries persisted. Protectionism and the risk of spreading trade war threatened to create a period of prolonged stagnation in world trade. Flagging demand, rising supplies, the calamitous fall in prices and generally deteriorating terms of trade continued to characterize the 'commodities problem'. Between 1980 and 1986 the index of real prices of non-fuel commodity prices fell 30% to their lowest level since the 1930s. Of more immediate relevance to Pakistan, oil prices also fell, most notably in 1986 and recovered only partially since then. While this event had a favourable effect on Pakistan's oil import bill and the terms of trade, the decline in petroleum prices dramatically slowed growth and import demand in the oil-exporting countries severely affecting Pakistan's exports and inflows of workers' remittances. On the positive side, world inflation has remained low and some reductions in fiscal deficits have left more room to expand demand and stimulate growth.

37. The outlook for the medium term will crucially depend on policies adopted by the industrial countries. Fiscal and payments imbalances must be reduced in a way that maintains growth. Reductions in protectionism will be essential to increase international trade flows. If carefully coordinated and favourable macroeconomic and structural policies are put in places, OECD growth could average 3.5% per annum upto 1995. Under these circumstances, developing countries should find it easier to pursue their own economic and trade reforms and output and exports could well rise by 6% and 7% per annum respectively. Some moderate improvement in the commodity prices can be expected towards the end of the 80s as low prices sustain demand growth and discourage new supplies.

38. Oil prices are expected to increase gradually in response to continuing growth in oil demand as the world economy grows and the relatively stable levels of non-OPEC production continue.

39. World trade is expected to be held back initially by flat US imports and declines in OPEC imports as this sector adjusts to lower oil prices. By 1989 however, OPEC imports are forecast to rise rapidly as real oil prices rise while US imports expand at more normal rates. As a result world trade can be expected to increase in the 5-6% per annum range supported by fairly rapid growth in the developing countries' imports due to a recovery in the real prices of commodities.

40. Based on the above assumptions and policy framework, the following quantitative targets for the balance of payments have been set for the Seventh Plan.

SEVENTH PLAN EXPORT PROSPECTS

41. The Seventh Plan will aim for an overall export growth of 9.6% per annum in volume terms and 13.6% per year in value comprising 2.8% growth in exports of primary commodities and close to 11% for manufactures. Table 8.8 presents a summary statement of export targets by major commodities measured in constant 1987-88 prices while Annexure-8.2 provides more details on the volume and price assumptions that underlie these targets.

42. Amongst primary commodity exports, cotton and rice occupy an important position and are expected remain so over the Seventh Plan period. The projections shown for raw cotton exports are linked to growth in domestic production and the prospects for the expansion in the production and exports of cotton textiles. Externally, the trade outlook for cotton is likely to remain uncertain, the recent sharp demand and price increase notwithstanding. The anticipated actions of China and the US to reduce their large cotton stocks are likely to significantly affect the distribution of exports over the immediate term. As a consequence, demand and price trends are expected to show only modest upward movement. Reflecting these assumptions, raw cotton exports are projected to rise by a modest 2.4% per annum in volume terms with prices increasing by about 2% each year. Total earnings from raw cotton are expected to reach about $1.0 billion by the terminal year of the Seventh Plan.

43. World trade in rice is expected to remain volatile as only a small fraction of the world production is traded internationally and low supply and demand elasticities mean that prices can be expected to move greatly to bring about an equilibrium. Pakistan's rice exports comprise of high value basmati rice and other varieties which are priced at half as

much. Demand for basmati is largely confined to the oil-producing countries of the Gulf where demand is expected to range between 0.30-0.35 million tons. Competition is expected to come mainly from India which has, in recent years, emerged as a major challenge to Pakistan's near-monopoly position in high quality rice exports. The Seventh Plan assumes that basmati exports will rise by about 3% in volume terms with prices firming by 2% each year.

44. The prospects for exports of other rice will depend importantly on future developments in countries where rice is a staple crop. Present forecasts of international trade in rice upto 1990 and beyond predict a continuing over-supply condition in world markets. Moreover there is evidence of shifting demand patterns (from rice to wheat) which is likely to slow down the growth of rice consumption in the future. Despite some restoration of rice prices from current depressed levels, the overall external conditions are expected to remain subdued and markets highly contested. Maintaining Pakistan's present world market share will require efforts to improve procurement specifications, milling standards and adoption of an aggressive marketing posture. The Seventh Plan assumes that rice exports will increase by 2.5% per year in volume; prices are expected to fall in real terms as competition intensifies in a slow growing market.

45. By far the most important element of the Plan's export strategy will be the accelerated growth of manufactured exports. Within this category, textiles will continue to occupy an important, if diminishing, role as the plan aims at diversifying the sources of incremental growth in earnings. There are a number of important elements which underpin the Seventh Plan strategy for exports of textiles. First, increased product diversity will be sought. While maintaining current market shares in fabrics and yarn, the plan will seek to realize a substantial acceleration in exports of higher value added and better quality garments and made ups. Given that Pakistan has been very successful in filling quotas in recent years, the most profitable route to further expansion in foreign exchange receipts will be to fill quotas with the highest value added products. According to one estimate, if Pakistan were able to raise its present unit values to close to the average of the unit values of its competitors in one important market, earnings could triple under existing quota arrangements. Secondly, Pakistan must actively seek new markets so as to secure a more diversified market structure for its exports. At present, Pakistan exports 52% of its goods to developed market economies. While getting round the protectionist wall through higher unit values offers a promising route to enhanced foreign exchange earnings, exploring new markets for non-restricted textiles and other manufactured exports can also substantially raise external demand with no limits beyond normal market force while imparting greater

stability to earnings. Third, effort will be made to disseminate information about market opportunities. Reflecting these considerations, Annex 8.2 presents in fuller detail the targets for volume and price growth for Pakistan's major textile exports.

46. Other non-textile exports are also expected to perform well. Exports of tanned leather are projected to continue to grow in line with recent trends (7% per annum in volume terms). The Plan will seek a significant improvement in the quality of leather through improved tanning processes and the adoption of more rigourous grading norms. However, the major source of growth in the leather sub-sector is expected to come from exports of leather manufactures -- leather garments, gloves, footwear, and other leather products. Taken together, exports of these items are forecast to grow by 16% per annum with earnings of over $ 300 by the terminal year of the Plan. The recovery in the exports of carpets is expected to continue. However, growth in this sub-sector is expected to be fairly modest with volume increasing by only 3.5% a year.

47. One of the few bright spots in world agricultural trade is fisheries where world trade has expanded remarkably, rising to about $ 17 billion in 1986 from only $ 1.3 billion in 1961. The share of the market occupied by developing countries has also grown significantly, increasing in value from some 24% in 1965 to about 44% at present. Shortages of supply, strong demand from the growing populations of developing countries and a renewed interest in fish as a healthy and attractive food in the more developed regions will combine to ensure that the outlook for fish trade will remain favourable. In recent years, Pakistan has expanded its exports of fish by 10% per year in volume. In the Seventh Plan, product quality will be the most important consideration. Improvements in infrastructure and handling facilities and more aggressive and direct measures to promote Pakistan's reputation in foreign markets will be pursued. Programmes to encourage standardization, quality control, improved grading and processing standards will enable better Pakistani exporters to charge a premium for higher quality products. Reflecting these measures, exports of fish and products are projected to grow by 16.6% per year in value and 11% per annum in volume.

48. The Seventh Plan will place priority on the modernization of horticultural marketing with the main objectives of supply to a rapidly growing urban market, the development of exports and diversification in the small farm sector. Rapid advances in the production and marketing of fruits and vegetables expected in the past Plan periods have not been achieved despite Pakistan's advantages of climate and varying regional production potential mainly because of poorly developed markets and marketing structures. The full implementation of the Asian Development Bank assisted Fruit and Vegetable Marketing and

Storage project will be critical to the development of horticulture and horticultural export development. An increase of 15% per year is expected in the export marketing of tropical fruits, vegetables and condiments. The greatest new opportunities for exports are likely to occur in the specialized high value crops such as mushrooms, medicinal and aromatic herbs and crop products, and fruit juices, especially kinoo. For these crops and products, increases in excess of 20% per annum can be achieved if development is planned, technical support provided and marketing established on integrated and modern lines. Other manufactured exports which are also projected to do well during the Seventh Plan are engineering goods and steel products.

TOWARDS EFFICIENT IMPORT SUBSTITUTION

49. Imports are forecast to grow by 4.6% per year in real terms (and 8.6% per annum in value) implying an elasticity of 0.71 with respect to GDP growth. Attaining this level of restraint in the growth of imports over the Seventh Plan will be a challenging task.

50. By far the greatest potential for efficient import substitution lies in the energy sector. Recent oil discoveries have considerably improved the prospects for higher domestic oil production and continued structural reforms in the energy sector can be expected to lead to a substantial increase in the development of energy resources. Much improved energy planning and conservation measures are also expected to play an important role in limiting import demand. However, present indications are that even with domestic oil production rising by 10% per year, imports of crude oil will grow 5.8% in volume and about 11% in value as prices are expected to recover from their presently low levels. Petroleum product imports are expected to grow by close to 14% per annum in volume terms with some prospect of slowing down in later years as a result of likely increases in refining capacity.

51. The potential for increasing the domestic production of oil seeds remains high. Domestic production of oil seeds is projected to grow by 5 % per annum so that by the end of Seventh Plan Pakistan should be in a position to meet about 45% of its total requirements of edible oils. In support of these domestic production targets, attention will be given to improving relative prices for oil-seeds, improving cropping practices, strengthening extension and research and increasing the rate of extraction from cotton seed, rape and mustard through a programme of rehabilitation of existing extraction plants. As a consequence of these measures, edible oil imports are expected to grow by 5% a year in volume terms, significantly slower than in the past, with prices forecast to rise by 6% per annum.

52. Prospects for restraining the imports of other items are also favourable. Fertilizer imports are projected to increase by 9% per year with the planned establishment of plants producing phosphatic fertilizers based on local raw material and the enhancement of production capacity for urea to meet the projected increase in domestic consumption. Accelerated efforts to find additional gas supplies will ensure that investments in this sector will be forthcoming and that import demand will be contained.

53. The completion of the steel mill and the early implementation of the 34 downstream projects that have been identified/sanctioned in recent years is expected to help reduce the growth of intermediate and capital goods imports while contributing to exports as well. However, these imports are still expected to grow at high rates, in line with the projected increase in output and investment. The attainment of self-sufficiency in sugar and the progressive reduction in edible oil imports will mean that food and consumer good imports will rise in line with the growth of population.

54. In the terminal year of the plan, total imports on an f.o.b. basis will approximately aggregate $ 9.5 billion implying a trend growth rate of 8.6% per annum in value terms. Annexure-8.3 presents more complete details of the plan's import price and volume assumptions.

INVISIBLES ACCOUNT

55. Worker's remittances which have been a major factor in determining the size of the surplus on the invisibles account are expected to continue declining as they have been in recent years, perhaps at a slower rate. From an estimated benchmark value of $ 2 billion, these flows are projected to remain constant in nominal terms, equivalent to a fall of 4% a year in real terms (Table-8.10). Despite the deep recession in the construction sector of the oil-producing countries, demand for skilled and semi-skilled labor has not weakened significantly given the need to service and operate the infrastructure developed in the earlier boom years. Through appropriate skill development policies and better information on market trends, the Seventh Plan will ensure that Pakistan will remain in a position to meet this skilled manpower demand and protect its share in the diminishing expatriate labor market. The recent announcement of a new labor export policy with a strong emphasis on skill development and improved labor market systems, offers the hope of stemming the decline in workers' remittances. However, the continued uncertainty about petroleum price developments and its impact on the level of economic activity in the oil producing countries make any projection of remittances subject to possibly

a wide margin of error. The slow real decline projected for the Seventh Plan appears to be the best that can be realized. With this assumption and allowing for other non-factor and factor income flows, the surplus on the invisibles account is expected to decline by close to a 10% annual rate -- from about to $ 1.2 billion in 1987-88 to about $ 0.70 billion in the final year of the plan.

CURRENT ACCOUNT AND ITS FINANCING REQUIREMENTS

56. With exports growing more than twice as fast as imports in real terms, the plan projects that Pakistan's trade deficit will fall from $2.3 billion in 1987-88 to $1.95 billion in 1992-93, a cumulative reduction of over 15%. However, the sharp projected decline in the invisible surplus will mean that the current account deficit will rise from about $ 1.0 billion in the benchmark year to $ 1.2 billion in 1992-93 or by about 2% per annum in nominal terms. Improvement in the balance of payments is indicated by a fall of the current account deficit when measured in relation to GNP from an estimated 2.9% in 1987-88 to 1.9% of GNP in the terminal year. Annexure-8.1 presents an overview of the balance of payments as it is expected to evolve over the Seventh Plan.

57. Over the five year period, the cumulative current account deficit, excluding interest payments, is expected to aggregate $ 3.2 billion. Interest payments and amortization (the latter including repurchases from the IMF) are projected to add about $ 7.4 billion. Given Pakistan's present low level of foreign exchange reserves, the Plan will aim at a gradual reserve build-up so as to increase gross foreign exchange reserves to slightly over 9 weeks' imports by 1992-93. This would add an additional $ 1.1 billion, bringing the Plan's overall capital requirements to $ 11.7 billion for the five years, an amount which would have to be met from disbursements of public medium and long-term debt and other sources. Table-8.11 shows the capital requirements and financing picture for the Seventh Plan.

58. Official assistance will continue to be a major source of financing of the current account deficit during the Seventh Plan. The Plan will require over $ 7.0 billion in disbursements from new commitments of official development assistance and private loans. To generate this level of disbursements and accommodate future requirements, the Plan will seek new commitments of about $ 15.5 billion, or $ 3.1 billion a year.

The strategy with respect to official development assistance embodies the following assumptions:

i) given the estimated $ 6.5 billion aid pipeline at the beginning of the Plan, new commitments of project assistance would be restricted to $ 1.7 billion a year compared to $ 1.8 billion at present; and

ii) given the need to significantly raise the pace of aid disbursements, the Plan will seek to bring about a shift in the composition of assistance towards more flexible, quick disbursing loans and policy-based sector lending. The projections assume that an amount of $ 300 million of programme and sector loans will be available every alternate year from the World Bank and the Asian Development Bank for an aggregate amount of $ 900 million over the Plan.

59. With these assumptions, and allowing for commitments from other sources, gross aid disbursements are expected to aggregate $ 9.6 billion financing 82% of the Plan's total capital requirements. With the unwinding of service payments to Saudi Arabia and Iran, and the improvement in disbursement performance assumed above, there is expected to be a 14% per annum nominal improvement in net aid flows, compared with an estimated 6% per year increase in the Sixth Plan.

60. Private long-term capital flows (including private foreign investment) and other net inflows of medium and short-term capital are expected to generate an additional $ 2.1 billion. Given the strong trade and current account performance assumed above, this level of commercial borrowing would be feasible and consistent with the continuation of a prudent strategy for foreign debt management. Consideration would be given to increasing the proportion of suppliers' credits and other forms of tied borrowings such as buyers' and export credits which have the advantage of longer maturities and fixed interest rates compared with traditional Eurocurrency syndications. While suppliers' credits have the disadvantage of being tied to specific procurement sources, it is proposed to minimize the adverse effects of such borrowings by requesting in advance price and term bids from competitive suppliers. Greater reliance on such borrowings would reduce the need to borrow from financial markets and thereby improve the term structure of Pakistan's foreign debt. Improved terms on new borrowings will also be sought by mobilizing financial resources for specific high priority development projects in the power, transport and communications sectors which can generate internally the resources needed for repayment or enhance Pakistan's overall debt servicing capacity. Such project-related lending would also facilitate co-financing with multilateral donors and export

agencies. Given these assumptions, Pakistan's external debt indicators are projected to improve over the Seventh Plan, with debt service payments declining to about 18.6% of current account receipts in the final year of the Plan compared to 22% at present.

Table-8.1

SIXTH PLAN EXPORT PERFORMANCE, 1984-88

($ Million)

Items	Total Exports					
	Current Prices			Constant Prices		
	Target	Estimated Achieveme	Percent Achievement	Target	Estimated Achievement	Percent Achievement
Rice	1,997	1,613	80.8	1,673	1,742	104.1
Basmati	1,098	853	77.7	919	804	87.5
Other	899	760	84.5	754	938	124.4
Raw Cotton	1,962	2,030	103.5	1,619	2,885	178.2
Yarn	1,566	1,723	110.0	1,312	1,679	128.0
Cotton Fabrics	1,658	1,651	99.6	1,451	1,626	112.1
Garments	1,128	1,345	119.2	930	1,143	122.9
Tanned Leather	825	947	114.8	541	762	140.9
Carpets	903	841	93.1	755	827	109.5
Fish	678	482	71.1	553	752	136.0
Others	9,124	5,556	60.9	7,617	5,752	75.5
Total Exports(c&f)	19,841	16,188	81.6	16,451	17,168	104.4
Total Exports(fob)	19,414	15,732	81.0	16,097	16,688	103.7

Notes:

1) for individual commodities their own export unit price indices used as deflator

2) for Total Exports, the FBS overall export unit price index is used as deflator

3) 'Others' are deflated as a residual

PERFORMANCE OF OTHER EXPORTS, FY 1984-88 Table-8.2

($ Million)

	Targets	Estimated Achievements	% Achievements
Sports Goods	210.0	252.0	100.0
Steel Mill Products	250.0	118.0	47.0
Fruits, Vegetables, Poultry etc.	833.0	212.0	25.0
Engineering Goods	238.0	124.0	52.0
Tarpulin, Tents & Canvas	625.0	199.0	32.0
Surgical Goods	150.0	230.0	153.0
POL	400.0	164.0	41.0
Other Misc: Exports	6,418	4,417	65.0
Total Other Exports	9,124	5,446	60.0

Table-8.3

($ Million)

SIXTH PLAN IMPORT PERFORMANCE, 1984-88

Items	Total Imports					
	Current Prices			Constant Prices		
	Target	Estimated Achieveme	Percent Achievement	Target	Estimated Achieveme	Percent Achieveme
Milk & Dairy Products	581	175	45.9	352	159	45.2
Edible Oils	1,620	1,776	109.6	1,307	1,561	119.4
Fertilizer	1,239	743	60.0	1,029	789	76.7
POL	10,763	5,746	53.4	9,158	8,470	92.5
Capital Goods	12,456	10,452	83.9	10,734	11,766	109.6
Others	17,227	13,998	81.3	13,573	14,077	103.7
Total Imports(cif)	43,686	32,890	75.3	36,153	36,822	101.9
Total Imports(fob)	40,038	30,188	75.4	33,131	34,334	103.6

Notes:

1) for individual commodities their own export unit price indices used as deflator

2) for Total Imports, the FBS overall export unit price index is used as deflator

3) 'Others' are deflated as a residual

Table-8.4

TERMS OF TRADE AND EFFECTS

	1982-83	1983-84	1984-85	1985-86	1986-87 (Prov/Act)	1987-88 (Proj)
Export Price Index	100.0	105.4	98.1	88.0	90.4	94.0
Import Price Index	100.0	98.8	93.3	87.2	82.7	85.2
Terms of Trade	100.0	106.7	105.1	100.9	109.3	110.3
Real Exports Index	100.0	96.4	95.0	127.2	149.0	167.0
Capacity to Import Index 1/	100.0	102.7	100.0	128.1	162.7	184.0
Memo Items:						
Value at 1983 Constant Prices						
Real Exports ($ Billion)	2.63	2.53	2.51	3.34	3.91	4.38
Capacity to Import ($ Billion)	2.63	2.70	2.63	3.37	4.28	4.84
Terms of Trade Effect ($ Billion)	0.00	169.00	128.00	31.00	370.00	460.00

1/ Capacity to Import' refers to nominal export earnings adjusted for changes in imports prices, thereby capturing effects of changes in a country's terms of trade and measuring the purchasing power (in terms of imports) of export earnings

SIXTH PLAN'S INVISIBLES BALANCE

Table-8.5

($ Million)

	1982-83 (Benchmark)	1983-84	1984-85	1985-86	1986-87	1987-88	Total 1984-88	Growth (% p.a)
	TARGETS							
Invisible Balance	2,219	2,439	2,658	2,901	3,169	3,453	14,620	9.2
Payments	-1,957	-2,149	-2,384	-2,639	-2,918	-3,235	-13,325	10.6
(of which : interest)	(-469)	(-506)	(-546)	(-590)	(-636)	(-686)	(-2964)	7.9
Receipts	4,176	4,588	5,042	5,540	6,087	6,688	27,945	9.9
(of which : remittances)	(2,621)	(2,883)	(3,171)	(3,448)	(3,837)	(4,221)	(17,560)	10.0
	ACTUALS				Est.	Proj.	Total 1984-88	
Invisible Balance	2,219	2,293	1,867	1,808	1,544	1,188	8,700	11.7
Payments	-1,957	-1,779	-1,783	-2,003	-2,015	-2,150	-9,730	1.9
(of which : interest)	(-469)	(-471)	(-462)	(-477)	(-513)	(-508)	(-2,431)	1.6
Receipts	4,176	4,072	3,650	3,811	3,559	3,338	18,430	-4.4
(of which : remittances)	(2,621)	(2,737)	(2,446)	(2,595)	(2,300)	(2,070)	(12,148)	-4.5

SIXTH PLAN'S AID INFLOWS

Table-8.6

($ Million)

	1982-83 (Benchmark)	1983-84	1984-85	1985-86	1986-87	1987-88	Total 1984-88	Growth (% p.a)
	TARGETS							
Gross Aid Inflows	1,296	1,489	1,584	1,681	1,789	1,911	8,454	6.1
(Refugee Assistance)	(276)	(275)	(258)	(233)	(208)	(183)	(1,157)	(-7.9)
Gross Aid Inflows excluding Refugee Assistance	1,020	1,214	1,326	1,448	1,581	1,728	7,297	11.1
Amortisation	(-448)	(-475)	(-513)	(-554)	(-598)	(-646)	(-2,786)	(7.6)
Net Aid Inflows	572	739	813	894	983	1,082	4,511	13.6
Memo:								
Real Net Aid Inflows	572	694	717	740	764	790	3,705	6.7
	ACTUALS				Est.	Proj.	Total 1984-88	
Gross Aid Inflows	1,296	1,176	1,256	1,528	1,466	1,585	7,011	4.1
(Refugee Assistance)	(276)	(155)	(150)	(135)	(190)	(190)	(820)	(-7.2)
Gross Aid Inflows excluding Refugee Assistance	1,020	1,021	1,106	1,393	1,276	1,395	6,191	6.5
Amortisation	(-448)	(-520)	(-537)	(-679)	(-711)	(-750)	(-3,197)	(10.9)
Net Aid Inflows	572	501	569	714	565	645	2,994	2.4
Memo:								
Real Net Aid Inflows	572	477	581	811	628	686	3,183	3.7

Table-8.7

THE EXTERNAL ENVIRONNENT, 1985-95

	1985 (Actual)	1986 (Actual)	1987-91	1991-95
Growth and Trade (% p.a.)				
Industrial Countries' GDP	2.8	2.5	2.5	3.7
Developing Countries' GDP	4.8	4.2	3.5	6.0
World Trade	3.6	4.0	5.5	6.0
Manafactured Exports from Developing Countries	1.1	3.1	6.5	8.0
Prices [1]				
Index of 33 Non-fuel Commodities (1985=100)	100.0	101.0	113.9	137.9
Index of Manafactures' Unit Value (1985=100)	100.0	118.9	129.4	144.4
International Oil Prices ($/bbl)	26.7	14.0	23.0	25.0

[1] Terminal Year Value

Table-8.8

SEVENTH PLAN EXPORT PROJECTIONS
(Constant 1987-88 Prices)

($ Million)

	1987-88 (Benchmark)	1992-93 (Projected)	Growth Rate (% p.a.)
Rice	341	391	2.8
Basmati	181	210	3.0
Other	160	181	2.5
Raw Cotton	810	912	2.4
Yarn	502	641	5.0
Cotton Cloth	348	455	5.5
Readymade Garments	352	876	20.0
Other Textile Made Ups [1]	316	745	18.7
Carpets	184	219	3.5
Leather	265	372	7.0
Fish & Fish Preparations	120	202	11.0
Others	852	1657	14.2
Total Export (cif)	4090	6468	9.6
Total Export (fob)	4000	6326	9.6

[1] including Towels

Table-8.9

SEVENTH PLAN IMPORT PROJECTIONS
(Constant 1987-88 Prices)

($ Million)

	1987-88 (Benchmark)	1992-93 (Projected)	Growth Rate (% p.a.)
Tea	182	201	2.0
Edible Oils	280	357	5.0
Fertilizer	244	375	9.0
Petroleum	1027	1693	10.5
Crude	466	618	5.8
Products	561	1075	13.9
Capital Goods	2100	2680	5.0
Others	3075	3343	1.7
Total Imports(cif)	6908	8650	4.6
Total Imports(fob)	6300	7889	4.6

Table-8.10

SEVENTH PLAN INVISIBLES
(Current Prices)

($ Million)

	1987-88	1992-93 (Projected)	Growth Rate (% p.a)
INVISIBLES (NET)	1179.6	712.2	-9.6
Non-Factor Income (Net)	-521.1	-521.3	0.0
Receipts	900.0	1164.0	5.3
Payments	-1199.4	-1685.1	7.0
Factor Income (Net)	1274.0	1052.7	-3.7
Receipts	2128.0	2148.4	0.2
Investment Income	128.0	148.4	3.0
Remittances	2000.0	2000.0	0.0
Payments	-854.0	-1088.8	5.0
of which: Interest	-516.0	-667.6	5.3
UNREQUITED TRANSFERS	205.0	180.6	-2.5

Table-8.11

CAPITAL REQUIREMENTS AND FINANCING
($ Billion at Current Prices)

Capital Requirements	11.7
Current Account Deficit (excluding interest)	3.2
Interest	2.8
Amortisation [1]	4.6
Increase in Foreign Exchange Reserves	1.1
Sources	11.7
Official Assistance	9.6
Private Long-term (net)	0.7
Other Medium & Short-term (net)	1.4

Note: Figures have been rounded upwards

[1] includes repayment to IMF

ANNEX-8.1

SIXTH PLAN BALANCE OF PAYMENTS

	1983-84	1984-85	1985-86	1986-87	1987-88	Total 1984-88
			TARGETS			
TRADE BALANCE	-3,423	-3,747	-4,097	-4,475	-4,881	-20,263
Exports(fob)	2,879	3,311	3,808	4,379	5,036	19,413
Imports (fob)	-6,302	-7,058	-7,905	-8,854	-9,917	-40,036
INVISIBLE BALANCE	2,439	2,658	2,901	3,169	3,453	14,620
Of which: remittances	2,883	3,171	3,488	3,837	4,221	17,600
CURRENT ACCOUNT BALANCE	-984	-1089	-1196	-1306	-1428	-6003
CAPITAL ACCOUNT (NET)	1,153	1,452	1,735	1,935	2,025	8,300
Gross Aid Inflows	1,489	1,584	1,681	1,789	1,911	8,454
Amortisation	-475	-513	-554	-598	-646	-2,786
Other(net)	139	381	608	744	760	2,632
IMF (Net)	155	-113	-289	-379	-347	-973
Reserves(-=increase)	-324	-250	-250	-250	-250	-1,324

	1983-84	1984-85	1985-86	1986-87 Esti.	1987-88 Proj.	Total 1984-88	Achievements Absolute	Achievements Percent
			ACTUALS					
TRADE BALANCE	-3,324	-3,552	-3,042	-2,293	-2,245	-14,456	-6,16	70.1
Exports(fob)	2,669	2,457	2,942	3,539	4,125	15,732	-3,68	81.0
Imports (fob)	-5,993	-6,009	-5,984	-5,832	-6,370	-30,188	-9,84	75.4
INVISIBLE BALANCE	2,293	1,867	1,808	1,544	1,188	8,700	-5,92	59.5
Of which: remittances	2,737	2,446	2,595	2,300	2,070	12,148	-5,45	69.0
CURRENT ACCOUNT BALANCE	-1031	-1685	-1234	-749	-1057	-5756	-247	95.9
CAPITAL ACCOUNT (NET)	945	668	1,668	1,061	939	5,281	-3,01	63.6
Gross Aid Inflows	1,176	1,256	1,528	1,466	1,585	7,011	-1,44	82.9
Amortisation	-520	-537	-679	-711	-750	-3,197	411	114.8
Other(net)	289	-51	819	306	104	1,467	-1,16	55.7
IMF (Net)	-46	-82	-250	-349	-292	-1,019	46	55.7
Reserves(-=increase)	132	1,099	-184	37	410	1,494	--	--

SEVENTH PLAN EXPORT PROJECTION WORKSHEET

ANNEX-8.2
(Current $ Million)

	1987-88 (Benchmark)	1988-89	1989-90	1990-91	1991-92	1992-93	Growth Rate (% p.a.)
Raw Cotton							
Volume (Million Bales)	3.6	3.7	3.8	3.9	4.0	4.1	2.4
Value ($ Million)	810.0	846.0	883.7	923.0	964.0	1006.9	4.4
Price ($/Bale)	225.0	229.5	234.1	238.8	243.5	248.4	2.0
Rice (Total)							
Volume (000 MT)	1250.0	1282.5	1315.9	1350.1	1385.2	1421.2	2.6
Value ($ Million)	341.3	358.5	376.7	395.7	415.8	436.8	5.1
Price ($/MT)	273.0	279.5	286.3	293.1	300.1	307.3	2.4
Rice (Basmati)							
Volume (000 MT)	250.0	257.5	265.2	273.2	281.4	289.8	3.0
Value ($ Million)	181.3	190.4	200.1	210.2	220.8	232.0	5.1
Price ($/MT)	725.0	739.5	754.3	769.4	784.8	800.5	2.0
Rice (Other)							
Volume (000 MT)	1000.0	1025.0	1050.6	1076.9	1103.8	1131.4	2.5
Value ($ Million)	160.0	168.1	176.6	185.6	194.9	204.8	5.1
Price ($/MT)	160.0	164.0	168.1	172.3	176.6	181.0	2.5
Cotton Yarn							
Volume (Million Kgs)	260.0	273.0	286.7	301.0	316.0	331.8	5.0
Value ($ Million)	501.8	548.0	598.4	653.4	713.5	779.2	9.2
Price ($/kg)	1.9	2.0	2.1	2.2	2.3	2.3	4.0
Cotton Cloth							
Volume (Million Sq. Mtr	775.0	817.6	862.6	910.0	960.1	1012.9	5.5
Value ($ Million)	348.8	386.3	428.0	474.1	525.1	581.7	10.8
Price ($/Sq. Mtr)	0.45	0.47	0.50	0.52	0.55	0.57	5.0
Tanned Leather							
Volume (Million Sq. Mtr	25.0	26.8	28.6	30.6	32.8	35.1	7.0
Value ($ Million)	265.5	298.3	335.1	376.5	423.0	475.3	12.4
Price ($/Sq. Mtr)	10.6	11.2	11.7	12.3	12.9	13.6	5.0
Carpets							
Volume (Million Sq. Mtr	2.7	2.8	2.9	3.0	3.1	3.2	3.5
Value ($ Million)	183.6	197.6	212.7	229.0	246.5	265.3	7.6
Price ($/Sq. Mtr.)	68.0	70.7	73.5	76.5	79.6	82.7	4.0
Readymade Garments							
Volume (Million Dozens)	16.0	19.2	23.0	27.6	33.2	39.8	20.0
Value ($ Million)	352.0	445.6	564.2	714.2	904.2	1144.8	26.6
Price ($/Dozen)	22.0	23.2	24.5	25.8	27.3	28.8	5.5
Textile Madeups							
Value ($ Million)	250.0	312.5	390.6	488.3	610.4	762.9	25.0
Towels							
Volume (Million Kgs)	17.3	19.4	21.7	24.3	27.2	30.5	12.0
Value ($ Million)	65.7	76.6	89.2	103.9	121.0	141.0	16.5
Price ($/Kg.)	3.8	4.0	4.1	4.3	4.4	4.6	4.0
Fish & Fish Preps.							
Volume (000 MT)	40.0	44.4	49.3	54.7	60.7	67.4	11.0
Value ($ Million)	120.0	139.9	163.0	190.0	221.4	258.1	16.6
Price ($/MT)	3.0	3.2	3.3	3.5	3.6	3.8	5.0
Surgical Instruments							
Value ($ Million)	70.0	80.5	92.6	106.5	122.4	140.8	15.0
Sports Goods							
Value ($ Million)	80.0	89.6	100.4	112.4	125.9	141.0	12.0
Others							
Value ($ Million)	701.4	867.1	1044.4	1230.2	1419.8	1606.5	18.0
TOTAL EXPORTS (C&F)	4090.0	4646.5	5278.8	5997.1	6813.1	7740.2	13.6
TOTAL EXPORTS (FOB)	4000.0	4544.3	5162.7	5865.2	6663.2	7569.9	13.6

ANNEX-8.3

SEVENTH PLAN IMPORT PROJECTION WORKSHEET

	1987-88 (Benchmark)	1988-89	1989-90	1990-91	1991-92	1992-93	Growth Rate (% p.a.)
Tea							
Volume (000 MT)	89.7	91.5	93.3	95.2	97.1	99.0	2.0
Value ($ Million)	182.4	193.5	205.3	217.8	231.0	245.1	6.1
Price ($/MT)	2034.0	2115.4	2200.0	2288.0	2379.5	2474.7	4.0
Edible Oils							
Volume (000 MT)	800.0	840.0	882.0	926.1	972.4	1021.0	5.0
Value ($ Million)	280.0	311.6	346.9	386.0	429.7	478.2	11.3
Price ($/MT)	350.0	371.0	393.3	416.9	441.9	468.4	6.0
Fertilizer							
Volume (000 MT)	1356.0	1478.0	1611.1	1756.1	1914.1	2086.4	9.0
Value ($ Million)	244.1	282.0	325.8	376.5	435.0	502.6	15.5
Price ($/MT)	180.0	190.8	202.2	214.4	227.2	240.9	6.0
Crude Oil							
Volume (000 MT)	3500.0	3703.0	3917.8	4145.0	4385.4	4639.8	5.8
Value ($ Million)	465.5	517.1	574.5	638.2	709.0	787.6	11.1
Price ($/MT)	133.0	139.7	146.6	154.0	161.7	169.7	5.0
POL Products							
Volume (000 MT)	3870.0	4407.9	5020.6	5718.5	6513.4	7418.7	13.9
Value ($ Million)	561.2	671.1	802.6	959.9	1148.0	1372.9	19.6
Price ($/MT)	145.0	152.3	159.9	167.9	176.2	185.1	5.0
Chemicals							
Value ($ Million)	435.0	456.8	479.6	503.6	528.7	555.2	5.0
Drugs & Medicines							
Value ($ Million)	145.0	153.7	162.9	172.7	183.1	194.0	6.0
Capital Goods							
Value ($ Million)	2100.0	2289.0	2495.0	2719.6	2964.3	3231.1	9.0
Others							
Value ($ Million)	2494.7	2627.1	2754.5	2873.6	2980.0	3068.4	4.2
TOTAL IMPORTS (C&F)	6907.9	7502.0	8147.1	8847.8	9608.7	10435.1	8.6
TOTAL IMPORTS (FOB)	6300.0	6841.8	7430.2	8069.2	8763.1	9516.8	8.6

SEVENTH PLAN BALANCE OF PAYMENTS WORKSHEET

ANNEX-8.4

($ Million)

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
TRADE BALANCE	-2300.0	-2297.5	-2267.5	-2204.0	-2099.9	-1946.9
Exports (fob)	4000.0	4544.3	5162.7	5865.2	6663.2	7569.9
Imports (fob)	-6300.0	-6841.8	-7430.2	-8069.2	-8763.1	-9516.8
INVISIBLES (NET)	1179.6	1124.1	1080.7	1002.2	887.7	712.3
Net Non-Factor Income	-299.4	-322.2	-359.2	-398.5	-463.0	-521.1
Receipts	900.0	946.1	995.2	1047.7	1103.8	1164.0
Payments	-1199.4	-1268.3	-1354.4	-1446.2	-1566.8	-1685.1
Net Factor Income	1274.0	1246.4	1245.0	1210.7	1165.4	1052.8
Receipts	2128.0	2131.8	2135.8	2139.9	2144.1	2148.4
Inv Income	128.0	131.8	135.8	139.9	144.1	148.4
Remittances	2000.0	2000.0	2000.0	2000.0	2000.0	2000.0
Payments	-854.0	-881.9	-886.6	-924.3	-972.9	-1088.8
Interest	-516.0	-528.7	-517.5	-538.6	-569.8	-667.6
MLT Interest	-416.0	-440.0	-443.0	-472.0	-506.0	-602.0
IMF Interest	-61.0	-45.0	-26.0	-13.0	-5.0	-1.4
ST Interest	-39.0	-43.7	-48.5	-53.6	-58.8	-64.2
Other Payments	-338.0	-353.2	-369.1	-385.7	-403.1	-421.2
Interest on Gap	0.0	-3.5	-4.2	-4.9	-5.8	-6.8
Net Unrequited Transfers	205.0	199.9	194.9	190.0	185.3	180.6
CURRENT ACCOUNT BALANCE	-1120.4	-1173.4	-1186.8	-1201.9	-1212.1	-1234.6
NET LONG TERM CAPITAL	1020.0	1290.0	1423.0	1502.0	1634.0	1716.0
Gross Disbursment	1550.0	1770.0	1865.0	1851.0	1990.0	2095.0
Project Aid	1000.0	1180.0	1280.0	1325.0	1500.0	1605.0
Commodity Aid	280.0	340.0	355.0	316.0	300.0	300.0
Food Aid	80.0	80.0	80.0	80.0	80.0	80.0
Refugee Asst	190.0	170.0	150.0	130.0	110.0	110.0
Amortization	-700.0	-630.0	-592.0	-499.0	-506.0	-529.0
Pvt LT Cap (net)	170.0	150.0	150.0	150.0	150.0	150.0
GAP TO FILL	50.0	0.0	0.0	0.0	0.0	0.0
ADDL M&LT (ODA)	0.0	0.0	0.0	0.0	0.0	0.0
Disbursement	0.0	0.0	0.0	0.0	0.0	0.0
Amortization						
MEDIUM-TERM	50.0	0.0	0.0	0.0	0.0	0.0
Disbursement	50.0	10.0	12.0	14.4	17.3	20.2
Amortization	0.0	-10.0	-12.0	-14.4	-17.3	-20.2
BASIC BALANCE	-50.4	116.6	236.0	300.1	421.7	481.3
OFF ASST & DEBT RELIEF	100.0	31.1	32.3	33.5	34.7	36.0
Debt Relief	20.0	0.0	0.0	0.0	0.0	0.0
Net ST Capital	30.0	31.1	32.3	33.5	34.7	36.0
Disbursement	250.0	259.3	268.9	278.9	289.3	300.0
- Amortization	-220.0	-228.2	-236.6	-245.4	-254.5	-264.0
F.E.B.C.	50.0	0.0	0.0	0.0	0.0	0.0
OVERALL BALANCE	49.6	147.7	268.3	333.6	456.4	517.3
NET FOREIGN ASSETS (-=increase)	-49.6	-147.7	-268.3	-333.6	-456.4	-517.3
Net IMF	-292.0	-207.0	-154.0	-105.0	-65.0	-29.0
Repayments (Zakat Deposits)	-80.0	-40.0	0.0	0.0	0.0	0.0
FCA (net)	0.0	0.0	0.0	0.0	0.0	0.0
Net Change in Reserves (-=increase)	322.4	99.3	-114.3	-228.6	-391.4	-488.3
MEMO:						
Gross Reserves Level ($ Mill)	580.0	480.7	595.0	823.6	1215.0	1703.3
Reserves as weeks of imports	4.8	3.7	4.2	5.3	7.2	9.3
CAD/GNP(mp) [Con. Prices][1]	-2.9	-2.8	-2.5	-2.3	-2.1	-1.9
CAD/GNP(mp) [Cur. Prices][1]	-2.9	-2.8	-2.6	-2.6	-2.4	-2.4

[1] In percent

CHAPTER-9

THE PRIVATE SECTOR

Historical Perspective:

Pakistan's is a mixed economy with a predominant role for the Private Sector. The role of the public sector has historically been limited only to providing such soft and hard infrastructure which is characterized by large economic externalities (roads, railways telecommunications, water system, industrial and agriculture research, health and education). State has acted, on a limited scale, as the investor of the last resort in the industrial sector (early 50s) followed by quick disinvestment.

2. The end of the 60s, (Fourth Plan 1970-75), led to State capitalism which was adopted for a time as the basic philosophy resulting in wide spread nationalization of industrial units and banks and reserving large areas of investment exclusively for the public sector.

3. During the Fifth Five Year Plan (1978-83) status quo in the new public private sector relationship was maintained. Partial denationalization, the demarcation of private sector investment areas and attempts at improving the efficiency of the then huge public owned industrial sector were carried out in this period. These measures succeeded in arresting the declining trend of the private investment.

4. Sixth Five-Year Plan (1983-88) adopted privatization as a philosophy, limiting the role of the State as a facilitator of the private initiative and as investor of the last resort. Indeed, the central theme of the Sixth Plan was deregulation and privatization.

Sixth Plan Review:

5. The Sixth Five-Year Plan allocated Rs.200 billion to the private sector against the total plan investment programme of Rs.490 billion. The allocated private sector programme was substantially (2.4 times) higher than twice the total Fifth Plan investment of Rs.82.7 billion. The programme was to be backed by a supporting package of deregulation and a wide ranging supportive policy framework.

Financial and Sectoral Performance

6. Besides the monetary investment target of Rs. 200 billion, the private sector investment programme of the Sixth Plan was set to achieve some additional objectives such as the enhanced GNP/private investment ratio, shift in investment from

PREVIOUS PAGE BLANK

the secondary and the tertiary sectors to the main productive sectors of agriculture and industry and its diversification towards capital goods production and regional development. The subsequent policy initiatives were particularly, though not exclusively, aimed at industrialization by the private sector.

7. Against the Plan target of Rs. 200 billion, estimated private investment is forecast at Rs.167.27 billion, constituting 84% of the plan allocations (Table below):

TABLE-I

Private Investment
(1984-88)

(Billion Rupees)

	Sector	Sixth Plan Target	Estimated Investment	%age Achievement
1.	Agriculture	45.47	37.28	82.0
2.	Manufacturing	61.91	54.38	87.8
	Large scale	(49.87)	(45.07)	(90.4)
	Small scale	(12.04)	(9.31)	(77.3)
3.	Transport & Communications	26.00	18.37	70.7
4.	Ownership of Dwellings	43.65	38.67	88.6
5.	Services/Others	22.97	18.57	80.8
	Total	200.00	167.27	83.6

8. Nominal private investment grew by 14.7% over the initial and terminal years of the Sixth Plan. The expansion in the private investment was however at a decelerated rate from year to year. Large scale manufacturing recorded the highest growth rate (23.7%) followed by transport and communications (20.8%), small scale manufacturing (13.0%), agriculture (11.4%), ownership of dwellings (10.4%) and services (9.5%). (Annex-9.1).

9. In constant (1987-88) prices, the private investment expanded over the Plan period on the aggregate at 8%. Large scale manufacturing remained buoyant, growing at 16.6% followed by transport and communications (13.9%), agriculture (5%), Ownership of Dwellings (4%) and services sector (3.2%). (Annex-9.2).

10. The industrial investment of the Sixth Plan has not entirely followed the priorities stipulated by the Plan and the subsequent Industrial Policy. The new investment has mostly gone into import substitution and consumer goods industries which

enjoy higher protection, require less capital and yield high margins of profit. The development of export oriented and basic engineering industries, was by and large neglected. Going by the last four years disbursement figures (Rs.21.64 billion) of the major loaning agencies, the industrial categories of food, tobacco and beverage (14.1%), textiles (9.1%) cement and other non-metallics (15%) and Services Industries (35%), collectively claimed 73.2% of the disbursed loans.

11. Industrial investment does not appear to have moved towards the less industrialized regions. The Small Industrial Estate Policy which was backed only by tax incentives system, proved ineffective because of the lack of infra-structural facilities like electricity, gas, roads, water and telephones.

Physical Achievements:

12. It is generally agreed that the data in the private sector is presently scattered and there is need for its collection at one point. Going by the available data, the monetary performance of the private sector is matched by physical advancement in the major productive sectors of agriculture, industry, transport and communications and Ownership of Dwellings.

Agriculture:

13. An estimated Rs.28 billion investment took place in farm mechanization. It is estimated that some 126000 tractors were sold to the private sector during the Plan period. Likewise going by the available figures, the tube-well target of 30,000 will be surpassed and some 50,000 threshers would be acquired by the farmers. Expansion has also been witnessed in agri-business. Some 15 milk processing plants and 1200 poultry farms were initiated during the Plan.

Transport and Communications:

14. For the Plan period the sector investment registered a growth rate of 20.8%. Investment in this sector took place mainly in road transport. While no investment was done in shipping, 36133 trucks were acquired against the Plan target of 29000. In addition 14685 buses and 55139 light commercial vehicles were sold to the private sector.

Ownership of Dwellings

15. Against the Sixth Plan target of Rs.43.65 billion, it is estimated that actual investment of Rs. 38.67 billion took place in this sector. The sector investment, however, witnessed growth both in the current (10.4%) and the constant (4%) terms. In the physical terms, against the Plan target of 6,70,000,

housing units in the urban sector 4,00,000 houses were constructed. The House Building Finance Corporation aided in financing on the average 18,000 units annually disbursing Rs.8 billion for the Plan period.

Manufacturing

16. The Sixth Plan efforts were primarily aimed at restoring the confidence of the private sector in a less regulated atmosphere. The Plan allocated an indicative level of industrial private investment of Rs. 62 billion (Rs.50 billion large scale manufacturing). Going by the reported four years investment in various sub-sectors of industry, it is estimated that the set target may marginally be missed. Additional capacity was added in textiles (40 units), cement (5 units), sugar (5 units), jute (6 units) and caustic soda (2 units).

Seventh Plan-Objectives and Strategy:

17. For the Seventh Plan a private sector programme of Rs 292.44 billion is envisaged, constituting 45.5% of the Plan size of Rs 642.4 billion. The envisaged private sector investment programme assumes that the Sixth Plan emphasis on deregulation and stimulation of the private investment would create a favourable impact. Private sector would gain confidence in the continuity of the official policies relating to deregulation as experienced in the last two years of the Sixth Plan. The Seventh Plan would, therefore, build up on the Sixth Plan successes and rectify its failures. Privatization would receive further impetus resulting in increasing disinvestment of the public sector.

18. The strategy for the proposed private sector programme would be to attract the private sector towards the inter-sectoral and the regional priority areas. In addition, it is expected that, given the appropriate policy environment, the private sector would move into the social sectors of health and education and the provision of such industrial inputs and infrastructure as electricity generation, telecommunications and roads.

19. The Public Sector Investment Programme would primarily be directed towards the Provision of a viable infrastructure of roads and necessary energy inputs; particularly electricity and gas. This would serve the interests of the private sector. The sector of energy alone is allocated Rs 131.8 billion, i.e; 37.6% of the Public Sector Development Programme of Rs 350 billion. In addition, Rs 64.1 billion are provided for the investment programme of Transport and Communications of which a major share (Rs.22 billion) is for roads & bridges. It is envisaged that not only will the existing rails & roads be upgraded but additional milage would also be constructed.

20. A likely constraint on the private investment is inadequate credit availability at high rates. In the recent years, the claims of the public sector on the private sector savings have been particularly high. It is estimated that Rs.49.66 billion have been borrowed by the public sector under the Khas Deposit scheme alone.

21. Anticipating the credit needs of the private sector, institutional local currency for fixed investment projected at Rs 95.61 billion which on the average works out to Rs 19.12 billion per annum. In addition, foreign exchange credit of Rs 56.58 billion is projected to be made available to the private sector. The two in combination will constitute 52% of the total private sector investment.

22. A new feature of the Credit Plan is the provision for private sector,s entry in the generation of electricity. For this purpose, negotiations are in hand for a US$ 900 million credit from the World Bank. Presently, OGDC is being allowed more autonomy in the sphere of exploration and in the development of its oil and gas fields. These measures, would further stimulate agriculture and industry and would also ease the gas, oil and electricity constraint.

Seventh Plan Size and Targets:

23. Within the framework of Rs 642.4 billion (1988 prices) Seventh Plan size, private investment is projected at Rs 292.4 billion constituting 45% of the Seventh Plan development outlays on 44.3 per cent of total fixed investment. The proposed investment is 56.8% higher than the Sixth Plan expected investment of Rs 186.54 billion (1988 price). (Annex-9.3 & 9.4).

24. The projected growth rates for the envisaged investment are 10.4% (constant prices) and 17.0% (current prices). While the higher percentage allocations to the private sector during the Plan years enables it to undertake increased investment responsibilities, the lower comparative growth rates in agriculture and large-scale manufacturing depict that it slows down as the investment matures and moves toward more sophisticated areas.

25. Besides the aggregate expansion, it is projected that private investment growing at a higher rate (10.4%) than the GNP (6.3%) would rise to be 7.5% of the GNP by the terminal year of the plan compared to the 6.2% in 1988. The share of the two lead sectors of agriculture and industries is expected to change from 3.4% to 3.5% of the GNP over the Plan years.

Sectoral Shifts:

26. A large share (49%) of the proposed investment is allocated to the productive sectors of agriculture (18.0%) and industry (31.2%). Going by the sanctions and loan disbursements of the financial institutions, the enthusiasm of private sector for industrial investment persists. (Industrial investment sanctioned by major financial institutions during the Sixth Plan period stands at Rs. 88 billion. Matching loan disbursements for the same period are at Rs.21 billion, with a marked year-to-year expansion that reaches its peak of Rs.7.8 billion during 1987.)

27. In the Manufacturing sector emphasis is on small scale industry. This is because of its strong forward and backward linkages and the recent emphasis on the geographic spread of the industrial investment to the less industrialised areas. The proposed priority to the productive sectors is particularly sensitive to industrial credit. It can, therefore, be made to move into the desired direction by means of the appropriate fiscal and monetary policies.

28. Within the remaining sectors ownership of dwellings (22.7%), transport and communications (12.0%) and services (8.9%) are ranked in descending order, keeping in view the recent Government priority to small housing through the 7 marla scheme, the Sixth Plan investment in the transport and communications sector and the likely entry of the private sector in the road construction, shipping and energy sectors during the Seventh Plan Period. (Annex-9.4).

Agriculture Sector:

29. The Seventh Plan investment for agriculture sector is projected at Rs 52.50 billion depicting a 25.6% real increase over the Sixth Plan Investment of Rs 41.81 billion. Agriculture investment is projected to increase by 3.6% reaching to Rs 11.25 billion by the terminal year of the Plan compared to the Rs 9.44 billion of the base (1988) year. The envisaged investment programme is largely geared towards intensive mechanization, the diversification of agriculture production towards high valued crops, agro-business (poultry, dairying) and agro-idustry to cater to the expanding domestic demand and to enter the export market in a big way.

30. Two major components of private investment, besides on-farm non-monetised construction, are tractorization and tubewells installation. About 1,75,000 tractors (35000 per annum) are projected to be sold to the agriculture sector during the Plan period. Similarly, it is projected that about 6000 tubewells per annum will be installed during the Plan period. Substantial investment is expected in other farm machinery as well.

31. The projected investment programme would be supported by a favourable policy environment, agriculture credit and removal of any restriction on foreign investment in agro-business. The foundations for such an environment have already been laid. Private sector has been inducted in the export of rice and cotton. Under the three year (1987-90) Trade Policy, export of all kinds of vegetables and fruits is allowed. Orchards and floriculture have been declared an industry qualifying for industrial credit. As the high cost of agriculture machinery inhibits its availability to the small farmer, the cooperatives are being reorganised with a view to boosting small farm mechanization through a pool of mechanical tools.

Manufacturing Sector:

32. An investment programme of Rs 91.17 billion is envisaged for the manufacturing sector. The proposed investment level is 51% higher than the Sixth Plan investment of Rs 60.37 billion in aggregate terms. A higher share (25%) of the proposed industrial investment is allocated to small scale industries.

33. The envisaged large scale investment of Rs 68.57 billion is higher than the Sixth Plan achievement of Rs 49.99 billion by 37%. Given the response of industrial investment to the policy framework of the last few years, the targets tend to be realistic and attainable. The investment targets would be supported by refining the incentive package which will be further expanded. It will cover the diversification of industrial investment towards engineering goods emanating from the possibilities of down stream lines of industrialization associated with the Steel Mills of Pakistan. Two other areas of focus in the theme of diversification are import substitution and export of consumer durables with and without foreign collaboration and the expansion of agro-based industries. The reform of the Export Processing Zone should help in furthering this objective. Entry into the export markets which are initially stimulated by the counter trade measures of the recent Trade Policy (1987-90) would become permanent with rationalization of tariff and incentive regimes.

34. An elaborate supportive policy package would be introduced for improving existing market and removal of distortions. It would bring about the desired change. Structural reforms would be undertaken gradually in a mid-term (5 year) perspective.

35. The goal of industrial disbursement would be pursued with renewed resolve. The main instruments for it would be to encourage small scale industry and the provision of the necessary infrastructure.

36. As stated earlier, small scale industrial investment is projected at a relatively higher level of Rs 22.6 billion compared to the Sixth Plan investment of Rs 10.4 billion. The rationale for a quantum jump for the small scale industrial investment, is the strong backward and forward linkages associated with small scale investment and its export potential. The sector deserves special attention because:

i) the sector has the demonstrated potential of exportable surplus and import substitution possibilities in the consumer durables;

ii) when the small scale industrial sector modernises, it increases the possibilities of sub-contracting. In the context of the present deletion programmes (tractors, automobiles etc.), it offers exciting new possibilities of laying the foundations of dependable ancillary tools and spare parts industry;

iii) being labour intensive, it provides higher employment opportunities which is an advantage worthy of exploitation keeping in view the return labour migration from the Middle East; and

iv) small scale industry can play the lead role in stabilising the establishment of the newly identified industrial estates as industrial growth points.

37. The fiscal incentives system in the newly identified industrial estates coupled with the quick credit disbursing mechanism and the preferential credit rates, would give the small scale industrial growth a forward push. Infrastructure facilities would be improved to meet the needs of this sector and help it move to the desired industrial locations.

Ownership of Dwellings:

38. The Seventh Plan priorities place investment in ownership of dwellings next to the productive sectors in view of the recent political support to it in the form of the 7 marla rural and urban schemes. The Plan allocation of Rs 56.42 billion for the sector (22.7%) is more than one and a half times the Sixth Plan investment of Rs 43.24 billion.

39. During the Seventh Plan period, beginning with 1988, the HBFC loaning facilities will be further raised and its policies oriented towards.

i) the financing of small and medium size houses costing Rs. 1.5 lac or less; the credit ceiling with 1:2 debt/ equity ratio to be limited to Rs 60000 per unit;

ii) initiating a self financing scheme requiring monthly deposits for six months to a year by prospecting owners; and

iii) floatation of savings and loan associations.

The expectations are that the HBFC, under the new policy initiatives would be increasing its loan coverage to housing units many times that of the present limits.

Transport and Communications:

40. For the Sixth Plan period private investment in T & C had the highest shortfall (29%) compared to the Plan targets. Plausible explanatory factors are the effective depreciation of the rupee against the yen and dollar, excessive competition in the field and pre-emption of a large market (bulk movement of wheat and cotton procured by the Government) by the NLC. No investment took place in private shipping. The Seventh Plan allocations of Rs 35.09 billion to this sector which is 72.3% higher than the Sixth Plan actual (Rs 20.37 billion), is in anticipation of a revival of the sector both on account of depletion of the existing rolling stock (buses, trucks etc.) and fresh investment in shipping and road construction.

41. Appreciating the sector's difficulties, the current year budget (1987-88) offers a number of concessions to the sector in the form of (i) duty and sales tax exemption on bus chasis imported in knocked down condition and (ii) the removal of fare regulation from the private sector vehicles in cities. To transfer full responsibility to this sector the disinvestment of NLC, which was created in a situation of emergency of 1978, would need to be seriously considered.

Services/Others:

42. The Sixth Plan privatization effort was also extended to the services sector particularly in the education and health services. The evidence is that these sectors did respond to the Government initiative. Some five thousand doctors set their private clinics and as many as 1000 hospital beds were set up, to mention a few.

43. During the Seventh Plan, the privatization of the social sectors would be formalised. It is expected that investment in this sector would rise to Rs 26.0 billion compared to the Sixth Plan Rs.20.75 billion. Special credit facilities under the NDFC, YIPs programme would be made available to the educated young professionals like doctors, teachers, engineers, lawyers etc. The Private sector is expected to enter the field of

energy, particularly electricity in a big way for which an investment of Rs 21.26 billion has been provided.

Supportive Policy Framework:

44. Any planned private sector investment target has to indicate prospects of profits which are the real motivating force behind private investment. To motivate the private sector starting with the Industrial Policy Statement of 1984, some policy initiatives were taken in the subsequent years. They related to the deregulation of the investment sanctioning and the limitation of the specified categories, the rationalization of corporate tax and tariff regimes, putting in place the industrial location specific tariff and tax regimes and the induction of the private sector in the export of rice and cotton to which liberal credit was made available. Some of the important policy changes during these years have been:

- The investment sanction limit for non specified industrial groups was raised from Rs.60 million to Rs.300 million in 1984 and to Rs.500 million in 1987.

- The specified industries list was limited to 23 categories in 1984 and further reduced to 5 in 1987. The more important deletions being sugar, cement, cotton spinning, fertilizers, basic steel, basic chemicals and ship building.

- Wheat and sugar were derationed. The bulk of the marketing was turned over to the private sector and prices of cement (1984) edible oil (1986) nitrogenous fertilizers (1987) were decontrolled. Private sector was inducted in the import of fertilizers.

- The use of taxation as a distribution instrument of wealth was abandoned in favour of revenue source alone with the removal of gift tax and the limitation of corporate tax to 45% (1986), in place of 75% and abolishing double taxation of dividends.

- A trade policy (1987) for the next three years which removes 136 imported items from the banned list and 10 items from the restricted list was floated.

- Liberal credit to the private sector rising from Rs.10.92 billion in 1983 to Rs. 21.3 billion for 1987 was initiated.

45. The liberal atmosphere of the recent years has brought about an upward shift in the aggregate private investment particularly large scale industrial manufacturing, the main concern of the privatization effort.

46. To build on the forward momentum of the private sector and to ensure the continuity of a favourable policy environment, fresh initiatives in the Seventh Plan would need to be targetted towards (i) the logical conclusion of the facilitatory stance of the recent years; (ii) its diversification toward disinvestment of State owned enterprises; and (iii) the reform of the internal structure of the private sector imbibing it with social responsibilities. The last two areas-disinvestment and the internal reform of the emerging industrial structure will be discussed later.

47. For the private sector to match upto the enhanced Plan targets (Rs 292.44 billion) and move towards a socially desired investment mix, the policy momentum has to be continued. Following areas would receive specific attention:

i) Ghee and beverages should be taken out of the existing sanction procedures, the advalorem restrictions and the limitation of the "specified" category.

ii) The three year trade policy should be refined so as to attract the potential investors for further import substitution.

iii) The one window operation should receive priority. For this a committee has already been set up. Preference is to be given to the provision of industrial inputs and infrastructure as roads, rail, telephones, water, electricity and gas to the newly established industrial estates.

Disinvestment:

48. During the Seventh Plan, the public sector disinvestment programme, already having a priority on the Government agenda, would need an action plan. The policy initiative in this field has to be directed towards (i) complete disinvestment; (ii) partial disinvestment; and (iii) management improvement/efficiency depending on the private sector response and the carefully weighted advantages of the options. Action in the following areas would be inevitable:-

i) removal of the legal restriction on the transfer of the nationalised units to the private sector imposed by the Transfer of Managed Establishment order of 1978;

ii) choice of the sale/transfer mechanism both in terms of ownership (individuals and industrial groups or through stock exchange) and the mode of its financing; and

iii) developing a strategy and detailed plans for making such corporations as WAPDA, OGDC, Pakistan Telephone

and Telegraph and the National Railway Board autonomous bodies and moving them off the budget. (The State Bank proposal of floating WAPDA Bonds can be taken as the initiation of this programme).

Internal Industrial Structure:

49. The State Bank of Pakistan has on several occasions pointed to over dependence of the private sector on credit and mounting over-dues. Over invoicing in quest of quick profits is almost the rule. The ownership structure is over-whelmingly favoured by family ownership (Private Ltd) and a very small percentage of firms face the efficiency measure of the stock exchange which is dominated by firms of foreign origin. These are problems which the Industrial Commission Report is expected to high-light and which plague the industrial sector.

50. It is, therefore, imperative that a sound basis be laid for a thriving industrial sector with a social conscience. Some possible areas of intervention are:

i) rationing of credit to the efficient prospectors by raising the equity/debt ratio for large scale manufacturing from the present 20% to 30% or more;

ii) reserving concessionary credit for the priority areas of engineering and other high technology industries as distinct, for instance, from, textiles, sugar, cement;

iii) mandatory public status of industries, linked to borrowing amount;

iv) reviewing industrial laws with a view to giving an active role to the board of directors, particularly outside and labour directors;

v) fundamental changes in the management of such public sector units whose products the private sector uses;

vi) putting in place a labour policy having the essential universal features like collective bargaining etc in place of the adhoc tripartite consultation arrangements.

51. In addition to the above fresh ground would need to be covered so as to extend the privatization effort to the services sectors of health and education. The initial deregulation of education and promotional efforts of the private sector health services have resulted in a large number of schools, a medical university and doctors in the private sector. There is need to come out with a clear policy statement for the future. Extensions

of facilities like credit, import concessions etc. especially to the medical profession, keeping in view the current emphasis on self employing by the educated, are also needed.

Financing:

52. The State Bank of Pakistan set up a 'Technical Sub-Committee' in 1985 to recommend a guideline methodology for its credit allocation for the private sector. Based on this methodology, the financing of the Seventh Plan private investment is attempted (Annex-9.5).

53. Going by the formula which is in practice the bulk of the investment equivalent of Rs 235.9 billion for the Seventh Plan (81%) would be financed by the domestic resources and the remaining amount of Rs 56.6 billion (19%) by foreign loans and equity (PAYE, NRI, Direct foreign investment, suppliers' credits and credits to the specialized financial institutions). Most of the projected foreign resources is assigned to the Large-scale industries and energy where the private sector is expected to enter in a big way. The entire allocation of Rs 21.3 billion meant for energy would be financed by foreign aid. Within the domestic resources, institutional credit requirement is estimated to be Rs 95.6 billion (32.7%) and the non-nstitutional/ corporate/household savings would generate an investment of Rs 140.3 billion (48.0%). In addition, working capital of Rs 30 billion (10% of the total) would be needed as credit in the private sector.

54. For the Agriculture sector Rs 28.9 billion (55%) of the planned investment of Rs 52.5 billion is assigned to household savings which includes non-monetized investment at 25% of the total plus 40% of the monetized investment of the sector. Domestic credit is provided at 35% and the remaining is assigned to foreign resources, mainly the negotiated credit line of ADBP.

55. For the industrial investment of Rs 91.17 billion (large scale Rs 68.6 billion, small scale Rs 22.6 billion) equity is estimated at Rs 14.9 billion or 16.3% (large scale 20%, small scale 30% of the domestic resources) and foreign resources at Rs 26.8 billion or 29.4% with the internal credit need at Rs 49.5 billion (54.3%). Domestic Credit and foreign resources are, however, substitutable and may lead to the revision of local credit in either direction.

56. In the Housing (Ownership of Dwellings) sector, 2/3rd of the investment of Rs 66.4 billion is financed through 'Owners Own Equity', while 1/3rd is financed mainly, through HBFC loans. In the Transport and Communications sector, equity finance is provided for 83% of the total investment of Rs 35.1 billion while 12% is projected to stem from credit sources, particularly, the

Nationalized Commercial Banks. The remaining small amount of Rs 1.8 billion has been set aside for financing the imports of private transport shipping equipment and private telecommunication network as the private sector enters this field.

57 'Services and Others' sector is mostly self-financed. 'Owners equity' in this sector accounts for about 88 per cent. About 8 per cent of financing has been earmarked for internal credit (Rs 2.1 billion). A small provision of Rs 1.04 billion or (4%) has also been made to accommodate the foreign exchange requirements of the small sectors like minerals, education, health and hotel services etc. The internal credit provision is in anticipation of the Youth Investment Promotion Society (YIPS) and self employment programme of educated professionals.

****

ANNEX-9.1

PRIVATE INVESTMENT DURING THE SIXTH PLAN

(Billion Rupees at Current Prices)

Sector	1982-83	1987-88 (Revised)	Total Sixth Plan	Sectoral Shift During the Plan	Growth Rate
1. Agriculture	5.49	9.44	37.28	22.40	11.40
2. Manufacturing	5.41	14.26	54.38	32.40	21.40
Large Scale	(4.07)	(11.79)	(45.07)	(26.80)	(23.70)
Small Scale	(1.34)	(2.47)	(9.31)	(5.60)	(13.00)
3. Transport & Communication	1.94	5.00	18.37	10.90	20.80
4. Ownership of Dwellings	5.90	9.67	38.67	23.20	10.40
5. Service/Others	3.00	4.73	18.57	11.10	9.50
TOTAL:	21.74	43.10	167.27	100.00	14.70

ANNEX-9.2

PRIVATE INVESTMENT DURING THE SIXTH PLAN

(Billion Rupees of 1987-88)

Sector	1982-83	1987-88 (Revised)	Total Sixth Plan	Sectoral Shift During the Plan	Growth Rate
1. Agriculture	7.40	9.44	41.81	22.40	5.00
2. Manufacturing	7.29	14.26	60.37	32.40	14.40
Large Scale	(5.48)	(11.79)	(49.99)	(26.80)	(16.60)
Small Scale	(1.81)	(2.47)	(10.38)	(5.60)	(6.40)
3. Transport & Communication	2.61	5.00	20.37	10.90	13.90
4. Ownership of Dwellings	7.95	9.67	43.24	23.20	4.00
5. Service/Others	4.04	4.73	20.75	11.10	3.20
TOTAL:	29.29	43.10	186.54	100.00	8.00

ANNEX-9.3

PRIVATE INVESTMENT DURING THE SIXTH PLAN/SEVENTH PLAN

(Billion Rupees of 1987-88)

Sector	Sixth Plan Actual	Growth Rate	Seventh Plan Target	Growth Rate	Percent Increase
1. Agriculture	41.81	5.00	52.50	3.57	25.60
2. Manufacturing	60.37	14.40	91.17	8.56	51.00
Large Scale	(49.99)	(16.60)	(68.57)	(5.10)	(37.20)
Small Scale	(10.38)	(6.40)	(22.60)	(20.90)	(117.70)
3. Energy	-	-	21.26	-	-
4. Transport & Communication	20.37	13.90	35.09	11.52	72.30
5. Ownership of Dwellings	43.24	4.00	66.42	10.78	53.60
6. Service/Others	20.75	3.20	26.00	3.18	25.30
TOTAL:	186.54	8.00	292.44	10.36	56.80

ANNEX-9.4

PRIVATE INVESTMENT DURING THE SEVENTH PLAN

(Billion Rupees of 1987-88)

Sector	1987-88	1992-93	Total Seventh Plan	Annual Compound Growth Rate	Percentage Share
1. Agriculture	9.44	11.25	52.50	3.57	17.95
2. Manufacturing	14.26	21.50	91.17	8.56	31.18
Large Scale	(11.79)	(15.12)	(68.57)	(5.10)	(23.45)
Small Scale	(2.47)	(6.38)	(22.60)	(20.90)	(7.73)
3. Energy		7.51	21.26	-	7.27
4. Transport & Communication	5.00	8.63	35.09	11.52	12.00
5. Ownership of Dwellings	9.67	16.13	66.42	10.78	22.71
6. Service/Others	4.73	5.53	26.00	3.18	8.89
TOTAL:	43.10	70.55	292.44	10.36	100.00

Annex-9.5

FINANCING OF PRIVATE INVESTMENT
DURING THE SEVENTH PLAN

(Billion Rupees of 1987-88)

Sector	Total Invest-ment	Foreign Loan/ Equity	DOMESTIC RESOURCES		
			Total	Institu-tional Credit	Non-Inst./ Corporate/ Household Savings
1. Agriculture	52.50	5.25	47.25	18.37	28.88
2. Manufacturing	91.17	26.78	64.39	49.53	14.86
Large Scale	(68.57)	(24.00)	(44.57)	(35.66)	(8.91)
Small Scale	(22.60)	(2.78)	(19.82)	(13.87)	(5.95)
3. Energy	21.26	21.26	-	-	-
4. Transport and	35.09	1.75	33.34	4.21	29.13
5. Ownership of Dwellings	66.42	0.50	65.92	21.42	44.50
6. Service/Others	26.00	1.04	24.96	2.08	22.88
TOTAL:	292.44	56.58	235.86	95.61	140.25
As percentage of Total	100.00	19.34	80.65	32.69	47.96

PART-III: SEVENTH FIVE YEAR PLAN (1988—93)

B — SECTORAL PROGRAMMES

CHAPTER-10

RURAL DEVELOPMENT

Rural development, for the uplift of the majority of the people of Pakistan who live in the villages, was the main concern of the Sixth Five Year Plan. Larger resource were proposed for channelling into the programmes for the socio-economic uplift and development of rural areas and rural communities in order to make up for the neglect of the past and to provide the basic amenities and services required in the villages.

2. The Prime Minister's Five Point Programme in 1986, which was the fourth year of the Sixth Plan period, added new dimensions to Rural Development. The funding required for the implementation of the Prime Minister's Five Point Programme amounted to Rs117.35 billion over a period of four years (1986-90). New projects were conceived and high acceleration was provided to the existing rural development projects in the different sectors.

3. Various programmes were tried in the past to ameliorate the conditions, raise the standards and improve the quality of life in the rural areas. Some of these programmes were:

a) Village Agricultural and Industrial Development Programme (Village-AID) which was a version of the internationally known "Community Development Programme" (1953-1961)

b) Basic Democracies- a system of rural and urban (but primarily rural) development through Local Government institutions (1959-70);

c) Rural Works Programme (1963-71), a programme for provision of physical infrastructure, renamed as "People's Works Programmes" in 1971; and

d) Integrated Rural Development Programme (IRDP) (1972-80), based on joint action by the farmers, line departments and local organizations to make the "Markaz", or a community complex, a functional unit of local development of a multi-sectoral nature.

4. The above programmes were successful in varying degrees. Their evaluation suggests that these programmes made considerable progress but Rural Development somehow could not become the main feature of the policy function of the Government. The investment inputs were far too limited to produce any dramatic results. The conditions in the villages of the country

remained almost constant. The Sixth Five Year Plan (1983-88) for the first time made a bold attempt to undo the injustices of the past and help the poor rural masses as a special beneficiary of the plan. By raising the target for the national share of the rural areas in the matter of provision of basic needs and the development of social services to about 32% the Sixth Plan aimed at enabling the rural poor to earn or obtain the necessities of life and nutrition, housing, water, sanitation, education and health and thus increase their productivity and participation on more equal terms in the economic life of the community. After studying the development objectives and strategy of the Sixth Plan, the Prime Minister decided that the priority given to the rural population under the Five Year Plan should not only be fully implemented but the programmes for the progress and welfare of the rural poor should be made more effective by enlarging their sphere and accelerating their pace of development. These priorities have been duly reflected in the two last years's development programme during the Sixth Plan (1986-88) and is being carried forward during the first two years of the 7th Five Year Plan (1988-90).

Sixth Plan Review

Financial and Physical Achievements:

5. The Sixth Plan earmarked 32% of the public sector expenditure to be directly spent in the rural sector. A sum of Rs 70.03 billion was originally allocated for rural development in the Sixth Five Year Plan. With more emphasis on rural development and the high acceleration provided during the last two years of the Plan, the estimated expenditure increased to Rs90.75 billion at the end of the Sixth Plan showing the utilization of 129%. Thus the estimated expenditure during the Sixth Plan period slightly exceeded the Plan outlays but in practice there were shortfalls in utilization, largely because of the inadequate implementation in the first three years of the Plan. Some of the physical targets fixed for rural development, especially in the social sectors, were also not achieved fully. One of the main tasks before the Government was to make up for this shortfall in the last two years of the Plan in pursuance of the acceleration envisaged under the Prime Minister's Five Point Programme. In overall terms, the share of rural development has now increased from 32 to 46% of the Plan outlay.

6. At the end of the Sixth Plan the position shows that financial utilization in most cases is satisfactory, the physical targets in several cases have not been fully achieved. This position is briefly explained below:

Financial Utilization:

i) An amount of Rs4100 million was allocated in the Sixth Plan for the construction of rural roads including farm to-market roads. The total utilization was Rs 5945 million (145%).

ii) For village electrification, Rs 8300 million were earmarked in the Sixth Plan. The total utilization was Rs 12490 million (150%) which was mainly due to the additionality of funds provided through the Prime Minister's Five Point Programme in the last two years of the Plan.

iii) A sum of Rs 4950 million was allocated for the rural health programme in the Sixth Plan against which Rs 4268 million were utilized (86%). The lower utilization is mainly due to the fact that during the first three years of the Plan, only Rs 1150 million were utilized. With the launching of Prime Minister's Five Point Programme, greater emphasis was placed on this sub-sector in the last two years of the Plan and the leeway is being made up.

iv) A sum of Rs 2800 million was provided in the Sixth Plan for the rural water supply and sanitation programme. The estimated expenditure is Rs 4106 million, (146%). During the first three years only Rs 1100 million were spent. Subsequently, this was included as a priority sub-sector in the Prime Minister's Five Point Programme with progressive increase in utilization.

v) Rs 7300 million were provided in the Sixth Plan for rural education. The estimated expenditure was Rs 8204 million, (112%). This has also been stepped up due to greater emphasis in the Prime Minister's Five Point Programme on the elimination of illiteracy.

vi) A special programme, namely the Prime Minister's Special Development Programme for Local Development, Education and Housing was started in 1985-86 with a view to supplementing the provincial and local efforts through the identification of development schemes by the Members of Parliament. It has involved 324 MNAs/Senators in the process of socio-economic uplift of local areas and village communities. The ADPs for 1985-86, 1986-87 and 1987-88 made a special provision of Rs 1620 million, Rs 1622.9 million and Rs 1500 million respectively for this programme and the expenditure is estimated at 100% of allocation as this allocation is non-lapsable.

Physical Achievements:

i) Against the target of 10,000 kilometers of rural roads, 14,957 kilometers of rural roads were constructed during the Sixth Plan, showing an increase of 49% which is compatible with the extra allocations in the Sixth Plan.

ii) The target for the village electrification was 20,000 villages, against which only 11804 villages could be electrified during the Sixth Plan period, showing a shortfall of 41% in physical terms. The shortfall has been due to the fact that during the first three years of the Plan a sum of Rs 2.6 billion was utilized (33%) and only 6576 villages were electrified. The programme was accelerated with the implementation of Prime Minister's Five Point Programme in the last two years of the Plan.

iii) Against the target of 2600 Basic Health Units and 355 Rural Health Centres, 1803 BHUs and 194 RHCs were constructed during the Plan period, which is owing to the lower financial utilization in the first three years specially in the Province of NWFP. The utilization has now been stepped up.

iv) The targets for safe water supply and sanitation was to cover an additional population of 18 million and 4.50 million respectively. The target could not be achieved fully and 12.65 million people were provided safe water supply facilities and only 3.10 million additional persons were provided sanitation facilities. The shortfall was mainly due to the fact that Public Health Engineering Departments of the Provinces could not implement physically such a massive programme. The implementation capacity of these Departments is being strengthened.

Seventh Plan Policies and Objectives:

7. The rural development programme in the Seventh Plan will carry forward, with greater emphasis on effective implementation of the objectives of rural development already set out in the introduction to this Chapter. It will aim at bringing about a substantial transformation in the lives of rural communities in Pakistan. It will seek to combine continuity and change through a positive acceleration in financial allocations and physical achievements and guidance as envisaged under the Prime Minister's Five Point Programme. Another significant objective in view is to strengthen leadership capabilities in the rural areas by developing the local initiative and enterprise of the communities. The fundamental social changes initiated with

the Prime Minister's Five Point Programme will be sustained and promoted further and the pace and momentum of rural development will be maintained. To improve the quality of life of the people in rural areas and create greater self-reliance and self-confidence in them, the establishment of the local institutions and leadership for planning and implementation of the projects in related sub-sectors will be encouraged. Participation of rural communities in disease control measures will be supported. Efforts will also be made to develop more income-generating activities to improve the economic base of the rural communities. The development of social sectors, including dissemination of information on educational and health facilities, and of the physical infrastructure (including roads, water supply, village electrification etc.) will continue to receive priority. The financial allocation for the rural development programmes is given in Annex-10.1.

Targets:

8. The physical targets for rural development are given sector-wise under:-

(a) 8500 kilometers of rural roads will be constructed upto 1992-93.

(b) 85 to 90% of rural population will be provided electricity by the end of the Seventh Plan period.

(c) Rural literacy rate will be increased from 21.5% in 1987-88 to 32.0% by 1992-93. The overall literacy rate will be increased from 29.6% in 1988 to 38% by 1993.

(d) 144 Rural Health Centres will be added and 1948 BHUs will be constructed during the Seventh Plan period.

(e) The percentage of the rural population served with clean drinking water will be raised from the present 40% to about 75% and the population having sewerage facilities from 10% to 30% respectively.

(f) Creation of 2.2 million 7-Marla plots, will be allotted to the landless families in the rural areas during the Seventh Five Year Plan.

(g) 850,000 nucleus housing units will be constructed for the shelterless under the Prime Minister's Special Development Programmes for Local Development, Education and Housing, including Zakat Fund as well as Local Areas Development Schemes.

The other physical production targets are given in Annex-10.2.

Priorities.

9. The main priorities in the rural development sector are contained in the Prime Minister's Five Point Programme. Within this programme, the sub-sectors of rural education including training of local leadership, rural health including prevention of disease, rural roads, village electrification, safe water supply and sanitation, housing for the shelterless, anti-waterlogging and salinity, have been given higher priority. Progress in these sub-sectors is reviewed every month by an Implementation Committee under the chairmanship of the Deputy Chairman, Planning Commission, and attended by the Federal Secretaries concerned, the Additional Chief Secretaries (Development) of the Provinces and the Administrators of Federally Administered Areas. Periodical meetings of the Implementation Committee are chaired by the Federal Minister for Planning and Development and attended at the level of the Provincial Planning and the Finance Minister in addition to the officials concerned. The progress is further reviewed once every three months by a Cabinet Committee headed by the Prime Minister.

10. The share of the rural areas in the development activities in the sectors mentioned in Para 9 above is shown in the following table.

RURAL SHARE IN BENEFITS OF DEVELOPMENT

	1977-78	1982-83	1987-88	1992-93
1	2	3	4	5
1. Education				
a) Urban Literacy rate	42.3	42.6	49.9	52.4
Rural literacy rate	14.0	15.0	21.5	32.0
%of rural in total	46.5	46.0	53.4	58.5
b) Urban primary enrolment (Million)	2.1	2.7	3.1	4.2
Rural primary enrolment (Million)	3.4	4.3	6.2	9.7
% of rural in total	61.8	61.4	66.6	69.8

Cont/...

1	2	3	4	5
2. Health				
a) Doctors in urban areas (Nos)	12,324	18,800	28,000	36,700
Doctors in rural areas (Nos)	600	1,200	8,000	15,000
% of rural in total	4.6	6.0	22.0	36.00
b) Rural health centres (Nos)	168	298	492	625
Basic health units (Nos)	-	1,963	3,496	5,409
3. Electricity				
Number of villages electrified.	NA	NA	18,617	33,367
% of total villages electrified	NA	NA	38	69
Rural electricity consumption as a % of total	4.8	6.0	10.0	15.0
4. Rural Roads				
a) Total Rural Roads(Km)	41,000	46,000	60,957	69,457
Increase in km of farm-to-market roads.	5,000	5,000	14,957	8500
5. Water and Sewerage				
a) Number of rural people served with potable water (Million)	7.66	13.65	28.6	58.9
% of total rural population	14	22	40	75
b) Number of rural people served with sewerage facilities (million)	0.14	2.5	7.1	23.6
% of total rural population	0.25	4	10	30

A. Sectoral Programme

11. A basic consideration applicable to all sectors covered by the Prime Minister's Five Point Programme relates to the decision that has been taken to incorporate various elements of the Programme in the relevant sectors of the Seventh Plan instead of the programme being treated as a separate entity. During the first two years of the Seventh Plan the assumption is that the emphasis on, and the level of investment in the various sectors covered by the Programme would be of the same order as during the last two years of the Sixth Plan, because these years fall within the present four years' span of the Programme.

12. The question whether the same inter-sectoral and intra-sectoral priorities and levels of allocation are to be reflected in the remaining three years of the Seventh Plan has been decided. As a result, the trends set into motion by the Five Point Programme will continue to influence the priorities in the remaining three years of the Seventh Plan as well. Financial allocations and physical targets for the Seventh Plan have been made in the light of policy decisions taken by the Government for various sectors not only to achieve the objectives of the Prime Minister's Programme but also of the Seventh Plan formulation within the overall framework of the Perspective Plan (1988-2003).

13. The sectoral programmes included under the Prime Minister's Five Point Programme during 1988-90, and the remaining three years of the Seventh Plan, are discussed in the following paragraphs:

B. Prime Minister's Five Point Programme

i) Rural Education

14. The major emphasis under the Prime Minister's Programme will be on the spread of education in rural areas of the country. This programme primarily aims at providing minimum educational facilities at every Union Council level.

15. It is proposed to establish primary schools and mosque schools for the rural communities where these facilities do not exist at present. In addition to this upgradation of girls primary schools level (in those Union Councils where these facilities do not exist) will also be carried out.

16. During the first two years, 8325 primary schools and 11188 mosque schools were established. It is expected that during 1988-90, another 10627 primary schools and 9281 mosque schools would be established, thus nearly achieving the four year's targets by 1990. During the remaining period of the Plan, apart from further expansion, more attention will be given to the consolidation and the improvement of the existing facilities.

ii) Rural Health Programme

17. According to the Prime Minister's Five Point Programme, each Union Council will be provided with a Basic Health Unit and a Rural Health Centre manned by qualified doctors and necessary supporting staff. All the BHUs (new and upgraded) will be staffed by a doctor with two to three paramedics and technicians. The Rural Health Centres will play a pivotal role in the nation-wide health care system and will be manned by three doctors each, out of which one will be a female. One dentist will also be in the team. More beds (upto 25) will be added, thus making each RHC a mini rural community hospital. This will help to reduce the disparity between urban and rural areas in elementary health care facilities.

18. During the first two years of the Prime Minister's Five Point Programme, 944 Basic Health Units and 93 Rural Health Centres are expected to be established. During the remaining two years of the Programme, 745 Basic Health Units and 58 Rural Health Centres would be established, thereby fully achieving the targets by the end of 1990. During the remaining period of the Plan, 1168 BHUs and 75 RHCs will be added.

iii) Rural Water Supply and Sanitation

19. At the beginning of the Seventh Plan (Ist July 1988) out of the total rural population of 72 million, about 40% is expected to be served with water supply. It is proposed to increase the coverage to 60% by serving an additional rural population of 26 million. As far as sanitation facilities are concerned, the coverage in 1988 is 10% of the population which is proposed to be increased to 19% by 1990.

20. Under the Prime Minister's Programme 17.4 million rural population will be provided with water supply and 4.7 million rural people will be provided with sanitation facilities and services by 1990. Targets for the remaining three years of the Plan are 21.22 and 11.56 million population respectively to be served by the above mentioned facilities.

iv) Rural Roads

21. Under the rural roads programme it was originally envisaged that every Union Council headquarter would be connected by road (at least shingle, if not metalled) with the main provincial/National highways. The number of the Union Councils already connected with the main roads were 1979 in 1985-86. According to a sample survey, the total length of such rural roads required to be constructed added upto 11,712 kms. Later on it was decided that the programme should not be confined to connecting the Union Council headquarters only and other objectives such as the need for more and better farm-to-market

roads, village roads and canal bank roads should also form part of the programme.

22. Master plans for the construction of rural roads have been prepared by the Provinces. It is expected that 11,712 kilometers of rural roads will be completed during the period 1986-90. Of these 3798 kilometers have already been constructed during 1986-87. The target for 1987-88 is an additional 5410 kilometers. The remaining 2981 kilometers of roads will be constructed during 1988-90. The following table shows achievements in the Sixth Plan and the total target fixed for the Seventh Plan for the rural roads:-

Description	Total upto the end of 6th Plan (Km)	Total target by the end of 7th Plan (Km)
- Farm to market roads/ rural roads.	60957	69457
- Additional rural roads (km)	14957	8500

V. Village Electrification

23. Upto June 1986,i.e before the launching of the Five Point Programme about 14,000 villages were electrified. Under the Prime Minister's Five Point Programme, 90% of the villages, so classified in the 1981 Census, were to be electrified during the four years period from 1986 to 1990. To achieve this target, an amount of Rs 30 billion had been allocated for the period 1986-90. It included Rs 12 billion for expansion of the power distribution system in the rural areas and Rs 18 billion for the upstream facilities of the generation and transmission programme of WADPA.

24. During the first two years of the programme 4,617 villages are expected to be electrified. Due to resource constraint and classification problems, 8304 villages are expected to be electrified during 1988-90.

25. The programme of village electrification is to be executed through the agency of WAPDA. The present procedure for selection of villages is that the lists of such villages are sent up to WAPDA by the Provincial Governments. It has been observed that in a number of cases the villages, selected for electrification by the Provincial Governments were not classified as villages in the 1981 Census. It, therefore, became necessary to undertake an exercise for co-relating the villages electrified so far with the villages in each district of the country as given in the 1981 Census. This exercise was undertaken by the Planning Commission in consultation with the Provincial Governments. The completion of this exercise has helped in avoiding some of the errors made in the past in the electrification of the villages.

26. In addition to the villages electrified by WAPDA, some smaller programmes of village electrification were also under taken on their own by the AJK Government, the Northern Areas Administration, and by the Punjab Government from its own resources. These programmes have covered 518 villages and have been taken into account in the number of (approx) 14,000 villages electrified upto June 1986.

VI. Anti-Waterlogging and Salinity

27. Like the village electrification this is also a Federal Programme. It is the single major component of the Prime Minister's Five Point Programme with an outlay of Rs 15.00 billion and is to be executed by WAPDA in all the Provinces as also in Azad Kashmir. It is proposed to sharply accelerate the investment in the reclamation programme from a level of Rs 2.00 billion to over Rs 5.65 billion by 1989-90. The programme envisages the protection of 4.8 million acres, by installing 3668 tubewells, energizing 1745 and transferring 397 tubewells to farmers, excavating 1000 kilometers of open drains and laying tile drains in an area of 240,000 acres during 1986-90.

28. The first priority is to try and salvage the disaster areas, which have been defined as such where the water table range is above five feet. An area of 5.262 million acres was declared as disaster area during the summer of 1986, out of which an area of 1.782 million acres will be covered in the last two years of the programme by bringing 2.754 million acres under protection from water logging and salinity. This will cover the first two years of the Seventh Plan, as envisaged in the Prime Minister's Five Point Programme and the balance of 0.762 million acres of disaster area will be covered by the end of the Seventh Plan. It will also cater for new disaster areas that may arise in the SCARPs or untackled Canal Commanded Areas.

vii) 7-Marlas Scheme

29. For providing facilities of land to the rural shelterless for building houses a programme for the provision of 7-Marla (210 Sq.yd) plots has already been initiated under the Prime Minister's Five Point Programme. The target for 1990 is the provision of 2.2 million plots in the rural areas of the four provinces.

30. During the first two years 1.10 million 7-Marla plots are expected to be allocated to the shelterless people in the rural areas and the balance of the target, viz 1.10 million plots will be allotted during 1988-90. The programme will be expanded further to provide another 1.10 million plots so that by 1992-93 the entire demand of the rural shelterless persons could be met.

viii) Provision of Built-up Houses

31. Another special programme on pilot basis has been added for providing 1.5 lakh (one room) nucleus houses for the shelterless people in the country during 1987-88. It has 3 major components, namely (i) 75,000 nucleus housing units for the shelterless destitutes in the country who are Mustehqeen-e-Zakat (ii) 40,000 nucleus houses under the Prime Minister's Special Programme of Local Development, Education and Housing undertaken through the Members of Parliament and (iii) 15,000 nucleus housing units in the area development schemes of major cities having an adequate number of 3 to 5 marla service plots. Another 850,000 nucleus houses will be provided to the shelterless people during the Seventh Plan period.

32. Institutional arrangements for implementing this programme have been announced by the Prime Minister. Housing Authorities have been set up at both the Federal and the Provincial levels to take up and carry out this task in a systematic and organised manner.

MASS LITERACY:

i) Nai Roshni Project

33. The objective of Nai Roshni Schools is to provide an opportunity to those boys and girls who have dropped out of the primary schools have not been able to complete their primary education. The scheme is meant for boys and girls in the 10 to 14 year age group. Schools for boys and girls will be separate. The schools will function in the afternoon, i.e after the normal school hours, in the buildings of the existing government schools and one full-time teacher will be engaged for each class. No fee will be charged from the students and books will be provided free of cost by the Government.

34. During the first phase of the project 22,000 Nai Roshni schools will be established, each with a class of 25 students. In the subsequent years 22,000 more such schools will be opened. It is expected that a total number of 1,650,000 students will complete the course by the end of 1990. The progress of the first phase will be evaluated in the financial year 1987-88 to assess the quality of work.

(ii) Iqra Pilot Project:

35. The Iqra Pilot Project was conceived with the aim of eradicating adult illiteracy in Pakistan. Today about 71% of Pakistan's Population is illiterate, an alarming situation for any country. Despite the fact that the Government has made strenuous efforts to foster and expand primary education, the

task is so immense that the expansion of primary education alone cannot produce the desired result.

36. The "Iqra" Pilot Project as a scheme is unique in its concept. Volunteer teachers are required to induct their adult illiterate students in their own time and in the mutually agreed locations and arrangements. The Iqra field staff registers teachers and students. Books are provided at a nominal rate of Rs 6/- per set. A teacher will receive an honorarium of Rs 1000 per successful student.

37. In view of the experience of the Sixth Plan, the Seventh Plan would focus mainly on compulsory primary education and efforts of NGCs for adult education for increasing literacy rate. In the short run, the results will be slow but in the long run this approach would facilitate rapid increase in literacy rate.

PRIME MINISTER'S SPECIAL DEVELOPMENT PROGRAMM FOR LOCAL DEVELOPMENT, EDUCATION AND HOUSING

38. While every effort is being made to meet the urgent socio-economic needs of the rural population and the urban poor through a large number of projects under the Prime Minister's Five Point Programme, it has been considered necessary to supplement this development effort with additional local development schemes identified by the Members of the Parliament. This has greatly enhanced the role and enlarged the scope of people's participation in the development of local areas. These schemes are being implemented through the normal municipal and other public or government agencies with the association and under the overall supervision of the MNA or the Senator concerned.

39. The schemes identified by the Members of the Parliament to promote the development of the local areas and the uplift of the local communities had been earlier divided into two broad categories, namely, Education and Local Development. The Government has now expanded the scope of the programme to include housing for the shelterless people as well. The ratio of the Local Development, Education and Housing schemes would be 40:40:20 respectively. To streamline the arrangements and procedures for the implementation of the programme a high level inter-ministerial Committee has been set up under the chairmanship of the Minister for Planning and Development to give concept clearance for these schemes which will be selected from the lists of schemes already approved for and included in the Prime Minister's Five Point Programme for the years 1987-90. These schemes will be executed through a Ministry or Provincial department/agency as well as local institutions like the District

Councils, the Municipal Committees as well as the development authorities in the various cities and districts.

DEVELOPMENT OF MODEL VILLAGES (Apni Basti)

40. A programme for the development of model villages in the country has been launched from Ist July 1987 with an allocation of Rs 131.0 million for 1987-88. The development of model villages envisages a shift from the programme which are focussing on individual facilities like electrification, roads, water supply and other amenities, towards an all-embracing programme in selected villages for bringing about a healthy change in the over-all rural environment.

41. The proposed Village Development Councils as and when set up would intensify the process of community participation in the programme and provide an institutional framework for the implementation of this programme.

NEW MANDIES AND INDUSTRIAL ESTATES

42. A new concept of mandies and mini Industrial Estates is to be developed at appropriate places to serve as the focal points for growth and development. These are expected to provide employment to the non-farming people, mostly semi-skilled and skilled as well as to the farming people during the slack season, and help to reduce migration from the rural areas to the urban centres.

43. The Government of Punjab has made a beginning by introducing a Rural Industrialization Programme and a Self Employment Scheme for Intermediate Towns. Under the "Rural Industrialization Scheme", an allocation of Rs 19.00 million (Spread over a period of three years) was made by the Punjab Government for sanctioning of loans upto 30th June, 1986. But owing to shortage of funds, out of a total number of 719 applications (involving the loan amount of Rs 58.7 million) only 297 projects worth Rs 19.00 million could be sanctioned by the Punjab Small Industries Corporation, the executing agency. The scheme has proved very successful on a pilot scale. The Government of the Punjab wishes to expand this programme and allocate for the above mentioned two schemes a credit ceiling of Rs 400 million for a period of five years. The Planning Commission is of the view that these are useful schemes for employment generation and opening up of the gradual industrialization process.

44. The initiative taken by the Punjab is worth extending to other Provinces and Special Areas also. Tentatively a small allocation for this purpose has been made.

C. OTHER SECTORAL PROGRAMMES:

45. There are other Sectoral Programmes, which directly or indirectly benefit the rural areas and rural communities. These Programmes are discussed in the respective chapters on the relevant sectors such as Agriculture, Water Resources, T and C Women's Development and Population Welfare Services.

D. INSTITUTIONAL FRAMEWORK FOR RURAL DEVELOPMENT

a) Federal Implementation Committee of the Prime Minister's Five Point Programme:

46. The Planning Commission has been entrusted with the responsibility of overseeing and coordinating the implementation of the Prime Minister's Programme already referred earlier in the context of the Implementation Committee set up under the Deputy Chairman, Planning Commission. This Committee has submitted 16 Progress Reports to the Prime Minister and 8 Summaries to the Special Committee of the Cabinet for the Five Point Programme.

Special Implementation Units in the Federal Ministries/Division

47. In order to give special treatment to the planning and executing of schemes under the Prime Minister's Programme, all the Federal Ministries/Divisions concerned have also set up special units in their organisations to plan, execute, follow up and report progress to the Implementation committee under the Deputy Chairman, Planning Commission. A Katchi Abadis Cell has been set up in the Ministry of Housing and Works to follow up the schemes relating to the improvement and regularisation of katchi abadis in the Province as well as the progress of the 7-Marla schemes. Similarly, special cells have been set up and liaison officers designated in other Ministries/Divisions to keep in touch with the Planning Commission.

48. In the Provinces, over-all supervision of implementation has been entrusted to Monitoring Committees headed by the Chief Ministers and day to day coordination and liaison with the Planning Commission is maintained through the Ministers of Planning and Finance and the Provincial Additional Chief Secretaries (Development).

District Development Committees:

49. The Provincial Governments have set up District Development Committees consisting of Senators, MNAs, MPAs and the Chairman of District Councils to identify the locations for schemes for the development of local areas and generally assist in the formulation of projects by the sectoral departments and in

watching the progress of implementation.

E. Other Institutions:

(I) **Local Councils:**

50. One of the Primary objectives of the Prime Minister's Five Point Programme is to decentralize local planning processes at the field level in the country. These activities cover public works management/maintenance and improvement of roads, streets, public ways, culverts, bridges, public buildings, wells/water pumps, water tanks, social welfare services, basic health care, primary education, marketing facilities and numerous other services of public utility and daily need.

51. Implementation of rural development projects and programmes are the responsibility of the provincial Governments and the local agencies. However, the Federal Government plays a meaningful role in directing policies, issuing guidelines, monitoring the progress coordinating the provincial programmes and channelling financial assistance to them for operations at different levels.

ii) Line Departments:

52. Some of the rural development work is to be performed directly through the Government departments including the Ministry of Local Government and Rural Development and the Administrations of AJK, NA & FATA at the Federal level and the Local Government and other departments/agencies at the Provincial level. For this, an amount of Rs 4453 million has been provided. It would be spent on projects and programmes which were designed to strengthen the institutions, research work, infrastructure and other services to support the rural development sector. This allocation does not include the amount allocated for the rural roads programme and has been shown separately. The schemes sponsored by the Ministry of Local Government and Rural Development and the Provincial Governments are described in Annex-10.3.

iii) Non-Government Organizations:

53. Available statistics indicate that over 5000 voluntary welfare and community organizations are registered under the Voluntary Social Welfare Agencies (Registration and Control) Act 1961. Some of the voluntary organizations operating in the rural areas are engaged in providing social services and training of rural communities in rural development activities, as well as agricultural and rural extension support facilities. These NGOs include the Karachi Chamber of Agriculture; Chamber of Agriculture, Punjab; Anjuman-e-Kashtkaran, NWFP; Kissan Board; the Punjab Agriculture Association; the Sugarcane Growers

Association; the Cotton Growers Association; Water Users Association; National Farm Guide Movement; Pakistan Girl Guides Association; The All Pakistan Women's Association; Adult Education and Rural Community Development Association and others. The Rural Development Foundation and the Agah Khan Rural Support Programme are the two more recently established institutions exclusively working in the field of rural development. In order to help the NGOs generate local resources and create leadership capabilities among the target groups, the Ministry of Local Government and Rural Development will extend maximum support to the NGOs to supplement Government efforts and help to fill in the gaps left in the related sectors of rural development.

F. Financial Outlay

54. As already discussed, Rural Development under the Seventh Plan (1988-93) consists of two main aspects, viz sectors covered by the Prime Minister's Five Point Programme to be executed during first two years of the Plan (1988-90) and the remaining three years of the Seventh Plan (1990-93), and activities in other sectors like Agriculture, Water, Social Welfare, Special Development Programme for Women, Nutrition, Population Welfare, T & C, Mass Media, and others. The total investment in Rural Development during 1988-93 is estimated at Rs 143.39 billion which constitutes 42.6% of the total investment under the Public Sector Development Programme. This share is substantially higher than the Sixth Plan allocation of 32%. The sectoral detail of financial allocation alongwith annual phasing are given in annex-10.1.

G. Major Physical Targets:

55. The major physical targets under each programme with annual phasing are given in annex-10.2.

H. Impact of the Rural Development Programme.

56. The Government on its part is determined to make every possible effort to ensure the full and faithful implementation of a massive rural development programme, costing Rs 143.39 billion during the Seventh Plan. At the same time, it is obvious that the proper implementation of various elements of the programme represents a challenge and an opportunity for the entire nation and has to be undertaken as a national responsibility. The political will and commitment is already there. What is required now is to activise the implementation machinery to translate the programmes into action.

****

ANNEX-10.1

FINANCIAL ALLOCATION FOR RURAL DEVELOPMENT FOR SEVENTH PLAN (1988-93) INCLUDING PRIME MINISTERS' FIVE POINT PROGRAMME UPTO 1988-90

(Rs. Million)

Sector/Sub-Sector	Reflected in Sector	Prime Ministers' Five Point Programme		Sub-Total Five Point Programme	Remaining Three Years of 7th Plan				
		1988-89	1989-90		1990-93	1990-91	1991-92	1992-93	TOTAL
Rural Education Dev. Expenditure.	EDUCATION	1670	1690	3360	3910	1380	1360	1170	7270
Rural Health	HEALTH	1370	1340	2710	2960	1050	960	950	5670
Rural Water Supply and Sanitation	PP&H	980	1070	2050	4450	1350	1480	1620	6500
Rural Roads.	RURAL DEV.	780	800	1580	2330	780	780	780	3910
Village Electrification	ENERGY	6830	7520	14350	16180	6400	4890	4890	30530
Anti Water Logging & Salanity.	WATER	3050	3250	6300	7060	2300	2680	2080	13360
Seven Marla Scheme	PP&H	320	350	670	1330	400	440	490	2000
Mass Literacy Scheme	EDUCATION	50	60	120	180	60	60	60	300
Multi Purpose Local Development Scheme		40	40	80	120	40	40	40	200
Prime Minister Junejo's Special Development Education & Housing.	PP&H & EDUCATION	1500	1500	3000	4500	1500	1500	1500	7500
Development of Model Villages	RURAL DEVELOPMENT	264	264	528	792	264	264	264	1320
Rural Industrialisation & Employment Generation	INDUSTRY	60	60	120	180	60	60	60	300
Rural Development Line Department	RD, PP&H, ENERGY	687	753	---	3009	828	979	1202	4453
Food and Agriculture	AGRI	---	---	---	5749	---	---	---	12000
Subsidy on Fertilizer	AGRI	---	---	---	---	---	---	---	3530
Water Resources (Other than Prime Minister's Programme for Anti Water Logging and Salinity)	WATER	---	---	---	---	---	---	---	16790
Other programme (Women welfare in rural areas, T&T services & etc.)									1400
TOTAL									117033
Recurring expt. on Edu.									27860
GRAND TOTAL									144893
Minus Housinf for Shelterless under Prime Minister's Special Development Programme (20%)									1500
									143393

FINANCIAL ALLOCATION FOR RURAL DEVELOPMENT DURING SIXTH AND SEVENTH PLANS

ANNEX-10.1a

(Billion Rupees)

Sl. No.	Sector/Sub-Sector	SIXTH PLAN ALLOCATION 1983-88	SEVENTH PLAN ALLOCATION 1988-93
A.	SECTORS COVERED UNDER PRIME MINISTER JUNEJO'S PROGRAMME 1986-90 AND CONTINUED IN THE 7TH PLAN		
a)	ADP financed through Development Budget		
	1. Rural Education Dev.	7.3	7.27
	2. Rural Health	4.95	5.67
	3. Rural Water Supply & Sanitation	2.80	6.50
	4. Rural Roads	4.10	3.91
	5. Anti Waterlogging & Salinity	-	13.36
	6. Seven Marla Scheme	-	2.00
	7. Katchi Abadis	-	2.00
	8. Special Prog. for local Dev.Edu.and housing	-	7.50
	9. Multipurpose Local Dev. Schemes	-	0.20
	10. Publicity of Five Point Programme	-	0.10
	11. Model Villages	-	1.32
	12. Mass Literacy (incl. 3 years of 7th Plan)	-	0.30
	13. Rural Industrilisation	-	0.30
	Sub-Total (a)	19.15	50.43
b).	Programme financed through public corporations		
	- Village Electrification (including upstream facilities for generating and transmission in 7th plan only)	8.30	30.53
c).	Recurring expenditure on Education financed from Current Account	-	27.86
d).	Programme financed from Zakat Fund and Credit		
	1.Housing for Shelterless People *	-	6.00
	Sub-Total (A)	27.45	114.82
B.	OTHER SECTORAL PROGRAMMES		
	1. LGRD Line Departments	-	4.45
	2. Agriculture	10.59	12.00
	3. Subsidy on fertilizer	2.63	3.53
	4. Water Resources	28.09	16.79
	5. Women Welfare in Rural Area	0.41	0.45
	6. T&T Services	0.43	0.47
	7. Miscellaneous	0.43	0.48
	Sub-Total (B)	42.58	38.17
	Sub-Total (A+B)	70.03	152.99
	* Minus investments in urban areas =		
	i) Katchi Abadis		2.00
	ii) Housing for Shelterless under SDP (20%)		1.50
	iii) Housing for Shelterless under Zakat Fund		6.00
	v) Publicity of Five Point Programme		0.10
	Total		9.60
	Net allocation for rural development under P.M. Programme (152.99 - 9.60 = 143.39)		143.39

ANNEX-10.2

PHYSICAL TARGETS DURING FIRST TWO YEARS OF SEVENTH PLAN FOR SELECTED SECTORS OF RURAL DEVELOPMENT EMPHASISED IN THE PRIME MINISTER'S FIVE POINT PROGRAMME DURING SEVENTH PLAN (1988-93)

Sl. No.	Sector	Unit	1988-89	1989-90	Total 1988-90	1990-91	1991-92	1992-93	Total Seventh Plan (1988-93)
1.	RURAL EDUCATION								
	i) Mosque Schools	Nos.	4000	4000	8000	4000	4000	4000	20000
	ii) Primary Schools	Nos.	5000	5000	10000	5500	6000	5113	26613
	iii) Upgradation from								
	Prime to Middle	Nos.	732	775	1507	600	400	300	2807
	Middle to High	Nos.	533	551	1084	200	200	200	1684
2.	RURAL HEALTH								
	i) Basic Health Units	Nos.	398	336	734	375	352	452	1913
	ii) Rural Health Centres	Nos.	28	27	55	27	25	26	133
3.	RURAL ROADS								
	i) Construction of Rural/ Farm to Market Roads	Kms.	1510	1520	3030	1806	1824	1840	8500
4.	RURAL WATER SUPPLY AND SANITATION								
	i) Rural Water Supply	Addl. Pop served in	4.68	5.3	9.98	6.55	7.17	7.5	31.2
	ii) Rural Sanitation	Millions	2.55	2.89	5.44	3.57	3.91	4.08	17
5.	VILLAGE ELECTRIFICATION	Nos.	2982	3067	6049	3067	2817	2817	14750
6.	ANTI-WATER LOGGING AND SALINITY								
	i) Area Protected	M.A	0.9	0.96	1.86	0.96	1.04	0.94	4.8
	ii) Remodelling of surface drains.	Km.	206	185	391	200	250	300	1141
	iii) New Surface Drains	Km.	944	1746	2690	2500	3000	4000	12190
	iv) Tile Drains	Acres	67852	62066	129918	65100	65000	65088	325106
	v) Tubewells	Nos.	6042	6042	12084	6042	6042	6042	30210
	vi) Water Availability	MAF	--	--	--	--	--	--	125.12

ANNEX-10.2b

PRIME MINISTER JUNEJO'S FIVE POINT PROGRAMME
DURING FIRST TWO YEARS OF 7TH PLAN 1988-90

(Billion Rupees)

Sl. No.	Sector/Sub-Sector	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
ENERGY							
1	Rural Electrification (including stream facilities)	6.83	7.52	6.4	4.89	4.89	30.53
WATER							
2	Anti Waterlogging & Salinity Salinity	3.05	3.25	2.30	2.68	2.08	13.36
PHYSICAL PLANNING & HOUSING							
3	Rural Water Supply & Sanitation	0.98	1.07	1.35	1.48	1.62	6.5
4	Katchi Abadis	0.30	0.35	0.40	0.45	0.50	2
5	Seven Marla Scheme	0.32	0.35	0.40	0.44	0.49	2
	TOTAL PP&H	1.6	1.77	2.15	2.37	2.61	10.5
6	Housing for shelterless *	1.00	1.25	1.25	1.25	1.25	6
7	PM's Special Local Development Programme (incl. Edu.& Housing	1.50	1.50	1.50	1.50	1.50	7.5
RURAL ROADS & MODEL VILLAGES							
8	Rural Roads	0.78	0.79	0.78	0.78	0.78	3.91
9	Model Villages	0.26	0.26	0.26	0.27	0.27	1.32
10	Multipurpose rural devt. scheme	0.04	0.04	0.04	0.04	0.04	0.2
	TOTAL (RR&MV)	1.08	1.09	1.08	1.09	1.09	5.43
EDUCATION							
11	Rural Education Dev.	1.67	1.69	1.38	1.36	1.17	7.27
12	Mass Literacy	0.06	0.06	0.06	0.06	0.06	0.3
13	Recurring expenditure on Rural Education	4.56	5.02	5.52	6.08	6.68	27.86
	TOTAL EDUCATION	6.29	6.77	6.96	7.5	7.91	35.43
HEALTH							
14	Rural Health	1.37	1.34	1.05	0.96	0.95	5.67
MASS MEDIA							
15	Publicity of Five Point Programme	0.02	0.02	0.02	0.02	0.02	0.1
INDUSTRY							
16	Rural Industrialisation and Employment Generation	0.06	0.06	0.06	0.06	0.06	0.3
	TOTAL PM's FIVE POINT PROGRAMME	22.80	24.57	22.77	22.32	22.36	114.82

* To be financed through Zakat Fund and Bank credit

ANNEX-10.2a

PRIME MINISTER'S FIVE POINT PROGRAMME DURING SEVENTH PLAN

MAJOR PHYSICAL TARGETS

Sl. No.	Sector	Unit	FIRST TWO YEARS 1988-89	FIRST TWO YEARS 1989-90	TOTAL 1988-90	LAST THREE YEARS 1990-91	LAST THREE YEARS 1991-92	LAST THREE YEARS 1992-93	TOTAL SEVENTH PLAN (1988-93)
1.	EDUCATION								
	i) Opening of Mosque Schools	Nos.	4000	4000	8000	4000	4000	4000	20000
	ii) Opening of Primary Schools	Nos.	5000	5000	10000	5500	6000	5113	26613
	iii) Upgradation of schools:								
	a) Prime to Middle (Girls)	Nos.	732	775	1507	600	400	300	2807
	b) Middle to High (Boys)	Nos.	533	551	1084	200	200	200	1684
2.	HEALTH								
	i) Basic Health Units	Nos.	398	336	734	375	352	452	1913
	ii) Rural Health Centres	Nos.	28	27	55	27	25	26	133
3.	RURAL ROADS	Kms.	1510	1520	3030	1806	1824	1840	8500
4.	ANTI-WATER LOGGING AND SALINITY								
	Area Protected	M.A	0.90	0.96	1.86	0.96	1.04	0.94	4.80
5.	RURAL WATER SUPPLY AND SANITATION SANITATION								
	i) Rural Water Supply	Addl. Pop served in	4.68	5.30	9.98	6.55	7.17	7.50	31.20
	ii) Rural Sanitation	Millions	2.55	2.89	5.44	3.57	3.91	4.08	17.00
6.	7-MARLA SCHEME	Million Plots	0.40	0.42	0.82	0.44	0.46	0.48	2.20
7.	KATCHI ABADIS	Million People to be served	0.80	1.00	1.80	1.05	1.05	1.10	5.00
8.	HOUSES FOR SHELTERLESS	(Lakh No.)	1.5	1.5	3.0	2.0	2.0	3.0	10.00
9.	VILLAGE ELECTRIFICATION	(Villages)	2982	3067	6049	3067	2817	2817	14750

ANNEX-10.3

PROJECTS FOR SEVENTH FIVE YEAR PLAN (1988-93)

(Rs. Million)

FEDERAL

Sl. No.	Name of Project	Total Cost	1987-88 (Benchmark)	Annual Phasing 1988-89	1989-90	1990-91	1991-92	1992-93	TOTAL FOR SEVENTH PLAN
I.	MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT								
A.	On-Going								
1.	Federal Rural Development Engineering Cell	5.046	0.960	1.003	1.054	---	---	---	2.057
2.	Provision of certain essential facilities at NCRD	14.680	1.500	2.000	3.000	3.000	3.000	1.091	12.091
3.	Construction of Hostel for elected councillors and resource persons	3.978	0.154	---	---	---	---	---	---
B.	New Schemes								
1.	NGO's in Pakistan Survey/Research Prog.	2.000	---	1.000	1.000	---	---	---	2.000
2.	Rural Dev. Research.	3.000	---	0.600	0.600	0.600	0.600	0.600	3.000
3.	Hostel for MTRI Karachi.	5.790	---	3.860	1.930	---	---	---	5.790
4.	Union Council's Library Programme	10.000	---	2.000	2.000	2.000	2.000	2.000	10.000
5.	Other Small Schemes	250.000	---	---	---	---	50.000	200.000	250.000
	TOTAL (I)	294.496	2.614	10.463	9.584	5.600	55.600	203.691	284.938
II.	MINISTRY OF INTERIOR(ICT)								
A.	On-Going Schemes								
1.	Sub-Merible Bridge at Sohan River Near Chakuar.	2.100	0.500	0.200	---	---	---	---	0.200
2.	IRD for (ICT) in collaboration with UNICEF	1.970	0.350	0.455	0.591	0.308	---	---	1.354
B.	New Schemes								
1.	Water Supply Scheme for 25 Villages Phase II	86.530	---	8.000	10.000	12.000	27.530	29.000	86.530
2.	Electrification of 13 villages and 20 Dhoks	33.815	---	5.000	8.000	10.000	10.815	---	33.815
	TOTAL (II)	124.415	0.850	13.655	18.591	22.308	38.345	29.000	121.899
	TOTAL (I+II)	418.911	3.464	24.118	28.175	27.908	93.945	232.691	406.837

Cont/.....

