

14. Industry accounts for about 10 per cent. of the expenditure envisaged in the programmes. In Pakistan the proportion is nearly 20 per cent., but Pakistan is a country with hardly any industry at all, since the parts of undivided India which subsequently formed Pakistan were the agricultural areas serving the towns; the scale of industrialisation envisaged in the next six years is the minimum necessary to introduce a better balance into the economy. In India relatively little industrialisation is contemplated; the main effort is directed to food and raw material production, and to the provision of power and transport for the countryside, so that rural industries can develop naturally and along economic lines. The general tendency of policy in all the countries is away from the concept of intensive urban development and towards a more balanced economy in the villages.

15. The rest of the programmes is devoted to the provision of social capital—housing, health and education. The need for these services is, of course, very pressing, and it is necessary for them to march in step with the development of productive power. They can moreover have a considerable effect on productivity by enhancing the mobility, physical fitness and efficiency of labour. The expenditure of capital on social services involves a running cost when the services are established, and this becomes a fixed charge on budget revenue. The Governments have therefore had to weigh the relative advantages of the development of production against the extension of social services. In so doing they have had to take into account the fact that the former directly increases the future national income and taxable capacity, whereas the latter represents a call upon future revenue. The countries have struck this balance differently in their programmes. India and Pakistan have allocated only modest funds to social capital; Ceylon and the Federation of Malaya have allocated rather more; while over half of the Singapore programme consists of expenditure on social capital. This is inevitable in a city with the special characteristics of Singapore, with its rapidly rising population.

16. The programmes consist of a large number of specified schemes, which are listed in Appendices 3 to 6. Apart from the large multi-purpose projects, a relatively small part of the total consists of big projects, and most of the remainder is made up of a series of expenditures which could perhaps be grouped together under broad headings, as in Table 19. They cannot, however, be said to represent self-contained operations which can be treated individually without regard to the programme as a whole. Indeed, even the major projects depend to some extent for their full effect on the carrying through of these other expenditures. In fact, of the total cost of the programmes, only about one-third can be attributed to readily identifiable individual projects. This is shown by the following table:—

Table 20.—Range of Identifiable Projects in Development Programmes

| | <i>Projects begun before June 1951</i> | | <i>Projects begun after June 1951</i> | | <i>Total</i> | |
|---|--|----------------------|---|----------------------|--------------|----------------------|
| | <i>No.</i> | <i>Value £m.</i> | <i>No.</i> | <i>Value £m.</i> | <i>No.</i> | <i>Value £m.</i> |
| Over £10,000,000 ... | 12 | 223 | 6 | 116 | 18 | 339 |
| Between £1,000,000 and £10,000,000 ... | 59 | 165 | 17 | 65 | 76 | 230 |
| | 71 | 388 | 23 | 181 | 94 | 569 |

17. All the programmes involve the expenditure of foreign exchange. But the proportion of this expenditure varies widely from programme to programme. This is illustrated by the following table, which shows the division