

Evaluation of three Five-Year Plans of Pakistan (1955-56—1969-70)

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The rapidly achieved progress of planned economies has attracted a great number of developing countries to develop their economies through planning, specially after the second world war. Pakistan, after its independence started to adopt the measures for developing the country at a faster rate, with the purpose to bring the prosperity of the nation and the development of the country, in the minimum shortest possible time. To achieve this goal, it was decided to develop the country through planning. First of all a Six-year plan, commonly known as Colombo Plan (From 1st of July 1951 to 30th of June, 1957) was formed, but again the decision was changed and within the limits of Six-year Plan, a two-year plan was approved and in the year 1953, work towards the formation of a new five-year plan, known as First Five-year Plan (1955/56-1959/60), was started. Then comes the Second Five-year Plan (1960/61-1964/65), which was followed by the Third Five-year Plan (1965/66-1969/70) or the first five-year plan of the Perspective Plan (1965/66-1984/85). The purpose of my article is to critically estimate the evaluation of these three five-year Plans (1955/55-1969/70), for, from my point of view, it is very important period in the history of economic planning in Pakistan.

Objectives of First Five-Year Plan

- (a) To raise the national income and the standard of living of the people.
- (b) To improve the balance of payments of the country by increasing exports and by production of substitutes for imports.

- (c) To increase the opportunities for useful employment in the country.
- (d) To increase rapidly the rate of development.
- (e) To make steady progress in providing social services, housing, education, health and social welfare ¹

The total investment of the plan was Rs. 10800 million. Out of this Rs. 7500 million were meant for public sector and Rs. 3300 million for the private sector. From this, 33 percent was allocated to agriculture, 27 percent to industry and power, 15 percent to transport & communication, 15 percent to social services and etc. Regarding the fulfilment of the plan, it may be mentioned that the basic targets of the plan were not fully achieved. National income increased by 11 percent instead of 15 percent, as planned. There was no remarkable increase in per-capita income and average standard of life of the people. However, the public sector fulfilled its targets of industrialization, specially in the fields of jute, paper, silk, cement, fertilizer, sugar and ship-building industries. The achievements of the development of transport and communication and electricity were near the targets. Generally, it may be opined that the successful fulfilment of the plan could not be achieved, because of non-availability of required resources, institutional attention, supervision and devotion. Due progress could also not be achieved even in the field of agriculture.

Second five-year plan (1960/61-1964/65) was formulated in the light of the experience of the first five-year plan, with the main purpose to put the economy on self-sustaining path and stability. It was planned to raise the standard of living, socialize the distribution of wealth, develop the educational system, decrease the ratio of diseases, create more and more facilities of transport and communication, develop the national culture, Literature, Arts and Science. The targets of the plan mentioned 24% growth of national income, 12% increase in per-capita income, 21% increase in production of

1. The First Five-Year Plan 1955-60, Government of Pakistan National Planning Board, December, 1957.

consumption goods, raising the large scale industrial production by 60%, small scale and cottage industrial production by 25%, create 3 million new jobs, raise national savings by 10%, in order to achieve yearly 25% growth of national income, speed up the economic development of lagging regions and increase foreign exchange through exports by 3% every year.

Second Plan Estimate of Expenditure

Sector	Million Rs.	Percentage of total amount
1. Agriculture	3420	15%
2. Water & Power	4390	19%
3. Industry	5120	22.2%
4. Fuel & Minerals	1000	4.8%
5. Transport & Communication	4050	17.6%
6. Housing & Settlements	3410	14.5%
7. Education & Training	1050	4.5%
8. Health & Social Welfare	560	2.4%
	23000	100%

From this whole amount of Rs. 23000 million, Rs. 12400 million were meant for public sector, Rs. 3800 million for mixed sector and Rs. 6800 million for private sector. During this period of five years, efforts were planned for a balanced economic development of the country.

