Report No. 2860-PAK

Pakistan
Economic Developments and Prospects

April 15, 1980

South Asia Regional Office

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CURRENCY EQUIVALENTS

Effective February 16, 1973

Rs 9.90	=	US$1.00
Rs 1.00	=	US$0.10

May 12, 1972 to February 15, 1973

Rs 11.00	=	US$1.00
Rs 1.00	=	US$0.09

Prior to May 12, 1972

Rs 4.76	=	US$1.00
Rs 1.00	=	US$0.21

Note: Historical data in the report, including the Statistical Appendix, refer only to the present nation of Pakistan, i.e., the former West Pakistan, unless otherwise specifically noted.

EQUIVALENTS

Seer	=	2.057 lbs
Maund	=	82.286 lbs
Bale (raw cotton)	=	392 lbs

PRINCIPAL ABBREVIATIONS AND ACRONYMS USED

ADBP - Agricultural Development Bank of Pakistan
GOP - Government of Pakistan
IDBP - Industrial Development Bank of Pakistan
OGDC - Oil and Gas Development Corporation
PARC - Pakistan Agricultural Research Council
PICIC - Pakistan Industrial Credit and Investment Corporation
PIDE - Pakistan Institute of Development Economics
RAP - Revised Action Program for Irrigated Agriculture
SCARP - Salinity Control and Reclamation Project
WAPDA - Water and Power Development Authority

GOVERNMENT OF PAKISTAN
FISCAL YEAR

July 1 to June 30

PAKISTAN

ECONOMIC DEVELOPMENTS AND PROSPECTS

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COUNTRY DATA - PAKISTAN

AREA	POPULATION	DENSITY
803,943 km^2	81.5 million (mid-1979/80)	101 per km^2

POPULATION CHARACTERISTICS (1978)	
Crude Birth Rate (per 1,000)	45.2
Crude Death Rate (per 1,000)	14.7
Infant Mortality (per 1,000 live births)	105.0

HEALTH (1978)	
Population per physician	5,952
Population per hospital bed	1,665

INCOME DISTRIBUTION (1971/72)	
% of national income, highest quintile	42.7
lowest quintile	8.2

DISTRIBUTION OF LAND OWNERSHIP	
% owned by top 10% of owners	..
% owned by smallest 10% of owners	..

ACCESS TO SAFE WATER (1978)	
% of population	27

ACCESS TO ELECTRICITY (1973)	
% of population - urban	54
- rural	5

NUTRITION (1977)	
Calorie availability as % of requirements	93
Per-capita protein intake	54

EDUCATION (1978)	
Adult literacy rate %	24
Primary school enrollment %	54

GNP PER CAPITA IN 1977: US$200 /1

GROSS NATIONAL PRODUCT IN 1978/79 /2 — ANNUAL RATE OF GROWTH (%, constant prices)

	US$ billion	%	1965/70	1973/74-1977/78	1978/79
GNP at Market Prices	19.61	100.0	6.8	4.2	5.7
Gross Domestic Investment	3.45	17.6	0.6	11.0	4.3
Gross National Saving	2.24	11.4	4.5	4.8	-11.2
Current Account Balance	-1.21	-6.2	.	.	.
Exports of Goods, NFS	2.14	10.9	6.1	0.2	19.6
Imports of Goods, NFS	4.64	23.7	0.2	6.7	36.5

OUTPUT, LABOR FORCE AND PRODUCTIVITY IN 1978/79

	Value Added US$ million	%	Labor Force /3 Million	%	V.A. Per Worker US$	%
Agriculture	5,694	32	12.4	54	459	59
Industry	4,210	23	4.2	18	1,000	128
Services	8,042	45	6.4	28	1,256	161
Unallocated	.	.	.	.	.	.
Total/Average	17,946	100	23.0	100	780	100

GOVERNMENT FINANCE

	General Government /4 (Rs billion) 1978/79 /2	% of GDP 1978/79	% of GDP 1973/74-1977/78	Federal Government (Rs billion) 1978/79	% of GDP 1978/79	% of GDP 1973/74-1977/78
Current Receipts	31.7	17.8	16.9	24.6	13.8	12.8
Current Expenditures	33.8	19.0	18.2	25.3	14.2	13.3
Current Surplus	-2.1	-1.2	-1.3	-0.7	-0.4	-0.5
Capital Expenditures /5	21.2	11.9	10.9	18.0	10.1	8.9
External Assistance (net)	10.8	6.1	6.2	10.8	6.1	6.2

/1 Based on World Bank Atlas methodology and calculated at an average of 1976-78 prices and exchange rates. All other conversions to dollars in this table are at the average exchange rate prevailing during the period covered.
/2 Provisional.
/3 Estimated labor force as on January 1, 1978; unemployed are allocated to sector of their normal occupation. "Unallocated" consists mainly of unemployed workers seeking their first job.
/4 Consolidated revenues and expenditures of Federal and Provincial Governments (excluding Federal-Provincial Government transfers).
/5 Excluding principal repayments of foreign loans. Capital expenditures as defined in Government budget include certain current expenditures also.

. Not applicable.
.. Not available.

March 5, 1980

COUNTRY DATA - PAKISTAN

MONEY, CREDIT and PRICES

	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79 /1
		(Billion Rs outstanding end period)				
Money and Quasi Money /2	29.2	34.3	42.8	52.8	64.8	77.7
Bank Credit to Public Sector	14.2	16.9	22.1	28.7	33.4	42.3
Bank Credit to Private Sector	15.6	19.7	23.1	30.1	35.7	42.7
			(Percentages or Index Numbers)			
Money and Quasi Money as % of GDP	36.3	32.8	35.3	38.9	41.4	43.7
General Price Index (1969/70=100)	170.9	211.3	229.4	255.3	271.4	289.7
Annual percentage changes in:						
General Price Index	32.8	23.6	8.6	11.3	6.3	6.7
Bank Credit to Public Sector	..	18.6	30.6	29.7	16.5	26.6
Bank Credit to Private Sector	..	26.7	17.1	30.4	18.5	19.6

BALANCE OF PAYMENTS

	1976/77	1977/78	1978/79 /1
Exports of Goods, NFS	1,404	1,651	2,140
Imports of Goods, NFS	2,877	3,297	4,638
Resource Gap (deficit = -)	-1,473	-1,646	-2,498
Interest Payments	-202	-215	-261
Workers' Remittances	578	1,166	1,395
Other Factor Payments (net)	45	94	152
Net Transfers	..	..	..
Balance on Current Account	-1,052	-601	-1,212
Direct Foreign Investment	..	..	..
Net MLT Borrowing			
Disbursements	961	856	888
Amortization	-169	-167	-233
Sub Total	792	689	655
Transactions with IMF /3	44	41	-13
Other Items n.e.i. /4	18	201	260
Increase in Reserves (-)	198	-330	310
Gross Reserves (end year) /5	366	696	386

MERCHANDISE EXPORTS (AVERAGE 1976/77-1978/79)

	US$ million	%
Raw Cotton	68.5	5.0
Cotton Yarn	140.7	10.4
Cotton Cloth	184.1	13.6
Rice	277.1	20.5
All other commodities	683.1	50.5
Total	1,353.5	100.0

EXTERNAL DEBT, JUNE 30, 1979

	US$ million
Public Debt, including guaranteed	1,030.4
Non-Guaranteed Private Debt	..
Total Outstanding and Disbursed	1,030.4

DEBT SERVICE RATIO FOR 1978/79 /6

	US$ million
Public Debt, including guaranteed	12.5
Non-Guaranteed Private Debt	..
Total Outstanding and Disbursed	12.5

RATE OF EXCHANGE

Through May 11, 1972

US$ 1.00 = Rs 4.7619
Rs 1.00 = US$ 0.21

From May 12, 1972-February 15, 1973

US$ 1.00 = Rs 11.00
Rs 1.00 = US$ 0.09

Since February 16, 1973

US$ 1.00 = Rs 9.90
Rs 1.00 = US$ 0.10

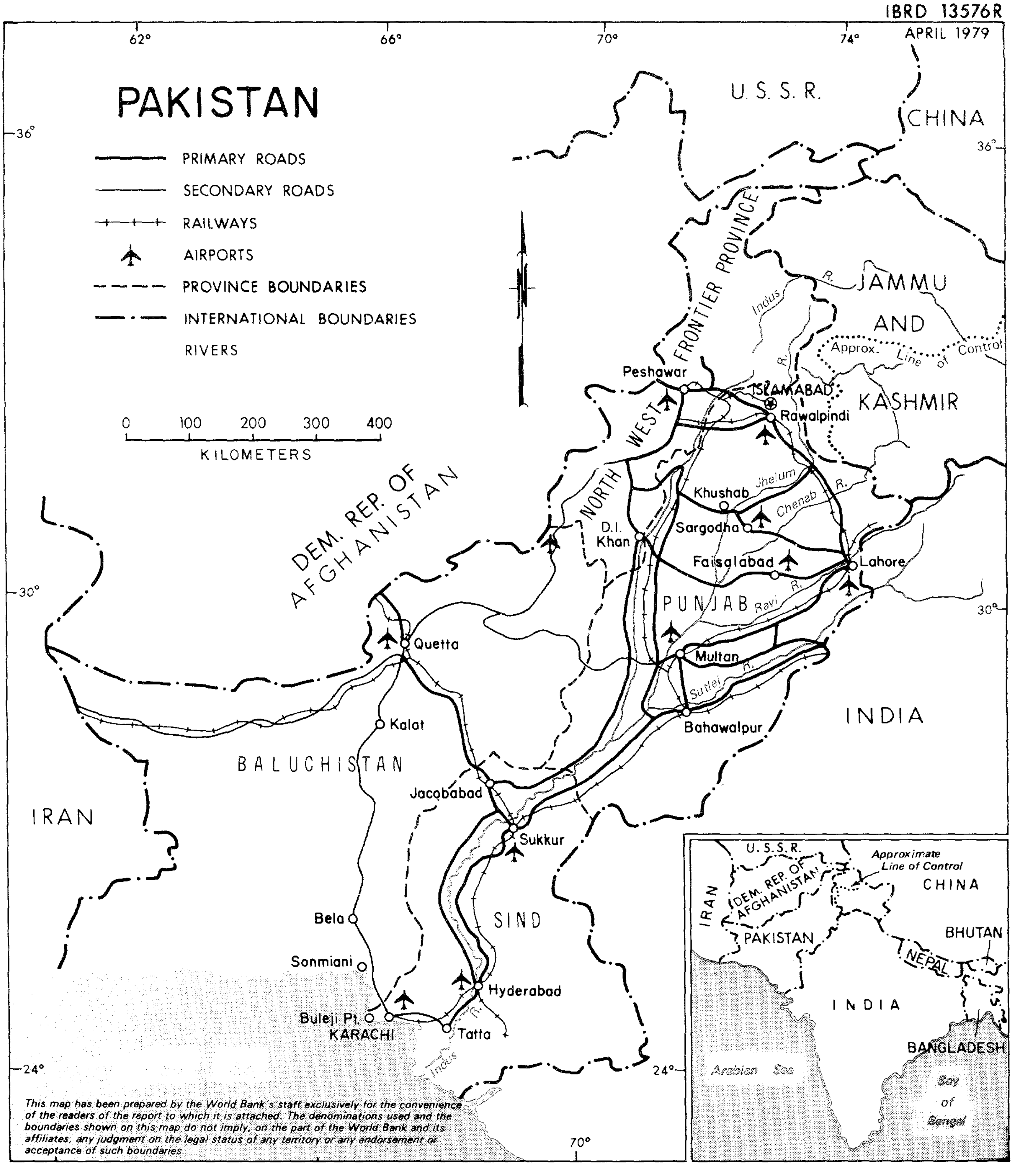
IBRD/IDA LENDING (December 1979) (Million US$)

	IBRD	IDA
Outstanding and Disbursed	339.4	750.6
Undisbursed	65.7	309.8
Outstanding incl. Undisbursed	405.1	1,060.4

/1 Provisional.
/2 Monetary statistics of Pakistan have been fully adjusted for demonetized notes, devaluation and revaluation of the Rupee, etc., as from June 30, 1975. Data for 1974/75, from State Bank resources are not strictly comparable with IMF estimates for earlier years.
/3 Including Trust Fund.
/4 Including errors and omissions.
/5 Excluding gold reserves of about 1.8 million ounces.
/6 Ratio of actual debt service to exports of goods, non-factor services and workers' remittances.

. Not applicable.
.. Not available.

March 5, 1980


IBRD 13576R
APRIL 1979
PAKISTAN
PRIMARY ROADS
SECONDARY ROADS
RAILWAYS
AIRPORTS
PROVINCE BOUNDARIES
INTERNATIONAL BOUNDARIES
RIVERS
0 100 200 300 400
KILOMETERS
U. S. S. R.
CHINA
JAMMU AND KASHMIR
Approx. Line of Control
NORTH WEST FRONTIER PROVINCE
DEM. REP. OF AFGHANISTAN
IRAN
INDIA
BALUCHISTAN
PUNJAB
SIND
ISLAMABAD
Peshawar
Rawalpindi
Khushab
Sargodha
D.I. Khan
Faisalabad
Lahore
Quetta
Multan
Bahawalpur
Kalat
Jacobabad
Sukkur
Bela
Sonmiani
Hyderabad
Buleji Pt.
KARACHI
Tatta
Indus
Jhelum
Chenab
Ravi
Sutlej
R.
62°
66°
70°
74°
36°
30°
24°
U.S.S.R.
Approximate Line of Control
CHINA
IRAN
DEM. REP. OF AFGHANISTAN
PAKISTAN
BHUTAN
NEPAL
INDIA
BANGLADESH
Arabian Sea
Bay of Bengal
This map has been prepared by the World Bank's staff exclusively for the convenience of the readers of the report to which it is attached. The denominations used and the boundaries shown on this map do not imply, on the part of the World Bank and its affiliates, any judgment on the legal status of any territory or any endorsement or acceptance of such boundaries.

PREFACE

This report has been prepared at a time of adverse developments in the world economy and considerable uncertainty about the international economic outlook. It has also been prepared against a background of political events in South-West Asia which have a crucial bearing on Pakistan. This combination of circumstances makes an assessment of Pakistan's economy and its prospects unusually difficult.

In addition to assessing the current economic situation and immediate prospects, the report reviews economic developments in Pakistan over the past two to three years and endeavors to form a judgment on the impact and effectiveness of the policy changes introduced by the Government since 1977.

Part I of the report discusses recent economic trends and Government initiatives in the light of the considerable difficulties prevailing in the economy during most of the 1970s. Part II discusses some of the major issues which must be resolved for Pakistan to attain financial stability, to realize its substantial potential in agriculture and industry, and to respond effectively to the energy crisis.

SUMMARY AND CONCLUSIONS

General Economic Performance

i. Although budgetary and balance of payments problems have persisted, the past two to three years have witnessed a significant economic recovery in Pakistan. GDP growth during the last two years averaged over 6% per annum, and a similar rate of growth is likely to be attained in FY1980. This growth has been accompanied by an annual increase of about 4.4% in total goods production and a rapid growth in exports. Exports increased in real terms by 11% in FY1978 and by 20% in FY1979. During FY1980, a further 44% increase in current prices over the FY1979 level is expected. This performance contrasts markedly with the economic stagnation of the early and mid-1970s, when the growth of GDP averaged only 3.4% and goods production 1.1% per annum, and export growth was negligible.

ii. In agriculture, all major crops other than sugar have recently performed well. Gross value added this year could substantially exceed the 4.2% attained in FY1979 and 2.5% in FY1978. The current cotton crop is expected to be over 4.0 million bales, or over 50% higher than last year's low output, while another good rice crop has been realized. After last year's record wheat crop of 9.9 million tons, the Government has set a target of 10.46 million tons for this year's crop, which seems likely to be attained. In industry, most major sectors have recorded significant increases in production and value added rose by 9.2% in FY1978 and by 4.8% in FY1979. With improved availability of cotton for the textile industry and with additional capacity in cement, fertilizer and vegetable ghee, a 5-6% increase in value added seems likely this year.

iii. The recovery in the economy since 1977 has been aided by several factors, including favorable weather, improved foreign demand for Pakistan's exports and higher domestic demand associated with better crops, rising rural incomes and workers' remittances from the Middle East. However, credit must also be given to the various policy changes introduced by the Government, as outlined below. While serious difficulties remain to be tackled, these policy changes provide evidence of renewed commitment by the Government to deal effectively with Pakistan's problems.

iv. Agriculture. In recent years, Pakistan's agricultural production has lagged behind population growth, necessitating high levels of food imports and affecting exports. The Government has taken a number of initiatives to improve this situation.

v. Particular attention has been given to improving farmer incentives and input supplies. Support prices for all major crops have been raised over the past few years so that they are now closer to world prices. At the same time, subsidies on fertilizers have been increased (the Government has recently taken steps to reverse this policy, which is now creating budgetary problems) and efforts have been made to improve the fertilizer distribution system by expanding the marketing network and by ensuring adequate supplies and timely delivery of fertilizer imports. As a result of these various actions, fertilizer offtake has increased sharply--by 15% in FY1978, 22% in FY1979 and 35% in the first eight months of FY1980. A better balance between nutrients has improved the fertilizer response; the N:P ratio is expected to be about 2.7:1 in FY1980 compared to 4.3:1 in FY1977 and 9:1 in FY1972. While these improvements have contributed to output growth, a major breakthrough from the problems of low productivity at the farm level is yet to take place.

vi. In addition, the Government has begun to address the deep-seated problems affecting productivity at the farm level. A start has been made in improving extension services through the adoption of the so-called training and visit system. Important policy decisions have also been taken in two other long-neglected areas, agricultural research and water management. Preliminary reforms have been initiated to the agricultural research system in line with the findings of a USAID/World Bank team which visited Pakistan last October/November to review agricultural research. The Government has accepted and has begun to act on the main recommendations of a recently completed UNDP study on irrigated agriculture; these include (i) that the efficiency of the water delivery system must be substantially enhanced through the rehabilitation of distributaries and better scheduling of water deliveries to the farmer; and (ii) the role of the private sector should be expanded, for example, through the promotion of private tubewell development in sweet groundwater areas. Other programs--for example, in pesticides, seeds, agricultural credit and farm power--have also been strengthened, in a number of cases with assistance from donors. While all of these initiatives are still at an early stage and have had little impact on output growth, GOP's increasing recognition of the importance of these key problems, and its apparent determination to tackle them, hold out the hope that substantial improvements in agricultural yields may be realized in the future.

vii. <u>Industry</u>. Major changes have been made during the past two to three years in government policies in the industrial sector. The policies pursued in the early and mid-1970s of extensive nationalizations, tight restrictions on the private sector, and rapid expansion of the public sector to spearhead industrial investment and growth have been gradually reversed. Most agricultural processing and some industrial units have been denationalized; amendments to the Constitution providing safeguards to private industry against further arbitrary government acquisitions have been announced; and the areas open to the private sector have been widened and a wide range of incentives introduced to encourage private activity. Tax holidays, excise and import duty concessions, easier access to imported raw materials, concessionary credit and income tax provisions, and direct cash rebates have been granted to encourage private investment and exports. The investment sanctioning procedure has been streamlined; the average period for processing investment applications has been cut down from about 12 to 3 months, while projects involving investments of less than $500,000 no longer require government approval.

viii. These measures have led to an improvement in private sector confidence. While private industrialists are generally still hesitant to commit themselves to large-scale investments involving long payback periods, there has been a sharp increase in proposals for relatively smaller-scale private investment projects. Sanctions by the Investment Promotion Bureau and the development banks increased in current prices from Rs 0.8 billion in FY1977, to Rs 1.8 billion in FY1978 and to Rs 4.1 billion in FY1979, although it remains to be seen whether these will lead to a substantial improvement in actual investments.

ix. At the same time, the Government has embarked on the difficult and inevitably long process of reforming the public sector, which has been plagued by low efficiency and profits. Studies have been completed of the management and organization of the public sector, and the performance of individual enterprises. In accordance with the recommendations of these studies, the Board of Industrial Management (BIM) has been abolished, the number of sector holding corporations has been reduced from 11 to 8, and boards of directors have been established at the enterprise level. Some public sector units which have little prospect of improved financial performance have been closed down. In addition to the denationalizations mentioned earlier, further public disinvestment is being considered on a case-by-case basis. A mutual fund has been formed for the sale of equity holdings in public sector enterprises to private investors.

x. Public Finances. The higher level of economic activity during the past two years has helped to raise government revenues substantially. The Government has also increased existing tax rates, introduced new taxes, and taken measures to reduce tax evasion. Revenues in current prices, consequently, rose by 21% in FY1978 and 17% in FY1979. Nevertheless, the budget has remained under strain as expenditures have risen as rapidly as revenues. The Government's policies of encouraging production and exports through subsidized inputs and export rebates, and the political constraints to making price adjustments on a number of items of mass consumption, have inflated subsidies. Rising debt service, following the expiration of the four-year debt relief arrangement with Consortium countries at the end of FY1978, and increased defense spending have contributed to the growth in non-development expenditures. In addition, although the Government has decided not to embark on any major new public sector projects except in key areas such as energy development, commitments under the ongoing public investment program and higher subsidies for agriculture led to a 26% increase in development spending between FY1977 and FY1979. Thus, despite the increased revenues, budget deficits have remained around 3-4% of GNP.

xi. An improvement in the situation seems likely during the current fiscal year. The FY1980 budget presentation last June included major new revenue measures which are expected to yield about Rs 4.6 billion. In addition, substantial increases were announced last December in domestic prices of POL products (including a doubling of the price of kerosene), a 25-30% increase in railway fares in January and a nearly 50% increase in fertilizer prices in February. The Government has also been making a determined effort to restrain both development and non-development expenditures, and supplementary allocations have so far been negligible. Post-budget increases in import prices and other exogenous factors (including expenditure on Afghan refugees) may add around Rs 1.0 billion to budget outlays. Nonetheless, with the help of receipts of about Rs 1.4 billion from the IMF's Trust Fund and Rs 2.0 billion from Saudi Arabia, and with some further increases in revenues, the domestically financed budget deficit may be reduced this year from Rs 8.2 billion to Rs 4.0-4.5 billion, equal to less than 2% of GNP, if defense spending does not add significantly to expenditures as a result of recent developments in Afghanistan.

xii. Balance of Payments. Pakistan's export performance has improved in recent years although its share of world export trade still remains below the levels of the early 1970s. Export earnings are expected to be around $2,360 million in FY1980, about 108% or $1,228 million higher than in FY1977. This rapid growth has been due to increased exports of manufactured and semi-manufactured goods as well as of primary commodities. Imports, however, have also risen sharply and are expected to be about $4,517 million in FY1980, an increase of 87% or about $2,100 million over the 1977 level. The import bill has been swollen by the increased oil prices; by the sharp growth in the use and cost of fertilizers; by capital goods imports; and by larger imports of edible oils and other consumer goods. The oil import bill, which has increased by $790 million to about $1,200 million since FY1977, now absorbs about 24% of total imports.

xiii. The Government should be able to cover its foreign exchange requirements for FY1980 with the assistance of some $145 million from the IMF and a special contribution of $200 million by Saudi Arabia to the Zakat (social welfare) Fund and net additional short-term borrowing of $40 million. In addition, the Government has received deposits from some OPEC countries which should increase gross foreign exchange reserves by about $180 million over the very low levels to which they had fallen at the end of FY1979. The Government's tentative estimates of the balance of payments for FY1981 indicate export and import growth, in current prices, of 9-10% and a current account deficit of $1,170 million. A financing gap of about $700 million for FY1981 is in prospect on the assumption that aid programs remain at around recent levels.

xiv. The balance of payments presents the Pakistan Government with its most intractable problem. First, with imports roughly double the level of exports, exports must rise at a substantially faster rate than imports simply to prevent a worsening in the sizable foreign trade deficit--a task made even more difficult by the sharp increase in the petroleum import bill. Secondly, following the termination of the 1974-78 rescheduling agreement, debt service payments have increased sharply. In these circumstances, Pakistan has been fortunate that substantial workers' remittances, which are now running around $1,600 million per annum, have helped to alleviate the pressure on the external account. However, the growth of workers' remittances seems to have slowed down; short-term borrowing is already relatively high at around $350 million; and foreign exchange reserves at the end of FY1980 will remain low. It is difficult to see how the deficits in prospect in FY1981 and subsequent years could be financed without further major efforts by the Government, as outlined below, to reduce demand pressures, increase savings and encourage production and exports; and without a substantial increase in external assistance at the same time. Further assistance from the International Monetary Fund will also need to be arranged to cover repayments falling due--about $158 million (net) in FY1981--as well as to provide additional balance of payments support during FY1981 and the subsequent years.

Development Issues

xv. Notwithstanding recent improvements in output and exports and in the overall management of the economy, financial difficulties persist. To a considerable extent these difficulties reflect continuing pressures on resources, despite rapid output growth and the Government's efforts to restrain public investment. These pressures have led to substantial imbalances between savings and investments and between exports and imports--imbalances which have manifested themselves in sizable balance of payments and budgetary deficits.

xvi. While these difficulties have been accentuated by the decline in net external aid to Pakistan in recent years, and enhanced aid flows will be required to help alleviate these difficulties, it is likely that the underlying imbalances will continue unless the Government adopts further appropriate measures to deal with them. It is by no means certain, for example, that a permanent basis for sustained growth in agriculture and industry has yet been laid; without this, it will be difficult to contain demand pressures and the imbalances they give rise to. International and domestic inflation, and rapid population growth currently averaging 3% annually, would alone ensure that demand pressures will continue, even without growth in per-capita consumption.

xvii. Although the Government has taken several steps recently to deal with its economic difficulties, and these have helped considerably to improve economic performance, the more fundamental problems inhibiting the realization of Pakistan's considerable potential in agriculture and industry, and the basic causes and policies which have led to the budgetary and external imbalances, remain. The adjustment process begun in 1977 and pursued with some vigor in recent years has far to go yet.

xviii. To bring about a more lasting improvement in the economy and to redirect it on a sustained development path, further actions are required on several fronts. The first is the immediate and pressing need for improving the fiscal and external balance in order to attain a greater measure of financial stability. The second relates to policy changes which are needed to sustain production and productivity growth in agriculture and industry, respectively. The third concerns policies for developing an effective response to the energy crisis.

xix. To improve the <u>budget</u> and the <u>balance of payments</u> a fundamental improvement is required in the overall <u>savings</u> levels in the economy, particularly in public savings. Although national savings at around 11% of GNP are substantially above the levels of the early and mid-1970s, there has been little improvement over the past two years. While the continuation of the Government's recent efforts to restrain public spending and encourage private investment will help to reduce present imbalances between investment and savings flows, and increased opportunities for private investment will help to attract resources from less productive uses, interest rate policies could be used more effectively to enhance financial savings. An increase in savings inevitably calls for restraining private consumption through appropriate price adjustments and selective duty increases on non-essential imports. While the Government has made several price increases in recent months, for example, in POL and fertilizer prices and railway fares, further adjustments will directly reduce the budgetary burden of subsidies. Continued restraints on development spending and measures to further improve revenues through improvements in tax administration and tax and rate increases, for example, property taxes, water rates and irrigation water charges, will also be needed.

xx. In agriculture, productivity remains far below its potential. Generally, output growth has not been commensurate with the substantial increases in inputs, especially water and fertilizer. Although some improvements in yields have taken place in wheat, average yields for most crops have not improved over the last decade. Future increases in agricultural production must be achieved principally through increasing farm level productivity and per-acre yields.

xxi. While the importance of increasing farm productivity is now more widely recognized in the Government and a beginning has been made in addressing this problem, support for programs of this type needs to be intensified. This will involve major efforts to strengthen the institutional framework for research, extension, water management and other programs, and necessitates a reappraisal of priorities within the agriculture and water sectors. In addition, to alleviate budgetary difficulties and to release resources for other crucial programs in the agriculture and water sectors, fertilizer subsidies must be further reduced, accompanied by necessary adjustments in output and consumer prices.

xxii. The Government's industrial policies have contributed markedly to the upturn in industrial production, exports and investors' confidence. To maintain this momentum will require a plentiful supply of foreign exchange resources both for investments and current inputs. At the same time it is necessary to ensure that the Government's incentive system supports those industries in which Pakistan has a comparative advantage, and more analysis is needed to determine levels of effective protection for formulating an appropriate industrial development strategy for the 1980s. The recovery in industry also needs to be reinforced by improvements in labor-management relations and by further measures to rehabilitate the textile industry, to improve the performance of the public sector and to increase exports.

xxiii. The Government's efforts to deal with the energy situation by adjusting domestic oil prices and encouraging the substitution of other energy forms, and by the exploration and development of domestic oil resources, have met with encouraging success. Domestic programs for exploration and development of mineral fuels, as well as other energy sources, hold out the hope of a considerable improvement in Pakistan's balance of payments outlook in the late 1980s. To take early full advantage of the apparent potential in this area, high priority needs to be given to rapidly develop and exploit presently known fields and to new exploration activity. More prompt adjustment by the Government of prices for all types of energy to changes in the world energy situation would be desirable.

xxiv. However, even with a continuation of Pakistan's efforts to revitalize the economy, substantial increases in external aid inflows will be required to support the growth in production and private investment and rebuild reserves. Net long-term official external inflows have declined sharply over the past few years--from about $450 million in FY1977 to an estimated $250 million in FY1980 (or about $175 million in 1977 dollars)--since aid commitments and disbursements have stagnated while debt service obligations have been rising. Some donors are now net recipients of capital from Pakistan.

Despite this situation and its tight foreign exchange position, Pakistan has continued to meet its debt service obligations promptly. Nonetheless, unless the adverse trend in aid flows is reversed, payments difficulties could compel the Government to adopt import restrictions and inward-looking policies which may endanger the recent policy improvements and the economic recovery now under way.

xxv. Pakistan's immediate need is for quick-disbursing aid. Even if project assistance were to rise sharply, this would provide little help to overcome the financing difficulties in FY1981, since such assistance is slow disbursing and would require corresponding increases in government development outlays and imports. Program-type assistance, including food and commodity aid, and debt relief are two means by which Pakistan's requirements could be met. Further assistance from the IMF will also need to be arranged to offset expected repayments and to provide additional balance of payments financing. However, even if additional resources are obtained from the IMF to cover repayments, a financing gap of about $540 million would remain in FY1981.

xxvi. Further steps by the Government to reduce imports--for example, by price adjustments to edible oil, sugar and wheat, and somewhat lower imports of wheat than presently planned for stock-building purposes--could reduce this deficit by about $100-125 million. This would leave a gap of about $425 million to be financed from additional external resources.

xxvii. A major uncertainty in assessing aid requirements in FY1981 is the level of remittances, which in each of the preceding three years has proved to be higher than expected. At the same time, recent regional developments, such as the influx of Afghan refugees into Pakistan, will place additional demands on Pakistan's resources. Thus, a definitive assessment of Pakistan's aid requirements, and of an appropriate response by the Pakistan Consortium, is difficult at this stage.

xxviii. However, debt service obligations to bilateral members of the Consortium will be about $220 million in FY1981, so that total net inflows from Consortium countries will be only about $170 million unless assistance programs are increased. On the basis of an uncovered gap of about $425 million, and also taking into account Pakistan's need to rebuild its depleted foreign exchange reserves and reduce its short-term borrowing, a significant contribution by Consortium countries towards meeting Pakistan's financing requirements in FY1981 would appear to require an increase in net inflows by approximately $300 million to at least $475 million. While such inflows could be achieved by program lending or other forms of direct balance of payments support, it seems unlikely in practice that such higher assistance levels could be achieved without debt relief on a substantial scale.

xxix. This report does not seek to discuss all the issues and problems requiring the Government's attention. Aside from the issues raised in the report there are other more deep-rooted ones which remain to be addressed. These issues, discussed in some detail in earlier Bank studies, 1/ relate

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1/ See, for example, World Bank Report No. 2018-PAK, "Pakistan: Population Planning and Social Services," April 1978.

in large measure to the rapid growth in Pakistan's population and the consequences which stem from it, such as growing pressure on limited health and education facilities, especially in rural areas, and on the labor market.

xxx. Pakistan's population growth rate remains around 3%, one of the highest in the world. Bank projections indicate that, even assuming some decline in fertility, the population will increase between 1980 and 1990 by a further 26 million, or over 30%, to around 108 million. Of this total, about 50 million would be "dependents" (defined as children up to 14 years of age and people of 65 years and over). The number of children of school age (5-14 years) will increase during the present decade by another 7 million to 30 million, and school enrollment will need to grow by about 7% per annum to provide even a modest improvement 1/ in the percentage of children receiving primary and secondary education. On a conservative basis--and allowing for little increase in female participation in the formal labor market--an additional 8 million people will be seeking jobs by 1990.

xxxi. These figures starkly illustrate the dimensions of the social problems facing Pakistan. While the substantial migration from Pakistan to the Middle East over the past few years has to some extent relieved these pressures, this clearly cannot be relied upon to provide an answer to such complex problems in the long run. Permanent solutions to these issues will require not only substantial employment creation and improvements to education and other social services, but also a process of social change supported by strong and sustained government commitment over an extended period of time.

xxxii. While the Government has recently been preoccupied with, and continues to face, more immediate difficulties of financial stability and economic recovery, no time should be lost in focusing actively on these problems in a manner consistent with Pakistan's fundamental values. It is evident that the donor community would be willing to provide substantial assistance in support of a determined government effort in these fields.

1/ I.e., an increase in enrollment ratios from about 55% to 80% for ages 5-9, and from 20% to 30% for ages 10-14.

PART I: RECENT ECONOMIC DEVELOPMENTS

A. General Economic Performance

1.01 Although budgetary and balance of payments problems have persisted, the past two to three years have witnessed a significant economic recovery in Pakistan. The upturn in the economy which occurred in FY1978 and was noted in last year's economic report 1/ continued in FY1979 and is likely to be maintained during FY1980. Growth in domestic output and exports has been rapid and the Government has been able to maintain a reasonable degree of price stability. While this turnaround in the economy is still relatively short-lived and needs to be interpreted with caution, it represents a marked improvement over the relative stagnation of the early and mid-1970s and there is now the basis for taking a somewhat more optimistic view of economic prospects. The Government, having decided to extend military rule for an indefinite period, has begun to focus more sharply on the country's economic problems and has initiated further actions to strengthen economic policy, notably in relation to agriculture. While these recent changes have yet to produce substantial results, they are likely to encourage greater private initiative and help to sustain the economic recovery now under way.

1.02 GDP, at factor cost, rose by 7% in FY1978, and by 5.9% in FY1979. Output growth in agriculture and industry, which lagged behind population growth during much of the 1970s, accelerated aided by favorable weather conditions, improved external and internal demand and policy measures adopted by the Government since 1977 which, though often apparently ad hoc and piecemeal in nature, have collectively had an encouraging impact on economic activity (Table I.1). Increased domestic production, associated increases in exports and substantial imports of bulk commodities (fertilizer, cement, wheat, etc.) helped to increase value added in transport and trade. Growth has been maintained in construction and other services, while the continuing growth of workers' remittances has enabled incomes in real terms to grow faster than domestic output.

1.03 Growth prospects for the current year seem promising. The cotton crop is expected to be over 4.0 million bales, above the record crops of FY1972 and FY1973 and over 50% higher than last year's poor crop, while another good rice harvest has been realized. The Government has set a target of 10.46 million tons for the wheat crop which seems likely to be realized, and total agricultural growth of about 7% seems attainable. Improved availability of raw cotton for the textile industry, additional capacity in cement, fertilizer and vegetable ghee and sustained domestic demand may enable a 5-6% growth in industrial value added and an overall GDP growth rate of close to 6% to be attained this year.

1/ World Bank Report No. 2394-PAK, "Pakistan: Economic Developments and Fifth Plan Review," April 1979.

Table I.1: GDP GROWTH BY SECTORS, 1969/70-1979/80

(Annual growth rates in constant 1959/60 prices)

	1969/70-1973/74	1973/74-1976/77	1969/70-1976/77	1976/77-1978/79	1979/80/a
Agriculture	1.5	1.6	1.5	3.4	6.6
Industry	4.1	0.9	2.7	7.0	8.1
Construction	2.4	11.7	6.3	8.7	7.6
Trade and Transportation	5.1	1.6	3.7	4.8	6.5
Other	7.7	7.1	7.4	7.0	5.0
GDP at Factor Cost	4.1	3.3	3.7	6.4	6.5
Indirect Taxes less Subsidies	-3.8	11.3	1.8	3.6	7.6
GDP at Market Prices	3.4	3.8	3.6	6.2	6.6

/a Government target.

Source: Ministry of Finance and Economic Affairs.

1.04 Other indicators of economic performance have been mixed. Although the Government has taken several measures to encourage private investment, and private sector confidence has recovered, the revival in private sector investment to date has been largely confined to relatively smaller-sized projects. Total private investment has not yet increased in real terms. Since new public sector commitments have been limited as a matter of policy, gross fixed investment in real terms declined (Table I.2) and the fixed investment/GNP ratio fell from 17.2% in FY1977 to 15.7% in FY1979 (Table I.3). At the same time, consumption continued to grow rapidly; private consumption, partly reflecting high workers' remittances, rose in real terms at an annual rate of 8.2% between FY1977 and FY1979 and total consumption by 7.7% (Table I.2). Thus, although the national savings/GNP ratio 1/ remained well above the levels of the early 1970s, it declined from 13.3% in FY1978 to 10.7% in FY1979.

1/ See footnote "b" to Table I.2.

Table I.2: GROWTH RATES IN GROSS EXPENDITURES AND SAVINGS, 1969/70-1978/79

(% per year at 1969/70 prices)/a

	1969/70-1973/74	1973/74-1976/77	1969/70-1976/77	1976/77-1978/79
Consumption	4.3	3.0	3.7	7.7
Private	4.5	2.6	3.7	8.2
Public	2.2	6.6	4.0	3.7
Investment (including stock changes)	-7.8	14.1	-0.6	-0.9
Gross Fixed Investment	-8.2	16.9	0.1	-2.5
Private	(-11.7)	(9.2)	(-5.2)	(-0.4)
Public	(-4.2)	(20.8)	(5.4)	(-3.3)
External Balance	10.4	-6.4	4.7	-23.4
Exports	-6.2	1.6	-3.0	18.9
Imports	-8.2	3.5	-3.8	20.8
GDP at Market Prices	3.4	3.8	3.7	6.4
Net Factor Incomes from Abroad	-	56.1	-	66.2
GNP at Market Prices	3.5	4.2	3.8	7.0
Savings				
Gross Domestic Savings/b	-5.8	17.7	2.9	-10.7
Gross National Savings	-4.9	20.5	4.8	0.6

/a These estimates are derived from the current price series provided by the Planning and Development Division (Statistical Appendix, Table 2.4), but differ from the Division's constant (1969/70) price estimates due to conceptual differences in the treatment of net factor incomes and the use of different deflators for investment. See notes to Statistical Appendix, Tables 2.4 and 2.5.

/b Given the large inflow of net factor incomes from abroad, the appropriate measure of savings in the Pakistan economy is national, rather than domestic, savings. The latter concept appears to have little meaning in Pakistan's context because of the importance of workers' remittances.

Sources: Planning and Development Division and Bank staff estimates.

Table I.3: EXPENDITURES AND SAVINGS RATIOS, 1969/70-1978/79

(% of GNP at Current Market Prices)/a

	1969/70	1973/74	1976/77	1978/79
Consumption	91.0	92.9	88.9	89.3
Private	80.9	83.2	78.6	79.8
Public	10.1	9.7	10.3	9.5
Investment (including stock changes)	15.8	13.3	17.8	16.5
Gross Fixed Investment	14.3	12.1	17.2	15.7
Private	(7.3)	(4.4)	(5.1)	(4.8)
Public	(7.0)	(7.7)	(12.1)	(10.9)
External Balance	-6.7	-7.1	-9.5	-12.0
Exports	7.8	13.5	9.0	10.2
Imports	14.6	20.7	18.5	22.2
Savings				
Gross Domestic Savings/b	9.0	6.3	8.6	4.9
Gross National Savings	9.0	7.1	11.1	10.7

/a See notes to Table I.2 and Statistical Appendix, Table 2.4.
/b As percent of GDP at market prices.

Sources: Planning and Development Division and Bank staff estimates.

1.05 The sustained growth of output and incomes and the inflow of remittances from abroad increased the demand for raw materials and consumption and capital goods at a time when import prices of several major imports (for example, POL, fertilizer, wheat and edible oil) rose. Social and political considerations, and fears of disrupting the incipient economic recovery by sharp increases in input prices, made the Government reluctant to adjust domestic prices adequately. The differentials between import and domestic prices were borne in several instances by the government budget. Although the Government restrained its own consumption, budget deficits increased rapidly, as did imports. Despite rapid export growth, the external payments gap widened.

1.06 Because of increased external debt service, inflows of net external assistance declined sharply. The Government resorted to increased short-term borrowing and running down its foreign exchange reserves to finance the external deficits.

1.07 Monetary growth, which reached 23-25% per annum during FY1976 and FY1977, seems to have moderated slightly during the last two years (Table I.4).

Table I.4: PRICES AND MONEY SUPPLY, 1973/74-1978/79

(% change over previous year)

	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79
Price Indices:						
Wholesale Prices	33	24	9	11	6	7
Consumer Prices	30	27	12	9	7	8
GNP Deflator	24	25	12	9	10	7
Domestic Prices of Imports/a	45	49	-5	-	7	5
Money Supply	13	17	25	23	22	20

/a These show same rate of change as import prices in US dollars since the exchange rate vis-a-vis the US dollar remained unchanged.

Sources: Statistics Division and State Bank of Pakistan.

Although borrowing by the Government for budgetary support and commodity operations and by public enterprises led to an 18% increase in domestic credit in FY1978 and 23% in FY1979, the decline in gross reserves limited monetary growth to 20% in FY1979. This helped to reduce domestic inflation as measured by official indices to a relatively modest rate of 7-8% per annum during the past two years, well below the levels indicated by monetary and output growth trends in the economy.

1.08 As mentioned in last year's economic report, 1/ there are several reasons for this apparent inconsistency. First, the official wholesale and consumer price indices are of limited coverage and do not include, for instance, prices for retail trade, other services, real estate and the construction sector where inflation is believed to be much higher than the rate indicated by the official indices. Secondly, increasing monetization of the economy due to inflows of remittances and uncertainties associated with proposals to levy the Zakat (Islamic levy) on bank deposits 2/ may have increased the average cash balance held by households. Thirdly, while prices of some major imports rose, the Government reduced the impact on

1/ World Bank Report No. 2394-PAK, "Pakistan: Economic Developments and Fifth Plan Review," April 1979.

2/ The growth rate of deposit money--both demand and time and savings--held at banks declined and the growth rate of currency increased markedly during the past two years even though average interest rates on deposits remained at 9-9.5%, above the official rate of inflation. The increase in currency was mainly in larger denominations.

domestic prices through price controls and subsidies. Finally, good harvests, the recovery in industrial production and a policy of ensuring availability of essential commodities through imports have prevented shortages from accentuating the pressure on domestic prices. It was, in fact, this policy of allowing imports, frequently at subsidized prices, rather than domestic prices to absorb demand pressures that led to the budgetary and balance of payments difficulties which are discussed in later sections.

