



ANNUAL PLAN 1980-81

PLANNING COMMISSION, GOVERNMENT OF PAKISTAN,
ISLAMABAD.



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PART I

ECONOMIC FRAMEWORK

CHAPTER 1

OUTPUT, INVESTMENT AND SAVINGS

I. REVIEW OF 1979-80

With the end of the financial year 1979-80, two years of Fifth Plan have been completed with significant gains in many sectors of the economy. Although budgetary and balance of payments problems persisted, the year witnessed a high rate of economic growth.

Domestic Product

2. Gross Domestic Product for 1979-80 is estimated to increase by 6.2 per cent, somewhat short of the 6.5 per cent planned target and surpassing the previous year's growth of 5.9 per cent. Thus yet another year has been added to a period of sustained growth of the economy, now spanning three years. The sectoral composition of incremental GDP also presents a satisfactory picture. Growth in the commodity producing sectors of 7.4 per cent has exceeded the plan target and is substantially higher than the growth in the services sector. This has served the dual purpose of controlling inflation and reducing trade deficit. Details may be seen at Annexure I.

3. Agriculture and manufacturing are the two key sectors which impart stimulus to the rest of the economy. In 1979-80 these two sectors accounted for 47 per cent of gross domestic product and contributed about 48 per cent to the incremental gross domestic product, of which over 55 per cent was contributed by major crops and large scale manufacturing.

4. The agriculture sector, which covers major and minor crops, livestock, fisheries and forestry, is still the biggest sector of the economy, contributing over 32 per cent to gross domestic product. In 1979-80, gross value-added in this sector registered a growth rate of 6.0 per cent, comprising of 7.6 per cent in major crops, 5.5 per cent in minor crops and 3.4 per cent in livestock, fisheries and forestry. Growth in major crops has fallen significantly short of the annual plan target of 9.8%. On the other hand minor crops and other sub-sectors performed well and attained a growth of 4.1 per cent against the Annual Plan target of 2.5 per cent, thus enabling the agriculture sector as a whole to achieve an overall growth of 6.0 per cent against the planned target of 6.6 per cent.

5. Although overall growth achieved in agriculture sector is lower than the planned target, it is the highest recorded since 1969-70. Furthermore, the shortfall from the planned value added target reflected an exceptionally sharp increase in fertilizer use rather than output failure. Major crops output depicted strong gains, particularly for wheat, maize, and cotton which together account for nearly 60 per cent of the total output of major crops. Wheat output of 10.76 million metric tonnes is about 3 per cent higher than the target of 10.64 million tonnes. For cotton, a bumper crop of 4.17 million bales has been estimated against a target of 3.65 million bales. Although production of rice and sugarcane fell short of expectations, major crops as a whole performed well. The output of minor crops, livestock, fisheries and forestry also registered significant increase and growth in these sub-sectors was higher than in the previous year. A comparative statement for major crops is given at Annexure II.

6. The level and pattern of agriculture output in 1979-80 could, to some extent, be attributed to weather conditions but the gains during the last two years were largely in response to the following policies and actions designed to induce and sustain growth :

- (i) Support prices of crops were fixed at remunerative levels and brought nearer to world prices.
- (ii) High quality domestic seeds of wheat and cotton were supplied at subsidised rates and were supplemented with import of rust-resistant wheat varieties.
- (iii) Agriculture extension work was stepped up and, in particular, the Cotton Maximization Programme was successful in bringing about significant changes in cropping practices.
- (iv) Credits for inputs were expanded and provided on liberal terms to the small farmers and to cooperative undertakings.

(v) Adequate supplies of fertilizers were arranged and the logistics of distribution streamlined to ensure timely availability.

(vi) Prices of fertilizer were subsidised to encourage greater use and better balance between phosphatic and nitrogenous fertilizer.

7. Fertilizer consumption increased sharply over the past two years at an estimated annual rate of 24 per cent. However, this rapid increase together with escalating import prices made the subsidy bill inordinately large. As such, fertilizer prices were raised by about 50 per cent in February, 1980. Crop procurement prices were also suitably revised in order to maintain incentives.

8. As a result of higher growth the share of agriculture sector in gross domestic product, which has been gradually declining, maintained its last year's level of 32.5%. This increased production also had a favourable effect on prices. The rising trend in prices of major crops was checked and price increase dropped from 9.7% in 1978-79 to 6.6% in 1979-80. The prices of minor crops, however, increased by 9.1% in 1979-80 as against 4.4% in the previous year.

9. Although manufacturing industry contributes only about 16 per cent to GDP, its significance cannot be over-emphasised as it represents the secondary stage of economic development of a country. In view of this, the Fifth Plan had assigned a leading role to this sector in terms of output expansion. Large scale manufacturing was envisaged to contribute about 23 per cent to the incremental gross domestic product and its relative share in domestic product was planned to increase from 12 per cent in 1977-78 to over 15 per cent in 1982-83. These objectives can be achieved if the output in this sub-sector increases at a rate of 12 per cent per annum.

10. However, in the context of the expectations, the performance of large scale manufacturing during the first two years presents a disappointing picture. So far, output of this sector has lagged far behind the Fifth Plan target and its relative share in domestic product has remained virtually static at the 1977-78 level. Compared with the Fifth Plan target of average annual growth rate of 12 per cent, an average rate of 6 per cent per annum has been attained in the first two years. It however, represents a major improvement over the average growth rate of 2.2 per cent during 1970-78. Besides, it is encouraging to note that 8.5 per cent growth in 1979-80 represents substantial improvement over 3.7 per cent of the previous year.

11. Three main factors are responsible for the slower than anticipated growth. Firstly, slow growth in cloth output, associated with the diversion of production from the mill sector to the small scale sector, appears to have continued despite removal of fiscal discrimination. However, this transfer should reflect in a higher growth in the small scale sector. Secondly, there was an unforeseen decline in sugar output during the first two years of the Plan owing to inadequate supplies of sugarcane to the mills. Thirdly, the under construction large public sector plants for fertilizers, cement and steel did not come into production on schedule. A substantial part of Fifth Plan growth was to stem from these plants. The targets and achievements of major manufacturing industries are placed at Annexure III.

12. On the basis of a survey, the small scale manufacturing sector is assumed to grow at an annual rate of 7.3 per cent. Extraneous but related information on exports and raw material use in the small scale sector indicate that the assumed rate is by no means on the high side. The small scale sector of late is displaying greater activity than the large scale sector.

13. Trade is the third largest sector of the economy. Its performance depends directly on the level of marketed output in agriculture and manufacturing sectors and on import of consumer goods. Although an increase of 6.7 per cent was recorded in the output of agriculture and manufacturing sectors together during 1979-80, the wholesale and retail trade sector increased by only 5.5 per cent mainly for two reasons. Firstly, the increase in the agricultural output was concentrated in relatively non-traded crops and, secondly, the share of consumer goods in the import bill declined.

14. The construction sector, which has become a leading sector in terms of growth, once again registered a relatively high growth of 10.4 per cent. Increased availability of cement provided an impetus to this sector which has already achieved over 41 per cent of the whole Fifth Plan target.

National Resources

15. Gross National Product at factor cost, which in the past has been yielding a higher growth rate than Gross Domestic Product, has for the first time registered a lower growth of 5.7 per cent in 1979-80. Although net factor income from abroad increased by 22.2 per cent in money terms, in real terms, it has declined due to an increase of 22.4 per cent in the import unit value index during the year. Gross per capita income in real terms is thus 2.6 per cent higher in 1979-80 as compared to the previous year.

16. Gross National Product at current market prices has increased by 20.4 per cent during the year under review. Since foreign resources increased by 14.6 per cent over the year, total resources available in the country yielded an increase of 20.1 per cent. With the tight resource position during the year, Government pursued a vigorous demand management policy as a consequence of which consumption rate as per cent of GNP declined somewhat. Restrained public sector consumption expenditures coupled with relatively lower private consumption have contributed to a fall in the overall rate of consumption from 88.5 per cent of GNP to 88.2 per cent in 1979-80. On the investment side, public investment as a proportion of GNP has also fallen slightly but the overall rate of gross fixed investment has been maintained at 15.7 per cent of GNP. Details of National Resources are placed at Annexure IV.

Investment and Savings

17. As a result of poor investment climate, tight resource position and strained balance of payments, investment growth in the country continues to be disappointing. Although monetary investment outlays had increased considerably during the year 1979-80, their impact was eroded by a steep rise in prices.

18. An increase of 10.8 per cent in gross fixed investment in nominal terms was planned for 1979-80. It was expected that private investment which contributes about one third to total investment effort will increase by 20.4 per cent and public investment by 6.5 per cent. The growth differential between the two sectors reflected the policy of encouraging new private investment and containing public investment to the on-going commitments. Fixed Investment outlays during 1979-80 are estimated to have increased by 20.6 per cent, private sector by 26.0 per cent and public sector by 18.3 per cent. Thus, both private and public sectors have exceeded the planned targets in monetary terms. However, this increase of 20.6 per cent in fixed investment flows was reduced by price escalation of investment goods to a negative figure in real terms. The Investment Price Index is provisionally estimated to have registered an increase of 28% during the year. Nevertheless as a proportion of GNP, gross investment has remained constant at 16.5 per cent during the last two years. So has gross fixed investment at 15.7 per cent.

19. The squeeze on investible funds has emanated from two sources. One is the public sector domestic resource constraint resulting from recent Government measures to restrict inflationary spending and the simultaneous need to absorb imported inflation. The other is the restricted external resource availability. Although net foreign inflows have increased by 14.6 per cent, over the last year in nominal terms, in terms of goods and services they have actually dropped by about 9 per cent.

20. The overall financing of investment is given at Annexure V. The share of foreign resources has fallen from 30.1 per cent of total gross investment to 28.6 per cent during 1979-80. The share of national savings has consequently gone up to 71.4 per cent. The degree of self-reliance in financing investment was thus higher than has been the case in recent years. This increased national effort was sustained by accompanying growth in output and, more commendably, was brought about together with a lower level of deficit financing than in the previous year. The impact of the investment expenditure on price level was consequently minimal. Thus a heartening feature of the resource picture is the increase in national savings rate to 11.8 per cent of GNP from 11.5 per cent in the previous year, yielding a marginal rate of savings of 13 per cent for the year under review. With the external resource inflow stagnating, greater effort was made on the domestic front in order to bridge the resource gap. National savings, thus, increased by about 23 per cent and financed a greater portion of incremental investment during the year.

21. Nearly one-fourth of national savings have been contributed by the public sector during the year. The rest have come from the private sector. It may, however, be noted that these private savings also include forced savings resulting from credit expansion for investment both in the public and private sectors.

Public Sector Investment

22. In reviewing and analysing the public sector investment flows certain specific considerations arise which need to be borne in mind. Public sector investment is largely directed towards the creation and strengthening of the economic infrastructure and overhead capital i.e. public industries, transport and communications facilities, public utilities and health, education and other social facilities. By their very nature, the projects in these sectors involve considerable investment over an extended period and, at the same time, generally give a low return in recognizable financial terms. It is often several years before the impact of such investment becomes visible. Besides, the implementation and the subsequent operation of the projects in the public sector creates a basic requirement for a large number of skilled managers. The country is not sufficiently well-endowed in the resources of skilled managerial manpower. The supply being well short of demand the available managerial resources are spread rather thinly. This factor reduces the effectiveness of public investment flows, further prolonging the already lengthy gestation periods, and lowering further the returns that may accrue.