PROVINCES

Sl. No.	Name ofProject	Total Cost	1987-88 (Benchmark)	Annual Phasing 1988-89	1989-90	1990-91	1991-92	1992-93	TOTAL FOR SEVENTH PLAN
III.	PUNJAB								
1.	Special Directives		10.000	11.000	12.000	13.300	14.600	16.100	67.000
2.	Focal Points Programme		50.000	55.000	60.500	66.500	73.200	80.500	335.700
3.	Matching Grant Schemes		148.800	162.800	179.700	196.000	215.600	237.100	991.100
4.	Small Village Level Schemes		32.000	35.200	37.070	42.500	46.800	51.530	214.730
5.	Model Village in Punjab		8.075	9.500	10.050	11.050	12.070	14.000	58.200
	TOTAL PUNJAB		248.875	273.500	301.400	329.800	362.900	399.230	1666.750
IV.	SIND								
1.	Sind ARID Zone Development Authority		50.000	55.000	60.000	65.000	70.000	75.000	325.000
2.	Grant in Aid to Rural Local Bodies		23.001	25.044	25.575	35.000	40.000	45.000	170.619
	TOTAL SIND		73.001	80.044	85.575	100.000	110.000	120.000	495.619
V.	NWFP								
1.	Minor Schemes of Local Development		125.000	137.500	151.025	166.038	183.001	201.031	838.595
	TOTAL NWFP		125.000	137.500	151.025	166.038	183.001	201.031	838.595
VI.	BALUCHISTAN								
1.	Grant to Rural Councils		25.000	27.000	30.500	33.500	37.000	40.000	168.500
2.	Rural Development Academy		5.000	5.000	2.000	---	---	---	7.000
3.	Minor Schemes of Local Dev.(MPAs Prog.)		63.741	70.000	77.050	87.500	100.000	110.000	445.000
	TOTAL BALUCHISTAN		93.741	102.500	109.550	121.000	137.000	150.000	620.500
	TOTAL OF PROVINCES (III-VI)		415.616	593.544	647.550	716.838	792.901	870.261	3622.460
VII.	SPECIAL AREAS (Block allocations)								
1.	N.A.		10.400	11.500	12.500	14.000	15.500	17.500	71.000
2.	FATA		7.430	8.000	9.000	10.000	11.000	12.000	50.000
3.	AJK		47.260	50.500	56.000	61.000	66.000	70.500	304.000
	TOTAL SPECIAL AREAS		64.855	70.000	77.500	85.000	92.500	100.000	425.000
	GRAND TOTAL		483.935	687.662	753.225	829.746	979.346	1202.952	4454.297

CHAPTER 11

REGIONAL DEVELOPMENT AND SDP

The concept of Regional Development implies pushing forward various regions of a country simultaneously along a broad front to achieve a balanced regional growth. The main theme of regional development revolves around raising the standard of living of the people of backward regions to remove the existing regional disparities.

2. The objectives of regional development are summarised as follows:

i) an equitable distribution of basic life sustaining goods such as food, shelter, and health facilities in the various regions of the country;

ii) to increase the quality of living by providing more jobs, better education, better infrastructure, modern industrial and agricultural facilities and greater attention to cultural and humanistic values; and

iii) to expand the economic horizon of the backward regions in order to provide freedom from existing backwardness and dependence.

3. The areas which are included in the regional development plan are Azad Kashmir, Northern Areas and Federally Administered Tribal Areas. These regions have certain common geo-physical and economic characteristics.

- They are geographically contiguous, forming crescent along the North-Eastern Borders of the country adjoining Afghanistan, China, and occupied Kashmir. This geographic situation renders them strategically important.

- The whole region consist of high mountainous ranges with narrow valleys and limited agricultural land, though agriculture is the mainstay of people's livelihood.

- A centralised administrative set-up oriented towards law and order rather than development.

- Finally, relative to their easily exploitable resources the areas is generally over-populated. A significant proportion of the labour force from these areas is

employed in unskilled and semi-skilled service sector in the developed areas of the country and have migrated particularly from Azad Kashmir to the Western countries and the Middle East in search of employment opportunity.

SIXTH PLAN REVIEW

A. Financial:

4. A sum of Rs 3155 million was allocated for Azad Kashmir during the Sixth Plan out of which Rs 3160 million was utilized as per detail given below:

(Rs. Million)

Sector	Allocation	Utilization	%age Utilized
Agriculture	464.80	418.63	90.0
Industry and Minerals	110.94	97.64	88.0
Transport & Communication	760.92	784.30	103.1
Physical Planning & Housing	294.22	303.33	103.1
Rural Development	264.02	278.39	105.4
Education	282.04	288.77	102.4
Health	243.76	250.53	102.8
Water and Power	733.83	738.37	100.6
Total	3154.53	3159.97	100.0

B.Physical:

Agriculture:

5. The physical achievements in the agriculture sector were very encouraging as it surpassed the targets fixed for fertilizer distribution by 40%, improved seed distribution by 29%, production of fruits plants by 12%, afforestation by 10%. In case of the development of agricultural farms, extension service centres, and fruit nurseries achievements remained between 80 to 93% of the targets.

Industry:

6. Under the Industry development programme 2 out of 6 industrial estates and 3 out of 5 sales emporium centres were set up. Acquisition of land for industrial schools for 6 our of 10 has been done. Mulberry plants (4000 thousand) have been planted against a target of 5000 thousand plants.

Transport and Communication:

7. Two airports are under construction. As regards construction of Single lane, double lane and fair weather metalled roads more than 80% of the targets fixed have been achieved. Construction of permanent bridges remained slow and only 10% targets could be achieved.

Physical Planning and Housing:

8. Water supply coverage was extended to 60% population at Muzaffarabad. Accommodation of 180,000 sq.ft for offices and 7500 sq.ft for residence was provided. Black topping of 20 miles city roads in Mirpur was completed.

Education:

9. Physical achievements remained satisfactory with 91% for the acquisition of land for institutes, 88% for the purchase of equipments and 80% for the construction works.

Health:

10. Achievements have surpassed the targets in case of hospital beds, rural health centres and basic health units/dispensaries and appointment of dental surgeons.

Water:

11. Irrigation facilities were provided to 9700 acres in Kherri and Panjeri areas and 5 tubewells in Chamb area were installed.

Power:

12. Hydel stations (3) for 2300 KW were completed, with 70% electricity coverage.

Size of the Plan:

13. On the basis of targets envisaged to catch up the development stage in Pakistan and also in the context of national plans public sector development programme of Rs 5537 million has been envisaged for Azad Jammu and Kashmir during the Seventh Five Year Plan. This level of development programme was the minimum requirement to push the growth rate somewhat higher than the national targets because of the tremendous development back long which has to be cleared during the period. The direction of the development emphasis would be seen in the following sectoral allocations:

Sl. No.	Sector	Proposed Allocation	%age Seventh Plan	%age Sixth Plan
1.	Agriculture	609.07	11.0	9.0
2.	Industries and Minerals	166.11	3.0	2.7
3.	Education	830.55	15.0	13.1
4.	Health	553.70	10.0	8.5
5.	Water & Power	1605.73	29.0	25.2
6.	Transport and Communication	1273.51	23.0	27.8
7.	Physical Planning and Housing	498.33	9.0	13.7
	Total	5537.00	100.0	100.0

The major programme to be implemented during the Seventh Plan Period would be:

Agriculture:

14. Horticultural crops would be developed and productivity in other cereal crops would be improved by using the purchased inputs and strengthening the research base. Reforestation of blanks, watershed management and improvement in timber extraction techniques will go a longway in increasing revenue resource. Improvement in livestock breeds and expanding animal health cover would be some other areas to be emphasised in this sector. The required balance foodgrain storage capacity would be constructed.

Industries and Minerals:

15. Emphasis would continue to be placed on extending help in setting up cottage industries and establishment of industrial estates for providing industrial climate for bigger units by private sector.

16. Exploration of minerals like graphite, bauxite and fire clay dolomite, quartzite and ruby, and their commercial exploitation would continue to be carried out but on bigger scale than before.

Power

17. An allocation of Rs 1384 million has been earmarked for Power Development in Azad Kashmir which is about 25% of the total allocation. With this allocation the 100% Electricity coverage will be provided to Azad Kashmir and Master Planning and generations sources and their study will be done viz-a-viz the 50 MW Electricity will be generated during the plan period.

Education:

18. Followed by infrastructure sectors the education sector ranks third in the order of priorities. Besides opening of new institutions major emphasis would be laid on consolidating the existing institutions in terms of buildings, equipments play ground etc.

Health:

19. Health coverage will be improved by increasing the number of hospitals, basic health units dispensaries and number of beds.

Water:

20. Programmes for water harvesting and the protection measures for land erosions would be undertaken.

Transport and Communication:

21. Emphasis would on the construction work relating to metalled, fair weather and link roads and Construction/ replacement of bridges will continue.

Physical Planning and Housing:

22. Supply of piped water and the sewerage system in all district and tehsil headquarters will be arranged. Rural population would be provided piped water supply through public stand posts. Accommodation would be provided to at least 75% of the Government offices, and 50% of the Government officials, Satellite Towns would be established at all district headquarters with a total of 10,000 housing units. President and the Prime Minister house would be built at Muzaffarabad.

Northern Areas:

23. Northern Areas consisting of the three districts of (i) Gilgit (ii) Skardu and (iii) diamir are spread over an area of 72496 sq.km. with a population of 573614. The density of population is 8 persons per square kilometer which is very low due largely to inaccessible areas. The literacy rate is 14% compared to the national average of 26%. The per capita income is very low though per capita consumption is being maintained through subsidised foodgrains on some other necessities of life. No proper Agricultural statistics exist, but as a rough estimate there is 100,000 hectares culturable land, out of which fifty percent is under cultivation and the fifty percent is lying as a culturable waste.

24. Keeping in view the backwardness of the region, the desire and the rising expectations of the people for an accelerated development, the absorptive capacity of the line departments, the elimination of poverty, the provision of mass-employment, as also because of the strategic importance of the region, the Sixth Five Year Plan (1983-88) was formulated with a total outlay of Rs 1555 million having a throw-forward of Rs 408 million from the Fifth Plan period. The broad objectives were:

i) to improve transport and communication facilities on priority basis, to increase the export of the local product and mineral wealth;

ii) to improve the standard of living of the people and augment the opportunities for gainful employment in the regions; and

iii) to establish agro and mineral based industries on a modest scale and to accelerate the social infrastructure facilities.

Sixth Plan Review

25. The allocation of Rs 1555.26 million was made for financing the Development Programme of Northern Areas during the Sixth Plan Period. An amount of Rs 1529.12 million were spent in executing the development schemes of the areas, thereby showing a utilization of 98%.

26. The sector-wise allocation and their utilization are summarised below:

(Rs. Million)

Sector	Allocation	Utilization	Utilization (%)
Agriculture	113.14	106.28	93.9
Industry and Mineral	14.18	5.40	38.1
Water and Power	330.70	346.07	104.6
Transport and Communication	460.18	481.16	104.6
Physical Planning and Housing	169.84	159.57	94.0
Rural Development	292.49	259.37	88.7
Education	110.65	111.33	100.6
Health	64.08	59.54	92.9
Total	1555.26	1529.12	98.3

Seventh Plan:

27. An allocation of Rs 2684 million has been earmarked for financing the development programme of the Northern Areas during the Seventh Plan period, which is 75% higher than the amount actually allocated for the Sixth Plan period. The highest priority is accorded to sectors like Water and Power, and T&C. The sector-wise allocation for the Sixth Plan and the Seventh Plan are shown in the following table:

Comparative Statement showing Sector-wise Sixth Plan and Proposed Seventh Plan Allocation

(Rs. Million)

Sector	Sixth Plan (1983-88)	Proposed Seventh Plan size (1988-93)	% Change
Agriculture	106.28	182.78	72
Industries and Minerals	5.40	53.68	894
Water and Power	346.07	843.31	144
Transport and Communication	481.16	900.22	87
Physical Planning and Housing	159.57	185.73	16
Education	111.33	248.81	124
Rural Development	259.37	135.27	- 48
Health	59.54	134.20	125
Total	1529.12	2684.00	75

Sectoral Priorities:

28. The major physical programmes to be implemented during the Seventh Five Year Plan in the Northern Area would be as follows:

Agriculture:

29. Efforts would be made to make the area-self-sufficient in food as far as possible. The aim would be to meet the necessary demand of all the improved inputs like, fertilizer, seed, plant protection measures, implements and equipments. Necessary measures for the improvement of health of livestock in the areas would also be taken at appropriate levels. Existing forest nurseries would be maintained and some new forest nurseries would also be established. Work on maintenance, protection of old plantation, afforestation/regeneration and its proper fencing would be done. Soil conservation activities alongwith all other necessary steps would be taken to arrest soil erosion.

Water:

30. Efforts would be made to construct 12 small dams on selected nullas to store surplus water and to protect flood affected land.

Power:

31. Additional hydro-electricity units with a generating capacity of 34228 KW would be installed, out of this 4000 KW would be through WAPDA.

Transport and Communication:

32. Infrastructural facilities in the strategically important areas, to construct link roads, in those parts of the area which remained neglected in the past would be provided. Besides, improvement and maintenance of existing roads would also be.

Physical Planning and Housing:

33. More accommodation for the Government offices and residence would be provided. Necessary steps would be taken for the provision of safe drinking water for the whole of the area and drainage facilities for the urban towns would be made available.

Education:

34. Efforts would be made to remove the disparity between male and female education. To improve the literacy rate, 697 additional teaching institutes (primary 211, middle 228, high 138, and mosque schools 120) would be established. Besides, 3 intermediate and 2 degree colleges, one teacher training institute for females, 2 public schools and 3 mono-technic institutes would also be opened.

Industries and Minerals:

35. Possibility of establishing the agro-based and other small and medium size industries in the area would be explored. Efforts would be made to establish such industries for which raw material is available locally and marketing facilities exist within the area and the country. A mineral investigation survey is being carried out which would serve as a base for drawing the follow up projects during the Seventh Plan Period.

Health:

36. In order to provide the desired health facilities and also to fulfill the pledges of the present government with regard

to health coverage to the rural population it has been envisaged to upgrade the existing "C" class dispensaries and first aid posts as the basic health units and provide doctor's residence in every union council.

Rural Development:

37. The Seventh Plan envisages for implementation of comparatively bigger schemes based on a socio-economic survey of the region.

Federally Administered Tribal Area (FATA):

38. FATA consists of 15 Agencies/areas of NWFP having over 27 thousand square meter as geographical area. Average rain fall varies between 305 mm (Frontier Region of D.I. Khan) and 813 mm (Kurram Agency) in this region. The population density is 94 persons per square kilometer. The total cultivated area is estimated at 141 thousand Hectares which is 5.2% of the reported area. About 55% area is irrigated and the rest is barani area. The economy of FATA is agricultural. The main crops are wheat, barley, maize and rice. The literacy rate is about 11% and participation rate is 24% for males.

Sixth Plan Review:

39. A sum of Rs 2664.35 million was allocated for financing the development schemes pertaining to FATA during the Sixth Plan period. About Rs 2544 million were spent, thereby showing 95.5% utilization in financial terms. Transport and Communications sector followed by Education sector were emphasized during the Sixth Plan Period by allocating 54% of the total allocation to these sectors.

40. The sector-wise allocation as well as well as utilizations are shown below:

(Rs. Million)

Sector	Allocation	Utilization	Utilization (%)
FATA (NWFP)			
Agriculture	193.15	183.64	95.1
Industries and Minerals	-	-	-
Water and Power	376.71	334.29	88.7
Transport and Communication	855.37	828.68	96.9
Physical Planning & Housing	355.23	352.03	99.1
Education	592.71	577.06	97.4
Health	206.92	190.30	92.0
Rural Development	84.26	77.81	92.3
Total	2664.35	2543.81	95.5
FATA - DC			
Water	495.18	505.29	102.0
Industry	51.11	40.66	79.6
Mineral	52.16	51.34	98.4
Miscellaneous	61.15	51.46	84.2
Total	659.60	648.75	98.4

Seventh Plan:

41. A total of Rs 5609 million has been envisaged for financing the development schemes of FATA and FATA-DC. Out of this allocation Rs 940/- million have been reserved for the development schemes of FATA-DC. The T&C and Water and Power sectors are given priority, followed by the Education sector. The sector-wise allocations are given below:

(Rs. Million)

Sector	Allocation	% share
Agriculture	252.8	5.4
Power	1227.6	26.3
Industries	13.7	0.3
Minerals	51.2	1.1
Physical Planning & Housing	602.4	12.9
Transport and Communication	1265.2	27.1
Education	878.0	18.8
Health	275.6	5.9
Rural Development	102.5	2.2
Total	4669.0	100.0
FATA - DC		
Water	713.2	
Power	8.2	
Physical Planning & Housing	29.0	
Industries	70.6	
Minerals	119.0	
Total	940.0	

42. The Physical Programmes to be implemented during the Seventh Plan would be as under:

Agriculture:

43. It would cover programme for award of scholarships to agriculture graduates, coverage of aerial spray of pesticides, distribution of improved inputs like fertilizers, seeds, improved varieties of fruit plants, and afforestation. New veterinary centres would be opened.

Power:

44. The programme envisages almost 100% coverage of village electrification during the Seventh Plan Period as against 80% achieved during the Sixth Plan Period.

Transport and Communication:

45. Besides the linking of the strategic points, the programme will cover construction of shingle roads 450 k.m, black topped roads 500 k.m. and link roads 200 k.m. Construction of 15 new bridges would also be done.

Physical Planning and Housing:

46. The programme would cover construction of office and residential buildings and would provide adequate facilities of drinking water.

Education:

47. Efforts would be made to increase the participation rate from 24% for male recorded during 1986-87 to 60% by the end of the Seventh Plan Period. A mass motivative programme would be launched for the education of female folk of the area. To achieve the said objectives it is envisaged to open 450 primary schools, 140 middle schools, 95 high schools, 15 vocational institutes and 2 colleges.

Health:

48. It is envisaged to establish 55 BHU, 9 civil dispensaries, 5 RHC during the Seventh Five Year Plan. Besides this 65 TBAs would also be trained.

Baluchistan:

Regional Development Planning concept has not been practiced before in Baluchistan. The concept implies mainly inducting a system which may lift and transform the socio-economic condition of the population of backward areas. The possibilities range from providing basic and improved infrastructure to modern agricultural and industrial techniques/ facilities so as to bring it at par with the other development areas of the country.

2. Baluchistan spread over an area of 347,193 kilometers has a population of about 4.31 million. The annual growth rate of population is estimated as 6.9%. The current population density is only 12 persons per square mile as compared to 105 persons for Pakistan. This is due to the fact that the Province has a large land mass (44% of the total areas of Pakistan), small population (only 5.1% of the total country) scattered all over in small pockets in the form of villages and towns. The rural-urban distribution is 84% to 16% respectively. The Gross Provincial Product (GPP) for 1979-80 (projected on the basis of data available for the year 1969-70 to 1973-74) was Rs 2831 million. The climate is arid with low rainfall and wide variations in temperature. Almost drought like conditions prevail through out the province.

3. For the sake of regional development the province has identified 10 areas which require accelerated Development and are included in the regional development programme (Annexed). Out of the said area, 4 have already been declared as project areas.

Allocations during Sixth Plan

4. The magnitude of provincial ADP during the Sixth Plan period was Rs 5059.34 million. The year-wise allocation of development funds were as follows:

Year	Allocation (Rs.Million)
1983-84	670.10
1984-85	850.00
1985-86	1008.00
1986-87	1117.24
1987-88	1414.00
Total	5059.34

Although some of the areas were declared as project areas but negligible financial assistance was provided for the development of these areas during the Sixth Plan period.

Financial Requirement

5. For the Development of these areas the sector-wise allocation of funds for the Seventh Five Year Plan is projected as under:

	(Rs. Million)
Agriculture	515.00
Water	242.00
Power	30.00
C & T	850.00
Industries	15.00
Physical Planning & Housing	50.00
Education	127.00
Health	242.00
Total	2554.00

Strategy of Implementation

6. Independent Project Director will be appointed for identifying the projects/development programmes in the said under developed region. He will be responsible for:

a) Identification and preparation of development schemes for the integrated development in the region;

b) Implementation of approved schemes and their maintenance;

c) Maintenance of accounts in respect of funds provided to the Project Director;

d) Coordination with other concerned agencies including local administration.

e) Submission of quarterly progress report to the Planning and Development Department/Provincial Board.

******

ANNEXURE

LIST OF AREAS

1. Kohlu
2. Jhal Magsi (District Kachhi)
3. Kakr Kurasan and Loeband (District Zhob)
4. Toba Kakri (District Pishin)
5. Dera Bugti
6. Kutmundai (District Sibi)
7. Jhal-Jhao (District Khuzdar)
8. Musa Khel (District Loralai)
9. Chagai
10. Mashkhal

CHAPTER - 12

Women's Development: A National Imperative

Planning for Women's Development in Pakistan

In Pakistan conscious planning for the development and welfare of women evolved gradually. In the initial stages of the planning process, efforts were directed toward an integrated development strategy in which an approach putting special emphasis on women's development was not considered necessary. However, over a period of time, the Government of Pakistan recognized the fact that in spite of the religious, constitutional and legal rights of women, their position remained weak due to an ineffective framework for enforcing these provisions. It became clear that women's needs were not reflected adequately in development planning. Moreover, even when socio-cultural customs and traditions. As a result, the planning process remained unresponsive to the development aspirations and needs of women. However, selected social sectors like health, education, social welfare and population planning continued to give some recognition to women' needs. In the 1970s a more institutionalized focus was initiated for women's development through enhanced policy measures in the areas of girls primary education and welfare assistance to distressed and handicapped women.

2. Toward the close of the 1970s women's development issues were considered urgent, and the integration of women into the process of national development became one of the priority objectives of the government. In 1979 the Women's Division was created at the federal level to articulate policies, to prepare projects and to act as a catalyst for women's development. As provinces were the implementing authorities, Women's Project Cells were created at the provincial level to help and monitor implementation.

3. Since its inception, the Women's Division has evolved strategies aimed at ensuring women's acceptance as valuable human resource in national development. The Women's Division is not only pursuing and reinforcing policies for the betterment of women and their status, but also providing financial, technical and institutional assistance and guidance to the line departments in the provinces in order to assist in the implementation of programmes for women's development. Efforts through the line departments are supplemented by federal projects. These are sponsored and executed by the Women's Division directly or through federal agencies.

Current Socio-economic Profile

4. Although Pakistan compares favourably with other countries of the region in terms of GNP and per capita income growth rate, it compares poorly in terms of social indicators. Pakistan's population growth, infant/maternal mortality rates and dependency ratios are high, while labour force participation rates, literacy rates and health coverage are low.

5. Data on women are outdated and incomplete, but available research confirms their low status on most counts, with striking male/female disparities in some areas women have a lower life expectancy, poorer health standards and less access to basic services than men. Within a context of poverty which affects everyone, women suffer additional constraints their mobility is restricted, they have little control over resources, limited decision-making power, a low level of awareness of their civic rights, a poor self-concept, and limited aspirations.

6. Within a context of poverty, women are caught in a vicious cycle of ill health. Lack of education for girls translates into a lack of awareness of basic nutritional principles and hygienic practices.Early marriage, frequent pregnancy, malnutrition and lack of access to health care results in low-birth-weight infants with increased susceptibility to infections.

7. In education in 1983 only 33 percent of all girls were enrolled in primary school, and still fewer in the rural areas. The drop out rate for girls was over 50 percent. Some of the reasons are infrastructural poor physical facilities, poor teaching, inappropriate curricula. But the general perception of schooling for girls as a luxury, and the greater availability of facilities for boys than for girls, are powerful factors reducing girls participation in education. Yet the positive, multi-dimensional impact of female education is globally acknowledged. Female education, especially if complete up to the secondary level, leads to reduced fertility, improved child health, lower infant mortality and an increased awareness of environmental health, not to mention improved productivity prospects. Education, therefore, it the most critical factor in improving the status of women, especially since literate mothers invariably support the education of their daughters.

8. A second factor which can have far reaching effects on social indicators is economic activity by women. Such activity can be crucial in regulating population growth; and women usually spend their earnings on children and homes, raising the overall quality of life.

Sixth Plan Targets and Achievements

9. The Sixth Plan laid special emphasis on women. It described the situation of women as a "sad commentary on the legacy of neglect" and provided for specially designed programmes in health, education, social welfare, population planning and employment, besides the integration of women's concerns into all economic sectors. It adopted the principle of a faster pace of development for women than the overall national target. The plan called for a fundamental reordering of national priorities in favour of primary mass education and non-formal literacy programmes and a switch of focus from doctor-oriented, urban-based health care to a rural based health care net work staffed by doctors, paramedics and community health workers. Specific government intervention on behalf of women was aimed at "eliminating....illiteracy, constant motherhood and the primitive organization of work."

Education:

10. The Sixth Plan fixed a target of increasing the female participation rate at the primary school level from 32 to 60% and the female literacy rate from 13.7 to 47%. These targets were to be achieved by opening 4,198 primary schools for girls and 40,000 mosque schools. It is estimated that by the end of the Plan period, the target for opening primary schools will have been surpassed. However,there will be a shortfall in the opening of mosque schools, as only 4300 such schools are likely to be established. As a result, the enrollment targets for females will not be fully achieved. The reasons for low achievement are a shortfall in the opening of the mosque schools and a low participation rate of girls in the primary schools. The motivational campaign for encouraging parents to send their daughters to school did not take off. The Sixth Plan aimed at covering 15 million people through adult literacy programmes. The majority of the target population were the rural women, as they were considered a catalyst in providing motivation for improving the enrolment and the retention rates among the primary school children. These targets were not achieved.

Health:

11. For providing improved health coverage to women in the rural areas and in urban slums, the Sixth Plan targets included provision of 5,649 hospital beds for female patients, 355 Rural Health Centres (RHCs) and 2,600 Basic Health Units (BHUs) and the training of 7,000 female doctors, 5,000 nurses, 7,000 female paramedics and 30,000 Trained Birth Attendants (TBAs). The likely achievements during the Plan period are the creation of 2,384 additional hospital beds for women, 206 RHCs and 2,153 BHUs, and the training of 6,500 female doctors, 5,000 nurses, 5,750 female

paramedics and 28,950 TBAs. Thus the physical implementation in the Health sector has been on target or very close to target except in the case of the additional hospital beds.

Social Welfare:

12. The Sixth Plan proposed that programmes designed for the welfare of women in various walks of life be strengthened; day care centres for children of working mothers be established in order to enhance female participation in the labour force; training be given to women in all professions; and research studies be undertaken on Women's socio-economic development issues.

13. The social Welfare sector envisaged a target of establishing 100 special education institutions, 35 social welfare services units, disbursement of grants-in-aid to 1,000 NGOs and establishing 40 welfare units for the women employees of the Federal Government. The likely achievements are the establishment of 100 special education institutions and 40 social welfare units, disbursement of grants to 1,000 NGOs and establishment of 39 welfare units for the women employees of the Federal Government. In the Social Welfare field also, the physical achievements are very close to target.

Employment

14. The official labour force participation in Pakistan is 51 per cent, of which only 4.8 per cent are female. This figure grossly underestimates the reality, which is that the majority of women work hard and long hours in agriculture, in the informal sector in urban and rural areas, and within households. But their labour goes unrecognized by society and unrecorded in statistics.

15. The highest percentage of recognized female labour force is in agriculture. Their work comprises mainly manual, unskilled labour with little access to new technology. Women also figure prominently in the health and education sectors, constituting 30 percent of teachers and 25 per cent of doctors. Most nurses and fair percentage of paramedics are also women. Urban women are entering many non-traditional professions, but in very small numbers.

16. The Sixth Plan laid special emphasis on encouraging female employment and on increasing female participation in the labour force. The Plan set a 10 to 15 percent of jobs to be reserved for women in all sectors, both public and private.

Women's Division

17. For the Sixth Plan an amount of Rs.700 million was earmarked for Women's Division programmes against which an amount of Rs.411 million were allocated and Rs.401 million were spent. This allocation was made for new and innovative projects in order to accelerate women's socio-economic development and participation. But the major programmes to benefit women are integrated with the operational policies of each sector in the Sixth Plan. The allocation to the Women Division has been spent on the provision of additional training facilities in health, education, technical education; participation of women in small industries and agriculture, training of women in industrial, secretarial and income generating skill; and providing accommodation facilities for working women, community halls, day care centres, etc. (See Annexure-I).

Policy Implications for the Seventh Plan

18. The first imperative for an effective over-all national development policy for women is to acknowledge that women have been neglected, and to affirm that the results of this neglect in terms of low productivity, illiteracy and poor health are an unacceptable cost, both morally and economically.

19. The next imperative is to pledge that, within an overall development context, special efforts will be made for the uplift of women, not through programmes based on a philosophy of 'separate but equal' but through the provision of full equality of opportunity in education, health, employment and all other spheres of national life. The aim of such uplift efforts is the full integration of women into the society, not their channelization into limited activities and roles.

20. A third imperative is to create an awareness among both policy makers and the public at large of the discrimination women suffer and its economic and social costs. Without such awareness, the measures to extend education, employment and other opportunities for women, to target them through special development and other programmes and to facilitate their integration into all fields of national activity through the extension of support services, might well fail due to a lack of credibility: people will not support what they do not believe in. A major effort must be made to convince people that the subjugation of women is not a natural fact, but a costly and reversible human choice.

Seventh Plan Priorities

21. Thus, in addition to the Sixth Plan goals of freeing women from the crippling handicaps of illiteracy, constant

motherhood and poor health, the Seventh Plan would try to integrate women more fully into the development process by translating the above imperatives into specific goals and action plans as suggested in the following sectoral targets.

22. Education - In the educational field, the objectives are: to make education a deliberate, planned and sustained process; to replace the outmoded value system, based on inequality, with a new value system which emphasizes equality, mutual respect and dignity among memebers of both sexes; to remove disparities in the provision of educational facilities for men and women, along with the disparities existing among the various income groups, the rural and the urban areas, and different regions of the country; to develop a net work of educational institutions and undertake planned programmes and activities for the proper development of women; and to appreciate and realize fully the intellectual and productive capability of women and to provide them opportunities for studies in various branches of learning, including the physical and social sciences, as well as a wide range of vocational, technical and professional subjects, in the same way as these facilities are available for men.

23. The following targets are set to achieve the above objectives. The enrolment of girls in primary education will be increased from 2,978,000 in 1987-88 to 5,868,000 in 1992-93 i.e. an increase in participation rate from 41% in 1987-88 to 70% in 1992-93. The enrolment of girls in classes VI to VIII will be increased from 732,000 to 1,366,000 i.e. an increase in participation rate from 18% in 1987-88 to 31% in 1992-93. Similarly, the enrolment of girls in classes IX and X will be increased from 213,000 to 380,000 i.e. an increase in participation from 9.8% in 1987-88 to 15.3% in 1992-93. More day care centres and nurseries will be set up to improve the enrolment and retention rates of girls in the primary schools.

24. Health--- In the field of <u>health</u>, the aim and objectives would broadly be: first, to collect and make available vital information relevant to the health and welfare of women and children so that problems are viewed in a proper perspective; second, to launch effective and continuous health education programmes for mothers, families, and community leaders, as an essential pre-requisite for community action; third, to establish a network of health services for women's health so that in the next five years each rural and urban community in all parts or the country is covered with an efficiently functioning health service, and fourth to launch special continuing programmes to combat the major challenges of malnutrition and disease among those groups of women and children identified as most vulnerable.

25. The physical targets would be as follows: to protect 20 million children below the age of tow years against the six major

killer diseases of childhood through an extended immunization programme; to protect 15 million expectant mothers with tetanus toxoid and another 8 million women of childbearing age; to protect 10 million children against complications of and mortality from diarrhoeal diseases through oral rehydration therapy; to protect about 5 million children suffering from second and third degree malnutrition; to improve maternal care and assistance during delivery to all expectant mothers; to rehabilitate one million disabled persons and prevent the occurrence of disabilities; to increase the number of doctors from 36,000 to 50,000 of whom 30% will be females; to increase the number of nurses from 10,000 to 20,000 to increase the number of paramedics from 65,000 to 100,000 of whom 25% will be female; and to increase the number of Trained Birth Attendants (TABs) from 45,000 to 65,000. Nutrition education will be included both in the curricula of medical and paramedical institution and in the formal school system. A health service system will be introduced in schools which will include regular medical check-up of students and immunizations. In girls schools there will be courses on child care, dental care, nutrition, food preparation and preservation, and sanitation. Adequate water facilities will be provided for clean drinking and washing needs within easy reach of clusters of households, particularly in the rural areas. An MCH Centre will be established in each rural and urban community as the base line health service for women and children to provide primary health care, pre natal and post natal care, and treatment of simple ailments.

26. Employment-- In the field of employment, the objectives will be to create social and cultural acceptance of the multiple roles of women as home makers as well as economically productive and socially responsible individuals and to expand employment opportunities for women in all sectors of the national economy.

27. A sustained effort will be made during the Seventh Plan to enhance women's employable skills and increase their labour force participation rates. To this end, various steps will be taken during the plan period, including increasing the number of and capacities in polytechnic schools and vocational training centres; consideration of various incentive schemes to increase hiring of women by public and private enterprises; promoting self-employment opportunities by providing credit and other facilities; instituting special credit programmes for women for establishing small businesses and extending special credit facilities for poor women for small loans without collateral; providing hostels for working women; and creating separate wings in the employment exchanges for women.

28. The number of polytechnic institutes for women will increase form 7 to 13 by the end of the Plan period. At the vocational level, in addition to the existing centres which are

operating under numerous agencies in the provinces 5 Technical Training Centres will be established by the Department of Labour of the provinces with a total training capacity of 3160 by the end of the Plan period. Women will be offered training in new and emerging technological fields in these institutes.

29. Serious efforts will be made to staff all primary schools, for both girls and boys with female teachers. As far as possible, these teachers will be recruited from the nearby area in order to minimize the transportation, residential and other related costs. During the plan period efforts will also be made to induct a large number of women into the health profession at all levels to attain a proportion about 50% women in this field in the next 20 years.

30. ' Cooperatives- Because of lack of women's education and knowledge in organizing cooperatives, out of 61,000 cooperatives operating in the country only 1600 are for women However, during the Seventh Plan special funds will be earmarked for women's cooperatives to reinforce education and training programmes for women in organizing cooperatives in such fields as credit, agricultural produce, handicrafts and marketing with the hope that these will be effective vehicles for cooperative community development in both the urban and in the rural areas.

31. Non-government organizations- women's NGOs---- are doing valuable work in national development. But lack of sufficient funds and coordination stand in the way of their living up to their potential It is proposed to set up an autonomous National NGO Council for Women's Development to generally facilitate the developmental work of all NGOs and in particular, to help NGOs in project formulation, implementation, management and supervision.

32. NGOs will be encouraged and enabled to assume a more dynamic role in the promotion of women's uplift, welfare and development. For this purpose the Government will increase grants to women's NGOs. NGOs will be particularly useful in organizing community groups, cooperatives and legal aid societies.

33. Legal Aid Societies-- Provision of legal redress is extremely slow and dilatory, especially in family cases, where women suffer due to long delays. Legal aid societies will be formed as NGOs at the divisional and district levels. These societies will be provided grants with a definite mandate and with considerable flexibility in their operations. They will provide free legal aid to needy women.

34. Women development workers- To facilitate the implementation of women's development programmes at all levels, a cadre of women development workers are needed who will be organizers, educators and planners of women's activities in the

rural and urban areas. These workers would work through existing institutions like the local governments cooperatives, NGOs and social welfare societies.

35. The successful performance of these workers will depend on how well they are trained. Hence it is proposed to first train 6000 workers-- one for each of the 4200 union councils and one for every unit of 25,000 population in 400 urban localities. They will be trained in community organization and development, public health, home economics/ human ecology, adult education, industrial arts and agriculture.

36. In any master plan or annual plan made by the Federal or the provincial governments the Women's Division will act as the main consultant body for guidance and advice, as also the coordinator to avoid duplication.

37. Women's Division schemes are large in number(13000 units) but small in size. In the Seventh Five Year Plan efforts will be made to consolidate women's programmes. For this purpose the institutional machinery of the Women's Division will be strengthened in quality.

38. Finance-- The above targets will be achieved through project/ programmes of the Women's Division and the provincial governments as well as through the sectoral programmes for education, health, social welfare, population planning, labour and others. An amount of Rs.1000 million has been tentatively allocated for these special programmes for women during the Seventh Five Year Plan. A list of programmes along with their financial requirements, is annexed (Annexure II).

****

DEVELOPMENT PROJECT- UNITS FUNDED BY WOMEN'S DIVISION DURING 1979-87 ANNEX-12.1

Project	Punjab	Sind	NWFT & FATA	BALUCH-ISTAN	AJK & FEDERAL AREA	TOTAL
AGRICULTURAL LIVESTOCK AND COOPERATIVES						
Training in Agriculture	4	8	125	-	-	137
Sericulture	4	8	55	1	-	68
Expansion of Cooperatives	2	-	1	-	-	3
Fruit-Vegetable Preservation	1	-	1	-	2	4
Dairy Development & Livestock	-	-	-	3	-	3
Poultry Breeding	1	5	-	14	145	165
Training in Fishries	1	-	-	-	-	1
COMMUNITY DEVELOPMENT						
Community Halls/Centres	59	66	40	25	5	195
Integrated/Sports Complexes	5	1	1	-	1	8
Parks for women	-	3	2	-	-	5
Women's Rural/City Libraries	2368	569	560	315	465	4277
Training Institutes	1	1	1	1	1	5
EDUCATION						
Adult Education	4831	(614)*	912	40(18)*	-	5783
Computer aided Education Programmes	1	-	-	-	-	1
Polytechnics	7	4	1	1	1	14
Vocational Training Centres	6	13	5	-	3	27
Commercial Classes	10	11	6	4	-	31
HEALTH						
Mother care/Maternity Centres	2	4	1	1	-	8
Drug Addiction Treatment Centres	1	1	-	-	-	2
Training of Nurses & Paramedical Staff	22	4	-	1	9	36
Transport to Medical Institutes	2	4	-	1	-	7
Potable Water	-	-	1	1	-	2
Female Wards	1	11	-	5	1	18
Mobile Dispensaries	17	10	6	6	8	47
Service to Door Patients	-	2	-	-	2	4
Mental Health	-	1	-	-	-	1
INDUSTRIES						
Carpet/Daries Centres	13	29	3	2	6	53
Readymade Garments/Hosiery	4	1	1	-	-	6
Craft Empories/Training Centres	11	2	1	2	1	17
SOCIAL WELFARE						
Women hostels	41	17	3	7	2	70
Day care Centres	138	20	8	4	7	177
Legal Aid	30	3	-	1	-	34
Darul Falah/Aman	2	-	-	-	-	2
Industrial Homes/multipurpose Centres	941	762	527	86	57	2373
Prisoners Welfare	24	14	38	1	-	77
Total	8550	1574	2299	522	716	13661#

* Not included in total because Adult Education in Sind and Baluchistan is a component of multi-purpose centres.

\# The total figure includes the latest project units as well as those completed in the past

ANNEX-12.2

SPECIAL DEVELOPMENT PROGRAMMES FOR WOMEN-- FINANCIAL REQUIREMENTS

FINANCIAL OUTLAYS: (Million Rupees)

Sixth Plan Allocation	ADP Allocations		Sixth Plan		Seventh Plan	
	Special Programmes 1983-88	SWAP	Estimated Expend. 1983-88	Percentage	Allocation	Percentage Increase over 6th Plan
700	410.919	283.774	684.861	97.84	1000	42

Programme-wise details.

Special Development Programme for Women:

a.	Support to line Departments for the Development of infrastructure and other Women Development Programmes	-	-	410
b. (i)	Grants to Women non-government Organisations(NGOs).	-	-	100
(ii)	NGO Council	-	-	10
c. (i)	Assistance to Women Cooperative Societies	-	-	80
(ii)	Legal aid Societies	-	-	100
d.	Women Development Workers	-	-	300
	Total:	-	-	1000

CHAPTER-13

CULTURE, SPORTS, TOURISM AND YOUTH AFFAIRS

The development of culture, sports and other related aspects reflect an inspiring national image and help in infusing the essential sense of national pride and national identity. The recent years witnessed a greater awareness of the significance of historical and cultural centres. Attention has been focused on the maintenance and development of institutions concerned with cultural activities.

SIXTH PLAN REVIEW:

2. It was the Sixth Plan which gave, for the first time in the history of planning, the correct priority to cultural development. The objective was to coordinate the activities of various federal and provincial agencies responsible for executing programmes in culture, sports, archaeology, arts and preservation of cultural heritage.

3. The total capital outlay during the Sixth Plan was Rs.0.77 billion, as against the allocation of Rs.1.66 billion or an implementation rate of 46%. The major programmes lagging behind related to culture where such projects as the International Conference Hall and the Museum of Islamic heritage could not be taken in hand due to delay in the designing, project preparation and approval formalities.

4. In the sports sector, construction of the Rs.72.00 crore sports complex at Islamabad was completed, while construction and expansion of 6 sports stadia at district level remained in various stages of completion. Construction and expansion of two national stadia - national cricket stadium Karachi and Gaddafi Hockey Stadium Lahore were completed.

5. In the archaeology and archives sector, the preservation work on the Moenjodaro monuments remained under execution, though at a slow pace. Twenty six tubewells were completed to bring down the water level at site to 28 ft. from 5-8 ft. which had posed a threat to the historical monuments. Five river protection spurs and embankments were completed to save the site from the onslaught of Indus water floods. Expansion of National Museum, Karachi, was completed while renovation of the Quaid-e-Azam House was completed upto 50%.

6. In the tourism sector, tourist accommodation was constructed/expanded at 5 sites in Baluchistan, Northern Areas and along the Karakoram highway by adding 24 rooms against 50

PREVIOUS PAGE BLANK

rooms planned. Seven Provincial tourism development schemes were supported on the matching grant basis to provide for facilities of accommodation, recreation and transport to the domestic travellers.

7. Under youth affairs programme, NGOs were provided grants to improve and upgrade 11 existing youth hostels in the country. Besides, grant in aid was provided for construction of youth hostels at Islamabad, Peshawar and Quetta. Funding was provided to the provinces for establishment of 89 skill development training centres at the tehsil level for imparting skill training to 6,500 youth annually in rural/semi-urban setting. These skill centres would help them in the promotion of self employment.

SEVENTH PLAN

8. The Seventh Plan will follow an integrated approach of cultural development, covering all important dimensions like preservation of cultural heritage, historical and archaeological research, cultural history, anthropology, arts, crafts and architecture. It underlines linkage with the change in the system of education and the role of the media for purpose of promoting national solidarity. Programmes outlined below have been designed to fulfil the minimum national requirements in line with the priorities. New initiatives and policy packages in the area of culture, sports and tourism sub-sectors have been identified to strengthen the planning, implementation and operational base of the executing agencies on the one hand and increase the cost effectiveness of the various programmes on the other.

CULTURE:

9. Culture encompasses the values inherent in thought, artistic expression, traditions and the way of life of the people. It combines a number of conditions necessary for the advancement of the individual and of the community. It broadly covers languages and literature, arts and crafts, archaeology and architecture, religion and social vocations and the over-all environment. Like democracy, culture belongs to the people; it is of them, for them and by them. It is evolved, commonly shared and lived by the people and represents the total way of life.

10. The cultural development programme has been expanded from purely institution building work in the Sixth Plan to a wide range of activities which cover: (a) policy framework within which the pattern of overall development should follow; (b) priority areas for action, (c) the specific measures to promote national culture, art and heritage; and (d) welfare of the artists and artisans.

11. The soft-ware programme includes identification of the following major elements of the national cultural policy:

i) consolidating the foundations of faith, and re-vitalising the Islamic values and ideals of peace, justice, equality and brotherhood of mankind;

ii) preserving and consolidating the nation's heritage in general and its Islamic heritage in particular;

iii) strengthening the historical and cultural foundations of the Pakistan society and promoting its continued solidarity and advancement in the comity of nations;

iv) re-generating cultural growth at national level by recognizing the creative genius of the individual in all avocations - the scholar, the scientist, the poet, the singer, the dramatist, the artist, the engineer, the craftsman etc;

v) creating a society where indigenous cultures are promoted and cultural integration takes place through natural growth and a national pride in such growth;

vi) promoting the artistic and creative talents of the people of Pakistan in all walks of life and at all levels, through democratic process of effective participation and equality of opportunity for all;

vii) contributing to the social and economic well-being of the people of Pakistan, and

viii) facilitating inter-culture communication to promote international understanding.

12. Practical steps will be taken to strengthen the research base in such areas as history, Islamic culture, anthropology, literature, archaeology, arts and crafts etc. for effective projection at home and abroad. For this purpose the existing research institutes in the areas of social sciences and university departments will be strengthened to undertake new initiatives in research on cultural subjects and its publication. Setting up of two institutes, one for art and architecture and another on Islamic Anthropology, archaeology and linguistics has been proposed, besides award of foreign scholarships in Arabic, Persian and Islamic archaeology. The welfare of the artistics and artisans will be looked after, to start with, by an endowment fund, established in 1987-88.

13. The hard-core programme of institution building includes construction of a national art gallery at Islamabad in the cultural complex area, cultural heritage centres at Multan,

Quetta, Peshawar, and Sehwan Sharif, expansion of the Lok Virsa complex Islamabad by adding 8 galleries and a media centre for the projection of cultural heritage through films and video-cassettes.

International Conference Hall:

14. Another important project included in the Plan is the construction of the prestigious International Conference hall which will provide seating capacity for 829 persons, including 755 delegates from 151 delegations and 74 observers, all equipped with simultaneous translation in 7 languages, six committee rooms with seating capacity ranging from 50 to 300 persons, exhibition hall/auditorium for 700 persons, cafeteria, 120 suites for use of delegates, chamber/lounges for VIPs, and modern media facilities like close circuit TV, press rooms and radio coverage arrangements. The tentative estimates for construction and furnishing are placed at Rs.680 million against which Rs.400 million have been provided to allow 60% completion by 1993. This will provide a venue for holding international conferences and conventions and will serve as a forum for consolidating the foundation of faith and revitalise the Islamic values and ideals of peace, justice, equality and brotherhood of mankind.

15. Cultural development is a long-term process. It covers a vast canvass of the national life. The government agencies can provide leadership and set an example but their resources are not sufficient to achieve optimum development in all these directions. Cultural development should, therefore, aim at decentralization of structures and resources and enable local community to take part in the preparation, implementation and management of cultural undertakings.

Allocation:

16. An allocation of Rs.457.68 million has been made for cultural development. This includes Rs.400 million for the International Conference hall and Rs.58 million for Art Gallery and Lok Versa galleries.

ARCHAEOLOGY AND ARCHIVES:

17. Pakistan's rich archaeological and architectural heritage covers a long spectrum of history from pre-historic age to the Islamic period. Similarly, the archival material is as important in the cultural heritage of a country as are monuments and works of art because these depict the life, culture and civilization of a nation. A systematic programme of exploration and excavation, conservation and preservation, recording, museology and projection through established media of publications, TV, holding of seminars and conferences at

provincial, national and international levels, is normally carried out with the object of serving as an instrument of education for the coming generations and a source of national pride in the wealth of cultural heritage.

18. The magnitude of the effort required in this direction is enormous. So far only about 300 ancient sites and monuments have been identified as those of historical and national significance. There are hundreds of other known but unlisted sites and a complete picture of archaeological wealth of Pakistan has yet to emerge. The pace of work related to excavation, conservation, preservation and maintenance of even the most significant monuments is slow mainly due to the very slow nature of the technical work involved. Other reasons are the limited technical capacity of the archaeological agencies, centralization of effort and inadequate funds compared to requirements. Although international financial help has been available, particularly over the last 10 years, through the UNESCO, Italy and Japan, for selected projects, there is lot more to do in this sector during the Seventh Plan and beyond partly through international support and partly from domestic resources.

19. The Seventh Plan programme for the sector consists of 3 major components: (i) improvement and expansion of institutional support services, (ii) soft-ware services in the areas of research, documentation and training, (iii)hard-core development programme.

Institutional Support Services:

20. Presently, there is only one major archaeology and archives agency at the Federal level responsible for keeping records and carrying out excavation, preservation and conservation and museum work. Steps will be taken to associate the Provincial Governments, the national research institutions and the universities with the programme of the Department. A national coordinating council will be established to integrate and facilitate their professional work in various areas of activity. The following measures will be taken:

i) The Provincial Governments will establish proper institutional arrangements for sharing the responsibility of maintenance and museology work in the field of archaeology.

ii) Permanent premises will be made available for archival records in all four provinces and Azad Kashmir to provide an organised service in this area, open to the use by the general public.

iii) The Provincial Governments will affect significant improvements in the maintenance of district record

rooms (mohafiz khanas) in the interest of historical research at local level.

iv) In order to ensure maximum utilisation of archival material and public records, the Government will enact archival legislation so that access period is decided, indiscriminate destruction of records is checked, and effective coordination is developed between institutions dealing with Federal, Provincial, Divisional and District records and institutions of higher learning.

Soft-ware Services:

21. The professional capability of the archaeology agencies shall be improved through a quicker mechanical system of preservation and conservation services, training facilities and availability of qualified manpower. Besides, emphasis will be placed on preparation of comprehensive catalogue of national heritage, promotion of historical research and publicity with a view to increasing the touristic value of the archaeological attractions of Pakistan. In this connection, the following steps will be taken:

i) An institute of training in various fields of archaeology will be established in collaboration with Italy and Japan.

ii) An institute of archives administration will be set up at the federal level in the newly completed achieves building to impart training in archives administration and research.

iii) Education and research in Islamic archaeology will be promoted at the university level, to strengthen the research base and also to provide qualified personnel in these areas. The research institutions will be encouraged to undertaken historical research.

iv) A nation-wide survey of (a) unlisted monuments and (b) public archival records and private collections will be sponsored during the plan period for location of the material, the existing state of preservation and identifying measures for improvements in the system of recording and preservation.

v) A programme of collaboration with foreign research institutions will be developed to expand the scope of excavation of sites with particular reference to the Islamic period.

Dvelopment Programme

22. During the Plan period, the first phase of the Master Plan for the preservation of Moenjodaro historical monuments will be completed. This has saved the monuments from the menace of water logging. In addition, second phase, comprising construction of additional spurs for permanent river protection, conservation of structural remains and afforestation around the site will be taken up in hand, and will be completed upto 70% by 1993. UNESCO has so far, provided a financial support of Rs.50.60 million. Preservation/conservation of the Quaid-e-Azam house will also be completed, while the building for the Quaid-e-Azam Academy will be constructed to promote research studies on Pakistan Movement and the Quaid-e-Azam. It is planned to provide comprehensive conservation cover to 5 historical monuments in the Punjab, Sind and NWFP and construct 5 archaeological museums at Umerkot, Mansura, Multan, D.I.KHAN and Quetta.

23. The allocation for the archaeology and archives sector is Rs.246.73 million of which Rs.206 million is for the new programme and Rs. 40.73 million for the ongoing schemes.

SPORTS

24. In the field of sports, the basic objective is to expand sports facilities for the benefit of the largest number of people in general and students living in small towns, tehsil Hqs. and districts in particular. The private sectors agencies and NGOs will be encouraged and supported to generate and contribute resources locally to increase public participation. The sports administration at the federal and provincial levels will be streamlined to create a congenial atmosphere for high achievement levels in the national and international sports events. A sports foundation shall be established for promoting the welfare of the sportsmen. Incentives will be provided to educational institutional and the student community for producing a continued flow of good sportsmen.

District Stadia

25. The development of sports facilities has remained confined to the developed urban centres and it was considered necessary to provide public funds for modest stadia in the less developed areas of the provinces, particularly in small towns and districts. During the Sixth Plan period, 6 district sports stadia projects were implemented under a matching grant arrangement with the Provincial Governments. During the Seventh Plan, 16 units are proposed to be completed through the provincial agencies, including 6 ongoing stadia projects. These include 3 units in Baluchistan, 3 units in the Punjab, 3 units in NWFP, 4 units in Sind and 3 units one each in Mirpur, Muzaffarabad and Gilgit.

26. In addition, the following measures will be taken to ensure provision of sports facilities in future and provide for optimum utilisation of the existing stadia in the country:

i) All future housing schemes in the country will include adequate playing fields.

ii) Existing playing fields will be protected through an effective legislation. Encroachments will be checked properly.

iii) Stadia will be managed by the respective Provincial Sports Board/Divisional Sports Committees/district councils.

Playing Facilities at School and Colleges:

27. In the past, schools and colleges have served as the main nurseries for producing good sportsmen. But success in various sports has been largely attributed to individual intiative and the requisite institutional infrastructure and financial support needed for a self-sustaining quality output have been lacking. A number of administrative, organisational and financial measures will be taken in the Seventh Plan to broaden the sports base in the country as well as to draw the vast potential in the educational institutions with a view to increasing the output as well as improving standards in various games.

28. It would be appropriate to develop playing facilities at tehsil level which can be used by students in the colleges/schools situated in and around the tehsil headquarters as well as by the general public. There are 277 tehsils in the country. Out of these, about 100 places have some playing facilities. Fifty tehsil headquarters will be provided with modest sports facilities on selective basis during the Seventh Plan. The following measures will also help achieve the objective of encouraging sports activities through the educational mainstream:

i) A certain percentage of marks be assigned for participation/proficiency in games in all public examinations on the pattern of the National Cadet Corps for which 20 marks have been set aside at national level.

ii) There should be at least one PTI (Physical Training Instructor) for every school and one DFE (Director Physical Education) in each college.

iii) Incentives in the shape of President's Medals for students for outstanding performance in sports,

scholarships and special consideration for entry in government service (civil and military) be given to outstanding sportsmen. Preference should be accorded to prominent sportsmen for admission to prestigious institutions, including the professional colleges, provided they meet minimum academic requirements.

iv) Provincial Education Departments will develop projects for the provision of sports materials in primary, middle secondary, schools and colleges, indicating the financial requirements/input. The Federal Government will provide matching grants to meet the deficiencies.

v) The colleges/institutes of physical education will be improved and up-graded. The syllabi for physical education will be revised to include specialization in athletics, one major game and two minor games.

vi) Facilities available in the Institute of Physical Education at Islamabad will be optimally used for training of master coaches and trainers.

vii) Provision for play grounds should be made a pre-requisite for the new schools/colleges, wherever feasible.

viii) Provincial Directorates of Education will be strengthened by creating sports cells which will be responsible for promotion of physical education, sports/athletics in the provinces. The cell will work in coordination with Provincial Committees for the promotion of sports/athletics in educational institutions, which will be established to serve as advisory/supervisory body to promote physical education and sports in the respective province.

At the national level, I sports stadium at Rawalpindi for selected games is also planned to be taken up for execution.

Financial Allocation: A sum of Rs.322.59 million has been provided for sports development.

Role of Private Sector:

29. With increased demand in every sector of national life, it will not be possible to meet the entire requirements of providing sports facilities through public funds. It is, therefore, necessary that private sector is encouraged to invest in this sector. Apart from this, the available sports facilities may be run on commercial lines to generate enough funds to meet the growing demand.

30. To attract private investment as well as to enable the available sports facilities to generate funds the National Sports Federations will be encouraged to have their own stadia with possible matching investment from private sector on mutually agreed terms. Measures like Income Tax exemption for the investment made for such sports complex, and acquisition of land on concessional terms will be considered.

31. The industrial and commercial concerns in the public/private sector will sponsor not only the prestigious games but other games as well and extend patronage to divisional/district sports associations and organise tournaments for regional/district teams regularly.

32. The industrial/commercial concerns including public sector employing 500 or more persons will be encouraged to raise at least one sports team.

Streamlining Sports Administration:

33. The sports organisational structure has to evolve from grass roots with proper linkages at the national level. The constitution, organisational structure and functions of Pakistan Sports Board, Provincial Sports Boards as well as NGOs like National Sports Federations and other agencies concerned with sports will be reviewed with a view to broadening their base, improving their efficiency, ensuring effective coordination as well as evolving a mechanism for effective linkage amongst them for overall promotion and development of sports in the country.

Role of Defence Services:

34. The Armed Forces of Pakistan have been traditional supplier of good sportsmen who have brought laurels to the country. The Defence Services have a large number of organised youth and it should not be difficult to produce a substantial number of good players. The Defence authorities will endeavour to revitalise efforts to promote sports and undertake a comprehensive training and coaching programme for players associated with the services.

Sports Goods/Publications:

35. Availability of standard sports equipment at prices within the reach of general public would help popularisation of games. Manufacturers of sports gear may be persuaded to keep prices at a reasonable level through incentives/concessions. The sports gear in the country will be standardised and its quality improved. Import of sports equipment for international competitions will be allowed through the aegis of Pakistan Sports Board. Suitable concessions in duty on the import of sports magazines, newspapers and books will be considered.

Sports Foundation:

36. There is at present no organised system to look after the welfare of the sportsmen. A sports foundation will be established for the benefit of sportsmen with an initial grant pf Rs.50 million. Private sector donations will also be sought. The grants and other capital funds so generated will be invested in physical assets and the income credited to an endowment fund. The fund will be managed and controlled by an NGO body for meeting the welfare needs of the sportsmen.

TOURISM:

37. Tourism is emerging as an important economic activity which employs about 2.10 lakh persons. Public revenues generated from tourist industry during 1986-87 amounted to Rs.6.87 billion, while foreign exchange earned was $ 180 million. Nearly 90% of the tourist industry, mainly the hotels, transport, travel operations and marketing is run and operated by the private sector. Encouragement of the private sector through incentives, de-regulation measures and institution building will go a long way in the faster growth of tourism in the country in longer term.

38. The public sector agencies have a dual role to play in the promotion of tourism i.e. (a) creation of tourist facilities in areas where private sector investment is shy or as a purely promotional effort in the less developed regions, and (b) facilitate the expansion of tourism related activities in the private sector through incentives and improved coordination among various federal and provincial agencies.

39. The Seventh Plan recognises these parameters of growth. It will provide a policy framework within which the public and the private sectors should operate to the best national interest. The public sector investment will be directed towards (a) in-expensive tourist accommodation in northern areas, particularly, on the silk route and all along the National/Fourth Highway for foreign and domestic travellers and youth; (b) National parks and tourist sites will be developed on matching grant basis through the provinces; and (c) in-service training will be encouraged for the hotel industry staff through joint effort of the private sector and establishment of hotel training institution to look after training requirements of the hotel industry.

40. The priority attached to the development of tourism is reflected by the appointment of a Cabinet Committee for putting up concrete recommendations for a long-term policy package. The major policy elements cover the following areas:

i) A system of fiscal and monetary concessions and incentives for tourism related projects and their graded flows.

ii) Availability of inputs to tourism as an industry following its declaration as such.

iii) Adoption of one-window operations for promotion of tourism in Northern Areas, alongwith the organisational framework.

iv) A national land allocation policy for tourism related projects.

v) Projection Plan of Pakistan and its cultural/tourist attractions.

vi) National coordination forum to ensure implementation of policy guidelines and overcome operational difficulties in tourism related projects both in public and private sectors.

Physical Programmes:

41. Public Sector: It is proposed to construct 165-bed motel type tourist accommodation along KKH on silk route and in Northern Areas and Azad Kashmir through the PTDC and the Provincial Governments. In addition, 20 units of tourist facility will be established along the National Highway/Fourth Highway, each located at a travelling distance of 4 to 5 hours. These include 16 units of road basic facilities (RBF) with tea-shops counter and toilet facility and 4 units of Roadside Rest Houses (RRH) with 2-room and toilet block and kitchen,each alongwith reasonable facilities. Of these,14 units will be established in the touristic areas of Northern areas and NWFP, 5 units in Baluchistan and Azad Kashmir, and I unit in Sind. In addition, the Punjab Tourism Development Corporation will establish 6 units of road-side facilities under a separate programme. The first ever skiing facility and summer resort will be completed in the Swat Valley to provide a boost to tourism in this area.

42. The private sector will be associated with the operation and maintenance facilities to involve local communities with the tourism projects. In northern areas, the PTDC would help the private sector in the acquisition of suitable hotel sites for the private sector.

43. The Regional Development Finance Corporation was showing considerable investment interest in hotel industry in the northern areas. So far, Rs.12 million have been advanced to 11 units for creation of 2-3 star hotel establishments in these

areas. The RDFC will establish an equity fund for northern areas projects and another fund to subsidise the loan operations as such projects cannot sustain the applicable mark-up rates due to their short operating cycle.

44. Development grants of Rs.30 million (details in Annex-13.3), which represent 50 per cent of provincial tourism development schemes,will be provided by the Federal Government in order to augment their resources for speedy sports development.

45. An allocation of Rs.201.83 million has been provided for development of tourism through the public sector. At the federal level, the PTDC will be provided Rs.65.75 million and the Tourism Division Rs.136.08 million.

46. Private Sector Investment: With a proper policy package announced for encouragement of private investment in hotel, transport and travel trade industry, the level of investment expected during the Seventh Plan is at Rs.5.40 billion. This includes investment in transport (Rs.400 million) and construction of 6,600 additional hotel rooms at a cost of Rs.5.00 billion. Of these , 4700 rooms will be in 1-3 star modest small town and district level hotels, 900 units in 4 star hotels and 1,000 units in 5 star hotels. The projected investment will be met 30% from retained earnings and 70% (Rs.3.78 billion) from loans.

YOUTH DEVELOPMENT:

47. Youth is defined as a person between the age of 15 to 29 years. According to recent estimates of 1986-87, the number of youth population in this age group was 26.23 million or 26.37 per cent of the total population. Of these, 14.63 per cent were educated and 85.37 per cent illiterate. Over 67% of the youth population lived in rural areas. The school drop out ratio in Pakistan was unfortunately one of the highest in the world which explains the large number of un educated youth.

48. As most of this population is energetic with great potential of innovation, drive and initiative, they can make a tremendous impact on the movement of economic development as active partners if a joint and organised effort is made to utilise their potential.

49. Unfortunately, a joint and organsied effort was not made in the past to mobilise this important segment of population. For the first time, during the Sixth Plan, a modest programme was introduced, based on funding support to NGOs. But in view of the absence of an organised youth NGO federation, the response was poor. A youth NGO was supported for improvement and repairs of 11 youth hostels and construction of 3 youth hostels in the country. Under skill development programme, funds were

provided to the Provincial Governments for setting up 89 modest skill training centres located at district/tehsil level. Ten small playing ground projects implemented through the Provincial Governments were also supported. Buses were provided to the provinces for use by youth groups on recreation trips on concessional terms.

SEVENTH PLAN:

50. The strategy for youth development during the Seventh Plan will be based on meaningful involvement of NGOs in promoting activities in the priority areas of non-formal education,, skill development, cooperatives, recreation and community services. Active participation from youth organizations will be promoted and guidance and active support provided by the Government in the implementation of NGO-based programmes. To achieve this objective a policy frame-work will be adopted during the Seventh plan period in the following areas:

a) Well organised youth NGOs with trained and motivated cadres will be created alongwith necessary legal and regulatory measures for proper conduct and accountability. A resource development system will be introduced to assist with research and planning to gradually translate work experience into training programmes and training materials.

b) A proper techno-administrative structure will be evolved from out of the existing set up to guide and assist the NGOs in the operation of their programmes, and to stimulate creation of their new youth groupings for common objectives.

c) A 3-tier coordination framework will be provided at national provincial and district levels both at NGOs and the Government side. A coordination structure with a representative character will provide effective guidance for community participation, programming, funding and implementation of the various contractual obligations between public sector and NGOs.

51. The following are the dimensions of the operational Plan:

i) Non-formal education: The services of youth NGOs will be utilised for non-formal education programmes for out-of-school illiterate youth. For this purpose the voluntary services will be utilised by LAMEC and other public sector institutions subject to the approval of such projects by the national coordination council.

ii) Skill Development and Cooperatives: The skill development and cooperatives support programme is linked with the generation of employment opportunities for the youth. Funding has been provided during the Sixth Plan to the Provincial Governments for establishment of 89 skill youth training centres, of which 45 are meant for male and 44 for female youth . These small units, housed in rented accommodation trained 6,500 persons in such marketable trades as electrician, welding, tractor, driving, knitting, embroidery, leather work etc. These centres will be supported during the Seventh Plan for improvement of skills among the youth at the tehsil level.

iii) Initial funding support and public sector commitment will be mobilised to back NGO based programmes on matching grant basis. Presently a token allocation of Rs.10 million has been provided for this purpose.

A Youth Investment Promotion Society has been established in 1987 to help provide concessional finance and technical advice to the youth cooperatives. The NDFC, FBC and Small Business Finance Corporation as co-financers will advance Rs.200 million loans per year for generating youth employment prospects for 20,000 to 25,000 persons per year. The operation of this cooperative venture will be extended during the Seventh Plan with a view to generating employment opportunities for additional 10,000 persons by 1993. The national employment fund created with a capital of Rs.2 billion will also provide substantial support in increasing job opportunities for 700,000 youth.

Recreation: The ongoing programme for support to NGO in the construction of youth hostels will continue during the Seventh Plan. A sum of Rs.25 millon has been provided for construction of 4 youth hostels, located at Karachi, Quetta, Murree and Muzaffarabad on grant basis. Seven tehsil level modest playing fields will be completed at Kandkot, Mirpur Khas, Shakargarh, Mandi Bahauddin, Alipur, Gojra, and Nakyal. These projects are being implemented through District Councils. Fifty playing fields will also be provided under sports programme at selected tehsil headquarters to benefit the rural youth.

Training Programme: Under the programme of resource development nearly 1,140 key personnel of NGOs will be trained in the techniques of planning, and organising the community services and implementing small youth related projects on self-help basis, with essential key inputs from the Government. Rural based NGOs will be given priority in training. Seminars and workshops will be organised to promote innovative ideas and exchange of information and experience among the NGOs from all over the country.

Allocation

52. An allocation of Rs.72 million has been provided for the youth development programme. In addition credit requirements of Rs.1.00 billion will be generated for use by NDFC/FBC and Small Business Finance Corporation for promotion of the youth cooperative investment..

Overall Sectoral Allocation:

53. The financial allocation for the Seventh Plan is placed at Rs.1.400 billion in the public sector and Rs.6.44 billion outside ADP (details in Annex-13.1). The Major Physical Targets in the sector are placed in Annex-13.2).

PROVINCIAL PROGRAMME:

54. The total provincial programmes in the sector amount to Rs.400 million. This represents Rs.135.18 million as provincial share, Rs.161.68 millon as matching grants from the Federal Government as supporting funds to complete various schemes in the sports and tourism sectors and Rs.103 million for other programmes located in the provinces. The province-wise position of financial allocations is given in Annex-13.3, while a summary, alongwith the details of the physical programme is shown at Annex-13.4.

PUNJAB

55. In the province of the Punjab, the total sectoral allocation sands at Rs.129 million of which Rs.60 million represent federal grants and Rs.69 million as provincial share. The major programmes consist in the sport field followed by culture and tourism.

56. In culture, the information and Culture Department Punjab has a comparatively developed organisatoin structure in the form of art councils and museums. Projects of arts councils and open air theatres and projection of cultural heritage and folk arts complex (Free Mason Hall) have been implemented during the Sixth Plan.

57. In the Seventh Plan, construction of 2 new museums for Islamic art and the Freedom Struggle and a performing arts academy will be undertaken, while strengthening of divisional arts councils and museums, and commissioning of the historical paintings of the Pakistan Movement will be completed. Besides, a cultural centre will be established at Multan. The tentative size of the cultural programme stands at Rs.37.00 million.

58. In the field of tourism a Tourism Development Corporation of Punjab has been established in 1986 to promote and

develop tourist related activities and provide incentives, concessions, and service assistance to encourage the private sector involvement on a large scale.

59. The Corporation has drawn a development programme costing Rs.35.00 million which covers a wide spectrum of tourist interests. The facilities proposed cover remote and out of the way places as well as the much frequented spots like Murree. The scope of the programme included the following:

1) Construction of 6 units of road-side facilities for highway travellers from Rahimyar Khan to Rawalpindi.

2) Construction of tourist resorts at head Marala and Islam

3) Tourist huts and facilities in Changa Manga, Harappa, Rawalpindi, Nar and Punjar (Rawalpindi Division) and in Bahawalpur, Gujranwala, D.G.KHAN, Faisalabad, Multan, Sargodha Divisions.

60. The sports development programme includes construction/expansion of three stadia at Attock, Bahawalnagar, and Mianwali. In addition, 3 units of tehsil level modest stadia will be completed at Mandi Bahauddin, Gojra and Alipur. Under the programme of developing school playing fields at the selected tehsil headquarters, 25 units will be established in the province. The total size of the sports programme is thus Rs.57 million.

SIND

61. In Sind, a development allocation of Rs.59.00 million has been made for programmes in the culture, sports and tourism sectors. This represents Rs.30.00 million as matching federal grant and Rs.29.00 million as provincial share.

62. The Sind Government has plans to construct a cultural complex at Sehwan Sharif to serve as a museum for the cultural heritage of Sind, A Sachal Sarmast Academy in Khairpur will be constructed. In addition, the existing Quaid-i-Azam Hostel Building, Karachi will be renovated and expanded to provide for a museum of cultural heritage of Sind, an auditorium and conference room. The Sind achieves and record office is also planned as an institution to preserve valuable historical and archival records at the provincial level. A sum of Rs.18.00 million will thus be spent on culture.

63. In sports field, 2 district sports stadia at Khairpur and Sukkur will be completed. Two modest stadia will also be completed at Khandkot and Mirpur Khas, under youth programmes.

Additionally, Rs.12.00 million have been provided for sports facilities at 12 selected schools at the tehsil headquarters.

64. In tourism sector the provincial administration will develop tourist resorts at Gorag hills and Dadu-Johu hills. Preservation work and road infrastructure will also be completed at the Kot Diji Fort and Khadeji falls, near Karachi. A sum of Rs.14.00 million will be spent on this sector.

N.W.F.P.

65. A development allocation of Rs.73.50 million has been provided. This includes Rs.54.50 million for sports, Rs.7.00 million for tourism and Rs.12.00 million for culture. The federal matching grants for these projects will be Rs.54.00 million while provincial governments will be required to provide Rs.19.00 million as their share.

66. In the sports sector, 2 district stadia (funded during the Sixth Plan) will be completed and commissioned at Kohat and Bannu, while construction of 3 new stadia will be undertaken at Mardan, Mansehra and D.I.Khan. A training synthetic turf will be provided at Abbottabad for intensive hockey practice camps, particularly during summer, for national hockey players.

67. In the cultural field, a museum of archaeology at D.I.Khan will be established to preserve and conserve the cultural heritage of the Gomal Plain, where numerous sites ranging from proto-historic to the early medieval and early Islamic period had been discovered, for instance at Rehman Dheri, Gumla, Kafir Kot and Mohra Sharif. A cultural heritage centre will also be constructed at Peshawar.

68. In the tourism sector, the programme covers construction of road side facilities, extension of tourist accommodation and development of recreation spots in and around Para Chinar, Kohat, Swat and Peshawar Valleys.

BALUCHISTAN

69. The total sectoral programme in the Seventh Plan amounts to Rs.35.50 million which includes Rs.17.50 million federal grants and Rs.18.00 million as provincial share.

70. The cultural programme consists of building of a cultural heritage centre and an archaeological museum, both located at Quetta.

71. In the sports development programme, four sports stadia at Sibbi, Makran, Jhat Pat, and Kalat will be completed while 6 playing fields will be provided at the selected tehsil headquarter schools. A full-fledged coaching and training centre

and hostel for sportsmen will also be completed to meet the growing training needs of the province. The allocation for sports is Rs.18.00 million out of which the Federal grants will be Rs.13.00 million and provincial share Rs.5.00 million.

72. In the tourism field tourist facilities will be developed as the "Bab-i-Bolan" to cover the Mehargarh archaeological site and the Bolan Pass, as tourist spots. Infrastructure facilities will also be created around Hub River to promote inter-provincial traffic.

****

SUMMARY TABLE OF FINANCIAL ALLOCATION FOR CULTURE, SPORTS, TOURISM AND YOUTH SECTOR

ANNEX-13.1

1987-88 PRICES

(Million Rs.)

Programme/Agency	Ongoing Programme	New Programme	Total ADP	Outside ADP/Credit	Percentage Share
A. FEDERAL PROGRAMME					
I. Culture	1.63	456.02	457.65	---	36.20
II. Archaelogy and Archives	40.73	206.00	246.73	---	19.50
III. Sports Development	42.09	246.00	288.09	---	22.70
IV. Tourism	109.33	92.50	201.83	5,440.00	15.90
	----	----	----	----	----
a) Tourism Division	(103.58)	(32.50)	(136.08)	(5000.00)	(10.70)
b) P.T.D.C.	(5.75)	(60.00)	(65.75)	(440.00)	(5.20)
V. Youth Development	61.62	10.00	71.62	1,000.00	5.70
Total: A	255.40	1,010.52	1,265.92	6,440.00	100.00
B. PROVINCIAL PROGRAMMES * (NET)					
1. Punjab	10.00	59.00	69.00	----	51.10
2. Sind	5.00	24.00	29.00	----	21.50
3. N.W.F.P.	2.00	17.00	19.00	----	14.10
4. Baluchistan	4.00	14.00	18.00	----	13.30
Total: B	21.00	114.00	135.00	----	100.00
GRAND TOTAL	276.40	1,124.52	1,400.92	6,440.00	----

* Excludes Rs.265 million which represent Federal matching grants for Provincial Programmes included in Federal allocations. The total programmes thus add upto Rs.400 million.

PHYSICAL TARGETS FOR CULTURE, SPORTS, TOURISM AND YOUTH AFFAIRS SECTOR DURING SEVENTH PLAN

ANNEX-13.2

	Unit	Sixth Plan Target	Seventh Plan
I. ARCHAIOLOGY AND ARCHIVES			
1 Quaid-e-Azam Academy	%	17	100
2 Preservation of Moenjodaro	%		
(1st phase)		70	100
(2nd phase)		--	80
3 Construction of Museams	Nos	1	5
4 Preservation of National Monuments in Punjab, Sind and NWFP.	Nos	2	5
II. SPORTS			
5 Construction/expansion of district sports stadia	Nos	9	10
6 Playgrounds at Secondary School/College level in Tehsil Hqs.	Nos	--	50
7 National Sports Stadia	Nos	2	1
III. CULTURE			
8 Construction of Cultural Complex			
National Arts Galary	Nos	--	1
9 International Conference Hall	%	--	60
10 Provincial Cultural Complexes (Multan,Quetta,Sehwan,Peshawar)	Nos	--	4
IV. TOURISM			
11 Tourist Accomodation at KKH	No of Beds	20 :	
		:	165
12 Tourist Accomodation in Baluchistan/NA/AJK	No of Beds	28 :	
13 Roadside facilities along 4th highway/national highway	No of Units	--	20
14 Hotel Training Institute	Nos	--	1
V. YOUTH DEVELOPMENT			
15 Construction of Youth Hostels	Nos	1	4
16 Skill Training Centres for Training 5000 youth p.a.	Nos	89	89 (Maintained)
17 Youth Employment through Y.I.P.S. Per year.	Thousands	20	35

ANNEX-13.3

FINANCIAL DETAILS OF PROVINCIAL PROGRAMMES (1988-93)

SECTOR	Punjab			Sind			N.W.F.P.			BALUCHISTAN			GRAND TOTAL		
	Fed. Grant	Prov. Share	Total	Fed. Grant	Prov. Share	Total	Fed. Grant	Prov. Share	Total	Fed. Grant	Prov. Share	Total	Fed. Grant	Prov. Share	Total
1.SPORTS	44.68	12.18	56.86	23.00	4.00	27.00	46.50	8.00	54.50	13.50	5.00	18.50	127.68	29.18	156.86
a.District/ Tehsil Stadia	19.68	12.18	31.86	10.00	4.00	14.00	10.50	8.00	18.50	7.50	5.00	12.50	47.68	29.18	76.86
b.School Playing Fields	25.00	--	25.00	13.00	--	13.00	6.00	--	6.00	6.00	--	6.00	50.00	--	50.00
c.Training Synthetic Truf Abbotabad.	--	--	--	--	--	--	30.00	--	30.00	--	--	--	30.00	--	30.00
2.TOURISM	15.00	20.00	35.00	7.00	7.00	14.00	4.00	3.00	7.00	4.00	3.00	7.00	30.00	33.00	63.00
3. CULTURE	--	37.00	37.00	--	18.00	18.00	4.00	8.00	12.00	--	10.00	10.00	4.00	73.00	77.00
GRAND TOTAL	59.68	69.18	128.86	30.00	29.00	59.00	54.50	19.00	73.50	17.50	18.00	35.50	161.68	135.18	296.86

ANNEX-13.4

FINANCIAL ALLOCATIONS FOR PROVINCIAL PROGRAMMES

(Rupees Million)

PROVINCE	Sports			Tourism			Culture			Grand Total		
	Federal Grant	Prov. Share	Total	Federal Grant	Prov. Share	Total	Federal Grant	Prov. Share	Total	Federal Grant	Prov. Share	Total
PUNJAB	44.68	12.18	56.86	15.00	20.00	35.00	--	37.00	37.00	59.68	69.18	128.86
SIND	23.00	4.00	27.00	7.00	7.00	14.00	--	18.00	18.00	30.00	29.00	59.00
NWFP	46.50	8.00	54.50	4.00	3.00	7.00	4.00	8.00	12.00	54.50	19.00	73.50
BALUCHISTAN	13.50	5.00	18.50	4.00	3.00	7.00	--	10.00	10.00	17.50	18.00	35.50
TOTAL	127.68	29.18	156.86	30.00	33.00	63.00	4.00	73.00	77.00	161.68	135.18	296.86

PART III: SEVENTH FIVE YEAR PLAN (1988—93)

C — HUMAN RESOURCES

CHAPTER-14

MANPOWER AND EMPLOYMENT

The manpower and employment aspects of economic management have acquired critical importance in determining the pace and character of economic development in Pakistan. It has become manifest that future growth cannot be sustained without improvement in the quality of manpower through relevant education and training. At the same time indications of growing unemployment and continued flow in the job market of those with poor quality of general education and no special employable skills is creating social and political tensions affecting the climate for the pursuit of development objectives. The objectives of social equality, reduction in poverty and promotion of national cohesion can hardly be expected to be realized without a robust employment picture and sustained improvement in the quality of manpower capable of sustaining internationally competive output.

2. The Seventh Five Year Plan seeks to develop a systematic response to the serious problems emerging in this crucial area. With a strong beginning during the Seventh Plan, the shift in the basic policy variables would need to be pursued with determination during the perspective plan, if there is to be a hope for the nation to enter the next century with productive and efficient employment of its manpower resources. The Seventh Five Year Plan is seeking to lay the foundations of a strong programme for human resource development, to meet the magnitude of the task that lies ahead. The programme would be built over a period and cannot be outlined in advance in its entirety. Plan makes a provision for this subsequent amplification of the programme.

CURRENT SITUATION AND THE SIXTH PLAN REVIEW

3. The problems are basic and deep-rooted and go far in the past beyond the Sixth Plan period. We are faced with the results of decades of neglect of two fundamental issues in development policy. These are namely the absence of a rational approach towards population, growing at an abnormally high rate and lack of a really determined effort to develop an educational system for attaining mass literacy with required and needed skills. Pakistan has a devastating combination of an already large population of over 100 million growing at one of the highest rates in the world, and a illiteracy rates not much above the lowest in the world. There is a very small base for training and skill formation and a group of universities with declining standards and growing admissions. Another dimension of the problem relates to incompatibility of the labour force with

emerging skill requirements of the economy.This stems from a) the absence of formal institutional mechanisms to plan co-ordinate and monitor labour supply in accordance with observed and potential needs b) neglect of employment considerations when setting sector-specific production targets. Lastly, an inadequate data base has seriously hindered manpower planning exercises.

4. In this grim picture, the major hopeful sign has been the moderately high growth rate, soundly based on sustained favourable growth in agriculture. This has sustained the capacity of the economy to provide employment at a high enough rate to absorb a large part of the additions to the labour force. But there are indications that in recent years manpower supply has been increasing at a rate beyond the existing capacity of the economy to absorb, without a major additional effort and policy shift. It would be necessary to increase the job creation capacity further during the period until the successful implementation of a population policy.

5. During the Fifth Plan, the manpower situation was dominated by a large outflow of workers to Middle East. From 1978-79 to 1982-83, according to official estimates about .70 million workers found work outside Pakistan. This was around 20% of the addition to labour force in the country during the period. The Sixth Plan had realistically envisaged the prospect of a decline in the out migration of workers. But the change in the tempo of Middle East economies was more drastic and sudden. By the middle of the Plan period Pakistan was faced with net reverse migration.

6. The Sixth Plan witnessed considerable improvement in the demand for labour in the domestic market. The growth rate of gross domestic product, during the first four years of the plan, was equal to that projected in the Sixth Five Year Plan and was rooted in sustained growth in the agricultural sector. This proved to be a critical factor in the ability of the economy to provide employment at a sufficiently high rate to absorb a large part of the addition to the labour force. Total employment was expected to increase by 3.32 million, from 26.48 million in 1983 to 29.80 million in 1987-88, or at an annual compound rate of 2.4%. According to the latest Labour Force survey, 1986-87, employment growth has proceeded at an annual rate of 2.64% and is likely to exceed the plan target for providing additional jobs.

7. This was however, offset by development on the supply side. The latest data indicates that there was much more rapid increase in population that earlier estimated. This was combined with the beginning of reverse migration from Middle East. The population growth in the intercensal period 1972-81 turned out to be 3.06 per cent against plan assumption of 2.85 per cent. Also the plan had estimated net out-migration of 0.55 million during the plan period. According to the rough estimates based on latest

data, there has been a net reverse migration of nearly 100,000 persons upto June 1987.

8. Labour Force survey for 1986-87 indicates that despite these developments open unemployment remained un-changed at around one million in absolute numbers and declined from 3.9% to 3.05% as a proportion of labour force.

9. Main reason for this apparent improvement in unemployment picture is the decline in participation rate from 3.02% in 1983 to 2.94% in 1987. This implies that an increasing proportion of potential workers were not seeking jobs. In the absence of any reasonable explanation for this phenomenon, it may be a assumed that at least some of the new entrants in the job market who failed to find employment have not responded to the survey by claiming themselves as unemployed. Frustration with long periods of unemployment and social attitudes towards unemployed youngmen may have influenced their response to the questions in the survey.

10. Open unemployment is difficult to measure in a developing country like Pakistan. In the rural areas and particularly among women, a clear delineation between consumption and production activities cannot be made. Also as mention below mapping of human behaviour looking for work into a set of well defined, distinct categories is quite problematic . The phenomenon of discouraged workers or concealed unemployment also poses difficult measurement problems. There is a need to carry out surveys, specifically for the purpose of determining magnitudes and the character of open unemployment, as a supplement to the present information available in labour force surveys.

11. At the same time, the indirect evidence on unemployment largely based on the popularity of certain white collar jobs probably over-states the degree of unemployment particularly unemployment among educated. There are exaggerated notions about rewards of some jobs particularly in the public sector,leading to pressure on such jobs, while the applicants aready have alternative jobs or can find other productive use of their training and talent.

12. Taking an over view, despite the note of caution in the preceding paragraph, it appears safe to conclude that unemployment level increased during the Sixth Plan period. The decline in unemployment and participation rate in the Labour Force Survey gives a misleading picture. This decline appears in a period when workers are returning from Middle East and should be raising participation rate in the country. If there was no change in participation rate, open unemployment would have increased from 3.9% in 1982-83 to 5.6% in 1986-87. It appears that this represents a better approximation to the reality of the

labour market during the Sixth Plan. In any case, the decline in labour participation can only be a temporary phenomenon postponing the problems for some time. This can not be a part of a permanent solution.

13. The Government responded to the emerging un-employment situation in the country during the Sixth Five Year Plan mainly by focussing on the employment situation of the educated. Firstly, the emphasis on education and health in the Five Point Programme of the Prime Minister was also used to improve employment opportunities for educated manpower in the related professions. Secondly, special programmes were launched to remove the backlog of unemployment among Doctors and Engineers. Thirdly, a National Employment Fund was create in 1986-87 with the objective of serving as a catalyst for projects directed towards reducing unemployment in the country. Unfortunately, due to pressure of fiscal situation, the Employment Fund was allowed to lapse and was not renewed in 1987-88. But, the existence of Fund for a brief period did encourage development of some new schemes. The development of Youth Investment Promotion Society with programmes directed towards financing self-employment was the most promising new initiate. The Government also set up a National Manpower Commission in August, 1987, to develop a comprehensive long-term strategy for manpower development.

14. The employment problem had to be met on emergency basis during the Sixth Plan period. In some cases, it was considered necessary to create public sector jobs for selected trained professionals. The experience has, however, shown that his cannot be a long-term remedy. Unemployment levels already exceed one million and according to some estimates may be around 1.5 millon. Job creation for a few thousand professionals may not make even a dent in the politically sensitive problems and may in fact diffuse the effort required to attack the basic issue. The emergency treatment meted out in the Sixth Plan must be followed by a comprehensive and basic programme for employment generation in the economy.

EMPLOYMENT PRESSURES DURING THE SEVENTH PLAN

15. The Seventh Five Year Plan will be launched against a back-drop where unemployment is already at significantly high levels. The initial projections indicate that these levels would increase during the plan period. The major challenge, therefor, is to arrest and reverse these trends.

16. The open unemployment at a rate around 3 to 4% may not appear too high compared to developed economies. This is, however, only the tip of the iceberg under Pakistani conditions where much of the unemployment is concealed as under-employment. Under employment is estimated to affect 10.5% of the labour force

according to the Labour Force Survey, 1986-87. But it is estimated to be much higher on more strict criteria for full time employment used by certain experts. It is estimated that roughly one quarter of the labour force needs more regular or additional work.

17. Within the overall employment picture, the special problem of unemployment among the educated youth, though numerically less daunting, is socially and politically more serious. For a considerable period, the Government was a source of white collar jobs. With the Government seeking to limit its, non-development expenditure and reducing its direct participation in economic activity, the problem of finding jobs for the growing number coming out of colleges and universities without needed skills is acquiring a serious magnitude. Education and training would have to be responsive to the needs of a competitive private sector to deal with this issue. One of the characteristics of the educated unemployed is that much of the demand for jobs for the professionally/trained and qualified persons, particularly women, is in the rural areas. The mobility of educated manpower towards rural areas would need to be increased to overcome this imbalance. It would be necessary during Seventh Plan period to increase the attractiveness of rural job through the provision of housing, education and health facilities in addition to monetary incentives.

18. The extremely low rate of literacy, which continues, reflects the failure to create an effective demand for education especially for the female population. Further, there is shortage of skilled manpower with practical training, especially at the middle of the supervisory levels. That a large proportion of degree holders find it difficult to obtain gainful employment is not because they lack specialization but due to the poor quality of the basic educational training in many case which make them almost unemployable. Another aspect of the employment situation is that there are certain occupations which are highly remunerative and in great demand, but due to the cultural values and the social taboos, people would prefer to remain unemployed than to opt for these occupations. Some of these occupations are nursing, manual jobs like carpentry and construction work. The modifications in the education system and attitude to take care of these problems would take time. The support of the media should be sought to popularize values which bring about necessary change in social behaviour.

QUANTITATIVE PROJECTIONS OF EMPLOYMENT

19. The quantitative projections of unemployment should be viewed as indicative both because of the limitations of data base as also on account of the sensitivity of projections to policy changes over a wide field. The objective is to provide evidence

in support of certain qualitative conclusions regarding the continued worsening employment situation in the absence of strong corrective policy action.

20. The population of Pakistan estimated at 105.43 million in July 1988 is expected to continue increasing at 3.1% per annum rising to 122.82 million in July, 1993. The labour force participation rate is assumed not to change significantly in either direction from 29.4 as given in L.F.S. 1986-87. Tendency towards an increase in labor participation rate mainly because of improved participation of women may be neutralised by the increase in admission in educational institution, holding back some of the potential entrants in the labor force.

21. On the basis of these assumptions, the labour force is expected to increase form 31.00 million in July 1988 to 36.11 million during July 1993, recording an annual increase of 3.1% per annum. The rate of increase in labor force seeking domestic employment would, however, be 3.3% per annum with the number of net returnees from abroad estimated at 0.43 million for the plan period (86000 pe annum).

22. The employment generation during the Seventh Plan period would depend on the level and sectoral composition of economic growth. The employment elasticity is a useful tool for the propose of determining the likely impact of economic growth on the employment situation. This, however, needs to be supplemented by a more detailed estimate based on sectoral programmes the projects in the public and private sectors and policy mix in each sector. The Planning Commission would undertake such a detailed exercise at a subsequent stage., with the help of the National Manpower Commission .

23. At this stage, an exercise has been carried out based on sectoral elasticities which indicates that it may be possible to expect an overall elasticity of 0.41 during the Seventh Plan. The anticipated elasticity is only slightly higher than experienced during the preceding plan period and reflects the emphasis on social sector development. In the long run employment elasticity in Pakistan for the period since 1963-87 has been estimated at 0.42. The results of this analysis are summarised in the Table-I below:-

Table-I

(Million)

Total Labour Force	Estimated July 1988	Estimated July 1993
Population	105.43	122.82
Internal Labour Force	31.00	36.11
Net Returnees	-	.43
Total Labour Force	31.00	36.54
Unemployment	1.11	2.78
Employment	29.89	33.76
Unemployment rate(percent of Labour Force)	3.6	7.6

Note: Estimates are based on crude actively rate of 29.4 as in L.F.S,1986-87 is used.

24. It may be seen that the projection of employment and labour force on the above assumption gives a steep increase in open unemployment from roughly 1.00 million in July, 1988 to 2.78 million in 1993. This rise in absolute level of unemployment level would be socially unacceptable. It is likely that much of this increase in unemployment would be recorded as growing under-employment. Nevertheless this would create serious pressures and every effort needs to be directed towards reducing this level of unemployment and under-employment. With the present policies and pattern of growth reflected in the employment elasticity used in these calculations, it would take a growth rate of roughly 8 percent to absorb the new entrants into the labour force during, the Seventh Plan. With the presently projected growth rate of 6.1 percent, it would require drastic changes in policy framework to raise the elasticity towards around 0.5 seldom achieved by rapidly growing and modernizing developing countries. Given the limitation on resources availability and possible economic growth in the Seventh Five Year Plan a strategy is outlined in a subsequent sections. designed to increase the capacity of the economy to absorb available manpower with policy focus mainly on activising the potential of the small and informal sector and development of training in key areas.

25. The aim would be to bring up the development of small scale and informal sector, to promote self-employment in a number of required activities in the economy, and to develop a broad based mechanism for training and apprenticeship with the involvement of private sector. A carefully formulated programme is expected to improve the employment elasticity by focussing supplementary activity of sectors known to have high sectoral labour intensity e.g. construction, small and cottage industry as well as personal and commercial services. Activisation of these sectors may bring forth some of the dormant potential of the

economy and could bring about higher growth rate than can be anticipated at this stage.

26. The strategy outlined for the Seventh Plan in the following section will considerably reduce the emerging pressure on employment situation in the country. This is a hard programme and would require sustained effort throughout the plan period. The institutional machinery would need to be considerably strengthened and made effective. A difficult but realizable target would be to aim at keeping the open unemployment level at the existing 3 to 4 per cent range. Realistically it is possible to avoid a worsening of the employment situation. This would require employment to be raised to the level of a primary objective. The present policy formulation set up would have to make room for this serious new concern.

EMPLOYMENT STRATEGY FOR THE SEVENTH PLAN

27. The initial projection of increase in unemployment in the preceding section is premised on, a population growth rate of 3.1% an employment elasticity that does not diverge significantly from that prevailing in the past, expectations of a continuing decline in employment opportunities in the Middle East and, finally, the assumption that a large part of the labour force participants in the future will remain relatively untrained, unskilled and illiterate. It is clearly evident that the agenda for employment will have to concentrate on altering these critical parameters. This will entail curbing the high rate of population growth, initiating policies and programmes in those sectors that have a demonstrated employment potential, responding to structural changes in the Middle East economies and undertaking skill development and literacy programmes to meet the emerging requirements of the economy.

28. The main components of the strategy for the Seventh Plan for increasing productive employment will be:-

- Growth of small scale informal manufacturing in both urban and rural areas.

- Increased investments in infrastructuring development particularly in road construction and housing.

- Shift from import-substitution to export-led growth in the manufacturing sector.

29. The first two are important as leading sectors for employment generation because of their high labour intensities and strong linkages with the other sectors. They would also complement each other as better infrastructure facilities will induce higher growth, especially of small scale rural industries. The suggested measures for inducing growth in these sectors

outlined below, will also generate largely self-financed private investment beyond the target for the Seventh Plan. The suggested shift towards export led growth will bring about a more efficient and labour-intensive manufacturing sector, which is more in line with the country factor endowments, than has been achieved under past policies of emphasis on import-substitution.

30. These policy shifts in favour of employment intensive sectors, raising the level of activity largely on the basis of self-financing would be combined with a national training programme. The most essential part of the employment strategy has to be large skill-creation programme. Such programme to be effective would need to combine the efforts of both the public and the private sectors. The associations of the private sector who are the ultimate beneficiaries of skill development programmes would ensure that the supply of skills responds to the changing demand patterns.

31. Some specific measures are outlined below:-

Small Scale Informal Manufacturing (Urban & Rural)

32. Small-scale industries have not only a large potential for generation of employment, they also produce a relatively higher level of output and exports as these industries correspond to our factor endowments. In this context it may be noted that while investments in the small-scale sector, over 1971/72 to 1986-87 accounted for only 11.8 percent of the total investment in manufacturing, their contribution to output was as large as 30.5 percent. Over the eighties the incremental capital-output ratio in large-scale industries (2.02) is almost three times that in the small scale industries (0.2). However, despite their relatively low shares in total manufacturing investment small-scale industries contribute more than 80% to total manufacturing employment. The cost of additional job creation in large-scale industry is almost eighty times the cost of a job created in small-scale industry.

33. The small-scale industries suffer from a number of relative disadvantages in a modern society dominated by large scale industries. The small industries corporations in the provinces are making singular efforts to modernise some of the traditional small scale industries which can survive and can support the large scale industries. There is need for continuing identification of areas where small-scale operations can obtain orders from multi-nationals or domestic large units. It is, therefore, necessary that the Department of Investment Promotion and Supplies and the Planning Commission should jointly work towards identification of new opportunities for setting up and developing small-scale industries in line with the new opportunities.

34. Most important handicap for small scale industries is the system of import of raw material which generally favours large scale industries. The small scale industries generally buy their raw material from commercial importers or recognized industrial importers who sell raw material in excess of their own requirements. They do not take advantage of the system of duty refunds because the expense and effort involved is incommensurate with the savings from rebates. Additionally, export finance facilities are not extended to them. The progress towards deregulation and simplification of the procedure to import raw material would be a great help for large number of small-scale industries. The reduction of the level of duty on some of the raw material widely used by small scale industries would be essential.

35. Creation of demand for the products of traditional small scale industries can play an important role. A national campaign would be needed to develop markets for products of small industries. While large industries can afford their own advertisement budgets, small industries would need promotion efforts which are rooted within our national cultural heritage. A Government sponsored publicity campaign with awards for innovation and excellence of design would be necessary. This could be combined with efforts to create a feeling national pride and redirect ethnic feelings towards a constructive contribution with the richness of national diversity.

Small Informal Sector

36. The small informal sector has a large employment potential. Apart from retail trade which continues to expand and absorb large numbers, the informal sector largely depends on personal skills acquired through old apprenticeship system (Ustad-Shagird). The supply was disrupted through migration of skilled workers outside the country. The Seventh Five Year Plan aims at setting up training institutions to improve the supply of trained manpower. Training would be imparted in various trades to persons.

37. In addition, as discussed in a subsequent paragraph, a programme of developing private sector institutions under trade or business organizations would be developed.

38. The informal training through personal apprenticeship would continue. It is proposed that a regular system of examination and award of certificates be organized to improve the status and marketability of such training.

39. The programme of loans for self-financing and project development by Youth Investment Promotion Society would play an

important role in increasing employment in this area.

Housing and Road Construction

40. Housing construction has received special attention under the Five Point Programme of the Prime Minister. The emphasis will be on small,low cost housing. Various elements of such small houses would be standardized (e.g.size of doors and windows) to give rise to supporting industries.

41. Construction of much needed infrastructure which is the most obvious requirement, is that of roads. A programme for the construction of major national highways is already under implementation. A toll based programme for the construction of roads will be undertaken. Rules will be framed for encouraging the participation of the private sector in the construction of roads with the investment recovered through tolls. The road construction programme will be divided into the following three components:-

- Allow private sector to construct roads where such demand exists and cannot be met through public expenditure and allow the recovery of costs and maintenance through toll collection by the private sector.

- In cases where the expectation of income from tolls is not sufficient government will participate in the programme by providing part of the funds.

- The construction of rural villages to market roads will continue to be encouraged on a large scale and the rural development programme will have a sizeable component for the construction of rural roads. A master plan will be prepared regionally for rural road construction.

INFRASTRUCTURE DEVELOPMENT: DEVELOPMENT OF CONSTRUCTION INDUSTRY

42. Construction industry has a high employment elasticity. The construction activities implicit in the Seventh Five Year Plan will be carefully organized and phased with the objective of maintaining a sustained level of construction work during the plan period. A stable level of construction activities would lead to the development of a proper construction industry in the country which can look forward to a regular flow of contracts. The industry will be given incentives by the Government in return for commitment to employ engineers and other technical workers on a regular basis. The minimum employment of engineering and technical staff would be laid down as requirement for recognition of contractors for various contract size.

CONSULTANCY FIRMS

43. The development programme in the Seventh Plan would require use of consultancy servicing in engineering and other technical fields. This is a powerful area for employment of well-qualified technical manpower. Planning Commission has already set up a Special Cell for organizing consultancy professional and encouraging the use of consultancy firms located in Pakistan. These efforts would be carried further in the Seventh Plan to ensure that Pakistani Consultants are involved as leading consultants on all major projects. Pakistani Consultants would receive all possible help to obtain jobs abroad also.

EXPORT LED GROWTH OF THE MANUFACTURING SECTOR

44. The large scale manufacturing sector will continue to play an important role in the growth of the economy. So far its role in employment generation has been disappointing. This can partly be attributed to over-emphasis on import substitution. The export oriented industrial progress would be more in line with Pakistan's resource endowment and would naturally be much more labour intensive. The Seventh Plan, by shifting the emphasis towards more efficient export oriented industries would, therefore, be emphasising the employment aspect in further industrialization. In addition, the outward looking attitude brought about by great emphasis on exports is expected to encourage relationship with the foreign firms which would locate some of the processes in Pakistan and increase employment without large investment . Finally, an emphasis on production for exports will galvanise the small-scale sector which is, traditionally, more labour intensive. While not endorsing a blanket shift towards import liberalisation a phased programme of tariff rationalisation and reduction in import duties, particularly on raw materials and intermediate goods, during the Seventh Plan will be necessary. This policy should be implemented in conjunction with a programme of management and skill upgradation through vocational and on the job training.

AGRICULTURE AND RURAL EMPLOYMENT

45. Agriculture has been the traditional reservoir of employment for roughly half of the national manpower, although part of it is under-employed. It is essential that the rural-agricultural employment should grow during the Seventh Plan to bring down the rate of migration to the large urban centres. Diversification of agriculture towards fruits, vegetables, edible oils and activities such as livestock rearing for meat and milk production will increase the employment potential in the rural society. Equally important are the forward linkages of these

activities with processing and packaging industries. In consonance with increased production, changing consumption patterns and export requirements, existing capacity in these industries will have to be substantially increased. To the extent that these industries can be located close to the source of supply more rural employment will be generated. Selective mechanisation of agriculture would continue. Since the technical input in manufacturing some of the agricultural implements is not particularly complex, indigenous production activity would easily develop with strong positive effects on rural industrialisation and employment. The off farm demand for labour would also increase for maintenance. With the objective of increasing the off-farm employment in the rural areas the Government would seek to focus the availability of infrastructure at certain points in rural areas which have the potential to emerge as growth points. Possibility would be examined for the development of small size commercial industrial plots for rural industries and service facilities along the points of road development in rural areas. Once the villages have been electrified, new connections should be easily available to small industrial units and mechanical service units.

46. The following recommendations of the National Commission on Agriculture also have merit:

- The creation of an institutional framework will directly create more jobs, as well as fully realise the productive potential of the 20-25% of the rural population that is below the official poverty line as well as of other tenant farmer and landless labourers. This will feature (a) the creation of marketing and production co-operatives and of village organizations wherein the rural community can participate in all aspects of decision making concerning its welfare (b) the re-organization of local bodies in a manner that gives them more responsibility, with attendant financial support from the government.

- The creation of new as well as restructuring of existing institutions which will directly provide employment, such as the Watershed and Arid Lands Development Authority (WALDA), the extension of the supervised credit scheme to ensure maximum coverage in the rural areas and extension and revamping of the research and extension network.

- Additional infrastuctural investments such as land reclamation/improvement, digging canals and drainage ditches, water course lining, storage construction and afforestation.

MIGRATION OF WORKERS.

47. The migration of workers was an important out-let for Pakistan's Labour Force during 70's The Sixth Fiver Year Plan witnessed the possibility of a net reverse migration. Latest trends in Middle East with the stabilization of petroleum price, indicates that the present stock of workers abroad may not change significantly in the coming years. Any projections are fraught with uncertainty. Pakistan should however, aim at retaining at least the present stock abroad. Critical to these policies will be the recognition that the Middle East economies are moving from the stage of construction of infrastructure to manufacturing services and maintenance activities. There is a continued demand in Middle East for skilled workers like Air-conditioning mechanics, and for trained workers in hotels and pharmacies. Development of skills and training programmes would be a great help. It would be necessary to carry out detailed studies of the potential manpower markets and the type of skill that are needed in those markets. The private sector should be enabled to develop training institutions particularly keeping in view the changing pattern of demand in the major areas requiring manpower. These are necessary steps though it is obvious that migration is not likely to be a major source of demand for manpower in the Seventh Plan.

48. The gross flow of return migrants during the Seventh Plan period will present a difficult task for the government in terms of their productive re-absorption in the economy. However, at the same time, it must be recognised that a majority of these workers will return with substantial funds, more progressive and modern attitudes, and a high level of accumulated skills. These factors, in combination, constitute the wherewithal for a new entrepreneurial class. The government's responsibility, in this e context, is to continue with its policies of de-regulating and liberalising the economy and to establish information systems-extending abroad-that allow migrants, disposed to invest in industrial, trade, transport and agricultural ventures, to avail of the best investment opportunities in various regions and sectors.

TRAINING AND SKILLS

49. Training and skills plan will mark the beginning of a concerted effort to create a well trained skilled manpower base for the economy. Studies to analyses this issue in depth in order to identify the major occupations in which skill supplies must be concentrated and the most cost-effective manner for producing these skills will be embarked upon. The long term solution to the problems of youth unemployment or the educated unemployment will be found through more effective manpower planning for the

economy. While it may not be complete true that the supply of skilled manpower creates its own demand but the supply of skills can play a major role in generating productive employment for the fast growing labour force. Some of the measures, which will be taken, are the following:-

- The annual output of skilled workers through training being imparted in the formal government institutions, apprenticeship programmes and specialised training programmes of major public sector establishments is estimated to be 19.834 at the start of the Seventh Plan, which would increase to about 25,000 per annum by the end of the plan period. The annual supply of semi-skilled workers during the Seventh Plan (including private institutions) is expected to be 39,000. On a rough estimate, these will be supplemented by the informal training system (Ustad-Shagird) by about 20,000 skilled workers and 20,000 semi-skilled workers annually during the Seventh Plan. Given the expected increases in skill demand the present programmes are clearly inadequate and would be expanded.

- The Government is seeking to implement a programme which would ultimately direct 50 per cent of the school leavers to vocational institutions. This is both costly and would require time while making progress towards this objective, the plan simultaneously explores other alternatives as well.

- One cost effective area of skill expansion is through the Apprenticeship Training Programme which as a present output of only about 1500 per annum, mostly in Sind and Punjab. Presently a number of industrial establishments have managed to escape from the provision of the existing Apprenticeship Training Ordinance, 1962, which regulates this programme,. A rapid expansion of programme through an expanded and comprehensive system of apprenticeship training, which should also cover degree level engineers and polytechnic diploma holders in addition to lower categories of skilled personnel will also be undertaken. Suitable incentives will be provided to both trainees and institutions to participate in this programme. It is proposed to hold a national aptitude test after matriculation to select about 10,00 candidates for training to work with machines in various industries. This would inspire confidence among entrepreneurs to trust them with machines. Chambers of Commerce and Industries and various industrial associations would be associated with non-specialised apprenticeship programme with necessary support from the Government . Apprenticeship programmes for

engineers would be run by large units only.

- To reduce the problem of educated unemployed a comprehensive programme of Vocational Guidance and Employment Counselling will also be introduced during the Seventh Plan.

- Arrangements will be made to register all the educated employment seekers at the local employment exchanges. Special arrangements will be made at all the employment exchange offices for this propose and proper techniques and procedures for registering, interviewing, referral and placements will be developed. Simultaneously Placement Bureau will be set up in educational institutions for referral and placement of the educated unemployed.

50. A major thrust in education and training will be to arrest the present alarming decline in the quality of education. All the expected benefits of investments in education and skill training would be obliterated unless this decline in the quality of our education is arrested. Some of the measures to be undertaken are:-

- A significant amount of resources will be earmarked for programmes for refresher course for teacher at all levels.

- Higher educational institutions will link themselves with leading institutions in other countries and encourage exchange of specialists with them.

FINANCIAL ALLOCATIONS

51. Tentative allocations for the projects and programme in the Labour and Manpower sector have been worked out at Rs.2710 million. Out of this Rs. 1690 million is for the on-going programmes. The main on-going programme is World Bank financed National Vocational Training Project from which an allocation of Rs.1505 million have been made in the Seventh Five Year Plan. Rs.1020 million are earmarked for new projects. This is mainly to set up 50 additional vocational Training Institutes.

52. The present size of the programme is not adequate to bring about a major change int his vital sector. It is therefore, proposed to set-aside a special fund of Rs.3 billion. For implementation of the projects and programmes likely to be formulated in the light of the strategy outlined in the Seventh Five Year Plan, and to implement the recommendations of National Manpower Commission. The allocation would be in the form of a special Human Resources Development Fund. The authorizations form the Fund would be made by a Special High Powered Board. An assured availability of funds is an essential starting point for

the formulation of coherent programmes for long term development of Human Resources. The Fund will be non-lapseable and will be available for the entire plan period. Fund will be used initially to finance the apprenticeship programme and for the creation of new training institutions in collaboration with private sector. The fund can, at a later stage, be strengthened by a small levy on the private sector who would benefit from the improved quality of manpower.

****

CHAPTER-15

POPULATION WELFARE PROGRAMME

1. Population Policy has been recognized as a crucial factor for designing a balanced development strategy of the country. The current position of population and its trends have been accepted as constituent elements of the overall socio-economic development policies of the Seventh Five Year Plan as these will continue to affect the future development goals and prospects well beyond the perspective plan period.

2. The availability of demographic data is vital for development planning purposes. Considering the numerical preponderance of Pakistan's population it can be stated that some demographic data is available for most of the population. According to various censuses the population of the country was recorded as 33.7 million (1951), 42.91 million (1961), 65.2 million (1972) and 84.2 million (1981). There was, thus, a net increase of 50.5 million (150%) in a period of 30 years. The inter-censal annual average growth on the basis of above censuses has fluctuated between 2.4% (1951-61), to 3.6% (1961-72) and 3.1% (1972-81). The high annual average inter-censal growth rate of 3.6% recorded between the 1961 and 1972 census is considered an over-estimate as it is based on the actual census count of September, 1972, whereby the population was 52% in excess of January, 1961. It needs to be noted that as a result of intensive expert study, the 1961 census was adjusted by 7.5% for under-reporting while advances in survey capabilities, short and simpler forms and timing of the 1972 census had led to better coverage. Furthermore, the National Impact Survey (NIS) 1968, the Population Growth Survey (PGS), 1971 and the Pakistan Fertility Survey (PFS), 1975 placed the Crude Birth Rate (CBR) in the range of 37-40.5 per thousand, thus indicating a lower growth rate. Even though these estimates were widely believed to be biased downward yet indirect evidence indicated that fertility has been slowly declining and the Housing, Economic and Demographic Survey (HEDS), a companion survey of 1979 census also failed to support a growth rate approaching 3.6%. The Planning Commission on the basis of available data assumed the level of crude birth rate (CBR) around 46.5 per thousand during 1970-71, while the crude death rate (CDR) for the same period, was placed at 16.5. The CBR for 1987-88 has been estimated as 42.56, the CDR is assumed around 11.26 and the natural growth rate is pitched at about 3.13%. On the basis of the above 8.4%, reduction in CBR and 31.5% in the CDR appears to have occurred.

3. Population estimates for the previous plans were based on optimistic assumptions and the estimated levels in CBR and CDR reduction appear not to have been achieved. Furthermore, CBR trend during last 30 years does not clearly reflect variations in

PREVIOUS PAGE BLANK

fertility levels of different population groups according to social class stratification levels of education and income, female emancipation and labour force participation, and rural-urban residence. The very slow improvement in the level of female literacy and labour force participation will continue to encourage women to derive their social esteem from bearing a large number of children particularly male issues. Further, the sex-age data recorded by the 1981 census shows an uncommon age structure with 44.5% population below 15 years, and 44.5% females in reproductive age groups of 15 to 49 years. The population estimates for the Seventh five Year Plan are based on the demographic rates recommended by the Standing Committee constituted by ECNEC in 1986 for estimating population growth rates. These rates are conservative and have been assumed for avoiding under-estimation. A major break-through in the level of literacy, female employment, age at first marriage, child survival and knowledge and use of contraceptive, if achieved, may positively change the prospective trends of fertility.

SIXTH PLAN REVIEW:

4. Taking cognizance of the inter-relationship between fertility level and socio-economic development, the policy during the Sixth Plan was modified. The modifications included efforts directed at behavioural change in favour of small family norm, catering to local needs, involvement of target groups, non-governmental organizations and commercial enterprise in the distribution of conventional contraceptives. It was thus expected to expand the scope of the Programme and to seek integration of service delivery with programmes of other social sectors.

5. The major objectives included increasing the family planning practice from 5.6% to 18% reducing crude birth rate from 40.3 to 36.2 per thousand (as indicated in Chapter 21 of the Sixth Plan Document published by Planning and Development Division) and 43.56 (based on figures subsequently recommended by the Standing Committee constituted by ECNEC in 1988) to 38.5, reducing the level of fertility from 5.9 to 5.4 and averting 2 million births and thereby reducing the rate of population growth from 2.87% to 2.60% during the Sixth Plan period. Although some progress was made, yet these ambitious objectives could not be fully achieved.

6. Programme strategy involved a shift from the uni-purpose family planning approach to a close inter-relationship between population, resources, environment and development. It thus followed a multi-sectoral and multi-dimensional approach. For better acceptance of family planning, participation of all relevant Government departments, NGOs, private sector and local leadership was encouraged. Greater emphasis was placed on training, motivation of the masses, community leaders, media and

programme personnel and concerned staff of health related agencies, demographic, bio-medical and social research activities were strengthened for better understanding of various correlates of fertility decline, improving the family planning services, and their better acceptance.

7. The performance during the Sixth Plan, 1983-88 indicates a more favourable position when compared with the performance of Fifth Five Year Plan 1978-83. There has been a considerable increasing trend, particularly in the service delivery of IUD insertion, contraceptive surgery and injectables during the Sixth Five Year Plan. Although there has also been an increasing trend in the service delivery of condoms and oral pills, yet it is not considered as marked achievement in dispensation of condoms and oral pills. The details are given below:

(Figures in Million)

Methods	Fifth Plan period (1978-83)	Sixth Plan period (1983-88)
IUD (cases)	0.443	1.332
Condom (Units)	229.400	444.875
Oral Pill (Cycles)	5.382	6.090
Sterilization (Contraceptive Surgery cases)	0.133	0.312
Injectable (Vials)	0.125	1.215

8. During the Sixth Plan period the programme as a whole averted 1.272 million births which include 0.330 million births of carry over effects of IUD insertions and contraceptive surgery cases. The number of birth aversions which was 0.157 in 1983-84 increased to 0.353 million in 1987-88. Similarly the number of acceptors of various contraceptives has also increased from 0.864 million in 1983-84 to 1.838 million in 1987-88.

9. The percentage share of various contraceptive methods in averting births during the Plan period is: Condom 57%, IUD 24%, Contraceptive Surgery 9%, Oral Pill 7% and Injectable 3%.

10. The overall performance for various contraceptive methods during the Sixth Five Year Plan, 1983-88 is given below:

Table-1

METHOD-WISE CONTRACEPTIVES ACCEPTORS AND BIRTH AVERSION PERFORMANCE DURING SIXTH PLAN 1983-88

(Figures in Million)

Years	Condom (Units)*	Oral Pills (Cycles)	IUD (cases)	Injectable (Vials)	Contraceptive Surgery (Cases)	Acceptors	Birth Aversion including carry over
1983-84	59.514	0.741	0.152	0.096	0.041	0.864	0.157 (0.038)
1984-85	82.693	0.928	0.197	0.110	0.059	1.176	0.212 (0.050)
1985-86	86.314	1.274	0.242	0.225	0.070	1.318	0.248 (0.065)
1986-87	103.354	1.448	0.316	0.384	0.069	1.607	0.302 (0.080)
1987-88	113.000	1.700	0.425	0.400	0.073	1.838	0.353 (0.097)
Total	444.875	6.090	1.332	1.215	0.312	6.804	1.272

* Includes Foam

** Figures in parenthesis are the birth aversion through carry over.

@ Estimated on the basis of actual performance during July to December, 1987.

11. During the Sixth Plan period the gross allocation was Rs 2.300 billion, but the net allocation was Rs 2.156 billion. It is estimated that the Programme had utilized Rs 1.758 billion (76.5%) as per details given below in Table-2.

Table-2

YEAR-WISE FINANCIAL ALLOCATIONS AND UTILIZATION DURING THE SIXTH PLAN (1983-88)

(Figures in Million)

Fiscal Year	-- Allocation -- Plan	Actual	Foreign Assistance Rupees	%age of Actual Allocation	--Utilization-- Rupees	Percentage
1983-84	273	273.064	169.039	61.9	202.170	74.0
1984-85	320	300.000	160.000	53.3	321.329	107.1
1985-86	475	456.304	310.147	74.5	388.413	85.1
1986-87	530	555.862	400.000	72.0	333.840	60.1
1987-88	702	571.000	397.073	69.5	513.170	89.9
Total	2300	2156.230	1466.259	68.0	1758.922	76.5

SEVENTH PLAN:

12. Realising the gravity of the population problem in the country, the Government has given special attention to investment in the Population Welfare Programme and has increased the allocations considerably. The Programme for the Seventh Plan is similar to the Sixth Plan but with emphasis on better and wider service delivery and more intensive and varied motivational programme. These activities are envisaged on the basis of the experience gained during the preceding Plans including various constraints, limitations and shortfalls.