1.09 The Government has recently shown more willingness than in the past to make necessary price adjustments and has taken several measures during late FY1979 and FY1980 to correct the continued imbalance between expenditures and available resources. Domestic prices of wheat, edible oil, POL products, cement and fertilizer, and power and railway fares, were significantly increased; while excise and import duties were raised on a number of items. These measures will help to curtail demand pressures, improve the budgetary situation during FY1980 and raise savings levels in the economy; they will not, however, be sufficient to bring about financial stability and further measures will be required. Steps to strengthen the budget and balance of payments, and other policy improvements which seem necessary to address fundamental problems in the productive sectors, are dealt with in some detail in Part II of this report.

B. Agriculture

Recent Performance

1.10 Agricultural growth has been encouraging during the past two to three years. Value added in agriculture rose by 2.5% in FY1978 and by 4.2% in FY1979 and may rise by about 7% this year, well above the average rate of growth of 1.5% per annum recorded in the early and mid-1970s and population growth currently averaging 3.0% per annum. This growth mainly reflects the improved performance of major crops, which account for nearly 60% of value added in agriculture (Table I.5).

Table I.5: GROWTH IN VALUE ADDED IN MAJOR CROPS, 1969/70-1979/80

(% per annum)

	1969/70-1973/74	1973/74-1976/77	1969/70-1976/77	1977/78	1978/79	1979/80 /a
Overall agriculture	1.5	1.6	1.5	2.5	4.2	7.3
Major crops	0.8	0.4	0.7	2.1	5.2	10.6
Minor crops	2.0	2.4	1.9	2.4	2.4	3.6
Livestock	2.0	2.4	2.2	3.0	3.0	3.1

/a Government estimates.

Source: Planning and Development Division.

1.11 Reasonably good cotton crops in two out of the last three years, a recovery in wheat in FY1979 following rust attack in the preceding year, and consistently good rice harvests have contributed to the recent growth in agricultural output. The growth has occurred despite poor sugarcane crops during FY1979 and FY1980 (Table I.6). Output of edible oils has also remained low; as a result, edible oil imports have increased sharply and are now a substantial burden on the balance of payments.

Table I.6: PRODUCTION OF MAJOR CROPS, 1969/70-1979/80

	1969/70	1973/74	1976/77	1977/78	1978/79	1979/80
Wheat ('000 tons)	7,179	7,508	8,999	8,158	9,787	10,460/a
Cotton ('000 bales)	3,012	3,704	2,446	3,233	2,662	4,160
Rice ('000 tons)	2,363	2,416	2,694	2,902	3,220	3,250
Sugarcane ('000 tons)	25,953	23,533	29,057	29,607	26,895	26,770

/a Government target.

Source: Planning and Development Division.

1.12 In part, the recent growth in agricultural output represents a rebound from depressed crops in the case of cotton and wheat, and in part the effects of continued acreage expansion, particularly in rice and wheat. The acreage under rice increased by 15% between FY1977 and FY1979 and under wheat by 5% over the same period. There was also a modest improvement in per-acre yields of some crops. While per-acre yields in wheat rose sharply in FY1979 over the depressed level of the previous year, the improvement over the more normal level of FY1977 was 3%, and in rice about 4%. Per-acre yields in cotton have been erratic from year to year, and do not provide a clear trend, while per-acre yields in sugarcane have declined (Table I.7). The recent increases in agricultural output thus do not represent a major breakthrough from the problems of low productivity constraining Pakistan's agriculture.

Table I.7: INDICES OF ACREAGE AND PER-ACRE YIELDS OF MAJOR CROPS, 1969/70-1979/80

(1959/60 = 100)

	1969/70	1971/72	1973/74	1976/77	1977/78	1978/79	1979/80
Acreage							
Wheat	128.3	119.2	125.8	131.6	130.8	138.3	141.2
Cotton	130.3	145.4	139.4	139.4	139.4	142.4	151.5
Rice	134.4	121.0	124.3	144.5	158.0	168.0	165.5
Sugarcane	153.0	142.8	163.2	193.8	204.0	193.8	179.0
Yield Per Acre							
Wheat	146.1	148.4	155.3	178.3	164.5	184.0	196.6
Cotton	143.6	169.7	169.7	108.8	147.9	117.5	173.0
Rice	178.7	186.5	195.4	188.7	186.5	195.4	193.3
Sugarcane	156.8	133.3	136.7	138.1	134.8	133.8	145.0

Source: Ministry of Finance and Economic Affairs.

1.13 Both favorable weather and policies adopted by the Government have contributed to the recovery in agriculture. The weather has been generally more conducive to output growth than for some years. Pest attacks on cotton were negligible last Kharif due 1/ to dry weather; rust infestation of the wheat crop was virtually non-existent in FY1979; and timely winter rains and adequate soil moistures generally helped Rabi 1/ crops.

1.14 The Government has sought to encourage agricultural production principally by providing inputs and additional price incentives to farmers. While the strategy of increasing input use has been the cornerstone of past government policies towards agriculture, recent efforts have differed from the past in that the quantities of key inputs supplied, especially fertilizer, have been greatly enhanced (Table I.8) and there have been qualitative improvements in the timeliness and delivery of inputs.

1.15 Steps to improve fertilizer delivery by denationalizing the distribution system and expanding the dealers' network were taken by the Government during the mid-1970s. After the wheat crisis in FY1978, these efforts were redoubled. A set of coordinated measures was taken to ensure adequate imports and to deliver fertilizer to farmers on a timely basis. A National Logistics Cell was created to expedite the unloading of fertilizer (and other essential imports) at Karachi Port and its transport to provincial centers; incidentals allowed to provincial agencies distributing imported fertilizer was increased by 60% and the margins allowed to dealers handling imported fertilizer were correspondingly increased. A scheme of interest-free credit totaling Rs 200 million in FY1979 and Rs 400 million in FY1980 to provide fertilizer to small farmers through village level cooperatives was started in Punjab. It is estimated that about 25% of the fertilizer offtake during

1/ Kharif and Rabi are the summer and winter crop seasons, respectively.

Table I.8: SUPPLIES OF KEY INPUTS, 1971/72-1979/80

	1971/72	1973/74	1976/77	1977/78	1978/79	1979/80
Fertilizer Offtake ('000 N. tons)	381.9	402.7	631.3	720.2	880.0	1,115.0/a
Annual Growth Rate (%)	34.0	-8.0	14.0	14.0	22.0	27.0
N:P Ratio	9:1	6:1	4:1	3.5:1	3.6:1	2.5:1/b
Seed Distribution/c (acreage covered (%))						
Wheat	1.8	2.0	10.8	4.9	4.8	7.6
Cotton	18.1	33.0	76.8	100.0	40.4	50.0
Rice	5.2	9.0	11.9	8.2	14.8	4.3
Plant Protection (million acres)	4.1	6.4	11.7	9.7	12.0	13.9/b
Of which Ground Operations	2.1	3.3	6.2	6.5	8.4	10.3/b
Ground Operations as % of Total	51.0	52.0	53.0	67.0	70.0	74.0/b
Agricultural Credit (million rupees)	159.5	1,084.3	1,761.4	1,855.5	2,223.8	3,161.0
Annual Growth Rate (%)	-18.2	226.8	19.9	5.3	19.8	42.1
Farmgate Water Availability (mn. acre ft.)						
Kharif	50.2	53.9	53.4	53.9	52.1	n.a.
Rabi	28.0	34.2	40.9	37.8	38.0	n.a.

/a Bank staff estimates.
/b Government target.
/c Through provincial agencies.

Sources: Ministry of Finance and Economic Affairs; Economic Surveys; Yearbooks of Agricultural Statistics and IBRD Reports.

FY1980 Rabi was financed by this scheme. These measures have led to a substantial increase in distribution outlets and, together with other incentives discussed below, to a dramatic increase in fertilizer offtake. Fertilizer consumption increased by 14% in FY1978, 22% in FY1979 and by 39% during FY1980 Rabi (i.e., up to November 1979). A better balance among nutrients has also been attained. These improvements, however, have not had a corresponding impact on per-acre yields.

1.16 A program of procuring and supplying improved seeds for major crops through government agencies has been in operation for several years. The emphasis of this program was changed in 1978 to provide rust resistant wheat seeds. In FY1979, 393,000 maunds of rust resistant wheat seeds, largely imported, were distributed. Although sufficient for only about 5% of the area under wheat, these were concentrated on strategic locations to form rust resistant belts around areas which were worst affected by rust in the previous year. In the case of cotton, the coverage by the government seed program, although declining during the last two years, has been substantial (Table I.8), while farmers in addition have been encouraged to exchange improved seed varieties among themselves.

1.17 The extent to which these programs have improved seed quality and yields is difficult to determine. In wheat, for example, although rust attacks were negligible in FY1979, this was probably due more to good weather than to the seed programs. The quality of seed distributed, particularly in cotton, has generally not been high due to varietal admixture and inadequate methods of processing seed at ginneries, and staple lengths and yields have not improved. A major seed project to improve seed quality is under implementation but this will not make a significant contribution for some time.

1.18 Although the area sprayed has increased over the years, plant protection activities have not been effective in the past for several reasons, including inadequate methods and timing of spraying and the inferior quality and appropriateness of pesticides. During the last two years, the Government has limited aerial spraying and has emphasized the provision of ground spraying equipment and pesticides to farmers. The Government has recently allowed the private sector to import and sell pesticides and has decided to phase out government involvement in plant protection and eventually to leave these operations entirely to the private sector. In addition, as part of the Government's Cotton Maximation Scheme, a pest scouting campaign was launched last Kharif. Under this scheme, mobile teams of extension workers and staff drawn from agricultural institutes have been organized for the early detection of pest attacks. The effectiveness of these measures, however, has not yet been put to the test since there was no serious pest outbreak last Kharif, while private sector involvement in plant protection operations on a commercial basis has only just begun.

1.19 Credit to agriculture has increased significantly in recent years, mainly through the Agricultural Development Bank of Pakistan (ADBP) and commercial banks. A further 42% increase is planned in FY1980 which will bring agricultural credit to about 85-90% of the annual target envisaged in the Fifth Plan. While agricultural lending in the past mainly benefited large and medium-scale farmers, new initiatives were taken in FY1979 to increase credit to small farmers. In addition to the scheme in Punjab noted above to provide credit through agricultural cooperatives, the activities of ADBP are being reoriented and about 50% of proposed lending by ADBP over the next few years has been earmarked for small farmers.

1.20 The Government's strategy of increasing input supplies has been complemented by improved water availability. While farmgate water availability during the past two to three years was not significantly different from FY1977 levels, it represented a 30% increase over the level of the mid-1970s, particularly during Rabi. The improvement was mainly the result of past investments in the Tarbela Dam and tubewells, and of timely rains. The Government has continued to encourage tubewell development and increased subsidies for installing private tubewells by 50-60% in FY1979, although the desirability of these subsidies is questionable.

1.21 New initiatives have also been taken in some long neglected areas which are critical to improving productivity in agriculture. The training and visit system of agricultural extension has been adopted in Punjab and Sind to strengthen the extension services. Preliminary reforms have been initiated to agricultural research. A new emphasis on coordinating the activities of irrigation and agriculture departments to improve the efficiency of water use and *inter alia* to schedule water releases to match crop requirements has been evident. These initiatives, though still in their early stages, could provide substantial returns in the long run.

1.22 Earlier Bank economic reports on Pakistan 1/ noted that price incentives to farmers were insufficient through the mid-1970s due to Government controls on procurement prices and export taxation while input prices of fertilizer rose more rapidly. This situation has changed over the last few years. While fertilizer prices were reduced by 5-6% in October 1978, support prices have been raised during the last three years for wheat, sugarcane and Basmati rice by 22%, for Irri-6 rice by 23% and for seed cotton by 10-12% following a 50% increase in FY1977. Fertilizer prices were recently raised by nearly 50% and support prices for sugarcane by 29% in February 1980; and the Government has announced its intention to raise support prices for cotton in April and for rice in May. At the same time, export taxes, except those on rice, have been eliminated, additional land brought under wheat cultivation in FY1979 was exempted from irrigation water charges, while subsidies on the installation of tubewells were increased by 50-60%.

1/ World Bank Report No. 1023-PAK, "Pakistan: Recent Trends and Development Prospects," March 1976.

Table I.9: FERTILIZER AND AGRICULTURAL OUTPUT PRICES, 1971/72-1979/80

	1971/72	1973/74	1976/77	1977/78	1978/79	1979/80
Domestic Sale/a						
Procurement Prices						
Fertilizer - Urea (Rs/ton)/a	570.00	1,100.00	1,300.00	1,360.00	1,280.00	1,280.00/b
Wheat (Rs/maund)	17.00	27.50	37.00	37.00	45.00	45.00
Cotton, Seed (Rs/maund)	-	-	125.00	138-162	138-162	138-162
Rice, Basmati (Rs/maund)	38.00	62.00	-	95.00	110.00	110.00
Rice, Irri-6 (Rs/maund)	21.00	27.00	-	46.00	49.00	49.00
Sugarcane (Rs/maund)	2.50	4.25	5.75	5.75	5.75	7.00/b
Domestic Prices as % of World Prices /c						
Fertilizer - Urea	-	71	82	74	65	56
Wheat	-	56	75	77	77	70
Cotton, Seed	-	-	61	107	100	97
Rice, Basmati	-	35	-	56	40	43
Rice, Irri-6	-	32	-	47	54	58
Sugarcane	-	-	180	221	160	-

/a Sale prices refer to fertilizer only.
/b As from February 24, 1980, sale price of urea has been raised to Rs 1,860 per ton and the support price for sugarcane to Rs 9.00 per maund.
/c World prices refer to export (f.o.b.) prices in the case of rice and cotton, and import (c.i.f.) prices in the case of other commodities; these include substantial transport and handling costs and are not directly comparable with farmgate prices.

Sources: Ministry of Finance and Economic Affairs and Bank staff estimates.

1.23 While the ratio of domestic to world prices has declined somewhat during the current year, output prices are now generally closer to world prices. The exception is rice where domestic prices seem low and profitability has somewhat declined, although production has continued to increase steadily. In sugarcane, the Government has recently increased domestic prices well above world prices to ensure sufficient supplies of cane for sugar factories, given the poor yields and high costs of sugarcane in Pakistan in terms of labor and water use. The changes in input and output prices over the last few years have generally improved benefit cost ratios for using fertilizer for all crops (Table I.10), and have no doubt contributed to the rapid increase in fertilizer offtake.

Table I.10: BENEFIT COST RATIOS OF USING FERTILIZERS, 1971/72-1978/79

	1971/72	1973/74	1975/76	1976/77	1977/78	1978/79
Wheat	2.6	1.9	2.3	2.4	2.5	3.3
Rice, Irri-6	3.3	2.0	2.5	1.9	3.0	3.2
Cotton, Seed	6.8	5.3	5.6	6.1	6.4	8.8
Sugarcane	5.4	4.6	5.2	5.2	5.6	6.0

Source: Planning and Development Division.

1.24 To what extent these price adjustments enhanced farmers' incentives and profitability is not easy to ascertain in the absence of reliable farm budget data. However, Planning and Development Division estimates for average leading farmers in Punjab demonstrate that net returns per acre increased substantially for major crops other than Irri-6 rice. While these estimates may not accurately represent conditions facing most (particularly small) farmers, the general trend which they indicate is probably correct, given the slight improvement in yields noted earlier.

Table I.11: TRENDS IN NET RETURNS PER ACRE,/a 1974/75-1978/79

	Wheat (Mexi-Pak)	Rice (Basmati)	Rice (Irri-6)	Cotton (American)	Sugarcane
Yield: md/acre					
1974/75	20.0	15.3	27.0	13.0	440.0
1975/76	25.0	15.6	29.2	13.0	550.0
1976/77	25.0	15.6	29.2	10.0	550.0
1977/78	25.0	15.6	29.2	12.0	550.0
1978/79	25.0	15.6	29.2	10.0	550.0
Net Return:/b Rs/acre					
1974/75	342	707	660	496	629
1975/76	372	456	565	701	812
1976/77	398	460	539	632	842
1977/78	361	429	513	960	991
1978/79	570	591	497	1,007	771

/a Average leading farmer, Punjab.
/b Excluding land rent.

Source: "Cost of Production of Major Crops," Agriculture and Food Section, Planning and Development Division.

1.25 The Government's emphasis in agriculture has been on policies and programs which will provide quick returns in the short run. At the same time, a start has been made in addressing the more fundamental problems limiting productivity. Given the Government's concerns with short-term economic management, the progress that has been made is substantial. To fully realize Pakistan's agricultural potential and to ensure agricultural growth on a more sustained basis, it will be necessary to build on the progress that has been achieved, to redesign government programs to focus more sharply on the underlying constraints and to commit adequate resources to these programs. Some of these issues are discussed in Part II of this report.

C. Industry

1.26 After four years of virtual stagnation, manufacturing value added increased by 9.2% in FY1978 and 4.8% in FY1979. This recovery reflected both a more favorable general economic climate and the incentives and policy measures which the Government has been implementing to revitalize industry over the past three years.

1.27 General factors which have contributed to the industrial recovery include higher domestic demand resulting from a continuing high level of foreign remittances and improved rural incomes, and stronger foreign demand for Pakistan exports. In addition, supplies of two major industrial inputs, cotton and sugar, improved in FY1978. While the reduced size of these two crops affected the rate of industrial growth in FY1979, this was to some extent alleviated by the gradual liberalization of policies and the streamlining of procedures for the import of inputs. Together with the provision of other incentives, the relaxation of administrative controls since 1977 has helped to sustain the upturn in industrial activity.

1.28 The recovery in industrial output and exports has masked continued major problems in the sector which will require the Government's close attention. Principal among these are low productivity, notably in textiles; management and other difficulties in public industries; the slow revival in private investment; and, a prime cause of many problems, unsatisfactory labor-management relations.

1.29 Textiles. After two years of decline, production of cotton yarn increased by 5.4% in FY1978 and 9.4% in FY1979, encouraged by improved domestic and international demand and concomitant policy measures, including the exemption of yarn products from excise duty and the introduction of a compensatory rebate of 7-1/2% on yarn exports. However, production of cotton cloth, continuing an eight-year decline, fell further in FY1979 by 11.7% (Table I.12). This decline, which occurred despite good international demand and the provision of similar but stronger incentives than those given to yarn--the compensatory rebate on finished cotton cloth exports, for example, is 12-1/2%--reflects the serious difficulties in the weaving industry.

Table I.12: PRODUCTION TRENDS IN SELECTED MANUFACTURED ITEMS, 1976/77-1978/79

(Annual growth rates)

	1976/77-1977/78	1977/78-1978/79	1969/70-1978/79/a
Cotton Yarn	5.4	9.4	1.8
Cotton Cloth	-4.2	-11.7	-6.8
Cigarettes	10.2	6.4	4.0
Refined Sugar	16.9	-29.4	4.8
Vegetable Ghee	10.6	15.2	13.6
Cement	4.5	-6.2	2.2
Fertilizers	-1.4	15.6	9.8
Paper Board and Chip Board	4.6	218.8	-3.5
Safety Matches	47.8	13.6	23.6
Art Silk and Rayon Cloth	-11.9	-9.3	-11.6
Chemicals	-4.3	6.4	2.6
Mild Steel Products	16.9	14.0	7.7

/a Trend calculated by least squares regression.

Sources: Statistics Division and Ministry of Industries.

1.30 The textile industry has been characterized during the 1970s by declining productivity, both of equipment and labor, and falling profits and liquidity. The most important causes of these difficulties have been the world textile recession in 1974 and 1975, acute labor problems, and the various restrictions and other measures imposed on the private sector during the early 1970s.

1.31 Production and export incentives were abolished in 1972 and export duties introduced on both yarn and fabrics as well as an excise duty on domestic sales of fabrics. Imported capital goods were subjected to import tariffs ranging from 40% to 100%. These measures raised capital costs of the textile industry significantly and adversely affected the financial position of the mills in the organized sector. The constant threat of nationalization which prevailed until 1977 and the textile recession of 1974/75 further undermined profitability of textile production, especially weaving.

1.32 In addition, during the early 1970s labor unions obtained relatively large increases in wages and fringe benefits and virtually unlimited job security without corresponding increases in productivity. Labor regulations introduced during the early 1970s altered labor-management relations in the industrial sector and caused a decline in labor productivity and the quality of work, and a sharp increase in labor costs, which aggravated the grave financial problems of the textile industry.

1.33 The fiscal and labor policies that adversely affected the organized textile sector provided a strong competitive advantage to the cottage weaving industry (firms comprising less than four looms per owner). This sector was exempted from import duties and payment of fringe benefits to workers and, in general, had more flexibility regarding working hours and taxation. As a result, while the organized weaving sector encountered serious difficulties, the non-organized sector has expanded rapidly; exports of cloth increased by 17% in FY1979 despite the decline in production of the organized sector.

1.34 The present Government has recognized the importance of the textile industry as a leading employer of industrial labor and its potential for enhancing export earnings. Several steps to stimulate textile production--discussed in more detail in Part II of this report--have been initiated, and some idle machinery has been reactivated and about 16 mills (principally spinning units) reopened. These efforts will need to be reinforced by additional government initiatives to rehabilitate the industry and place it on a more viable basis.

1.35 Other Sectors. Production of fertilizer rose by over 15% in FY1979, principally because of expansion of capacity at the Multan plant. A 14% rise in the output of mild steel products, following continued growth in the three preceding years, was attributable to larger imports of iron and steel scrap and increased supply from the domestic ship-breaking industry. Production of vegetable ghee has been increasing by over 14% a year since FY1977, aided by growing domestic demand and improved supply of imported edible oil.

1.36 Production of sugar, on the other hand, declined by 29% in FY1979 to its lowest level since FY1975. This fall was due to a combination of several factors. In FY1979, the sugarcane crop was adversely affected by pest attacks and a decline in the area under production. In addition, a capacity tax on sugar factories led to diversion of sugarcane from sugar manufacture to "gur" and unrefined sugar, the prices of which were relatively high.

1.37 Production of cement also declined in FY1979, by 6.2%, due to damage caused by heavy rains to cement plants in Sind and mechanical problems. Productive capacity in the cement industry, formerly a major exporter, has lagged seriously behind the growth in domestic demand.

1.38 Public Industries. On an aggregate basis, the production of public industries increased by 6.9% in FY1979 and sales by 10.5%; comparable growth rates for the previous year were 17.5% and 27%. Overall profitability of public industries seems to have fallen in FY1979, reflecting the persistent problems besetting public plants. These problems are mainly overmanning, accumulated liabilities, run-down or outdated equipment and lack of adequately trained and experienced managers. As discussed in the second part of this report, the Government is endeavoring to address these difficult issues.

1.39 Industrial Investment. The recent trends in investment in industry have been mixed. Following its rapid earlier growth, gross capital formation in the public industrial sector has levelled off (Table I.13). Meanwhile, gross investment in large and medium-scale private industries has remained at around the lower level established in the mid-1970s and has increased only moderately in small-scale industries.

Table I.13: GROSS FIXED CAPITAL FORMATION IN INDUSTRY, 1969/70-1978/79

(million constant 1969/70 rupees)

	Private			
Years	Small-Scale	Large & Medium-Scale	Public	Total
1969/70	188	1,208	179	1,575
1971/72	171	670	65	906
1973/74	139	231	116	499
1975/76	151	345	873	1,339
1976/77	167	369	1,092	1,628
1977/78	173	347	1,386	1,905
1978/79/a	180	360	1,330	1,870

/a Provisional.

Source: Bank staff estimates derived from current price data supplied by Statistics Division and Ministry of Finance and Economic Affairs.

1.40 Gross capital formation in public sector industry, which increased rapidly from FY1973 until FY1978, declined slightly in FY1979. Disbursements on several public projects, including new textile, sugar and vegetable ghee plants and the Pak-Arab fertilizer factory, peaked during these years. However, the Karachi steel mill and other major public industrial projects, predominantly in cement and fertilizer, are still in various stages of implementation. Although faced with increasing scarcity of public funds for investment, the Government has little margin for immediate substantial reduction in public industrial investment without impairing these ongoing projects. Nonetheless, as a matter of general policy, the Government has decided not to embark on any further major new projects in the public sector, at least for the time being, and further reduction in public industrial investment is expected in FY1980.

1.41 Gross capital formation in medium and large-scale private industries fell sharply in the early 1970s and does not appear to have responded significantly yet to the new incentives. Several factors account for this sluggishness. Most of the 1970s have been years of uncertainty and lean cash flows for private industry. The generation of internal funds has been insufficient even to maintain existing capital equipment, let alone finance additional investment. Few industries have accumulated reserves to invest, while a majority of industry shows high debt equity ratios and large financial liabilities. The labor situation is still not conducive to new investments and remains a major impediment. Returns to equity do not appear attractive when compared to returns in trade, real estate and small-scale industries.

The shortage of foreign currencies, combined with the rapidly increasing cost of imported machinery, is another factor hindering revival of private industrial investment.

1.42 The moderate increase recorded in investment in small-scale industries reflects somewhat brighter circumstances. Net returns on equity in small-scale industries appear as good, if not better, than in trade or real estate. Due to the smaller scale of their operations, these industries have fewer labor problems than larger industries facing strongly unionized workers. They can also procure the less complex machinery which they require locally. In FY1979, the Industrial Development Bank of Pakistan (IDBP) approved loans for small enterprises for the purchase of locally fabricated machinery amounting to Rs 196 million compared to Rs 30 million in 1978. Although foreign exchange is a constraint, funds for investment in small-scale industries have been available from remittances and other sources.

1.43 Although the revival in private investment has been slow, a marked improvement in the investment climate has taken place, which is evident from the impressive increase in new project sanctions (Table I.14).

Table I.14: NEW PROJECT SANCTIONS, 1976/77-1978/79

(million rupees)

Source	1976/77	1977/78	1978/79
Investment Promotion Bureau (IPB)	374.7	1,206.7	3,354.4
Repatriable/a	70.2	342.1	746.6
Non-repatriable/b	58.8	241.0	445.4
Private foreign loans	87.5	463.2	1,023.6
Pay-As-You-Earn/c	96.8	133.5	1,081.1
Others	61.4	26.9	57.7
Pakistan Industrial Credit & Investment Corporation (PICIC)	253.1	371.1	211.1
Industrial Development Bank of Pakistan (IDBP)	182.4	207.5	562.4
	810.2	1,785.3	4,127.9

/a Repatriation of capital and dividends is permitted by Government.
/b Repatriation of capital and dividends is not permitted.
/c Repayment of foreign exchange loans for projects tied to future foreign exchange earnings.

Source: Investment Promotion Bureau.

1.44 New project sanctions by the Investment Promotion Bureau and the development banks, in value terms, rose by 120% in FY1978 and by 131% in FY1979; sanctions by development banks may have been higher but for the fact that they were severely constrained by the lack of foreign exchange. Because of this constraint, many of the new projects that have been approved have had to obtain their foreign exchange requirements either as private foreign loans or as loans repayable out of their future export earnings. Given the lag of 12-18 months between the approval of projects and the commencement of construction activity, these new sanctions could contribute significantly to higher private industrial capital formation in FY1981 and subsequent years if the present and/or new external or domestic uncertainties do not discourage prospective investors.

D. Public Finances

1.45 Notwithstanding some noteworthy efforts during the past two years to enhance government revenues, budgetary difficulties have persisted. 1/ Budget deficits during FY1978 and FY1979 averaged 3-4% of GNP, much the same level as in FY1977 (Table I.15). However, an improvement in the overall budgetary position is in prospect during the current year.

Review of FY1978 and FY1979

1.46 Some progress was made during FY1978 and FY1979 to deal with the persistent problems of inadequate revenues which have contributed to the Government's budgetary difficulties. Government revenues rose by 21% in FY1978 and by 17% in FY1979, substantially faster than GNP. This was due partly to the growth of domestic output and incomes, and partly to a sharp increase in dutiable imports by nearly 33% between FY1977 and FY1979. However, further measures were also taken by the Government to raise tax rates, improve tax collections and reduce tax evasion. Tax and rate increases totalling Rs 1.7 billion were announced in the FY1978 budget and Rs 1.3 billion in the FY1979 budget; post budget revenue measures totaling another Rs 1.7 billion were announced in January 1978. Taxes and tariffs, particularly on imported goods, were significantly raised, and the incidence of import duties to dutiable imports rose from 30% in FY1977 to 37% in FY1979. Over 60% of the increase in current revenues between FY1977 and FY1979 came from excise and import duties (Table I.16). The administration of income taxes has been improved by extending self-assessment and redeploying staff from tax assessment to the survey and investigation of potential taxpayers. The tax collection machinery has also been generally strengthened, and income tax laws have been simplified; this will help to reduce somewhat the inelasticity of the tax system in the future.

1/ For a review of Pakistan's fiscal problems, see World Bank Report No. 1924-PAK, "Pakistan, Development Issues and Policies, Volume II: Public Sector Resource Mobilization," April 1978.

Table I.15: CONSOLIDATED GOVERNMENT REVENUES, EXPENDITURES AND FINANCING OF GOVERNMENT EXPENDITURES, 1976/77-1979/80

(million rupees)

	1976/77	1977/78	1978/79	1979/80/a	1979/80 Revised
Current Revenues	22,506	27,128	31,721	37,490	38,730/f
Non-Development Current Expenditures	19,809	25,028	28,831	32,032	32,586
Current Surplus/b	2,697	2,100	2,890	5,458	6,144
Development Expenditures	15,958	17,121	20,181	21,294	21,574
Financed By					
Domestic Resources	4,089	5,439	6,052	11,213	9,442
Current Surplus/b	2,697	2,100	2,890	5,458	6,144
Self Financing by Public Enterprises	353	523	975	2,188	1,468
Other Capital Receipts (Net)	1,039	2,816	2,187	3,044	1,830
Foreign Resources (Net)/c	5,860	6,129	7,073	7,557/e	8,451/e
Foreign Resources (Gross)	7,630	7,237	10,754	12,811	12,992
Project Aid	(2,690)	(3,807)	(4,916)	(5,428)	(4,902)
Commodity and Food Aid	(3,141)	(2,390)	(2,300)	(2,177)	(2,305)
Other	(1,799)	(1,040)	(3,538)	(5,206)/e	(5,785)/e
Debt Repayments	1,770	1,108	3,681	5,254	4,541
Domestic Bank Borrowing	6,009	5,553	7,056/d	3,047	3,681
As Percent of GNP at Market Prices					
Revenues	14.6	14.9	15.3	15.8	16.8
Non-Development Expenditures	12.9	13.7	13.9	13.5	13.7
Development Expenditures	10.4	9.4	9.8	9.0	9.1
External Financing (Net)	3.8	3.4	3.4	3.0	3.6
Domestic Bank Borrowing	3.9	3.0	4.0/e	1.3	1.6

/a Government (November 1979) estimates.
/b Current revenues less current non-development expenditures.
/c Net of debt repayments.
/d Budget deficit for 1978/79 is now estimated at Rs 8.2 billion.
/e November estimates include Rs 523 million and revised estimates Rs 251 million of anticipated sale proceeds of fertilizer imported on short-term credits repayable next financial year.
/f Excludes Rs 1,046 million which will accrue to provinces from expected increases in revenues and may be available for financing additional provincial expenditures.

Source: Ministry of Finance and Economic Affairs.

Table I.16: GOVERNMENT REVENUES AND EXPENDITURES, 1976/77-1979/80

(million rupees)

	1976/77	1978/79	1979/80/a
Current Revenues	22,506	31,721	37,490
Direct Taxes	3,115	3,976	4,533
Import Duties	6,000	9,770	11,800
Excise Duties	4,974	6,854	9,130
Sales Taxes	1,363	1,846	2,331
Non-Tax Revenues	4,747	7,124	7,923
Non-Development Current Expenditures	19,809	28,831	32,032
Defense	8,120	10,499	11,449
Interest Payments/b	2,791	4,290	4,714
Subsidies/c	1,111	3,690	3,892
Administrative Departments	6,295	9,071	9,893

/a Government (November 1979) estimates.
/b On external and domestic debt; effects of debt relief are shown as a reduction in expenditures rather than as additional financing.
/c Excluding input subsidies which are classified as development expenditures, and refunds to refineries which are now netted against surcharges on petroleum.

Source: Ministry of Finance and Economic Affairs.

1.47 Against the improvement in revenues, there have been further increases in non-development expenditures on subsidies, administrative departments, debt servicing and defense. The Government has continued to protect consumption from the full effects of rising import prices through subsidies and wage increases. Large imports of wheat necessitated by the poor wheat crop in FY1978 further swelled subsidies in FY1979. Wheat and edible oil prices have since been partially adjusted, but the Government's policies of encouraging production and exports have led to additional budgetary burdens through subsidies on cotton exports and fertilizer (the latter is included in development spending, see below). The rise in administrative expenditures mainly reflects a 27% wage increase granted to government employees in April 1977, while the steep increase in interest payments has been chiefly the result of the expiration of the debt relief agreement in 1978.

1.48 As discussed below, the Government has sought to limit the further expansion of the public sector and encourage private investment. Nevertheless, restraining public sector development spending has proved to be a difficult task given the size of the inherited investment program, the need to complete a number of relatively large ongoing projects (e.g., Karachi Steel

Mill, Port Qasim, and fertilizer, cement and power projects) and the difficulties of deferring contractual commitments. There have also been substantial cost overruns on some projects, including the revision of the original cost estimates of the Steel Mill and unforeseen difficulties with the Tarbela Dam; budgetary controls and project monitoring mechanisms have remained inadequate. The Government's attempts to bring about improvements in agriculture by encouraging the use of subsidized inputs have resulted in a quadrupling of agricultural input subsidies, as fertilizer offtake and import prices increased sharply.

1.49 Total development spending rose by 26% between FY1977 and FY1979. The increase was mainly due to additional allocations for input subsidies, the Steel Mill, Port Qasim and repairs to the Tarbela Dam (Table I.17). The remaining program was approximately maintained in current prices. Some projects with doubtful economic justification which were earlier included in the investment program were dropped (for example, Indus Super Highway, and new railway lines), while some sector programs (such as power) were rephased. Given the prevailing rates of domestic inflation, the cutback in the program in real terms was probably substantial.

Table I.17: MAJOR INCREASES IN THE DEVELOPMENT PROGRAM, 1976/77-1978/79

(million rupees)

	1976/77	1978/79	Change
Annual Development Program	16,239 /a	20,485 /a	4,246
Steel Mill	2,026	3,621	1,595
Port Qasim	464	896	432
Tarbela Dam	619	1,031	412
Agricultural Input Subsidies	562	2,100	1,538
Other	12,568	12,837	269

/a These data, provided by the Planning and Development Division, are slightly higher than the estimates of development spending shown in Table I.15 provided by the Finance Division.

Source: Planning and Development Division.

1.50 Nonetheless, financing the increase in non-development and development spending has created considerable difficulties. Although gross capital inflows increased, a growing proportion of these was of a short-term nature and the rapid increase in debt repayments meant that net inflows increased only marginally. The resulting deficit was financed by domestic bank borrowing.

FY1980 Budget

1.51 The budget for FY1980 seeks to address many of the problem areas which have created the recent budgetary difficulties. The budget speech presented last June emphasized the need to "face problems squarely and honestly" and to "take bitter and unpleasant corrective actions." It proposed a major new resource mobilization effort amounting to Rs 5.1 billion--the biggest such effort in a single year. The budget, however, suffered from inadequate restraint on expenditures; both non-development and development expenditures were projected to grow by 12%, the latter from Rs 20.5 billion in FY1979 to Rs 23.0 billion in FY1980. Post-budget increases in the import prices of POL and fertilizer, the withdrawal of some of the taxes introduced in the budget costing Rs 0.5 billion due to public protests, and cost of living adjustments to government employees costing Rs 1.2 billion further undermined the budget position.

1.52 The Government responded to this deterioration by curtailing non-development spending by Rs 1.0 billion and development spending by Rs 2.1 billion. Revised government estimates including these and other adjustments up to last November are set out in Table I.15. These estimates provide for an 18% increase in consolidated revenues over FY1979; an 11% increase in non-development expenditures (after allowing for the cost of living increase); a significant improvement in domestic resources to finance development spending; and a domestically financed budget deficit of Rs 3.1 billion on the assumption that net external assistance will remain at much the same level as last year.

1.53 About two thirds of the increase in <u>revenues</u> is expected to come from the anticipated growth in the economy and a modest degree of inflation; this increase seems attainable, particularly in the light of the recently improved tax collection performance. The rest of the revenue increase is expected to come from new tax measures announced in the budget, principally excise duties on cement, natural gas, beverages and yarn, sales taxes on imported goods, a wealth tax on urban property and changes in import duty regulations on goods held in bonded warehouses. In addition, increases in power and postal rates and railway fares are expected to contribute Rs 0.9 billion to capital account receipts, and sales of government-held shares in selected state enterprises to the public and insurance companies a further Rs 0.6 billion.

1.54 The increase in estimated <u>non-development spending</u> is largely on defense, interest payments and administrative expenditures (Table I.16), the latter due to recent cost of living adjustments. Although a good wheat crop in FY1979 and the increase in ration issue prices in April 1979 will reduce the wheat subsidy this year, non-development subsidies are estimated to rise marginally due to refunds to the Cotton Export Corporation and the Vegetable Ghee Corporation in respect of past losses.

1.55 Following a detailed project-by-project review, <u>development spending</u> is expected to be held in FY1980 to Rs 21.6 billion by delaying or rephasing a number of projects. The cuts have fallen mainly on the power, transport, industry and water sectors. Allocations for village electrification (-Rs 213 million), secondary transmission (-Rs 69 million), salinity control and reclamation (-Rs 123 million), urban transport (-Rs 49 million), railways, roads, ports and shipping (-Rs 304 million) and the Steel Mill (-Rs 137 million) have been reduced, while some marginal projects which have not yet begun have been dropped. The phasing of the revised Annual Development Program is shown in Table I.18. The sectoral priorities in the development program remain much the same as in the recent past except for a substantial reduction in the allocation for industry, reflecting the completion of fertilizer and cement projects. The modest increase in projected development spending over the FY1979 level is mainly due to higher fertilizer subsidies (which account for 80% of the allocation for agriculture), power generation projects nearing completion, petroleum exploration and development by the Oil and Gas Development Corporation and modest increases in the social sectors.

Table I.18: ANNUAL DEVELOPMENT PROGRAM, 1978/79-1979/80

(million rupees)

	1978/79		1979/80 /a		Change	
	Amount	Percent	Amount	Percent	Amount	Percent
Agriculture	2,445	11.9	3,274	15.2	829	33.9
Water	1,747	8.5	1,610	7.5	-137	-7.8
Power	2,935	14.3	3,239	15.0	304	10.4
Industry	4,575	22.3	4,057	18.8	-518	-11.3
Transport & Communications	3,760	18.4	3,919	18.2	159	4.2
Fuels and Minerals	664	3.2	835	3.9	171	25.8
Social Sectors	1,511	7.4	1,868	8.7	357	23.6
Education	(772)	(3.8)	(891)	(4.1)	(119)	(15.4)
Health, Population Planning	(683)	(3.3)	(886)	(4.1)	(203)	(29.7)
Physical Planning, Housing	1,534	7.5	1,427	6.6	-107	-7.0
Indus Basin/Tarbela	1,031	5.0	1,052	4.9	21	2.0
Other	283	1.4	293	1.4	10	3.5
Total Development Program	20,485	100.0	21,574	100.0	1,089	5.3

/a Government (revised) estimates.

Source: Planning and Development Division.

1.56 The Government has recently displayed increased determination to restrain development and non-development expenditures, and supplementary allocations so far have been small. The Government has also announced 20-30% increases in railway fares in January 1980, a nearly 50% increase in domestic fertilizer prices in February, and substantial adjustments in domestic POL product prices last December which will help to offset potential increases in subsidies due to higher import costs; kerosene prices were doubled and the price of diesel oil increased by 30-43%, furnace oil 25%, regular petrol by 18% and super petrol by 44%. According to government estimates the increase in domestic fertilizer prices is sufficient to reduce fertilizer subsidies to about Rs 2.0 billion, allowing for a 14% increase in offtake next year.

1.57 However, fertilizer subsidies during FY1980 may exceed the Government's (November 1979) estimates by about Rs 300 million. Recent increases in import prices will also increase subsidies on edible oil by Rs 150 million, while outlays on Afghan refugees were estimated by the Government in mid-December to cost another Rs 450 million. More recent events in Afghanistan are likely to add to government expenditures both for refugee relief and defense needs, though these will presumably be offset at least to some extent by additional external assistance. With receipts from the IMF's Trust Fund of about Rs 1.4 billion and Rs 2.0 billion from Saudi Arabia, and with further anticipated increases in government revenues, the budget deficit may be limited to Rs 4.0-4.5 billion if defense spending does not add significantly to expenditures. This would be equal to less than 2% of GNP, a significant improvement over recent years.

E. Balance of Payments

Developments Through FY1980

1.58 Recent trends in the balance of payments have illustrated both the recovery in the economy and the severe problems which remain. While exports have increased substantially, concurrent growth of imports has led to large current account deficits despite a jump in workers' remittances (Table I.19). At the same time, net external capital inflows have declined, so that the current account deficits have become progressively more difficult to finance.

Table I.19: CURRENT ACCOUNT BALANCE, 1973/74-1979/80

	1973/74	1976/77	1978/79	1979/80/a
Exports (f.o.b.)	1,020	1,132	1,644	2,360
Imports (f.o.b.)	-1,493	-2,418	-3,816	-4,517
Workers' Remittances	151	578	1,395	1,575
Current Account Balance	-548	-1,052	-1,110	-1,010
Current Account as % of GNP	-6.2	-6.8	-5.3	-4.2

/a Government estimates.

Source: Ministry of Finance and Economic Affairs.

1.59 Recent years have witnessed sustained growth of exports after several years of stagnation when Pakistan's share of world trade declined. Exports in real terms rose by 11% in FY1978 and by 20% in FY1979; government estimates suggest a further improvement by about 44% in current prices in FY1980, reflecting continued volume expansion as well as higher prices. While Pakistan has benefited from a general upswing of world trade, its exports since FY1977 have grown faster than world exports, those of its competitors in rice and raw cotton and of non-oil exporting developing countries (Table I.20); and its share of world trade has improved marginally. Nevertheless, Pakistan's share of world export trade presently remains well below the levels attained in the early 1970s.