23. Public sector investment is conceptually different from public sector development expenditure. Details of calculations of investment are given at Annexure VI. Public sector investment is observed to have increased by 18.3 per cent during 1979-80, while Annual Development Programme of the Government rose by only 8.6 per cent. Government corporations in large scale manufacturing industries and enterprises in the energy sector account for a substantial part of the public sector investment.

24. Percentage shares of various sectors in the ADP are given at Annexure VII. Agriculture, Water, Energy, Industries and Transport and Communications sectors have been given priority over other sectors. Several important public sector projects were completed during 1979-80. In the energy sector the projects completed include the 5,000 barrel topping plant at Attock Refinery and 125 m.w. gas turbine at SITE, Karachi. The Pipri marshalling yard, doubling of railway track from Kotri to Hyderabad, Kotri Bridge, Nowshera bridge and the airport at Saidu Sharif were completed in the Transport and Communications sector. In the Industries sector, the Heavy Foundry and Forge at Taxila reached completion stage.

25. An unusual and self-financed increase was recorded in investment in the Transport and Communications sector mainly contributed by Pakistan International Airlines and Pakistan National Shipping Corporation. In the case of PIA, the aircraft fleet was substantially increased to keep in step with the increasing passenger and cargo load. The PNSC also expanded its fleet, by purchasing new ships, to meet its operational requirements.

26. The year under review has demonstrated greater self reliance in financing of public sector investments. The proportion of public sector investment financed by its own savings increased from 9.2 per cent to 25.8 per cent during the year. Public savings increased from Rs. 2.1 billion in 1978-79 to Rs. 7.0 billion in 1979-80, more than three fold increase in one year. Break-up of public savings are given at Annexure VIII.

Private Sector Investment

27. The private sector investment is more susceptible to short-term developments than the public sector investment. The savings pattern in the society also influences the level and the direction of investment flows. The recent years have seen changes in the sources of savings. The emigrant Pakistanis account for increasing proportion of national savings. Alongwith this development there has also been a far reaching change in the asset preference shown by the private investor in his choice of investment. Long-gestation investments, which require a pool of skills, advance planning and information, and may also involve relatively larger financial outlays, are being avoided. Preference is shown increasingly for relatively low-cost, low-risk and quick pay-back investments where acquisition is relatively simple (in that it does not involve too many administrative sanctions and other formalities) and operation relatively straight forward, preferably capable of being managed personally by the owner.

28. The above mentioned influences are evident in the pattern of private investment during 1979-80. The private investors' preferences are reflected in the fact that the funds largely went to tractors (Agriculture sector), low cost transportation vehicles (Transport and communications sector), private housing, (Ownership of dwellings sector) and perhaps small scale industry. In case of

Ownership of Dwellings and small scale industries the reported investment may be a gross understatement. The rate of capital formation attributed to these sectors by the statistical authorities is based on certain given growth rates arrived through surveys several years old by now. Since then observation points to a considerably higher level of activity in both these sectors but lack of data does not permit reflection of this change.

29. Keeping in view private investment during 1978-79 and priorities laid down in the Fifth Plan aiming at revival of investment activity in the industrial sector, an investment of Rs.12 billion was planned in the private sector for the year 1979-80. Out of this Agriculture sector claimed 21.3 per cent, Manufacturing 23.8 per cent, Transport 17.5 per cent and about 22.5 per cent were to be invested in Ownership of Dwellings. Against this Rs. 12.1 billion private investment was achieved. Transport and Ownership of Dwellings sectors, which involved small risk and ensured quick returns, responded well and investment in these two sectors increased by 48 and 33 per cent respectively during 1979-80. High growth rates were also recorded in services and agriculture sectors while increase in the manufacturing sector was moderate. Sectoral distribution of private investment is given at Annexure IX and the relative shares at Annexure X.

30. Although planned target of private investment appears to have been achieved during the year, it conceals the fact that price increases were much more than anticipated. In spite of an increase of 26 per cent in current prices, private investment has declined in real terms during the year. Continued shyness of investment climate is mainly responsible for low investment activity in the private sector.

31. Private investment is financed largely through private savings, more than half of which is composed of own savings and the rest is bank credit. Foreign resources contribute a small proportion estimated roughly at about 10 per cent of the total private investment. Private savings, derived as a residual of public savings, are estimated at Rs.22.4 billion for 1979-80. Thus, less than half of the total private savings is absorbed in private sector investment, the rest is transferred to the public sector. Private savings have shown an increase of only 2.8 per cent during the year under review.

II TARGETS FOR 1980-81

32. The Annual Plan for 1980-81 (mid year of the Fifth Plan) has been prepared against the back drop of real gains in some areas combined with significant financial difficulties and unceasing pressures in the external sector. The Plan has attempted to consolidate the gains and make concerted efforts to overcome financial imbalances.

Domestic Product

33. Gross domestic product is projected to increase by 6.6 per cent, the target for agriculture sector being 5.0 per cent and that for manufacturing 10.6 per cent. The commodity sectors covering agriculture, manufacturing, mining, electricity and gas and construction activities are planned to grow at 7.2 per cent as against 5.8 per cent projected for the services sector.

34. In the agriculture sector, a targetted growth of 5.8 per cent for major crops is expected to be achieved through increase in the output of wheat, rice, maize, sugarcane, and cotton. Value-added in large scale manufacturing is projected to increase by 12 per cent. Main contribution to growth in large scale manufacturing is expected from sugar, cement, m.s. products and fertilizer. The sector-wise growth targets of GDP are shown in Annexure I.

35. With the achievement of targets set out for 1980-81, about 48 per cent of the Fifth Plan targets of incremental gross domestic product are likely to be achieved. In the commodity sector a growth rate slightly lower than that achieved in 1979-80 has been planned mainly due to lower growth rates expected for cotton crops.

36. *Agriculture.*—Value-added in agriculture is envisaged to increase by 5 per cent and in major crops by 5.8 per cent. Increases of 6 to 9 per cent are forecast for wheat, rice, maize and sugarcane. In view of the bumper crops in 1979-80, a moderate increase of 5.5 per cent is planned for cotton. The production targets of major crops are given at Annexure II.

37. The major portion of growth is planned to be achieved through improvement in per/hectare yields. For this purpose fertilizer off take is proposed to be increased from 1.1 million n/tonnes in 1979-80 to 1.2 million n/tonnes in 1980-81. Thus fertilizer use per cropped hectare comes to about 61 kg. Fertilizer off-take during 1980-81 is anticipated to increase at a lower rate than during the previous two years. One of the reasons is the 50 per cent increase in fertilizer prices in February, 1980, despite an upward revision of crop procurement prices. Another reason is more effective usage of fertilizer expected to be brought about through extension services. Besides, about 0.52 million hectares would be covered through aerial spray compared to 0.41 million hectares covered in 1979-80. However, availability of water at farm gate will, more or less, remain at 1979-80 level of 94.14 MAF.

38. In addition to key inputs, price incentives and other measures are also proposed to ensure the planned growth. Support prices for some of the crops have already been raised to provide incentives. Good quality seed will be made available in time and adequate credit will be provided to the farmers.

39. *Industry.*—In terms of GDP growth, the Fifth Plan had assigned leading role to large scale manufacturing. Compared with the Fifth Plan target of annual average growth rate of 12 per cent, achievement by the end of 1980-81 is expected to average about 8.0 per cent per annum.

40. Value-added in the manufacturing sector is envisaged to grow by 10.6 per cent in 1980-81, large scale by 12.0 per cent and small scale by 7.3 per cent. With these growth rates, about 37.2 per cent of the Fifth Plan's manufacturing growth target is likely to be achieved. It implies that during the last two years of Fifth Plan, the large scale manufacturing sector must attain an annual growth rate of about 16 per cent per annum to ensure achievement of Fifth Plan target. The estimated output in 1979-80 and projections for 1980-81 are given in Annexure III.

41. Main contribution to growth is expected from sugar, cement, m.s. products and fertilizer. The 30 per cent planned increase in the output of sugar incorporates an element of recovery. In the case of cement, two additional plants of Javedan and Mustehkam Cement factories would go into production. Increase in fertilizer is mainly expected from Pak-Saudi and Pak-Arab Fertilizer Factories. Besides, four textile mills in the public sector are also expected to be operative in 1980-81. The new capacity together with improved utilisation of existing capacity should enable realization of about 12 per cent increase in output of large scale manufacturing.

National Resources

42. For the purposes of macro-economic framework, it has been assumed that overall prices, on an average, will increase by 7.5 per cent in 1980-81. The gross domestic product at current factor cost will increase by 14.6 per cent as against the real growth rate of 6.6 per cent, given an increase of 7.5 per cent in the price level during 1980-81. While indirect taxes are projected to increase by 18.8 per cent, subsidies are expected to decrease by 17.0 per cent mainly due to the reduction of subsidy on wheat and fertilizer. The GDP at current market prices, therefore, will increase by 16.0 per cent. Net factor income from abroad is expected to increase by 11.2 per cent resulting in an overall increase of about 15.7 per cent in GNP at current market prices.

43. Net foreign resources or the current account balance of payments deficit is expected to remain at the same level during 1980-81. As a result the total resources available in the country are projected to increase by 15.0 per cent.

44. The sources and uses of national resources during 1979-80 alongwith projections for 1980-81 are shown in Annexure IV. Total consumption is projected to increase by 15.1 per cent during 1980-81 against an increase of 20.0 per cent in the previous year. Its components, public and private consumption, are also separately planned to grow at lower rates compared to the previous year. Private consumption in current prices is projected to increase by 15.3 per cent, the increase in real terms would be around 7 per cent thus ensuring about 4 per cent increase in real *per capita* consumption.

45. Gross fixed investment is planned to grow by 13.3 per cent and inventory build-up by 40.0 per cent. Total investment thus shows an increase of 14.6 per cent for the year 1980-81. As a proportion of GNP, total investment is projected at 16.4 per cent, slightly short of the previous year.

The policy of encouraging private investment during the last few years is reflected in the planned effort to increase the share of private sector in the country's fixed capital formation. This share is projected to increase from 30.9 per cent in 1979-80 to 32.7 per cent in 1980-81.

Investment and Savings

46. A gross fixed investment of Rs.44.4 billion has been programmed for 1980-81. Of this 67 per cent is planned to be channelled through the public sector and the rest through the private sector. This investment programme aims at consolidating the achievements of the initial two years of the Fifth Plan and attempts to lay the foundations for future growth. The Annual Plan projects an increase of 13.3 per cent in gross fixed capital formation in current prices. In real terms, the increase projected would be about 6 per cent, assuming a 7.5 per cent increase in investment costs. This puts investment growth somewhat behind growth in out-put and leads to a fall in gross fixed investment/GNP ratio from 15.7 per cent to 15.4 per cent in 1980-81. The rate of increase in private investment is expected to be higher than the aggregate growth rate whilst the public sector's investment flows are projected to increase at a somewhat lesser pace. An object of the constrained growth in the public sector investment projections is to meet the imperative of consolidating the self-financing effort mounted in the previous year.