POLICY:

13. The major thrust of the population policy will continue to improve the general standard of living and the quality of life of the people by facilitating the process of socio-economic development. The Population Welfare Programme is a key element to bring about a balance between the individual needs and national resources, as it provides opportunities to people to achieve the desired family size.

14. More specifically the intent and purpose of the population policy will be to achieve this goal through lowering the population growth rate. Policy efforts will be directed for bringing about behavioural change in favour of small family norm through voluntary birth intervals, care of pregnancy and safe delivery. As such fertility management will rate high as a

development need of the country. A multi-sectoral approach will be vigorously followed by involving all ministries and departments in dealing with population related issues and incorporating population components in their activities. The policy of the Seventh Plan will, thus, boldly avoid aggravation of problems arising from rapid growth of population. More precisely, the ministries and departments will play a vital role in communication strategy, population education and service delivery. Simultaneously, the programme will also address itself to reducing morbidity and mortality among high-risk segments of population i.e. women in reproductive age groups and children under five years of age.

OBJECTIVES OF THE PLAN:

15. The Plan includes following primary and demographic objectives:

a) Primary objectives incorporate (i) raising the level of current practice from estimated level of 12.92% (1987-88) to 23.43 by 1992-93; and (ii) providing reproductive care services to mothers and child health care services for children under 5 years.

b) Demographic objectives envisage (i) reducing the CBR from 42.26 per thousand to 38.00 per thousand; (ii) preventing 3.1 million births.

DEMOGRAPHIC TARGETS:

16. The targets for reduction in CBR and rate of growth of population for each year of the plan are given in Table-3.

Table-3

ESTIMATES OF SELECTED DEMOGRAPHIC INDICATORS FOR EACH YEAR OF THE SEVENTH FIVE YEAR PLAN, 1988-93

	1987-88 (Bench-mark)	88-89	89-90	90-91	91-92	92-93
Mid year Population (million)	102.544	105.741	109.038	112.438	115.944	119.448
Birth rate (per thousand population)	42.56	42.26	41.95	41.37	40.78	40.20
Death rate (per thousand population)	11.26	11.06	10.75	10.37	9.98	9.60
Rate of growth (percent)	3.13	3.12	3.12	3.10	3.08	3.06
Number of Women age group (15-49)(million)	21.835	22.549	23.316	24.094	24.898	25.702
Number of married women age group (15-49) (million)	16.376	16.922	17.487	18.071	18.674	19.277
Number of births to be averted (million)	0.333	0.434	0.490	0.608	0.742	0.887
Birth aversions as percent of married women	2.03	2.56	2.80	3.36	3.97	4.60
Number of Acceptors including carry over (million)	2.116	2.566	2.788	3.373	3.928	4.517
Acceptors as percent of married women aged (15-49).	12.92	15.16	15.94	18.66	21.03	23.43

Note:- The birth rates, death rates and growth rates are estimated at the end of each fiscal year.

SUPPORTIVE OBJECTIVES:

17. In order to achieve the primary and demographic targets, the Programme will pursue the following supportive objectives:

i) develop and strengthen field management through effective supervision and monitoring.

ii) expand clinical services through outreach and mobile units.

iii) lay greater emphasis on clinical methods.

iv) develop and strengthen multi-sectoral linkages.

v) encourage and involve local community participation.

vi) strengthen training activities for the programme.

vii) pursue more effective communication strategy.

viii) expand involvement of NGOs.

ix) involve TBAs in motivation and contraceptive distribution.

x) involve and encourage private registered medical practitioners in family planning activities.

xi) expand social marketing of contraceptives.

xii) undertake bio-medical and socio-demographic research for better understanding of various correlates of fertility decline; and

xiii) evolve mechanism for incentive schemes.

18. The important assumptions for achieving the above objectives are (a) political and socio-economic stability for permitting uninterrupted programme operation; (b) visible government commitment and continued priority for the population sector; and (c) availability of foreign assistance.

MAIN FEATURES:

19. The main features of the population welfare plan during 1988-93 are enumerated below:

i) Reinforcing the multi-sectoral approach for greater social acceptance of the small family norm and to cater

to a growing demand for service through a wellknit service delivery system.

ii) Giving cognizance to the inter-relationship between population, resources, environment and development.

iii) Shifting to more effective contraceptive methods, such as contraceptive surgery, IUDs and injectables.

iv) Designing and implementing a more effective communication strategy directed towards clearly defined target groups to promote and accelerate family planning acceptance.

v) Strengthening field supervision from the federal to the grass-root level.

vi) Introducing special incentives to accelerate acceptance of small family norm.

STRATEGY:

20. The strategy for the Seventh Plan will continue to elicit greater and more active participation of relevant government departments, public institutions and the private sector in providing services and promotional programmes.

INTERMEDIATE BENEFITS:

21. The programme envisages to also provide maternal and child health (MCH) services through programme's own service outlets, besides dispensing family planning services. With the improved communication strategy relating to family welfare, both the components, MCH and family planning would generate benefits such as (i) to narrow down the gap between awareness about contraceptive methods and actual use of contraceptives, (ii) to increase breastfeeding practices (iii) to improve the health of mothers through birth-spacing and (iv) consequently to decrease infant mortality.

PROGRAMME:

22. The Population Welfare Plan for 1988-93 is a rolling plan of the Perspective Plan (1986-2006). The Plan is based on the programmes of four provinces and the federal units. The Federal programme includes policy, planning, setting of national targets, securing foreign assistance, contraceptive supplies, training, IEC, monitoring, research, evaluation, social marketing of contraceptives, involvement of NGOs, Hakims and extending

family planning facilities and services in the federal district of Islamabad, AJK, Northern Areas, and target group Institutions. The Provincial programmes include service delivery, field supervision, monitoring and responsibility for overall implementation of the programme in the respective provinces. The activities under the plan have been classified under two main heads which are interrelated and interdependent on each other. The various components of the programme are discussed briefly as under:

SERVICE DELIVERY:

23. The service delivery of the programme will be improved and expanded to cater to the unmet demand of fecund women as highlighted by the Pakistan Contraceptive Prevalence Survey (1984-85).

i) Family Welfare Centres: The Family Welfare Centres (FWCs) are the main source of service delivery and would continue to offer a package of services including family planning, mother and child care, health education and preventive as well as elementary health care for women and children.

As existing coverage through FW Centres is inadequate, some expansion is felt essential and the number of centres will be increased from 1275 in June, 1988 to 1347 by the end of the Seventh Plan period. In order to improve coverage and increase accessability, an active approach of service delivery with relocation of the centres at more suitable places would be emphasised. The staffing pattern of FW Centres would continue as at present.

ii) Mobile Service Units: In order to improve clinical supervision, as well as provide guidance and on job training to FWC staff, it is proposed to set up Mobile Service Units at tehsil level in the four provinces as another measure to cater to unmet need. These units will be headed by a lady doctor or a senior paramedic (FW supervisor or Technical supervisor), with supporting staff. The units will be attached to selected family welfare centres so as to increase coverage through provision of outreach service. A total of 158 Mobile Service Units will be established in a phased manner during the 7th Five year Plan.

iii) Reproductive Health Services (RHS): The existing RHS service delivery is through three types of outlets namely, 'A' Centres in teaching hospitals, 'B' Centres in various public and private hospitals and mobile extension service teams. During the Seventh Plan A-Centres will be increased from 33 to 79 and construction of new Reproductive Health Centres will be undertaken in a phased manner. Performance of existing 125 B-Centres and Extension Teams will be reviewed and the B-Centres

showing good performance will be upgraded as 'A' Centres by providing necessary staff and equipment 'A' Centres will be established at all District Headquarters Hospitals. Four new extension teams will be added, 2 in NWFP, 1 in Baluchistan and 1 in the Federal District of Islamabad so that there would be 11 teams by the end of the Seventh Plan period. Voluntary contraceptive surgery will be promoted amongst eligible couples with emphasis on the younger age parity groups.

iv) Service outlets of other Departments: The performance of these outlets during the Sixth Plan has not been satisfactory. Their involvement will, therefore, be made more effective through intensified training, adequate supplies, increased collaboration and regular monitoring. The Health Division has indicated that fertility control will become their central theme during the Seventh Plan. Such inputs from Population Welfare Division as training, supplies and regular monitoring will be intensified. In accordance with September 1985 decision of ECNEC, the BHUs, RHCs and MCH of Health Departments will offer family planning services. Training of personnel, contraceptive supplies and IEC material will be extended by Population Welfare Division to the Health Department outlets. The number of outlets to be involved during the Seventh Plan would be 5029 of Health Departments and 384 (224 new) of other Departments such as Social Welfare, Labour etc.

v) Target Group Institutions (TGIs): Major thrust will be placed upon increased involvement of semi-government and autonomous organizations such as PIA, Railways, Armed Forces, WAPDA, etc. in the service delivery system. Due to slow progress during the Sixth Plan the existing 174 TGIs would be retained and strengthened through training, supplies and monitoring. In addition to the existing 13 TGIs the possibility of involving other organizations will also be explored.

vi) Non-governmental Organizations (NGOs): The role of NGOs in the overall development process is well recognized. In view of their importance, 89 viable NGOs were involved in the programme during the Sixth Plan period. Technical, commodity and financial assistance was provided by the Government of Pakistan through the NGO Coordinating Council (NGO CC) which was constituted in 1984 and this will continue as such in the Seventh Plan period. The activities of NGO CC will include family planning services and motivation in relevant areas. These activities will be undertaken through 925 separate units.

vii) Hakims and Homeopaths: Hakims and Homeopaths are practitioners of traditional medicine, who provide services through 'matabs' or clinics located in peri-urban and rural areas. During the Sixth Plan period, 1156 hakims were involved in the Programme for distribution of conventional contraceptives but the overall impact was insignificant. In the Seventh Plan,

therefore, it is proposed to emphasize adequate training and improved quality of service, as well as increase the number of hakims to 2500. In addition, services of 1500 homeopaths will be enrolled in order to broad base family planning service delivery.

viii) Traditional Birth Attendants (TBAs): The role of TBAs is considered crucial but could not receive full recognition during the Sixth Plan. Efforts will be made to link the trained TBAs with FWCs and mobile units to provide village-based contact. Additional TBAs will also be trained to expand out-reach services. Their specific role would be to motivate couples, provide conventional contraceptives and serve as referrers of cases of IUD and contraceptive surgery. A total of 9012 TBAs will be involved during the Seventh Plan.

ix) Involvement of Registered Medical Practitioners (RMPs): The relationship between health and family planning is so fundamental and of such a continuing nature that family planning activity is eminently suited to be a natural part of general health services. Based on this premise, it is proposed to increase the participation of the medical sector in the Programme by involving 4875 general medical practioners.

x) Social Marketing of Contraceptives: The Sixth Plan envisaged active involvement of the private sector to supplement Government efforts in the distribution of contraceptives. A Social Marketing of Contraceptives Programme was launched in September, 1986 by M/S. Woodward Limited with the objective of establishing 50,000 contraceptive distribution points by the end of the Sixth Five Year Plan. The Programme will be further expanded during the 7th Plan period and the number of distribution points would be raised to 72,000.

xi) MCH and Family Planning Services in Azad Jammu and Kashmir (AJK) and Northern Areas: During the Sixth Plan period, MCH and family planning services were offered in AJK and Northern Areas through their existing health infrastructure. The performance, however, remained weak due to administrative and manpower constraints. During the Seventh Plan, the situation is likely to improve with increased availability of lady doctors and extensive training of para-medics. In view of this, it is proposed to increase the number of outlets involved from 50 to 90 in Northern Areas.

In AJK, the strategy will be to involve all existing health outlets for providing family planning services. All concerned personnel will be appropriately trained, and the number of FW Centres will be increased from the existing 4 to 6.

SUPPORT COMPONENTS:

xii) Clinical Training: Clinical Training for Programme purposes is provided through 12 existing Regional Training Institutes (RTIS). During the Seventh Plan period, these RTIs will continue with basic, refresher and on-job training to fulfil manpower requirements of clinical personnel for all services delivery outlets as well as to improve quality of needed skills. In addition, the RTIs, will also be actively involved in the training of trainers of clinical personnel of health and other departments, NGOs, TGIs, etc.

xiii) Non-clinical Training: In a social change programme, training plays a basic and pivotal role as it is concerned with bringing about a favourable attitudinal change in target groups. With this in view three PWTIs were set up at Lahore, Karachi and Multan during the Sixth Plan period, where training was imparted to Programme and non-programme personnel, Master Trainers and Second Line Trainers of other Line Departments, NGOs, community based groups and elected representatives.

In the Seventh Five Year Plan the spectrum of training is proposed to be further enlarged and strengthened on the same pattern with a view to imparting training to an increased number of programme and non-programme personnel, senior officers of other departments, trainers of other national training Institutes, NGOs, Azad Jammu and Kashmir and Northern Areas through institutionalized training at PWTIs. In addition, seminars and workshops would also be arranged for personnel involved in Communication, Target Group Institutions and Line Departments.

xiv) Information, Education and Communication (IEC): Ever-since the launch of Family Planning campaign in Pakistan the promotional activities through mass media and inter-personal campaigns constituted an integral part of the programme. These activities helped in raising the awareness and knowledge about the programme but could not effectively bridge the gap between knowledge and practice of family planing. The communication component in the Seventh Plan would mainly aim at:

i) replacing pro-fertility norms with small family norm at a large scale.

ii) dispelling erroneous notions that large families are necessarily economic asset or source of strength.

iii) removing misgivings about the programme and its services.

iv) minimising the gap between knowledge and practice.
v) highlighting the gap between population and resources.

Mass media will be used to continue projecting the six themes viz; breast feeding, lactation and weaning, late marriage, responsible parenthood, status of women, health of mother and child and nutritional needs. The Provincial IEC Cells will publish addresses of FWCs and RHCs, prepare material in regional languages for display and circulation, launch programmes in regional languages through ratio, cinema, slides and A.V.Vans and monitor the field activities. The IEC staff will be given suitable training for updating their knowledge. At federal level the programme will continue planning and preparing IEC material for ratio, television and newspapers. It will develop communication strategy and provide linkages with the federal programme besides its coordination and monitoring activities. Population education activities would be introduced to promote small family norm.

xv) Population Study Centres: Two Population Study Centres, one each at the University of Karachi and the Agriculture University, Faisalabad, established during the financial year 1986-87, will continue to offer systematic courses in the field of population studies and will undertake research in the field of population. After 1988-89 the two centres will become an integral part of the respective university with no financial liability for the Programme.

xvi) Construction: Inspite of the Programme having been on the ground for the last 23 years the Federal, Provincial and field offices continues to be housed in rented buildings. This factor, besides being inconvenient has been causing an unnecessary recurring financial burden on the federal exchequer. Although the Working Group had recommended construction of all the required office accommodation, yet in view of the financial constraints it is proposed to modify this recommendation by confining the construction programme to the building of office accommodation for Federal set up and the Provincial Headquarters only. This would be in addition to the ongoing schemes of the construction of the Central Warehouse and NRIFC buildings at Karachi and five Regional Training Institutes at Karachi, Hyderabad, Lahore, Peshawar and Quetta.

xvii) Monitoring and Statistics (M&S): During the Sixth Plan the responsibilities of M&S have been bifurcated and cells at Provincial levels have also been created. For improving the efficiency of the programme, monitoring at the district, the provincial and the federal levels will be ensured. At the federal level M&S unit will collect data and undertake monitoring of (a) service delivery outlets including Family Welfare Centres and Reproductive Health Centres; (b) Information Education and Communication (IEC); (c) Clinical and non-clinical training (d) Research (e) Financial Management (f) Non-governmental Organizations (NGOs) (g) Provincial Line Departments (h) Social Marketing (i) Hakims and Homeopaths involved in the Programme.

It will also undertake mini-surveys to ascertain contraceptive use and prevalence in various parts of the country.

xviii) Research and Evaluation: Research and evaluation of the Programme are Federal responsibilities. The main aim of research is to examine factors affecting fertility in areas such as bio-medical, reproductive physiology and demography. The three existing Institutes conducting research are as follows:

i) National Research Institute of Fertility Control (NRIFC) located at Karachi, which is responsible mainly for bio-medical research.

ii) National Research Institute of Reproductive Physiology (NRIRP) located at Islamabad, which conducts research in reproductive physiology.

iii) National Institute of Population Studies (NIPS) at Islamabad where major areas of research include population and development, social and behavioural changes related to population, innovative activities, etc. NIPS is also responsible for evaluation of programme activities, as well as disseminating through seminars and workshops findings of research and evaluatory studies.

During the Seventh Plan, these three research units will continue with research activities specifically related to the Programme.

xxi) Infrastructural Framework: The organizational infrastructure pattern at the federal and the provincial level established during the Sixth Plan will continue to operate. The federal level set-up will retain the work related to policy, planning, co-ordination, training, IEC, monitoring and evaluation, supplies, statistics, research, foreign assistance, and field activities in Islamabad district, Northern Areas and AJK, NGOs, TGIs and Social Marketing of Contraceptives.

Provincial Population Welfare Departments have been established at all provincial Headquarters. These departments will prepare and implement their respective programme for achieving the demographic targets allocated to each province.

xx) Contraceptive Service: The contraceptive mix proposed to be followed during the Seventh Plan will indicate birth aversions and pattern of contraceptive delivery services, while contraceptive services for each province and major agencies are given in Tables 4, 5 and 8 to 22. contraceptive achievements in retrospect alongwith actual and projected acceleration appear in Annex-15.1 & 15.2.

Table-4

OVERALL TARGETS OF BIRTH AVERSION BY CONTRACEPTIVE METHODS DURING THE SEVENTH FIVE YEAR PLAN PERIOD 1988-93
(National)

Method	1987-88 (Bench-mark)	88-89	89-90	90-91	91-92	92-93	Total
Condom	112057	150805	145018	144493	139028	136515	715859
Oral Pill	17457	17797	15100	14822	14175	12940	74834
IUD*	125490	170419	211287	285335	376006	467051	1510098
Injectable	9613	15866	19735	33486	40923	48871	158881
Contraceptive Surgery*	64320	74660	93830	123808	165000	214905	631703
Foam	4063	4453	5030	6056	6868	7218	29625
Total	333000	434000	490000	608000	742000	887000	3161000

* Includes births to be averted through carry over effect.

Table-5

OVERALL TARGETS OF CONTRACEPTIVE DELIVERY
SERVICES DURING THE SEVENTH FIVE YEAR PLAN PERIOD 1988-93
(National)

(000)

Method	1987-88 (Bench-mark)	88-89	89-90	90-91	91-92	92-93	Total
Condom (units)	93264	125514	120697	120260	115712	113620	595802
Through SMC	-	52556	54351	57009	59478	61518	284911
Oral Pill (cycles)	1700	1733	1470	1443	1380	1260	7287
IUD (cases)	425	557	683	989	1247	1501	4977
Injectable (vials)	400	660	821	1393	1703	2034	6611
C.S. (Cases)	73	90	127	175	228	272	891
Foam (Bottles)	135	148	167	202	229	240	986

Financial Allocation:

24. Federal funds were provided for the entire Programme during the Sixth Plan period. The same pattern of funding will continue during the Seventh Plan. An allocation of Rs 3750 million has been made for the population welfare activities during 1988-93. The annual phasing of the proposed outlay appears in table No. 6.

TAble-6

ANNUAL FINANCIAL OUTLAY DURING 1988-93

Year	(Million Rs.) Allocation
1988-89	584.0
1989-90	705.0
1990-91	798.0
1991-92	823.0
1992-93	840.0
Total	3750.0

25. The component-wise allocation for the federal and provincial Programmes for the Seventh Five Year Plan is given in Table 23 a and b. The financial outlays in retrospect together with actual and projected financial acceleration appear in Annex-15.3 and 15.4.

SELECTED PHYSICAL TARGETS OF SERVICE DELIVERY INFRASTRUCTURE

Table 15-7

DESCRIPTION	Benchmark (1987-88)								GRAND TOTAL (Col. 4+9)	Plan Targets (1988-93)								GRAND TOTAL (col 13+18)
	Federal Programme			Provincial Programme						Federal Programme			Provincial Programme					
	Islamabad	NGO	Total (col 2+3)	Punjab	Sind	NWFP	Baluchistan	Total (col.5+6+7+8)		Islamabad	NGO	Total (col 11+12)	Punjab	Sind	NWFP	Baluchistan	Total (col.14+15+16+17)	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17	18.	19.
Family Welfare Centres	14	378	392	775	245	188	53	1261	1653	14	410	424	775	245	240	73	1333	1757
Mobile Service Units		-	-	-	-	-	-	-	-	-	50	50	9	4	19	9	158	208
Reproductive Health Service Centre (Cat-A)	1	15	16	16	9	5	2	32	48	2	15	17	44	20	8	5	77	94
Reproductive Health Service Centre (Cat-B)	2		2	51	39	28	5	123	125		-	-	-	-	-	-	-	-
Extension Team				-	3	3	1	7	7	1	-	1	-	3	5	2	10	11
Service Outlets of other Deptts.				600	400	238	152	1390	1390	-	-	-	170	35	15	4	224	224
Family Planning inputs into Health outlets				-	-	-	-	-	-	15	-		3447	486	664	417	5014	5025
Hakim s			105	684	115	210	42	1051	1156	-	-	-	1600	450	300	150	2500	2500
Homeopaths									-				700	500	200	100	1500	1500
Target Group Institutions																		
Service Outlets			-						174	-	-		-	-	-	-	-	174
Traditional Birth Attendents				150	75	50	25	30	3000				5482	1569	1311	250	8612	9012
Registered Medical Practitioners									-				3000	1000	750	125	4875	4875
Special Marketing of Contraceptives			-						50000	-	-	-	-	-	-	-	-	72000

* Operating in Azad Jammu and Kashmir

Table 15.8

TARGETS OF BIRTH AVERSION BY CONTRACEPTIVE METHOD DURING THE SEVENTH PLAN - 1988-93

(FEDERAL DISTRICT ISLAMABAD)

Methods	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom (units)	363	320	315	300	295	290	1520
Oral Pill (units)	70	70	68	62	60	58	318
IUD (cases)*	584	741	946	1259	1580	1970	6496
Injectible (vials)	74	132	268	383	669	834	2286
Contraceptive Surgery* (cases)	1656	1715	1883	2066	2456	3100	11220
Foam	15	22	25	30	40	48	165
TOTAL	2762	3000	3505	4100	5100	6300	22005

* Includes births to be averted through carry over effect.

Table 15.9

TARGETS OF CONTRACEPTIVE DELIVERY SERVICES DURING THE SEVENTH PLAN - 1988-93

(FEDERAL DISTRICT ISLAMABAD)

Methods	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom (Units)	295116	266333	262171	249687	245526	241364	1265081
Oral Pill(cycles)	6903	6817	6622	6038	5843	5648	30968
IUD (Cases)	1928	2304	3197	4262	5086	6451	21300
Injectible(Vials)	3100	5493	10943	15937	27838	34702	94913
Contraceptive Surgery (Cases)	1253	1496	2057	2244	2992	3949	12738
Foam (Bottles)	490	733	832	999	1332	1598	5494

Table 15.10

TARGETS OF BIRTH AVERSION BY CONTRACEPTIVE METHOD DURING THE SEVENTH PLAN - 1988-93

(NGOs)

Methods	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom (units)	3130	3100	2716	2500	2400	2300	13016
Oral Pill (cycles)	1145	1200	1000	950	900	850	4900
IUD * (cases)	11195	13733	18192	24745	32416	43207	132293
Injectible (vials)	1822	3295	3382	5530	7421	9139	28767
Contraceptive Surgery* (cases)	16372	18022	22010	29525	40038	53604	163199
Foam	642	650	700	750	825	900	3825
TOTAL	34306	40000	48000	64000	84000	110000	346000

* Includes births to be averted through carry over effect.

Table 15.11

TARGETS OF CONTRACEPTIVE DELIVERY SERVICES DURING THE SEVENTH PLAN - 1988-93

(NGOs)

Methods	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom (units)	2605645	2580100	2260500	2080725	1997500	1914267	10833092
Oral Pill (cycles)	111492	116856	97380	92511	87642	82773	477162
IUD (cases)	36966	40954	64126	83775	107505	146880	443240
Injectible (vials)	75826	137105	140725	230103	308788	380274	1196995
Contraceptive Surgery (cases)	17727	18068	28461	43754	57566	72163	220012
Foam	21367	21645	23310	24975	27472	29970	127372

Table 15.12

TARGETS OF BIRTH AVERSION BY CONTRACEPTIVE METHOD DURING THE SEVENTH PLAN - 1988-93

(TGIs)

Methods	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom (units)	1412	1439	2065	2637	3512	4351	14004
Oral Pill (cycles)	146	130	125	120	115	110	600
IUD * (cases)	436	628	844	1066	1352	1530	5420
Injectible (vials)	44	55	85	100	185	225	650
Contraceptive Surgery* (cases)	1195	1693	2296	2887	3641	4384	14901
Foam	52	55	85	90	95	100	425
TOTAL	3285	4000	5500	6900	8900	10700	36000

* Includes births to be averted through carry over effect.

Table 15.13

TARGETS OF CONTRACEPTIVE DELIVERY SERVICES DURING THE SEVENTH PLAN - 1988-93

(TGIs)

Methods	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom (units)	1176770	1197665	1718679	2194749	2923002	3621294	11655389
Oral Pill (cycles)	14198	12659	12173	11686	11199	10712	58429
IUD (cases)	1622	2050	2880	3456	4435	4608	17429
Injectible (vials)	1871	2288	3537	4161	7698	9362	27046
Contraceptive Surgery (cases)	2508	2618	3254	3459	4301	4582	18214
Foam	1488	1832	2830	2997	3164	3330	14153

Table 15.14

PROVINCE-WISE TARGETS OF CONDOM TO BE DISPENSED UNDER SOCIAL MARKETING OF CONTRACEPTIVES PROJECT DURING THE SEVENTH PLAN PERIOD 1988-93

Pronince	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Punjab	33000000	34000000	35000000	36000000	37000000	175000000
Sind	13283348	13610813	14402745	14793538	15147678	71238122
NWFP	3200000	3400000	3700000	3900000	4000000	18200000
Baluchistan	2952398	3213846	3776865	4649172	5225515	19817796
Islamabad	119850	125842	129837	135039	144818	655386
TOTAL	52555596	54350501	57009447	59477749	61518011	284911304

Table 15.15

TARGETS OF BIRTH AVERSION BY CONTRACEPTIVE METHOD DURING THE SEVENTH PLAN - 1988-93

(Punjab)

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom	89662	90000	85000	84500	77600	75000	412100
Oral Pill	8724	5880	3500	3400	2971	2500	18251
IUD *	71108	92617	109892	153825	208970	261007	826311
Injectible	5250	6379	6506	13605	15000	17000	58490
Contraceptive Surgery*	29825	32872	40802	50670	64959	80893	270196
Foam	2205	2252	2300	3000	3500	3600	14652
TOTAL	206774	230000	248000	309000	373000	440000	1600000

* Includes births to be averted through carry over effect.

Table 15.16

TARGETS OF CONTRACEPTIVE DELIVERY SERVICES DURING THE SEVENTH PLAN - 1988-93

(Punjab)

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom (Units)	74625149	74906100	70744650	70328505	64558704	62421750	342959709
Through Programme	74625149	41906100	36744650	35328505	28585704	25421750	167986709
Through SMCs		33000000	34000000	35000000	36000000	37000000	175000000
Oral Pill(cycles)	849586	572594	340830	331092	289316	243450	1777282
IUD (Cases)	241800	290000	350000	550000	700000	838253	2728253
Injectible(Vials)	218480	265430	270715	566104	624150	707370	2433769
Contraceptive Surgery (Cases)	33000	35807	55000	65000	84775	94794	335376
Foam (Bottles)	73427	74992	76590	99900	116550	119880	487912

Table 15.17

TARGETS OF BIRTH AVERSION BY CONTRACEPTIVE METHOD DURING THE SEVENTH PLAN - 1988-93

(Sind)

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom	23487	38000	37341	36152	35549	35000	182042
Oral Pill	3169	5779	5666	5508	5282	5069	27304
IUD *	14469	24300	33617	46497	59763	71880	236057
Injectible	878	3464	6337	8268	11173	14081	43359
Contraceptive Surgery*	9911	13661	17836	26223	36710	49359	143789
Foam	571	796	1167	1352	1523	1611	6449
TOTAL	52485	86000	102000	124000	150000	177000	639000

* Includes births to be averted through carry over effect.

Table 15.18

TARGETS OF CONTRACEPTIVE DELIVERY SERVICE BY METHOD DURING THE SEVENTH PLAN - 1988-93

(Sind)

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom (Units)	19548311	31627020	31078540	30088948	29587077	29130150	151511735
Through SMCs		13283348	13610813	14402745	14793538	15147678	71238122
Oral Pill(cycles)	327032	562759	551755	536369	514361	493619	2658863
IUD (Cases)	45388	92500	111249	160940	194815	227099	786603
Injectible(Vials)	36529	144137	265180	344031	464909	585910	1804167
Contraceptive Surgery (Cases)	11750	22964	24531	42135	53183	65300	208113
Foam (Bottles)	19008	26440	38861	45021	50716	53646	214684

Table 15.19

TARGETS OF BIRTH AVERSION BY CONTRACEPTIVE METHOD DURING THE SEVENTH PLAN - 1988-93

(N.W.F.P.)

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom	9564	9500	9000	8950	8500	7500	43450
Oral Pill	3392	3364	3187	3150	3100	2500	15301
IUD *	21103	32561	38727	46357	57932	70720	246297
Injectible	1250	1668	1800	3851	4325	4813	16457
Contraceptive Surgery*	4681	5407	6761	9092	12528	16817	50605
Foam	465	500	525	600	615	650	2890
TOTAL	40455	53000	60000	72000	87000	103000	375000

* Includes births to be averted through carry over effect.

Table 15.20

TARGETS OF CONTRACEPTIVE DELIVERY SERVICES DURING THE SEVENTH PLAN - 1988-93

(N.W.F.P.)

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom (Units)	7900000	7906800	7490650	7449000	7074500	6242200	36163150
Through Programme	7900000	4706800	4090650	3749000	3174500	2242200	17963150
Through SMCs		3200000	3400000	3700000	3900000	4000000	18200000
Oral Pill(cycles)	330400	327586	310350	306747	301878	243450	1490011
IUD (Cases)	88350	105000	120000	150000	190000	224640	789640
Injectible(Vials)	52041	69400	74900	160240	180000	200270	684810
Contraceptive Surgery (Cases)	5500	6500	9111	13202	18154	22627	69594
Foam (Bottles)	15500	16650	17482	19980	20480	21645	96237

TARGETS OF BIRTH AVERSION BY CONTRACEPTIVE METHOD DURING THE SEVENTH PLAN - 1988-93

Table 15.21

(Baluchistan)

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom	4055	8446	8581	9454	11172	12074	49727
Oral Pill	630	1374	1554	1632	1747	1853	8160
IUD *	2976	5839	9069	11586	13993	16737	57224
Injectible	291	873	1326	1749	2150	2779	8877
Contraceptive Surgery*	680	1290	2242	3345	4668	6248	17793
Foam	113	178	228	234	270	309	1219
TOTAL	8745	18000	23000	28000	34000	40000	143000

* Includes births to be averted through carry over effect.

TARGETS OF CONTRACEPTIVE DELIVERY SERVICE BY METHOD DURING THE SEVENTH PLAN - 1988-93

Table 15.22

(Baluchistan)

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom (Units)	3380315	7029521	7141488	7868470	9298344	10049069	41386892
Through SMCs	-	2952398	3213846	3776865	4649172	5225515	19817796
Oral Pill(cycles)	61454	133800	151329	158924	170122	180445	794620
IUD (Cases)	9476	23748	31628	36939	44899	53361	190575
Injectible(Vials)	12132	36326	55175	72776	89462	115634	369373
Contraceptive Surgery* (Cases)	1044	2723	4264	5232	6534	8086	26839
Foam (Bottles)	3775	5927	7592	7792	8991	10290	40592

Table-15.23(a)

BUDGET ESTIMATES FOR THE FEDERAL POPULATION WELFARE PROGRAMME DURING THE SEVENTH FIVE YEAR PLAN PERIOD (1988-93)

(Rs. Million)

S.No.	Programme components	Estimates
A.	FEDERAL:	
1.	Administrative Organization	199.550
2.	Federal District	24.400
3.	National Research Institute of Fertility Control	30.600
4.	National Research Institute of Reproductive Physiology.	15.100
5.	National Institute of Population Studies	48.800
6.	Population Study Centres at karachi & Faisalabad	2.500
7.	Communication Strategy	74.665
8.	Population Education	25.000
9.	Research and Monitoring Studies	15.000
10.	Contraceptive Requirement and Distribution	389.680
11.	Social Marketing of Contraceptives	311.320
12.	Non-Governmental Organizations	188.090
13.	Incentives to Clients	100.000
14.	Contraceptive Surbery Fees for Federally Administered Programme.	64.330
15.	Involvement of Hakeems and Homeopaths	10.000
16.	Target Group Institutions	6.000
17.	Azad Jammu and Kashmir and Northern Areas	6.000
18.	Training:	
	(a) Clinical	86.500
	(b) Non-Clinical	38.500
19.	Construction:	
	(a) Federal Office, NRIFC, NIPS, NRIRP and Ware-house.	70.000
	(b) construction of Five Regional Training Institutes.	50.000
20.	Consultancy	5.000
	TOTAL	1761.035

Table 15.23(b)

BUDGET ESTIMATES FOR PROVINCIAL POPULATION WELFARE PROGRAMME DURING THE SEVENTH FIVE YEAR PLAN PERIOD 1988-93

Head Of Expenditure	Punjab	Sind	NWFP	Baluch-istan	Total
Provincial Population Welfare Programme - Headquarters	46.794	29.258	25.658	19.662	121.372
District Population Welfare Offices	177.002	64.964	50.171	40.177	332.314
Mobile Tehsil Population Welfare Offices	107.782	51.494	28.021	5.386	192.683
Family Welfare Centres	482.418	151.920	134.798	40.069	809.205
Involvement of Traditional Birth Attendents	43.714	17.678	14.794	2.175	78.361
Reprodutive Health Services	70.687	37.158	20.113	10.697	138.655
Contraceptive Surgery Fee	60.440	37.461	12.527	4.831	115.259
a. Population Welfare Programme through other Provincial Departments	1.317	1.350	4.148	0.509	7.324
b. Family Planning inputs into the Health programme	11.834	3.593	4.136	2.554	22.117
Involvement of Registered Medical Practitioners	3.000	1.000	0.750	0.125	4.875
Communication Strategy	10.100	5.300	3.200	1.980	20.580
Innovatives	5.000	3.000	1.500	0.750	10.250
Construction of Provincial Headquarters	25.000	15.000	7.500	4.500	52.000
Transport	46.360	19.250	11.870	6.490	83.970
Total	1091.448	438.426	319.186	139.905	1988.965

ANNEX-15-I

POPULATION WELFARE PROGRAMME
CONTRACEPTIVE ACHIEVEMENTS
1960-1993

(Figures in Millions)

Major Programme Units:	First Plan (1955-60)	Second Plan (1960-65)	Third Plan (1965-70)	Non-Plan Period (1970-78) estimates	Fifth Plan (1978-83)	Sixth Plan (1983-88)	Seventh Plan (1988-93)
1.IUD (Cases)			1.732	1.164	0.443	1.332	4.977
2.Condoms * (Units)			390.300	545.500	229.400	444.875	620.463
3.Oral Pills (Cycles)			0.752	1.528	5.382	6.090	7.287
4.Sterilization (Cases)			0.087	0.059	0.133	0.312	0.891
5.Injectables (Vials)			---	---	0.125	1.215	6.611

* includes applications of foaming liquid.

ANNEX-15-II

POPULATION WELFARE PROGRAMME
ACTUAL AND PROJECTED ACCELERATION IN CONTRACEPTIVE ACHIEVEMENTS
1983-1993

(Figures in Millions)

Major Programme	1982-83	1987-88	1992-93	Percent Annual Increase 1983-93	Percent Annual Increase 1983-
1.IUD (Cases)	0.096	0.425	1.501	34.6	28.7
2.Condoms (Units)	43.200	113.000	119.869	21.2	1.2
3.Oral Pills (Cycles)	0.571	1.700	1.260	24.4	(-)6.1
4.Sterilization (Cases)	0.044	0.073	0.272	10.7	30.1
5.Injectables (Vials)	0.061	0.400	2.034	45.7	38.4

* includes applications of foaming liquid.

ANNEX-15-III

POPULATION WELFARE PROGRAMME
FINANCIAL OUTLAYS
1960-1993

(Million Rs)

	First Plan (1955-60)	Second Plan (1960-65)	Third Plan (1965-70)	Non-Plan Period (1970-78)	Fifth Plan (1978-83)	Sixth Plan (1983-88)	Seventh Plan (1988-93)
Population Welfare Programme	---	9	145	820	600	2300	3750

ANNEX-15-IV

POPULATION WELFARE PROGRAMME
ACTUAL AND PROJECTED FINANCIAL ACCELERATION

(Million Rs)

Sub-Sector	1982-83	1987-88	1988-89	% Annual increase in 1983-88	% Annual increase in 1988-89
Population Welfare Programme	137	571	584	33	0.45

CHAPTER 16

HEALTH AND NUTRITION

There is a steady improvement in the health status of the nation. The life expectancy at birth has increased to 61 years. The crude death rate is estimated to be 11 per thousand people while maternal mortality is 2-4 and infant mortality is 80 per thousand live births.

2. The disease pattern is changing. The six preventable diseases of childhood are well under control. Pulmonary tuberculosis of the adults is a major public health problem. Malaria still remains a potential threat while acute respiratory tract infections are quite common. Cardiovascular diseases, cancer, road accidents and drug abuse have emerged as major public health problems. Mental disorders are becoming more common than reported earlier.

3. It is estimated that 80% of the children and 30% of adults have caries. The gum diseases afflict about 90% of the adult population, causing premature and massive loss of otherwise sound teeth by the age of 40-50.

4. At present there is only one doctor for 2920 persons, one dentist for 61,760 persons, one primary health care facility for 11,230 persons and merely one hospital bed for 1650 persons. Primary health care facilities are being offered by 3496 basic health units, 492 rural health centres, and 6050 other health outlets i.e. dispensaries, maternity child health centres and sub-centres. More information is contained in Annex-16.1.

SIXTH PLAN REVIEW

5. Physical aspects: During the Sixth Plan the crude death rate has declined from 12/1000 to about 11/1000, infant mortality has declined from 98.5/1000 to 80/1000 live births and the life expectancy, as mentioned earlier, has increase to 61 years.

6. During the Sixth Plan 85% of the union councils have been provided a basic health unit or a rural health centre: some union councils have more than one facility. Nearly all the children upto 5 years are fully immunized. Immunization is saving about 100,000 children from dying and another 45,000 from getting disabled. The training of birth attendants (dais) has been satisfactory and the target of 30,000 has been fully met though the dispersal is not uniform. Treatment of diarrhoea by oral rehydration salts has made satisfactory progress. The achievements of the Sixth Plan appear in Annex-16.2.

PREVIOUS PAGE BLANK

7. The Sixth Plan made slow progress in combating the third degree malnutrition and care of the disabled. In areas, where the Sixth Plan has not met its goals include: creation of a cadre of health managers, introduction of user charges, patronage to traditional medicine and expansion of the private sector due to lack of proper incentives.

8. The unemployment of doctors has been successfully solved by special measures. About 18,000 doctors were produced and 13,000 have been employed by the public sector. To allow doctors to establish their own clinics, loaning facilities were improved during the middle of the Plan.

9. The targets laid down for various categories of health manpower have been achieved except those of the paramedics, where about 75% of the target has been achieved. This is due to slow expansion of the training institutions of the paramedics.

10. Financial aspects: The Sixth Plan made a gross allocation of Rs.13 billion and a net allocation of Rs.11.4 billion for the health sector. The health sector expenditure is estimated at Rs.10.6 billion. The expenditure of the health sector is 93% of the net allocation. During the Sixth Plan, ADP allocation increased from 3.7% in 1982-83 to beyond 6% during the last year of the Plan. On aggregate basic this was 5.6%. The revenue budget was planned to increase at the rate of 20% per annum, a target which has been fully met. Total expenditure on health at current factor cost appears as Annex-16.3.

SEVENTH PLAN PROGRAMME

OBJECTIVES:

11. The Seventh Plan aims at improving the quality of care, removing the urban: rural imbalances, providing care to the vulnerable groups, minimizing drug abuse, treating persons suffering from pulmonary tuberculosis, establishing a national school health service and efficient and effective accident and emergency services, integrating mental health and child spacing as a part of primary health care, removing imbalances in health manpower, introducing of a proper drug policy and health insurance and providing better incentives to the private professionals and functionaries in the science of management.

Major Policy Directions

12. Some of the major policy directions are as under:-

i) The approach of the Sixth Plan for developing nationwide health care system will be pursued during the Seventh Plan.

ii) Emphasis will be on improving the quality of care at all levels and making preventive programmes like immunization, training of birth attendants, control of diarrhoeal diseases and malaria, a normal function of health facilities.

iii) Outreach services will be provided by properly trained health auxiliaries, one per census village.

iv) Community will be involved at all levels by creation of autonomous boards, governing bodies, management committees and health committees.

v) A nation-wide school health service will be made operative to take care of the unattended youth.

vi) Emergency and allied services will be vastly improved.

vii) Nutritional status will be improved and goitre will be eliminated among pre-schoolers.

viii) Fertility regulation to be a focal point of primary health care.

ix) Employment will be provided to all categories of health personnel in public and private sector.

x) Existing imbalances in health manpower development will be removed with special emphasis on enhanced output of specialists, nurses and paramedics.

xi) Health insurance, at least, for critical illness will be introduced while Employees Social Security will be extended.

xii) The prevention of occurrence of disabilities and the care of disabled for better prospects of life will be continued.

xiii) Health awareness will be created among the masses for healthful living in anticipation of mass female literacy.

xiv) The managerial capacity of public health system will be improved.

xv) Establishment of private clinics and hospitals by appropriate incentives will be encouraged.

New Initiatives of the Seventh Plan

13. These are as under:

i) Provision of village health auxiliary in each census village to minimize miseries of people in reaching BBUs/RHCs.

ii) Provision of primary health care centres in urban areas to decongest hospitals and to improve specialized care to those in need, a beginning will be made in the Seventh Plan.

iii) Improved management of public health system for proper client satisfaction.

iv) Child spacing to be an integral component of the nationwide health care network for better maternal health and improved health endowment at birth.

Targets

14. In terms of final results, health and health related programmes of the Seventh Plan will have the following objectives:

i) to reduce the crude death rate from 11 per thousand to 9 per thousand;

ii) to reduce infant mortality from 80 per thousand to 60 per thousand live births;

iii) to increase life expectancy from 61 years to 63.

iv) to protect all new borns from neonatal tetanus by immunizing all females of 15-44 years with tetanus toxoid;

v) to prevent occurrence of first degree malnutrition, eliminate third degree malnutrition and reduce the incidence of anaemia in expectant mothers to less than half;

vi) to prevent occurrence of new cases of goitre in areas where it is pandemic; and

vii) to further reduce the occurrence of communicable diseases.

15. The targets in human terms include the following:

i) protecting 20 million children below the age of two years against six major killers of childhood;

ii) protecting 15 million expectant mothers with tetanus toxoid and another 8 million females in child bearing period;

iii) protecting 10 million children against complications and mortality of diarrhoeal diseases through oral rehydration therapy;

iv) protecting about 5 million children suffering from second and third degree malnutrition;

v) preventing 8000 maternal deaths by improved maternal care and assistance during delivery to all expectant mothers;

vi) rehabilitating one million disabled and prevention of occurrence of disabilities, and

vii) providing employment in public and private sectors to all health professionals and auxiliaries.

The quality of life indices and change in health indicators during the Plan appear in Annex-16.4 and 16.5.

STRATEGY FOR NATIONWIDE HEALTH CARE SYSTEM

Primary Health Care in Rural Areas

16. The approach of the Sixth Plan of developing nationwide integrated health care system will be pursued. By 1990 the target laid down by the Prime Minister for providing a Basic Health unit (BHU) or a Rural Health Centre (RHC) at each union council will be fully met.

17. In order to strengthen the maternity child health care during the Seventh Plan, all BHUs and RHCs will be provided special beds and labour room, space for monitoring of growth of children and immunization. Every RHC will be provided a proper laboratory, X-ray facilities, a dentist and more beds (20-25) so as to make RHCs reasonable sized hospitals. Each RHC will be provided with ambulance and a telephone or radio link with BHUs and higher level facilities. BHUs will also be provided basic laboratory facilities. All BHUs and RHCs will be responsible among other things for immunization, oral rehydration therapy, dais training, malaria control, nutritional activities, tuberculosis control, health education and health information.

18. Trained multi-purpose health workers, having 18 months training after matriculation, will be located one per village, as a long term measure to provide primary health care services in each village. This training could be organized in different spells and imparted at all rural health centres by providing them

with full time faculty members. The village health auxiliary will be a regular staff member of the BHU/RHC but posted in the village of his origin. He will be responsible for immunization,ORT, nutritional status assessment and guidance, maintenance of basic information, preparation of blood slides for malaria and sputum slides for tuberculosis,treatment of common diseases and injuries, education of people in healthy life styles, and will be responsible for the overall hygienic conditions of the village. He will be an arm of the primary health care network. He will be full time and paid worker like any other auxiliary. He will use his own home or space for his office which will be provided by the community. At the village level, the already available health aid namely, the village dai will be retrained and given more functions like monitoring nutritional status of expectant mothers, recording birth weight of the new-born, assistance in immunization, treatment of diarrhoea and referring high risk cases to health network.

Primary Health Care in Urban Areas

19. Health centres will be set up in all major urban areas on the basis of one such centre for population of 25,000 persons. These centres will be built and maintained by local bodies. They will have strong components of diagnostic facilities and have beds only for maternity. Their other functions will include immunization, rehydration therapy, training of birth attendants, malaria control (passive case detection), nutritional activities, tuberculosis control, health awareness and health information system.

Referral Care:

20. All primary health care facilities (rural and urban) will refer cases for secondary care to tehsil/taluka hospitals and for tertiary care to district, teaching and specialized hospitals and centres of excellence. Each tehsil/taluka hospital will have 100 to 125 beds while a district hospital will have 200 to 500 beds. For Baluchistan and other sparsely populated areas, requisite adjustments/modifications will be made.

21. Each tehsil/taluka hospital will have most of the major specialties. This will include medicine, surgery, obstetrics and gynaecology, paediatrics, radiology pathology, ophthalmology, anaesthesiology and dentistry. The district hospitals will have most of the specialties. These will include medicine, surgery, obstetrics and gynaecology, paediatrics, ophthalmology, physical medicine and occupational therapy, clinical pathology, radiology, anaesthesiology, orthopaedics, psychiatry, cardiology, dermatology and dentistry. Teaching hospitals will have additional specialties like chest, urology, nephrology, oncology and nuclear medicine, plastic surgery/burns, neurology and neuro-surgery. All hospitals will have the facilities for preventive

maintenance of equipment. Trained repair technicians will be on the staff of such hospitals and they will be trained in various technician schools under various stages of implementation. They will be backed by mobile and static workshops capable to handle maintenance/repair of most of the medical equipment. Rest being highly sophisticated will be repaired by the manufacturers, as and when need arises.

22. By the end of the Plan, there will be one doctor for 2280 persons, one dentist for 47,200 persons, a primary health care facility for 10,500 persons and a hospital bed for 1380 persons. Nurse population ratio will also improve. There will be one nurse for 5900 persons, and auxiliary (paramedic) for 880 persons and a TBA (dai) for 1800 persons.

23. Physical achievements of principle components of the programme appear in Annex-16.6 and 16.7. Comparison of physical achievements by various Plan period and by various fiscal years appear in Annex-16.8 and 16.9 respectively.

Preventive Aspects:

24. Emphasis will remain on preventive and promotive aspects. Malaria Control Programme will be fully integrated ad reliance will be placed on case finding and radical treatment than on insecticidal spray. Poly-immunization of children will be fully institutionalized while immunization of mothers with tetanus toxoid will be stepped up to provide coverage to every expectant mother. They will be provided ante-natal care as a matter of routine. Oral rehydration therapy will continue. Environmental hygiene will be vastly improved by various measures and potable water will be made available to more people. Child spacing will be emphasized as a preventive measure to reduce infant mortality, maternal mortality and better health of the children and women in child bearing period.

25. People will be educated in healthy life-styles for which a massive national campaign will be launched. Frequent use of lemon in water will be promoted while boiling will also be advocated. Proper surveillance network will be developed not to let AIDS disease spread in Pakistan. While adequate diagnostic and training facilities have been provided at National Institute of Health Islamabad, facilities will be created in the southern part of the country. Such facilities will allow to enforce control measures like those of yellow fever.

Special Programmes:

26. The following areas will be given special attention during the Plan:

27. School Health Service: A large number of school going

population will be provided health care. This will pave the way for a physical and mentally healthy nation. School health service will have separate staff but responsible to Director Health Services. Parameters of the school health service will include:

i) A complete medical check up at entry level.

ii) Quarterly medical check up will include anthropometric measurements, orodental hygiene, personal hygiene, eyes and visual acquity,nutritional status, deformities, mental faculties, chest for heart and lungs, ear, nose and throat, special investigations where needed, referral care and healthy life styles. Problems of the adolescent will get special attention.

28. Care of the Senior Citizens: For senior citizens. special day care centres will be set up where they would be able to utilize their knowledge and skill to educate younger generations. These centres will also provide special medical care to the aged. More details appear in the Social Welfare Chapter.

29. Dental Services: During the Plan, the target group of school age population will be reached through National School Health Service. All RHCs will be provided dental units and dental auxiliaries will be made available at all BHUs.

30. Malignant neoplasms: A National Advisory Committee on Cancer will coordinate and oversee all cancer activities in the country. Diagnostic and treatment facilities at the remaining teaching hospitals will be set up while the existing facilities will be modernized and upgraded.

31. Cardiovascular diseases: The institutes under construction will be completed and made functional. Facilities for cardiovascular diseases will be added to important hospitals and coronary care units provided at major district hospitals. A massive effort of prevention and control of cardiovascular diseases will be undertaken at the community level.

32. Health Manpower Development: There are serious deficiencies in the training institutions of all categories of health personnel, dis-satisfied faculty due to poor salaries, absence of career structures and lack of residential accommodation. Most of them are not trained teachers and have no exposure to teaching methodologies. The training institutions particularly of nursing and auxiliaries would be provided proper buildings with academic blocks, residential accommodation for students and faculty and recreational facilities. The existing deficiencies in medical colleges will be removed. The admission in medical colleges will not exceed 200 students and efforts will be made to bring it as close to 100 as possible. However, seats in medical colleges in Punjab and NWFP will not be further

reduced as this will adversely affect the doctor· population ratio in these two provinces. The admission in nursing schools will be increased by providing necessary facilities and opening new schools. More training schools for auxiliaries will be set up. The ratio of admissions of auxiliaries will be in favour of females. Faculty members will be given training in teaching methodology. Special arrangements will be made for this. They will be offered better pay scales, appropriate career structure and residential accommodation.

33. The Plan will lay special attention to provide full employment to all trained categories of the manpower produced. About 60% of the professional categories and 70% of the auxiliaries will be absorbed in the public health system during the Plan.

34. Doctors: About 4300 doctors will be employed in the rural health programme, while 1000 will be employed in the urban health centres. Another 2500 doctors will be required for school health service and 1000 for strengthening accident/emergency departments and tehsil/taluka and district headquarters hospitals. The remaining doctors will be gainfully employed in the private sector by improving loaning facilities and additional incentives for the private sector.

35. To meet the requirement of specialist doctors, at least, 500 such doctors will be produced every year by setting up new post-graduate medical centres and providing necessary incentives to young doctors.

36. Nursing Services and Nursing Education: During the Plan, nurses will be produced at the rate of 3 for 10 hospital beds. In a phased manner, the output of nurses will have to be increased to 4000. The deficiencies in existing nursing schools will be made up. More institutions will be set up in the country to train specialist nurses. Pay scales of the nurses will be revised throughout the country. A proper career structure will be provided to nurses based on time scale promotion like any other professional category of health manpower. If status and working conditions of nurses are modified, a large number of girls having successfully completed Inter-Science education would like to join nursing education. To increase the output of nurses, entrance qualification will be changed to 12 years basic education instead of 10 years and training will be reduced from 4 to 3 years. On completion of training, they will be awarded B.Sc. degree in nursing.

37. Auxiliaries: Auxiliaries include various categories of paramedics i.e. multi-purpose and single purpose trained paramedics. The training of these workers will be modified according to the theme of the Seventh Plan which aims at providing comprehensive health care. Therefore, during the

Seventh Plan the training of various categories of paramedic workers will be integrated and there will be two broad categories of such workers. The females will be trained in maternal and child health care while the males will be trained in the care of the children, adults and the aged, excluding maternal care. The annual output of such workers will be increased from 4000 to 15,000 at least, towards the end of the Plan. This will include a paramedic which will be posted one per census village as a long term measure.Efforts will be made so that two thirds of these workers are females.

38. The training institutions under construction for paramedics will be completed as quickly as possible. The shortages in equipment, libraries, hostels, transport, field laboratories, text books and trained teachers will be removed during the Plan period. More schools will be opened to meet the Plan targets. A school for technicians and training of paramedics will be set up in every medical college and all Rural Health Centres will be converted while all Rural Health Centres will be converted into training schools by providing faculty members and support facilities.

39. Decentralization of the Health Bureaucracy: During the Seventh Plan all medical colleges will be under the autonomous governing boards. All teaching and specialized hospitals will also be under management boards. Similarly, all district headquarters hospitals and tehsil/taluka hospitals will be under management boards/committees.

40. All these management boards and committees will derive membership from legislature (national an provincial), local bodies,(city fathers, district and union councillors) notables, philanthropists, women's associations, medical associations, 'users' representatives and independent experts.

41. The Rural Health Centres in the union councils will be governed by local health committees whose membership will be from union council. Similarly, Urban Health Centres will be governed by town committees, municipalities and corporations.

42. In the reasonably large institutions, administrative and financial powers will be further delegated to the heads of departments to minimize too much centralization.

43. Pharmaceuticals: The total domestic demand for drugs and medicines as of 1987-88 is Rs.6.0 billion. There are about 9,500 registered medical products of which 6,500 are formulated locally while 3,000 items are imported.

44. There is need to rationalize the vast array of drugs and concentration of resources on meeting the requirements of drugs for the most common ailments. This can be obtained by

eliminating irrational combination products, obsolete drugs, drugs having placebo effects and formulation of a separate drugs list for the public sector at various levels of health delivery system. The main aim of such rationalization would be (i) to minimize imitative products which add nothing to therapy; (ii) to eliminate combination products which are therapeutically undesirable; or ineffective; (iii) to eliminate drugs with unacceptably high toxicity; and (iv) to reduce the commercial pressures on the part of the manufacturers to produce new and drugs which are trivial.

45. The prices of all drugs and medicines other than essential and life saving will be reviewed and decontrolled if considered necessary.

46. A drug schedule will be enforced for different type of health facilities viz. Basic Health Units, Rural Health Centres, and hospitals in the public sector. Sale of drugs and medicines will not be allowed without prescription of a registered medical practitioner by Pakistan Medical and Dental Council. Licences for dealing in drugs and medicines will be restricted to persons possessing a degree or diploma in pharmacy.

47. The amount spent by pharmaceutical firms on promotional activities will be curtailed and the medical profession provided advertisement free drug information.

48. A multi-directional effort on R&D work on medicinal plants be undertaken to accomplish self-sufficiency in herbs and herbal preparations. A suitable legislation will be enacted to control the manufacture, sale and quality of traditional medicines.

49. Standard quality control laboratories, at least, one for each province, be set up and adequate funds will be provided for these during the Seventh Plan. An independent Drugs Laboratory will be established at the Federal Level.

50. A laboratory to be designated as the National Biological Evaluation Centre will be established at Federal Level to carry out research work on drugs and medicines. This will be financed from the R&D funds provided by the pharmaceutical industry.

51. As a long term measure, there is need to establish an independent Directorate of Drugs Control which will control the quality. This should combine with food safety and quality control measures. All cosmetics will also be controlled by this body.

52. <u>Management of Health System:</u> Styles and methods of management at the federal and provincial levels have a direct

bearing on the management of services. There are still many signs of a highly centralized bureaucratic approach, including the following: (a) Some procedures have been in operation for many years without updating. (b) Many operational decisions are made at a high level in the system e.g. on local budget allocations and appointment, discipline and disposition of staff. (c) There is absence of formal channels of communication, rather than lateral communication within working groups. (d) There is an excessive reliance on paper work.

53. District Health Officers have responsibility, on paper, for overall health matters in the district. However, in practice, DHOs lack the authority needed to appoint, dispose and discipline staff; to manage budgets; and to plan and coordinate the activities of their districts. Moreover, their remuneration and status compare unfavourably with those of medical superintendents, creating serious disincentives for preventive versus curative medical work.

54. Medical Superintendents have day to day control of hospitals and also retain medical responsibilities. Their basic interest and training is usually in the medical field rather that administration. They are supported by departmental heads who do not have any management background.

55. The number of facilities in tehsil/taluka have increased from a few in the early 70's to more than 100. Further, the scope of these facilities have been enhanced and enlarged. For proper management, appropriate management skills will have to be made available at the tehsil/taluka which will be the main administrative health unit for nationwide health care system. A tehsil/taluka health officer will be required who would be assisted by technical staff.

56. At the district level, a Chief Medical Officer will be responsible for all the facilities in a district including district headquarters hospital. He will be provided with all technical experts besides accounts, personnel, bio-statistics, computer services and electro-medical engineering. The district and teaching hospitals will have appropriate management system operated by career health managers. A Health Services Academy will be set up to train managers. This will be affiliated with Quaid-i-Azam University Islamabad. It will run courses for M.Sc, Ph.D in health administration as a pre-service requirement. Short courses will be organized for the senior staff, the in-service trained managers and the primary health care physicians.

57. Improvement of Medical Emergency and Allied Services: The existing shortage of space, theatre facilities and beds in emergency departments of all teaching and district hospitals will be removed. The residences for the essential staff required for emergency and casualty departments will be provided within

the premises. In order to further improve the care paging system will be introduced in all major hospitals. Telephone exchange will be vastly improved and stand-by generators will be provided. Accident and emergency departments will have more ambulances and dead body carriages.

58. Mental Health: The mental health programme aims at prevention, treatment and rehabilitation of mental disorders. The programme also aims to reduce the harmful effects of rapid changes affecting the well being of the individuals, families and communities.

59. The strategies include strengthening of existing psychiatric centres and creating such facilities at all districts and tehsil/talukas. At the peripheral level this care will be provided by training an increasing number of different categories of health personnel in basic mental health skills and by making it a component of primary health care. An adequate referral system will be developed. As it is culture bound, the programme will have an indigenous approach.

60. Emphasis will be placed on undergraduate training in mental health, postgraduate training of the psychiatrists, appropriate training of the clinical psychologists, social workers and allied mental health workers so as to improve manpower development. The programme takes into account the needs of the special groups like drug dependents, mentally handicapped, child psychiatric problems,mentally abnormal offenders and psychogeriatrics.

61. Mental health education of all concerned and public at large is going to be an important component of the programme.

62. Programme for the Disabled: The performance of the Fifth and Sixth Plans indicates that expenditure has been low on the programmes aimed at the welfare of the disabled. The implementation has been slow. The main reason for delay in implementation of these programmes is that these programmes were to be implemented by government agencies. The bureaucratic procedural delays retarded the progress of such programmes during implementation.

63. A departure will be made from the present institutional set up. The programmes of the disabled need to be implemented by an autonomous body which will have full powers for taking major financial and administrative decisions. This agency will have effective links with all the existing organizations so as to synchronize the activities. The autonomous body will be governed by an autonomous Board of Governors. This will be called National Trust for the Disabled.

64. Drug Abuse: There are about 1.7 million drug abusers in the country. The abusers fall within the age group of 15 to 35 years. Heroin afflicts about 450,000 young males and females.

65. The drug detoxification programme will aim at strengthening and expanding the existing centres for treatment and rehabilitation of drug addicts; providing appropriate specialized personnel, medical supplies and equipment for diagnosis, detoxification and treatment; developing, promoting and institutionalizing the preventive education for drug abuse; generating public awareness of the problem and its implications for individuals, families and societies; and building up and utilizing all avenues of social intervention in tackling the problem of drug abuse.

66. Responsibility for detoxification, rehabilitation and educational campaign will rest with the Federal Health Ministry and the Provincial Health Departments as an integral part of their health systems. The law enforcement agencies will interdict the supply of illicit drugs in the country.

67. An indoor detoxification centre will be established in each District Headquarter Hospital as an integral component of the hospital. Each district centre will have a close liaison with the other community centres established by NGOs.

68. During the Seventh Plan it is proposed that grass roots NGOs receive grants and funding through the Health Departments and the Federal Health Ministry for drug control programmes. They will mobilize public opinion against drug abuse. They will act as effective channels for the follow-up and the rehabilitation of treatment cases.

69. Traditional Medicine: The total number of registered tabbibs is estimated to be 36,881 while there are 539 vaids. Most of the practitioners of the traditional medicine are in the private sector. There are 11 training institutions for tibb. The number of students qualifying each year in tibb is about 250. In the public sector, 84 tibb dispensaries in the Punjab and 21 in Sind were set up during the Sixth Plan.

70. The following actions will be taken during the Seventh Plan and the Perspective Plan:-

i) Traditional medicine will be allowed to flourish in the private sector as a policy. However, strategies and objectives laid down in the Sixth Five Year Plan will be pursued in the Seventh and the successive Five Year Plans as far as these support the private sector.

ii) the existing colleges will be affiliated with the boards for the award of diploma and facilities to be

established at the university level for starting degree course.

iii) New curriculum for graduate course will be designed.

iv) Grant-in-aid will be enhanced to the colleges to remove the deficiencies to improve educational standards.

v) Functions of the National Council for tibb will be modified and suitably amended.

vi) Loaning facilities will be provided to the practitioners for establishing private clinics.

vii) A drug act of the unani and ayurvedic medicines and drugs will be enacted to control the manufacture,sale, distribution, efficacy and quality of drugs of the traditional medicine system.

viii) An institute of medicinal botanics will be established.

Homoeopathy

71. Total number of registered homoeopaths is 15,786. There are 16 training institutions for hemoeopaths. There are two hospitals in the private sector at Karachi and Lahore besides a large number of practitioners. Some of them, a small number, are in the public and corporate sector.

72. During the Seventh Plan, as a policy, the homoeopathy will be allowed to progress in the private sector. The approach of the Sixth Five Year Plan will be followed as far as this relates to the development of private sector. In addition, the following actions will be taken during the Seventh Plan:-

i) The training institutions will be affiliated with boards/universities as the case may be for award of diplomas and degrees.

ii) The course contents for various levels will be revised and updated while the National Council for Homoeopathy will be made more effective.

iii) Loaning facilities will be extended to the practitioners of this system of medicine.

iv) A drug act of homoeopathy medicines and drugs will be enacted to control, manufacture, sale, distribution, efficacy and quality of drugs of this system of medicine.

v) A proper infrastructure will be set up at the levels of Federal and Provincial Governments.

Nutrition

73. Emphasis will be to improve the nutritional status of the nation. This will be done, alongwith other measures, by the following specific programmes:-

i) All inhabitants in the goitre endemic areas will be injected with iodized oil which will provide protection for 3-5 years. Simultaneously, iodized salt supply will be arranged for these areas.

ii) Nutritional status of expectant and lactating mothers will be given special emphasis. During ante-natal care, the nutritional status will be watched by degree of anaemia and weight gain which will be corrected by supplemental iron and additional food, particularly during the third trimester. This will minimize the small-for-dates babies who are at higher risk compared to normal babies.

iii) Infant care will be through weight-monitoring, education on introduction of supplemental food at 4 month's age, full immunization, early treatment of diarrhoea and acute respiratory tract infections.

iv) Growth of pre-schoolers will also be keenly watched with necessary actions at the appropriate stages.

v) A massive nutrition education campaign will be launched to motivate people on various techniques and methods for improving nutritional status.

vi) School feeding programme (supply of milk) on experimental basis will be introduced to watch the impact on nutrition, school enrolment and their academic performance.

Agriculture Sector

74. Incentives and education will be provided to farmers for the production of legumes, pulses and oil seed crops. To meet the micro-nutrient requirements, production of fruit and vegetables will be stepped up. Fresh milk supply will be encouraged by cooperatives, chilling plants and improved transportation. The emphasis on the production of poultry will be continued.

Education Sector

75. The inclusion of appropriate lessons for healthy life-styles and inclusion of hygiene and nutrition courses at various level of formal education will be vigorously pursued. In-service training of teachers in nutrition will be launched.

Mass Media

76. A nation-wide campaign through mass media i.e. radio, television, newspaper will be launched.

77. Health Sector

a) Nutrition Surveillance System: This programme would have three aspects: Prevention of first and second degree cases from going into third degree; improvement of the maternal nutrition to reduce incidence of low birth weight babies; and rehabilitation of third degree malnourished cases through proper nutritional care. Nutrition surveillance will be introduced by regular monitoring of the weight of children below 4 years of age. The weighing will be done in the community by TBA's and at the health centres by health workers.

b) Maternal Nutrition Status: Weight gain during pregnancy and anaemia will be monitored during antenatal check ups. Proper nutrition education to the females of the child bearing age will be imparted.

78. Nutrition Intervention Targetted to Groups at Risk: Certain deficiency diseases can be effectively controlled through specific interventions. The following programmes will be strengthened or started during the Seventh Plan period:-

Goitre Control

- A salt iodation plant has been installed at Peshawar. Besides, an NGO is supplying 5,000 tons of iodized salt to Northern Areas.

- Another salt iodation plant is proposed to be installed at Rawalpindi/Khewra to cover approximately a population of 20 million.

- In order to combat goitre on emergency basis, a crash programme of lipoidal injection (iodine in oil) will be completed to be followed by salt iodation.

Anaemia

Nutritional anaemia in all age groups is a problem which

ranks next to energy-protein malnutrition in its magnitude and severity. To combat anaemia in an economic and effective way, iron/folate tablets distribution will be launched.

Medical Research

79. During the Seventh Plan emphasis will be given to Health Systems Research to determine health profile and appropriate health information system, investigate aspects relating to management, manpower development, financing of healthy systems, behaviour related problems, and ways and means of ensuring community participation.

80. During the Plan, research will be carried out on health problems of national importance, such as endemic tropical diseases, diarrhoeal diseases, parasitic diseases, nutritional disorders, problems of the elderly, drug addiction, accidents, demographic aspects, nuclear medicine, basic manufacture of drugs, medicines and equipment and bio-medical engineering.

Private Sector

81. Review of the Sixth Plan: The concessions allowed during the Plan were not conducive to promote the development of the private sector, the way it was envisaged in the Plan. The investment in the hospital beds was 25% of the target and 6000 hospital beds have been added during the Plan period. It was contemplated during the Plan that 10,000 doctors would be settling in the private sector while 5000 doctors have done so and that too in the latter part of Plan when loaning facilities were liberalised for doctors to set up their clinics.

82. It is estimated that Rs.5.00 billion were invested in the private sector. However, operational health expenditure in the private sector (Rs.40.00 billion) during the Plan period is many times more than the capital expenditure in the health sector. On an average Rs.8.00 billion per year have been spent as operational expenditure by the private sector establishments which include hospital beds, specialist fees, cost of drugs and medicines, profit/fees of private practitioners of modern and traditional medicine.

83. Seventh Plan: During the Seventh Plan, the physical and financial outlay of the private sector is as follows:-

(Rs.in Million)

Item	Annual Absorption/ output	Capital Expenditure (5 years)	Operational expenditure
Credit facilities	-	1000	-
Doctors	1000	500	-
Specialists/Diagnostic facilities.	200	800	3600
Hospital beds	2000	5000	15184
Drugs	-	-	20000
Private clinics	1000	-	6300
Traditional medicine	-	-	10800
Total:		7300	55884

84. This investment will only take place if further concessions are allowed. These include:

i) further accelerated depreciation of equipment and appliances where admissible.

ii) income as investment towards capital development be exempted from income tax.

iii) Government will refrain from duplication of facilities where the private sector is picking up.

iv) all essential items of medical equipment and essential supporting equipment will be placed on free list which could be imported without any restriction by all registered doctors.

Regulation of the Private Sector:

85. The Government will implement a scheme of registration of all private clinics and hospitals to streamline their working. These clinics and hospitals will be divided into various categories according to the level of medical care, facilities and services of experts provided in them. The charges and fees will also be regularised by such categories. A proper survey of private health establishments will be undertaken to categorise them. All these will form the components of appropriate legislation.

86. This will save the public from the untoward health hazards, the malpractices and exorbitant charges.

Non-Government organizations(NGOs)

87. Requisite support will be provided to the NGOs to supplement the efforts of the Government. Liberal tax exemptions will be allowed to philanthropists to facilitate donations on a generous scale to NGOs. This will be undertaken by the Federal Health Ministry.

Health Insurance

88. Health Insurance provides bright prospects of sharing cost of the health care. To begin with all citizens will be offered limited health insurance for critical illness. Health Maintenance Organizations based on the enterpreneurship of health professionals will be encouraged. Employees Social Security will be extended to units employing as low as two persons while this will be extended to non-industrial labour as well.

Financial Implications

89. The capital outlay and operational expenditure required appear in subsequent paragraphs.

90. Development Expenditure: On the basis of targets, the capital outlay during the Seventh Five Year Plan will be as under:

CAPITAL OUTLAY FOR HEALTH SECTOR

		Million Rs.
i.	Primary Health	
	Rural areas:	5,670
	Urban areas:	951
ii.	Preventive programme:	1,014
iii.	New hospital beds:	3,176
iv.	Medical education:	2,645
v.	Medical rehabilitation of disabilities:	170
vi.	Nutrition programmes:	212
vii.	Traditional medicine & homoeopathy	188
viii.	Medical Research	(Part of S&T Chapter)
ix.	Miscellaneous:	134
		14,160

91. Throw-forward, new expenditure, total on-going and new and year-wise/agency-wise allocatin and year-wise expenditure by principal components of the programme for the Plan are in Annex-16.10 to Annex 16.14.

92. As much as 41 percent of the allocation is for the physical facilities in rural areas. If other programmes are appropriated the allocation of rural areas is 60%.

93. Recurring expenditure: The public sector will be requiring about Rs.10.642 billion per annum towards the end of the Seventh Plan. This has been worked out on the following basis:

		Million Rs.
i.	BHU (5409)	2,705
ii.	RHC (625)	938
iii.	Urban Health Centres(314)	314
iv.	Other primary health care facilities.	1,000
v.	Hospital beds:	
	Teaching: 15,000	1,500
	Non-teaching 20,000	1,000
vi.	Teaching Institutions: (Medical colleges, nursing schools, and school of Paramedics)	1,000
vii.	Chemicals and supplies:	1,000
viii.	Contingencies:	1,185
		10,642

Health Insurance will be introduced to reduce the burden on the public purse while social security will be extended to non-industrial sector and user's charges introduced in secondary and tertiary care facilities.

94. Agency-wise non-development financial estimates are in Annex-16.15 while the total financial agency-wise estimates are in Annex-16.16. Comparative financial outlays of various Plan periods and by certain fiscal years are in Annex-16.17 and Annex-16.18 respectively.

CONSTRAINTS:

95. The main constraints are as follows:-

i. Financial

- The Development allocation will be insufficient to rehabilitate and modernise the system during the Plan period.

- The maintenance expenditure will be difficult to be met out of revenue budget. Alternate measures will have to be introduced like health insurance, social security, user's charges etc.

ii. Managerial:

The health network in the public sector has expanded and will have to be managed by properly trained categories of health managers. The system will remain inefficient without this.

iii. Decentralization:

Decentralization and people's participation may be opposed by the health bureaucrats.

iv. Responsibility of local bodies:

The local bodies 'particularly municipalities' and town committees will be reluctant to set up primary health care facilities in urban areas.

v. Posting of doctors to rural areas:

Doctors are reluctant to go to rural areas on voluntary basis. Compulsory rural health service for a specified period for doctors cannot be ruled out.

96. Keeping in view that the Perspective Plan caters to the possibilities and the prospects of the twenty first century the Seventh Plan, notwithstanding the constraints, must ensure that it is geared for the universal goal of 'Health For All' or HFA set for the year 2000. To that end the Plan, as is evident from the above, prospects to pursue the following:

i. Life expectancy should be beyond 60 years
ii. Infant mortality should be less than 50.
iii. Malnutrition should be eliminated.

****

ANNEX-16.1

BENCHMARK FOR THE SEVENTH PLAN (JUNE 1988)

FACILITY	PUNJAB	SIND	NWFP	BALUCHIS-TAN	ICT	AJK	FATA	NA	TOTAL
1.Basic Health Units	1738	350	630	326	12	264	100	76	3496
2.Rural Health Centres	260	69	67	35	3	30	5	23	492
3.MCH Centres/Dispensaries/ Subcentres	2534	1734	973	376	--	47	183	203	6050
4.Hospital Beds	29244	17200	8838	3017	1320	2000	1200	800	63619
5.Doctors including dentists	14870	14200	3900	1200	750	500	500	80	36000
6.Nurses	4650	3500	1000	300	500	50	---	---	10000
7.Paramedics	29500	16400	8500	3000	2000	2000	2000	1600	65000
8.TBAs/Dias	25000	7500	7500	2500	---	1500	500	500	45000

Note: 1. The facilities of Federal Government (Health Division) are included in various geographical areas.

2. These figures include facilities of the private sector but do not include those of Defence

ANNEX-16.2

SIXTH PLAN ACHIEVEMENTS

A. PHYSICAL INFRASTRUCTURE

S.NO.	FACILITY	TARGET	ACHIEVEMENT	% ACHIEVEMENT
1.	Doctors Residences at existing BHU	1715	1715	100
2.	BHUs	2600	1803	69
3.	RHCs	355	194	55
4.	Teaching Beds	3500	3500	100
5.	Hospital beds in DHQ and THQ Hospitals	4700	5149	110

B. HUMAN TERMS

S.NO.	INDICATOR	UNIT	TARGET	ACHIEVEMENT
1.	IMMUNIZATION	Million	24	24.45
2.	D.D.C/ORS	Million	25	49
3.	THIRD DEGREE MALNUTRITION	Million	1.25	0.3
4.	TBAs	Nos.	30000	30000

ANNEX-16.3

TOTAL EXPENDITURE ON HEALTH

(AT CURRENT FACTOR COST)

(Rs. Million)

YEAR	DEVELOPMENT EXPENDITURE	NON-DEVELOPMENT EXPENDITURE	TOTAL EXPENDITURE	GNP	TOTAL EXPENDITURE % GNP
1972-73	95.55	171.90	267.45	61,877	0.43
1973-74	175.67	210.10	385.77	82,307	0.47
1974-75	363.00	278.00	641.00	104,704	0.61
1975-76	629.10	360.64	989.74	122,728	0.81
1976-77	540.00	439.20	979.20	141,462	0.69
1977-78	512.00	558.60	1070.60	172,064	0.62
1978-79	569.00	641.60	1210.60	192,571	0.63
1979-80	717.00	661.89	1378.89	228,886	0.60
1980-81	942.00	794.82	1736.82	270,288	0.64
1981-82	1037.00	993.10	2030.10	315,183	0.64
1982-83	1183.00	1207.00	2390.00	365,585	0.65
19843-84	1526.00	1564.90	3090.90	412,343	0.75
1984-85	1587.45	1785.12	3372.57	469,200	0.72
1985-86	1881.51	2393.81	4275.32	526,569	0.81
1986-87	2615.00	3270.00	5885.00	573,146	1.03
1987-88	3114.41	3600.00	6714.41	610,400	1.10

ANNEX-16.4

QUALITY OF LIFE INDICES

	1982-	1987-88	1992-93
HEALTH SECTOR			
INFANT MORTALITY (age 0-1) (per 1000)	98.5	80.0	60.0
LIFE EXPECTANCY (YEARS)	58.6	61.0	63.0
Nos. OF DOCTORS			
URBAN	18800	28000	36700
RURAL	1200	8000	15000
Nos. OF RURAL HEALTH CENTRES	298	492	625
Nos.OF BASIC HEALTH UNIT	1693	3496	5409
Nos. OF DISPENSARIES MCH CENTRES/SUB CENTRES	6490	6050	6000

ANNEX-16.5

CHANGE IN HEALTH INDICATORS

S.NO.	HEALTH INDICATORS	BENCHMARK 1988 (%)	TARGET FOR 1993 (%)
1.	Availability of Primary Health Care in each Union Council	85	100
2.	Attendance during pregnancy and child birth	60	100
3.	Caring for children upto the age of one year	30	70
4.	Immunization of children below two years against diphtheria, tetanus, whooping cough, measles,poliomyelitis and tuberculosis	90	100
5.	Immunization of expectant mothers against tetanus	50	100
6.	Weight of new born infants as percentage of normal	75	85
7.	Weight for age of pre-schoolers corresponds to reference values	60	75
8.	Goitre (new cases)	3	Negligible
9.	Anaemia in expectant and lactating mothers	80	40
10.	Per capita intake of calories	2300	2450
11.	Infant Mortality	80	60
12.	Maternal Mortality	2-4	1
13.	Crude Death Rate	11	9
14.	Life Expectancy	61	63
15.	Total Fertility Rate	5.1	4.7

ANNEX-16.6

PHYSICAL ACHIEVEMENTS OF PRINCIPAL COMPONENTS OF THE PROGRAMME (1988-93)

	A/C Units	Primary Health Care facili-ties/ BHUs	RH	Urban Healt Centr	Hospital Beds	Doctors	Dentists	Pharma-cists	Nurses	Auxilia-ries/ Parame-dics	TBAs
Benchmark 1988	Nos.	3,496	492	--	63,619	36,000	1,700	5,000	10,000	65,000	45,000
Achievements:											
1988-89	Nos.	398	28	16	4,103	3,500	150	500	1,340	5,500	4,000
1989-90	Nos.	336	27	21	3,431	3,200	150	500	1,340	10,000	4,000
1990-91	Nos.	375	27	88	2,690	3,000	160	500	1,340	14,500	4,000
1991-92	Nos.	352	25	94	2,991	3,000	170	500	2,580	19,000	4,000
1992-93	Nos.	452	26	95	6,656	3,000	170	500	3,400	19,650	4,000
Position June 1993	Nos.	5,409	625	314	83,490	51,700	2,500	7,500	20,000	133,650	65,000

ANNEX-16.7

PHYSICAL TARGETS BY EXECUTING AGENCIES

Agency	BHUs		RHCs							
	New	Upgra-dation of BHU	New	Upgra-dation of RHCs	Urban Health Centres	Hospital Beds	Doctors	Nurses	Auxili-aries	TBAs
A. FEDERAL										
1. FATA	36	30	11	6	-	620	350	-	200	700
2. Azad Kashmir	55	90	24	-	-	770	350	100	750	500
3. Northern Area	52			-	-	288	150	-	200	300
4. ICT	5	12	2	3	-	76	150	500	500	200
5. Health Division	-		-		-	1,378	-	-	-	-
B. PROVINCES										
6. Punjab	1,128	800	3	120	150	8,540	5,650	5,000	30,000	6,000
7. Sind	370	133	42	47	78	3,919	6,950	2,600	18,000	6,300
8. NWFP	147	100	31	40	66	2,694	1,500	1,200	15,000	5,500
9. Baluchistan	120	100	20	20	20	1,586	600	600	4,000	500
Total:	1,913	1,265	133	236	314	19,871	15,700	10,000	68,650	20,000

ANNEX-16.8

PHYSICAL ACHIEVEMENTS BY PLAN PERIODS

Major Programmes	UNIT	First Plan (1955-60)	Second Plan (1960-65)	Third Plan (1965-70)	Non-Plan Period (1970-78)	Fifth Plan (1978-83)	Sixth Plan Achievements (1983-88)	Seventh Plan Target (1988-93)
PHYSICAL FACILITIES								
BHU	Nos	70	340	250	1,183	1,617	1,803	1,913
Urban Health Centres	Nos							314
Rural Health Centres	Nos		73	14	81	130	194	133
Hospital Beds	Nos	2,500	3,750	4,300	14,308	5,308	11,878	19,871
HEALTH MANPOWER								
Doctors	Nos	1,351	3,691	3,561	9,362	10,203	18,000	15,700
Dentists	Nos	-	-	-	-	-	700	800
Pharmacists	Nos	-	-	500	1,000	1,000	2,000	2,500
Nurses	Nos	275	800	1,681	4,311	4,246	4,980	10,000
Paramedics/Auxiliaries	Nos	3,800	4,520	4,653	9,756	13,576	22,770	68,650
TBAs	Nos	-	-	-	6,000	9,000	30,000	20,000

ANNEX-16.9

PHYSICAL ACHIEVEMENTS BY VARIOUS FISCAL YEARS

Major Programmes	Unit	1977-78	1982-83	1987-88 Achieve-ments	1992-93 Target	% Annual Increase in 1978-83	% Annual Increase in 1983-88	% Annual Increase in 1988-93
BHUs/Sub-Centres	Nos	167	360	523	452	16.6	8.4	(-)2.8
RHCs	Nos	13	32	47	26	19.7	7.5	(-)11.4
Hospital Beds	Nos	1968	2154	4000	6656	1.8	13.2	10.7
Doctors	Nos	1300	3913	3800	3000	24.7	(-).6	(-)4.6
Nurses	Nos	537	1165	1100	3400	16.8	(-)1.2	25.3
Paramedics	Nos	1500	2980	5000	19650	14.7	10.9	31.5
TBAs/Dais	Nos	1000	6000	6000	4000	43.1	-	(-)7.8

THROWFORWARD/ON-GOING AND NEW PROJECTS

ANNEX-16.10

(Million Rs)

Administrative Agency	1988-89	1989-90	1990-91	1991-92	1992-93	Total Plan Period
THROWFORWARD/ON-GOING PROJECTS						
A. FEDERAL						
1. Health Division	464	395	346	263	266	1,734
2. Azad Kashmir	52	43	35	9	-	139
3. Northern Area	15	13	14	17	17	76
4. Planning Division	5	7	7	8	8	35
5. I.C.T.	9	12	3	-	-	24
6. FATA	10	10	4	-	-	24
TOTAL;	555	480	409	297	291	2,032
B. PROVINCIAL						
1. Punjab	416	421	243	253	223	1,556
2. Sind	407	196	164	123	141	1,031
3. NWFP	150	95	44	17	6	312
4. Baluchistan	40	36	31	7	-	114
TOTAL	1,013	748	482	400	370	3,013
Grand Total	1,568	1,228	891	697	661	5,045

ANNEX-16.11

NEW PROJECTS

A. FEDERAL	85	173	244	357	369	1,228
B. PROVINCIAL						
1. Punjab	698	709	880	895	951	4,133
2. Sind	50	255	292	337	324	1,258
3. NWFP	201	267	331	365	384	1,548
4. Baluchistan	138	172	179	224	235	948
TOTAL NEW PROJECTS	1,172	1,576	1,926	2,178	2,263	9,115

TOTAL ON-GOING AND NEW PROJECTS

ANNEX-16.12

A. FEDERAL	640	653	652	655	660	3,260
B. PROVINCIAL						
1. Punjab	1,114	1,130	1,123	1,148	1,174	5,689
2. Sind	457	451	456	460	465	2,289
3. NWFP	351	362	375	382	390	1,860
4. Baluchistan	178	208	210	231	235	1,062
GRAND TOTAL	2,740	2,805	2,817	2,876	2,924	14,160

ANNEX-16.13

YEARWISE - AGENCY-WISE ALLOCATION FOR SEVENTH PLAN

(Million Rupees)

Agency	1988-89	1989-90	1990-91	1991-92	1992-93	Total
FEDERAL						
Health Division	466.6	467	466	463	466	2328.6
Northern Areas	25.3	26.3	28.4	32.5	32.5	145
Azad Kashmir	80.5	84	88	90	91	433.5
FATA	47	47	50	50	50	244
ICT	9.5	12	3	-	-	24.5
Planning Division	11.5	17	17	19	20	84.5
TOTAL	640.4	653.3	652.4	654.5	659.5	3260.1
PROVINCIAL						
Punjab	1113.8	1129.8	1123.2	1148.1	1174.2	5689.1
Sind	456.9	451	456	460	465	2288.9
NWFP	350.8	362.4	375	382	390	1860.2
Baluchistan	177.8	208	210	231	235	1061.8
TOTAL	2099.3	2151.2	2164.2	2221.1	2264.2	10900
GRAND TOTAL	2739.7	2804.5	2816.6	2875.6	2923.7	14160.1

ANNEX-16.14

EXPENDITURE ON PRINCIPAL COMPONENTS OF
OF THE PROGRAMME (1988-93)

(Million Rupees)

Programme	1988-89	1989-90	1990-91	1991-92	1992-93	Total
Preventive Programmes	252	205	194	183	180	1014
Rural Health	1372	1335	1051	960	952	5670
Hospital Beds	502	574	635	722	743	3176
Urban Health Centres	52	69	265	282	283	951
Health Manpower Development	483	513	536	554	559	2645
Nutrition Programmes	26	35	44	53	54	212
Medical Rehabilitation	12	32	22	42	62	170
Traditional Medicine and Homoeopathy	18	27	47	45	51	188
Medical Research	Reflected under Science & Technology Chapter.					
Miscellaneous	23	14	22	35	40	134
TOTAL	2740	2804	2816	2876	2924	14160

ANNEX-16.15

AGENCY-WISE NON-DEVELOPMENT FINANCIAL ESTIMATES (1988-93)

(Million Rupees)

Agency	1988-89	1989-90	1990-91	1991-92	1992-93	Total
A. FEDERAL	800	886	964	1,120	1,392	5,162
B. PROVINCIAL						
Punjab	1,950	2,350	2,876	3,670	4,700	15,546
Sind	870	1,035	1,200	1,550	1,900	6,555
NWFP	700	825	1,050	1,350	1,650	5,575
Baluchistan	400	488	630	775	1,000	3,293
TOTAL	4,720	5,584	6,720	8,465	10,642	36,131

ANNEX-16.16

TOTAL FINANCIAL ESTIMATES DEVELOPMENT,
NON-DEVELOPMENT AGENCY-WISE (1988-93)

(Million Rupees)

Year	Federal	Punjab	Sind	NWFP	Baluch-istan	Total
1988-89						
1. Development	640	1,114	457	351	178	2,740
2. Non-Development	800	1,950	870	700	400	4,720
Total	1,440	3,064	1,327	1,051	578	7,460
1989-90						
1. Development	653	1,130	451	362	208	2,804
2. Non-Development	886	2,350	1,035	825	488	5,584
Total	1,539	3,480	1,486	1,187	696	8,388
1990-91						
1. Development	652	1,123	456	375	210	2,816
2. Non-Development	964	2,876	1,200	1,050	630	6,720
Total	1,616	3,999	1,656	1,425	840	9,536
1991-92						
1. Development	655	1,148	460	382	231	2,876
2. Non-Development	1,120	3,670	1,550	1,350	775	8,465
Total	1,775	4,818	2,010	1,732	1,006	11,341
1992-93						
1. Development	660	1,174	465	390	235	2,924
2. Non-Development	1,392	4,700	1,900	1,650	1,000	10,642
Total	2,052	5,874	2,365	2,040	1,235	13,566
GRAND TOTAL						
1. Development	3,260	5,689	2,289	1,860	1,062	14,160
2. Non-Development	5,162	15,546	6,555	5,575	3,293	36,131
Total	8,422	21,235	8,844	7,435	4,355	50,291

ANNEX-16.17

FINANCIAL OUTLAYS BY PLAN PERIODS

(Million Rupees)

Major Programmes	First Plan (1955-60)	Second Plan (1960-65)	Third Plan (1965-70)	Non-Plan Period (1970-78)	Fifth Plan (1978-83)	Sixth Plan Achi: (1983-88)	Seventh Plan Alloc: (1988-93)
Rural Health Programme	7	19	12	313	1,250	4,040	5,670
Preventive Programmes	13	62	159	952	704	1,600	1,014
Hospital Beds including Teaching Hospitals	28	55	58	552	1,256	4,000	3,176
Urban Health Centres	---	---	---	---	---	---	951
Health Manpower Development	22	28	40	418	1,167	1,250	2,645
Medical Research	4	10	12	18	79	Reflected in Science and Technology	
Miscellaneous Programmes	2	---	---	128	128	270	134
Nutrition Programmes	---	---	---	---	---	50	212
Traditional Medicine & Homoeopathy	---	---	---	---	---	45	188
Programmes for Disabled	---	---	---	---	---	---	170
TOTAL	68	174	281	2,381	4,584	11,255	14,160

ANNEX-16.18

ACTUAL AND PROJECTED FINANCIAL ACCELERATION
BY VARIOUS FISCAL YEARS

(Million Rupees)

Major Programmes	1977-78	1982-83	1987-88 Achieve-ments	1992-93 Target	% Annual Increase in 1978-83	% Annual Increase in 1983-88	% Annual Increase in 1988-93
Rural Health Programme	191	253	1691	952	5.8	46.2	-10.7
Preventive Programme	244	246	340	180	0.16	6.6	-11.3
Hospital Beds including Teaching hospitals	115	339	565	743	24.2	10.6	5.6
Health Manpower Development	116	272	327	559	18.5	3.8	11.2
Medical Rehabilitation	---	---	---	62			
Traditional Medicine	---	---	3	51			76.2
Nutrition	---	---	15	54			27.8
Miscellaneous	11	44	50	40	31	2.6	-1.8

CHAPTER-17

EDUCATION AND TRAINING

Sixth Plan Review

Despite financial shortfall, the Sixth Plan performance in education and training sector was fairly satisfactory even though the Plan achievements were lower than the original targets. Sub-sector wise major physical achievements during the Sixth Plan are given in the following table:

Table-I

SUB-SECTOR-WISE MAJOR PHYSICAL ACHIEVEMENTS DURING THE SIXTH PLAN

Sub-Sector	6th Plan Benchmark 1982-83	Position in (1987-88)	Achievements during the 6th Plan.
Primary Education			
Number of primary schools	67342 including 2700 private)	82592 (including 8460	12,164@
Number of mosque schools	8200	25393	17,193
Enrolment in class I-V: (in 000s)	T 6754	9310	2,556
	M 4608	6123	1,515
	F 2146	3187	1,041
Participation rate (%)	T 52.8*	63.5	
	M 68.5	79.5	
	F 35.3	45.7	
Secondary Education			
Number of middle schools	6742 (incl.390 Private)	9650 (incl. 1644 Private)	1854+2300 schools upgraded to high

---

* These figures have been revised in the light of latest population estimates.

@This includes 4154 primary schools upgraded to middle schools and excludes 2300 middle schools with primary section upgraded to high schools.

1		2	3	4
Secondary Education				
Number of middle schools		6742 (including 390 private)	9650(includ. 1644 private)	1854+2300 Schools upgraded to high
Number of high schools		4443(includ. 372 private)	7120(includ. 876 private)	2373
Enrolment in classes VI-VIII (In '000's)	T	1713	2460.4	747.4
	M	1254	1728.0	474.0
	F	459	732.4	273.4
Participation rate(%)	T	24.7*	30.4	
	M	34.4*	40.6	
	F	13.9*	19.1	
Enrolment in classes IX-X (in 000's)	T	683	784.7	101.7
	M	500	572.4	72.4
	F	183	212.3	29.3
Participation rate(%)	T	17.5*	17.2	
	M	24.4*	23.9	
	F	9.8*	9.8	
Enrolment in classes VI-X (in 000's)	T	2396	3245	849
	M	1761	2300	539
	F	635	945	310
Participation rate (%)	T	22.1*	25.7	
	M	30.9*	34.6	
	F	12.3*	15.8	
Technical & Professional Education				
Number of teachers Training Institutions (PTC/CT)		71	76+89 Units attached with high schools.	
Training of undergraduate teachers		10,000	20,000	
Secondary Teachers Training institutions		17	20	
Training capacity of Secondary schools Teachers Training Institutions		3500	4500	

Number of Engg. universities		4	4	-
Number of Engg. Colleges		1	2	1
Number of Poly/Mono-technics		34	36	2
Engineers:	Enrolment:	12800	15500	2700
	Output	2360	2630	270
Technicians:	Enrolment:	17320	22700	5380
	Output	3970	4400	430
Vocational Training Unit in Public & Private Sector.				
	Enrolment	10200	11700	1500
	Output			
Commercial Education				
	Enrolment	8500	11000	2500
	Intake	5000	10000	6000
Agriculture				
	Enrolment	1000	1200	200
	Intake	1000	1200	200
Paramedics				
	Enrolment	5600	7500	1900
	Intake	4200	5200	1000

* These figures have been revised in the light of latest population estimates.

College Education

Number of Intermediate Colleges	256	242	14 (upgraded to degree level)
Number of Degree Colleges	278	301	23
Enrolment in (000;s)			
Classes XI-XII	251	350	99
Classes XIII-XIV:	80	110	30

University Education

Number of general universities	12	13	1
Number of professional universities	8	9	1
Enrolment in Arts/Science course.	17000	22000	5000
Enrolment in postgraduate courses in A.I.O.U.			675

2. The main thrust of the Sixth Plan was on expansion of primary education and reduction in illiteracy in the country. To achieve these objectives, 40,000 new mosque schools were to be opened and 15 million illiterate persons were to be imparted literacy during the plan period. These targets could not be attained. Only 17193 new mosque schools could be opened and literacy programme could not make much progress due to the absence of an appropriate strategy for imparting mass literacy.

3. During the Sixth Plan period, the following strategic decisions were taken:

i) For education, Igra surcharge was levied on imports which yielded additional resources of Rs.13.14 billion during the Sixth Plan period.

ii) Recurring expenditure of the Provinces over and above 1982-83 level was treated as development expenditure and was reimbursed to them.

iii) All foreign aid for aid related projects was passed on to the provinces in addition to their normal share of ADP in order to boost the level of funding for education.

iv) In order to reduce the imbalance between the rural and the urban education, Prime Minister's Five Point Programme relating to rural education was launched. As many as 6922 primary schools were opened in the rural areas during the last two years of the Sixth Plan.

v) The concept of spatial planning in education was introduced so that no geographical area remained deprived of basic educational facilities.

vi) Several innovative projects to improve the quality of education were launched on experimental basis. These included: (i) Sandwich M.Phil programmes in Science.

Teachers can now get the degree by utilizing the summer vacation. (ii) Financial incentives for inter-university exchange of teachers to reduce in-breeding. (iii) Readers Clubs to provide 50% subsidy on books of the readers choice besides several other programmes.

4. The recurring expenditure on education and training during the last year of the Sixth Plan registered about three-fold increase over the recurring expenditure on education at the beginning of the Plan. Details are given in annexure-III. A substantial increase has occurred in the unit recurring cost of education at various levels. A comparison of unit recurring cost per student per year at the beginning and end of the Sixth Plan and the average recovery is given in the following table, which indicates the extent to which the education is subsidized in Pakistan.

Table-II

UNIT RECURRING COST PER STUDENT PER YEAR

Sub-sector		1982-83	1987-88	Average cost recovered as tuition fee.
Primary Education		Rs.350	Rs.650	Nil
Secondary Education		Rs.500	Rs.1200	Rs.60 (In Punjab & Federal Govt. Educational Institutions)
College Education		Rs.2200	Rs.2850	F.A Rs.180 B.Sc.Rs.240
University:	General	Rs.8522	Rs.15282	M.A. Rs.240 M.Sc.Rs.300
	Technical	Rs.5156	Rs.10387	Rs.90

Seventh Plan:

5 The present education system suffers from chronic deficiencies, namely, about 40% of the children do not have access to education which has perpetuated the high illiteracy rate during the last 40 years and the higher education is such that it has thrown up a mass of un-employable educated young, while the economy still suffers from shortage of skilled workers and technicians. The 7th Plan aims at giving a new deal to the younger generation. The objectives of the 7th Plan in the

education and training sector are given here under:

i) Broaden resource base for education

ii) Universalize access to primary education.

iii) Give quantum jump to technical and vocational training facilities.

iv) Improve quality of education at all levels and in particular university education.

6. In order to broaden the resource base, the Iqra Fund will be properly organised. The proceeds of Iqra surcharge, which was imposed in 1985-86 on imports, will be credited direct to Iqra Fund. Iqra surcharge will be gradually extended to other economic activities to meet the growing needs of Education and Training. To augment these resources, private sector will be encouraged to make tax free donations to Iqra Fund and to other Educational Endowment Funds without any limit. Feasibility of imposing estate duty with exemptions for donations to educational institutions will also be examined. Further, the private sector will also be encouraged to set up educational and training institutions with government support. In all future housing schemes, provision of primary and secondary schools as well as health centres and dispensaries will be made compulsory. Cost of these obligatory facilities will be built in the cost of land and development charges which will be recovered from the allottees.

7. At present the primary education facilities cover only 60% of the children in the age group of 5 to 9. As a result, three-forth of the population has remained illiterate during the last 40 years The Prime Minister's rural education programme has helped in improving the literacy rate to 30% during the Sixth Plan period. Little impact has, however, been made by programmes to convert adult illiterates into literates. As a crusade against illiteracy, the 7th Plan would concentrate on providing primary education facilities to all children in the age group of 5 to 9, which is the only route to high literacy rate, though time consuming. Seventh Plan will provide school facilities to every child within 1.5 KM so that no child is deprived of basic education due to non-availability of school at a reachable proximity. Almost 100% infrastructure facilities will be provided under the Plan. This would include buildings for about 75% of the shelterless schools besides opening new schools and addition of classes in existing schools. Efforts will also be made to reduce the disparity in the availability of school facilities for boys and girls as well as in rural and the urban areas.

8. Recruitment of primary teachers will not be restricted to trained PTC teachers. In addition to the prescribed trained teachers, intermediates and graduates will be recruited as

primary teaches according to their availability from the local community. Primary school teachers would get salaries in basic pay scales suiting their qualifications.In due course all primary schools will have only female teachers for improved retention in schools.

9. Part-time employment for girls primary school teachers on contract basis will be allowed. Salary and allowances to girls primary school teachers on contract will be indexed to the number of daily hours contracted. Maximum age limit for recruitment as girls primary school teacher will be abolished for local candidates. They will also be given a preference over all other candidates. Terms and conditions of entry and re-entry of female teachers will be revised. It will be possible to appoint the middle pass candidates as Assistant Teachers if the PTCs are not available and also the retired personnel in girls schools if the qualified ladies are not available.

10. In order to improve the efficiency and supervision of school education, local bodies will play their due role in raising funds for meeting the growing recurring expenditure. The schools will be placed under administrative control of District Education Authorities to be set up for this purpose in each district. In order to involve local community in the day to day management of schools, school management committees will be set up for each school.

11. With the universalization of primary school facilities secondary level education will be expanded so as to absorb the larger output from the primary schools. In addition, in order to provide quality education districts will have one model/comprehensive school for boys and girls. For this purpose, selected secondary schools will be upgraded to model schools in the districts, where such schools do not exist.

12. The existing system of education is throwing up a mass of unemployable educated young. At present 81% of matriculates continue their education. Of these, one-fourth are enrolled in technical and vocational institutions and three-fourth in Arts and Science colleges. The 7th Plan would attempt to increase the share of students going into technical and vocational institutions to over 33% by doubling the intake in such institutions. For this purpose, the public sector will set up 42 poly and mon-technic, 4 commercial colleges and 50 vocational training centres, 2 elementary teachers training colleges and one agriculture extension institute. Private sector will also be encouraged to set up technical schools. They will be provided with incentives, including tax exemption on donations for and income from these institutions, and credit facilities from small Business Finance Corporation. In addition, one year on-the-job training of graduates of polytechnics and engineering universities will be made legally compulsory before award of

diplomas and degrees in order to improve their employability. Apart from expansion in technical and professional training facilities, the secondary education will have a technical bias.

13. The quality of education will be improved at all levels through better physical facilities, teachers training and teacher-pupil ratios. Special efforts will be made to improve the quality of education in the universities through a series of reforms. The financial position of the universities will be improved by wiping out their deficits, raising gradually the fees from the existing 1% of recurring expenditure to 10% providing them 20-25% of funds collected in Iqra Fund, permitting contributions from MNA/Senators funds to colleges and universities, creating endowment funds and making donations to these funds tax free without any limit and permitting the universities to acquire industrial and agricultural assets which will generate income as well as employment and training opportunities for students.

14. The universities will also be allowed to negotiate foreign assistance like NGOs and create private chairs. The policy package for private universities includes tax free donations to their endowment funds, access to foreign assistance like NGOs and support from NGO Fund. These will be totally autonomous organisations like Agha Khan University and Lahore University of Management Sciences. Talented but indigent studients will be provided access to university education through scholarships from the Zakat Fund. The administration of the universities will be streamlined. The existing dual control by the Federal and Provincial Governments has damaged the university education. The responsibility for University Education will be entirely of the Provinces. No new university will be opened in the public sector.

15. Quality of education in the universities will be improved through a number of measures. Admission in the universities and colleges will be on a selective basis and purely on merit. The examination dates will be fixed for all universities through a statute and will not be changed" Severe penalties will be prescribed for cheating. Research capabilities of the universities will be enhanced through provision of improved physical facilities, staff development, teacher exchange programmes, linkages with foreign universities and encouragement of contract research. Henceforth no new research institute will be established in public sector outside the universities. The universities will be made the focal point of research in science and technology. The 7th Plan will however, provide for an Institute of Science and Technology in the private sector.

16. The Plan strategy will be to improve the literacy rate through improvement and expansion of primary education as well as motivating the private sector to play an active role". While it

is estimated that the literacy rate would rise to about 40% by the end of 1992-93, the infrastructure created during the 7th Plan period is expected to yield a literacy rate of 80% by the end of the current century.

17. The detailed programme of various sub-sectors are given in subsequent paragraphs.

Primary Education

18 Inspite of targetting universalization of primary education in previous Five Year Plans, its achievement remains a dream. Our primary schools still lack physical facilities. About 29,000 primary schools have no buildings and 16000 schools have only one class room. The target on one teacher and one class room for every class, which are the minimum essential requirements for quality education, appears difficult to achieve in the next few years. Rural primary schools are beset with problems of shortage of trained and qualified female teachers and incidence of teacher absenteeism. In rural areas, enrolment of girls compared to boys is only about one third. Most of the teachers lack dedication, motivation and interest in their profession. Available data on educational statistics are both, incomplete and unreliable. Usually enrolment and teachers in private schools are under-reported. Lack of proper school mapping has made it difficult to identify right locations for opening of new primary school to make them easily accessible for all children. The curriculum is mostly urban-oriented and lacks relevance with the actual daily life of children. The unattractive school environment has resulted in poor retention and high dropout rate. Seventh Plan hopes to deal with these problems effectively.

19. The existence of "Kachchi" (Pre-primary or Zero class) in most schools is ignored as a separate entity by the statistical system and it gets counted as part of class I enrolment. This tends to overstate both the participation rate and the dropout rate. In the Seventh Plan, the separate entity of the preparatory class has been recognized. Benchmark and targets of the enrolment and participation rates have been adjusted accordingly. The benchmark and the targets of the Seventh Plan are given in Table-III.

Table-III

PRIMARY EDUCATION BENCHMARK (1987-88) AND TARGETS (1992-93) OF THE SEVENTH PLAN.

Sex	Enrolment (in 000's)				Percentage of 5-9 years age group population in schools.	
	Banchmark (excluding) kachchi) 1987-88	Addl. during 1988-93	Target (excluding kachchi (1992-93)	Average Annual growth.	Benchmark (excluding Kachchi) 1992-93	Target (exclud ing Ka-chchi (92-93)
Total	9310	4566	13876	913	63.5	79.7
Boys	6123	1828	7951	366	79.5	88.5
Girls	3187	2738	5925	548	45.7	70.3
Total Urban	3100	1055	4155	211	77.4	86.7
Boys	1800	500	2300	100	85.7	93.1
Girls	1300	555	1855	111	68.3	80.0
Total Rural	6210	3511	9721	702	58.2	77.0
Boys	4323	1328	5651	266	77.2	86.8
Girls	1887	2183	4070	437	37.2	66.6

By 1992-93 almost every child (boy or girl) of age 5+ will have access to a primary or mosque school. In order to achieve the targets of universal primary education, concerted efforts will have to be made to bring the girls of the relevant age groups in schools.

20. The Seventh Plan aims at improving the physical as well as human resources infrastructure by providing buildings to shelterless schools, and by adding class rooms in over crowded schools. Every primary school will have at least three teachers and two class rooms with a verandah.

21. A detailed school mapping will be done to identify the educationally unserved localities. It will be ensured that new educational facilities are geographically well spread so that a school is within the easy reach of every child. Mosque schools will be opened for small settlements. A primary school will be established for every settlement of 500 persons or more. On the basis of total number of children in the settlement, if separate schools for boys and girls are not feasible then a girls school will be opened. Boys upto the age of 8+ will be allowed to join this girls school. The existing disparity between boys and girls

primary education facilities will be reduced. Terms and conditions (about age limit, qualifications etc.) of entry and re-entry as a female teacher will be revised to facilitate availability of female teachers. Part-time employment will be permissible for girls primary school teachers on contract basis. It will be possible to employ retired personnel in girls schools if qualified teachers are not available.

22. Many children who join the school, either do not find it sufficiently attractive to continue or, because of poverty, wish to become earning members of the family. These children soon drop out of school. There will be legislation for compulsory primary education upto grade V for all localities where a school is available within a radius of 1.5 K.M.

23. Full participation of primary school children can not be achieved simply by opening of schools, especially in the rural areas. Apart from designing the curriculum closure to environment a very strong motivational campaign will be launched during the Seventh Plan to convince parents to send their children to schools.

24. At present a child of 5+ age is admitted to class I. In more than 85% of the countries, the age of entry in class I is 6+ or more. But these countries have strong programmes of nursery and pre-primary classes. The possibility of increasing the age of entry to class I by one year will be examined.

25. The textbooks for primary schools will be improved. Integrated textbooks will be used upto class. III. The quality of textbooks in terms of their content and physical get up will be improved. The province of Punjab will supply textbooks at subsidized rates. Similar possibilities will be explored in other provinces as well.

26. comfortable posture of students is an important determinant of effective learning. In most of the rural primary schools, however, small children undergo the inconvenience of sitting on the floor in all seasons. The Seventh Plan will provide simple and locally manufactured furniture in all the new primary schools. Efforts will be made to gradually provide furniture to the existing schools in a phased manner.

27. Existing methods of collection of the educational statistical data will be modernized for speedy collection of upto date, comprehensive and reliable statistical data. Education census days will be fixed for the whole country twice a year in consultation with the Ministry of Education,. On these days, information on prescribed form will be collected, checked and verified.

Secondary Education:

28. Although significant expansion has taken place in secondary education, it is distributed uniformly neither population-wise nor geographically. The long distances involved in the availability of middle or high school facilities is another important factor for low enrolment especially in case of girls. Every Education Policy and Plan had recommended that classes XI and XII be made part of the secondary education. Not much has been achieved in actual implementation. The Sixth Plan had made no provision for the opening of new intermediate colleges, although a number of intermediate collages were established during the Plan period. The last two five-year plans emphasized diversification and vocationalisation of secondary education, but 98% students of our secondary schools are still enrolled in the academic courses. For large majority of students, the 8th class and 10th class are terminal stages but these students acquire no marketable skills for absorption in the national economy. The class room instructions are pivoted around the external examinations which encourage rote memorization. Teaching of science and mathematics requires a great deal to be done. A large number of secondary schools face serious shortage of laboratories, science equipment and qualified science and mathematics teachers.

29. The Seventh Plan will expand secondary education to absorb the increased output from primary schools. The curriculum at secondary level will be so changed that students leaving the system after class 8 or 10 possess some useful skills to become productive members of the society. In classes 6,7 and 8 student may be required to opt one skill oriented subject such as agriculture, home economics, metal work, electricity, woodwork or furniture making, calligraphy, photography, horticulture, fish-culture, animal husbandry, plumbing, welding, turning, masonry, carpet weaving, dry cleaning auto-servicing, spray painting, watch repairing, embroidery, dairy and food preservation. A child leaving class 8 will be 13 + and can start on the job training or apprenticeship in the skill acquired, thus earning while learning. Alternatively, he may join vocational school for further refinement of his/her vocation/skill. The skill training in classes 9-10 will be bracketed with the two elective Arts subjects. so that schools which are unable to offer facilities in any skill training may continue to offer traditional optional subjects. The skill training in classes 9-10 will be for more sophisticated roles like laboratory technicians, dental technicians, typists, accountants, secretarial personnel insurance and banking assistants, computer data feeders and hotel management assistants etc. Where technical teachers are not available, local artisans will be engaged for part time coaching.

30. The targets of the Seventh Plan for expansion of

secondary education are given in Table-IV:

Table-IV

SECONDARY EDUCATION BENCHMARK (1987-88) AND TARGETS (1992-93) OF THE SEVENTH PLAN

Level	Sex	(Enrolment in 000) Benchmark 1987-88	Addl. 1988-93	Target 1992-93	Average Annual growth	Percentage of relevant age group population in schools 1987-88	1992-93
						10+to 12+ years	
Middle VI-VIII	Total	2460.4	1405.6	3865	281	30.4	41.6
	Boys	1728	844.0	2572	169	40.6	52.7
	Girls	732.4	561.0	1294	112	19.1	29.3
						13+to 14+ years	
High IX-X	Total	784.7	476.3	1261	95	17.2	24.1
	Boys	572.4	324.6	897	65	23.9	32.7
	Girls	212.3	151.7	364	30	9.8	14.7
						10+ to 14+ years	
Secondary VI-X	Total	3245	1882	5127	376	25.7	35.3
	Boys	2300	1169	3469	234	34.6	45.5
	Girls	945	713	658	143	15.7	24.1

Table IV shows that the Participation rate will be increased from 30.4% to 41.6% at the middle stage and from 17.2% to 24.1% at the high stage. The overall participation rate for classes 6 to 10 will rise from 25.7% to 35.3%. The table also indicates that girls enrolment will increase more rapidly as compared to boys enrolment.

31. Larger number of primary and middle girls schools will be upgraded. The admission to class 9 will be selective, based on student's cumulative record, including 8th class examination and other tests such as scholastic/aptitude tests. Construction of additional classrooms and improvement of existing buildings of middle and high schools will be carried out to cater for additional enrolment coming from the primary schools. In urban areas, second shift in secondary schools will be introduced, wherever feasible.

32. Incentives will be provided to attract good science and mathematics teachers. The ongoing project of improvement of science education will be expanded to cover more schools, together with inservice training of teachers, construction of

laboratories and supply of science equipment. The quality of teaching of English language will be improved by strengthening the teacher training programme and by revising courses in English language.

33. The Seventh Plan will restructure various stages of educational ladder. The proposed structure is as under:

Classes 0,1,2,3	Lower Elementary
Classes 4,5,6,7,8,	Upper Elementary
Classes 9,10,11,12,	Secondary
Classes 13,14,15,	College
Classes 16,17 above	University

B.A and B.Sc. courses will be of two years' duration. For admission to M.A/M.Sc classes, it will be essential to possess B.A.Hons / B.Sc. Hons. degree which will be a three year course after grade 12. M.A. and M.Sc. course will be of two year duration.

34. Establishment of an Intermediate College is generally not economically viable because the facilities remain under-utilized. In the Seventh Plan no intermediate college will be opened. Instead classes XI and XII will be added to selected high schools wherever justified. Similarly, all intermediate colleges will gradually start classes 9 and 10 as well. It will be ensured that the promotion prospects and interests of the school and the college teachers are protected.

35. In order to improve the quality of education in secondary schools, B.Ed teachers will also be appointed along with C.T. teachers to teach classes 6,7 and 8 . The number of B.Ed. teachers will gradually be increased. Existing incentive for M.Ed. teachers will continue so that larger number of M.Ed. teachers is available to teach classes 9 and 10. The teachers for classes 11 and 12 will possess at least Master's degree in the relevant subject with preferably 3 to 6 months training on various aspects of educational theory and practice.

36. A small hostel for students will be provided in a secondary school which serves several villages not within a commutable distance. All out efforts will be made to locate new secondary schools so that these facilities are available to maximum number of students in all districts and tehsils, and no geographical area is deprived.

37. The Seventh Plan will launch a programme of providing at least one model or comprehensive school for boys and one for girls in each district to provide quality education to talented children. Forty selected high schools will be upgraded to model/comprehensive schools in districts where no such schools

are available at present. This will be subsequently extended to Tehsil schools. Ultimately all secondary schools will be converted into institutions of quality education through provision of better qualified teachers and physical facilities.

Technical and Vocational Education

38. One of the greatest assets of a country is its manpower equipped with the skills and training necessary in a complex modern society. The education system is the instrument to develop technical and vocational abilities needed for the creation of a progressive society. The growth rate of the different streams have resulted in a distribution of enrolment which is increasingly in favour of general education. The education system has thus so far been producing a mass of unemployed educated young. The following table shows that the enrolment in the technical/vocational and professional education could not increase proportional to the increase in enrolment in general education.