Fulfilment of Second Five-Year Plan

No.	Sector	Unit	Fact (1959-60)	Plan (1964/65)	Achievement in (1964/65)
1.	Agriculture				
	Wheat	000 Tons	3908	4329	4552
	Rice	" "	9461	10164	11666

Other food grains	000 Tons	1182	1428	1378
Total of food grains	" "	14551	15921	17596
Jute	000 bales	5554	7300	6693
Cotton	" "	1657	2292	2347
Sugar-cane	000 Tons	14105	20800	24604
Tea	Million Pounds	57	63.8	63

2. Industrial Production

Vegetable Ghee	000 Tons	28	50	90
Sugar	" "	84	300	312
Jute Manufactures	" "	250	380	380
Paper & Board	" "	53	105	116
Cement	" "	1027	2000	2000
Urea	" "	9	176	180
Cotton yarn	Million Pounds	402	520	520
Cigarettes	Millions	8170	15000	18500
Natural Gas	Million C.F.	22750	100000	62896

3. Power

Installed generating capacity	M.W.	822	1400	1435
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4. Irrigation

Irrigated area	Million acres	1.8	2.44	2.81
New area under cultivation	"	2.57	7.3	8.55
Improvement to land	"	5.3	6.8	8.30

5. Transport & Communication

Locomotives	Number	227	317	413
Wagons	"	49494	56787	59141
High type roads	Miles	9508	14520	13363
Buses	Number	10530	15625	17200
Post offices	"	10261	11150	11800
Telephones	"	73262	121000	129000

6. Housing construction

Residential Plots	Number	150000	300000	350000
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7. Education & Training

Primary Schools	„	44484	59684	63735
Children at				
Primary Level	Million	5.2	7.0	7.3
Secondary Schools	Number	2819	3163	3930
Children at				
Secondary level	„	208000	430000	409000
Colleges	„	62	84	84
Universities	„	6	6	6
Students at College/ University Level	„	80000	150000	163000

8. Health

Doctors	„	9200	13000	15600
Hospital beds	„	28000	36000	35500
T. B. Clinics	„	32	82	96
Medical Colleges	„	5	9	12

It may be opined that in most of the branches of the economy, second five-year plan had fulfilled its targets. Growth in agricultural sector took place yearly, by 3.4% against 1.3% in 1950. Food grains increased by 27%. Targets of industrial development were achieved fully i.e. more than by 60% production of general consumption products was increased. However, in some cases the plan could not achieve its targets.

Railways fulfilled their targets by 70-100% whereas the civil aviation surpassed its targets. Road transport increased by 75%. But the village electrification programmes could not be achieved fully. However, the plan in the field of communication was over-fulfilled. In the field of education a remarkable progress was made and medical education was enhanced to a greater extent.

National income grew by 30% instead of 24% as planned. Development expenditure amounted to Rs. 27630 million instead of 23000 million rupees. Foreign exchange earning stood at Rs. 13230

million, i.e. Rs. 1980 million higher than the planned amount. Internal savings were upto the ceiling of Rs. 18890 million, instead of planned amount of Rs. 11450 million. Financially, the plan was over-fulfilled, though the foreign assistance decreased by Rs. 3770 million.

Generally, the second Five-Year Plan of Pakistan may be regarded a successful plan, for in many sectors of the economy, the plan not only achieved its targets, but over-fulfilled them. It also provided the fundamental basis of further perfection of planning activities and its future formulations.

The Third Five-Year Plan (1965/66—1969/70) of Pakistan was prepared in the light of the experience gained by the planners of Pakistan during the 17 years of the establishment of the country. During this period a perspective plan (1965/66—1984/85) was also formed and this plan was the first five-year plan of that perspective plan. This plan was revised, because of war with India and its strategy was also changed. According to the objectives and targets of the plan, the GNP was to be increased by 37%, as compared with 29% during the second Five-Year Plan. Average rate of growth was planned at 6.5% instead of 5.2% during the second Five-Year Plan, raising the per-capita income by 35%. 5.5 million new jobs were to be created and a positive balance of trade, as well as balance of payments was to be achieved, by means of earning foreign exchange, amounting to Rs. 4800 million through exports. Self-sufficiency in food had to be achieved and per person availability of the calories was to be increased from 1725 in the year 1964/65 to 1900 in the year 1969/70. Industrial production along with the establishment of heavy and basic industries, was to be increased. Universal rate of literacy and etc. was to be achieved.