47. On the financing side, about 25 per cent of gross investment in 1980-81 is planned to be financed through external sources and the remaining 75 per cent through national savings. As against this, domestic effort was 71 per cent in 1979-80. This reflects planning greater self-reliance for purposes of investment. National savings are projected to increase by 20.4 per cent during the year. The average rate of savings is thus estimated to increase to 12.3 per cent of GNP from 11.8 per cent for the previous year. The planned incremental investment of Rs. 6 billion is expected to be financed largely through domestic effort. Marginal rate of savings works out to 15.3 per cent for 1980-81. It was 13.0 per cent for the previous year in comparison. Details of financing are given in Annexure V.

Public Sector Investment

48. An investment of Rs.29.9 billion is planned for the public sector for 1980-81 visualising an increase of 10.3 per cent over the previous year. This increase is essential to accommodate a major thrust in social services and regional development alongwith sufficient allocation for completing on-going projects and adequate amount for new essential programmes. Public investment figures are given at Annexure VI.

49. The public sector investment programme consists largely of infra-structure projects and within the 1980-81 Annual Development Programme almost 80 per cent of the allocation is for five major sectors, viz; agriculture, water, energy, industry and transport and communications. The relative shares of these five sectors continue to be approximately same as in the previous year with the exception of energy sector, which has received a higher allocation for oil exploration. Sectoral details of ADP are placed at Annexure VII.

50. Major projects expected to reach completion during 1980-81 include new generation capacity of 490 mw in the Energy Sector. This would be a direct result of completion of the generation scheme at Mangla (Units 7 and 8), Warsak (Units 5&6) and Guddu (Unit 3). The additional generation capacity would be instrumental in increasing the number of consumers. Also PARCO pipeline from Karachi to Multan is expected to be completed during the year. This pipeline would facilitate the up-country movement of oil and its products and thus ease the pressure on the existing rail and road facilities. Several major projects are also expected to be completed in the Transport and Communications sector during the year. Attock and Napier Mole bridges, four berths at Port Qasim and the oil yard at Mahmood Kot will reach completion. In the case of public sector industries, substantial new capacity for cement is expected to be added during 1980-81. Details of these and other projects being completed during 1980-81 are presented in the relevant sectoral chapters.

51. In terms of institutional mechanisms, public sector investment would be financed through domestic and foreign capital receipts of the government and transfers from the private sector and, to a limited extent, through the deficit finance mechanism. A notable feature of the financing plan is that the level of deficit financing proposed in 1980-81 is considerably less than that in 1979-80.

8

Details of Public Sector Development Programme financing are discussed in a separate chapter. Public Sector's own savings are expected to be of the order of Rs. 11.5 billion in 1980-81, an increase of about 64 per cent over the previous year. Thus the rate of self-financing in the public sector is planned to increase from 26 per cent in 1979-80 to 39 per cent in 1980-81. Details are given at Annexure VIII.

Private Sector Investment

52. The 1980-81 target for private investment is set at Rs.14.5 billion, which envisages about 20 per cent increase over the previous year's level. This expectation is based partially on the policies initiated with the 1980-81 budget. The sustained growth in output over the past three years has increased the public's confidence in the basic soundness of the country's economy which would also be a positive influence, on private investment decisions. The new policies include rationalisation of laws and regulations relating to the corporate sector as well as Islamisation of the economy through the proposed term-participation certificates and the mudaraba schemes. These measures may well provide a further impetus to private investment.

53. The sectoral break-up and sectoral shares of private investment are given at Annexures IX and X. The sectoral shares in the projections are largely on the pattern of the previous year. Four sectors account for 85 per cent of the projected private investment. These four sectors are agriculture, industry (large and small scale), transport and communications and private housing. In agriculture, 20,000 new tractors and related implements together with almost 18,000 tubewells account for by far the largest part of that sector's projected investment, the balance being land development, channel improvement and non-monetized investment. In the case of industry, the projected increase of 25 per cent over the previous year is in line with the industrial investment schedule and supported by PICIC and IDBP of a 24 per cent increase during 1980-81 in their sanctions accompanied by a virtual doubling of their disbursements.

54. The projections for large scale manufacturing industry are also in consonance with the Finance Minister's undertaking in his budget speech that as long as private investment in forthcoming the public sector will not take up any new large industrial projects. The projections for the Transport and Communications sector are based on the likely import and sale of vehicles during 1980-81. This sector's investment comprise entirely of motorised vehicles. Adequate number of buses and trucks have been provided for and, alongwith this feature, the plan also fully recognises the recent shift towards low-cost vehicles. The increase in private housing takes into account both the increased cost of cement and the substantially increased as well as interest-free finances of HBFC, while adjusting for the lack of credit from the commercial banks. In the "others" sector, the main identifiable element is the service industry which allows for adequate investment in medical and recreational facilities as well as hotel industry.

55. The financing of private sector investment is achieved mainly through the private sector's own savings, with a limited contribution from foreign loans in case of agriculture and industry. There is, of course, fairly developed institutional mechanism in the private sector (consisting of specialised and commercial banks, stock market and related financial institutions) to enable smooth transfer of resources, within the private sector as well as between the private sector and public and foreign sectors, in line with investment policies. Private savings are expected to increase by about 7 per cent in 1980-81. As in the past, about half of private savings are expected to be invested in the private sector, the other half will be transferred to the public sector.

GROSS DOMESTIC PRODUCT

(Per cent annual growth)

Sector	1978-79		1979-80		1980-81 Target
	(Achievement)	Target	Achievement	Target	
A. Commodity Sectors	5.0	7.1	7.4	7.2	
1. Agriculture	4.2	6.6	6.0	5.0	
(a) Major Crops	5.2	(9.8)	(7.6)	(5.8)	
(b) Minor Crops	2.4	(3.5)	(5.5)	(4.0)	
(c) Others	3.0	(2.1)	(8.4)	(4.2)	
2. Industry	6.0	7.7	9.3	10.2	
(a) Manufacturing	4.8	8.1	8.3	10.6	
(Large Scale)	(3.7)	(8.5)	(8.5)	(12.0)	
(Small Scale)	(7.3)	(7.3)	(7.3)	(7.3)	
(b) Mining	3.3	6.0	10.1	5.0	
(c) Construction	9.1	7.6	10.4	12.0	
(d) Electricity & Gas	8.1	6.5	13.7	5.6	
B. Services	6.5	5.8	4.6	5.8	
Trade & Transport	7.2	6.5	5.0	7.2	
Public Admin. & Defence	7.4	5.0	3.5	3.8	
Others	5.8	5.3	4.3	5.2	
Total GDP	5.9	6.5	6.2	6.6	

MAJOR CROPS PRODUCTION

(Million Metric Tonnes)

Major Crops	1978-79	1979-80		1980-81	
		Target	Achievement	Target	% increase over 1979-80
Wheat	9.94	10.64	10.76	11.44	6.3
Rice	3.27	3.35	3.22	3.47	7.8
Maize	0.80	0.87	0.88	0.94	6.8
Sugarcane	27.33	30.34	27.20	29.67	9.1
Cotton (Million bales of 177.8 Kg. each)	2.66	3.65	4.17	4.40	5.5
Overall Growth Rate : (Per cent)	5.20	9.80	7.60	5.80	

LARGE SCALE MANUFACTURING PRODUCTION

	Unit	1978-79	1979-80		1980-81	
			Target	Achievement	Target	% increase over 1979-80
Cotton Yarn	Mill. Kgs.	328	365	365	380	4.1
Cotton Cloth	Mill. sq. metre	339	400	348	360	3.4
Vegetable Ghee	000 M. tonnes	422	466	447	480	7.4
Sugar	"	607	800	576	750	30.2
Cement	"	3022	3450	3340	3,700	10.8
Soda Ash	"	71	84	80	84	5.0
Caustic Soda	"	36	36	40	42	5.0
Nit. Fertilizer	000 M. N. tonnes	328	473	400	496	24.0
Phosphatic Fertilizer	"	29	75	50	64	28.0

NATIONAL RESOURCES

(Rs. billion in current prices)

	1978-79	1979-80	1980-81 (Target)
GDP at factor cost	177.7	210.6	241.4
Indirect taxes less subsidies	15.4	21.6	28.0
GDP at Market prices	193.1	232.2	269.4
Net factor income from abroad	13.9	17.0	18.9
GNP at market prices	207.0	249.2	288.3
Foreign Resources	10.3*	11.8*	11.8*
Total Resources	217.3	261.0	300.1
Private consumption	161.5	194.7	224.4
Public consumption	21.6	25.1	28.5
Total consumption	183.1	219.8	252.9
Gross Fixed Investment	32.5	39.2	44.4
Private	19.6	12.1	14.5
Public	12.9	27.1	29.9
Changes in stocks	1.7	2.0	2.8
Total investment	34.2	42.2	47.2
Total Uses	217.3	261.0	300.1

*These figures do not tally with the Balance of Payments figures due to the inclusion of the purchase of aircrafts and ships by PIA and PNSC. This adjustment was necessitated because of estimation on the basis of physical arrival of goods.

Annexure V

FINANCING OF INVESTMENT

(Rs. billion in current prices)

	1978-79	1979-80	1980-81
Total Investment	34.2	41.2	47.2
Finance by :			
National Savings	23.9	29.4	35.4
Of which :			
Public Savings	2.1	7.0	11.5
Private Savings	21.8	22.4	23.9
Foreign Resources	10.3	11.8	11.8

Annexure VI

PUBLIC INVESTMENT

(Million Rs.)

	1978-79	1979-80 (Revised)	1980-81 (Budget)
Annual Development Programme	20,181	21,916	26,464
Less :			
(i) Development Subsidies	2,100	2,468	2,478
(ii) Oil Exploration	100	192	400
(iii) Other Non-investment (7% of ADP)	1,410	1,536	1,850
Investment Component in ADP	16,571	17,720	21,736
Plus :			
(i) Investment portfolio in Current Account (2.5% of current budgets)	970	1,010	1,150
(ii) Investment Outside ADP	3,500	4,150	4,500
(iii) PIA and PISC	1,088	3,131	1,174
(iv) Local Bodies	525	817	950
(v) Banks and Insurance	199	271	350
Total Public Investment	22,853	27,099	29,860

ANNUAL DEVELOPMENT PROGRAMME

Sector	(Per cent)			
	1978-79	1979-80		1980-81
		Allocation	Revised Estimate	Allocation
A. Agriculture	10.60	15.27	15.85	14.54
Water	13.75*	12.33	11.36	11.82
Power	14.54	15.00	12.95	15.08
Fuels	**	3.42	3.26	5.63
Industry	22.66	18.79	20.34	15.28
Minerals	3.30	0.44	0.29	0.36
Transport and Communications	18.63	17.70	18.19	18.30
Physical Planning and Housing	7.60	6.61	6.79	6.87
Mass Media	—	0.45	0.50	0.42
Education	3.82	4.13	4.38	4.84
Health	2.81	3.32	3.35	3.53
Population Planning	0.56	0.78	0.75	0.60
Social Welfare	0.08	0.15	0.11	0.14
Manpower	0.20	0.27	0.24	0.17
Rural Development	1.06	0.94	1.53	1.91
B. Earthquake Relief	—	0.25	0.24	0.27
C. Crash Programme	—	0.02	0.06	—
D. Block Allocation	0.30	0.13	—	0.28
Total	100.00	100.00	100.00	100.00

* It includes expenditure on Indraprastha/Tarbela.

** Expenditure on Fuels is included in Power Sector.

PUBLIC SAVINGS

Annexure VIII

(Million Rs.)