Table-V
Enrolment in Post-Matric Education
by stream, 1972-88

Year	General Education	Technical/ Vocational & Professional Edu.	Total	Percentage Distribution	
				General Edu.	Tech/Voc and Prof. Edu.
1972-73	1,76,468	1,04,713	2,81,181	63	37
1977-78	2,38,720	1,02,542	3,41,262	70	30
1982-83	3,45,810	1,18,360	4,64,170	74.5	25.5
1987-88	4,79,500	1,42,400	6,21,900	77	23

The above situation has been created by stagnation of annual intake at a level of about one forth of total intake in the two streams, as would be seen from the table below

Table-VI
Annual Intake in Technical/Vocational and General Education after passing Matriculation Examination

	Annual Intake				
	1972-73	1977-78	1982-83	1987-88	1992-93
1. Joining technical/ vocational course	17,739	35,575	42,950	56,400	1,25,000
2. Joining first year in Arts & Science colleges.	68,350	95,200	125,500	175,000	2,56,000
Total annual intake.	86,089	130,775	168,450	231,400	3,80,000
Percentage of those who join technical/ vocational courses	*20.6%	27.2%	25.5%	24.4%	33%

* This does not include 32,135 teachers trained under a special temporary arrangement to meet cumulative shortages.

39. The Seventh Plan will take necessary measures to reverse the trend and increase the share of enrolment in technical and professional education. For this purpose, the public sector will set up 42 poly and mono technics, 4 commercial colleges and 50 vocational training centres. Moreover, the private sector will be encouraged to set up institutions of technical and vocational education. Small Business Finance Corporation will offer loans to private technical institutions for purchase of laboratory equipment etc. Investment in setting up technical/vocational institutions, endowments to these institutions and incomes therefrom will be made tax free. As a result of these measures, the share of students going to technical and vocational training programmes after passing matriculation examination will increase from 24% to 33 per cent of those who continue education.

40. At present different agencies are responsible for vocational and commercial education. There is no coordination between them. The Seventh Plan recommends the constitution of a

Council of Technical Education to ensure such coordination. Through technical assistance of the Asian Development Bank , a detailed study on technical educational will be conducted and mid-course adjustments will be made.

41. Structural changes in technical education will be considered to bring it at par and parallel to general education system. After grade 8, students will be able to join a vocational institution for a certificate course of 3 to 10 months duration. After grade 10 two years diploma course will be offered in the polytechnics and Technical Colleges. After this a three years course in the Engineering Colleges and Technical College will lead to B.Sc. Engineering degree. The admission to B.Sc. (Engineering) course will be open only to the best students among those who qualify diploma or F.Sc. (pre-engineering). This degree will be comparable to B.A/B.Sc. Hons. degree in general education. After B.Sc. (Engineering) a two years course for Master's degree in Engineering will be offered in the Engineering Universities. This degree will be considered at par with the present B.Sc. Engineering degree, which takes 4 years after F.Sc. (pre-Engineering). In addition, the Engineering Universities will offer M.Phil and Ph.D courses with emphasis on research .

Engineering Education:

42. Presently there are 8 engineering education institutions. Their intake capacity will be raised from 4000 to 5000 during the 7th Plan. The Engineering Universities will offer only post-graduate courses and B.Sc. courses will be offered in the Technical Colleges and Engineering Colleges. Second campuses of existing Engineering Universities will be converted into Engineering Colleges. Curriculum of engineering education will be reviewed and modern technologies related to new products and processes will be introduced. Sufficient human and financial resources will be provided to strengthen research programme in universities. A new engineering college will be set up in the Punjab.

43. Technicians Education: Technicians education at diploma level is administered in 27 polytechnics and 9 colleges of technology including 7 polytechnics for women. Total annual intake capacity of these institutions is 9000. If the duration of diploma is reduced to two years this intake capacity will increase to 12,500. During the Seventh Plan, the intake capacity will be increased to 18,800. Seventeen on-going projects of setting up polytechnics/mono-technics will be completed. In addition 31 new polytechnics including 6 in private sector (20 for men and 11 for women) will be established. Besides, basic technologies of civil, electrical and mechanical engineering, additional technologies like computers, Micro processors, Oil, Gas and Petro-chemical, Rural Development, Aeronautical,

Communication, Mining and Metallurgy ship building, and Industrial Design etc. will be introduced in polytechnics. The intake capacity of colleges of technology will be raised. With additional inputs, these colleges will offer B.Sc. Engineering courses.

44. Vocational Education: At present, 150 vocational institutes with an intake capacity of about 12,500 are functioning under the administrative control of provincial Education Departments. In addition, vocational institutes/technical training centres are also operating under the Provincial Labour Departments and a host of other autonomous, semi-autonomous and private organizations. Selected public sector vocational institutes/technical training centres are being strengthened and consolidated under the National Vocational Training Programme sponsored by the World Bank. The training of skilled and semi-skilled workers will be made more relevant to the industrial needs, and uniformity of desireable skill standards will be enforced. The existing vocational institutes controlled by the Education Departments will be consolidated and 50 new institutes (10 for men and 40 for women) will be established during the Seventh Plan under the arrangements of Manpower Division.

45. Commercial Education: Commercial Education is offered at certificate, diploma degree and post-graduate level in 13 Commerce Colleges and 104 commercial training institutes in the public sector. A fairly large number of commercial training institutes exists in private sector. Annual output of public sector commercial education institutions at degree and diploma/certificate level is 23,000 and 11,200 respectively. Instead of establishing new commercial training institutes, existing institutions will be consolidated during the Seventh Plan. Four new commerce colleges will be established and 6 government commercial training institutes will be upgraded as degree colleges of commerce. Wherever feasible, commerce education will be introduced in Intermediate classes of general colleges. Post graduate course (MBA/M.Com) will also be introduced in 3 reputed colleges of commerce.

46 The National Technical Teachers Training College (NTTTC) Islamabad established with assistance of the Asian Development Bank will be commissioned during the Seventh Plan. The NTTTC will devise programmes for in-service training of all categories of teachers of technical education. Pre-service B.Ed. (Tech) course will also be introduced in this college. Technical and commercial education institutions will be encouraged to develop and offer short term courses, oriented towards the immediate needs of the community on self financing basis. At present, a strong liaison is lacking between the institutions of technical education and industry. Necessary steps will be taken to induce industrial establishments in order to win their

cooperation for in-plant training of students.

Teacher Education

47 No system of education can be better than its teachers. Most of our teachers lack enthusiasm, motivation, dedication and preparedness. Promising talent is not attracted to join as teacher because of unattractive salary scale, limited prospects of promotion and low social status.

48. During the Seventh Plan period teachers efficiency will be improved by:

a) raising gradually the minimum qualifications of fresh entrants as Inter CT for primary classes (instead of PTC), B.Ed for middle classes and M.Ed. for secondary classes;

b) revitalizing the teacher training programmes through structural and curricular changes and improved management of teacher training institutions;

c) providing better career prospects and continuous inservice education, weeding out inefficient persons and providing incentives for good performance in the form of increments/awards etc.

The shortcomings of the present teacher training programme have been identified as:

a) The curriculum is not relevant to the actual class room situation and the teacher is not trained how to apply the principles in actual teaching-learning process.

b) The prospective teacher does not get sufficient opportunity to observe good lessons. He does not get proper feed-back for improvement of his lessons due to lack of proper practising facilities and supervision.

c) The prospective teacher has poor academic preparation in the subject matter he intends to teach.

d) 100% internal evaluation in C.T. and PTC both in theory and practice has lowered the standard in most of the cases.

e) The training period is inadequate and, therefore, half-trained teachers are produced.

f) The arrangements for inservice training and continuing education are unsystematic and inadequate, and mostly without any incentives.

g) Good students are not attracted towards teaching profession due to lack of good career opportunities and incentives for hard work.

The Seventh Plan will endeavour to overcome the above shortcomings. The course for C.T. Class will also include methods of teaching at primary level and B.Ed. course will also include teaching at the middle level. If trained teachers are not available, untrained persons with higher qualifications will be appointed and allowed salaries as per qualifications.

49. A good career structure will be developed during the Seventh Plan with scope of incentives for good teachers and of weeding out undesirable elements. A special inservice course will be required for moving from one grade to the next . These courses will be held well ahead of their promotion.

50. Pre-service training for primary/middle school teachers is being organized in 76 teachers training institutions / elementary teachers training colleges. PTC classes are also attached to some high schools. Teachers for high schools are prepared in 8 colleges of education and six university departments. There are three colleges of physical education for the physical education instructors. Agro-technical teachers are trained in 7 Agro-technical teachers training centres. The pre-service training facilities will be increased substantially during the Seventh Plan period to ensure adequate supply of trained teachers to meet the demand of expanded primary education and consequential increase in enrolment at the secondary level. In order to attain this goal, existing training institutions will be consolidated and new ones established. Table-VII gives the additional teachers to be trained during the Seventh Plan.

Table-VII

NUMBER OF ADDITIONAL TEACHERS TO BE TRAINED
DURING THE SEVENTH PLAN

Level	No.of addl. teachers required in 7th plan	PTC	CT	B.Ed.	M.Ed.
Primary level	100,000	80,000	20,000	-	-
Middle level	56,000	-	42,000	14,000	-
Classes 9th & 10th	25,000	-	-	20,000	5,000

51. There are 13 in service Teachers Education Extension Centres/Institutions which conduct sporadic in-service refresher

courses for school teachers. The number covered through these refresher course is insignificant. Facilities, presently available at these centres are extremely limited as compared to the current requirement. These centres will be consolidated. Additional buildings, library books, equipment for science laboratories, and modern audio-visual aids for training of teachers will be provided. Innovative methods of inservice training, such as modular approach, distance learning techniques, mutual exchange of teachers and supervisors, use of a audio and video cassettes will be encouraged. A system of incentives, in the form of awards, recognition, preferences will be introduced.

Higher Education and Research:

52. In the Sixth Plan no university or degree college was to be established. Emphasis was on the consolidation of a large number of institutions opened during the Fifth Plan. Intermediate classes were to be added in the secondary schools wherever justified by demand. The Sixth Plan also provided for gradual delinking of intermediate classes from the degree colleges and under-graduate programmes from the universities, so that the universities could focus on post-graduate education and research, while the degree colleges could restrict their teaching to degree level education of better quality. But this could not be fully implemented due to administrative hurdles. Only 3 departments of universities could be developed into Centres of Advanced Studies. Establishment of privately endowed university of Science and Technology could not materialise. Some progress was nevertheless made towards qualitative achievements. For faculty development, training facilities for the university teachers have been expanded. Selected departments of universities have established linkages with foreign universities that provide for collaboration in teaching and research through exchange programmes of teachers and students. Liberal scholarship programmes were started for encouraging M.Phil and Ph.D programmes in the country. Programmes for training and exchange of university teachers within the country were started by the University Grants Commission. Scientific equipment was provided to Centres of Excellence and selected university departments, both from the local resources and foreign aid.

53. College Education: In the existing degree colleges, a large majority of students belong to Intermediate classes. If these classes are delinked and the Honours classes are introduced the degree colleges will have three years programme. There will be no need for establishing any new degree college. Efforts will be made to channelize higher percentage of secondary school graduates toward vocational and skill oriented education. Emphasis will be laid on improvement in quality of instruction at college level. Use of computers in various courses would be encouraged. Evening classes in colleges will be allowed, where

feasible. Some of the well established and reputed colleges will be allowed to award degrees. Private sector will be encouraged with various incentives to open quality institutions. At present, sports facilities are provided from the recurring budget and students fund. In addition, development funds will also be provided to colleges for encouraging sports.

54. Universities. Our universities are faced with serious administrative problems, heavy budget deficits, out-moded curricula, defective examination system, and inadequate focus on research. During Seventh Plan period special attention will be paid to bring about improvements in the university education through a series of reforms. Following major reforms are envisaged:

i) At present universities are funded by the Federal Government while administratively they are under the control of Provincial Governments. This dual control has damaged university education, resulting in financial indiscipline, budget deficits and administrative weaknesses. During Seventh Plan, administration of the universities will be streamlined by transferring the responsibility of university education entirely to the Provincial Governments. Management capabilities will be given special consideration in selection of new administrators for universities. The university heads will also be provided necessary training and an orientation for their job.

ii) Financial position of the universities will be improved by wiping out their existing deficits, providing them 20-25% of the Iqra fund collections, raising the fees from the existing 1% of recurring expenditure to 10%, permitting contribution from MNA/Senator fund to the universities as well creating endowment funds for the universities and making the donations to this fund tax free without any limit, and permitting the universities to acquire industrial and agricultural assets for generating income as well as for creating employment and training opportunities for the students. The universities will be made totally autonomous organizations like Agha Khan University and Lahore University of Management Sciences and gradually self-financing. For this purpose, they will also be allowed to negotiate foreign assistance like NGOs, and establish private chairs.

iii) No new university will be opened in the public sector. However, private sector will be encouraged to establish universities or graduate schools in selected 1-2

disciplines of new emerging fields of applied and professional nature.

iv) Research capabilities of universities will be enhanced through provision of better physical facilities (including well equipped laboratories and libraries), staff development, teacher exchange programmes, linkages with foreign universities of repute, and encouragement of contract research. Hence-forth, no separate research institute will be established except as an integral part of the concerned university. The university will be made a focal point of research and technology.

v) The approved on-going development programmes of existing university campuses will be continued. However, in view of resource constraint highest priority will be given to completion of the essential facilities (i.e. academic buildings labs) and inter-departmental utilization and integration of various departments at the same campus will be emphasised.

vi) Atleast 8 selected departments having potential for the upgradation, specially in terms of staff expertise will be developed into Centres of Advance Studies for offering M.Phil and Ph.D. programmes and research of international calibre.

vii) Separate non-transferable funds will be provided out of the recurring budget for purchase of consumable materials for scientific laboratories and research. The universities will undertake research projects in close collaboration with other National R&D institutes and M.Phil/Ph.D. students may also be assigned to carry out their research in the R&D institutes.

viii) Every university will establish a Guidance and Placement Centre for students. The Centre will guide students in selection of subjects of study and keep upto date inventory of job opportunities, and will help students in search of jobs.

ix) Measures will be taken to improve academic environment and administration in the universities.

x) Programmes for the improvement of teachers will be launched which will include seminars, conferences, training courses, teacher exchange programmes, research grants, fellowships for further education in and outside Pakistan. The minimum qualifications for a university teacher will gradually be raised to M.Phil in the subjects where the M.Phils are available.

xi) The curricula will be revised and up-dated keeping in view its relevance to the growing needs of the country, and employability of the skills.

xii) Quality research will be considered as an integral part of the duties of a university teacher, which should play a prominent role for his promotion etc.

xiii) Quality of university education will also be improved through a number of other measures. Admission in universities and colleges will be selective and purely on basis of merit. The examination dates will be fixed for all universities through a statute and will not be changed. Cheating in the examinations will be eradicated through better management and prescription of severe penalties. Talented but indigent students will be provided access to university education through scholarships from Zakat fund.

Literacy:

55. The 1981 census gives a literacy rate of 26.2% (35.1%) for male and 16% for female). Urban-rural and male-female break up of the literacy rates is as under:

Table-VIII

LITERACY RATES 1981

	both sexes	Male	Female
Total Pakistan	26.2	35.1	16.0
Urban	47.1	55.3	37.3
Rural	17.3	26.2	7.3

56. The Sixth Plan set a target of making 15 million persons literate. But the literacy programmes launched did not prove effective enough. The literacy centres established during the first half of the Sixth Plan period were replaced by NAI ROSHNI Schools. In addition IQRA Pilot Project was started in Islamabad/Rawalpindi districts on experimental basis. During the Sixth Plan period hardly 0.8 million illiterates were made literate. The IQRA Pilot Project model of rewarding Rs.1000 per neo-literate to the volunteer teachers will be difficult to replicate in other parts of the country, because of its being too expensive and having in-built dangers of its misuse and corruption. The Sixth Plan experience has shown that short cuts to literacy, besides being expensive, are hard to monitor. There

is no substitute for formal education. The options available are either to divert resources for converting illiterates into literates with uncertain results and continue to deny half of the new generation even the primary education or to provide hundred percent facilities of primary education for the new generation and let the illiterates be phased out or taken care of largely by the NGOs on demand basis. The Seventh Plan, therefore, relies mainly on expansion of compulsory primary education and efforts of NGOs for adult education for increasing the literacy rate. In the short run, the results will be slow but in the long run this approach would facilitate rapid increase in literacy rate. The existing Nai Roshni schools will be gradually absorbed in formal education system. Firstly, through improvement and expansion of primary education, retention power of the primary schools will be improved. Secondary, a strong programme of adult literacy will be launched by the NGOs and mass media and also by the political parties as a socio-political campaign. The Plan target will be to make 5 million persons literate through the adult literacy programmes.

57. It is estimated that the literate stock in 1987-88 would be 21.277 million while the population in age group of 10 and above would be 71.881 million. This gives a literacy rate of about 30%. By 1992-93, the age group population would rise to 84.311 million. The addition to the literate population during the five years period will be 12.495 million: 8.263 million through primary education, 1.67 million through non-formal system, and 4.0 million through the efforts of adult literacy programmes of NGOs minus 1.438 million deaths. This will make the stock of literate persons in 1992-93 as 33.77 million which will give a literacy rate of about 40%. However, as a result of provision of 100% primary education infrastructure during the Seventh Plan, the literacy is expected to jump to 80% at the end of the century.

Scholarships:

58. A number of Provincial and Federal scholarship schemes are going on for the encouragement of talent and for equalising educational opportunities for the poor. Zakat and Ushr funds are also used for awarding stipends. The existing programmes of scholarships will be continued. The number of foreign scholarships will, however, be gradually decreased as local M.Phil/Ph.D. facilities increase.

Library Services:

59. The Seventh Plan will provide adequate funds for development of both public and institutional libraries. Public library system envisaged in the Sixth Five Year Plan will be given greater priority in the Seventh Plan. The new building of

National Library of Pakistan will be completed and commissioned during the Seventh Plan. The Children Library Complex, Lahore will be completed. The scheme for improvement of Public Libraries maintained by local bodies will be implemented. Libraries of deeni madaris will also be improved. Khushal Khan Khattak Library will be set up in N.W.F.P.

Testing and Evaluation:

60. Too much importance given to scores in academic examinations has resulted in enormous corruption in our examination system. Students, teachers, parents and heads of institutions are equally responsible for this situation. The Seventh Plan provides for the establishment of Educational Testing and Measurement Services, which would develop standardised tests for intelligence, aptitudes, scholastic abilities, etc. The scores on these tests will be used in conjunction with the traditional examination scores and cumulative record of the students achievements. By a legislation to be enacted the admission to educational institutions will be selective and strictly on merit basis. At the same time, measures will be taken to improve the conduct of examination and evaluation of scripts. Severe penalties will be prescribed for cheating.

Curriculum and Textbooks Development:

61. Curriculum and textbooks development is a continuous process. The objective should be to strengthen faith in Islam and the Pakistani nationhood together with enlightened approach to life. It must inculcate self-esteem, concern and love for others. Curriculum should be related to the immediate needs and environment so that education is more meaningful to students. It should be so diversified that school leavers at various levels should have some marketable skills and are able to adjust as productive members of the society. During the Seventh Plan efforts will be made to rationalize the curricula to achieve these objectives.

Educational Supervision and Administration:

62. Some steps were taken during the Sixth Plan period to decentralize and improve the educational administration and supervision. This process will be accelerated. School/college management committees will be constituted for every institution, with suitable financial and administrative powers. All new primary, middle and high schools will be placed under the administrative control of District Education Authorities to be set up in each district. Financial arrangements will be made to provide resources to these Authorities. The concept and appointments of learning coordinators for professional improvement of the school teachers which was started in selected

districts during the Sixth Plan, will be expanded to the remaining districts/areas. Educational supervision will be further strengthened by appointing more supervisors.

Financial Allocations:

63. Communities and NGOs will be encouraged to set up, on self help basis primary, middle, high, college and technical institutions using Urdu or a regional language as medium of instruction. Government will provide, by way of development grants, 50% of the cost of building constructed or donated for opening a school. The capital grant will be placed in an Education Fund to be used on educational facilities by that community/NGO. Private sector will be supported if they volunteer to upgrade existing primary schools to middle level and middle schools to high level on self help basis provided these schools have been in operation during the last five years. The government will provide grant to pay salaries of additional teachers needed to run the upgraded school. In all future residential schemes and housing schemes, provision will be made for construction of primary and secondary schools as well as health centres and dispensaries. Cost of these facilities will be built in the cost of land and development charges to be recovered from the allottees.

64. The resource base for education will be increased. The proceeds of Iqra surcharge will be credited direct to Iqra fund. In addition, Iqra surcharge will be gradually extended to other economic activities to meet the growing needs of education and training. At he same time, private sector will be encouraged to make tax free donations to Iqra fund and to educational endowment funds for claiming tax exemption. Further, the private sector will be encouraged to set up educational and training institutions with Government support.

65. The Seventh Five Year Plan allocates Rs.24.06 billion for developmental programmes of Education and Training. Sub-sector-wise break up is given in Annexure-I. Annexure II gives major physical targets.

66. In the past, non-availability of sufficient funds, in the revenue budgets of executing agencies, has been one of the major hurdles in the success of educational programmes. An innovative step was taken to improve the situation during the Sixth Plan by treating the Provincial recurring expenditure on education over and above the 1982-83 level as developmental. This has helped the executing agencies in implementing the developmental programme at a faster speed.

67. During the Seventh Plan, 93 billion will be required for meeting the recurring expenditure, (Rs.75 billion for maintaining the existing educational programmes of 1987-88 level and Rs.18 billion for the programmes of the Seventh Plan). This

level of recurring expenditures from public exchequer would necessitate strong cost recovery measures while providing for assistance to the indigent or the needy students.

ANNEX-17.1

SUMMARY OF SEVENTH PLAN ALLOCATIONS FOR VARIOUS SUB-SECTORS OF EDUCATION

(Rupees Million)

	6TH PLAN ALLOCATION	6TH PLAN EXPENDITURE	PROPOSED 7TH PLAN ALLOCATION
1 Primary Education	7000	3533	10562
2 Secondary Education	4125	3843	6474
3 Teacher Education	305	182	287
4 Technical Education	1315	900	2251
5 College Education	1300	1233	615
6 Scholarship	660	739	760
7 Literacy & Mass Education	750	834	300
8 University Education	2100	1383	2365
9 Library System	455	125	146
10 Misc: Programmes	570	395	150
11 Other Divisions	250	263	150
TOTAL	18830	13430	24060

ANNEX-17.2

MAJOR PHYSICAL ACHIEVEMENTS DURING SIXTH PLAN AND TARGETS FOR SEVENTH PLAN

	1982-83			1987-88			1992-93		
	Total	Govt.	Private Estimated	Total	Govt.	Private Estimated	Total	Govt.	Private Estimated
1. Mosque Schools	8,200	8,200	---	25,393	25,393	---	45,393	45,393	---
2. Primary School									
Total	67,342	64,642	2,700	82,592	74,132	8,460	112,606	93,146	19,460
Male	44,690	43,240	1,450	50,909	46,509	4,400	58,964	48,464	10,500
Female	22,652	21,402	1,250	31,683	27,623	4,060	53,642	44,682	8,960
		5TH PLAN			6TH PLAN			7TH PLAN	
3. Reconstruction of buildings of existing primary schools		5,230			3,758			20,074	
4. Addition of class rooms during plan period		NA			4,643			9,000	
5. Total Enrollment in classes I-V by the end of plan.(000)									
Total	6,754	6,543	211	9,310	8,358	952	13,876	12,166	1,710
Male	4,608	4,488	120	6,123	5,598	525	7,951	7,011	940
Female	2,146	2,055	91	3,187	2,760	427	5,925	5,155	770
6. Participation Rate									
Total	52.8 *			63.5			80		
Male	79.5 *			79.5			89		
Female	35.3 *			45.7			70		
		5TH PLAN			6TH PLAN			7TH PLAN	
7. During the Plan period upgradation of:									
Primary Schools	1,123	1,123		5,208	4,154	1,054	6,686	5,186	1,500
Middle Schools	669	669		2,504	2,300	204	3,686	2,686	1,000
8. During the Plan period establishment of new High Schools	49	49		173	73	100	230	110	120
9. At the end of Plan No of									
Middle Schools									
Total	6,742	6,352	390	9,650	8,006	1,644	13,736	10,592	3,144
Male	4,660	4,450	210	6,259	5,365	894	8,182	6,488	1,694
Female	2,082	1,902	180	3,391	2,641	750	5,554	4,104	1,450
High Schools									
Total	4,443	4,071	372	7,120	6,244	876	10,600	8,604	1,996
Male	3,133	2,941	192	4,926	4,460	466	6,850	5,790	1,060
Female	1,310	1,130	180	2,194	1,784	410	3,750	2,814	936
		5TH PLAN			6TH PLAN			7TH PLAN	
10. During the Plan period addition of class rooms									
Middle Schools		NA			1,512		2,000	2,000	
High Schools		NA			1,116		1,000	1,000	
11. Upgradation of High Schools to Model Schools at District Headquarters	---	---	---	---	---	---	40	40	---

CONTD..

	1982-83			1987-88			1992-93		
	Total	Govt.	Private Estimated	Total	Govt.	Private Estimated	Total	Govt.	Private Estimated
12. Enrollment at the End of Plan Period.(000)									
Middle Stage									
Total	1,713	1,668	45	2,460	2,268	192	3,866	3,566	300
Male	1,254	1,230	24	1,728	1,618	110	2,572	2,412	160
Female	459	438	21	732	650	82	1,294	1,154	140
High Stage									
Total	683	663	20	785	738	47	1,261	1,158	103
Male	500	488	12	572	547	25	897	837	60
Female	183	175	8	213	191	22	364	321	43
13. Participation Rate									
Middle Stage									
Total	20*			30			42		
Male	35*			41			53		
Female	14*			19			29		
High Stage									
Total	16*			17			24		
Male	21*			24			33		
Female	9*			10			15		
		5TH PLAN			6TH PLAN			7TH PLAN	
14. Addition of Classes XI-XII in Secondary Schools		NA			145		100	110	NA
15. No of Polytechnics/Monotechnics at the end of Plan									
Total	34	34	NA	36	36	NA	84	78	6
Male	29	29	NA	29	29	NA	60	56	4
Female	5	5	NA	7	7	NA	24	22	2
16. Intake Capacity of Polytechnics at the end of Plan		600			9,000	NA	18,800	17,480	1,320

* Worked out on the basis of latest population figures supplied by the Planning Division

ANNEX-17.3

SUB-SECTORWISE DETAILS OF RECURRING EXPENDITURE ON EDUCATION AND TRAINING DURING THE YEAR 1982-83 AND 1987-88

(Million Rupees)

	SIXTH PLAN BENCHMARK 1982-83	LAST YEAR OF THE PLAN 1987-88
1 Primary Education	2,047	5,174
2 Secondary Education	1,198	3,049
3 College Education	717	1,426
4 Technical Education	105	573
5 University Education		
General	278	596
Technical	66	161
6 Miscellaneous	319	1,165
TOTAL	4,730	12,144

CHAPTER-18

SOCIAL WELFARE

Social Welfare Services, according to the Quran and Shariah, are Haqooqul-Ibad which constitute the totality of rights of the needy and the adversely affected groups over the well-to-do in the community. Social Welfare in Islam is not merely a charitable activity; it is obligatory in character. The basic purpose of zakat and ushr - the instruments for compulsory deduction from savings and stocks in trade is to divert wealth from the rich to the poor or from the haves to the have-nots. The social welfare system in Islam operates with collective recognition of common human needs of all, by all and for all. There is no exception to the rule. During the early period of Islamic era social welfare and rehabilitation services were delivered to the needy, the indigent and the poor, the orphans and the windows, the handicapped and the disabled through the institutional set up of Baitulmal-a depository of zakat and ushr-funds. This system sufficed for the socio-economic problems of the less complicated society which it was then. With social changes accompanying industrialization, urbanization, economic growth and complexity of emerging new demands and pressures, a more sophisticated system for fulfillment of Haqooqul Ibad has to be evolved to allow a fuller use of these Islamic instruments.

2. The clientele of social welfare services comprise the individuals who are socially, economically and physically disadvantaged, and the groups and communities which need intervention by the government or the non-government organisations. Thus, the function of social welfare is characterized by humanitarian goals for the society which it seeks to attain.

3. Consequent to the economic development during the previous Plans many social problems came to be recognised. They are varied in character. These problems, if remained un-attended, would cause human suffering and hamper the progress in general. The expanding and complex nature of these problems require intervention and tackling from all the sectors, particularly the social service sectors which are directed to have levelling and equalizing effect on imbalances created by development process.

4. The measures which the Seventh Plan has devised to tackle the various social problems are reflected in a number of policy objectives and programmes covering all the social sectors, such as education, health, population welfare, housing, manpower and employment. This basic approach towards social aspects of development integrated within other sectoral programmes calls for the identification of distinct social welfare services. The need

arises from the continued existence of disadvantaged individuals and groups so as to enable them to help them attain a minimum desirable standard of life within the social and economic millieu of the society. The task of social welfare during the Seventh Plan, therefore, will be both challenging as well as rewarding. The success of such a programme will depend on its capacity to help people to help themselves. Promotion of self-reliance and self-help will determine dynamic nature of the programme and will be the key to the development approach of social welfare sector for the Seventh Plan.

SIXTH PLAN REVIEW

a) Physical Implementation

5. During the Sixth Plan, the programme basically concentrated on strengthening the existing institutions of social welfare and special education and the service centres. In both the government and the non-government institutions and centres social services and welfare facilities were developed, enlarged and standardised.

6. In the beginning there were some organisational set-backs in the field of special education. Certain remedial measures were taken in 1985 and a Federal Directorate General of Special Education with its provincial counterparts was set up for this purpose. The objective was to coordinate and cooperate with the concerned provincial departments to accelerate special education and rehabilitation programme of the disabled. As a result, new development projects for special education and rehabilitation of the disabled are now coming up and progress of their implementation is gradually speeding up.

7. During the period under review the provincial agencies were constrained by insufficient budgetary provisions in the fields of social welfare and special education. Some of the problems which slowed down the progress during the Sixth plan have been the lack of trained personnel and training facilities for professional and technical manpower, the shortage of institutions, service centres, equipment, tools and appliances.

8. During the Sixth Plan priority was given to the special education and the rehabilitation programme. The special education and the rehabilitation projects had the major share both in the provision and the utilization of funds. Social welfare projects were given low priority in ADP allocation to achieve their Sixth Plan targets. Inspite of this the voluntary social welfare agencies continued to mobilise private contribution, investment and zakat fund for expansion and improvement of voluntary social welfare services. It is believed that they have spent, at least ten times more money for social services than the public

provision for promotion and development of social welfare services.

b) Financial Implementation (1983-87)

9. The Sixth Plan made an allocation of Rs.550 million for social welfare sector (Federal - Rs.300 million and Provinces-Rs.250 million). During 1983-87 a total expenditure of Rs.335.16 million incurred on development of special education and social welfare Programme (Federal Agencies-Rs.165.01 million and Provincial Agencies-Rs.170.15 million). The provinces utilised 68 percent of the Sixth Plan allocation of Rs.250 million and federal agencies utilized 55 percent of the Sixth Plan allocation of Rs.300 million during 1983-87 and by 1987-88 their utilization is expected to be Rs.517.88 million (Federal Agencies-Rs.280.71 million and Provincial Agencies-Rs.237.17 million). Thus, by end of the Sixth Plan financial utilization is expected to be 95% (Federal Agencies-94% and Provincial Agencies-95%). Agency and sub-sector-wise details of expenditure may be seen in annexure-I

Seventh Plan

Objectives:

10. The specific objectives of the Seventh Plan in the field of Special Education and Social Welfare would be:

i) to develop institutional facilities of special education and vocational training and to build a broad programme of rehabilitation services to enhance economic and social functioning of the disabled, particularly, the disabled children;

ii) to develop and strengthen the programme of existing social welfare centres/institutions through community organization and mobilization of local resources including funds from local zakat committees;

iii) to evaluate, standardise and further promote the programme of the voluntary welfare agencies through financial and technical assistance and other appropriate measures;

iv) to initiate and develop such programme for senior citizens which is beneficial and profitable for them and the community; and

v) to undertake reform measures for re-organisation of social welfare and zakat administrative set ups at federal, provincial and local levels to ensure proper utilization of zakat funds for the provision of social services and the revision of Vagarancy Ordinance 1958 for control of beggary.

Priorities:

11. Assessment and fixation of priorities are rather difficult, because the proposed programmes are very small. Besides, the social welfare programmes in the public sector are interlinked and do not easily lend themselves to classification in terms of priorities. However, following priorities will be adopted for the beneficiaries:

i) Distressed, destitute and handicapped children will be given the first priority to avail all types of welfare assistance, benefits and services;

ii) the second priority will be accorded to distressed, destitute and handicapped women to benefit from the social welfare programme; and

iii) the family will be the focus of all rehabilitation measures to alleviate the problems of the beneficiaries.

PROGRAMME AND PHYSICAL TARGETS:

a) Special Education and Rehabilitation Services

12. As defined by the WHO, impairment, disability and handicap are complex bio-social-products as they intricately involve physical, mental, economic, social and environmental factors and influences. The programme for special groups of the disabled, therefore, must be specified and distributed on the basis of actual data about their cross-sectoral characteristics. Research studies and sample surveys will be conduced to collect such factual information and data.

13. Preventive and medical rehabilitation services are provided mostly through a net work of government hospitals and clinics. The social welfare sector which is committed to provide special schooling and a package of integrated and comprehensive rehabilitation services has yet to make a beginning of a baseline programme. A package programme always involves the difficult task of cross-sectoral dealings through a variety of organisations and institutions. Such facilities for special education and rehabilitation services as exist in the country are few and inadequate. There are, at present, 155 government institutions and 100 non-governmental institutions in the field of special education and rehabilitation services. Each of these institutions is equipped with at least three units of services i.e. (i) special schooling, (ii) vocational training and (iii) job-placement services. Some of them provide assessment, diagnostic and preliminary treatment services. As against this, there is an extraordinary increase in the population of the disabled due to traffic/industrial accidents, ethnic riots, bomb explosions,

debilitating and handicapping diseases. According to the WHO estimates 10% of the present population of Pakistan i.e. 9.73 million people could have some kind of disability. A large majority of them, particularly children, will require special schooling and rehabilitation services. The Seventh Plan proposes to establish 114 additional institutions for special education and rehabilitation services (Federal-40, Punjab-30, Sind-20, NWFP-18 and Baluchistan-6). The major programmes are as under:

i) Training of Special Education Teachers

14. No solid progress can be made without a corps of trained special education teachers and skilled rehabilitation workers for the disabled. Training programme, therefore, will be accorded the first priority in this sub-sector. Training programme of special education teachers and rehabilitation workers will be designed in a reasonably accurate relationship to job openings in the field. The estimated requirement of trained teachers during the Seventh Plan period is worked out to be 6,000 for special schools and 10,000 for integrated ordinary schools. Each provincial government will establish and develop at least one training institute and one in-service training institute to fulfill this requirement. The federal government will strengthen and upgrade the existing National Institute of Special Education (NISE) with foreign technical assistance to train principals of special schools, heads of institutions for the disabled and master trainers. The proposed Institute will also provide re-orientation training to special education teachers through multi-professional workshops, seminars and conferences and will carry out research studies for improvement of teaching methods applied for various categories of the disabled. Also, a sequence of special education will be started in Universities of the Punjab and Karachi.

ii) Special Schooling

15. At least one model special education school for each category of the disabled will be established in each district throughout Pakistan. The model special school will include facilities for provision of special education, vocational training, medical diagnosis, referral treatment and rehabilitation aids and appliances. NGOs will be encouraged by the federal and the provincial governments to establish such schools through provision of technical, financial and equipment assistance.

iii) Integrated Education

16. Integrated education will be introduced in selected ordinary schools in each province. These ordinary schools will have the provision of necessary infrastructure in the form of special education teachers, equipment, books, a visiting doctor

for assessment, diagnosis and treatment and an administrative mechanism for implementation of integrated education programme. The scheme of mainstreaming of special education through ordinary schools, if successful, will be introduced in each district of Pakistan.

iv) Rehabilitation Aids

17. Provincial Special Education/Social Welfare Organisations will establish administrative cells in their respective divisional and district offices to provide rehabilitation aids to the disabled. The proposed unit will operate in close coordination with divisional and district hospitals. Zakat organisations will be involved for supportive assistance to this programme.

b) Promotion of Voluntary Social Welfare Agencies & Services

18. Voluntary social work and voluntary social welfare agencies have played a pioneering and major role in the development and provision of social services to the needy in Pakistan. During the last four decades, the number of voluntary agencies has appreciably increased. During the Seventh Plan period 1,550 new NGOs will be given financial, technical and professional assistance.

c) Child Welfare

19. The child welfare programme will have a prominent place in the Seventh Plan. The needy working children as well as the poor school-going children will be helped through Zakat assistance and rehabilitative measures under the institutional arrangement of child welfare services. Seven types of child welfare programmes are proposed, namely: (i) model orphanages, (ii) day care centres for children of working mothers, (iii) social service centres for the lost and the kidnapped children, (iv) baby homes for the new born babies which are found unclaimed and uncared for, (v) mother and children homes to provide vocational training and child care services for the indigent mothers with children, (vi) school social work units in selected schools with predominance of children from the low income groups.

20. No programme exists to provide needed protection, care and social services for the working children. The federal and the provincial departments of social welfare in cooperation with the central and the provincial zakat organisations will initiate and formulate necessary programmes in the form of supportive and security assistance to working children after they are registered. The existing legislation pertaining to child labour will be reviewed and necessary amendments will be made therein to ensure that working children are not exploited by their employers.

d) Medical Social Work

21. Medical social work units will be established in all district and tehsil/taluka level hospitals to provide social case work and after care/convalescence services to the needy and the poor patients in order to cut returns to hospitals, prevent spread of disease and break-down in the patients family and make the medical treatment more effective. The zakat assistance will be given to deserving and eligible patients through formation and operation of patients welfare societies under the auspices of the medical social work units.

e) Women Welfare

22. The on-going programmes of lady industrial homes, socio-economic centres for women and Darul Amans will be further enlarged and strengthened with financial assistance from the Women's Division. These programmes aim at maintaining economic self-sufficiency of widows and destitute women as well as prevention of dependency, abuse and exploitation of the women without support.

f) Urban Community Development

23. Urban community development (UCD) projects will be established in growing cities, particularly in katchi abadis (slum areas). The UCD projects besides providing various social services arranged through mobilisation of local resources, organisation of community leadership and motivation of group initiatives, will also seek to make use of lectures, symposia, seminars, discussions, conferences, publications and other mass media for creation and promotion of desirable social changes at community level.

g) Staff Welfare Services

24. Provision of welfare services and facilities to employees in any organisation plays vital role in reinforcing their efficiency and effectiveness in job-performance. Government being the largest employer in the country has to provide a model to industrial and commercial employers by providing adequate and sufficient staff welfare services to its employees. The staff welfare programme, during the Seventh Plan, will seek to:

(i) Provide vocational training, skill development and income-earning opportunities for family members of the government servants;

(ii) create such facilities which can be helpful for their female members to participate in employment;

(iii) undertake schemes to provide recreation, rest and leisure-time activities;

(iv) establish multi-purpose community centres to organise community welfare activities through organisation and mobilisation of local resources, initiatives and leadership in the residential areas of government employees;

(v) provide board and lodging facilities for employees, particularly female employees who do not have their residential quarters;

(vi) establish day-care centres for retirees to keep them busy and utilise their talents and experiences for the benefit of their family;

(vii) initiate low-cost housing schemes for government employees;

(viii) provide stipends/scholarships to school/college/ university-going children of government employees; and

(ix) initiate any other appropriate programme for welfare of government employees/retirees.

h) Welfare of Senior Citizens

25. There was no specific programme for the senior citizens in previous plans. There is, however, a gradual increase in survivor's rate due to better health facilities, medicinal advancements and improved nutritional status. The population in age group 60-64, and 65 + is around 6.9%, being 5.82 million of the total population of 84.25 million. This is according to the latest census taken in 1981. The senior citizens also face numerous problems resulting from rapid socio-economic changes adversely affecting the family structures. During the Seventh Plan, the following programmes will be started:

i) Day-care centres for senior citizens will be established in major cities. The primary objective of these day care centres will be to provide facilities to elderly persons in order to keep them busy in such activities which ensure utilization of their talents, skills and experience and at the same time are beneficial and profitable both for the aged and the community;

ii) The ongoing pilot project of "Homes for the Aged" in the Punjab will be replicated and under-taken by all provinces, federal agencies concerned and NGOs. The main objective of such homes will be to provide

institutional care and facilities for such senior citizens as are shelterless, homeless and without family support;

iii) The Union Councils and Town Committees will register and maintain a record of senior citizens with regard to their problems, needs and potentialities. The local zakat committees, in cooperation with Union Councils/Town committees, will sanction a certain amount of monthly zakat assistance and one time zakat grant for the poverty-stricken aged. While primary objective of monthly zakat assistance will be to ensure economic security of the elderly persons within their family structure, the purpose of the one time zakat grant will be to utilize their talents and skills to become self-supporting;

iv) Concessional travel in buses and trains will be made available for senior citizens on production of identity cards on the same basis as for the students and journalists. Transport and railway authorities will be approached to do the needful; and

v) Social Welfare Departments will initiate programme in cooperation with concerned departments for the employment of suitably qualified senior citizens in "mass literacy" and other such programmes where their talents, skills and experience can be utilised.

i) Control of Beggary

26. Prevalence of beggary is a serious problem which confronts most of our urban centres. Beggary, apart from being a social problem, is a grave economic problem as well. While poverty, deprivation and disability remain the main causes of beggary, it is also a by-product of (i) exploitation/trafficking in children and women, (ii) religion-based value system and (iii) forces of socio-economic changes as are prevailing and emerging from time to time.

27. With the introduction of zakat and ushr system there is no justification for prevalence of beggary in the country. A planned and determined course of action is needed to strike at the root causes of this social problem. During the Seventh Plan three types of programmes are proposed to be undertaken to control beggary:

i) The local bodies in collaboration with and the assistance of local zakat, Auqaf, social welfare and thana organisations will register beggars through a prescribed proforma whereby their problems and needs

will be assessed and determined. The registered beggars will be on the pay roll of zakat and skill training assistance at community level. Begging after registration will be unlawful. The zakat organisation with the cooperation of social welfare and other concerned departments will be responsible for initiation and organisation of the proposed programme throughout the country.

ii) The beggars who are shelterless, homeless and without family support will be admitted into Darul Kifala wherein they will be provided full board and lodging care in addition to training facilities in skills. Efforts will be made to make such beggars self-supporting and productive members of the society.

iii) Indiscriminate alms-giving is one of the main causes of beggary. Islam encourages organised charity at community level through the formation of Bait-ul-Mal. It is, therefore, porposed to establish community Bait-ul-Mal Committees at selected mohallah mosques for the collection and mobilization of individual alms/charities. The community Bait-ul-mal committees will supplement the zakat assistance for beggars at the community level.

j) Rehabilitation Centres for Drug Addicts

28. Detoxification programme without rehabilitation services has very few success stories. Relapse rate is very high. The new approach which has better chances of the rehabilitation of the drug addicts and reducing relapse rate is to provide vocational training and job-placement facilities alongwith detoxification services. The Social Welfare Departments will establish Day Care Centres for vocational rehabilitation of drug addicts.

29. Details of benchmark (1988) and physical target (1988-93) are given in annexure-II.

Programme during First Two Years:

30. During the first two years of the Plan, top priority will be given to the ongoing projects for completion, with the exception of a few federal ongoing schemes for special education which involve costs beyond the Seventh Plan allocations. Most of the ongoing projects pertaining to sub-sectors of social welfare, staff welfare and voluntary welfare services will be completed during 1988-90. The Federal Ministry of Health, Special Education and Social Welfare during 1988-90 will initiate policy reforms as proposed.

Policy Reforms:

31. (a) One of the basic objectives of the Seventh Plan is proposed to be the re-organiszation, rationalization and streamlining of social welfare and zakat organisations at the federal, provincial and local levels to readjust the zakat and ushr funds for social welfare services. A modus operandi should be evolved in such a manner that the finance organisations, both at the federal and the provincial levels, confine their role only to the collection of zakat. Disbursement of zakat assistance to deserving beneficiaries and operation of welfare programme under zakat fund for eligible clientele should rest with federal and provincial Social Welfare Departments. The Central Zakat Administration and National Zakat Foundation which, hitherto, are under the Ministry of Finance may be placed under the Ministry of Health, Special Education and Social Welfare to ensure effective and adequate utilization of zakat funds for welfare of the eligible clientele. The Social Welfare Departments will ensure channelisation of zakat/Ushr assistance through insitituional and organised modalities (with appropriate auditing) for the sustained and long-term benefit of the needy and the disabled. These Government Departments through network of their district/sub-district offices will undertake appropriate measures for identification of the disadvantaged groups (Mustahqeen) in rural and urban areas prior to the delivery of the welfare inputs under Zakat/Ushr funds.

32. (b) At present, a number of government agencies such as National and Provincial Councils of Social Welfare, Literacy and Mass Education Commission, Narcotics Control Board, National Zakat Foundation, Central and Provincial Zakat Administration, Local Zakat Committees, Provincial Aauqaf Departments and Federal Women's Division are providing financial and other assistance to NGOs. All these government organizations are providing financial and technical assistance to NGOs in piecemeal fashion and in isolation from each other. Unlike the National and Provincial Councils of Social Welfare (which are composed of elected representatives, prominent community leaders, office-bearers of NGOs and concerned government functionaries) the other government organisations do not involve NGOs in decision-making. In most cases they provide financial grants without the pre-requisite condition of registration of NGOs by Social Welfare Departments. As a result of this practice, a mushroom of bogus NGOs have emerged during the Sixth Plan period. Since these NGOs are not registered they seasonally appear and disappear after receipt of financial grants. They are not grounded on sound foundation and footing. The initiatives and drives of genuine and registered NGOs are retarded when such bogus NGOs are given equal or preferential treatment and recognition. Therefore, there is a need of a central coordinative body for central control, monitoring and steering of the programmes of the NGOs to avoid the problems of overlapping, duplication and sub-standard

organisation and delivery of social services. The Government will also evolve a uniform system and laydown standards for NGOs to receive foreign aids from international sources.

33. (c) A cause of serious delay in the development of special education and rehabilitation services for the disabled during the Sixth Plan is lack of an appropriate and effective administrative set up at the national level. A bold departure will have to be made from the present institutional setup to show satisfactory result. The federal government, therefore, will establish and develop a central administrative framework capable of initiating, steering and sustaining programmes for special education and rehabilitation of the disabled. This re-organisation of the present setup will be in the form of an independent and autonomous "National Trust for the Disabled". The National Trust will be created and have powers to initiate, approve, steer, execute and monitor all programmes and projects needed for special education and rehabilitation services for the disabled. The Federal Government will provide the seed money for the Trust Fund which will be annually supported by regular provision of zakat assistance from the Central Zakat Administration and other financial contributions from the government, non-government and international sources.

Financial Outlay

34. The Seventh Plan allocation for social welfare sector amounts to Rs.1000.00 million. Annexure-I presents details of allocations by sub-sectors and administrative agencies. In addition to the Seventh Plan allocation, actual financial expenditure of the social welfare sector would depend on adequate and effective utilization of zakat funds through social welfare institutions and service centres for rehabilitation of the needy, the poor and the indigent, the widows and the orphans, the disabled and the handicapped.

****

SIXTH PLAN ESTIMATED EXPENDITURE AND SEVENTH PLAN ALLOCATION

ANNEX-18.1

(Million Rs)

S.NO.SUB-SECTORS/ ADMINISTRATIVE AGENCIES	Sixth plan Estimated Expenditure (1983-88	Percent Share	7th Plan Allocation (1988-93)	Percent Share	% Change in 7th Plan Alloc against 6th plan expt.
A. FEDERAL					
I. Special Education & Social Welfare Division	207.47	74.00	350.00	78.00	69.00
1. Special Education & Rehibilitation Services (D.G. Special Education)	156.81	56.00	225.00	50.00	43.00
2. Social Welfare Services (Social Welfare Wing)	20.88	7.00	50.00	11.00	139.00
3. Promotion of voluntary social work/ Agency (N.C.S.W.)	29.78	11.00	75.00	17.00	151.00
II. Establishment Division					
1. Staff Welfare Services(SWO)	73.24	26.00	100.00	22.00	37.00
TOTAL FEDERAL	280.71	100.00	450.00	100.00	60.00
B. PROVINCIAL					
I. Punjab					
1. Special Education & Rehibilitation Services (Directorate of Special Education)	33.40	26.00	100.00	40.00	199.00
2. Social Welfare Services (Social Welfare Directorate)	80.96	63.00	130.00	52.00	61.00
3. Promotion of voluntary social work/ Agency (P.S.S.B)	13.30	11.00	20.00	8.00	50.00
Total Punjab	127.66	100.00	250.00	100.00	96.00
II. Sind					
1. Special Education & Rehibilitation Services. (Directorate of Spl. Edu)	13.76	40.00	40.00	33.00	190.00
2. Social Welfare Services (Social Welfare Directorate)	19.63	56.00	70.00	58.00	256.00
3. Promotion of voluntary social work/ Agency (S.S.W.C.)	1.34	4.00	10.00	9.00	646.00
Total Sind	34.73	100.00	120.00	100.00	245.00

Cont/....

S.NO.SUB-SECTORS/ ADMINISTRATIVE AGENCIES	Sixth plan Estimated Expenditure (1983-88	Percent Share	7th Plan Allocation (1988-93)	Percent Share	% Change in 7th Plan Alloc against 6th plan expt.
III. N.W.F.P.					
1. Special Education & Rehibilitation Services. (Directorate of Spl. Edu)	31.45	54.00	37.00	34.00	18.00
2. Social Welfare Services (Social Welfare Directorate)	17.89	31.00	68.00	62.00	280.00
3. Promotion of voluntary social work/ Agency (NWFP.C.S.W.)	8.71	15.00	5.00	4.00	-42.00
Total NWFP	58.05	100.00	110.00	100.00	89.00
IV. Baluchistan					
1. Special Education & Rehibilitation Services. (Directorate of Spl. Edu)	9.08	54.00	30.00	43.00	230.00
2. Social Welfare Services (Social Welfare Directorate)	3.65	22.00	35.00	50.00	859.00
3. Promotion of voluntary social work/ Agency (BALUCHISTAN C.S.W.)	4.00	24.00	5.00	7.00	25.00
Total Baluchistan	16.73	100.00	70.00	100.00	318.00
TOTAL PROVINCES	237.17	46.00	550.00	55.00	132.00
TOTAL FEDERAL	280.71	54.00	450.00	45.00	60.00
GRAND TOTAL	517.88	100.00	1000.00	100.00	93.00

ANNEX-18.2

PHYSICAL ACHIEVEMENT (BENCHMARK 1988) AND
PHYSICAL TARGET (POSITION 1993)

S.SUB-SECTOR	FEDERAL	PROVINCIAL	PUNJAB	SIND	NWFP	BALUCHISTAN	TOTAL
SPECIAL EDUCATION AND REHIBILITATION SERVICES							
1. Existing Institutions/ Service Centres (Benchmark 1988)	50	105	52	30	19	4	155
2. Target of New Institutions/ Service Centres (position 1993)	40	74	30	20	18	6	114
SOCIAL WELFARE SERVICES							
1. Existing Institutions/ Service Centres (Benchmark 1988)	28	2681	2000	500	108	73	2709
2. Target of New Institutions/ Service Centres (position 1993)	15	290	150	75	50	15	305
PROMOTION OF VOLUNTRY SOCIAL WORK							
1. Existing Aided Voluntary Agencies (Benchmark 1988)	3000	1500	600	500	250	150	4500
2. Target of new Voluntary Agencies to be aided (position 1993)	1000	550	200	200	100	50	1550
STAFF WELFARE SERVICES							
1. Existing Institutions/ Service Centres (Benchmark 1988)	134	---	---	-	-	--	134
2. Target of New Institutions/ Service Centres (position 1993)	60	---	---	-	-	---	60

ANNUAL PHASING OF SEVENTH PLAN ALLOCATION

ANNEX-18.3

(Million Rs)

S.NO.SUB-SECTORS/ ADMINISTRATIVE AGENCIES	SEVENTH PLAN ALLOC:	ANNUAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93
A. FEDERAL						
I. Special Education & Social Welfare Division	350.000	83.283	83.122	68.610	61.819	53.166
1. Special Education & Rehibilitation Services (D.G. Special Education)	225.000	52.619	51.682	44.275	40.060	36.364
2. Social Welfare Services (Social Welfare Wing)	50.000	22.606	16.894	6.400	4.100	---
3. Promotion of voluntary social work/ Agency (N.C.S.W.)	75.000	8.058	14.546	17.935	17.659	16.802
II. Establishment Division						
1. Staff Welfare Services(SWO)	100.000	18.964	15.206	11.550	27.380	26.900
TOTAL FEDERAL	450.000	102.247	98.328	80.160	89.199	80.060
B. PROVINCIAL						
I. Punjab	250.000	57.794	47.376	49.930	47.450	47.450
1. Special Education & Rehibilitation Services (Directorate of Special Education)	100.000	24.000	20.000	20.000	18.000	18.000
2. Social Welfare Services (Social Welfare Directorate)	130.000	29.794	23.376	25.930	25.450	25.450
3. Promotion of voluntary social work/ Agency (P.S.S.B)	20.000	4.000	4.000	4.000	4.000	4.000
II. Sind	120.000	21.331	19.972	27.105	26.046	25.546
1. Special Education & Rehibilitation Services. (Directorate of Spl. Edu)	40.000	8.785	8.077	8.046	8.046	7.046
2. Social Welfare Services (Social Welfare Directorate)	70.000	10.546	9.895	17.059	16.000	16.500
3. Promotion of voluntary social work/ Agency (S.S.W.C.)	10.000	2.000	2.000	2.000	2.000	2.000
III. N.W.F.P.	110.000	20.126	18.600	24.074	23.600	23.600
1. Special Education & Rehibilitation Services. (Directorate of Spl. Edu)	37.000	7.400	7.400	7.400	7.400	7.400
2. Social Welfare Services (Social Welfare Directorate)	68.000	11.726	10.200	15.674	15.200	15.200
3. Promotion of voluntary social work/ Agency (NWFP.C.S.W.)	5.000	1.000	1.000	1.000	1.000	1.000
IV. Baluchistan	70.000	14.000	14.500	15.000	15.500	11.000
1. Special Education & Rehibilitation Services. (Directorate of Spl. Edu)	30.000	6.000	6.000	6.000	6.000	6.000
2. Social Welfare Services (Social Welfare Directorate)	35.000	7.000	7.500	8.000	8.500	4.000
3. Promotion of voluntary social work/ Agency (BALUCHISTAN C.S.W.)	5.000	1.000	1.000	1.000	1.000	1.000
TOTAL PROVINCES	550.000	113.251	100.448	116.109	112.596	107.596
TOTAL FEDERAL	450.000	102.247	98.328	18.160	89.199	80.060
GRAND TOTAL	1000.000	215.498	198.776	196.269	201.795	187.656

CHAPTER - 19

ENERGY

During the Sixth Plan period commercial energy supply in the country increased at an average growth rate of 5.6% which in quantitative terms meant an increase from 18.7 MTOE to 24.6 MTOE. Reliable data about the non-commercial energy supply is not available, but it is estimated that the non-commercial energy supply increased from 9.6 MTOE to 11.5 MTOE during the Sixth Plan. In the overall terms, the non-commercial energy supply is estimated to provide about 31.8% of total energy supply in 1987-88.

2. By the end of Seventh Plan the total energy supply is projected to be 51.0 MTOE comprising of 73.2% from commercial and 26.8% from non-commercial energy. Table 1 summarizes Pakistan's indigenous energy resource situation.

3. It may be seen from Table 2 that during Seventh Plan the contribution of energy from oil and natural gas will increase by 5.8 MTOE and 5.1 MTOE, respectively, as compared to increases of 3.1 MTOE and 1.6 MTOE during the Sixth Plan.

4. The large increases in supply from hydrocarbons are explained by the fact that during Seventh Plan the addition in supply from hydel sources is only 0.6 MTOE. Most of the hydel stations proposed to be commissioned during Seventh Plan are to provide peak time power and energy and their net addition to supply is very small. Large hydel stations are not expected to be commissioned during Seventh Plan. Most of the medium size and low head hydel stations which are in various stages of

TABLE - 1

PAKISTAN ENERGY RESOURCES

	RECOVERABLE RESERVES (AS OF 1st JULY 1987)	PRESENT LEVEL OF PRODUCTION (1987/88)	RESERVE-PRODUCTION RATIO	PRESENT LEVEL OF CONSUMPTION (1987/88)	EXPECTED CONSUMPTION GROWTH RATE (87/88-92/93)	RESOURCE TENURE (ii) (incl. 87/88) (YRS)
OIL	154.29 Mill. barrels 20.70 Mill. tons	43100 bpd 2.11 Mill. tons/yr	9.81	8.89 Mill. tons ‡‡‡	10.03%	2.07
GAS	19.49 TCF 15.24 TCF Sui Equiv.	1264 mmcfd 1065 mmcfd Sui Equiv. ‡ 0.389 TCF Sui Equiv./yr	39.21	1044 Sui Equiv.mmcfd 0.381 TCF Sui Equiv./yr	9.33%	16.58
HYDRO-ELECTRICITY	26769 MW (Potential) (i)	2897 MW (installed capacity)	-	-	-	-
COAL	197.50 Mill. tons	4.26 Mill. tons ‡‡	46.36	4.26 Mill. tons ‡‡	10.06%	18.09

‡ Sui Equivalent at sent out point.
‡‡ Includes unreported coal production of 1.863 million tons.
‡‡‡ POL products demand

(i) Break-down of Hydro-potential is:

Present	2897 MW	Karot	93 MW
Tarbela 11-14	1750 MW	Tungas	625 MW
Mangla 9-10	200 MW	Yulbo	710 MW
Tarbela 15-17	1200 MW	Bunji	1290 MW
Kalabagh	3600 MW	Kanch	122 MW
Basha	3600 MW	Sher Qila	88 MW
Ghazi Ghariala	1000 MW	Bakhiot	670 MW
Dasu	2712 MW	Kohala	450 MW
Chashma	270 MW	Pattan	1172 MW
Taunsa	120 MW	Khazana	221 MW
Jinnah	120 MW	Kalam	116 MW
Run of river	250 MW	Kalangai	350 MW
Thakot	2415 MW	Munda	728 MW

(ii) Remaining life is calculated assuming that the entire consumption is met from local resource.

TABLE 2

supdem2.wk1/MR
06-Jan-88
09:07:59 AM

Commercial and Non-Commercial Energy Supply

	1982-83		1987-88			1992-93		
	MTOE	share %	MTOE	share %	ACGR %	MTOE	share %	ACGR %
Commercial								
Import Crude	4.3	15.2	3.6	10.0	-3.5	4.9	9.4	5.9
Import POL	1.9	6.7	4.1	11.4	16.6	7.8	15.3	13.7
Indigenous Crude	0.6	2.1	2.2	6.1	29.7	3.1	6.1	7.1
Total Oil	6.8	24.0	9.9	27.4	7.8	15.7	30.8	9.7
Net Gas Production	7.5	26.5	9.1	25.2	3.9	14.2	27.8	9.3
Coal	1.0	6.0	2.3	6.4	6.2	3.6	7.1	9.4
Hydro	2.6	9.2	3.2	8.9	4.2	3.7	7.3	2.9
Nuclear	0.1	0.4	0.1	0.4	0.0	0.1	0.2	0.0
Gross Commercial	18.7	66.2	24.6	68.2	5.6	37.3	73.2	8.7
Non-Commercial								
Fuel wood	5.2	18.4	6.2	17.1	3.5	7.2	14.2	3.2
Bio mass	4.4	15.4	5.3	14.7	4.1	6.4	12.6	3.9
Gross Non-Commercial	9.6	33.8	11.5	31.8	3.8	13.7	26.8	3.5
Gross Supply *	28.3	100.0	36.1	100.0	5.0	51.0	100.0	7.1
* Includes feedstock, non-energy uses, bunkers								
Less								
Feedstock (net gas)	1.1		1.0		-1.9	1.3		5.4
Bunker,Export,Non-Energy	1.0		0.8		-5.5	0.9		4.7
Net Supply	26.2		34.4		5.6	48.7		7.2

investigations and engineering will also not be available by the end of Seventh Plan. Consequently dependence on hydrocarbons will increase as a number of power project based on oil will add substantial additional requirement over the normal growth trend. A large increase in use of gas contemplated in the 7th Plan however, is a redeeming feature which will keep the energy imports from registering enormous growth during Seventh Plan.

5. Non-commercial energy continues to play an important though declining role in the overall energy supply. Its share is estimated to be 31.8% in 1987-88 but is expected to decrease to 26.8% in 1992-93. This decline in share will take place in spite of the fact that non-commercial energy supply is expected to increase from 11.5 MTOE in 1987-88 to 13.7 MTOE in 1992-93. The decline in its share is a result of its substitution with commercial fuels and the dwindling resource base because of denudation of the forests.

6. The data on delivered energy (energy received by the consumer after purification and transmission losses) by energy source is tabulated in Table 3(A). Table 3(B) provides sector-wise energy consumption in the country. It shows that domestic sector is the largest consumer of energy, and for 1987-88 its share is 45.3%. The high share of domestic sector implies prosperity of consumers and consequent use of greater number of energy consuming appliances. It is also a corollary of lower energy prices which are not consistent with the growth in income and general increases in consumer prices. The government has adopted measures including a national energy conservation

TABLE 3(A)

Energy Delivered

	1982-83		1987-88			1992-93		
	MTOE	share %	MTOE	share %	ACGR %	MTOE	share %	ACGR %
Commercial								
Coal	1.04	5.1	1.8	6.5	11.8	2.4	6.4	5.8
Nat.Gas	3.77	18.5	5.2	18.4	6.5	8.3	22.0	9.9
POL Products	4.86	23.8	7.3	26.0	8.5	9.7	25.8	5.8
Electricity	1.15	5.6	2.2	7.7	13.6	3.5	9.2	9.8
Others	0.30	1.5	0.5	1.7	10.1	0.5	1.4	2.3
	11.12	54.6	16.9	60.3	8.8	24.4	64.8	7.5
Non-Commercial								
Fuel Wood	5.18	25.4	6.1	21.7	3.3	7.1	19.0	3.3
Biomass	4.08	20.0	5.1	18.1	4.4	6.1	16.2	3.8
	9.26	45.4	11.2	39.7	3.8	13.2	35.2	3.5
Total Delivered **	20.4	100.0	28.1	100.0	6.6	37.6	100.0	6.0

** Excludes feedstock,non-energy uses, bunkers

TABLE 3(B)

Sectoral End-Use Energy Consumption Pattern
Commercial and non-Commercial

	1982-83		1987-88			1992-93		
	MTOE	share %	MTOE	share %	ACGR %	MTOE	share %	ACGR %
Industrial	5.80	28.4	9.1	32.3	9.4	12.3	32.8	6.3
Domestic	9.93	48.7	12.7	45.3	5.1	16.8	44.6	5.7
Comm/Institutions	0.99	4.9	1.2	4.3	3.9	1.5	4.1	5.1
Agriculture	0.71	3.5	1.8	6.3	19.9	2.3	6.0	5.3
Transportation	2.97	14.6	3.4	11.9	2.4	4.7	12.5	6.9
Consumption	20.40	100.0	28.1	100.0	6.6	37.6	100.0	6.0

programme and rationalization of prices to curtail the rapid growth of energy consumption in this sector. It is, therefore, expected that by 1992-93 its share will slightly decrease to 44.6%. The share of the productive sectors will register a small increase: the industrial sector consumption will grow at a yearly rate of 6.3% and its share will increase from 32.3% in 1987-88 to 32.8% in 1992-93. During the same period the total energy consumption is expected to increase at the rate of 6.0% per annum.

Sixth Plan Review:

7. The performance during the Sixth Plan has been summarised vis-a-vis the targets in Annexure 1. Salient features are as under:

Power:

8. Against the target of 3795 MW the actual addition during the 6th Plan was 2018 MW in WAPDA and KESC system. The main reasons were delays in commissioning of the following projects:

1.	Multan Extension 1-2	420 MW
2.	Jamshoro	250 MW
3.	Mangla 9-10	200 MW
4.	Lakhra	300 MW
5.	Bin Qasim 3-4 (Pipri)	400 MW
6.	Guddu 5	210 MW

Oil and Gas:

9. The production of oil in 1987/88 of 43000 barrels has exceeded the target of 21,000 barrels. This can be mainly

attributed to -

- higher drilling activities due to attractive producer prices;
- use of the latest seismic and drilling technology;
- success ratio in exploration/drilling of 1:2.5 compared to 1:12 during the Fifth plan.

10. The average drilling rate of OGDC was 20 wells per year as against the target of 19 wells and of the private sector was 37 wells as against the target of 31 wells per year. A total of 15 oil and 10 gas fields were discovered which added 101.6 million barrels of oil and 2.0 TCF of gas to reserves. The total production of gas increased from 951 MMCFD to 1264 MMCFD during the 6th Plan.

Coal:

11. In the coal sub-sector it was estimated that the production capability would increase to 5.4 million tonnes as against 1.7 million tonnes (reported) at the beginning of the Sixth Plan. This capability could not be achieved due to delay in the construction of Lakhra and the cancellation of the plans for Duki power plant for which adequate coal resources could not be proven. Substantial amount of work has, however, been done to gather the information regarding the Lakhra coal field. A major reserve at Sonda-Thatta has also been identified. Besides, coal mining was declared as an industry and the coal bearing areas were designated as special industrial areas entitled, like other industries, to tax holidays, concessions and remissions. The

policy of inducting the private sector to set up coal based power plants and sale of power to WAPDA and KESC grids was approved.

Renewables:

12. The Sixth Plan target included energy plantation of 60,000 hectares annually of trees etc. to meet fuel wood requirements. However, only 6,000 hectares could be planted. The reasons for this were delays in the start-up and the implementation of the project, mainly due to institutional and funding constraints.

Energy Planning and Development:

13. Important steps were taken during the Sixth Plan to enhance energy planning, conservation and resource assessment capabilities of the government.

14. Most of the above accomplishments were made under the aegis of the Energy Planning and Development Project which (i) helped in the establishment of an integrated and sectoral energy planning cability in the Energy Wing; (ii) strengthened the coal assessment capabilities of the Geological Survey of Pakistan; (iii) funded detailed mining, feasibility and engineering studies for the Lakhra coal mining and power plant project; (iv) supported a detailed market and technology assessment for production and use of coal briquettes to substitute for kerosene and fuelwood; and (v) assisted in the setting up of a National Energy Conservation Center (ENERCON).

SEVENTH PLAN OBJECTIVES:

15. The Seventh Plan Objectives are:

- to substantially increase electricity the supply to

sustain the projected growth in different sectors of the economy, eliminate loadshedding and electrify in most of the rural areas;

- to accelerate the exploration and development of domestic oil, coal, gas, hydel and renewable resources;
- to reduce the import burden by increasing the use of indigenous fuels like coal and gas in power generation and other sectors of the economy;
- to make conservation and efficient use of energy a common practice in all sectors and to reduce the power system losses;
- to establish an efficient load management system for optimum use of the generated power, to reduce the peak demand and to contribute towards minimizing loadshedding.
- to draw upon the financial resources and expertise of the private sector to a much greater degree for energy development and production;
- to rationalize energy consumer prices, to remove structured anomalies, generate the funds for new energy investments, to provide incentives to conserve energy and to encourage desirable substitutions among different fuels;
- to increase the capacity of the Government organizations to self-finance their investment programmes and reduce the burden on Government resources;

TABLE - 4(A)

ENERGY SECTOR
PHYSICAL TARGETS FOR FIFTH, SIXTH AND SEVENTH PLAN

PHYSTAR5.WK!
01-Feb-88

POWER	Unit	FIFTH	SIXTH	CHANGE (%)	ACGR	SEVENTH	CHANGE(%)	ACGR
WAPDA								
. Installed Capacity		3,954	5,552		7.02%	9,988		12.46%
. Installed Capacity (Additions)	MW	1,319	1,598	21.15%		4,598	187.73%	
- Hydel	MW	980	353	-63.98%		2,165	513.31%	
- Thermal	MW	339	1,245	267.26%		2,430	95.18%	
Consumers Addition	No.	1,620,995	1,941,350	19.76%		3,254,777	67.66%	
Villages Electrified (Addition)	No.	6,376	12,965	103.34%		14,750	13.77%	
(a) WAPDA, FATA						WITH 750 FOR AJK, NA		
SEC								
. Installed Capacity		855	1,164	36.14%	6.36%	1,794	54.12%	9.04%
Installed Capacity (Addition)	MW	165	420	154.55%		630	50.00%	
- Thermal	MW	165	420	154.55%		630	50.00%	
Consumers (Addition)	No.	209,771	265,800	26.71%		400,836	50.80%	
Private								
. Installed Capacity		0	0			1,330		
. Installed Capacity (Addition)	MW	0	0			1,330		
- Thermal	MW	0	0			1,330		
National Grid								
. Installed Capacity	MW	4,809	6,716	39.65%	6.91%	13,112	95.24%	14.32%
- Hydel	MW	2,547	2,900	13.86%	2.63%	5,068	74.76%	11.81%
- Thermal	MW	2,262	3,816	68.70%	11.03%	8,044	110.80%	16.08%
Additions	MW	1,484	2,018	35.98%		6,558	224.98%	
- Hydel	MW	980	353	-63.98%		2,168	514.16%	
- Thermal	MW	504	1,665	230.36%		4,390	163.66%	
. Energy Generation (without energy conservation or load management)	Gwh	19,493	31,786	63.06%	10.27%	49,042	54.29%	9.06%
- Hydel	Gwh	11,366	15,614	37.37%	6.56%	16,647	6.62%	1.29%
- Thermal	Gwh	8,127	16,172	98.99%	14.75%	32,395	100.32%	14.91%
- Losses	Gwh	5,797	7,374	27.21%	4.93%	10,348	40.32%	7.01%
- Losses	%	29.74%	23.20%	-21.99%	-4.84%	21.10%	-9.05%	-1.88%
. Energy Generation (with energy conservation and load management)	Gwh	n/a	n/a	n/a	n/a	47,686	50.02%	8.45%
- Hydel	Gwh					16,647	6.62%	1.29%
- Thermal	Gwh					31,039	91.93%	13.93%
- Losses	Gwh					10,062	36.45%	6.41%
- Losses	%					21.10%	-9.05%	-1.88%
. Peak Demand (without energy Conservation or load management)	MW	3,671	5,674	54.57%	9.10%	9,570	68.66%	11.02%
Peak Demand (with energy Conservation or load management)	MW	n/a	n/a	n/a	n/a	8,900	56.86%	9.42%

TABLE - 4(b)

ACHIEVEMENTS OF FIFTH & SIXTH PLANS & PHYSICAL TARGETS FOR SEVENTH PLAN
FUELS

OIL & GAS	UNIT	5TH PLAN ACTUAL	6TH PLAN ACTUAL	CHANGE (%)	ACGR	7TH PLAN TARGET	CHANGE (%)	ACGR
1. CRUDE OIL PRODUCTION	BPD	13000	43000	230.8%	27.0%	62000	44.2%	7.6%
- EXISTING FIELDS	"	9200	7000			35100		
- NEW FIELDS *	"	3800	36000			26900		
2. NATURAL GAS PRODUCTION	MMCFD	951	1264	32.9%	5.9%	2100	66.1%	10.7%
- EXISTING FIELDS	"	951	1264			2072		
- NEW FIELDS *	"					28		
3. LPG PRODUCTION	TONS/DAY	178	318	78.7%	12.3%	421	32.4%	5.8%
4. DRILLING	NOS.	82	284	246.3%		375	32.0%	
a) EXPLORATORY WELLS	"	26	76	192.3%		125	64.5%	
i) OGDC	"	5	32	540.0%		65	103.1%	
ii) PRIVATE.	"	21	44	109.5%		60	36.4%	
b) APPRAISAL AND DEV. WELLS	"	56	208	271.4%		250	20.2%	
i) OGDC.	"	15	68	353.3%		100	47.1%	
ii) PRIVATE.	"	41	140	241.5%		150	7.1%	
5. ADDITION IN RESERVES								
- OIL	MLN.BBLS	17	102	490.7%		171	68.3%	
- GAS	TCF	0.1	2.0	1541.7%		2.8	42.1%	
6. POL CONSUMPTION	MILL.TON	5.5	8.9	61.6%	10.1%	14.3	61.3%	10.0%
7. POL. IMPORTS	MILL.TON	6.1	7.4 *	*	*	12.0 *	*	
- CRUDE	MILL.TON	4.2	3.5	-17.1%	-3.7%	4.6	33.3%	5.9%
- PRODUCTS	MILL.TON	1.9	3.9	107.0%	15.7%	7.4	91.7%	13.9%
8. GAS TRANSMITION CAPACITY(NET WORK ONLY)	MMCFD	752	752	0.0%		1166	55.1%	
9. GAS DELIVERED(INCLUDING FEED STOCK)	MMCFD	824	1044	26.7%	4.8%	1631	56.2%	9.3%
	SUI.EQV.							
COAL								
10. ADDITION IN PROVEN RESERVES	MILL.TON		112			500	347.6%	
11.INDIGENOUS COAL PROD.(INCLUDES UNREPORTED)	MILL.TON	3.0	4.2	40.0%	7.0%	6.9	64.3%	10.4%
-PUBLIC	MILL.TON	0.2	0.3	40.0%	7.0%	0.8	182.1%	23.1%
-PRIVATE	MILL.TON	2.8	3.9	39.3%	6.9%	6.1	56.4%	9.4%
12. PUBLIC SECTOR DRILLING								
-HOLES	NOS		235			976.0	315.3%	
-DRILL DEPTH	MTRS		41000			239375.0	483.8%	
-AREA COVERED	SQ.K.M.		200			810.0	305.0%	
RENEWABLES								
13. IMPROVED COOKING STOVES	MILL					1.0		
14. PHOTOVOLTAICS UNITS/PANNELS	NOS					1145.0		
15. BIOGAS UNITS	NOS					4500.0		
16. SOLAR WATER HEATERS(DEMONSTRATION UNITS	NOS					500.0		
COMMERCIAL AND NON-COMMERCIAL ENERGY								
17. GROSS COMMERCIAL ENERGY SUPPLY	MTOE	18.7	24.6	31.6%	5.6%	37.3	51.6%	8.7%
18. GROSS TOTAL ENERGY SUPPLY	MTOE	28.3	36.1	27.6%	5.0%	51.0	41.3%	7.2%
19. TOTAL ENERGY DELIVERED	MTOE	20.4	28.1	37.7%	6.6%	37.6	33.8%	6.0%
20. TOTAL COMMERCIAL ENERGY DELIVERED	MTOE	11.1	16.9	52.3%	8.8%	24.4	44.4%	7.6%
21. COMMERCIAL ENERGY TO GDP RATIO			1.37			1.27	-7.3%	

* Fields discovered during that plan period considered for the respective plans.

31-1-1988
phystar3

- to increase rural energy supplies; and
- to develop Pakistan's energy sector manpower, and improve the effectiveness of its institutions.

16. Table 4 presents key physical targets for the energy sector to be achieved during the Seventh Plan period.

PLAN STRATEGY

Power

17. The major challenges to the expansion of the power system and increasing the generation capacity are :

1. Resource constraint, and
2. Institutional implementation capability

18. For the Sixth Plan, the allocation for power sector was 75.0% of the public sector allocation in the energy sector. For the Seventh Plan, the share of power sector out of public sector in the Energy Sector is proposed to be 72.7%. The power demand/supply position shows that it will not be possible to finance the requisite number of projects despite such a large share of allocation.

Induction of Private Sector in Power Generation:

19. To overcome the resource constraint Government has already announced a policy for the induction of the private sector so that both the financial resources and the institutional capabilities may be augmented with the enterprise and leadership of the private sector. According to the policy, the private sector can install power generation capacity based on oil, indigenous coal and hydro electricity. Moreover, the low

calorific value gas fields would also be available for power generation to both the private and the public sector.

Measures to Attract Private Sector in Oil & Gas Exploration & Development:

20. To accelerate the expansion and development of the domestic oil and gas resources, the Government has already announced a new producer pricing formula which has attracted a number of foriegn oil companies for investment in hydro-carbon exploration. A number of other incentives are also under consideration which would help increase the inflow of private sector investment.

Role of Public Sector in Oil and Gas Exploration and Development

21. The programme of the national Oil and Gas Development Corporation (OGDC) has also been expanded to the maximum possible extent. To supplement the resources generated by the Corporation the Government plans to contribute resources to the extent of Rs. 4.0 billion for exploration. Emphasis has been laid on building up necessary downstream gas transmission facilities so that the resources which are already discovered may be fully utilized.

Strategy for Coal:

22. For the development of coal, the government has announced a policy of treating coal mining as an industry. In order to generate demand a number of power projects are specifically based on coal so that the producers have a visible market in front of them. Coal producers will be assisted in detailed delineation of necessary development plans.

Demand Management and Energy Conservation:

Demand Management and Energy Conservation:

23. A separate institution 'ENERCON' has been created to promote energy conservation and rational use of energy. A draft legislation has been prepared. During the Seventh Plan it is proposed to finalize the legislation and to ensure the rational use of energy through this institution. In order to reduce power system losses, a separate project for energy loss reduction has been started which would remain under implementation during 7th Plan. Necessary incentives would also be provided to encourage energy conservation and the rational use of energy.

Expansion in Rural Electrification:

24. In the light of the Prime Minister's programme for increasing the rural electrification, a separate project would be prepared for the rural electrification. To supplement the stringent resources it is proposed to seek assistance from various donor agencies. A detailed master plan would be prepared so that investment is made in accordance with the scientifically prepared programme.

Institutional Improvements:

25. A number of institutional arrangements are also proposed during the Seventh Plan to improve the functioning of energy sector organizations. In the power sector it is proposed to decentralize distribution of power and village electrification and to integrate KESC and WAPDA systems both functionally and technically. The institutional improvements such as transforming KESC into a generation company and transfering distribution in the KESC area to WAPDA by creating a new Area Board are under

consideration. This arrangement may also create a healthy competition between private and public sector power generation. Regarding OGDC a study for its restructuring and institutional reforms is in progress. OGDC's accounting system is proposed to be streamlined and brought on commercial lines. A number of institutional reforms for coal development are also under consideration.

Financial Restructuing:

26. Financing for WAPDA is proposed to be from outside ADP resources. The financing for OGDC would also be on commercial lines through its own self generated resources or borrowing from various banks. In addition Government would subscribe Rs. 4.0 billion in the interest of increasing the oil/gas exploration. The OGDC would subscribe at least 25% of the total exploration investment.

Rationalization of Prices:

27. A number of structural price changes would be required in order to ensure rational use of energy. In particular structural changes in the gas price as well as in power tariff would be required. Besides inter-fuel price anomalies will also have to be removed. In this context the overall price of gas may be increased to a level of 110% of the price of furnace oil. Seasonal tariffs and time-of-day pricing would also be introduced in sectors where ever it is viable to transfer the demand from peak period to non-peak period.

Self Reliance in Energy Sector Equipment and Commodities:

28. In order to maximise indigenous manufacturing of plant and equipment for the energy sector, efforts will be made to standardize most of the components of the power system. A greater and gradually increasing share of the locally manufactured components will also be required in all the public sector procurements where it will be feasible to do so.

POWER:

29. The power sector in the Seventh Plan accounts for 72.7% of the investment by public sector in energy sector and 27.9% of the total investment in the public sector. The Plan commences at a stage when the country has been facing load shedding since the early eighties, while the demand continues to grow in the grid system without any signs of deceleration. In fact, the growth could be even higher if the areas which are denied electricity at present are connected rapidly.

National Grid Demand:

30. Table 5 shows the over all growth in peak demand projected during the plan period. Without load management or energy conservation and with real average tariff increase of 5.6% per annum, the diversified peak demand is projected to increase from 5674 MW to 9570 MW at a growth rate of 11.0%. With load management and conservation the peak demand is envisaged to rise to 8900 MW in 1992-93; the growth rate being 9.4 % per annum. The expected decrease in demand due to load management and conservation is 670 MW which represents about 7% of the peak demand. The energy sales are projected to increase from 24195 GWH to 37602 GWH between 1987-88 and 1992-93, after accounting for the electrical energy conservation of 1070 GWH (i.e 2.8 %) in the terminal year. The per capita consumption of electricity is expected to be 312 KWH in 1992-93.

TABLE 5

ELECTRICITY DIVERSIFIED PEAK DEMAND PROJECTIONS

	1985-86	86-87	87-88	88-89	89-90	90-91	91-92	92-93	PLAN PERIOD ACGR
WITHOUT ENERGY CONSERVATION AND WITHOUT LOAD MANAGEMENT AND WITH REAL TARIFF INCREASE OF 5.66%									
	4700	5117	5674	6313	7008	7834	8768	9570	11.02%
WITH ENERGY CONSERVATION WITH LOAD MANAGEMENT AND WITH REAL TARIFF INCREASE OF 5.66%									
	4700	5117	5674	6248	6882	7545	8315	8900	9.42%

Supply:

31. At the end of the Sixth Plan, the installed capacity of WAPDA and KESC, will be 6716 MW. The Seventh Plan provides for an additional installed capacity of 6558 MW. This will bring, the total installed capacity to 13112 MW (with retirement of 162 MW) at the end of the Plan period. (Details on installed capacities are in Table 6 (a) & 6 (b)).

32. The rationale for the Seventh Plan power sector generation programmes includes the following:

- completion of schemes started in the earlier Plans;
- continuation of programmes to use indigenous sources of energy such as the Lakhra coal and hydel;
- bringing oil and gas plants on line to meet the short term need of eliminating load shedding and to balance country's generation capacity by providing a greater share of thermal generation which is unaffected by seasonal water fluctuation;

INCAPI.WK1
24-1-88

Table 6(a)

PAKISTAN NATIONAL GRID ELECTRIC SYSTEMS

NAME OF STATIONS	INSTALLED CAPACITY	EFFECTIVE CAPABILITY MAX.	EFFECTIVE CAPABILITY MIN
WAPDA SYSTEM			
HYDEL			
1 TARBELA 1-10	1750	2000	570
2 MANGLA 1-8	800	1000	400
3 WARSAK	240	240	80
4 DARGAI	20		
5 MALAKAND	20		
6 RASUL	22		
7 CHICHOKIMALLIAN	13	70	40
8 SHADIWAL	13		
9 NANDI PUR	14		
10 KURRAM GARHI	4		
11 RENALA	1		
12 3 MW GILGIT	3	3	
SUB-TOTAL HYDEL	2900	3313	1090
STEAM			
1 MULTAN	260	240	
2 FAISALABAD	132	120	
3 GUDDU	640	600	
4 SUKKAR	50	40	
5 HYDERABAD	43	30	
6 QUETTA	15	12	
7 KEPCO & MESCO	29	29	
SUB-TOTAL STEAM	1169	1071	
GAS TURBINES			
1 FAISALABAD	200	195	
2 SHAHDARA	85	70	
3 GUDDU	400	400	
4 KOT ADDU	400	400	
5 KOTRI	130	121	
6 QUETTA	68	63	
SUB-TOTAL GAS TURBINE	1283	1249	
TOTAL THERMAL	2452	2320	
WAPDA TOTAL UPTO JUN 1987	5352	5633	
ADDITIONS IN 1987-88			
1987-88 GUDDU C.C FEB 1988	200	200	
TOTAL WAPDA END OF SIXTH PLAN	5552	5833	

NAME OF STATIONS	INSTALLED CAPACITY	INSTALLED CAPABILITY
KESC SYSTEM		
STEAM		
1 BIN QASIM	420	400
2 WEST WHARF	96	74
3 WEST WHARF Retired	-96	-74
4 DUAL FUEL	15	11
5 DUAL FUEL Retired	-15	-11
6 KORANGI	382	357
SUB-TOTAL STEAM	802	757
GAS TURBINES		
1 KORANGI	100	80
2 S.I.T.E	125	100
SUB-TOTAL GAS TURBINES	225	180
NUCLEAR KANUPP SUB-TOTAL	137	70
KESC/KANUPP UPTO JUN 1987	1164	1007
WAPDA/KESC/KANUPP UPTO JUN 1987	6516	6640
TOTAL GENERATION WAPDA & KESC & KANUPP (AT END OF SIXTH PLAN)	6716	6840

TABLE-6(b)

INCAP2
1st Feb.1988

PAKISTAN NATIONAL ELECTRICAL GRID SYSTEM
INSTALLED CAPACITY

(MW)

YEAR	NAME OF POWER STATION	COMMISSIONING DATE	INSTALLED CAPACITY IN MW OIL/ GAS	G.T.	C.C.	COAL	HYDEL	NUC.	WAPDA	KESC	PVT	TOTAL	CUMM WITHOUT RTD.	UNITS RTD/ REHAB	CUMM. WITH RTD
INSTALLED CAPACITY END SIXTH PLAN			1956	1508	200	15	2900	137	5552	1164	0	6716			
Share in (%)			29.1	22.5	3.0	0.2	43.2	2.0	82.7	17.3	0.0	100.0			
1988-89	MULTAN 1-2 REHAB	JUL 1988											6716	-120	6596
	KOT ADDU C.T. 5	NOV 1988		100					100			100	6816		6696
	KOT ADDU C.T. 6	DEC 1988		100					100			100	6916		6796
	KOT ADDU C.T. 7	JAN 1989		100					100			100	7016		6896
	KOT ADDU C.T. 8	FEB 1989		100					100			100	7116		6996
	BIN QASIM 3	JUN 1989	210							210		210	7326		7206
			210	400	0	0	0	0	400	210	0	610		-120	
1989-90	KOT ADDU C.C 9	SEPT 1989			100				100			100	7426		7306
	KOT ADDU C.C 10	SEPT 1989			100				100			100	7526		7406
	JAMSHORO 2	OCT 1989	210						210			210	7736		7616
	JAMSHORO 1	NOV 1989	250						250			250	7986		7866
	JAMSHORO 3	DEC 1989	210						210			210	8196		8076
	REHAB.	DEC 1989	0						0			0	8196		8076
	GUDDU G.T 7	DEC 1989		100					100			100	8296		8176
	GUDDU G.T 8	FEB 1990		100					100			100	8396		8276
	KOTRI C.C. 8	JUN 1990			20				20			20	8416		8296
	KOTRI C.C. 9	JUN 1990			20				20			20	8436		8316
	F.ABAD C.C. 9	JUN 1990			20				20			20	8456		8336
	F.ABAD C.C. 10	JUN 1990			20				20			20	8476		8356
	HYDERABAD 1-2 RTD	JUN 1990											8476	-13	8343
	REPCO/MESCO RTD	JUN 1990											8476	-29	8314
			670	200	280	0	0	0	1150	0	0	1150		-42	
1990-91	MULTAN 1-2 REHAB	JUL 1990												120	8434
	JAMSHORO 4	SEPT 1990	210						210			210	8686		8644
	BIN QASIM 4	OCT 1990	210							210		210	8896		8854
	GUDDU C.C 9	OCT 1990			100				100			100	8996		8954
	HML COAL 1	JUN 1991				30					30	30	9026		8984
	HML COAL 2	JUN 1991				100					100	100	9126		9084
			420	0	100	130	0	0	310	210	130	650		120	
1991-92	MULTAN 1	OCT 1991	210						210			210	9336		9294
	PRIVATE	DEC 1991	1200								1200	1200	10536		10494
	TARBELA 11	JAN 1992					432		432			432	10968		10926
	TARBELA 12	APR. 1992					432		432			432	11400		11358
	MULTAN 2	APR. 1992	210						210			210	11610		11568
	BIN QASIM 5	JUN 1992	210							210		210	11820		11778
	F.B. LAKHRA 1	JUN 1992				50			50			50	11870		11828
	F.B. LAKHRA 2	JUN 1992				50			50			50	11920		11878
	F.B. LAKHRA 3	JUN 1992				50			50			50	11970		11928
			1830	0	0	150	864	0	1434	210	1200	2844		0	
1992-93	TARBELA 13	JUL 1992					432		432			432	12402		12360
	TARBELA 14	OCT 1992					432		432			432	12834		12792
	MANGLA 9	DEC 1992					100		100			100	12934		12892
	MANGLA 10	DEC 1992					100		100			100	13034		12992
	CHASHMA 1	DEC 1992					240		240			240	13274		13232
	MULTAN 3-4 RTD	JUN 1993											13274	-120	13112
			0	0	0	0	1304	0	1304	0	0	1304	13274	-120	13112
	ADDITIONS DURING 7TH PLAN		3130	600	380	280	2168	0	4598	630	1330	6558		-162	13112
	% OF TOTAL ADDED		47.7	9.1	5.8	4.3	33.1	0.0	70.1	9.6	20.3	100.0			
	TOTAL GEN. END OF 7TH PLAN		5086	2108	580	295	5068	137	10150	1794	1330	13274		-162	13112
	% OF TOTAL		38.3	15.9	4.4	2.2	38.2	1.0	76.5	13.5	10.0	100.0			
	TOTAL GEN. END OF PLAN AFTER RETIREMENT		4924	2108	580	295	5068	137	9988	1794	1330			-162	13112
	% OF TOTAL END OF 7TH PLAN		37.6	16.1	4.4	2.2	38.7	1.0	76.2	13.7	10.1				100.0

- o laying a groundwork for projects to cater to the Eighth Plan needs;
- o initiating work on large and medium hydels, including detailed engineering of Basha and Ghazi Ghariala to assure significant contribution from low cost, indigenous resource based generation; and
- o maximum reliance on the private sector to help relieve ADP burden in the Seventh, Eighth and the later Plans (1330 MW to be installed by July 1993).

33. The mix for the additional capacity is envisaged as shown in Table 7.

TABLE 7
ADDITIONAL SEVENTH PLAN GENERATION CAPACITY
(Unit MW)

	Additional Capacity	Public Sector	Private Sector
Hydel	2168	2168	-
Steam	3790	2460	1330
Gas Turbine	600	600	-
Total	6558	5228	1330

Power Balance:

34. Analysis of the generation capacity and the electricity demand projections for the Seventh Plan shows that following 1990-91 and continuing in the early years of Eighth Plan, there will be no significant load shedding if the planned load management and the energy conservation targets are met (see Table 8). This conclusion is based on minimum margins for reserves.

Table 8

NATIONAL ELECTRICAL GRID
POWER BALANCES WITH MINIMUM RESERVES

YEAR		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	PEAK DEMAND WITHOUT LM&EC
1988-89														
	Base Case without LM & EC at 5% Spin Res.	-536	-345	-1143	-330	-275	-81	-1165	-509	-642	-688	-866	-600	6313
	Estimated Reduction due to LM & EC.	60	60	62	60	59	62	63	62	61	60	63	65	
	Optimistic Case with LM & EC	-476	-285	-1081	-270	-217	-19	-1101	-448	-581	-628	-803	-535	
1989-90														
	Base Case without LM & EC at 5% Spin Res.	-913	-413	-237	316	409	438	-792	148	24	194	-127	111	7006
	Estimated Reduction due to LM & EC.	116	116	120	116	113	120	122	120	119	117	122	126	
	Optimistic Case with LM & EC	-797	-297	-118	432	522	558	-670	268	143	311	-5	237	
1990-91														
	Base Case without LM & EC at 5% Spin Res.	-833	-444	-354	339	221	110	-1188	-281	-423	-247	-480	-339	7834
	Estimated Reduction due to LM & EC.	266	266	272	266	266	272	280	275	275	269	256	289	
	Optimistic Case with LM & EC	-567	-178	-79	604	481	384	-908	-6	-151	22	-224	-50	
1991-92														
	Base Case without LM & EC at 5% Spin Res.	-1177	-911	-625	-328	-381	288	-296	489	342	814	503	1028	8768
	Estimated Reduction due to LM & EC.	417	417	430	417	405	436	439	430	426	421	439	453	
	Optimistic Case with LM & EC	-761	-495	-195	88	27	719	143	919	767	1235	942	1481	
1992-93														
	Base Case without LM & EC at 5% Spin Res.	1025	1222	828	1413	580	1477	83	1161	845	739	628	1169	9570
	Estimated Reduction due to LM & EC.	617	617	637	617	604	637	651	637	631	624	651	671	
	Optimistic Case with LM & EC	1642	1840	1465	2030	1184	2115	734	1798	1475	1363	1279	1840	

POWER BALANCES FOR HIGH, MEDIUM AND LOW RESERVES

Without Energy Conservation and without Load Management

1986-87	ACTUAL	-100	-17	-59	-74	-192	-959	-630	-647	-471	-586	-836	-1062	4957
1987-88	SOURCE: ADP 87-88/ACTUAL	288	522	-452	-66	376	126	-822	-531	-286	-449	-378	-564	5674
1988-89	Monte Carlo Simulation													
	Sample (High reserve)	-1082	-1155	-1108	-560	-441	-437	-1470	-736	-668	-1239	-805	-599	6313
	Spinning Resv. 10% (Medium reserve)	-841	-689	-1477	-655	-593	-404	-1436	-799	-920	-961	-1142	-900	
	Spinning Resv. 5% (Low reserve)	-536	-345	-1143	-330	-275	-81	-1165	-509	-642	-688	-866	-600	
1989-90	Monte Carlo Simulation													
	Sample (High reserve)	-1090	-109	-494	-206	-273	-760	-766	-682	-398	-428	-207	-44	7008
	Spinning Resv. 10% (Medium reserve)	-1266	-817	-649	-82	11	42	-1119	-222	-335	-160	-477	-263	
	Spinning Resv. 5% (Low reserve)	-913	-413	-237	316	409	438	-792	148	24	194	-127	111	
1990-91	Monte Carlo Simulation													
	Sample (High reserve)	-906	-935	-495	-335	-93	-80	-1293	-1662	-367	-760	-375	-675	7834
	Spinning Resv. 10% (Medium reserve)	-1239	-886	-813	-99	-266	-311	-1547	-670	-799	-618	-854	-733	
	Spinning Resv. 5% (Low reserve)	-833	-444	-354	339	221	110	-1188	-281	-423	-247	-480	-339	
1991-92	Monte Carlo Simulation													
	Sample (High reserve)	-1847	-658	-1837	-920	-445	-938	-1169	-631	-295	-1249	-114	-280	8768
	Spinning Resv. 10% (Medium reserve)	-1601	-1374	-1132	-811	-879	-204	-750	13	-132	330	29	513	
	Spinning Resv. 5% (Low reserve)	-1177	-911	-625	-328	-381	288	-296	489	342	814	503	1028	
1992-93	Monte Carlo Simulation													
	Sample (High reserve)	-457	-95	-509	-185	-674	-448	-182	-256	-174	-641	-36	-171	9570
	Spinning Resv. 10% (Medium reserve)	446	608	205	793	-7	882	-431	695	305	220	187	684	
	Spinning Resv. 5% (Low reserve)	1025	1222	828	1413	580	1477	83	1161	845	739	628	1169	

Notes:

a. load growth 7th plan 11%

b. LM stands for Load Management

c. EC stands for Energy Conservation

Because of resource constraints, greater margins and reliability cannot be provided in the Plan. Moreover, in the unusually low water years and in case of shortfall in the achievements of targets for conservation and load management, the loadshedding will be a distinct possibility. Table 8 summarizes the monthly power balance picture during the Seventh Plan with and without load management and conservation for various scenarios. These scenarios are based on different levels of reserve margins and a Monte Carlo simulation sample, which simulates outages of power plants based on historical outage rates.

35. The power programme assumes that about 20% of the proposed addition in capacity during the Seventh Plan will come from the private sector. Success of negotiations with the private sector will, therefore, play a very important role in realizing the power balance position explained above.

Primary and Secondary Transmission of Power:

36. Annexure 2 shows the transmission projects proposed for the Seventh Plan. The transmission programme is designed to improve the reliability of power supply to both the urban and the rural areas. It is also structured to extend the grid and to provide the foundation necessary for meeting the future power supply requirements. A new circuit of 500 KV line will be built to enable transmission of power becoming available from Tarbela units 11-14 and to reinforce reliability of the system. From Guddu and Jamshoro, where almost 1180 MW would be added during the Seventh Plan, a second 500 KV line would be constructed to the up-country to facilitate the exchange of power. The on-going

Dadu-Khuzdar line would be completed and a second circuit Guddu-Sibbi-Quetta 220 KV line would be constructed to meet the growing needs of power in Quetta and the surrounding areas in the valley.

37. To improve, the monitor and control system operation, a project for the modernization of load-despatch centre is already under implementation and will be completed during the Seventh Plan. The load-despatch centre will also enable continuous decision about the economic despatch in the system and improve the optimum utilization of capacities. Provision has also been made for the secondary transmission lines and grid station projects. The execution of these will facilitate transmission of power in bulk from the primary transmission lines. This will aid in supplying power for the rural electrification project and reducing system power losses.

Energy Loss Reduction Programme:

38. WAPDA is already implementing a programme for the energy loss reduction in the system. The on-going work would be completed and the scope of the project would be expanded in the Seventh Plan. Overloaded feeders would be identified and necessary technical improvements would be made to reduce losses in the system.

Distribution of Power:

39. During the Sixth Plan, WAPDA has undertaken a major programme of reorganization to strengthen and develop a separate and detachable distribution organization. This initiative will be continued in the Seventh Plan.

40. Table 9 shows the distribution targets for the Seventh Plan. By the end of the Seventh Plan 47.0% population will be served as against 35.2% at the end of the Sixth Plan.

TABLE 9

TARGETS FOR POWER DISTRIBUTION DURING SEVENTH PLAN

(Numbers)

SECTOR	ADDITIONAL CONNECTION DURING SEVENTH PLAN		
	WAPDA	KESC	TOTAL
DOMESTIC	2,557,000	322,000	2,879,000
COMMERCIAL	612,805	73,179	685,983
AGRICULTURE	35,601	249	35,850
INDUSTRIAL	49,371	5,408	54,779
T O T A L	3,254,777	400,836	3,655,612

Rural Electrification:

41. The total number of villages in Pakistan according to 1981 census was 48589 (including AJK, NA and FATA). By June 1988, about 28,204 villages would be electrified. The WAPDA records shows that this number includes a number of abadis and settlements and the actual number of census villages which have electricity may be less. According to one estimate, about 18600 census villages will stand electrified by June 1988. Because of resource constraints, an additional number of 14,750 villages will be electrified during the plan (14000 by WAPDA and 750 by AJK, NA and FATA).

Power Tariff:

42. In order to evaluate the impact of various generation investments on the self financing and tariff levels for WAPDA, four cases were analyzed in accordance with the formula, which stipulate internal generation of 40% of development funds by WAPDA on the basis of average investment over 3 years. The percentage increase and amount of the average power tariff was estimated with and without the fuel adjustment charges. The 1992-93 average tariff for the various scenarios varies between 125 and 137 ps per Kwh. The annual percentage tariff increases vary from 10.9 to 12.9%.

43. The structure of consumer tariff also would need adjustments to rationalize the burden on various sectors. The tariff would also have to provide necessary signals for rational use, shifting

of load from peak hours and induceing the maintenance by large consumers in shortage periods. The appropriate time-of-day and seasonal tariffs would, therefore, be instituted during the Seventh Plan.

Private Sector Power Generation:

44. The Seventh Plan envisages a substantial contribution of 1330 MW from the private sector in power generation. It is estimated that the potential for the private sector participation is considerably higher, but it can be adequately tapped only if appropriate facilities and incentives are provided. These would include identification of suitable sites and characteristics of the power plants, speedy settlement of contracts for selling power to the national grid, and offering prices which are attractive for the private sector.

Captive Power and Cogeneration:

45. Captive power and cogeneration can play an important role in Pakistan's power sector. The installed captive and cogeneration capacity at the present time is estimated to be 480 MW. Additional technical potential of the order of 590 MW from the existing and 1260 MW from the new industrial units by 1992-93 is being estimated. By introducing appropriate incentives and a regulatory mechanism, a substantial amount of this potential may be tapped to reduce demand on the national grid as well as provide a source of additional supply to minimize power deficit. Due to uncertainty, the capacity is not being accounted for in power balance.

Small Hydel Projects

45(a) Besides provisions for Northern Areas, FATA and AJK for electrification programme which include small hydel projects as well and a specific provision of Rs. 0.5 billion has been made for small hydel projects. This provision would be for feasibility studies and execution of small hydel stations below 5MW.

OIL:

Demand:

46. The demand for petroleum products is dependent on the country's fuel utilization policy. The policy adopted for the Seventh Plan is to (i) replace base year-round requirement of HSD in power generation with natural gas, (ii) substitute kerosene in the domestic sector with natural gas and LPG; and (iii) use furnace oil for thermal generation till coal fired, hydel and nuclear generation projects can be implemented.

47. With this policy, the demand for POL products is projected at 14.3 million tonnes in 1992-93 (without taking into account conservation measures), compared to 8.9 million tonnes in 1987-88. This would mean an annual compounded growth rate of 10% against an average growth rate of 9.7% during the Sixth Plan.

48. Product wise demand for the Plan period is given in Table 10 below:

Table 10. Petroleum Products Demand During Seventh Plan* (Million Tonnes)

Product	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	Growth Rate(%)
HOBC	0.21	0.23	0.25	0.28	0.31	0.34	10.14
MS	0.72	0.75	0.79	0.83	0.86	0.90	4.68
SK	0.96	0.97	0.99	1.00	1.00	1.10	1.77
LDO	0.29	0.30	0.31	0.31	0.34	0.34	3.07
Aviation Fuel	0.47	0.47	0.49	0.51	0.53	0.56	3.57
HSD	3.70	3.84	4.20	4.30	4.48	4.73	5.05
F.O	2.54	2.96	3.96	4.35	5.78	6.37	20.21
TOTAL	8.89	9.52	10.99	11.58	13.30	14.34	10.03

*Products demand estimate by consumer sector is at Annexure 4.

Supply:

49. Production of indigeneous crude is expected to reach 43,000 BPD (2.1 million tons) in 1987-88. Production from the existing fields is likely to decline to 35,100 BPD during the Seventh Plan period. However, additional production of 26,900 BPD is estimated from new discoveries which would bring the production at the end of the Plan to 62,000 BPD (3.1 million tons/year).

50. Field-wise estimates of production from the existing fields and targets for the expected new discoveries are listed at Annexure 5.

Oil Imports:

51. After the proposed expansion in the existing refining capacity of NRL and PRL,and installation of Dhodak processing unit, the net local production of POL products would be 7.0 million tonnes leaving a deficit of 7.42 million tonnes by 1992-93. With the expected production from new discoveries the requirement of imported crude for supply to the local refineries will be 4.64 million tons. The expenditure on the imported crude oil and products is thus expected to rise to $1.88 billion (nominal), assuming no major increase in the real prices of crude (1). In addition $ 0.12 billion would be paid to international oil companies operating in Pakistan for their share in the local production in 1992-93.

---

(1) Benchmark 1987-88 prices are (US$/Ton): Crude 132.2, LPG 168.19, Naptha 123.52, HOBC 147.5, M5 136.6, JP-1 161.4, SK 158.4, LDO 143.63, HSD 143.63, FO 98.0.

52. Table 11 indicates a yearly summary for import requirements:

Table 11. Fuel Imports during Seventh Plan
Quantity in Mill. Tonnes
Value in Mill. $ (Nominal)

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Quantity of Imported:						
Crude	3.48	3.58	3.82	4.38	4.30	4.64
Products	3.87	4.41	5.69	5.74	7.23	7.42
Total	7.35	7.99	9.51	10.12	11.53	12.06
Value of Imported:						
Crude	463.00	501.00	562.00	676.00	698.00	790.00
Products	532.00	622.00	809.00	854.00	1084.00	1160.00*
Total	995.00	1123.00	1371.00	1530.00	1782.00	1951.00
Value of Exported Products**	(39.00)	(41.00)	(46.00)	(55.00)	(62.00)	(66.00)
Net Imports Value	956.00	1084.00	1325.00	1475.00	1720.00	1884.00
FEX*** payment on local production	94.00	91.00	77.00	76.00	96.00	118.00
Net FEX Fuel Bill	1050.00	1172.00	1402.00	1551.00	1816.00	2002.00****

* In case the power plants at Nandpur/Punjpir and Uch are commissioned by 1991-92, the fuel bill for 1992-93 would reduce by $98 million.

** Including Bunkers.

*** Does not include repatriation of profits in foreign currency for companies who are paid in local currency for their production.

**** Price of imported crude in 1987-88 is 18$/barrel and in 1992-93 23$/barrel (nominal in current prices).

Exploration and Development Programme:

53. Given below are the main features of this programme:

i) Development of geologically attractive blocks by seismic prospecting and issuing requests for proposal

for exploratory drilling in the international petroleum journals and sending delegations to attract international companies for exploration.

ii) Increasing the private sector investment in exploration by offering better producer prices and other incentives.

iii) Extending exploration activities to offshore and less explored onshore areas through incentives.

vi) Expeditious appraisal and development of Adhi, Dhodak, Chak Norang, Gullarchi, Layari, Hallipota, Lashari South, Thoara and deeper prospects in Dakhni field. This programme provides a Plan target of 75 wells per annum for both exploration and development against the achievement of an average of 57 wells per annum during the Sixth Plan period. A breakup of the targets is given below:-

Table 12. Drilling Targets for Seventh Plan

(No. of Wells)

Activity	OGDC (As operator)	Private (As Operator)	Total
Exploration	65	60	125
Appraisal and Development	100	150	250
Grand Total	165	210	375

54. The production estimates are based on above drilling targets and assume a success ratio of 1:5 for exploration.

Oil Refining

55. In view of the demand for petroleum products and expected increase in indigenous production, existing refineries viz, ARL, PRL and NRL would be upgraded. This would increase the crude processing capacity by 15,000 barrels per day and HOBC production by 28,000 tonnes per year. In addition, a small topping unit alongwith LPG plant will be installed at Dhodak.

56. Due to high capital cost and relatively small differential between international prices of crude and POL products and between fuel oil and middle distillates no new refinery or hydrocracker unit has not been planned in the public sector. However, if a project for refining or hydrocracker is proposed in the private sector without any commitment on the part of Government regarding protection or minimum rate of return, it will be considered on merits.

Oil Infrastructure

57. The work initiated in the Sixth Plan to provide 30 days storage capacity at Pipri and the upcountry will be completed during the Seventh Plan. The PARCO pipeline would be extended upto Lahore via Faisalabad and bidrectional furnace oil/crude pipeline from Karachi to Jamshoro would also be constructed during the Seventh Plan.

NATURAL GAS

Demand and Supply

58. There is a large unsatisfied demand for gas in the country. Any demand projection based on the existing consumption data is,

therefore, bound to underestimate the demand. Therefore, the future plans for gas consumption should be supply driven instead of demand driven. The approach adopted in the Seventh Plan is to first estimate the available gas supplies, and then allocate those among various sectors. Average supply for natural gas is expected to increase from 1264 MMCFD (1149 MMCFD Sui equivalent) in 1987-88 to 2095 MMCFD (1776 MMCFD Sui equivalent) in 1992-93. The projected production of natural gas (associated and non-associated) is given at Annexure 5. Following is a development plan for existing gas fields:

Development Plan:

i) Pirkoh:

Sixteen wells have been drilled so far, thirty additional wells would be drilled and processing and surface facilities would be provided during Seventh Plan. Reservoir studies would be updated and water injection would be initiated if required.

ii) Loti:

Five wells have been drilled and are awaiting surface facilities. In addition 13 wells would be drilled and surface and processing facilities would be provided to the existing and the new wells.

iii) Sui:

Seventy six wells have been drilled at Sui so far, four wells alongwith seismic prospecting would be completed to appraise deeper prospects in the Sui field.

iv) Badin Block Fields:

In Badin Block (comprising of 14 fields) 45 wells have already been drilled. In addition, 20 wells would be drilled during the Seventh Plan period.

v) Mari:

Reservoir studies for Mari field would be updated and development plan (Phase-II) would be prepared if found feasible.

vi) Uch:

In Uch, Well No. 1 has been recently re-appraised by OGDC. Four additional wells to appraise deeper propsects in Uch would be drilled during the Seventh Plan.

vii) Kandhkot:

Eighteen wells have been drilled so far. In addition 13 wells would be drilled to develop existing horizon and appraise deeper propsects in Kandhkot.

viii) Mazarani:

Presently it is in the category of dormant gas fields. Two wells would be drilled during the Plan period to appraise the field.

ix) Sari/Hundi/Kothar:

Presently there are 5 wells. The field is dormant due to low well head pressure. In addition two wells alongwith compression system would be completed to meet projected production target.

x) Nandpur/Punjpir:

In this area nine wells have been drilled. Two additional wells alongwith surface facilities to the existing wells would be completed during the Seventh Plan.

Gas Utilization Policy:

59. The following priority order for the allocation of gas will be adopted to limit import requirements of POL products and fertilizers:

i) feed stock for fertilizer industry;

ii) replacement of HSD in power generation (year round requirements only);

iii) replacement of kerosene in domestic sector;

vi) replacement of furnace oil in Industrial Sector; and

v) substitution of furnace oil in power generation.

60. The expected availability of additional gas is 831 MMCFD out of which 415 MMCFD will be from the pipeline system and 416 MMCFD from isolated gas fields which would be used mainly for power generation and fertilizer. Any additional gas supply would be allocated in accordance with the above priority order. The allocation for 1992-93 is given in Annexure 5(A). The existing allocation in Sui Northern and Sourthern Gas System is given at Annexure 5(B).

Natural Gas Transmission and Distribution:

61. Transmission facilities associated with Loti, Pirkoh and Sui would be enhanced, and transmission lines will be provided for connecting Adhi and Dakhni fields. The capacity of Kandhkot-Guddu pipeline would be increased to augment supplies from

Kandhkot However in lieu of the additional Kandhkot gas, Sui gas will be released from the Guddu power station for meeting demand on the network system. This will include the following:

i) completion of SNGPL Project-V to increase supply from Sui by 69 MMCFD;

ii) completion of (a) Phase-I of SNGPL Project-VI to transmit an additional 70 MMCFD from Loti and 230 MMCFD from Pirkoh to Sui for processing and onward transmission, and (b) Phase-II of SNGPL Project-VI for increasing ex-Sui transmission capability to 650 MMCFD for providing gas facilities to new cities and towns;

iii) completion of SGTC's Indus Right Bank capacity expansion project will increase capacity from 175 to 240 MMCFD at Karachi;

iv) completion of transmission link-up of Badin block fields and construction of pipeline to Jamshoro with a capacity of 100 MMCFD; and

v) provision of about 800,000 new domestic connections, which atleast 50% to be in less developed areas.

Development of Dormant Gas Fields:

62. The gas from Uch, Nandpur, Punjpir and Zin fields would be dedicated for power generation. Efforts would be made to harness the energy available in other dormant gas fields to augment supplies.

LIQUIFIED PETROLEUM GAS (LPG):

63. LPG production is estimated to reach 421 tonnes per day in 1992-93 compared to 318 tonnes per day in 1987-88. The

additional LPG would be produced by. Dhodak, Dakhni and Adhi LPG plants. The LPG production expected from various plants during the Plan period is given below:

Table 14

LPG SUPPLY AND CONSUMPTION FORECASTS FOR SEVENTH PLAN
(TONNES PER DAY)

SOURCE	1987-88	88-89	89-90	90-91	91-92	92-93
DHURNAL PLANT	140	132	114	85	68	50
MEYAL PLANT	75	75	75	70	70	70
REFINERIES	103	98	104	101	101	101
ADHI PLANT	-	-	60	60	60	60
DHAKNI PLANT	-	-	25	30	30	30
DHODAK PLANT	-	-	-	-	55	110
TOTAL PRODUCTION	318	318	378	351	384	421
ESTIMATED CONSUMPTION (Million Tonnes Per Year)	0.116	0.116	0.127	0.135	0.144	0.153

64. The increase in the LPG production would be utilized to replace kerosene oil in areas where natural gas is not available. It is expected that 200,000 new consumers would be served by LPG by 1992-93.

Pricing:

65. Exploration would be extended to the under-explored onshore areas by offering suitable incentives.

66. The consumer gas price would be reviewed with reference to its economic value and its relationship with the substitutes. Similarly the structure of prices would have to be re-examined with a view to removing anomalies between various sectors.

Institutional:

Self-financing of OGDC:

67. Seventh Plan envisages that OGDC would be strengthened and restructured and its operations streamlined to transform it into a financially viable and administratively autonomous entity. It is expected that from the start of the Plan period OGDC would meet its development investment requirement through self-financing. About 25% of the investment required to meet its exploration expenditure would also be financed from its own resources, whereas the remaining cost would be met through ADP. During the initial years of the Plan, Government may provide a higher percentage of funds for its exploration programme which would be gradually reduced in the later years.

68. Directorate General Petroleum Concession (DGPC) and Hydrocarbon Development Institute of Pakistan (HDIP) would be strengthened and reorganized by inducting specialists in reservoir engineering, petroleum economics, etc.

C O A L

69. The Seventh Plan provides for various initiatives for the realization of the vast potential of coal, particularly as a fuel for power generation. The total identified coal resources of Pakistan are 1.25 billion tonnes of which 197.5 million tonnes are measured, 188.1 million tonnes are indicated, and 863 million tonnes are inferred. Quality ranges from lignite (5300 BTUs per pound) to sub-bituminous (9500 BTUs per pound).

70. Production of the domestic coal has been quite low because of its limited market. In 1985-86 total reported production was 2.2 million tonnes, while unreported production was estimated at 1.86 million tonnes. Coal mining is predominantly in the private sector. The market share of the public sector has remained below 10% over the last many years.

Demand:

71. The demand projections for coal during the Seventh Plan period are shown in Table 15. The total demand is estimated at 6.88 million tonnes in 1992-93. Substantial new demand for coal is expected to come from the power sector in addition to its present uses, primarily in brick kilns. Small increments in demand may also come from the cement industry and briquetting plants. Following measures are envisaged during the Seventh Plan to create the new demand.

i) establishment of coal-fired power plants;

ii) introduction of coal in cement and other energy intensive industries to replace furnace oil;

iii) promotion of use of coal briquettes for substituting kerosene oil and firewood; and

vi) Rationalisation of energy prices to promote the use and development of coal.