Investment of Third Five-Year Plan (Million Rs.)
Public Sector Private Sector Total

Years	Public Sector Plan		Private Sector Plan		Total Plan	
	First allocation	Revised allocation	First allocation	Revised allocation	First allocation	Revised allocation
1964-65	4250	3970	3180	3390	7430	7360
1965-66	4700	3420	3700	3600	8400	7120

1966-67	5300	5000	4050	4000	9350	9000
1967-68	6000	6000	4350	4300	10350	10300
1968-69	6700	7100	4800	4800	11400	11900
1969-70	7300	8480	5200	5200	12500	13680
1965-70	30000	30000	22000	22000	52000	52000

Investment of Public Sector (Million Rs.)					
Sector	First allocation in Plan (May 1965)	%	Allocation in Revised Plan (December 1966)	%	
1. Agriculture	4670	13.5	4115	13.2	
2. Water & Power	8400	24.4	8047	26.0	
3. Industry	4470	13.0	3513	11.3	
4. Fuel & Minerals	690	2.0	592	1.9	
5. Transport & Communication	6460	18.7	6711	21.7	
6. Physical Planning & Housing	3025	8.8	2477	8.0	
7. Education & Training	2730	7.9	2374	7.6	
8. Health	1330	3.8	1175	3.8	
9. Social Welfare	125	0.4	90	0.3	
10. Manpower	100	0.3	86	0.3	
11. General Works	2500	7.2	1820	5.9	
Total	34500	100	31000	100	
Less Short fall	4500	—	1000	—	

The figures show that the development programme of the Third Five-Year Plan amounted to Rs. 52000 million. From this Rs. 30000 million were meant for public sector and Rs. 22000 million for private sector. In the public sector Rs. 16500 million (55%) were to be received from internal sources and Rs. 13500 million (45%) were to be realised from external sources. In the private sector, Rs. 18000 million were to be achieved by means of local savings and the remaining amount of Rs. 4000 million from foreign private investors.

In the revised plan of the public sector the overall investment was reduced by 10%. In the industrial sector the investment was

decreased by 19%. Instead of general development of heavy industry, it was decided to develop exporting industries, with the purpose to save foreign exchange through import substitution. Changes were made in the targets of physical planning and housing. Progress of new construction was slowed down and allocated amount of health & education was also decreased in the revised schedule.

Achievements of Third Five-Year Plan

No.	Sector	Unit	Fact (1964-65)	Plan for (1969-70)	Fulfilment in (1969-70)
1.	Agriculture				
	Food grains	000 Tons	17596	21465	22466
	Sugar-cane	„	24604	28300	26378
	Vegetables & fruits	„	4450	5815	6736
	Cotton	000 bales	2347	3520	3015
	Tobacco	Million Pounds	233	273	365
2.	Industry				
	Sugar	000 Tons	312	640	610
	Cigarettes	Million Numbers	18500	30000	22370
	Cotton yarn	Million Pounds	520	720	700
	Cement	000 Tons	2000	6000	2656
3.	Water				
	Irrigated Land	Million acres	27.0	32.7	35.0
	Water availability	Million feet	68.0	91.0	90.0
4.	Power				
	Installed generation capacity	M.W.	1435	2888	2593
	Villages electrification	Number	3087	9087	5837

5. Transport & Communication				
High type roads	Miles	13363	15700	14950
Ships	Number	52	60	66
Telephones	"	129000	285000	202000
Post Offices	"	11800	13800	14300
6. Physical Planning & Housing				
Development of Residential Plots	Number	150000	350000	230000
Houses built in Public, Semi-Public & Private sectors	"	150000	292500	280000
Hand Pumps/Tube-wells	"	148000	200000	165000
7. Education & Training				
Primary Schools	"	63735	108050	70040
Children at Primary stage	Million	7.3	13.1	10.5
Children at Secondary stage	"	0.4	2.0	0.77
Annual intake capacity of Polytechnics	000	8.30	50.00	76.80
8. Health				
Doctors	Number	15600	19800	21452
Nurses	"	3600	5400	5400
Lady health visitors	"	1047	2750	2143
Hospital beds	"	35500	48300	39023
Rural health centres	"	200	860	255
9. Social Welfare				
Total projects	Number	190	549	488*

* Planning Commission, Government of Pakistan, The Fifth Five-Year Plan (1978-83), June, 1978.