	1978-79	1979-80 (Revised)	1980-81 (Target)
1. Revenue Account	2,839	7,245	11,194
(i) Surplus	716	3,826	7,413
(ii) Repayment of Debt	1,479	2,627	2,870
(iii) Repayment by guaranteed debt (excluding PIA)	644	792	911
2. Capital Account	77	110	124
3. Self financing by Public Corporations	1,075	1,777	2,476
(i) Through budget	975	1,507	2,226
(ii) Outside budget	100	200	250
4. Investment portion in current account	970	1,010	1,150
5. Investment of local bodies	525	817	950
6. Investment by banking, insurance and other financial institutions	199	271	350
7. Less	3,610	4,196	24,728
(a) Dev. subsidies met from revenue	2,100	2,468	2,478
(b) Non-investment Dev. outlay	1,410	1,536	1,850
(c) Oil exploration	100	192	400
Total Public Savings	2,075	6,964	11,516

Annexure IX

PRIVATE INVESTMENT

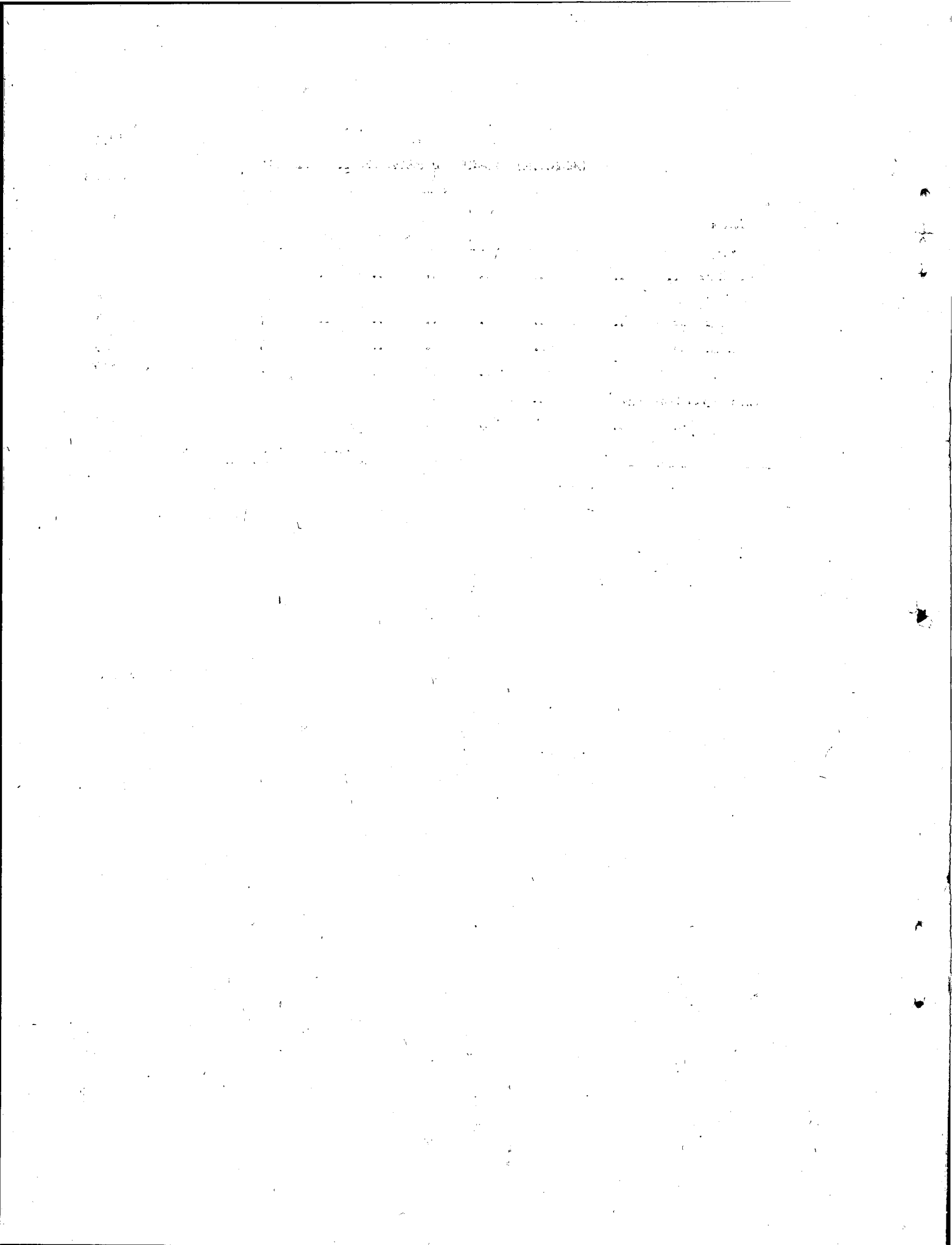
(Million Rs.)

Sector	1978-79	1979-80		1980-81	Per cent increase over 1979-80
		Target	Achievement		
Agriculture	2,072	2,550	2,452	2,995	22.1
Manufacturing	2,336	2,850	2,612	3,264	25.0
Large scale	(1,638)	(2,100)	(1,823)	(2,278)	(25.0)
Small scale	(698)	(750)	(789)	(986)	(25.0)
Fuel, Mining and Quarrying	44	50	49	60	22.5
Transport	1,396	2,100	2,070	2,443	18.0
Ownership of Dwellings	2,273	2,700	3,022	3,545	17.3
Services/Others	1,498	1,750	1,883	2,193	16.5
Total	9,619	12,000	12,088	14,500	20.0

SECTORAL SHARE OF PRIVATE INVESTMENT

(percent)

Sector	1978-79	1979-80	1980-81
Agriculture	22	20	21
Manufacturing	24	22	23
Large scale	(17)	(15)	(16)
Small scale	(7)	(7)	(7)
Transport	14	17	17
Ownership of Dwellings	24	25	24
Services/Others	16	16	15
Total	100	100	100



CHAPTER 2

PUBLIC SECTOR DEVELOPMENT PROGRAMME

Review of 1979-80

The Public Sector Development Programme for 1979-80 envisaged an outlay of Rs. 25,747 million, out of which Rs. 21,597 million was to be financed from budgetary resources and Rs. 4,150 million from the credit budget by the Public Sector Corporations/Agencies. It may be pointed out that the original size of the Annual Development Programme 1979-80 had to absorb 12.58% and 10% or agreed cuts due to resource constraint caused by a host of external and domestic factors. The net size of the programme thus stood at Rs. 21,597 million. The provisions by executing agencies are summarized below :

		(Million Rs.)
A. Annual Development Programme (ADP)		
(a) Federal Government .. .. .	.. .. .	17,532
(b) Provincial Governments .. .. .	.. .. .	4,065
Sub-Total (a + b) .. .. .	.. .. .	21,597
B. Outside = ADP		
(a) Federal Programme .. .. .	.. .. .	3,651
(b) Provincial Programme .. .. .	.. .. .	499
Sub-Total (a + b) .. .. .	.. .. .	4,150
Total—(A + B) .. .. .	.. .. .	25,747 ✓

2. According to the latest indications, the revised estimate of ADP for 1979-80 is Rs. 21,916 million against the budget provision of Rs. 21,597 million, showing a utilization of 101 per cent. The comparative position of budget provision and estimated expenditure during 1979-80 by the executing agencies is as follows :

TABLE I
ADP 1979-80 : Provision and Utilization

Executing Agency	Provision for 1979-80	Estimated Expenditure 1979-80	Percentage utilization (Col. 3 of Col. 2)
1	2	3	4
A. Federal Government	17,532	17,536	100
B. Provincial Governments.. .. .	4,065	4,380	108
Punjab	2,196	2,353	107
Sind	820	878	107
N.W.F.P.	690	703	102
Baluchistan	359	446	124
Total—(A + B)	21,597	21,916	101

3. In overall terms, the estimated expenditure/investment during 1979-80 including the investment in the Semi-Public Sector (outside-ADP) of Rs. 4,150 million is Rs. 26,066 million against the target of Rs. 25,747 million showing an increase of 1.24 per cent.

Public Sector Development Programme 1980-81

4. The fiscal year 1980-81 is the mid-year of the Fifth Plan (1978-83) and the achievements during this year will be crucial to the overall success of the Plan. The overall objectives/targets and strategy of the programme for 1980-81 have been framed in this perspective. The programme for 1980-81 envisages a total outlay of Rs. 30,964 million—Rs. 26,464 million to be financed *via* normal budget and Rs. 4,500 from the credit budget. The provisions by executing agencies are summarised below :

(Million Rs.)

A. Annual Development Programme (ADP)		
(a) Federal Government	.. .. .	21,568
(b) Provincial Governments	.. .. .	4,896
Sub—Total (a + b)		26,464
B. Outside-ADP		
(a) Federal Programme	.. .. .	3,880
(b) Provincial Programme	.. .. .	620
Sub—Total (a + b)		4,500
Total—(A + B)	.. .. .	30,964

5. The sector-wise details of the Public Sector Development Programme for 1980-81 are given in Annexure I.

ANNUAL DEVELOPMENT PROGRAMME 1980-81

6. The total ADP provision for 1980-81 is Rs. 26,464 million against Rs. 21,597 million during 1979-80 showing an increase of around 22.5 per cent. Of this, the Provincial ADPs add up to Rs. 4,896 million as against Rs. 4,065 million in 1979-80 which shows an increase of 20.4 per cent. While the financial performance during 1979-80 compared with its reduced size was satisfactory, the implemented development programme fell short of the Plan projection and left a back-log. The back-log was more pronounced in the social sectors as immediate requirements of the on-going projects like Pakistan Steel Mills, the Fertilizer Factories, Fertilizer Subsidy, Port Qasim, Tarbela Dam etc. pre-empted the bulk of the available resources. The key consideration, therefore, in the formulation of the ADP 1980-81 was to make a beginning towards clearing this back-log. The sector-wise details by executing agencies are given in Annexure II. The relative sectoral priorities in the ADP 1980-81 compared with 1979-80 are given in Annexure III.

Objectives

7. The main objectives of the ADP 1980-81 are :
- To provide adequate funds for on-going projects to facilitate their speedy completion.
 - To give priority to such foreign aided projects which are in consonance with our national objectives since any reduction in the expenditure on aided projects would also reduce resource availability.
 - To avoid over-extension and thin spread of limited resources.
 - To make adequate provision for agricultural inputs to maintain the tempo of agricultural growth.

- (e) To make a major thrust in the critical energy sector to reduce dependence on imports.
 (f) To increase provisions for social sectors to clear the past back-log as far as possible.
 (g) To accelerate the development of rural areas.

8. Provisions for major projects/programmes have been made in the light of the above objectives and within the over-all ADP size of Rs. 26,464 million. Priorities have been given to some major projects/programmes under the Federal and Provincial ADPs either by increasing their provisions or by providing for their minimum essential requirements in order to protect the Fifth Plan priorities and targets as far as possible.

9. Under the Federal and Provincial Programmes increased provisions have been made for the following major projects/programmes :

TABLE II

Major Projects/Programmes receiving increased provisions during 1980-81

(Million Rs.)