Table I.20: PAKISTAN'S EXPORT GROWTH AND SHARE OF WORLD TRADE, 1972/73-1978/79

(in percent)

		1972/73-1973/74	1973/74-1976/77	1976/77-1978/79
Annual Growth Rate/a				
Pakistan		27.0	3.7	22.5
Raw Cotton Competitors/b		38.4	15.7	12.9
Rice Competitors/c		37.7	17.9	16.0
Non-Oil Exporting LDCs		54.9	13.8	15.8
World Exports		51.7	14.2	16.0
	1972/73	1973/74	1976/77	1978/79
Market Shares				
Pakistan	0.19	0.16	0.12	0.13
Raw Cotton Competitors/b	2.6	2.4	2.5	2.3
Rice Competitors/c	8.2	7.4	8.2	8.2
Non-Oil Exporting LDCs	15.8	16.1	16.0	16.0
World Exports	100.0	100.0	100.0	100.0

/a Export value in US dollars.
/b Ten major LDC cotton exporters.
/c Six major LDC rice exporters.

Source: IMF Data Fund.

1.60 The improvement in Pakistan's export position has reflected a considerable diversification of its export trade (Table I.21). Nearly 85% of the increase in exports between FY1977 and FY1979 stemmed from manufactures and semi-manufactures. While exports of cotton yarn and cloth recovered, this increase was mainly due to the rapid growth of exports of tanned leather, carpets and a number of other commodities produced mainly by the small-scale industries sector; for example, surgical, sports, leather and engineering goods. Export earnings from POL products also rose sharply as a result of the increases in international petroleum prices and a surplus of distillates arising from imbalances between local refinery output and domestic demand.

The expected growth of exports during FY1980 is mainly due to higher overseas sales of rice and raw cotton and a further sharp increase in exports of POL products.

Table I.21: COMPOSITION OF EXPORTS, 1973/74-1979/80

(million US$)

	1973/74	1976/77	1978/79	1979/80/a
Primary Commodities	404	467	553	n.a.
Rice	212	250	341	446
Raw Cotton	38	30	66	339
Semi-Manufactured Goods	232	191	352	n.a.
Cotton Yarn	183	118	198	228
Tanned Leather	42	65	126	150
Manufactured Goods	390	483	805	n.a.
Cotton Cloth	143	162	216	226
Carpets	46	92	178	200
POL Products	18	27	65	180
Total Exports	1,026	1,141	1,710	2,360

/a Government estimates.

Source: Statistics Division.

1.61 While a rapid growth of exports to the Middle East occurred in the mid-1970s, mainly of Basmati rice, fruits, vegetables and cement, these exports have since stagnated. The market in the Middle East for Basmati rice appears to have been largely saturated; Pakistan's production of fruits, vegetables and cement has been insufficient to generate exportable surpluses (Pakistan, in fact, now imports cement); and manufactured exports have generally not yet been able to break into these potentially valuable markets. Exports to Asian countries, which mainly consist of raw cotton, cotton yarn and rice, have fluctuated with domestic crops and world demand for Asian textiles. Given good rice and cotton crops, exports to Asian countries are again likely to rise sharply this year, while India has emerged as the main market for surplus POL products. Most intermediate and manufactured goods, e.g., tanned leather, carpets, sports goods and surgical instruments, have traditionally been, and continue to be, exported to North American and Western European markets (Table I.22).

Table I.22: DIRECTION OF EXPORTS, 1972/73-1978/79

	Value - Million US$			Relative Share - %		
	1972/73	1976/77	1978/79	1972/73	1976/77	1978/79
Middle East	75	361	366	9	32	21
Asia	389	295	513	48	26	30
Western Europe, N. America	247	395	633	30	35	37
Other	106	90	198	13	8	12
Total Exports	817	1,141	1,710	100	100	100

Source: Statistics Division.

1.62 The recent recovery of exports has been aided by several factors including good rice and cotton crops, improved availability of raw cotton for the textile industry, favorable external demand, and government policies. The Government has recently taken a number of measures to encourage exports. The cost of credit for financing exports was reduced from 10% to 3%, the scope of the Export Financing Scheme expanded and standard rebates in lieu of duty drawbacks introduced for most exports. Compensatory rebates ranging from 7-1/2% of f.o.b. value for yarn to 12-1/2% for cloth and made-up garments were granted to the textile industry to offset higher costs of raw material and other inputs and capital equipment, while import licensing procedures have been simplified to provide easier access to raw materials and industrial machinery for exporters. While it is difficult without detailed study to form a judgment on how effective these measures have been in improving effective exchange rates and incentives facing exporters, they appear to have helped the export recovery considerably.

1.63 Imports increased by nearly 60% in current prices between FY1977 and FY1979. Since import prices rose on average by about 12% during this period, a substantial increase in import volume took place. Over half of the increase in imports between FY1977 and FY1979 was of wheat, due to the poor domestic wheat crop in 1978; fertilizer and edible oil, due mainly to a rapid growth in domestic consumption without a compensatory increase in local production; POL; and aid-financed imports for development projects (Table I.23). While a detailed breakdown of other imports is not available, an analysis of import licenses indicates that the increase in private sector imports was concentrated mainly on raw materials and capital goods. According to government sources, this included some speculative imports, particularly synthetic fibers, during the latter months of FY1979 in anticipation of higher import prices.

Table I.23: MERCHANDISE IMPORTS, 1976/77-1979/80

(million US$)

	1976/77	1978/79	1979/80/a	Increase 1976/77-1978/79	Increase 1978/79-1979/80
Wheat	55	307	110	252	-197
Edible Oil	169	243	272	74	29
Sugar	-	-	75	-	75
Fertilizer	86	273	400	187	127
POL	400	611	1,203	211	592
Aid Projects	400	509	585	109	76
Public Sector, Defense	557	763	765	223	105
Personal Baggage	5	88	120	83	32
Private Sector	975	1,360	1,395	368	7
Total Imports, cif	2,647	4,154	4,925	1,507	484

/a Provisional estimates.

Sources: Ministry of Finance and Economic Affairs and Planning and Development Division.

1.64 During FY1980, imports are expected to increase by a further $771 million, or 19% on a cif basis, mainly due to rising petroleum prices, aid-financed imports for development projects and fertilizer and sugar imports. A good wheat crop has enabled the Government to reduce wheat imports substantially and private sector imports have been curtailed because of adequate stocks.

1.65 Like most other developing countries, Pakistan has been severely affected by the increases in international petroleum prices since FY1973. The Government has endeavored to substitute natural gas and hydro-electricity for imported oil and encouraged domestic oil production, and these measures have limited the growth in consumption of imported oil to about 6% per annum. Nevertheless, the gross oil import bill swelled from $47 million or 6% of total imports in FY1973 to an estimated $1,203 million or 24% of total imports in FY1980. Although exports of surplus POL products and earnings from bunkering have increased, the higher oil prices have preempted about 44% of the increase in export earnings between FY1973 and FY1980. About 30% of the increase in the total gross import bill between FY1973 and FY1980 is due to the oil price increases.

1.66 The rapid growth of workers' remittances, itself an indirect result of the international petroleum price increases, has helped to reduce the current account deficit in both FY1979 and FY1980 to 4-5% of GNP from nearly 7% in FY1977 (Table I.19). Remittances rose particularly sharply, by nearly

$600 million to $1,166 million, in FY1978 and enabled an unexpected build-up of reserves to take place in that year. Since then, though net emigration to the Middle East has remained positive, the growth rate of remittances has slowed down. The increase in remittances during FY1979 was about $230 million; the increase in FY1980, according to government projections, may be about $175 million.

1.67 The financing of the current account deficits during the past two years has posed increased difficulties for the Government for several reasons. First, substantial balance of payments support from OPEC countries, which helped to finance the large external payments deficits in the mid-1970s, has not been forthcoming. Secondly, although gross disbursements from Consortium sources increased slightly through FY1979, they did not compensate for the decline in OPEC assistance. Thus, the overall level of gross long-term economic assistance from official sources declined at the same time as Pakistan's debt servicing obligations rose rapidly following the expiration of the 1974-78 debt rescheduling arrangement. The resulting decline in net external inflows has been severe (Table I.24).

Table I.24: NET LONG-TERM EXTERNAL INFLOWS, 1975/76-1979/80

(million US$)

	1975/76	1976/77	1978/79	1979/80/a
Gross Long-Term Inflows/a	729	799	888	895
Amortization	-141	-175	-235	-349
Interest Payments	-173	-172	-261	-303
Net Inflows				
Net of Amortization	588	624	653	546
Net of Amortization, Interest	415	452	392	243

/a Excluding balance of payments support from OPEC.

Source: Ministry of Finance and Economic Affairs.

1.68 The Government has resorted to heavy short-term borrowing and running down the reserves to cover its external capital requirements. A particularly severe deterioration in Pakistan's financial position occurred in 1978/79; despite continued growth in remittances and short-term borrowing of $282 million, reserves were drawn down by $294 million (Table I.25).

Table I.25: SHORT-TERM BORROWING AND RESERVES,/a 1976/77-1978/79

(million US$)

	1976/77	1977/78	1978/79/b
Gross Short-Term Borrowing	-	126	282
Decrease in Reserves (+)	211	-312	294
Gross BOP Financing from Short-Term Borrowing and Reserves	199	-186	576
Repayments of Short-Term Debt	79	-	131
Net BOP Financing from Short-Term Borrowing and Reserves	290	-186	445
Level of Gross Reserves at End of Fiscal Year/c	372	694	386

/a Reserves consist of foreign exchange and SDRs held by the State Bank.
/b GOP estimates.
/c On last Thursday of fiscal year, as published in International Financial Statistics.

Source: Ministry of Finance and Economic Affairs.

1.69 Total financing requirements in FY1980 to bridge the estimated current account deficit and to meet debt repayments come to about $1,360 million. Against this amount, gross disbursements of long-term capital from official sources are expected to be about $895 million; a further $200 million has been received as a loan from Saudi Arabia for the Zakat (Islamic welfare) Fund; and about $150 million will be available from the IMF's Trust Fund and first credit tranche. The remaining requirements will be largely covered by additional short-term borrowing of $40 million and foreign exchange deposits amounting to $220 million by some OPEC countries with the State Bank of Pakistan. While these deposits will help to build up gross reserves by about $180 million, they are repayable over one to two years and add considerably to the short-term liabilities of Pakistan.

FY1981 and Medium-Term Prospects

1.70 Government estimates of the balance of payments in FY1981 (Table I.26) assume modest real growth in both exports and imports of about 2-3%; in current prices exports are projected to rise by 8.5% and imports by 9.5% over FY1980 levels. Allowing for a modest increase in workers' remittances, the Government estimates a current account deficit of $1,170 million, similar to the deficits in the three preceding years.

1.71 The Government's export projections for FY1981 assume much the same level of rice and raw cotton exports as in FY1980, 1.23 million metric tons and 1.4 million bales respectively, at similar unit prices. All other exports are projected to increase by about 12% in current prices, indicating continued growth in manufacturing production and favorable external demand. The projected growth in imports mainly reflects the effect of the increase in international petroleum prices last December, higher project aid-financed imports and additional wheat imports--1.0 million tons compared to 600,000 tons in FY1980--which the Government considers necessary to rebuild stocks. Government estimates also allow for imports of 150,000 tons of sugar and about 650,000 nutrient tons of fertilizer as in FY1980; the latter asumes that the projected 14% increase in fertilizer offtake would be largely met from higher domestic fertilizer production.

1.72 The Government's assumption of disbursements in FY1981 from the project aid pipeline is $650 million. This, together with $132 million from the projected non-project aid pipeline (Table I.27), would provide $782 million (Table I.28).

Table I.26: BALANCE OF PAYMENTS, 1976/77-1980/81

(million US$)

	1976/77 Actual	1978/79 Actual	1979/80 Estimated	1980/81 Projected/a
Trade Balance	-1,286	-2,172	-2,157	-2,385
Exports, f.o.b.	1,132	1,644	2,360	2,560
Imports, f.o.b.	-2,418	-3,816	-4,517	-4,945
Invisibles (Net)	234	1,062	1,149	1,215
Workers' Remittances	578	1,395	1,575	1,650
Interest Payments/a	-172	-261	-303	-331
Current Account Balance	-1,052	-1,110	-1,008	-1,170
Long-Term Capital (Net)	625	635	635	589
Gross Disbursements (Official)	799	888	895	930
Amortization/b	-175	-235	-349	-372
Other (Including Private Long Term)	1	-18	89	31
Basic Balance	-427	-475	-373	-581
Errors and Omissions (Net)	93	23	-	-
SDR Allocation	-	38	39	39
Official Financing and Reserve Movements	334	414	334	-158
Official Short-Term Inflow	-	282	350	350
Official Short-Term Outflow	-79	-131	-310	-350
BOP Borrowing	161	-57	200	-
IMF (Net)/c	41	-14	54	-158
SBP Reserves Drawdown	211	294	-180	-
Foreign Central Bank Deposits	-	40	220	-
Financing Gap	-	-	-	700

/a Government projection.
/b Including the effects of debt relief received, or already arranged.
/c Including Trust Fund.

Source: Ministry of Finance and Economic Affairs.

Table I.27: FOREIGN ASSISTANCE: COMMITMENTS, DISBURSEMENTS AND PIPELINE, 1978/79-1980/81

(million US$)

	Project	Non-Project	Total
Undisbursed Balance, July 1, 1978	1,999	220	2,219
Aid Commitments FY1979	1,167	331	1,498
Total Available	3,195	551	3,717
Disbursements FY1979	599	349	948
Undisbursed Balance, July 1, 1979	2,567	202	2,769
Aid Commitments FY1980	679/a	511/b	1,190
Total Available	3,246	713	3,959
Disbursements FY1980	662/a	570/b	1,232
Undisbursed Balance, July 1, 1980	2,584	143	2,727
Aid Commitments FY1981	750	195	945
Total Available	3,334	338	3,672
Disbursements FY1981	700	236	936
Projected Undisbursed Balance, July 1, 1981	2,447	102	2,736

/a Excludes $228 million relating to purchase of aircraft by Pakistan International Airlines Corporation.

/b Including contribution by Saudi Arabia to the Zakat Fund ($200 million) and IMF Trust Fund Loan ($143 million).

Source: Economic Affairs Division.

1.73 New commitments assumed in the Government's estimates for FY1981 are much the same as this year's considerably reduced level, excluding the $200 million contribution from Saudi Arabia for the Zakat Fund. Official estimates of disbursements from new commitments are only about $154 million, reflecting the assumption of a reduced availability of non-project aid. Together with a modest inflow of private capital, this leaves a financing gap of $700 million including net repayments of $158 million to the International Monetary Fund.

Table I.28: PROJECTED EXTERNAL CAPITAL REQUIREMENTS AND INFLOWS, 1980/81

(million US$)

	1980/81
Capital Required	1,636
Current Account Deficit	1,170
Amortization	372
IMF	158
Other Net Capital	-64
Disbursements from Pipeline	782
Project Assistance	650
Non-Project Assistance	132
Gap	854
Disbursements from New Commitments	154
Project	50
Non-Project	104
Remaining Gap	700

Source: Economic Affairs Division.

1.74 An assessment of Pakistan's medium-term balance of payments outlook is unusually difficult at the present time. Nevertheless, some tentative Bank staff projections for FY1982-85 are summarized in Table I.29. These should be viewed not as a forecast of the balance of payments outcome over the next few years, but as a plausible scenario, taking into account the improved prospects for economic growth (particularly in the energy sector) discussed in Part II below.

1.75 These projections assume annual growth rates of 5.3% for GDP and 7.2% for exports in constant prices through FY1985; these growth rates are somewhat lower than those achieved during the recent three years, but are nonetheless fairly optimistic. Imports are assumed to rise at 3% annually, reflecting the judgment made in paragraph 2.97 that 60% of Pakistan's incremental oil consumption will be met from domestic production by FY1985 and further import substitution in fertilizer and wheat; thus other imports are estimated to grow at close to 4% per annum. These assumptions are supported by present production programs for fertilizer and petroleum. Remittances are projected to remain at around $1,600 million in FY1980 prices through FY1985.

Finally, both export and import prices, except for POL, are assumed to rise at the international inflation rate as estimated by Bank staff. 1/

Table I.29: BALANCE OF PAYMENTS PROJECTIONS, 1981/82-1984/85

(Current million US$)

	1981/82	1982/83	1983/84	1984/85
Exports, including NFS	3,992	4,604	5,283	6,077
Import, including NFS	-6,698	-7,452	-8,266	-9,171
Balance	-2,706	-2,848	-2,983	-3,094
Interest on Debt	-370	-410	-450	-490
Workers' Remittances	1,785	1,920	2,055	2,205
Current Account Balance	-1,291	-1,338	-1,378	-1,379
Debt Amortization	-400	-496	-557	-605
Financing Requirement/a	1,691	1,834	1,935	1,984
Foreign Assistance /b	1,051	1,130	1,208	1,300
Remaining Financing Requirement/a	640	704	727	684

/a Excluding repayments due to the IMF and short-term debt, and receipts of direct foreign private investment.
/b Present real level, projected at expected international inflation rate.

Source: Bank staff estimates.

1.76 According to this scenario, the current account balance will improve modestly in real terms and, in current prices, to about 3% of GNP in FY1985 from about 4-5% of GNP in FY1981. This scenario is contingent on the attainment of assumed growth rates with regard to output and exports and on limiting import growth to substantially lower rates than in the recent past, which will require major efforts by the Government, as discussed in Part II of this report. Gross financing requirements in current prices, however, will rise somewhat about FY1981 levels, reflecting rising debt service. If aid inflows remain at present levels in real terms, as is assumed for purposes of these projections, there would remain a financing gap of about $680 million in current dollars in FY1985.

1/ 8.5% in FY1982, 7.5% in FY1983 and 7.0% in FY1984 and FY1985; for POL imports, the implied price increases are 11.5% in FY1982, 10% in FY1983 and FY1984 and 9.5% in FY1985.

F. Aid Requirements

1.77 The above projections indicate that, even with a continuation of Pakistan's efforts to revitalize the economy, substantial increases in external aid inflows will be required to support the growth in production and private investment, and to enable Pakistan to repay short-term debts and to rebuild reserves. Net long-term official external inflows have declined sharply over the past few years and some donors are now net recipients of capital from Pakistan (Table I.30). Despite this situation and its tight foreign exchange position, Pakistan has continued to meet its debt service obligations promptly. Nonetheless, unless the adverse trend in aid flows is reversed, debt servicing and other difficulties could emerge which may compel the Government to adopt import restrictions and inward-looking policies that will endanger the recent policy improvements and the economic recovery now under way.

1.78 Pakistan has been fortunate in the past that substantial workers' remittances have helped to alleviate the pressure on the external account. However, as noted above, the growth of remittances, while difficult to predict, appears to have slowed down; government short-term borrowing is already high at around \$350 million; and gross foreign exchange reserves, 1/ though bolstered in FY1980 by short-term deposits from Saudi Arabia and Kuwait, remain low.

1.79 Pakistan's immediate need is for quick-disbursing aid. Even if project assistance were to rise sharply, and such an increase will be necessary to meet anticipated financing requirements over the medium term as evident from Table I.29, this would provide little help to overcome the financing difficulties in FY1981, since such assistance is slow disbursing and would require corresponding increases in the Government's development outlays and imports. Program-type assistance, including food and commodity aid, and debt relief are two means by which Pakistan's requirements could be met. Further assistance from the IMF will also need to be arranged to offset expected repayments and to provide additional balance of payments financing. However, even if additional resources are obtained from the IMF to cover repayments, a financing gap of about \$540 million would remain in FY1981.

1.80 Further steps by the Government to reduce imports--for example, by price adjustments to edible oil, sugar and wheat, and somewhat lower imports of wheat than presently planned for stock-building purposes--could reduce this deficit by about \$100-125 million. This would leave a gap of about \$425 million to be financed from additional external resources.

1.81 A major uncertainty in assessing aid requirements in FY1981 is the level of remittances, which in each of the preceding three years has proved to be higher than expected. At the same time, recent regional developments, such as the influx of Afghan refugees into Pakistan, will place additional demands

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1/ Pakistan also has gold holdings of about 1.8 million ounces. The Government, however, does not regard these as available for financing current account deficits.

Table I.30: FOREIGN ASSISTANCE: ESTIMATED NET TRANSFERS IN 1979/80[/a]

(million US$)

	Inflows		Debt Service[/b]		Net Transfer	
	Official	Private[/c]	Official	Private[/c]	Official	Private[/c]
Consortium Countries	375.8	89.5	229.9	83.4	145.9	6.1
Belgium	8.9	-	0.8	2.0	8.1	-2.0
Canada	62.9	-	4.3	1.7	58.6	-1.7
France	31.7	1.3	21.2	16.9	10.5	-15.6
Germany	25.0	4.8	47.8	8.2	-22.8	-3.4
Italy	21.9	-	16.3	-	5.6	-
Japan	89.7	4.8	37.8	7.4	51.9	-2.6
Netherlands	21.2	-	5.3	1.0	15.9	-1.0
Norway	15.4	-	-	-	15.4	-
Sweden	4.0	-	-	-	4.0	-
United Kingdom	43.5	16.6	-	17.0	43.5	-0.4
United States	51.6	62.0	96.4	29.2	-44.8	32.8
Multilateral Agencies	230.1	-	104.6	-	125.5	-
Asian Development Bank	83.6	-	26.2	-	57.4	-
IBRD	16.8	-	60.7	-	-43.9	-
IDA	68.7	-	8.7	-	60.0	-
Islamic Development Bank	6.5	-	8.8	-	-2.3	-
OPEC Special Fund	4.3	-	0.2	-	4.1	-
Others	50.2	-	-	-	50.2	-
OPEC	231.5	1.0	92.1	13.0	139.4	-12.0
Iran	-	-	70.9	8.4	-70.9	-8.4
Kuwait	15.7	1.0	-	-	15.7	1.0
Libya	-	-	7.6	-	-7.6	-
Qatar	-	-	1.6	-	-1.6	-
Saudi Arabia	215.8[/d]	-	12.0	0.1	203.8	-0.1
United Arab Emirates	-	-	-	4.5	-	-4.5
Other Countries	161.5	5.2	32.5	0.8	129.0	4.4
China, P.R.	22.0	5.2	-	0.8	22.0	4.4
USSR	123.3	-	21.5	-	101.8	-
Others	16.2	-	11.0	-	5.2	-
Total	998.9	95.7	459.1	97.2	539.8	-1.5

/a Excluding short term.
/b Principal repayments and interest.
/c Suppliers' credits and private banks.
/d Includes $200 million loan to the Zakat Fund.

Source: Ministry of Finance and Economic Affairs on Pakistan's resources. Thus, a definitive assessment of Pakistan's aid requirements, and of an appropriate response by the Pakistan Consortium, is difficult at this stage.

1.82 However, debt service obligations to bilateral members of the Consortium will be about $220 million in FY1981, so that total net inflows from Consortium countries will be only about $170 million unless assistance programs are increased. On the basis of an uncovered gap of about $425 million, and also taking into account Pakistan's need to rebuild its depleted foreign exchange reserves and reduce its short-term borrowing, a significant contribution by Consortium countries towards meeting Pakistan's financing requirements in FY1981 would appear to require an increase in net inflows by approximately $300 million to at least $475 million. While such inflows could be achieved by program lending or other forms of direct balance of payments support, it seems unlikely in practice that such higher assistance levels could be achieved without debt relief on a substantial scale.

PART II: SELECTED DEVELOPMENT ISSUES

A. Introduction

2.01 The foregoing review of recent developments illustrates the economic difficulties facing Pakistan and the adjustments it has yet to make. Notwithstanding recent improvements in output and exports and in the overall management of the economy, financial difficulties persist. To a considerable extent, these difficulties reflect continuing pressures on resources, despite rapid output growth and the Government's efforts to restrain public investment. These pressures have led to substantial imbalances between savings and investments and between exports and imports--imbalances which have manifested themselves in sizable balance of payments and budgetary deficits.

2.02 While these difficulties have been accentuated by the decline in net external aid to Pakistan in recent years, and enhanced aid flows will be required to help alleviate these difficulties, it is likely that the underlying imbalances will continue unless the Government adopts further appropriate measures to deal with them. It is by no means certain, for example, that a permanent basis for sustained growth in agriculture and industry has yet been laid; without this, it will be difficult to contain demand pressures and the imbalances to which they give rise. International and domestic inflation, and rapid population growth currently averaging 3% annually, would alone ensure that demand pressures will exist, even without growth in per-capita living standards.

2.03 Although the Government has taken several steps recently to deal with its economic difficulties, and these have helped considerably to improve economic performance, the more fundamental problems inhibiting the realization of Pakistan's considerable potential in agriculture and industry, and the basic causes and policies which have led to the budgetary and external imbalances, remain. The adjustment process begun in 1977 and pursued with some vigor in recent years has far to go yet.

2.04 To bring about a more lasting improvement in the economy and to redirect it on a sustained development path, further actions are required on several fronts. Part II of this report focuses on three such critical areas. The first is the immediate and pressing need for improving the fiscal and external balance in order to attain a greater measure of financial stability. The second relates to policy changes which are needed to sustain production and productivity growth in agriculture and industry, respectively. The third concerns policies for developing an effective response to the energy crisis.

2.05 These issues and the solutions which they call for are closely interwoven. For instance, without tackling the pricing issues, it will be difficult not only to achieve financial stability but also to release the resources for undertaking those expenditures in the agricultural and water sectors which are essential for improving agricultural production and productivity in the long run. Similarly, it would be difficult to reduce the growing budgetary burden of production and export subsidies without improving the efficiency of the industrial sector. Without such improvements and the opportunities which they would present for increased employment and living standards, price adjustments which are necessary for restoring financial balance could create considerable social tensions. Agricultural and industrial growth appropriately combined with demand management policies will also help to generate export surpluses or import substitutes which will be necessary to strengthen the balance of payments. Domestic programs for exploration and development of mineral fuels, as well as other energy sources, hold out the hope of a considerable improvement in Pakistan's balance of payments outlook in the late 1980s and early 1990s.

2.06 While these issues by no means exhaust the list of critical items which policy-makers in Pakistan have to address to revitalize the economy, they are nevertheless central to the adjustment process. Without further progress in these areas, other necessary policy adjustments, for example, for developing more effective programs in the social sectors, will have little chance of being implemented or producing the desired results.

B. Measures to Increase Financial Stability

Savings

2.07 The persistent financial difficulties in Pakistan with regard to the budget and the balance of payments underline the need for a more fundamental improvement in the overall savings levels in the economy, notably in public savings. The financial difficulties reflect, in part, a dichotomy which exists between savings and investment flows, since the public sector continues to undertake the bulk of the investment while the private sector generates the bulk of savings. A mechanism to transfer private savings to the public sector other than through inflationary government borrowing from the banking system does not exist, as the market for government bonds and other investment paper is limited, at least at existing interest rates, while more profitable investment alternatives in trading and real estate and construction preempt private savings.

2.08 Little use has been made of interest rate policy as an instrument of mobilizing savings and allocating resources in Pakistan in recent years. While deposit rates have remained at the levels established during FY1977, interest rates charged on loans for investment have been reduced from 14% to 11% and for export finance from 10% to 3% as incentive measures. Commercial banks do not see a need to raise deposit rates since the latter have been generally sufficient to encourage the continued growth of term deposits and because banks themselves have remained liquid. This situation partly reflects the relatively low level of private investment and the effects of the Government's policy of restricting credit for non-essential and speculative purposes; it could, however, change significantly if private investment and private demand for credit were to rise as anticipated. To ensure sufficient credit for the private sector and to curb monetary pressures, given the limited scope for running down reserves, it may be necessary to raise deposit rates to attract more private savings.

2.09 A more serious obstacle to pursuing an effective interest rate policy may be the proposals now under consideration in Pakistan to modify the operation of the financial system in line with Islamic principles. Several committees have been set up by the Government to study the implementation, over a three-year period, of an "interest-free" financial system. The Government has emphasized that the application of Islamic principles to the banking sector will be made pragmatically, and considerable care is clearly necessary to ensure that this will not have an adverse impact on savings or in other ways disrupt the economy. The actual steps taken up to now to implement such a system have been minimal; they include the provision of interest-free home loans by the House Building Finance Corporation (HBFC) in return for a proportion of imputed or actual rental income; interest-free credit to small farmer cooperatives in Punjab for fertilizer; and investments by the National Investment Trust (NIT) on an equity participation basis only.

2.10 An increase in savings will inevitably require restraining private consumption, the growth of which in the case of several major items has been rapid (Table II.1). This does not imply that per-capita consumption must be reduced below present levels; even with the present high population growth rate, a GDP growth rate of around 6% per annum as attained during recent years provides room to increase per-capita consumption as well as savings. Nevertheless, this task is likely to present considerable difficulties. Pakistan at present has a complex system of price controls and rationing. Such systems are inherently inefficient and create distortions which may seriously affect economic growth; the administrative capacity to efficiently implement these systems is also open to question. Reforms to the system must be a central element of the Government's efforts to strengthen the financial situation.

Table II.1: PER-CAPITA AVAILABILITY OF SELECTED ITEMS, 1972/73-1978/79

(kgs per head per year)/a

	1972/73	1975/76	1976/77	1977/78	1978/79
Wheat	111.00	111.60	111.60	120.70	123.80
Rice	23.50	23.30	21.80	25.70	26.00
Other Cereals/b	15.50	17.30	16.40	16.90	16.00
Vegetable Ghee	2.87	3.89	4.43	4.76	5.33
Tea	0.58	0.73	0.70	0.81	0.78
Kerosene	2.09	2.27	2.53	2.67	2.79

/a Except kerosene, which is in gallons per year.
/b Barley, maize, jowar (sorghum) and bajra (millet).

Sources: Planning and Development Division and Statistics Division.

2.11 The continuation of the Government's recent efforts to restrain public spending and encourage private investment will help to reduce the imbalances between the investment and savings flows. Increased opportunities for private investment will also help to increase private savings and attract savings from less productive uses, either directly or through the stock market. For this purpose, to attract private investment into projects requiring substantial capital outlays, and to provide sufficient profits for future growth, more flexibility in pricing policy, including more frequent review of prices in line with inflation and production costs, will be required. Tighter regulation of listed companies and other measures to encourage investment and savings through the stock market also appear necessary.

Subsidies

2.12 Restraints on public expenditures and further measures to augment revenues are needed to consolidate the likely improvement in public finances this year. On the side of expenditures, the major component amenable to policy changes is subsidies.

2.13 Subsidies on agricultural inputs, consumption and cotton exports have grown rapidly over the last few years from 4% of total government expenditures in FY1977 to about 10% in FY1980 (Table II.2); they account for nearly 25% of the expected increase in expenditures between FY1977 and FY1980. The fertilizer subsidy in particular is now about Rs 2.5 billion, or about 80% of the development allocation for agriculture. Domestic fertilizer prices are particularly low in Pakistan and, despite a nearly 50% increase in February this year, they are still well below import costs. Given these price differentials, the rapid growth of fertilizer offtake, the higher capital and operating costs of new domestic fertilizer factories and the likely trends in world prices over the next few years, the subsidy is unlikely to be appreciably reduced below its present levels, and may indeed again increase substantially, unless further price adjustments are made.

2.14 There seems to be little justification for maintaining a large fertilizer subsidy, since fertilizer use is now well accepted among farmers and the benefit-cost ratios remain high. The subsidy is also an inefficient device for transferring income through low sale prices to small farmers, since 70% of the land is operated by farmers with holdings of 12.5 acres or more and per-acre fertilizer usage is roughly equal irrespective of farm size. The subsidy has preempted resources from complementary investments in agriculture which are essential for strengthening agricultural institutions and improving productivity. Further reductions in the fertilizer subsidy, together with a reallocation of resources within the agriculture and water sectors, would help to reduce the budgetary burden and to attain long-run growth objectives.

2.15 Adjustments in farm output and consumer prices of a substantially lower order than the increases in fertilizer prices would protect incentives to farmers and also reduce subsidies on wheat and edible oil. At current application rates, the cost of fertilizer as a proportion of gross value of output is about 4-5% for cotton, rice and sugarcane and about 10-11% for wheat. Farm budget data indicate that, on average, a 4-6% increase in output prices may be sufficient to offset a 50% increase in fertilizer prices. To compensate for cost increases in other inputs and to permit some improvement in farm incomes in line with inflation, larger increases in output prices may be warranted. Although wheat issue prices were raised last year, the rate of subsidy on domestically procured wheat is still about 35% and on imported wheat considerably more; the wheat subsidy remains around Rs 1.6 billion even with a sharp reduction of imports from about 2.2 million tons to about 600,000 tons this year. The removal of other input subsidies--the subsidy on pesticides was substantially eliminated in February this year--and increases in water charges (see below) could also be linked to an increase in output prices to facilitate acceptance by farmers. Finally, higher consumer prices could be further justified by the need to reduce demand pressures in view of the rapid growth in per-capita consumption in a number of commodities.

Table II.2: CONSOLIDATED GOVERNMENT SUBSIDIES, 1976/77-1979/80

(million rupees)

	1976/77	1977/78	1978/79	1979/80
Development Subsidies	462	1,026	2,100	2,882
Fertilizer	87	617	1,692	2,500/a
Plant Protection	421	347	376	326
Tubewells	48	37	24	48
Non-Development Subsidies	1,111	1,686	3,690	3,442
Wheat	1,107	1,634	2,575	1,582
Edible Oil	-	-	577	523
Cotton Exports	-	-	500	650
Other	4	52	11	687/b
Total Subsidies	1,673	2,712	5,790	6,324
Subsidies as % of Total Expenditures	4.3	6.1	10.5	10.3

/a Bank staff estimates.
/b Includes Rs 650 million refund to Cotton Export Corporation.

Sources: Ministry of Finance and Economic Affairs and Bank staff estimates.

Development Spending

2.16 Continued restraint on development spending is required to improve the budget and the balance of payments. Although commitments on ongoing capital-intensive projects have so far limited the Government's ability to cut back development spending, a number of major projects, particularly in the industrial sector, are nearing completion. Financial allocations for the Steel Mill are expected to fall sharply during FY1982 and FY1983, while several cement and fertilizer factories as well as Port Qasim (Phase I) will be completed over the next two years (Table II.3). If the fertilizer subsidy is also significantly reduced, for example, to the levels suggested in Table II.3, this could release as much as Rs 5 billion, equal to nearly 25% of this year's development program.

Table II.3: PHASING OF MAJOR DEVELOPMENT SPENDING, 1979/80-1982/83

(million rupees)

	1979/80	1980/81	1981/82	1982/83
Karachi Steel Mill	2,750	3,500	2,000	1,000
Cement Factories	463	595	300	200
Fertilizer Factories	323	481	103	-
Other Public Sector Industry	350	235	107	40
Port Qasim	755	1,185	-	-
Sub-Total	4,641	5,996	2,510	1,260
Fertilizer Subsidy/a	3,000	2,000	1,500	1,000
Total	7,641	7,996	4,010	2,260

/a For 1979/80, estimated subsidy; for 1980-83, notional target for reducing subsidy.

Sources: Planning and Development Division and Bank staff estimates.

2.17 This will provide the Government with a major opportunity to adjust the level of development spending, reorder its investment priorities, and ensure that increased resources are directed to high-priority needs in the agriculture, water and other sectors. However, it is not difficult to envisage how such an opportunity might be lost if decisions are not taken now to forestall new demands on resources, or if the ambitious plans which exist for some sectors, for example, for port development, village electrification, telecommunications, etc., are carried out. A conscious effort is necessary to postpone expenditures which may be desirable but could be delayed without seriously disrupting economic activity.

2.18 There is also room to reduce public expenditures by encouraging private participation in some activities which are now handled by the public sector; fertilizer and pesticide distribution in the agriculture sector and tubewell development in the water sector are three such examples. Another possible area for more private participation is municipal transport; urban transport corporations which operate city services require substantial subsidies from the Government to cover their operating costs, while their capital expenditures, expected to rise to about Rs 600 million a year over the next two to three years according to the Planning and Development Division's estimates, are financed through the Government's development budget.

Revenues

2.19 Restraints on expenditures will have to be supplemented by stronger efforts to improve revenues. Although the revenue performance has generally improved in recent years, further progress is possible in several areas.

2.20 The weaknesses and problems of Pakistan's taxation structure have been discussed at some length in earlier Bank economic reports. 1/ While substantial progress has been made in addressing these problems over the past two to three years, there have been other changes which limit the potential benefits from recent improvements. For instance, although the threshold limit for the income tax has remained at Rs 12,000 over the last few years, revisions of tax rates made this year limit the maximum tax liability to Rs 1,350 on non-salary incomes of up to Rs 21,000 and to only Rs 120 on salary incomes. These, and increases in allowable deductions from assessable income over the past few years, have undermined the efforts of the tax authorities to expand the tax base by increasing the number of taxpayers. Thus, despite nearly 200,000 new assessees over the last three years, the total number of taxpayers, which now stands at about 465,000, is still relatively small. To improve revenues from direct taxes, reductions in tax rates and increases in allowable deductions and the threshold limit for the income tax should be avoided.

2.21 Import duties on several items were recently shifted from an ad valorem to a specific basis to facilitate tax administration. This will, however, reduce revenues. It may be possible to improve tax administration without reducing revenues by simplifying the present complicated import tariff while retaining the ad valorem basis. For instance, similar goods are now taxed at substantially different rates: reducing the large number of tax rates will not only make the tax liability more predictable to the taxpayer, but will also reduce discretionary powers of tax collectors and the scope for malpractices. Additional import duties on less essential imports and on items which are currently taxed at low rates will also help to raise revenues.

2.22 Present government revenue from agriculture is small and could be increased without imposing undue hardship on the farming community. The land tax, which was the principal direct tax on agriculture, will be abolished in favor of the Islamic levies of Zakat and Ushr. 2/ These levies do not replace lost budgetary revenues, since the proceeds are earmarked for supporting the destitute and the poor in accordance with Islamic injunctions, though they could be used for setting up schools, hospitals, etc., by local bodies and could reduce budgetary outlays on social sectors accordingly.

1/ See especially World Bank Report No. 1924-PAK, "Pakistan, Development Issues and Policies, Volume II: Public Sector Resource Mobilization," April 1978.

2/ Zakat is a levy on wealth and Ushr a levy on annual gross produce from land.

2.23 One mechanism for increasing revenue from agriculture is through an increase in irrigation water charges. These are a user charge and should not be regarded as an instrument of income transfer. The charges are at present far below the cost of providing irrigation water. Since the maintenance of the irrigation system is a provincial responsibility, and because of the generally poor state of provinicial finances, this has led to considerable under-financing of operation and maintenance expenditures of the irrigation system, its consequent deterioration and heavy water losses. Close to a 50% increase in water charges is necessary to cover even the currently inadequate level of operation and maintenance costs and substantially more to improve the upkeep of the system and to recover some part of capital costs.

2.24 Considerable opportunities for mobilizing additional resources exist at the municipal level. According to the 1973 Constitution, municipal authorities do not have a separate and independent legal existence. However, both the Federal and Provincial Governments are empowered to delegate functions to them. The Provincial Governments supervise and regulate local authorities, including the approval of their budgets and tax and rate increases. Both Provincial and Federal Governments provide financial support to local authorities directly; because the financial position of Provincial Governments themselves is weak and their operating deficits as well as development needs are met by the Federal Government, the latter also provides support to municipal authorities indirectly. Thus, since municipal authorities depend heavily on the Federal and Provincial Governments for most of their development resources and occasionally also for financing their operating deficits, improvements in municipal revenues will benefit the federal budget.

2.25 Two areas where municipal revenues can be substantially improved are urban property taxes and water rates. Municipal property tax receipts have generally been very low. For instance, in Karachi, the principal municipality in Pakistan, property tax revenues in current prices rose between FY1970 and FY1978 at an annual rate of about 9-10%, while incomes in current prices rose by over 15% per annum and urban property values increased even more rapidly. Karachi's property tax performance has been poor compared with other large cities in developing countries. Per-capita property tax collections in Karachi are only about one tenth of those of Manila, Hong Kong and Singapore, and about one third of those of Bombay and Calcutta.

2.26 Collections from property taxes have been poor principally due to low assessments of property values and inadequate rates. Properties have been assessed on the basis of rental values and, since most rental properties are subject to rent controls, assessments have been far below the capital costs or market values of properties. Secondly, revaluation of properties as well as rate changes have been infrequent; in Karachi, a comprehensive revaluation of properties and adjustments in property tax rates have not been made during the last decade. Finally, many potential taxpayers--nearly half of the assessable units in Karachi in FY1978--have been exempted from the tax, principally due to tax holidays granted in the mid-1970s. While these tax holidays have ended recently, more realistic assessments of property values in line with capital costs or market values and regular reassessments would substantially increase revenues. The growth of construction and of property values in Karachi has been rapid in recent years.

2.27 The undervaluation of properties has also seriously affected collections from water rates and from other municipal services, such as conservancy, sanitation, etc., since these are directly linked to property assessments. In Karachi, the water rate has been 6-6.5% of assessed property value since 1942, the equivalent of Rs 0.94 per thousand gallons. Actual collections, due to inefficiencies in collection, have been even less, Rs 0.68 per thousand gallons, far below the operating costs of providing water which is currently estimated at Rs 3.00 per thousand gallons. Substantial rate adjustments are necessary not only to offset these operating losses but also to finance at least part of the considerable capital cost required to improve the water supply system, which is becoming increasingly inadequate to meet Karachi's needs.

2.28 The financial performance of public enterprises and utilities also provides considerable room for improvement. Although their tariffs and rates have been substantially raised and some improvement in their operating surpluses has taken place in recent years, these agencies are still only able to finance about 10% of their development expenditures. Low levels of efficiency and labor productivity, poor financial management and accounting practices, low rates and higher operating expenditures, due mainly to increased wage and fuel costs, have all contributed to this poor financial performance. While public enterprises are generally required to meet certain social objectives of the Government, for example, providing services below cost to certain income groups, and cannot operate with the same degree of freedom as private sector firms, substantial improvements in their operating efficiency and rates are called for to provide a more satisfactory return from the substantial investments in these enterprises.

Balance of Payments

2.29 The balance of payments presents the Pakistan Government with its most intractable problem. First, despite their rapid growth in recent years, exports are only about half the level of imports; exports, therefore, must rise at a substantially faster rate than imports simply to prevent a worsening in the sizable foreign trade deficit--a task made even more difficult by the sharp increase in the petroleum import bill. Secondly, if a rescheduling of debt does not take place, debt service will continue to rise sharply. Although substantial workers' remittances have helped to alleviate the pressure on the external account, the growth of workers' remittances seems to have slowed down. In addition, short-term borrowing is already high, and the foreign exchange reserves remain low and need to be rebuilt. It is, therefore, difficult to see how the deficits in prospect for FY1981 and subsequent years could be financed without a substantial increase in external assistance.

2.30 Even with increased external assistance, however, a major effort will be required to reduce the underlying trade deficit. The price adjustments discussed earlier in this chapter to limit the pressure on resources, and measures to improve production and productivity in agriculture and industry and develop domestic energy resources discussed below, are central to this effort. The structure of costs and prices in the economy vis-a-vis Pakistan's principal competitors and trading partners will also need regular review and appropriate modification, in the light of changing foreign currency relationships, to ensure progress in reducing the trade deficit.

