

THE CRITICAL STUDY OF FIFTH AND
SIXTH FIVE YEAR PLANS IN PAKISTAN

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ABSTRACT

This paper is directed to assess the 5th and 6th five year plans in the context of achievements and failures. The paper also highlights the causes and factors responsible for achievement and failure.

INTRODUCTION

Economic planning is concerned with organization and utilization of resources known and tapped as well as hidden and untapped of an economy with explicit purpose of achieving desirable economic and social goals.

The concept of economic planning was introduced by Prof. Kristian Schoueydey of Norway in the year 1910. Nevertheless the then Soviet Union was the first nation which put forward the idea of economic planning into practice in 1928. The origin of the planning technique in economy is generally attributed to and traced back into Bolshevik Revolution in Russia in 1917. The first five year plan was made popular in 1928 by the then USSR. There seems evidence in the relevant literature that five year period appears to be the satisfactory period for implementation/execution of the plan.(1)

ECONOMIC PLANNING IN PAKISTAN

The Government of Pakistan soon after the partition established a Development Board (DB) in order to

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guide socio-economic development in the shortest period of time. Simultaneously another institution known as Planning Advisory Board (PAD) consisting of government officials and representatives of the private sector was also established with a view to accelerate the speed of socio-economic development of the country.

It initially prepared perspective plan (Six Year Development Plan 1951-57) as recommended by the Colombo Plan Consultative Committee. The process of five year economic planning in Pakistan was initiated in the 1950s. The First Five Year Plan was prepared and published in 1956. This study is restricted to the achievements and failures of fifth and sixth five year plans.⁽²⁾

FIFTH FIVE YEAR PLAN 1978-83

The fifth plan was basically a welfare oriented plan and laid stress not only on solution of economic problems and basic needs, but also attended to social imperatives. The fifth plan was highly successful in restoring economic stability and achieving a high rate of economic growth. The fifth plan was launched to cover the period from 1st July, 1978 to June, 1983. A sum of Rs.210.22 billion was allocated as development expenditure, out of which Rs.128.22 billion were allocated in the public sector, Rs.62.0 billion in the private sector and Rs.20.0 billion outside the ADP. The following priorities and objectives were formulated.

OBJECTIVES OF THE PLAN 1978-83

- a) To meet the basic needs of the people and promote equity by providing essential consumer goods.
- b) To increase employment and income through

rapid economic growth.

c) To improve Health, Education, Water Supply and Water facilities in both urban and rural areas.

d) To develop the backward regions through the expansion of infra-structure and social and technical services.

e) To lay the foundation for long term economic growth by developing Basic and Engineering Industries Technology.

Thus, to achieve the above targets, the allocation of resources is shown in the following table:

Table-I.

SHOWING ALLOCATION OF FUNDS

Allocation of resources by Sector under fifth five year plan 1978 to 83

SECTOR	ALLOCATION Rs. billion	PERCENTAGE
Agriculture subsidy on Fertilizer & Water	32.12	25.1%
Power & Fuel	19.17	22.7%
Industry & Mineral	14.10	11.0%
Transport & Communication	21.70	16.9%
Physical Planning & Housing	08.80	06.9%
Education & Manpower, Health	17.52	13.7%
Others	04.75	03.7%
Total Rs.	128.16	100%

Source: Pakistan Economic Survey (1982-83, p.20)

i) As indicated in Table-I Agriculture sector occupied key position in this plan where 25% resources were reserved for this sector, the reason for giving greater im-

portance in resource allocation being rapid development of agriculture through more efficient utilization of land, manpower and water resources, expanded and more intensive use of modern inputs and the creation of permanent institutions supporting continued progress in this vital sector of the economy. A rapid increase was planned to be made in the employment sector and growth of the economy was to be boosted up and the agriculture production was to be increased at the growth rate of 6% annually.

ii) As indicated in Table-I, power and fuel sector occupied second position in this plan where 22.7% resources were reserved for the sector, the energy sector strategy designed included using energy efficiently, minimizing dependence on imports, preparing the ground for growing self reliance, development of resources for energy and searching for undiscovered resources and most importantly rural electrification.

