The essential objectives of the Government agricultural policy are incorporated in, and are an integral part of, the Second Five-Year Plan (1960-1965) for national development. The size of the Plan is Rs.19,000 million - Rs.11,500 million in the public sector and Rs.7,500 million in the private sector. This means an increase of more than 50 per cent in the development expenditure compared with the First Plan target, and 60 per cent compared with the estimated expenditure during the First Plan period. The plan is to be financed to the extent of Rs.11,000 million from domestic resources, and Rs.8,000 million from foreign aid, loans and investment. The extent to which the Plan depends upon foreign aids indicates the degree of dependence of the economy as a whole on other than domestic resources. Foreign aid is not only necessary for the support of the development plan but also for covering current import requirements. The foreign exchange requirements for development schemes under the Plan are Rs.6,500 million.

The Plan is expected to bring about an increase of 20 per cent in the national income; it seeks to bring about substantial increases in agricultural production, to enable the country to attain self-sufficiency in food grains by the end of the Plan period. There will also be a large increase in

industrial production: 50 per cent in large-scale and 15 per cent in small-scale industry. The other objectives of the Plan are to step up the rate of development in East Pakistan and other relatively less-developed areas of the country; to increase employment opportunities; to improve and develop social services; to check the growth of population; and to bring about better distribution of income and wealth.

The Second Plan gives highest priority to the development of agriculture. The total allocation for agriculture including village-aid is Rs.2,340 million, which is about 20 per cent of the total allocation for the public sector.

The agricultural programme aims at raising the production of foodgrains by 21 per cent, i.e. from 13.2 million tons estimated for 1959-1960 to about 16 million tons by 1964-1965. The targets for increased production include: rice, 22 per cent; wheat, 17 per cent; maize, 45 per cent; grain and other pulses, 11 per cent; and sugar cane, 35 per cent. The target for jute is 7.3 million bales, an increase of 38 per cent; for cotton it is 2.3 million as against 1.7 million bales, an increase of 38 per cent.

It is planned to bring 1.5 million acres of new land under crops by means of various irrigation projects. In addition, about 7 million acres will be improved, drained or provided with more water. Also, fertilizer will be distributed on credit.

For improvement of livestock, the Plan envisages the opening of 100 new veterinary hospitals and dispensaries, and modernization and improvement of 150 existing dispensaries.

The Plan emphasizes the need for the expansion of credit facilities for agriculture through co-operative and other agencies. (See Section I B.) Marketing facilities for agricultural products are also expected to be substantially improved.

The Government intends to undertake a year-to-year review of the progress of the Plan.

The price policy, operated in relation to foodgrains (wheat and rice) has as its main objective the interests of consumers. On the other hand, the main objectives of price policy for other crops are to guarantee adequate price levels to the producer and to offer special incentives to the producer to increase output of certain products on which special emphasis is placed in the Plan.

B. Special Measures

The agricultural products of which prices, production or marketing, are supported or otherwise influenced by the Government are: wheat, rice, jute, cotton, wool and tea. State-trading operations, import restrictions, an export bonus scheme, etc. are the main forms of Government intervention for agricultural protection or for support of agricultural incomes.
For foodgrains (wheat and rice), the main objective of measures entailing price policies has been the rationalization and stabilization of the internal market, by establishing central stocks for sale and distribution in deficit areas in accordance with local demand. Stocks are obtained by procurement of domestic surpluses, supplemented, when necessary, by importation. The prices at which Government supplies of foodgrains have been available at the retail stage have in some years been below cost, and the losses have been sustained by the Government. The three main aspects of Government food regulation policy have been procurement, storage and distribution. Procurement policy has usually been discussed at a conference of representatives of of the Central and Provincial Governments, including representatives of the Central Ministers of Food, Agriculture, Finance and Economic Affairs. Three main methods of procurement are followed: namely, compulsory levy, monopoly procurement and voluntary procurement. Under the system of compulsory levy, cultivators in a surplus area must sell to the Government at the procurement price their surplus production above their own requirements, as determined by the Government. Under the monopoly procurement system stocks brought to the markets by the producers are purchased only by Agencies set up by the Government. Under this system, surplus districts are generally cordoned to maximize procurement. Under the voluntary procurement system the farmer brings his crop voluntarily for sale to the Government at the procurement price. The procurement prices, procurement targets and method of procurement to be adopted are decided by the Conference. The procurement prices had usually been lower than free market prices. In July 1957 a minimum procurement price for wheat was set at Rs.12/8/- per md. for the two following seasons. From 1960, however, it has been raised to Rs.13/8/- per md. to provide incentive to the cultivators.