2.31 Increased agricultural production of major crops (particularly rice and cotton) will help directly to sustain export growth. Efforts should also be made to stimulate the output of minor crops, for example, pulses, potatoes, onions and fruits, for which markets exist in neighboring countries. In addition, substantial scope exists for increasing Pakistan's exports of manufactured goods such as textiles and engineering products, as well as of a wide range of goods produced by the small-scale industries sector. Increased domestic output of wheat, edible oil, sugar, mineral fuels and fertilizer, and price adjustments on these and other items (for example, tea) would help to moderate import growth considerably. Three key areas of import substitution might be mentioned. The first is energy, imports of which now account for 20% of the total import bill and where Pakistan's potential, though still uncertain, may be considerable. Secondly, while edible oil consumption has been growing at 15% a year and imports now amount to about $300 million, efforts to increase domestic production have met with little success, although there has been no lack of studies on oil seeds cultivation. Thirdly, significant import savings could be achieved by resolving the operational difficulties besetting fertilizer factories in the public sector, which are currently operating substantially below capacity (paragraph 2.79).

C. Issues in Agriculture

2.32 Despite the recent improvements in agricultural output, the last decade has been characterized by stagnating yields, except to a limited extent in wheat. While this partly reflects unusually unfavorable weather over several years and partly the deceleration of the momentum of the green revolution, the disturbing fact is that, even for new varieties, yields have remained well below those achieved in comparable conditions in other countries. Much of the output growth in the last decade has been made possible by continued acreage expansion, especially in rice and wheat, as a result of extensive investments in the Tarbela Dam and in public and private tubewells to augment water availability. However, even allowing for the rectification of previous underwatering, the response to improved water availability in terms of increases in cropped areas and cropping intensities has been inadequate; and overall production has been well below the potential implied by the inputs and technologies available. Looking ahead, and given the likely resource limitations, further substantial increases in water availability and cultivated acreage are unlikely to take place. Future increases in agricultural production, therefore, must be achieved principally through increasing per-acre yields.

2.33 The potential for increased agricultural production in Pakistan, notably through the more efficient exploitation of available resources and technology, is considerable. Recent studies in Pakistan conclusively demonstrate that increased inputs, especially fertilizer, combined with better timing of water releases and simple improvements in farm practices such as regular weeding and increasing plant densities, can substantially increase production in the short to medium term. However, longer-term growth requires a broadening of agricultural strategies to complement the provision of key inputs and ensure their efficient use. This will involve major efforts to strengthen the institutional framework for research, extension, water management and other programs and necessitates a reappraisal of priorities within the agriculture and water sectors. The need for these fundamental shifts in policies is recognized by the Government.

Revised Action Program for Irrigated Agriculture (RAP)

2.34 The completion in May 1979 of the draft "Revised Action Program for Irrigated Agriculture" (RAP) 1/ was an important step in the evolution of government policy towards agricultural development. The significance of the draft study lies not only in its specific recommendations--important as these are--but also more generally in the way it has generated discussion in the government agencies concerned. Together with a number of other recent publications, it has helped change the perception of agricultural problems and priorities in Pakistan, with a potentially wide-ranging impact on policy formulation and program implementation, and has made an important contribution to the planning process.

2.35 The RAP's major conclusions and recommendations are broadly consistent with, but take much further, the arguments made in recent Bank reports. They recognize that programs to increase the availability of water and other inputs will continue to be important but that greater priority must be given to complementary measures to ensure their efficient use, in particular through (i) improving the efficiency of institutions involved in agricultural development; (ii) maintaining a consistent framework for mobilizing private initiative; and (iii) developing new policies and programs that have a direct impact at the farm level. The RAP has given such generalities concrete form by relating the recommended policies and programs to overall macro-economic realities, in particular the need to generate additional resources, and by evaluating alternative programs and projects within a pragmatic framework. Inevitably, as events unfold, modifications to the RAP will become necessary. The framework provided by the RAP should, nevertheless, be of continuing value in ensuring that such modifications are assessed in accordance with a clearly-defined and rational development strategy.

2.36 Central to the strategy underlying the RAP is the recognition that the disappointing performance of the agricultural sector during the 1970s has contributed substantially to the acute resource constraints facing the Pakistan economy. While it is true that there has been a promising growth in output during the last two years, for the 1970s as a whole neither increased use of inputs (water, fertilizer, pesticides), nor substantial investments in water supply infrastructure (notably Tarbela and the SCARP program) have had the impact on agricultural production that was expected.

2.37 Relatively slow expansion in the productive base has been reflected in a poor domestic savings performance which, aggravated by an increasingly unfavorable aid environment, has imposed severe financial stringency on the

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1/ Prepared by the Master Planning and Review Division (now the Perspective Planning Division) of the Pakistan Water and Power Development Authority (WAPDA), with assistance from consultants. The study was financed by UNDP, with the Bank as executing agency.

Government's operations. With input subsidies and major new investments in water supply preempting the resources available, this financial stringency has been felt particularly acutely by the institutions that serve the farming community and which operate and maintain existing facilities. This has been further aggravated by the increasing role which some of these institutions have played in the direct management of programs and facilities for which they are not particularly well equipped. These include public tubewells, pest control programs, fertilizer distribution and agricultural processing, most of which (subject to adequate safeguards) would be more efficiently managed by the private sector.

2.38 Against this background, the Revised Action Program proposes a strategy designed, within the context of continuing resource constraints, to release existing resources for higher priority purposes and generate new resources through quick-yielding investments. RAP's recommendations can be grouped into three major categories:

(a) Investment policies which would lead to quick returns and which would complement the major irrigation facilities already provided rather than create major new infrastructural facilities or extend the irrigated area. In the water sector, major emphasis is placed on rehabilitation of the existing irrigation system (accumulated maintenance), promotion of watercourse improvements (mainly investments below the Mogha), provision of essential drainage and improvements in the overall management of the system to maximize agricultural returns from existing water supplies. In the agricultural sector, the report emphasizes agricultural and water management extension services, agricultural research, seed certification, animal husbandry and the provision of appropriate rural infrastructure. Institutional recommendations are made which complement these investment priorities, notably in ways which would improve coordination and cooperation among different government agencies.

(b) Management policies which would transfer responsibility to the private sector for appropriate operations and facilities now in the public sector's domain. This would not only generate private savings and release public sector resources for other purposes, but also lead to greater productive efficiency. The report gives greatest emphasis to groundwater exploration, recommending not only that unexploited fresh groundwater areas should be left to the private sector (supported by supervised credit schemes) but that those already developed under SCARP programs should similarly be gradually transferred.

(c) Pricing and subsidy policies which reflect real resource costs more accurately than those followed at present. Major attention is given to the fertilizer subsidy which still threatens to absorb most of the resources available to the agricultural sector (excluding water) and whose elimination would be easily the most important way in which existing resources could be released for higher return purposes. The report also recommends the elimination of other subsidies (on tubewells, pest control, etc.), and a three-fold increase in water charges over the next five years so that these cover (increased) operation and maintenance costs of the irrigation system. Crucial to the success of such policies would be the continuing review and adjustment of output prices to ensure adequate producer incentives, and the development of appropriate credit facilities to reduce the financial constraints that may prevent the farmer adopting higher cost inputs.

2.39 These recommendations, while not precluding some expenditures on major infrastructural facilities, suggest that, for the medium term, high-cost, long-gestation projects should be given low priority. The RAP emphasizes the need to manage the evolution of the investment plans for agriculture and water under the conditions of the 1980s as they unfold. Clearly, this will require not only reformulation of particular projects in the light of experience, but also balancing the relative importance of different programs within the context of available resources.

2.40 In the agricultural sector, emphasis is given in the proposed revised investment schedule to agricultural support services, including credit, agricultural research, extension, seed certification and supporting rural infrastructure. During the 1970s, many of the institutions involved in providing these services deteriorated under the combined impact of resource constraints, political changes and uncertainties, management instability and loss of morale. During the last year or so, however, a number of Government initiatives have been taken with a view to rebuilding these services. Financial and managerial reforms at the Agricultural Development Bank of Pakistan (ADBP); the introduction of new management systems for agricultural extension (the training and visit system) in Punjab and Sind; the strengthening of the Pakistan Agricultural Research Council (PARC); and the establishment of specialized seed supply corporations all point in the right direction and are in sympathy with the objectives set out in the Revised Action Program.

2.41 In the water sector, the RAP gives emphasis to those programs which involve relatively small discrete investments that complement the existing irrigation system. These include ongoing activities being undertaken by the provincial irrigation departments (rehabilitation, maintenance and operation of the irrigation system), the provincial agricultural departments (watercourse improvements), WAPDA (rural electrification) and the agricultural banks (finance for tubewells, on-farm water management improvements, etc.). The RAP stresses the need to release at relatively low cost only the principal constraints on agricultural production; to minimize major new construction and concentrate on investments below the canal turnout; and to involve farmers as far as possible in financing such investments.

2.42 To assist in implementing the Revised Action Program, the report makes a number of major institutional recommendations. At the federal level, the report recommends a Commission for Agricultural Policy and Planning (CAP) to provide policy and program direction to agencies functioning in the agricultural sector, headed by a Minister reporting directly to the National

Chief Executive. At the provincial level, it recommends a Provincial Additional Chief Secretary for Agricultural Production to liaise with the federal CAP and to coordinate and direct the Provincial Agriculture and Irrigation Departments and other public agencies. At the project level, it recommends that water sector infrastructure should be conceived and managed as area-based development projects. These and other institutional proposals of the report aim to ensure coordination and cooperation in the implementation of agricultural and water programs. While some recommendations may require modification, their general intent and direction are correct.

2.43 The Bank has endorsed the major conclusions of the UNDP study, and while a detailed review of the study within the Government has not been completed, the initiative has been taken to support some of its major recommendations, including improved institutional coordination between irrigation and agriculture and an increased realization of the importance of water management, extension, credit, research and seed supply. The Government's pursuit of these objectives has, in part, been responsible for the recent upturn in agricultural production. A recent Bank agricultural program review mission noted a greater vigor in the government departments concerned with agriculture and irrigation and, in particular, a more critical approach to matters of investment priorities and resource generation and the relative roles of the private and public sectors. At the same time, the mission pointed to major remaining problem areas such as the growth in the fertilizer subsidy and the continued low emphasis in the investment programs on quick-yielding projects and support services.

2.44 The scope and need and recent government action to reduce the fertilizer subsidy were discussed earlier in the report (paragraph 2.13). Note was also made of the low level of water charges and the impact of this on the operation and maintenance of the irrigation system (paragraph 2.23). The following paragraphs discuss briefly three other areas highlighted by the RAP, namely, water management, extension and research.

Water Management

2.45 A major factor preventing higher agricultural production in Pakistan has been the uncertain availability to the farmer of irrigation water. Because of inefficiencies in the irrigation system, it is estimated that as much as two thirds of the water diverted into the system for surface supplies is lost. 1/ These losses, together with unpredictable variations in water supplies, cause considerable uncertainty at the farm level as to whether water will be available at periods critical to crop development. The situation largely reflects the poor condition of watercourses and the lack of arrangements that effectively ensure each farmer an appropriate share of available water. To counter this situation, substantial private investment has been made in groundwater exploitation and about 160,000 private tubewells have been installed. Nonetheless, the inability of the surface irrigation system to deliver an adequate and assured supply of water is responsible in large measure for the modest crop yields currently achieved in Pakistan.

1/ World Bank Report No. 922-PAK, "Pakistan: Special Agricultural Sector Review," January 1976.

Farmers find an extensive system of farming, where available water and other inputs are spread as widely as possible, to be less risky than intensive cultivation, for which assured and timely supplies of water are critical for success.

2.46 To exploit the potential of increased supplies of Tarbela and tubewell water, established water distribution practices will need to be modified to obtain the optimum conjunctive use of surface and groundwater resources and to ensure that water is used where it produces its highest return. In addition, major improvements are required in the water delivery system at the farm level. Achieving such improvements will be a complex undertaking, involving the need to mobilize farmer participation in some 80,000 watercourses. A consensus has yet to be reached on how these problems should be tackled, but valuable experience has been gained under a pilot scheme assisted by USAID. Programs to increase the efficiency of water use are of the highest priority and ways should be explored to introduce them as widely and as quickly as possible.

Extension Services

2.47 To improve cultural practices at the farm level, an effective extension service and research system geared to the farmers' requirements is essential. Farming practices in Pakistan have changed little, despite the introduction of new varieties and improved water availability. The extension system is presently unable to provide technical advice and assistance to farmers on a regular basis, since the extension workers are too thinly spread among the farming population--the present ratio is about 1:1,000--and lack mobility, proper training and motivation. They have also been overburdened with other tasks such as data collection.

2.48 The Government recognizes that a breakthrough in farming practices will require a systematic extension effort in association with long-term improvements in land and water management, and efforts are now under way to improve the extension system and other support services to farmers. The training and visit system of extension has been adopted in Punjab and Sind and it is expected that about 20% of farmers in Punjab will be fully covered by 1983 and about 25% of farmers in Sind by 1984. Follow-up projects aimed at providing an improved extension service for all farmers are envisaged. A major constraint is the availability of rupee funds to recruit, train and supervise sufficient extension workers. This will continue to limit progress unless additional resources are made available for these key programs.

Agricultural Research

2.49 Agricultural research in Pakistan has failed to keep pace with the needs of the sector. The institutional system for agricultural research has proved to be too complex and cumbersome, with responsibilities widely diffused between Federal and Provincial institutions. The agricultural universities and about 60 research and academic centers scattered throughout Pakistan generally work in isolation and there is little cooperation. There is no national review procedure to evaluate the research work and there is considerable duplication of effort. As a consequence, while the focus of programs has been on major crops, many gaps in technology remain. Little emphasis has been given to minor crops, livestock, farm and range management, fisheries, marketing, etc., nor to adaptive research designed to improve farm level productivity.

2.50 A recent USAID/World Bank mission which visited Pakistan in November 1979 to review the agricultural research situation concluded that, while the urgently needed increase in Pakistan's agricultural production could come mainly from improved organization for the application of existing knowledge, this would depend critically on better adaptive research. The mission proposed, inter alia, that the Pakistan Agricultural Research Council (PARC) should be given a substantial increase in its autonomy to enable it to function adequately in its coordinating role and to provide support services for provincial research institutions; that inter-provincial cooperation in agricultural research should be increased by promoting a freer exchange of visits of research staff and of research information; and that university research should be improved and oriented more to the production problems of the country's agriculture, instead of being largely academic.

2.51 The Government recognizes the need to upgrade agricultural research and has accepted in principle these recommendations. The Federal and Provincial Governments need now to design an adequate, comprehensive and well coordinated policy on agricultural research, adopting the necessary administrative measures to implement it.

Pricing Policies

2.52 Substantial increases in support prices for major crops and the abolition of export duties on most agricultural products have helped to improve domestic world price ratios and per-acre returns to farmers in major crops. A possible exception has been rice, where farmers' returns seem to have declined over the last few years. While the Government has rightly not attempted to follow year-to-year fluctuations in world prices too closely, it would seem necessary, given the considerable export potential of rice, to ensure that incentives to rice cultivators are not only safeguarded from erosion through inflation, but are not less attractive than those for competing crops which are less economic in terms of resource costs, for example, sugar.

2.53 As a general matter, it is obviously important to give correct price signals to farmers both to avoid sub-optimal substitutions between crops and to encourage maximum output growth. Periodic review of inter-crop price relatives and appropriate price adjustments for all crops to ensure adequate returns to farmers are essential. A related issue is that of input prices, which must be considered not only in the context of farmers' incentives but also from the point of view of their budgetary implications. The establishment of a permanent body in the Government with responsibility to collect and analyze data on the impact of agricultural pricing policy, and to recommend changes to it, is necessary for the effective accomplishment of the Government's objectives in the sector.

D. Issues in Industry

2.54 Pakistan's industrial development strategy has changed substantially over the past three years. The policy of the early and mid-1970s of spearheading industrial development through the rapid expansion of the public sector has been significantly modified. In its place, a two-fold approach has been adopted since 1977. This has involved:

- The opening up of virtually all industries to private activity, and the provision of incentives and safeguards to revive private sector interest and confidence; and

- A reduction in the scope of the public sector, and reorganization of existing public industries.

2.55 A large number of concessions have been granted to industry to stimulate activity, particularly in the private sector. These measures, though often small in themselves, add up to a substantial package of incentives. They include a variety of fiscal and monetary provisions--for example, tax rebates and exemptions, and concessionary interest rates--to encourage output, exports and investment. In addition, the system of administrative controls on industry has been relaxed on three fronts: (i) import licensing procedures have been simplified, particularly for raw materials and industrial machinery; (ii) export control measures have been reduced and made less cumbersome; and (iii) investment sanctioning procedures have been simplified and streamlined. A government ordinance has been promulated to safeguard private companies from arbitrary public acquisition.

2.56 Several measures have been addressed specifically to aid the important textile industry. These fall broadly into three main groups: the abolition of excise duties on the manufacture of cotton yarn, cloth and fabrics; the removal of import duties on textile machinery required for balancing, modernization and replacement, and for the manufacture of garments and other made-up textile goods; and export rebates ranging from 7-1/2% on yarn to 12-1/2% on finished cloth and made-up textiles. A program of further measures to rehabilitate the textile industry has been adopted (see below).

2.57 Government attitude towards the public sector has showed a marked departure from the past. The first step in this process was the decision in late 1977 to denationalize a large number of small agro-processing units and to permit and encourage private sector involvement in many fields previously reserved for public enterprises. This decision was followed by the publication of detailed industrial investment schedules which specified the wide range of industries in which private investment is now welcomed.

2.58 The second step was the completion of in-depth assessments of public industries by two government committees. These committees examined both the financial position, efficiency and prospects of individual public units, as well as broad policy issues concerning the management and organization of the public sector. Although the recommendations of the committees have not been published, they have been reflected in a number of actions taken by the Government to reform the public sector. 1/ Principal among these have been:

(i) Steps to improve the financial performance and management of public industries, and to provide them with more operational flexibility. For example, the Bureau of Industrial Management has been abolished; the number of holding companies reduced; and boards of directors (including private representation) are being established for each enterprise;

(ii) Closure of public enterprises with chronic problems which cannot be brought back to a reasonable level of technical efficiency and financial performance, and for which private buyers cannot be found;

(iii) Denationalization of further public enterprises, following the return to their previous owners of rice husking, flour milling and cotton ginning units nationalized in 1976; and

(iv) Creation of mutual funds, comprising shares in public companies, to facilitate private investment in the public sector and encourage private savings. A first such State Enterprise Mutual Fund was launched in December 1979 by the Investment Corporation of Pakistan (ICP).

2.59 The industrial recovery of the past three years--in particular, the upturn in production and exports, and the revival in private investment sanctions--owes much to the Government's measures in the field of industrial policies and incentives. The deep malaise which earlier was afflicting much of both private and public industry has diminished. The new directions of policy adopted by the Government in the industrial sector need now to be reinforced by further measures to increase efficiency and exports and to improve the general environment in the sector, notably in the key area of labor-management relations. In addition, the present incentive system for industry should be reviewed to ensure that it accords with Pakistan's resource endowment and comparative advantage. This analysis would be essential for determining an appropriate industrial development strategy for the 1980s.

Private Investment

2.60 The Government's efforts to encourage more private investment has brought a positive but cautious response from the private sector. With a few exceptions, the revival in private investment interest has so far been largely confined to relatively smaller-scale projects with short payoff periods; in this area, the upturn in investment applications and sanctions has been substantial. On the other hand, businessmen have been much more reluctant to commit funds to larger-scale, long-gestation projects, and although some such investment proposals have been discussed with the Government, few have yet materialized.

1/ For a review of the performance of the public manufacturing sector in the mid-1970s, see World Bank Report No. 1924-PAK, "Pakistan: Development Issues and Policies," April 1978.

2.61 To a large extent, the cautious attitude of the private sector towards new investment has been due to uncertainty about political developments both inside and outside Pakistan. Against the background of recent events in the region, the upturn in investment interest has been relatively encouraging. Confidence in the private sector has been recovering gradually, and if this continues, businessmen may in due course begin to be prepared to commit funds to new investment on a larger scale.

2.62 The Government should consider what other actions might be taken to nurture and further encourage private investment. An improvement in labor-management relations, discussed below, could have a significant effect on private sector attitudes. Government procedures for and controls over private investment, although recently improved, might be further streamlined. A necessary action, already under way, is to ensure the availability of more foreign exchange for private investment; the Government has been arranging for additional lines of foreign credit for PICIC and IDBP, the major development banks serving the private sector, whose foreign exchange resources have been largely exhausted. The possibility of joint ventures between public and private capital, including foreign private capital, might be more actively explored. Modifications to investment incentives--for example, to increase the incentive for investments based on indigenous materials--and measures to revitalize the stock market are other actions which might be considered (see also paragraph 2.11).

2.63 An issue with a major bearing on private sector attitudes is Government pricing policy. The ex-factory prices of a number of major commodities are administered by the Government and are fixed at a level which is intended to given a reasonable return on investment; this is normally interpreted to mean a return of 15% on net assets employed. The Government reviews prices from time to time in the light of submissions from the companies concerned and makes such adjustments as it deems appropriate.

2.64 The policy, and the application of it, appear to have several shortcomings. First, the policy tends to be administratively cumbersome and time-consuming. Secondly, it is not conducive to efficient factory operations, nor to providing adequate incentives for further investment. Prices appear to be largely based on historic costs, without sufficient allowance for the cost of maintaining and replacing plant. In at least two subsectors where substantial scope for private investment exists--namely, fertilizer and cement--the pricing issue has apparently been a major deterrent to private involvement. A comprehensive review of the policy is indicated.

The Incentive System

2.65 Industrial growth in Pakistan has yet to realize the potential indicated by the country's resource endowment and market size. The transition from the rapid growth of the 1950s and 1960s--based on easy and highly-protected import substitution--to a more diversified and outward-looking mode of industrial development was interrupted in the 1970s by both external and internal traumas. This interruption left little opportunity for a systematic review of industrial policies to ensure conditions favorable to growth. The present incentive system, together with the regulations, controls and institutional framework of industrial planning, represent the results of three contrasting periods of industrial policy--the protective approach of the 1960s; the emphasis on the development of public industries and restrictions on the private sector during much of the 1970s; and the ad hoc measures taken recently to revive activity.

2.66 Recent government measures have supplemented, rather than restructured, a complex, piecemeal incentive system. The workings of the present incentive system, and its impact on the industrial sector as a whole and on specific industries, are unclear. The Government needs to ensure that the system supports those industries which are or can be made efficient in the long run, and which will maximize foreign exchange earnings or savings. For this purpose, more analysis is necessary to determine effective protection levels and the effects of the system on economic efficiency.

2.67 In the light of this analysis, modifications to the incentive system may be required to facilitate an adjustment of the industrial structure towards more efficient allocation and use of resources, and to provide a sound foundation for the Government's efforts to generate sustained industrial growth. Such a system would probably necessitate a shift away from direct controls on industrial development and would be a more flexible tool of sector planning and management. This would be consistent with the broader role now assigned by the Government to private industrial initiative and activity.

Industrial Productivity

2.68 Germane to the issue of economic efficiency is the problem of declining industrial productivity in Pakistan. Little systematic information is available, but the evidence suggests that, in large and medium-scale industries, productivity increased rapidly in the 1960s and declined thereafter. Although the efficiency of utilization of energy, raw materials and equipment seems to have declined, labor productivity deteriorated particularly rapidly in the 1970s due to labor problems, which are now perhaps the main obstacle to further industrial recovery. The situation has been exacerbated by the outflow of skilled and semi-skilled workers to the Middle East; shortages of trained personnel are now evident in almost every key industrial occupation and necessitate a substantial strengthening of vocational training programs. 1/

2.69 There is also an urgent need to improve labor-management relations in general, and in the textile industry in particular. Labor costs in textiles have risen by 200% since 1972, or about 25-30% a year, with a relatively high ratio of fringe benefits to wages. Absenteeism ranges between 25% and 40%, and labor turnover has been as high as 100% per annum in some mills. Current labor legislation affords high protection to workers and leaves few disciplinary powers with management. The result is low productivity which threatens to raise the effective cost of labor above levels in other textile exporting countries. To recommend remedial measures, GOP has established a high-level Labour Commission which includes representatives of workers and

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1/ A study of the costs, benefits and general effects on the Pakistan economy of labor migration is currently being made by the Pakistan Institute of Development Economics (PIDE). This study is a World Bank research project.

employers. Action based on the Commission's findings to improve the labor situation, and which protects the rights of both employers and employees, would be a major contribution towards further industrial progress.

2.70 Between 1970 and 1976, energy productivity in industry appears to have declined by about 4% a year, despite price increases averaging around 12% a year. Efficiency in energy utilization is an important long-term development issue in Pakistan as elsewhere. Causes of the recent decline need to be investigated, in particular since most of the industrial investment of the last five years has been in energy-intensive projects such as cement, fertilizer and steel. 1/

The Textile Industry

2.71 The Pakistan textile industry has many of the necessary conditions for supplying domestic textile needs economically and for re-establishing an important position as an exporter of cotton products. 2/ However, as described in Part I of this report, the textile industry has been afflicted by, and continues to suffer from, a number of serious problems. Increased incentives alone are not enough to ensure full recovery of the textile industry, since they principally benefit the better operating mills and many firms are still in difficulties. The Government has accordingly formulated a wide-ranging rehabilitation program for the textile industry which focuses on (i) improvements in the quality as well as the quantity of raw cotton and cotton lint; (ii) training of managerial staff and operatives; (iii) balancing and modernization of industrial equipment; (iv) upgrading of the industry's products; (v) export marketing; and (vi) labor-management relations.

2.72 A number of measures have been taken by the Government to assist the textile industry in accordance with the rehabilitation program, including steps to improve cotton cultivation. Among the program's components, three areas are of particular and immediate importance to the rehabilitation of the textile sector: training, export promotion and, as already described above, labor-management relations. Resolution of the latter problem depends, in the first instance, on the outcome of the Labour Commission's deliberations. Training, which is closely related to this question, is required at all levels in the industry. With assistance from UNIDO and ILO, the Government has started establishing, staffing and reorganizing new and existing training institutions; programs of in-plant training are also contemplated.

2.73 The image of Pakistan's textile exports needs improvement. The Government has embarked on a program to establish a testing and certification system in order to rebuild confidence in Pakistan's textile products overseas, and export promotion units and warehouse facilities are being set up in major markets. Given the intense world competition in textiles and the tight import controls in many major importing countries, these programs will need to be pursued with vigor if they are to be successful.

1/ See Masood Ahmed: The Effect of Higher Output Prices on Technology and Employment in Pakistan, ILO Working Paper, 1979.

2/ The analysis described in this section is based largely on the results of a study of the textile industry financed by the Bank.

Small-Scale Industries

2.74 Although available data is limited, the small-scale industries sector (SSI) appears to have expanded more rapidly in recent years than medium and large-scale industry, both in terms of total output and the diversity of its products. Much of the recent increase in private investment has been concentrated in this sector. The sector has an impact on employment disproportionate to its share in production; estimates show that the sector employs some 2.5 million people, or about 85% of the labor force in manufacturing industry. Under the lead of carpets, the sector has been increasing its share in total exports, from an estimated 12% in FY1975 to about 20% in FY1979. Recent surveys of five SSI subsectors--leather goods, sports goods, surgical instruments, selected light engineering and textiles--indicate that exports account for around one third of total sales in these subsectors and that labor-intensive units tend to export more.

2.75 According to recent studies of small-scale industry in various developing countries, incentive systems focused towards large modern industries, and providing relatively high levels of protection, tend to work to the disadvantage of small-scale industries in several areas such as availability and prices of inputs, formation of inter-industry linkages and subcontracting, financing and administrative procedures. There is evidence that problems of this kind exist in Pakistan. Because of the potential of this sector, a strategy to support and stimulate further growth and diversification of small-scale industries is needed, and the impact of the incentive system on their development should be assessed.

The Public Sector

2.76 Besides the long-term issue of economic efficiency and the problems of labor-management relations which concern all industries in Pakistan, there are a wide range of issues which are specific to the public industrial sector.

2.77 The Government is now endeavoring to redress the most serious problems in the public sector and has taken a number of important and difficult actions, including the closure of some enterprises. Nonetheless, the performance of many public sector enterprises remains unsatisfactory. It is evident that further far-reaching measures will be required to place the sector on a sound footing so that it can make its due contribution to the national welfare and is no longer a burden on the exchequer.

2.78 The difficulties in the public sector can, in some instances, be explained by outdated technology, the poor state of the industries at the time of nationalization, accumulated losses and questionable economic viability. In such cases, closure may be the only solution, despite the unemployment and hardship which this would create.

2.79 A more pervasive problem is the lack of adequately trained and experienced managers and other key personnel, in part due to the levels of remuneration offered by the public sector. The inability to attract and retain sufficient numbers of required higher-level staff has resulted, in some industries, in the serious under-utilization of costly investments. The provision of increased remuneration, as well as the engagement of foreign technical assistance where necessary, would be amply justified by the savings to the economy. While it would be unrealistic for the Government to attempt to compete with salaries offered in the Middle East, the present financial and other incentives in the public sector do not appear to be competitive with those available in the private sector in Pakistan. In addition, although greater authority has apparently been delegated to the corporation and enterprise level, the centralization of decision-making in this and other matters appears to remain substantial.

2.80 The low profitability in the public sector reflects, in many respects, the Government's concern with social considerations such as employment, regional development, income distribution and the maintenance of stable prices. While these concerns are understandable, their cost if they are applied indiscriminately can be substantial in terms of the inefficient allocation and use of resources. In view of the multiplicity of the Government's objectives in the public sector, a review of the general policy framework and environment in which public enterprises are operating would be helpful to clarify the role of the public sector and to determine the appropriate future course of action.

2.81 A major specific problem concerns the Karachi Steel Mill. This project, and the major infrastructure works associated with it, have experienced substantial cost overruns and delays in implementation. The plant is now expected to come into partial production in 1981. Prior to that time, important decisions must be made about the pricing of the plant's output which will have a significant bearing on the cost structure of steel-using industries, and indeed of the economy as a whole. An assessment is required of the prospective economic efficiency of the mill on the basis of projected import prices of coke and iron ore and its implications for alternative patterns of downstream manufacturing operations. This analysis, which would help to illuminate the question of the downstream investment mix best suited to the mill output and projected demand for end-products, would be an important input into the formulation of a suitable investment program for the industrial sector during the next and subsequent Five-Year Plan periods.

E. Issues in Energy Development

Introduction

2.82 The increases in international petroleum prices since 1973 have had a significant impact on the Pakistan economy and have been a major factor contributing to the rapid growth of imports and the large external payments deficits. However, while Pakistan's import dependence on oil and its vulnerability to petroleum price increases will continue for some time, there seems to be substantial, if yet unproven, potential for higher domestic petroleum production. Measures to develop and exploit this potential could provide an essential element of an integrated program to attain a viable balance of payments position and to launch the economy on a sustained growth path during this and the next decade. Pakistan's response to the energy crisis, its present energy options and the energy outlook are discussed below.

The Response to the Energy Crisis

2.83 Pakistan has been seriously affected by the post-1973 increases in international petroleum prices. Oil and oil products provided 40% of total commercial energy in FY1973, and nearly 90% of petroleum supply was imported. Pakistan's import prices of crude oil and petroleum prices have increased by over 700% since FY1973. Since domestic petroleum consumption has also increased steadily at an annual rate of 5.8%--overall consumption in FY1980 is about 50% higher than in FY1973--gross imports have risen from $47 million or 6% of total imports, to an estimated $1,200 million or 24% of total imports in FY1980. Allowing for POL exports and earnings from bunkering, net imports may be about $900 million in FY1980, equivalent to 38% of the value of merchandise exports and 90% of the expected current account deficit.

2.84 The Government has responded to these sharp increases in international petroleum prices by adjusting domestic prices and by encouraging the substitution of alternative energy forms in domestic consumption and increased domestic oil production. Since FY1973, consumer prices have been raised on several occasions. The Government has endeavored to make these adjustments gradual and to protect certain economic sectors and lower income groups from the full impact of the world price increases; for instance, domestic prices of diesel (used mainly for transport) and kerosene (used mainly for cooking and lighting by low income groups) were kept low until they were sharply raised in December 1979 (Table II.4). As a result of these recent adjustments, retail prices of regular gasoline are now US$1.62 per US gallon, high octane $2.28, kerosene $0.76 and high speed diesel oil $0.95 per US gallon, well above import parity.

Table II.4: DOMESTIC PRICES OF PETROLEUM PRODUCTS, 1973-79

(rupees per US gallon)/a

	November 1973	December 1978	December 1979
Regular Gasoline	5.20	13.61	16.02
Super Gasoline	5.82	16.02	22.62
Kerosene	1.66	3.77	7.54
High Speed Diesel	2.50	7.24	9.43
Furnace Oil	240.00	1,000.00	1,250.00

/a Except furnace oil prices, which are per ton.

Source: Ministry of Petroleum and Natural Resources.

2.85 Given Pakistan's resource endowment in the energy sector (see below), the main thrust of government policy has been to encourage the use of natural gas and hydro power to meet the country's energy requirements. This policy has been pursued with renewed vigor since 1973. The scope for substitution of oil has been limited by inadequate supplies of electricity, high costs of rapidly electrifying villages and the limitations to displacing oil use in transport. Thus, although oil consumption in industry has declined by 4% annually and in power generation by 24% annually, overall oil consumption has risen by nearly 6% a year, only slightly less than the 7.3% annual increase in total energy use, principally due to a 9% annual increase in domestic use and a 10% annual increase in transport. Crude oil and oil products remain the principal single source of commercial energy in the country, accounting for 38% of the total energy supply in FY1979 (Table II.5).

Table II.5: COMMERCIAL ENERGY SUPPLY BY SOURCE, 1964/65-1978/79

(in percent)

	Share of Total Supply			Annual Growth Rate	
Source	1964/65	1971/72	1978/79	1964/65-1971/72	1971/72-1978/79
Petroleum Products	49	42	38.0	4.2	5.8
Natural Gas /a	26	35	36.0	11.2	7.6
Coal	16	8	5.5	-3.5	0.1
Hydro-electricity	9	15	21.0	15.2	12.2
LPG	0	0	0.3	n.a.	36.0
Nuclear	0	0	0.2	n.a.	0.0
Total	100	100	100.0	6.6	7.3

/a Excludes non-energy use of gas as feedstock for fertilizer production.

Source: Ministry of Petroleum and Natural Resources.

2.86 The Government has also taken a series of measures to encourage domestic oil exploration and production by both the private and public sectors. Exploration activity by foreign companies had fallen off sharply in the 1960s due to unattractive producer prices for natural gas and crude oil and the large petroleum deposits being discovered in the Middle East. Interest in exploration in Pakistan revived after the 1973 price hike. In 1976, a new package of incentives designed to attract foreign private investment into oil and gas exploration was drawn up by the Government. The existing petroleum legislation was amended to permit production sharing arrangements between the Government and private companies. International market prices for the well-head price of crude oil, adjusted for transport costs to the points of sale; the remittance of annual net profits; a limitation of royalties to a maximum of 55% of gross profits; and concessionary import duties on imports of machinery and equipment were provided to new exploration companies. The State-owned Oil and Gas Development Corporation (OGDC) was reorganized, its technical and managerial capability strengthened and its development budget significantly enhanced so that it could act as an effective partner in joint ventures with foreign companies and implement a much-expanded public sector exploration and development program in the oil and gas sectors.

2.87 The financial allocations in the Fifth Five-Year Plan for the entire energy sector are about Rs 34.0 billion in 1978 prices, of which Rs 6.0 billion is for oil and gas, and the balance mainly for hydro power--the equivalent of 23% of planned public sector development expenditures during FY1979-FY1983. Despite severe resource constraints during the first two years of the Plan, the allocations for the energy sector have been largely protected.

2.88 The response to these initiatives has so far been encouraging. Several joint ventures have been set up with foreign companies which have committed themselves to approximately $140 million exploration expenditures in the period 1976-84 on 15-20 wells, about twice the average of one well per year in the previous period. While these exploration activities are mostly in their early stages, some promising results have been reported. OGDC itself has also had some success; its most promising discovery since 1975 appears to be the Dhodak field, which is currently being further explored. Domestic oil production, which had declined in the early 1970s, has registered a 50% increase since 1975, though it is still at about 10,500 barrels per day (domestic consumption is 87,000 barrels). Further increases are in prospect as a result of the programs for accelerated development of the Toot and Meyal oil fields now under way.

Current Options and Prospects

2.89 Pakistan's domestic energy resources are characterized by sizable known reserves of natural gas and significant hydro potential, but only limited known reserves of crude oil and exploitable coal. Estimates of oil reserves vary widely, partly due to the slow pace of past exploration activity, with government estimates of remaining known recoverable reserves being as high as 185 million barrels (25 million tons). However, the success rate so far in oil and gas exploration activity has been well above comparable rates elsewhere.

2.90 With the commissioning of additional processing and transmission facilities now under construction, natural gas production is expected to increase rapidly. Total proven remaining "recoverable" reserves at the Sui field are estimated at 6.9 trillion cubic feet (172 million tons of oil equivalent - TOE). Taking other known fields into account, the remaining recoverable reserves are estimated at 15.9 trillion cubic feet (396 million TOE); this figure will rise by the extent of Dhodak reserves, still to be fully evaluated, and could meet the foreseeable internal demand until at least the end of this century. Over the past few years natural gas has been used increasingly as a feedstock for domestic fertilizer production and, with the installation of more hydro generating capacity, to a decreasing extent for industrial and domestic energy requirements; there would, however, appear to be scope to increase its use for the latter purposes.

2.91 Total hydro electricity potential in Pakistan is estimated at about 20,000 MW. The development of hydro electricity potential is characterized by high capital costs and relatively long gestation periods. In view of this and current prices of other energy sources, it is essential that detailed investigations of possible alternative sites for hydro electricity generation should be undertaken. With the presently planned development of the Tarbela, Mangla and Warsak projects, installed hydro capacity will increase from the current level of 1,600 MW to 3,300 MW by 1985; the scope for installation of further generating capacity at these dams should be considered. The Government is also working on developing an indigenous hydro technology based on simple design and low costs that could make micro-hydro projects in the 100-200 KW range economic.

2.92 A large part of internal energy requirements--approximately 45%--is met by non-commercial energy sources such as firewood, animal dung, bagasse and maize roots, which constitute the bulk of energy supplies in rural areas. Data on the availability and consumption of non-commercial energy by fuel type or user are sparse. In FY1975, overall consumption of non-commercial fuels was estimated at 11.7 million TOE of which firewood (54%), dungcakes (16%) and bagasses (17%) were the major sources. About 80% of non-commercial fuels have been for residential uses. Nearly all firewood supplies come through the informal use of trees and shrubs outside officially classified forestry areas. The damaging effects of such large-scale deforestation needs study and attention.

2.93 The Government has recently initiated experiments on the more productive utilization of existing fuels, such as animal dung for biogas generation, and on the scope for harnessing non-conventional energy sources including geothermal, solar and wind energy. A hundred demonstration biogas plants are being set up, and the technical and economic feasibility of using wind and solar energy for cooking and pumping water in rural areas is being tested. These are as yet at an exploratory stage and are unlikely to have a significant impact on overall energy availability in the near future.

2.94 Among conventional energy sources, some scope exists for substitution of electricity and liquified petroleum gas (LPG) for kerosene in household uses. While the former would require substantial expenditures on village electrification, such programs could be economically combined in many areas with the electrification of tubewells. The scope for replacement of diesel in transport, on the other hand, is negligible. Since transport and domestic use now account for 75% of petroleum consumption in Pakistan, and since possibilities for replacing oil in industrial uses and thermal power generation have been largely exhausted, the demand for oil is likely to grow somewhat more rapidly than in the past (Table II.6).

2.95 Total commercial energy consumption is projected to grow at slightly over 8% per year from 482 trillion BTU in FY1979 to about 780 trillion BTU in FY1985. This estimate assumes a GDP growth rate of 5.2% over this period and historic energy/GDP elasticity of 1.5. A large part of additional energy demand is likely to be met from natural gas and hydro electricity; the consumption of these two energy resources is forecast to grow at approximately 9% and 12% per annum, respectively. Coal and nuclear power are expected to play a marginal role as sources of energy in the near future; government plans for the power sector include a coal-powered generation plant at Lakhra and a nuclear power plant at Chasma, but these are not expected to be operational before FY1986 and appear to be more costly than some hydro alternatives. The consumption of LPG is expected to increase rapidly, but its contribution to total energy supply will be small.

Table II.6: PROJECTED ENERGY SUPPLY/DEMAND BY SOURCE, 1978/79-1984/85

Source	1978/79 Trillion BTUs	1978/79 Percent	1984/85 Trillion BTUs	1984/85 Percent	Projected Annual Growth Rate - %
Oil	183.3	38.1	260.1	33.4	6.0
Natural Gas /a	171.0	35.5	290.6	37.4	9.3
LGP	1.6	0.3	4.6	0.6	20.0
Coal	26.1	5.4	26.1	3.4	-
Hydroelectricity	99.0	20.5	195.1	25.1	12.0
Nuclear	1.2	0.2	1.2	0.1	-
Total	482.2	100.0	777.7	100.0	8.25

/a Excludes non-energy use of natural gas as feedstock for fertilizer production.

Sources: Ministry of Petroleum and Natural Resources and Bank staff estimates.

2.96 To meet the implied demand for oil in FY1985--about 6.1 million tons of crude oil and oil products (124,500 barrels/day)--increased imports of 1.8 million tons (36,700 barrels/day) costing about $400 million at early 1980 prices will be required unless domestic production from known fields is brought into production, and recent discoveries are evaluated and developed more rapidly. On the basis of present and prospective production levels and the estimated pace of development activity, the production of indigenous crude oil may be conservatively projected to increase from 0.50 million tons (10,000 barrels/day) in FY1979 to 1.60 million tons (32,300 barrels/day) by FY1985. Pakistan's continuing dependency on imported crude oil will be critically determined by the success of current exploration activity being undertaken by OGDC and foreign companies. Given the expected increase in exploration activity and a modest degree of success, substantial inroads into the country's oil imports could be made by the late 1980s.

2.97 The balance of payments implications of this prognosis, tentative as it is, are significant. The expected production increases from fields presently in production will be sufficient to meet about 60% of the projected increase in oil consumption through FY1985, and it may be possible to limit import growth to negligible levels by FY1985 if new fields could be proved and developed rapidly. In the longer term, imports might conceivably be reduced even below present levels if exploration activity is sustained and is reasonably successful. While this is obviously highly conjectural at this stage, it underlines the potential benefits of a concerted effort by Pakistan to explore and develop its oil resources with all possible speed.

2.98 Given these circumstances and the rapid changes in the energy situation in Pakistan as well as internationally, regular detailed review of the energy sector and of government energy sector policies and programs will be required. The greater utilization of natural gas, and of existing infrastructure for hydel generation, are two possibilities which need consideration. At the same time, the technical capability of OGDC in petroleum exploration and development appears to need further strengthening in order to take early full advantage of the apparent potential in this area. A wide range of pricing issues exists, including the structure of the electricity power tariff (which presently provides large subsidies to agricultural and domestic consumers) and the low price of natural gas at the well-head and to domestic consumers. More prompt adjustment by the Government of prices for all types of energy to changes in the world energy situation would be desirable.