TABLE 15
SECTORWISE COAL DEMAND SCENARIO

(000 TONNES)

SECTOR	1985-86	86-87	87-88	88-89	89-90	90-91	91-92	92-93
POWER								
WAPDA	26	30	30	30	30	30	30	915
PRIVATE (HML)	-	-	-	-	-	-	625	625
BRICK KILN	4016	4028	4201	4388	4590	4808	5043	5297
OTHERS	28	30	32	35	38	41	44	48
TOTAL DEMAND	4070	4088	4263	4453	4658	4879	5542	6885

Assumptions:

1. Private sector Power Plants: i) Lakhra 2 x 50 MW by July 1991, ii) Quetta 30 MW by July 1991.
2. WAPDA FBC 3x50 MW Lakhra Power Plant commissioned by June 1992.
3. Brick kiln demand grows at 4.8% per year from 1987-88 to 1992-93.
4. Unreported production assumed at 1.863 million tonnes/year throughout the Plan period.

Brick Kiln Industry:

72. The largest user of coal are brick kilns, consuming more than 90% of the total production. Brick kilns' consumption is likely to grow at 4.8% per annum, with total requirement of coal in 1992-93 estimated at 5.3 million tonnes.

Coal Based Power Generation:

73. Presently the share of coal in power generation is negligible (0.7%). The share of coal would be increased when a total of 280 MW of coal based generation capacity will come on line during the Seventh Plan. 150 MW of this will be contributed by the public sector; the remaining will come from the private sector.

Exploration Programme:

(a) Public Sector:

74. Aggressive coal exploration programme has been included in the Seventh Plan with priority is assigned to Sonda-Thatta and unexplored parts of Lakhra, which should increase measured reserves to the extent of 500 million tonnes by 1992-93. Details of the on going and the new schemes including their physical targets are given in Annexure 7.

(b) Private Sector:

75. Exploration will be stepped up through promotional measures like: (a) financial assistance to mine owners in the form of soft term loans, and (b) technical and drilling services assistance to the private sector by GSP on a non-profit basis.

Policy Initiatives:

i) Establishment of large-scale power plants at or near the major coal fields shall be preferred over imported coal by taking into account socio-economic benefits such as employment and foreign exchange savings.

ii) High priority will be given to coal exploration especially in the hitherto unexplored areas.

iii) Major policy issues at the Federal level will in the future be referred to the Energy Policy Board.

iv) Regulatory measures will be strictly enforced for royalty collection and to control health and safety hazards in coal mining.

v) Mining rules and regulations will be amended to allow (a) use of coal mines as collaterals against loans; (b) merger of smaller units into bigger economic units for purposes of mining on a co-operative basis; and (c) enhancement of lease tenure.

Development and Production Programme:

a) Public Sector:

76. PMDC plans to develop the sourthern block of Lakhra coal field to feed WAPDA's 150 MW coal fired power plant. It also plans to implement five other expansion schemes during the Plan period. This would enhance PMDC's production capacity from 0.335 million tonnes per year (tpy) to 0.69 million tpy in 1992-93. PUNJMIN would raise its production capacity from 30,000 to 80,000 tpy by setting up three development and one expansion units in the Salt Range. Details are given at Annexure 8. A total production of 0.79 million tpy is expected from the public sector by the end of the Seventh Plan.

b) Private Sector:

77. A total of 5.88 million tpy production is anticipated to come from the private sector by the year 1992-93. Dedicated private coal mines at Lakhra field would be developed to produce 0.5 million tonnes per year to feed coal to a 100 MW power plant in the private sector using fluidized bed technology. In addition

0.15 million tonnes will be produced by the private sector from the Sor Range for the 30 MW private power plant at Quetta.

New Initiatives:

i) Conversion of Cement Plants

78. Cement plants with wet process, which currently use furnace oil represent a promising new market for coal substitution. A major constraint in this regard has been quoted as the high sulfur content of indigenous coal and the problems with the availability of supply of a consistent quality. To overcome this problem research and development efforts will be undertaken to determine the most suitable blend of the local and imported coal that may be used in cement making. One or more (wet process) cement plants particularly those in the public sector, will be encouraged to convert to coal, based on the results of the research.

ii) Coal briquetting:

79. A recent detailed assessment of the technology and market for coal briquettes in Pakistan found significant potential for use of coal briquettes to substitute for imported kerosene and scarce fuelwood. It is estimated that the coal briquettes could eventually penetrate into kerosene and fuel-wood markets in Punjab and NWFP (urban areas only) to the extent of 1.48 million tonnes and 0.47 million tonnes, respectively. Efforts will be made during the Seventh Plan to promote establishment of coal briquetting plants both in the public and the private sectors.

RENEWABLES SECTOR:

80. Renewable energy resources, derived almost entirely from biomass constitute about 32% or 11 million TOE of the total energy supply in Pakistan in 1987-88. It is estimated that ninety nine percent of the rural households and 61% of the urban meet their energy needs by use of biomass, including fulewood. The contribution of solar, wind and mini hydels (less than 5 MW), although small, should be measured by the positive impact they have on the quality of life in rural areas.

81. The new renewables projects included in the Seventh Plan are estimated to contribute approximately 0.5 million TOE. The major projects to be initiated during the Seventh Plan include the following:

- providing photovoltaic power to large number of dispensaries, households and water pumps;
- putting up solar thermal plants for such uses as water heating, water purification and desalination and crop drying;
- marketing of cooking stoves of improved efficiency.

82. Out of a budgetary allocation of Rs.307.45 million during the Seventh Plan, 65% of the investment would be spent on promoting commercialization of the above renewables technologies, remaining on demonstrations, feasibility studies, data collection, training and institutional strengthening.

83. The success of the renewables programme will depend upon proper institutional arrangements under which coordination and leadership for the development of renewable resources, including biomass, wind, solar and small hydels, are integrated. Such an integrated approach has been lacking thus far. This is a serious shortcoming and critical deterrent to achieving even the modest Seventh Plan expectations for renewables.

84. The functioning of the existing institutions in the renewables areas needs to be streamlined and strengthened. In respect of DGNRER, special attention will be paid on streamlining its monitoring and evaluation functions so that a good account is maintained of the successes and failures of the various renewable programmes and technologies. Lessons learnt from such evaluation will be applied in designing the course of future initiatives. At the same time, staffing will have to be strengthened through new recruitment and training of existing personnel will also be done.

85. Two major programmes relating to forestry for energy and small hydel development would also be under implementation and these would be handled under other sectors. DGNRER will prepare an overall renewable sector strategy and will emphasize wide-spread application and commercialization of those renewables based technologies which can contribute most during the Seventh Plan. This will prepare the ground for a larger and more wide-spread contribution by the renewable energy resources in future plans.

ENERGY CONSERVATION:

86. The Seventh Plan will carry out the following key activities:

- Total Energy Management programmes will be established in large public sector and private sector industries.
- Energy efficiency codes and standards will be established for all major thermal and electricity consuming industrial, commercial, domestic and agriculture equipment. Energy efficiency codes are proposed to be promulgated for all new buildings.
- Use of high efficiency sodium vapor lamps will be increased for street lighting and outdoor public lighting applications.
- Nation-wide awareness, information and outreach campaigns will be directed at each end-use sector. Energy conservation is proposed to be incorporated into the educational curricula at all levels and training programmes will be carried out.
- Government procurement standards for equipment and construction are proposed to be revised to include energy efficiency.
- A National Energy Conservation fund is also proposed to be established to meet the special financial needs of energy conservation.

Targets:

87. Two conservation scenarios have been developed - "high conservation" and "low conservation". The high scenario assumes that all the elements of the Seventh Plan programme shall be successfully implemented by all parties concerned. The low scenario is based on a lower degree of optimism regarding the success of every segment of the national programme. It assumes less aggressive support by the various public and private sector entities responsible for actually implementing energy saving policies and projects. There may also could be delays in the passage and effective implementation of the national energy conservation legislation and regulation.

88. As a prudent planning strategy, the low conservation scenario targets are used in the Plan. This, however, should not prevent ENERCON from adopting the high conservation scenario as its goal so that its sights are set higher and it will be certain to achieve the targets set in the low conservation scenario at a minimum. The Seventh Plan energy conservation targets for the high scenario are shown in Table 17.

TABLE 17

KEY ENERGY CONSERVATION TARGETS FOR SEVENTH FIVE YEAR PLAN

	High Scenario	Low Scenario
Cumulative Energy Savings to be Achieved	5.5 million TOE	2.96 million TOE
Cumulative Energy Cost Saving to be Achieved	Rs.23.1 billion	12.0 billion
Number of Energy Surveys to be Performed		
Public Sector Industry	70	30
Private Sector Industry	330	200
Public Buildings	50	30
Private Buildings	40	25
Demonstration Projects to be Implemented		
Industry	15	10
Buildings	10	6
Transport	5	3
Agriculture	4	3
Feasibility Studies to be Conducted	20	10
Number of Persons to be Trained		
Graduating Engineers	9,000	4,500
Thesis Projects	100	50
Continuing and Professional	10,000	5,000

89. Energy conservation targets by consuming sector are shown in Tables 18.

TABLE 18

CUMULATIVE ENERGY SAVINGS OVER SEVENTH PLAN PERIOD
(000 TOE)

	Electricity		Petroleum Products		Natural Gas		Coal		Total	
Sector	High	Low	High	Low	High	Low	High	Low	High	Low
Industry	169	76	801	346	1969	861	760	345	3699	1628
Transport	0	0	1028	772	0	0	0	0	1028	772
Buildings	194	175	0	0	339	304	0	0	533	479
Agriculture	69	19	200	64	0	0	0	0	269	83
TOTAL	432	270	2029	1182	2308	1165	760	345	5529	2962

90. Sectoral savings as a percentage of projected energy demand before energy conservation are presented in Table 19.

TABLE 19

ANNUAL ENERGY SAVINGS AS PERCENT OF ANNUAL SECTORAL ENERGY DEMAND OVER SEVENTH PLAN PERIOD

SECTOR	1988-89		1989-90		1990-91		1991-92		1992-93	
	High	Low	High	Low	High	Low	High	Low	High	Low
INDUSTRY	3.8	1.7	5.5	2.4	6.8	3.0	7.3	3.2	7.6	3.3
TRANSPORT	3.9	2.9	4.9	3.3	5.0	3.7	5.6	4.2	6.2	4.6
BUILDINGS	0.1	0.1	0.3	0.3	0.5	0.5	0.9	0.8	1.3	1.1
AGRICULTURE	0.6	0.2	1.4	0.5	2.4	0.8	3.6	1.1	4.9	1.4

Financial Implications:

91. Total estimated public and private sector expenditures for energy conservation for the National Energy Conservation Programme for the Seventh Plan are shown in the following table :

TABLE 20

PUBLIC AND PRIVATE SECTOR ENERGY CONSERVATION EXPENDITURES REQUIRED OVER THE SEVENTH PLAN
(Rs. Million) Real 1987-88

	FY 88-89		89-90		90-91		91-92		92-93		TOTAL	
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
PUBLIC SECTOR*												
ENERCON GOP	5	5	5	5	5	5	5	5	5	5	25	25
Foreign Asst-TA	51	51	34	34	-	-	-	-	-	-	85	85
Foreign Asst-comm	225	145	225	145	-	-	-	-	-	-	450	290
Trg.& Education	8	-	8	-	8	-	8	-	8	-	40	-
Other Institutional Support	57	-	12	-	7	-	7	-	10	-	93	-
PUB. SECTOR TOTAL	346	201	284	184	20	5	20	5	23	5	693	400

*This table does not include investment by other public sector agencies.

PRIVATE SECTOR												
Industry	222	86	235	90	137	52	108	42	73	26	775	296
Buildings	33	33	40	40	193	48	342	57	507	68	1115	246
Transport	97	73	116	87	139	104	167	125	200	150	719	539
Agriculture	169	33	276	43	372	46	407	50	405	54	1629	226
Trg.& Education	4	-	4	-	4	-	4	-	4	-	20	-
PRIVATE SECTOR TOTAL	525	225	671	260	845	250	1028	274	1189	298	4258	1307

The table includes estimates for the public and the private sector equipment required for energy conservation, and the public sector institutional, training and education requirements.

ENERGY PLANNING RESEARCH AND DEVELOPMENT:

Seventh Plan Programme:

92. Under the Energy Analysis and Manpower Development component funds are being allocated for special studies, database development and other analytical activities under the Energy Wing to support the development of the country's short and long term energy sector plans and programmes. A large number of energy sector professionals will be sent abroad for master-degree training in energy economics, systems analysis, engineering, and other fields. A number of candidates will be sent on non-degree specialized training according to a comprehensive energy sector manpower development programme.

93. Under the Coal Resource Assessment and Development component funding is being provided to: (i) complete exploratory drilling and other coal assessment and development activities in the private lease areas in Lakhra and to extend these activities to other parts of Sind (Sonda Thatta) and to the Punjab and Baluchistan; (ii) support new initiatives to induct fluidized bed combustion technology to enable the use of high sulphur, high ash coal for power and industry; and (iii) provide funds for the architectural and engineering services of a scaled-down coal fired power plant at Lakhra. The coal resource assessment programme will have to be accelerated to assure the confirmation of a large quantity of coal reserves to serve as a basis for greater indigenous coal use in power generation as well as in cement and other industries.

94. Future activities under the Energy Conservation and Renewables component are being described in their respective sections. An allocation of Rs. 0.5 billion (Real) will be made for the Energy Planning, Research and Development during the Seventh Plan.

MANPOWER RESOURCES

95. The nation has a large pool of manpower capable of supporting the major developmental programme envisaged for the energy sector. This includes a large number of the unemployed and those returning from the Middle East.

96. Total level of employment by the end of the Sixth Five Year Plan is estimated at 31.55 million of which 0.36 million are wholly or partially in energy sector (electricity, gas, water and mining). Electricity, gas and water (including non-energy uses) sectors are envisaged to grow at the rate of 8.0%, while mining (including non-energy minerals) is expected to grow at the rate of 7.5% during the Seventh Plan. Based upon these growth rates and the historical employment-output ratios of the economy, it is estimated that employment in energy sector will rise to the level of 0.45 million - indicating an additional employment of 0.09 million persons during the Seventh Plan. Employment by the major occupational groups during the Plan period in the energy sector as defined above is estimated as follows:

Table 21

EMPLOYMENT BY MAJOR OCCUPATIONAL GROUPS

MAJOR OCCUPATIONAL GROUP	EMPLOYMENT 30-6-1988	EMPLOYMENT 30-6-1993
i) Professional, Technical and related workers	37,894	48,077
ii) Administrative and Managerial workers	9,046	11,154
iii) Clerical and related workers	80,591	102,307
iv) Services workers	22,900	28,462
v) Production and related workers	209,569	260,004

97. The purpose of training during the Seventh Five Year Plan will be to increase performance of the organizations, and also to assist in career planning of the professionals. To fund and assist in the implementation of this Plan international agencies and bilateral donors will be approached. The training programme will be prepared on the basis of a detailed manpower needs assessment. There are plans to create centres of excellence in energy-related disciplines to improve the quality of professional education at the grass root level.

FINANCING

98. The details of the energy sector investments are given in Table 22.

TABLE - 22

.avsum4d
12-Feb-88

SEVENTH PLAN INVESTMENTS
Energy Sector

	RS. BILLION NOMINAL					REAL 1987-88 RS. BILLION				
	GOVERNMENT DEPARTMENTS	PUBLIC CORPORATIONS	PUBLIC SECTOR	PRIVATE	TOTAL	GOVERNMENT DEPARTMENTS	PUBLIC CORPORATIONS	PUBLIC SECTOR	PRIVATE	TOTAL
1. POWER										
1. WAPDA (W/O KALABAGH)		85.24 (34.16)	85.24 (34.16)		85.24 (34.16)		72.47 (29.14)	72.47 (29.14)		72.47 (29.14)
KALABAGH		13.11 (6.94)	13.11 (6.94)		13.11 (6.94)		10.19 (5.35)	10.19 (5.35)		10.19 (5.35)
1- SUB TOTAL WAPDA		98.35 (41.10)	98.35 (41.10)		98.35 (41.10)		82.66 (5.35)	82.66 (5.35)		82.66 (5.35)
2. PARC	0.50 (0.24)		0.50 (0.24)		0.50 (0.24)	0.40 (0.20)		0.40 (0.20)		0.40 (0.20)
3. ESSC		14.00 (5.00)	14.00 (5.00)		14.00 (5.00)		12.00 (4.34)	12.00 (4.34)		12.00 (4.34)
4. OTHERS										
A.E.	3.11		3.11		3.11	2.60		2.60		2.60
N.A.	1.32		1.32		1.32	1.10		1.10		1.10
F.A.T.A.	0.60		0.60		0.60	0.50		0.50		0.50
HYDELS OTHERS.	0.60		0.60		0.60	0.50		0.50		0.50
5. PRIVATE				24.10	24.10				20.80	20.80
TOTAL POWER	3.61	112.35	115.95	24.10	140.05	3.00	94.66	97.66	20.80	118.46
3. FUELS										
1.EXPLORATION & DEV.	3.34	21.61	24.95	12.75	37.70	2.80	17.96	20.76	10.51	31.27
i) PET.CONCESSION	3.34		3.34		3.34	2.80		2.80		2.80
ii) OGDC										
EXPLORATION		6.40 (3.08)	6.40 (3.08)		6.40 (3.08)		5.30 (2.56)	5.30 (2.56)		5.30 (2.56)
DEVELOPMENT		14.81 (6.26)	14.81 (6.26)		14.81 (6.26)		12.30 (5.22)	12.30 (5.22)		12.30 (5.22)
OTHERS		0.40 (0.24)	0.40 (0.24)		0.40 (0.24)		0.36 (0.23)	0.36 (0.23)		0.36 (0.23)
SUB TOTAL OGDC		21.61 (9.58)	21.61 (9.58)		21.61 (9.58)		17.96 (8.01)	17.96 (8.01)		17.96 (8.01)
iii) PRIVATE										
EXPLORATION				4.90	4.90				4.10	4.10
DEVELOPMENT				7.85	7.85				6.41	6.41
SUB TOTAL PRIVATE				12.75	12.75				10.5	10.51
2. GAS TRANSMISSION & DISTRIBUTION		8.90	8.90		8.90		8.00 (2.40)	8.00 (2.40)		8.00 (2.40)
i) SNGPL		7.70 (2.30)	7.70 (2.30)		7.70 (2.30)		6.90 (2.10)	6.90 (2.10)		6.90 (2.10)
ii) SOUTHERN GAS COMPANIES		1.20 (0.40)	1.20 (0.40)		1.20 (0.40)		1.10 (0.30)	1.10 (0.30)		1.10 (0.30)
3. OIL INFRASTRUCTURE		3.58 (1.17)	3.58 (1.17)	0.95	4.53 (1.17)		3.20 (1.07)	3.20 (1.07)	0.90	4.10
4. OIL REFINERY		1.46 (0.56)	1.46 (0.56)	0.37	1.83 (0.56)		1.30 (0.50)	1.30 (0.50)	0.30	1.60
5. RENEWABLES	0.38		0.38		0.38	0.31		0.31		0.31
6. ENERCON	0.48		0.48		0.48	0.40		0.40		0.40
7. ENERGY PLAN & DEVELOPMENT	0.60		0.60		0.60	0.50		0.50		0.50
8.HDIP & OTHERS	0.24		0.24		0.24	0.20		0.20		0.20
9. COAL/NUCLEAR MINERALS	1.71		1.71		1.71	1.50		1.50		1.50
TOTAL FUELS & OTHERS	6.75	35.55	42.30	14.07	56.37	5.71	30.46	36.17	11.71	47.88
TOTAL ENERGY	10.36	147.90	158.25	38.17	196.42	8.71	125.12	133.83	32.51	166.34

1) Includes self financing of Rs.29.0 Bill. nominal and Rs. 24.1 Billion (Real 1987-88) by Wapda
Details in tariff calculations.
2) Federal Budgetary allocation for WAPDA and KALABAGH/CHASMA included in the public corporation investment
3) Rs. 4.0 Billion (Real 1987-88) included in OGDC exploration is a Federal budget allocation but expended by PSC/E
4) Rs. 0.50 Billion (Real 1987-88)included in Gas Transmission & Distribution is a Federal Budget allocation but expended by PSC/E.

REVIEW OF SIXTH PLAN

Annexure 1

ITEM	MAJOR TARGETS	ACHIEVEMENT	VARIATION %	REMARKS
ELECTRICITY GENERATION(GWH)	31723.0	31786.0	+0.2	
INSTALLED CAPACITY (POWER)				
HYDEL	3177.0	2900.0	-8.7	
STEAM	3876.0	2282.0	-41.1	
GAS TURBINES	1414.0	1508.0	+6.6	
NUCLEAR	137.0	137.0	-	
RETIREMENT	0.0	111.0	-	
TOTAL	8604.0	6716.0	-21.9	
MAXIMUM DEMAND (MW)	5765.0	5674.0	-1.6	
NUMBER OF ADDITIONAL CONNECTIONS (NOs)	3152550.0	2319175.0	-26.4	
ELECTRICITY DELIVERED(GWH)	25696.0	24195.0	-5.8	
PER CAPITA ELECTRICITY DELIVERED(KWH)	253.0	233.0	-7.9	
SHARE OF ELECTRICITY DELIVERED				
DOMESTIC	N/A	31.9		
COMMERCIAL/OTHERS	N/A	15.4		
INDUSTRIAL	N/A	36.8		
AGRICULTURE	N/A	15.9		
FUELS				
NO. OF WELLS DRILLED BY OGDC	96.0	100.0	+4.2	
A. EXPLORATION	29.0	32.0	+10.3	
B. APPRAISAL & DEVELOPMENT	67.0	68.0	+1.5	
NO. OF WELLS BY PRIVATE SECTOR	154.0	184.0	+19.5	
A. EXPLORATION	54.0	44.0	-18.5	
B. APPRAISAL & DEVELOPMENT	100.0	140.0	+40.0	
NO. OF DISCOVERIES OF HYDROCARBONS		25	-	
A. BY OGDC	-	9	-	
B. BY PRIVATE SECTOR	-	16	-	

Annexure 1 (contd

INCREASE IN OIL PRODUCTION (BPD)	8000.0	30000.0	+275.0
A. BY OGDC	7130.0	6100.0	-14.5
B. BY PRIVATE SECTOR	870.0	23900.0	+2647.0
INCREASE IN GAS PRODUCTION (MMCFD)	253.0	313.0	+23.7
A. BY OGDC	-	100.0	
B. BY PRIVATE SECTOR	253.0	213.0	-15.8
DOMESTIC OIL PRODUCTION(BPD)	21000.0	43000.0	+104.8
GAS PRODUCTION	1204.0	1264.0	+5.0
INVESTMENT FROM ADP(NOMINAL)			
WAPDA	57.330	47.942	-16.4
KESC (OUTSIDE ADP)	14.000	9812.0	-30.0
OTHER (POWER)(PAEC, AK,NA, FATA,MISC, PROVINCES)	11.570	3.090	-73.3
OGDC	12.000	9..2	-23.3
OTHER AGENCIES (DG-PC, GAS TRANS & DIST,OIL REFINING ENERGY PLANNING, RESEARCH)	5.600	3.4	-40.0

NAME OF PROJECTS OF WAPDA		ORIGINAL DATE OF COMMISSIONING	REVISED COMMISSIONING DATE
TARBELA 9-10	350 MW	DEC 84/JUN 8	FEB 85/MAY 85
GILGIT	10 MW	JUNE 88	JUN 89
GUDDU -	210 MW	AUG 85	FEB 86
PIPRI D-1	200 MW	SEPT 83	SEPT 83
PEPRI D-2	200 MW	SEPT 84	SEPT 84
G.T. QUETTA SECOND	25 MW	MAY 84	NOV 84
MANGLA 9 - 10	200 MW	DEC 86	DEC 92
SMALL HYDEL	70 MW	JUN 88	DEC 93
GUDDU - 5	210 MW	MAR 88	DROPPED
LAKHRA - 1	300 MW	MAR 88	JUN 96
COMBINED CYCLE STEAM GUDDU	150 MW	FEB 87	JAN 88
JAMSHORO THERMAL	250 MW	JAN 87	NOV 89
MULTAN STEAM 1 - 2	420 MW	JAN 88	OCT 91/APR 92
COMBINED CYCLE (KESC)	100 MW	FEB 87	DROPPED
PPRI D - 3	200 MW	DEC 87	JUN 89
PIPRI D - 4	200 MW	MAR 88	OCT 89
COMBINED CYCLE GAS GUDDU	300 MW	JUN 85	OCT 90
EMERGENCY ADDITIONAL	200 MW	APR 85	NOV 86
	200 MW	JUL 85	JAN 87

72,468 (Real 1987-88)

24-Jan-88
11:27 AM

PLANT7F.WK1

DEFLATORS AT INFLATION RATE = 6.0% PER ANNUM
1.060 1.124 1.191 1.263 1.338

PROPOSED SEVENTH PLAN ALLOCATIONS FOR WAPDA

	S. NO.	NAME OF SCHEME	COMMISSION DATE.	MW	ESTIMATED COST. (Nominal)	DEFLATED COST	EST.EXPEND UPTO JUNE, 1988	Nominal Rs in million 7TH FIVE YEAR PLAN. 1988-89	1989-90	1990-91	1991-92	1992-93	TOTAL 7TH.PLAN	Real (1987-88) Rs million 7TH FIVE YEAR PLAN. 1988-89	1989-90	1990-91	1991-92	1992-93	TOTAL 7TH PLAN
		GENERATION ON-GOING SCHEMES																	
1988-89	1	600 MW C.C Steam at Guddu	1988-01		4,350	4,311	3,769	450	131				581	425	117				542
					(2,750)	(2,739)	(2,626)	(100)	(24)				(124)	(93)	(20)				(113)
	2	P&I of Low Head Hydel PC-II	1988/89		93	89	42	32	19				51	30	17				47
					(36)	(32)	(6)	(20)	(10)				(30)	(18)	(8)				(26)
	3	400 MW Kot Addu C.T 5-8	1989-02	400	3,600	3,447	1,332	1,800	468				2,268	1,698	417				2,115
					(1,900)	(1,830)	(850)	(900)	(150)				(1,050)	(848)	(132)				(980)
	4	Chitral Phase-II.	1989		12	12	12												
					(1)	(1)	(1)												
1989-90	5	200 MW C.C Kot Addu 9-10	1989-09	200	2,798	2,584	435	1,200	800	363			2,363	1,132	712	305			2,149
					(1,408)	(1,321)	(372)	(600)	(400)	(36)			(1,036)	(565)	(355)	(29)			(949)
	6	250 MW Jamshoro O.F -1	1989-11	250	3,560	3,290	1,104	800	800	856			2,456	755	712	719			2,186
					(1,660)	(1,563)	(612)	(500)	(428)	(120)			(1,048)	(471)	(380)	(100)			(951)
	7	2x210 MW Jamshoro O.F 2-3	1989-12	420	5,400	5,026	1,456	1,600	1,838	506			3,944	1,509	1,636	425			3,570
					(2,350)	(2,174)	(570)	(600)	(985)	(195)			(1,780)	(565)	(876)	(163)			(1,604)
	8	210 MW Jamshoro O.F -4	1990-09	210	2,377	2,106		800	800	500	277		2,377	755	712	420	219		2,106
					(828)	(732)		(300)	(300)	(128)	(100)		(828)	(282)	(266)	(106)	(78)		(732)
	9	3 MW Diesel sets at Gilgit.	1989/90	3	30	30	28	2					2	2					2
					(9)	(9)	(8)	(1)					(1)	(1)					(1)
1990-91	10	300 MW C.C Guddu 7-8-9	1990-10	300	2,666	2,358	135	426	1,278	604	223		2,531	402	1,137	507	177		2,223
					(1,620)	(1,422)	(20)	(260)	(835)	(370)	(135)		(1,600)	(244)	(742)	(310)	(106)		(1,402)
	11	Thermal Rehabilitation including Combined Cycle Plants at Faisalabad and Kotri.	1991-06	228	2,548	2,312	150	950	1,000	448			2,398	896	890	376			2,162
					(1,530)	(1,393)	(100)	(600)	(660)	(170)			(1,430)	(565)	(586)	(142)			(1,293)
	12	Imported Coal Detailed Engg.	1991-06		50	46		11	40				51	10	36				46
					(44)	(38)		(7)	(37)				(44)	(6)	(32)				(38)
	13	Central Material Testing Lab.	1991		89	83		60	29				89	57	26				83
					(60)	(54)		(43)	(17)				(60)	(40)	(14)				(54)
1992-93	14	4x432 MW Tarbela units 11-14.	1992-10	1,728	11,467	9,932	2,829	1,278	1,483	1,900	1,300	1,533	7,494	1,206	1,320	1,595	1,030	1,146	6,297
					(4,112)	(3,571)	(1,123)	(400)	(500)	(700)	(500)	(500)	(2,600)	(376)	(444)	(587)	(395)	(573)	(2,175)
	15	200 MW Mangla-Units 9&10.	1992-12	200	1,543	1,225	31	85	169	238	316	401	1,209	80	150	200	250	300	980
					(777)	(615)		(53)	(92)	(142)	(191)	(212)	(690)	(49)	(81)	(118)	(150)	(157)	(555)
1993-94	16	3x210 MW Multan O.F. 1-3	1993-10	630	8,142	6,486	491	213	750	1,342	1,602	2,180	6,087	201	667	1,127	1,269	1,629	4,893
					(3,482)	(2,754)	(230)	(53)	(299)	(521)	(949)	(900)	(2,722)	(49)	(265)	(436)	(751)	(672)	(2,173)
		Sub-Total On-going Schemes		4,569	48,726	43,337	11,814	9,707	9,605	6,757	3,718	4,114	33,901	9,158	8,549	5,674	2,945	3,075	29,401
					(22,537)	(20,248)	(6,518)	(4,437)	(4,757)	(2,362)	(1,875)	(1,612)	(15,043)	(4,172)	(4,201)	(1,991)	(1,480)	(1,202)	(13,046)

ANNEXURE - 2(B)

GENERATION
NEW SCHEMES

	S. NO.	NAME OF SCHEME	COMMISSION DATE.	MW	ESTIMATED COST. (Nominal)	DEFLATED COST	EST.EXPEND UPTO JUNE, 1988	7TH FIVE YEAR PLAN. 1988-89	1989-90	1990-91	1991-92	1992-93	TOTAL 7TH.PLAN	7TH FIVE YEAR PLAN. 1988-89	1989-90	1990-91	1991-92	1992-93	TOTAL 7TH PLAN
					Nominal Rs in million									Real (1987-88) Rs million					
1989-90	17	Development of Mirpur Leading Cut in Mangla Resorvior	1989/90		38	35		20	13	5			38	19	12	4			35
	18	Modernization of Research Institute Laboratory at Guddu and Faisalabad.	1989/90		56 (11)	52 (8)		35 (6)	21 (5)				56 (11)	33 (5)	19 (3)				52 (8)
1991-92	19	3x50 MW coal fired based on Fluidized Bed.	1992-06	150	2,960 (1,370)	2,380 (1,111)		130 (50)	200 (100)	700 (400)	1,100 (700)	830 (120)	2,960 (1,370)	123 (46)	178 (88)	588 (335)	871 (553)	620 (89)	2,380 (1,111)
1992-93	20	240 MW Low Head Hydel-I.CHASHMA	1992-12	240	6,418 (3,007)	4,998 (2,382)		115 (50)	500 (200)	1,200 (600)	1,315 (1,200)	1,829 (800)	4,959 (2,850)	108 (46)	445 (177)	1,008 (503)	1,042 (949)	1,367 (597)	3,970 (2,272)
1993-94	21	Detailed Engg.of Basha (accl.)	1993-09		1,762 (1,009)	1,303 (725)		27	125 (45)	133 (48)	149 (64)	268 (141)	702 (298)	25	111 (39)	112 (39)	118 (50)	200 (104)	566 (232)
	22	Detailed Engg. of Ghazi Gariala.	1993-06		252 (63)	212 (49)		2	78 (9)	98 (27)	74 (27)		252 (63)	2	69 (7)	82 (22)	59 (20)		212 (49)
1994-95	23	Imported Coal - 1(By Pvt.Sector)	1995-06	300															
1995-96	24	110 MW Low Head Hydel-II.TAUNSA	1995-12	110	3,541 (1,207)	2,398 (826)				36 (17)	63 (32)	107 (54)	206 (103)			30 (13)	50 (24)	80 (39)	160 (76)
	25	250 MW Lakhra C.F -1	1996-06	250	7,162 (3,096)	4,904 (2,139)				149 (50)	279 (93)	401 (200)	829 (343)			125 (41)	221 (73)	300 (148)	646 (262)
	26	Imported Coal - 2(By Pvt.Sector)	1996-06	300															
	27	Implementation of Ghazi Gariala	1996-06	1,000	18,000 (6,000)	11,722 (3,953)						100 (40)	100 (40)					75 (29)	75 (29)
1996-97	28	250 MW Lakhra C.F -2	1997-06	250	7,073 (3,336)	4,626 (2,191)					158 (53)	296 (99)	454 (152)				125 (41)	221 (73)	346 (114)
	29	Imported Coal - 3(By Pvt.Sector)	1997-06	300															
	30	110 MW Low Head Hydel-III.JINAH	1996-12	110	5,093 (2,453)	3,395 (1,627)					46 (6)	137 (55)	183 (61)				36 (4)	102 (40)	138 (44)
1997-98	31	Imported Coal - 4(By Pvt.Sector)	1998-06	300															
		Sub Total New Schemes		3,310	52,355 (21,552)	36,025 (15,011)		329 (106)	937 (359)	2,321 (1,142)	3,184 (2,175)	3,968 (1,509)	10,739 (5,291)	310 (97)	834 (314)	1,949 (953)	2,522 (1,714)	2,965 (1,119)	8,580 (4,197)
		SPECIAL DEVELOPMENT PROGRAMME																	
	32	Pasni Diesel Gen. & Trans.Project	1990-07	45	923 (448)	807 (389)		109 (53)	417 (202)	397 (193)			923 (448)	103 (49)	371 (179)	333 (161)			807 (389)
		SUB-TOTAL GENERATION		7,924	102,004 (44,537)	80,169 (35,648)	11,814 (6,518)	10,145 (4,596)	10,959 (5,298)	9,475 (3,717)	6,902 (4,050)	8,082 (3,121)	45,563 (20,782)	9,571 (4,318)	9,754 (4,694)	7,956 (3,105)	5,467 (3,194)	6,040 (2,321)	38,788 (17,632)

TRANSMISSION

S. NO.	NAME OF SCHEME	COMMISSION DATE.	KV	ESTIMATED COST. RS MILLION	DEFLATED COST	EST.EXPEND UPTO JUNE, 1988	Nominal Rs in million: 7TH FIVE YEAR PLAN. 1988-89	1989-90	1990-91	1991-92	1992-93	TOTAL 7TH.PLAN	Real (1987-88) Rs million: 7TH FIVE YEAR PLAN. 1988-89	1989-90	1990-91	1991-92	1992-93	TOTAL 7TH.PLAN
	TRANSMISSION ON-GOING SCHEMES																	
33	500 KV F/abad - Multan-Karachi.	1986/87	500	4,110 (1,809)	4,110 (1,809)	4,110 (1,809)												
34	2nd 500KV Tarbela Faisalabad.	1987/88	500	1,148 (379)	1,148 (379)	1,148 (379)												
35	220 KV Faisalabad-Sahiwal.	1987/88	220	370 (154)	356 (144)	125	245 (154)					245 (154)	231 (144)					231 (144)
36	220 KV Mardan-Peshawar.	1988/89	220	311 (123)	308 (121)	257 (100)	54 (23)					54 (23)	51 (21)					51 (21)
37	220 KV Dadu-Khuzdar.	1988/89	220	618 (217)	591 (204)	251 (40)	250 (150)	117 (27)				367 (177)	236 (141)	104 (23)				340 (164)
38	Modernization of Load Despatch Centre.	1989/90		1,697 (717)	1,608 (672)	456 (150)	900 (400)	321 (160)	20 (7)			1,241 (567)	849 (376)	286 (141)	17 (5)			1,152 (522)
39	Modernization of A.C.Net-work Analyser study Centre.	1989/90		71 (51)	66 (46)	13 (11)	26 (18)	32 (22)				58 (40)	25 (16)	28 (19)				53 (35)
40	3rd 500 KV Tarbela- Lahore	1990/91	500	1,400 (585)	1,226 (508)	41 (3)	200 (100)	600 (250)	400 (200)	159 (32)		1,359 (582)	189 (93)	534 (221)	336 (167)	126 (24)		1,185 (505)
41	500 KV Lahore-Jamshoro.	1991/92	500	4,947 (2,076)	4,469 (1,907)	1,490 (883)	800 (250)	850 (300)	900 (400)	761 (200)	146 (43)	3,457 (1,193)	755 (235)	756 (266)	756 (335)	603 (157)	109 (31)	2,979 (1,024)
	Sub-Total On-Going Schemes			14,673 (6,111)	13,883 (5,790)	7,892 (3,375)	2,475 (1,095)	1,920 (759)	1,320 (607)	920 (232)	146 (43)	6,781 (2,736)	2,336 (1,026)	1,708 (670)	1,109 (507)	729 (181)	109 (31)	5,991 (2,415)
	TRANSMISSION NEW-SCHEMES																	
42	Power System Trans./Plan. PC-II	1989/90		46 (46)	43 (41)	11 (11)	15 (15)	20 (20)				35 (35)	14 (13)	18 (17)				32 (30)
43	500 KV Ludewala-Daudkhel.	1990/91	500	1,040 (465)	897 (398)	11	100 (50)	400 (200)	350 (150)	179 (65)		1,029 (465)	94 (46)	356 (177)	294 (125)	142 (50)		886 (398)
44	Power Sys Planning D/B Study- II	1988/89		7 (7)	7 (6)	4 (4)	3 (3)					3 (3)	3 (2)					3 (2)
45	System Planning Studies (PC-11)	1989/90		25 (18)	22 (15)		10 (6)	15 (12)				25 (18)	9 (5)	13 (10)				22 (15)
46	2nd 220 KV Suddu - Sibi -Quetta	1990/91	220	1,040 (410)	902 (352)		100 (4)	500 (250)	300 (120)	140 (36)		1,040 (410)	94 (3)	445 (221)	252 (100)	111 (28)		902 (352)
47	220 KV Kot Addu-Loralai.	1992/93	220	670 (207)	499 (149)				55 (5)	126 (50)	201 (62)	382 (117)			46 (3)	100 (39)	150 (45)	296 (87)
48	T/ Lines for LowHead Hydels.	1993/94	220	250 (100)	179 (69)						75 (30)	75 (30)					56 (21)	56 (21)
49	500/220 KV Karachi -Jamshoro.	1990/91	500/220	1,142 (340)	1,010 (299)		160 (53)	681 (227)	301 (60)			1,142 (340)	151 (49)	606 (201)	253 (49)			1,010 (299)
50	3rd 500 KV Jamshoro - Multan.	1990/91	500	2,571 (1,047)	2,225 (906)		213 (53)	1,134 (567)	966 (362)	258 (65)		2,571 (1,047)	201 (49)	1,009 (504)	811 (303)	204 (50)		2,225 (906)
51	Second 500 KV Tarbela-Lahore.	1996/97	500	1,700 (700)	1,038 (423)													
52	Second 500 KV Multan-Lahore.	1991/92	500	1,142 (340)	1,010 (299)		160 (53)	681 (227)	301 (60)			1,142 (340)	151 (49)	606 (201)	253 (49)			1,010 (299)
53	New T/L for New Projects. (HVDC/ Additional A/C Circuits for Jamshoro/ Karachi)	1995/96	500	5,994 (1,757)	4,015 (1,185)						134 (100)	134 (100)					100 (74)	100 (74)
	Sub- Total New- Schemes			15,627 (5,437)	11,847 (4,142)	26 (15)	761 (237)	3,431 (1,503)	2,273 (757)	703 (216)	410 (192)	7,578 (2,905)	717 (216)	3,053 (1,331)	1,909 (629)	557 (167)	306 (140)	6,542 (2,483)
	Sub-Total Transmission.			30,300 (11,548)	25,730 (9,991)	7,918 (3,390)	3236 (1,332)	5351 (2,262)	3593 (1,364)	1623 (448)	556 (235)	14,359 (5,641)	3,053 (1,257)	4,762 (2,013)	3,017 (1,145)	1,286 (355)	415 (176)	12,533 (4,945)

ANNEXURE - 2(D)

PROPOSED SEVENTH PLAN ALLOCATIONS 72,468

WAPDA Investment Program for the 7th Plan

S. NO.	NAME OF SCHEME	ESTIMATED COST. RS MILLION	DEFLATED COST	EST.EXPEND UPTO JUNE, 1988	Nominal Rs in million: 7TH FIVE YEAR PLAN. 1988-89	1989-90	1990-91	1991-92	1992-93	TOTAL 7TH.PLAN	Real (1987-88) Rs million: 7TH FIVE YEAR PLAN. 1988-89	1989-90	1990-91	1991-92	1992-93	TOTAL 7TH.PLAN
1	Sub-Total Generation.	102,004	80,167 (35,743)	11,814 (6,518)	10,145 (4,596)	10,959 (5,298)	9,475 (3,717)	6,902 (4,050)	8,082 (3,121)	45,563 (20,782)	9,571 (4,335)	9,753 (4,714)	7,955 (3,120)	5,467 (3,207)	6,039 (2,331)	38,785 (17,707)
2	Sub-Total Transmission.	30,300	25,730 (9,982)	7,918 (3,390)	3,236 (1,332)	5,351 (2,262)	3,593 (1,364)	1,623 (448)	556 (235)	14,359 (5,641)	3,053 (1,256)	4,762 (2,012)	3,017 (1,144)	1,286 (354)	415 (175)	12,533 (4,941)
3	Secondary Transmission Lines and Grid Stations.	44,244	30,212 (11,655)	7,291 (780)	1,484 (795)	1,629 (843)	1,919 (893)	2,146 (947)	2,275 (1,004)	9,453 (4,482)	1,400 (749)	1,450 (749)	1,611 (749)	1,700 (749)	1,700 (749)	7,861 (3,745)
4	Village Electrification.	33,457	22,753 (3,706)	3,244 0	1,802 (339)	1,966 (360)	2,084 (381)	2,020 (404)	2,141 (428)	10,013 (1,912)	0 1,700 (319)	0 1,750 (319)	0 1,750 (319)	0 1,600 (319)	0 1,600 (319)	8,400 (1,595)
5	Distribution of Power.	18,728	11,802 (649)	1,482 0	466 (60)	544 (70)	634 (80)	740 (90)	862 (100)	3,246 (400)	440 (56)	484 (61)	532 (66)	586 (70)	644 (74)	2,686 (327)
6	Energy Loss Reduction and Load Management Programme.	5,520	3,512 (1,215)	0	275 (95)	300 (125)	350 (130)	425 (140)	490 (150)	1,840 (640)	259 (89)	267 (110)	294 (108)	337 (110)	366 (111)	1,523 (528)
7	Power Distribution Rehabilitation Programme.	1,148	1,111 (475)	685 (250)	267 (180)	196 (64)				463 (244)	0 252 (169)	0 174 (56)	0 0	0 0	0 0	426 (225)
8	Bujaranwala Development	196	176 (84)	40 (35)	50 (20)	36 (15)	30 (15)	40 (10)		156 (60)	0 47 (18)	0 32 (12)	0 25 (12)	0 32 (7)	0 0	136 (49)
9	Diesel Generating Sets in Baluchistan.	324	299	182	19	23	27	32	41	142	18 0	20 0	23 0	25 0	31 0	117
	TOTAL	235,921	175,762	32,656 (10,973)	17,744 (7,417)	21,004 (9,037)	18,112 (6,580)	13,928 (6,089)	14,447 (5,038)	85,235 (34,161)	16,740 (6,997)	18,693 (8,043)	15,207 (5,525)	11,032 (4,823)	10,796 (3,765)	72,468 (29,153)
	KALABAGH DAM PROJECT **	91,800	58,988	0 0	81 (8)	562 (12)	730 (343)	5,050 (2,828)	6,691 (3,747)	13,114 (6,938)	76 (7)	500 (11)	613 (288)	4,000 (2,240)	5,000 (2,800)	10,189 (5,346)
	GRAND TOTAL	327,721	234,750	32,656 (10,973)	17,825 (7,425)	21,566 (9,049)	18,842 (6,923)	18,978 (8,917)	21,138 (8,785)	98,349 (41,099)	16,816 (7,004)	19,193 (8,054)	15,820 (5,813)	15,032 (7,063)	15,796 (6,565)	82,657 (34,499)

** To Be Met From Special Funds

ANNEXURE-3

DEFLATORS .066 1.124 .19 .262 1.338

INVESTMENT PROGRAMME OF KESC FOR SEVENTH PLAN

S.NO	NAME OF SCHEME	COMMISSIONING DATE	ESTIMATED COST (Nominal)	DEFLATED COST	EST. EXPEND UPTO JUNE. 1988	Nominal Rs million: SEVENTH FIVE YEAR PLAN 1988-89	1989-90	1990-91	1991-92	1992-93	TOTAL 7TH PLAN	Real (1987-88) Rs million: SEVENTH FIVE YEAR PLAN 1988-89	1989-90	1990-91	1991-92	1992-93	TOTAL 7TH PLAN
	SCHEME GENERATION																
1.	BIN QASIM D-3 (210 MW)	JUNE 1989	3,703.51 (1,823.53)	3,599.08 (1,773.73)	2,235.07 (1,157.76)	1,069.41 (438.95)	399.03 (226.82)				1,468.44 (665.77)	1,008.88 (414.10)	355.14 (201.87)				1,364.01 (615.97)
2.	BIN QASIM D-4 (210 MW)	OCTOBER 1990	2,923.71 (1,330.36)	2,778.29 (1,265.06)	1,360.39 (629.18)	742.00 (318.00)	561.80 (280.90)	259.52 (102.28)			1,563.32 (701.18)	700.00 (300.00)	500.00 (250.00)	217.90 (85.88)			1,417.90 (635.88)
3.	BIN QASIM D-5 (210 MW)	JUNE. 1992	4,159.34 (1,959.46)	3,666.86 (1,739.29)	266.28 (189.76)	848.00 (318.00)	1,348.32 (786.52)	1,191.02 (476.41)	505.72 (188.77)		3,893.06 (1,769.70)	800.00 (300.00)	1,200.00 (700.00)	1,000.00 (400.00)	400.58 (149.52)		3,400.58 (1,549.53)
4.	WEST WHARF (210 MW)	JUNE 1995	5,647.27 (2,643.17)	3,804.93 (1,787.59)					23.39 (13.30)	342.12 (223.25)	365.51 (236.55)				18.53 (10.53)	255.65 (166.83)	274.18 (177.36)
	SUB TATAL GENERATION		16,433.83 (7,756.52)	13,849.16 (6,565.67)	3,861.74 (1,976.70)	2,659.41 (1,074.95)	2,309.15 (1,294.24)	1,450.54 (578.69)	529.11 (202.07)	342.12 (223.25)	7,290.33 (3,373.20)	2,508.88 (1,014.10)	2,055.14 (1,151.87)	1,217.90 (485.88)	419.10 (160.06)	255.65 (166.83)	6,456.67 (2,978.74)
	TRANSMISSION & DISTRIBUTION																
1.	TRANSMISSION LINE & GRID STATION FOR D-3/5		602.98 (320.86)	577.35 (308.63)	185.57 (136.45)	379.98 (150.80)	37.43 (33.61)				417.41 (184.41)	358.47 (142.26)	33.31 (29.91)				391.78 (172.18)
2.	SECONDARY TRANSMISSION & GRID STATIONS				261.61 (134.93)	798.54 (361.01)	893.69 (389.85)	790.32 (352.54)	422.69 (186.47)	328.57 (102.72)	3,233.81 (1,392.59)	753.34 (340.59)	795.38 (331.27)	663.57 (296.01)	334.81 (147.70)	245.53 (76.76)	2,792.63 (1,192.33)
3.	DISTRIBUTION				1,196.28	449.50	501.88	570.85	646.29	686.75	2,855.27	424.06	446.67	479.30	511.92	513.18	2,375.13
4.	OTHERS					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	SUB TOTAL		602.98 (320.86)	577.35 (308.63)	1,643.46 (271.38)	1,628.02 (511.81)	1,433.00 (423.46)	1,361.17 (352.54)	1,068.98 (186.47)	1,015.32 (102.72)	6,506.49 (1,577.00)	1,535.87 (482.85)	1,275.36 (361.18)	1,142.86 (296.01)	846.73 (147.70)	758.71 (76.76)	5,559.54 (1,364.51)
	GRAND TOTAL		17,036.81 (8,077.38)	14,426.51 (6,874.29)	5,505.20 (2,248.08)	4,287.43 (1,586.76)	3,742.15 (1,717.70)	2,811.71 (931.23)	1,598.09 (388.54)	1,357.44 (325.97)	13,796.82 (4,950.20)	4,044.75 (1,496.96)	3,330.50 (1,513.05)	2,360.77 (781.89)	1,265.84 (307.76)	1,014.36 (243.59)	12,016.21 (4,343.24)

ANNEXURE-4

7TH PLAN ESTIMATE OF PRODUCT DEFICITS

DEMAND FOR POL PRODUCTS FOR 7TH PLAN

UNIT:TONNES

PRODUCT	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	GROWTH RATE
LPG	116,443	116,443	127,684	135,812	144,411	153,702	5.71%
HOBC	207,567	228,838	252,199	277,841	305,540	336,346	10.14%
MS	718,172	752,537	788,266	825,382	862,691	902,618	4.68%
TOTAL	925,739	981,375	1,040,465	1,103,223	1,168,231	1,238,964	6.00%
JP-4	145,832	154,588	163,285	172,047	180,688	189,675	5.40%
SK	957,759	972,575	989,936	1,007,383	1,025,015	1,045,410	1.77%
LDO	289,791	300,805	312,007	312,726	335,549	337,117	3.07%
JP-1	315,591	324,420	333,820	343,954	354,486	366,103	3.01%
PIA	181,807	190,501	199,485	208,929	218,525	228,956	4.72%
DEFENCE	17,373	15,180	13,221	11,489	9,954	8,620	-13.08%
OVERSEAS	116,411	118,739	121,114	123,536	126,007	128,527	2.00%
HSD	3,695,237	3,840,935	4,204,397	4,301,417	4,484,205	4,728,403	5.05%
POWER	422,000	334,000	447,000	275,000	216,000	108,000	-23.86%
RAILWAYS	178,242	196,243	215,962	237,811	216,482	287,984	10.07%
BUNKERS	4,860	4,957	5,057	5,158	5,261	5,366	2.00%
TRANS/AGRI	2,927,791	3,130,687	3,347,644	3,579,635	3,827,704	4,092,964	6.93%
OTHER	162,344	175,048	188,734	203,813	218,758	234,089	7.59%
FURNACE OIL	2,536,280	2,958,489	3,960,452	4,352,203	5,775,085	6,365,806	20.21%
POWER	1,201,000	1,526,000	2,423,000	2,767,000	4,074,000	4,537,000	30.45%
CEMENT	738,552	792,372	850,232	912,441	977,606	1,049,428	7.28%
RAILWAYS	71,928	72,701	73,498	59,800	60,406	61,183	-3.18%
DEFENCE	14,490	15,221	15,992	14,773	15,514	16,317	2.40%
BUNKERS	61,155	64,213	67,423	70,795	74,334	78,051	5.00%
GEN. TRADE	449,155	487,982	530,307	527,394	573,231	623,827	6.79%
GRAND TOTAL(INCLUDING LPG)	8,982,672	9,649,630	11,132,046	11,728,765	13,467,670	14,425,180	9.94%
GRAND TOTAL(EXCLUDING LPG)	8,866,229	9,533,187	11,004,362	11,592,953	13,323,259	14,271,478	9.99%

Annexure-5

PROJECTED CRUDE PRODUCTION

Unit: Barrels Per Day

Field	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Toot	1300	1080	800	550	350	300
Fimkassar	20	20	0	0	0	0
Dakhni -	0	1200	2400	2400	2400	2400
Chak Norang	500	1725	1725	2300	2000	1800
Meyal	3520	3400	3200	2900	2700	2600
Balkassar	400	380	350	300	300	300
Joya Mir	400	400	400	400	400	300
Dhurnal	14500	14900	15800	15800	15800	15800
Adhi	1400	1400	2900	2900	2300	1700
Dhodak	0	0	0	0	500	2000
Badin Block	14600	12400	7100	3600	2300	1300
Ghothana	500	500	500	500	500	500
Tando Alam	3500	3800	3600	3300	2800	2500
Lashari South	0	200	300	300	300	300
Thora	2500	3000	3500	3500	3400	3300
New (North)	0	0	0	0	5100	10400
Discoveries(South)	0	0	0	6400	10000	16500
Total	43100	44405	42575	45150	51150	62000

PROJECTED NATURAL GAS PRODUCTION

Units MMCFD
(Sui equivalent MMCFD)

Field	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Pirkoh	100	210	250	250	250	250
Loti	-	40	50	60	70	70
Sui	775	885	885	885	935	935
Badin Block	-	40	40	100	100	60
Mari	300	300	300	300	300	300
Uch	-	-	-	-	50	200
Kandkot	30	45	75	75	75	75
Sari/Hundi/Kothar	-	-	10	12	12	12
Others	-	-	-	-	77	83
Associated Gas	59	98	103	103	82	82
New discoveries	-	-	-	-	-	28
Total	1264 (1149)	1618 (1485)	1713 (1572)	1785 (1650)	1951 (1740)	2095 (1776)
Transformation losses and field uses.	89 (84)	113 (92)	120 (107)	125 (103)	137 (111)	147 (112)
Availabile for transmission	1175 (1065)	1505 (1393)	1593 (1465)	1660 (1542)	1814 (1629)	1948 (1664)

ANNEXURE 5(A)

ALLOCATION OF GAS FOR 1992-93 DURING WINTER (UNIT MMCFD SUI EQUIVALENT)

	SNGPL SYSTEM	SGC SYSTEM	TOTAL
A. AVAILABILITY OF GAS IN ADDITION TO 1986-87			
i) Additional Gas	271.0	145.0 **	416.0
ii) Transmission uses & Losses 2%	(5.4)	(2.0)	(7.4)
iii) Availability by managing maintenance schedule of fertilizer plants	35.0	-	35.0
iv) Availability by strict management quota for 1986-87	5.0	-	5.0
TOTAL AVAILABILITY	305.6	143.0	448.6
B. ALLOCATION OF ADDITIONAL GAS			
i) Allocation for increase demand of existing consumer during 1987-88	31.1	12.8	43.9
PRIORITY - I			
ii) To eliminate existing load shedding of fertilizer factories/plants	22.5	-	22.5
iii) Dowd Hercules	5.0	-	5.0
iv) Pak American	12.0	-	12.0
v) Pak Arab	3.0	-	3.0
vi) Pak China	5.0	-	5.0
vii) New Fertilizer	62.5	16.0	78.5
TOTAL FERTILIZER	110.0	16.0	126.0
PRIORITY - 2			
viii) Shahdara G.T	8.0	-	8.0
ix) Faisalabad G.T.		-	
x) Kot Addu G.T.		-	
Total Power	8.0		8.0
PRIORITY-3			
xi) Allocation for additional domestic consumers	144.0	71.2	215.2
PRIORITY 4			
xii) Allocation for industries	12.5	-	12.5
PRIORITY 5			
xiii) Power	-	-	-
xiv) Set aside to cater for decline in Badin/Other after 1992-93	-	43.0	43.0
Total:	305.6	143.0	448.6

*The allocations are given here for Main system i.e. SNGPL and SGTC

** 99 MMCFD will be available from the main system. 35 MMCFD from Loti (30 MMCFD in Sui quality) and 13 MMCFD from Mazarani are also added in this availability.

ANNEXURE 5-B

EXISTING ALLOCATIONS/CONSUMPTION OF NATURAL GAS

UNITS MMCFD
SUI EQUIV

	SNGPL		SGC					
			QUETTA		UNIT A		UNIT B	
	Quota alloted	Actual used Dec-Feb	Quota alloted	Actual used Dec-Feb	Quota alloted	Actual used Dec-Feb	Quota alloted	Actual used Dec-Feb
POWER	53	48-53.5	NIL	NIL	60	62-70	30	23-37
FERTILIZER	90	95-99	NIL	NIL	NIL	NIL	NIL	NIL
CEMENT	8	7-7.7	NIL	NIL	11	2-6	5	2-3
SUGAR	5.5	1.5-1.9	NIL	NIL	NIL	NIL	NIL	NIL
PAK STEEL	NIL	NIL	NIL	NIL	30	28-31	NIL	NIL
DOMESTIC/COMMERCIAL AND GENERAL INDUSTRY	259	223-242	12	9.5-11.1	126	107-120	31	21-26
OTHER (COMPRESSOR FUEL)	16	22-26	Included above		Included above		Included above	
	432	392-420	12	9.5-11.1	227	208-223	66	52-63

ANNEXURE - 6

LIST OF PROJECTS AND PROGRAMMES OF GOVERNMENT DEPTT. FOR SEVENTH FIVE YEAR PLAN (1988-93)

S.No.	Name of the Project	Total Cost with Foreign Exchange Component	Estimated Expenditure upto June 1988	Seventh Plan Allocation (1988-93) (Rs million Real '1987-88)	ANNUAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93	Seventh Plan Allocation (1988-93) (Rs million Nominal)	ANNUAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93
1.	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
EXPLORATION (Oil & Gas)															
D.G. PETROLEUM CONCESSION															
1.	Block allocation for delineation of geological block	1000.00		900.00	75.0	175.0	250.0	200.0	200.0	1,094.15	79.5	196.7	297.8	252.6	267.6
2.	Govt. participation in on going private exploration/Dev.			1,654.00	448.0	371.0	311.0	240.0	284.0	1,945.40	474.9	417.0	370.4	303.1	380.0
	MISC.PROJECTS			250.00	50.0	50.0	50.0	50.0	50.0	298.80	53.0	56.2	59.6	63.2	66.9
	Sub Total D.G. Pet. Concession			2,804.00	573.0	596.0	611.0	490.0	534.0	3,338.35	607.4	669.9	727.7	618.9	714.5
Others (Fuel)															
3.	DTE. GENERAL NEW & RENEWABLES			310.00	40.0	50.0	60.0	70.0	90.0	378.89	42.4	56.2	71.5	88.4	120.4
4.	Energy Conservation			400.00	80.0	80.0	80.0	80.0	80.0	478.08	84.8	89.9	95.3	101.0	107.0
5.	Energy Planning & Dev. Project			500.00	100.0	100.0	100.0	100.0	100.0	597.60	106.0	112.4	119.1	126.3	133.8
6.	HDIP & Others			200.00	40.0	40.0	40.0	40.0	40.0	239.04	42.4	45.0	47.6	50.5	53.5
	Coal/Nuclear			1,499.62	515.3	440.3	351.9	128.1	64.0	1,707.67	546.2	494.9	419.1	161.8	85.6
	TOTAL FUEL			5,713.62	1,348.30	1,306.32	1,242.90	908.10	908.00	6,739.63	1,429.20	1,468.30	1,480.29	1,146.93	1,214.90

PROFORMA

In 1.06 1.124 1.191 1.263 1.338

ANNEXURE-6(b)

LIST OF PUBLIC CORPORATIONS PROJECTS AND PROGRAMMES IN THE SEVENTH FIVE YEAR PLAN (1988-93)

Name of Sector/Sub Sector: ENERGY (FUEL)

(Rs million Real '1987-88) | (Rs million Nominal)

S.No.	Name of the Project	Total Cost with Foreign Exchange Component	Estimated Expenditure upto June 1988	Seventh Plan Allocation (1988-93)	ANNUAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93	Seventh Plan Allocation (1988-93)	ANNUAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93
1.	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
OGDC															
ON GOING															
EXPLORATION															
1.	Exploration Project -i	(Continuous Project) (Through Federal Budget)		4,000.00 (2,200.00)	703.8 (387.1)	758.8 (417.3)	913.8 (502.6)	1,113.8 (612.6)	509.8 (280.4)	4,776.10 (2,626.85)	746.0 (410.3)	852.9 (469.1)	1,088.3 (598.6)	1,406.7 (773.7)	682.1 (375.2)
2.	Exploration Project -ii	(Continuous Project)		659.00 (362.45)					659.00 (362.45)	881.74 (484.96)	0.0	0.0	0.0	0.0	881.7 (485.0)
3.	OGDC share in joint venture for exploration										0.0	0.0	0.0	0.0	0.0
											0.0	0.0	0.0	0.0	0.0
											0.0	0.0	0.0	0.0	0.0
	i) OGDC as Operator			200.00	50.0	40.0	40.0	35.0	35.0	236.64	53.0	45.0	47.6	44.2	46.8
	ii) Private as Operator			400.00	83.7	80.9	71.9	77.0	86.6	478.28	88.8	90.9	85.6	97.2	115.9
											0.0	0.0	0.0	0.0	0.0
	SUB TOTAL EXPLORATION			5,259.00	837.5	879.7	1,025.7	1,225.8	1,290.4	6,372.76	887.8	988.7	1,221.6	1,548.1	1,726.5
											0.0	0.0	0.0	0.0	0.0
4.	Tando Alam Project			97.00 (58.00)	97.0 (58.0)	0.0	0.0	0.0	0.0	102.82 (61.48)	102.8 (61.5)	0.0	0.0	0.0	0.0
											0.0	0.0	0.0	0.0	0.0
5.	Pirkoh Development Project			2,540.00 (1,209.00)	741.0 (362.0)	856.7 (403.0)	514.0 (242.0)	257.0 (121.0)	171.3 (81.0)	2,914.36 (1,386.12)	785.5 (383.7)	962.9 (453.0)	612.2 (288.2)	324.6 (152.8)	229.2 (108.4)
6.	Dhodak Development Project			809.00	40.0	446.0	0.0	0.0	323.0	975.88	42.4	501.3	0.0	0.0	432.2
											0.0	0.0	0.0	0.0	0.0
7.	Uch Development Project			332.00 (199.20)	68.0 (40.8)	0.0	0.0 (52.8)	88.0	176.0 (105.6)	418.71 (251.23)	72.1 (43.2)	0.0	0.0	111.1 (66.7)	235.5 (141.3)
						0.0						0.0	0.0		
8.	Mandpur and Punjpir Gas Fields			111.00 (66.60)	36.0 (21.6)	71.0 (42.6)	4.0 (2.4)	0.0	0.0	122.73 (73.64)	38.2 (22.9)	79.8 (47.9)	4.8 (2.9)	0.0	0.0
											0.0	0.0	0.0	0.0	0.0
9.	Sari/Mundi & Kohtar Gas Fields			383.00 (229.80)	262.0 (157.2)	107.0 (64.2)	13.0 (7.8)	1.0 (0.6)	0.0	414.73 (248.84)	277.7 (166.6)	120.3 (72.2)	15.5 (9.3)	1.3 (0.8)	0.0
											0.0	0.0	0.0	0.0	0.0
10.	Dakhni Condensate Field			667.00 (400.20)	0.0	0.0	336.0 (201.6)	331.0 (198.6)	0.0	818.23 (490.94)	0.0	0.0	400.2 (240.1)	418.1 (250.8)	0.0
11.	Loti Gas Field			1,001.00 (600.60)	231.0 (138.6)	231.0 (138.6)	231.0 (138.6)	231.0 (138.6)	77.0 (46.2)	1,174.40 (704.64)	244.9 (146.9)	259.6 (155.8)	275.1 (165.1)	291.8 (175.1)	103.0 (61.8)
12.	Ghotana Development Project			82.00 (49.20)	82.0 (49.2)	0.0	0.0	0.0	0.0	86.92 (52.15)	86.9 (52.2)	0.0	0.0	0.0	0.0
13.	OGDC Share in Joint Venture			2,315.00	455.0	465.0	465.0	465.0	465.0	2,768.24	482.3	522.7	553.8	587.3	622.2
											0.0	0.0	0.0	0.0	0.0
14.	Misc. Projects			357.00 (230.0)	315.0	0.0	14.0 (14.0)	14.0 (14.0)	14.0 (14.0)	386.99 (245.8)	333.9	0.0	16.7 (16.7)	17.7 (17.7)	18.7 (18.7)
	SUB TOTAL ONGOING OGDC			13953.00	3164.53	3056.32	2602.67	2612.76	2516.72	16556.77	3,354.4	3,435.3	3,099.8	3,299.9	3,367.4
NEW PROJECTS															
15.	Lashari South Condensate Field			119.00 (71.00)	95.0 (57.0)	24.0 (14.0)	0.0	0.0	0.0	127.68 (76.16)	100.7 (60.4)	27.0 (15.7)	0.0	0.0	0.0
											0.0	0.0	0.0	0.0	0.0
16.	Thora Oil Field			108.00 (64.00)	94.0 (56.0)	14.0 (8.0)	0.0	0.0	0.0	115.38 (68.35)	99.6 (59.4)	15.7 (9.0)	0.0	0.0	0.0
17.	Chak Morang Oil Field			202.00 (121.00)	100.0 (60.0)	102.0 (61.0)	0.0	0.0	0.0	220.65 (132.16)	106.0 (63.6)	114.6 (68.6)	0.0	0.0	0.0
18.	Dev. of New Discoveries			3,584.00 (2,150.40)	26.0 (15.6)	384.0 (230.4)	794.0 (476.4)	1,134.0 (680.4)	1,246.0 (747.6)	4,504.22 (2,702.53)	27.6 (16.5)	431.6 (259.0)	945.7 (567.4)	1,432.2 (859.3)	1,667.1 (1,000.3)
	SUBTOTAL NEW OGDC.			4013.00	315.00	524.00	794.00	1134.00	1246.00	4967.92	333.9	589.0	945.7	1,432.2	1,667.1
											0.0	0.0	0.0	0.0	0.0
	SUB TOTAL DEVELOPMENT			12,707.00	2,642.00	2,700.67	2,371.00	2,521.00	2,472.33	15,151.93	2,800.5	3,035.6	2,823.9	3,184.0	3,308.0
	TOTAL OGDC			17,966.00	3,479.5	3,580.3	3,396.7	3,746.8	3,762.7	21,524.69	3,688.3	4,024.3	4,045.4	4,732.2	5,034.5

LIST OF PUBLIC CORPORATIONS PROJECTS AND PROGRAMMESS INCLUDED IN SEVENTH FIVE YEAR PLAN (1988-93)

1.26247696 1

S.No.	Name of the Project	Total Cost with Foreign Exchange Component	Estimated Expenditure upto June 1988	(Rs million Real '1987-88) Seventh Plan Allocation (1988-93)	ANNUAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93	(Rs million Nominal) Seventh Plan Allocation (1988-93)	ANNUAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93
1.	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
GAS TRANSMISSION & DISTRIBUTION															
SNGPL															
1.	PROJECT-V			400.0 (97.0)	400.0 (97.0)					424.0 (102.8)	424.0 (102.8)				
2.	PROJECT-VI			6,176.4 (2,072.5)	2,621.7 (1,131.1)	2,024.7 (536.7)	1,393.8 (404.7)	136.2		6,886.0 (2,284.0)	2,779.0 (1,199.0)	2,275.0 (603.0)	1,660.0 (482.0)	172.0	
3.	UTILIZATION OF GAS EX-ADHI			28.0	28.0					29.7	29.7				
4.	Supply of Gas to Jhang	128	29.75	98.25	43.0	15.3	23.0	9.0	8.0	112.19	45.6	17.1	27.4	11.4	10.7
5.	Supply of Gas to Abbottabad/Mansehra	213	20	193.00	60.0	45.0	41.0	28.0	19.0	223.80	63.6	50.6	48.8	35.4	25.4
6.	Supply of Gas to Bhalwal	31		31.00	19.0	4.0	4.0	4.0		34.46	20.1	4.5	4.8	5.1	
	SUB TOTAL SNGPL			6,926.70	3171.7	2085.0	1461.8	177.2	27.0	7,710.97	3,362.0	2,348.0	1,741.0	223.9	36.1
SOUTHERN SYSTEM															
7.	IRSP CAPACITY EXPANSION			927.9 (312.4)	771.2 (259.7)	156.7 (52.7)				993.5 (334.5)	817.5 (275.3)	176.1 (59.2)			
8.	Supply of Gas to Sanghar	39.89	11	28.89	14.5	14.4				31.56	15.3	16.2			
9.	Block allocation for other Southern system ongoing projects	32.7	15.5	40.70	17.2	23.5				44.65	18.2	26.4			
10.	Quetta Natural Gas Distribution	259.23	15.2	86.70	28.9	43.3	14.5			96.57	30.6	48.7	17.3		
11.	Bara Bugti Natural Gas Distribution Project	9.72	0.64	5.35	2.7	2.7				5.84	2.8	3.0			
12.	Mirpur Khas Gas Distribution Project	53.88	15.75	16.20	16.2					17.17	17.2				
	SUB TOTAL SOUTHERN SYSTEM			1,105.74	850.6	240.6	14.5			1,189.38	901.7	270.4	17.3		
TOTAL GAS TRANSMISSION & DISTRIBUTION				8,032.44	4,022.3	2,329.6	1,476.3	177.2	27.0	8,900.35	4,263.7	2,618.5	1,758.2	223.9	36.1

Note: Item Nos. 4,5,6,8,9,10,11 and 12 - Through Federal Budget.

LIST OF PUBLIC CORPORATIONS PROJECTS AND PROGRAMMES INCLUDED IN THE SEVENTH FIVE YEAR PLAN (1988-93)

1.26247696 1

S.No.	Name of the Project	Total Cost with Foreign Exchange Component	Estimated Expenditure upto June 1988	(Rs million Real '1987-88) Seventh Plan Allocation (1988-93)	ANNUAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93	(Rs million Nominal) Seventh Plan Allocation (1988-93)	ANNUAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93
1.	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
REFINERY & INFRASTRUCTURE															
REFINERY															
1.	NATIONAL REFINERY EXPANSION & MODERNIZATION	NRL		459.1 (174.7)	296.2 (114.2)	162.9 (60.5)				497.0 (189.0)	314.0 (121.0)	183.0 (68.0)			
2.	DHODAK PROCESSING UNIT			850.0 (323.9)	160.0 (61.0)	400.0 (152.4)	290.0 (110.5)			964.4 (367.4)	169.6 (64.6)	449.4 (171.2)	345.4 (131.6)		
SUB TOTAL REFINERY				1309.1 (498.5)	456.2 (175.1)	562.9 (212.9)	290.0 (110.5)			1461.4 (556.4)	483.6 (185.6)	632.4 (239.2)	345.4 (131.6)		
	INFRASTRUCTURE														
3.	CONSTRUCTION OF 197,000 TONNES OF ADDITIONAL POL STORAGE UPCOUNTRY	PSO		411.8 (124.6)	101.9	209.1 (124.6)	100.8			463.0 (140.0)	108.0	235.0 (140.0)	120.0		
4.	CONSTRUCTION OF ADDTIONAL POL STORAGE AT PIPRI	PSO		280.8 (112.1)	200.9 (94.3)	89.9 (17.8)				314.0 (120.0)	213.0 (100.0)	101.0 (20.0)			
5.	CONSTRUCTION OF BI DIREC. P/LINE KARACHI TO JAMSHORO	PSO		1,065.3 (604.7)	896.2 (604.7)	169.1				1,140.0 (641.0)	950.0 (641.0)	190.0			
6.	PARCO PIPELINE EXTENSION (MULTAN TO LAHORE VIA FAISALABAD.)			1,431.7 (236.6)	294.9 (24.0)	801.0 (144.3)	335.8 (68.3)			1,612.6 (268.9)	312.6 (25.4)	900.0 (162.1)	400.0 (81.3)		
SUB TOTAL INFRASTRUCTURE				3199.7 (1,078.01)	1493.9 (723.06)	1269.1 (286.70)	436.6 (68.25)			3529.6 (1,169.86)	1583.6 (766.44)	1426.0 (322.14)	520.0 (81.29)		
TOTAL REFINERY & INFRASTRUCTURE				4508.7 (1,576.53)	1950.1 (898.17)	1832.0 (499.62)	726.6 (178.74)			4991.0 (1,726.31)	2067.2 (952.06)	2058.4 (561.37)	865.4 (212.88)		
TOTAL PUBLIC CORPORATIONS				30507.2 (1,576.5)	9452.0 (898.2)	7741.9 (499.6)	5599.5 (178.7)	3924.0	3789.7	35416.0 (1,726.3)	10019.1 (952.1)	8701.2 (561.4)	6669.1 (212.9)	4956.0	5070.6

ANNEXURE-6 (D)

PRIVATE INVESTMENT PLAN FUEL SECTOR
(OIL AND GAS)

NAME OF COMPANY	RS.MILLIONS (REAL 87-88) PHASING 1988-89	1989-90	1990-91	1991-92	1992-93	TOTAL 7TH PLAN	RS.MILLIONS NOMINAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93	TOTAL 7TH PLAN
1. EXPLORATION	781.00	841.00	990.00	754.00	754.00	4,120.00	834.11	945.28	1,180.08	951.55	1,036.75	4,947.77
2. DEVELOPMENT												
-UNION TAXAS (BADIN BLOCK)	902.34	926.30	720.80	599.60	653.00	3,802.04	963.70	1,041.16	859.19	756.70	897.88	4,518.62
-OCCIDENTAL (DHURNAL)	473.40	90.00	90.00			653.40	505.59	101.16	107.28			714.03
-PPL.												
i) ADHI	144.59					144.59	154.42					154.42
ii) SUI/ KANDHKOT	149.35	18.87	11.08	23.26	25.10	227.66	159.51	21.21	13.21	29.35	34.51	257.79
-PAK HUNT PET. (MAZARANI)	101.15					101.15	108.03					108.03
POL (METAL & OTHERS)	130.00	273.00	303.32	337.04	187.25	1,230.61	138.84	306.85	361.56	425.34	257.47	1,490.06
MGCL (MARI)	104.49					104.49	111.60					111.60
SUB TOTAL (EXISTING FIELDS)	2,005.32	1,308.17	1,125.20	959.90	865.35	6,263.94	2,141.68	1,470.38	1,341.24	1,211.39	1,189.86	7,354.55
ESTIMATE FOR DEV. OF NEW DISCOVERIES		485.63	1,352.80	1,346.10	1,324.65	4,509.18		545.85	1,612.54	1,698.78	1,821.39	5,678.56
TOTAL DEVELOPMENT	2,005.32	1,793.80	2,478.00	2,306.00	2,190.00	10,773.12	2,141.68	2,016.23	2,953.78	2,910.17	3,011.25	13,033.11
TOTAL EXP. & DEV.	2,786.32	2,634.80	3,468.00	3,060.00	2,944.00	14,893.12	2,975.79	2,961.52	4,133.86	3,861.72	4,048.00	17,980.88
LESS PUBLIC SHARE	996.60	917.00	848.00	782.00	835.60	4,379.20	1,064.37	1,030.71	1,010.82	986.88	1,148.95	5,241.73
NET PRIV(EXP & DEV)	1,789.72	1,717.80	2,620.00	2,278.00	2,108.40	10,513.92	1,911.42	1,930.81	3,123.04	2,874.84	2,899.05	12,739.15
3. OIL REFINERY												
MODRENIZATION OF PRL			150.00	150.00		300.00			178.80	189.30		368.10
4. OIL INFRASTRUCTURE												
STOREAGE CONSTRUCTION. BY PBS/CALTEX.	900.00					900.00	961.20					961.20
TOTAL FUEL (PRIV)	2,689.72	1,717.80	2,770.00	2,428.00	2,108.40	11,713.92	2,872.62	1,930.81	3,301.84	3,064.14	2,899.05	14,068.45

ANNEXURE 7

(Million Rs. 1987-88 Real)

FINANCIAL OUTLAYS AND PHYSICAL TARGETS FOR
COAL EXPLORATION PROGRAMME FOR 7TH PLAN

NAME OF SCHEME	ORGANIZATION	TOTAL 7TH PLAN	EXPENDITURE UPTO JUNE 87	ESTIMATED EXPENDITURE UPTO JUNE 1988	7TH PLAN PHASING					Targets		
					1988-89	1989-90	1990-91	1991-92	1992-93	Drill Hole (No)	Drilled Depth (Mtr)	Area Covered (Sq.Km)
ON GOING												
1. ENERGY PLANNING AND DEV. UMBRELLA PROJECT 1985-89 (APPROVED)	G.S.P.	12.6	56.5	87.0	12.59	-	-					
2. EXPLORATION & EVALUATION OF KHOST-SHRIGH-HARNAI (APPROVED)	-DO-	1.7	0.8	2.5	1.7	-	-					
3. SALT RANGE TERTIARY COAL EXPLORATION PROJECT (APPROVED)	-DO-	7.84	0.46	1.46	7.84	-	-					
4. EXPLORATION OF PALEOZOIC COAL IN PUNJAB (UNAPPROVED)	-DO-	8.76	-	0.1	5.3	3.4	-					
5. EXPLORATION OF NORTHERN BLOCK OF LAKHRA FIELD	PMDC	54.14	-	33.6	10.6	9.9	-			200	24000	150
SUB-TOTAL (ONGOING)		56.7	57.76	124.66	43.4	13.3				200	24000	150
N E W												
6. EXPLORATION & EVALUATION OF SOR-RANGE-DEGARI COAL	GSP	31.3	-	-	12.0	11.3	8.0	-	-	15	9000	62
7. EXPLORATION & EVALUATION OF MACH-ABE-GUM COAL(I&II)	-DO-	19.0	-	-	9.7	4.7	4.6	-	-	19	6650	74
8. EXPLORATION OF SHARIG-HARNAI	-DO-	78.8	-	-	30.0	18.8	15.0	15.0	-	53	29150	215
9. EXPLORATION & EVALUATION OF SALT RANGE (I,II&III)	-DO-	27.6	-	-	15.0	12.6	-	-	-	240	48000	950
10. EXPLORATION OF JHERRUCK	-DO-	38.0	-	-	18.0	10.0	10.0	-	-	50	17500	100
11. EXPLORATION OF TANDO MOHD KHAN SHUJAWAL	-DO-	60.0	-	-	24.0	12.0	12.0	12.0	-	100	35000	1200
12. EXPLORATION OF LOW COAL HORIZON AT METING	PMDC	23.5	-	-	12.5	11.0	-	-	-	49	15075	21
13. EXPLORATION OF SONDA COALFIELD	PMDC	58.3	-	-	22.4	13.1	13.7	9.1	-	200	55000	162
14. EXPLORATION OF SOR-RANGE (JOINT PROJECT)	MIN.DEV DEPTT. & GSP	10.0	-	-	6.0	4.0	-	-	-	-	-	-
15. EXPLORATION OF AURAUKZAI FIELD	FATA DC	8.5	-	-	5.0	3.5	-	-	-	-	-	-
	SUB-TOTAL (NEW)	355.0	-	-	154.6	101.0	63.3	36.1	-	726	215375	2784
	TOTAL	411.7	57.76	124.66	198.0	114.3	63.3	36.1	-	926	239375	2934

FINANCIAL OUTLAYS & PHYSICAL TARGETS
FOR DEVELOPMENT PROGRAMME
7TH PLAN

Annexure 8

(MILLION Rs. 1987-88 Real)

NAME OF SCHEME	ORGANIZATION	TOTAL 7TH PLAN	EXPD UPTO JUNE 1987	ESTIMATED EXPD. UPTO JUNE 1988	7TH PLAN PHASING					PRODUCTION TARGETS (000 TONNES)	
					1988-89	1989-90	1990-91	1991-92	1992-93	1987-88	1992-93
ON GOING											
1. EXPANSION OF DANDOT COAL MINES	PUNJMIM	8.00	-	1.00	0.30	4.00	3.70	-	-	10.00	20.00
2. LAKHRA COAL MINING PROJECT (EXISTING)	PMDC	-	33.70	42.70	-	-	-	-	-	100.00	200.00
NEW											
3. DEVELOPMENT OF LAKHRA COAL MINES SOUTH ERN BLOCK	PMDC	40.00	-	-	-	12.00	10.00	10.00	8.00	-	150.00
4. EXPANSION OF METING COAL MINES	-DO-	40.00	-	-	-	12.00	10.00	10.00	8.00	5.00	30.00
5. EXPANSION OF SOR RANGE MINES	-DO-	25.00	-	-	-	10.00	8.00	7.00	-	40.00	50.00
6. EXPANSION OF DEGARI COAL MINES	-DO-	30.00	-	-	10.00	10.00	10.00	-	-	55.00	60.00
7. EXPANSION OF SHARIG COAL MINES	-DO-	25.00	-	-	10.00	8.00	7.00	-	-	40.00	50.00
8. EXPANSION OF MAKERWAL - GULAKHEL MINES	-DO-	30.00	-	-	10.00	10.00	10.00	-	-	95.00	150.00
9. DEVELOPMENT OF AURUCKZAI COAL	FATA DC	20.00	-	-	10.00	7.00	3.00	-	-	-	20.00
10. ADDITION OF 3 UNITS AT PADHRAR	PUNJMIN	30.00	-	-	-	-	12.00	10.00	8.00	20.00	60.00
TOTAL (DEVELOPMENT)		248.00	33.70	43.70	40.30	73.00	73.70	37.00	24.00	365.00	790.00
TOTAL MISC. COAL AND NUCLEAR MINERAL PROGRAMME	PMDC, FATA DC STATE CEMENT PROV.GOVTS & PAEC	840.00	-	-	277.00	253.00	215.00	55.00	40.00	-	-
TOTAL (EXPLORATION)	GSP, PMDC FATA.DC, PROV GOVTS.	412.00	-	-	198.00	114.30	63.30	36.10	-	-	-
GRAND TOTAL		1500.00	-	-	515.30	440.30	352.00	128.10	64.00		

RIZCOAL.WK1

Annexure 9

BUDGET ESTIMATE AND LIST OF PROJECTS FOR THE RENEWABLES PROGRAMME

NO.	PROJECT ACTIVITY	AGENCY	FEX (US$)	RS.(FEX) Millions	RS.(PAK) Millions	TOTAL RS. Millions
A.	DATA COLLECTION, EVALUATION & DISSEMINATION OF INFORMATION					
1	Resource Evaluation	DGNRER	250,000	4.25	2.27	6.52
2	NRSE Data Base	ENERGY	60,000	1.02	1.00	2.02
3	Rural Energy Use	WING	0	.00	.96	.96
4	Monitoring of NRSC Plants	"	50,000	.85	.35	1.20
5	Technology Transfer Network	DGNRER	60,000	1.02	1.42	2.44
	Total		420,000	7.14	6.00	13.14
B.	RESEARCH AND DEVELOPMENT					
1	Thin Film Photovolatics	NIST	250,000	4.25	2.08	6.33
2	Other R&D Projects	MET.DEPT ADBP	200,000	3.40	3.08	6.49
	Total		450,000	7.65	5.17	12.82
C.	FEASIBILITY STUDIES					
1	Sewage Sludge Digestion	DGNRER	30,000	.51	.22	.73
2	Incineration of MSW	DGNRER	30,000	.51	.22	.73
3	Commercial Biogas	DGNRER	-	-	2.80	2.00
4	Additional Studies	DGNRER	30,000	.51	1.22	1.73
	Total		90,000	1.53	3.66	5.19
D.	DEMONSTRATION PROJECTS					
1	PV System for Rural Dispensaries	DGNRER	600,000	10.20	3.22	13.42
2	Solar and Wind Pumps for Water Supply	DGNRER	434,100	7.38	2.79	10.17
3	Biogas Plants	DGNRER	0	.00	20.00	20.00
4	Small PV System for Houses	DGNRER	1,000,000	17.00	1.92	18.92
5	Solar thermo-syphon Systems	DGNRER	30,000	.51	5.66	6.17
6	Solar Ovens	DGNRER	0	00	1.40	1.4
7	Agro-waste gasifiers	DGNRER	35,882	.61	.89	1.50
8	Solar Dryers	DGNRER	0	.00	1.05	1.05
9	Solar Stills	DGNRER	0	.00	1.05	1.05
10	Contingent Fund for Additional Demonstration	DGNRER	1,235,296	21.00	8.00	29.00
	Total		3,335,294	56.70	45.98	102.68
E.	COMMERCIAL PROJECTS					
1	Improved Cook Stoves	DGNRER/PCSIR/ATDO	0	.00	10.00	10.00
2	Steps to Commercialization	"	5,000,000	85.00	2.90	87.90
	Total		5,000,000	85.00	12.00	97.00
F.	TECHNICAL ASSISTANCE					
1	Planning and Coordination	DGNRER	600,000	10.20	1.35	11.55
2	Project Management	"	600,000	10.20	1.35	11.35
3	Data Collection, Evaluation etc	"	80,000	1.36	.47	1.83
4	Design and Testing	"	180,000	3.06	.64	3.70
5	Miscellaneous Equipment Procurement	"	847,059	14.4	.76	15.16
	Total		2,307,059	39.22	7.57	43.79

Annexure 9 (contd)

G. TRAINING					
1 General Training in NRSE	ENERGY WING/	450,000	7.65	.00	7.65
2 Marketing and Project Management	DGNRER	450,000	7.65	.00	7.65
3 Study Tours	"	30,000	.51	.00	.51
4 Extension Officers	"	60,000	1.02	10.00	11.02
Total		990,000	16.83	10.00	26.83
H INSTITUTIONAL STRENGTHENING					
1 Institutional Strengthening	ENERGY WING	300,000	5.10	.00	5.10
Total		300,000	5.10	.00	5.10
TOTAL COST FOR RENEWABLES 7TH PLAN		12,892,353	219.17	88.28	307.45

CHAPTER-20

IRRIGATION AND DRAINAGE CHAPTER

Indus Basin irrigation system of Pakistan is one of the largest and the oldest in the world, but its per unit productivity is comparatively low because of the inefficient use of water and outdated irrigation and agricultural practices. For the efficient use of water it is necessary that the public and the private sectors combine their efforts, to adopt modern methods of irrigation and agricultural practices.

2. The average annual river inflows of the western rivers amount to 138.50 MAF based on the 46 years historic data from 1940-41 to 1985-86. Of this 116.63 MAF flow in kharif and 22.22 MAF in rabi periods. Regarding the cropped area, it has increased from 25.71 million acres in 1960-61 to 40.76 million acres in 1987-88. Out of the gross area of 40.7 MA, about 35 MA is commanded by the irrigation system amongst which 21 MA receives perennial supplies and 14 MA non-perennial supplies.

SIXTH PLAN REVIEW:

3. The Sixth Plan reflected the priorities for the protection of the fertile lands and the infrastructure from the menace of waterlogging and salinity and floods, followed by improving the existing ailing irrigation system. The major share of the Water Sector allocations, to the tune of 43% was earmarked for the Drainage and Reclamation sub-sector. The second largest sub-sector was Irrigation with 34% of the total allocation. A sub-sector-wise financial allocation and estimated expenditure during the Sixth Plan is given below:

Table-1

(Rs.Million)

Sr. No.	Sub-sector	SIXTH PLAN (1983-88) Net Allo-cation	%age Share	Expen-diture	%age Utili-zation
1.	Drainage and Reclamation	12.089	43	10.598	88
2.	Irrigation	9.554	34	8.598	90
3.	Flood Protection	1.634	6	0.963	59
4.	On-Farm Water Management	0.928	3	1.259	135
5.	Survey, Investigation & Research	1.529	5	0.839	55
6.	Indus Basin/Tarbela	2.359	9	1.800	74
	Total	28.088	100	24.057	85.6

4. During the Sixth Plan period 3.37 million acres (MA) disaster area was protected from waterlogging and salinity against the target of 2.8 MA. The high percentage of achievement i.e. 120% of the actual target, was due to focussing the attention on the disaster area only instead of covering the gross area.

5. Under the Irrigation sub-sector, the water availability, from surface/groundwater development, increased from 102.66 MAF to 112.22 MAF at farmgate i.e. by 9.56 MAF. Underlying future water development, apportionment of the river waters among the provinces has to be resolved in order to establish a firm development base. As a result of increase in the water availability, an additional area of 3.136 MA was brought under crop against a target of 3.236 MA. The physical achievement in increasing cropped acreage has been 97%. This has shown success of the On-Farm Water Management, Command Water Management and Irrigation System Rehabilitation Programmes. The achievements in the major physical targets during the Sixth Five-year Plan are given in Table-2.

Table-2

Sl. No.	Sub-Sector	Unit	6th Plan Targets 1983-88	6th Plan Achieve-ment 1983-88	%age Achi-eve-ment
1.	Water Availability (at farmgate)	MAF	112.50	112.22	99.7
2.	New Area Cropped	Mill.Acres	2.236	3.136	97.0
3.	Disaster Area Protected	"	2.8	3.37	120.0
4.	Flood Protection Works	Mcft.	1640	596	36
5.	Improvement of Watercourses	Number	9700	9559	98
6.	Canal Rehabilitation	K.M.	5728	7547	131
7.	Drains Rehabilitation	"	1472	1751	116
8.	Canal Remodelling	"	-	400	
9.	Lining of Canal	"	-	300	

6. The Sixth Plan witnessed a number of deficiencies. Although the improvement and lining programme of water couses has resulted in an increase of 2 MAF in water availability yet effective system of their maintenance has not been evolved so far. The OFWM together with Irrigation System Rehabilitation and Command Water Management will not be able to meet future water requirements. Growth in the water availability, beyond the Seventh Plan period will depend on additional supplies. A substantial amount of surface flows, which are generated by the

monsoon precipitation during the Kharif period, run down to the sea, unused for want of national decision on the allocation of water. The major irrigation projects such as Makhi-Farrash (Sind), Pat Feeder Extension (Baluchistan), Greater Thal (Punjab), Dajal Extension (Punjab) and Pehur high level link canal (NWFP) etc., are pending due to the non-utilization of the surplus flows. In Seventh Plan, therefore, a serious effort needs to be made to settle the apportionment of the surface waters between the provinces.

7. Since the completion of the Tarbela reservoir, no new storage facility has been created. Reservoirs have a finite useful life. Their storage capacity gradually depletes and the need for new storage reservoir arises. The Kalabagh Dam Project fell victim to misinformation and parochial prejudices. Work on the project could not be started. A portfolio of reservoir projects should be available so that at the time of need, investment decision can be taken. For the short run, focus should be on medium size storages on the Pakistani rivers. At the time of initial planning of the Mangla Reservoir, a provision for its raising was made. It is adviseable that a feasibility study for raising Mangla may be taken up immediately. It will yield an option against the large storage dams.

8. SCARP Transition concept initiated in the Sixth Plan needs evaluation and review. Though its actual results would be forthcoming in a year or so, the initial indications with regard to the implementation of the concept in the Punjab are encouraging. The concept should be intensified in all the provinces.

9. It has been felt that enough emphasis was not laid on the monitoring and evaluation of the development projects. In the Sixth Plan period. Appropriate measures need to be undertaken for the detailed monitoring of all aspects pertaining to the development of the water sector including the disaster area, private tubewells and salvage programmes.

10. The experiences in the completion of Hub, Khanpur dam and other small dams constructed during the Sixth Plan period have indicated gross deficiences in the dam design and execution expertise. Since Pakistan has to take up the execution of medium and small dams in the near future and has to maintain about 40 dams, it is imperative to constitute a Dam Safety Council before any further dam failure takes place.

11. An amount of Rs 963 million was released during the Sixth Plan period against a provision of Rs 1634 million i.e. 59% of the total allocation in the flood sub-sector. The flood protection activities, besides the works in the four provinces by the Federal Flood Commission in the Sixth Plan were extended to cover areas of Azad Jammu and Kashmir (AJ&K), Federally

Administered Tribal Areas (FATA) and Northern Areas. As a result of addition in the flood protection areas and a financial shortfall of 41%, the achievements fell short of targets by 64% in the Sixth Plan. However, 86 flood schemes: 33 in the Punjab, 19 in Sind, 25 in NWFP and 9 in Balucuhistan have been completed. Planning and taming the hill torrents in provinces/agencies continued. The scarcity of funds have seriously hurt the targets of the flood control sub-sector.

12. The continuing liabilities on Tarbela/IBP works adversely influenced the development proposals. The throwforward in the Sixth Plan was substantial. It accounted for over 50% of the allocation. Tarbela and IBP works were scheduled for completion in the Fifth Plan but were extended upto Sixth Plan with an allocation of Rs 2.354 billion of which only Rs 1.8 billion were released. It has to be further carried over to the Seventh Plan. It is necessary to clear the liabilities of Tarbela in the Seventh Plan by making appropriate provisions and by charging the O&M costs from the non-development allocation.

SEVENTH FIVE YEAR PLAN

13. The Seventh Plan water resources management of the country marks a visible break from the past strategy of reliance on the construction of large water dams. Relief is being sought increasingly, in better management and conservation of water by relying on such widely spread programmes as canal remodelling, rehabilitation and lining, on-farm water management, construction of mini and check dams, specially in the non-canal Northern Areas and taming the flows of the hill torrents in provinces/agencies. The control of waterlogging and salinity continues to be the focus of attention, claiming about 45% of the proposed programme. Another important feature of the proposed programme is greater reliance on salvage measures, private tubewells, economical transition of SCARP tubewells and minimum investment in the public sector.

Objectives:

14. The principal objectives and the policies of the Seventh Plan are:

i) Any investment pattern for the development of water resources during the Seventh Plan has to be dovetailed with the overall plan objectives in the Seventh Plan and after. It has to take due cognizance of the broad evaluation regarding the effectiveness of various projects and programmes under implementation during the Sixth Plan.

ii) Full allocation, to meet the balance cost of all the on-going projects, will be made in the Seventh Plan so that such projects are completed within the Plan period.

iii) New drainage projects will be taken up in the Saline Zone only except where the disaster area in the fresh water zone has difficult aquifer condition and private sector cannot operate.

iv) All the development projects, in Irrigation and drainage, shall be small with gestation period of less than five years with a view to achieving fast growth rate and quick return.

v) A conservation programme of existing irrigation supplies and their effective management and also moving from the less capital intensive technology to more sophisticated technology in selected areas, shall be launched.

vi) Special attention shall be given to the backward areas by preparing and constructing small irrigation schemes which yeild quick benefits and lessen the developmental gap.

vii) The developmental aspects in Tarbela/IBP works shall be completed before the end of the Seventh Plan and operation and maintenance expenditure diverted to the non-development allocation.

viii) New irrigation schemes, including medium reservoirs shall be executed to pave the way for increasing the surface water availability to meet the future agricultural production targets.

ix) Efforts shall be made to conserve flood waters by constructing the new irrigation projects and remodelling of the irrigation canals and also the moisture stored in the sailaba areas.

Seventh Plan Strategy:

15. In order to achieve the above objectives the following strategy shall be followed:

a) Improve water delivery efficiency of canals and drains by remodelling them.

b) Achieve equitable and assured distribution of water by rehabilitating the existing irrigation and drainage systems.

c) Achieve improved irrigation efficiency by reducing water losses in the water-courses commands through "On-Farm Water Management Programme" including testing of Modified Technology hypothesis, which includes extending earthen improvement to farmer's channels also and construction of the pucca control sections at frequent intervals to facilitate periodic maintenance of the unlined section to proper size and slope.

d) Achieve optimal use of water by extending, as far as possible, Command Water Management concept on the basis of seven pilot areas covered under the Sixth Plan.

e) Taking up the lining of distributaries and minors, specially in the areas of exessive losses, to improve conveyance efficiency of the canal systems.

f) Undertake new irrigation extension schemes, particularly those being held in abeyance for the last many years by setting apportionment of the kharif waters.

g) Embark upon the construction of new medium size storage reservoirs for providing relief to the existing water shortages till the completion of a major main stem storage.

h) Construct small surface irrigation schemes, check dams, infiltration galleries, diversion weirs, delay action dams, flood irrigation schemes in the less developed areas of Baluchistan, Potohar, FATA, Northern Areas and Azad Kashmir.

i) Exploiting isolated ground wateraquifers including prospecting for artesian aquifers in the under-developed areas either by installing public tubewells or providing proper incentives to the private sector.

j) Initiate studies to determine the feasibility of temporary mining/skimming of groundwater in the Indus Plains.

k) Embark upon active planning to protect and develop the large "sailaba" areas in the river tracts of Indus River Systems.

l) Persuing new frontiers, such as: saline agriculture outside the irrigated agriculture of the Indus Basin through proper conceptualization and initiation of scientific survey and investigative studies.

m) Undertaking conjunctive use of the surface and the groundwater to convert the irrigation system to demand base system; introduction of water management and reclamation services etc.

Financial Allocations:

16. With a view to materialising the above objectives during the Seventh Plan, an amount of Rs 30.150 billion has been allocated with the following distribution among the various sub-sectors of the water resources development. Higher percentages of allocations minifest the prioties of the programmes which are detailed in the subsequent paragraphs.

Table-3

(Rs. Million)

Sl. No.	Sub-Sectors	Seventh Plan (1988-93) Programmes at 1987-88 Prices	%age
1.	Drainage and Reclamation	13.359	44.3*
2.	Irrigation	10.353	34.3
3.	New Irrigation Canals & Medium reservoirs	2.943	9.8
4.	On-Farm Water Management	0.758	2.5+
5.	Flood control Programme	1.601	[illegible].3
6.	Survey, Investigation, Met, SOP & Research	0.660	[illegible].2
7.	IBP/Tarbela	0.476	[illegible].6
	Total	30.150	100

* Includes P.M. Programme of Rs 6.170 billion for first two years of the Seventh Plan.

\+ Shows only Federal component.

Physical Targets:

17. The major physical targets conforming the objectives and the above allocation distribution among the various important programmes are tabulated as under:

Table-4

Sl. No.	Sub-sector	Unit	Bench-mark 1987-88	Target at the end of 7th Plan (1988-93)	%age change
a)	Water Availability (at farmgate)	MAF	112.22	125.12	11.50
b)	New Area Cropped	Mill.Acres	40.76	45.26	11.00
c)	Disaster Area Protected	"	2.8	4.8	71.00
d)	Flood Protection Works	(E/W&S/W)Mcft	569	709	24.6
e)	Improvement of Water-courses	Number	9559	19470	103.0
f)	Canal Rehabilitation	K.M.	7547	12912	71.0
g)	Drains Rehabilitation	"	1751	2000	14.0
h)	Canal Remodelling	"	400	500	25.0
i)	Lining of Canal	"	310	600	94.0

18. Objectives, financial allocations and physical targets reflect the priorities and the policy shifts towards eliminating waterlogging and salinity, maximising water application efficiency, minimising water losses, encouraging private tubewell installation and adopting appropriate cost effective technology after evaluating the past programme. The Seventh Plan also envisages transfer of the maintenance expenditure on IBP/Tarbela to non-development expenditure, economical transition of SCARP fresh groundwater tubewells and adoption of such measures as would make the irrigation system self-sustaining.

19. A brief description of the activities in the major sub-sectors and priorities assigned to these projects/programmes is given below:

DRAINAGE AND RECLAMATION:

20. According to the latest survey of WAPDA the province-wise extent of waterlogging for the year 1986 (April/June) from 0-5 feet and 5 to 10 feet depth is tabulated below:

PROVINCE-WISE AREA UNDERLAIN BY DEPTH TO WATERTABLE IN APRIL/JUNE' 1986

(Million Acre)

Sl. No.	Province	AREA UNDER VARIOUS DEPTH TO WATERTABLE 0-5'	5-10'	0-10'
1.	Punjab	1.898	7.519	9.415
2.	Sind	3.133*	8.540	11.673
3.	N.W.F.P.	0.094	0.330	0.425
4.	Baluchistan	0.136	0.236	0.373
	Total	5.261	16.625	21.886

* It includes 0.20 MA of rice area.

21. A dynamic and pragmatic approach for solving the problem of waterlogging and salinity has been adopted. Notwithstanding the fact that preventive measures are as important as curative measures, all the time emphasis previously was laid on the curative measures. This resulted in unmanageable and expensive reclamation projects. In the Seventh Five Year Plan the approach to the problem would be modified. Every endeavour would be made to prevent occurrence of waterlogging and salinity. But, wherever it cannot be controlled by preventive measures, appropriate curative methods would be adopted.

Preventive Strategies:

i) Every endeavour will be made to reduce losses in the irrigation system by efficient and effective Command and On-Farm Water Management, by lining irrigation channels, wherever it is possible and necessary.

ii) Tree plantation along irrigation channels is to be persued vigorously.

iii) Replace defective irrigation system, such as: Puncho irrigation, Flood Irrigation, Large Basin Irrigation etc., if possible by increasing water rates for such system.

iv) The efficiency of the existing drains will be improved by launching a programme of Drainage System Maintenance.

v) Every effort shall be made to get the field drains constructed and maintained by the Water User's Association.

vi) Use of Gypsum for keeping the soils in a health condition will be encouraged.

vii) The programme of Scarp Transition by transferring fresh water public tubewells to the private sector in a phased manner and the criteria to be laid down after evaluation of the pilot project shall be persued.

viii) The provincial governments would be required to provide aporopriate funds in their budgets for the maintenance of their irrigation and drainage systems separately.

22. The curative measures taken inthe past were found cost-oriented and expensive. The whole reclamation strategy would need re-vamping. Broadly, the Seventh Plan strategy would revolve around the following:

a) Adoption of the "Surface Drainage Policy" - A Surface Drainage Master Plan would be evolved by WAPDA for the whole irrigated area of Indus Basin.

b) Vertical drainage in the fresh water zones will be tackled by the private sector except in areas with difficult aquifer conditions.

c) Tile drainage is capital intensive. Unless the technological development reduces its costs, it will have to be adopted with caution. Current policy of taking over the whole area instead of the affected pockets would be suitably modified in the light of the past experience so that reclamation coverage is extended to all affected areas under the priority programme.

d) The feasibility study would be carried out during the Seventh Plan for the "Extension of LBOD upto Bahawalpur" for the saline affluent collection from the various drainage components of the Punjab.

e) The feasibility study and the comprehensive PC-I of RBOD would be expedited by WAPDA.

23. The major physical targets expected to be achieved during the Seventh Plan under the Drainage and Reclamation Programme are given below:-

	Seventh Plan
Fresh Groundwater Tubewells	1298 Nos.
Saline Groundwater Tubewells	1445 Nos.
Surface DRains	2497 miles (3966 k.m)
Tile Drains	7641 (acres) (or 12226 km)
Replacement of Tubewells	822 Nos.

24. Drainage and Reclamation would continue to be the top priority programme of the water sector in the Seventh Plan period. An amount of Rs 13.359 billion, which constitutes 44.3% of the total allocation has been provided for the anti-waterlogging and reclamation programme. This allocation will be spent to eliminate the remaining 4.8 million acres out of 5.26 MA disastrous area estimated in April-June, 1986 in the total canal command areas. Of this 3.72 million acres will be covered during the first two years.

25. During the Plan period, 15 on-going projects: 7 in the Punjab, 5 in Sind, 2 in NWFP and one in Baluchistan would be completed at a cost of Rs.11.790 billion. Under the new programme, 9 projects will be initiated and completed at a cost of Rs.1.569 billion. In addition, private tubewell electrification programme and project planning activities would continue. The project-wise allocations alongwith their annual phasing in respect of the on-going and the new projects are given in Annexure-I and Annexure-II respectively alongwith provisions in other sub-sectors as well.

IRRIGATION:

26. The water sector development programme during the Seventh Plan envisages a total increase of 12.9 million acre feet in the water availabilityy from various sources. An increase of 7.4 MAF will accrue in the surface water availability and 5.5 MAF in the groundwater. In surface waters, additional availability fo 4.5 MAF is expected to accrue from the On-Farm Water Management, Command Water Management, Canal Rehabilitation and Canal Remodellling; 2.9 MAF from the new irrigation schemes, small dams etc. In the groundwater development 1.5 MAF is envisaged from SCARP and other public tubewells and 4 MAF from the private tubewells. Detailed break-up of increase in water availability from the above sources through Seventh Five Year Plan is shown at Anneuxre-III. This would increase the cropped acreage by 4.5 million acres.

27. No increase in the existing water availability during the Seventh Plan has been assumed through canal withdrawals for the reason that when a decision on water apportionment is available, the planned irrigation projects in various provinces

will take time in their construction and development. The Chashma Right Bank Canal will continue contributing additional supplies to the extent of 0.61 MAF until the completion of its Stage-II and Stage-III.

Command Water Management:

28. The programme under the Command Water Management during the Seventh Plan envisaged the rehabilitation of about 638 K.M. of irrigation canals and lining of about 494 K.M. of those distributaries and minors which carry discharges upto 45 cusecs.

29. The Command Water Management provides for drainage to control the watertable in the command areas. In order to atain water balance in the contemplated area the Command Water Management includes excavation of the new drains, remodelling of existing drains and provision of the sub-surface drainage. About 570 k.m. of drains will be excavated/remodelled, 140 k.m. of disposal channel constructed, and 130 tubewells installed in the Seventh Plan.

30. Another major component of this programme is improvement of the water-courses. About 1674 watercourses will be renovated and commissioned with 25% lining in the brackish water and highly sandy areas. Other activities under the CWM programme include installation of such structures on or off the main watercourses which lead tothe wastage of irrigation water by the community and environment. Incentives for these structures on the problematic watercourses will be advanced for 20% watercourses of the project area for purposes of demonstration. For enhancing the water application efficiency in the fields, the Command Water Management carries effective demonstration programme for farm planning. About 15000 demonstration centres, with an area of 10 acres each, will be established in the watercourses commands in the Seventh Plan. Programme for training of staff and farmers will be provided to achieve the above targets.

Irrigation System Rehabilitation Programme:

31. The rehabilitation and remodelling work is under implementation in all the Provinces under the World Bank and the USAID assisted Phase-I programmes. Some of the SCARPs also contain the rehabilitation, remodelling and lining components in their projected independently. Phase-I of the programme will be devotailed with Phase-II which would continue through the Seventh Plan. It will continuously increase the irrigation channel capacities resulting in the increased water availability during early kharif, kharif and late kharif periods. It has been estimated that 0.1 MAF per annum will be added to the water availability on account of remodelling, and 0.1 MAF/year due to the rehabilitation works under the federal and the provincial programmes of the remodelling and rehabilitation of canals

totalling to 1 MAF in the Seventh Plan.

32. The rehabilitation programme in the Seventh Plan mainly consists of earthwork to strengthen the banks, provide free board, silt clearance, bank protection, brick lining of the tail reaches to provide more reliable water supply to the tail users and the clearing of drains to bring them back to their original discharge capacity. The Project will rehabilitate about 13,400 k.m. length of the irrigation channels benefitting a command area of about 10.2 million acres, and about 1300 k.m. length of the drains benefitting about 2.0 million acres of the drainage catchment area. An amount of Rs 1500 million current prices has been allocated for this programme in the Seventh Plan.

On-Farm Water Management Programme:

33. This programme is continuing with the assistance of the World Bank, the USAID and the Asian Development Bank. It involves the improvement and lining of the watercourses, precision land levelling, demonstration plots, formation of the Water User's Associations and the training of farmers. The net addition of 3.5 MAF will accrue to the total water availability in the Seventh Plan at an estimated expenditure of Rs 3082 million of which the federal component is Rs 758 million.

34. The programme includes the improvement and lining of 19,470 watercourses,[1] precision land levelling of 1,16,300 acres, and the training of of 16,335 farmers over 11,360 demonstration plots. The programme inculcates the spirit of financial cooperation and coordination among the users for their joint benefits.

35. In the light of the evaluation of the programme in the Sixth Plan, it is being felt that watercourse lining needs increase in stages from 30% to 50% and so on in the brackish ground water zones and the sandy areas for further improvement in the efficiency of water application. Any loss of fresh water in the saline zone is not only irrecoverable but changes the fertile land into saline land.

36. At present about 1600 watercourses are being improved annually. There are about 90,000 watercourses in Pakistan. All these watercourses improvement, it would take almost 50 years to cover all the watercourses in the country. The OFWM Programme has gained sufficient technical know-how and capability to improve more watercourses than the existing ones, if adequate funds are provided. The improvement of all the watercourses in a short period will meet the increasing demands of farmers as well as

---

1. Including 1674 watercourses under the Command Water Management Programme.

help in increasing the Agricultural production by efficient utilization ofthe saved water. It is, therefore, proposed to complete renovation of all the remaining watercourses in the country within the next 15 years i.e. by 2003.

37. OFWM is probably the only programme in Pakistan where civil works are carried out by the beneficiaries themselves without involvement of any contractor. The water users contribute more than 50% cost of the improvement through their Water User's Associations which involves donated labour for the earthen reconstruction, cost of masons for civil works and 25% recovery of the cost of construction materials. Serious efforts will have to be made to increasingly involve the water users in the water management at the ground level.

Small Irrigation Schemes/Reservoirs:

38. Sporadic implementation of a large number of small schemes which aim at, inter-alia, diverting/storing flood waters for irrigation, including recharge of aquifers for the subsequent exploitation of groundwater by tubewells, lift irrigation schemes, etc., in the water scarcity areas of Baluchistan. AJ&K, FATA and Northern Areas of Pakistan increases the water availability. In addition, flood weirs, check dams, and small dams, at least 12 in the Punjab, 2 in NWFP and 2 in Baluchistan will be completed during the Seventh Plan. According to the modest estimates of the availability of additional water due to the above small schemes, small dams etc., the total water availability will increase by 2.9 MAF during the Seventh Plan. Workd on the construction of medium reservoirs shall also be taken up. It includes Chotiari reservoir in Sind. Thal reservoir in Punjab, Gomal Zam in NWFP and Mirani Dam in Baluchistan.

New Surface Irrigation Projects:

39. The above mentioned salvage programme and the small irrigation schemes will not be able to meet the future water requirements beyond the Seventh Five Year Plan. For future development the only option is to revert to extend irrigation to new areas for meeting the food and fibre requirements of the growing population of Pakistan. Every year during monsoon the bulk of the flood water goes waste to the sea. The existing system requires development of new irrigation projects on non-perennial basis. Ten new irrigation extension projects have been included for execution in the Seventh Five Year Plan. Two of them are located in the Punjab, Five in Sind, one in Baluchistan and two in NWFP, whereas State-I of the CRBC has already been completed, and the work on the remaining stages will be taken up in the Seventh Plan. A provision of Rs 2943 million has been made for the above projects and for taking up the work on the two medium reservoirs. The above schemes will bring about 5.41 million acres new area under irrigation. The above new programme

shall require 8.704 MAF of water which can be taken out from the surplus waters on non-perennial basis during the monsoon months.

Private Tubewells:

40. Until late 1950's private development of the ground water was mostly by dugwells. By the end of the First Plan in 1960, the number of private tubewells was about 7300 only. The number of private tubewells rose to about 214000 in the irrigated areas of the Indus Plains by June, 1986. About 86% of the tubewells were located in the Punjab, 8% in Sind, 4% in Baluchistan and 2% in NWFP. It is estimated that 75% of under ground water is contributed by the private tubewells, and an area of 7.5 MA has the benefit of irrigation from the private tubewells and can be considered to have irrigation supplies for sustaining agriculture.

41. Incentives for the development of the private tubewells have been provided by the Provincial and the Federal Governments since 1972-73. Subsidy has been provided only for the diesel operated tubewells subject to the requirement that the minimum land ownership individually or collectively was more than 25 acres. The amount of subsidy is determined according to the location of the tubewell i.e. whether it is in the 'canal command', 'sailaba' or 'barani' areas with the subsidy in the 'sailaba' areas being higher than in the canal commanded areas, but lower than that in the 'barani' areas. Adequate provision for subsidy has been made in the Seventh Five Year Plan under the irrigation sub-sector.

42. There has been an extra-ordinary installation of the private tubewells during the Sixth Five Year Plan. According to the agricultural statistics, 13,920 tubewells per year have been installed since 1980 to 1985-86 whereas Sixth Plan had envisaged the installation of 5,000 tubewells per year. In the Seventh Plan, private tubewells will be installed at the rate of 5,500 per year.

43. For the effective private tubewell development the following guidelines will be followed:-

a) Fresh water zones would be tackled by the private sector "alone".

b) Priority would be accorded to the farmers of the disastrous area (0-5' watertable) in the fresh water zones for obtaining the private tubewell subsidy.

Groundwater from SCARP Tubewells:

44. The objective of SCARPs was defined in terms of the efforts to combat the menace of waterlogging and salinity and to supplement canal irrigation supplies. While intended objective of SCARPs was drainage and soil reclamation, the de-facto objective has been the production of supplemental groundwater for irrigation. The first part is dealt with in detail under the Drainage and Reclamation and the supplemental component is discussed hereunder.

45. Currently, there are about 16,000 SCARP tubewells with an average discharge capacity of 2 cusecs. Based on 50% utilization factor and watercourse delivery losses of 15%, each tubewell provides 615 AF of water per annum The current contribution from public tubewells is about 10 MAF.

46. During the Seventh Plan, about 325 SCARP tubewells of average capacity of 2 cusecs will be installed. Assuming 50% utilization factor and 15% utilization factor and 15% delivery losses the additional water that would be available at the farmgate from SCARP tubewells will be about 1.0 MAF.

Other Public Tubewells:

47. Presently, about 2017 number of the Public Sector Tubewells are being operated by the Provincial Irrigation Departments. Their average capacity of 1.5 cusecs provides 461 acre feet of water assuming 50% utilization factor and 15% delivery losses. On the basis the total contribution of the public tubewells, other than the SCARP tubewells is 0.93 MAF in 1987-88.

48. The public irrigation tubewells besides the Punjab, are generally installed in Baluchistan, FATA, NWFP and PATA areas. In these areas, particularly Baluchistan, the small irrigation schemes are taken up to increase recharge rate of aquifers for providing discharges in Karezes and tubewells. The groundwater potential areas are identified after survey and investigations for the public tubewells installations in the above areas. It is estimated that 217 public tubewells will be installed each year under various schemes. This will subscribe 0.5 MAF to the total water availability during the Seventh Plan.