In order to implement the declared policy of the Revolutionary Government of decontrol, rationing from sixteen small towns of East Pakistan was abolished from 1 January 1960 and the trade in foodgrains made free. Rationing now exists only in three big cities of that Province. In West Pakistan, rationing in all the cities including Karachi was abolished from 1 May 1960 and all movement restrictions on wheat were withdrawn from 1 April 1960. In order to stabilize prices, Government stocks are liberally released to the private traders and the mills in places where prices tend to go beyond a reasonable level. The Government issue price is based on the procurement price and the cost of imported grain, with additions for the costs of transportation, milling, administration and the retailers' margin.

A reserve of 500,000 tons of wheat and 500,000 tons of rice is considered necessary for meeting emergency shortage and maintaining reasonably stable price levels. Estimates of the wheat crop in Pakistan for 1959-1960 season indicated a small increase in the production of wheat; the area under wheat production was greater than in the 1958-1959 season. The organization of the foodgrain (wheat and rice) market includes the exclusive right of the State to import such grains. Imports, however, take place only when the national production is insufficient.
For jute the Central Government is empowered to fix minimum prices for loose jute and to appoint agents to buy and sell jute on behalf of the Government. The Jute Board was established by the Government to supervise all dealings in jute. The Board appointed agents who undertook to purchase jute at the minimum prices in return for a guarantee by the Board against losses. In 1952 when jute prices fell after the Korean War, nearly seven million maunds of jute (19 per cent of the crop) were purchased under the Board's support scheme. Since prices continued to fall, however, the Board suffered heavy losses, and this experience marked the end of its direct price support operations. As an alternative means of supporting the jute price the Government had introduced a policy of controlling the acreage planted, taking into consideration the estimated world requirements.

With effect from 21 January 1960, however, the Central Government abolished the jute licensing system in East Pakistan. Despite the licensing of acreage since Independence, production of jute had fluctuated widely from year to year. The Government had, accordingly, decided to leave the growers free to determine the proportion of their holdings for jute cultivation without any restrictions on acreage. Therefore, in determining the extent of jute cultivation a grower will henceforth be guided by the comparative prices of jute and rice. As the price of jute during the second half of 1959 had been higher than that of rice, growers were expected to earmark a greater portion of their holdings for the cultivation of jute.

The Plan aims at increasing cotton output by raising yields by means of fertilizers, better seeds, plant protection, and improved cultivation. However, none of these programmes has so far been effective enough to affect cotton production.

The price support scheme for cotton was terminated at the beginning of the 1952/53 season, and the minimum export price system was rescinded in 1954. The policy of imposing an export tax on cotton has, however, been continued. The amount of the tax has been varied according to world market prices of cotton.

For wool, the Government has made a special effort to ensure high quality. Wool is the only export commodity which must be graded and certified by the Government prior to exportation.

Tea has dropped greatly as a source of foreign exchange earning in the last four years. During 1956-1957, 24.7 million pounds were exported, compared with 11.7 million pounds in 1958-1959. Under the Second Five-Year Plan the production is to be increased from 54.3 million pounds (average production in the years 1954-55 to 1959-60) to 63.8 million pounds in 1964-65. A Tea Development Committee has been set up to take suitable measures for increasing production.