Sl. No.	Project/Programme	Provision for 1979-80	Provision for 1980-81	Absolute increase
1	2	3	4	5
A. Federal				
1.	Fertilizer Subsidy	2,115	2,423	308
2.	Agriculture Research Divn.	46	79	33
3.	Food Grain Storages	100	405	305
4.	Agriculture Universities	17	36	19
5.	Khanpur Dam	80	123	43
6.	Chashma Right Bank Canal	149	204	55
7.	Karachi Irrigation Project (Hub Dam)	122	150	28
8.	SCARPs	677	700	23
9.	Indus Basin/Tarbela	894	1,008	114
10.	Flood Control	146	200	54
11.	Tarbela Hydro Electric Power Station (Units 9 & 12).	1	18	17
12.	50 MW Gas Power Turbine Power Station Kotri (Units 5 & 6)	72	128	56
13.	500 KV Faisalabad-Multan-Guddu-Karachi Transmission Line	292	555	263
14.	Second Circuit 500 KV Tarbela-Faisalabad Transmission Line	4	16	12
15.	220 KV/DC Tarbela-Wah (Burhan) Transmission Line	6	37	31
16.	Secondary Transmission and Grid Stations	561	750	189
17.	Power Development in Azad Kashmir	25	38	13
18.	Distribution of power and Village Electrification	580	700	120

1	2	3	4	5
19.	Diesel Generation Sets in Baluchistan	5	19	14
20.	Expansion of WAPDA, Training Institute ..	5	16	11
21.	Fuel Reprocessing Plant	314	400	86
22.	Development of Solar Energy	—	13	13
23.	O.G.D.C.	611	989	378
24.	Directorate of Petroleum Concessions	68	280	212
25.	Supply of Gas to Quetta	57	200	143
26.	Supply of Gas to Mirpur	—	15	15
27.	Export Processing Zone	37	50	13
28.	Pakistan Security Printing Corporation	—	95	95
29.	Investment in IDBP	—	50	50
30.	Shahdadkot Textile Mills	31	51	20
31.	Hazara Urea Fertilizer Plant	100	149	49
32.	B & M Foundary at Naya Daur Motors (phase-II)	25	61	36
33.	B & M Machine Tools Die Shop at Naya Daur Motors	21	36	15
34.	Manufacture of Wheel Rims	39	66	27
35.	PIDC Minerals	10	33	23
36.	FUTCs	246	400	154
37.	Telegraph & Telephones	350	520	170
38.	Pakistan Railways	833	1,150	317
39.	Gawadar Fish Harbour	4	15	11
40.	Third IBRD Highway	44	200	156
41.	National Highways	71	251	180
42.	Attock Bridge	4	20	16
43.	D.I. Khan-Darya Khan Bridge	20	51	31
44.	Civil Aviation	179	212	33
45.	NLC Priority Roads	40	100	60
46.	Ghazi Ghat Bridge	35	45	10
47.	CDA	191	278	87
48.	Works Division	70	105	35
49.	Primary Education	18	30	12
50.	Universities	105	163	58
51.	Teacher's Education	7	27	20

1	2	3	4	5
52.	Curriculum Development	8	39	31
53.	Archaeology & Archives	12	27	15
54.	Islamabad Sports Complex	84	120	36
55.	Hockey Stadium, Karachi	—	10	10
56.	Installation of Computer system at Statistics Division	—	21	21
57.	Women Division	20	40	20
58.	Bolan Medical College	50	83	33
59.	Islamabad Hospital	24	70	46
60.	Ayub Medical College	18	30	12
61.	Improvement of JPMC, Karachi	—	10	10
62.	Expanded Programme of Immunization in Pakistan	9	43	34
63.	Polio Vaccine Equipment	3	22	19
64.	Earthquake Reconstruction Programme	55	72	17
65.	Azad Kashmir	169	225	56
66.	Northern Areas	106	139	33
67.	FATA	197	225	28
68.	FATA-DC	55	69	14
	Total (A)	10,237	14,905	4,668

B. Provincial

Punjab

69.	On farm water management Project	37	50	13
70.	Augmentation of Drilling capacity of Agriculture Engineering	5	19	14
71.	Crop Intensification Programme in Sahiwal	—	18	18
72.	Supply of Pacca Nakkas for 11000 water courses	—	25	25
73.	Subsidy on inputs to farmers holding 12-1/2 to 25 acres of land (5 to 10 hectares)... ..	—	20	20
74.	Tubewell-cum-Electrification	—	30	30
75.	Farms-to-Market Roads	—	89	89
76.	Construction of Khairwala Tiles Drainage Project	—	30	30
77.	Lahore Greater Water Supply, Sewerage and Drainage project	130	152	22
78.	Greater Faisalabad Water Supply Sewerage and Drainage Project	61	94	33

1	2	3	4	5
<i>Sind</i>				
79.	Hub Dam Water Supply Scheme	—	*100	100
80.	Hyderabad Water Supply & Sewerage Project	40	70	30
81.	Block Allocation to Local Bodies for Rural Water Supply & Drainage Schemes.	—	15	15
82.	Construction of 200 new primary schools in rural areas	—	13	13
83.	Block Grant-in-aid to Local Bodies for provision of Health facilities in Rural Areas	—	10	10
<i>N.W.F.P.</i>				
There is no project in N.W.F.P. ADP for 1980-81 for which increased provision of more than Rs. 10 million over 1979-80 is provided				
<i>Baluchistan</i>				
84.	Baluchistan Livestock Development Project	—	16	16
Total—(B)		273	751	478
Total—(A+B)		10,510	15,656	5,146

Note.—In Table II above only those projects are listed for which increased provision of more than Rs. 10 million have been provided in the ADP 1980-81 over ADP 1979-80.

10. In overall terms, against the total increase of Rs. 4,867 million in the ADP 1980-81 over 1979-80, an amount of Rs. 5,146 million has been pre-empted by increased provision for the major projects/programmes while reducing the provision for low priority projects/programmes. In the case of Federal ADP 1980-81, against the total increase of 4,036 million over 1979-80, an amount of Rs. 4,668 million has been pre-empted by increased provision for the major projects/programmes. In the case of Provincial programmes for 1980-81, against the total increase of Rs. 831 million over 1979-80, an amount of Rs. 478 million has been pre-empted by increased provision for major projects/programmes.

National Priority Programmes

11. As regards the formulation of Provincial programmes, the National Economic Council decided that the block allocation to the Provinces should be subject to broad directives with regard to priorities of the Fifth Plan. In view of the resource constraint in the Provincial sphere also and to protect priority programmes, like ground plant protection, seed, livestock, extension services, foodgrain storages, on-farm-water-management, urban and rural water supply and sanitation, improvement of katchi abadies, low income housing, primary education and rural health, the allocation for these specific programmes will be treated as grants to the Provinces which will be specific for the given programmes and not transferable to other sub-sectors.

*This includes Rs. 90 million special grant for this scheme.

12. An amount of Rs. 1,835.357 million has been provided in the Provincial ADPs for priority programmes for 1980-81 with the following break-up :

		(Million Rs.)
Province		Amount
Punjab	.. .. .	1,084.451
Sind	.. .. .	438.031
N.W.F.P.	.. .. .	219.017
Baluchistan	.. .. .	93.858
	Total ..	1,835.357

13. The sector and project-wise details of Priority Programmes are given in Annexure IV.

Programmes to be Implemented by Local Bodies

14. According to the present indications, programmes amounting to Rs. 1,130.640 million will be implemented by Local Bodies under the Federal Government (the Federal Capital Area, Azad Kashmir, Northern Areas and the Federally Administered Tribal Areas) and the Provincial Governments.

15. The agency-wise break-up is as follows :—

		(Million Rs.)
Agency		Amount
A. Federal	.. .. .	121.652
B. Provincial	.. .. .	1,008.988
Punjab	.. .. .	629.237
Sind	.. .. .	107.409
N.W.F.P.	.. .. .	228.070
Baluchistan	.. .. .	44.272
	Total—(A + B) ..	1,130.640

16. The sector and agency-wise details of the Programmes to be implemented by the Local Bodies are given in Annexure V.

17. The broad features of Sectoral Programmes are given below :

18. *Agriculture*.—The provision for agriculture sector has increased by 17.6 per cent from Rs. 3,297.163 million in 1979-80 to Rs 3,877.630 million during 1980-81. However, provision excluding fertilizer subsidy increased from Rs 1,181.763 million in 1979-80 to Rs. 1,429.297 million in 1980-81 showing an increase of 21 per cent. Adequate provisions have been made for fertilizer subsidy, plant protection, foodgrain storages, forestry, improved seeds etc. The major crop production targets are given in Chapter 7 on Agriculture.

19. The other major physical targets in respect of this sector during 1980-81 are: the fertilizer off-take of 1.2 million N/tonnes increasing the use of fertilizer per cropped hectare to 61 Kg; plant protection coverage through ground operation and aerial spray of 3.04 million and 0.52 million hectare respectively; distribution of 84,203 thousand tonnes of improved quality seeds; and construction of additional foodgrain storage capacity of 594 thousand tonnes which will raise the total storage capacity to 3,338 thousand tonnes by the end of 1980-81.

20. *Water Resources.*—The provision for Water Resources Sector has increased by 18.4 per cent from Rs. 2,662.253 million in 1979-80 to Rs 3,152.530 million in 1980-81. Adequate provisions have been made for Indus Basin Tarbela, Hub Dam, Khanpur Dam, Chashma Right Bank Canal Project and On—Farm water Management during 1980-81.

21. The major physical targets of water sector include the water availability of 94.22 MAF at farmgate, completion of Hub Dam by June, 1981 while the Khanpur Dam will reach an advanced stage of completion; energization and replacement of 500 tubewells under the accelerated programme; drain earth work excavation of 121 MCF; improvement of 415 water courses under water management programme and about 410 MCF of extension and strengthening of flood embankments under the on-going work of flood control programme. Work on the construction of Chashma Right Bank Canal Project shall remain in progress.

22. *Power.*—The provision has increased by 24.1 per cent from Rs. 3,238.936 million in 1979-80 to Rs. 4,019.836 million in 1980-81. The major components of power sector programme consist of WAPDA and PABC's development schemes.

23. In the Power Generation sub-sector of WAPDA, work will reach an advanced stage of execution on Tarbela Hydro-Electric Units 5—8, 50 MW Gas Turbine Power Station at Kotri and 25 MW Gas Turbine Power Station at Quetta. Detailed investigations and studies will be carried out in respect of major hydro-electric schemes of Kalabagh Hydel Project, Tarbela Units 9—12 and Lakhra Coal Fired Power Station. Besides, Warsak Hydel Units 5 & 6, Guddu Thermal stage II and Mangla Hydel units 7 & 8 will be completed and start producing 490 MW of electricity during 1980-81.

24. In the Secondary Transmission sub-sector, the transmission lines of 512 KM length will be erected through the execution of major projects viz., 132 KV single circuit, 132 KV double circuit, 66 KV single circuit and 66 KV double circuit. Work on the 500 Kv Faisalabad-Multan-Guddu-Karachi Transmission line and 220 KV Tarbela-Mardan Transmission line will reach an advanced stage of execution while work on the erection and setting up of 44 Grid Stations will be undertaken during 1980-81.

25. In case of power distribution and village electrification, the broad targets are: general consumers 2,35,200 ; industrial consumers 6,300 ; agricultural consumers 5,082 ; and villages 1,000. In addition to its share of 450 villages in the Federal programme for rural electrification, the Government of the Punjab is preparing a scheme for tubewell irrigation-cum-village electrification for which specific provision has been made in the Punjab ADP.