FLOOD CONTROL:

49. The flood protection programme in the Seventh Five Year Plan will be directed to achieve the following objectives:

i) Flood Management planning, based on integrated river basin, will continue.

ii) Bring more land under cultivation by encouraging use of flood moisture for crop cultivation in sailaba areas.

iii) Utilizing flood flows for augmenting water availability for irrigation.

50. An allocation of Rs 1.601 billion at 1987-88 prices has been made for the flood control sector. This would cover 3 sub-programmes in the Punjab, 2 in Sind, 2 in NWFP and 2 in Baluchistan besides the flood forecasting and flood warning project and funding the Federal Flood Commission obligations. The sub-programmes are indicated below. They are estimated to involve about 1090 million cft of earthwork and 59 million cft of storework:

I. PUNJAB

1. River protection along River Ravi and River Chenab.

2. Correcting approaches to various Barrages such as Trimmu, Balloki, Qadirabad, Sidhnai etc.

3. Flood management of D.G. Khan, Rajanpur districts and Lai Nullah in Rawalpindi.

II. SIND

1. Resectioning of the 2nd line bund Guddu Barrage-Sukkur Barrage.

2. Resectioning of the 2nd line bund Sukkur Barrage-Kotri Barrage.

III. NWFP

1. Flood protection of Mardan City.

2. River training works, Kabul River to Swat River.

IV. BALUCHISTAN

1. Flood protectionof Southern Areas of Quetta Town.

2. Bugti (Pat Feeder) hill torrents.

V. Flood Forecasting and Flood Warning

VI. Federal Flood Commission:

51. The actual projects would emerge out of the areas identified in the above programme. The flood protection works in all the provinces shall be of the following nature:

1) Remodelling of flood embankments.

2) River training works.

3) Protection of agriculture lands, village abadies, communication system from erosion.

4) Construction of new bunds/cross drainage works.

5) Extension of bunds/spurs.

6) Feasibility studies for remodelling of barrages/ structures.

7) Flood management of hill torrents/nullahs.

8) Master Planning of hill torrents in Baluchistan, NWFP, Azad Jammu and Kashmir, FATA, Northern Area, Kohistan and Kirthar.

Survey and Investigation:

52. This sub-sector comprises of Survey and Investigation Programme which is a continuing activity of the Federal and the Provincial Governments/agencies. In order to fully utilize the surface and groundwater and agriculturable area for the development of the Indus Basin and other less developed lands, extensive survey and detailed investigations will be carried out during the Seventh Plan. This will ensure proper implementation of the policies of the Seventh Five Year Plan for the development of irrigation. The Federal Survey and Investigation Programme is undertaken by WAPDA, the Pakistan Meteorological Department (PMD), and the Survey of Pakistan (SOP) and other agencies like the Sind Arid Zone Development Authority etc.

53. During the Seventh Plan WAPDA would undetake detailed investigations, inter-alia, in the following major fields:

i) planning and preparation of main channels and off channels reservoirs. [Particularly Thal and Chotiari].

ii) Water Resources Development and Management Planning for Baluchistan, NWFP, FATA, and Northern areas and Islamabad Capital Territory, improvement of existing Hydromet network and river forecasting and warning system; and

iii) monitoring of SCARPs areas, in general, the disastrous areas in the completed and under construction SCARPs in particular.

54. In the Punjab especially in Thal and Cholistan extensive survey and the detailed investigations are proposed for the irrigation and drainage schemes. In Sind survey relating to arid zone of Thar, Kohistan, Nara and Nagar-Parker areas will be conducted. In NWFP, surveys for the groundwater development and barani area development along the banks of streams/nallahs will be conducted. In Baluchistan, the investigation programme will be concentrated towards valleys and basins. In FATA, survey and Investigations for surface and groundwater development schemes will be undertaken in II Tribal Agencies.

Pakistan Meteorological Department (PMD):

55. The PMD will provide data and information relating to agricultural meteorology, weather and climatic forecasts during the Seventh Plan. The programme includes construction and modernization of first class observatories, agro-met stations, upper air station, forecasting met. Offices, weather surveillance radars, telecommunication facilities, etc. The institute of meteorology, and Geo-Physics which provides training facilities will be updated and modernized. An amount of abour Rs 50 million will be allocated for the programme of the Metereological Department in the Seventh Plan.

Survey of Pakistan:

56. The Survey of Pakistan provides the basic topographic and contour survey for the planning water resources development projects. As a part of its multipurpose survey activities, it requires 1200 geo-detic survey marks all over the country. It has so far established about 1050 survey marks and the balance will be installed during Seventh Plan period. A provision of Rs 15 million has been made for the programme.

57. A total amount of Rs 660 million has been made for the Seventh Plan which would adequately cover the requirements of Pakistan Meteorological Department, Survey of Pakistan and the investigation programme for the drainage and irrigation development projects and research activities.

RESEARCH

58. Considering the development needs, the broad areas of research on which early attention is required and which should be covered in depth in the Seventh Plan are: (i) efficiency of water-use at the farm level; (ii) conservation of water in minors and distributaries; (iii) seasonal stream flow forecasting; (iv) system gain and losses; (v) groundwater exploitation; (vi) drainage, (vii) reclamation; (viii) reservoir sedimentation, (ix) skimming wells and (x) saline agriculture.

59. An allocation of Rs 100 million has been provided for research in the Seventh Five Year Plan.

INSTITUTIONAL ISSUES

60. The existing framework of each of the functinaries in the Provincial Irrigation Departments is so broad and generalised that they cannot discharge their obligations in a scientific manner. Their job description and accountabilities have to be spelled out. The senior engineers should assume the role of development engineering assignments besides administering, operating and maintaining the existing running system.

PROJECT PREPARATION AND EVALUATION:

61. There is need for project preparation and evaluation so as to set realistic targets and also monitor the performance in order that corrective action along side planning and implementation can take place. There is also need to design special courses for Irrigation Officers for training in multi-disciplinary fields covering the operation of canal system as well as the On-Farm Water Management and Project Planning and Evaluation.

MAJOR POLICY ISSUES

Financing of Anti-Waterlogging and Salinity Projects:

62. Funds matching the planned requirements are often not available. Even so a sectoral loan fund on the pattern of the Indus Basin Development Fund and the Flood Control fund needs to be created for the reclamation programme. Acquiring loans and grants on the basis of individual projects does not solve the problem with the desired speed. The Drainage and Reclamation Sectoral Loan shall encourage preparation of smaller cost effective projects with shorter gestation period, covering low lying disaster areas. This would help save interest, over heads, escalation costs and time, and will give quick returns.

New Surface Irrigation Projects Dependent on Water allocation to various provinces:

63. The full benefits of storage at Tarbela water are not being obtained for want of decision on the apportionment of Indus Water. At present the provinces are taking water during rabi, from the total available storage on an "adhoc" arrangement of distribution approved by the Prime Minister. The excess water in Kharif can neither be utilized instantly nor over the whole year. In order to absorb the flood waters, the existing system requires developmentof new irrigation projects added to the system which in turn depends on the allocation to various provinces. It is, therefore, imperative that new projects (Annexure-IV) based on

the non-perennial supplies are approved on adhoc basis pending the final settlement.

Creation of Medium Size Reservoirs:

64. The present endeavours to achieve optimum utilization of the irrigation water, through the efficient use and reclamation processes will hardly meet the challenge of the food and fibre plan period. The salvage measures and the reclamation efforts will, besides establishing the salt and water balance in the Indus Basin, would hardly meet the requirements for the agricultural production upto 1995, beyond which, further growth will depend on additional supplies. It is, therefore, essential that measures to impound the surplus flows are taken up during the Seventh Plan period. This would require additional new surface reservoirs. There is an imperative need to take immediate steps in this respect. Controversy has menaced the Kalabagh project. It could be taken up for 20 years. Kalabagh is a multi-purpose project, which, besides giving 3600 MG WT of electricity, would yield 6-7 MAF water which is equal to 50% of the total storage of Tarbela and Mangla put together. No other project is at present ripe for implementation. Basha (of which studies would still be carried) is not a substitute of Kalabagh.

65. The decision on Kalabagh should be taken urgently and it should not be linked with the distribution of waters. Kalabagh Dam will take not less than eight years for completion when the storage would become available. The water distribution issue would have been settled much before that.

66. Besides the above construction of Gomal Zam Dam under the Energy Sector, Mirani Dam under the special development programme and two dams in the water sector, Chotiari in Sind and Thal reservoir in the Punjab should be taken up for early completion.

Recovery of O&M and Capital cost of the Irrigation Projects:

67. The system of recoveries from the farmers is very deficient. It cannot even meet the Operation and Maintenance cost of the canal-water and tubewell-water supply system. The 'abiana' which is the only means of recovery from the farmers varies with the crop and becomes double in tubewell irrigated areas. This recovery is not enough even to meet the O&M cost of the water supply systems. Recovery of the project development cost should be an essential requirements of all irrigation works. In the past, the recovery from the beneficaries used to be made through the collection of 'abiana' to meet the O&M cost conceptually and through the 'betterment tax' collection towards the recovery of the project cost. The Government collected the cost of earlier development project (such as Sukkur Barrage Project, Sutlej Valley Project and so on). Now, when highly capital intensive

projects, which relate to the rehabilitating, remodelling, improving or lining of the irrigation and drainage system, are being taken up, it would be desirable to again introduce 'betterment tax' for recovering the costs of such projects.

****

LIST OF PROJECTS AND PROGRAMMES INCLUDED
IN THE SEVENTH FIVE YEAR PLAN

ANNEX-20.1

Name of Sector: WATER

(Million Rs)

S.No	Name of the Project	Total Cost (FEC)	Est: Exp: upto June 1988	7th Plan Alloc: 1988-93	Annual Phasing 1988-89 1.06	1989-90 1.1236	1990-91 1.1910	1991-92 1.2625	1992-93 1.3382
A.	ONGOING (List-A)								
1.	Lower Rachna remaining drainage-iv (Rehab Drains 168.km, New drains 75kms and Structures)	1,170	660	510 (470)	300 (283)	210 (187)	---	---	---
2.	Punjab Abbasia SCARP-VI (New Cannel F-C 188 km, drain 458 km.-Tubwells 391 and structure)	1,855	1,445	410 (376)	200 (189)	210 (187)	---	---	---
3.	Ford Wah Eastern Sadiqia (remaining phase-I) (SCARP-VIII) new drains 726 km Canal lining 292km & structures)	1,305	39	1,266 (1,022)	50 (47)	150 (133)	200 (168)	600 (475)	266 (199)
4.	SCARP Transition (T/W 213 repalced by 2100 new tubewells (1550 electric. and 600 diesel)	296 (130)	113	183 (167)	83 (78)	100 (89)	---	---	---
5.	Hadali Scarp, Const.(drains 128 kms. tubewells 87km, lining canals 135 kms	350 (7)	104	171 (157)	80 76	91 (81)	---	---	---
6.	Gujra Khewra Second (new drain 189 km, carrier channels 35km, T/W 58 cannal lining 11 km	267	34	233 (198)	37 (35)	56 (50)	60 (50)	80 (63)	---
7.	Private Tubewell Electrification Tubewells 1565 in DG Khan and Layyah)	908	10	908 (747)	100 (94)	150 (133)	200 (168)	220 (174)	238 178
8.	Project Planning (6 in NWFP 10 in Punjab, 3 in Sind)	760	415	345 (291)	74 (70)	66 (59)	68 (57)	70 (55)	67 (50)
9.	LBOD Stage-I (T/W 731, Remod, Drains 134 km New 645 km, Tile 2239 km, and structure)	8,593 (4,445)	729	7,750 (6,403)	1,100 (1,038)	1,200 (1,068)	1,450 (1,218)	2,000 (1,584)	2,000 (1,495)
10.	Korti Surface (Phase-I, Part-I Stage-II (New Drains 415 km, structures & Colonys)	300 (10)	26	274 (232)	40 (38)	60 (53)	80 (67)	94 (74)	---
11.	South Rohri Fresh Ground Water (T/W 1215, Link W/C 1215 & structures W/C implement 652).	936 (371)	628	308 (274)	105 (99)	105 (93)	98 (82)	---	---
12.	Ghotki Fresh Ground Water (T/W 1050, link W/C 1050 & Structures	769 (318)	518	251 (232)	170 (160)	81 (72)	---	---	---
13.	North Dadu Drainage, (new drains 874 kms structures 2739 and colony.	1,018 (16)	639	379 (337)	120 (113)	120 (107)	139 (117)	---	---

S.No	Name of the Project	Total Cost (FEC)	Est: Exp: upto June 1988	7th Plan Alloc: 1988-93	Annual Phasing 1988-89 1.06	1989-90 1.1236	1990-91 1.1910	1991-92 1.2625	1992-93 1.3382
14.	Mardan Scarp Federal Component drain remoled 320km structures 2273 tiles 73000 acres and canal remod 103mcft	1,556	1,111	445 (408)	227 (214)	218 (194)	---	---	---
15.	CRBC scarp (remd drains 33 mcft new drains 1095 tiles 100 100 kms)	643	132	511 (467)	220 (208)	291 (259)	---	---	---
16.	Haridin Drainage-II(new drain 161 km and structures 313)	53	43	10 (9)	10 (9)	---	---	---	---
17.	Command Water Management (remod 49 miles 2326 outlets lining 183 miles new drains 56 miles tubewell 82 miles and W/C 1050)	1,129 (87)	639	400 (377)	400 (377)	---	---	---	---
18.	CRBC Stage-II (New canal system 204 km. 23 cross drainage works 13 bridges new drains 297 kms. and equip).	1,050	---	1,000 (837)	180 (170)	190 (169)	200 (168)	210 (166)	220 (164)
19.	Indus Basin Tarbella	---	---	545 (476)	160 (150)	140 (126)	120 (100)	125 (100)	---
20.	Provincial Irrigation on-going ADP	---	---	1,480 (1,238)	260 (245)	280 (249)	300 (252)	320 (253)	320 (239)
21.	Research, SOP, Met & General Investigation	---	---	750 (660)	140 (131)	145 (162)	150 (125)	155 (122)	160 (120)
22.	Special Areas FATA DC, NA, & AJK Programme	---	---	1,000 (837)	180 (170)	190 (169)	200 (168)	210 (166)	220 (164)
	TOTAL (ON-GOING A' PRIORITY PROJECTS)			19,129 (16215)	4,236 (3994)	4,053 (3640)	3,585 (2740)	3,764 (3232)	3,491 (2609)

LIST OF PROJECTS AND PROGRAMMES INCLUDED
IN THE SEVENTH FIVE YEAR PLAN

ANNEX-20.2

Name of Sector: WATER

(Million Rs.)

S.No.	Name of the Project	Total Cost (FEC)	Est: Exp: upto June 1988	7th Plan Alloc: 1988-93	Annual Phasing 1988-89 1.06	1989-90 1.1236	1990-91 1.1910	1991-92 1.2625	1992-93 1.3382
A.	NEW (LIST-B)								
	Foreign Aided Continued Projects and Provincial ADPs								
23.	Shotcot Kamalia Saline (CCA 54450, 93-99 % saline disastrous areas 89%) W/C 222 256kms, canal lining 59.4 kms. pumping and other structures.	298	---	298 (263)	67 (63)	112 (100)	119 (100)	---	---
24.	DG Khan Saline CCA 0.63 MA, saline area 75%(T/W 54, new drain 32 kms)	635	---	635 (510)	60 (57)	100 (81)	130 (109)	145 (114)	200 (149)
25.	Khushab Scarp (CCA 0.104 MA. 100% saline disastrous areas 94% new drains 97km., remd 9 kms rehb 80 kms, canal lining 90 kms	133	---	133 (121)	61 (57)	72 (64)	---	---	---
26.	Scarp sukh beas(CCA 0.206 MA. 42 to 63 saline, disastrous disastrous area 29%(new drain 59kms, remd and Rahab 162 MCFT	393	---	393 (335)	63 (59)	100 (89)	106 (89)	124 (98)	---
27.	Swabi Scarp (CCA 0.213 MA(5000 disastrous) acres 50% of saline new drains 82 kms) T/drains	60	---	60 (55)	20 (19)	40 (36)	---	---	---
28.	Pehur Scarp (CCA 0.045 MA, Sweet Water, new drains 42 kms)	123	---	123 (105)	20 (19)	30 (26)	33 (28)	40 (32)	---
29.	Bannu Scarp-II (CCA 0.035 MA Fresh Water) TD&SD.	110	---	110 (94)	20 (19)	20 (18)	30 (25)	40 (32)	---
30.	Kafur Dheri Scarp-II CCA 0.002 MA (Fresh Water) remd of drains 16 km, T/W, tiled drain and S/drains	20	---	20 (17)	---	10 (9)	10 (8)	---	---

S.No.	Name of the Project	Total Cost (FEC)	Est: Exp: upto June 1988	7th Plan Alloc: 1988-93	Annual Phasing 1988-89 1.06	1989-90 1.1236	1990-91 1.1910	1991-92 1.2625	1992-93 1.3382
31.	Dauba Daduzai Scarp (CCA 0.07 MA disastrous area 2000 fresh water. tiled drains and S/drain	82	---	82 (69)	10 (9)	20 (18)	22 (18)	30 (24)	---
32.	Irrigation System Rehibilitation-II area 3.68 MA Rehab of canals 2912 kms, drains 386 kms.	1,500	---	1,500 (1,264)	300 (283)	300 (267)	300 (252)	300 (238)	300 (224)
	water resources 3500 canal remod 1000 km, lining 846 km New drains 570 kms			(981)		(267)	(252)	(238)	(224)
34.	On-farm water management (CCA 3.0 MA, water courses total 12590, Punjab 7500, others 4500.(Federal Component	900	---	900 (758)	180 (170)	180 (160)	180 (151)	180 (143)	180 (134)
35.	Flood Control	1,965	---	1,965 (1,601)	170 (160)	300 (267)	400 (336)	450 (356)	645 (482)
36.	Provincial ADPs including New Irrigation Projects and medium resviours	9,287	---	9,287 (7,762)	1,601 (1,510)	1,744 (1,552)	1,858 (1,560)	1,963 (1,555)	2,121 (1,585)
	TOTAL LIST 'B'	---	---	16,706 (13,935)	2,572 (2,425)	3,328 (2,954)	3,488 (2,928)	3,572 (2,830)	3,746 (2,798)
	GRAND TOTAL ON-GOING AND NEW	---	---	35,835 (30,150)	6,808 (6,419)	7,381 (6,594)	7,073 (5,668)	7,336 (6,062)	7,237 (5,407)

ANNEX.20.3

WATER BUDGET
SEVENTH PLAN 1988_89 TO 92_93

SOURCE	B/MARK 1987_88 AT FARM GATE			1988_89 AT FARM GATE			1989_90 AT FARM GATE			1990_91 AT FARM GATE			1991_92 AT FARM GATE			1992_93 AT FARM GATE			INCREMENT		
	K	R	T	K	R	T	K	R	T	K	R	T	K	R	T	K	R	T	K	R	T
SURFACE WATER																					
1. CANAL WITHDRAWALS	38.37	22.44	60.81	38.37	22.44	60.81	38.37	22.44	60.81	38.37	22.44	60.81	38.37	22.44	60.81	38.37	22.44	60.81	-	-	-
2. C.R.B.C.	0.33	0.28	0.61	0.33	0.28	0.61	0.33	0.28	0.61	0.33	0.28	0.61	0.33	0.28	0.61	0.33	0.28	0.61	-	-	-
3. CANAL REMODELLING AND REHABILITATION	0.50	-	0.50	0.70	-	0.70	0.90	-	0.90	1.10	-	1.10	1.30	-	1.30	1.50	-	1.50	1.00	-	1.00
4. COMMOND & ON F.W.M.	3.51	2.06	5.57	3.93	2.30	6.23	4.33	2.60	6.93	4.83	2.80	7.63	5.25	3.10	8.35	5.67	3.40	9.07	2.31	1.19	3.50
5. SMALL IRRIGATION DAM SCHEME	2.43	1.22	3.65	2.82	1.41	4.23	3.18	1.63	4.81	3.56	1.83	5.39	3.94	2.03	5.97	4.32	2.23	6.55	1.90	1.00	2.90
6. HUB DAM	0.04	0.02	0.06	0.04	0.02	0.06	0.04	0.02	0.06	0.04	0.02	0.06	0.04	0.02	0.06	0.04	0.02	0.06	-	-	-
7. KHANPUR DAM	0.03	0.01	0.04	0.03	0.01	0.04	0.03	0.01	0.04	0.03	0.01	0.04	0.03	0.01	0.04	0.03	0.01	0.04	-	-	-
TOTAL SURFACE WATER	45.21	26.03	71.24	46.22	26.46	72.68	47.18	26.98	74.16	48.26	27.38	75.64	49.26	27.88	77.14	50.26	28.38	78.64	05.05	02.35	7.40
GROUND WATER																					
1. PRIVATE TUBEWELLS @ 5500/YEAR WA = 0.8/ANNUM	14.96	14.96	29.92	15.31	15.31	30.62	15.66	15.66	31.32	16.01	16.01	32.02	16.36	16.36	32.72	16.71	16.71	33.42	01.75	01.75	3.50
2. SCARP TUBEWELLS @ 325/YEAR WA = 0.20 MAF/ANNUM	05.06	05.07	10.13	05.16	05.17	10.33	05.26	05.27	10.53	05.36	05.37	10.73	05.46	05.47	10.93	05.56	05.57	11.13	00.50	00.50	1.00
3. OTHER PUB. TUBEWELLS @ 217/YEAR WA = 0.1 MAF/ANNUM	00.46	00.47	00.93	00.51	00.52	01.03	00.56	00.57	01.13	00.61	00.62	01.23	00.66	00.67	01.33	00.71	00.72	01.43	00.25	00.25	0.50
TOTAL GROUND WATER	20.48	20.50	38.70	20.98	21.00	41.98	21.43	21.50	42.93	21.98	22.00	43.98	22.48	22.50	44.98	22.98	23.00	45.98	02.50	02.50	5.00
GRAND TOTAL	65.69	46.53	112.22	67.20	47.46	114.66	68.66	48.48	117.14	70.24	49.38	119.62	71.74	50.38	122.12	73.24	51.38	124.62	07.55	04.85	12.40

(I) SIX YEAR AVERAGE 1975_76 TO 1980_81

NOTE:-

DELIVERY LOSSES UP TO FARMGATE

(I) CANALS WATER

CANALS & DISTRIBUTARIES = 25 % OF CHW

SANCTIONS WATERCOURCES = 15 % (20 % OF OUTLET)

40 %

(II) GROUND WATER

PRIVATE T.W. (Q = 1.05cs F = 20 %) L = 5 % W = 145 AF

SCARP T.W. (Q = 2.00cs F = 50 %) L = 15 % W = 615 AF

OTHER PUBLIC T.W. (Q = 1.5cs F = 50 %) L = 15 % WA = 461 AF

(Q = 1.0cs F = 50 %) L = 15 % WA = 307 AF

WHERE Q = CUSECS F = UTILIZATION

L = WATERCOURSE LOSSES

W = ANNUAL PUMPAGE WITH LOSSES

(III) WATER STORAGES

CHASHMA = 0.3MAF (0.3 AT FARMGATE)

MANGLA = 5.3MAF (3.18 // // //)

TARBELA = 9.3MAF (4.74 // // //)

WATER RESOURCES SECTION
PLANNING COMMISSION

WATER BUDGET AT FARM GATE

APPROVED	DRAWN	DATE	DRAWING
	SHAHID FAYAZ	10 Aug.1987	No:-

ANNEX-20.4

NEW SURFACE IRRIGATION SCHEMES

Name of the Project	Rough costs at present prices Billion	7th Plan Provision (Billion) Desired	Core	Area (MA)	Water requirement in MAF	Perennial & Non-Perennial	Status
PUNJAB							
Greater Thal	1.639	0.550	0.550	1.560	2.080	Non-Perennial (for 100 days	Not Approved
Dajal Branch	0.600	0.500	0.500	0.420	0.674	"	"
Total Punjab	2.239	1.050	1.050	1.980	2.754	(31.6%)	
SIND							
Makhi Farash	0.600	0.100	0.100	0.279	0.475	Non-Perennial (for 120 days)	Not Approved
North West Canal	1.200	0.100	0.100	0.562	0.955	"	"
Rainee Irr. Scheme	0.200	0.060	0.020	0.279	0.475	"	"
Dadu Canal	0.800	0.050	0.050	0.279	0.475	"	"
Remodelling channels of Ex-Rohri Canal	0.400	0.270	0.270	0.679	0.288	"	"
Total Sind	3.200	0.580	0.540	2.078	2.668	(30.6%)	
N.W.F.P.							
C.R.B.C.	4.000	1.050	1.050	0.570	2.477	Perennial	Approved
Pehur High Level Link Canal	0.777	0.546	0.165	0.170	0.286	Perennial	Not Approved
Total N.W.F.P.	4.777	1.596	1.215	0.740	2.763	(31.8%)	
BALUCHISTAN							
Feeder Canal	3.070	2.350	2.350	0.612	0.519	Perennial (6.0%)	Approved
GRAND TOTAL	13.658	5.726	5.155	5.410	8.701	(100.0%)	

Note: Provision of new Irrigation Projects= Rs.5.153 Billion- 1.050 Billion (CRPC already included)- Rs.2.35 Billion to be funded from Special Development Programme)= Rs.1.755 Billior

CHAPTER - 21

TRANSPORT AND COMMUNICATIONS

Developmental activities and the consequent demand for mobility consistently increases the pressure on the Transport and Communications system so that it requires continuous expansion, maintenance, replacement and modernization as an integrated system. And yet Tansport and Cmmunications has not in the past received adequate priority due to pressures from other competing priority programmes. The allocation to this sector decreased from 19.6% in the Fifth Five Year Plan to 16.3% in the Sixth Five Year Plan. This resulted in inadequate capacity improvement, arrears of replacement of overage assets and a general deterioration in the quality of service. In the Railways sub-sector huge arrear of depreciated assets has piled up primarily due to low investment, which was one of the factors because of which Railways could not carry its due share of freight traffic which put tremendous strain on the road system. In case of the road sub-sector, heavy traffic volumes coupled with inadequate funds and maintenance has resulted in the deterioration of the road network. In the telecommunications, meagre investments have resulted in capacity constraints, huge backlog of demand and deterioration in the quality of service.

Sixth Plan Review: The Sixth Plan aimed at:

i) Optimal utilization of the existing capacity of the system by rehabilitation and better maintenance of assets.

ii) Rational allocation of inland freight traffic between rail and road based upon relative transportation costs.

iii) An integrated systems approach to ensure greater improved performance of the National Transportation System.

iv) Accelerated cost recovery programmes, rational pricing policies for services provided by the public sector and large self financing by the public corporations.

v) Induction of the private sector into the roads,airline, shipping and telephone industry.

The Sixth Plan envisaged improvement in rail/road traffic ratio of 25:75 in 1982-83 to 27:73 in 1987-88. During the Plan period, however, rail traffic did not increase primarily due to operational inefficiency. Thus there was an increasing strain on the road system, particularly along the north south corridor (National Highway N-5). The diversion of long haul freight traffic to the relatively un-economical mode of transport by road involved extra cost and, therefore, a net loss to the economy. In

the Air transport sector, the traffic achieved by PIA was 90% of the plan target. The ports handled larger volumes of traffic. Induction of the private sector in Roads, Airline, Telegraph and Telephone and Shipping sub-sectors did not materialize. A comparison of the Sixth Plan Traffic projections and achievements is given at annexure I.

Achievements:

The Sixth Plan programme catered for the rehabilitation of assets and a modest expansion in the capacities of the Road, Railways and Port sub-sectors.

Major railway projects which were completed during the period included, procurement of 90 D.E. Locomotives, rehabilitation of 42 D.E. locomotives, Rail renewal of 499 kms, sleepers renewal of 633 kms and manufacture of 525 passenger coaches.

In the federal and provincial highway sub-sector among the major projects, the D.I. Khan and Ghazi Ghat Bridge over river Indus were completed. Work on Kotri and Talibwala bridges was substantially completed. The Third Highway Project funded by the World Bank envisaging the rehabilitation of 150 kms of roads in the Punjab, 56 kms in NWFP and 105 kms in Sind was completed. Construction work of 35 kms of additional carriageway along National Highway N-5 between Peshawar and Nowshera was completed. Overall 512 kms of new construction and 2104 kms of improvement under the National Highway programme, 2774 kms of new construction and 768 kms of improvement in special areas and 3178 kms of new construction and 4197 kms of improvement in provinces was carried out during the plan period.

The on-going programme of Port Qasim (Phase-I) was substantially completed. Work was initiated on the construction of the Gwadar Fish Harbour and the Mini port.

Under the Civil Aviation programme, aerodrome at Pasni, improvement of terminal buildings at Islamabad, Lahore and Karachi, construction of terminal III and reconstruction of terminal-II at Karachi was completed.Besides, new feeder Services airport in different parts of the country were constructed. The PIA acquired 6 Boeing 737s,3 Airbuses A 300 B4,2 Twin Ottors, one Boeing 747 and 2 Fokker F-27 aircrafts during the Plan period.

The Telegraph and Telephone Department installed 3,16,000 telephone lines against the plan target of 5,20,000 telephone lines. The induction of the private sector did not materialize.

In financial terms, as indicated in Annexure-II an investment of Rs.28.675 billion in the Public sector and Rs.12.133 billion for the Public Sector enterprizes was made against the Sixth Plan allocation of Rs. 37.504 billion and Rs. 17.423 billion, respectively. The utilization stood at 76 percent and 70 percent in the public sector and by the public sector

enterprises, respectively. The overall utilization was 74%.

In physical terms, the implementation programme was mainly rehabilitation oriented and in overall terms there was no significant increase in the transportation system capacity as a result of the projects executed during the Sixth Plan period. One of the principal problems faced in the project execution was the lack of adequate physical implementation capability and proper quality control resulting in unsatisfactory progress and quality of construction on a number of projects.

SEVENTH PLAN

The following strategy would be followed for the Seventh Plan of the Transport and Communications Sector:-

i) The rationale for inland freight traffic between rail and road network would be that the Railways should haul long lead traffic and roads should carry short lead traffic.

ii) A significant shift of freight traffic to Railways to achieve maximum utilization of its inherent capacity would be necessary to reduce relative transportation costs.

iii) For Railways, it is necessary to clear backlog of replacement and renewal of assets to restore the capacity.

iv) In the road sub-sector, the highway development programme would be broadened by induction of the private sector and the realization of road user charges.

v) Toll roads would be developed and all those sections on National Highway which are either newly constructed or improved will be tolled.

vi) Highway Maintenance System would be modernized and the maintenance budget would be rationalized.

vii) The port facilities would be developed for containerization of traffic with the help of dry ports and bonded warehouses.

viii) Private sector would be given incentive for participation in the shipping and road sub-sectors.

ix) The possibility of the development of the existing river and canal network for inland navigation from Port Qasim to Kala Bagh and Lahore will be examined.

x) The Karachi Shipyard and Engineering Works would be revived and re-vitalized by moderinization and

improvement of its facilities.

xi) Opening of Domestic Aviation to private sector would be examined.

xii) Induction of the private sector in the development programme of T&T Department.

Traffic Forecast:

Traffic forecasts for the Seventh Five Year Plan are based upon an integrated systems approach based on the following major elements:-

i) Forecast of the volume and the pattern of the traffic demand for long and short terms are based upon projected growth in GDP and population at 6.0% and 3.1% per annum, respectively. The inland traffic is projected to grow from 39,497 M.T.K.M. of freight and 127,736 M.P.K.M. of passenger traffic in 1987-88 to 47,998 million tonne Kms of freight and 162,204 million passenger Kms of passenger traffic in 1992-93 at the annual growth rates of 4.0% and 4.9% respectively.

ii) Assignment of traffic to different modes of transport is made in accordance with the least cost solution to maximise the benefits to the economy. During the Fifth Plan there was a marked shift in traffic from rail to road. Continuation of this trend over a long period would involve extra transportation cost to the economy. In addition, it would involve higher investment for improvement and strengthening of the existing road network. It will also require an extra capital cost for the procurement of additional vehicles. A reversal of this trend, by greater shift of freight traffic back to the Railways, would help in better utilization of the inherent capacity of the Railways and it will provide the most effective and energy efficient solution, from the national point of view. The long term (by the year 2006) objective is to achieve freight traffic distribution in the ratio 27:73 between rail and road. Thus, the Sixth Plan's Strategy was to initiate action during the plan period to move towards the achievement of this target. But this target could not be met and the actual ratio in 1987-88 was 20:80. This has been mainly due to the inability of the railways to carry the assigned share of freight traffic. Even the long haul freight traffic was diverted to the relatively uneconomical mode of transport by road. The main stress during the Seventh Plan would, therefore, be on the railways to carry its due share of freight traffic by optimum utilization of its capacity.

Traffic demand forecasts, based upon the above methodology, for the different modes of transport are tabulated below:

TABLE

Projection of Transport Demand

Unit	Benchmark 1987-88	Targets 1992-93	ACGR %
Railway			
Freight(Million Tonne Km)	7,800	12,476	9.9
Passenger(Million Passenger Kms.)	17,000	19,335	2.6
Road			
Freight(Million Tonne Kms)	31,697	35,522	2.3
Passenger(Million Passenger Kms.)	110,736	142,869	5.2
PORT			
Dry Cargo (Million Tonnes)	11.3	14.637	5.3
Liquid Cargo (Million Tonnes)	9.20	10.885	3.4
AIR			
Domestic			
Passenger MRPKS	2,216	3,406	9.0
Freight MRFTKS	26.2	45	11.4
INTERNATIONAL			
Passenger MRPKS	5,447	6,197	2.6
Freight MRFTKS	354.8	424.0	3.6
PIPE LINE			
Million Tonne Kms.	1,700	1,700	-

To maximise the economic benefits, by 1992-93, the Railways should be able to carry 19.920 billion ton Kms of Freight and 20.184 billion passengers Kms of passengers. While the Railways would be able to carry the required passenger traffic, the capacity constraints of the Railways would only allow them to carry 12.476 billion tons Kms of freight traffic. This will improve the rail:road modal split for freight traffic from 20:80

to 26:74 in 1992-93.

It is aimed to bring out the best characteristics of each mode of transport by undertaking necessary improvements in them and ensure optimal utilization of the the existing system capacity through better management and operational techniques. But to develop a transportation system large and sophisticated enough to cater satisfactorily to the traffic needs of the Seventh Plan would require a level of investment which would place heavy burden on the public exchequer. A major thrust would, therefore, be the continuation of efforts for the induction of the private sector financing for the commercially viable projects of roads, road transport, air transportation, Ports, Shipping and the T & T.

To meet the above objectives an investment of Rs. 108.332 billion has been proposed during the Plan period. This includes Rs.73.242 billion in the Public sector, and Rs. 35.09 billion in the private Sector. Public Sector allocation has been indicated at Rs. 64.095 billion which is required to be increase to Rs. 73.242 billion to meet the Plan objectives.Details may be seen at annexure III. Comparison of the Sixth Plan utilization and the Seventh Plan allocation in given at annexure IV. Major physical targets may be seen at annexure V. Telecommunication Targets are given at annexure VI.

RAILWAYS SIXTH PLAN REVIEW:

Traffic Pattern:

The Decline in the Railway's share of traffic as witnessed during the Fifth Plan continued during the Sixth Plan period as well. The rate of growth for the freight traffic stood at 0.8% against the projection of 8.2% while the passenger traffic was almost stagnant against the Sixth Plan projected increase of 4.9% The stagnation in the passenger traffic can be attributed to the direct Haj operations from Islamabad and a shift of the passenger traffic to road transport. On the other hand the average lead of passenger traffic has improved over the previous years from 147 Kms in 1982-83 to 203 Kms in 1985-86 which implies that railway lost the short lead traffic and carried the long lead for which it is best suited. The Sixth Plan forecasts and actual traffic may be seen below:

		Forecast		Actual	
	Benchmark 1982-83	1987-88	ACGR %	1987-88	ACGR %
Passenger Traffic (Million Passenger Kms)	16,502	21,000	4.9	17,000	0.6
Goods Traffic (Million Tonne Kms)	7,500	11,100	8.2	7,800	0.8

Performance:

The Sixth Plan allocated an amount of Rs. 10,000 million for the Railways programme, but the actual expenditure was only Rs. 7404 million giving an achievement of about 74%. The Pakistan Railways have failed to produce the desired results in terms of the improvement in the operational efficiency and the increased share of traffic, principally owing to the delayed physical input like locomotive power, replacement of assets, slow progress in track rehabilitation and telecommunications programme, and inadequate improvements in the operational and management systems.

Major targets achieved during the Sixth Plan were the rail renewal of 555 Kms, sleeper renewal of 740 Kms, rehabilitation of 42 locomotives, import of 90 new D.E. locomotives, manufacture of 525 passenger coaches and 130 boggie hopper trucks. Work on telecommunications and related signalling project was also completed during the Plan period. Work on the Locomotive Factory was started and is expected to be completed in the Seventh Plan period.

Two main components of the 11th Railways Project namely the Expansion of Lahore Dry Port including manufacture of 120 container wagons and modernization of locomotives maintenance facilities were completed. Completion of the former had enabled the Railways to handle 4 container trains in a month while the latter project enabled Railways to improve the availability of locomotives.

A significant achievement in the Railways is the introduction of fast goods train at a speed of 70 Kilometer per hour between Karachi and Shershah.

The following problems were faced by the Railways during the Sixth Plan period:

i) Un-Economical Lines: A number of uneconomical lines were identified but could not be curtailed during the Plan period which resulted in a continuous loss to the Railways.

ii) Traction Power: Against a planned induction of 105 locomotives during the plan period only 90 locomotives were inducted. In addition, only 247 Kms were achieved against a targetted daily utilization of 300 Kms per locomotive. These remained static during the plan period. This placed a greater strain on the locomotive fleet availability.

iii) Fare Structure: Fare structure continued with adhoc increases which resulted in the cross subsidation of passenger services by freight revenues. Separate accounting system for passenger, freight main and branch lines could not be introduced during the Plan period.

iv) Performance Criteria: Annual monitoring and evaluation system could not be established on scientific lines to get in time the information regarding the performance indicators set for the Plan period. The Management Information System were linked with the telecommunication and related signalling project and could therefore not be started due to the non-completion of the latter project.

Seventh Five Year Plan:

The following strategy would be followed:-

i) maximizing the net benefit to the economy by revitalising the Railways Role in transportation and capacity optimization;

ii) improvement of the existing infrastructure to realise the inherent capacity of the Railways;

iii) improvement of the overall efficiency of the Railways through better management information systems and managerial and operational techniques;

iv) allocation for traffic between rail and road to be made according to the suitability of traffic for the two modes i.e. long haul for rail and short haul for road;

v) goods traffic which is more paying to be accorded priority in locomotive power and importance over passenger services particularly on branch lines; and

vi) on the main line between Karachi-Lalamusa, the speed of passenger trains to be increased to 120 KPH and that of freight trains upto 80 KPH with four wheeled stock and upto 90 KPH for bogie stock so as to increase the traffic carrying capability of the Railways.

TRAFFIC:

There has been a continuous shift of goods traffic from the Railways to roads thereby causing an increased strain on the already over strained roads network. To some extent the trend has been arrested during the Sixth Plan period by achieving growth of 0.8% in freight traffic as against a negative growth of freight traffic (-) 4.5% during the Fifth Plan period. Efforts will be made during the Seventh Plan to arrest this trend and optimally utilize the inherent capacity of the Railways.

With this policy approach and based on a GDP growth rate of 6.0%, the traffic allocation for the Seventh Plan is projected as under:

T A B L E

		Bench Mark 1987-88	Projection 1992-93	ACGR %
i)	Passenger Traffic (Million Passenger Kms)	17,000	19,335	2.6
ii)	Goods Traffic (Million Tonne Kms)	7,800	12,476	9.9

In order to achieve these targets, it will be necessary to provide additional physical input like motive power, improved line capacity works and replacement of major assets such as track renewal, coaches, wagons etc, and also introduce better management and operational techniques for the optimal utilization of the system capacity.

Seventh Plan Programme:

An allocation of Rs. 9000.00 million has been made for the Railways in the Seventh Plan. This includes a throwforward of Rs. 2515 million from the Sixth Plan. The following programme is proposed.

i) Locomotive:

An allocation of Rs.1697.00 million has been made for the rehabilitation of 90 D.E. locomotives indigenous manufacture of 18 D.E. locomotives and the finalization of payments for 60 locos received during the Sixth Plan.

ii) Rolling Stock

An allocation of Rs. 1744.00 million has been made for the manufacture of 300 passenger carriages. 200 Bogie B.T.C. wagons and the modification of 6600 four wheeled wagons for higher speed.

iii) Track Rehabilitation:

By the year 1992-93 the backlog of overage rails and sleepers would be 6233 Kms and 6155 Kms respectively. Out of this 650 Kms of rails and 1000 Kms of sleeper renewals would be carried out during the Seventh Plan period. An allocation of Rs. 2500.00 million has been made for track renewals.

iv) Electrification Projects

It is proposed to introduce electric traction on Khanewal-Samasata via Chord for the optimal utilization of existing 29 electric locomotives, foreign exchange saving with the use of indigenous electricity instead of diesel fuel and at least 10 D.E.locomotives will be rendered surplus. An allocation of Rs.468.00 million has been made for the completion of the Chord Section which comprises of 91 Kms of single track and 27.35 Kms of double track.

v) New Construction:

Neither the resources nor the implementation capacity of Pakistan Railways allow any huge new construction programme during the Seventh Plan period. In order to remove a major bottlenneck on the main arterial line, doubling of track on Multan-Khanewal Section is proposed during the Plan period. An allocation of Rs. 191.00 million has been made for the doubling of Multan-Khanewal Section (48 Kms).

vi) Locomotive Factory:

An allocation of Rs. 1111.00 million has been made for the completion of the locomotive factory project.

vii) Management Information System:

An allocation of Rs. 100.00 million has been made for the management information system project.

viii) Other Works:

A provision of Rs. 1189.00 million has been made for other works on the Railways including the improvement of signalling and telecommunications, workshops and shed, locomotive maintenance facilities, level crossings, rolling stock improvement, line capacity works, electrical works, feasibility studies for extention of Railway line from Peshawar to D.I.Khan, training and works for Peshawar Division. The Lahore dry port and the modernization of the locomotive maintenance facilities project being implemented under the World Bank financing will be completed. 375 traction motors will also be procured/rehabilitated.

Performance Indicators:

The productivity and performance indicators of the railways system (which were targetted to but could not be achieved during the Sixth Plan) are targetted to improve as under. These indicators will have to be monitored from time to time and appropriate measures taken in case the performance is not upto the mark during any period of review:

i) wagon turn around time to be reduced from 18.3 days to 14 days;

ii) daily Engine-Kilometer-age per engine in use (goods) to be increased from 247 Kms per day to 300 Kms per day;

iii) percentage ineffective locomotives to be decreased from 18.1% to 13%; and

iv) daily system loading to be increased from 1611 to 2300 wagons per day.

Issues:

The following are the issues for the Seventh Plan:-

i) Losses on Railways operation will be minimized by closing unremunerative lines where strategic and other considerations do not warrant, cancellation of trains will be done where there is no potential for

improvement and fare rationalization.

ii) A flexible policy for rates and fares will be followed whereby freight rates could be varied according to the type of commodity as well as direction.

iii) Locomotive Factory, on completion and carriage factory at Islamabad as well as the other large manufacturing units of Railways will be converted into autonomous organizations.

iv) Improvement of the overall efficiency of the Railways will be done through better managerial and operational techniques. Suitable measures will be adopted to enable the Railways to operate as a commercial enterprise by charging fares on commercial lines, opening or closing lines and the rationalization of staff.

v) Goods traffic which is more paying will be accorded priority in the locomotive power and importance over passenger trains particularly on the branch lines.

vi) Railways and N.L.C. will work in complement rather than competition to facilitate and economise on the intermodal movement of goods traffic.

vii) Railways and N.L.C., wherever possible will go into joint ventures on infrastructure projects.

ROADS SIXTH PLAN REVIEW:

Traffic:

The Sixth Plan sought a reversal in the shift of traffic from rail to road as experienced in the Fifth Plan. It was planned to alter road/rail distribution from 75/25 to 73/27 by the end of the Plan period. This objective could not be achieved, and railways share continued to decline with increasing strain on the road system. The rail/road intermodal share by the end of the Sixth Plan was 21/79.

The forecast and actual traffic taken by the road system may be seen below:

Units		Bench Mark 1982-83	Forecast 1987-88	Forecast ACGR %	Actual 1987-88	Actual ACGR %
Freight	Million Tonne Kms	21,200	29,294	6.7	31,697	8.4
Passen-gers	Million Passenger Kms.	79,513	106,885	6.1	110,736	6.9

Financial:

Against an allocation of Rs. 13,600 million during the Sixth Plan period, an expenditure of Rs. 11,057 million was incurred on road and bridge projects. The position is summarized in the following table:

	Plan Allocation (Rs. Million)	Expenditure (Rs.Million)	Utilization %
I. FEDERAL			
a) National Highways and Bridges.	5,959	4,045	68
b) F.W.O.	170	249	147
c) N.L.C.	-	152	-
d) Roads in Special Areas	1,930	2,024	105
Sub-Total(Federal)	8,059	6,470	80

	Plan Allocation (Rs. Million)	Expenditure (Rs.Million)	Utilization %
II. PROVINCIAL			
a) Punjab	2,300	1,814	79
b) Sind	1,720	1,325	77
c) N.W.F.P.	1,065	1,041	98
d) Baluchistan	456	407	89
Sub-Total(Provincial)	5,541	4,587	83
Grand Total:	13,600	11,057	81

Physical:

The major works completed during the period were:

a) D.I. Khan and Ghazi Ghat bridges.

b) Rehabilitation of 150 Kms of National Highways in the Punjab, 56 Kms in NWFP and 105 Kms in Sind under the project cofinanced by the World Bank (Third Highway Project).

c) Construction of 35 Kms of additional carriageway along National Highway N-5 between Peshawar and Nowshera.

In addition, work was initiated on the rehabilitation of Gujranwala-Lalamusa and Sahiwal-Chichawatni Sections of the National Highway N-5. Work was also initiated on the construction of the Nokundi-Taftan Road (N-40), strengthening of the Bela-Khuzdar Road(N-25) and repair of flood damages on Quetta-Sibi road (N-65). Work on bridges over Kurram and Ghambila rivers was taken in hand. Several bridges including five overhead bridges (Amangarh, Wan Radha Ram, Channi Ghot, Kharian and Adamwan) were completed. Work on Zhob-Dhanesar Road (N-50) progressed.

The Sixth Plan Physical targets and achievements are summarized in the table below:

	Targets (Kms)		Achievement(Kms)	
	Rehabi-litation	New Cons-truction	Rehabi-litation	New Cons-truction
I. Federal	2,975	1,865	2,104	512
II. Special Areas	837	2,912	768	2,774
III. Provinces	4,048	1,023	4,197	3,178

SEVENTH PLAN

Pakistan has about 115,800 Kms of all types of roads giving an average density of 0.146 km per square km of area which is less than 1/3rd of the generally accepted standard of 0.5 km per square km of the area for developing countries with similar topography and level of economic development. The system deficiency is, therefore, of the order of 281,700 Kms. This huge deficiency can be made good only through a long term construction programme stretched over many plan periods. In addition there are serious capacity and structural deficiencies in about 8,000 Kms of existing roads which require to be remedied duirng the Seventh Plan period.

Policy and Strategy

The following policy and strategy is proposed for the Seventh Plan:-

i) Highest priority will be accorded to the optimal utilization of the existing road system through proper maintenance, capacity improvement and rehabilitation.

ii) The maintenance system will be modernized, and the maintenance budget will be rationalized by providing maintenance funds on the basis of actual field measurements and monitoring of field parameters. According to the present practice, budget funds are provided on yardstick basis.

iii) A second carriageway will be constructed along the National Highway N-5 from Karachi to Peshawar via Lahore and Rawalpindi.

iv) The Indus Highway (National Highway N-55) will be upgraded as the alternate North South link on the West Bank of the River Indus.

v) Work on the construction of the Lowari Tunnel which on completion will provide an all weather link between Dir and Chitral districts will be initiated.

vi) The mode of financing for the highway development programmes will be broadened by the introduction of the private sector. Construction of the second carriageway along the National Highway N-5, over sections which cannot be financed by the public sector will be offered to the private sector.

vii) The concept of the financing of roads through tolls and auction of the franchises for service centres along the highway will be developed.

viii) Efforts will be made to develop a modern road

construction industry in the country and the improvment of road construction technology.

ix) Efforts will be made to improve road safety.

x) Canal roads will be opened to the general traffic.

Seventh Plan Programme

The total requirement for the Seventh Plan Road Development Programme is envisaged at Rs. 27.177 billion (including a throwforward of Rs. 5.447 billion from the Sixth Plan) with the following break up:

	Billion Rs.
a) Federal	21.437
b) Provincial	5.740
Total:	27.177

Major elements of the programmes are given below:

	Billion Rs.
a) Federal Programme for Improvement and Widening for increasing capacity of the existing system.	3.638
b) Indus Highway including Kohat Tunnel	3.000
c) Construction of additional carriageway on N-5 (537 Kms)	3.454
d) Upgrading of National Highway N-5 through Private Sector financing	
i) Additional Carriageway ( )	8.724
ii) Overlay (170 Kms)	0.423
e) Lowari Tunnel	0.128
f) Provincial roads comprising of 2023 Kms of new construction and 2725 Kms of improvement of existing roads	5.740
g) Special areas programme providing 968 Kms of new construction and 351 Kms of improvement of existing roads.	2.070
Total:	27.177

Among the major projects, 537 Kms of additional carriageway will be constructed along the National Highway N-5 in addition to 51 Kms of improvement of the existing road under an on-going World Bank assisted project.

Work will be initiated on the 8.1 Kms long Lowari Tunnel which will connect Chitral with Dir and the rest of the country for which a provision of Rs. 0.128 billion has been made. An allocation of Rs. 3.0 billion has been made for improvement/realignment of the 1247 Kms long National Highway N-55 (Indus Highway) in the provinces of NWFP, the Punjab and Sind.

A major policy shift during the plan period which could not be realized during the Sixth Plan, will be the induction of the private sector financing in road construction. It is proposed to construct about 1005 Kms of additional carriageway along N-5 in addition to the rehabilitation of 170 Kms of the existing road through private sector financing, to be paid back through tolls, at a cost of Rs. 9.147 billion.

In physical terms, 7799 Kms of existing roads will be improved while 3088 Kms of new roads will be constructed as per the following break up:

	Improvement (Kms)	New Construction (Kms)
I. Public Sector financing:		
Federal	3899	1065
Provincial	2725	2023
Sub-Total (Public Sector)	6624	3088
II. Private Sector Financing:	1175	-
	7799	3088

Issues:

The National Highway Board should be converted into a corporation.

ROAD TRANSPORT SIXTH PLAN REVIEW

Traffic:

During the Sixth Plan period, the shift of freight traffic from rail to road continued. As a consequence of this the road transport system remained under great strain.

The projected traffic and actual achievement may be seen in the following table:

Units		Bench Mark 1982-83	Projected Traffic (1987-88)	ACGR (%)	Achievement (1987-88) Traffic	ACGR (%)
Goods	Million Tonne Kms	21,200	29,294	6.7	31,697	8.4
Passen-gers	Million Passen-ger Kms	79,513	106,885	6.1	110,736	6.9

Financial and Physical

During the Sixth Plan Period a total expenditure of Rs.21,098 million was incurred against which a total of 107,157 vehicles were inducted as per the following table:

	Sixth Plan Target		Sixth Plan Achievements		
	No. (Vehicles)	Allocation (Rs.Million)	No. (Vehicles)	%	Expenditure (Rs.Million)
Public					
Passenger Buses	2850	2150	1200		728
Trucks(NLC)	1000	671	-	-	-
Private					
Buses	21,200		14,685	69%	
Trucks	29,000	23,000	36,133	125%	20,370
L.C.Vs	78,000		55,139	71%	
	132,050	25,821	107,157		20,370

The Sixth Plan Policy thrust in the field of the road transport was oriented towards maximisation of investment by the private sector though the public sector would also provide transportation facilities principally for the urban passenger transportation. It also aimed at improvement of the quality of service and operational efficiency of the road transportation and the induction of large sized trucks for the intercity freight transportation. As is clear from the above table, the bulk of the investment was made by the private sector. Under the public sector, 1200 buses were procured including 200 buses for the Karachi Transport Corporation against the Prime Minister's directive. For the urban sector studies were initiated under Special Development Programme of the World Bank for the KTC improvement programme and for the Punjab Transport Corporation. The fares were deregulated and the custom duties reduced. The availability of large size trucks to the transporter was ensured with the going into production of three major trucks assembly plants in the country.

SEVENTH PLAN

Traffic:

The projected traffic during the Seventh Plan period is given below:

	Benchmark 1987-88	1992-93	
		Traffic	ACGR %
Freight MTKms	31,697	35,522	2.3%
Passenger MPKms	110,736	142,869	5.2%

Policy and Strategy:

The following development strategy will be followed during the Seventh Plan period:

a) All cities with a population of more than 500,000 should have a proper urban transportation system.

b) Emphasis will be on encouragement of private sector investment for intercity passenger and freight transport to cater for the allocated traffic as well as the spill over from the Railways. A well conceived and

clear cut transport policy will be formulated where role of both the public and the private sectors will be delineated. Private sector will provide additional fleet of 25,134 passenger buses and 23,605 trucks while the public sector enterprises will provide only 3658 buses.

c) The operational efficiency of the public sector enterprises road transport will be improved through better management techniques and maintenance facilities.

d) Greater number of large size trucks will be inducted for freight transport subject to axle load limitation of 10 tonnes for single and 18 tonnes for tandem axle.

e) Vehicles will be registered on the basis of axle loads.

f) Highway safety programme will be organized for extensive driver education and enforcement. A pilot highway safety programme will be implemented with the World Bank assistance.

g) Induction of large size 52 seater buses will be encouraged by reducing duties and ensuring loan facilities. Import of mini buses will be discouraged.

h) National environmental quality standards will be formulated and all the road transport projects will include environmental impact assessment.

Seventh Plan:

An investment of Rs. 36,005 million is required for which Rs.2415 million will be provided under the public sector and Rs. 33,590 million under the private sector. Provision under the public sector is meant to meet fleet programme and improvment of infrastructural and maintenance facilities of the road transport corporations for urban transportation in Karachi, Lahore, Rawalpindi/Islamabad and Peshawar. Investment requirement of

these corporations is given the following table:

INVESTMENT REQUIRMENT OF ROAD TRANSPORT CORPORATIONS/BOARD FOR URBAN TRANSPORT DURING SEVENTH PLAN

Sl. No.	Cities	Total No of Buses Required (1993)	Fleet for 30% Traffic (1993)	Estimated fleet of RTCs 1988	Induction 1988-93	Investment Requirement			Remarks
						Buses (a) Rs.M.	Others (b) Rs.M.	Total Rs.M.	
I.	Punjab								
	Lahore	2,344	1,154	694	807	444	89	533	PRTC
	Rawalpindi/ Islamabad	605	298	219	189	104	21	125	PRTC
	Sub-Total(I)	2,949	1,452	913	996	548	110	658	
II.	Sind								
	Karachi	5,866	2,889	893	2442	1343	269	1612	KTC
III.	NWFP								
	Peshawar	544	268	96	220	121	24	145	TRB
	Grand Total:	9,359	4,609	1,902	3658	2012	403	2415	

The balance of urban requirement and the intercity passenger and freight requirment will be met by the private sector. The buses will be supplimented by private sector operation of mini-buses, wagons and para transit modes like taxis, rickshaws etc.

The urban fleet has been assessed on the basis of:

i) one bus for 1500 persons with cities having population of 6 million and above;

ii) one bus per 3,000 persons for cities having population of 500,000;

iii) proportionate facilities for cities with population in between these figures; and

iv) standard bus for 52 passengers.

The requirement of vehicles for the Seventh Five Year Plan both for urban and intercity services as well as the programme is given below:

Vehicles	URBAN		INTERCITY		TOTAL	
	Nos.	Rs. Million	Nos.	Rs. Million	Nos.	Rs. Million
PUBLIC SECTOR						
Buses	3658	2415	-	-	3658	2415
PRIVATE SECTOR						
Buses	2667	1212	22467	10002	25134	11214
Trucks	-	-	23605	8809	23605	8809
Truck Trailers	-	-	3047	2096	3047	2096
L C Vs						
Mini Buses	1961	470	2577	991	4538	1461
Wagons	2439	430	17895	3140	20334	3570
Pickups	2942	266	21091	1850	24033	2116
Delivery Vans	-	-	9923	1038	9923	1038
PARA TRANSIT						
Taxis	20343	1745	-	-	20343	1745
Rickshaws	35117	1541	-	-	35117	1541
Sub-Total (Private Sector)						33590
Total (Private & Public Sector)						36005

PORTS AND SHIPPING

PORTS SIXTH PLAN REVIEW:

i) Traffic:

The actual port traffic for 1987-88 as against the Sixth Plan forecast is given in the following table:

Traffic Handled at Ports
During Sixth Plan Period

Table-I (Million Tonnes)

Type of Cargo	Benchmark 1982-83	Forecast 1987-88	ACGR%	Actual 1987-88	ACGR%
General Cargo	7.3	4.360	9.525 5.5	4.7	2.6
Dry Bulk		5.161		3.6	
Iron Ore & Coal	1.658	3.390	15.5	3.0	12.6
Liquid Bulk	8.400	11.449	6.4	9.2	1.8
Total:	17.358	24.364	7.0	20.5	3.4

The port traffic was projected to increase at an annual compound growth rate of 7% from 17.358 million tonnes during 1982-83 to 24.364 million tonnes during 1987-88. However, the actual traffic handled at both the ports was 20.5 million tonnes which constitutes ACGR of 3.4%.

With the commissioning of Port Qasim as a bulk handling port during the Sixth Plan period the pressure on available cargo handling facilities at Karachi Port was relieved. Both the ports were able to handle all the traffic without any delay to ships entering the harbour.

ii) Capacity:

(1) As no new developmental project was completed in the Sixth Five Year Plan period, the capacity of Karachi Port remained at the level achieved by the end of the Fifth Plan. The present capacity of both ports, i.e.

KPT and PQA, is given in the following table:

CARGO CAPACITY

Table - 2

Items	Unit	Capacity	
		K.P.T.	P.Q.A.
i) Liquid Bulk	Million Tonnes per annum	9.00	-
ii) Dry Cargo	Equivilent Dry General Cargo tonnes per annum	6.00	3.00
iii) Iron & Ore	Million Tonnes per annum	-	4.00
iv) Container Handling	TEU's per annum	300,000	-

(2) Physical Allocation and Achievements:

An allocation of Rs. 3454 million was made in the Public Sector for the development of Ports during the Sixth Plan against which an expenditure of Rs. 1169 million was incurred giving an overall utilization of 34%. The low utilization is mainly attributed to delay in the implementation of Gwadar Harbour project and reduction in the cost of Port Qasim project by cutting out the unnecessary items.

Financial Allocation/Expenditure

Table - 3 (Rs.Million)

	Allocation	Expenditure	percentage utilization
a) Public Sector			
i) Port Qasim	1358	780	57.4
ii) Jinnah Bridge	203	10	4.9
iii) Gwadar Mini Port	326	79	24.2
iv) K.P.T	1,570	300	19
Total Ports:-	3,454	1169	34

(3) Physical Achievements:

The physical achievements of the major projects are summarized below:-

A) Port Qasim:

a) During the Sixth Plan period about 93 % of the on-going works of the Port Qasim were completed.

b) The Sixth Plan envisaged the procurement of hopper suction dredger of the capacity of 3500 c.m for the maintenance dredging at Port Qasim. However, it could not be procured during the Plan period. The dredger is expected to be procured during the Seventh Plan.

c) Feasibility study for the construction of an oil terminal was taken in hand.

B) Gwadar Fish Harbour:

An expenditure of Rs. 79 million is expected to be incurred on the construction of the Fish Harbour-Cum-Mini Port at Gwadar. The project was put to tender.

C) Permanent Campus for Pakistan Marine Academy:

Campus for the Pakistan Marine Academy was completed and necessary training aids and equipments were acquired.

D) Seamen's Training Centre:

The Seamen's Training Project was completed.

E) Karachi Port Trust:

Two modern VSP tugs costing Rs. 160 million in foreign exchange and two pilot boats costing Rs. 15 million were purchased.

(4) CONTAINERIZATION:

Major development during the Sixth Plan period, has been the sustained growth of containerised traffic. Container traffic handled at the Karachi Port increased from 124,229 TEU's of containerized traffic in 1982-83 to 315,000 TEU's of container traffic in 1987-88, indicating an average annual growth rate of 20.5 per cent. Details may be seen at annexure VII.

Work was started on the establishment of a container terminal at Port Qasim through private sector financing.

SHIPPING SIXTH PLAN REVIEW:

a) Pakistan National Shipping Corporation:

At the beginning of the Sixth Plan period the fleet strength of PNSC was 42 ships. Many of these ships were old and due for deletion. The present fleet strength is 26 ships having a dead-weight of 416,300 tonnes with the following distribution:

Number of Ships in different age Groups(1987)

Table - 4

Age	No. of Ships	D.W.T.
Up to 5 years	1	18,200
5 to 10 years	12	219,200
10 to 15 years	4	60,500
15 to 20 years	8	105,100
Over 20 years	1	13,300
Total	26	416,300

The productivity of PNSC fleet has increased from 3.7 tonnes per DWT in 1982-83 to 4.3 tonnes per DWT by 1985-86 as against the Sixth Plan target of 4.7 tonnes per DWT and world fleet average of 5.8 tonnes per DWT.

The share of cargo lifted by the national fleet was about 14% for dry cargo and about 25% for liquid cargo as against the Sixth Plant target of 40% share of the general cargo and 50% share of the liquid bulk cargo.

The low performance of PNSC has been because for want of finances. No new ships were added to the PNSC fleet.

Pakistan Steel is at present arranging shipment of iron ore and coal directly on the chartered vessels. PNSC and Pakistan Steel have yet to resolve the issue relating to shipments of Pakistan Steel cargos on the national flag vessels.

b) National Tanker Company (NTC):

NTC is now lifting over 50 per cent of crude oil imports on its tanker m.t. JOHAR and the balance on chartered vessels. The additional second hand crude oil tanker proposed during the Sixth

Plan has not been acquired.

c) Private Shipping

A policy decision for opening shipping to the private sector has been taken. Necessary guidelines are being formulated by the Ministry of Communications.

Seventh Plan

Traffic

The dry and liquid Cargo is expected to increase from 20.5 million tonnes in 1987-88 to 25.5 million tonnes in 1992-93. The port traffic forecasts for the Seventh Plan is given in the table below:

Port Traffic Forecast

Table - 5 (Million Tonnes)

	Benchmark 1987-88	Projection 1992-93	ACGR %
Dry Cargo			
General Cargo (in containers)	3.0	4.6	+9.6
General Cargo (Conventional)	1.7	1.4	-3.7
(Semi) bulk Cargo	3.6	5.2	+7.6
PSM Cargo	3.0	3.4	+2.5
	11.3	14.6	+5.5%
Liquid Cargo			
Crude Oil	3.6	4.1	+2.6
Oil products	3.8	4.5	+3.3
Edible Oil & tallow	1.0	1.3	+5.4
Molasses	0.8	1.0	+4.6
Sub-Total	9.2	10.9	3.4
Total	20.5	25.5	4.5

During the Sixth Plan period the growth of containerized traffic has been very steady. In 1987-88 about 60% of general cargo was carried in containers and it is expected that 75% will be containerized by 1992-93. The container traffic forecast for both the ports have been projected at an ACGR of 9.6% as per the following table:

Container Traffic Forecast

Table - 6

Container Traffic	Benchmark 1987-88 (TEU)	Projection 1992-93 (TEU)
K.P.T.	300,000	260,000
P.Q.A.	-	200,000
Total:-	300,000	460,000

Capacity

The current capacity at both the ports is given in table 2. During the Seventh Plan work on the oil terminal at Port Qasim will be initiated and modern container terminals at both the ports would be provided.

Strategy

In order to adequately cater for the projected port traffic the following strategy would be followed:

i) creation of a Central Port Authority to coordinate the operation of Port Qasim and the Karachi Port;

ii) completion of the current phase of work at Port Qasim;

iii) initiation of work on the construction of the oil terminal to be constructed at Port Qasim;

iv) mechanical cargo handling equipment, construction of transit silos and dredger to be procured for Port Qasim;

v) completion of mini port at Gwadar;

vi) container handling berths at Port Qasim and the Karachi Port to be constructed and properly equipped with gantry cranes and other container handling equipment;

vii) inland container freight stations to be developed at

the strategic industrial and commercial locations so as to enable multi-modal operation of containers from the premises of the shippers to the premises of consignees without stuffing and destuffing of the containers at ports;

viii) private sector participation in cargo handling to be encouraged;

ix) customs and KPT procedures and documentation to be simplified to ensure quick clearance of containers and multi-modal operations;

x) infrastructure, railways and road transport facilities including private transport to be developed to enable efficient movement of containers from the ports to the upcountry destinations and vice versa;

xi) tariff charged by Port Qasim to be rationalized to achieve optimum utilization of port facilities;

xii) facilities to be developed for the protection of marine environment of Pakistan from pollution; National Contingency plan for dealing with large oil spill emergencies along the coast of Pakistan to be prepared;

xiii) the present port facilities to be consolidated by greater emphasis on balancing, modernization and replacement to achieve improvement in through-put;

xiv) private sector to be encouraged to participate in shipping;

xv) investement in ports to be opened to the private sector; container terminal at Port Qasim to be constructed by the private sector;

xvi) completion of a study on the development of an inland water transportation system;

xvii) the Karachi Shipyard and Engineering Works to be re-vitalized and its facilities to be balanced and modernized;

xviii) 18 ships to be acquired during the Seventh Plan, to modernise and maintain the stength of the national fleet;

xix) the productivity of PNSC fleet to be improved from 4.3 tons per DWT to 5.0 for General Cargo and 6.0 tons per DWT for container ships; and

xx) adequate inland transport facilities to be ensured to avoid congestion in and around the ports and in the up-country transportation.

Shipping

Considering the projected sea-borne trade of Pakistan at the end of Seventh Plan (see table 6) and the large number of general cargo vessels which will become obsolete during that period a considerable investment in ships is required to enable the national fleet to carry a reasonable share of the traffic. At least 5 full-container ships will have to be added to the PNSC fleet to carry, in combination with the existing 13 multipurpose ships, about 40% of the cargo in the main liner trades.

The acquisition of two bulk-carriers of about 50,000 DWT will give the national fleet a participation of about 10% in the transport of bulk and semi-bulk cargoes. This will have to be augmented by the private sector fleet which would have to increase by 400,000 DWT consisting of 8 ships of about 50,000 DWT each to enable the national fleet to carry 50% of this traffic.

A vegetable oil-tanker of about 25,000 DWT would carry about 50% of the palm oil exports from S.E. Asia.

The NTC-tanker Johar carrying more than 60% of the crude oil imports will have to be replaced by a 75,000 DWT tanker during the Seventh Plan period and the carriage of the increasing volumes of oil-product imports of about 50,000 DWT will be required.

Total investment in ships during the Seventh Plan period would be about Rs. 4,000 million of which about Rs. 2,500 million would be made by the PNSC and the NTC and Rs. 1,500 million by the private sector.

The allocation made in the Seventh Plan for on-going and new schemes are given in the table below:

Seventh Plan Investment Programme in Ports & Shipping

(Rs. Million)

	Sector/Project	Allocation
PORTS	A) Public Sector:	
	On-going Projects	
	i) Dredger for Port Qasim	407
	ii) Gwadar Fish Harbour	500
	iii) Port Qasim	215
	New Projects:	
	i) Oil Terminal at Port Qasim (The oil Terminal will be built when the Oil traffic at PQA reaches 10 million tonnes)	150

(Rs. Million)

Sector/Project	Allocation
ii) Inland Water Transport	2
iii) K.S.E.W	100
iv) K.P.T.	
a) Container Terminal at KPT	500
b) Liquid products Marine Terminal	240
c) Bucket Dredger/Harbour Crafts	200
d) Improvement and modernization of Cargo handling equipment.	400
v) P.N.S.C.	
a) 5 full container vessels	1,750
b) 2 bulk carriers of 50,000 DWT	250
c) 1 vegitable oil tanker of 25,000 DWT	125
vi) N.T.C.	
a) 1 crude oil tanker of 75,000 DWT	210
b) 1 oil-product tanker of 50,000 DWT	165
Sub-Total (Public Sector)	5,214
B) <u>Private Sector</u>	
8 dry bulk cargo vessels of 50,000 DWT	1,500
Sub-Total (Private Sector)	1,500
Grand Total (Ports & Shipping)	6,714

CIVIL AVIATION SIXTH PLAN REVIEW:

TRAFFIC:

During the Sixth Plan period the Passenger Traffic, on all the airports, was projected to increase at an ACGR of 9.4% for the domestic and 7.2% for the international traffic. Actual traffic handled during 1987-88 and projections for the same year are tabulated below:

AIR TRAFFIC PROJECTIONS/ACTUAL FOR SIXTH PLAN

	Benchmark 1982-83	Projections 1987-88	ACGR %	Million Passenger Actual 1987-88	ACGR %
Domestic	3.86	6.059	9.4	5.90	8.87
International	3.341	4.73	7.2	4.475	6.02
Total:-	7.201	10.789	8.4	10.375	7.58

A perusal of the above table would indicate that the actual traffic handled at all the airports was slightly lower. There was therefore no strain on the terminal facilities.

The cargo traffic, over the entire system, was projected to increase at an ACGR of 18% and 9.8% for domestic and international respectively. The projections for 1987-88 and actual traffic handled during 1987-88 is tabulated below:

COMPARISON OF CARGO TRAFFIC HANDLED AT AIRPORTS

	Benchmark 1982-83	Projections 1987-88	ACGR %	(Million Tonnes) Actual 1987-88	ACGR %
Domestic	0.046	0.105	17.9	0.064	6.82
International	0.107	0.171	9.8	0.142	5.82
Total:	0.153	0.276	12.5	0.206	6.13

The infrastructure facilities at both domestic and international airports as a result of improvements and expansion were adequate to cater for the traffic requirements.

Sixth Plan Achievements:

Against the Sixth Plan allocation of Rs. 4000 million for the Civil Aviation, the actual expenditure was Rs. 2996 million giving an overall 75% utilization. The public sector could only

provide Rs. 351 million as equity against the plan provision of Rs. 1000 million. The self financing by the CAA was to the extent of Rs. 2645 million against the planned expenditure of Rs.3000 million.

The following works were carried out:

(a) improvement of terminal building at Karachi, Sukkur, Lahore, Peshawar and Islamabad;
(b) construction of terminal-III at Karachi;
(c) reconstruction of terminal-II at Karachi;
(d) strengthening of runway at Faisalabad;
(e) construction of new runway at Lahore;
(f) new Feeder Services Airport at Sibi, Bhagtanwala, Mianwali, Kohat, Badin, Bahawalpur, Jaccobabad, Khuzdar, Ormara, Rawalakot, Muzaffarabad and Mangla;
(g) aeronautical communications and control over the airspace(first-phase of installation of radar at the Karachi airport completed);
(h) augmenting the existing electrical/electronic/engineering facilities at several airports;and
(i) upgrading of runways, taxiways, apron & terminal buildings of airports at various locations.

The principal problem in the implementation of the Plan was the inadequate capability to plan and implement the projects. In addition, the cost over runs affected seriously the priorities and the phasing of a number of major projects.

Traffic Forecast for Seventh Plan

Country wide traffic projections based at all airports during the plan period, are tabulated below:

Table

	Benchmark 1987-88	Projections 1992-93	ACGR %
Passenger (Million)			
Domestic	5.90	8.041	6.4
International	4.475	5.748	5.1
Total	10.375	13.789	5.9
Freight (Million Tonnes)			
Domestic	0.064	0.080	4.6
International	0.142	0.184	5.3
Total	0.206	0.264	5.1

The following policy and strategy for the Seventh Plan period has been proposed:

i) completion of Phase-I of the new Karachi terminal complex, functional terminal building at Lahore and modest development of the existing terminal building and other facilities at Islamabad airport;

ii) improvement of terminals, runways and other physical infrastructure at other airports to meet the user's operational requirements;

iii) augmentation and improvement of air navigational aids and the communication system for greater operational safety;

iv) development and improvement of cargo handling facilities at major airports particularly at Karachi, Lahore, Peshawar, Faisalabad and Multan ;and

v) establishment of feeder services airport at Mansehra.

According to the above strategy the principal components of the Seventh Plan programme are given below:

Projects	Cost(Rs.Million)
New schemes including alternate airport to Karachi, Secondary runway at Karachi, upgradation of runways at Turbat,Gilgit and Chitral, overlay on Quetta runway, feeder services airport at Mansehra, flight safety, navigation aids and cargo handling facilities at Karachi, Lahore, Multan, Faisalabad and Peshawar.	838
Major Airports	
Karachi	2,447
Lahore	600
Islamabad	-
AC & C Project	615
Total	4,500

Out of the total Capital outlay of Rs. 4500 million foreign exchange and local currency component will respectively be Rs.1500 million and Rs. 3000 million.

The above programme will be financed on the following pattern:

a)	CAA's own surplus	Rs. 1842 million
b)	Borrowing	
	i) Suppliers Credit (to meet the foreign exchange costs)	Rs. 2302 million
	ii) Foreign Commercial Loans (to meet the local costs)	Rs. 356 million
	Sub-Total (b)	Rs. 2658 million
	Total CAA	Rs. 4500 million

Airport Security Force

An expenditure of Rs. 78 million was incurred during the first four years of the Sixth Five Year Plan for the procurement of detection equipment and barracks accommodation by the Airport Security Force.

An allocation of Rs. 100 million has been made during the Seventh Five Year Plan for barracks accommodation for the ASF guards, as well as security and detection devices. The control towers and watch rooms at airports would be provided by the Civil Aviation Authority.

PIAC SIXTH PLAN REVIEW

TRAFFIC

The projected traffic to be carried by the Pakistan International Airline by 1987-88 and the actual performance is summarized below:

Table

Traffic	Units	Bench-mark 1982-83	Projec-ted 1987-88	ACGR %	Actual 1987-88	ACGR %
Passenger						
International	Million RPKS	5319	6397	3.8	5447	0.5
Domestic	Million RPKS	1340	2040	8.8	2216	10.6
Freight						
International	Million FTKS	214.1	376	11.9	354.8	10.6
Domestic	Million FTKS	18.5	28.8	9.3	26.2	7.2

The wide gap between the actual and the projected traffic particularly in international traffic is due to drop in revenues of the oil producing countries, prolonged Iran-Iraq war, direct flight between the Far East and the Middle East etc. Consequently it resulted in squeezing of job opportunities for Pakistani workers in the Middle Eastern Countries. The Airline witnessed the passenger traffic growth better than the world average on the international operations whereas on domestic operations the airline is expected to exceed the projected target performance. Cargo traffic was slightly shorter than projected.

Financial

An allocation of Rs. 2720 million including Rs.500 million for ground equipment etc was made in the Sixth Plan period for procurement of one DC-10-30, one Airbus A 300 B4 and Six Twin jet aircraft by the PIA. Against this allocation the total expenditure by PIA was Rs.8763 million including Rs.5372 million for the purchase of aircraft and Rs.3391 million for the development of infrastructure facilities and equipment. The excess expenditure incurred by the PIA was due to the reason that second airline in the private sector could not be established during the Sixth Plan period. In physical terms, the PIAC inducted 3 Airbuses A 300 B4, Six Boeing 737-300, Two Twin otters, One Boeing 747 and two Fokker F-27 aircraft to its fleet during the Sixth Plan. Besides four DC-10-30 aircraft were replaced by three Boeing 747 and one Airbus A-300 B4 aircraft as a plan for fleet standardization. This capacity expansion enabled the airline to carry the entire Haj Traffic on its own fleet since 1985-86, without obtaining any leasing capacity from outside. The PIA phased out three Boeing 707 and four Cessna aircraft during the Sixth Plan period.

The fleet plan envisaged by the PIA at the end of the Sixth Plan and the actual fleet available in 1987-88 is as follows:

Table

Type of Aircraft	Planned	Actual
Boeing 747-200	4	8
DC-10-30	4	-
Airbus A-300 B4	6	8
Boeing 737-300	6	7
Boeing 707	7	4
Boeing 720(Short Haul Jets)	3	0
Fokker F-27	9	11
Twin Otter	0	2
Cessna	4	0
Total:-	43	40

Seventh Plan

Traffic

The following are the traffic projections for the Seventh Plan period:-

Table

Traffic	Unit	Benchmark 1987-88	Projections 1992-93	ACGR (1937-93)
Passenger				
Domestic	MPKS	2216	3406	9.0
International	MPKS	5447	6197	2.6
Total:-		7663	9603	4.6
Freight				
Domestic	MFTKS	26.2	45	11.4
International	MFTKS	354.8	424	3.6
Total:-		381	469	4.2

Policy and Strategy

The following policy and strategy is proposed to be followed during the Seventh Five Year Plan period:-

i) Consolidation of the route network and traffic will be done during the first half of the plan period and moderate growth during the second half.

ii) Remaining fleet of four Boeing 707 will be phased out completely.

iii) There will be continuous emphasis on cost control, including reduction of manpower employed per aircraft and higher utilization of fleet and load factors etc. It is proposed to increase the seat factor from 66.2% in 1986-87 to 67.7% in 1992-93.

iv) There will be improvement in liquidity position to generate funds for financing purchase of new aircraft.

v) Aircraft will be procured on lease rather than out right purchase.

vi) Private sector will be inducted in Airlines.

It is proposed to add equivalent capacity of one Boeing 747, two Airbuses A-300 B4, two Boeing 737 and two used Fokker F-27 to the national fleet to meet the anticipated traffic. Investment requirement for the above induction would be of the order of Rs. 7588 million including Rs. 2328 million for equipment and other facilities during the plan period. An allocation of Rs. 1010 million has been made to meet the essential aircraft requirements. The remaining requirement would be met by obtaining aircraft on lease. With the induction of the above fleet the capacity of the PIA would be as follows:

Seventh Plan Capacity Projections of the National Carrier

(Million)

	Benchmark 1987-88	Projections 1992-93	ACGR %
Passenger ASKS	11,302	14,195	4.7
Freight AFTKS	706	838	3.5

RESEARCH

National Transport Research Centre:

An allocation of Rs. 100 million has been made for the following research programme during the Seventh Plan period:

i) Operation Research Division:

An allocation of Rs. 40.00 million has been made for continuing the research studies in Transport and Communications Sector.

ii) Road Research Division:

An allocation of Rs. 30.00 million has been made for the establishment of Road Research Division in the National Transport Research Centre during the Seventh Five year plan.

iii) Urban Transport Division:

An allocation of Rs. 25.00 million has been made for establishment of Urban Transport Division for carrying out research studies in urban transportation.

iv) NTP-Updating:

An allocation of Rs. 5.00 million has been made for updating of the National Transport Plan Study during the Seventh Plan period.

TELEGRAPH AND TELEPHONE SIXTH PLAN REVIEW

TRAFFIC

During the Sixth Plan period, the trunk traffic grew at the rate of 9.2% against the estimated 18.0% and the telex traffic growth was 6.72% as against the estimated 11.5%. The forecast and the actual traffic in 1987-88 are indicated in the table below:

Table

Unit		Benchmark 1982-83	Forecast 1987-88	ACGR	Actual 1987-88	ACGR
i) Trunk Traffic	(Million Calls)	121	277	18%	188	9.2%
ii) Telex Traffic	(Annual paid Minutes in million)	13	22.42	11.5%	18.0	6.72%

Achievements:

An expenditure of Rs.8131.00 million was incurred in the Sixth Plan period against an allocation of Rs.10,100 million in the Public Sector and Rs.3,000 million in the private sector giving a utilization of 81%. The short fall was principally because of the non realization of private sector financing. The actual physical achievements are tabulated below:

S.No.	Target	Actual	Performance
1. Telephone Lines	5,20,000	3,16,000	60%
2. Density per 1000 population .	9.0	6.7	74.55%
3. PCO'S (L/D)	2000	1875	94%
4. Trunk Position	600	221	37%
5. STD/NWD Channels	9000	6993	78%
6. Telex Lines Units	11800	5820	49%
7. Satellite Stations	1(Plus 1 additional standard 'A' antenna)	1 (Plus 1 additional standard 'A' antenna)	
8. Submarine Cable	1	1	100%
9. DOMSAT/TROPOSCATTER	4	4	100%

The main reasons for lower achievements with regard to telephone lines and trunk positions have been the delay in the decision about the Digital Switch, the acquisition of land, and the execution of civil works etc. Other major reasons have been the lack of implementation capacity and heavy cost over runs due to which most of the projects suffered and could not progress as programmed. No progress was made on the major policy thrust of the sixth plan i.e. induction of the private sector in the telecommunications. Implementation of the policy decision to convert T&T Department into an Autonomous Corporation has been at an advanced stage. Contract was signed by the T&T Department with Messers SIEMENS of West Germany for the transfer of technology and manufacture of digital exchanges within the country with a capacity of 100,000 local lines, 20,000 Trunk Lines, and 10,000 PABX lines per annum.

Current Situation:

On 30th June, 1988, total telephones stood at 6,92,000 giving a density of 6.7 telephones per 1000 population against a density of 4.1 on 30th June, 1983.

At present there is a pending demand for 4,74,000 telephones and the suppressed demand might be even greater. The fresh applications number about 13,750 per month. At this rate the telephone demand will be of 14,18,000 by 1993.

Since the traffic generated on the local system and the trunk system is proportionate to the number of telephones, balancing and augmentation of local network and trunk system is also lagging behind the demand. Similarly the remote places in isolated areas which have no other means of communications have very limited telecommunication facilities. The management information system also needs to be modernized to keep pace with the nature of activities of the department. The international traffic system has relatively improved due to considerable addition in overseas channels and establishment of second gateway exchange at Islamabad.

Seventh Plan

Traffic

Following traffic has been estimated for the Seventh Plan:

			Bench Mark 1987-88	Projection 1992-93	ACGR %
i)	Trunk Traffic	Million Calls	188	350	13.2
ii)	Telex Traffic	Annual Paid minutes in million.	18.0	47.0	21.1
iii)	Inland Telegram	Message in Millions	3.06	3.5	2.72
iv)	Overseas Telegram	"	3.5	4.2	3.71

Strategy

The strategy for the sector during the Seventh Five Year Plan would be:-

i) increasing the density of telephones from 6.7 telephones per 1000 population to 11.0 telephones per thousand inhabitants;

ii) consolidation and re-organization of T&T as an autonomous corporation;

iii) financing of T&T Development Projects through own resources as well as private sector participation;

iv) providing additional training facilities in the telecommunication training institutes for training of the staff in the latest equipment of telecommunication systems;

v) establishing network for data communication in the country; and

vi) expanding telephone facilities by providing long distance PCOs for the opening up of isolated areas.

Programme:

In accordance with the above strategy, the Seventh Plan envisages doubling the number of telephones from 0.692 million to 1.342 millions, doubling PCOs from 2000 to 4525 to give a greater coverage to the rural areas. Adding 1000 Telex lines, upgrading the trunk and international systems to take up the additional traffic. This would include completion of the Rawalpindi-Karachi optic fibre link and upgradation of the existing microwave alternate system. The programme also provides replacement of 100,000 outlived telephone lines alongwith associated Cable network, power plant and airconditioning. Physical targets may be seen at Annexure-VI.

Size of Investment:

The Seventh Plan envisages a total investment of Rs.22.95 billion. This includes an amount of Rs.8.500 billion on account of the throwforward from the Sixth Plan.

Financing:

The revenue surplus of the T&T Department during the Seventh Plan period is estimated at Rs.18,425 million including FEC of Rs.6,575 million as per the following details:

(Rs. million)

	Local	FEC	Total
Revenue	28038	6575	34613
O & M Expenditure including Debit Servicing	16188	-	16188
Net Revenue Surplus	11850	6575	18425
Capital Requirement	11850	11100	22950
Borrowing	-	4525	4525

The capital requirement of the Seventh Five Year Plan Programme is Rs. 22,950 million (local Rs. 11,850 million, with a foreign exchange component of Rs. 11,100 million). Thus the department would have adequate revenue surplus to finance the local component and would meet the foreign exchange component through foreign borrowings/loans worth Rs. 4,525 million.

Sixth Plan S.C.O:

Against an allocation of Rs.200 million for the special communications organization in the Sixth Plan, an expenditure of Rs. 148 million has been incurred.

During the Sixth Five Year Plan it was proposed to install

9000 telephones, 35 public call offices, 1368 Km new overhead line, 72 carrier channels and 45 UHF/microwave channels. By June, 1988 it is expected that 6600 telephones, 45 public call offices, 410 Km new overhead lines, 144 carrier channels and 300 UHF microwave channels would be installed.

SEVENTH FIVE YEAR PLAN

Major objectives for the development of telecommunication facilities in Azad Jammu & Kashmir and Northern Areas during the Seventh Five Year Plan are as under:-

a) to provide 7000 telephones;
b) to convert present CB exchanges into electronic upto tehsil level and other important towns;
c) to extend NWD facilities to all tehsil headquarters and other major towns by providing 250 long distance channels;
d) to increase telephone connections in the area of responsibility from 17515 (anticipated figure at the end of Sixth Plan) to 24515 by end of the Plan;
e) to connect all major towns of Azad Jammu & Kashmir with respective district headquaterts through UHF links;
f) to provide 75 long distance public call offices by using VHF links;
g) to extend telex facilities upto tehsil headquarters and other important towns;
h) to increase the telephone density in both Azad Jammu & Kashmir and Northern Areas from 7.6 per 1000 persons to 9.4;
i) to provide ISD (International Subscriber Dialling) facility upto all district headquarters; and
j) to create employment opportunities for the local population of the area.

An allocation of Rs. 276 million has been made for SCO and other telecommunications in the Seventh Five Year Plan, which includes an amount of Rs.158 million for on-going projects throwforward from the Sixth Five Year Plan.

Post Office Sixth Plan Review

Against an allocation of Rs.650.00 million in the Sixth Plan, an expenditure of Rs.328 million has been incurred during the Sixth Plan.

The targets and achievements have been shown in the table below:

T A B L E

Sl. No.	Item	Plan target	Achievement	Percentage
1.	Opening of new Post Offices	1500	900	60%
2.	Post Office Buildings	327	204	63%
3.	Railway Vans	12	6	50%
4.	Installation of Cancelling, Facing and Sorting Machines	5	_	0%
5.	Vehicls	40	3	8%
6.	Residential Quarters	1000	651	65%
7.	S.B. Investments (Rs)	1200 million	2500 million	208%
8.	P.L.I Policies	200,000	170,000	85%
9.	Life fund (Rs)	1000 million	1200 million	120%
10.	Postal Staff College, Islamabad.	Complete	Complete	100%
11.	Computerization of PLI and Saving Bank.	"	_	0%
12.	Introduction of Post Code	Complete	Complete	100%

Seventh Plan:

Postal Traffic:

There were 785.0 million unregistered letters and 33.40 million registered letters during the year 1987-88 which would increase to 976.000 million unregistered and 41.50 million registered letters by the end of 1992-93.

The total number of post offices in the country at the end of June, 1988 would be 12115 out of which 2604 would be in the urban areas, resulting into one post office in an area of 66 sq.km and a

population 7500 persons.

According to the UPU one post office on an average should serve an area of 20 to 40 sq.km and population of 3000 to 6000. In order to improve the situation. It is, therefore, necessary to open at least 1000 post offices during the Seventh Plan period of which 800 would be opened in the rural areas and 200 in the urban areas.

Programme:

During the Seventh Plan period the major targets would be:

i) opening of 1000 new post offices; 800 in rural areas and 200 in urban areas;

ii) construction of 50 post office buildings and 300 residential quarters;

iii) construction of a mechanized sorting office at Karachi;

iv) purchase of plots for the construction of post office buildings at 25 places;

v) introduction of Airex and urgent mail services in about 50 towns;

vi) computerization of post office account, financial services, PLI and saving banks; and

vii) introduction of DATA POST to 12 more countries.

Size of Investment:

The programme of the Seventh Plan would cost Rs.500.0 million. Issue:

Post Office Department is a no profit no loss service. It has been facing loss. The Postal Life Insurance Fund amounting to Rs. 1200.0 million has been lying dormant. It is proposed to utilise this fund for investment in profit generating assets like commercial buildings etc. which would generate additional income and provide a source of self financing for the Postal Services.

ANNEXURE

LIST OF ANNEXURES

Annexure-I	Sixth Plan Traffic Projections/actual.
Annexure-II	Sixth Plan Allocation/Expenditure.
Annexure-III	Seventh Plan allocation by executing agencies.
Annexure-III(a)	Seventh Plan Public Sector Enterprises Programme.
Annexure-IV	Comparison of Sixth Plan utilization and Seventh Plan Allocation.
Annexure-V	Seventh Plan Major Physical Targets.
Annexure-VI	Telecommunication Targets.
Annexure-VII	Containerized Traffic Handled at Karachi Port.

ANNEXURE

TRANSPORT AND COMMUNICATIONS

Annexure-I

SIXTH PLAN TRAFFIC PROJECTIONS/ACTUAL

	Benchmark 1982-83	Projections		Actual	
		1987-88	ACGR %	1987-88	ACGR %
I. Inland Traffic					
Passenger(MPKM)					
Rail	16502	21000	4.9	17000	0.6
Road	79513	106885	6.1	110736	6.9
Sub-Total(Passenger)	96015	127885	5.9	127736	5.9
Freight(MTKM)					
Rail	7500	11100	8.2	8500	2.5
Road	21200	29294	6.7	31697	8.4
Sub-Total(Freight)	28700	40394	7.1	40197	7.0
Pipeline	1609	2566	9.8	1700	
Total:	30309	42960	7.2	41897	6.7
II. Air Traffic					
International Passenger MRPKs(Million Rev: Passenger Kms)	5319	6397	3.8	5447	0.5
Freight MRFTKs(Million Rev: Freight Tonnes Kms)	214.1	376	11.9	354.8	10.6
Domestic					
Passenger MRPKs(Million Rev: Passenger Kms)	1340	2040	8.8	2216	10.6
Freight MRFTKs(Million Rev:freight tonnes Kms)	18.5	28.8	9.3	26.2	7.2
III. Ports					
Dry Cargo(Million Tonnes)	8.958	12.915	7.6	11.3	4.8
Liquid(Million Tonnes)	8.4	11.449	6.4	9.2	1.7

PREVIOUS PAGE BLANK

ANNEXURE

ANNEXURE-II

TRANSPORT AND COMMUNICATIONS
SIXTH PLAN(1983-88) ALLOCATION/EXPENDITURE

(Rs.Million)

Sl.No.	Sub Sector.	Sixth Plan Allocations	Sixth Plan Utilization	Percentage Utilization
1.	PUBLIC SECTOR:			
1.	Pakistan Railways	10000	7404	
2.	Civil Aviation i/c ASF	1000	429	43%
3.	D.G. Ports & Shipping	1884	961	51%
4.	National Highways & Bridges	5959	4045	68%
5.	N.L.C.	-	152	-
6.	F.W.O.	170	249	147%
7.	Roads in Special Areas			
	a) Azad Kashmir	1000)		
	b) Northern Areas	250)	2024	105%
	c) FATA	680)		
8.	Research.	70	39	56%
9.	Communications:			
	a) T & T	10100	8131	81%
	b) S C O	200	148	74%
	c) Post Offices	650	328	50%
10.	Provincial Roads:			
	a) Punjab Roads	2300	1814	79%
	b) Sind Roads	1720	1325	77%
	c) NWFP Roads	1065	1041	98%
	d) Baluchistan	456	407	89%
	e) Road Transport	-	178	-
I.	Sub-Total Public Sector	37504	28675	76%
II.	PUBLIC SECTOR ENTERPRISES:			
	1. Roads	5000	-	-
	2. Road Transport			
	a) Urban Transport	1000)	550	26%
	b) Intercity	1150)		
	3. KPT.	1553	175	11%
	4. PNSC	3000		
	5. CAA.	3000	2645	88%
	6. PIAC.	2720	8763	322%
	Sub-Total Public Sector Enterprises.	17423	12133	70%
	Grand Total:	54927	40808	75%

ANNEXURE

ANNEXURE-III

TRANSPORT AND COMMUNICATIONS
SEVENTH PLAN ALLOCATION BY EXECUTING AGENCIES

(Rs. Million)

Sl. No.	Ministry/Sub-sector	Public Sector	Private Sector	Total
A.	FEDERAL			
1.	Ministry of Railways	9,000	-	9,000
2.	Ministry of Communications			
	a) Highways & Bridges	19,367	-	19,367
	b) D.G. P&S Ports	2,714	-	2,714
	c) Shipping	2,500	1,500	4,000
	d) Telegraph&Telephone	22,950	-	22,950
	e) S.C.O.including other Comm	276	-	276
	f) Post Offices	500	-	500
	Sub-total (2):	48,307	1,500	49,807
3.	Ministry of Defence (Aviation Division)			
	a) Civil Aviation Authority	4,500	-	4,500
	b) Airport Security Force.	100	-	100
	c) Air Lines	1,010	-	1,010
	Sub-total (3)	5,610	-	5,610
4.	Kashmir Affairs Division:			
	a) Azad Kashmir	740	-	740
	b) Northern Areas	590	-	590
	Sub-total (4)	1,330	-	1,330
5.	States & Frontier Region Division (FATA).	740	-	740
6.	Planning & Development Division National Transport Research Centre.	100	-	100
	Total Federal:	65,087	1,500	66,587

Cont.

ANNEXURE

(Rs. Million)

Sl. No.	Ministry/Sub-sector	ADP	Private Sector	Total
B.	PROVINCIAL			
a)	Punjab	2,152	-	2,152
b)	Sind	1,794	-	1,794
c)	NWFP	1,076	-	1,076
d)	Baluchistan	718	-	718
e)	Road Transport	2,415	33,590	36,005
	Sub-total (Provincial)	8,155	33,590	41,745
	GRAND TOTAL (T&C)	73,242*	35,090	1,08,332

* Investment requirement against the allocation of Rs. 64,095 million

ANNEXURE

ANNEXURE-III(a)

TRANSPORT AND COMMUNICATIONS
SEVENTH PLAN PUBLIC SECTOR ENTERPRISES PROGRAMME

Item	Total allo-cation	Self fina-ncing	Borrowing from Govt.	Domestic Private Sector/ Local equity	Bank Credit	Foreign borrow-ing/ Foreign equity.
C.A.A.	4,500	3,000	-	-	-	1,500
P.I.A.	1,010	110	-	-	-	900
K.P.T.	1,340	406	-	-	-	874
PNSC/NTC	2,500	-	-	-	652	1,848
Road Tra-nsport.	2,415	700	-	-	330	1,385
T&T	22,950	18,000	-	-	-	4,950
Total:	34,715	22,276	-	-	982	11,457

ANNEXURE-IV

TRANSPORT AND COMMUNICATIONS
COMPARISON OF SIXTH PLAN UTILIZATION AND SEVENTH PLAN ALLOCATIONS

(Rs.Million)

Sl. No.	Sub-Sector	Sixth Plan Utilization	Seventh Plan Allocation	Percentage increase/ decrease
I.	PUBLIC SECTOR:			
1.	Pakistan Railways	7,404	9,000	22%
2.	Roads, Bridges & Highways	11,057	27,177	146%
3.	Ports & Shipping	961	1,374	43%
4.	Civil Aviation/ASF	429	100	-77%
5.	Research	39	100	156%
6.	T & T	8,131	-	-
7.	Other Telecommunications	-	73	-
8.	S.C.O.	148	203	37%
9.	Post Offices	328	500	52%
10.	Road Transport	178	-	-
	Sub-Total(Public Sector)	28,675	38,527	34%
II.	PUBLIC SECTOR ENTERPRISES:			
1.	Road Transport	550	2,415	339%
2.	KPT	175	1,340	666%
3.	PNSC	-	2,500	-
4.	Civil Aviation	2,645	4,500	70%
5.	Air Line (PIA)	8,763	1,010	-89%
6.	T & T	-	22,950	-
	Sub-Total(Public Sector Enterprises)	12,133	34,715	186%
	Total I & II	40,808	73,242*	79%
III.	PRIVATE SECTOR:			
1.	Shipping	-	1,500	-
2.	Road Transport	20,370	33,590	61%
	Sub-Total (III)	20,370	35,090	72%
	Grand Total	61,178	108,332	77%

* Investment requirement against the allocation of Rs. 64,095 million.

ANNEXURE

ANNEXURE-V

TRANSPORT AND COMMUNICATIONS
SEVENTH PLAN MAJOR PHYSICAL TARGETS

Sub-Sector	Unit	Benchmark 1987-88	Target 1992-93
A. TRAFFIC			
1. RAILWAYS			
a) Passenger	(M.P.Kms)	17,000	19,335
b) Freight	(M.T.Kms)	7,800	12,476
II. ROAD			
a) Passenger	(M.P.Kms)	1,10,736	1,42,869
b) Freight	(M.T.Kms)	31,697	35,522
III. AIR			
DOMESTIC			
a) Passenger	(MRP.Kms)	2,216	3,406
b) Freight	(MRFT.Kms)	26.2	45.0
INTERNATIONAL			
a) Passenger	(MRP.Kms)	5,447	6,197
b) Freight	(MRFT.Kms)	354.8	424.0
Total			
a) Passenger	(MRP.Kms)	7,663	9,603
b) Freight	(MRFT.Kms)	381.0	469.0
IV. PORT			
a) Dry Cargo	(Million tonnes)	11.3	14.637
b) Liquid Cargo	"	9.2	10.885
V. TELEGRAPH & TELEPHONE:			
a) Trunk Traffic	(Million calls)	188	350
b) Telex Traffic	(Annual paid minutes in million)	18	47
c) Inland Telegram	(Message in million)	3.05	3.5
d) Overseas Telegrams	(Message in million)	3.5	4.2

Contd.

ANNEXURE

Sub-Sector	Unit	Benchmark 1987-88	Target 1992-93
B. PHYSICAL TARGETS:			
I. RAILWAYS:			
a) Rehabilitation of Locomotives	(Nos)	-	90
b) Manufacture of Passenger Carriages	(Nos)	-	300
c) Traction Motors	(Nos)	-	375
d) Bogie Oil Tank Wagons (BTOS)	(Nos)	-	200
e) Track Rehabilitation			
i) Rail Renewal	Kms	-	650
ii) Sleeper Renewal	"	-	1000
II. ROAD & BRIDGES:			
a) Total Kilometerage (Excluding Canal Roads)	Kms	1,15,800	1,18,888
b) Rehabilitation/ Improvement	"	-	7,799
c) New Construction	"	-	3,088
d) Major Bridges	Nos	-	6
III. ROAD TRANSPORT			
a) Buses	Nos	29,655	43,620
b) Trucks	Nos	61,832	54,521

IV. AVIATION

a) Terminal — Construction of international portion of Karachi Terminal, functinal airport at Lahore, upgradation of existing airport at Islamabad, feeder services airport at Mansehra, upgradation of runways at Skardu and Chitral Nav Aids and Cargo handling facilities at major airports.

b) Aircraft — Induction of equivalent capacity of the following aircrafts:-

Boeing 747	1
Airbus A300 B4	2
Boeing 737	2
Total	5

Contd.

ANNEXURE

Sub-Sector	Unit	Benchmark 1987-88	Target 1992-93
V. TELEGRAPH & TELEPHONE:			
a) Telephones	(Nos)	692,000	1,342,000
b) Telephone Density	(per 1000 population)	6.7	11
c) Telephone Exchange	(Nos)	1,050	1,510
d) PCOs	(Nos)	2,000	4,525
e) Trunk Positions	(Nos)	900	1,400
f) Telex Line Units	(Nos)	10,020	17,000
g) STD/NWD	(Nos)	13,750	21,750
h) VFT/Channels	(Nos)	4,230	5,230
i) STDX	(Nos)	100	300
j) Data Circuits	(Nos)	50	150
k) Satellite Stations	(Nos)	1	2
l) Submarine Cable	(Nos)	-	1

ANNEXURE

ANNEXURE-VI

TELECOMMUNICATION TARGETS

	Unit	Benchmark 1987-88	Target 1992-93
Telegraph and Telephone			
a) Trunk Traffic	Million calls	188	350
b) Telex Traffic	(Annual paid minutes in million)	18.0	47.0
c) Inland Telegram	(Message in million)	3.06	3.50
d) Overseas Telegram	(Message in million)	3.50	4.20

Telegraph & Telephone	Unit	Benchmark 1987-88	Target 1988-93	Position on June,1993
1. Telephone	(Nos)	692,000	650,000	1,342,000
2. Telephone Density	(per 1000 population)	6.7	-	11.0
3. Telephone Exchange	(Nos)	1,050	560	1,610
4. NWD Terminals	"	148	125	273
5. P.C.Os	"	2,000	2,625	4,625
6. Trunk position	"	900	500	1,400
7. Telex Line Units	"	10,020	6,980	17,000
8. STD/NWD/Channel	"	13,750	8,000	21,750
9. VFT Channel	"	4,230	1,000	5,230
10. Facsimile machines	"	100	1,000	1,100
11. Teleprinter machines	"	6,649	8,800	15,449
12. Residential Quarters	"	3,250	3,500	6,750
13. Computerized Directory	"	2	8	10
14. Maintenance Control Centre (MCC)	"	-	8	8
15. Net Work Management	"	-	8	8

ANNEXURE-VII

CONTAINERISED TRAFFIC HANDLED AT KARACHI PORT

Year	Imports		Export		Total	
	Total TEU's	Tonnage	Total TEU's	Tonnage	Total TEU's	Tonnage
1977-78	4,460	N.A	2,012	N.A	6,472	N.A
1978-79	12,013	N.A	10,753	N.A	22,768	N.A
1979-80	20,881	N.A	19,256	N.A	40,137	N.A
1980-81	31,517	219,259	28,653	200,476	60,170	419,735
1981-82	46,131	420,064	43,381	386,237	89,512	806,301
1982-83	67,566	544,353	56,663	488,839	124,229	1,033,392
1983-84	70,645	782,561	69,725	519,070	140,370	1,301,630
1984-85	84,370	785,627	85,045	721,002	169,415	1,506,629
1985-86	121,000	993,311	122,320	1,216,087	244,086	2,209,389
1986-87	140,000	120,000	140,000	1,500,000	280,000	2,700,000
1987-88	*157,000	130,000	158,000	1,700,000	315,000	3,000,000

* estimated.

CHAPTER 22

MASS MEDIA

Active participation and support of the people is imperative for the success of any development effort. Mass Media play a vital role in persuading the people for this participation and for preparing them for social change. In the context of Pakistan, Mass Media have to play a more active, involved and determined role in all the spheres of national activity, especially population planning, literacy and the strengthening of the democratic institutions.

2. Mass Media in Pakistan is a modern complex - a public and private combine, both in the print as well as the electronic sector. Mass Media must identify themselves with the people, their problems and aspirations while guiding them towards the achievement of the objectives for which Pakistan was established. While the Seventh Plan will aim at providing the means for the accelerated development of the Mass Media, particularly the Government controlled electronic media, there is also need for restructuring the policy and financial management of Radio and Television for enabling them to play their required roles more effectively.

3. As for the print media, press and publication fall essentially in the private sector as an individual or corporate enterprise. Their role, therefore, can not be centrally coordinated. All that the Plan must ensure is to pursue such programmes as can help a positive climate which may be conducive to intellectual, professional and technological development and progress generally which, in turn, would automatically help the press and publication activity to flourish.

4. In the last four decades Mass Media in Pakistan, particularly in the fields of Radio and Television have made progress which is favourably comparable with other countries of South Asia. Television broadcasts today reach 87% of the total population and 47% of the area of Pakistan. But it is still a single channel system. Radio covers 96% of the population and 88% of the area. Only in the main towns Radio has a two channel network. Thus Pakistan is still at some distance from the ideal of 100% Radio and Television coverage. The areas which are as yet outside the reach of television and radio signal are either in the difficult mountainous terrain or are in the far flung sparcely populated and underdeveloped regions of the country, where infrastructure of roads and electricity is not available.

5. Print media too have made some significant strides in circulation and quality of printing during the last few years. But are also way behind the countries like India and Turkey, in terms of circulation and quality of printing. They are beset by

PREVIOUS PAGE BLANK

the problems of high cost of paper and equipment and the reading habits of the people, resulting from low literacy.

6. In the last decade or so there has been a technological explosion, both in the electronic and the print media. Satellite broadcasting and high powered radio transmitters of super powers and neighbouring countries have posed new challenges to radio and television and the need for computerised Urdu and English composing, photographic page making and colour printing are posing irresistible challenges to the print media.

7. In the next decade, radio and TV, in addition to achieving the target of 100% coverage, will have to go for satellite broadcasting. They will have to obtain more modern and powerful equipment and transmitters. Similarly, the print media will have to adopt the latest print technology and production techniques.

SIXTH PLAN REVIEW:

8. Extension of Radio and TV net-work to a larger population of less developed areas, particularly NWFP and Baluchistan were the main targets of the Sixth Plan. An additional population of 18 million was to be covered through Radio and TV signals.

Television

9. It was envisaged to increase TV coverage from 80 to 90% in terms of population and from 47 to 52% in terms of area. TV set count was projected to increase by an average of 10,000 sets per annum, raising it form 1.5 million at the end of the Fifth Plan to a national total of 2 million sets at the end of Sixth Plan period. A financial outlay of Rs.1167.00 million for the plan period was provided for Television. The Plan also included an amount of Rs.487 million to initiate the work on the establishment of a second channel for educational purposes. During the Plan period, main television centres at Quetta and Islamabad have been commissioned and the technical and production facilities at television centres at Karachi, Lahore and Peshawar have been completed. Thus the targets set for the on-going TV projects have been fully met.

10. The new projects of Rebroadcast Centres at Malakand and Swat had to be re-designed to provide better quality of signal to maximum population of Malakand Division by establishing five boosters at Mangora, Morasar, Chitral, Matta and Bat Khela. These projects have been commissioned. Similarly pilot phase of Tando Allahyar Rebroadcast Centre has been started. By the end of the Sixth Plan, five main Television Centres, twenty two Rebroadcast Centres including Gilgit and Parachinar and seven SHF links would be operational. The TV signal would be reaching about 87% of the

total population and 47% of the area, as against the planned targets of 90% and 52% respectively. Three OB Vans with 6 colour cameras have also been added to PTVs OB facilities.

11. Two rebroadcast centres planned to be set up at Bahawalnagar and Leiah and two translater centres for Kohlu and Maiwand could not be undertaken during the Sixth Plan. As a result, population and area coverage has fallen short of the targets by 3% and 5% respectively.

12. Work on the 2nd channel also could not be initiated. Although the project was cleared by the Concept Clearance Committee, it has not yet been finalised for approval and execution due to its high financial stakes, both on account of capital cost and recurring deficit. The revised size and costs of the project have since been worked out but funding arrangements are yet to be finalised.

R A D I O

13. During the Sixth Plan period, radio signals were to be expanded to 96.8% of the population and 89% of the area. An allocation of Rs.370 million was made for PBC to achieve this objective. The PBC was to complete the Broadcasting House at Islamabad, a 300 KW MW transmitter and the broadcasting house at Khuzdar, the broadcasting house at Khairpur, 10 KW MW transmitters at Peshawar and Karachi, village broadcasters at Abbottabad and Sibbi and the balancing and modernisation of the PBC equipment. In addition to these, two new schemes, namely the replacement of damaged aerial system at Rewat and the modification of the Russian transmitters, were also included in the plan.

14. Due to financial constraints and the imposition of cuts on its allocations, PBC lagged far behind the targets. The Corporation could complete only the broadcasting houses at Peshawar and Khairpur, the 300 KW MW transmitter and the broad casting house at Khuzdar, the 10 KW MW transmitters at Faisalabad and Gilgit, the replacement of the damaged aerials at Rewat and the modification of the Russian transmitters.

15. Radio coverage at the end of the Sixth Plan is estimated at 88% of the area and 96% of the population. The main reason for the short-fall in the area and population coverage was that the 10 KW MW stations at Loralai and Zhob could not become operational during the Sixth Plan.

Others

16. Modernisation of the Associated Press of Pakistan and the establishment of the colour film processing Laboratory for

the Directorate of Films and Publications were also included in the Sixth Plan. But the agencies came out with the schemes only in the last year of the plan. These projects have, therefor, been dropped.

17. The Sixth Plan also emphasised encouragement of the private sector for production of video cassettes of selected movies. The Ministry of Culture was to produce 10 films, with Arabic dubbing for the Middle East and funds amounting to Rs.12 million were to be arranged for the purpose. The project made no progress.

18. For the projection of the Sixth Plan an amount of Rs.50 million was allocated. The actual expenduture on the Plan and Developmen Publicity is, however, estimated at Rs. 17.26 million for the projection of the Prime Minister's Five Point Socio-Economic Development Programme which was integrated with the Sixth Five Year Plan.

SEVENTH PLAN

19. The major objectives of the Seventh Plan for Mass Media sector will be twofold: First is to cover almost the entire population of the country by Radio and TV signals. This will help the acceleration of development efforts, especially in the fields of agriculture, health, nutrition, family welfare and education. The second is to meet the requirements of the electronic media, as far as possible, for satellite broadcasting and to assist the print media adopt modern technology and come upto the international standards in production and content.

20 To help attain these objectives, the Seventh Five Year Plan will aim at achieving the following physical targets in the mass media sector:-

i) Providing a wide information network of the electronic media.

ii) Switching over to satellite TV transmission for optimum coverage of the country.

iii) Establishment of the second TV channel mainly for mass education and instruction.

iv) Increasing TV transmission hours by enhancing programme production capacity of Pakistan Television.

v) Encouraging the private sector to produce TV programmes, by treating TV programme production in the private sector as an industry.

vi) Modernising the PBC studios and strengthening its transmitters.

vii) Establishment of a National Press Club to provide an independent forum for discussion and airing of national and international issues by representatives of media and national and international figures.

viii) Establishment of a scientific audience research and feedback system under an independent organisation.

ix) Augmentation of training facilities for the mass media through expansion of the training facilities of Radio, Television and Information Service Academy.

Financial Outlays:

21. A size of Rs. 1860 million has been proposed for the various agencies of the Mass Media Sector for meeting the objectives described in the preceding paragraphs. Pakistan Television Corporation, being a revenue earning and profit making organisation, should, in the Seventh Plan, meet a major portion of its development expenditure through self financing. The Government would fund from the ADP, for mainly the non-viable or highly capital intensive projects. Since pakistan Broadcasting Corporation does not have its own sources of revenue or profits, its development will have to be funded from the Public Sector Development Programme. Financial and operational restructuring of PBC will also be done so as to enable it to internally generate resources for its development projects.

Television

22. Out of a total size of Rs.1860 million for the whole Mass Media sector, a substantial portion of Rs.1390 million has been earmarked for PTV including 1100 million for the second channel. As the second TV channel is estimated to cost Rs.1830 million, the remaining amount of Rs.730 million for the second channel will be generated by PTV through self-financing.

23. For the general purpose television, an amount of Rs.290 million has been allocated. These allocations will also be supplemented by PTV through self financing.

24. The major objectives for PTV during the 7th Plan will be to carry TV signals to all parts of the country including AJK and Tribal Areas, switch over to satellite transmission, develop greater efficiency and better signal quality and enhance its production capacity.

25. As a matter of policy, it has been decided that no more

new television centres will be established in the country except one in Azad Kashmir. PTV will install two transponders under domestic satellite system alongwith five satellite up-links and as many TVRO (TV Receive Only Terminal) as the number of boosters on the ground. Establishment of 10 boosters in remote areas of the country has also been targetted during the plan period. Five more mini OB Vans with ENG cameras will be fabricated by PTV engineers with an estimated cost of Rs.80 million. PTV will further augment its production facilities during the Seventh Plan with an estimated cost of Rs.130 million . In addition, PTV will replace outdated transmitters at Lahore and Karachi stations and establish an assembly and fabrication cell, at Islamabad. All these projects will be self-financed by PTV.

26. Private sector will also be encouraged to contribute in the production of entertainment programmes in conformity with the existing policies and code of ethics. The area of video production will be declared as an industry to encourage the private sector.

27. An amount of Rs.1273 millon has been allocated to the throwforward of Sixth Plan which include establishment of the 2nd channel, rebroadcast centres at Chitral-Landikotal, Bahwalnagar and Leiah, transmitter centres at Kohlu and Maiwand and the Quetta-Loralai SHF Link.

Radio Broadcasting

28. Stress would be laid, in the Seventh Plan, on extending first class medium wave coverage to the entire population of the country through replacement of old 10 KW MW transmitters by 100 KW MW transmitters at Rawalpindi and Quetta for the 2nd channel operation.

29. The development programme for PBC has been estimated to cost Rs.400 million. The proposed allocation for PBC has been doubled as compared to the Sixth Plan estimated actuals keeping in view that its development programme suffered a shortfall of 57% during the Sixth Plan and further that the agency has no internal generation of resources for development. Out of the total allocation of Rs.400 million, more than half the amount will be spent to complete the on-going scheme of the Sixth Plan, which include broadcasting house at Islamabad, 300 KW MW transmitter and broadcasting house at Khuzdar, broadcasting house at Karachi (about 85 million rupees) besides other minor schemes.