An export quota is fixed for each tea season by assessing the quantity that would be available for export after meeting internal requirements. The export takes place through separate set of auctions introduced for the purpose.
Two institutions provide rural credit in Pakistan. The Agricultural Bank was established in 1957 and its loan operations began during the year 1958-1959. The Development Finance Corporation, established six years ago, also provides rural credit. A Credit Inquiry Commission has also been established to examine the whole credit structure of Pakistan.

II. SUBSIDIES

(Including all forms of income and price support)

In an attempt to accelerate exports the Government has promulgated an Export Bonus Scheme. Under this Scheme any exporter of agricultural products (except jute, cotton, wool and tea) is eligible to receive 20 per cent of the total foreign exchange earned in the form of an import certificate. Exporters of manufactured goods are entitled to receive 40 per cent of the foreign exchange earned; exceptions are exporters of jute goods who are entitled to only 20 per cent of the foreign exchange earned. Bonus on exports of cotton yarn is allowed at the rate of 10 per cent of f.o.b. value earned. The holders of import certificates are free to buy and sell them within the country or use them for imports of authorized commodities.

A large-scale land reform programme is under way within the framework of the Second Five-Year Plan (see Section IA).

The Government subsidizes chemical fertilizers by contributing about 50 per cent of the cost in both sections of the country. A subsidy is allowed cent for cent except for tea and sugar cane in East Pakistan to increase the use of pesticides and insecticides. In order to speed up mechanization of farm operations, tractors and implements are supplied at subsidized rentals. Some implements are supplied at reduced price, but this is not the case with the tractors. However, there is no import duty on tractors. For various other development programmes a reference is made to Section IA.

III. COST OF PROGRAMMES AND FARM NET INCOME

A. Total cost of Government support programmes for each of the last three years

(The information is not available readily.)

B. Farm net income for the same years (if not available, total value of farm production)

(In crores of rupees)

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IV. MIXING REGULATIONS

No mixing regulations are in force in Pakistan.
V. STATE-TRADING OPERATIONS

(Including private enterprises enjoying special privileges)

Importation of the foodgrains (wheat and rice) is exclusively in the hands of the Government (see Sections I B and VI). Other leading agricultural products, such as sugar, are also imported on Government account. The exportation of such products, however, is left in private hands. For jute the Government is empowered to appoint agents to buy and sell jute on behalf of the Government (see Section I B).

VI. IMPORT RESTRICTIONS

The import policy of Pakistan is based on the economic needs of the country, guided by the availability of foreign exchange and by industrial and consumer requirements. Pakistan's foreign exchange resources and economic needs are re-examined semi-annually. Basic economic essentials such as foods, medical supplies, machinery replacement parts, petroleum products, industrial raw materials, and capital goods are given the highest priorities, while the import of less essential commodities and those made or produced in Pakistan, is limited or prohibited.

Although Pakistan's foreign exchange reserve position showed some improvement in 1959, any significant liberalization of the present restrictions on imports in the near future appears unlikely. Some diversification of imports may result, however, from the operation of an "Export Bonus Scheme" (see Sections I B and II).

All imports into Pakistan are subject to control by the Central Government, which determines the commodities that may be imported, the sources from which they may be admitted, and the amount of foreign exchange which may be allocated for import purposes.

A semi-annual foreign exchange budget, to cover Government and private imports as well as other external expenditures, is drawn up in the light of expected receipts (including foreign aid) and the level of foreign exchange reserves. An overall ceiling of foreign exchange available for private imports is determined and separate ceilings established for individual items or groups of items.

All imports into Pakistan require licences with the exception of Central Government imports for defence, goods imported directly by Government Departments, certain imports by land from Afghanistan and Iran, etc. Since 1955, import licences have normally been valid for imports from any country in the world. From time to time, however, portions of the quotas established for some commodities have been reserved for single-country licensing under bilateral trade agreements or certain third country transactions financed by the United States economic aid.

In order to control prices and distribution, the Government monopolizes imports of wheat, rice, sugar, coal and chemical fertilizers. The Ministry of Supply co-ordinates all Government purchasing activities.