26. In Azad Kashmir, Northern Areas and FATA, the work includes setting up of small hydel power stations, erection of transmission lines, setting up of sub-stations and extension of distribution facilities.

27. *Fuels.*—A provision of Rs. 1,500.300 million has been made which shows an increase of 103 per cent as against Rs. 739.062 million in 1979-80. Of this, the OGDC has been provided Rs.989 million. The physical targets of OGDC include the exploration and development of 8 wells under concession and Joint Ventures another ten wells will be drilled. The total domestic consumption of oil product will be 4737 the metric tons, and new gas connections will be 99,262 during 1980-81. The work on Quetta Natural Gas Pipe Line Project will be accelerated.

28. *Industry.*—A provision of Rs. 4,074.406 million has been made as against Rs. 4,057.131 million in 1979-80. Major allocations in this sector are primarily meant for the requirements of Karachi Steel Mills, Fertilizer, Projects Cement, Plants, Textile Mills and other industrial projects. Besides, Rs. 1,141.805 million will be spent by State Enterprises from the credit budget (Outside-ADP). The production targets of selected industries are given in Chapter 12.

29. In overall terms, the growth rate of 10.6 per cent is projected in the manufacturing industry during 1980-81 as compared to 8.5 per cent during 1979-80. The large-scale manufacturing is expected to grow at 12 per cent with major growth coming from cement, sugar, chemical fertilizers and basic metals. It is also expected that projects which went on stream in 1979-80 would improve their capacity utilization during 1980-81.

30. In addition, some projects would also go on stream during 1980-81 e.g., Mustehkam Cement (Expansion) Project would produce 3,00,000 tons of additional cement per annum. Five textile mills namely Shahdadkot, Tarbela, Harrapa, Lasbela and Bolan with 1,925 looms and 120,000 spindles would also become operational during 1980-81. In addition, two sugar mills at Gcra and Summundri each with 2,000 tonnes crushing capacity per day, and two vegetable ghee units at Dargai and Haripur each with 9,000 tonnes capacity per annum, will also go into production. It is also expected that the first blast furnace of Pakistan Steel Mills will be fired in 1980-81 to produce 350,000 tonnes of pig iron and 215,000 tonnes of coke per annum.

31. *Minerals*.—A provision of Rs. 95.986 million has been made during 1980-81 as against Rs. 96.045 million in 1979-80. During the year, work on the feasibility study of Saindak Integrated Mineral Project, Chaghai District, Baluchistan will remain in progress.

32. In overall terms, the mineral production is projected to increase by 15% during 1980-81 with major leads in the development/production of those minerals which would ultimately feed the Pakistan Steel Mills and reduce its dependence on the imported stocks. Item-wise targets of various minerals for 1980-81 are given in Chapter 13.

33. *Transport and Communications*.—In the Transport and Communications Sector, the provision has been increased by 27.4 per cent from Rs. 3,821.917 million in 1979-80 to Rs. 4,867.858 million in 1980-81. The programme for 1980-81 includes the development of Railways, Ports and Shipping (including Port Qasim), Post Offices, Telephone and Telegraphs, Civil Aviation, Roads and Bridges, Urban Transport Corporations and Special Communications Organization etc. The detailed physical targets are given in Chapter-14.

34. The major physical targets for this sector include the re-engining of 19 BGDE Locomotives and manufacture and rehabilitation of 166 passenger coaches, complete track, rail and sleeper renewal of 135 Kms, 56 Kms & 128 Kms, respectively. The roads programme includes the construction of 1217.55 Kms of high and low type of new roads, improvement and rehabilitation of 1048.0 Kms of existing roads and improvement of 48.3 Kms of urban roads. As far as bridges are concerned, Attock Bridge will be completed while Dadu Moro Bridge will reach an advanced stage of completion.

35. Under the tele-communications sub-sector, 20,000 new telephone connections would be provided besides setting up of 40 small exchanges and 29 public call offices in the rural areas during 1980-81. The work on the construction of 84 Post Office Buildings and 309 residential quarters for Post Offices Department will remain in progress. The work on Port Qasim relating to 4 berths of the marginal wharf and Jinnah Bridge are expected to be completed by June, 1980-81. In the urban roads transport sub-sector, 283 new buses will be added to the existing fleet besides the fabrication of bodies on chassis and import of machinery for workshop as well as the rehabilitating of 386 buses during 1980-81. Under the Civil Aviation Programme, the execution of Panni and Ormara Aerodrome, Strengthening of Multan Runway and work on the programme for flight safety will remain in progress during 1980-81.

36. *Physical Planning and Housing*—A provision of Rs. 1,831.296 million has been made for 1980-81 against Rs. 1,426.766 million in 1979-80 showing an increase of 28.3 per cent. During 1980-81, high priority has been given to water supply and sewerage schemes. In housing sub-sector, the funds would be used for development of serviced plots leaving actual construction of houses to the private sector. The major physical targets for this sector during 1980-81 including the completion of construction of Presidential Estate Complex, 3,008 A to D type quarters at Islamabad, 214 houses for staff of the President Secretariat and 4,217 residential units for government servants. Sixty per cent work (over all) on the Simly Dam will be completed by June 1980-81. The dam on completion by June, 1982 would provide 24 MGD of water to Islamabad. Civil Works on the National Assembly Building will also be completed.

37. *Mass Media*.—A provision of Rs. 112.068 million has been made in 1980-81 for Mass Media Sector as compared to Rs. 97.213 million in 1979-80 showing an increase of 15.5 per cent. Pakistan Broadcasting Corporation has been provided an amount of Rs. 31.458 million to complete work on 2 × 250 KW/MW and 2 × 100 KW MW Transmitter, Islamabad; 10 KW MW Transmitter, D. I. Khan; 1,000 KW MW Transmitter, Islamabad; Broadcasting House, Islamabad; 300 KW MW Transmitter, Peshawar; 150 KW MW Transmitter; Quetta 100 KW MW Transmitted Khairpur

and Village broadcasters each at Khuzdar and Turbat. A provision of Rs. 80.000 million has been made for Pakistan Television Corporation to be spent on Islamabad, Lahore, Karachi, Quetta and Peshawar T.V. Centres during 1980-81 with the distribution of Rs. 31.347 million Rs. 10.580 million, 12.536 million, Rs. 16.234 million and Rs. 9.303 million, respectively.

38. *Education and Training.*—A provision of Rs. 1,291.580 million has been made for Education Sector for 1980-81 as against Rs. 891.132 million in 1979-80 showing an increase of 45.0 per cent. These allocations reflect the Fifth Plan Priorities and programmes which lay special emphasis on the quantitative and qualitative expansion of primary education and consolidation of educational programmes at all other levels of education by improving their physical facilities and teaching programmes. The major physical targets for this sector include opening of 1,536 primary and 698 mosque/mohallah schools, construction of buildings of 212 primary schools and 102 residences for female teachers, upgradation of 217 primary and 92 middle schools, completion/construction of 135 middle school and 158 high school buildings, construction of 18 student hostels and 16 teachers residences for secondary schools, upgradation of 13 intermediate colleges to degree level, completion/continuation/start of work on 46 college buildings, construction of nine student hostels and two hostels for lady teachers, and supply of scientific equipment. Some of the other programmes include construction of academic/residential buildings of universities, provision of science equipment and books, award of 75,714 scholarships and interest free loans at various levels including foreign training of 353 university and college teachers, strengthening of text books printing presses in the country, continuation of construction of the sports complex at Islamabad, installation of computer and repair of airconditioning plant at Karachi, and continuation and expansion of the programme launched by Women's Division last year for the upliftment of women.

39. *Health.*—A provision of Rs. 942.458 million has been made for Health Sector during 1980-81 as against Rs. 716.984 million in 1979-80, showing an increase of 31.4 per cent. The programme of 1980-81 is a step towards improvement of health facilities in rural areas.

40. Physical targets for 1980-81 include the construction of 328 basic health units, 54 rural health centres, 3038 hospital beds and carrying out of immunization campaign against preventable diseases. During the same period, 3012 doctors, 1020 nurses and 2797 paramedicals will be produced under the health manpower development programme.

41. *Population Planning.*—A provision of Rs. 160.000 million has been made for the Population Programme in 1980-81 as compared to Rs. 169.000 million in 1979-80 showing a decrease of 5.3 per cent. The major physical targets to be achieved during 1980-81 are as follows :—

S. No.	Item	Targets for 1980-81
1.	Reduction in Crude Birth rate	From 41.6 to 40.1/1000
2.	Reduction of Fertility Level by	3.1%
3.	Enlisting of additional acceptors	2.39 million.

42. *Social Welfare.*—A provision of Rs. 38.334 million has been made for Social Welfare Sector in 1980-81 as against Rs. 31.875 million showing an increase of 20.3 per cent. The development programme for 1980-81 envisages the continuation and expansion of various social welfare programmes with special emphasis on child welfare, women welfare, rehabilitation services and promotion of voluntary social work at federal and provincial levels.

43. The programme envisages continuation and expansion of 155 on-going social services units and establishment of 35 new social services units throughout Pakistan. The infrastructural and supportive programmes include disbursement of financial assistance to 1901 voluntary welfare agencies and 1142 lady industrial homes as well as organisation of 32 social work training courses and construction of 7 buildings to house social welfare institutions.

44. *Manpower and Employment.*—The provision has been reduced from Rs. 59.361 million in 1979-80 to Rs. 44.800 million in 1980-81 showing a decrease of 24.5 per cent mainly due to the discontinuation of NDVP and shift of a few schemes to non-development budget.

45. During 1980-81, 12 technical training apprenticeship training centres will be financed : viz 5 in Punjab, 3 in Sind and 4 in NWFP . Besides this, provision has also been made for international Weights and Measures Laboratories, Karachi; construction and extension of Labour Colony in Quetta; Hostel for Trainees at Artisan Training Centre, improvement of Factory Inspectorate and 2 low-cost housing colonies for labourers Quetta ; and vocational training institute, Lahore.

46. *Rural Development.*—The rural development programme, in view of its multi-sectoral nature, has a share in the sectors like Agriculture, Water, Power, Physical Planning and Housing, Education, Health, Rural Roads and Small-scale Industries. The provisions and targets of these sectors, therefore appear in the chapters concerned. However, a separate provision of Rs. 507.082 million has been made in 1980-81 as against Rs. 202.682 million in 1979-80, showing an increase of 149.7 per cent. This provision will be utilized by the Rural Development Organization and the newly elected representatives of local bodies for the implementation of the specific development projects.

47. In the Punjab, an amount of Rs. 355.088 million has been provided and the main targets include the construction of 163 miles of metalled and soled roads, wat bundi of 8.283 acres, running of 3,000 adult literacy centres for women, construction of farms to market roads and execution of other small village level schemes.

48. In Sind, an amount of Rs. 30.000 million has been provided for rural development which includes Rs. 4.000 million provided for construction of roads alongwith a bridge. Besides, Rs. 26 million shall be given grant in aid to Union Councils for undertaking small development works.

49. In NWFP , an amount of Rs. 41.000 million has been earmarked for the execution of schemes like maintenance, improvement and construction of rural roads etc. in different agencies of the Province.

50. In Baluchistan, a provision of Rs. 22.000 million has been made for two schemes namely, Rural Development through World Food Programme, and Rural Development under British Government Fertilizer Grant.