30. During the Seventh Plan, 4 village broadcasters will be established at Rahimyar Khan, Sargodha, Mirpur Khas and D.G.Khan. Phase-IV of the balancing and modernisation of equipment will be completed during the plan period. 10 KW MW transmitter at Quetta will be replaced by a 100 KW MW transmitter with a cost of Rs.37 million. Improvement of studio facilities, replacement and

modification of old studios and transmitting equipment at the existing units, will also be undertaken during the Seventh Plan period.

Other Projects

31. In the absence of a National Press Club, Pakistan has lacked a national forum for discussion and airing of national and international issues by representatives of the media and international personalities. Since the representatives of the media and their professional organisations lack the means to set up such a club of international standards, an amount of Rs.20 million has been provided in the Seventh Plan for the establishment of the National Press Club as an independent body. This is in line with international practice.

32. A sum of Rs.50 million (FEC 10 million) has been allocated for the miscellaneous projects of Mass Media.

****

Table-I

FINANCIAL ALLOCATION (1988-93)

	Public Sector Development Programme	F.E.C.	Self Financing
1. General Purpose Television	290	89	135
2. 2nd TV Channel	1100	692	730
3. Radio	400	61.561	-
4. National Press Club	20	-	-
5. Other Schemes.	50	10	-
	1860	852.521	865

Table-II

MASS MEDIA

PHYSICAL TARGETS (1988-93)

Mass Media	Unit	Sixth Plan	Seventh Plan	Percentage change
PAKISTAN TELEVISION CORPORATION				
1. Population Coverage	%	87	95	9.1
2. Area Coverage	%	47	52	10.6
3. Main TV Centres	No	5	-	-
4. Production Studios	No	13	1	-
5. Rebroadcast Centres/Boosters	No	22	11	50
6. Super High Frequency Links	No	7	-	-
7. Satellite Transponders	No	-	2	-
8. Mobile OB's	No	6	5	110
9. 2nd TV Channel	-	-	1	100
PAKISTAN BROADCASTING CORPORATION				
1. Population Coverage	%	96	100	4
2. Area Coverage	%	88	95	8
3. MW Transmitters	No	37	40	8.1
4. SW Transmitters	No	18	18	-
5. Broadcasting Houses	No	24	24	-

LIST OF PROJECTS AND PROGRAMMES INCLUDED IN THE SEVENTH FIVE YEAR PLAN 91988-1993)

ANNEX-22.1

Name of Sector/Sub-Sector: Mass Media. SUMMARY

(Million Rupees)

S.NO.	NAME OF PROJECT	TOTAL COST (FEC)	ESTIMATED EXPENDITURE UPTO JUNE 1988	SEVENTH PLAN ALLOC: (1988-93)	ANNUAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93
	Pakistan Broadcasting Corporation	575.297	214.858	400.000	106.125	102.814	63.670	66.350	61.020
		88.381		61.521	16.866	13.849	19.950	4.000	6.856
	Pakistan Television Corporation	2691.500	12.000	1390.000	319.000	218.000	293.000	280.000	280.000
		966.000		781.000	214.000	130.000	142.000	150.000	145.000
	National Press Club	20.000	---	20.000	---	---	5.000	5.000	10.000
	Other Schemes	50.000	---	50.000	10.000	10.000	10.000	10.000	10.000
		10.000		10.000	2.000	2.000	2.000	2.000	2.000
	TOTAL:	3336.797	226.858	1860.000	435.125	330.814	371.670	361.350	361.020
		1064.381		852.521	232.866	145.859	163.952	156.000	153.856

LIST OF PROJECTS AND PROGRAMMES INCLUDED IN
THE SEVENTH FIVE YEAR PLAN 91988-1993)

ANNEX-22.2

PAKISTAN BROADCASTING CORPORATION

Name of Sector/Sub-Sector: Mass Media. SUMMARY (Million Rupees)

ON-GOING

S.NO.	NAME OF PROJECT	TOTAL COST (FEC)	ESTIMATED EXPENDITURE UPTO JUNE 1988	SEVENTH PLAN ALLOC: (1988-93)	ANNUAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93
1.	B.H.M ISLAMABAD-III	97.100							
		14.076	89.775	7.225	3.225	4.000			
2.	300 KW MW Transmitter and	77.007	73.569	3.438	3.438				
	BH, Khuzdar	-----							
		11.068							
3.	B.H. Karachi	117.062	8.494	84.940	12.000	12.340	12.680	37.020	10.900
		-----		-----	-----	-----	-----		
		13.602		11.660	5.810	2.905	2.950		
4.	100 KW MW Transmitter,	33.703	5.460	28.243	13.000	15.243			
	Peshawar	-----		-----	-----	-----	-----		
		4.539		1.039	1.039				
5.	10 KW MW Transmitter, and	10.561	6.431	4.115	2.115	2.000			
	BH, Faisalabad	-----		-----	-----	-----	-----		
		0.456		0.001	0.001				
6.	10 KW MW Transmitter, and	21.999	3.826	11.000	5.000	6.000			
	BH, Loralai	-----		-----	-----	-----	-----		
		1.946		0.046	0.046				
7.	10 KW MW Transmitter, and	21.869	2.906	11.000	6.000	5.000			
	BH, Zhob	-----		-----	-----	-----	-----		
		1.946		0.046	0.046				
8.	Village Broadcaster,	4.651	4.630	0.719	0.719				
	(Sibbi and Abbotabad)								
9.	10 KW MW Transmitter, Gilgit	18.302	5.537	12.765	12.765	12.765			
		-----		-----	-----	-----	-----		
		2.036		0.669	0.669	0.669			
10.	Balancing and Modernisation	19.990	12.522	7.468	5.000	2.000			
	of Equipment (Phase-III).	-----		-----	-----	-----	-----		
		6.200		2.700	1.340	1.360			
11.	100 KW MW Transmittor	21.000		37.203	12.530	12.330	12.330		
	Karachi	-----		-----	-----	-----	-----		
		5.000		9.000	3.000	3.000	3.000		
12.	Additional Security Works	10.000		27.000	10.000	5.000	7.000	5.000	
13.	Minor Projects	5.000		8.860	4.430	4.430			
14.	Village Broadcasting	6.783		12.017	6.017	6.000			
	a) Rahimyar Khan								
	b) Mirpur Khas								
	c) Sargodha								
	d) DG Khan								
15.	Modification of Transmitters	18.000	6.058	11.942	6.942	5.000			
		-----		-----	-----	-----	-----		
		3.800		2.800	2.800				
16.	Replacement of damaged aerial	45.851	45.351	0.500	0.500				
	system at HPT Rawat.	-----		-----	-----	-----	-----		
		16.890							
	Sub-Total	528.878	264.559	268.435	103.681	92.108	32.010	42.020	10.900
		-----		-----	-----	-----	-----		
		81.559		27.961	14.751	7.934	5.950		

LIST OF PROJECTS AND PROGRAMMES INCLUDED IN
THE SEVENTH FIVE YEAR PLAN 91988-1993)

ANNEX-22.3

PAKISTAN BROADCASTING CORPORATION

Name of Sector/Sub-Sector: Mass Media. SUMMARY (Million Rupees)

ON-GOING

S.NO.	NAME OF PROJECT	TOTAL COST (FEC)	ESTIMATED EXPENDITURE UPTO JUNE 1988	SEVENTH PLAN ALLOC: (1988-93)	ANNUAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93
17.	Balancing & Modernization of Equipment (Phase-IV)	40.000		40.000	7.000	5.000	9.000	10.000	9.000
		10.000		10.000	4.000	3.000	3.000		
18.	100 KW MW Transmitter, Quetta	37.000		37.000			12.660	12.330	12.000
		9.000		9.000			6.000	3.000	
19.	Transfer of archieves as compact Disc.	3.000		3.000			3.000		
		2.000		2.000			2.000		
20.	Extension of B.H Hyderabad	14.000		14.565			7.000	4.000	3.000
		3.600		3.600			3.000	1.600	
21.	100 KW MW Transmitter, Rawalpindi (Replacement of 10 KW MW Transmitter),	37.000		37.000	7.000	7.000	7.000	8.000	8.000
		9.000		9.000	4.000	3.000	2.000		
	Sub-Total	131.000		131.000	14.000	12.000	38.660	34.330	32.000
		33.600		33.600	8.000	6.000	16.000	4.600	

LIST OF PROJECTS AND PROGRAMMES INCLUDED IN
THE SEVENTH FIVE YEAR PLAN 91988-1993)

ANNEX-22-4

PAKISTAN TELEVISION CORPORATION

Name of Sector/Sub-Sector: Mass Media. SUMMARY (Million Rupees)

ON-GOING

S.NO.	NAME OF PROJECT	TOTAL COST (FEC)	ESTIMATED EXPENDITURE UPTO JUNE 1988	SEVENTH PLAN ALLOC: (1988-93)	ANNUAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93
1.	2nd Channel TV	1830.000		1100.000*	300.000	200.000	200.000	200.000	200.000
		692.000		692.000	210.000	124.000	110.000	124.000	124.000
2.	Rebroadcast Centres Chart Landikotal	15.950		19.000	19.000				
		3.350		4.000	4.000				
3.	Rebroadcast Centres Liah	17.410		18.000		18.000			
		4.770		6.000		6.000			
4.	Rebroadcast Centres Bhawalnagar	47.410		47.000					47.000
		11.540		11.000					11.000
5.	Rebroadcast Centres Maiwand	12.246		12.000			12.000		
		3.124		4.000			4.000		
6.	Translater Centre, Kohlu	12.246		12.000				12.000	
		2.604		4.000				4.000	
7.	SHF Link Quetta, Loralai	58.000	12.000	65.000			32.000	33.000	
		12.000		14.000			7.000	7.000	
	Sub-Total	1994.500	12.000	1273.000	319.000	218.000	244.000	245.000	247.000
		736.000		735.000	214.000	130.000	121.000	135.000	135.000
8.	Assembly and Fabrication Cell.	5.000		(Self-financing)					
		2.000							
9.	Augmentation of Production Facilities	130.000		(Self-financing)					
		37.000							
10.	Satellite News Gathering	318.000		50.000			20.000	20.000	10.000
		125.000		25.000			10.000	10.000	5.000
11.	10 low power boosters	230.000		53.000			15.000	15.000	23.000
		60.000		15.000			5.000	5.000	5.000
12.	Rebroadcast Centre Azad Kashmir	14.000		14.000			14.000		
		6.000		6.000			6.000		
	Sub-Total	697.000		117.000			49.000	35.000	33.000
		230.000		46.000			21.000	15.000	10.000
	GRAND TOTAL:	2691.500		1390.000	319.000	218.000	293.000	280.000	280.000
		966.000	12.000	781.000	214.000	130.000	142.000	150.000	145.000

LIST OF PROJECTS AND PROGRAMMES INCLUDED IN
THE SEVENTH FIVE YEAR PLAN 91988-1993)

ANNEX-22.5

PAKISTAN BROADCASTING CORPORATION

Name of Sector/Sub-Sector: Mass Media. SUMMARY (Million Rupees)

ON-GOING

S.NO.	NAME OF PROJECT	TOTAL COST (FEC)	ESTIMATED EXPENDITURE UPTO JUNE 1988	SEVENTH PLAN ALLOC: (1988-93)	ANNUAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93
1.	National Press Club (New)	20.000		20.000			5.000	5.000	10.000

CHAPTER-23

AGRICULTURE

Agriculture sector is the mainstay of Pakistan's economy accounting for 25 % of the Gross Domestic Product (GDP). It employs over 50 % of the labour force and its share of export earnings, including processed agricultural exports is about 70 %. The livelihood of over 70 % of the population which resides in rural areas is directly or indirectly dependent on this sector. The share of agriculture in the GDP has declined over the years, which indicates diversification towards industry and infrastructure. However, over the last two decades, agriculture has advanced rapidly. It has maintained a steady growth rate of over 3.8 % per annum.

SIXTH PLAN REVIEW

2. The Sixth Plan envisaged adoption of a suitable policy package for attaining self-sufficiency in agriculture. The essential components of this package were diversification of the crops, strengthening of the institutional framework, structural adjustments in the pattern of production and distribution, adoption of better agronomic practices and modernization of agriculture, with a view to increasing the productivity, especially of small farmers and also to create exportable surpluses.

3. The average annual growth rate of agriculture sector for the Sixth Plan period is estimated at 3.9 % against a target of 4.9 %. The country has become self-sufficient in foodgrains. There has been impressive improvement in the production of cotton and wheat in the crop sector. The success in these crops have been due to the use of high yielding varieties, higher dozes of fertilizer application and improved plant protection measures on cotton. However, the production of rice and sugarcane are below the Plan target. The decline in sugarcane production may be attributed, inter alia, to the failure of research

institutes to develop high yielding varieties for general cultivation, static support price of sugarcane from 1981 to 1986 and poor relationship between sugar mills and cane producers due to enforcement of zoning system. In case of rice, shortage of irrigation water at transplanting stage due to drought conditions, attack of insect pests, lack of high yielding variety of Basmati rice and its monopoly procurement at low price, have resulted in decrease in production. The performance of livestock, fisheries and forestry sub-sector has been close to the Plan target of 6 % per annum. The performance of crops and livestock products are given at Annex-I.

4. The Sixth Plan has failed in achieving diversification towards the high value crops and also in the production of the non-traditional oilseeds. Although, fruit production has increased but markets were not explored abroad and post harvest facilities and technologies could not be developed. The production of non-traditional oilseeds is expected to be 60 thousand tonnes in 1987-88 against a Plan target of 350 thousand tonnes. The failure in oilseed production is due to the absence of a comprehensive and viable oilseed development project during the Sixth Plan. As a result, research, extension and the developmental activities were not vigorously implemented. The only exception has been the Ghee Corporation of Pakistan which carried out some developmental activities on the non-traditional oilseed. It has resulted in modest increase in the production of sunflower.

5. In financial terms, it is estimated that Rs.7.92 billion would be utilized against a Plan allocation of Rs.12.1 billion. This shows an achievement of 65%. Whereas a major shortfall has been registered in programmes of the Government storages, oilseed maximization, cooperatives, soils, utilization in the agriculture education, extension and research programmes have all exceeded the Plan allocation. The details are at Annexure-II. The expenditure on fertilizer subsidy is estimated to be Rs.9.17 billion against Plan allocation of Rs.3 billion.

6. On the whole, the agriculture sector has done fairly well, but not at as high a rate as was envisaged in the Plan. The favourable performance of agriculture sector is attributed to improvement in fertilizer offtake, increased plant protection measures, increased supply of improved seeds together with better cultural practices and smooth flow of credit to the farmers.

SEVENTH PLAN

Objectives

7. The Seventh Plan is based on the recommendations of the National Commission on Agriculture set up by Government in April 1986. The report of the Commission submitted in February 1988 proposes a broad ranging strategy for the period 1988-2000 and is aimed at consolidating the achievements already made in agriculture, particularly in self-sufficiency in basic commodities and in further improving the productivity of crops, livestock, fisheries and forestry. It is expected to transform agriculture from a way of life into an economic pre-occupation. A growth rate of 4.7 % per annum is envisaged for agriculture sector during the Seventh Plan.

8. The specific objectives are given below :

i) Accelerate the modernization of the agricultural sector to achieve a growth rate substantially higher than the population growth rate so that the sector can generate resources for sustained development of the economy with a high degree of self reliance.

ii) Increase agricultural productivity so as to realize future increases in agricultural production mainly from vertical expansion effectively overriding the limitation on area expansion imposed by limited irrigation water supplies.

iii) Consolidate self-sufficiency in grains and make determined effort to regain self-sufficiency in sugar production and reduce dependence on edible oil imports.

iv) Diversify agricultural production and rural employment opportunities by giving more attention to high value products like fruits, vegetables, oilseeds, meat, milk and poultry and increasing their share in the agricultural GDP.

v) Improve support price system and market mechanism in order to make the system responsive to the needs of the small farmers with the ultimate objective of increasing his earnings.

vi) Bring about a major transformation in the productivity of the livestock sector to meet the growing demand for milk and meat and to contribute to the well being of less developed areas.

vii) Develop policy framework to solve fodder and feed deficiencies and improve the genetic make up of livestocks.

viii) Evolve an integrated programme for developing barani, riverine and mountainous areas as a part of a long-term programme to arrest environmental degradation and conserve the country's physical resources of forest, land and water.

ix) Strengthen the institutional support and provide incentives for generating export surpluses by encouraging crop specialization in the areas/regions which have comparative cost advantages and resource endowment.

Strategy

9. In order to achieve the objectives and growth rate envisaged in the Seventh Plan, highest priority will be accorded to bridging the gap between the actual and the potential farm yields by the removal of the constraints responsible for this gap. Increases in the levels of production would come mainly from higher yields per unit area through use of good quality seed, balanced use of fertilizer, application of gypsum on sodic soils and improvement in efficiency of other agricultural inputs. The agricultural extension system would transmit to the farmers complete package of crop production technology through on-farm demonstration trials. In livestock production, emphasis would be given on increasing the productivity rather than number of livestocks in order not to further strain the feed and fodder resources of the country. In forestry, the growing demand for fuelwood shall be met through social forestry and energy plantations on private lands.

10. Important policy decisions have already been taken which are expected to result in increasing the production of rice, sugarcane and oilseeds. Monopoly procurement of Basmati rice has been abolished and a new high yielding variety, Basmati-385 has been developed. In case of sugarcane, zoning has been abolished and price of sugarcane has been deregulated. Research on varietal improvement of sugarcane would be carried out by the Pakistan Agricultural Research Council at Sujjawal. The strategy to be followed in increasing the oilseed production, would be to give emphasis on the Canadian varieties of rapeseed and mustard which could be used as cooking oil, alongwith the developmental activities on sunflower, soybean and safflower. A comprehensive project has been formulated for research and developmental activities on oilseeds during the Seventh Plan.

11. A key element in the success of agricultural programmes since 1980 has been the implementation of an effective price support programme which, by stabilizing domestic prices in the face of widely fluctuating international prices, ensured continued producer effort and flow of private investment into agriculture. The strategy for the Seventh Plan

would be to strengthen this policy support to the programme of wider and greater use of physical inputs. The most important improvement will be, in the implementation of price support for oilseeds. Policy studies will be carried out to further refine the support price determination to this end, the Agricultural Prices Commission will be suitably strengthened and its administrative autonomy will be reinforced.

12. The Seventh Plan would mark a watershed for starting the second phase of diversification towards high value crops, dairy products and production for export. Crop diversification must be based on the natural endowment and comparative advantage determined by the ecology of the various regions of the country. In recent years for example, Sind is emerging because of its mild winter weather conditions as a major producer of vegetables and fruits such as melons, bananas and mangoes in which it has advantage. Similarly, the sucrose content and yield of sugarcane is higher in Sind than Punjab, because of the former's agro-ecological situation. The cotton yield in Sind is declining, whereas there is an increasing yield trend in the Punjab. Efforts would be made to arrest the declining yield trend in cotton in Sind and sugarcane in Punjab through research and extension and use of improved seed. However, farmers would be encouraged to plant crops according to agro-ecological suitability and comparative advantage.

13. Baluchistan's weather conditions too are uniquely suited to the growth of such fruits as apples, peaches, apricots and large varieties of plums. The coastal areas of Sind and Baluchistan provinces have stray potential for growing coconut. In addition, its huge tracts of land offer unlimited possibilities of cattle and sheep farming if supported by proper range management practices. NWFP is naturally suited to timber land which can support animal husbandry and such pockets like Abbottabad and Swat are suited for commercial floriculture, herbs, potato and other vegetable seeds which with organized efforts can give good income to the farmers.

14. The success of the proposed agricultural strategy would depend largely on the growth of agro-industries, and expansion of agricultural

marketing facilitating crop specialization dictated by the natural endowment of the various ecological zones of the country. In the light of the above feasibilities, the Ministry of Food and Agriculture and Provincial Governments in conjunction with the other institutions like, PARC, ADBP, should adopt measures during the Plan period to encourage a change in the production pattern with a visible trust towards high value crops.

15. Thus the main elements of the agricultural strategy for the Seventh Plan shall be as follows :

i) Increases in agricultural productivity will be attained through balanced use of fertilizers and micro-nutrients, application of gypsum on saline sodic soils, strengthening on farm water management programme, increased availability of certified seed, improved agricultural practices such as deep ploughing and integrated pest management.

ii) Research efforts would be oriented towards development of high yielding, disease resistant varieties of crops, particularly sugarcane, rice and oilseeds. Effective linkage and coordination would be established between institutions responsible for research, education and extension with a view to minimizing the time spent between acquisition and dissemination of improved technology. The coverage under the "T&V" agricultural extension system would be extended to the entire province of Punjab and Sind.

iii) A major push will be given to agricultural research programmes by upgrading a number of research institutions and creating some new ones and especially by providing adequate operating funds. The aim is to secure a speedy flow of new varieties and other technical recommendations for supporting the desired growth in agricultural production.

iv) In the field of agricultural extension the traditional emphasis on personal contact between extension workers and producers will be supplemented by an intensive use of audio visual media making more effective use of the limited number of expert communicators available in the country. A substantial portion of the facility of a second TV channel will be used for agricultural and rural development programmes.

v) In order to increase edible oil production, emphasis will be given to the production of non-traditional oilseeds alongwith conventional oilseeds, particularly Canadian varieties of rapeseed and mustard.

vi) A package of incentives would be evolved in order to promote crop specialization dictated by natural endowment of various ecological zones, so that there is a gradual shift toward fruits, vegetables and other crops having a comparative advantage.

vii) The support price system would be made more responsive by ensuring timely intervention and assigning procurement targets for important crops, especially rice and vegetables.

viii) In livestock sector, research efforts would be concentrated on the development of superior breed of livestock through the use of conventional technologies, as well, as, embryo transfer technology. A high level of herd immunity and disease free environment would be maintained. A policy would be followed to progressively reduce the number of inefficient animals and to maintain equilibrium between supply of feed and fodder resources and number of animals.

ix) A comprehensive programme would be launched for afforestation, watershed management, range management and resource conservation to improve and conserve land and water

resources. Social forestry and energy plantation would be promoted on private lands.

x) In barani areas, high yielding, drought tolerant varieties of food and fodder crops shall be developed by research institutes and promotional activities would be carried out through ABAD in Punjab, SAZDA in Sind and agriculture departments in NWFP and Baluchistan with a view to increase agricultural productivity.

xi) Encourage establishment of agro-services in the private sector with a view to enable public sector agencies to focus their attention on institutional support requirements.

16. As a result of the objectives and the strategies mentioned above, the growth rate of the major crops is expected to be 4.0%, the minor crops 5.5%, livestock 5.3%, fisheries 4.9% and forestry 2.6%; thus resulting in an overall growth rate of 4.7% per annum for the agriculture sector during the Seventh Plan.

17. One of the reasons for a shortfall in the financial implementation of the Sixth Plan was the lack of capability in the Provincial Governments and Federal agencies for identification, formulation, appraisal and follow up of development projects in the agriculture sector. Efforts will be made during the early part of Seventh Plan to eliminate this shortcoming by strengthening the Planning Units with qualified staff and a programme of intensive on-job training.

Financial Requirement:

18. An amount of Rs 15 billion in current prices (Rs 12 billion in 1987-88 prices) excluding fertilizer subsidy, would be required for agriculture sector during the Seventh Plan period. The sub-sectorwise details of requirements during the Seventh Plan are given in Annexure II. This shows a shift in the priority of various sub-sectors during the Seventh Plan. Agriculture research has been considered as the major area of attention where 14% of the total allocation will be

spent. New sub-sectors for barani areas and horticulture have been added and allocation for forestry and watersheds management has been increased substantially. Development of riverine areas has been included in the programmes for watershed management and resource conservation. A special allocation for oilseeds maximization has been made.

19. A substantial decline in fertilizer subsidy is expected during the Seventh Plan. The price and distribution of nitrogenous fertilizers have already been decontrolled. Subsidy on imported phosphatic fertilizer will be phased out over a period of 3 years, while subsidy on potassic fertilizer will be phased out over a period of 6 years beginning from 1987-88. Thus the subsidy on fertilizer is estimated at Rs. 3.53 billion during the Seventh Plan.

Institutional Improvements

20. In order to achieve the national goals in the agriculture sector, there will be a major re-examination of the role of all the institutions which deal with the agricultural economy. As a matter of policy, the public sector would compete on an equal basis with the private sector and there would not be any monopoly in any area either for the public or the private sector. Basic institutional changes would be made for improving agricultural practices and for conserving the country's resources of land, water and forests. To enable the small farmer to drive maximum benefit from agricultural technology and other services, village level organizations will be created to identify and meet their development needs and priorities. The basic purpose of these institutional reforms will be to improve the environment facing the farmers, both in a physical in an economic sense, to create more favourable conditions for productive farming.

Crop Production:

a) *Benchmark 1987-88*

21. The benchmark production figures represent the estimated production level easily attainable under normal weather conditions and

international and domestic price situations, etc. These do not necessarily represent the actual production realized in the base year (1987-88).

b) *Cropping Pattern*

22. The growth strategy lays emphasis on vertical improvement in production through balanced use, timely application and improvement in efficiency of inputs, better management practices, package of modern production technology for farmers and crop specialization. The full yield potential of crops can be exploited if the traditional approach of growing all crops in all regions is replaced by crop specialization programme. There would also be some incremental production on account of an increase of 1.5 million hectares in the cropped area as a result of the availability of 12.9 MAF of additional irrigation water during the Seventh Plan period.

23. The share of the various crops in the cropping pattern during the base year, 1987-88 and projections for the last year, 1992-93 of the Seventh Plan is given below:

Table 1

Change of cropping pattern during the Seventh Plan 1988-93

Crops	Percentage share in cropped area		Additional area (000 hectares)
	Benchmark 1987-88	Target 1992-93	
Wheat	37.25	36.04	300
Rice	10.01	10.24	200
Maize	4.08	4.08	60
Other cereal	5.70	5.30	1
Cotton	12.15	11.42	25
Edible oilseeds	2.70	4.12	349
Pulses	7.17	7.62	204
Vegetables, spices and fruits	3.74	4.24	164
Sugarcane	4.42	4.79	146
Fodder	11.30	10.59	15
Other crops	1.48	1.56	36
Total	100.00	100.00	1500

A cropping pattern cannot be imposed on the farmers. However, it is possible to achieve this challenging task through appropriate policy measures including pricing policies and incentive to farmers, complemented with efficient extension and marketing services. A rational policy approach for changes in the cropping pattern should be taken in the light of natural factors i.e. weather conditions, soil and comparative advantages in the cost of production. A compromise usually has to be made between farmers' preferences based on their perception of expected profitability and the national requirements of food security, export maximization and acceleration of sectoral growth rate.

c) *Production Target:*

24. The production targets for various crops for the Seventh Plan have been computed keeping in view the domestic demand for local consumption and export on the one hand, and technical feasibility on the other. These assume, inter alia, adoption of such policy measures as would result in rapid changes in the cropping pattern, bringing the area under crops either for generating exportable surplus or import substitution. Use of improved seeds and improvement in agricultural practices would tend to ensure better response by way of increased output from the application of given unit of inputs per acre. The crop production benchmark and targets for the Seventh Plan are given in Table-2.

Table 2

Crop production targets

(000 tonnes)

Crops	Computed benchmarks	Targets 1992-93	Percentage annual increase over benchmarks
Grains			
Wheat	13930	17000	4.1
Rice	3380	4120	4.0
Maize	1075	1400	5.4
Others	620	648	0.9
Cash Crops			
Cotton (lint)	1277 (7500)	1498 (8800)	3.3
Sugarcane	33500	43576	5.4
Tobacco	78	85	2.0
Oilseeds			
Cottonseed	2552	2995	3.3
Rape and mustard	267	370	6.7
Non-traditional	60	321	40.0
Pulses			
Gram	570	695	4.0
Others	200	280	7.0
Vegetables			
Onions	540	750	6.8
Potatoes	570	750	5.6
Others	2450	3279	6.0
Fruits	3520	4493	5.0

Figures in parenthesis indicate cotton production in 000 bales each of 375 lbs.

25. The Seventh Plan targets are based on adoption of an integrated package production technology and efficient use of inputs. The estimated contribution of various inputs towards incremental production envisaged in the Seventh Plan for major crops is indicated in Table 3

Table 3

Role of farm inputs in increased output

Inputs/Factors	Wheat	Rice	Maize	Sugarcane	Cotton
	per cent				
Area due to water	18	46	24	43	6
Fertilizer	45	24	29	40	45
Plant protection	-	10	4	5	25
Improved seed	5	7	10	-	15
Transfer of technology					
a) Shift of area to improved varieties	5	9	10	-	-
b) Cultural practices	27	4	23	12	9
Total	100	100	100	100	100

26. The above contributions do not fully take into account interactive effect of various inputs due to the lack of data. Hence unduly large share of incremental production has been attributed to the use of fertilizer, which in any case, has to be used in combination with other inputs and cultural practices.

27. Crop yields would increase significantly through adoption of better cultural practices such as seed bed preparation, the sowing of seed of right quality and at right time with optimum plant population. The contribution of cultural practices has been taken at a conservative level in estimating crop production targets for the Seventh Plan, although considerable improvement is envisaged during the period due to improvement in agricultural extension services.

Availability of Inputs:

28. The inputs required to achieve the crop production targets are given below:

Table 4

Crop Production Inputs: Benchmarks and Plan Targets

Inputs	Unit	Benchmark 1987-88	Targets 1992-93	Rate of annual increase Sixth Plan	Seventh Plan
Water availability	(MAF)	112.22	125.12	2.0	2.2
Fertilizer offtake	'000' N/tonnes	1750	2390	9.6	6.4
Seed distribution	'000' N/tonnes	133	233	13.6	11.9
Mechanization	'000' Tractors	228	310	8.4	6.3
Plant protection coverage	'000' hectare	2140	2731	5.8	5.0

Appropriate measures would be taken to improve the availability of these inputs.

Fertilizer:

29. The annual growth rate of fertilizer consumption during the Sixth Plan is estimated to be 7.1% against a target of 8%. The consumption of fertilizer is expected to increase from a level of 1750 thousand nutrient tonnes in 1987-88 to 2390 thousand nutrient tonnes in 1992-93. The application of fertilizer is expected to increase from 86 Kg per cropped hectare in 1987-88 to 117 Kg in 1992-93 (Table-5). This represents an increase of 36.6% over the base year or an annual growth rate of 6.4%. The projected rate of growth in the fertilizer consumption is lower than that actually recorded in the Sixth Plan. This is due to the high base that has already been achieved in fertilizer consumption. The estimated fertilizer offtake for the Seventh Plan is indicated in Table 5.

Table 5

Estimated fertilizer offtake 1988-89 to 1992-93

Year	N	P	K	Total
	-- 000 nutrient tonnes --			
1987-88 (Base Year)	1275	420	55	1750
1988-89	1472	508	64	2045
1989-90	1510	540	74	2125
1990-91	1550	574	86	2210
1991-92	1590	610	100	2300
1992-93	1625	650	115	2390
Annual Growth Rate	5.0	9.1	15.9	6.4

30. It is evident that use of chemical fertilizer has become fairly widespread. Subsidizing the fertilizer prices for promoting its use is, therefore, no longer necessary. The Government has already decontrolled the price and distribution of nitrogenous fertilizers. Subsidy on the imported phosphatic and potassic fertilizers will be phased out over a period of 3 and 6 years, respectively, beginning from 1987-88. Fertilizer prices will thus be adjusted gradually over this period in such a manner that the subsidy on fertilizers is eliminated by the end of the Plan. However, the use of phosphatic fertilizer would have to be encouraged to enhance fertilizer efficiency by improving NP ratio to 2.5. Currently the ratio between N and P nutrient prices is 1:0.8. Any serious distortion because of free market mechanism would be carefully studied and policy measures may have to be evolved so that fertilizer efficiency and crop productivity are not adversely affected. Further the objective of maintaining stability in fertilizer prices will continue to be pursued to protect the farmer from periodical and violent fluctuations in international fertilizer prices.

31. The estimated cropwise share in fertilizer usage and per hectare doze of fertilizer for major crops are given in Table-6.

Table 6

Estimated per hectare nutrient doze of fertilizer for major crops

Crops	% Usage of fertilizer	Estimated dozes 1987-88	Estimated dozes 1992-93	Recommended dozes
		kg per ha		
Wheat	52	122	160	240
Cotton	15	108	146	175
Rice	10	87	109	240
Sugarcane	9	178	209	450
Maize	4	86	110	270
Others	10	-	-	-

32. In order to get the best response from input of fertilizer it is necessary to maintain an appropriate balance between nitrogen and other nutrients in the soil. The NPK ratio stood at 3.6:1:0.1 during 1982-83 and was improved to 3.2:1:0.13 in 1987-88. This ratio will be further improved to 2.5:1:0.18 by 1992-93. Promotional programmes for encouraging balanced fertilizer use will be adequately supported. In addition, the use of other nutrients like potassium, zinc, etc. will be promoted wherever necessary, to ensure the efficiency of fertilizer.

33. Proper use of fertilizer includes choice of the kind and amount of nutrients for particular crop and its application at the right time. Transfer of technology to farmers with regard to these aspects will, therefore, be intensified at the farm level. While it is the responsibility of the Government to hasten the transfer of technology to farmers, the fertilizer industry will also be involved to support and supplement the efforts of the national and the provincial agricultural agencies.

34. Since the use of chemical fertilizers has reached significant level in Pakistan, special emphasis would be laid on efficiency of fertilizer application and non-chemical sources of soil fertility. Crop residues, compost, etc. must supplement fertilizer use, not only to

supply essential plant nutrients but also to improve fertilizer use efficiency and soil productivity. The farmers would have to be pursuaded to store, decompost and apply valuable organic manures. An integrated approach has to be adopted and fertilizer recommendations improved and made specific to farm situation. Soil testing to ascertain the exact requirements of nutrients will be promoted.

35. There are about 3 million acres of land under cultivation which have been affected by sodicity resulting in poor crop yields. These lands could be reclaimed through the application of gypsum. The use of gypsum, so far, has been negligible because of its high price at the user's end and the lack of awareness of its beneficial effects among the farmers. Thus three pilot projects covering an area of 120 thousand acres in Punjab, Sind and NWFP were implemented during the later part of the Sixth Plan, to promote the use of gypsum through the provision of 50% subsidy in the project area. It is still early to evaluate the result of these projects.

36. It is estimated that 5.5 billion tonnes of gypsum deposits exist in D.G. Khan, D.I. Khan, Khewra and Daud Khel. These deposits should be exploited and gypsum rocks may be transported and crushed near farmers' fields in order to reduce incidental costs, thereby making it cheaper. During the Seventh Plan all out efforts will be made to promote the application of gypsum on saline sodic soils.

Improved Seed:

37. The availability and use of good quality seed is vital for increasing the production and yield of crops. Its supply to farmers can be ensured only through organization of a scientifically based seed production system.

38. The foundation of a sound and viable seed production programme is dependent on continuous evolution of the high yielding and the disease resistant varieties of crops through research. The pace of evolution of rice, wheat and cotton varieties have been quite impressive. Breeding

research on maize has not been able to identify possible in-bred lines for future hybrids. In the oilseed group, only two varieties of rapeseed and mustard have been released during the last 30 years. Most of the sugarcane varieties which are being grown are selections from the imported stocks. Fodder and forage crops have hardly received any attention. Actual breeding work to evolve varieties of fruit plants have not been reported. In the Seventh Plan, research efforts would be re-oriented toward evolution of high yielding varieties of these crops, which would be made available to seed processing plants in the public and the private sectors, for multiplication and distribution to farmers.

39. The Sixth Plan envisaged to establish four seed processing plants in the public sector for processing of 103 thousand tonnes seed of wheat, cotton, rice and maize. The Punjab Seed Corporation with 3 processing plants located at Sahiwal, Khanewal and Rahimyar Khan was designed for the production of 83,780 tonnes of seed, whereas the Sind Seed Corporation with its processing plant located at Sakrand was designed for the production of 19,300 tonnes of seed. Only two plants (Khanewal and Sakrand) have been functional, so far. Due to delay in the functioning of the seed plants, it is estimated that 133 thousand tonnes of seed would be distributed in 1987-88 against a target of 186 thousand tonnes envisaged in the sixth Plan. The requirement of improved seed during the Seventh Plan is given in Table 7.

Table 7

Replacement requirement of improved seed by 1992-93

Crops	Area (000 ha)	Seed rate (kg per ha)	Seed required (tonnes)	Replacement rate (%)	Replacement required (000 tonnes)
Wheat	7,750	91	705,250	20	141
Rice	2,202	20	44,040	20	9
Maize	875	40	35,000	33	12
Cotton	2,455	25	61,375	100	61
Gram	1,221	40	48,840	20	10
Total			894,505		233

40. The four seed processing plants should be made functional and the private sector should be induced to establish seed plants so as to achieve the target of 233 thousand tonnes. The induction of the private sector will be accelerated through incentives such as free import of approved parent seed material, protection of the named cultivars from the private sector, as well as, restrictions on the sale of the sub-standard seed in the market and the grant of tax holiday.

41. The following actions will be taken during the Seventh Plan in respect of seeds:

i) Accelerate research on variety evolution, especially for sugarcane, rice, oilseeds, maize, cotton, fodder, forages, fruits and vegetable crops.

ii) Establish pilot projects for fruit nursery stocks, sugarcane breeding centre, tissue culture laboratories for producing disease free material for seed potatoes and fruit plants.

iii) Expand public sector seed production capacity in the Punjab and Sind and establish a seed industry in NWFP.

iv) Induct private sector in the seed industry.

v) Research in the seed technology may be taken up by the Pakistan Agricultural Research Council in order to provide technical assistance to the seed industry.

vi) The scope of the Seed Act may be enlarged to include all kinds and varieties of crops.

vii) The Seed Certification Department and National Seed Registration Department will be strengthened in order to enhance the supply of good quality seed to the industry.

viii) The participation of the private sector in the low volume and the high cost vegetable seeds would be encouraged.

ix) Sugarcane seed multiplication farms and seed treatment plants will be established in the sugarcane growing areas to reduce the incidence of infectious diseases.

Plant Protection:

42. Pests and pathogens are a serious problem. It is estimated that they reduce the annual potential agricultural production by about 25% . In spite of a quantum jump in the consumption of pesticides over 1980, plant protection coverage on the national level is still only 23% of the total cropped area or around 21% of the cultivated area.

43. During the Seventh Plan, facilities for pest scouting, aerial spraying and quality control of pesticides will be further strengthened but emphasis will be shifted to integrated pest management. Marketing difficulties would be removed to ensure the availability of the right type of pesticides at the proper time. The existing quarantine service would be strengthened. New outposts alongwith laboratory facilities with fumigation chambers and other necessary equipment, will be established at all key points of entry of plant and plant materials.

44. Measures to adopt integrated pest control by the farmers with special emphasis on plant hygiene, field sanitation, adoption of useful cultural practices, conservation and propagation of bio-agents and uniform planting time would be evolved and implemented. Sowing of the resistant varieties wherever possible and eradication of weeds which not only compete for nutrients but also provide shade, protection and habitat to some of the insect pests and diseases, are critical elements of integrated pest control programme, on which special emphasis would be given through adequate coverage of farms by the agricultural extension system. The integrated pest management package for each major crop will be developed through intensive projects.

Mechanization:

45. It is estimated that 126 thousand new tractors were inducted during the Sixth Plan against a target of 250 thousand. The main reason for shortfall is increase in price of tractors. The total operational fleet of tractors in 1987-88 is estimated to 228 thousand.

46. Five tractor manufacturing units have been established. They are producing Massey Ferguson, Fiat, Ford, Belarus and IMT tractors. But these establishments have not so far been able to manufacture more than 30-60% of the components locally. The plants for small tractors envisaged in the Plan have not come up so far. The Federal Government allowed imports of tractors below 20HP without any restriction. However, the use of small tractors has yet to gain popularity among farmers. They prefer to buy medium to large size tractors which could be custom hired and also put to non-agricultural usage. A small number of small size tractors were imported but suitability of these tractors has not been established through field tests. The average sale of tractors per annum is around 27,000. These are mostly the medium and the large size tractors. The use of agricultural implements has increased with the growth in the number of tractors.

47. The Seventh Plan envisages a sale of 35,000 medium and large size tractors per annum for which proper credit facilities will be required on easy terms and conditions. The emphasis during the Seventh Plan will be on productivity increasing technology such as deep ploughing, subsoiling, and ridging. The total population of operational tractors would increase from 228 thousand in 1987-88 to 310 thousand by the end of the Seventh Plan. Year-wise projections and total population of tractors are given in Table 8.

Table 8

Year-wise projections and total population of tractors by 1992-93

Year	Seventh Plan target	Total Population of tractors	Replacement	Tractors in operation
		Numbers		
1987-88 (Benchmark)	24,000	-	-	228,112
1988-89	35,000	263,112	15,178	247,934
1989-90	35,000	282,934	19,313	263,621
1990-91	35,000	298,621	16,137	282,484
1991-92	35,000	317,484	19,293	298,191
1992-93	35,000	333,191	22,913	310,278

48. A fleet of bulldozers and other heavy machinery will continue to be maintained for hiring out to farmers for land reclamation and conservation of water resources in the public sector. Agricultural implements especially those required for deep tillage, would be available to farmers on hire basis.

Agricultural Credit:

49. The timely availability of credit to farmers, plays an important part in agricultural development. The credit disbursements during the Sixth Plan increased from Rs. 6.3 billion in 1982-83 to Rs. 18 billion 1987-88. The procedures for obtaining loans were simplified. The interest free loan limit was raised from Rs. 6,000 to Rs. 12,000 during the Sixth Plan. Procedures were simplified to enable small farmers to obtain credit, through issue of "Pass Book" thereby minimizing documentary requirements which were to be completed by farmers to obtain loans. Supervised credit scheme was also implemented to ensure proper utilization of credit specially by the small farmers. Mobile Credit Officers under this scheme take credit facility to the farmers and ensure effective disbursement, utilization and repayments. They also provide useful advisory service to the farmers on input use and cultural

practices. Out of 45,000 villages in the country, 37,000 have been covered under this scheme by the Agricultural Development Bank of Pakistan upto 1986. The rest of the villages are expected to be covered by 1988.

50. The Seventh Plan lays stress on intensive cultivation practices which will require greater use of purchased inputs. The need for institutional credit requirement will, therefore, increase considerably. The agricultural credit requirement during the Seventh Plan is estimated at Rs. 130 billion against the estimated disbursement of Rs. 66 billion during the Sixth Plan. This envisages an annual growth rate of 12% during the Seventh Plan. The agricultural credit requirement for the Seventh Plan is given in Table-9.

Table 9

Institutional agricultural credit requirement for Seventh Plan

(Millions Rs)

Year	Production	Development	Total
1987-88 (Base year)	11860	6100	17960
1988-89	13714	7523	21237
1989-90	15149	8036	23185
1990-91	17112	8588	25700
1991-92	19285	9194	28479
1992-93	21913	9845	31758
Total	87173	43186	130359

51. It is envisaged that supervised credit system will be extended to all parts of the country during the Seventh Plan. This will ensure effective disbursement, utilization and recovery of loans specially in case of small farmers. In addition, the following policy package is proposed to:

- Malpractices which have permeated in the system of interest free credit availability would be removed.

- Wherever credit is advanced, crop and livestock insurance would also be introduced.

- Pesticides sprayed and plant protection measures cost a lot. The small farmer does not have requisite purchasing power. Credit facilities are therefore, proposed to be extended through market committees and ginning factories.

Public Sector Storages:

52. Storage capacity in the public sector is provided mainly for wheat, rice and cotton. Commodity-wise storage target for the Seventh Plan and the cumulative availability of storage are given in Table 10.

Table 10

Storage capacity proposed for the Seventh Plan

Commodity	Total capacity available (1987-88)	Seventh Plan target	Total storage availability (1992-93)
	Million tonnes		
Wheat	4.50	0.50	5.00
Rice	0.97	-	0.97
Cotton	0.05	-	0.05
Total	5.52	0.50	6.02

53. Public sector storage capacity for wheat available in June, 1987 was about 4.41 million tonnes. Out of 4.41 million tonnes, 3.49 million tonnes were in the form of covered godowns and 0.92 million tonnes open raised platforms. About 0.19 million tonnes storage capacity would be

added during 1987-88. By the end of Sixth Plan, total storage capacity for wheat would increase to 4.50 million tonnes.

54. On the basis of several studies undertaken to assess future storage requirement for wheat, additional storage capacity of about 0.50 million tonnes is proposed for construction during the Seventh Plan period. Thus, a total wheat storage capacity of 5.0 million tonnes would be available at the end of the Seventh Plan to take care of reserve stocks of about 1.0 million tonnes and the wheat procurement requirement of 4.0 million tonnes under a derationed system. The storage policy for wheat is to have a strategic reserve of one million tonnes at the beginning of the wheat year (May) and to procure all the wheat offered by farmers at the prevailing support price.

55. The Seventh Plan will lay special emphasis on improvement of operating efficiency of existing storage facilities and reduction of handling costs by elimination of bags through the introduction of bulk handling system. The introduction of the seasonal pricing system that reflects the cost of storage and marketing, and the involvement of the private sector investment in procurement, storage and marketing may also be emphasized.

56. The ongoing programme for rehabilitation of godowns and silos, training for storage management adoption of improved fumigation practices would be continued in the Seventh Plan period. Nevertheless, a national storage policy needs to be drawn, keeping in view production, annual requirements, exportable surpluses and costs involved.

Agricultural Marketing:

57. The foundations of an organized marketing system already exist in Pakistan. Support prices for major crops, e.g. wheat, rice, sugarcane, cotton, onions, potatoes, gram and the non-traditional oilseeds, are determined by the Government and reviewed periodically. Various Government and semi-Government bodies exist to procure agricultural commodities in order to stablize their prices in internal and external

markets, e.g., the Food Departments, Pakistan Agricultural Storage and Services Corporation (PASSCO), Agricultural Marketing and Storage Limited (AMSL), Ghee Corporation of Pakistan (GCP), Rice Export Corporation of Pakistan (RECP) and Cotton Export Corporation (CEC). In 1986-87, Government agencies procured 31% of wheat production, 33% of Basmati, rice production and 48% of the cotton production. But the intervention was not timely in case of Basmati rice. However, the following imperfections affect the support price/market price mechanism:

- Procurement agencies particularly in the deregulated system are less responsive and slow to intervene.

- Truck crops like sugarcane cause lot of difficulty for disposal at the mill gate and small farmers are forced to sell to the middle men at a lesser price.

- Marketing of fruits and vegetables is totally at the mercy of "arhties".

58. Proper physical marketing facilities, a network of farm to market roads, adequate storage facilities, strictly enforced grading and standardization, availability of processing facilities, marketing credit and free flow of information are some of the important pre-requisites for efficient markets. The provision of an effective rural infrastructure with emphasis on increasing the number of regulated markets, provision of storage, processing and transport facilities would help considerably to remove these problems.

59. During the Seventh Plan, the working of the various commodity boards existing in the Ministry of Commerce and Food and Agriculture Division, would be streamlined to make them responsive to the domestic demands and international market. A more sensitive pricing system, responsive to the demands and needs of all contributors to the market chain, will be developed to allow reasonable margins and more equitable and economic prices for producers and consumers alike. Organizational

mechanisms for enforcing grading standards will be suitably strengthened and the expansion and improvement of market intelligence services will be encouraged.

60. A fruit and vegetables marketing and storage project, with special reference to the creation of modern wholesale markets in major cities, investment in storage facilities, strengthening of market organization and creation of a market information system, will be implemented during the Seventh Plan. The production of fruits and vegetables will be enhanced through the creation of a horticulture extension directorate within the extension and adaptive research programme in all provinces.

Support Price Policy:

61. With a view to provide economic incentive to growers, support price policy for wheat, rice, cotton, sugarcane, gram, onion, potato and non-traditional oilseed crops, namely sunflower, soybean and safflower, is under implementation. Support prices are reviewed annually keeping all factors in view and generally announced before sowing time to enable growers to properly plan the allocation of area and the input for different crops. The support prices have helped in increasing agricultural production and farm incomes. Price support incentives alongwith other factors helped in achieving self-sufficiency in wheat and increasing exportable surpluses in cotton and rice during the Sixth Plan.

62. An active support price for selected commodities is one of the most important instruments for agricultural development. Carefully devised support price could be used to promote the production of selected crops such as oilseeds and vegetables. Gradually rising but stable prices can create a positive response from producers towards the desired cropping pattern.

63. The support price for major and minor crops would be continued during the Seventh Plan. Cost of production would remain the most important factor influencing the level of support prices but other

factors such as internation prices and relative prices of competing crops in a rotation would be given due weight. It would also include quality criteria for different crops and would be implemented at the procurement centres. Besides, the implementation of support price policy would be improved by making effective arrangements for procurement particularly for oilseeds. For which the price support policy has remained largely ineffective so far.

64. The non-price measures recommended by the Agricultural Prices Commission for various crops would be vigorously implemented during the Seventh Plan in order to increase the per acre yield and thus reduce costs per unit of produce and thereby increase the income of the growers.

Agricultural Education:

65. Agricultural education covers two aspects: education of farmers and output of well qualified graduates for public service. Not much attention is being paid to the education of farmers. It is proposed to start practical lessons in agriculture from Class 5 to 10 in all schools located in rural areas. Three agricultural universities located at Faisalabad, Tandojam and Peshawar, a Faculty of Agriculture at Gomal University, D.I. Khan and Barani Agricultural College, Rawalpindi are producing trained manpower for turning out graduates for public service and other requirements. During the Seventh Plan, two more agricultural colleges would be set up, one in Baluchistan and the other at Multan.

66. During the Seventh Plan, the universities and colleges would strive to improve the quality of education by giving more emphasis on practical, field and laboratory training in order to make higher education responsive to changing conditions and national needs. In graduate studies, students would carry out problem oriented research for their thesis. A concrete programme for the spread of agricultural education would be prepared as soon as the requirement of the sector for agriculture graduates is worked out. A national manpower plan is on the

anvil, to determine the need of the educated manpower for various sectors.

67. Regarding the linkage between universities, agricultural research and extension, the system underwent changes in the Sixties when universities were detached from the research and extension services of the Agriculture Department. In the NWFP Agricultural University, the pattern of the land grant system is being reinforced. An important feature of this system is the close association between the university, the agricultural research institutes and the extension services. Research and education have been integrated and placed under the university. The experience of NWFP would be carefully watched, and if it proves successful, it may be replicated in other provinces.

Agricultural Research:

68. Research, particularly in the evolution of high yielding varieties, plays an important role in the development of agriculture. No institute can attain meaningful success unless basic research in different disciplines of agriculture is organized and strengthened at various levels in an integrated manner. In the Sixth Plan priority research programmes for different crops were started in a coordinated manner. The break-through in cotton production and the attainment of self-sufficiency in foodgrains have been the result of new high yielding varieties which were evolved and adopted for general cultivation during the Sixth Plan. During the Seventh Plan research activities will be organized in the following manner:

- Basic research shall be carried on in national institutes like PARC. Applied research involving development and testing of new varieties shall be conducted at the provincial research institutes.

- High yielding and disease resistant varieties of crops, especially oilseeds, pulses, rice, sugarcane, fruits and vegetables shall be evolved.

- In order to increase per acre yield, special emphasis would be laid on research designed to improve the agronomic and other cultural practices.

- Federal and provincial cotton research institutes will be suitably strengthened and research efforts will be oriented towards the improvement of the quality of the lint and the per acre yield.

- A national sugarcane research institute for the development and evolution of sugarcane varieties will be set up at Sujjawal. There is also need to establish a Sugar Technology Institute, preferably by the sugar industry to conduct research on milling, processing and utilization of sugar by-products.

- Genetic improvement of livestock would be undertaken through cross breeding, artificial insemination and embryo transfer technology. However, the major thrust in livestock production would be on closing the nutrition gap by promoting supplementary feeding with constituted feeds.

- Theoretical, basic and applied research shall be so integrated that PARC, agricultural universities and the provincial research institutes complement each other in research efforts.

69. Research programme for the Seventh Plan would also include development of an efficient national agricultural research service capable of exploiting and improving potential for agricultural development and productivity. This would be achieved by developing and strengthening provincial research capability and consolidating efforts at PARC at the federal level. Emphasis would be placed on integrating all possible federal and provincial research activities.

Agricultural Extension:

70. The efficiency of agricultural extension services is constrained by poor service conditions, inadequate provision of extension aids and other equipment and lack of transport and residential facilities which have discouraged field assistants from living permanently in villages and also restricted their mobility. In order to overcome these deficiencies, training and visit (T&V) system of agricultural extension was implemented in 5 districts each in the Punjab and Sind during the Sixth Plan period. The programme has progressed satisfactorily and is being extended to all the districts of the Punjab and Sind during the Seventh Plan. The T&V approach is also being followed in Baluchistan. T&V system, however, would not be effective unless proper linkage between farmers, field assistants and subject matter specialists is established, in order to deliver a complete package of new production technology at the door-steps of the farmers.

71. The objective of the agriculture extension programme for the Seventh Plan, is to achieve sustained increase in agricultural production through widespread adoption by the farmers of proven and recommended improved farming practices. In order to achieve this, crop maximization and area maximization programmes will be promoted and effective linkage would be established with research institutes so as to quickly transfer new production technology to farmers' fields. In this respect, maximum possible use of mass communication media will be made. Appropriate package of the production technology would also be developed for implementation in barani areas. Agri-business and agro-industries would be encouraged to render extension service to farmers in commodities of their interest. The following specific measures shall be undertaken to improve the extension services during the Seventh Plan.

i) The current deficiencies in the T&V system viz. in the organization, equipment and motivation of field staff shall be removed.

ii) Fully equipped mobile laboratories for soil testing shall be inducted.

iii) Field Assistants over years are demotivated. They join in Grade-6 with basic qualification of Matric and 2 years diploma in agriculture extension and retire in Grade-9. They are given a bicycle and are expected to cover a Union Council with a number of villages. In order to provide incentive, it is proposed to introduce awards and certificates by way of recognition for the setting of a number of demonstration farms, the elimination of disease and pests, and the increase in yield per acre.

iv) Farmers do not have information about the number of institutions and services which are available to them. A programme of farmers' visit to the training institutions would be introduced and formal training programmes for farmers in different fields of modern, agricultural technologies would be initiated by all agricultural research and education institutions.

Forestry:

72. Total area under forests is estimated at 3.17 million hectares. This represents about 4% of the total geographical area of the country which is extremely inadequate and cannot meet the growing demand for timber and firewood. Greater emphasis will now be laid on programmes like energy plantation, social and farm forestry on marginal private lands. Under these programmes, demonstration plantations will be raised. On the job training in farm forestry techniques will be provided. Institutional infrastructure will be improved and training will be imparted to forest and forestry related professionals, technicians and farmers. The production of coniferous forests and irrigated plantations would be increased by intensifying the management practices, adopting improved technology, improving the infrastructure

facilities and optimizing the utilization of standing trees through improvement of the logging system.

73. Highlights of the forestry policies and programmes during the Seventh Plan will be :

- Management of irrigated plantations will be improved to increase productivity from the present low levels. It will be necessary to increase water supplies for irrigated plantations by installation of tubewells and clearance of blocked channels.

- Introduction of improved logging and forest harvesting practices for efficient utilization of existing wood resources.

- Intensive forest management would be extended to all the coniferous forests with extraction limited to public sector only.

- There is a vast scope for increasing plantation along the roads, railways and canals which will be tapped during the Seventh Plan. Blanks in the existing plantations should be filled in.

- Forest Departments lack the managerial experience and the equipment necessary for the collection of seed from superior trees and for seed storage and distribution. These constraints will be removed during the Seventh Plan.

- Riverine forests would be rehabilitated through 'bela technique' (digging katcha surface wells for hand watering) or on flow irrigation by lifting water from creeks.

- Measures would be taken to rehabilitate mangrove forests.

Programmes shall be implemented for improvement in the collection of forestry statistics.

Table 11

Physical targets for Forestry Sub-Sector

Product	Unit	1982-83 (Actual)	1987-88 (Target)	1992-93 Projections	Percent annual increase 1983-88	1988-93
Wood production	(000 cubic meters)	686	1,055	1,200	8.9	2.6
Fuel Wood	(000 cubic meters)	476	645	745	6.3	2.9
Timber	(000 cubic meters)	210	410	455	14.3	2.1
Compact plantation	(Hectares)	8,500	33,000	40,000	31.2	3.9
Nursery raising	(Hectares)	289	375	500	5.3	5.9
Linear plantation	(Av.Kms)	2,700	2,000	3,500	(-)5.8	11.8
Distribution of plants	(Million Nos)	35	180	400	38.8	17.3

74. The waters of the Indus Basin rivers carry heavy load of sediment especially during floods. The problem is more serious in northern hills and Pothwar uplands. Scientific management of watersheds is essential for the safety and extension of the useful life of the existing and the proposed water storage reservoirs, barrages, canals, and hydro electric installations. During the Seventh Plan, a master plan would be prepared for watershed management. A programme for the development of riverine areas and barani agriculture would also be launched.

Animal Husbandry:

75. Livestock accounts for about 30 % of the agricultural Gross Domestic Product and about 7 % of the total Gross Domestic Product. However, it was regarded as side business of farmers. Traditionally, the farmer was keeping animals for bullock power and meeting his own needs of milk and dairy products. The unwanted cattle were sold for slaughtering. In the Sixth Plan, there has been a change in this

traditional approach. Livestock production has acquired importance as an economic activity. The coming decades will be characterised by a shift in the consumption pattern from the staples like wheat and rice to the rich protein diet. The Seventh Plan strategy would be to increase the productivity of livestock by giving emphasis on quality rather than numbers to produce more healthy and well nourished livestock. Feeding programme would, therefore, have the highest priority. The major thrust would be on breed improvement through cross breeding, artificial insemination and embryo transfer technology. Emphasis would be given to fodder research particularly combinations of fodder that fit into existing farming systems and provide year - round supplies of green matter. Research will be intensified on the utilization of agricultural wastes, industrial by-products and crop residues as animal feed. Export of molasses should be discouraged and its use as animal feed should be popularised.

76. One of the major constraints in realizing the potential for increased productivity is the lack of mechanism to transfer the existing technology from the Government farms to the producers. The Government livestock services provide little advice to farmers on improved methods of management and nutrition aimed at improving animal productivity. The livestock extension system would be reorganized with the responsibility of transferring technology from the government research farms to the private farms.

77. The livestock statistics are considered unreliable. Programmes will be taken in hand to improve collection of statistics during the Seventh Plan period.

78. The number of veterinary hospitals and dispensaries, mobile dispensaries and diagonistic laboratories will be increased to provide improved disease control cover. An important component of the strategy would be to control herd infection and contagious diseases through prophylactic measures with the help of para-veterinarians from among the livestock owners. Emphasis would be given to the increased production of quality vaccines alongwith research on obscure diseases. New devices

would be used for a prompt and easier application of drugs for control of the internal and external parasites. Measures would also be taken to check the marketing of spurious drugs.

79. During the Sixth Plan period, private sector started showing interest in commercial meat production as a result of various incentives provided by the Government. There are still many constraints hindering the development of the meat industry, viz., shortage and poor quality of feed, a disorganized marketing system, the limited use of modern technology with high cost of meat as a consequence and the inadequate extension services. The following measures would be taken during the Seventh Plan to develop the meat industry:

- All machinery and equipment for livestock farms, feed lots and feed mills be exempted from duty.

- Encouragement of private livestock farms with their own feed mills and slaughter houses.

- Cattle markets be equipped with minimum facilities like weighbridges, sheds, water, electricity and feed. A pricing system based on live weight and quality should be introduced.

80. Dairy development programmes during the Sixth Plan had envisaged to increase milk production through an integrated package of institutional support and input services. This system shall be replicated in other areas during the Seventh Plan period. Organization of dairy cooperatives will be given special emphasis. During the Seventh Plan, milk chilling centres should be set up in rural areas for collection of milk from surplus pockets and making it available for meeting the urban demand. Dairy plants will be encouraged to install milk drying facilities for production of milk powder. This will not only help in reducing losses during the surplus period but also result in import substitution.

81. The targets for livestock products are given in Table 12.

Production targets for livestock products

Produce	Unit	1982-83 (Actual)	1987-88 (Target)	1992-93 (Projections)	Percent annual increase 1983-88	1988-93
Meat	000 tonnes	947	1305	1683	6.6	5.2
Beaf	000 tonnes	464	595	723	5.1	4.0
Mutton	000 tonnes	408	570	756	6.9	5.8
Poultry	000 tonnes	75	140	204	13.3	7.8
Milk	000 tonnes	9,662	12,900	16,654	5.9	5.2
Eggs	Million Numbers	3.200	5.900	8,669	13.0	8.0
Wool	000 tonnes	42.7	55	61.3	5.2	2.2

82. The main problems in poultry are poor management coupled with poor quality and high cost of feeds. The design of housing and ventilation system of poultry farms also need improvement. The following measures shall be taken for the development of poultry industry:

- Establishment of quality control laboratories would be encouraged.

- Diagnostic facilities will be expanded for the old and the new diseases like Gumboro and Infectious Bronchitis. Production and supply of quality vaccines shall be accelerated.

- Poultry processing units shall be encouraged for freezing the production in periods of low demand.

- A programme for computerized determination of least cost feeds based on changing cost of ingredients would be introduced for benefit of feed mills and poultry producers.

- Feed mills should be encouraged to provide advisory services to poultry farmers as part of the sales support.

- Research should be conducted in improving the building design of poultry farms.

Fisheries:

83. The rehabilitation of the Karachi Fisheries Harbour and construction of the Korangi Fisheries Harbour Project will be completed during the Seventh Plan. On the Makran coast, the Gwadar Fish Harbour-cum-Mini Port will be set up which will provide facilities for the operation of 550 gillnetters. Necessary facilities for handling and storage will also be provided. Another fish harbour will be set up at Pasni which will provide landing, marketing and storage facilities. About 700 in-board marine diesel engines will be provided for the mechanization of the existing boats alongwith improved fishing gear. Insulated trucks and fish carrier vessels will be provided for the supply of fish to consuming centres.

84. Following measures shall be taken for the marine fisheries development:

- Shrimp conservation policy will be followed by limiting the number of trawlers, observing a closed season of two months to reduce juvenile mortality and forbidding trawling inside the Indus Delta.

- Available demersal stocks will be exploited by encouraging conversion of trawlers into gillnetters and long liners.

- Experiments will be conducted on the brackish water shrimp culture in the Indus Delta to test the various shrimp species and management strategies.

- Stock assessment of shallow waters less than 10 meters depth or within the marginal mangroves, creeks and estuaries should be undertaken.

- Quality of catch would be enhanced by the provision of facilities to chill the catch on board and through the introduction of quality control measures.

- Introduction of improved fishing gear will be ensured.

- Training to fishermen and skippers shall be provided.

85. Demonstration fish farms, hatcheries, training centres for fishermen would be established and fisheries extension services would be strengthened under the Second Aquaculture Development Project. Fisheries statistics would also be streamlined. In addition, following measures shall be taken for the development of inland fisheries during the Seventh Plan :

- Culture of Tilapia fish in water logged areas will be undertaken in the Punjab on an experimental basis.

- Research on limnology and aquatic biology of lakes and reservoirs should be undertaken.

- Flood control compartments between Guddu and Sukkur Barrages will be utilized for fish culture on a pilot basis.

- Trout culture will be promoted in NWFP.

- Management capabilities, particularly in the inland capture fisheries, will be improved through training, extension and improvement of infrastructure facilities.

- Existing procedure for the grant of canal water for fish farming should be simplified.

- WAPDA should supply power on agricultural rates (instead of industrial rates) to the tubewells installed for fish farming.

- Interest free loans will be provided to small fish farmers.

- Import of fingerlings shall be allowed free of duty.

86. The fish production targets for the Seventh Plan period are given

Table 13

Fish production targets

Source	1982-83 (Actual)	1987-88 (Target)	1992-93 (Projection)	Percent Annual increase 1983-88	1988-93
		---------- 000 tonnes ----------			
Inland	60	68	80	2.5	3.3
Marine	283	380	490	6.1	5.2
Total	343	448	570	5.5	4.9

Small Farmers

87. Nearly three-fourths of all farmers are classified as small farmers who face serious problems in acquiring the capital intensive modern agricultural technologies. Unless these farmers can be induced and helped to raise their productivity the overall productivity of the

sector cannot be improved to the desired level. A series of measures now being devised will be implemented during the Seventh Plan to remove the constraints facing the small farmers in the adoption of productivity increasing technologies. Major emphasis will be on ensuring that the small farmers get their due share of institutional credit with which they may acquire the necessary inputs.

Cooperatives

88. Many problems of the small farmers and landless rural households can be most effectively solved through cooperatives. It is now recognized that cooperatives organized on business principle have a better chance of serving their members than the officially sponsored societies. During the coming years every possible encouragement and assistance will be given to farmers to organize cooperatives on commercial lines to handle various aspects of agriculture including supply of inputs, operation of specialized farm equipment, installation of tubewells, marketing of produce, processing of raw materials and cleaning and management of water courses.

Annexure-I

PRODUCTION OF THE VARIOUS CROPS AND LIVESTOCK PRODUCTS DURING THE SIXTH FIVE YEAR PLAN

Crops	Estimated Achievement				Target	Sixth Plan Target 1987-88	Percentage Achievements %
	1983-84	1984-85	1985-86	1986-87	1987-88		
	----------000 tonnes---------						
Foodgrain							
Wheat	10882	11703	13914	12900	15000	15500	97
Rice	3340	3315	2918.9	3562	3179	4200	86
Basmati	965	958	883	791	800		
Irri	2375	2357	2035.9	2771	2379		
Maize	1014	1028	1010.4	1110	1120	1380	81
Others	618	646	611	589	600	715	84
Cash Crops							
Cotton (Lint)	(2.9)	(5.9)	(7.2)	(7.64)	(7.7)	(6.072)	127
Sugarcane	34287	32140	27856	30000	31681.3	40935	86
Tobacco	80	87	78	78	78	100	78
Pulses							
Gram	522	524	586	584	590	582	101
Other	188	202	210	210	241	213	113
Oilseeds							
i) Traditional	313.8	317.3	325.1	348.9	370.2	437	85
- Rape & Mustard	217.0	234.8	247.2	216.91	282.2		
- Other	96.8	82.6	77.9	79.0	87.4		
ii) Non-Traditional	11.3	12.7	26.0	44.5	60.0	350	17
- Sunflower	6.8	7.8	25.3	37.8	52.0		
- Safflower	3.1	3.1	0.6	1.7	6.0		
- Soyabeen	1.4	1.8	0.1	5.0	2.0		
Vegetables							
Potatoes	510	543	606	599	664	850	78
Onions	503	515	525	571.4	577	800	72
Other Vegetables	2014	2002	2052	2103	2458	3455	71
Fruits	3269	3444	3609	3640	3785	3585	106
Livestock							
- Meat Production	1010	1079	1153	1223	1305	1305	100
- Milk Production	10242	10856	11500	12200	12900	12900	100
- Eggs Production (Million Nos)	3619	4093	4630	4954	5900	5900	100

() Figures in parenthesis indicate cotton production in million bales of 375 lbs each.

Annexure-II

FINANCIAL ALLOCATION

(Million Rs.)

No.	Sub-Sector	Sixth Plan			Seventh Plan Allocation			Percent share in total Plan allocation
		Allo-cation	Utiliz-ation	Percentage Utilization (Col.4 over 3)	On-Going Projects	New Projects	Total	
1	2	3	4	5	6	7	8	9
1.	Government Storages	3650	895	24	133	327	460	3.0
2.	Agriculture Education	325	458	141	443	200	643	4.2
3.	Agriculture Extension	600	1091	182	1337	88	1425	9.3
4.	Oilseed Maximization	400	46	12	43	657	700	4.6
5.	Agri. Research	1550	1726	111	695	1365	2060	13.5
6.	Agri. Marketing	43	7	15	52	448	500	3.3
7.	Cooperatives	64	37	58	3	50	53	0.3
8.	Agri. Eco. & Statistics	51	194	380	132	100	232	1.5
9.	Improved Seed	477	224	47	44	150	194	1.3
10.	Horticulture	-	-	-	-	400	400	2.6
11.	Soils Fertilizer & Gypsum Promotion	148	75	51	163	147	310	2.0
12.	Plant Protection	100	40	40	6	100	106	0.7
13.	Agri. Mechanization	545	213	39	81	238	319	2.1
14.	Soil Conservationes	401	137	34	77	289	366	2.4
15.	Livestock and Poultry Development	1145	808	70	918	1019	1937	12.7
16.	Forestry, Wildlife	1145	741	56	1400	200	1600	10.5
17.	Watershed, Arid Zone and Riverine Areas	182	99	54	250	500	750	4.9
18.	Barani areas				-	1000	1000	6.5
19.	Range management	44	33	75	6	349	355	2.3
20.	Fisheries	759	422	56	600	300	900	5.9
21.	Miscellaneous		41		-	-	-	-
22.	Special Areas	460	734	159	490	200	690	4.5
23.	Public Corporation	-	-	-	-	280	280	1.8
	Total Agriculture:	12100	7920	65	6873	8407	15280	100
	Percent				45	55	100	
	Subsidy on Fertilizer:	3000	9169	306	-	-	3530	-

* The above allocations of Rs 15000 million are in current prices. These allocations expressed in constant 1987/88 prices would amount to Rs. 12000 million.

Annure-III

Actual and projected targets for crop production

Crops/Items	1982-83 (Actual)	Production targets 1987-88	Benchmark 7th Plan 1987-88	Targets 1992-93	% Annual increase 1983-88	% Annual increase 1992-93 over benchmark
GRAINS	17491	20340	19005	23168	3.1	4.0
Wheat	12414	15000	13930	17000	3.9	4.1
Rice	3445	3622	3380	4120	1.0	4.0
Basmati	1010	1000	865	1191	(-) 0.2	6.6
Others	2435	2622	2515	2929	1.5	3.1
Maize	1005	1120	1075	1400	2.2	5.4
Others	627	500	620	648	(-) 0.9	0.9
CAH CROPS	33422	36389	34855	45160	1.7	5.3
Cotton (Lint)	823	1311	1277	1498	9.7	3.3
	(4843)*	(7700)	(7500)	(8800)	-	-
Sugarcane	32534	35000	33500	43576	1.5	5.4
Tobacco	65	78	78	85	3.7	2.0
OIL SEEDS	1906	2953	2879	3686	9.2	5.1
Cottonseed	1648	2620	2552	2995	9.7	3.3
Rape and mustard	246	283	267	370	2.8	6.7
Non-traditional oilseeds	12	60	60	321	38.0	40.0
PULSES	694	831	770	916	3.7	3.5
Gram	491	590	570	695	3.7	4.0
Other	203	241	200	221	2.5	2.0
VEGETABLES	2900	3699	3568	4560	5.0	5.0
Onion	475	577	540	750	4.0	6.8
Potatoes	518	664	570	750	5.1	5.6
Other vegetables	1907	2458	2450	3279	5.2	6.0
FRUITS	3171	3785	3520	4493	3.6	5.0

* Figures in parenthesis indicate 000 bales of 375 lbs each.

Annex-IV

Actual and projected targets other than crops sector

(000 tonnes)

S.No.	Major Programmes	Unit	1982-83 (Actual)	1987-88 targets	1992-93 Targets	% Annual increase in 1983-88	% Annual increase in 1988-93
1.	Fertilizer offtake	000/N tonnes	1244	1750	2390	7.1	6.4
2.	Improved seed distribution	000/N tonnes	70	133	233	13.6	11.9
3.	Operational Tractors (cumulative)	Nos	152,668	228,112	310,278	8.4	6.3
4.	Government storage availability (cumulative)	Million tonnes	4.23	5.52	6.02	5.4	1.8
5.	Livestock products :						
	i) Meat	000 tonnes	947	1305	1683	6.6	5.2
	ii) Milk	000 tonnes	9662	12900	16654	5.9	5.2
	iii) Eggs	Million Nos	3200	5900	8669	13.0	8.0
	iv) Hide	Million Nos	5.15	5.66	6.56	1.9	3.0
	v) Skin	Million Nos	28.81	34.04	39.46	3.4	3.0
	vi) Wool	000 tonnes	42.7	55	61.3	5.2	2.2
6.	Forestry products:	000 cubic meters	686	1055	1200	8.9	2.6
	i) Timber	"	(210)	(410)	(455)	(14.3)	(2.1)
	ii) Fire wood	"	(476)	(645)	(745)	(6.3)	(2.9)
7.	Fish production :	000 tonnes	343	448	570	5.5	4.9
	Inland	000 tonnes	(60)	(68)	(80)	(2.5)	(3.3)
	Marine	000 tonnes	(283)	(380)	(490)	(6.1)	(5.2)

CHAPTER-24

MINERALS

Although the mineral sector has vast potentials, its role in economy of Pakistan has remained deficient contributing merely 1% of the GNP. Some efforts have been made during the last 15 years to create institutional infrastructure exploiting mineral resources of Pakistan. Those public sector institutions and private sector are mining and processing the following minerals:

i) Energy Minerals - coal and nuclear minerals etc;

ii) Agriculture Minerals - gypsum and rock phosphate etc;

iii) Construction Minerals - limestone, gypsum, marble etc;

iv) Refractory Minerals - refractory clays, dolomite, etc;

v) Glass and Ceramic Minerals - silica sand, nephyeline syenite, china clay, etc;

vi) Chemical Minerals - bayrite, rock salt, sulphur, flourite etc;

vii) Metallic Minerals - copper, chromite, antimony, lead, zinc, molybdenum, gold, tungston, nickle, manganese, iron ore, etc;

viii) Precious Minerals - ruby, emerald, and other gemstones, etc.

2. The mineral industry remains a neglected and under-developed sector in the national economy because of the extra-ordinarily complex nature of this industry, the physical characteristics of mineral resources, their hetrogeneity and non-renewability, their remote and uncertain occurrences, the complicated and lengthy operations, the long gestation periods ranging from ten to twenty years or even more, the intrinsic uncertainties, heavy costs and high risks. These factors and a host of other problems being faced by industry, the management of the sector becomes highly intricate, demanding precision and co-ordination of the highest order on each operational stage. Some of these problems include; the inadequate geological knowledge and knowhow; the inadequate research and development facilities; the shortage of trained and experienced manpower; the lack of adequate equipment and infrastructure; and the multiplicity of activities between resource location and consumption. The operation requires intensive as well as extensive investigation

work, involving considerable capital, advanced skills, and high risks before any stage of profitability is reached. The task, to a large extent, is carried out by public sector agencies. The private sector has restricted its activities only to minerals that can be easily located and exploited with scant inputs.

SIXTH PLAN REVIEW:

3. With these priorities, among other things, the Sixth Five Year Plan (1983-88) was set out to work. Its predominant thrust was on the preparation of the National Mineral Development Policy,reforming mining laws and regulations, restructuring and redefining the roles and functions of public corporations, the establishment of the National Coal Authority, the preparation of the Directory of Mineral points, the gradation and specification of ores, the identification of agencies and corporations engaged in mining, and the preparation of portfolios of viable projects based on comprehensive pre-investment and investment feasibility studies.

4. Substantive progress has since been made. The National Mineral Development Policy has been prepared and is under finalization, Mineral Concession Policy has also been formulated. It has restructured the analysis of Pakistan Mineral Development Corporation (PMDC). A portfolio of six commercially viable projects in NWFP has been prepared by the consultants engaged by the Planning and Development Division.

5. The Sixth Five Year Plan provided an investment of Rs.5.75 billion in the Public Sector for the mineral sector development . Rs. 0.3 billion was provided for the completion of ongoing projects and Rs.5.45 billion for new projects. Of Rs.5.75 billion, Rs. 2.5 billion was to be financed from the budget and Rs.3.25 billion from outside the budget. Against this, estimated investment would be Rs.1.19 billion and Rs.0.03 billion respectively. Major shortfall was in the Public Sector projects outside the budget such as Lakhra Coal Deposits for power generation in Sind, Gypsum, Mining and Development in Punjab, and Lagharban Phosphate Rock Mining and Development in NWFP, which claim Rs.2.2 billion in the corporate sector.

6. The total number of schemes included in the public sector in the Sixth Plan was 76, of which 27 were completed by June 1986; 27 are expected to be completed by June, 1988 and the remaining 22 have not been initiated by the sponsoring agencies. As regards physical production during the plan period, major achievements are anticipated in Gemstone production.

7. In the private sector, total investment of Rs.475 million is expected to be made by the end of the Sixth Plan against the allocation of Rs.1.1 billion, showing 40 percent implementation. An investment of Rs.355 million has been made

during 1983-87. While an additional investment of Rs.120 million is projected for the remaining one years of the plan.

8. Regarding the activities of private enterprises and investment in the mineral fields, it is dissipated in small units and is spread out all over the country. In coal mining alone, there are more than 2000 mines in the private sector. Because of the complex and long gestation nature of the mineral industry, the private sector has restricted its activities to minerals that can easily be located and exploited with little capital, have low processing requirements and technical skills, and can ensure large returns. Thus most of the non-metallic minerals which are found on or near the surface (coal, gypsum, limestone, clays, soapstones, marble etc.) are being extracted by the private sector.

SEVENTH PLAN:

9. On these premises the Seventh Five Year Plan (1988-93) addressed itself to enhance the role of the mineral sector. Government has been placing added emphasis on systematic advancement in Mineral Sector in all their aspects.

10. The major priorities in the Seventh Plan for minerals are in the following areas:

a) The National Mineral Development policy shall be progressively implemented for which an action plan will be prepared in consultation with all the relevant Federal Ministries and Provincial Governments.

b) The Geological Survey of Pakistan (GSP) engage itself in covering the mineralized zones on appropriate maps as a matter of priority, with foreign collaboration if necessary.

c) The Geological Survey will establish geological reserves, develop portfolios of exploration prospects containing all available technical data and investment requirements, so as to induce local and foreign investments.

d) The Pakistan Mineral Development Corporation (PMDC) with the assistance of foreign consultants or Pakistan Mineral Development Services (PMDS) a joint venture between the PMDC. Provincial Governments and the private sector will undertake on cost recovery basis pre-investment study requiring risk investment to prepare portfolio of viable projects. It will be passed on, preferably, to the prospective investors in mineral development.

e) For the purpose of undertaking pre-investment studies to bridge the gap between mineral exploration and mineral exploitation a mineral exploration fund will be established.

f) Minerals required to meet the needs of Pakistan Steel and phosphatic fertilizers, and those that can be exported under the present climate of metal prices or allow setting up of local metal industries, will be given priority for their exploration and development Under this criteria iron ores of Nokkundi, Baluchistan, rock phosphate of Hazara, NWFP, copper and associated precious metals of Saindak, Baluchistan, gypsum of Mianwali, Punjab, magnesite of Kumhar, NWFP, and graphite of Azad Jummu and Kashmir need to be developed and exploited.

g) To make efficient use of the existing institutional set up, scarce capital, limited trained manpower and available mineral exploration, development and testing equipment, the number of public sector agencies (Presently sixteen) will be reduced with such structural changes/adjustments as are necessary.

h) Public sector organization will not enter into mining of clays and industrial minerals unless it is meant for a captive industry of the corporation.

i) Federal and Provincial Governments will arrange to provide roads and power for the transportation of supplies and products in the mining areas of different provinces.

j) Financial institutions, in particular RDFC, will provide credit facilities at reasonable rate, furnish technical assistance, rent out equipment at low rent and make cash advances against production.

k) To encourage mineral based industries, the Provincial Governments, will give priority to applications for mining leases for mineral based industry.

l) Government will set up a service under an appropriate agency for low cost rapid mineral analysis and beneficiation testing for the benefit of private mine owners.

m) Equipment renting/leasing/selling enterprises will be established by financial institutions / public corporations / private sector which would be vehicles of mechanization in mining, so as to reduce dependence on loans for such purpose.

n) Considering the complex activities of the mineral sector and given its central position in the development field a back-up mineral advisory unit will be set up in the Planning Division.

o) Training facilities will be enhanced for producing trained specialists and middle line supervisors.

p) Foreign investment in mineral sector will be encouraged by allowing organizational flexibility (collaboration with the public or the private sector, maintenance of international structure) and by providing adequate royalties for transfer of technologies, know how and skills.

PROGRAMMES:

I. Public Sector

11. Under the Constitution of the Islamic Republic of Pakistan,geological survey, scientific research and management of strategic minerals (oil, gas, nuclear) are Federal functions, while the Provincial Governments control other solid minerals and determine and manage their development within their territorial jurisdiction.

12. Institutionally, there are different public agencies engaged in or connected with mineral related activities falling under five categories:-

a) Preliminary survey and exploration as primary functions (Geological Survey of Pakistan) under the Federal Govt.

b) Preliminary investigation and evaluation as primary functions (PCSIR) under Federal Government.

c) Specialized development and production as primary functions (PMDC, RDC, GEMCP and PUNJMIN) under the Federal and/ or the Provincial Governments.

d) Specialized development and production as an adjunct to primary function of industrial development (PIDC, AKMIDC, FATADC, SDA, BDA) under the Federal and/or the Provincial Governments.

e) End uses of captive mines as an ancillary functions (NFC, FCCCL, PASMIC, SCCP) under the Federal Govt.

GEOLOGICAL SURVEYS/INVESTIGATIONS;

13. Preliminary geological investigations and regional mapping are pre-requisites to mineral development. These are essential to provide basic geological data needed for mineral exploration and evaluation.

14. During the Seventh Plan period, mapping activities will be concentrated in the metallogenic belts and mineralized areas of the country. Priority will be accorded to the axial belt of Chagai District (Baluchistan), Nagarparker and Thano Bulla Khan (Sind), Salt Range and Kirana Hills (Punjab), Hazara and Malakand Divisions (NWFP), Gilgit (Northern Areas) and Neelum Valley (Azad Kashmir). Further large scale topo-geological mapping of the identified mineral areas will also be undertaken. These will undergo integrated survey as supported by exploratory drilling, subject to positive results of regional mapping and geo-physical/geo-chemical surveys.

15. The Geological Survey of Pakistan (GSP) will cover these activities through its regular budget. It will undertake geological mapping of an area of 60,000 square kilometers on 1:50,000 scale as under:-

Baluchistan.	20,000 Sq. Km.
NWFP.	12,000 " "
Punjab.	10,000 " "
Sind.	8,000 " "
Azad Jummu & Kashmir.	5,000 " "
Northern Areas.	5,000 " "
Total:	60,000 " "

16. As for the preliminary mineral investigation, GSP will follow the national priorities. The exploration and development of metallic minerals for import substitution or export being in line with current policies will receive precedence.

EXPLORATION/EVALUATION:

17. Bridging the gap between minerals discovery/ exploration, evaluation/assessment is an early requirement to establish the viability and potential of minerals. This activity requires an extensive investigative work with considerable risk capital in which numerous agencies are involved. Initially the task of detailed exploration and evaluation of viable mineral projects will be given to PMDC with some seed money. This would eventually lead to the formulation of either a semi-autonomous body (PMDS) Pakistan Mineral Development Services as recommended by U.K. based British Mining Consultants Ltd. or a joint stock

company. The objectives of PMDS would be to promote the profitable development of the mineral resources of Pakistan in the national interests, in collaboration with the provinces and private sector. The activities of PMDS would be:-

a) to establish a mineral strategy by identification of mineral requirements of the national economy, treatment of GSP data and matching mineral requirements to indicated resources;

b) assess new projects;

c) build up specialised expertise for mineral development;

d) provide resources to new projects (finance, staff expertise, equipment); and

e) attract private capital.

18. In the Seventh Five Year Plan, amongst other minerals, priority will be accorded to the exploration and evaluation of metallic minerals (lead, zinc, copper, manganese, chromite, iron ores) industrial minerals (magnesite, china clay, fuller's earth, soapstone, nepheline syenite, potash, graphite) and precious minerals (ruby, acquamarine, garnet, emarled, topaz).

BENEFICATION:

19. Low grade mineral deposits are upgraded by benefication processes to bring them within consumer specifications. This task is being carried out by Pakistan Council for Scientific and Industrial Research (PCSIR) in its ore-processing, metallurgical, glass and ceramics laboratories. In recent years, PCSIR facilities have been further modernized and mechanized with a view to enhancing their technological competence. Mineral benefication facilities so established would be fully utilized to further the aims of the Seventh Plan.

MINERAL DEVELOPMENT:

20. The mineable reserves of several minerals like copper, antimony, iron ore, chromite, rock phosphate, magnesite, gypsum, china clay, rock salt, marble and graphite have been established. Feeding a wide variety of economic activities are as follows:

Agriculture Minerals:

Gypsum

21. According to various estimates, more than 5.5 billion tonnes of high quality gypsum is present in all the provinces of Pakistan. Some of the major deposits are situated adjacent to the existing transportation facilities, viable utilities and consuming centres, lending themselves to economic mining. So far as the demand is concerned, the total extent of salt-affected soils falling within the Canal Command Areas of the Indus plain which is in the range of about 7.8 million acres, needs crushed gypsum at the rate of 2-3 tonnes per acre per annum for its amendment. Further, nearly 52% (4 million acres) of this are is underlain by marginal or hazardous quality ground water, damaging good productive soils. This would also require huge quantities of gypsum as an amendment for reclamation of sodic soils and correction of low quality ground water. It is expected that the demand would increase manifold in years to come.

Rock Phosphate:(Lagarban)

22. The Sarhad Development Authority (SDA) in collaboration with British Consultants has established a total of 12.5 million tonnes of reserves, (5.5 million tonnes proven and 7.0 million tonnes indicated) reserves of plus 28% phosphorous pentaoxide. The beneficiated rock is suitable for the manufacture of phosphoric acid as well as nitrophosphate. Pilot plant studies are underway to beneficiate the rocks for making high value added phosphatic fertilizer. A mine of 0.2 million tonnes per year capacity will be developed subject to the satisfactory results of the pilot plant tests.

Construction Minerals:

Building Stones

23. Vast reserves of variety of building stones (e.g. marble, onyx, graphite, serpentinite, crystalline limestone) exist in Pakistan. The extent of present development and exploitation vary from product to product. But the methods employed are generally crude, that affect detrimentally the entire mineral industry. During the Seventh Five Year Plan marble deposits of Federally Administered Tribal Areas (FATA) will be developed on scientific lines. Large deposits of refractory materials including magnesite, chromite, dolomite, flourite, china clay, fire clay,quartzite, graphite, serpentinite and silica sand are present in the country. With growing requirements to feed metallurgical high temperature furnace units, most of the materials are expected to be further developed and processed.

Magnesite

24. The Pakistan Industrial Development Corporation has established about 11 million tons, of 'probable' and 3 million tons of 'minable' reserves of magnesite in Kumhar area, NWFP.

Glass/Ceramic Minerals

25. China clay in addition to an existing capacity near Shah Dheri (Swat), the Pakistan Mineral Development Corporation has proven 3.5 million tonnes of china clay reserves at Nagar Parker (Sind), suitable for ceramic industry. As with the rise in population, urbanisation and industrialization, the demand for china clay escalates further. These two sources are expected to bring greater self-sufficiency in the material.

26. Silica Sand: Huge quantities of silica sand are available that need to be washed and graded in order to provide a base for manufacturing quality glass products and solar-electronics wafers. During the Seventh Plan, a number of silica sand washing plants would be established for these purposes.

27. Nephyline Syenite: The Sarhad Development Authority has established about 6 million tonnes of nephyline syenite at Koga (Mardan). For proper utilisation as a replacement of feldspar in glass and ceramic industries, it has delineated certain iron-free zones of the mineral, thereby ensuring the requisite quantity as well as the quality. Its development and exploitation will be initiated and further carried out during the Plan period.

28. Barite: Voluminous deposits of barite are present in lasbela and Khuzdar (Baluchistan), sufficient to sustain internal as well as external demands for such uses as oil drilling, special paints and industrial chemicals. For these purposes, an open cast mine has been developed as a joint-venture and a modern grinding mill of 24,000 tonnes per annum capacity constructed in Khuzdar. Rapid development is necessary to satisfy mounting needs, particularly from the Middle East. One more plant to export the material to Gulf States for its use in oil drilling is therefore planned.

29. Salt: Big salt reserves are available in the country, specially in the Salt Range (Jhelum). The mining is being done at various locations and in particular at Khewra. Other areas have been investigated for development and exploitation. Moreover, a salt iodating plant will be established at Khewra.

30. Sulphur: Some sulphur reserves are available in Pakistan. The Koh-e-Sultan deposits in Chagai (Baluchistan) are being developed by the Baluchistan Development Authority. Further detailed exploration is likely to reveal additional stocks.

Metallic Minerals:

31. Copper (Saindak): Saindak Integrated Mineral Development Project formulated by Resources Development Corporation (RDC) established in 1974, under the Ministry of Petroleum and Natural Resources was based on the establishment of a metallurgical complex comprising copper smelter, sulphuric acid plant and Steel billet mill. The project has been studied by several international consultants and investigations alone have cost the exchequer more than US $ 19 million. RDC appointed another consultant M/S. A.H.Ross and Associates Limited to investigate the economics of used machinery upto blister copper stage. The Government of Pakistan finally approved the project at an estimated cost of Rs.4080 million with foreign exchange component of Rs.2108 million. The project on completion would yield for 16 years, an average annual production of copper 18604.0 metric tons containing 1.55 metric tons of gold and 2.33 metric tons of molybdenum. The project will be carried out in the Public Sector.

32. Iron Ores (Nokkundi): The explored iron ore deposits in Nokkundi area are at Chigendik and Pachinkoh. The Chigendik ore body containing approximately 5 million tons of ore with an average iron content of 45% which can be mined by open pit methods. The Pachinkoh ore body contains approximately 45 million tons of ores with an average iron content of 49% most of which (80%) can be obtained through underground methods. These ores can be concentrated upto 68% iron content to be used as feedstock in pelletizing plants. The pellets so produced, according to M/S. USX engineers and consultants, are suitable as charge materials for blast furnace operations and in direct reduction plants to produce direct reduced iron pellets. The project will receive the highest priority in the Seventh Plan.

Precious Minerals:

33. There is significant potential for the production of precious stones in Pakistan, specially in the northern parts of the country. For this detailed exploration is necessary. The high class ruby emerald and acquamarine certainly merit a detailed and further exploration by deep drilling and underground working. Presently, out of thirty showings, two to three ruby deposits are operative in Hunza. Besides, emerald and aquamarine are being mined in various parts of the Northern Areas, specially Swat. Increase in production and value addition in gemstones are envisaged. Detailed exploration and development in all the promised zones, specially Azad Jummu and Kashmir, have been planned.

Infrastructure:

34. One of the most important aspects in which mining enterprise differs distinctly from other industries is that the location of its operation is not determined by the existing infrastructure utilities, but the occurrence of mineral deposits. In Pakistan, as it happens generally all over the world, economically viable minerals are found in inhospitable, underdeveloped, and underpopulated areas with little communication, power or water supply. Saindak copper ore, Nokkundi iron ore and Hazara Phosphate rock are a few examples in point. The costs of infrastructure are so high that even major projects, both in public and private sectors, cannot absorb them. During the Seventh Plan, Government will provide infrastructure in mining areas on a priority basis and subject to recovery of user charges. Communication is one of the most important part of the needed infrastructure. Construction of roads would be undertaken after identification of routes serving exploitable mineral resources.

II. Private Sector

35. The private enterprises and investments in the mineral field is dissipated in small units, running into hundreds and spread out all over the country. They are ill organised, fragmented and wasteful in their methods. They are extracting most of the deposits of non-metallic nature that occur on or near the surface (coal, gypsum, marble, limestone, soapstone, fire-clays, silica sand) through either open pits or underground mining to shallow depths. Most of these operations are confined to outcrop working and are abandoned when their limits are reached. Yet, due to volume, their contribution to the mineral production of the country is substantial.

36. With these limitations and capabilities in view, the private sector has adequate potential to expand, provided appropriate institutional arrangements and facilities are created for its operations.

37. To these effects, various physical facilities such as availability of geological maps, exploration/evaluation data, techno-economic information on various aspects of mining are available from the Geo-Data Centre of the Geological Survey of Pakistan. Further conveniences such as chemical analysis, mineralogical tests, and material beneficiation are provided through laboratories of PCSIR, RDC, technical organizations, and academic institutions. Besides upgrading these facilities, as stated earlier the proposed Pakistan Mineral Development Services (PMDS) would undertake feasibility studies for mineral development. With this direction set, intensive efforts will be made during the next Plan to bring adequate means of support to

the private entrepreneur to modernize and balance its operations.

Investment and Targets:

38. The total public sector investment in the mineral sector during the Seventh Plan is Rs 7.45 billion (ADP Financed from budget Rs 3.32 billion and Public Corporation Rs 4.13 billion). The details of financial outlays and the physical targets are given in Annex-24.1 and 24.2 respectively. Provisional sources of financing in the public corporations are given at Annex-24.3.

Annex-24.1

MINERALS

Financial Allocations 1988-93
(Agency-wise)

(Million Rs.)

Sl. No.	Agency	ADP	Public Corporation	Total
A.	Federal:			
1.	Ministry of Petroleum and Natural Resources.	2188	2940	5128
2.	Ministry of Production	-	355	355
3.	Ministry of States and Frontier Regions	39	75	114
4.	Ministry of Kashmir Affairs and Northern Areas	43	100	143
5.	Planning and Development Division	10	-	10
	Sub-total	2280	3470	5750
B.	Provincial			
1.	N.W.F.P.	490	280	770
2.	Sind	104	110	214
3.	Baluchistan	381	190	571
4.	Punjab	65	80	145
	Sub-total (Provincial)	1040	660	1700
	Total (Federal & Provincial)	3320	4130	7450

Annex-24.2

MINERALS
Production Achievement and Seventh Plan Targets

Sl. No.	Items	Unit	1987-88 (Estimates)	1992-93 (7th Plan Targets)	Annual Growth Rate
1.	Copper	Tonnes	-	18604.00	-
2.	Gold	"	-	1.55	-
3.	Silver	"	-	2.33	-
4.	Molybdenum Concentrate	"	-	359.00	-
5.	Iron Ore	"	-	800,000	-
6.	Nephyline Syenite	"	-	30,000	-
7.	Chromite	"	8,000	15,000	13.4
8.	Gemstone	M.Rs.	400	650	10.2
9.	Rock Salt	'000'Tonnes	670	1,000	8.3
10.	Gypsum	"	580	2,000	28.1
11.	Limestone	"	6,525	10,000	9.0
12.	Marble	"	230	440	13.8
13.	Rock Phosphate	"	80	150	13.4
14.	China Clay	"	25	85	27.7
15.	Dolomite	"	150	325	16.7
16.	Silica Sand	"	256	500	14.3
17.	Soapstone	"	35	65	13.2
18.	Baryte	"	40	80	14.9
19.	Sulphur	Tonnes	1,350	2,715	15.0
20.	Magnesite	"	3,500	7,260	15.7
21.	Graphite	"	-	15,000	-

Annex-24.3

MINERAL

PROVISIONAL SOURCES OF FINANCING PUBLIC CORPORATIONS (1988-93)

(Million Rs)

Agencies	Total Public Corporation	Bank Credit	Self Financing	Foreign Aid Equity
i) RDC-Saindak Copper Project	2860	1740	-	1120
ii) Gemstone Corporation	80	41	-	39
iii) M/o Production (Dev.of Nokkundi Iron Mines)	355	200	-	155
iv) AKMIDC (Graphite Deposits)	100	80	-	20
v) FATADC (Marble Deposits)	75	50	-	25
vi) Baluchistan	190	115	-	75
vii) Punjab	80	55	25	-
viii) Sind	110	70	-	40
ix) NWFP	280	210	-	70
Total	4130	2561	25	1544

CHAPTER-25

M A N U F A C T U R I N G

SIXTH PLAN REVIEW:

The Sixth Five Year Plan (1983-88) aimed at providing clear guidelines for the future industrial progress. It projected 9.3% real annual growth for manufacturing (10.0% large scale and 7.3% small scale). To achieve these targets, the Plan placed great emphasis on export oriented development. This was to be combined with import substitution in engineering sector. Private sector investment was to be encouraged. Public sector was to concentrate on completion of the ongoing projects and consolidation of existing public sector projects. Private sector had to carry the main responsibility for growth in a deregulated environment. New investment was to be made only in the less developed areas.

2. Although the private sector had been assigned a heavy responsibility, the efficiency of the public manufacturing enterprises remained crucial because of their central role in certain key products and their impact on the major down-stream industries. The areas assigned the highest priority were: i) the steel-based engineering goods industries, ii) the agro-based industries; iii) the agriculture input industries; and iv) the mineral-based industries.

3. Some of the specific policy initiatives taken during the Sixth Plan period for industrial development are:-

a) Enhancement of investment sanction limit for non-specified industries from Rs.60 million to Rs.300 million in 1984 and further to Rs.500 million in 1987;

b) limitation of specified industries list to 23 in 1984, 11 in early 1987, and 5 in late 1987 namely, security and defence related industries, beverages, industries subject to indigenisation programmes, drugs and pharmaceuticals, and vegetable ghee;

c) notification of transfer of technology guidelines in 1984;

d) reduction of tariff on a number of raw materials, intermediate goods and capital goods;

e) introduction of a three year trade policy 1987-90 with new export incentives;

f) establishment of the Industrial Incentives Reform Cell

PREVIOUS PAGE BLANK

to make recommendation on fiscal anomalies and effective protection; and

g) incorporation of trade houses with more than US $ 20 million export and selling their quality products under brand names.

4. The Sixth Plan, targeted industrial investment of Rs.82.5 billion with Rs.20.5 billion for the public sector and Rs 62 billion in the private sector. Against the allocation of Rs 20.5 billion in the Sixth Plan, the public sector would utilize Rs.17.93 billion (Annex-25.1) exhibiting a shortfall of 12.6% mainly due to less utilization of funds by the Provinces, which rightly shifted priorities to social sectors with the launching of the Prime Minister's Socio-Economic Programme.

5. Against the investment target of Rs.62 billion in the private sector, for the first four years of the Plan an investment of Rs.49.167 billion (Rs.40.898 billion large scale and Rs.8.269 billion for small scale) is estimated, showing 79% achievement during the first four years of the Plan. Yearwise breakdown is given at Annex-25.2. It is expected that by the end of the Sixth Plan, the target for the private sector investment will have been exceeded.

6. Sector-wise figures of private industrial investment have been given in Table-I below. It would appear that significant shortfalls below plan targets occurred in basic metals and engineering goods sector, where only 67% of the target is likely to be attained. In petro-chemical and fertilizer sectors the investment was negligible by only 5% and 2% of the respective targets. The investment in small scale, the agro-based industries and the non-metallic minerals has exceeded the plan targets. Performance in the textiles, chemicals, pharmaceuticals, rubber and miscellaneous products sectors have been in line with the Plan targets. The details are given in Annex-25.3.

Table-I

SIXTH PLAN TARGETS AND ACHIEVEMENTS (1983-88)

(Rs. Million)

S.No.	Sector	Sixth Plan Private Investment Targets (1983-88)	% of total	Achievement (1983-88) Estimated Investment (1983-88)	Achievement of plan Targets (%)
1.	Basic Metal and other Engineering Industries	10870	18	7302	67
2.	Agro Small and Rural Industries	13400	22	24370	182
3.	Textiles	12790	21	13825	108
4.	Petro-chemicals	5260	8	287	5
5.	Non-Metallic Minerals Products	4290	7	6103	142
6.	Fertilizers.	4100	6	63	2
7.	Chemicals and Pharaceuticals.	5285	8	5970	113
8.	Rubber Products and other Misc.	6005	10	5507	92
	Total:	62000	100	63427*	102

* The assessment is based on the work of the Industrial Commission's draft report. The estimates of private investment given in the report are higher for all years of the Sixth Plan than those of in CSO as contained in Chapters-6 and 9.

7. The factors contributing to lower investment in certain priority areas, are given below:-

i) It would be unreasonable to expect a private sector investor to sacrifice his profits for state policy. Relatively less profitable sub-sectors, which are accorded high priority can attract private investors only if a policy package is devised to improve profitability.

ii) Private sponsors are generally shy of investing in long gestation capital intensive industries unless long term commitments for protection and incentives are made.

iii) High rate of interest (14% charged by the DFI's as against the current international commercial rate of 7%), and low tariff imports of capital goods have come in the way of long gestation engineering industries.

iv) Lack of guaranteed, secure and cheap supply of gas has inhibited the development of fertilizer industry.

v) Investors prefer to invest in industries which involve smaller investments, yield a higher profit margin and an early payback period. Import substitution industries fall in this category and with high profits generated behind protective tariff have been a factor in distorting investment decisions.

vi) Tariff and non tariff barriers to exports, and non-competitiveness of some of our input prices have made export industries less attractive than import substitution industries.

8. As a result of govt. policy to leave industrial investment largely to the private sector the percentage of the public sector investment decreased from 49% in 1982-83 to only 9.5% in 1987-88. On the other hand the percentage of the private sector investment (constant 1982-83 prices) increased from 51% of the total industrial investment in 1982-83 to 90.5% in 1987-88, with an annual growth rate of 20.5%.

SEVENTH FIVE YEAR PLAN STRATEGY

9. The policy of limiting involvement of public sector in industry which started during the Sixth Plan, will be continued during the Seventh Plan. Public Sector investment in Industry would be restricted to balancing, modernization and expansion financed by the public sector enterprises from their own resources and domestic and foreign borrowings. At the same time the private sector would be involved to the fullest extent in the process of industrialization. The thrust would be towards the establishment of more efficient export oriented and sophisticated industries. Policy packages will be developed to encourage industries in key sectors such as engineering, electronics and high technology industries, stimulate modernization of existing industries and particularly agro processing industries and deal effecting with sick industries. Appropriate policies will also be developed for industrialization of less developed areas.

10. The existing industrial capacity will be reviewed with a view to increasing its efficiency and quality of products. For this purpose, specific industries will be identified. A Policy

package will be worked out for each industry for remedying its weaknesses, improving the quality of products and improving efficiency and profitability.

11. Industrial machinery and plant for cement, sugar, vegetable ghee and some other industries are already being manufactured in Pakistan mainly in the public sector. Some promising units are coming up in the provate sector as well. A permanent joint public - private commission for this industry will be established for chalking out future strategy for manufacture of industrial plant and machinery in the country by adoption of latest technology.

12. A policy package has already been developed in the shape of indigenization policy for the engineering industries for manufacture of transport equipment and consumer durables.

13. Defence related industries in the public sector will be commercialised. The public sector industries in this sub-sector will develop active collaboration with the private sector industries.

14. The policy package that was developed for electronics has so far been ineffective. A review of policies is necessary. It is essential to remove the inertia and to stimulate manufacturing of microchips, mini circuits, small electronic equipment and computers in Pakistan if necessary by some involvement of the public sector.

15. Basic petro-chemicals require large investment and considerable risk due to intense competition from oil producing centre and depressed market. Decisions to set up industries in this sub-sector will have to be made with circumspection. For fertilizers a clear policy regarding pricing and availability of gas will be notified alongwith maximum level of protection to be allowed.

16. A viable action programme supported by incentives will be prepared for hitech industries such as bio-technology and fibre optics.

17. Sick industries that have failed to revive after reasonable financial assistance will be allowed to die. Creditors would cut their losses and dispose of the assets. Where sickness arises from poor management, creditors could take them over and make alternative arrangements for management. Bank and financing institution may find its advantages to set up special machinery for liquidation of sick industries.

18. Instead of issuing directives on sectoral priorities, DFIs will be provided clearcut quantitative criteria for extending financial support.

i) Financing institutions will take into account both financial return and the economic rate of return. Different minimum economic rates of return will be prescribed for different industries while taking into account among other factors the indigenous raw material used by them. Economic rate of return will be determined on the basis of principles of pricing imports and outputs which will be clearly specified.

ii) Every project has an impact, favourable or other wise, on BOP, through increase/decrease in imports/exports. Maintaining an equilibrium in BOP position will be an important strategy for the Seventh Plan. The financing institutions will ensure that impact of industrial project on the balance of payments is positive and cost per dollar saved (Bruno ratio) is generally, not in excess of official exchange rate by more than 10%.

iii) Financing institutions will be advised that while selecting among alternative technologies, their impact on employment and efficient utilisation of labour should be taken into account subject, however, to observing the minimum rate of return.

19. For employment generation and better income distribution, smaller industries have better impact than the large industries. Unfortunately, they have so far received inadequate financial support. State Bank of Pakistan will substantially increase the credit allocation for small industries.

20. To facilitate monitoring a well defined programme of action for the industrial development will be finalised during the first year of the Seventh Plan that will include:

i) Identification of existing industries to be upgraded and formulation of programmes for improving the efficiency of each.

ii) Selection of key industries to be promoted and working out a policy package for each. Organising an industries promotion Cell in IPB to pursue on a day to day basis the setting up of such industries.

iii) Making institutional arrangements for dealing with sick industries, review and listing of such industries and setting target dates for their disposal.

iv) Conveying to banks and DFIs the objective criteria in quantitative terms for giving financial support to industrial units.

21. The system of collection of data on industrial investment will be improved to facilitate analysis and monitoring of progress on implementation of the action programme.

22. With the progressive deregulation of industry and the limited number of industries which would remain on the specified lists, the problem related to sanctioning and licensing would, to an extent, resolve itself. In accordance with policies laid down by Govt. "One window" will be made operational at all the industrial estates in accordance with phased programme. Land and water is already available. For transporataion Provincial government would construct road links wherever necessary. WAPDA and T & T would set up grid stations and telephone exchanges at industrial estates where these services are required. Efforts will be made to fully service all existing industrial estates by financial year 1989-90. The industrial estates to be opened in future would be fully serviced to start with. For this purpose, the industrial estate development schemes should invariably include provision of funds needed for telephone exchange and grid station. The progress of one window facility will be monitored by a joint committee of the representative of Govt. and FPCCI to improve system, where needed.

23. The existing fiscal incentive system has failed to attract viable investments in the under-developed areas. The following strategy will be followed during the Seventh Plan:-

i) A special effort will be made in the context of Prime Minister's Five Point Programme, to rapidly develop the physical and social infrastructure of the area located towards the west of the Indus.

ii) Efforts will be made to promote and provide credit for small industries in NWFP, Baluchistan, Azad Kashmir and Northern Areas. In this RDFC would play an active promotional role in conjunction with IDBP, Commercial Banks and Small Industries Corporations.

iii) Large industrial units, suitable for NWFP, Baluchistan, Northern Areas and Azad Kashmir that can have backward and forward linkages would be identified and specially tailored incentives provided for them on case to case basis. Such incentives may include reduced rates of central excise duty and sales tax to attract private entrepreneurs.

iv) Key projects which are likely to benefit backward areas by stimulating economic activity, which the private sector is not willing to sponsor due to low profitability, will be undertaken by public sector bodies on no loss basis.

v) Tax incentives should be restircted to least developed areas. Baluchistan (excluding Hub Chowki and adjoining

area), NWFP, Tribal Areas, Azad Kashmir, Northern Areas and Rajanpur, Mianwali and D.G.Khan, Districts of Punjab and Jacobabad and Tharparkar Districts of Sind may be treated as backward areas and allowed full exemption from custom duty on plant and machinery and a tax holiday extended to 8 years.

vi) Exemption of 25% of customs duty will also be allowed in case of industries located in rural areas industrial estates located outside zero duty area indicated at (v) above.

vii) No other area specific concessions of tax holiday and customs duty on plant and machinery will be given. Such concessions are counter productive as they tend to diminish the attraction of the incentives for other relatively more developed areas.

viii) Efforts should be made to provide basic infrastructure in less developed areas and to subsidise some of the inputs like gas and electricity to overcome there initial locational disadventage.

ix) Special incentives for backward areas should be industry specific rather than area specific. Those industries should be encouraged which have backward and forward linkage relevant to the backward area. The incentives in such cases may be tailored to the requirement of the industry to ensure its profitability.

x) Vocational training centres may be opened on priority basis near the industrial estates locations in the under-developed areas.

24. An effective approach to R&D will be adopted to expand technological base in the country and bring about increasing self-reliance on the country's own capabilities. Basic principles for attainment of these objectives will be as follows:-

i) As a matter of policy, in case of large plants, D.F.I. concerned would insist on such plants being split up into major parts for which tenders should be invited separately. In this process Pakistani consultants, singly or jointly with foreign consultants may be involved and local equipment may be purchased to the extent feasible.

ii) Likewise, in the public sector project planning, turn key arrangements will not be accepted. As far as possible, plants will be purchased alongwith complete technical design of plants, spares, jigs tools and fixtures.

iii) Domestic scientists, technologists and engineers would be involved in the entire process of industrialization, including (a) planning, (b) selection of technology, (c) design. (d) erection, (e) operation and production.

iv) R&D Cells within the industrial units will be encouraged which would, to begin with, collect information on the latest technologies relevant to their needs and carry out improvement whenever needed. These cells could also concentrate on product development and efficiency of production and establish contact with the concerned research institutes for effective collaboration.

v) R&D will be given proper direction in line with the needs and requirements of the industrial sector. Government would set up machinery for setting priorities for short-term and long-term R&D.

vi) The consolidation of the already imported technologies would be attempted by developing local capabilities for their assimilation and duplication. The local capabilities already developed for the sugar, cement and textile machinery would be consolidated, and updated through R&D and import of latest technological improvements.

vii) D.F.I.'s and Banks would be advised to provide financial assistance to industrial units on condition that they follow implementation procedures outlined above. The fiscal and industrial investment policies would support the promotion of local technologies.

25. The Present R&D set up in the country has developed without any systematic plan and has, therefore, resulted in proliferation of institutes, overlapping of functions and duplication of efforts. A three tier system of R&D will be developed to meet the present requirement of the country which will comprise:

i) national level public sector organisation of multi-disciplinary character;

ii) R&D units in large industries confining themselves to R&D in products quality control and process and cost-controls; and

iii) R&D units for groups of small industries concerned mainly with quality control and having linkages with the first two tiers.

26. To encourage investment in R&D one third of the capital expenditure on plant, machinery and building, for research will be treated as expense beginning from the year in which the assets were first used for research. In addition, the following payments

would be made tax deductible:

i) Payment to an approved research institute for scientific research related to that business; or

ii) Any approved research institute, the object of which is undertaking scientific research related to the class of business to which that business belongs; and

iii) Any other capital expenditure on scientific research related to that business except to the extent that it is expenditure on plant, machinery, land or buildings.

27. The guidelines for negotiating transfer of technology will be revised to shift emphasis from regulating the transfer to coverage of interests of the transfer and the country. Effective linkage will be created between R&D organisations and National Planning. Flow of adequate funds for R&D will be encouraged. Special emphasis will be laid on motivation and training for scientific manpower. Closer linkage of the public sector R&D organisations with industry will be established by requiring them to meet at least part of their expenses by contractual services. Representation of the private sector on the governing boards of these organisations will be strengthened.

INVESTMENT

28. In the Seventh Five Year Plan, an industrial investment of Rs 100.69 billion is anticipated with Rs 9.52 billion earmarked for the public sector and Rs.91.17 billion for the private sector.

Table-2

Investment in the Manufacturing Sector During Seventh Plan(88-93)

(Rs. Billion)

S.No.	Sector	Allocation	Percentage
1.	Public	9.52	9.5
2.	Private	91.17	90.5
	Total:-	100.69	100

PUBLIC SECTOR

29. Even though the role of the public sector has been de-emphasized in recent years, in view of its contribution to the national economy the organisation and functions of this sector

would be a matter of crucial significance in the Seventh Plan. Thus, consolidation of the state enterprises through selective balancing, modernisation and replacements and in a few cases, even restructuring of plants, will be made to obtain suitable return on large investments made in the public undertakings. The public sector will also continue to invest in the industrial estates and infrastructures to support rapid industrialisation. Moreover, in the under developed areas, as already indicated the public sector may have to invest in industrial undertakings on a no loss basis. The allocation of Rs 9.52 billion is in pursuance of this policy.

30. The share of the public sector on the total planned investment int he manufacturing sector comes to 9.52%. Out of Rs 9.52 billion on sum of Rs 0.87 billion will be financed from budgetary allocation and Rs 8.65 billion will be financed by the public Corporations, through bank credit/commercial loans, self-financing, and foreign and local equity. Agency-wise details and the provisional sources of financing, are at Annex-25.4 and 25.5 respectively.

Private Sector

31. The Seventh Plan envisages substantial increase in the private investment level. The aggregate size is projected at Rs.91.17 billion (Rs.68.570 billion large scale ; Rs.22.600 billion small scale) at constant 1987-88 prices (Annex-25.6).

32. Out of a targetted investment of Rs 91.17 billion in the private sector, Rs.22.911 billion is meant for engineering goods, Rs.20.50 billion will be allocated for agro-based/small scale industries which have large export potential, Rs.26.0 billion for textile industry and Rs.14.525 billion for chemical industry, while the remaining Rs.7.234 billion will be distributed to other industries.

33. In view of the policies stated above, the national sector wise public and the private sector investments during the Seventh Plan are estimated in table-3

Table-3

Investment Pattern During Seventh Plan

(Rs. in Billion)

Sector/Sub-Sectors	Investment Public	Investment Private	Total	Percentage of total
1. Basic Metal and Engineering Goods.	1.140	22.911	24.051	24
2. Chemicals, Petro-Chemicals, Fertilizer & Pesticides.	2.771	14.525	17.296	17
3. Textiles	0.006	26.000	26.006	26
4. Agro/Small Scale Industries and Industrial Estates.	1.007	20.500	21.507	21
5. Non-Metallic Minerals.	2.711	6.000	8.711	9
6. Others including utility Stores Corporations	1.885	1.234	3.119	3
Total:	9.520	91.17	100.69	100

Engineering Goods

34. Engineering or capital goods industry is the foundation of industrialization. It contributes more than any other enterprise in developing technologies, skills, capacities, and productivity. It helps fixed capital formation in industry, agriculture services, and administration.

35. The investment requirements for the engineering sector during the Seventh Plan have been estimated at Rs 24.051 billion, comprising Rs 1.140 billion in the public sector and Rs.22.911 billion in the private sector. The public sector will be mostly confined to ongoing projects and BMR while most of the new projects will be set up in the private sector.