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Table 1.1: MID-YEAR POPULATION ESTIMATES, 1961-76[/a] AND PROJECTIONS FOR 1977-80

Year	Population[/b] (thousands)
1961	46,921
1962	48,276
1963	49,670
1964	51,104
1965	52,579
1966	54,095
1967	55,654
1968	57,258
1969	58,909
1970	60,607
1971	62,425
1972	64,298
1973	66,227
1974	68,214
1975	70,260
1976	72,368
1977	74,539
1978	76,775
1979	79,078
1980	81,451

/a All mid-year estimates refer to July 1 of each year.

/b The estimates are based on the population projections adopted by the Planning Division for the Fourth and Fifth Five-Year Plans, which were adjusted for under-enumeration in the 1961 census. The estimates for the individual years have been computed using the following growth rates: 1960-65: 2.8875%; 1965-70: 2.8826%; 1970-80: 3.00%.

Note: The figures in Tables 1.1 to 1.3 are current official figures. However, they are being revised. The Demography and Manpower Section has commissioned the PIDE to reassess these figures. No firm date has been given for the completion of the project.

Source: Ministry of Finance and Economic Affairs.

Table 1.2: PROVINCIAL AND TOTAL POPULATION ESTIMATES, 1965-79 /a

(thousands)

Year	Baluchistan	N.W.F.P.	Punjab /c	Sind	Total Pakistan /b
1965	1,928	8,636	30,039	11,233	51,836
1966	1,984	8,885	30,906	11,557	53,332
1967	2,041	9,141	31,797	11,890	54,869
1968	2,100	9,405	32,713	12,232	56,450
1969	2,161	9,676	33,656	12,585	58,078
1970	2,223	9,955	34,626	12,948	59,792
1971	2,288	10,248	35,644	13,329	61,509
1972	2,357	10,555	36,714	13,729	63,355
1973	2,427	10,871	37,816	14,141	65,255
1974	2,500	11,198	38,950	14,565	67,213
1975	2,575	11,534	40,118	15,002	69,229
1976	2,653	11,879	41,322	15,452	71,306
1977	2,732	12,236	42,561	15,916	73,445
1978	2,814	12,603	43,839	16,393	75,649
1979	2,899	12,981	45,153	16,885	77,918

/a As of January 1.
/b Total population based on estimates calculated by the Working Group on Population Projections. Provincial breakdown estimated on the basis of 1972 distribution.
/c Population of Federal Capital, Islamabad, has been included in the Province of the Punjab.

Source: Statistics Division, Ministry of Planning and Development, Karachi.

Table 1.3: DISTRIBUTION OF POPULATION BY RURAL AND URBAN AREAS, 1961-79 [a]

(thousands)

Year	Total	Urban [a] Number	Urban [a] %	Rural Number	Rural %
1961 [b]	42,880	9,655	22.5	33,225	77.5
1961 [c]	46,258	10,415	22.5	35,843	77.5
1965	51,836	12,173	23.5	39,663	76.5
1966	53,332	12,657	23.7	40,675	76.3
1967	54,869	13,160	24.0	41,709	76.0
1968	66,452	13,685	24.2	42,767	75.8
1969	58,078	14,227	24.5	43,851	75.5
1970	59,752	14,793	24.8	44,959	75.2
1971	61,509	15,381	25.0	46,128	75.0
1972 [a]	63,355	15,992	25.2	47,363	74.8
1972 [b]	65,309	16,593	25.4	48,716	74.6
1973	65,255	16,628	25.5	48,627	74.5
1974	67,213	17,289	25.7	49,924	74.3
1975	69,229	17,976	26.0	51,253	74.0
1976	71,306	18,691	26.2	52,615	73.8
1977	73,445	19,434	26.5	54,011	73.5
1978	75,620	20,206	26.7	55,414	73.3
1979	77,918	21,009	27.0	56,909	73.0

/a Urban population has been estimated for inter-censal years and projected beyond 1972 census period on the basis of inter-censal growth of urban population between 1961 (after accounting for under-enumeration of 7.5%) and 1972 censuses (which gave annual geometric growth rate of 3.9755%). Estimates are as of January 1.

/b Census figures.

/c Adjusted for under-enumeration.

Source: Ministry of Finance and Economic Affairs.

Table 1.4: DISTRIBUTION OF EMPLOYED LABOR FORCE BY MAJOR INDUSTRY AND BY RURAL AND URBAN AREAS, 1970/71-1974/75

(percent)

Industry	1970/71			1971/72			1974/75		
	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
Agriculture, Hunting, Forestry and Fishing	57.58	7.08	71.76	57.32	6.54	70.61	54.80	6.20	72.08
Mining and Quarrying	0.26	0.16	0.29	0.45	1.07	0.28	0.15	0.19	0.13
Manufacturing	14.99	28.93	11.07	12.47	25.79	8.98	13.63	25.74	9.32
Construction	3.60	6.50	2.78	3.41	5.85	2.77	4.20	6.41	3.41
Electricity, Gas and Water	0.25	0.96	0.05	0.37	1.16	0.16	0.49	1.23	0.23
Commerce	10.88	27.43	6.24	9.89	26.56	5.53	11.09	25.93	5.81
Transport, Storage and Communications	4.88	9.89	3.47	4.84	10.20	3.44	4.87	10.30	2.94
Financial Institutions and Insurance/a				0.86	2.92	0.32	0.67	2.31	0.09
Services	7.38	18.68	4.22	7.27	19.05	4.19	9.78	21.26	5.70
Activities not adequately described	0.18	0.37	0.12	3.12	0.86	3.72	0.32	0.43	0.29
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

/a 1970/71 included in services.

Note: Data from 1971/72 onwards not strictly comparable with those for previous years.

Source: Ministry of Finance and Economic Affairs.

Table 1.5: DISTRIBUTION OF EMPLOYED LABOR FORCE BY MAJOR OCCUPATIONAL GROUPS, 1970/71-1974/75

(percent)

	1970/71			1971/72			1974/75		
	Total	Urban	Rural	Total	Urban	Total	Total	Urban	Rural
Professional and Technical	1.96	4.37	1.28	2.09	5.24	1.27	3.00	6.30	1.84
Administrative, Executive and Managerial	0.48	2.02	0.04	0.51	2.14	0.09	0.71	2.44	0.09
Clerical	2.00	6.74	0.67	2.30	8.53	0.67	2.69	8.15	0.74
Salesmen	10.29	25.63	5.98	12.05	24.77	8.72	9.98	23.10	5.32
Farmers, Fishermen, Hunters, Loggers and Related	57.46	6.88	71.66	57.22	6.65	70.44	54.70	6.28	71.92
Miners, Quarrymen and Related	0.08	0.06	0.09	-	-	-	-	-	-
Workers in Transport, Storage and Communications	2.77	5.32	2.05	/a	/a	/a	/a	/a	/a
Craftsmen, Production Process Workers and Laborers, n.e.c.	20.91	39.36	15.74	22.12	43.96	16.41	24.32	44.67	17.08
Service, Sports and Recreation Workers	4.05	9.61	2.49	3.71	8.71	2.40	4.48	8.86	2.92
Workers not classified by occupation	-	0.01	-	-	-	-	0.12	0.20	0.09
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

/a Included in craftsmen, production process workers and laborers.

Note: Data from 1971/72 onwards not strictly comparable with those for previous years.

Source: Ministry of Finance and Economic Affairs.

Table 1.6: ECONOMICALLY ACTIVE POPULATION BY MAJOR INDUSTRY, 1966/67-1978/79

(thousands)

	1966/67/b	1967/68/b	1968/69	1969/70	1970/71	1971/72/c	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79
Agriculture, Hunting, Forestry and Fishing	9,593	10,321	9,351	10,134	10,582	10,636	10,956	11,285	11,002	11,332	11,672	12,022	12,383
Mining and Quarrying	27	21	5	21	48	84	86	89	30	31	32	33	34
Manfacturing	2,924	2,951	2,620	2,745	2,755	2,314	2,383	2,455	2,736	2,818	2,903	2,990	3,080
Construction	690	660	620	698	662	633	652	671	843	868	894	921	949
Electricity, Gas and Water	72	58	60	73	46	69	71	73	96	100	104	107	110
Commerce	2,028	2,069	1,732	1,758	2,000	1,835	1,891	1,947	2,227	2,295	2,362	2,433	2,505
Transport, Storage and Communications	971	993	811	841	897	898	925	953	978	1,005	1,037	1,068	1,100
Financial Institutions and Insurance	-	-	-	-	-	159	164	169	135	139	142	147	151
Services	1,688	1,679	1,530	1,457	1,356	1,349	1,389	1,431	1,964	2,024	2,083	2,146	2,209
Activities not adequately described	36	55	32	43	33	579	596	614	66	67	70	71	75
Unemployed	368	335	366	359	326	387	398	410	346	356	367	378	390
Total	18,343	19,142	17,127	18,129	18,705	18,943	19,511	20,097	20,423	21,035	21,666	22,316	22,986

/a Estimates are based on population as of January 1 of each year.
/b The labor participation is under-reported, particularly in the case of females who are usually shown as "keeping house," and therefore, excluded. Some adjustments were therefore made for the years 1966/67 and 1967/68 only.
/c Data from 1971/72 onwards not strictly comparable with those of previous years, due to the use of the revised industrial classification.

Source: Ministry of Finance and Economic Affairs.

Table 2.1: GROSS DOMESTIC PRODUCT AT CURRENT FACTOR COST, 1969/70-1978/79

(million rupees)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79 /a
Agriculture	15,964	16,236	17,934	21,907	28,084	33,533	38,338	43,686	49,370	56,370
Major Crops	9,103	8,832	10,067	12,346	15,331	18,268	20,572	22,484	26,827	30,958
Minor Crops	1,999	2,244	2,408	2,833	3,777	5,003	6,030	6,963	7,689	8,218
Livestock	4,547	4,794	5,053	6,169	8,247	9,629	11,130	13,395	13,741	15,970
Fishing	233	261	295	379	476	383	447	552	702	779
Forestry	82	105	111	180	253	250	159	292	411	445
Mining and Quarrying	229	243	268	386	560	793	968	1,196	1,222	1,459
Manufacturing	6,963	7,570	7,773	9,695	12,751	17,479	20,054	22,234	25,278	27,870
Large Scale	5,427	5,822	5,777	7,282	9,583	12,844	14,438	15,579	17,842	19,474
Small Scale	1,536	1,748	1,996	2,413	3,168	4,635	5,616	6,655	7,436	8,396
Construction	1,822	1,979	1,763	2,298	3,114	4,996	6,739	7,376	8,316	9,544
Electricity, Gas and Water	661	782	823	955	1,217	1,264	1,713	1,916	2,451	2,806
Transport, Storage and Communications	2,943	3,014	3,250	4,261	5,587	7,404	8,338	9,252	11,182	13,114
Commerce	6,475	6,806	7,138	8,582	13,346	16,166	18,321	19,769	22,796	26,179
Financial Institutions and Insurance	771	882	968	1,408	1,801	2,612	3,021	3,571	4,222	5,112
Ownership of Dwellings	1,614	1,752	1,913	2,237	2,868	3,766	4,356	4,931	5,460	6,082
Public Administration and Defense	2,769	2,963	3,445	4,430	5,750	8,113	9,490	10,371	13,044	14,012
Services	3,134	3,475	3,894	4,636	6,363	8,514	10,085	11,382	13,221	15,114
GDP at Factor Cost	43,345	45,702	49,169	60,795	80,441	104,640	121,423	135,686	156,562	177,662
Indirect Taxes Less Subsidies	4,404	4,785	4,889	6,078	6,412	7,626	10,628	13,766	15,577	16,500
GDP at Market Prices	47,749	50,487	54,058	66,873	86,853	112,266	132,051	149,452	172,139	194,162

/a Provisional.

Source: Ministry of Finance and Economic Affairs.

Table 2.2: GROSS DOMESTIC PRODUCT AT CONSTANT FACTOR COST, 1969/70-1978/79

(million 1959/60 rupees)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79/a
Agriculture	12,574	12,188	12,611	12,821	13,357	13,074	13,659	13,998	14,348	14,948
Major Crops	7,553	7,045	7,336	7,473	7,844	7,455	7,833	7,944	8,110	8,532
Minor Crops	1,363	1,418	1,507	1,478	1,585	1,679	1,839	1,920	1,966	2,013
Livestock	3,440	3,509	3,579	3,651	3,724	3,799	3,875	3,993	4,114	4,239
Fishing	170	155	125	128	115	82	86	96	100	104
Forestry	48	61	64	91	89	59	26	45	58	60
Mining and Quarrying	157	156	159	161	180	181	175	206	210	217
Manufacturing	5,186	5,318	5,130	5,678	6,101	6,136	6,231	6,258	6,833	7,160
Large Scale	4,042	4,090	3,813	4,265	4,585	4,509	4,486	4,385	4,823	5,003
Small Scale	1,144	1,228	1,317	1,413	1,516	1,627	1,745	1,875	2,010	2,157
Construction	1,357	1,390	1,163	1,346	1,490	1,754	2,094	2,076	2,248	2,452
Electricity, Gas and Water	639	741	780	903	1,068	949	985	1,143	1,245	1,346
Transport, Storage and Communications	2,026	1,979	2,025	2,355	2,466	2,575	2,605	2,649	3,003	3,265
Commerce	4,457	4,469	4,447	4,743	5,449	5,622	5,724	5,660	6,121	6,518
Financial Institutions and Insurance	579	635	640	826	879	1,006	1,039	1,124	1,241	1,390
Ownership of Dwellings	1,112	1,149	1,188	1,231	1,275	1,321	1,369	1,418	1,469	1,522
Public Administration and Defense	2,080	2,133	2,278	2,599	2,983	3,972	3,854	4,135	4,593	4,934
Services	2,169	2,276	2,391	2,516	2,653	2,803	2,964	3,060	3,319	3,510
GDP at Factor Cost	32,336	32,434	32,812	35,179	37,901	39,393	40,699	41,727	44,630	47,262
Indirect Taxes Less Subsidies	3,331	3,484	3,252	3,381	2,799	2,640	3,302	3,856	4,129	4,136
GDP at Market Prices	35,667	35,918	36,064	38,560	40,700	42,033	44,001	45,583	48,759	51,398

/a Provisional.

Source: Ministry of Finance and Economic Affairs.

Table 2.3: SECTORAL GROWTH RATES AT CONSTANT 1959/60 FACTOR COST, 1960/61-1978/79

(annual percent rate)

	Average Annual Growth Rate Second Plan/a	Third Plan/a	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71
Agriculture	3.79	6.35	0.45	5.48	11.73	4.52	9.55	-3.07
Mining and Quarrying	11.84	5.26	9.02	-	3.01	2.92	11.35	0.64
Manufacturing	11.74	8.11	8.59	5.66	6.27	8.63	11.31	2.55
Construction	20.74	6.20	4.86	-3.71	-0.19	27.00	3.04	2.43
Electricity, Gas and Water	14.91	38.89	14.53	5.08	8.21	12.05	154.58	15.96
Transport, Storage and Communications	11.48	5.00	6.30	4.32	5.39	5.87	3.10	-2.32
Commerce	8.51	7.11	8.65	5.26	3.67	7.09	10.87	0.27
Financial Institutions and Insurance	15.38	12.65	10.94	12.68	11.75	8.50	19.38	9.67
Ownership of Dwellings	3.12	2.64	3.07	3.28	2.69	3.00	1.18	3.33
Public Administration and Defense	7.10	9.63	56.52	-14.44	-2.55	5.02	3.59	2.55
Services	4.18	4.61	3.98	4.28	4.05	3.94	6.79	4.93
GDP at Factor Cost	6.79	6.75	7.95	2.72	6.79	6.49	9.78	0.30

	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79/b
Agriculture	3.47	1.67	4.18	-2.12	4.47	2.48	2.50	4.18
Mining and Quarrying	1.92	1.26	11.80	0.56	-3.31	17.71	1.94	3.33
Manufacturing	-3.55	10.68	7.45	0.57	1.55	0.43	9.19	4.79
Construction	-16.33	15.74	10.70	17.72	19.38	-0.86	8.29	9.07
Electricity, Gas and Water	5.26	15.77	18.27	-11.14	3.79	16.04	8.92	8.11
Transport, Storage and Communications	2.32	16.30	4.71	4.42	1.16	1.69	13.36	8.72
Commerce	-0.49	6.66	14.89	3.17	1.81	-1.12	8.14	6.49
Financial Institutions and Insurance	0.79	29.06	6.42	14.44	3.28	8.18	10.41	12.01
Ownership of Dwellings	3.39	3.62	3.57	3.61	3.63	3.58	3.60	3.60
Public Administration and Defense	6.80	14.09	14.77	33.15	-2.97	7.29	11.08	7.42
Services	5.05	5.23	5.45	5.65	5.74	3.24	8.46	5.76
GDP at Factor Cost	1.65	7.21	7.74	3.94	3.32	2.53	6.96	5.90

/a Second Plan 1960/61-1964/65; Third Plan 1965/66-1969/70.
/b Provisional.

Source: Ministry of Finance and Economic Affairs.

Table 2.4: GROSS DOMESTIC EXPENDITURE AT CURRENT MARKET PRICES, 1969/70-1978/79

(million rupees)

Bank Staff Estimates

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79/a
Available Resources:	51,009	53,993	56,723	68,765	93,060	125,131	143,483	164,034	188,434	218,902
Consumption	43,468	46,101	49,060	60,118	81,446	106,913	120,713	136,613	158,206	184,702
Private	(38,622)	40,831	42,582	52,394	72,907	94,963	106,370	120,797	140,060	165,146
Public	(4,846)	(5,270)	(6,478)	(7,724)	(8,539)	(11,950)	(14,343)	(15,816)	(18,146)	(19,556)
Gross Domestic Investment	7,540	7,892	7,663	8,647	11,614	18,218	22,770	27,421	30,228	34,200
Gross Fixed Investment	6,834	7,045	6,813	7,647	10,614	16,218	22,770	26,421	29,228	32,450
Private	(3,493)	(3,531)	(3,546)	(3,727)	(3,840)	(5,208)	(6,484)	(7,780)	(8,894)	(9,970)
Public	(3,341)	(3,514)	(3,267)	(3,920)	(6,774)	(11,010)	(16,286)	(18,641)	(20,334)	(22,480)
Changes in Stocks	706	847	850	1,000	1,000	2,000	-	1,000	1,000	1,750
External Resource Balance/b	-3,206	-3,506	-2,665	-1,892	-6,207	-12,865	-11,432	-14,582	-16,295	24,740
Exports (G. & N.F.S.)	(3,709)	(4,000)	(4,001)	(8,934)	(11,900)	(12,390)	(14,179)	(13,899)	(16,345)	(21,186)
Imports (G. & N.F.S.)	(6,969)	(7,506)	(6,666)	(10,826)	(18,107)	(25,255)	(25,610)	(28,482)	(32,640)	(45,926)
GDP at Market Prices	47,749	50,487	54,058	66,873	86,853	112,266	132,051	149,452	172,139	194,162
Net Factor Income to/from Abroad	3	-82	99	594	772	1,296	2,059	4,168	10,346	12,741
GNP at Market Prices	47,752	50,405	54,157	67,467	87,625	113,562	134,110	153,620	182,485	206,903

/a Provisional.
/b Derived from balance of payments.

Source: Bank staff estimates.

GROSS DOMESTIC EXPENDITURE AT CURRENT MARKET PRICES, 1969/70-1978/79

(million rupees)

Planning and Development Division's Estimates

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79/a
Available Resources	51,009	53,993	56,723	68,765	92,901	124,973	144,428	165,339	190,236	219,655
Consumption	43,469	46,101	49,060	60,118	81,287	106,755	121,658	137,918	160,008	185,455
Private	38,623	40,831	42,582	52,394	72,748	94,805	107,315	122,102	141,862	165,899
Public	4,846	5,270	6,478	7,724	8,539	11,950	14,343	15,816	18,146	19,556
Gross Domestic Investment	7,540	7,892	7,663	8,647	11,614	18,218	22,770	27,421	30,228	34,200
Gross Fixed Investment	6,834	7,045	6,813	7,647	10,614	16,218	22,770	26,421	29,228	32,450
Private	3,493	3,531	3,546	3,726	3,840	5,208	6,484	7,780	8,894	9,970
Public	3,341	3,514	3,267	3,921	6,774	11,010	16,286	18,641	20,334	22,480
Changes in Stocks	706	847	850	1,000	1,000	2,000	-	1,000	1,000	1,750
External Resource Balance/b	-3,260	-3,506	-2,665	-1,892	-6,048	-12,707	-12,377	-15,887	-18,097	-25,493
Exports (G. & N.F.S.) /c	3,709	4,000	4,001	8,934	11,910	12,207	14,167	13,900	16,355	20,889
Imports (G. & N.F.S.)/c	6,969	7,506	6,666	10,826	17,958	24,914	26,544	29,787	34,452	46,382
GDP at Market Prices	47,749	50,487	54,058	66,873	86,853	112,266	132,051	149,452	172,139	194,162
Net Factor Income to/from Abroad	3	-82	99	463	617	1,147	2,992	5,480	12,139	13,922
GNP at Market Prices	47,752	50,405	54,157	67,336	87,470	113,413	135,043	154,932	184,278	208,084

/a Provisional.
/b Derived from balance of payments.
/c Includes the imputed value of personal baggage items - 1975/76 Rs 1,120 million; 1976/77 Rs 1,980 million; 1977/78 Rs 2,614 million; and 1978/79 Rs 2,344 million.

Note: Government estimates of external resource balance are not consistent with balance of payments data shown in Table 3.1, especially for personal baggage imports. While Bank staff estimates of external balance are based on Table 3.1 they also exclude unrequited government transfers in arriving at the external deficit.

Source: Planning and Development Division

Table 2.5: GROSS DOMESTIC EXPENDITURE AT CONSTANT MARKET PRICES, 1969/70-1978/79

(million 1969/70 rupees)

Bank Staff Estimates

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79 /a
Available Resources	51,009	50,512	49,558	52,397	56,236	57,498	60,131	63,345	67,546	72,298
Consumption	43,468	43,177	43,785	46,188	51,357	51,618	53,327	56,095	60,717	65,178
Private	38,622	38,204	37,944	39,979	46,081	45,745	46,962	49,710	53,834	58,303
Public	4,846	4,973	5,841	6,209	5,276	5,873	6,365	6,385	6,883	6,875
Gross Domestic Investment	7,541	7,334	5,773	4,117	4,879	5,880	6,804	7,250	6,829	7,120
Gross Fixed Investment	6,834	6,536	5,008	3,340	4,294	4,933	6,804	6,858	6,461	6,516
Private	(3,493)	(3,276)	(2,607)	(1,628)	(1,553)	(1,584)	(1,937)	(2,020)	(1,966)	(2,002)
Public	(3,341)	(3,260)	(2,402)	(1,712)	(2,740)	(3,349)	(4,866)	(4,838)	(4,495)	(4,514)
Changes in Stocks	707	798	765	777	585	947	-	392	368	604
External Resource Balance /b	-3,260	-2,529	-1,177	-519	-1,678	-1,086	-944	-2,020	-1,983	-3,250
Exports (G. & N.F.S.)	3,709	3,742	3,099	3,277	2,711	3,024	3,452	2,845	3,214	3,845
Imports (G. & N.F.S.)	6,969	6,271	4,276	3,796	4,389	4,110	4,396	4,865	5,197	7,095
GDP at Market Prices	47,749	47,983	48,381	51,878	54,558	56,412	59,187	61,325	65,563	69,048
Net Factor Income to/from Abroad	3	-69	64	208	187	211	353	712	1,647	1,968
GNP at Market Prices	47,752	47,914	48,445	52,086	54,745	56,623	59,540	62,037	67,210	71,016

/a Provisional.
/b Derived from balance of payments.

Source: Bank staff estimates.

GROSS DOMESTIC EXPENDITURE AT CONSTANT MARKET PRICES, 1969/70-1978/79

(million 1969/70 rupees)

Planning and Development Division's Estimates

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79 /a
Available Resources	51,009	50,512	49,558	52,397	56,198	57,488	60,294	63,568	67,833	72,248
Consumption	43,469	43,166	42,616	45,377	48,778	49,675	51,294	53,540	57,466	62,117
Private	38,623	38,193	36,775	39,168	43,502	43,802	44,929	47,155	50,583	55,242
Public	4,846	4,973	5,841	6,209	5,276	5,873	6,365	6,385	6,883	6,875
Gross Domestic Investment	7,540	7,346	6,942	7,020	7,420	7,813	9,000	10,028	10,367	10,131
Gross Fixed Investment	6,834	6,548	6,177	4,243	6,835	6,866	9,000	9,636	9,999	9,527
Private	3,493	3,282	3,215	3,042	2,473	2,205	2,563	2,838	3,042	2,927
Public	3,341	3,266	2,962	3,201	4,362	4,661	6,437	6,798	6,957	6,600
Changes in Stocks	706	798	765	777	585	947	-	392	368	604
External Resource Balance /b	-3,260	-2,529	-1,127	-519	-1,640	-1,076	-1,107	-2,243	-2,270	-3,200
Exports (G. & N.F.S.)	3,709	3,742	3,099	3,277	2,713	2,979	3,449	2,845	3,216	3,965
Imports (G. & N.F.S.)	6,969	6,271	4,276	3,796	4,353	4,055	4,556	5,088	5,486	7,165
GDP at Market Prices	47,749	47,983	48,381	51,878	54,558	56,412	59,187	61,325	65,563	69,048
Net Factor Income to/from Abroad	3	-68	64	162	150	187	514	936	1,933	2,147
GNP at Market Prices	47,752	47,915	48,445	52,040	54,708	56,599	59,701	62,261	67,496	71,195

/a Provisional.
/b Derived from balance of payments.

Note: Bank staff estimates shown in Table 2.5 differ somewhat from the Planning and Development Division's constant (1969/70) price estimates. These differences arise partly from the differences in the current price estimates shown in Table 2.4 and partly from the different deflators being used, particularly for fixed investment. For instance, the Planning and Development Division's investment deflator for most years rises less rapidly than the consumer price index, and much less rapidly than the Bank staff investment deflator, which is a weighted average of import price of machinery and transport equipment, and export price of machinery and transport equipment as a proxy for domestically produced elements and domestic price of cement. Thus, the Planning and Development Division's estimates show substantially higher levels of real investment as well as different levels of private consumption compared to Bank staff estimates.

Source: Planning and Development Division.

Table 2.6: GROSS DOMESTIC EXPENDITURE DEFLATORS, 1969/70-1978/79

(1969/70=100)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79 /a
Consumption										
Private	100.0	106.88	112.22	131.05	158.29	207.59	226.50	243.00	260.17	284.11
Public	100.0	105.97	110.91	124.40	161.85	203.47	225.34	247.70	263.64	284.45
Gross Fixed Investment	100.0	107.78	136.03	228.93	247.19	328.77	334.66	385.24	452.40	498.02
Changes in Stocks	100.0	106.15	111.14	128.68	170.86	211.28	229.41	255.27	271.41	289.71
Exports (G. & N.F.S.)	100.0	106.86	129.06	272.65	438.97	409.73	410.80	488.54	508.48	551.0
Imports (G. & N.F.S.)	100.0	119.70	155.88	285.19	412.56	614.45	582.64	585.40	628.05	647.34
GDP at Market Prices	100.0	105.22	111.73	128.90	159.19	199.01	223.11	243.70	265.68	281.20
Net Factor Income to/from Abroad	100.0	119.70	155.88	285.19	412.56	614.45	582.64	585.40	628.05	647.34
GNP at Market Prices	100.0	105.20	111.79	129.53	160.06	200.56	225.24	247.63	271.51	291.35

/a Provisional.

Source: Tables 2.4 and 2.5.

Table 2.7: GROSS DOMESTIC AND NATIONAL SAVINGS AT CURRENT PRICES, 1969/70-1978/79

(million rupees)

Bank Staff Estimates

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79 /a
GNP at Market Prices	47,752	50,405	54,157	67,467	87,625	113,562	134,110	153,620	182,485	206,903
GDP at Market Prices	47,749	50,487	54,058	66,873	86,853	112,266	132,051	149,452	172,139	194,162
Consumption	43,468	46,101	49,060	60,118	81,446	106,913	20,713	136,613	158,206	184,702
Gross Domestic Savings	4,281	4,386	4,998	6,755	5,407	5,353	11,338	12,839	13,933	9,460
Net Factor Income to/from Abroad	3	-82	99	594	772	1,296	2,059	4,168	10,346	12,741
Gross National Savings	4,284	4,304	5,097	7,349	6,179	6,649	13,397	17,007	24,279	22,201
Public Savings	452	375	-189	-314	-131	-639	1,052	3,670	3,274	2,843
Private Savings	3,832	3,929	5,286	7,663	6,310	7,288	12,345	13,337	21,005	19,358
Gross Domestic Savings Rate /b	9.0	8.7	9.3	10.1	6.3	4.8	8.6	8.6	8.1	4.9
Gross National Savings Rate /c	9.0	8.5	9.4	10.9	7.1	5.9	10.0	11.1	13.3	10.7
Public Savings Rate	1.0	0.7	-0.4	-0.5	-0.2	-0.6	0.8	2.4	1.8	1.4
Private Savings Rate	8.0	7.8	9.8	11.4	7.3	6.5	9.3	8.7	11.5	9.4

/a Provisional.
/b Percent of GDP.
/c Percent of GNP.

Source: Table 2.4.

GROSS DOMESTIC AND NATIONAL SAVINGS AT CURRENT PRICES, 1969/70-1978/79

(million rupees)

Planning and Development Division's Estimates

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79 /a
GNP at Market Prices	47,752	50,405	54,157	67,336	87,470	113,413	135,043	154,932	184,278	208,084
GDP at Market Prices	47,749	50,487	54,058	66,873	86,853	112,266	132,051	149,452	172,139	194,162
Consumption	43,469	46,101	49,060	60,118	81,287	106,755	121,658	137,918	160,008	185,455
Gross Domestic Savings	4,280	4,386	4,998	6,755	5,566	5,511	10,393	11,534	12,131	8,707
Net Factor Income to/from Abroad	3	-82	99	463	617	1,147	2,992	5,480	12,139	13,922
Gross National Savings	4,283	4,304	5,097	7,218	6,183	6,658	13,385	17,014	24,270	22,629
Public Savings	452	375	-189	-314	-131	-639	1,052	3,670	3,274	2,843
Private Savings	3,831	3,929	5,286	7,532	6,314	7,297	12,333	13,344	20,996	19,786
Gross Domestic Savings Rate /b	9.0	8.7	9.2	10.1	6.4	4.9	7.9	7.7	7.0	4.5
Gross National Savings Rate /c	9.0	8.5	9.4	10.7	7.1	5.9	9.9	11.0	13.2	11.9
Public Savings Rate	1.0	0.7	-0.3	-0.5	-0.1	-0.6	0.8	2.4	1.8	1.4
Private Savings Rate	8.0	7.8	9.7	11.2	7.2	6.4	9.1	8.6	11.4	9.5

/a Provisional.
/b Percent of GDP.
/c Percent of GNP.

Source: Table 2.4.

Table 2.8: GROSS DOMESTIC AND NATIONAL SAVINGS AT CONSTANT PRICES, 1969/70-1978/79

(million 1969/70 rupees)

Bank Staff Estimates

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79/a
GDP at Market Prices	47,749	47,983	48,381	51,878	54,558	56,412	59,187	61,325	65,563	69,048
Terms of Trade Effect	-	-409	-534	-142	170	-1,006	-1,020	-469	-611	-615
Gross Domestic Income	47,749	47,574	47,847	51,736	54,388	55,406	58,167	60,856	64,952	68,433
Consumption	43,468	43,177	43,785	46,188	51,357	51,618	53,327	56,095	60,717	65,178
Gross Domestic Savings/b	4,281	4,397	4,062	5,548	3,031	3,788	4,840	4,761	4,235	3,255
Net Factor Income to/from Abroad	3	-69	64	208	187	211	353	712	1,647	1,968
Gross National Savings	4,284	3,328	4,126	5,756	3,218	3,999	5,193	5,473	5,882	5,223
GNP at Market Prices	47,752	47,914	48,445	52,086	54,745	56,623	59,540	62,037	67,210	71,016
Memo Item:										
Terms of Trade Effect	-	-409	-534	-142	170	-1,006	-1,020	-469	-611	-615
Exports as Capacity to Import	3,709	3,333	2,565	3,135	2,881	2,018	2,432	2,376	2,603	3,230
Exports at Constant Prices	3,709	3,742	3,099	3,277	2,711	3,024	3,452	2,845	3,214	3,845

/a Provisional.
/b Adjusted for the terms of trade.

Source: Table 2.5.

GROSS DOMESTIC AND NATIONAL SAVINGS AT CONSTANT PRICES, 1969/70-1978/79

(million 1969/70 rupees)

Planning and Development Division's Estimates

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79/a
GDP at Market Prices	47,749	47,983	48,381	51,878	54,558	56,412	59,187	61,325	65,563	69,048
Terms of Trade Effect	-	-401	-533	-144	+174	-993	-1,017	-471	-612	-738
Gross Domestic Income	47,749	47,582	47,848	51,734	54,732	55,419	58,170	60,854	64,951	68,310
Consumption	43,469	43,166	42,616	45,377	48,778	49,675	51,294	53,540	57,466	62,117
Gross Domestic Savings/b	4,280	4,416	5,232	6,357	5,954	5,744	6,876	7,314	7,485	6,193
Net Factor Income to/from Abroad	3	-68	64	162	150	187	514	936	1,933	2,147
Gross National Savings/b	4,283	4,348	5,296	6,519	6,104	5,931	7,390	8,250	9,418	8,340
GNP at Market Prices	47,752	47,915	48,445	52,040	54,708	56,599	59,701	62,261	67,496	71,195
Memo Item:										
Terms of Trade Effect	-	-401	-533	-144	+174	-993	-1,017	-471	-612	-738
Exports as Capacity to Import	3,709	3,341	2,566	3,133	2,887	1,986	2,432	2,374	2,604	3,227
Exports at Constant Prices	3,709	3,742	3,099	3,277	2,713	2,979	3,449	2,845	3,216	3,965

/a Provisional.
/b Adjusted for the terms of trade.

Source: Table 2.5.

Table 2.9: FIXED CAPITAL FORMATION BY ECONOMIC SECTOR, 1969/70-1978/79

(million rupees)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79 /a
Total Fixed Capital Formation	6,834.0	7,045.4	6,814.3	7,646.5	10,613.9	16,217.9	22,770.4	26,421.4	29,228.2	31,675.0
Private	3,493.3	3,531.4	3,545.9	3,726.3	3,840.0	5,207.3	6,483.9	7,779.7	8,894.0	9,970.4
Agriculture	476.1	463.4	535.2	612.1	737.9	845.7	1,348.5	1,600.0	2,077.0	2,163.6
Mining and Quarrying	17.5	18.8	18.0	19.0	22.7	30.2	33.2	36.5	40.1	44.1
Large-Scale Manufacturing	1,206.2	1,224.0	1,016.3	763.1 /b	697.3 /b	1,990.4 /b	1,309.0 /b	1,526.3	1,539.1	1,666.6
Small-Scale Manufacturing	187.7	201.7	219.1	255.9	325.5	446.5	509.5	585.3	634.4	688.1
Construction	61.0	4.4	28.1	23.7	26.7	62.3	49.5	119.3	104.9	102.9
Electricity and Gas	108.3	107.7	71.3	111.8	0.9 /c	1.0 /c	1.5 /c	1.6 /c	2.0 /c	2.0 /c
Transport and Communication	514.7	518.3	606.9	968.0	999.6	1,016.4	1,070.7	1,167.0	1,227.3	1,592.4
Financial Institutions and Banking Insurance	51.2	52.0	33.2	34.5	9.8 /d	5.6 /d	7.2 /d	13.8 /d	13.4	13.4
Ownership of Dwellings	502.3	555.6	603.9	493.8	500.3	1,136.4	1,341.2	1,709.0	2,034.6	2,392.4
Services	366.0	385.5	413.9	444.4	519.3	673.3	813.2	1,020.9	1,221.2	1,354.9
Public	3,304.1	3,514.0	3,267.4	3,920.2	6,773.9	11,010.1	16,286.5	18,641.7	20,334.2	21,704.6
Government Enterprises	314.8	353.8	262.0	355.3	397.5	915.9	911.9	1,122.0	1,083.2	1,477.3
Railway	219.2	233.1	114.2	106.9	111.7	602.0	645.0	643.4	655.1	997.5
Post Office, Telephone and Telegraph	95.6	120.7	147.8	248.8	285.8	313.9	266.9	478.6	428.1	479.8
Semi-Public Organizations	1,962.4	2,218.0	2,089.4	1,979.9	3,692.6	6,311.0	10,467.4	11,515.3	13,471.4	13,383.5
Indus Basin	1,024.8	983.3	981.2	719.4	728.6	1,043.2	1,477.2	581.3	855.0	813.2
Mining and Quarrying	8.3	7.4	10.5	33.0	14.6	59.6	37.4	295.2	335.8	191.1
Large-Scale Manufacturing	177.1	67.7	96.9	109.9	375.4	1,056.6	3,159.5	4,487.8	6,133.3	5,946.8
Small-Scale Manufacturing	2.1	0.5	1.6	0.7	6.8	8.3	22.1	26.2	10.2	20.6
Electricity and Gas	155.8	575.1	410.1	383.2	704.5	2,419.1	3,184.7	2,519.5	2,778.8	2,302.8
Financial Institutions and Banking Insurance	8.0	5.3	10.3	13.5	59.4	81.1	110.4	160.7	202.1	219.2
Rural Works Program	99.2	40.3	39.1	139.6	140.4	142.2	160.7	98.8	73.4	109.0
Others	487.1	536.4	539.7	500.6	1,662.8	1,500.9	2,315.4	3,345.8	3,083.8	3,780.8
General Government	1,063.5	942.2	917.0	1,585.0	2,683.8	3,783.2	4,907.2	6,004.4	5,779.6	6,843.8
Federal	352.0	299.5	352.3	571.5	1,021.7	1,417.7	1,816.3	2,420.9	2,432.8	3,124.6
Provincial	559.9	487.3	373.4	812.7	1,407.5	1,952.0	2,632.6	3,010.9	2,894.9	3,203.0
Local	151.6	155.6	191.3	200.8	254.6	413.5	458.3	572.6	451.9	516.2

/a Provisional.
/b Excludes Rs 25.8 million for the year 1972/73; Rs 35.4 million for 1973/74; Rs 78.6 million for 1974/75; and Rs 106.7 million for 1975/76 mainly as investment in BIM industries.
/c Includes only private share of investment in electricity companies arrived at on the basis of paid-up share capital. Investments in KESC and gas companies are shown under public sector.
/d Excludes Rs 55.1 million for 1973/74; Rs 58.3 million for 1974/75; Rs 91.9 million for 1975/76; and Rs 100.1 million for 1976/77 as investment in nationalized banks.

Note: The Statistics Division's estimates do not tally with the Planning and Development Division's due to conceptual differences. The former relate to physical investments while the latter include financial investments, for example, cost of land, as well as advance payments for imports of equipment and funds remaining unutilized.

Sources: Planning and Development Division and Statistics Division.

Table 3.1: SUMMARY BALANCE OF PAYMENTS, 1972/73-1978/79

(million US$)

	1972/73			1973/74			1974/75		
	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance
Goods and Services	919.7	1,195.0	-275.3	1,238.1	1,936.9	-698.8	1,288.9	2,686.1	-1,397.2
Merchandise	766.6	891.2	-124.6	1,019.7	1,493.1	-473.4	977.6	2,114.2	-1,136.6
Non-Monetary Gold	-	-	-	-	-	-	-	-	-
Freight and Insurance	3.1	82.0	-78.9	2.0	153.9	-151.9	1.7	208.0	-206.4
Other Transportation	57.7	35.7	22.0	97.5	65.6	31.9	129.4	53.3	74.1
Travel	15.1	29.8	-14.7	20.3	35.5	-15.2	27.5	45.9	-18.4
Investment Income	17.3	101.5	-84.2	36.1	108.1	-72.0	37.4	135.1	-97.7
Government (n.i.e.)	37.7	32.7	5.0	27.6	45.0	-17.4	40.0	68.0	-28.0
Other Services	22.3	22.3	-	34.9	35.6	- 0.7	75.4	59.6	15.8
Unrequited Transfers	181.1	6.1	175.0	222.7	5.1	217.6	338.5	5.1	333.4
Private	146.3	1.3	145.0	151.2	0.9	150.3	229.9	0.5	229.4
Government	34.8	4.8	30.0	71.5	4.3	67.2	108.6	4.6	104.0
Capital and Monetary Gold	378.9	286.0	92.9	635.8	149.2	486.6	1,295.1	246.1	1,049.0
Private and Long Term	58.7	45.9	12.8	100.9	43.4	57.5	144.9	49.2	95.7
Private and Short Term	1.0	-	1.0	0.1	-	0.1	0.1	-	0.1
Local Governments	33.0	41.8	-8.8	106.0	37.0	69.0	123.8	35.5	88.3
Central Government	262.9	15.1	247.8	244.8	32.6	212.2	793.4	68.1	725.3
Central Monetary Institution	11.5	162.6	-151.1	128.8	8.3	120.4	214.1	93.3	120.7
(of which account with IMF Net)	(-)	(4.5)	(-4.5)	(53.2)	(-)	(53.2)	(201.0)	(-)	(201.0)
Other Monetary Institutions	11.8	20.6	-8.8	55.2	27.9	27.2	18.8	(-)	18.8
Errors and Omissions	7.4	-	7.4	-	-5.3	-5.3	14.7	-	14.7

	1975/76			1976/77			1977/78		
	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance
Goods and Services	1,460.6	2,706.1	-1,299.5	1,437.0	3,079.0	-1,642.0	1,685.4	3,511.8	-1,826.4
Merchandise	1,162.1	2,139.4	-977.3	1,132.0	2,418.0	-1,286.0	1,282.5	2,751.4	-1,468.9
Non-Monetary Gold	1.3	-	1.3	-	-	-	4.2	-	4.2
Freight and Insurance	1.2	201.4	-200.2	2.0	229.0	-227.0	1.8	287.8	-286.0
Other Transportation	125.4	59.5	65.9	127.3	50.0	77.3	132.6	66.6	66.0
Travel	35.0	58.8	-23.8	44.0	52.0	-8.0	69.9	52.7	17.2
Investment Income	28.4	173.2	-144.8	33.0	202.0	-169.0	34.1	214.7	-180.6
Government (n.i.e.)	46.8	75.8	-29.0	38.0	79.0	-41.0	71.1	87.0	-15.9
Other Services	60.4	52.0	8.4	61.0	49.4	11.6	89.2	51.6	37.6
Unrequited Transfers	491.4	18.6	472.8	744.0	4.7	739.3	1,352.2	14.6	1,337.6
Private	353.4	0.4	353.0	591.0	-	591.0	1,226.2	0.4	1,225.8
Government	138.0	18.2	119.8	153.0	4.0	149.0	126.0	14.2	118.8
Capital and Monetary Gold	1,267.3	431.8	835.5	1,259.0	414.0	845.0	1,157.3	644.8	512.5
Private and Long Term	182.6	43.1	139.5	148.0	41.0	107.0	153.4	44.9	108.5
Private and Short Term	78.4	24.3	54.1	158.0	105.0	53.0	159.3	139.4	19.9
Local Governments	212.2	29.8	182.4	303.0	43.0	260.0	421.0	36.0	385.0
Central Government	593.4	154.2	439.2	397.5	225.0	175.4	400.2	85.9	314.3
Central Monetary Institution	157.0	180.4	23.4	223.0	-	223.0	4.7	339.9	-329.2
(of which account with IMF Net)	(135.5)	(-)	(135.5)	(41.0)	(-)	(41.0)	(-)	(7.1)	(-7.1)
Other Monetary Institutions	43.7	-	43.7	29.2	-	29.2	18.7	4.7	14.0
Errors and Omissions	-	8.8	-8.8	57.0	-	57.0	-	23.8	-23.8

	1978/79		
	Credit	Debit	Balance
Goods and Services	2,155.6	4,763.6	-2,608.0
Merchandise	1,644.2	3,815.8	-2,171.6
Non-Monetary Gold	2.1	-	2.1
Freight and Insurance	2.6	338.4	-335.8
Other Transportation	190.6	84.4	106.2
Travel	86.0	74.5	11.5
Investment Income	46.3	278.7	-232.4
Government (n.i.e.)	78.9	110.8	-31.9
Other Services	104.9	61.0	43.9
Unrequited Transfers	1,627.4	3.4	1,624.0
Private	1,496.9	0.7	1,496.2
Government	130.5	2.7	127.8
Allocation of SDRs	38.2	-	38.2
Capital and Monetary Gold	1,569.6	605.4	964.2
Private and Long Term	184.8	61.7	123.1
Private and Short Term	196.1	156.1	40.0
General Government	844.7	228.9	615.8
Central Monetary Institution	344.0	106.8	237.2
(of which account with IMF, Net)	(-)	(84.7)	(-84.7)
Other Monetary Institutions	-	51.9	-51.9
Errors and Omissions	-	18.4	-18.4

Source: State Bank of Pakistan.