51. *Earthquake Relief & Reconstruction Programme.*—For this programme, a provision of Rs. 72.000 million has been made for 1980-81 as against Rs. 55.075 million for 1979-80 showing an increase of 30.7 per cent.

52. *Investment Programme outside ADP and its financing.*—An investment programme of Rs. 4,500 million has been envisaged for 1980-81 against the expected level of investment, of Rs. 4,150 million during 1979-80, showing an increase of 8.4 per cent. This level of investment is slightly higher than the Fifth Plan Phasing of Rs. 4,000 million for 1980-81. The investment programme of public sector corporations outside ADP is mainly financed from foreign project aid and foreign equity directly committed for projects, borrowing from banks/market and self-financing from own resources. The programme of Rs. 4,500 million include various projects/programmes of autonomous/semi-autonomous agencies in the fields of Agriculture, Power, Fuels, Industry, Minerals, Transport and Communications and Housing. Sector-wise summary of semi-public sector investment programme for 1980-81 with its financing is given at Annexure VI.

PUBLIC SECTOR DEVELOPMENT INVESTMENT PROGRAMME 1980-81

(Million Rs.)

Sl. No.	Sector	ADP 1980-81	Outside ADP 1980-81	Total PSDP 1980-81
1	2	3	4	5
1.	Agriculture	3,878	60	3,938
2.	Water	3,153	—	3,153
3.	Power	4,020	1,387	5,407
4.	Fuels	1,500	954	2,454
5.	Industry	4,074	4,141	8,215
6.	Minerals	96	7	103
7.	Transport and Communications	4,868	479	5,347
8.	Physical Planning & Housing	1,831	390	2,221
9.	Mass Media	112	—	112
10.	Education & Training	1,292	2	1,294
11.	Health	942	—	942
12.	Population Planning	160	—	160
13.	Social Welfare	38	—	38
14.	Manpower & Employment	45	—	45
15.	Rural Development	507	—	507
16.	Earthquake Reconstruction Programmes	72	—	72
17.	Block Allocation/Miscellaneous	74	89	163
Total - (Gross)		36,802	4,500	41,302
Less Shortfall		198	—	198
Total - (Net)		36,604	4,500	41,104

CONSOLIDATED ANNUAL DEVELOPMENT PROGRAMME 1980-81
(SUMMARY)

Sl. No.	Sector	Total 1980-81		Federal		Total Provincial		Punjab		Sind		N.W.F.P.		Baluchistan	
		ADP	FEC	ADP	FEC	ADP	FEC	ADP	FEC	ADP	FEC	ADP	FEC	ADP	FEC
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1.	Agriculture	3877.690	254.080	3,156,560	118,766	721,070	135,914	454,262	75,612	108,818	14,307	93,270	21,092	64,720	24,393
2.	Water	3132.530	792.160	2,605,000	760,908	547,530	31,252	316,550	19,800	97,300	—	62,210	6,638	71,270	4,814
3.	Power	4019.895	1335.990	4,015,836	1355,990	4,000	—	—	—	—	—	4,000	—	—	—
4.	Fuels	1500.300	985.512	1,500,000	985,512	0,308	—	—	—	—	—	0,300	—	—	—
5.	Industry	4074.406	1447.934	3,987,231	1428,242	107,175	19,692	53,542	—	12,837	1,973	18,796	16,985	22,000	0,733
6.	Minerals	95,985	36,204	83,669	13,340	12,317	22,864	1,500	—	—	—	10,317	22,864	0,500	—
7.	Transport & Communications	4857.838	1271.737	4,147,527	1248,737	720,331	23,000	258,200	—	219,000	23,000	138,331	—	84,800	—
8.	Physical Planning & Housing	1831,295	115,992	561,086	33,269	1270,210	82,723	684,074	77,773*	379,930*	4,960	144,293	—	61,913	—
9.	Mass Media	112,068	30,925	111,458	30,925	0,610	—	0,610	—	—	—	—	—	—	—
10.	Education	1291,580	237,727	693,975	203,535	397,605	34,192	271,986	12,373	128,000	9,210	159,190	5,672	38,459	6,937
11.	Health	942,458	164,182	413,685	148,752	528,803	15,400	320,750	—	70,415	—	117,500	4,000	20,138	41,400
12.	Population Planning	160,000	65,474	160,000	65,474	—	—	—	—	—	—	—	—	—	—
13.	Social Welfare	38,334	—	7,796	—	30,538	—	21,666	—	1,500	—	5,000	—	2,572	—
14.	Manpower and Employment	44,800	7,994	13,100	7,450	31,700	0,544	23,700	—	1,000	0,137	3,793	—	3,267	0,407
15.	Rural Development	507,082	4,461	58,994	—	448,088	4,461	355,088	1,491	30,000	—	41,000	—	22,000	7,970
16.	Earthquake Reconstruction Programme	72,000	3,181	72,000	2,181	—	—	—	—	—	—	—	—	—	—
17.	Block Provision/Miscellaneous	74,318	—	—	—	74,318	—	44,652	—	13,000	—	—	—	16,656	—
Total—(Gross)		25,662,482	6,772,553	21,567,887	6,403,111	5094,595	369,442	2806,350	187,049	1062,000	33,377	818,000	77,162	408,045	51,654
Less (Shortfall)		(—)	198,045	(—)	(—)	(—)	198,045	(—)	198,000	(—)	(—)	(—)	(—)	(—)	30,045
Total—(ADP)		25,464,437	6,772,553	21,567,887	6,403,111	4896,590	369,442	2608,350	187,049	1062,000	33,377	818,000	77,162	408,000	51,654

*Includes Rs. 98 million as special grant by Federal Government for Sub-Dam Water Supply Scheme.

Annexure III**RELATIVE SECTORAL PRIORITIES IN ANNUAL DEVELOPMENT PROGRAMME 1979-80 AND 1980-81**

Sl. No.	Sector	ADP 1979-80	Percentage Share	ADP 1980-81	Percentage share	Percentage Increase/ Decrease in 1980-81 over 1979-80
1	2	3	4	5	6	7
		(Million Rs.)	(%)	(Million Rs.)	(%)	(%)
1.	Agriculture	3,297	15.3	3,878	14.5	17.6
2.	Water	2,662	12.3	3,153	11.8	18.4
3.	Power	3,239	15.0	4,020	15.1	24.1
4.	Fuels	739	3.4	1,500	5.6	103.0
5.	Industry	4,057	18.8	4,074	15.3	0.4
6.	Minerals	96	0.4	96	0.4	—
7.	Transport & Communications	3,822	17.7	4,868	18.3	27.4
8.	Physical Planning and Housing	1,427	6.6	1,831	6.9	28.3
9.	Mass Media	97	0.5	112	0.4	15.5
10.	Education and Training	891	4.1	1,292	4.8	45.0
11.	Health	717	3.3	942	3.5	31.4
12.	Population Planning	169	0.8	160	0.6	(—)5.3
13.	Social Welfare	32	0.1	38	0.1	18.8
14.	Manpower & Employment	59	0.3	45	0.2	(—)23.7
15.	Rural Development	203	0.9	507	1.9	149.7
16.	Earthquake Reconstruction Programme	55	0.3	72	0.3	30.9
17.	Block Provision/Miscellaneous	35	0.2	74	0.3	114.3
	Total (Gross)	21,597	100.0	26,662	100.0	23.5
	Less—Shortfall	—		(—) 198		
	Total—(Net)	21,597		26,464		22.5

Note 1— Some of the Percentages in column No. 7 will not tally with those worked out in the text due to rounding up of ADP Allocations in this table.

PRIORITY PROGRAMMES AS REFLECTED IN THE PROVINCIAL ADPs FOR 1980-81

(Million Rs.)

Sector	Punjab	Sind	N.W.F.P.	Baluchistan	Total
1	2	3	4	5	6
Agriculture					
Ground Plant Protection	—	—	11.900	7.000	18.900
Agriculture extension	50.268	20.267	8.006	—	78.541
Seed Industry Project	14.706	—	1.550	3.500	19.756
Seed Corporation	—	28.200	—	—	28.200
Subsidy on Seed distribution	30.000	2.400	2.009	0.500	34.909
Watershed Management	3.500	—	—	—	3.500
Completion of Storages/construction of new storages	65.280	5.500	3.417	1.458	75.655
Livestock Development	—	—	—	23.485	23.485
Acquaculture	—	6.000	—	—	6.000
Total—(Agriculture)	163.754	62.367	26.882	35.943	288.946
Water					
On-Farm Water Management	50.000	10.000	5.630	2.500	68.130
Industry	55.042	12.837	—	—	67.879
Physical Planning and Housing					
Rural Water Supply	104.400	50.000	60.811	20.445	235.656
Urban Water supply and Sanitation	323.982	124.130	—	—	448.112
Improvement of Katchi Abadies	40.000	6.650	—	—	46.650
Low-income Housing	70.000	2.000	—	—	72.000
Urban Development	—	27.000	—	—	27.000
Grant-in-Aid to Local Bodies	—	15.000	—	—	15.000
Total—(PP & H)	538.382	224.780	60.811	20.445	844.418
Education					
Primary Education	86.173	43.291	71.473	23.325	224.262
Up-gradation of Primary Schools	26.600	26.931	—	—	53.531
Special Areas	—	0.090	—	—	0.090
Total—(Education)	112.773	70.312	71.473	23.325	277.883
Health					
Rural Health Programme	164.500	27.735	54.221	11.645	258.101
Rural Development Grants	—	30.000	—	—	30.000
Grand Total	1084.451	438.031	219.017	93.858	1835.35

SELECTED PROGRAMMES TO BE IMPLEMENTED THROUGH LOCAL BODIES DURING

(Million Rs.)