Chemical

36. The chemical industry comprises the following:-

a) Basic industrial chemicals, including fertilizers, dyes, pigments, paints, varnishes, polishes, inks, lacquers, cosmetics, soaps, explosives, esters, vegetable oils, animal fats, organic substances, inorganic chemicals, etc.

b) Petrochemicals, including polymers, plastics, rubbers, detergents, synthetic fibres, etc.

c) Pesticides, insecticides, aerosols, etc.

37. In the Seventh Five Year Plan, promotion of the chemical industries will be achieved where economics of scale permit efficient production through carefully designed packages of incentives and concessions. For this purpose, following priorities and strategies will be adopted.

a) High emphasis for the development of chemical industries, including such as fertilizers, pesticides, and those utilizing locally produced raw materials belonging to the agriculture and mineral sectors.

b) Plans for the installation of down stream projects shall be given to the manufacture of major plastics like PE, PP, PVC etc, and compounds like terephthalic acid and ethylene glycol etc.

c) Priority to be given to projects for the manufacture of mineral based chemicals, phosphatic pesticides, tannery chemicals, dyes,/pigments, basic detergents, petrochemicals, and downstream projects.

d) Infrastructure facilities for chemical industries in areas where local raw materials are available.

e) Assured gas availability feed stock at fixed price.

f) Joint venture capital financing through liberal tax incentives.

38. Fertilizers are considered the greatest breakthrough in the agricultural history to increase crop production. Projected fertilizer offtake during the Seventh Five Year Plan period (1988-93) is given below:

Table-4

Projected Fertilizer Offtake (1988-93)

(000 N Tonnes)

Year	N	P205	K20	Total
1988-89	1400	460	58	1918
1989-90	1430	493	91	2014
1990-91	1502	518	95	2115
1991-92	1585	540	97	2222
1992-93	1650	570	115	2330

Source: Expert Working Group on Chemicals (1988-93)

39. The demand projections for the Seventh Plan, as derived from NFDC, estimate a 5.0% rate of growth. Thus, the total NPK demand comes to 2.330 million nutrient tonnes (1.650 million tonnes N, 0.570 million tonnes P2 O5, 0.115 million tonnes K2 0). In order to meet the above short fall by the end of the plan period (1993), an additional capacity of the magnitude of one DAP plant (1600 tpd), one urea plant (1700 tpd, and one nitrophosphate plant (1000 tpd) would provide 0.493 million tonnes of nitrogen and 0.319 million tonnes of phosphorus, still leaving a deficit of about 0.060 million tonnes of nitrogen and 0.155 million tonnes of phosphorus.

40. The fertilizer requirements are met both from domestic production and imports. The production in Pakistan started in late 1950s. Since major expansion in production capacity (mainly in nitrogen) has taken place domestic output has increased considerably. There are currently 12 manufacturing units having a combined capacity of about 1.090 million tonnes of nitrogen (N) and 0.09 million tonnes of phosphate (P205). There is another SSP plant under construction at Haripur, which will produce about 14,000-15,000 tonnes of phosphatic fertilizer on completion (1988). All potash is imported. The plan provides for modernisation and expansion of one plant in the public sector and three plants in the private sector. Policies will be notified for attracting the private sector investment in new fertilizer units.

41. The pesticides are important inputs in agriculture. Presently the demand is partly met from the imported finished products and partly from the locally manufactured formulations. The indigenous capacity remains small in relation to the total consumption in the country. Due to increasing demands, the existing formulation capacity has to be increased For the Seventh Five Year Plan, suggestions have been made for the establishment of monocrotophos and dimethoate plants, to produce substantial amounts of the requirements. An investment of Rs.0.12 billion planned for pesticides units.

42. An investment of Rs.18.645 billion in chemicals, fertilizers, petrochemicals and pesticides sub-sector is anticipated during the Seventh Plan.

Textile

43. The Textile Industry is the back bone of Pakistan economy as it is based on a raw material (cotton) which is abundantly available in the county. It accounts for over 40% of industrial employment, 26% of manufacturing output, and 8% of the GNP. During 1985-86 it subscribed 70% to the income from export of manufactures and 43% to that from trade. The industry comprises spinning units, composite mills, weaving/facilities, power looms, processing units, hosiery works, woollen mills, carpet factories, silk industries, jute mills, etc. which are scattered all over the country.

44. The textile industry remained sick during the better part of the seventies. Measures were taken to revive the industry which proved effective. Based on these results the Sixth Five Year Plan indicated production targets for 1987-88 as 645 million k.g. yarn and 440 million square meters cloth. The actual output was 546 million kg of yarn and 235 million square meters of cloth during 1986-87.

45. To accelerate the growth of textile industry the following steps would be considered for implementation:

a) sufficient availability of cotton to textile mill at price comparable with international market rates and improvement in quality of cotton;

b) re-organization and modernisation of weaving and finishing sector to produce superior cloth for export and garment industry;

c) infrastructural and financial assistance to small and medium sized units for production of the made-ups.

d) freedom to exporting units for securing technical assistance from abroad or collaborating with foreign agencies, for maximising export earning within the prescribed quotas;

e) improvement in man management and labour productivity;

f) retionalization of fiscal incentives to encourage production and exports of more value-added goods;

g) institutional assistance by providing/developing a data bank, market information system and design improvements, services.

46. The Expert Working Group on textile have estimated the production targets as indicated below:

Table-5

Textile Production Targets (1988-93)

S.No.	Item	1987-88	1992-93
1.	Total Cotton Yarn (M.Kg)	596	880
2.	Total Cotton Cloths(msm)	2256	3447
	i) Mill Sector	283	350
	ii) Modern weaving	-	397
	iii) Power looms	1750	2700
3.	Synthetic Fabrics(msm)	592	840
4.	Made up (M.Kg)	162	338

47. Estimated additional spinning capacity required is 1.5 million spindles and 46,000 conventional looms. Investment, mainly in the private sector, is expected to be Rs.26.006 billion.

Agrobased

48. Agro-based industries cover a wide range of edible and non-edible agro-products, as processed foods, sugar and its by-products, canned fruits and vegetables, edible oils and fats, cigarettes, livestock products, poultry feed, marine products, leather goods, forest products in addition to many agro oriented and input industries such as mechanisation, preservation/cold storage and transportation, marketing and export processing etc.

49. There is need to bring in efficiency in this sub-sector to enable it to become export oriented for which there is considerable scope. The Seventh Plan will, therefore, concentrate on policy packages to promote agro-industries and upgrade them to a level which may increase their share in exports.

50. The full potential of small scale industries has not been realised. Measures taken until now, falling short of their mark, have not had desired impact on productivity and quality of products, even through certain institutional advances have been made and financial allocations to them have increased manifold, the major problems of organisation, financing, technology and marketing, from which small industries continuously suffer have generally remained unresolved. In this context, following steps will be taken.:

a) Larger credit targets will be set by State Bank for this sub-sector. Commercial Bank, and DFIs would also simplify procedures for disbursement of credits to small industries.

b) Locational restrictions will be relaxed to allow expansion of small scale and light engineering industries.

c) Measures will be taken to create linkages between domestic and foreign markets through export houses. Introduction of modern design and brand names will be encouraged.

d) Linkages between small engineering industries and large scale industries would be improved by fasting the growth of sub-contracting.

Cement

51. The cement industry forms a central part of the socio-economic development in the country. It is the single largest input in construction. In the Sixth Plan the demand of cement was assessed at 8.12 million tons in 1987-88 at a compound growth rate of 8%. The installed capacity and the production by the end of the Sixth Plan would be 8.1 million tons and 6.8 million tons respectively.

52. The total demand by the end of the Seventh Plan period (1992-93) has been estimated at 9.75 million tons. To meet this requirement, the capacity essential to be installed during the Seventh Plan period would be 11.8 million tons.

Production Targets

53. The manufacturing sector as a whole is expected to grow at 8.1% per annum during the Seventh Plan period as compared with the growth rate of 6.9% per annum expected during the Sixth Plan. The large scale industry is expected to achieve 8% growth rate, while the small scale industry will touch a 9.4% growth mark. Major industrial sub-sectors, as already discussed, shall witness adjustments to respond to new demands. A statement showing targets of industrial production for the Seventh Plan, as compared with the achievements made by the end of the Sixth Plan (1987-88) is give at Annex-25.7.

ANNEX-25.1

REVIEW OF SIXTH PLAN (1983-88)
PUBLIC SECTOR MANUFACTURING INVESTMENT

(At Current Prices)

Sector	1982-83 (Actual)	1983-84 (Actual)	1984-85 (Actual)	1985-86 (Actual)	1986-87 (Actual)	1987-88 (Alloc:)	Total Estimated (1983-88)	Sixth Plan Target	Percentage Implementation
INDUSTRY	5,144	5,700	3,871	4,623	1,712	2,020	17,926	20,500	87
LARGE SCALE	5,177	5,685	3,817	4,566	1,677	1,955	17,700	18,019	98
SMALL SCALE	27	15	54	57	35	65	226	2,481	9

Source: i) Federal Bureau of Statistics
ii) Allocations for 1987-88 (Planning Commission)

ANNEX-25.2

REVIEW OF SIXTH PLAN (1983-88)
PRIVATE SECTOR INDUSTRIAL INVESTMENT

(At Current Prices)

Sector	1982-83 (Actual)	1983-84 (Actual)	1984-85 (Actual)	1985-86 (Actual)	1986-87 (Actual)	1987-88 (Alloc:)	Total Estimated (1983-88)	Sixth Plan Target	Percentage Implementation
INDUSTRY	5,410	8,599	11,053	13,912	15,603	14,260	63,427 *	62,000	102
LARGE SCALE	4,070	1,618	9,099	11,702	13,279	11,790	52,688	51,000	103
SMALL SCALE	17,340	1,781	1,954	2,210	2,324	24,700	10,739	11,000	98

Source: i) Industrial Commissions's Report
ii) Allocations for 1987-88 (Planning Commission)
* The amount of Rs.63.427 billion is based on draft Industrial Commission's report. The estimates of private investment are higher for all years of Sixth Plan than those of CSO's estimates of Rs. 55.80 billion as contained in chapter 6 and 9.

REVIEW OF SIXTH PLAN (1983-88)
GROUP-WISE INVESTMENT IN PRIVATE MANUFACTURING
BOTH LARGE SCALE AND SMALL SCALE

(Million Rupees)

Sectors/ Sub-Sectors	Sixth Plan Invst: Target	Percent Share Target	ACTUAL INVESTMENT DURING 1983-84	1984-85	1985-86	1986-87	1987-88	TOTAL (1983-88)	Achieve-vement of Plan Target %	Percent Share Estimated
Basic Metals & Other Engineering Industries	10,870	17	1,012	917	1,654	2,079	1,640	7,302	67	11
Agro Small & Rural Industries	13,400	22	3,267	4,280	5,217	6,116	5,490	24,370	182	38
Textiles	12,790	21	1,847	2,450	2,686	3,733	3,109	13,825	108	22
Petro-chemicals	5,260	8	76	4	61	89	57	287	5	1
Non-Matelic Mineral Products	4,290	7	820	1,213	1,485	1,202	1,383	6,103	142	10
Fertilizers	4,100	7	0	42	4	3	14	63	2	0
Chemical & Pharmaceuticals	5,285	8	640	1,086	1,603	1,258	1,383	5,970	113	9
Rubber Products & other Misc: Industries	6,005	10	937	1,061	1,202	1,123	1,184	5,507	92	9
TOTAL	62,000	100	8,599	11,053	13,912	15,603	14,260	63,427 *	102	100

Source: i) Industrial Commission's Report (Draft)
ii) Projection for 1987-88 Planning Commission
* Refer to note at ANNEX-25.2

ANNEX-25.4

FINANCIAL OUTLAYS BY AGENCIES IN PUBLIC SECTOR

(Rupees Million)

Executing Agency	ADP	Public Corporations	Total Public Sector
A. FEDERAL	620	7,100	7,720
1 Ministry of Production	167	6,753	6,920
2 Ministry of Industries	130	130	260
3 Ministry of State and Frontier Regions (FATADC)	30	--	30
4 Kashmir Affairs Division (AJKIDC Prohect NA)	75	--	75
5 Finance Division (P.S.P.C.)	70	127	287
6 Cabinet Division	20	--	20
7 Commerce Division	16	--	16
8 Planning & Development Division	112	--	112
B. PROVINCIAL	250	1,550	1,800
1 Punjab/PIDB Projects	70	900	970
2 Sind	50	100	150
3 NWFP/SDA Projects	87	300	387
4 Baluchistan/BDA Projects			
TOTAL FEDERAL & PROVINCIAL	870	8,650	9,520

ANNEX-25.5

PROVINCIAL SOURCES OF FINANCING THROUGH
GOVERNMENT BUDGET AND PUBLIC CORPORATIONS
(1988-93)

(Rupees in Million)

Agency	Budgetary Alloc: (ADP)	PUBLIC CORPORATIONS			
		Total	Bank Credit	Self Fin:	Foreign Aid Equity
A. PRODUCTION DIVISION					
1 SEC	124	807	148	237	422
2 FCCCL	37	---	---	---	---
3 NFC	---	3,034	902	1,072	1,060
4 PACO	---	75	50	25	---
5 PASMIC	---	126	30	38	58
6 PIDC	6	---	---	---	---
7 SCCP	---	2,711	463	813	1,435
TOTAL PRODUCTION DIVISION	167	6,753	1,593	2,185	2,975
B. FINANCE DIVISION	70	217	217	---	---
C. INDUSTRIES DIVISION	130	130	60	70	---
D. STATE AND FRONTIER DIVISION	30	---	---	---	---
E. KASHMIR AFFAIRS & NA DIVISION	75	---	---	---	---
F. CABINET DIVISION	20	---	---	---	---
G. COMMERCE DIVISION	16	---	---	---	---
H. PLANNING & DEVELOPMENT DIVISION	112	---	---	---	---
TOTAL FEDERAL	620	7,100	1,870	2,255	2,975
TOTAL PROVINCIAL	250	1,550	350	1,200	---
GRAND TOTAL	870	8,650	2,220	3,455	2,975

ANNEX-25.6

PRIVATE SECTOR INDUSTRIAL INVESTMENT

(At Constant Prices)

(Rs. Million)

Sector	1987-88 (Benchmark)	1988-89	1989-90	1990-91	1991-92	1992-93	Total (1988-93)	Annual Growth Rate
INDUSTRY	14,260	15,370	16,630	18,040	19,630	21,500	91,170	8.6
LARGE SCALE	11,790	12,390	13,020	13,680	14,360	15,120	68,570	5.1
SMALL SCALE	2,470	2,980	3,610	4,360	5,270	6,380	226,000	20.9

ANNEX-25.7

PRODUCTION ACHIEVEMENT & SEVENTH PLAN TARGETS(1988-93)

Items	Unit	1986-87 (Actual)	1987-88 (Estimates)	Seventh Plan Targets (1992-93)	Annual Growth Rate
1 BILLETS	000 tonnes	251	260	815	25.7
2 H.R.SHEETS/COILS	000 tonnes	370	523	600	2.8
3 C.R.SHEET/COILS	000 tonnes	123	147	200	6.4
4 GALVANISED SHEET	000 tonnes	34	50	100	14.9
5 PIG IRON	000 tonnes	897	1,021	1,230	3.8
6 T.V. SETS	000 Nos.	200	300	500	10.8
7 AIR CONDITIONERS (Window type)	000 Nos.	7,673	8,000	34,000	33.6
8 REFRIGERATORS	000 Nos.	32,000	35,000	14,000	30.0
9 DEEPFREEZERS	000 Nos.	N.A	N.A	16,000	--
10 CARS/L.C.V.s	000 Nos.	27,000	23,100	52,400	10.3
11 BUSES/TRUCKS	000 Nos.	1,820	3,500	6,900	14.5
12 TRACTORS	000 Nos.	13,000	33,000	50,000	8.7
13 BYCYCLES	000 Nos.	593	595	830	6.9
14 MOTOR TYRES	000 Nos.	496	520	700	6.1
15 MOTOR TUBES	000 Nos.	160	250	360	7.6
16 CEMENT	000 tonnes	6,715	6,800	1,000	8.0
17 FERTILIZERS	000 N tonne				
Nitrogenous			1,430	1,650	2.9
Phosphatic			90	100	2.1
18 SODA ASH	000 tonnes	130	145	190	5.6
19 CAUSTIC SODA	000 tonnes	42	58	80	6.6
20 COTTON YARN	M. KG.	546	598	885	8.2
21 COTTON CLOTH (Mill Sectors)	MIL.SQM	235	283	350	4.3
22 SUGAR	000 tonnes	1,286	1,350	1,940	7.5
23 VEGETABLE GHEE	000 tonnes	609	720	970	6.1

Source:
a) Federal Bureau of Statistics
b) Export Working Group Report on Engineering Goods 1988-93
c) PASMIC

CHAPTER 26

PHYSICAL PLANNING AND HOUSING

Housing and Physical Planning has traditionally been concerned primarily with indicative planning aimed at solving the endemic problem of housing shortage in the country, the extension of potable water supply and sanitation largely in the urban areas. Some departure was attempted in the Sixth Plan which undertook the development/construction of residential plots/houses and the provision of potable water coverage to 59% population (90% urban; 45% rural) together with sewerage/ drainage facilities to 26% population (60% urban; 10% rural).

2. The following illustrates how the Sixth Plan made a departure from the traditional approach;

i) Development of 550,000 small size plots in the public sector for low income housing. For this suitable, undeveloped state land was to be allotted at reasonable cost.

ii) All nucleus housing units (upto 200 sq.ft. covered area) were to be financed entirely through interest free loans of Rs. 20,000/- per family. This was to be advanced by HBFC with the necessary financial back up of Rs. 1000 million to the Corporation alongwith regulatory relaxation in building plans as an essential concomitant of the scheme.

iii) Commercial banks were to advance loans to builders/developers at confessional rates by way of bridge finance.

iv) Savings and Loans Associations were to be set up for mobilizing small savings of the common man.

v) Major cities were to be covered by development plans for which an Institute of Regional & Urban Planning was to be set up to develop indigenous expertise.

3. Physical achievements against the various programmes made during the Sixth Plan period have led to considerable improvements in the infrastructure services of urban and rural areas. In case of sub-sector of housing, against the development of 550,000 residential plots in urban areas, 430,000 plots were developed whereas 400,000 housing units were constructed against the target of development of 670,000 units in the urban areas.

In case of water supply and sanitation, both in the urban and the rural areas, the average achievement was about 80 per cent against the envisaged target.

Present Position

4. The magnitude of the environmental and housing problems facing the country is of great proportions. The gap between the availability and the requirements is very large. Safe water is available only to 53% of population (urban 80%) and rural 40% respectively), whereas sewerage/sanitation facilities are available to 25% (urban 52% and rural 10%). The shortage of housing is more difficult to assess. One estimate is that there is a shortage of about 1.5 million houses even for the present urban population. The situation is likely to get worse because of the inability to meet the annual incremental demand.

Future Trends

5. The gap between the felt needs and the actual availability of facilities in the field of housing as well as water supply and drainage is still quite large. It will further widen with the increase in country's population. The overall population of Pakistan is estimated t 106 million in 1987 of which urban is 34 million (32%) and rural 72 million (68%). It is estimated that by 1293 the overall population will grow to 123 million based on an average annual growth of 3.09% (urban 43 million or 35% and rural 80 million or 65%). This growth in population will lead to even greater pressures on the existing inadequate infrastructure facilities of housing, community services and transportation.

6. As a corollary to improved economic performance in the last decade, it is estimated that the urban population is growing @ 4.8% per annum compared to 4.4% experienced in 1970's. At this rate,by 1993 the urban population would increase by 9 million (5.50 million natural growth and 3.50 million rural-urban migration). In the absence of policy guidance, rural-urban migration will continue to concentrate in the metropolitan and secondary cities. These cities will absorb 2.29 million out of 3.50 million migrants whereas 1.21 million migrants population will be absorbed in other small towns.

7. Though an adjunct of economic development and social transformation, the increase of 9.0 million people in urban areas of the country will result in pressure on infrastructure and services, specially housing, water supply/sanitation and transportation. Considering the past trends the effective housing demand during the Seventh Plan for covering the indigenous increase in urban areas (5.50 million) wold be 650,000 units.

Seventh Plan Objectives

8. The sectoral Seventh Plan aims at accelerating efforts to provide housing, water supply and sanitation and other services and facilities to the needy and the shelterless both in the urban and rural areas. Efforts would be made to discourage growth of shanty towns, to develop satellite towns around cities so as to reduce pressure on major urban centres, improve living conditions in villages, upgradation of villages and developing intermediate townships along national/provincial corridors so as to slow down migration of rural population to major urban centres.

Strategy

9. In order to attain major objectives given in para 8, the following strategies will be adopted:

i) Improvement/provision of housing and other related services in the old city centres shall be simultaneously made so that an integrated development takes place.

ii) Master Plans for all major towns having first class municipalities/metropolitan Corporations will be developed/reviewed for their systematic development.

iii) The housing situation in urban areas will not be allowed to deteriorate further. Alongwith the improvement and regularization of katchi abadis, existing housing stock will be preserved. Besides, about 1.0 million units will be provided under the Prime Minister's shelter programme.

iv) The shelterless and the dwellers of katchi abadis will be provided adequate financial assistance and where necessary plots on reasonable terms or free of cost (mustahaqeen) to build/improve their dwellings.

v) In case of accommodation for public servants in addition to provision of houses by the Government partly on rent and partly through provision of housing allowance, a phased programme of construction of houses on hire purchase basis will be undertaken.

vi) In the rural areas, the Prime Minister's programme for provision of safe water/sanitation and development 7-marla plots will continue on accelerated basis.

vii) A programme of village upgradation which wold include provision of facilities of education, road network electricity, water supply / sanitation, sites for small industries, storage, housing etc. will be undertaken.

viii) In order to deal with the housing problem effectively, the resources of HBFC would be increased and additional funds generated/diverted through special Government subventions and zakat funds.

ix) New financial credit institutions on the pattern of Savings and Loans Association will be set up.

Programme

10. In the light of the aforementioned strategies, programes to be taken up during the Seventh Plan under various sub-sectors are described in the following paragraphs:

A. Urban Areas

I. SPATIAL

11. A major population shift from to rural to the urban areas is taking place. With economic development more of the population living in countryside will come to live in cities and towns. Likewise more villages will grow into towns. National highways and roads will be choked with haphazard growth if unplanned settlements are allowed to grow.

12. The policy of the government will be in general to divert upto 0.33 million rural-urban migrants from a destination in metropolitan cities to intermediate towns. Efforts will also be made to develop new towns along the growth corridors viz Nowshera - Taxila, Jhelum - Gujrat, Sheikhupura - Gujranwala Sialkot and Rahimyar Khan - Rohri. An allocation of Rs. 50 million has been provided for carrying out regional studies required for determining the potential growth centres.

II. URBAN DEVELOPMENT PLANS

13. In the past although master plans were prepared for a number of cities/towns but these were either not acted upon or became outdated in the whirlwind of rapid urbanisation. Lack of institutional legal framework to coordinate their formulation and implementation, inter-alia, were the basic weaknesses in the urban planning processes. Thus, the adhoc arrangements to solve the city problems made the task of the town planner in meeting the basic needs of water supply/sanitation, health, education, transportation etc. more complex.

14. In the Seventh Plan it is proposed to prepare ad up-date the master plans as well as evolve legal framework to approve and implement these within a given time. The existing diarchy of preparing the master plans by Provincial Housing and Town Planning Departments and approval by the local Government Departments will have to be done away. The Provincial Governments will be urged to either merge both the functions into a single agency or evolve a legal framework to approve and implement the master plans within a given time frame.

15. An allocation of Rs. 100 million has been made in the Seventh Plan, for the review/preparation of master plans for metropolitan cities of Karachi and Lahore, secondary cities and outline plans for intermediate cities having population between 25,000 to 500,000.

III. HOUSING

16. During the Seventh Plan period, the total indigenous urban population will grow by 5.5 million. Population of the two metropolitan cities of Karachi and Lahore after taking all precautionary measures to discourage migration is likely to grow by 1.34 million, which will lead to an additional annual requirement of about 32,000 units. In other major cities namely Faisalabad, Rawalpindi, Multan Gujrat and Gujranwala in the Punjab, Hyderabad, Sukkur and Nawabshah in Sind, Peshawar and Mardan in NWFP and Quetta in Baluchistan, the population increase is expected to be 1.1 million requiring 26,000 additional housing units per annum. The balance of 3.06 million population growth would be in the rest of the urban centres requiring 72,000 additional units per annum. Thus the overall annual incremental housing requirement would be 130,000 units or 650,000 units during the Seventh Plan period based on a size of about 8.5 persons per household.

17. The requirements of 650,000 units are proposed to be met as under:

i) Development agencies would make a provision of 500,000 units through single/multi-storeyed structures, Multiple development on a single plot is being proposed because of very high cost of land in urban areas.

ii) For the remaining housing units besides giving incentives to the individual house owner, the housing co-operatives, loan associations will be involved. Legislation will be enacted to stop the transfer of land to few real estate speculators who are charging exorbitant prices and thus creating difficulties in the solution of housing problem.

iii) In view of the scarcity of land around the above mentioned major cities/towns and high cost of land, a programme of urban renewal will be launched. About 50,000 housing units would be available through the programme.

18. In the case of the public sector, programme will be implemented on self-financing basis with provision of seed capital of Rs.40 million per annum @ 10% of the overall cost of development for purchase of land and preliminary works which will eventually be converted into a revolving fund so that the programme is no more dependent on ADP. In case of the private sector, bridge financing would be provided through the banking system to the housing societies against land mortgage. Also Pakistanis living abroad will be encouraged to make co-operatives and develop housing colonies.

19. The housing shortage in the urban areas has primarily resulted from the low returns on investment in housing and very high profits on the sale of open plots. Measures have, therefore, been identified to increase the return on investment and discourage sale and purchase of open plots in the foregoing paragraphs.

20. The overall cost involved for construction of 650,000 housing units is estimated at Rs.65 billion. During the Sixth Plan, private savings contributed about Rs. 40 billion. In order to meet the requirements of Rs.65 billion a package of incentives and dis-incentives would be needed to encourage private investment in housing. A number of measures shall be necessary. Firstly, the planners and architects shall have to be draw design of housing units which are cost effective. HBFC will have to enlarge its funding operation with measures to increase private savings. The financial resources of HBFC which were increased during the Sixth Plan period would need to be further increased substantially so as to extend its coverage to a large number of people. Moreover in order to avoid concentration of HBFC lending operations in a few bigger cities it would be necessary to decentralize its activities by specifically earmarking credit for disbursement in different urban centres. Loans sanctioning powers also have to be decentralised upto the district level instead of the Headquarters level for quick disposal of loan applications.

21. Even after enlarging the scope of the Corporations activities and availability of credit from commercial banks, there would still remain a substantial gap between the supply and demand for credit in the housing sector. New credit institutions "Saving and Loan Associations" would be encouraged in the private sector to meet the additional credit needs. The proposed Saving and Loan Associations will have to be very competitive in the financial markets. These will primarily be

joint stock companies with the restricted purpose of procuring deposits for the purpose of advancing loans for acquiring residential accommodation. Similarly, HBFC, in order to mobilize resources from the general public, will be encouraged to initiate schemes for issuing investment certificates as well as Housing Prize Bonds.

Prime Minister's Programme for the Shelterless

22. A programme for the provision of 1.0 million houses for the shelterless in the urban and rural has been initiated under the Prime Minister's directive, primarily to meet partially the existing housing shortage in the country. The shortage is not because of non-availability of housing units but the over crowding in the existing habitable units as is evident from the figures of housing census records which indicate that the rate of occupancy per housing unit has increased from 6 to 7 persons and average number of persons per room has increased from 3 to 3.5 during the period 1972-80.

23. A National Housing Authority has already been set-up for the implementation of this programme. The authority has a Board of Governors with the Prime Minister as its Chairman. In the first year, a programme for providing 150,000 nucleus houses will be undertaken which will include 75,000 units to be provided through the zakat funds as grant to the mustahaqeen @ two mustahaqeen per local Zakat Committee. For the rest the funds will be provided through government subvention and earmarking percentage of the loaning operations of the HBFC. Foreign grants and loans will also be procured. it is estimated the Zakat Fund will contribute 300,000 units at a cost of Rs. 7.5 billion. For the remaining 700,000 units an amount of Rs.17.5 billion will be needed. The Seventh Plan provides an allocation of Rs.7.5 billion in the private sector. The balance shall be met out of the foreign grants. major portion of the houses will be on 7-marla plots in the rural areas and the rest on 2-3 marla plots in the urban areas.

KATCHI ABADIS

24. In pursuance of the Prime Minister's announcement, conferment of proprietary rights would be given to the residents of those katchi abadies which consisted of 40 or more dwelling units as of 23rd March, 1985, together with the provision of essential services i.e. water supply, sanitation, paved streets electricity etc. The surveys carried out by the Provincial Governments have revealed the magnitude of the problem as under:

Province	No.of Katchi Abadis	Area (in acres) Total	State Land	Private Land	Population (Million No)
Punjab	902	9376	8875	501	1.55
Sind	1300	25000	23563	1437	3.40
NWFP	55	2826	2826	-	0.25
Baluchistan	45	4943	1509	3434	0.30
Total:	2302	42145	36773	5372	5.50

25. It is well recognised that the growing rural migration to urban areas proliferated expansion of slums and deteriorating environmental and social conditions of the katchi abadis require firm attention and an integrated approach by the Federal Government and Provincial Planning bodies to solve the problems of dwellers in the katchi abadis, whereas city developmental bodies continue to cater for the requirements for urban elite through new townships.

26. A programme has already been initiated in 1986-87 under the Prime Minister's Five Point Programme which aims at regularizing the katchi abadis existing upto 23rd March,1985 and provides basic facilities of water supply, sanitation, electricity, roads, etc. In view of the magnitude of the problem, it is felt that Katchi Abadis Programme will need to be continued even after 1990 and completed by 1993.

27. With the approach which is being followed the regularization and improvement of katchi abadis on Public land which involves on area of 36,773 acres containing 5.5 million population would require a investment of about Rs. 5690 million. Funds amounting to Rs. 1810 million would be needed for Katchi Abadis on private land. Thus the total investment to acquire the land and develop the katchi abadis both in the public and the private sector would be about Rs. 7500 million. It would be difficult for the Government to provide these enormous resources.

28. In order to tackle the problems of the Katchi Abadis, a mix of the conventional approach of Town Planning and development based on the experience of Karachi Orangi and Baldia projects, through self-help basis needs to be adopted. In brief, the new approach will involve assignment of specific roles to the metro-politan and civic bodies and the local community (to

be administered by Project Area Committees on self-help basis). The responsibility for major developmental works like bulk water supply, sanitation; drainage; roads, schools, colleges, dispensaries etc, will be undertaken by the Government/civic bodies as the case may be; and the local developmental works like pavement of streets, construction of drain ad sanitation, informal schools running and filter dispensaries etc, will be done by the Project Area Committees.

29. In view of the limited capability ad commitments of the civic bodies and the dwellers to undertake and implement programmes for the development of the katchi abadis, the following strategy is proposed:

i) Total number of 2302 katchi abadis in the country will be incorporated into 55 Projects Areas consisting of about 100,000 population each. Project Area would be administered by a Project Area Committee at the base comprising the local councilors, elected representatives, Community Social Workers, NGOs and others. The Committees would devise long and short terms action plans aiming at the comprehensive integrated improvement of the katchi abadis on a continuous basis. The Project Committees would implement their programmes with the assistance of working units for Housing and Sanitation Improvement; Health and Population Welfare; Primary and Vocational Education Extension; and Income Generation/Economic Programme purposes. Street Committees will also be established involving the local population in development process. These Street Committees would be responsible to collect funds and undertake works at the level of the street including the sanitary and water supply system in and outside the individual houses and the pavement of street.

ii) At the apex, a National Council for Katchi Abadis Development may be established at the Federal level having representation from the Provincial Governments, the katchi abadi, NGOs and the communities. Likewise Provincial Councils for Katchi Abadis Development may be set up. These Councils will primarily function like the Federal/Provincial Zakat Councils; implement entire Katchi Abadis Programme based on community participation; supervise the financial arrangements on grant basis; and coordinate the implementation of programmes through the Provincial Government 'Line Departments and the project Area Committees.

iii) Community based Research and Extension Wings would be set up in all the Katchi Abadis Project Areas. Their working will be linked up with similar research institutions existing in municipalities, authorities, and town committees to introduce, improve, and implement low-cost technology in sanitation, water supply, housing, education, health and income-generation etc. In order to give technical assistance and motivational support, parallel Research and Extension Wings will be set up in all large municipalities, having sociologists, engineers and other technical experts with adequate exposure in adopting appropriate technology to solve the katchi abadis problems at elementary level.

iv) The youths from within the community will be involved to generate participation of the katchi abadis community towards their betterment. The Katchi Abadis Councils in association with the Education Departments/Universities will introduce a "Katchi Abadis Work-force Programme" involving the urban youths, on the pattern of the National Cadets Corps Programme.

v) The establishment expenditure of the Project Area Committees will be borne by the National/ Provincial Councils for Katchi Abadis Development. For this purpose a Special Fund for Katchi Abadis Development will be set up, wherein the Government will provide matching grant upto 50% for works not within the scope and resources of Project Committees beside their establishment.

vi) The improvements and cost recoveries will be carried out prior to final conferment of proprietary rights, to ensure proper development of the Katchi Abadis, and to avoid the difficulties encountered in executing the development works after the proprietary rights have been given to the residents in these abadis.

30. An allocation of Rs.2 billion has been provided in the Seventh Plan - Rs. 1500 million to undertake the programmes of bulk water supply, sanitation, drainage, roads, electricity etc. through civic bodies in the katchi abadis, Rs. 500 million for the establishment of 55 Project Area Committees with various Working Units for housing, Health, Education, and Economic activities. In addition the community i.e. the katchi abadis residents are likely to contribute about Rs. 150 million toward meeting the development charges for development of local streets, drains, sanitation in and outside the houses.

IV. Water Supply - Sewerage & Drainage

31. It is estimated that public water supply facilities through municipal sources are presently available to about 80% while sewerage/drainage facilities of acceptable standards to 52% in the urban areas. Access to piped water supply is limited to only the large urban centres. Approximately 40% of the urban population with access to piped water supply have house connections, the balance being served by standposts or public taps. Sewerage/sanitary systems are limited to parts of only few cities. The urban population not connected to sewerage system depend for waste disposal on septic tanks, soakage pits or overflows into storm drains.

32. In most of the urban areas the problems are more of inadequate/inefficient distribution rather than availability of water. As such attention would be focussed on better distribution system, with simultaneous execution of schemes for augmentation of supplies. In case of sewerage and drainage the situation is much worse and is aggravating with the expansion of the water supply facilities. As such the provision of sewerage/ drainage disposal facilities has to match the programme of water supply.

33. The targets envisaged for the Seventh Plan are to increase the water supply coverage from the existing 80% to 95% by 1993 by serving an additional population of 13.60 million and sewerage/drainage facilities coverage from 52% in 1988 to 70% in 1993 by covering an additional of 12.40 million.

34. Within the above overall programme, it is proposed to provide 100% water supply coverage in case of metropolitan and secondary cities and about 70% for other urban centres. As regards sewerage/drainage facilities coverage proposed is 100% for metropolitan and secondary cities and about 50% for the rest of the urban centres. Implementation of the above programme is estimated to cost Rs.15950 millon (water supply Rs.8030 million and sewerage/drainage Rs.7920 million). The programme in 9 urban centres (Karachi,Lahore,Multan,Faisalabad Gujranwala, Hyderabad, Rawalpindi, Peshawar and Quetta) would cost Rs.9950 million where as for the remaining intermediate/small towns the cost would be Rs.6000 million.

35. In order to meet the urban targets a total outlay of Rs.15.95 million is needed, 50 percent (Rs.8.0 billion) from ADP and the remaining from local bodies own resources. Due to resource constraints a limited allocation of Rs.4.5 billion (Rs.2.5 billion in the normal ADP and Rs.2.0 billion under the Special Development Programme) has been provided in the Seventh Plan. If the envisaged targets are to be achieved either the plan allocation will have to be increased or the programme will need to be made cost effective through lowering of standards i.e.

supply of water through community stand posts/taps instead of the house to house connection.

36. Full recoveries of capital as well as operation/ maintenance and loan amortization to be made through levy of user charges in order to eliminate subsidies and make the project pay for themselves.

37. In order to enable the concerned agencies to implement and operate the systems efficiently, reduce their burden of repayment of loans as well as to keep the user charges within reasonable limits, the capital cost of the projects need to be minimized. For this purpose the following measures will be considered for adoptions:

i) Domestic loans for water supply and sewerage projects to be advanced at concessional rate of interest.

ii) External loans to be passed on to the executing agencies by the Federal government at the same rate as actually charged by foreign donor agencies.

iii) Machinery/equipment/plant required for the sector projects to be exempted from customs duty.

iv) Electrical power for operating water supply/ drainage system to be charged at the same concessional rates as applicable in the case of irrigation tubewells.

V. Urban Transport

38. Pakistan's large urban centres have become increasingly difficult to live and work in largely because there are serious difficulties to commute within the cities. Transport facilities are inadequate, Demands are growing. This is adding to the disadvantage of the common man. The provision of urban transport has to be linked up with the development of other public utilities in the Metropolitan cities.

39. The transportation problems cannot be solved in isolation. It involves the provision of infrastructure, the mode of transport and the traffic management. For the development of an efficient transport system in the large cities, comprehensive traffic studies are essential to identify projects and tackle the problem effectively. Allocation for the above has been reflected in the transport sector programme.

VI. Recreation - Parks/Playgrounds

40. The unavailability of sufficient spaces for recreation, parks and playgrounds in almost all the urban areas, especially in large cities, has led to unhealthy living conditions and retarding the physical and mental growth of the younger generation. Although in all development plans these facilities are invariably provided but because their is no effective control these open areas, parks and playgrounds have either been encroached for housing by the poorer section of the population or land use changed by the local authorities for other activities. Even where these facilities exist, they are not being used due to inadequate maintenance

41. Future planning of towns/settlements should cater for parks/playgrounds at the neighbourhood level based on population requirements.

42. For carrying out environmental improvements programme, all the concerned local authorities should develop, detailed plans for the implementation during the Seventh Plan period. Resources needed would be arranged by the local authorities and communities. In case any additional funds are needed, these could be provided by the Provincial governments through their ADPs.

43. Institutional: Following measures are proposed for effective implementation of sectoral programme;

i) Development authorities will be established in cities having population of 500,000 and above under respective municipal corporations.

ii) Department of Planning and Housing currently prepares the master plans and Local Government Departments approve and implement them. There is a diarchy both in the formulation and implementation of the master plans. It would be necessary either to merge the two departments or evolve a mechanism for greater coordination informulating, approving and implementing the master plans.

iii) Resources of urban centres will be expanded by streamlining the local taxes (octroi,property etc) and transferring some Provincial taxes of local nature e.g.motor vehicle, transfer fee etc.

iv) Laws will be enforced to stop shanty development and transfer of land to a few individual real estate speculators. This will keep land values in the urban centres within reasonable limits and speculative buying and selling will be controlled.

v) Secondary towns around major towns will be planned to discourage migration to major cities and reduce pressure on the already strained services.

The plan provides an allocation of Rs.150 million for preparation/review of Master Plan outline and regional plans and the establishment of needed institutions.

RURAL AREAS

44. Rural development is an integral part of the development strategy of the government. This objective has so far been pursued through the extension of the basis amenities and services to the rural areas. As progress is made towards expansion of services to the rural areas, it would be essential to realize the quantitative change in the style of life of the rural people.

45. Inspite of the programme such as the village aid, people works, integrated rural development and model villages etc which intended to bring about a visible improvement in the quality of life in the rural environment, not much progress could be achieved. The reason has been the non-involvement of the rural population and also the subsequent withdrawal of assistance from international agencies.

46. Lack of basic infrastructure services and the absence of employment opportunities resulted in the continued migration of people to the urban areas. Recognizing the situation, the Prime Minister announced a Five Point Programme primarily directed towards accelerated uplift of the rural areas. In addition, provision of plots and housing units to the shelterless rural population, and programmes for improvement of villages was also made a part of the P.M.'s programme.

Village Improvement and Upgradation

i) Improvement

The programme includes provision of link roads, electrification, primary/middle schools, water supply, sanitation, basic health units, 7-Marla plots in an integrated manner with the involvement of local leadership. The Programme in different sectors is already being implemented under the Prime Minister's Five Point Programme.

ii) Upgradation

Mechanization in the agriculture sector will generate surplus labour force. This labour force needs to be absorbed in the nearby villages/

growth centres. For this propose it would be necessary to set up rural industries. At present the knowledge about setting up of rural industries is lacking and, therefore the rural entrepreneurs are not coming up. The upgrading programme will include facilities of education, road network, electricity, water supply/sanitation, provision of sites for small industries storage, housing and telephone facilities.

47. In order to initiate the programme the provinces will select three villages in each district through the District Development Committees with extensive community participation. For financing village upgradation programme for facilities not covered under the P.M's Five Point Programme, additional funds would be required from the Government to begin with. Ultimately community participation will be needed to ensure the programmes full success. The funds for above programme are being provided under the Rural Development Sectoral Programme.

48. Water Supply and Sanitation: At the beginning of the Seventh Plan out of the total rural population of 72 million about 40% is served with water supply. It is proposed to increase the coverage to 75% during the Seventh Plan by serving a additional population of 31.2 million. Sanitation coverage in 1988 is 10.0% which is proposed to be increased to 30% by serving an additional population of 17.0 million. Following criteria will determine the provision of water supply/sanitation facilities:

i) Priority will be given to those areas where sweet ground water is not available at a reasonable depth and water has to be fetched from distant sources. Similarly, greater consideration will be given to areas where the rural population is relying on surface water (canal/rivers) which is unhygienic for human consumption.

ii) In areas where people have installed their own handpumps priority will be given to sanitation and disposal schemes.

iii) Piped water supply system (where pumping sets, overhead reservoirs are involved) will be restricted to bigger village - population ranging from 3000 to 5000.

iv) Handpump supply to smaller villages for cheaper provision of safe drinking water.

v) Initial delivery system will be based on community standposts, storage tanks. No house connections to be provided.

49. The rural water supply/sanitation programme is estimated to cost Rs.13260 million. The programme is proposed to be financed partly by the public sector as grant and partly through some contribution by the local councils. The Seventh Plan provision is to the extent of Rs.6500 million. However, the facilities created should be maintained/operated by the local councils.

50. Seven Marla Programme: A programme of 7-Marla (210 sq.ft). plots has already been initiated under the Prime Minister's Five Point Programme for providing facilities of housing for the rural shelterless. The targets to be achieved by 1990 is to provide plots to 2.2 million families in rural areas of the four provinces. Province-wise break-up of the plots land requirements is given below:

Province	Targets No. of Plots (million)	Land Required (Acres) State land	Private land	Total
Punjab	1.50	65,000	25,000	90,000
Sind	0.50	10,000	20,000	30,000
NWFP	0.10	-	6,000	6,000
Baluchistan	0.10	3,000	3,000	6,000
Total:	2.20	78,000	54,000	132,000

51. The policy is to provide land for housing with basic necessary services of water supply, sanitation, roads etc. In the initial stage plots on state land are to be provided followed by plots on private land. Only the recoveries of land development cost would be made from the beneficiaries. The programme will be expanded to provide another 1.0 million developed plots so that by 1993 the entire demand of the rural shelterless could be met. For the development of additional 1.0 million a total area of 60,000acres of private land would be acquired. Efforts would be made to link the programme with the village improvement programme.

52. The financial requirements during the Seventh Plan period for the acquisition of private land (114000 acres and developing the entire land (192000 acres) are estimated as Rs.8040 million (cost of private land @ Rs.20,000/- acre-Rs.2280 million and land development cost @ Rs. 30,000 per acre-Rs.5760 million. To start with, the programme is proposed to be restricted to State land only.

53. An allocation of Rs.2000 million has bee provided in the Seventh Plan for land development works on state land in the first phase.

Other Programmes:

54. Government Servant Housing: It is estimated that about 50% of the Federal Government employees have been provided with Government owned/hired residential accommodation. In the provinces, the corresponding figure is around 35%. Under the existing rules, Government servants not provided with accommodation are paid housing allowance at the rate of 45% of the minimum basic salary of their grade. Since the majority of the employees without the Government accommodation are in the low salary groups, their housing allowance entitlement falls far below the level required to match the very high rentals prevailing in the open market.

55. It is beyond the resources of the Government to provide 100% residential accommodation to public servants. A more equitable arrangement is needed to redeem the situation. The following measures are recommended for the Seventh Plan:

i) Scale of rent allowances may have to be increased if meaningful assistance is to be given to the employees to enable them to hire houses from the open market.

ii) Hire purchase schemes be introduced to assist the employees to own a house. This envisages adjustment of house rent allowance, GP Fund contribution supplemented by reasonable contribution by the employees against loan repayment.

iii) In case of Islamabad and other large cities of Karachi and Lahore where the strength of the Federal and Provincial Governments employees is the largest. Governments have large housing stock constructed about 40 to 45 years back. The areas under these colonies are now located in the central parts of the cities i.e. prime land. Existing houses have become dilapidated and unfit for living. Huge finances are required for carrying out special repairs and renovation of these houses. It is, therefore, proposed that a phased programme of construction of flats on part of the area be taken up and flats given to the Government employees on ownership basis. Out of the remaining area; part could be utilized for new flats and part can be commercialized. In this way not only the programme would be implemented on self-financing basis but would also meet the demand of Government housing.

iv) Cooperatives of Government officials can play a major role in meeting housing shortage. Government servants cooperatives for housing is being emphasized. Suitable policy package will be evolved in the light of experience gained in Islamabad.

v) Allotment of independent house will be restricted to employees with families. Unmarried/single officials be provided hostel accommodation.

An allocation of Rs.1550 million has been provided to complete the on-going projects and starting work on new essential schemes.

Government Offices/Buildings

56. Construction of only the prestigious buildings of national importance would be undertaken. For normal office requirements the practice of hiring space from private sector will continue. Possibilities of Government agencies undertaking real estate projects on commercial basis -letting out some space for commercial activities and the remaining space for use as office space - will be examined. An allocation of Rs.1100 million has been provided in the Seventh Plan.

57. Capital at Islamabad: The Master Plan for Islamabad originally prepared by M/s Doxiades in 1960 has not been reviewed with the result that development of capital area has not progressed as envisaged and the pace of city's development is much slow than what should have been only 15 sectors have been developed against the plan of development of 26 residential sectors by 1986. Non availability of developed land has resulted in tremendous increase in the cost of plots which are beyond the paying capacity of the people. It is therefore imperative that 3 to 4 new sectors are developed every year to provide large number of plots. Once sufficient plots are available the demand-availability ratio would narrow down and the costs would come within the reach of the common man.

58. A major problem which has impeded further development of sectors is the acquisition of land. CDA does not have the resources to acquire land and is totally dependent on funding for the Government. The development of sectors is being carried out on self-financing basis i.e. the cost is ultimately recovered from the beneficiaries (land plus development). CDA will therefore have to evolve a bold departure and:

i) mop up resources by inviting applications in advance of opening of new sectors and collecting 25 percent as earnest money;

ii) obtain money from the banking system. Loans can be

repaid from the sale proceeds of developed plots at slightly increased rates. In order to meet their long term requirements a system for raising funds be evolved in consultation with NDFC.

iii) allowing private house building societies for the development of the sectors, and

iv) develop satellite localities around Islamabad for low income group for releasing pressures on land values in the main town.

59. As for the other programme, CDA will continue to proceed with the construction of Government buildings of national importance, the provision of service facilities of water supply, sewerage and drainage roads, public conveniences like parks, playgrounds, public toilets etc. The beautification of the city will be carried out by CDA through the sale proceeds of plots.

60. Presently CDA is largely dependant on Government financing for the maintenance of the city. It does not generate nay funds except some user charges for water supply and conservancy. In order to generate resources needed for the maintenance of services, there is need to have a tax base for Islamabad. Possible taxes could be levied on property and motor vehicle etc. together with octroi. The Islamabad Administration in consultation with CDA and other concerned agencies should draw up concrete proposal for this.

An allocation of Rs.1950 million has been made for CDA's on-going projects and some essential new projects.

61. Special Areas: The special areas include Azad Kashmir, Northern Areas and FATA. The sectoral programme include provision of water supply, housing for Government employees and essential office buildings. An allocation of Rs. 700 million has been provided for the three areas for their on-going and essential new schemes.

62. Civil Armed Forces: The programme includes provision of residential/non-residential accommodation for the Frontier and Baluchistan Corps, Rangers, Coast Guards, Constabularies/Levy/ Thanas etc at the border and the interior locations. These agencies are mostly responsible for maintaining law and order situation and the prevention of anti-state activities. In the real sense the provision of facilities to the Civil Armed Forces are of operational nature and not development. So far the requirements are being met from the development budget. The provision of facilities for CAF may be transferred to the revenue budget. An allocation of Rs.400 million has however, been provided in the Seventh Plan for the completion of the on-going projects.

Environmental Protection

63. Concentration of industry and population in big cities like Karachi, Lahore, Hyderabad, Faisalabad, etc. and neglect of environmental aspects in water sector projects during the last two and half decade had adverse impacts on the natural environmental of Pakistan. Now the nation is aiming at rapid industrialization and large scale energy generation which would be of serious environmental concern. Therefore introduction of Environmental Impact Assessment (EIA) is required without any further delay for balanced and self-sustained development. Fortunately legal instrument in the form of Environmental Protection Ordinance, promulgated on 31st December, 1983, is already available. The fundamental objective of the Ordinance is to provide for the control of pollution and preservation of living environment. The Ordinance, in addition to the establishment of "Pakistan Environmental Protection Council" headed by the Chief Executive of the country, provides for the creation of "Pakistan Environmental Protection Agency (PEPA)" for implementing the objectives of the Ordinance.

64. During the 7th Plan period following actions would be taken to operationalise the Ordinance:

i) Environmental Protection Agencies would be established at the Federal as well as Provincial level.

ii) PC-I form, on which public sector projects are submitted for processing, will be modified to ascertain impacts of projects on natural environment in qualitative as well as quantitative terms. For large scale projects sponsors will have to submit Environmental impact Statement (E.I.S.)

iii) General as well as sector specific guidelines will be prepared for the sponsoring agencies for carrying out EIA and preparing EIS.

65. Carrying out of EIA for large scale projects and submission of EIS would be the main instrument to realize the objectives of the Ordinance. For the public sector projects which are to be processed through the CDWP/ECNEC, strengthening of project appraisal capabilities of the Planning Division at the Federal and Planning and Development Departments at the Provincial levels will be necessary. For this purpose technical assistance from the agencies like UNDP, ESCAP, etc. will be obtained.

Prime Minister's Special Local Development Programme

66. An allocation of Rs.5.0 billion has been earmarked for water supply/sanitation and other uplift schemes in the rural

areas under P.M's Special Local Development Programme for implementation by MNAs/MPAs.

FINANCING;

67. For the sectoral programme a total allocation of Rs.25 billion has been made in the Seventh Plan (Rs. 9.5 billion for Federal and Rs.15.5 billion for the four provinces). These would be supplemented by the local bodies own resources to the extent of Rs.2.0 billion. Although this outlay is inadequate for attaining the physical targets (Annex-26.1), various measures would be adopted for making the programme cost effective (scaling down standards of public services etc) to maintain the targets. Details of allocation by areas and sub-sectors are given in Annex-26-2.

MAJOR ISSUES

68. For the effective implementation of the sectoral plan/programme the following major issues need consideration/ decision before and during the currency of the Seventh Plan:

I Implementation of Urban Master Plans

i) In the past although master plans were prepared for a number of cities but these were not followed scrupulously. Lack of the institutional legal framework to co-ordinate their formulation and implementation, inter-alia, were the basic weaknesses in the urban planning processes. The adhoc arrangements to solve the problems of the cities made the task of the planners complex for meeting the infrastructure needs of the cities.

ii) The existing diarchy between the Provincial Housing Department which prepares the master plans ad the Local Government Department which approves these has to be abandoned. The Provincial Governments would be asked to merge both the functions into one agency or evolve a legal framework to approve and implement the master plans within a given time frame.

II. Land for Housing

i) The housing shortage in the urban areas has primarily resulted from the low returns on investment in housing and very high profits on the sale of open plots. Legislation needs to be enacted to stop the transfer of land to the few real estate speculators who are charging exorbitant prices and thus creating hurdles in the solution of the housing problem.

ii) In view of the scarcity of land in and around the urban centres and the high cost of land, a programme of urban renewal particularly in major cities needs to be launched to ameliorate the housing situation to some extent.

III. Katchi Abadis

69. On going programme being funded by the international donor agencies require full recoveries of cost (land and land development) from the beneficiaries. The Prime Minister's announcement that no cost is to be recovered from widows, orphans and destitutes and that 50% concession be allowed to those making full payments in lump sum, will result in subsidizing the programme thus leading to additional liability on the Government. The external donor agencies where commitment has been already made are not likely to agree to this arrangement and thus may not participate in funding. If this happens it may not be possible to implement the programme as envisaged. Resource constraints do not permit the provision of a amount of Rs.7500 million for the katchi abadis programme. However, a allocation of Rs.2000 million has been made as seed capital for continuing with the programme assuming that recoveries from beneficiaries will start which would generate funds for carrying out development work. The whole approach needs reconsideration.

IV. 7-Marla Programme

70. Programmes of 2.2 million 7-Marla plots o state and private land requires an outlay of Rs. 7.0 billion. The Seventh Plan size could only allow the provision of Rs.2 billion. In order to protect the physical targets it is presumed that programme shall be confined to the state land only during the initial phase. The beneficiaries would be required to pay for the cost of land. This will help in building the seed capital for the acquisition of the private land in the second phase.

V. Housing for the Shelterless

71. For the provision of 1.0 millon units an outlay of Rs.25 billion is required. The pilot project for the provision of 1.50 lac units prepared by the National Housing Authority, inter-alia, includes the provision of 75,000 units through the Zakat Funds ad 75,000 units through loans to families by the Government/HBFC have been proposed. The final financial picture is not yet emerging. A provision of Rs.7.5 billion has been made in the Seventh Plan in the private sector. If this programme is to be implemented in full, provision of houses from the Zakat Funds would need to be continued in future @ 75,000 units per year.

VI. Water Supply in Rural and Urban Areas

a) Prime Minister's Five Point Programme, inter-alia, includes provision of potable water supply for the maximum number of people. In pursuance of this directive, a very high priority has been assigned to this sector in the Seventh Plan. The targets envisage increasing the coverage in rural areas from 40% in 1988 to 75% in 1993 by covering an additional population of 31.20 million and in urban areas increasing coverage from 80% in 1988 in 1993 through coverage of an additional population of 13.60 million. Financial requirement for achieving the above targets are estimated at about Rs.17 billion. Efforts have been made to protect the target; but in view of competing demands, a sum of Rs.7.0 billion has been earmarked for this purpose whereas cost effective methods would be tried to maintain targets, there is a likelihood that the physical targets may not be attained.

b) Full recoveries of the capital as well as the O&M charges and the loan amortization need to be made through the levy of user charges in order to eliminate subsidies and make the projects pay for themselves.

c) In order to enable the concerned agencies to implement and operate the system efficiently, reduce their burden of repayment of loans as well as to keep the user charges within reasonable limits, the capital cost of the projects need to be minimized. For this purpose the following measures are proposed:

   i) domestic loans for water supply and sewerage projects to be advanced at concessional rates of interest;

   ii) external loans to be passed on to the executing agencies by the Federal Government at the same rate as actually charged by the foreign donor agencies;

   iii) machinery/equipment/plant required for the sector projects to be exempted from customs duty; and

   iv) electrical power for operating water supply/ drainage system to be charged at the same

concessional rates as applicable in the case of irrigation tubewells.

VII. Prestigious Buildings

72. Programme for the construction of prestigious buildings like the Prime Minister's Complex, Supreme Court, Ombudsman offices have been included in the Seventh Plan. However, it is proposed that these buildings be of modest standards not involving huge costs.

VIII. Islamabad

73. Pressure on land in Islamabad continues to amount because of the speculative transactions, remittances from abroad etc. Due to the scarce availability of residential plots, Islamabad has become speculators bonanza during the last 10-15 years. The main problem being faced by CDA for the future development of Islamabad is the acquisition of land. Besides legal problems, CDA does not have adequate funds for acquiring land. Government on its part cannot provide unlimited finances to CDA. It is, therefore, proposed that money be made available to CDA from the banking system. CDA may pay back the loans from the sale proceeds of developed plots at slightly increased rates. CDA in consultation with NDFC, should evolve a system for raising funds from the capital market in order to meet the long-term requirements.

****

SEVENTH FIVE YEAR PLAN 1988-1993 ANNEX-26.1

MAJOR PHYSICAL TARGETS

Sub-Sector	Unit	Targets
1 Urban Housing Sites	Nos.	650.000
2 Urban Water Supply	Addl Pop. to be Served (Million)	13.6
3 Urban Sewerage/Drainage	"	12.4
4 Rural Water Supply	"	31.2
5 Rural Sanitation	"	17
6 Katchi Abadis Improvement	No of persons (Million)	5
7 Seven Marla Plots in Rural Areas	Nos. Million	2.2
8 Government Servants Housing	No of Units	20,000
9 Houses for Shelterless Under Prime Minister's Programme	Nos. Million	1.00

PHYSICAL PLANNING AND HOUSING SECTOR
SEVENTH FIVE YEAR PLAN 1988-1993
Allocation (All Pakistan Basis)

ANNEX-26.2

SUB-SECTOR	FEDERAL	PROVINCIAL					TOTAL FEDERAL & PROVINCIAL
		Punjab	Sind	NWFP	Baluchistan	Total Prov:	
I. INSTITUTIONAL Regional, Master & Outline Plans, Studies for Growth corridors etc.	50	40	25	25	10	100	150
II. HOUSING		2170	1590	250	190	4200	4200
1. Low income housing (urban residential plots)		150	30	10	10	200	200
2. Katchi Abadis Improvement		660	1100	140	100	2000	2000
3. Seven Marla Plots Programme		1360	460	100	80	2000	2000
III. WATER SUPPLY/SANITATION		4570	2000	1640	790	9000	9000
1. Urban Areas		1047	800	453	200	2500*	2500*
2. Rural Areas		3523	1200	1187	590	6500	6500
IV. URBAN DEVELOPMENT City Bridges Roads, Parks Etc.		250	180	180	90	700	700
V. GOVERNMENT SERVANTS HOUSING	700	250	220	200	180	850	1550
VI. GOVERNMENT OFFICES/ BUILDINGS	450	180	250	145	75	650	1100
VII. CAPITAL AT ISLAMABAD	1950	---	---	---	---	---	1950
VIII. ISLAMBAD ADMINISTRATION Housing Building Etc.	100	---	---	---	---	---	100
IX. CIVIL ARMED FORCES Crops Rangers Post Guards, FIA, Constabi;aroes etc.	400	---	---	---	---	---	400
X. SPECIAL ARES	700	---	---	---	---	---	700
1. Azad Kashmir	250	---	---	---	---	---	250
2. Northern Areas	200	---	---	---	---	---	200
3. FATA	250	---	---	---	---	---	250
XI. MISCELLANEOUS PROJECTS of Cabinet, E&UA, Foreign Affairs Commerce Division etc.	150	---	---	---	---	---	150
XII. PRIME MINISTER'S SPECIAL LOCAL DEVELOPMENT PROGRAMME	5000	---	---	---	---	---	5000
	9500	7460	4265	2440	1335	15500	25000
XIII. PUBLIC CORPORATIONS							2000
TOTAL:							2700

* In addition Rs.2.0 Billion will be available from Special Development Programme

CHAPTER-27

SCIENCE AND TECHNOLOGY

Considerable progress has been made in the Sixth Plan in creating the infrastructure for science and technology. The Seventh Plan will emphasise the consolidation and strengthening of existing research and development institutions to enable them to respond adequately to national development requirements. Science and technology and its practitioners will be accorded due status in society. The motivative environment, so necessary for R&D to flourish, will be created and the researcher provided all the tools required by him to function effectively.

2. The Plan will attempt to remove the many ailments that have inhibited science and technology. These include: poor educational standards; inadequate investment of resources such as manpower, research funds and physical facilities; isolation of S & T system from economic and development planning and market requirements; and, the lack of proper incentives and accountability procedures.

SIXTH PLAN REVIEW:

i) Physical Achievements

3. A brief description of some of the major achievements of the Sixth Plan is given below:

(a) Ministry of Science and Technology

4. Three programmes, to train 831 young scientists, doctors and engineers in high technology fields through Ph.D studies in reputable universities overseas, were launched so as to overcome the deficiency of qualified manpower in R&D institutions. In the context of the Prime Minister's Five Point Programme, the Ministry developed the concept of rural uplift through the application of S&T, including facilities such as health-care, electricity and potable water.

(b) National Institute of Silicon Technology

5. The Institute of Silicon Technology established itself in permanent premises of its own. It has acquired single crystal silicon technology for photovoltaic applications and is exploring avenues for transfer of polysilicon and amorphous silicon technologies. Systems are being developed and research teams organised to implement major research programmes during the next Plan.

(c) National Institute of Electronics

6. The Institute, after completing its development phase, has established itself as the primary centre for R&D in electronics. Several projects including a radiopaging system, PABX, telephone dialer chip and industrial controller, were undertaken. Collaborative links with industry and other end-users were strengthened to facilitate commercialisation of its R&D effort. Training was imparted to scores of women technicians.

(d) National Institute of Oceanography

7. Phase II of the institute, whereby it will construct its own buildings and acquire additional staff and equipment, was initiated. Work on several contract projects was undertaken and links were established with foreign agencies. Cost free services such as consultancy to private investors for shrimp farming and preparation of 1986 tide tables for Pakistan, were provided. Work on the creation of a marine databank was started.

(e) Pakistan Medical Research Council

8. The third phase of studies on National Health Problems was completed by the Council at a cost of Rs 18 million. A National Institute of Clinical Research was established in Lahore. A series of research studies was completed and data gathered on various aspects of health.

(f) Pakistan Council of Appropriate Technology

9. The Council, formerly the Appropriate Technology Development Organization, continued its activities in disseminating and encouraging appropriate technologies. Seventy micro-hydel units, designed and manufactured locally, were installed in remote areas with the assistance of villagers. The Council also worked on biogas (400 units installed), economic cook stoves (1,000 units distributed) and low-cost housing.

(g) Pakistan Council for Scientific & Industrial Research

10. PCSIR, being a premier R&D organisation, has been involved in multi-disciplinary activities. Considerable progress has been made in a large number of fields including minerals, insecticides, fertilizers, herbal drugs and laboratory glassware. Research activities also continued in the Council's mono-disciplinary centres: Solar Energy, Fuel and Leather. Several products and processes were leased out to industry and others were in promotional stages. A Scientific and Technological Development Corporation of Pakistan was established as a subsidiary of PCSIR to manufacture and promote products developed by the Council. Preliminary work was started on a number of new development projects including Technical Training Centre, Quetta

(Cost Rs 30 million), Balancing and Modernization of PCSIR Laboratories (Rs 290 million), PCSIR Laboratories, Quetta (Rs 56 million) and, Medicinal Botanics Centre, Peshawar (Rs 73 million).

(h) Pakistan Council for Research in Water Resources

11. The Council completed the development phase of its Drainage and Reclamation Institute. A desertification monitoring unit was established. The Irrigation Systems Management Research project was initiated to promote the effective use of water, to increase agricultural production. Research in hydraulics, hydrology, irrigation, waterlogging and salinity, was also undertaken.

(i) Agriculture and Forestry Research

12. Agriculture research has received special attention during the Sixth Plan. The emphasis was on extension services, timely distribution of essential inputs and improved varieties of seed, all leading to increased yields. The National Agriculture Research Centre, set up in 1984, developed several high-yielding and disease resistant varieties of wheat, rice, maize, potato and oilseeds. Pakistan Central Cotton Committee, Nuclear Institute for Agriculture and Biology and some provincial institutes, were actively engaged in research on various aspects of cotton. The Institute of Biotechnology and Genetic Engineering (Rs 193 million), Faisalabad, will also contribute to agriculture research, when completed.

(j) Transport Research

13. A Road Research Institute (Rs 30 million) was established under the Ministry of Communications. Phase-II of the National Transport Research Centre, was begun. The Centre, nevertheless, completed more than one hundred research studies and held several training courses. A databank containing transportation statistics from 1947 to 1985, was developed. Considerable work was also done on highway safety.

(k) Hydrocarbon Development Institute of Pakistan

14. The Institute undertook extensive research work on basin study, regional assessment of petroleum potential, specifications and quality control of petroleum products, and, petroleum evaluation and process development techniques. It has developed techniques to conserve compressed natural gas to replace petrol and diesel.

SIXTH PLAN REVIEW

ii) Financial Achievements

15. The net allocation for the entire S&T sector in the Sixth Plan was Rs 5,083 million (gross Rs 5,809 million). Rupees 3,416 million was actually spent, giving a utilization of 67%. The Ministry of Science and Technology was allocated Rs 1,350 million, net (gross Rs 1,543 million) against which estimated expenditure is Rs 745 million, or 55%. Total sector wise allocation and expenditure, and, that of the Ministry of Science and Technology, are given in Annex-27.1 and 27.2, respectively.

OBJECTIVES OF THE SEVENTH PLAN

16. The Seventh Plan will provide the long overdue boost to Science and Technology to integrate it with national development plans. The existing S&T system will be consolidated and strengthened to vastly improve its effectiveness and to enable it to respond to national requirements. Introduction of new areas of research will be selective and in consonance with the development programmes.

17. The weak socio-cultural demand for S&T, the low priority hitherto given to it in the public sector and, the isolation of the S&T system from the production sector, will be rectified.

18. The goals are to increase national productivity and competitiveness in agriculture, industry and mining; provision of improved services with reduced unit costs in areas such as transportation, energy, healthcare, sanitation and clean drinking water; and, productive exploitation of indigenous natural resources while stressing resource conservation and replenishment. Research will mostly be mission oriented with specific targets and time frames and a strategy to direct technological development effort towards users' needs and market demands. At the same time, adequate levels of support to basic research will be sustained, primarily in universities, to increase the ability to generate knowledge.

19. The current trend, whereby Pakistan is mostly a passive recipient of packaged technology which is at times outdated and incompatible with local conditions, will be checked. A proper environment alongwith the necessary infrastructure will be created to encourage actual transfer of technology. Maximum advantage will be taken of existing world technological knowledge which will be adapted to suit local requirements. Development of indigenous technologies will be encouraged.

20. Manpower development programmes will be expanded. Adequate financing will be provided to S&T organisations for

their research programmes. A more conducive environment will be created to attract and retain good scientists and technologists through an appropriate reward and incentive system and proper facilities. Linkages amongst local R&D agencies and of the local system with the international community, will be intensified.

21. Increased patronage will be accorded to science and technology at all levels, for Pakistan to strengthen its considerably weak scientific and technological base, increase self-reliance and, to compete in international markets.

CONSTRAINTS AND ISSUES:

22. Science and Technology has in recent years attracted relatively increased attention and funds although both have still been inadequate and, therefore, much remains to be done. Major constraints experienced by the system are:

i) reluctance of society to grant science and technology the status it deserves;

ii) inadequate investment of resources including manpower, research funds and physical facilities;

iii) tendency to spread the limited resources available and hence the failure to completely master a specific field;

iv) isolation of the system from economic and development planning which also leads to a lack of well defined priorities;

v) fragmented organisational nature of R&D effort with no coordination between various R&D institutes, universities and user agencies;

vi) poor quality of science education, in schools and universities. Inadequacy of university research and its relationship to the technological effort;

vii) society's preference for foreign sources of technology and expertise and lack of confidence in indigenous products;

viii) restrictive work environment in R&D organizations due to excessive bureaucratic controls, lack of incentives and stunted career prospects and thus, the inability of R&D organizations to attract and retain professionals;

ix) almost complete absence of patronage of R&D by the private sector which does not perceive the need for it;

x) isolation of the R&D effort from users' requirements and market demands; and

xi) insufficient facilities for researchers to maintain close links with international centres of research and to remain informed of progress in their respective fields.

MAJOR INITIATIVES:

23. The Seventh Plan will endeavour to remove the impediments restricting the development of science and technology in the country. Emphasis will be on strengthening the existing infrastructure and creating facilities in important areas where none now exist. Working environment for researchers will be vastly improved. Major initiatives that will be taken are as follows:

(i) Relevance to Development Needs

24. Investment in the S&T sector in Pakistan will aim to raise productive consumption of indigenous raw materials and productivity in agriculture, industry and mining; improve the quality of products and basic services such as energy, health, transport and sanitation; and, generally contribute to a better life in better environment.

(ii) Science Education and University Research

25. The Plan will rectify the falling standards in educational institutions at all levels particularly those relating to science and technology. It is necessary to nurture university research to continuously feed the R&D system including research institutes, with fresh minds and qualified manpower and, to reduce reliance on imported expertise and foreign training. The emphasis will be on basic research and the acquisition and dissemination of knowledge but contract research and active collaboration with applied research organisations will also be encouraged. Scholarly excellence will be recognised and rewarded. Arrangements will be made to involve the Ministry of Science and Technology with bodies administering scientific and technical educational institutions. The Ministry will also assist in identifying specific research projects to be undertaken at universities. Private sector will be encouraged to establish universities of science and technology that offer attractive working conditions to well qualified teaching and research staff. As a beginning, an Institute of Science and Technology (ISATOP) will be established that will adopt and maintain standards comparable to the best in the world.

(iii) Strengthening of Existing R&D Institutes

26. The Plan will assign priority to the strengthening and consolidation of existing R&D institutes to enable them to perform and respond to expectations and to deliver a reasonable return on investment. The institutes will be given greater autonomy, financial and administrative. It will be ensured that resources provided to them are largely used on research programmes. Equipment and other facilities will be improved. Considering the reluctance of foreign donor agencies to finance the acquisition of sophisticated equipment and skills necessary for R&D activities, government will accord high priority to S&T in making allocations of foreign exchange from its own resources. Funds will also be provided to update the equipment and skills continuously to keep abreast with the latest techniques and technologies.

(iv) New Areas of Research

27. Despite the emphasis on strengthening existing research institutes, the country cannot afford to ignore completely the development of new areas of research. Entry to an activity today perhaps may not yield worthwhile results during the Seventh Plan period but should display its impact in subsequent years. Further delay in creating facilities in areas such as renewable energy, material sciences, industrial minerology and lasers and fibre optics, will only make it more difficult to catch up with the technologies. Facilities will thus be created for R&D in critical areas, especially hi-tech and those leading to exploitation of indigenous resources, that are currently missing.

(v) Manpower Development

28. The quality of the S&T sector can only be as good as the quality of manpower available to it. It takes many years to convert raw students into productive researchers. It is, therefore, imperative that the country plans well ahead for making available sufficient number of properly trained scientists and technologists. Existing R&D institutes are already suffering from a dearth of qualified personnel. Future requirements will aggravate the problem further. An extensive training programme, for professional and sub-professional staff, will be developed and implemented to overcome these problems. It will also include high level training overseas.

(vi) Self-financing and Links with Industry

29. Research in sectors such as agriculture, health and water, will continue to be financed almost fully by government. However, R&D institutes in sectors such as industry will be required to seek some self-financing, to be gradually increased over the years, for its programmes. This will serve as a form of

collective responsibility. Contract research will reduce dependence on government handouts and force the S&T institutes to develop viable linkages with industry and other end users. The private sector will be actively involved in the affairs of the institutes through strong representation on the boards of governors and advisory committees.

(vii) R&D in the Private Sector

30. Government cannot be expected to finance R&D entirely and indefinitely. The private sector, the main intended beneficiary, must assume greater responsibility. Industry will be encouraged to utilize indigenous technologies and products through appropriate tariff reforms. Increased competition, both internal and external, will be introduced so that industry realises the need for increased efficiency and productivity, which can only be fulfilled by a strong R&D sector.

(viii) Application of S&T to Rural Development

31. Almost three-fourths of the population of the country lives in rural areas where they are deprived of even the very basic necessities of life. Concerted efforts will be made to take the results of R&D to the rural population. The existing limited programme to provide a S&T package including energy, clean drinking water, sanitation, basic healthcare and income generating technologies, will be extended to a large number of remote villages throughout the country.

(ix) Scientific Service of Pakistan

32. A Scientific Service of Pakistan is proposed to be created to attract and retain talented scientists. The Service will function under the Ministry of Science and Technology which will be responsible for career planning of all scientists and technologists working in various technical ministries, centres of excellence, research councils and research and development institutions.

(x) Transfer of Technology

33. The tendency to import technology as a package will be reversed through services provided by S&T organisations. The National Centre for Technology Transfer will provide advisory services to the entrepreneurs in choosing the right technology and at the right terms, to ensure actual transfer of technology. Necessary infrastructure will be made available in the country to receive technology, to adapt it as required and, to benefit from secondary innovations. A National Technology Transfer Policy will be prepared to assist such transfer.

FINANCIAL ALLOCATIONS:

34. Total financial allocation for programmes of the Ministry of Science and Technology is Rs 1,860 million. The emphasis in the Seventh Plan is on strengthening of existing institutions. A sum of Rs 84 million is, however, earmarked for four new institutes namely, Renewable Energy, Material Sciences, Lasers and Fibre Optics, and, Industrial Minerology. Sectorwise allocations of the Ministry of Science and Technology are given in Annex-27.3. Apart from these development funds, adequate financing will also be made available to universities and R&D institutes in their recurring budgets to enable them to undertake meaningful research programmes.

Annex-27.1

SCIENCE AND TECHNOLOGY

FINANCIAL REVIEW OF 6TH FIVE YEAR PLAN

SUMMARY BY SECTOR

(Rs. Million)

Sl. No.	Sector	6th Plan Allocation (Net)	Utilization 1983-88	%age Utilization
1.	Agriculture	1,772	1,997	113
2.	Industry and Minerals	778	367	47
3.	Health	280	63	23
4.	Water	372	46	12
5.	Power (including Fuels)	253	54	22
6.	Transport & Communication	131	53	41
7.	Physical Planning & Housing	92	14	15
8.	Education	1,396	787	56
9.	Population Welfare Prog.	9	35	387
	Total	5,083	3,416	67

Annex-27.2

SCIENCE AND TECHNOLOGY
FINANCIAL REVIEW OF 6TH FIVE YEAR PLAN
MINISTRY OF SCIENCE AND TECHNOLOGY

(Rs. Million)

Sl. No.	Sub-Sector	Allocation (Net)	Estd. Expdt.	%age Utilization
1.	Ministry of Science and Technology (Main)	109.3	246.9	226
2.	National Institute of Electronics	87.5	65.5	75
3.	National Institute of Power	35.0	14.3	41
4.	Pakistan Medical Research Council	74.3	31.7	43
5.	Pakistan Council of Scientific and Industrial Research	501.4	170.4	34
6.	Pakistan Council for Appropriate Technology	52.5	20.3	39
7.	National Centre for Transfer of Technology	-	10.5	-
8.	National Institute of Oceanography	65.6	30.7	47
9.	National Institute of Silicon Technology	65.6	50.5	77
10.	Pakistan Council of Research in Water Resources	87.5	46.0	53
11.	Pakistan Science Foundation	210.0	32.9	16
12.	Council for Works and Housing Research	43.8	13.7	31
13.	Pakistan Council for Science and Technology	17.5	11.8	67
	Total	1350.0	745.2	55

Annex-27.3

SEVENTH FIVE YEAR PLAN

ALLOCATIONS FOR THE MINISTRY OF SCIENCE AND TECHNOLOGY

SUMMARY

Sl. No.	Description	Allocation (Rs. Million)
1.	Ministry of Science & Technology (Main)	869.2
2.	Pakistan Council of Scientific and Industrial Research	568.0
3.	National Institute of Oceanography	54.8
4.	National Institute of Power	24.7
5.	National Centre for Technology Transfer	14.0
6.	Pakistan Medical Research Council	15.0
7.	Pakistan Council for Science & Technology	8.7
8.	Council for Works and Housing Research	19.6
9.	National Institute of Silicon Technology	5.0
10.	Pakistan Science Foundation	54.2
11.	National Institute of Electronics	89.3
12.	Pakistan Council for Research in Water Resources	33.5
13.	Pakistan Council of Appropriate Technology	20.0
New Institutes:		
14.	Institute of Renewable Energy	40.0
15.	Institute of Material Sciences	40.0
16.	Institute of Lasers and Fibre Optics	2.0
17.	Institute of Minerology	2.0
	Total	1860.0

Annex-27.4

MINISTRY OF SCIENCE AND TECHNOLOGY

LIST OF PROJECTS

(Rs. Million)

S.No.	Name of Project	Allocation
1	2	3
1.	Ministry of Science and Technology (Main)	
i)	Development of S&T Manpower (one batch programme)	17
ii)	Development of S&T Manpower in High Technology Fields (Phase-I)	325
iii)	Development of S&T Manpower in High Technology Fields (Phase-II)	478
iv)	Centre for Applied Molecular Biology	8
v)	Memorandum of Understanding between Ministry of S&T and U.S. National Science Foundation	35
vi)	Minor Projects	6
	Sub-total	869
2.	National Institute of Electronics	
i)	Electronic Industries Promotion Centre	10
ii)	Electronic Instrumentation Laboratory	23
iii)	Electronic Materials Laboratory	24
iv)	Software Instructor Training Centre	25
v)	Minor Projects	7
	Sub-total	89
3.	National Institute of Power	
i)	National Institute of Power (Phase-II)	20
ii)	Minor Projects	5
	Sub-total	25
4.	Pakistan Medical Research Council	
i)	National Institute of Oncology	5
ii)	Reorientation of Health Systems Research	5
iii)	Minor Projects	5
	Sub-total	15

1	2	3
5.	Pakistan Council of Scientific & Industrial Research	
	i) Technical Training Centre in PSTC for Precision, Mechanical and Instrument Technology, Quetta	22
	ii) Balancing and Modernization of PCSIR Laboratories, Centres and Institutes	233
	iii) PCSIR Laboratories, Quetta	45
	iv) Medicinal Botanics Centre, Peshawar	68
	v) Industrial Electronics Section at PSTC, Karachi.	90
	vi) Technical Training Centre in PSTC for Process Control, Instrumentation & Engineering	34
	vii) Multipurpose Ore Beneficiation Pilot Plant	6
	viii) Production of Processed Coal Briquettes	11
	ix) Studies on Realisation of Base units (NPSL)	2
	x) Economic Utilisation of Minerals	48
	xi) Minor Projects	9
	Sub-total	568
6.	Pakistan Council for Appropriate Technology	
	i) Strengthening of Pakistan Council of Appropriate Technology	13
	ii) Minor Projects	7
	Sub-total	20
7.	National Centre for Transfer of Technology	
	i) National Centre for Technology Transfer (Phase-II)	10
	ii) Minor Projects	4
	Sub-total	14
8.	National Institute of Oceanography	
	i) National Institute of Oceanography (Phase-II)	16
	ii) Research Project on Food Web Dynamics of Mangrove Habitat in Pakistan	5
	iii) Pakistan US Cooperative Programme in Oceanography of the Arabian Sea	30
	iv) Minor Projects	4
	Sub-total	55

1	2	3
9.	National Institute of Silicon Technology	
	i) Minor projects	5
	Sub-total	5
10.	Pakistan Council of Research in Water Resources	
	i) National Documentation Centre, Library and Information Network (NADLIN)	14
	ii) Skimming Well Modelling for Irrigation and Drainage of Agriculture Lands	9
	iii) National Institute of Hydrology	3
	iv) Minor Projects	7
	Sub-total	33
11.	Pakistan Science Foundation	
	i) Pakistan Museum of Natural History (Phase-II)	46
	ii) Minor Projects	8
	Sub-total	54
12.	Council for Works and Housing Research	
	i) National Building Research Institute	12
	ii) Minor Projects	8
	Sub-total	20
13.	Pakistan Council for Science and Technology	
	i) Development and Strengthening of Pakistan Council for Science and Technology	2
	ii) Minor Projects	7
	Sub-total	9
14.	New Institutes	
	i) Institute of Renewable Energy	40
	ii) Institute of Material Sciences	40
	iii) Institute of Lasers and Fibre Optics	2
	iv) Institute of Minerology	2
	Sub-total	84
	Grand-total	1,860

CHAPTER-28

DEVELOPMENT OF SOCIAL AND ECONOMIC STATISTICS

In its function the statistical system in Pakistan is both centralised and decentralised. Over the last four decades while it has made progress, the framework has yet to fully meet the data requirements of the users. The most noticeable failing of the system has been perhaps in its inability to develop the desired analytical capability of self assessment. It would have enabled it to learn about the shortcomings from its own experience so as to improve the quantity, quality and quickness of its output and also to innovate in order to meet the emerging requirements of the State as well as maintaining the international comparability. Its output would have thus abreast with the latest theoretical and methodological developments abroad.

2. The policy-making organs of the government and the statistical system at present interact only sporadically and in times of acute urgency. They need to develop relations on a more systematic and reciprocal basis to ensure that the Government policies have a firmer basis in social and economic realities while the statistical system is serving real social and economic requirements.

3. At the provincial level the institutional problems of data collection, its compilation and its publication are even more acute in terms of resources as well as the interaction between them and their major users. The present lack of coordination between the federal and provincial statistical system makes it difficult to compile acceptable statistics regarding the two major commodity sectors of the economy-agriculture and manufacturing.

4. The system is also experiencing a decline in the quality of its personnel, intellectually. They are unable to accept all the challenges of their task and cannot adequately respond to them. This is partly the result of the general decline in the national educational system which in turn is due to poor training facilities, and partly because of the conditions of service of statisticians and the inadequacy of the financial resources allocated to the statistical system.

5. Another weakness of the system is that it has not yet absorbed the modern data processing techniques. Thus it is not able to produce quality and uptodate output. Lack of resources, managerial inertia and neglect are responsible for this.

PREVIOUS PAGE BLANK

6. These issues need to be addressed in the Seventh Plan period and given high priority so as to improve the availability of the comprehensive, reliable and timely statistics. The system as a whole will be reviewed with a view to introducing conceptual, institutional and technological changes necessary to enable it to meet its national responsibilities. An exposition of the issues central to the development of the statistical system of Pakistan is given below:

(a) The meetings of the National/Provincial Statistical Councils, Technical Advisory Committees and its Panels, and Federal/Provincial Statistics Authority (s) have in the past been held very infrequently. The Councils and its bodies, besides promoting inter-action between producers and users of the data, universities and research organisations, must also ensure adoption of uniform standard concepts, definitions and classifications by all agencies to ensure comparability of data regardless of its source. A separate secretariat needs to be established in the Statistics Division with adequate staff for doing proper home work for holding meetings of these bodies regularly and for monitoring implementation of their decisions. Similarly, Secretariat for the Provincial Statistical Councils should also be created. These Secretariats should be responsible for the formulation of Federal and Provincial Statistical development Plans respectively and oversee its implementation.

(b) At the federal level the Council's Secretariat should undertake on regular basis methods research, review of concepts and definitions in the light of the national and the international developments. It is important in particular that the advances which are being made by the UN System are incorporated into our methods of works and definitions without delay.

STATISTICAL LAWS

7. The important statistical laws, governing the collections and dissemination of statistical data, comprise the General Statistics. Act, 1975, the Census Ordinance 1959, for population and housing; the Agricultural Census Act 1958; and the Industrial Statistics Act 1942. The problems which are still being faced relate particularly to the collection of data from the large scale establishment and the area jurisdiction amongst the various agencies at the federal and provincial levels for the performances of various types of work.

8. During the Seventh Plan an in-depth review will be made of all Statistical Acts to make them operationally more effective and to fill - in the gaps. The Census Ordinance 1959 will be

amended to provide for explicitly legislative authority for carrying out housing census.

9. The area jurisdiction of the various agencies at the federal and the provincial levels involved in joint statistical programme will be clearly defined and rationalized in the context of different statistical legislations, e.g. the working of the civil registration system, the collection, compilation and dissemination of agricultural statistics, the holding of census of the manufacturing industries (CMI).

10. The National Accounts of Pakistan will be redesigned on the basis of the Revised United Nations System of National Accounts. In addition, the plan also envisages the construction of input - output tables, flow of funds and the social accounting matrices, indicators on the regional income and distribution, the national deflator etc. and shifting of the base to more recent period. To improve the data base, about 51 surveys and studies will be carried out as per sector-wise detailed shown below:

Sectors	Surveys	Studies	Total
Agriculture	3	9	12
Mining	5	-	5
Manufacturing	11	2	13
Construction	2	3	5
Transport	1	5	6
Others	4	6	10
Total	26	25	51

11. The important studies/survey proposed in the agriculture sector include (i) the cost of production of 18 important crops, (ii) the utilization of agricultural commodities, (iii) the estimation of yield of livestock products, (iv) the estimation of marketable surplus, (v) the substitution of draught power by the mechanisation and cost studies of marine and inland fishing and the forest products. In the mining sector annual survey of the mining and quarrying activities, in addition to the regular censuses of the mining industries has been proposed. Of the 13 survey/studies proposed to be undertaken in the manufacturing sector, ten represent the annual industrial surveys, five each in the large and the small scale industries with main emphasis on the collection of the production and the investment data. These surveys, however, will be in addition to the census of manufacturing industries.

12. The statistical development programme envisaged during the Seventh Plan provides for the improvement in the existing sampling frame. For this purpose, a well equipped Sample Design Section will be created alongwith a hard core of trained manpower in the major statistical organizations involved in survey activities. Besides institutional improvement, the technical

aspects likely to be developed include (i) the development of a comprehensive frame on quinquennial basis of the establishments engaged in any kind of economic activity (ii) the development of a built-in-mechanism for updating the area frame on a regular basis both for the rural and the urban areas (iii) the development of an integrated master sample, both for the agricultural and the non-farm establishment survey (iv) extension of the surveys of FATA and Districts not covered so far; and (v) adoption of statistical approach to the evaluation of control of non-sampling errors.

13. The other areas of special importance are (i) agricultural census (ii) housing and population census. These are decennial and fall due in 1990-91. The programme mostly consists of (a) training of the staff responsible for the planning, supervision, tabulation and analysis of the census results and (b) publicity for getting quality information. Besides, decennial agriculture and population censuses, the following surveys are also proposed to be carried out during the Seventh Plan:

(i) Pakistan Demographic Survey - Annual
(ii) Labour Force Survey - Annual
(iii) National Fertility Survey - Quinquennial.
(iv) National Mortality Survey - Quinquennial.
(v) National Nuptiality Survey -Quinquennial.
(vi) Pakistan Migration Survey - Quinquennial.

14. The development programme relating to the improvement of the price statistics inter-alia aims at increasing the number of markets in each city, gradation of commodities, expansion in the number of urban centres and collection of variety-wise price statistics. In addition, to the existing price indices, the new indices such as cost of living (income -wise, and for the cities and the urban-rural areas), house rent index (cities and housing categories) and the producer's price indices are also proposed to be developed.

15. Likewise, the other indices proposed to be developed include (a) wholesale price index of imported raw material, and consumer and capital goods (b) wage rate by occupation and industry group and (c) investment price index by group of investment goods.

16. For improvement of the current Agricultural Statistics, the programme includes (i) the replacement of the subjective method of estimating crop acreage and yields with the objective method based on the probability sampling techniques through the development of the Integrated Master Sample Design; (ii) the use of scientific equipments for measuring the output of the crop cutting plots, and moisture content and harvest losses; (iii) the development of a forecasting model based on the plan

characteristics for estimating the production of the important crops in advance, (iv) the introduction of sample evaluation checks on girdavri work; (v) strict adherence of crop calendar; (vi) estimating of the production of vegetables, fruits, fish, livestock products on scientific lines; (vii) the introduction of methods of research; and (viii) the strengthening of the organisations involved in the above work. In addition, the surveys/studies on the following topics also form an integral part of the Seventh Plan development Programme:

- pattern of unemployment, disguised unemployment and underemployment in agriculture.
- impact of mechanized farming on production.
- production of traditional and non-traditional oilseeds.
- irrigation status of crops by size of farm.
- factors affecting acreage, production and consumption of gram and other pulses.
- pasture pattern in deserts of Cholistan, Tharparker and Dadu Districts.
- Terms of land tenure.
- Use of fertilizers/pesticides - Annual Rural Credit.

17. In the manufacturing sector, the main emphasis will be on the improvements in quality and coverage of CMI, reduction in time lag in all the current series and improvements in the quantum index of the industrial production. For this purpose, the concerned Organizations will adequately be strengthened. Besides, two new indices - (i) value indices of industrial production, (ii) quantum index of production of small and household manufacturing industries - have also been contemplated. In addition, the industrial commodity classification, based on the central production classification, being prepared by the UN Statistical Office, will also be developed. For the improvements of statistics in respect of the small scale industries, the census of the small and household industries will be undertaken every five years with annual sample surveys during the intervening period.

18. In the mining sector, the main stress will be on improvement in coverage through maintaining a comprehensive list of mining establishments and expansion in the coverage of pit head/well head prices. Similarly in all other sectors i.e. electricity, gas and energy; transport and communication; construction; social statistics; population and manpower; trade and services, number of surveys and studies have been proposed

either to bring improvements in the existing series or to develop new series. Most of the action programmes are of routine nature and do not require detailed introduction.

19. The existing foreign trade statistics compiled by the Federal Bureau of Statistics, though quite adequate, are not comparable with those compiled by the State Bank of Pakistan. These statistics also do not include, (i) defence imports, (ii) imports on account of personal baggage, and (iii) trade in transit through Pakistan. The important programmes include the development of new series of trade indices with 1985-86 or some latest year as a base and the collection of imports statistics by the "end users" and by the "source of finance". The Pakistan Standard Trade Classification "PSTC" will be revised on the basis of the final report of SITC-R-3, of the United Nations.

20. The data collected through Household Income and Expenditure Survey is deficient to estimate functional income because income from wages and property is not shown separately. Purchase of ornaments of gold and silver is considered current consumption. As a consequence, it is not possible to estimate current savings. For the improvements of Household Income and Expenditure Surveys, the present questionnaire will be reviewed with a view to estimating the functional income and savings. The data on income groups will be tabulated in such a way - that it facilitates estimating the number below the poverty line, to be determined by the technical committee. The income groups in each survey will also be made.

STATISTICAL ORGANISATION:

21. For the implementation of the proposed Statistical Development Plans, the existing statistical organisations, both at the Federal and Provincial levels, will be strengthened and re-organised where necessary in the light of the new developments and the growing and varied data needs of the users. A separate Development of Statistics will be established in the Provinces headed by a Secretary on the pattern of the Statistics Division at the Federal level. The other important programmes include:

a) setting up 35 additional Regional/Field Offices in the Statistics Division at Division/District level during the Seventh Plan bringing the total to 76. The provincial offices will be headed by a Director to execute and monitor field work and maintain liaison with the provincial agencies;

b) creation of infrastructure consisting of field organization, computers, calculators, printing press, etc. in each Provincial Bureau of Statistics for conducting sample surveys and compilation and publication of their results;

c) introduction of micro computers of transmitting survey data in the form of diskettes and tapes to the headquarter;

d) construction of office building for Regional Offices in the first instance to avoid frequent vacation of hired buildings;

e) induction of greater number of female employees in the enumeration work for improving the quality of data particularly relating to the female population;

f) the development of own capability by the Provincial Bureaus of Statistics for undertaking sample surveys on important subjects particularly for meeting data requirements for the regional planning; and

g) review of the working of the statistical cells both at the Federal and Provincial levels and their proper strengthening.

STATISTICAL TRAINING:

22. A substantial improvement in the content and coverage of the existing statistical series and the production of more comprehensive, reliable and timely depend on upgrading and continuously developing the technical skills of the professional statisticians in the theoretical as well as the applied fields. It is, therefore, necessary that the officers responsible for the collection and dissemination of the data should be kept abreast of the latest techniques developed on the subject. It is equally important to provide thorough training to new recruits to the proposed Service Group of Statisticians. These objectives are planned to be achieved through the "Pakistan Institute of Statistical Training and Research" being set up at Lahore, as well as for foreign training.

CAREER PLANNING:

23. for proper career planning, formation of statistics group at the Federal level will be expedited to be followed by similar groups at the Provincial level. Recruitment rules and pay scales for statistical posts requiring the same qualifications and job description at the Federal and Provincial level will be standardised.

ELECTRONIC DATA PROCESSING:

24. For coping with the increased work load of data processing during the Seventh Plan, the Statistics Division will be strengthened in terms of electronic data processing equipments

and manpower. The use of computer will be expanded to coordinate the censuses/surveys activities. A computer net-work will be established for serving as a strong tool for improving the quality and timeliness of the statistical information. The computer facilities will also be provided to the Provincial Bureau of Statistics which do not have these facilities.

FINANCIAL ALLOCATION:

25. The detailed estimated cost of the proposed Statistical Development Plan for the Seventh Plan, excluding the cost of conducting Agriculture Census, and Population & Housing Census, 1990-91 which are to be financed from the revenue budget, are as under:

(Rs. Million)

	Total	Local Resourcs	Foreign Assistance
1. Expansion of Statistics Division including expenditure on short-term experts/consultants	2.1	2.1	-
2. Pakistan Institute of Statistical Training and Research.	9.9	9.9	-
3. Expert Groups/Seminars/international conferences.	10.0	10.0	-
4. Expansion of the FBS:			
i) Updating of Urban Area Frame	58.14	58.14	-
ii) Cost of New Sample Surveys	72.30	72.30	-
iii) Cost of Implementation SAM Project.	43.22	12.50	30.72
iv) Cost of Census of Establishments.	22.50	22.50	-
v) Foreign Consultancy.	0.24	-	0.24
5. Expansion of Agricultural Census Organization (ACO)	20.4	20.4	-
6. Foriegn Consultancy (ACO)	3.9	0.33	3.57
7. Expansion of Statistical Cells of Federal Government Departments.	20.0	20.0	-
8. Office Building of the FBS at Islamabad.	25.0	25.0	-
9. Office Building for 10 Regional Offices of FBS.	21.0	21.0	-
10. Establishment of a country-wide computer net-work.	225.0	95.0	130.0
Total	533.7	369.17	164.53
11. Creation of Departments of Statistics in the Provinces.	23.65	23.65	-
12. Expansion of Provincial Bureau of Statistics.	78.0	78.0	-
13. Expansion of Statistical Cells of Provincial Government Departments.	125.0	125.0	-
14. Computer for provinces.	40.0	16.0	24.0
Total	266.65	242.65	24.0
15. Foreign Training	50.0	20.0	30.0
Grand Total	850.35	631.82	218.53

CHAPTER - 29

PLAN IMPLEMENTATION

A national plan is essentially an allocation of resources within a macro-economic framework so as to take the society towards a brighter future. Its micro elements are the actual projects which are formulated to achieve its economic and social goals. The plan is a concept, a formula and a commitment until it is actually implemented

2. While finalizing the Seventh Plan, it is necessary to take stock of the existing capacity for the plan implementation. The number of projects included in the Annual Development Programme at the federal level alone was nearly four thousand in 1987-88. For the country as a whole , the number in a given year would be around eight thousand. This number represents the efforts in the public sector alone. An investment of almost an equal size is envisaged for the private sector. The total effort implied in the Plan is going to absorb the resources and the energies of the nation as a whole, over a five-year period. The execution of a programme of such massive proportions is not a practical proposition without capturing the dynamism of the entire nation.

3. Practically every unit of the Government at all levels has to get involved in the public sector programme - at the federal level, the ministries, attached departments, autonomous and semi-autonomous bodies, public corporations and at the provincial level, the Planning and Development Departments, the line departments/agencies/corporations and the divisional and district administrations. To ensure that the programme, particularly in the sphere of the rural development, originate in the villages, the local bodies have to be brought into the main-stream of the development effort.

4. In broad concept, once the Plan is finalised by the national planning agency, responsibility for its implementation primarily and squarely rests with the ministries at the federal level and the line departments at the provincial level. This is not to say that the Planning Commission is absolved of all responsibility in this regard. Since the NEC, the supreme policy-making body in the economic sphere, bears responsibility for the execution of its policies, its subsidiaries, namely, the ECNEC and the Planning Commission also share that responsibility. By the same token, the Planning and Development Departments in the provinces are co-sharers in the responsibility.

5. All the Five Year Plans so far made have emphasised the need to develop the capacity of the concerned agencies to prepare and implement sound projects and programmes but the unfortunate

PREVIOUS PAGE BLANK

position is that their competence in this regard falls far short of the required standard.

6. Certain events which overtook development planning in Pakistan are, to some extent, also responsible for this shortcoming. Not going into the after-effects of the War with India in 1965, the dissolution of One Unit in July 1970, just as the Fourth Plan was about to be launched, necessitated fresh efforts to set up planning units in the provinces. As stated in the Chapter on Plan Implementation written for the Fourth Plan, "it will be some time before the planning machinery in the new provinces can be built up to a satisfactory level of effectiveness." Later, with the break-away of the eastern wing of the country, the Fourth Plan itself became a non-Plan. The Planning Commission remained virtually inoperative until it was revived in 1978 for the Fifth Five Year Plan. Other events during the period also unhinged the existing institutions and the administrative machinery. The large scale nationalisation of the private industries demoralised the private sector. The public corporations created to take charge of the taken-over industries did not quite know how to manage them on business lines. The BIM created as an apex organisation to provide guidelines for their functioning on business lines existed only in name. Labour-management relations hit a watershed and productivity dropped low. An administrative structure which was highly rated at the outset of the First Plan and during the "development decade" was completely demoralised and uprooted.

7. All that was achieved in the previous years was not wiped away but, had we run an even course, the position would be vastly different. It is only necessary to state these facts so that we take our bearings afresh for the task of the Plan Implementation that lies ahead.

8. A working group constituted in 1983 to study the position at the beginning of the Sixth Plan period came up with the finding that the machinery for the formulation and execution of the projects needs considerable strengthening at practically all levels.

9. It is necessary to appreciate here that each single project has a life-cycle in which it goes through the stages of (a) identification, (b) formulation, (c) appraisal, (d) approval and (e) implementation. The preparation of sound projects is the first step towards a success story in implementation. If a project is well-formulated and if, through proper appraisal, thorough scrutiny before approval and competent management during execution, the project cycle is protected, its goals will be achieved.

10. A Committee was constituted to study in depth the problems encountered during the project cycle in Pakistan. It reported as under:-

i) The root cause of various problems is the ad-hoc proposals made at the initial stage on the basis of the technically deficient surveys and investigations and the hurriedly prepared feasibility studies. Moreover, when such proposals are brought up for scrutiny, there is hardly any framework within which priority ranking could be established.

ii) Both the scope and the cost of the project are understated just to take advantage of the loopholes in the procedures for approval of the projects. Obviously projects so approved become due for a revision of both the cost and the scope in no time.

iii) Reliance is made on the rough cost estimates which subsequently prove to be inconsistent with the tendered or the actual cost of the project. Since tenders are invited after the approval of the cost, the estimated cost in the PC-I turns out to be much different from the tendered cost.

iv) Schedules of the rate being used by the Pakistan Public Works Department and other agencies are obsolete and there is a total lack of standard plans and specifications for civil works.

v) Delays in the approval of large projects requiring ECNEC's approval are frequent. Anticipatory approval and ex-post facto authorizations are given. This mechanism is being used as a means to bring the projects into the system prematurely.

vi) There is a complete lack of coordination at various levels. Within the Planning Commission, there is no coordination between the Technical Sections and the Projects Appraisal and Evaluation Section, nor between the latter Section and the Macro Planning Sections of the Economic Wing for purposes of determining the national parameters in the project appraisal.

vii) The Projects Wing is understaffed and there is no data bank, nor any data storage facility in the Planning Commission.

viii) There are serious problems of financing the phasing requirements of the projects as per PC-I which are far above the allocations actually made in the ADP and the

funds released by Finance. Also, cumbersome procedures are followed by the financial institutions and the international agencies resulting in consequential delays in the release of funds.

ix) Progress monitoring of the on-going projects is extremely limited in its scope with reference to coverage as well as content.

x) After examining a large number of cases presenting problems throughout the project cycle, the need for the evaluation of projects already completed was strongly felt. At present there is virtually no machinery for such evaluation.

11. Project monitoring studies carried out by the Planning Commission during the period 1983-86 have further reinforced these feelings. The results of these studies show that out of 136 projects reviewed, 52% were revised and 82% were behind schedule. As many as 92% lacked proper implementation schedule and 49% over-ran their cost.

12. Although this analysis represents a small number of projects, it does identify the problems which generally impede the realisation of project objectives/targets on time and within the approved cost.

Problems:

The problems can be broadly grouped under the following heads:-

a) Inaccurate estimation of the project cost.

b) Delays in the completion of projects and the cost over runs.

c) Inappropriate quality of work.

d) Inability to synchronise the estimates and the resources.

(a) Inaccurate estimation of project cost:

13. This problem originates at the project formulation stage and may result from lack of expertise. The remedy for this has to be sought at the level of the sponsoring agency, which implies an upgradation of their ability to formulate schemes.

14. Feasibility studies backed by proper surveys also need to be insisted upon. It is also necessary that the detailed and

the indepth guidelines for the preparation of schemes for various sectors are prepared by the concerned ministries and the line departments by engaging experts departmentally or from outside the government.

15. The capability for a thorough scrutiny at the higher levels will have to be upgraded so that it takes care of the deliberate under-estimation.

16. Here a radical change in approach needs to be brought about at the level of the ministries. What is happening at present is that they are acting merely as post offices between the project sponsoring/executing agencies and the Planning Commission. Planning Cells in most of them either do not exist or consist of just a Deputy Secretary and some Research Officers or, if better-manned, are quite deficient in the professional competence to formulate, scrutinise and appraise the projects in all aspects. As the national development is planned on a sectoral basis, the responsibility for the implementation of the plan objectives pertaining to the various sectors actually rests with them. As such they have to equip themselves for discharging this responsibility.

17. Proper scrutiny of the PC-I including the project appraisal at pre-CDWP level within the administrative ministries should go into the following aspects thoroughly:-

i) The prices of all inputs and outputs, as reflected in the PC-I, are realistic.

ii) No essential input or item of expenditure has been ignored/omitted.

iii) All the items of expenditure shown in the PC-I are essential and that no unnecessary provision has been made.

iv) Financial phasing of the project be examined critically keeping in view the likely availability of resources for the sector. Availability of resources for new schemes can be worked out by estimating the funds required annually for the on-going projects and deducting these from the annual allocations for the sector in the plan.

v) Implementation schedule by the components be examined thoroughly.

(b) <u>Time and Cost Over-runs</u>:

18. Most common causes of completion delays are:poor management of the project, absence of implementation schedules,

inadequate allocation and/or delays in the release of funds, unrealistic planning for the procurement of inputs, delay in the award of contracts, incapability of the contractors, etc.

19. Although the problems of the implementation are to be tackled mainly at the level of the executing/sponsoring agency, a close rapport with higher levels, i.e. the line departments / ministries is also essential. For this purpose, a computerised Management Information System (MIS) should be instituted to bring the executing agency, the sponsoring agency and the line department or the ministry concerned, as the case may be, on the same grid. To make this work, management techniques, such as CPM / PERT / BAR Chart, which at present are not much in use, would need to be pressed into service so as to cover all the execution stages of the project including the approval, the lining up of foreign aid, the opening of LCs and the implementation upto completion. If a work plan and a network accompany the PC-I, it will be possible to take up the critical activities for the implementation in the right sequence. Besides, significant milestones could be determined and regularly monitored by the project management, the sponsoring agency and the line department/ministry to ensure that actions are taken on time especially in the matters of the appointment of consultants, contractors, procurement of inputs, inter-agency coordination and fund releases. For dealing with the inter-agency coordination particularly, a Review Group in each ministry/line department, similar to the Energy Review Group in the Planning Commission (chaired by the Secretary) is recommended.

20. A prime requirement for dealing with the management problems effectively will be the appointment of a Project Director / Manager right from the starting point of the project. Here the selection of the right person for the job will be important. Moreover, he will have to be appointed on a full-time basis and for the duration of the project.

21. Also, improvement needs to be brought about in the contractual procedures and practices. Sometimes the contract is awarded to a firm which neither possesses the necessary capability (financial, technical or equipment-wise) nor has any previous experience of the job involved. In certain cases, the penalty clauses are not provided in the contract agreement. If the procedure for award of contracts is streamlined and contracts are awarded only to the competent firms, implementation delays could be avoided altogether or can be considerably reduced.

22. The question of inadequate allocations is also highly relevant to time and cost over-runs. This is discussed later. Here, naturally, decision-making at the highest levels is involved.

(c) Inappropriate quality of work:

23. The levels mainly involved with this aspect are those of the executing agency and the sponsoring agency. The induction of a Project Director/Project Manager keeping in view the points mentioned earlier is of critical importance. In addition, the concept of close supervision by the next higher level, namely, the sponsoring agency needs to be emphasised. Picking the right persons for the right jobs all along the line cannot be over-emphasized. As stated earlier, close monitoring of the activity by the line department/ministry concerned is also necessary, which should be both intensive and extensive in coverage. This will not be possible unless a Management Information System as suggested earlier is devised and implemented by each line department/ministry for the projects which come under their purview.

(d) Inability to synchronise estimates and resources:

24. This is a problem which can be dealt with only by allocating funds on the basis of commitment budgeting, which means funding according to the financial plan of the project as geared to the network/work-plan. It will be difficult to handle this issue without a total commitment from the highest levels to the concept of commitment budgeting.

25. At present, an intricate exercise at the federal level is carried out by the Priorities Committee for allocation of funds to projects/ministries. The Finance Ministry, the Planning Commission and the concerned ministry are involved in this tripartite exercise. A similar exercise would be taking place in the provinces.

26. It is important here that a priority ranking of the projects is established in each ministry/line department. It is not possible to deal with this aspect in a large forum like the Priorities Committee. The number of projects is too large. If the ranking of the projects within each sector is a settled issue and made known to the Priorities Committee in advance, then possibly funds could be allocated strictly according to the priority ranking and on the basis of the financial plan of each project and the lower-ranking projects excluded altogether from funding. Another alternative could be to make block allocations to the ministries/line departments for their respective sectors and leave it to them to allocate funds to the different projects according to their priority ranking and the financial plans.

27. In this context, it will be a useful exercise to identify the core projects in each sector on the basis of their implications for other sectors or keeping in view the socio-economic thrust of the Plan. This exercise may be carried out in

each ministry/line department. However, the Planning Commission at the federal level and the P&D Department at the provincial level could be associated with the exercise profitably. The identification of the core projects will ensure that in the priority ranking of the projects they get precedence over other projects of lesser importance.

28. Commitment budgeting is needed as it alone will make it possible to guarantee the maintenance of benefit cost ratios as envisaged in each project. The implications of the possibility are too large to be brushed aside lightly. In fact, it is doubtful whether a project afflicted with time and cost over-runs is well worth the effort.

Local Development Institutions:

29. The Five Point Programme, with the major thrust on rural development, demands people's participation in the local level planning and the projects/programmes implementation. Some capacity-building for the initial preparation of schemes may be provided in the local bodies to make up for the lack of expertise and the lack of knowledge about the fields of economic and social planning. Some additional capacity for the project preparation, scrutiny and monitoring may need to be provided to the coordination committees where they exist, and as appropriate, at the divisional, district, tehsil/taluka and markaz levels. It will interface with and mesh into the tiers of the local government structure. A coordination committee at the markaz level constituted out of the Chairmen of the Union Councils would make the small voice of the Union Councils more audible and would help it reach the higher levels. At the district coordination committee level particularly, an officer of Grade 17 who is trained in the Plan formulation, monitoring and evaluation may be provided. Citizen participatory mechanisms should also be developed at the local level, parallel to the administrative structures for monitoring and evaluation. The inter-linkages thus established will bring the local bodies into the main-stream of the national development effort. Further, Local Councils should be delegated adequate resource raising powers to reduce their dependence on the Government assistance.

Strategy:

30. Based on the above analysis, the broad strategy should be geared to capacity building in the following areas at the level indicated in the earlier discussion:-

1. Project formulation
2. Project appraisal and technical scrutiny
3. Project management

4. Monitoring and evaluation
5. Computerised management information system
6. Training.

31. The key activity which will provide an over-all view of the entire project cycle will be that of monitoring and evaluation. We may here discuss certain pertinent aspects of this activity.

Monitoring & Evaluation of Development Projects:

32. Conceptually, the sequential progression of a development project with expected relationships of inputs, outputs and effects is illustrated as under:-

i. if INPUTS	- and valid ASSUMPTIONS	-	then OUTPUT
ii. if OUTPUTS	- and valid ASSUMPTIONS	-	then EFFECT
iii. if EFFECTS	- and valid ASSUMPTIONS	-	then IMPACT

33. The monitoring and evaluation system, currently in vogue, uses these "3-stage processes" of project relationships, and could be categorized as under:-

(a) Investment or Project Implementation Monitoring:

34. This involves measurement of the first set of relationships during the project implementation and is also known as "input / output process monitoring". It helps to ensure that:(a) the right inputs are made available at the right time; and (b) the inputs are producing the right outputs.

(b) Project Benefit Monitoring & Evaluation:

35. This is used to assess the second set of relationships, that is, project sustainability. It is also termed "output/effect process monitoring". It endeavours to check:

- whether certain outputs (the infrastructure development) are producing the desired effects (benefits);

- whether facilities created are sustained (O&M, extension, motivation, etc); and

- whether facilities created are used (beneficiary response).

(c) Impact Evaluation:

36. Impact evaluation refers to the post-project situation, especially after a few years of operation of a completed project or a programme. It attempts:-

- at reviewing the intended and unintended effects or impact of a completed project;
- at examining other broader issues like employment and income generation, the nature of its distribution among the target groups changes in the use of technology, etc; and
- at examining the complementarity aspects of project and policies towards the overall economic/social growth.

37. It is in the area of monitoring and evaluation particularly that the Projects Wing of the Planning Commission has a special role to play.

Projects Wing:

38. The Projects Wing was created in October 1983 within the Planning and Development Division, and the staff of the erstwhile Implementation and Progress Section formed the nucleus of the Projects Wing. The functions conceived for the Projects Wing were as under:-

i) Project Facilitation/Training

ii) Project Monitoring

iii) Project Evaluation

iv) Project Computerization

39. The Projects Wing, due to shortage of staff at the mid-professional level, has perforce restricted its activities around project monitoring. Ever since its creation it has attempted to monitor and evaluate the development projects through an integrated system based on proforma reporting and site visits.

40. During the Seventh Plan, the monitoring and evaluation work of the Projects Wing will be strengthened and expanded to include "project benefit monitoring" and "impact evaluation".

41. The Projects Wing shall maintain close liaison with the

Planning, Monitoring and Evaluation Cells in the Federal Ministries/Divisions and the Provincial Governments. This will help in the development of a uniform M&E approach, which in turn will facilitate inter-provincial/inter-regional comparison. The Wing, in consultation with other relevant agencies, will also attempt to refine and/or develop the data collection instruments to keep these compatible with the changing development needs of the economy. The data-base and the Management Information System (MIS) facilities proposed to be created within the Projects Wing will also be available to PM&E Cells of the Federal Ministries/Divisions and the Provincial Governments. The Wing's services will also be available for consultation to any of the agencies involved in the project implementation work.

Training of Planning Personnel:

42. Recognizing the need for upgrading the knowledge and skills of the officers and staff engaged in Planning, Monitoring & Evaluation tasks in various Ministries/Provincial-line Departments/large Corporations, a Planning and Management Institute is being set up by the Planning Commission. The Institute will offer induction as well as the follow-up specialized courses to train and impart necessary knowledge and skills to relevant officers in areas like Project Formulation, Appraisal, Management, Monitoring & Evaluation and Macro-planning. The Institute will strengthen the in-house capacity of Ministries/line Departments and build up a core of Planners and Project Managers for every major sector of the economy.

Non-government Organisations:

43. Involvement of the NGOs especially in the rural sector will provide a flexible and cost effective mechanism for providing supportive services to the production and other income generating activities. They will fill the gaps left by line departments of the Government. A great deal more of public participation will be ensured by providing these voluntary agencies the institutional and the technical support. Activities of the development agencies and of the cooperatives will be integrated with the NGOs to bring about a common and agreed plan at the local level. The functions and the responsibilities of the cooperatives will be geared to provide services to many branches of the economic activity especially in agriculture, cottage industry, marketing and processing, distribution and supplies. To achieve a co-ordinated development, for an area and effect related adjustment, the efforts of the NGOs will further be integrated with Markaz/Tehsil development activities.

44. In the context of the activity of the NGOs, it is suggested that an experiment be organised to market the goods produced in homes by women on a cottage industry basis through a

dual-purpose cooperative credit-cum-marketing society to duplicate what Mr.Akhtar Hameed Khan has been able to achieve in Orangi Town in Karachi. A manager engaged by him acts as a conduit for satisfaction of supply orders from the exporters to the various households for value-added goods. He is provided with transport. In the proposed initiative the dual-purpose credit-cum-marketing cooperative society would employ the manager and the transport. The following benefits will accrue:-

- Gainful employment of women at home.
- Employment to unemployed graduates and post-graduates.
- Increase in the income of the households.
- Greater quality control adding competitive edge to value-added product.
- Opening up possibility of improved design of the product.
- Adding the prospect of manufacture of non-traditional items, such as silver-ware, etc, on a cottage industry basis in the homes.
- Added fillip to the cooperative movement by ensuring that there are no bad debts.

With the motivated support of the Cooperative Department which has a presence throughout the country, this initiative may well succeed.

****

PCPPI—3099(87)Pl. Div—31-3-1988—2,000.