Chapter III

PLANNING IN PRACTICE
The Machinery of Planning in Pakistan

The Earliest Attempts

The process of economic development in Pakistan started almost simultaneously with independence. The initial efforts at economic development were essentially of a stop gap nature. Early in 1948 a Development Board consisting of a Chairman, a Vice-Chairman and six members was established. (1) The Minister for Finance and Economic Affairs was the Chairman; the Secretary-General was the Vice-Chairman and the Secretaries of the Ministries of Finance, Industries, Commerce & Education, Health & Works, Food and Agriculture and Communications were the various members of the Board. The Board had the following main functions. (2)

1. To co-ordinate development plans, Central and Provincial, so that the available resources are put to the best possible use.

2. To make recommendations regarding priorities among development plans.

3. To prepare under the orders of the Economic Committee of the Cabinet, memoranda on matters of general policy affecting development as a whole or any special aspect of it.

4. To act as a clearing house of ideas and information relating to development and to bring to the notice of the Ministries, ideas or schemes which may aid development.


(2) Ibid., 8.
5. To keep a watch on the progress of development schemes in order to remove bottlenecks and difficulties in the way of uniform progress in all the sectors and to make periodical reports on the progress of development schemes to the Cabinet.

In order that industrialists, bankers, businessmen, merchants and other interests may also be associated with Government in an advisory capacity, in the important task of planning and development, a Planning Advisory Board was also set up by the Government. It consisted of officials and non-officials and had the following functions:

1. To advise the Government generally on matters relating to planning and development.
2. To review the progress made in implementing the plans.
3. To educate the public in regard to the necessity for various development schemes undertaken in order to get their enthusiastic co-operation.

To begin with, the Development Board and the Planning Advisory Board were a part of the Cabinet Secretariat of the Government of Pakistan. Later on, however, it was decided to set up a separate Ministry of Economic Affairs with the object of co-ordinating planning and of co-ordinating the day to day activities of other Ministries especially in the economic field. Simultaneously with the establishment of this Ministry, the Development Board and the Planning Advisory Board became a part of this Ministry. Until January 1951 the Development Board had approved 112 schemes in principle involving an estimated cost of Rs. 125 crore. Since most of the approvals were given on an ad hoc basis, without an overall

(3) Ibid., 9.
estimate of resources, many of the schemes had not advanced much by the time the Board was replaced by the Planning Commission. (4)

In 1950 a step forward was taken. The idea of a regional programme of economic development in South and South-east Asia emerged at a meeting of Commonwealth Finance Ministers in January 1950. It was recognized that existing conditions of poverty, malnutrition and disease in the region endangered the stability of a vital part of the world. (5) Though the area was a major source of rich industrial raw materials such as jute, rubber, tin, oils and fats, yet the vast population of the area lived in conditions of abject and growing poverty. A Commonwealth Consultative Committee was established to discuss the means of alleviating these conditions. At its meeting in Sydney in May 1950 it was decided that Commonwealth countries in the region and such other countries as were willing to co-operate would formulate their development plans for the six year period beginning mid-1951. Among other countries Pakistan also submitted its national plan. Pakistan's Six Year Plan proposed a total development expenditure of Rs. 260 crore — Rs. 220 crore in the public sector and Rs. 40 crore in the private sector. The development programme of this plan was primarily designed to build up the infrastructure of the economy. The Six Year Plan, though an excellent piece of hastily framed programming,


was far from being a comprehensive and integrated blueprint of social and economic development. (6) There were various gaps in it and was soon superseded by a two year priority plan (1951-53) concentrating on certain of the projects of the Six Year plan, mainly ports, ships, thermal power stations, cement factories etc. (7)

For this the Government of Pakistan had to create new planning machinery. An Economic Council, a Planning Commission and various sub-commissions were created. The Economic Council was presided over by the Prime Minister of Pakistan and had as its members the Central Ministers in charge of Agriculture, Communications, Economic Affairs, Education, Finance and Industries. Its function was to watch the progress and ensure the implementation of the Six Year Plan. It had final powers to sanction schemes. (8) Working under it was a Planning Commission. The Central Minister for Economic Affairs was the President of the Planning Commission and the Secretaries of the Central Ministries concerned with development and the development commissioners/secretaries of the Provincial Governments were the various members. The main function of the Commission was to examine and co-ordinate Central and Provincial development schemes and to make recommendations to the Economic

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(7) Ibid., 23.