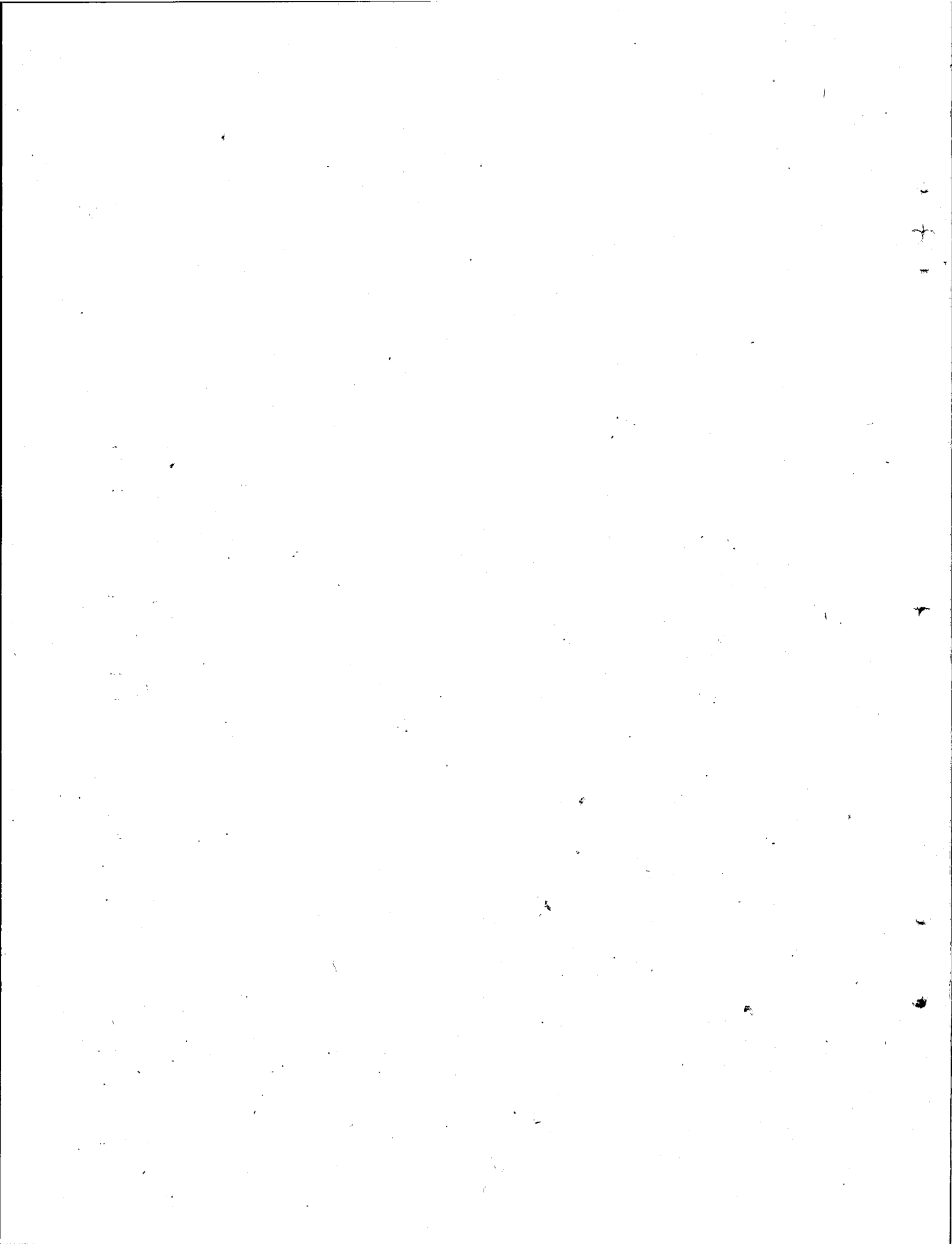
Sector	Punjab	Sind	N. West P. Bahawalpur	Total Provincial	Federal	Total	
1	2	3	4	5	6	7	
Physical Planning & Housing ...	157.200	44.673	76.083	—	277.956	—	277.956
Rural Water Supplies ...	157.200	14.673	71.083	—	242.956	—	242.956
Grant-in-Aid to Urban Local Bodies	—	30.000	5.000	—	35.000	—	35.000
Education ...	160.985	22.736	65.301	13.800	262.822	54.260	317.082
Primary Education ..	160.985	22.736	65.301	13.800	262.822	27.610	290.432
Secondary Education ..	—	—	—	—	—	26.650	26.650
Health ..	164.502	10.000	45.686	5.472	225.660	17.494	243.154
Rural Health/Dispensaries	164.502	10.000	45.686	5.472	225.660	17.494	243.154
Rural Development ..	140.550	30.000	41.000	29.000	240.550	49.898	290.448
Total ..	629.237	107.409	228.070	44.272	1008.988	121.652	1130.640

**SEMI-PUBLIC SECTOR DEVELOPMENT PROGRAMME 1980-81
(OUTSIDE ADP)**

Agencies/Sector	Total Out side ADP	Local Component			Foreign Component	
		Bank Credit	NDFC	Self Financing	Cred it	Equity
1	2	3	4	5	6	7
I. Agriculture	60.000	60.000	—	—	—	—
(Federal) :						
(i) R.E.C.P.	60.000	60.000	—	—	—	—
II. Power	1387.241	490.000	—	404.880	492.361	—
(Federal)						
(i) K.E.S.C.	1387.241	490.000	—	404.880	492.361	—
III. Fuels	953.612	579.179	110.000	237.513	26.920	—
(Federal) :						
(i) O.G.D.C.	90.100	—	—	90.100	—	—
(ii) Dir. of Oil Operations	503.000	330.000	110.000	53.000	10.000	—
(iii) Dir. of Gas Operations	360.512	249.179	—	94.413	16.920	—
IV. Industry	1140.805	1114.807	20.998	5.000	—	—
(Federal) :						
(i) Karachi Steel Mills	750.000	750.000	—	—	—	—
(ii) Other Corporations	270.805	244.807	20.998	5.000	—	—
(Provincial) :						
(iii) P.I.D.B.	100.000	100.000	—	—	—	—
(iv) S.D.A.	20.000	20.000	—	—	—	—
V. Minerals	7.500	7.500	—	—	—	—
(Federal) :						
(i) Gemstone Corp.	7.500	7.500	—	—	—	—
VI. Transport and Communications	469.900	100.000	—	300.000	69.900	—
(Federal) :						
(i) K.P.T.	360.000	—	—	300.000	60.000	—
(Provincial) :						
(ii) Roads Transport Corps	109.900	100.000	—	—	9.900	—
VII. Physical Planning and Housing	390.000	390.000	—	—	—	—
(Provincial) :						
(i) K.D.A.	340.000	340.000	—	—	—	—
(ii) L.D.A.	50.000	50.000	—	—	—	—
VIII. Education	2.000	2.000	—	—	—	—
(Federal) :						
(i) Islamabad Club	2.000	2.000	—	—	—	—
IX. N.D.F.C.	88.942	—	—	—	88.942	—
(i) N.D.F.C.	88.942*	—	—	—	88.942	—
Total—(Outside ADP)	4500.000	2743.486	130.998	947.393	678.123	—

*The project-wise details of NDFC foreign credit of Rs. 88.942 million are not yet available.

Note:— In order to control credit expansion during 1980-81, a review exercise for Bank Credit/NDFC rupee credit was carried out in September, 1980 and effect of relevant changes shall be taken into account in the revised estimates.



CHAPTER 3

FINANCING OF PUBLIC SECTOR DEVELOPMENT PROGRAMME

The original budget for the financial year 1979-80 included strong resource mobilization measures reflecting Governments resolute effort to cut down heavy reliance on deficit financing which had become a built-in part of budgetary mechanism over the past several years. However, soon after the announcement of the budget, many changes become unavoidable due to such factors as increase in POL and fertilizer prices and the need to provide relief to low paid personnel. Keeping in view the heavy taxation imposed in the budget as well as the increase in the cost of living, some of the taxes levied in the budget were withdrawn. Despite these changes, the Government held fast to its desire for keeping deficit financing to a minimum by reducing the development as well as non-development expenditure. The relief to low paid employees, with drawal of some of the taxes and the increase in POL and fertilizer prices were almost offset as a result of the reduction in expenditure. The basic structure of the budget thus remained intact.

2. Taking into account the modifications introduced by Government after the announcement of the budget, the Annual Plan for 1979-80 envisaged an expenditure of Rs. 25,747 million as public sector development programme. Out of this outlay, a sum of Rs. 21,597 million pertained to the development expenditure to be implemented *via* the normal budget. The balance of the allocation related to the programme of public sector undertakings to be financed from resources outside the budget. The ADP of Rs. 21,597 million was expected to be financed by Rs. 13,258 million of external resources and Rs. 8,339 million of domestic resources including an uncovered gap of Rs. 3,279 million. Thus, the non-inflationary domestic resources for 1979-80 were estimated at Rs. 5,060 million.

REVIEW OF 1979-80

3. The budgetary position underwent further changes during the course of the year. The following measures were taken to improve the fiscal situation :

- (a) Adjustments in railway charges were made in July, 1979 and again in January, 1980. The passenger fares for longer distances were enhanced in July, 1979 by about 20% on an overall basis. An increase of 30% in passenger fares and of 25% in coaching/goods rates was made in January, 1980.
- (b) The domestic tariff of PIA was increased by 25% in October, 1979.
- (c) In order to meet the increased cost of crude oil and refined petroleum products announced by OPEC which became effective from 1st November, 1979, the internal prices of POL products were raised in December, 1979 in the range of 14% to 100%. A further increase in the range of 16 paise to 62 paise per litre was made in May, 1980.
- (d) Fertilizer prices were increased in February, 1980 reducing thereby the subsidy on fertilizer. The subsidy on pesticides was substantially withdrawn.
- (e) To compensate the growers for higher cost of inputs and with a view to continuing the policy of rationalizing subsidies, price corrections were made in agriculture by increasing the procurement price of wheat from Rs. 45 per md. to Rs. 46.65 per md., basmati from Rs. 60 per md. to Rs. 70 per md., IRRI-6 from Rs. 39 per md. to Rs. 36 per md., sugarcane from Rs. 6.75—Rs. 7.15 per md. to Rs. 8.75—Rs. 9.15 per md., and cotton from Rs. 138—Rs. 160 per md. to Rs. 160—Rs. 182.40 per md.

4. Zakat and Usher Ordinance was promulgated on 20th June, 1980. Actual collection started from 21st June, 1980.

5. An attempt was made during the course of the year to improve the budgetary situation by intensifying tax collection efforts. It is estimated that the collections of major tax receipts of the

Federal Government during 1979-80 will be higher than the estimate by about 7%. As a result, the revenue assignments to provinces have gone up, correspondingly reducing grants-in-aid provided to them. Relatedly, the overall non-development expenditure of the Federal Government also came down.

6. The net capital receipts of the Federal Government declined substantially during 1979-80 due mainly to lower receipts under State Trading, withdrawal of funds against Government Treasury Deposit Receipts instead of deposits provided for this item in the budget, higher repayment of food credits and short-term borrowings and debit balances of Pakistan Railways. Self-financing by autonomous bodies also reduced.

7. The inflow of Foreign aid for financing the ADP was higher than the estimate due mainly to an increase in the availability of short-term credits.

8. The size of the ADP is estimated to exceed the plan provision. Details are given in the chapter on Public Sector Development Programme.

9. Table I below indicates the position of financing the ADP for 1979-80, as shown in the Annual Plan and the performance on the basis of revised estimates.

TABLE I
Financing of ADP, 1979-80

								(Million Rs.)	
								1979-80 (Plan Target)	1979-80 (Revised Estimate)
A.	Domestic Resources ..	..	..	..	..	..	..	5,060	4,498
	(i) Federal Government ..	..	..	..	..	..	..	2,741	2,721
	(ii) Provinces ..	..	..	..	..	..	..	131	270
	(iii) Autonomous Bodies ..	..	..	..	..	..	..	2,188	1,507
B.	External Resources ..	..	..	..	..	..	..	13,258	13,610
	(i) Project Aid ..	..	..	..	..	..	..	5,506	4,831
	(ii) Commodity Aid ..	..	..	..	..	..	..	2,299	1,776
	(iii) Food Aid ..	..	..	..	..	..	..	548	321
	(iv) Other Aid ..	..	..	..	..	..	..	4,905	6,682
C.	Gap between Development Expenditure and Resources ..	..	..	..	..	..	..	3,279	3,808
D.	Total Financing ..	..	..	..	..	..	..	21,597	21,916

10. As indicated in the Table I, the overall position leads to a budgetary gap of Rs. 3,808 million in the revised estimates for 1979-80. However, the end-year estimates reveal that deficit financing during the year is higher than this amount. Details may be seen in the chapter on Monetary Policy and Credit Plan.

Public Sector Undertakings

11. Investment by the Public Sector Undertakings is estimated to remain at the original level of Rs. 4,150 million. Detailed position in this regard is given in the chapter on Public Sector Development Programme.