In the fulfilment of the first year of the Third Five-Year Plan, the country had to face the difficulties, such as Indo-Pak war of 1965 and the delay made by the consortium of donor countries for Pakistan, in advancing their aid. The country had to experience the flow of labour and student strikes during the years 1967, 1968 and 1969. Due to drought and unfavourable climatic conditions, the country had to spend lot of foreign exchange on import of foodgrains, specially wheat, therefore, deficit occurred in the balance of payments, necessitating deficit financing, which ultimately gave birth to inflation. The year 1969 may be regarded the year of political and economic crisis in the country.

However, during the plan period, inflow of foreign exchange amounted to Rs. 12740 million (or 37% from all the exports, instead of 46% in the second Five-Year Plan). Foreign capital investment in the third plan was 34% instead of 40% during the second plan. Foreign aid decreased from 5.7% in the year 1964/65 to 3.1% in the year 1969/70 to the total GNP.*

Investment in development of public sector marked upto Rs. 21750 million instead of Rs. 30000 million as planned i.e. there was shortage of Rs. 8250 million (Rs. 3190 million from external sources and Rs. 5060 million from internal sources). Expenditures in irrigation and water were fulfilled upto 67% of the planned amount. The sector of water was allocated Rs. 2113 million in revised allocation, as against Rs. 2181 million in the original allocation but the revised allocation was also not achieved i.e. Rs. 1491.6 million (or 68% of the planned amount) were actually incurred upon this sector. However, some results were achieved and 2.72 million acres of new lands were made culturable. In the Third Five-Year Plan Rs. 1524 million (public sector Rs. 592 million & Rs. 932 million private sector) were allocated to the fuel and minerals. From this the public sector fulfilled its target upto Rs. 510.29 million only.

Investment in the mixed and private sector totalled Rs. 1150 million, instead of Rs. 1488 million or 77%, as planned. In all, the plan of the development of transport was fulfilled upto 60%

* Fourth Five-Year Plan, Planning Commission, Islamabad, 1970, pp. 39-40.

only. In the field of communication the private sector's fulfilment amounted to Rs. 1488 million or 38.4%, instead of Rs. 3900 million. In the field of Housing and Construction the target upto 66% was achieved.

During the whole period of Third Five-Year Plan, the private sector's investment target was reduced by 24% as compared to Second Five-Year Plan.

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As the matter of fulfilling targets, set in different plans, was not taken seriously, therefore limited progress could be made during the first five-year plan. However, it provided a solid ground for the preparation of coming five-year plans. It also cautioned about the drawbacks of not achieving the targets in full, therefore, efforts were made for a more solid and concrete progress during the second and third Five-Year Plans, but that progress pushed the growth and development in an unbalanced manner and its effects were not felt on parity basis by the different sections of the society. On the one hand, the development during sixties gave birth to tension and hatred among the various sections and groups of the society; on the other, it further generated the limits of cultural, economic, social, technical and regional dualism. This enhanced the demand of the people for social but egalitarian justice and equitable division of the resources of the country.

During all this period the average growth rate in GNP was approximately 4.9% per annum. Population increased at the faster (3% per annum) rate. Though the domestic savings increased, but the mass consumption level could not be felt improved, for the development gave birth to concentration of wealth and economic power, within limited hands. Therefore, rich became richer and the poor, poorer. The industrial production created more incentives for the private sector, which gave birth to the criticism of social impact and the agriculture could not be fully mechanised, therefore it was not properly institutionalised and resulted not in better harvesting.

Hopes and aspirations of anticipated enjoyment of the full fruits of a planned economy were dismayed and the separation of

Bangladesh (former East Pakistan), preceded and followed by the distrusted and confused political life, caused a serious setback for the economy and left the planners into a situation of desperate frustration. Moreover, in early seventies the economic progress of the country was more or less checked due to severe international economic crisis and Pakistan also started experiencing the repercussions of inflation as a non-oil producing country. Therefore, the five-year plan pattern was done away with and the economic development was progressed under annual development programmes. Efforts are on the way to start a new five-year plan (1980s), with the purpose to develop the economy of the country on more solid lines, to achieve the rapid progress, giving birth to a prosperous life and social status for the people and to efface the signs of poverty and hunger once and for all, with the result to make the country self-sufficient in agriculture as well as in industrial productions.

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