Council on matters regarding planning and development. (9) The Commission had under it a number of sub-commissions (in Agriculture, Irrigation, Industries, Education, Health and Housing) which were presided over by the Secretaries of the Central Ministries concerned and had as their members, representatives including technical experts of the relevant ministries and Provincial Governments. (10)

The Planning Board

In August 1952 the Central Government appointed an Economic Appraisal and Development Inquiry Committee to review the economic situation in the country and make recommendations for the reinforcement of the economy and to ensure that the pace of economic development in the country was not retarded. The Committee reported that though targets in various fields had been fixed, yet it had been done without relating the targets to the resources and requirements. The approval of schemes therefore had proceeded on an ad hoc basis with the result that the Committee felt a need for 'more orderly and integrated planning.' (11)

This recommendation was implemented with the appointment of a Planning Board which at the time of framing the First Five Year Plan consisted of a Chairman, a Deputy Chairman and two other members. The Prime Minister was the Chairman of the Board. The Board was assigned the following functions. (12)

(9) Ibid., 173.
(10) Ibid., 173.
(11) Ibid., 174.
1. To prepare future Five Year Plans of economic and social development.

2. To make additions to and alterations in the Five Year Plan consistent with the changing economic conditions of the country.

3. To tender such technical advice and offer such comments on financial matters bearing on development plans as may be requested by the Ministries of Government.

4. To stimulate and, where necessary initiate the preparation of schemes, required to achieve national objectives in the economic and social fields.

5. To examine development schemes, programmes and proposals with a view to their inclusion in the plans of development.

6. To maintain a continuous and constant review of the progress of development, the benefits realized and the difficulties experienced.

7. To maintain a continuous review of the economic conditions of the country so far as these have a bearing on the development plans.

8. To submit such periodic reports as the Government may desire from time to time.

9. To encourage the improvement and expansion of research, statistical surveys and investigations and evaluation needed to support effective planning and development in the country.

10. Generally to advise the Government on economic policies and problems in various fields so far as these have a bearing on the development plan.

The Planning Board prepared and published the First Five Year Plan in draft form in May 1956 and suggestions were invited from various organizations etc. Discussions were also held at different levels of the Government. With due consideration to the suggestions and discussions, the Plan was revised and submitted for the approval of the Economic Council in February 1957.
The Plan was considered at the First and Second meetings of the Council and general approval was accorded to its size, physical targets, objectives etc. on 15 April 1957. (13)

A large number of schemes which were at various stages of development at the beginning of the Plan period were included in the Plan. Hence, two steps were taken to ensure that the development underway during the period the Plan was under preparation, should not be inconsistent with the objectives of the Plan. First, the Board was consulted and its recommendations given due weight in the formulation of the development budget for the year 1955-56. Secondly, co-ordination between the Board and the Planning Commission was achieved. The Commission had the responsibility of considering and co-ordinating the development schemes for the purpose of recommendation to the Economic Council. The Commission invariably consulted the Board before considering the schemes referred to it. (14)

Each of the two main provinces in Pakistan had an organization for the co-ordination of planning and development. It was not necessary that the two should have uniform set up but it was essential that they should have a proper place in the Provincial Government and should be strong internally in terms of organization etc. East Pakistan's organization consisted of a Planning Board, with the Chief Minister as the Chairman and a Planning Department in the charge of a Development Commissioner. The Development Commissioner was also an ex-officio member of the Planning Board.

(13) Ibid., i.
(14) Ibid., ii.
The Planning Board was responsible mainly for assessment of resources, the fixing of priorities, and the formulation of co-ordinated plans and programmes within the framework of the national Five Year Plan. The Planning Department was primarily concerned with 'overseeing, co-ordinating, evaluating and facilitating programme implementation.' (15)

On the other hand, in West Pakistan the agency for co-ordinating development schemes and programmes was the Department of Development and Irrigation headed by a Secretary. There was a Development Committee consisting of the Secretaries of all the provincial ministries barring Home and Law. There was a Development Council also which consisted of the ministers representing the Provincial Government on the Economic Council. The Development Council was the scheme-sanctioning authority. The most serious drawback of this set up was the vesting of the duty to evaluate and co-ordinate all the schemes, in a department which had the responsibility of managing two fundamental fields of development — power and irrigation. (16)

The Present Set Up

In June 1959 the central machinery for planning and development underwent another change. According to the reorganized set up, the highest authority, for policy and programming decisions, was the Economic Council. It was headed by the President and

(15) Ibid., 98.
(16) Ibid., 99.
consisted of the Governors of the Provinces, the Ministers of the principal development ministries, the Chairman of PIDC, the Chairman of East and West WAPADA's and the Chairman of the Planning Commission. (17) The reformulated functions of the Council were: (18)

1. To review the overall economic position of the country and to formulate economic policies;
2. To approve the Five Year Plans and the annual development programmes;
3. To sanction development schemes including those falling under the Five Year Plans and the annual development programmes; and
4. To review the progress made in the implementation of plans and programmes mentioned above and to ensure that balanced economic development of all parts of the country is achieved.

