

is the main wheat-producing area of South Asia and it had to meet the extraordinary food requirements of the armies based on the sub-continent during the war. In addition, this zone of Pakistan has always been a major source of recruits for the armed forces. The railway system consequently suffered the immense burden of carrying both supplies and personnel for the Allied armies. The indirect effects of the war were also serious for the country's economy. The strict control of food prices which was maintained in the interests of the war effort kept down agricultural incomes. On the other hand, there was a general increase in the price of manufactured goods, and the consequent diminution in the value of savings was especially damaging to the agricultural communities which later came to form part of the new state of Pakistan.

4. When Pakistan came into being, the country found itself with over 80 per cent. of the world's production of jute, but with no jute manufacturing capacity. Pakistan was producing annually 200,000 tons of cotton, mainly of fine quality, but its textile industry was negligible. There were no tanneries, no woollen mills and very little other industry. It was thus inevitable that the economy of Pakistan should depend mainly on the export of its agricultural products. In the brief three years since Pakistan achieved independence, the country has been largely preoccupied with problems of an emergency character. The Government have been obliged to spend large sums on the relief and rehabilitation of refugees. This burden, in addition to the problems of national administration and defence, retarded economic development. Nevertheless, the need to develop the country was immediately recognised, and despite their other preoccupations, the Government, early in 1948, established a Development Board, which has since approved 112 schemes estimated to cost Rs.1,125 million. In order to finance development the Pakistan Government have raised Development Loans amounting to Rs.820 million. Loans have been granted to Provincial Governments to enable them to put in hand a number of projects of which the following table gives examples:—

Table 9.—Pakistan : Some Projects of Provincial Governments in Progress

<i>Nature of work</i>	<i>Expenditure already incurred</i>		
	Rs. million		
Irrigation works of Thal Project	100
Bhambanwala Ravi Bodian Canal	40
Rasul Hydro-Electric project	40
Lower Sind Barrage	30
Chittagong Port development	11
Malakand Hydro-Electric Extension project	3

Private enterprise has established four cotton textile mills with 100,000 spindles, and it is expected that a further 12 textile mills with 300,000 spindles will shortly be in operation. Several jute presses have been imported into East Pakistan. A cigarette factory has been set up in Karachi; a large sugar factory with an output of 50,000 tons has been erected; and some tanneries are being built. There has been some investment in medium and small-scale industries such as steel fabrication and the manufacture of soap, glass, sulphuric acid, enamelware, sports equipment, leather goods and surgical appliances.

Basis and Objectives of the Programme

5. Economic development has not so far proceeded in accordance with any national plan. In order to avoid dissipation of the limited resources of the country on less important projects, and to concentrate on urgent objectives