

# **P R O J E C T**

On

## **FIVE YEAR PLANNING IN PAKISTAN**

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## **BRIEF INTRODUCTION OF FIVE YEAR PLANNING IN PAKISTAN**

The first five year plan was made in 1955 and from that time to up till now eight five year plan have been made in history of Pakistan after regular intervals. 1970-1978 was the only period when no five year plan was implemented. Tenth five year plan is going to be implemented from 2010. No ninth plan is made in history of Pakistan.

Detail of plan is given below:

First five year plan	(1955-1960)
Second five year plan	(1960-1965)
Third five year plan	(1965-1970)
Fourth five year plan	(1970-1975)
Fifth five year plan	(1978-1983)
Sixth five year plan	(1983-1988)
Seventh five year plan	(1988-1993)
Eighth five year plan	(1993-1998)

# **FIRST FIVE YEAR PLAN (1955-1960)**

First draft of this plan was developed in 1956, but due to lack of administrative and professional staff this draft could not be published. It was revised in late 1956 and published in May 1958.

## **Size of Plan:**

- The size of plan was Rs.11, 500 Million which was revised to Rs.10, 800 Million.
- It was decided to invest Rs.7, 500 Million in public sectors and Rs.3, 300 Million in Private sector.
- Rs.66, 000 Million were decided to finance by internal sources and Rs.42,000 Million by external sources.

## **Objectives:**

- To raise national income and per capita income
- Creation of employment opportunities
- Increase production in agriculture and industrial sectors.
- Reduction in regional disparities
- Improvement of living standard
- Increase economic development
- Priority:
- In first five year plan highest priority was given to the agriculture sector and the industrial sector.

## **Targets:**

- Increase in national income by 15%
- Increase in population by 7%
- Increase in Balance of payment by 15%
- 60% increase in production of industrial sector
- Rehabilitation and renovation of Railway
- Increase in savings from 5 to 7 %

- 1 Million Additional children to be admitted to primary schools and 144000 to be put in secondary schools

## **Achievements:**

- National income increased to 13%
- Unemployment situation worsened
- 5.6% fall in export index
- Industrial production increased by 42.36%
- 400 thousand children actually admitted to primary schools and 195 thousand in secondary schools.
- Literacy rate declined from 18% to 15%

## **Critical overview:**

- The plan did not receive formal approval from government until 1957 and never received full support from government.
- Planning machinery was not effective. It failed to highlight the importance of 5 year planning to the government as well as public.
- Financial resources available for development fell short of expectations.
- The most disappointing feature of plan was the failure in the key agriculture sector.
- No definite weight age was given to the objective of plan.
- Education priorities were distorted in favor of higher education.
- Performance was less encouraging in transport sector.

## **SECOND FIVE YEAR PLAN (1960-1965)**

The second plan was approved and implemented in June 1960. The plan was revised after only one year and the revised plan was published in November 1961.

### **Size of the Plan:**

- The size of the plan was Rs.19 Billion after revision. It was extended to Rs.23 billion from which Rs. 12.5 Billion were financed from internal resources and Rs. 10.5 Billion from external resources.

### **Objectives:**

- To increase national income
- To create job opportunities inside and outside the country
- To increase the production of agriculture sector.
- To increase foreign exchange earning in order to correct Balance of payments.
- To expand the Education, health and social welfare facility
- To increase savings and investment

### **Priorities of the Plan:**

- Highest priority was given to agriculture sector in order to reduce the food grain shortage and attain self sufficiency in agriculture products.
- The second priority was given to industrial sector and 3<sup>rd</sup> priority was given to communication sector.

### **Targets:**

- Increase in GNP up to 24% and per capita income up to 12%
- Achievement of growth rate of 4.7%
- 21% increase in production of food grains

- Employment creation of 3 Million new jobs
- 10% increase in saving rate

## **Achievements:**

- 30% increase in GNP and 15% increase in per capita income
- Achievement of economic growth of 5.5%
- 161% increase in large scale manufacturing industry
- Foreign exchange earnings 18% above target
- 3.6 million Jobs were actually created
- 1,546 new post offices and 53,500 new telephone connections

## **Critical overview:**

- The implementation of plan was good and satisfactory, but the targets might even be exceeded.
- The focus was on import subsidy policy. It created problems for local industry.
- More over this subsidy policy was not fair. Big industrialists and businessmen benefited from this policy.
- Tax policy was also in favor of rich industrialists.

# **THIRD FIVE YEAR PLAN (1965-1970)**

Third five year plan was approved by National Economic Council (NEC) in May, 1965 and it was revised in 1966 due to war of 1965 with India.

## **SIZE OF THE PLAN:**

Total size of the plan was Rs.52, 000 Million out of which 30, 000 Million was allocated for public sector and 22,000 Million was decided to be spent in private sector.

## **FINANCING:**

It was decided that 68% of total size of plan will be financed by internal sources and the remaining 32% will be financed by external sources.