iii) The share of the Transport and Communication sector reserved 16.9% resources during the plan period, the programme for adequate provision for the development of Railways, Ports and Shipping, Post Offices, Telephone, Telegraph and Roads etc.

iv) In Industrial Sector allocation of Rs.14.10 billion were reserved for completion of ongoing projects earmarking large investment for early maturing projects in the productive sectors, was laid on the completion of the Pakistan Steel Mills and Fertilizer, Chemicals and Cement Factories.

v) For the share of education, health and manpower, 13% allocation was reserved for the development; approach was to reduce illiteracy and to expand primary education. The literacy rate was to go up from 27% to 48%.

The strategy was to use the mosques to accommodate primary classes and involve the youth for mass literacy functional programmes specially to reduce the rural-urban imbalance.

At the beginning of the fifth five year plan, there was a general scarcity of adequate health services, in the face of fast expanding population, both in terms of infrastructure and trained personnel especially paramedics.

It was aimed at self-sufficiency covering the year 1982-83 and savings were to be increased from 12% in 1977-78 to 16% by 1982-83.(3)

AN ANALYSIS OF FIFTH FIVE YEAR PLAN RELATING TO THE ACHIEVEMENTS AND FAILURES

i) An annual growth rate of 6% per annum had been achieved as compared to the target of 7% growth in GNP.

ii) The Agriculture sector showed an annual growth rate of 4.4% during the period, against the target of 6%. Despite the shortfall in target, large food deficit in the economy had been converted into surpluses. The achievement in the Agriculture Sector was 9.5% whereas in the Industrial Sector a growth rate of 9.7% was achieved against the planned target of 10%. The major shortfall was on account of the delay in the completion schedule of the Steel Mills, Karachi. Domestic saving increased to 8% of GDP against a planned target of 12.5%. Inflation rate remained around 9% to 10% per annum during the first four years of the plan. It, however, declined to 6% in the year 1982-83, during the last year of the plan. Per capita income increased upto Rs.725 as compared to Rs.675 at the end of

fourth plan.

iii) **Payments and Investment:** The current account deficit on balance of payments was higher by the end of the plan period and had reached at the figure of 1.614 million dollars as compared to the projected deficit level of 1.503 million dollars at the end of the plan period. The current deficit was projected to stabilize around \$ 1 billion with the substantial increase anticipated in home remittances.

iv) **Power Sector:** The installed capacity of power generation was increased from 3280MW in 1977-78 to 4780MW at the end of plan period. The additional number of villages provided electricity was 8833. The total number of such villages increased to 16443. The crude oil production also increased from 9900 barrels per day to 14311 barrels per day. Therefore, the overall implementation of this plan in this sector was successful.

v) **Transport and Communication:** Expenditure in the transport (communication) sector increased to 20.2% from 16.9% as envisaged in the plan. 5257 kilometer of roads were added, the number of buses increased by 7341, trucks by 20510, telephones by 122000, post offices by 1525, population covered by Radio from 88% to 95%, Television from 74% to 82%. A considerable success was achieved in this sector, while physical planning and housing sector of this plan came to 6.90 of allocation in this sector. Overall implementation of the plan in this sector was satisfactory.

vi) The expenditure on Education, Manpower and Health sector was 13.7% of the plan allocation. In educational institutions, the capacity of enrolment of both boys and girls at school level was to be improved, boys en-

rolment was to increase from 5632000 to 7978000, girls from 2102000 to 3358000, over the plan period. In the health sector 4596 basic health units, 625 more rural health centres, 25820 hospital beds, 21917 more doctors, 4780 more Nurses and 24886 more paramedicals were to be added.

vii) **Balance of Payments:** Pakistan has continuously had deficit in the balance of trade. The situation has emerged from the country's increasing import requirements for capital , intermediate and consumption goods, which has not been matched by an equal increase in export capacity. Our export performance has also been affected by external factors like changing global trade conditions. Pakistan's balance of payment statement would show that during the period 1974 to 1985-86 the balance of trade and services on current account had been deficit and negative balance was increasing at a high rate from \$ 1398 million by 1974-75 to \$ 4041 million by 1983-84 due to the high rate of growth of imports as compared to exports. Thus imports increased from \$ 2114 million by 1974-75 to \$ 2751 million in 1977-78 to \$ 5616 million by 1983-84. On the other hand the exports did not increase upto that extent.