In 1962 the name of The Economic Council was changed to The National Economic Council and the Provincial Finance Ministers were added as members. The Planning Commission provides the NEC's secretariat.

The Economic Committee of the Cabinet was formed for day to day decisions below the level of the Council. The Minister of Finance was the Chairman of this Committee with all those Ministers having a major responsibility in economic problems and development as the members. The Chairman of Planning Commission was also a member of this Committee. The functions of the Committee were: (19)

(18) Ibid., 106-7.
(19) Ibid., 106-7.
1. To supervise the implementation of the economic policies laid down by the Cabinet and the Economic Council;

2. to take day to day decisions on economic problems; and

3. to sanction development schemes pending their submission to the Economic Council.

When the Economic Council was reconstituted as the NEC, the ECC was abolished. Its functions were taken over by two new committees functioning under the NEC; one was the Executive Committee of the NEC, whose main duty was to approve development projects; the other, the Economic Policy Coordination Committee, which was concerned with the co-ordination of economic policies. The members of the Executive Committee included the Minister of Finance, as Chairman; the two Provincial Governors or their nominees, the Deputy Chairman of the Planning Commission and the two Provincial Finance Ministers.

The members of the Economic Policy Coordination Committee (EPCC) were the Deputy Chairman of Planning Commission, as Chairman; the Secretary of the Economic Affairs Division of the President's Secretariat, and the Secretaries of the Central Ministries of Finance, Commerce, Industries & Natural Resources, and Food and Agriculture. The EPCC was charged with keeping the current economic situation under review, overseeing the implementation of economic policies laid down by the Cabinet and the NEC and dealing with day to day economic problems. But after about six months of its creation the EPCC was abolished because with its civil service membership, it was soon felt to have been constituted at too low a level to deal with matters of basic
policy. The task of co-ordinating economic policy, as a result, was taken over by the Cabinet. Despite the abolition of PPCC, general acceptance within the Government of the integral nature of planning and policy as well as greater recognition of the Planning Commission's technical competence, has made it possible for the Commission to play an increasingly important role in the formation of policy.

The Planning Commission received a new charter and has since become the central planning agency with a much wider horizon of functions: (20)

1. In consultation with the Central and Provincial Governments and other appropriate agencies -
   i. to prepare a national plan at periodic intervals for the economic and social development of the country;
   ii. to make assessments from time to time of the human and material resources of the country;
   iii. to prepare the annual development programme within the framework of the national plan and, on a determination of priorities, to propose the allocation of resources.

2. to stimulate and where necessary initiate the preparation of development programmes and projects; to examine and advise on all such programmes and projects with a view to deciding whether these conform to national objectives and, in general, whether these contemplate the most efficient use of national resources;

3. to recommend such adjustments in the national plan as may be necessary in view of the changing economic situation;

4. to co-ordinate the examination of development programmes and projects in consultation with the appropriate authorities and to secure the approval of the Central Government to acceptable programmes and projects;

(20) Ibid., 107-8.
5. to advise on the nature of the machinery for securing the efficient execution of the national plan;

6. to watch and evaluate the progress of implementation of the development programme;

7. to advise on important economic policies and problems in various fields;

8. to undertake and promote economic research and to initiate surveys and investigations needed to support effective planning and development; and

9. to examine such specific problems as may be referred to it by the Government.

Besides keeping all the functions of the previous Planning Board, the Commission now became responsible for the preparation of, and getting Government approval for, the annual development programme. The Commission also retained responsibility for co-ordinating the review of development projects and programmes and for securing Government approval for those which it considered acceptable.

In order to add to the qualified staff of the Commission, the Government took a drastic step in 1961 by declaring that the Commission would have the first call on any Government Economist or technician. The provision proved to be unenforceable and the Commission has not been able to acquire the staff, specially of the top level.