## **TARGETS:**

- Growth rate 6.5% per annum
- Per capita income 3.5%
- Foreign exchange earnings to reach Rs.4, 800
- Establishment of new industries
- 26,414 new primary schools and 5.8 Million enrollments
- 710 high schools to be improved and 0.90 million enrollment
- 0.13 Million enrollment in inter colleges
- Development of health and transport sector
- Reduction in income disparities between East and West Pakistan

## **ACHIEVEMENT:**

- Growth rate was 5.7% per annum
- Per capita income was 2.9% compounded annual growth
- Income disparities between East and West Pakistan increased from 36.5% to 47.4%

- Food grain production exceeded plan targets
- Industry targets were not achieved
- 6,062 primary schools and 3.19 million enrollments
- 650 high schools improved
- 0.14 Million enrollment in inter colleges

## **Evaluation:**

- The war with India in 1965 resulted in a substantial reduction in the flow of external rate.
- Shortfall in public sector development expenditure occurred & main priorities were distorted.
- Allocations for social sector were drastically reduced.
- Most of important objectives were distorted due to war.



## **FOURTH FIVE YEAR PLAN (1970-1975)**

Fourth five year plan was prepared within the framework of perspective plan. The period of plan was from 1<sup>st</sup> July to 30<sup>th</sup> June.

### **SIZE OF PLAN:**

The total size of the plan was Rs.75, 000 Million out of which Rs.49, 000 Million was allocated to public sector and 26, 000 Million to private sector.

### **PRIORITIES:**

- Water and power sector was given the highest priority by investing 31%
- Transport and communication was given the second priority by investing 31%
- Agriculture sector was at third position in priority list as 11.22% was allocated to invest on it

### **OBJECTIVES:**

- To maintain the tempo of development through determined efforts by efficient utilization of material and human resources.
- To reduce inter regional disparities
- To make the economy self- reliant in different fields
- To move towards calm economic growth and justice
- To direct the forces of economic and social change towards the establishment of a just society

### **TARGETS:**

- To attain annual growth rate of 6.5% of GNP

- Increase in per capita income from Rs.567 to Rs.675 at the end of plan's period
- Reduction in unemployment by providing 7.5 Million new job opportunities
- To increase exports at least at annual rate of 8.5%
- To reduce the dependence of country on foreign assistance. Only 211% of total development expenditures were decided to be financed by foreign assistance
- Increase in generating capacity of power by 1,740 K.W
- Increase in food grain by 8.5 Million
- Increase in per capita consumption of 24% in cotton textiles, 23% in sugar and 20% in edible oil

## **EVALUATION:**

The plan targets were not realistic these were pitched too high due to political instability the implementation of plan became impossible. The plan was later officially scrapped.

## **FIFTH FIVE YEAR PLAN (1978-1983)**

Fifth five year plan was formulated in 1977 by Martial Law Government and launched on July; 1978. The plan was launched in very difficult economic & political condition

### **SIZE OF PLAN:**

The total size of the plan was Rs.210.22 Million. A sum of Rs.128.22 was allocated to public sector and Rs.62.00 Billion to private sector. 75% of total expenditure was decided to be financed by internal sources and 25% from external sources.

### **PRIORITIES:**

- First priority was given to agriculture sector and water sector by investing 21.7% of total public expenditure
- Next priority was given to Power sector by spending 18.8% of total public sector outlay
- Investment in industrial and mining sector by 31.4% of total private sector outlay

### **TARGETS:**

- To increase national income by 7.2 % per annum and per capita income by 4.2% per annum
- To create emplacement opportunities
- Increase in agriculture product by 6% and industrial production by 10%
- Increase in national savings by 12.6%
- Decline in foreign savings by 4.4%
- To achieve the target of \$22 Billion in export earnings

## **STRATEGY:**

- Effective and efficient allocation of resources in agriculture and industrial sector
- Opening new projects and completion of projects in process
- Strong mobilization of savings to attain a 23% marginal rate of savings
- Investment in social development especially in rural development programs

## **ACHIEVEMENTS:**

- Annual growth rate of 6% in GNP per annum was achieved
- The growth rate of 4% in agriculture sector was achieved as compared to the target of 6% P.A.
- Growth rate of 9.7% in industrial sector was achieved. The target was 10%
- Domestic savings increased to 8% of GDP

## **CRITICISM:**

- There were too many aspects in which performance was very disappointing such as decline in total investment from 16.4% to 15.5%.
- There was not sufficient long term investment in physical infrastructure as well as in human resource development.
- The expenditure on education, manpower & health were 90% of total plan allocation but no improvement was there in these fields.
- There was misuse of resources.

## **SIXTH FIVE YEAR PLAN (1983-88)**

Sixth five year plan was launched on 1<sup>st</sup> July, 1983. The draft of this plan was prepared and implemented by newly created Ministry of Planning.