Source: Annual Report 1985-86, State Bank of Pakistan Table No.VIII p.126.

At the end of fifth year plan review of the economy shows that many structural changes took place. In the Agricultural sector machanization and use of fertilizer considerably increased per acre yield. The cropping pattern changed. The composition of output changed from import substitution to manufacturing of complex products involving modern technology. The overall implementation of plan came to 96% of allocation.(4)

SIXTH FIVE YEAR PLAN

The Fifth Five Year Plan did not fulfil its objectives as targeted. Sixth Five Year Plan was launched immediately after the Fifth Five Year Plan came to an end in June 1983, following this in July 1983 sixth five year plan was launched covering the period 1983-88. In this plan the most remarkable strategy was that the Ministry of Planning was established to handle the affairs of planning adequately with skilled strategy; the size of the plan allotted for five years was set at Rs.442.2 billion. The size of private investment was projected at Rs.200 billion and of the public sector as revised was Rs.242.41 billion.⁽⁵⁾

OBJECTIVES OF THE SIXTH FIVE YEAR PLAN 1983-88

1. Emphasizing and speeding up the programmes of the basic social services such as Primary Education, Drinking Water, Basic Health.
2. A massive effort for the provision of infrastructure in the rural areas so as to reduce the imbalance that existed in social services at that time.
3. Embarking upon special programmes developing poorer regions such as Baluchistan.
4. Introducing safety nets and income policies for the poorest section of the society.
5. Tackling the problem of malnutrition in general and incidence on mother and child in particular.
6. Ensuring employment opportunities to all

entrants to the labour & each member of the labour force.

The sector-wise allocation is shown in the table below:

Table-II

**SHOWING ALLOCATION OF RESOURCES BY SECTOR UNDER
SIXTH FIVE YEAR PLAN 1983-88**

Sector	Allocation Billion	Percentage
Agriculture	17.7	7.30%
Water	21.5	8.87
Energy	82.9	34.19
Industry	12.7	5.24
Minerals	1.0	0.41
Transport & Communication	45.0	18.56
Physical Planning & Housing	24.8	9.16
Education & Manpower	13.9	5.73
Health	13.2	5.44
Others	10.5	4.33
Total	244	100%

Source: Economic Survey of Pakistan 1988-89, p.203, Table No.13.1

The above table shows the different allocations in different areas of Agriculture, Energy Resources, Water and other sectors. The main objectives of this plan could be outlined as follows:

It was aimed at promoting the programme of basic needs of society. It meant improving primary education, basic health, drinking water purification which might elevate the capacity of foreign earnings.(6)

It intended to speed up the economic development and to raise the standard of living. Endeavours were

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adopted to provide infrastructure in the rural areas to balance the social services which were concentrated on the urban areas. It was aimed at elevating the Agricultural products by exploring modern devices such as fertilizer and some machinery implements in the form of tractors and caterpillars to facilitate mass productions, Stress was laid on many backward areas, such as Baluchistan province. Also export products were to be maximized to increase foreign earnings. Adequate employment facilities were to be provided to all sectors with particular interest in the backward areas. Serious measures were to be taken to increase the literacy rate, electricity and water supply facilities were to be improved.

Medical education and medical facilities were to be provided at residential level including social welfare schemes to lower income earning people of every community.

ACHIEVEMENTS AND FAILURES

From statistical point of view, the Sixth Five Year plan scheduled to cover 1983-88 was aimed at rapid equitable development of the country adopting all necessary measures at national and international level but failed to achieve these objectives. Exports were increased by 11% per annum while imports increased by 6% per annum. So current deficit was averaged to be 3.4 of gross domestic product. There was low pace of structural changes in the key sector, such as export industry and agriculture, major fiscal reforms were not formulated and implemented by the plan, resources were still dependent on borrowing because the level of public and private sector saving remained at low pace.