Table 3.2: GOLD AND FOREIGN EXCHANGE POSITION, ASSETS AND LIABILITIES OF SCHEDULED BANKS AND USE OF IMF CREDIT, 1971/72-1978/79/a

(million US$)

	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79
State Bank Reserves (minus gold)	233	449	309	401	571	372	694	386
Special Drawing Rights	39	31	29	13	45	39	36	58
Foreign Exchange	194	381	280	388	526	333	658	328
Scheduled Banks, Net	45	60	140	166	85	107	174	277
Foreign Assets	77	100	183	227	173	225	300	425
Foreign Liabilities	32	40	43	61	88	118	126	148
Total (1+2)	278	509	449	567	656	479	868	663
Use of IMF Credit/b	101	109	163	371	469	518	544	478
Gold Holdings at SBP (million ounces)	1.570	1.600	1.600	1.588	1.618	1.618	1.718	1.768

/a As of end of fiscal year. Not including claims pending settlement with Reserve Bank of India.
/b Not including Trust Fund borrowings.

Source: State Bank of Pakistan and International Financial Statistics (IMF).

Table 3.3: COMPOSITION OF IMPORTS, 1970/71-1978/79

(million rupees)

	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79 [a]
Capital Goods	1,885	1,486	2,499	3,975	6,152	7,158	8,750	9,316	10,970
Iron and Steel Bars	28	25	32	58	58	45	38	57	30
Plates and Sheets of Iron and Steel	129	103	245	566	690	512	775	768	1,067
Hoop and Strip Iron	15	14	34	51	-	35	17	21	29
Rails and Railway Track	13	11	6	2	4	93	78	26	78
Iron and Steel Wire	14	14	21	31	53	60	53	59	79
Tubes, Pipes and Fittings	45	45	50	77	147	412	366	139	222
Power Generating Machinery Other than Electric	50	8	40	146	21	129	259	204	458
Agricultural Machinery	65	56	72	201	295	534	837	939	1,090
Textile and Leather Machinery	143	196	202	243	14	714	581	573	508
Machines for Special Industries	94	76	60	121	205	407	547	573	528
Electric Power Machinery	87	78	107	168	272	433	383	532	633
Road Motor Vehicles	193	35	398	544	505	843	1,059	1,141	1,598
Others	1,009	825	1,232	1,858	3,888	2,941	3,757	4,314	4,617
Consumer Goods	385	795	2,484	3,214	4,714	4,337	3,651	5,555	8,969
Wheat	83	270	1,112	1,546	2,461	1,785	660	1,337	3,505
Other Food	12	180	834	896	931	1,281	1,386	2,078	1,871
Petroleum Products	-	69	25	151	390	390	601	1,538	2,200
Medicines and Drugs	56	79	120	184	186	272	348	513	601
Printed Matter	11	6	13	14	34	21	24	49	71
Others	223	191	380	423	712	588	632	40	721
Raw Materials	1,332	1,218	3,415	6,290	10,059	8,970	10,611	12,944	15,449
Crude Petroleum	167	172	463	1,055	2,145	2,524	2,711	3,380	3,046
Edible Oil	183	131	224	821	1,297	1,047	1,478	1,353	2,953
Chemicals	103	389	471	690	625	483	550	648	814
Dyeing and Tanning Materials	51	206	148	165	203	208	208	363	311
Fertilizers	118	51	390	895	960	559	623	1,018	2,808
Chemical Materials, n.e.s.	66	53	151	295	388	449	629	449	429
Pig Iron, Sponge Forms of Iron	21	46	57	37	280	64	39	47	96
Ingot and Primary Forms of Iron	101	55	165	176	481	134	243	295	330
Non-Ferrous Metals, n.e.s.	18	2	12	3	7	3	4	344	327
Iron and Steel Forgings	7	-	-	5	17	48	18	11	14
Copper	28	17	-	2	127	42	50	86	78
Aluminum	15	18	2	75	106	35	188	140	135
Others	455	78	1,332	2,011	3,423	3,374	3,870	4,591	4,108
Total	3,602	3,495	8,398	13,479	20,925	20,465	23,012	27,815	36,388

/a Provisional.

Source: Ministry of Finance and Economic Affairs.

Table 3.4: SUMMARY ECONOMIC CLASSIFICATION OF IMPORTS, 1969/70-1978/79

(percentage)

Year	Capital Goods	Industrial Raw Material: Capital Goods	Industrial Raw Material: Consumer Goods	Consumer Goods	Total Imports
1969/70	50.4	10.5	29.1	10.0	100
1970/71	52.3	10.6	26.4	10.7	100
1971/72	42.4	10.5	24.4	22.7	100
1972/73	29.8	9.9	30.8	29.5	100
1973/74	29.5	6.7	40.0	23.8	100
1974/75	29.4	8.6	39.5	22.5	100
1975/76	35.0	6.1	37.7	21.2	100
1976/77	38.0	6.4	39.8	15.8	100
1977/78	33.4	7.0	39.6	20.0	100
1978/79 /a	30.1	5.9	42.4	21.6	100

/a Provisional.

Source: Ministry of Finance and Economic Affairs.

Table 3.5: VALUE, VOLUME AND UNIT VALUE OF MAJOR IMPORTS, 1972/73-1978/79

	1972/73			1973/74			1974/75		
	Value (Mil.US$)	Quantity ('000 tons)	Unit Value (US$/ton)	Value (Mil.US$)	Quantity ('000 tons)	Unit Value (US$/ton)	Value (Mil.US$)	Quantity ('000 tons)	Unit Value (US$/ton)
Crude Oil /b	45.0	2,477	18.2	105.15	2,835.73	37.08	216.68	2,535.44	85.46
Petroleum Products	18.0	618	29.1	43.60	781.85	55.77	110.78	1,134.27	97.67
Wheat Unmilled	105.3	1,138	78.7	156.22	1,287.73	132.19	222.78	1,163.92	191.40
Fertilizers /c	37.2	354	105.1	90.40	502.42	142.12	97.36	341.65	284.98
Edible Oil /d	30.7	107	286.9	63.41	124.51	509.28	45.70	63.23	722.77
Tea /e	31.0	38	815.8	34.60	37.84	915.55	57.00	50.68	1,322.07
Other Imports	530.0			368.16			1,353.39		
Total Imports	797.2			1,361.54			2,113.69		

	1975/76			1976/77			1977/78		
	Value (Mil.US$)	Quantity ('000 tons)	Unit Value (US$/ton)	Value (Mil.US$)	Quantity ('000 tons)	Unit Value (US$/ton)	Value (Mil.US$)	Quantity ('000 tons)	Unit Value (US$/ton)
Crude Oil /b	254.96	2,790.14	91.38	273.82	2,710.77	101.01	341.38	3,314.75	103.00
Petroleum Products	112.04	1,062.80	105.42	132.56	1,127.35	117.59	155.42	4,281.63	121.27
Wheat Unmilled	180.27	1,166.86	154.49	66.67	499.02	133.60	135.01	1,035.00	130.45
Fertilizers /c	56.40	202.96	199.32	62.98	399.64	157.59	103.76	594.56	175.00
Edible Oil /d	45.15	104.23	433.18	149.29	284.00	525.70	147.96	248.82	594.65
Tea /e	62.20	52.34	1,188.44	75.91	51.10	1,485.52	127.06	60.90	2,084.58
Other Imports	1,356.18			1,626.06			1,788.29		
Total Imports	2,067.20			2,374.46			2,798.88		

	1978/79 /a		
	Value (Mil.US$)	Quantity ('000 tons)	Unit Value (US$/ton)
Crude Oil /b	307.71	2,945.77	104.46
Petroleum Products	222.26	1,676.46	132.58
Wheat Unmilled	354.05	2,236.49	158.31
Fertilizers /c	283.61	1,575.26	180.04
Edible Oil /d	298.29	420.41	709.50
Tea /e	100.87	61.12	1,652.00
Other Imports	2,108.67		
Total	3,675.56		

/a Provisional.
/b Consists of partly refined petroleum, aviation and motor spirit, kerosene, high speed diesel oil and light diesel oil.
/c Consists of amonium nitrate and sulphate, sodium nitrate, nitrogenous urea and phosphatic fertilizers, and fertilizers not specified.
/d Consists of soybean oil, olive oil and palm oil.
/e Consists of black, green and powder tea and tea not specified.

Source: Ministry of Finance and Economic Affairs.

Table 3.6: IMPORTS BY SOURCE, 1969/70-1978/79

(million rupees)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79
Imports, Total/a	3,285	3,602	3,495	8,398	13,479	20,925	20,465	23,012	27,815	36,388
North America/b	905	1,145	792	2,217	3,968	3,782	4,729	3,930	4,092	6,618
Canada	118	116	43	120	514	648	714	510	575	769
United States	787	1,030	729	2,094	3,452	3,097	3,977	3,393	3,497	5,791
Others	-	-	20	3	2	37	38	27	20	58
South America	-	-	5	347	85	33	31	99	71	645
Western Europe	1,265	1,237	1,170	2,355	3,815	5,349	5,136	6,186	7,900	10,161
Belgium	42	48	41	101	256	382	308	247	356	375
France	125	64	76	113	252	501	548	501	808	1,061
Germany, Federal Republic	391	406	344	749	1,051	1,558	1,242	1,463	2,174	2,088
Italy	185	193	192	233	300	599	669	717	783	1,254
Netherlands	48	36	63	196	515	392	260	515	700	1,862
United Kingdom	374	402	353	683	950	1,230	1,511	1,861	2,306	2,279
Others	100	88	101	280	491	687	598	882	773	1,247
Eastern Europe	281	314	361	558	792	1,103	1,033	1,032	1,067	1,396
U.S.S.R.	76	97	84	165	181	409	510	431	357	548
Others	206	217	277	393	611	694	523	601	710	848
Middle East	207	265	278	767	1,732	3,518	3,811	4,209	5,389	6,271
Abu Dhabi	68	58	34	6	1	125	947	912	708	1,077
Kuwait	5	42	63	204	498	1,224	781	1,183	1,469	2,310
Saudi Arabia	35	38	92	366	893	1,559	1,515	1,594	2,489	1,962
Others	99	127	89	191	340	610	568	520	723	922
Africa	10	6	24	106	111	182	212	212	450	447
Asia	548	597	825	1,939	2,904	5,693	5,292	6,719	8,221	9,965
China	50	55	99	362	571	535	549	633	629	981
Japan	325	359	350	721	1,126	2,633	2,499	3,292	3,322	4,149
Hong Kong	18	12	24	33	55	105	135	175	261	239
Others	155	171	352	823	1,152	2,420	2,109	2,619	4,009	4,596
Oceania	69	38	40	109	72	1,265	221	625	625	885

/a Through 1970/71 excludes imports from East Pakistan.
/b Includes Central America.

Source: Ministry of Finance and Economic Affairs.

Table 3.7: COST OF MERCHANDISE IMPORTS AND EFFECTIVE IMPORT EXCHANGE RATES, 1969/70-1978/79

(million rupees unless otherwise stated)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79
1. Merchandise Imports: /a										
a. Million Rupees	3,205	3,602	3,495	8,398	13,479	20,925	20,007	23,012	27,815	36,388
b. Million US$ Million Equivalent	690	757	623	797	1,362	2,114	2,020	2,324	2,810	3,676
2. Bonus Vouchers:										
a. Bonus Vouchers Issued to Exporters	552	703	911	-	-	-	-	-	-	-
b. Bonus Premium	180	188	190	-	-	-	-	-	-	-
c. Expenditures on Bonus Vouchers	904	1,322	1,731	-	-	-	-	-	-	-
3. Duties and Taxes on Imports										
a. Import Duties	1,272	1,454	1,179	1,607	2,346	3,837	4,442	6,074	7,967	9,770
b. Price Equalization Surcharge	24	19	21	21	0	0	-	-	-	-
c. Sales Tax on Imports	352	438	332	312	533	765	886	1,122	1,266	1,476
d. Rehabilitation Surcharge	17	2	-	-	-	-	-	-	-	-
e. Total:	1,665	1,913	1,532	1,919	2,879	4,602	5,329	7,196	9,233	11,246
4. Total Rupee Expenditure on Merchandise Imports (excluding Defense) Including Cost of:										
a. Bonus Only (1.a + 2.c)	4,279	4,924	5,226	-	-	-	-	-	-	-
b. Bonus, Taxes and Duties (1.a + 3.c)	5,944	6,837	6,558	10,317	16,358	25,527	25,336	30,209	37,048	47,634
5. Effective Merchandise Import Exchange Rates (Rs/S) Accounting for Cost of:										
a. Bonus Only (4.a ÷ 1.b)	6.20	6.50	8.39	-	-	-	-	-	-	-
b. Bonus, Taxes and Duties (46 ÷ 1.6)	8.61	9.03	10.85	12.94	12.01	12.08	12.54	12.99	13.18	12.96

/a Through 1970/71 excludes imports from East Pakistan.

Source: Ministry of Finance and Economic Affairs

Table 3.8: COMPOSITION OF EXPORTS,[a] 1969/70-1978/79

(million rupees)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79
Raw Cotton	209.7	270.0	954.8	1,167.0	376.1	1,543.9	980.5	292.1	1,093.6	655.2
Cotton Yarn	254.0	344.2	592.3	1,941.0	1,810.6	851.4	1,422.3	1,171.7	1,059.5	1,956.1
Cotton Cloth	257.6	311.3	387.1	1,247.1	1,416.8	1,312.5	1,359.4	1,603.3	1,741.2	2,135.2
Rice	93.3	173.0	274.1	1,136.1	2,098.4	2,303.7	2,479.1	2,477.9	2,408.5	3,380.0
Fish and Fish Preparations	83.3	61.3	111.1	233.7	276.0	156.6	278.8	381.3	341.4	462.0
Tanned Leather	109.3	107.0	173.5	544.9	418.5	367.3	295.9	647.4	636.5	1,247.3
Carpets and Rugs	55.1	64.7	108.7	281.5	456.7	456.0	719.2	911.9	1,170.8	1,764.7
POL Products	48.5	38.6	41.3	128.6	175.6	138.5	192.0	268.5	625.9	643.5
Cement and Cement Products	19.2	20.5	43.9	106.2	167.2	279.6	44.6	5.6	0.2	-
Sports Goods	30.0	32.7	50.7	136.1	188.0	204.5	189.2	199.1	194.9	212.1
Raw Wool	26.6	20.9	24.6	82.8	64.1	20.1	66.2	76.2	72.7	107.9
Others	421.4	554.2	609.3	1,546.2	2,713.2	2,652.0	926.7	3,258.9	3,635.3	4,360.9
Total	1,608.0	1,998.4	3,371.4	8,551.2	10,161.2	10,286.3	11,253.9	11,293.9	12,980.5	16,925.0
Exports to East Pakistan	1,666.9	1,377.6	474.0	-	-	-	-	-	-	-
Total Exports	3,275.5	3,376.0	3,845.4	8,551.2	10,161.2	10,286.3	11,253.9	11,293.9	12,980.5	16,925.0

/a For the period 1969/70-November 1971 Interwing (between East and West Pakistan) trade is shown separately. After the separation, East Pakistan is treated as a foreign country.

Source: Ministry of Finance and Economic Affairs.

Table 3.9: SUMMARY ECONOMIC CLASSIFICATION OF EXPORTS, 1969/70-1978/79

(Percentages)

	Primary Commodities	Semi-Manufactured Goods	Manufactured Goods	Total Exports
1969/70	33.1	23.3	43.6	100.0
1970/71	32.6	23.6	43.8	100.0
1971/72	44.8	27.1	28.1	100.0
1972/73	39.4	30.2	30.4	100.0
1973/74	39.4	22.6	38.0	100.0
1974/75	48.0	12.7	39.3	100.0
1975/76	43.7	18.4	37.9	100.0
1976/77	40.9	16.7	42.4	100.0
1977/78	35.7	14.7	49.6	100.0
1978/79/a	32.3	20.6	47.1	100.0

/a Provisional.

Source: Ministry of Finance and Economic Affairs.

Table 3.10: VALUE, VOLUME AND UNIT VALUE OF MAJOR EXPORTS, 1972/73-1978/79

	Volume Unit	1972/73 Value (Mil.US$)	1972/73 Volume ('000 Units)	1972/73 Unit Value ($/Unit)	1973/74 Value (Mil.US$)	1973/74 Volume ('000 Units)	1973/74 Unit Value ($/Unit)	1974/75 Value (Mil.US$)	1974/75 Volume ('000 Units)	1974/75 Unit Value ($/Unit)
Raw Cotton	lb	111.54	427,109.85	.26	37.99	79,645.31	.48	155.95	434,923.02	.36
Cotton Yarn	lb	185.57	402,011.31	.46	103.12	216,504.24	.85	86.00	167,147.68	.51
Cotton Cloth	Sq. yd.	119.19	618,449.00	.19	143.11	415,727.81	.34	126.32	468,184.47	.27
Rice										
Fine Quality	ton	26.09	108.92	239.48	109.93	231.30	475.29	139.39	180.59	771.85
Medium Quality	ton	14.36	133.87	107.24	6.23	27.25	228.56	3.36	9.33	359.64
Coarse	ton	39.54	347.61	113.75	.81	2.17	374.89	19.95	62.41	319.70
Broken	ton	3.71	30.67	121.08	76.34	255.71	298.54	31.85	101.07	315.12
Leather/b	ton	50.66	21.34	2,373.80	39.73	12.15	3,271.09	36.52	11.17	3,270.34
Carpets	Sq. ft.	26.83	9,002.03	2.98	45.97	11,952.42	3.85	45.33	10,736.03	4.22
Fish	ton	22.20	20.19	1,099.70	27.23	16.91	1,633.69	15.80	13.56	1,165.25
Petrol. Products	ton	8.89	649.22	13.69	17.39	271.25	64.10	13.65	157.93	86.44
Cement	ton	8.60	579.41	14.85	15.98	758.38	21.07	24.74	516.79	47.88
Sports Goods	-	13.01			18.99			20.66		
Other	-	187.12			303.16			319.50		
Total Exports		817.31			1,026.38			1,039.02		

	Volume Unit	1975/76 Value (Mil.US$)	1975/76 Volume ('000 Units)	1975/76 Unit Value ($/Unit)	1976/77 Value (Mil.US$)	1976/77 Volume ('000 Units)	1976/77 Unit Value ($/Unit)	1977/78 Value (Mil.US$)	1977/78 Volume ('000 Units)	1977/78 Unit Value ($/Unit)
Raw Cotton	lb	99.04	246,245.03	.40	29.51	39,161.00	.75	110.06	214,753.00	.51
Cotton Yarn	lb	143.66	243.525.19	.59	118.35	146,582.00	.81	107.00	132,177.00	.81
Cotton Cloth	Sq. yd.	137.32	554,778.14	.25	161.95	498,538.00	.32	175.68	542.151.75	.32
Rice										
Fine Quality	ton	160.20	306.08	523.41	173.36	510.45	339.45	124.00	271.62	456.52
Medium Quality	ton	27.16	126.64	214.46	18.96	92.36	205.28	46.65	175.65	265.58
Coarse	ton	43.96	225.96	194.57	43.68	245.00	178.29	61.65	282.75	218.04
Broken	ton	17.69	103.46	171.04	12.43	80.19	155.01	11.50	57.20	201.05
Leather/b	ton	55.68	76,539.05/c	.73/c	65.39	91,925.00/c	.71	64.29	8.60	7,475.58
Carpets	Sq. ft.	71.44	14,359.23	4.98	91.44	18,075.00	5.06	118.26	20,916.00	5.65
Fish	ton	28.14	13.51	2,083.15	38.52	18.00	2,140.00	34.48	13.17	2,618.07
Petrol. Products	ton	17.27	292.33	59.09	23.48	241.55	97.21	63.22	624.74	101.19
Cement	ton	4.39	88.13	49.80	0.56	13.17	42.52	-	-	-
Sports Goods	-	19.11			20.11			19.69		
Other	-	311.62			343.04			374.08		
Total Exports		1,136.70			1,140.78			1,310.76		

	Volume Unit	1978/79/a Value (Mil.US$)	1978/79/a Volume ('000 Units)	1978/79/a Unit Value ($/Unit)
Raw Cotton	lb	66.19	120,438.08	.55
Cotton Yarn	lb	203.41	219,826.50	.93
Cotton Cloth	Sq. yd.	215.67	636,069.24	.34
Rice				
Fine Quality	ton	135.37	178.50	758.38
Other	ton	286.05	820.50	348.63
Leather/b	Sq. ft.	136.00	134,489.70	1.01
Carpets	Sq. ft.	174.76	25,032.78	6.98
Fish		46.66	11.69	3,991.45
Petrol. Products	ton	45.24	560.03	80.78
Cement	ton	-	-	-
Sports Goods	-	21.43		
Other	-	378.82		
Total Exports		1,709.60		

/a Provisional.
/b Consists of calf leather, cow and buffalo hides, and sheep and goat skins.

Source: Ministry of Finance and Economic Affairs.

Table 3.11: EXPORTS BY DESTINATION, 1972/73-1978/79

(million rupees)

	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79
Exports, Total[a]	8,351.2	10,161.2	10,286.9	11,252.9	11,293.9	12,980.4	16,925.0
North America[b]	431.6	716.6	499.3	790.9	710.0	778.7	1,273.3
Canada	76.6	137.4	77.0	88.3	72.0	73.6	97.8
United States	348.8	540.5	383.6	645.6	581.7	656.2	1,164.2
Others	6.2	38.7	38.7	57.0	56.3	48.9	12.2
South America	2.6	33.6	45.8	10.1	8.7	101.0	41.1
Western Europe	2,132.1	2,796.3	2,423.4	2,951.8	3,195.0	3,169.6	4,950.2
Belgium	75.2	234.7	248.3	81.7	109.4	96.7	161.0
France	183.4	266.0	194.8	228.6	251.7	252.9	423.4
Germany, Federal Republic	305.8	463.5	462.8	597.6	648.4	732.0	1,036.8
Italy	434.4	491.2	250.0	430.9	421.0	377.4	678.4
Netherlands	132.4	159.0	135.5	150.5	214.7	232.9	334.7
United Kingdom	630.2	686.6	687.0	710.9	807.5	860.8	1,289.2
Others	370.7	597.3	545.0	751.6	742.3	616.9	1,026.7
Eastern Europe	640.4	632.7	759.1	591.0	496.7	579.8	657.9
U.S.S.R.	222.6	256.1	316.7	194.7	251.3	279.2	295.6
Others	417.8	376.6	442.4	396.5	245.4	306.6	362.3
Middle East	787.8	1,897.5	3,004.8	3,016.0	3,569.5	3,438.7	3,619.1
Iran	60.0	392.2	594.2	176.2	879.1	524.5	464.2
Iraq	106.2	206.6	313.3	584.8	498.2	652.1	324.9
Saudi Arabia	128.2	396.6	620.9	796.4	461.3	426.0	944.9
Others	493.4	965.1	1,476.4	1,458.6	1,730.9	1,836.1	1,885.1
Africa	405.1	401.0	358.7	352.6	395.6	721.9	1,306.7
Asia	4,067.0	3,488.9	3,110.1	3,562.5	2,821.4	4,111.6	4,930.7
China (Mainland)	193.4	39.3	150.8	175.5	96.3	367.5	142.7
Japan	1,562.1	633.3	699.1	185.9	922.5	1,107.8	1,669.8
Hong Kong	961.0	1,116.9	786.9	1,239.9	711.4	794.2	1,394.0
Others	1,350.5	1,699.4	1,473.3	1,261.2	1,091.2	1,842.1	1,724.4
Oceania	79.5	192.6	85.1	78.0	97.0	79.1	145.8

/a Excludes re-exports.
/b Includes Central America.

Source: Ministry of Finance and Economic Affairs.

Table 3.12: MERCHANDISE EXPORTS AND EFFECTIVE EXCHANGE RATES, 1971/72-1978/79

(million rupees unless otherwise stated)

	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79
Merchandise Exports /a								
Rs million	3,371.4	8,551.2	10,161.3	10,286.3	11,253.3	11,293.9	12,976.5	16,925.0
US$ million equivalent	597.2	817.0	1,026.4	1,039.0	1,136.7	1,140.8	1,310.8	1,709.6
Export incentives /b	1,312.5	-	-	-	-	-	-	500.0
Gross rupee earnings on exports	4,683.9	8,551.5	10,161.3	10,286.3	11,253.3	11,293.8	12,976.5	17,425.0
Export duties	175.0	1,018.3	1,708.0	1,042.0	791.1	180.4	346.5	130.0
Net rupee earnings	4,508.9	7,533.2	8,453.3	9,244.3	10,462.2	11,113.5	13,323.0	17,295.0
Average net rupee earnings per dollar on merchandise exports	7.5	9.2	8.2	8.9	9.2	9.7	10.2	10.1

/a Excludes re-exports.
/b Sales proceeds of bonus vouchers in 1971/72, export rebates in 1978/79.

Source: Ministry of Finance and Economic Affairs.

Table 3.13: INDEX NUMBERS OF FOREIGN TRADE AND TERMS OF TRADE, 1969/70-1978/79

(1969/70=100)

	Imports Unit Value	Exports Unit value	Terms of Trade
1969/70	100	100	100
1970/71	120	107	90
1971/72	156	129	82
1972/73	285	273	95
1973/74	413	439	106
1974/75	614	410	67
1975/76	583	411	71
1976/77	585	489	83
1977/78	628	508	81
1978/79	656/a	551/a	84/a

/a Provisional.

Note: Terms of Trade and Unit Value Indices of Imports and Exports are computed on quarterly basis and the annual figures are arrived at by averaging the four quarters of the year.

Source: Ministry of Finance and Economic Affairs.

Table 3.14: CONSORTIUM AND NON-CONSORTIUM ASSISTANCE, 1971/72-1978/79 /a

(million US$)

	Commitments			Disbursements			Pipeline			
							Consortium		Non-Consortium	
Years	Consortium /b	Non-Consortium	Total	Consortium	Non-Consortium	Total	Opening Balance	Closing Balance	Opening Balance	Closing Balance
1971/72	52	-	52	206	40	246	673	210	627	535
1972/73	401	32	433	97	49	246	210	414	535	518
1973/74	565	627	1,192	330	53	383	414	649	518	1,092
1974/75	510	539	1,049	437	441	878	649	722	1,092	1,190
1975/76	637	119	756	380	497	877	736 /c	993	1,248 /d	870
1976/77	722	254	976	529	278	807	993	1,186	870	846
1977/78	714	151	865	493	291	784	1,246 /e	1,467	877 /f	737
1978/79	965	436	1,401	598	257	855	1,471 /g	1,838	742 /h	921

/a Excludes Indus/Tarbela Development Funds, PL-480, Food Aid Convention and Technical Assistance.
/b Includes aid provided outside Consortium arrangements.
/c Includes $14 million as exchange adjustment.
/d Includes $58 million as exchange adjustment.
/e Includes $60 million as exchange adjustment.
/f Includes $31 million as exchange adjustment.
/g Includes $4 million as exchange adjustment.
/h Includes $5 million as exchange adjustment.

Source: Ministry of Finance and Economic Affairs.

Table 3.15: DISBURSEMENTS OF FOREIGN ASSISTANCE, 1971/72-1978/79 /a

(million US$)

	Consortium					Non-Consortium			Total
Years	Project	Non-Project	Indus/Tarbela /b	PL-480 /b	Total	Project	Non-Project	Total	
1971/72	138	68	104	50	360	30	10	40	400
1972/73	44	153	52	69	318	16	33	49	367
1973/74	132	221	42	62	457	9	44	53	510
1974/75	216	235	50	80	581	22	419	441	1,022
1975/76	232	175	38	117	562	113	384	497	1,059
1976/77	309	241	42	91	683	98	180	278	961
1977/78	321	144	5	94	564	190	102	292	856
1978/79	395	203	43	50	691	161	96	257	948

/a Excludes technical assistance.
/b Includes grants and loans. In case of Indus/Tarbela disbursement data from World Bank reports.

Source: Ministry of Finance and Economic Affairs.

Table 3.16: WORKERS' REMITTANCES BY MONTH, 1976/77-1979/80

(million US$)

	1976/77	1977/78	1978/79	1979/80
July	33.5	81.6	105.0	122.0
August	33.4	95.4	108.4	129.1
September	33.9	75.1	104.6	115.0
October	38.6	90.8	134.9	139.1
November	43.4	78.2	111.1	103.7
December	37.9	91.4	95.4	147.5
January	58.8	105.1	139.0	169.0/a
February	47.1	93.6	109.5	
March	65.1	110.7	123.4	
April	75.2	109.0	124.6	
May	57.2	117.7	122.8	
June	53.7	107.6	119.0	
Total	577.7	1,156.2	1,397.7	

/a Approximate figure.

Source: State Bank of Pakistan.

Table 4.1: COMPOSITION OF EXTERNAL PUBLIC DEBT[/a] OUTSTANDING AT JUNE 30, 1979

(million US$)

	Disbursed	Undisbursed	Total	Percentage
I. Consortium				
A. Bilateral Creditors	4,692.1	799.7	5,491.8	53.3
Belgium	34.9	16.2	51.1	0.5
Official Lenders	26.2	16.2	42.4	0.4
Private Lenders	8.7	-	8.7	0.1
Canada	337.5	171.3	508.3	4.9
Official Lenders	330.0	171.3	504.3	4.9
Private Lenders	4.5	-	4.5	0.0
France	272.2	104.6	376.8	3.7
Official Lenders	156.2	51.6	207.8	2.0
Private Lenders	116.0	53.0	169.0	1.6
Germany	811.4	112.5	923.9	9.0
Official Lenders	797.3	106.8	904.1	8.8
Private Lenders	14.1	5.7	19.8	0.2
Italy	122.3	29.8	152.1	1.5
Official Lenders	81.5	7.1	88.6	0.9
Private Lenders	40.8	22.7	63.5	0.6
Japan	511.3	191.6	702.9	6.8
Official Lenders	488.8	182.5	671.3	6.5
Private Lenders	22.5	9.1	31.6	0.3
Netherlands	133.2	30.6	163.8	1.6
Official Lenders	131.0	30.6	161.6	1.6
Private Lenders	2.2	-	2.2	0.0
United Kingdom	62.9	11.2	74.1	0.7
Official Lenders	-	-	-	-
Private Lenders	62.9	11.2	74.1	0.7
United States	2,406.3	131.9	2,538.2	24.6
Official Lenders	2,382.2	97.4	2,479.6	24.1
Private Lenders	24.1	34.5	58.6	0.6
B. Multilateral Creditors	1,311.4	854.8	2,166.2	21.0
AsDB	250.0	413.3	663.3	6.4
IBRD	343.8	88.0	431.8	4.2
IDA	717.6	353.5	1,071.1	10.4
C. Total Consortium (A+B)	6,003.5	1,654.5	7,658.0	74.3
Official Lenders[/b]	5,707.6	1,518.3	7,225.9	70.1
Private Lenders	295.9	136.2	432.1	4.2
II. Non-Consortium				
China[/c]	107.8	173.0	280.8	2.7
Iran[/c]	765.4	13.2	778.6	7.6
Saudi Arabia[/c]	125.0	96.5	221.5	2.1
USSR[/c]	232.1	372.3	604.4	5.9
Total Non-Consortium	1,764.4	881.8	2,646.2	25.7
Official Lenders[/d]	1,558.0	855.3	2,413.3	23.4
Private Lenders	206.4	26.5	232.9	2.3
III. Grand Total (I+II)	7,767.9	2,536.3	10,304.2	100.0
Official Lenders	7,265.6	2,373.6	9,639.2	93.5
Private Lenders	502.3	162.7	665.0	6.5

/a Debt with an original maturity of over one year, with repayment guaranteed directly or indirectly by the Government.
/b Includes debt owed to multilateral creditors within the Consortium.
/c Entirely official lending.
/d Includes debt owed to multilateral creditors not members of the Consortium.

Source: Debt Reporting System, IBRD.

Table 4.2: ACTUAL SERVICE PAYMENTS, FY1975-79 AND PROJECTED PAYMENTS, FY1980-99 ON EXTERNAL PUBLIC DEBT OWED TO ALL CREDITORS OUTSTANDING AT JUNE 30, 1979.

(thousand US$)

FISCAL YEAR	DEBT OUTSTANDING AT BEGINNING OF PERIOD		TRANSACTIONS DURING PERIOD					OTHER CHANGES	
	DISBURSED ONLY	INCLUDING UNDISBURSED	COMMIT-MENTS	DISBURSE-MENTS	SERVICE PAYMENTS: PRINCIPAL	INTEREST	TOTAL	CANCEL-LATIONS	ADJUST-MENT /b
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1974/75	4,483,265	6,259,716	1,030,227	927,016	133,207	93,274	226,481	442,499	113,670
1975/76	4,899,621	6,827,907	942,638	923,283	150,477	109,481	259,958	26,718	-165,574
1976/77	5,630,610	7,427,776	947,692	828,485	171,917	140,938	312,855	29,154	48,554
1977/78	6,319,086	8,222,951	855,575	737,174	167,022	156,720	323,742	38,116	274,210
1978/79	7,104,726	9,147,598	1,326,814	824,826	245,338	196,832	442,170	165,055	123,961
1979/80	7,651,643	10,187,980							
		* * * * * * THE FOLLOWING FIGURES ARE PROJECTED * * * * * *							
1979/80	7,651,643	10,187,980	-	872,190	313,325	216,937	530,262	-	-5,410
1980/81	8,205,104	9,869,245	-	674,874	342,647	223,773	566,420	-	
1981/82	8,537,347	9,526,615	-	431,148	385,607	228,368	613,975	-	
1982/83	8,582,900	9,141,025	-	260,083	417,026	222,525	639,551	-	
1983/84	8,425,964	8,724,008	-	143,864	427,874	213,155	641,029	-	
1984/85	8,141,954	8,296,134	-	75,686	448,074	200,882	648,956	-	
1985/86	7,769,577	7,848,070	-	43,934	457,965	187,417	645,382	-	
1986/87	7,355,560	7,390,118	-	26,432	431,831	174,274	606,105	-	
1987/88	6,950,164	6,958,291	-	7,003	441,635	160,887	602,522	-	
1988/89	6,515,559	6,516,683	-	1,113	449,861	146,097	595,958	-	
1989/90	6,066,807	6,066,818	-	11	421,322	131,081	552,403	-	
1990/91	5,645,513	5,645,513	-	-	370,430	117,674	488,104	-	
1991/92	5,275,077	5,275,077	-	-	331,128	106,934	438,062	-	
1992/93	4,943,969	4,943,969	-	-	273,273	97,354	370,627	-	
1993/94	4,670,695	4,670,695	-	-	256,150	89,218	345,368	-	
1994/95	4,414,571	4,414,571		-	245,540	81,971	327,511	-	
1995/96	4,169,024	4,169,024	-	-	242,696	75,242	317,938	-	
1996/97	3,926,340	3,926,340	-	-	244,035	68,608	312,643	-	
1997/98	3,682,314	3,682,314	-	-	233,097	62,147	295,244	-	
1998/99	3,449,231	3,449,231	-	-	230,567	56,356	286,923		

/a Debt with an original maturity of more than one year.
/b This column shows the amount of arithmetic imbalance in the amount outstanding including undisbursed. The most common causes of imbalances are changes in exchange rates.

Source: Debt Reporting System, IBRD.

Table 4.3: ACTUAL SERVICE PAYMENTS, FY1975-79 AND PROJECTED PAYMENTS, FY1980-99 ON EXTERNAL PUBLIC DEBT OWED TO THE AID CONSORTIUM OUTSTANDING AT JUNE 30, 1979

(thousand US$)

FISCAL YEAR	DEBT OUTSTANDING AT BEGINNING OF PERIOD		TRANSACTIONS DURING PERIOD					OTHER CHANGES	
	DISBURSED ONLY	INCLUDING UNDISBURSED	COMMIT-MENTS	DISBURSE-MENTS	SERVICE PAYMENTS			CANCEL-LATIONS	ADJUST-MENT/b
					PRINCIPAL	INTEREST	TOTAL		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1974/75	4,228,863	4,920,488	538,582	479,355	120,172	84,321	204,493	419,864	46,391
1975/76	4,223,202	4,965,425	788,649	472,015	125,956	93,122	219,078	24,617	-89,313
1976/77	4,541,359	5,514,188	712,593	560,158	135,744	117,363	253,107	25,627	28,938
1977/78	4,994,759	6,094,348	715,239	480,155	134,849	129,104	263,953	25,667	245,784
1978/79	5,548,503	6,894,855	902,945	587,985	205,225	164,071	369,296	161,614	110,819
1979/80	5,887,181	7,541,780							
		* * * * * * THE FOLLOWING FIGURES ARE PROJECTED * * * * * *							
1979/80	5,887,181	7,541,780	-	474,675	218,767	174,741	393,508	-	-3,803
1980/81	6,139,289	7,319,210	-	406,004	216,995	177,029	394,024	-	
1981/82	6,328,310	7,102,227	-	294,951	216,288	177,275	393,563	-	
1982/83	6,406,971	6,885,945	-	203,504	215,883	173,212	389,095	-	
1983/84	6,394,588	6,670,064	-	123,245	211,140	168,312	379,452	-	
1984/85	6,306,692	6,458,921	-	73,802	222,156	161,490	383,646	-	
1985/86	6,158,346	6,236,773	-	43,890	236,811	153,895	390,706	-	
1986/87	5,965,436	5,999,972	-	26,410	242,568	146,253	388,821	-	
1987/88	5,749,283	5,757,410	-	7,003	257,715	137,642	395,357	-	
1988/89	5,498,593	5,499,717	-	1,113	279,271	127,526	406,797	-	
1989/90	5,220,428	5,220,439	-	11	278,062	116,921	394,983	-	
1990/91	4,942,393	4,942,393	-	-	255,413	107,567	362,980	-	
1991/92	4,686,974	4,686,974	-	-	247,178	99,722	346,900	-	
1992/93	4,439,814	4,439,814	-	-	243,921	92,331	336,252	-	
1993/94	4,195,893	4,195,893	-	-	236,364	84,978	321,342	-	
1994/95	3,959,552	3,959,552	-	-	226,707	78,281	304,988	-	
1995/96	3,732,838	3,732,838	-	-	227,004	72,039	299,043	-	
1996/97	3,505,845	3,505,845	-	-	230,090	65,767	295,857	-	
1997/98	3,275,763	3,275,763	-	-	219,490	59,618	279,108	-	
1998/99	3,056,288	3,056,288	-	-	218,164	54,103	272,267	-	

/a Debt with an original maturity of more than one year.
/b This column shows the amount of arithmetic imbalance in the amount outstanding including undisbursed. The most common causes of imbalances are changes in exchange rates.

Source: Debt Reporting System, IBRD.

Table 4.4: ACTUAL SERVICE PAYMENTS, FY1975-79 AND PROJECTED PAYMENTS, FY1980-99 ON EXTERNAL PUBLIC DEBT OWED TO CONSORTIUM COUNTRIES OUTSTANDING AT JUNE 30, 1979

(thousand US$)

FISCAL YEAR	DEBT OUTSTANDING AT BEGINNING OF PERIOD		TRANSACTIONS DURING PERIOD					OTHER CHANGES	
	DISBURSED ONLY	INCLUDING UNDISBURSED	COMMIT-MENTS	DISBURSE-MENTS	SERVICE PAYMENTS			CANCEL-LATIONS	ADJUST-MENT /b
					PRINCIPAL	INTEREST	TOTAL		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1974/75	3,610,069	3,969,532	326,072	341,766	93,709	57,478	151,187	341,605	52,816
1975/76	3,576,743	3,913,106	512,049	325,048	98,038	62,580	160,618	23,787	-89,312
1976/77	3,775,851	4,214,018	474,993	380,254	110,824	67,328	178,152	15,342	28,938
1977/78	4,074,269	4,591,783	454,039	377,504	106,663	84,268	190,931	23,445	245,775
1978/79	4,553,541	5,161,489	595,345	398,249	175,225	110,985	286,210	160,206	70,411
1979/80	4,692,072	5,491,814							
		* * * * * * THE FOLLOWING FIGURES ARE PROJECTED * * * * * *							
1979/80	4,692,072	5,491,814	-	322,152	186,524	128,628	315,152	-	-3,804
1980/81	4,823,899	5,301,486	-	229,426	181,177	128,011	309,188	-	
1981/82	4,872,153	5,120,314	-	130,793	175,201	125,764	300,965	-	
1982/83	4,827,746	4,945,124	-	69,814	169,162	120,538	289,700	-	
1983/84	4,728,388	4,775,955	-	30,331	164,034	115,662	279,696	-	
1984/85	4,594,683	4,611,918	-	12,756	168,535	110,082	278,617	-	
1985/86	4,438,903	4,443,382	-	3,269	178,029	104,702	282,731	-	
1986/87	4,264,154	4,265,363	-	1,210	178,502	99,923	278,425	-	
1987/88	4,086,859	4,086,859	-	-	187,376	94,823	282,199	-	
1988/89	3,899,500	3,899,500	-	-	201,135	88,749	289,884	-	
1989/90	3,698,358	3,698,358	-	-	201,494	82,330	283,824	-	
1990/91	3,496,871	3,496,871	-	-	188,989	76,895	265,884	-	
1991/92	3,307,876	3,307,876	-	-	185,043	72,221	257,264	-	
1992/93	3,122,837	3,122,837	-	-	179,311	67,834	247,145	-	
1993/94	2,943,526	2,943,526	-	-	173,967	63,646	237,613	-	
1994/95	2,769,571	2,769,571	-	-	170,990	59,506	230,496	-	
1995/96	2,598,575	2,598,575	-	-	170,097	55,455	225,552	-	
1996/97	2,428,480	2,428,480	-	-	170,102	51,437	221,539	-	
1997/98	2,258,379	2,258,379	-	-	169,275	47,424	216,699	-	
1998/99	2,089,110	2,089,110	-	-	168,276	43,468	211,744	-	

/a Debt with an original maturity of more than one year.
/b This column shows the amount of arithmetic imbalance in the amount outstanding including undisbursed. The most common causes of imbalances are changes in exchange rates.