### **SIZE OF PLAN:**

The total size of the plan was Rs.495 Billion. This amount was allocated between public and private sector in respective amounts of Rs.295billion and Rs.200 Billion.

### **TARGETS:**

- To increase GNP by 6.5% per annum
- To increase family income by Rs.900 per annum
- To increase industrial production by 9% per annum
- To increase agriculture production by 5% per annum
- To provide jobs to 4 Million people during the plan period
- To provide electricity facility to 88% of village population
- To increase exports from \$2.43 billion to \$4.91 Billion
- Rehabilitation of 30 lac acres of land destroyed by water logging

### **STRATEGY:**

- Increased opportunities for small farmers and provision of infrastructure
- Creation of 4 billion new jobs by emphasizing on small scale production in agriculture and industry
- To encourage provincial govt. and local bodies to participate in investment plans and policy making
- Provision of funds to backward areas especially to blochistan and tribal areas
- Encouraging exports, discouraging imports and reducing dependence on foreign assistance

## **ACHIEVEMENTS:**

- GNP rate grown to 6.6% as compared to the target of 6.5%
- Per capita income increased from Rs.820 to Rs.935
- Growth of industrial sector was 7.7%. The target was 9%
- Growth in agriculture sector was 3.9%
- Exports increased to 11% per annum
- Inflation rate reduced from 8.8% to 6%

## **CRITICAL OVERVIEW:**

- In this plan the main weakness was its excessive reliance on domestic borrowings to balance budget
- Allocations to the sectors were not fair, 80% was allocated to energy sector and remaining to others.
- The language of sixth plan was not realistic.
- The major weakness of 6<sup>th</sup> plan was absence of any concrete plan for expenditure control
- The Burdon of subsidies and non development expenditures was very high.

# **SEVENTH FIVE YEAR PLAN (1988-1993)**

## **SIZE OF PLAN:**

An amount of Rs.660.2 billion had been allocated to 7<sup>th</sup> plan to meet the financial needs and expenditures. Rs.322.95 Billion was allocated to public sector and Rs.292.4 Billion was allocated to private sector.

## **TARGETS:**

- To attain annual growth rate of 6.5% of GNP
- Increase in per capita income to Rs.3,562 at the end of plan's period
- 4.7% growth rate in agriculture sector
- 8.1% growth rate per annum in industrial sector
- Oil extraction target was 76,000 barrels per day
- Road constructions up to 8500 KM
- 6.1 Million new job opportunities
- The plan target of monetary assets was 12.5%

## **ACHIEVEMENTS:**

- GDP rate increased to 5%
- Increase in per capita income to Rs.3,562 at the end of plan's period
- 3.8% growth rate in agriculture sector
- 5.9% growth rate per annum in industrial sector
- Oil extraction target was 76,000 barrels per day
- Road constructions up to 8500 KM
- 6.1 Million new job opportunities
- The plan target of monetary assets was 12.5%
- The expenditure on public sector development was Rs.511 Million

## **CRITICISM:**

- There was not fair allocation of resources among different sectors
- There was undue delay in preparation of policies and projects
- Employment situation became worse; no consideration was given to this issue
- Projects of previous government were disclosed by new government
- There was no proper implementation of this plan



# **EIGHTH FIVE YEAR PLAN (1988-1993)**

## **SIZE OF PLAN:**

Size of the plan was Rs.1, 701 Billion. An amount of Rs.752 Billion was to be spent on public sector and Rs.949 Billion on private sector.

## **TARGETS:**

- GDP growth rate of 7%
- 4.9% growth rate in agriculture sector
- 9.9% growth rate per annum in industrial sector
- Growth rate of services 6.7%
- Reduce Fiscal deficit to 4% of GDP
- Reduce inflation rate to 6%
- Generate 6.2 Million new job opportunities
- Ensure minimum investment of Rs.949 Billion
- Increase literacy rate from 35% to 48%
- Population growth rate 2.7%
- Coverage of rural water supply to 71% of population.
- Construction of Ghazi Bhrotha Hydel project and completion of Hub Power Project in private sector
- Power generation capacity to 16,422 MW

## **STRATEGY:**

- Encouraging participation of private enterprises
- Industrial and commercial policies to attract private and foreign investment
- Expansion of infrastructural facilities
- Ensuring micro-economic stability
- Developing human resource
- Poverty elevation by equitable distribution of national income
- Expanding production avenues to create employment opportunities

## **ACHIEVEMENTS:**

- Growth rate in GDP was 4.08% as compared to the target of 7% per annum
- Growth rate of manufacturing sector was just 2.68% which was very low as compared to the target of 9.9%
- 11.4% growth rate in mining sector
- The target of 2.7% in growth rate of population was achieved

## **CRITICISM:**

- Due to absence of accurate data of population there was no proper allocation of resources.
- The performance of agriculture and industrial sector remains questionable
- Due to heavy dependence upon imports there was deficit balance of payment
- There was no proper implementation of policies due to lack of expenditure controls
- There was excessive dependence upon foreign sources