The pressure of balance of payments further in-

creased with marked deficit figures. Some economists, however, hold the view that the general conduct of the sixth five year plan was relatively satisfactory because the minimum success to them was a glimpse and symptom of some further advancement in economy during this period. It is necessary to mention that the then Prime Minister formulated what was termed as the Prime Minister's five points programme which was aimed at, firstly the establishment of strong Islamic Democratic political system based on ideology of Pakistan and secondly it was aimed at the promotion of economic order to eradicate unemployment and to secure prosperity for the people. Thirdly it was intended for the preparation of the nation of modern scientific age after removing illiteracy from the country. Fourthly it was anxiously needed to wipe out corruption, enjoin community with adequate sense of security and justice to the population. It was aimed to promoting national prestige and integrity through a strong national defence with non allied balance of foreign policy.(7)

The above analysis shows the conduct of sixth five year plan including specific Prime Minister's five points programme statistically shown satisfactory.

It is concluded that political instability followed by the frequent changes of government brought more economic crises, because a new government had to make modifications in economic sectors which needed more finance as compared to the finance available with the country at that time. In the agriculture sector, the aim was to move from self-sufficiency to export. The growth in the major crops averaged 2.3% against a target of 3.6%, in minor crops the growth was 3.6% against a target of 7% and overall achievement in agriculture sector was 3.8% against a target of 4.9%, a short fall of 1.1%.

During the Six Five Year Plan electricity generation increased by 13.6%, coal production by 11.8%, petroleum oil product POL product at 8.5% and natural gas 6.5%. There was increase of 2.3 million consumers against 1.8 million during the fifth five year plan. The major success of the sixth five year plan was in supply of energy both commercial and non commercial. The manufacturing sector as a whole was expected to grow annually at 9.3% (large scale and small scale 7.3%). The achievement, however, was 7.7% (large scale 7.5% small scale 8.4%). Transport and communication in the sixth plan programme in the sector was rehabilitation and optimum utilization of existing capacity improvement in rail/road traffic ratio. Plan made improvement in rail/road traffic ratio of 25.75% in 1982 to 28.80% in 1988.

In the field of physical planning and housing, the plan placed emphasis on the development of residential plots both by the public and private sector. Improvement was made in Katchi Abadi. Free loans were to be provided to low income groups to build houses. At the end of the sixth five year plan more than half of the population has access to clean water. More than half of the population has access to clean water and sewerage facilities. The total villages electrified were 16525 against the target of 22500 villages. As to investment in human resources development, during the sixth five year plan period 12000 primary schools both in public and private sector were added. Mosque schools increased by more than 17000, the achievement in literacy rate was 30% against target of 48%. In the health services 1803 basic health units were added against the target of 2600 units and 194 health centres against the target of 325 centres. There was a large increase in the number of doctors both in urban and rural areas. (8)

CONCLUSION

It is concluded that political instability followed by frequent changes of government in 1977-78 brought more economic crises, because a new government had to make modifications in economic sectors which needed more finance as compared to the finance available with the country at that time. Unwarranted situation was created by political opponents which had impacts on innocent citizens for which the government was bound to compensate the victims of these heinous incidents. It is worth noting that the balance of payments very often showed deficit in all the five year plans from 1947; the statistics showed bad performance in each case; and only few achievements were demonstrated. Hence, it could be concluded that there has been a series of crises in the endeavours of different governments to stabilize the economy of the country.(9)

It is concluded that in order to draw a comprehensive and realistic plan, the accurate statistical information about the existing condition of the economy should be made available with the planners. In Pakistan the data on natural, human and financial resources provided to the planning machinery is mostly inaccurate and unreliable⁽¹⁰⁾ and warrants full attention of the Federal Government specially the Planning Commission of Pakistan.

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