Source: Debt Reporting System, IBRD.

Table 4.5: ACTUAL SERVICE PAYMENTS, FY1975-79 AND PROJECTED PAYMENTS, FY1980-99 ON EXTERNAL PUBLIC DEBT OWED TO OPEC OUTSTANDING AT JUNE 30, 1979

(thousand US$)

FISCAL YEAR	DEBT OUTSTANDING AT BEGINNING OF PERIOD		TRANSACTIONS DURING PERIOD					OTHER CHANGES	
	DISBURSED ONLY	INCLUDING UNDISBURSED	COMMIT-MENTS	DISBURSE-MENTS	SERVICE PAYMENTS			CANCEL-LATIONS	ADJUST-MENT /b
					PRINCIPAL	INTEREST	TOTAL		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1974/75	31,956	611,956	260,000	410,000	936	6,313	7,249	-	-
1975/76	441,020	871,020	129,511	383,400	885	13,441	14,326	-	-
1976/77	823,535	999,646	188,700	208,063	1,564	20,957	22,521	-	-
1977/78	1,030,034	1,186,782	40,000	82,259	3,429	21,880	25,309	-	-
1978/79	1,108,865	1,223,353	119,320	19,607	6,486	23,445	29,931	-	-321
1979/80	1,121,986	1,335,866							
* * * * * * THE FOLLOWING FIGURES ARE PROJECTED * * * * * *									
1979/80	1,121,986	1,335,866	-	47,857	56,563	28,972	85,535	-	
1980/81	1,113,282	1,279,305	-	81,268	88,298	29,691	117,989	-	
1981/82	1,106,251	1,191,007	-	45,316	119,398	29,160	148,558	-	
1982/83	1,032,173	1,071,613	-	25,200	119,398	27,019	146,417	-	
1983/84	937,975	952,215	-	13,640	122,205	24,344	146,549	-	
1984/85	829,409	830,009	-	600	126,774	21,237	148,011	-	
1985/86	703,237	703,237	-	-	123,774	17,818	141,592	-	
1986/87	579,463	579,463	-	-	93,774	14,741	108,515	-	
1987/88	485,688	485,688	-	-	93,686	12,230	105,916	-	
1988/89	392,004	392,004	-	-	91,126	9,725	100,851	-	
1989/90	300,878	300,878	-	-	75,066	7,524	82,590	-	
1990/91	225,811	225,811	-	-	48,203	5,516	53,719	-	
1991/92	177,610	177,610	-	-	21,839	4,527	26,366	-	
1992/93	155,771	155,771	-	-	21,839	3,865	25,704	-	
1993/94	133,932	133,932	-	-	12,273	3,277	15,550	-	
1994/95	121,660	121,660	-	-	12,273	2,904	15,177	-	
1995/96	109,386	109,386	-	-	9,356	2,544	11,900	-	
1996/97	100,030	100,030	-	-	8,106	2,304	10,410	-	
1997/98	91,925	91,925	-	-	8,106	2,090	10,196	-	
1998/99	83,817	83,817	-	-	8,106	1,874	9,980	-	

/a Debt with an original maturity of more than one year.
/b This column shows the amount of arithmetic imbalance in the amount outstanding including undisbursed. The most common causes of imbalances are changes in exchange rates.

Source: Debt Reporting System, IBRD.

Table 5.1: CONSOLIDATED REVENUES AND EXPENDITURES OF FEDERAL AND PROVINCIAL GOVERNMENTS, 1970/71-1979/80

(million rupees)

	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79 /a	1979/80 /b
Current Account										
Current Revenues	7,139	8,080	9,665	13,757	16,488	19,826	22,506	27,128	31,721	37,490
Tax Revenues /c	5,645	6,121	7,497	10,487	12,838	15,544	17,759	21,585	24,597	29,567
Non-Tax Revenues	1,494	1,959	2,168	3,270	3,651	4,282	4,747	5,543	7,124	7,923
Current Expenditures	6,606	7,837	10,078	14,272	19,633	22,333	23,058	28,005	33,790	36,139
Non-Development	6,228	7,515	9,123	13,022	17,423	19,487	19,809	25,028	28,831	32,032
Development	378	322	955	1,250	2,210	2,846	3,249	2,977	4,959	4,107
Current Account Surplus	533	243	-413	-515	-3,145	-2,507	-552	-877	-2,069	1,351
Capital Account										
Capital Expenditures	3,065	3,449	5,086	7,024	11,308	14,456	15,734	16,350	21,153	24,632
Non-Development	664 /d	1,321 /d	2,222	1,890	2,906	3,898	3,025	2,206	5,931	7,445
Development	2,401	2,128	2,864	5,134	8,402	10,558	12,709	14,144	15,222	17,187
Financed by Domestic Resources	1,311	1,266	222	2,660	487	1,094	2,095	3,560	3,194	9,297
Revenue Account Surplus	533	243	-413	-515	-3,145	-2,507	-552	-877	-2,069	1,351
Non-Bank Borrowing	353	460	579	937	1,514	1,715	1,364	2,400	2,377	2,306
Recoveries of Loans and Advances	234	186	443	503	591	473	483	609	871	930
Accretions to Reserve Funds	60	277	447	369	1,307	840	807	732	1,031	1,229
Other Deposits and Remittances	130	-48	-841	1,144	22	-316	-415	-25	-204	298
State Trading	-	-	-	-	-	177	25	-	36	639
Autonomous Bodies	-	-	-	131	180	417	353	523	775	2,188
Other Capital Receipts	1	148	7	91	18	295	30	198	177	356
Foreign Assistance	1,249	878	3,357 /e	3,865	8,786	9,461	7,630	7,237	10,754	12,288
Project Aid	703	482	620	694	1,266	2,117	2,690	3,807	4,916	-
Rupee Generating Aid	546	396	2,737	3,171	7,520	7,344	4,940	3,430	5,838	-
Expansionary Financing	505	1,305	1,507	499	2,038	3,901	6,009	5,553	7,205	3,047
Total Expenditures	9,671	11,286	15,164	21,296	30,941	36,789	38,792	44,355	54,943	60,771
Non-Development	6,892	8,836	11,345	14,912	20,329	23,385	22,834	27,234	34,762	39,476
Development	2,779	2,450	3,819	6,384	10,612	13,404	15,958	17,121	20,181	21,294

/a Provisional.
/b Government estimates (November 1979).
/c Excluding transfers to AJK Government.
/d Inclusive of loans to and investment in autonomous bodies amounting to Rs 835 million in 1970/71 and Rs 483 million in 1971/72, channeled through the provincial budgets but funded by the Central Government.
/e Inclusive of foreign assistance received to finance non-ADP programs (included in non-development capital expenditures).

Source: Ministry of Finance and Economic Affairs.

Table 5.2: FEDERAL GOVERNMENT REVENUES AND EXPENDITURES, 1970/71-1979/80

(million rupees)

	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79/a	1979/80/b
Current Account										
Current Revenues	5,155	5,922	7,316	10,920	12,729	14,591	16,885	20,695	24,576	29,782
Tax Revenues	4,214	4,633	5,894	8,538	10,025	11,409	13,290	16,555	18,854	23,300
Tax Revenues (gross)	5,111	5,494	6,768	9,445	11,429	13,915	16,112	19,751	22,685	27,767
Less Transfers:	897	861	874	907	1,404	2,506	2,822	3,196	3,831	4,467
Provincial Shares	(897)	(861)	(874)	(822)	(1,379)	(2,481)	(2,797)	(3,196)	(3,831)	(4,467)
AJK Government	(-)	(-)	(-)	(25)	(25)	(25)	(25)	(-)	(-)	(-)
Non-Tax Revenues	941	1,289	1,422	2,382	2,704	3,184	3,595	4,140	5,722	6,482
Post Office	-	5	-5	-16	-54	-37	-62	-76	-32	-
Telephone and Telegraph	75	155	163	162	172	226	240	379	759	980
Currency and Mint	96	103	108	160	240	355	372	448	416	415
Interest Income	482	555	489	507	726	1,127	1,569	1,822	2,229	2,762
State Trading Profits	-	-	-	892	769	493	419	310	789	708
Defense Service Receipts	138	139	222	338	425	483	457	344	222	225
Others	150	332	445	339	426	537	600	913	1,339	1,392
Current Expenditures	4,653	5,763	7,110	10,605	14,758	16,172	16,435	19,872	25,325	27,377
Non-Development Expenditures	4,584	5,685	6,945	10,216	13,494	14,364	14,377	17,993	21,734	24,532
Defense	3,000	3,725	4,440	4,949	6,914	8,103	8,121	9,674	10,499	11,449
Internal Security	164	171	233	333	714	679	790	828	741	810
Interest Payments/c	637	998	1,171	1,509	1,681	2,178	2,721	3,189	4,077	4,492
General Administration	535	512	583	762	812	1,121	1,234	1,120	1,379	1,541
Community Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	362	507	-
Social Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	583	593	-
Economic Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,167	1,470	-
Subsidies/d	-	-	-	2,243	2,819	1,598	639	1,070	2,463	2,127
Others	248	279	518	420	554	685	874	-	5	1,018
Development Expenditures	69	78	165	389	1,264	1,808	2,058	1,879	3,591	2,845
Current Account Surplus	502	159	206	315	-2,029	-1,579	450	823	-749	2,405
Capital Account										
Capital Expenditures	1,788	2,850	4,022	5,026	9,084	11,826	12,974	13,704	18,010	21,707
Non-Development Expenditures	733	1,568	2,081	1,792	2,840	3,823	2,977	2,151	5,766	7,308
Repayment of Foreign Loans	284	482	128	585	963	2,692	1,770	1,108	3,681	5,254
State Trading (net)	-	-	-	-	349	-	-	51	-	-
Investment	36	34	102	101	765	282	318	208	157	242
Loans	96	67	147	183	59	65	79	112	550	128
Others	317	985	1,704	923	704	784	810	672	1,378	1,684
Development Expenditures	1,055	1,282	1,941	3,234	6,244	8,003	9,997	11,553	12,244	14,399
Indus/Tarbela	656	816	839	732	1,073	841	619	437	1,031	894
Direct Expenditures	386	452	669	1,013	1,551	1,589	2,968	3,500	3,312	3,042
Loans and Investments	13	14	433	1,489	3,620	5,573	6,410	7,616	9,110	10,463
Autonomous Bodies	(-)	(-)	(559)	(1,255)	(3,313)	(5,218)	(6,026)	(7,076)	(8,566)	(9,947)
Others	(13)	(14)	(55)	(234)	(307)	(355)	(384)	(540)	(544)	(516)
Less: Likely Shortfall	-	-	-	-	-	-	-	-	-1,209	-
Financed by Domestic Resources	1,136	1,155	727	3,211	1,325	1,572	2,879	4,872	4,207	9,838
Revenue Account Surplus	502	159	206	315	-2,029	-1,579	450	823	-749	2,405
Autonomous Bodies Resources	-	-	-	131	180	417	353	523	975	2,188
Non-Bank Borrowings	319	420	523	867	1,459	1,638	1,250	2,224	2,263	2,190
(Unfunded Debt)	(256)	(403)	(454)	(702)	(655)	(856)	(937)	(1,347)	(1,315)	(1,425)
(Public Debt)	(63)	(17)	(69)	(165)	(876)	(541)	(168)	(440)	(941)	(358)
(Treasury Deposit Receipts)	(-)	(-)	(-)	(-)	(-72)	(241)	(145)	(437)	(7)	(407)
Recoveries of Loans and Advances	204	136	383	453	520	426	447	576	834	885
Accretion to Reserve Funds/e	60	277	447	369	1,155	840	807	732	1,031	1,229
Other Deposits and Remittances	50	15	-839	985	22	-357	-415	-25	-204	298
State Trading (net)	-	-	-	-	-	177	25	-	36	639
Other Capital Receipts/f	1	148	7	91	18	10	-38	19	21	5
Foreign Assistance	1,249	878	3,357	3,865	8,786	9,461	7,630	7,237	10,754	12,288
Project Aid	703	482	620	694	1,266	2,117	2,690	3,807	4,916	-
Rupee Generating Aid	546	396	2,737	3,171	7,520	7,344	4,940	3,430	5,838	-
Total Resources	2,385	2,033	4,084	7,076	10,111	11,033	10,509	12,399	15,266	23,506
Overall Surplus/Deficit	597	-817	62	2,050	1,027	-793	-2,465	-1,595	-3,049	419

/a Provisional.
/b Government estimates (November 1979).
/c Interest payments on domestic and foreign loans.
/d Not separately shown until 1973/74.
/e Excluding appropriations for avoidance and reduction of debt.
/f Excluding borrowings from the banking system.

Note: Excludes Federal and Provincial Government Transfers.

Source: Ministry of Finance and Economic Affairs.

Table 5.3: PROVINCIAL GOVERNMENT REVENUES AND EXPENDITURES, 1970/71-1979/80

(million rupees)

	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79/a	1979/80/b
Current Account										
Current Revenues	1,984	2,158	2,348	2,812	3,735	5,233	5,621	6,433	7,145	7,708
Tax Revenues	1,431	1,488	1,603	1,924	2,788	4,135	4,469	5,030	5,743	6,267
Provincial Taxes	534	627	729	1,042	1,409	1,654	1,672	1,834	1,912	1,800
Share of Central Taxes	897	861	874	882	1,379	2,481	2,797	3,196	3,831	4,467
Non-Tax Revenues	553	670	746	888	947	1,098	1,152	1,403	1,402	1,441
Irrigation (Gross)	267	295	260	377	271	373	396	497	532	543
Forests	61	72	78	98	143	134	132	141	220	190
Interest Income	19	21	56	27	37	52	445	29	53	85
Other	206	282	353	386	496	539	579	736	597	623
Current Expenditures	1,953	2,074	2,968	3,667	4,875	5,161	6,623	8,133	8,465	8,762
Non-Development Expenditures	1,644	1,830	2,178	2,806	3,929	5,123	5,432	7,035	7,097	7,500
General Administration	210	244	286	348	500	506	610	752	647	711
Law and Order	155	153	210	272	441	508	594	652	656	714
Community Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	407	431	520
Social Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2,550	2,711	2,931
Economic Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,164	1,533	1,407
Subsidies	97	116	162	222	155	363	472	704	650	792
Debt Servicing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	167	213	222
Other	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	639	456	203
Development Revenue Expenditures	309	244	790	861	946	1,038	1,191	1,098	1,368	1,262
Current Account Surplus	31	84	-620	-855	-1,140	-928	-1,002	-1,700	-1,320	-1,054
Capital Account										
Capital Expenditures	1,277	599	1,064	1,998	2,224	2,630	2,760	2,646	3,143	2,925
Non-Development Expenditures	-69	-247	141	98	66	75	48	55	165	137
Loans	10	10	16	46	60	74	46	55	90	61
Other (Net)/f	-79	-257	125	52	6	1	2	-	75	76
Development Expenditures	1,346	846	923	1,900	2,158	2,555	2,712	2,591	2,978	2,788
Financed by Provincial Resources	175	111	-506	-576	-862	-478	-784	-1,312	-1,013	-541
Revenue Account Surplus	31	84	-620	-855	-1,140	-928	-1,002	-1,700	-1,320	-1,054
Unfunded Debt (Net)	34	40	56	70	55	77	114	176	114	116
Recoveries of Loans and Advances	30	50	60	50	71	47	36	33	37	45
Other/g	80	-63	-2	159	152	326	68	179	156	352
Overall Surplus/Deficit	1,102	-488	-1,570	-2,574	-3,086	-3,108	-3,544	-3,958	-4,156	-3,466

/a Provisional.
/b Government (November 1979) estimates.
/c Net of interest payments.
/d Includes interest payments on irrigation.
/e "Beneficient Departments."
/f Mainly State trading.
/g Net deposits and remittances, accretions to reserve funds and extraordinary income items.

Note: Excludes Federal and Provincial Government Transfers.

Source: Ministry of Finance and Economic Affairs.

Table 5.4: CONSOLIDATED FEDERAL AND PROVINCIAL GOVERNMENT TAX REVENUES, 1970/71-1979/80

(million rupees)

	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79/a	1979/80/b
Direct Taxes	1,208	1,606	1,505	1,665	1,919	2,775	3,115	3,342	3,976	4,533
Federal Income and Corporation Tax	915	1,236	1,120	1,191	1,390	2,145	2,659	2,852	3,290	3,647
Federal Property Taxes	24	30	42	59	57	74	38	48	58	376
Provincial Property Taxes/c	257	331	340	408	467	547	407	409	591	468
Provincial Other Direct Taxes	12	9	3	7	5	9	11	33	37	42
Indirect Taxes	4,437	4,511	5,992	8,822	10,919	12,769	14,644	18,243	20,621	25,034
Taxes on Production, Consumption and Domestic Transactions	2,583	2,854	3,060	4,160	5,222	6,719	7,381	8,587	9,145	11,092
Federal Sales Taxes (Excluding Sales Tax on Imported Goods)	170	150	190	227	312	313	239	324	370	388
Federal Surcharges (Excluding Price Equalization Surcharge)	126	298	217	563	515	985	1,056	877	1,004	616
Federal Excise Duties	2,022	2,119	2,265	2,742	3,458	4,323	4,832	5,994	6,487	8,798
Provincial Excise Duties	54	58	61	93	121	147	142	73	62	21
Other Indirect Taxes/d	211	229	327	534	816	951	1,112	1,319	1,222	1,269
Taxes on International Trade	1,854	1,661	2,932	4,662	5,697	6,050	7,263	9,656	11,476	13,943
Taxes on Imports	1,806	1,497	1,842	2,758	4,615	5,234	7,124	9,233	11,246	13,193
Import Duties	(1,358)	(1,149)	(1,554)	(2,265)	(3,836)	(4,348)	(6,000)	(7,967)	(9,770)	(11,250)
Sales Tax on Imported Goods	(438)	(332)	(270)	(465)	(763)	(886)	(1,124)	(1,266)	(1,476)	(1,943)
Price Equalization Surcharge	(10)	(16)	(18)	(28)	(16)	(-)	(-)	(-)	(-)	(-)
Taxes on Exports	-	142	1,060	1,876	1,042	738	82	345	130	200
Miscellaneous	48	22	30	28	40	78	57	78	100	550
Provincial New Tax Measures	-	-	-	-	-	-	-	-	-	-
Total Tax Revenues	5,645	6,121	7,497	10,487	12,838	15,544	17,759	21,585	24,597	29,567

/a Provisional.
/b Government (November 1979) estimates.
/c Includes land revenue, surcharge on land revenue, motor vehicle tax and property tax.
/d Federal and Provincial other indirect taxes, viz., stamp duties, registration, entertainment duties, electricity duties and others.
/e Actual amounts authorized by the Provincial Assemblies add up to Rs 69 million; the balance is to be met from Federal grants and expenditure cuts.

Source: Ministry of Finance and Economic Affairs.

Table 5.5: COMPOSITION OF FEDERAL GOVERNMENT TAX REVENUES, 1970/71-1979/80

(million rupees)

	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79/a	1979/80/b
Direct Taxes	939	1,267	1,162	1,250	1,447	2,244	2,722	2,900	3,348	4,023
Income Taxes	915	1,236	1,120	1,191	1,390	2,170	2,684	2,852	3,290	3,647
Individual Income Tax	644	871	851	877	980	1,684	1,882	1,767	2,122	2,452
Corporation Income Tax	255	345	250	300	393	473	761	1,057	1,143	1,168
Income Taxes Under MLRs/c	16	21	19	11	3	4	16	-	-	-
Workers' Welfare Tax/d	-	-	-	3	14	9	25	28	25	27
Property Taxes	24	30	42	59	57	74	38	48	58	376
Estate Duty	3	7	5	6	6	10	6	6	7	-
Wealth Tax	18	18	31	44	43	55	25	29	42	367
Gift Tax	3	5	6	9	8	9	7	13	9	9
Indirect Taxes	4,172	4,227	5,666	8,195	9,982	11,671	13,390	16,851	19,337	23,744
Customs Duties	1,406	1,312	2,644	4,169	4,918	5,164	6,139	8,390	10,000	12,000
Export Taxes	-	142	1,060	1,876	1,042	738	82	345	130	200
Import Taxes	1,358	1,149	1,544	2,265	3,836	4,348	6,000	7,967	9,770	11,250
Miscellaneous	48	21	30	28	40	78	57	78	100	550
Sales Tax	607	482	460	692	1,075	1,190	1,363	1,590	1,846	2,331
On Imported Goods	438	332	270	465	763	886	1,124	1,266	1,476	1,943
On Domestic Production	170	149	190	227	312	313	239	324	370	388
Federal Excise Duties	2,022	2,119	2,265	2,742	3,458	4,323	4,832	5,994	6,487	8,798
Surcharges	136	314	235	591	531	985	1,056	877	1,004	616
Surcharge on Natural Gas	17	19	16	33	143	296	396	372	413	511
Surcharge on Petroleum	90	265	169	343	79	344	423	285	411	-
Surcharge on Fertilizers	-	-	16	171	293	345	237	220	177	102
Other	30	31	34	44	16	-	-	-	3	3
Total Tax Revenues (Gross)	5,111	5,494	6,768	9,445	11,429	13,915	16,112	19,751	22,685	27,767
Less Transfers:	897	861	874	907	1,404	2,506	2,822	3,196	3,831	4,467
Provincial Share	(897)	(861)	(874)	(882)	(1,379)	(2,481)	(2,797)	(3,196)	(3,831)	(4,467)
AJK Government	(-)	(-)	(-)	(25)	(25)	(25)	(25)	(-)	(-)	(-)
Net Tax Revenues	4,214	4,633	5,894	8,538	10,025	11,409	13,290	16,555	18,854	23,300

/a Provisional.
/b Government (November 1979) estimates.
/c Taxes on income realized under Special Martial Law regulations.
/d 2% tax on income of industrial establishments having annual income of Rs 100,000 or more imposed since 1972/73.

Source: Ministry of Finance and Economic Affairs.

Table 5.6: COMPOSITION OF PROVINCIAL GOVERNMENTS' TAX REVENUES, 1970/71-1979/80

(million rupees)

	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79 /a	1979/80 /b
Provincial Tax Revenues	534	627	729	1,042	1,409	1,654	1,672	1,834	1,912	1,800
Direct Taxes	269	340	343	415	472	556	418	442	628	510
Land Revenue /c	138	155	167	196	228	260	136	125	237	124
Motor Vehicle Tax	69	109	109	121	142	165	171	183	285	299
Property Tax	50	67	64	91	97	122	100	101	68	45
Other /d	12	9	3	7	5	9	11	33	38	42
Indirect Taxes	264	287	386	627	937	1,098	1,254	1,392	1,284	1,290
Provincial Excise	54	58	61	93	121	147	142	73	62	21
Stamps	115	92	139	178	266	333	338	442	360	367
Registration	6	5	7	13	23	41	37	57	50	51
Entertainment Duties	52	83	60	86	85	109	184	166	199	201
Electricity Duties	27	38	27	47	9	6	58	93	155	150
Excise Duty on Natural Gas	-	-	-	50	216	256	295	290	305	333
Others	9	11	92	160	217	206	200	271	153	167
Share of Federal Taxes	897	861	874	882	1,379	2,481	2,797	3,196	3,831	4,467
Total Tax Revenues	1,431	1,488	1,603	1,924	2,788	4,135	4,469	5,030	5,743	6,267

/a Provisional.
/b Government (November 1979) estimates.
/c Net of irrigation share; also includes surcharge on land revenue.
/d Capital gains tax and betterment levies.

Source: Ministry of Finance and Economic Affairs.

Table 5.7: NEW TAXATION, 1970/71-1979/80

(million rupees)

	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80
Federal Government	395	362	263/a	520/a	-1,053/a	261/a	1,094/a	668/a	620	3,962
Customs	8	-19	2	490	-945	145	939	500	-107	864
Excise Duties	222	184	126	-	-	6	60	228	277	2,461
Taxes on Income	145	173	97	-20	-105	-24	-84	-2	99	-30
Sales Tax	46	-	23	50	-3	-	160	40	-4	201
Surcharges	-29	-	-	-	-	-	-	-	185	400
Wealth Tax	3	2	15	-	-	-1	-26	-	-	-
Estate Duty	-	1	1	-	-	-	-	-1	-	-7
Postage	-	21	-	-	-	45	-	-	-	73
Passport Fees	-	-	-	-	-	-	-	50	-	-
T&T	-	-	-	-	-	90	45	213	300	-
Airport Fees	-	-	-	-	-	-	-	-	55	-
Provinces	-	50	34	86	35	158	80	182/b	167/c	3
Punjab	-	43	-	61	6	41	10	75	68	-
Sind	-	-	27	25	29	83	70	63	32	-
NWFP	-	7	7	-	-	23	-	30	46	3
Baluchistan	-	1	-	-	-	11	-	14	21	-
Autonomous Bodies	-	50	40	80	146	340	10	874	550	802
WAPDA	-	50	-	80	86	190	-	250	550	667
Railways	-	-	40	-	60	130	-	239	-	125
PTV and PRC	-	-	-	-	-	20	10	25	-	-
Total	395	462	337	686	-872	-759	1,184	1,724	1,522/d	4,767

/a As announced in the original budget. Does not include the effects of post-budget adjustments.
/b Actual amounts authorized by the Provincial Assemblies and up to Rs 172 million.
/c Actual amounts authorized by provincial governments are Rs 69 million.
/d The budget measures also provided for a reduction of subsidies to the textile industry and refineries amounting to Rs 565 million.

Source: Ministry of Finance and Economic Affairs.

Table 5.8: COMPOSITION OF CONSOLIDATED NON-DEVELOPMENT CURRENT EXPENDITURES, 1970/71-1979/80

(million rupees)

	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79/a	1979/80/b
General Administration	745	756	870	1,110	1,312	1,627	1,844	1,872	2,026	2,333
Defense	3,000	3,725	4,400	4,949	6,914	8,103	8,120	9,674	10,499	11,743
Law and Order	319	324	443	605	1,155	1,187	1,384	1,480	1,397	1,567
Community Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	769	938	1,083
Social Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3,133	3,304	3,780
Economic Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2,331	2,803	3,218
Subsidies/c	101	124	188	2,465	2,974	1,961	1,220	1,774	3,113	2,970
Debt Servicing	677	1,045	1,250	1,586	1,763	2,455	2,791	3,356	4,290	4,535
Other/d	1,386	1,541	1,972	2,307	3,305	4,154	4,450	639	461	721
Total	6,228	7,515	9,123	13,022	17,423	19,487	19,809	25,028	28,831	31,950/b

/a Provisional.
/b Budget estimates. Not including post-budgetary measures of increased expenditures of Rs 2,200 million and economy savings of Rs 1,020 million (i.e., net total of Rs 1,180 million).
/c Until 1972/73, includes subsidies on domestic wheat only. Subsidies on imported wheat financed by using Pakistan's own foreign exchange reserves were included in non-development capital expenditures until 1973/74, although they are current expenditures. Subsidies on wheat under foreign assistance were also not shown in the budget. As from 1973/74 all subsidies on wheat are classified as non-development revenue expenditure. For details of subsidies see Table 5.11.
/d Including community, social and economic services through 1976/77.

Source: Ministry of Finance and Economic Affairs.

Table 5.9: CONSOLIDATED GOVERNMENT SUBSIDIES,/a 1970/71-1979/80

(million rupees)

	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79/b	1979/80/c
In Non-Development Expenditures	183	207	930	2,209	2,728	1,713	1,111	1,686	3,690	3,892
Food	101	124	920	2,186	2,562	1,552	1,111	1,655	3,179	2,582
Wheat	101	124	920	1,917	1,552	1,552	1,107	1,634	2,575	1,582
Federal	(101)	(124)	(920)	(1,695)	(1,964)	(1,180)	(635)	(966)	(1,954)	(819)
Provincial	(-)	(-)	(-)	(222)	(155)	(363)	(472)	(668)	(621)	(763)
Edible Oil	-	-	-	269	443	-	-	-	577	973
Sugar	-	-	-	-	-	-	4	21	27	27
Federal	(-)	(-)	(-)	(-)	(-)	(-)	(4)	(-)	(-)	(-)
Provincial	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(21)	(27)	(27)
Other	82	83	10	279	411	409	109	31	511	1,310
P.I.A.	82	83	-	19	115	97	-	-	-	-
Other	-	-	10	4	51/d	64/d	-	31	511/e	1,310/e
In Development Expenditures										
Agricultural Inputs	128	127	381	203	454	897	562	1,026	2,100	2,882
Fertilizers	98	72	228	118	326	607	87	617	1,692	2,500
Plant Protection	30	54	128	63	112	241	421	347	376	326
Federal	(30)	(54)	(128)	(63)	(112)	(140)	(294)	(93)	(188)	(163)
Provincial	(-)	(-)	(-)	(-)	(-)	(101)	(127)	(254)	(188)	(163)
Tubewells	-	1	22	10	16	43	48	37	24	48
Federal	(-)	(1)	(22)	(10)	(16)	(24)	(24)	(9	(12)	(24)
Provincial	(-)	(-)	(-)	(-)	(-)	(19)	(24)	(28)	(12)	(24)
Wheat Seeds	-	-	3	12	-	6	6	25	8	8
Federal	(-)	(-)	(3)	(12)	(-	(6)	(3)	(2)	(4)	(4)
Provincial	(-)	(-)	(-)	(-)	(-)	(-)	(3)	(23)	(4)	(4)
Total Subsidies	311	335	1,311	2,412	3,182	2,610	1,673	2,712	5,790	6,774
Federal	311	335	1,311	2,190	3,027	2,127	1,047	1,718	4,938	5,793
Provincial	-	-	-	222	155	483	626	994	852	981

/a All subsidies other than those shown against Provincial Governments are borne by the Federal Government.
/b Provisional.
/c Post-budget revised estimates.
/d Mainly to Pakistan Broadcasting Corporation.
/e Subsidy mainly to cotton textile industry.

Sources: Ministry of Finance and Economic Affairs and Bank staff estimates.

Table 5.10: ANNUAL DEVELOPMENT PLAN CLASSIFIED BY SECTORS, 1971/72-1979/80

(million rupees)

	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80 [a]
Agriculture	225	551	687	956	1,052	1,347	1,421	2,445	3,086
Water	192	351	583	1,047	1,244	1,852	1,556	1,747	1,610
Power	377	532	907	2,008	2,316	2,422	2,646	2,935	3,239
Industry	78	249	630	1,559	1,239	3,466	4,593	4,575	4,057
Fuels and Minerals	57	113	315	630	751	429	587	664	835
Transport and Communications	438	622	1,285	2,148	2,412	3,175	3,158	3,760	3,919
Physical Planning and Housing	126	268	476	949	1,209	1,277	1,273	1,534	1,427
Education	124	210	318	534	706	566	647	772	891
Health	57	96	176	363	629	540	512	569	717
Population Planning	26	27	103	145	189	183	105	114	169
Social Welfare	7	7	11	13	16	18	17	17	32
Manpower	3	6	35	53	30	23	18	39	59
Works Program/Rural Development	37	117	148	154	193	181	123	214	203
Indus Basin/Tarbela	905	719	741	812	915	619	436	1,031	1,052
Miscellaneous	2	2	-	-	243	141	58	69	90
Gross Total	2,654	3,869	6,417	11,372	13,144	16,239	17,150	20,485	21,597

/a Revised allocations.

Source: Ministry of Finance and Economic Affairs.

Table 6.1: MONETARY SURVEY, 1974-79

(million rupees)

	July 1974	June 1975	June 1976	June 1977	June 1978	June 1979/a
Foreign Assets (Net)	3,244	2,279	2,520	-328	2,679	457
Foreign Assets (Gross)/b	3,814	3,094	3,611	1,057	4,967	2,781
Foreign Liabilities/b	570	815	1,091	1,385	2,288	2,324
Credit to Public Sector (Net)/b	14,172	16,913	22,095	28,643	33,376	42,263
Central Government	12,458	14,283	18,500	24,356	28,851	38,052
Claims on Central Government	15,007	17,277	21,581	27,746	32,387	41,888
Budgetary Support	(14,009)	(15,403)	(19,688)	(26,103)	(30,615)	(39,268)
Commodity Operations	(908)	(1,874)	(1,893)	(1,643)	(1,772)	(2,620)
Less Deposits and Counterpart Funds	2,549	2,994	3,081	3,390	3,536	3,836
Provincial Governments	1,714	2,630	3,595	4,287	4,525	4,211
Claims on Provincial Governments	2,173	2,973	4,009	4,763	5,097	4,805
Budgetary Support	(943)	(1,175)	(1,119)	(1,238)	(1,800)	(1,279)
Commodity Operations	(1,230)	(1,798)	(2,890)	(3,525)	(3,297)	(3,526)
Less Deposits	459	343	414	476	572	594
Credit to Private Sector/b	13,103	15,991	17,775	23,028	26,509	30,906
Credit to Public Sector Enterprises	2,477	3,742	5,351	7,115	9,196	11,768
Long-Term Foreign Borrowings	760	744	959	847	816	848
Other Items (Net)/b	3,012	3,931	4,001	4,818	6,282	6,802
Domestic Liquidity (1+2+3+4-5-6)	29,224	34,250	42,761	52,793	64,662	77,744
Money Supply	20,156	22,643	27,669	35,153	42,091	51,964
Currency	(9,591)	(10,261)	(12,591)	(15,422)	(18,209)	(23,740)
Demand Deposits	(10,565)	(12,382)	(15,078)	(19,731)	(23,882)	(28,224)
Time and Savings Deposits	9,068	11,607	15,092	17,640	22,571	25,780

/a Provisional.
/b Figures revised from 1974 to 1978.

Notes:

Figures for money in this table have been derived from the State Bank Monetary Survey's "Currency plus Demand Deposits" by (a) substracting PRs 181.5 million for all months as adjustment for estimated treasury notes and coins in (then) East Pakistan in December 1971; (b) substracting PRs 710.2 million for July 5, 1974; PRs 693 million for June 27, 1975; and PRs 2 million for June 25, 1976 (and nothing thereafter) as adjustment for unrecovered State Bank notes which are no longer legal tender.

The quasi-money figures are the State Bank Monetary Survey's "Time and Savings Deposits" less PRs 243.5 million for each month as adjustment for estimated post office savings bank deposits in (then) East Pakistan in December 1971.

There is a counter-entry under "Other Items (Net)" of this table for the adjustments mentioned above.

The figures for "Budgetary Support" in this table are adjusted (a) for an item of PRs 339.9 million from June 1976 onwards representing retirement of ad hocs against profit on account of revaluation of IMF's rupee holdings and also PRs 78 million from June 1977 for creation of ad hocs in connection with revaluation of IMF's rupee holdings (counter adjustments have been made to the "Other Items" line under "Other Items (Net);" (b) for payment of subscription to Asian Development Bank of PRs 69 million on July 5, 1974 and PRs 84 million for later dates; and for debit of PRs 20 million to Government deposit account in lieu of gold purchased from IMF in January 1977 but not included in SBP gold holdings in June 1977 (counter-adjustments for which have been made in "Foreign Assets (Net);" and (c) for SBP contribution to the share capital of Equity Participation Fund and Peoples' Finance Corporation by excluding them from public sector, and including in private sector, as the end-use of these funds is made by the private sector in all the dates.

The "Foreign Assets (Net)" figures are the State Bank Monetary Survey's figures less the value of import bills (import bills are recorded in this table under "Claims on Private Sector" and "Claims on Public Enterprises") and adjusted for book profit/loss on account of revaluation of foreign currency balances (including a write off of PRs 171 million on July 2, 1976, a further write off of PRs 90 million on June 29, 1977, and a transfer of credit balance (profit) of PRs 108 million to "Exchange Fluctuation Equalization Accounts" on June 30, 1978), and for change in book value of gold (counter-adjustments for which have been made in the "Other Items" line under "Other Items (Net);" for payment of subscription to Asian Development Bank and for foreign currency deposits.

The "Claims on Private Sector" has been adjusted (a) for SBP contribution to the share capital of Allied Bank Limited and Eastern Mercantile Bank, by excluding them from "Private Sector" and including them in "Other Items," as these are inter-bank items; and (b) for contribution to the share capital of Equity Participation Fund and Peoples' Finance Corporation which have been included in the "Private Sector" (counter-adjustment for which has been made in claims on Government).

Source: State Bank of Pakistan.

Table 6.2: FACTORS AFFECTING DOMESTIC LIQUIDITY, 1974/75-1978/79

(million rupees)

	1974/75 /a	1975/76	1976/77	1977/78	1978/79 /b
Foreign Assets (Net)	-965	+241	-2,848 /c	+3,007 /c	-2,604
Domestic Credit (A+B+C)	+5,991	+8,270	+12,880	+8,862	+15,686
Credit to Public Sector	+2,741	+5,182	+6,548	+4,733	+8,887
Budgetary Support	+1,536	+4,229	+6,534	+5,074	+8,132
Commodity Operations	+1,534	+1,111	+385	-99	+1,077
Deposits/Counterpart Funds	-239	-158	-371	-242	-322
Credit to Private Sector	+2,888	+1,764	+5,273	+3,481	+4,397
Credit to Public Sector Enterprises	+1,265	+1,609	+1,764	+2,081	+2,572
Other Items	-903	-285	-705	-1,433	-170 /c
Domestic Liquidity (1+2)	+5,026	+8,511	+10,032	+11,869	+13,082
Money	+2,487	+5,026	+7,484	+6,938	+9,873
Currency	(+670)	(+2,330)	(+2,831)	(+2,787)	(+5,531)
Demand Deposits	(+1,817)	(+2,696)	(+4,653)	(+4,151)	(+4,342)
Quasi-Money	+2,539	+3,485	+2,550	+4,931	+3,209

/a Change over the period July 6, 1974, to June 27, 1975.
/b Provisional.
/c Adjusted to neutralize expansion of Rs 382 million reflected in "foreign assets (net)" and contraction of Rs 382 million reflected in "other items" on account of SDR allocations by IMF.

Source: State Bank of Pakistan.

Table 6.3: INTEREST RATES ON BANK DEPOSITS AND ADVANCES, 1972-79

(in percent)

	June 30							
	1972	1973	1974	1975	1976	1977	1978	1979
Interest Rates on Bank Deposits								
Special Notice Deposits								
Deposits withdrawable at notice of 7-29 days	3.00	4.00	4.00	4.00	5.00	5.50	5.50	5.50
Deposits withdrawable at notice of 30 days or over	3.25	4.25	4.25	4.25	6.00	6.50	6.50	6.50
Savings Bank Deposits								
Accounts with checking facilities	4.00	5.00	6.00	6.00	6.50	7.50	7.50	7.50
Accounts without checking facilities	4.50	5.50	6.75	7.50	8.00	8.50	8.50	8.50
Fixed (or term) Deposits								
For 3 months and over but less than 6 months	4.50	5.50	6.75	7.50	8.00	9.00	9.00	9.00
For 6 months and over but less than 1 year	4.75	5.57	7.25	8.00	8.50	9.50	9.50	9.50
For 1 year and over but less than 2 years	5.00	6.00	8.00	9.00	9.50	10.50	10.50	10.50
For 2 years and over but less than 3 years	5.50	6.50	8.50	9.50	10.00	11.00	11.00	11.00
For 3 years and over but less than 4 years	6.00	7.00	9.00	10.00	11.25	11.75	11.75	11.75
For 4 years and over but less than 5 years	6.00	7.00	9.00	10.50	11.25	12.25	12.25	12.25
For 5 years and over	6.00	7.00	9.00	11.00	11.75	12.75	12.75	12.75
Interest Rates on Bank Advances								
Ceilings on Advance Rates								
General	n.a.	10.00/a	11.00/a	13.00	13.00	14.00	14.00	14.00
Fixed industrial investment	n.a.	10.00/a	11.00/a	13.00	13.00	14.00	12.50	11.00
Fixed agricultural investment	n.a.	10.00/a	11.00/a	13.00	13.00	14.00	11.00	11.00
Export finance/b	n.a.	7.00	9.00	10.00	10.00	10.00	6.00	3.00
(SBP refinance rate)	n.a.	4.00	6.00	7.00	7.00	7.00	3.00	0.00
Minimum Advance Rates								
Finished goods (except capital goods)	n.a.	10.00	11.00	12.00	12.00	13.00	13.00	13.00
Other advances	n.a.	10.00	11.00	10.00	10.00	11.00	11.00	11.00
Weighted Average Interest Rates								
Deposits	3.38	3.59	3.94	4.67	5.30	6.32	6.23	6.49
Quasi-money deposits	4.90	5.76	7.32	8.18	8.79	9.05	9.24	n.a.
Advances	8.65	8.54	9.48	10.81	10.92	11.68	11.80	11.66
Call (inter bank) money rate	5.35	5.25	8.48	10.63	9.40	10.03	11.20	8.99
Bank Rate	6.00	6.00	8.00	9.00	9.00	10.00	10.00	10.00

/a Ceilings for small banks are 1% higher than shown above.
/b Prior to May 26, 1976, the export finance scheme was limited to non-traditional and newly-emerging exports. Since then the scheme has covered all exports except raw cotton, rice, wool, hides and skins, and wet-blue leather. The rate for machinery exports is 1% lower than this.

n.a. Not available.

Source: State Bank of Pakistan

Table 7.1: INDICES OF AGRICULTURAL PRODUCTION, 1969/70-1978/79

(1959/60=100)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79/a
Food Crops	177	164	170	181	190	183	207	212	208	238
Rice	236	220	221	233	246	230	262	275	296	328
Wheat	186	166	176	190	195	196	224	229	212	254
Barley	76	64	71	76	98	95	93	88	86	93
Jowar (Sorghum)	117	145	138	134	168	118	123	114	122	110
Bajra (Millet)	92	108	109	92	107	81	93	94	97	97
Maize	150	162	159	159	172	168	180	171	184	179
Gram	84	81	84	91	101	88	97	105	100	100
Non-Food Crops	214	195	169	163	188	171	193	224	223	212
Sugarcane	248	218	189	189	226	201	240	277	282	261
Rape and Mustard	107	112	113	119	121	103	112	124	98	117
Sesamum	83	133	183	133	167	100	133	150	167	183
Tobacco	204	197	153	113	116	136	106	131	136	132
Cotton	185	188	245	243	228	220	176	149	197	162
All Crops	186	174	183	188	196	187	199	203	209	219

/a Provisional.

Source: Ministry of Planning and Development, Statistics Division.

Table 7.2: ACREAGE UNDER CULTIVATION, 1969/70-1978/79

(thousand acres)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79 /a
Foodgrains										
Cereals										
Rice	4,008	3,715	3,599	3,656	3,736	3,964	4,225	4,323	4,693	4,881
Wheat	15,393	14,771	14,325	14,754	15,105	14,363	15,100	15,790	15,716	16,609
Bajra (Millet)	1,560	1,853	1,876	1,512	1,812	1,347	1,542	1,601	1,584	1,626
Jowar (Sorghum)	1,212	1,378	1,253	1,236	1,456	1,100	1,176	1,105	1,284	1,322
Maize	1,600	1,581	1,563	1,594	1,563	1,516	1,532	1,542	1,621	1,607
Barley	399	348	387	406	506	479	459	431	412	435
Pulses										
Gram	2,293	2,259	2,383	2,514	2,738	2,462	2,640	2,705	2,716	3,005
Mash	77	98	108	87	109	128	144	122	131	120
Masoor	163	151	157	193	238	186	180	196	221	n.a.
Mung	146	173	177	154	169	154	166	160	162	164
Other Pulses	631	574	680	653	766	471	518	603	587	n.a.
Oilseeds										
Rape and Mustard	1,184	1,260	1,399	1,319	1,324	1,116	1,162	1,282	1,019	1,043
Sesamum	56	76	103	73	81	56	70	75	78	93
Cottonseed	4,338	4,285	4,837	4,967	4,559	5,019	4,576	4,608	4,555	5,000
Groundnuts	105	75	102	77	94	100	108	111	125	90
Cash Crops										
Cotton (Lint)	4,338	4,283	4,837	4,967	4,559	5,019	4,576	4,608	4,555	5,000
Sugarcane	1,532	1,572	1,365	1,318	1,595	1,663	1,729	1,947	2,032	1,860
Tobacco	149	150	125	108	115	134	111	125	131	111
Condiments and Spices										
Onion	58	58	60	43	58	73	76	75	79	n.a.
Garlic	4	5	6	5	5	5	4	5	9	n.a.
Chillies	74	76	92	89	79	84	127	124	128	n.a.
Vegetables										
Potatoes	42	51	57	58	58	68	71	64	74	97
Other Vegetables	246	275	302	314	334	331	299	267	292	n.a.

/a Provisional, except cotton and groundnut

n.a. Not available.

Source: Ministry of Food, Agriculture and Cooperatives, Yearbook of Agricultural Statistics 1978.

Table 7.3: AGRICULTURAL PRODUCTION, 1969/70-1978/79

(thousand tons)

	Unit	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79 /a
Foodgrains											
Cereals											
Rice	000 tons	2,363	2,165	2,226	2,293	2,416	2,277	2,576	2,694	2,903	3,220
Wheat	000 tons	7,179	6,374	6,782	7,324	7,508	7,552	8,553	8,999	8,235	9,914
Bajra (Millet)	000 tons	297	349	354	299	346	261	303	306	313	312
Jowar (Sorghum)	000 tons	279	324	307	297	372	261	276	257	280	279
Maize	000 tons	657	706	694	695	755	735	790	752	808	789
Barley	000 tons	102	90	101	107	137	135	128	122	119	116
Pulses											
Gram	000 tons	498	486	502	544	601	542	592	639	604	554
Mash	000 tons	15	19	20	17	22	26	29	25	27	24
Masoor	000 tons	22	21	22	27	33	26	28	30	33	n.a.
Mung	000 tons	25	32	35	30	31	28	31	29	30	30
Other Pulses	000 tons	110	100	121	120	136	83	91	107	105	n.a.
Oilseeds											
Rape and Mustard	000 tons	251	265	296	282	288	244	263	292	232	240
Sesamum	000 tons	8	10	13	10	12	8	11	12	12	14
Cottonseed	000 tons	1,054	1,068	1,393	1,381	1,296	1,248	1,011	856	1,131	931
Groundnut	000 tons	61	44	56	44	53	56	61	63	71	45
Cash Crops											
Cotton (Lint)	000 bales	3,012	3,050	3,979	3,947	3,704	3,567	2,890	2,446	3,233	2,662
Sugarcane	000 tons	25,953	22,801	19,648	19,632	23,533	20,906	25,143	29,057	29,601	26,895
Tobacco	Mln. Pounds	256	249	192	138	145	169	128	160	164	n.a.
Condiments and Spices											
Onions	000 tons	240	243	249	184	236	298	318	326	320	n.a.
Garlic	000 tons	19	17	26	24	23	24	16	18	28	n.a.
Chillies	000 tons	41 /b	42	51	56	50	51	78	77	80	n.a.
Vegetables											
Potatoes	000 tons	176	225	249	237	235	285	316	313	289	395
Other Vegetables	000 tons	1,234	1,375	1,531	1,635	1,688	1,674	1,500	1,304	1,437	n.a.

/a Provisional, except cotton and groundnut.
/b Revised.

n.a. Not available.

Source: Ministry of Food, Agriculture and Cooperatives, Yearbook of Agricultural Statistics 1978.

Table 7.4: YIELD PER ACRE OF AGRICULTURAL CROPS, 1969/70-1978/79

(maunds per acre)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79[a]
Foodgrains										
Cereals										
Rice	16.1	15.9	16.8	17.1	17.6	15.6	16.6	17.0	16.8	17.6
Wheat	12.7	11.7	12.9	13.5	13.5	14.3	15.4	15.5	14.3	16.0
Bajra (Millet)	5.1	5.1	5.1	5.4	5.2	5.2	5.3	5.2	5.4	5.2
Jowar (Sorghum)	6.3	6.4	6.7	6.5	7.0	6.5	6.4	6.3	5.9	5.7
Maize	11.1	12.2	12.1	11.9	13.1	13.2	14.0	13.3	13.6	13.2
Barley	7.1	7.0	7.1	7.2	7.4	7.7	7.6	7.7	7.8	7.9
Pulses										
Gram	5.2	5.9	5.7	5.9	6.0	6.0	6.1	6.4	6.1	5.2
Mash	5.2	5.3	5.1	5.4	5.5	5.5	5.5	5.5	5.6	5.5
Masoor	3.7	3.8	3.9	3.8	3.8	3.8	4.2	4.2	4.0	n.a.
Mung	4.6	5.1	5.4	5.2	5.0	4.9	5.1	5.0	5.1	5.0
Oilseeds										
Rape and Mustard	5.8	5.7	5.8	5.8	5.9	6.0	6.2	6.2	6.2	n.a.
Sesamum	3.7	3.7	3.5	3.5	4.1	3.9	4.1	4.3	4.3	4.1
Cottonseed	6.6	6.8	7.8	7.6	7.7	6.8	6.0	5.1	6.8	5.4
Groundnuts	15.8	16.0	15.1	15.4	15.4	15.3	15.3	15.4	15.5	13.5
Condiments and Spices										
Onions	112.6	113.0	113.6	115.4	111.2	111.1	113.9	119.1	111.0	n.a.
Garlic	124.7	99.1	122.6	134.2	129.7	128.3	99.2	98.1	85.7	n.a.
Chillies	14.9	15.0	15.2	17.0	17.0	16.6	16.7	16.9	17.0	n.a.
Cash Crops										
Cotton (Lint)	3.3	3.4	3.9	3.8	3.9	3.4	3.0	2.5	3.4	2.7
Sugarcane	461.1	394.9	391.9	405.2	402.0	342.3	395.8	406.3	396.6	393.5
Tobacco	20.9	20.2	18.6	15.5	15.3	15.3	14.1	15.6	15.2	n.a.
Vegetables										
Potatoes	114.1	122.7	119.7	112.1	110.5	113.3	121.6	133.8	106.8	111.1
Other Vegetables	136.5	136.1	138.0	141.9	127.4	137.4	136.6	133.0	134.0	n.a.

/a Provisional.

n.a. Not available.

Source: Ministry of Food, Agriculture and Cooperatives, Yearbook of Agricultural Statistics 1978.

Table 7.5: ACREAGE AND PRODUCTION OF RICE BY VARIETY, /a 1964/65-1978/79

	Basmati			Coarse			Irri - Pak			Total			
	Acres ('000)	Production ('000 tons)	Mds. Per Acre	Acres ('000)	Production ('000 tons)	Mds. Per Acre	Acres ('000)	Production ('000 tons)	Mds. Per Acre	Acres ('000)	Production ('000 tons)	Mds. Per Acre	Tons Per Acre
1964/65	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3,350	1,329	10.8	0.397
1965/66	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3,443	1,296	10.2	0.376
1966/67	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3,483	1,343	10.5	0.386
1967/68	n.a.	483	n.a.	n.a.	980	n.a.	10	12	32.7	3,508	1,475	11.4	0.420
1968/69	1,153	565	13.3	1,928	793	11.2	761	642	23.0	3,842	2,000	14.2	0.521
1969/70	1,200	585	13.3	1,569	768	13.3	1,239	1,010	22.2	4,008	3,363	16.1	0.590
1970/71	1,075	405	10.3	1,280	718	15.3	1,360	1,042	20.9	3,715	2,165	15.9	0.583
1971/72	820	378	12.5	979	462	12.8	1,800	1,386	21.0	3,599	2,226	16.8	0.618
1972/73	835	394	12.8	1,222	664	14.8	1,599	1,235	21.0	3,656	2,293	17.1	0.627
1973/74	926	478	14.1	1,185	659	15.5	1,652	1,279	21.1	3,736	2,416	17.6	0.647
1974/75	1,220	593	13.2	1,185	595	13.7	1,559	1,089	19.0	3,964	2,277	15.6	0.574
1975/76	1,324	632	13.0	1,257	674	14.6	1,644	1,270	21.0	4,225	2,576	16.6	0.610
1976/77	1,310	650	13.5	1,338	749	15.2	1,675	1,290	21.0	4,323	2,694	17.0	0.623
1977/78	1,273	551	11.8	1,314	707	14.6	2,106	1,645	21.3	4,693	2 903	16.8	0.619
1978/79 /b	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4,981	3,220	17.6	0.646

/a With the exception of about 75,000 acres, all the rice is irrigated.
/b Provisional.

n.a. Not available.

Source: Ministry of Finance and Economic Affairs.

Table 7.6: ACREAGE AND PRODUCTION OF WHEAT BY VARIETY, 1964/65-1978/79

	Local Variety			Mexi-Pak Variety			Total			
	Acres ('000)	Production ('000 tons)	Mds. Per Acre	Acres ('000)	Production ('000 tons)	Mds. Per Acre	Acres ('000)	Production ('000 tons)	Mds. Per Acre	Tons Per Acre
1964/65	13,140	4,518	9.0	-	-	-	13,140	4,518	9.0	0.344
1965/66	12,738	3,854	8.2	-	-	-	12,738	3,854	8.2	0.303
1966/67	13,205	4,266	8.8	-	-	-	13,205	4,266	8.8	0.323
1967/68	12,420	4,117	9.0	2,365	2,200	25.3	14,785	6,317	11.6	0.437
1968/69	9,371	2,638	7.6	5,850	3,875	18.0	15,221	6,513	11.6	0.428
1969/70	8,767	2,501	7.8	6,626	4,678	19.2	15,393	7,179	12.7	0.466
1970/71	7,040	1,666	6.4	7,731	4,708	16.6	14,771	6,374	11.7	0.432
1971/72	6,204	1,602	7.0	8,122	5,180	17.4	14,325	6,782	12.9	0.473
1972/73	6,412	1,853	7.9	8,342	5,471	17.9	14,754	7,324	13.5	0.496
1973/74	6,517	1,870	7.8	8,588	5,638	17.9	15,105	7,508	13.5	0.497
1974/75	5,163	1,545 /a	8.1	9,200	6,007	17.7	14,363	7,552	14.3	0.526
1975/76	5,177	1,699 /a	8.9	9,923	6,855	18.8	15,100	8,554	15.4	0.566
1976/77	4,425	1,218	7.5	11,365	7,781	18.6	15,790	8,999	15.5	0.571
1977/78	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	15,716	8,235	14.3	0.524
1978/79	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	16,609	9,914	16.0	0.596

/a Includes production of un-surveyed area of Sind (6,800 tons) for which area figures are not available.
/b Provisional.

n.a. Not available.

Source: Ministry of Finance and Economic Affairs.

Table 7.7: FOODGRAIN UTILIZATION, 1969/70-1978/79
('000 metric tons)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79
Stocks at the beginning of the year /a	433	433	622	451	236	600	984	1,071	922	757
Production /b	10,375	10,986	10,218	10,642	11,533	11,355	11,811	12,899	13,637	13,172
Seed,Feed and Wastage /c	1,023	1,101	1,020	1,056	1,152	1,126	1,167	1,267	1,338	1,219
Imports /d	125	273	446	1,487	1,047	1,192	1,293	540	822	2,112
Exports /e	88	181	199	786	591	477	784	924	822	1,015
Foodgrain shipment from West to East Pakistan	382	352	173	-	-	-	-	-	-	-
Stocks at the end of the year	433	622	451	236	600	984	1,071	929	757	1,078
Availability	9,007	9,436	9,443	10,492	10,578	10,558	10,066	11,380	12,464	12,729
Population (million)	59.70	61.50	63.34	65.24	67.20	69.21	71.29	73.43	75.62	77.86
Annual Per Capita Consumption (kgs)	150.87	153.43	149.08	160.82	157.41	152.55	155.22	155.11	164.83	163.48
Daily Per Capita Consumption (gms)	413.34	420.36	408.44	440.60	431.26	417.95	425.26	424.96	451.59	447.89

/a These stocks comprise Government stocks of wheat (as of the beginning of the wheat crop year, May 1) and rice (as of the beginning of the agricultural year, July 1).
/b Production in any agricultural year (July 1-June 30) is assumed to be available for consumption in that year in the case of rice, maize, jowar and bajra. Production of wheat, however, is assumed to be available only in the following wheat crop year (May 1-April 30).
/c Seed, feed and wastage are assumed to be 10% in the case of wheat; 6% in the case of rice; and 16% in the case of other foodgrains.
/d Imports comprise wheat imports during the specified wheat crop year (May 1-April 30).
/e Exports comprise rice, maize and barley during the specified agricultural crop year (July 1-June 30).

Source: *Ministry of Finance and Economic Affairs.*

Table 7.8: FERTILIZER BALANCE SHEET, 1970/71-1978/79

(thousand nutrient tons)

	1970/71	1971/72	1927/73	1973/74	1974/75	1975/76	1976/77/a	1977/78	1978/79/a
Opening Balance/b	153.7	167.0	43.6	63.5	312.2	344.1	269.4	183.3	159.1
Nitrogen	127.5	122.0	32.4	31.9	217.4	217.4	205.9	114.7	82.2
Phosphate	23.9	40.0	6.2	28.0	87.6	60.2	59.5	64.6	74.7
Potash	2.3	5.0	4.9	3.6	7.2	5.9	4.0	4.0	2.4
Local Production	132.2	219.9	282.9	303.9	316.5	326.7	324.9	327.6	480.0
Nitrogen	128.0	215.0	274.5	299.9	310.8	314.9	311.2	312.6	420.0
Phosphate	4.3	4.9	8.4	4.0	5.7	11.8	13.7	15.0	60.0
Potash	-	-	-	-	-	-	-	-	-
Imports	136.9	70.6	173.5	348.3	145.0	149.2	256.3	368.4	629.7
Nitrogen	102.4	70.6	111.5	228.4	116.7	58.3	118.4	208.5	396.8
Phosphate	29.5	-	62.0	113.6	27.6	90.0	135.4	155.9	221.3
Potash	5.0	-	-	6.3	0.7	0.9	2.5	4.0	11.6
Total Availability	422.9	457.5	490.0	715.7	773.7	820.0	850.6	879.3	1,109.7
Nitrogen	357.9	407.6	418.3	560.1	644.0	651.2	635.5	635.8	816.8
Phosphate	57.7	44.9	76.8	145.7	120.8	162.0	208.6	235.5	281.3
Potash	7.3	5.0	4.9	10.0	8.0	6.8	6.5	8.0	11.6
Consumption	283.2	381.9/d	436.5	403.4	425.9	550.6	629.0/c	720.0	862.7
Nitrogen	215.5	344.0/d	386.4	342.7	369.3	443.4	511.0	553.6	662.8
Phosphate	30.5	37.2	48.7	58.1	60.5	102.3	118.0	160.8	193.3
Potash	1.2	0.7	1.4	2.6	2.1	2.8	n.a.	5.6	6.6
Closing Balance/b	139.7	75.6	63.5	312.2	347.7	269.4	215.1/c	159.3	247.0
Nitrogen	106.4	63.4	31.9	217.4	281.6	205.9	124.5	82.2	154.0
Phosphate	27.2	7.7	28.0	87.6	60.3	59.5	90.6	74.7	88.0
Potash	6.1	4.3	3.6	7.2	5.8	4.0	n.a.	2.4	5.0

/a Estimated.
/b Closing and opening balance may not tally because of fertilizers in transit.
/c Excluding potash.
/d Exports to East Pakistan and Afghanistan amounting to 8,000 and 2.3 thousand nutrient tons respectively are excluded.

n.a. Not available.

Source: Pakistan Agricultural Development Corporation and Statistical Division. Ministry of Finance and Economic Affairs.

Table 7.9: IRRIGATION WATER SUPPLY, 1960/61-1978/79

(million acre feet)

Year	Rim Station Inflows Kharif	Rim Station Inflows Rabi	Canal Head Withdrawals Kharif	Canal Head Withdrawals Rabi	Net System Loss (-) of Gains (+) Kharif	Net System Loss (-) of Gains (+) Rabi	Surface Availability at Farm Gate Kharif	Surface Availability at Farm Gate Rabi	Public Tubewell Availability Kharif	Public Tubewell Availability Rabi	Private Tubewell and Persian Kharif	Private Tubewell and Persian Rabi	Total Farm Gate Water Availability Kharif	Total Farm Gate Water Availability Rabi
1960/61	124.59	20.73	54.45	26.14	-9.68	+4.43	34.85	16.73	0.24	0.23	0.89	0.89	35.98	17.85
1961/62	119.14	20.96	55.84	27.22	-10.70	+2.35	35.61	17.42	0.28	0.28	1.31	1.30	37.20	19.00
1962/63	89.51	19.76	57.99	27.78	-9.50	+3.60	37.11	17.78	0.97	0.97	1.81	1.80	39.89	20.55
1963/64	119.20	21.53	62.15	27.17	-10.40	+4.80	39.77	17.39	1.07	1.07	2.45	2.44	43.29	20.90
1964/65	115.84	22.32	60.36	29.55	-15.50	+4.70	38.63	18.91	1.19	1.18	3.23	3.23	43.05	23.32
1965/66	117.16	21.06	65.08	26.17	+3.10	+3.30	41.65	16.75	1.24	1.23	4.14	4.14	47.00	22.12
1966/67	116.47	23.79	66.37	29.59	-4.40	+4.80	42.47	18.94	0.87	0.86	5.13	5.14	48.47	24.94
1967/68	120.00	25.50	61.72	32.98	+1.30	+4.60	39.50	21.11	0.99	0.98	6.08	6.08	46.57	28.17
1968/69	115.48	23.11	66.73	31.58	-3.20	+3.00	42.71	20.21	1.41	1.41	6.85	6.85	50.97	28.46
1969/70	114.15	19.69	69.19	30.66	-12.40	+4.60	44.28	19.62	1.77	1.77	7.52	7.51	53.57	28.98
1970/71	89.59	15.88	60.83	26.53	-8.70	+3.10	38.93	16.98	2.17	2.16	8.23	8.24	49.33	27.38
1971/72	87.94	15.61	60.60	26.05	-11.00	+5.20	38.78	16.67	2.24	2.24	9.14	9.13	50.16	28.04
1972/73	101.52	24.56	68.67	32.23	-10.30	+3.20	43.95	20.63	2.41	2.40	9.88	9.88	56.24	32.91
1973/74	143.90	19.21	63.42	32.65	-1.53	+9.25	40.59	20.89	2.70	2.70	10.65	10.65	53.94	32.24
1974/75	79.46	16.47	62.84	23.59	-10.30	+5.98	40.22	15.09	2.91	2.90	11.40	11.41	54.53	29.40
1975/76	114.35	21.95	62.91	36.00	-16.33	+10.00	40.26	23.04	3.05	3.04	11.95	11.95	55.26	38.03
1976/77	111.17	19.14	58.40	38.80	n.a.	n.a.	37.38	24.83	3.46	3.46	12.58	12.59	53.42	40.88
1977/78 /a	100.30	23.10	64.45	37.73	-12.63	+0.91	38.67	22.58	4.46	4.45	10.80	10.81	53.93	37.84
1978/79	137.36	26.39	60.10	36.53	n.a.	n.a.	36.06	21.92	4.66	4.66	11.40	11.39	52.12	37.97

/a Losses have been assumed as 40% up to Nakka as against 30% assumed during the previous years.

n.a. Not available.

Source: Water Resources Section, Planning Division, Ministry of Finance and Economic Affairs.

Table 7.10: SALE PRICES OF FERTILIZERS, 1969/70-1978/79

(rupees per long ton)

	1969/70	1970/71	1971/72	1972/73	1973/74 [a]	1974/75 [b]	1975/76 [c]	1976/77 [d] 1977/78	1978/79 [e]
Nitrogen Fertilizers									
Ammonium Sulphate (domestic)	260.00	340.00	340.00	355.00	500.00	680.00	620.00	630.00	590.00
Ammonium Nitrate (domestic)	336.00	435.00	435.00	454.00	640.00	870.00	780.00	780.00	740.00
Ammonium Sulphate (imported)	260.00	340.00	340.00	355.00	-	-	-	-	-
Ammonium Sulphate-Nitrate (imported)	295.00	360.00	360.00	385.00	620.00	870.00	790.00	790.00	740.00
Urea (domestic)	582.40	630.00	630.00	777.00	1,100.00	1,660.00	1,360.00	1,280.00	1,280.00
Urea (imported)	529.54	570.00	570.00	702.50	-	1,500.00	1,360.00	1,280.00	1,280.00
Phosphate Fertilizers									
Super Phosphate (domestic)	190.00	190.00	190.00	197.50	300.00	440.00	360.00	360.00	345.00
Triple Super Phosphate (imported)	407.23	400.00	400.00	430.00	680.00	1,100.00	920.00	920.00	870.00
Potash Fertilizers									
Muriate of Potash (imported)	356.38	350.00	350.00	350.00	-	-	n.a.	n.a.	n.a.
Sulphate of Potash (imported)	407.23	400.00	400.00	425.00	640.00	640.00	n.a.	n.a.	n.a.
Compound Fertilizers									
Nitro Phosphate (imported)	427.62	420.00	420.00	562.00	1,100.00	1,300.00	1,000.00	1,000.00	945.00
Di-ammonium Phosphate (imported)	570.00	560.00	560.00	710.00	1,140.00	1,500.00	1,440.00	1,440.00	1,360.00

/a Changes announced in August 1973.
/b There was a reduction of 12-1/2% in sale price from December 19, 1974 to January 31, 1975.
/c With effect from April 16, 1976.
/d With effect from December 6, 1976.
/e With effect from October 17, 1978.

n.a. Not Available.

Source: Ministry of Food, Agriculture and Cooperatives, Yearbook of Agricultural Statistics 1978 and Ministry of Finance and Economic Affairs.

Table 7.11: PROCUREMENT AND MINIMUM PRICES FOR AGRICULTURAL COMMODITIES, 1969/70-1978/79

(rupees/maund)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79
Wheat	17.00	17.00	17.00	22.50	27.50	37.00	37.00	37.00	37.00	45.00
Rice										
Basmati	35.00	32.00	38.00	46.00	62.00	90.00	90.00	52.00 /a	95.00	110.00
IRRI 6	21.00	21.00	21.00	21.00	27.00	40.00	40.00	30.00 /a	46.00	49.00
IRRI 8	18.50	18.50	19.50	19.50	25.00	38.00	40.00	20.50 /a	38.00	38.00
Kangani	19.00	19.00	19.00	20.50	26.00	39.00	39.00	21.50 /a	39.00	39.00
Cotton (Seed Cotton)										
American Varieties /b	-	-	-	-	-	-	-	125.00	138.00 to 160.00	138.00 to 160.00
Desi Varieties	-	-	-	-	-	-	-	120.00	132.00	134.00
Sugarcane (Factory Gate) /c										
NWFP	2.75	2.75	2.25	4.00	4.00	5.00	5.50	5.00	5.50	5.50
Punjab	2.75	2.75	2.50	4.25	4.25	5.25	5.75	5.75	5.75	5.75
Sind	2.90	2.90	2.65	4.40	4.40	5.40	5.90	5.90	5.90	5.90
Maize	-	-	-	-	-	-	-	32.00	32.00	32.00
Potato	-	-	-	-	-	-	-	25.00	25.00	25.00
Onion	-	-	-	-	-	-	-	18.00	18.00	18.00

/a Paddy prices (at millgate).
/b AC134 and BS-1.
/c 0.25 Rupees/maund lower at outstation.

Source: Ministry of Finance and Economic Affairs.

Table 7.12: DISTRIBUTION OF FARMS BY SIZE, OPERATOR AND CAPITAL ASSETS IN 1972

Size (Acres)	Under 7.5	7.5-12.4	12.4-24.9	25.0-49.9	50.0-149.9	150.0-Above	Total
Number of Farms ('000)							
Owner	879	270	248	111	51	10	1,569
Owner and Tenant	263	244	250	99	36	5	897
Tenant	497	407	296	79	16	1	1,296
Total	1,639	921	794	289	103	16	3,762
Area: ('000 Acres)							
Owner	2,771	2,577	4,085	3,516	3,653	2,798	19,400
Owner and Tenant	1,240	2,363	4,268	3,299	2,665	1,325	15,160
Tenant	1,981	3,968	4,708	2,400	1,085	359	14,501
Total	5,992	8,909	13,061	9,215	7,402	4,482	49,061
Number of Tubewells	16,259	18,285	33,733	28,658	22,865	7,742	127,550
Number of Tractors	1,049	1,763	4,272	7,182	11,443	7,754	30,513
Percent of Total							
Number of Farms	43.6	24.5	21.1	7.7	2.7	0.4	100.0
Area	12.2	18.2	26.6	18.8	15.1	9.1	100.0
Number of Tubewells	12.8	14.3	26.4	22.5	17.9	6.1	100.0
Number of Tractors	3.4	5.8	14.0	23.5	37.5	15.8	100.0

Source: Census of Agriculture, 1972.

Table 8.1: INDICES OF MANUFACTURING OUTPUT, 1970/71-1978/79

(1969/70=100)

Year	Manufacturing Total	Selected Items					
		Cotton Yarn	Cotton Cloth	Cement	Cigarettes	Fertilizer	Vegetable Products
1970/71	106.2	111.2	108.5	101.7	108.0	100.3	107.8
1971/72	105.7	122.9	103.6	98.1	97.3	159.7	128.4
1972/73	115.4	137.7	97.0	108.3	123.5	201.1	148.9
1973/74	122.4	138.9	97.6	118.4	122.8	218.2	178.5
1974/75	120.5	128.6	91.7	124.9	119.9	226.8	216.2
1975/76	119.8	128.0	85.8	120.2	122.8	235.4	220.5
1976/77	117.1	103.4	67.3	116.3	126.9	231.6	256.4
1977/78	128.8	102.2	64.5	121.5	140.0	228.2	216.5
1978/79 /a	132.7	119.9	56.0	114.0	145.4	252.4	331.1

/a Provisional.

Note: Data through 1977/78 are averages of quarterly computations of individual indices; data for 1978/79 are averages of monthly computations of individual indices.

Source: Ministry of Finance and Economic Affairs.

Table 8.2: PRODUCTION OF SELECTED INDUSTRIAL ITEMS, 1969/70-1978/79

	Unit of Quantity	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79 /a
Cotton Yarn	Million Kgs.	273.2	303.8	335.7	376.1	379.5	351.2	349.7	282.6	297.9	325.9
Cotton Cloth	Million Sq. Meters	606.5	658.3	628.2	588.6	592.2	555.9	520.3	408.3	391.3	345.9
Cigarettes	Billions	22.4	24.2	21.8	27.6	27.5	26.8	27.5	28.4	31.3	33.3
Refined Sugar	Thousand Metric Tons	610.0	519.0	375.0	429.0	608.0	502.3	630.5	736.3	860.8	607.6
Vegetable Ghee	-do-	126.0	136.0	162.0	187.0	225.4	271.9	277.4	325.9	360.3	415.2
Cement	-do-	2,656	2,702	2,605	2,876	3,145	3,320	3,196	3,071	3,224	3,023
Fertilizers	-do-	371.6	374.8	565.0	702.6	751.8	785.1	832.9	824.2	812.6	939.1
Paper Board and Chip Board	-do-	36.4	40.0	34.3	37.9	35.9	27.2	21.0	21.4	22.4	49.0 /b
Safety Matches	Million Boxes	176.0	170.2	241.1	338.6	368.3	466.8	589.6	769.0	1,136.9	1,291.4
Art Silk and Rayon Cloth	Million Sq. Meters	71.9	61.5	9.2	5.3	8.7	8.1	9.9	17.5	15.6	14.3
Chemicals	Thousand Metric Tons	127.7	142.8	146.1	155.9	159.1	155.8	168.6	161.3	161.3	171.6
Mild Steel Products	-do-	180.0	196.1	165.5	183.9	218.1	224.0	230.7	269.6	315.3	359.5

/a Provisional.
/b Figures of paper board and chip board production are not strictly comparable with previous years because of extended coverage.

Source: Statistics Division, Ministry of Industries.

Table 8.3: GROSS FIXED CAPITAL FORMATION IN INDUSTRY, 1969/70-1978/79

(million rupees)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79
In Current Rs. Million										
Private Large and Medium-Scale Industries	1,208.2	1,224.0	1,016.3	763.1	697.8	990.4	1,309.0	1,526.3	1,539.1	1,616.8
Small-Scale Industry	187.7	201.7	219.1	255.9	325.5	446.5	509.5	585.5	634.4	688.1
Public Industry	179.2	68.2	98.5	110.6	382.3	1,064.9	4,514.0	4,514.0	6,143.5	5,967.4
(of which Steel Mill)					(1.8)	(194.6)	(668.4)	(1,714.0)	(2,845.4)	(3,389.7)
Total	1,575.1	1,493.9	1,333.9	1,129.6	1,405.1	2,501.8	5,000.1	6,625.6	8,317.0	8,272.1
In Constant 1969/70 Rs Million										
Private Large and Medium-Scale Industries	1,208.2	1,038.4	699.9	313.1	231.0	182.8	344.5	369.0	347.1	360.2
Small-Scale Industry	187.7	182.5	171.0	147.6	138.5	152.3	157.1	167.4	172.5	180.2
Public Industry	179.2	57.9	64.9	45.4	115.8	279.0	837.3	1,091.6	1,385.6	1,329.6
Total	1,575.1	1,278.8	905.8	506.1	499.1	614.1	1,338.9	1,628.0	1,905.2	1,870.0

Source: National Accounts of Pakistan, 1969/70-1978/79 and Bank staff estimates based on detailed information provided by Statistics Division.

Table 8.4: GROSS FIXED CAPITAL FORMATION IN PRIVATE LARGE AND MEDIUM-SCALE INDUSTRY, 1969/70-1978/79

(million rupees)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79/a
Industrial Groups										
Food except beverages and tobacco	51.5	152.5	172.0	51.4	60.2	66.6	58.0	81.2	143.8	136.0
Beverages	5.4	1.1	1.9	1.8	4.8	4.8	1.3	2.0	3.3	20.4
Tobacco	17.4	20.1	14.5	7.4	5.1	18.5	1.9	9.6	5.6	4.6
Sub Total	74.3	173.7	188.4	60.6	70.1	89.9	61.2	92.8	152.7	161.0
Textiles	174.6	182.9	112.4	156.7	132.5	195.0	306.4	403.1	302.0	234.8
Footwear, wearing apparel and others	6.5	6.3	5.6	5.0	11.1	10.6	5.1	11.3	17.4	14.1
Sub Total	181.1	189.2	118.0	161.9	143.6	205.6	311.5	414.4	319.4	248.9
Wood working	6.5	6.3	5.6	5.0	11.1	10.6	5.1	11.3	17.4	14.1
Furniture and fixtures	0.2	0.1	-	0.3	0.3	1.5	0.3	0.1	0.2	1.2
Sub Total	6.7	6.4	5.6	5.3	11.4	12.1	5.4	11.4	17.6	15.3
Paper and paper products	8.3	21.9	10.1	17.4	19.8	21.0	44.5	42.1	40.4	67.1
Printing and publications	8.5	10.9	12.0	9.4	8.2	3.7	7.7	3.0	1.4	1.6
Sub Total	16.8	32.8	22.1	26.8	28.0	24.7	52.2	45.1	41.8	68.7
Leather and leather products	1.6	4.5	3.6	17.1	8.0	17.1	1.5	4.4	3.8	3.7
Rubber products	1.5	1.2	0.8	3.9	1.9	4.7	1.9	4.4	4.7	4.3
Chemicals and chemical products	34.2	60.2	37.8	37.6	51.8	59.0	58.6	133.8	107.6	143.6
Products of petroleum and coal	8.1	24.1	21.1	10.0	9.2	36.6	25.4	29.5	45.0	22.7
Non-metallic minerals	50.0	14.7	4.2	6.3	11.8	30.3	4.8	26.1	3.6	4.9
Bacic metal industries	24.1	17.1	5.0	1.5	3.0	2.9	1.8	8.5	5.9	14.7
Metal products	18.6	12.1	7.7	11.5	11.1	13.7	16.4	14.8	14.6	17.1
Sub Total	42.7	29.2	12.7	13.0	14.1	16.6	18.2	23.3	20.5	31.8
Machinery	20.9	21.3	8.5	12.8	28.1	14.4	16.0	15.8	54.8	6.1
Electrical machinery and appliances	8.3	31.3	12.9	10.3	22.8	27.4	13.3	27.1	39.9	42.9
Sub Total	29.2	52.6	21.4	23.1	50.9	41.8	29.3	42.9	94.7	49.0
Transport equipment	11.5	19.8	7.8	7.4	2.3	0.9	10.3	18.3	4.8	8.1
Miscellaneous industries	9.0	11.6	13.6	15.3	17.0	17.0	15.7	18.6	21.9	17.6
Total in production	466.6	615.1	457.2	383.3	411.7	555.2	621.2	855.5	821.6	766.3
Under construction	758.9	634.5	574.4	389.9	299.2	457.2	707.0	688.6	731.6	861.1
Total	1,225.5	1,249.6	1,031.6	774.2	710.9	1,013.0	1,328.2	1,544.1	1,553.2	1,627.5
Total excluding cost of land and residential holdings	1,208.2	1,224.0	1,016.3	763.1	697.8	990.4	1,309.0	1,526.3	1,539.1	1,616.6

/a Provisional data.

Source: Statistics Division.

Table 8.5: GROSS FIXED CAPITAL FORMATION IN SMALL-SCALE MANUFACTURING INDUSTRY, 1969/70-1978/79

(million rupees)

Industry Type	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79
Food, Beverages, Tobacco, etc.	10.0	10.7	11.7	13.6	17.3	n.a.	26.9	30.9	33.5	36.3
Cane, Bamboo and Wood Work	29.5	31.7	34.3	40.1	51.0	n.a.	79.6	91.4	99.0	107.4
Glass, Ceramics and Non-Metallic	16.1	17.3	18.8	21.9	27.8	n.a.	43.5	49.9	53.9	58.5
Footwear	20.8	22.4	24.3	28.4	36.1	n.a.	56.4	64.8	70.3	76.2
Metal Work and Machinery	31.0	33.3	36.2	42.3	53.8	n.a.	84.3	96.8	104.9	113.8
Paper, Paper Products, Pharmaceuticals, Chemicals and POL	1.4	1.5	1.6	1.8	2.3	n.a.	3.8	4.4	4.7	5.1
Textiles	72.2	77.6	84.4	98.7	125.6	n.a.	196.6	225.9	244.8	365.5
Miscellaneous	6.7	4.2	7.8	9.1	11.6	n.a.	18.4	21.3	23.3	25.3
Total	187.7	201.7	219.1	255.9	325.5	446.5	509.5	585.3	634.4	688.1

n.a. Not available.

Source: National Accounts of Pakistan 1969/70-1978/79, Statistics Division.

Table 9.1: WHOLESALE PRICE INDEX NUMBERS, 1970/71-1978/79

(1969/70=100)

Period	General	Food	Raw Materials	Fuel, Lighting and Lubricants	Manufactures
1970/71	106.2	106.7	109.0	104.0	104.2
1971/72	111.1	112.4	110.5	121.2	107.0
1972/73	128.7	129.8	139.2	125.7	122.1
1973/74	170.9	176.2	177.8	173.4	156.7
1974/75	211.3	226.7	198.9	236.2	182.1
1975/76	229.4	241.3	228.0	256.9	201.4
1976/77	255.3	268.6	254.5	269.5	227.0
1977/78	271.4	290.3	269.7	271.8	235.6
1978/79	289.7	302.1	400.0	312.3	251.5
1978 July	276.4	292.2	285.5	293.0	238.3
August	280.6	300.9	284.8	294.0	236.8
September	282.9	299.3	288.1	294.0	246.3
October	282.5	297.6	288.6	294.0	248.0
November	282.6	291.8	304.9	294.0	251.7
December	287.5	291.2	324.1	325.0	255.1
1979 January	293.0	300.3	327.5	325.0	256.1
February	295.4	306.0	324.8	325.6	254.7
March	296.2	307.7	323.6	325.6	254.8
April	298.0	310.6	318.4	325.6	258.1
May	299.6	312.7	321.3	325.6	258.4
June	301.9	314.5	328.2	325.6	260.1
July	314.4	326.5	319.5	402.1	270.2
August	317.6	333.0	314.2	392.6	273.9
September	308.6	315.6	312.2	392.5	276.0
October	308.8	313.2	318.7	392.5	278.4
November	304.2	306.5	312.8	392.6	277.6
December	306.9	309.4	320.5	393.0	277.5

Source: Statistics Division.

Table 9.2: INDEX NUMBERS OF WHOLESALE PRICES BY COMMODITIES, 1970/71-1978/79

(1969/70=100)

Commodity	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79
Rice	99.2	104.2	156.8	195.9	224.6	247.2	280.5	318.4	287.3
Wheat	104.3	118.5	121.9	151.1	232.2	226.2	222.3	255.0	281.0
Gram	70.9	74.7	102.9	121.4	152.8	143.0	148.7	246.6	206.3
Vegetable Ghee	109.9	111.5	110.9	138.3	181.0	207.2	207.3	207.9	213.3
Sugar (refined)	100.0	96.9	127.8	178.6	220.9	244.6	244.6	244.6	244.6
Spices and Salt	113.0	122.7	120.6	157.0	334.9	276.2	364.9	391.8	398.4
Cotton	122.7	134.0	162.2	234.7	209.0	251.8	321.9	369.6	448.1
Wool	95.9	92.1	145.0	203.6	186.1	216.1	271.0	247.1	300.0
Hair	102.4	88.2	93.5	104.4	108.6	113.5	171.1	179.3	157.9
Hides	89.5	103.9	182.0	239.3	250.4	219.6	249.9	247.5	290.2
Skins	111.7	134.3	322.8	333.3	289.3	371.0	413.2	376.4	633.5
Oil Seeds	115.1	99.0	103.8	150.3	200.5	213.8	173.6	185.4	261.1
Tobacco	104.7	114.4	115.4	134.4	254.5	259.8	282.8	309.5	345.6
Cotton Yarn	98.9	106.0	167.8	189.1	153.1	174.3	253.5	246.5	281.9
Cotton Manufactures	103.6	108.1	116.4	190.8	221.4	231.8	271.5	294.6	291.5
Tobacco Products	122.0	138.5	142.7	158.9	250.6	293.9	320.4	363.9	405.9
General	106.2	111.1	128.7	170.9	211.3	229.4	255.3	271.4	289.7

Source: Statistics Division.

Table 9.3: CONSUMER PRICE INDEX NUMBERS, 1969/70-1978/79

(1969/70=100)

	Income Groups/a					
	All Income Groups		Up to Rs 300 Per Month		Above Rs 1,000 Per Month	
	General	Food/b	General	Food/b	General	Food/b
1969/70	100.0	100.0	100.0	100.0	100.0	100.0
1970/71	105.7	106.0	106.2	106.8	105.0	115.1
1971/72	110.7	109.6	110.6	109.7	110.3	113.7
1972/73	121.4	121.2	120.7	121.4	120.3	136.0
1973/74	157.8	163.3	159.4	163.5	154.1	165.9
1974/75	200.0	206.7	201.1	206.5	192.8	210.3
1975/76	223.3	231.6	225.5	231.4	219.5	232.6
1976/77	243.9	255.3	246.7	254.5	239.1	257.3
1977/78	259.9	270.7	263.0	269.5	259.5	274.1
1978/79	282.5	288.7	284.6	286.1	279.7	295.1
1978 July	276.3	288.3	277.5	283.9	274.0	296.4
August	277.8	288.3	279.1	284.2	275.3	296.8
September	278.9	288.1	280.9	285.6	275.5	293.2
October	281.3	290.7	283.7	288.5	276.9	294.9
November	280.5	286.9	282.9	284.8	277.1	293.3
December	278.1	282.7	281.3	280.5	275.7	288.0
1979 January	281.0	283.6	283.2	281.4	277.9	288.4
February	282.4	285.5	284.5	283.0	280.4	292.3
March	285.5	290.0	287.6	287.2	283.3	297.4
April	287.8	294.3	289.7	290.7	286.1	303.4
May	289.0	293.3	292.1	293.6	287.2	278.1
June	289.8	292.5	293.2	293.3	287.6	296.7
July	308.4	318.1	312.4	319.3	306.2	323.1
August	310.5	318.3	315.4	320.4	306.6	321.2
September	309.9	315.4	314.8	317.6	306.5	318.4
October	310.9	315.6	315.9	318.1	307.8	318.9
November	304.3	301.6	308.8	303.9	303.7	307.3
December	303.3	299.4	307.2	300.7	303.2	304.5

/a Combined indices of industrial, commercial and Government employees.
/b Food, beverages and tobacco.

Source: Ministry of Finance and Economic Affairs.