A new addition to the planning machinery was the Project Division which was of the nature of a supervisory body. It functioned under the Economic Committee and in collaboration with the Central Ministries, the Provincial Governments and particularly with the Planning Commission. Its main functions were: (21)

(21) Ibid., 107-8.
1. to progress the implementation of approved development projects, particularly aided projects;

2. to devise, obtain, collate and distribute to all concerned reports on the progress of projects and to prepare periodic digests of these reports for the information of the Government;

3. to measure performance against promise, especially by comparing actual with estimated costs of projects; and

4. to identify the causes of delays and difficulties, if any, in the implementation of projects and to promote specific solutions.

Formulation of the Second Five Year Plan was completed in 1960 but soon it was revised and at the same time it was decided that Pakistan's planning machinery also needed overhauling. The Government was disappointed with Projects Division. The Division had been understaffed since its establishment and whatever staff it had was dispersed over Rawalpindi, Karachi, Lahore and Dacca. The consolidated progress reports of the Division were useful as the only available listings of projects under execution, even these were incomplete, with data on many projects omitted. The shortcomings of the Division's reports were to a great extent due to inadequate and faulty reporting by the various missions, departments and agencies.

The Division and Commission had been directed to function in the closest collaboration but the two tended to act as though their functions were unrelated and neither made the effort needed to ensure constant co-operation. With the Division headquarters at Rawalpindi and that of the Commission at Karachi there was even less communication between the two. In August 1961, therefore, the
Projects Division was abolished and its staff and functions were amalgamated with the Commission which was made a Division of the President's Secretariat. The President became the Chairman of the Commission and the Civil Servant who was the Chairman was appointed the Deputy Chairman with the rank of Minister but without membership of the Cabinet. Under this new set up, the Commission's planning functions were assigned to a Planning Wing while a Progressing Wing was assigned the functions of the Projects Division. Each Wing was under a Secretary of Government who was also an ex-officio member of the Commission. The amalgamation of the Projects Division with the Commission was only a formal one since everything, excepting the name, had remained the same.

In accordance with the suggestion of the Reorganization Committee, which had been named in order to recommend organizational changes needed to give effect to the new constitution adopted in 1962, the task of progressing provincial projects and programmes was transferred to the Provincial Planning and Development Departments. Since this eliminated the need for a Progressing Wing of the Commission, it was abolished.

The Government now understood that planning could not be divorced from the review and evaluation of the Plan's implementation. The Commission was, therefore, authorized (a) to strengthen its Sectoral sections to enable them to undertake appraisal and evaluation work and (b) to establish an Evaluation section to co-ordinate the evaluation of projects in the various sectors and determine the results obtained under the total Plan.
In addition to these both the Provinces have Planning and Development Departments for preparing the provincial parts of the National Plans; for stimulating and co-ordinating the development schemes and evaluating the progress of provincial Government schemes.

This is a comprehensive planning machinery. All necessary aspects of planning are included in it, e.g. the basic policy decisions, the day-to-day decisions, the actual preparation of the plans and supervision of implementation. The functions as well as the constitution of the National Economic Council have been made more broadbased. The inclusion of the Governors and Finance Ministers of the Provinces; Chairmen of PIDC, East WAPADA, West WAPADA and the Planning Commission in the Council will on the one hand promote a better understanding of the regional development problems and on the other hand result in a more and better co-ordinated programming-sanctioning process. The Chairmen of the various planning organizations will be there personally to explain and discuss the different aspects and proposals of the Plans before a sanction is given. This is not possible in a Council consisting purely of the Ministers. The status of the Council has been statutory right from its birth. This makes it inherently different from India's National Development Council. The National Economic Council performs all the functions performed by the National Development Council in India but in addition to that it is the 'supreme decision making body' while in India the Parliament is the supreme authority on economic policies. The National Development Council is only an advisory body. (22)

The Planning Commission in Pakistan has become the Central Planning Agency from the position of a scheme examining and recommending authority. The Planning Commission had functioned thus till, and even after, July 1953 when the Planning Board came into existence as the Central Planning Agency. With the coming of the Board, the Planning Commission had become almost redundant because the Board also was supposed to examine and recommend schemes for inclusion in the Plans, and all the schemes before the Commission were referred to the Board prior to their consideration by the Commission. (23) The functions of the Board covered a vast field of activities and hardly any aspect of planning was left out. The same tendencies are present in the reconditioned and elevated Planning Commission i.e. to cram all the conceivable planning operations into the functions of the Planning Commission. This is likely to result in a considerable amount of overlapping and the Pakistani planners are alive to this problem. (24)

In the machinery of planning, the Planning Commission occupies a central position but its status is essentially that of an advisory body. It has no constitutional or statutory authority. It is only the National Economic Council which is competent to give the necessary sanction to a plan or a project. In India also the Planning Commission occupies a similar position though the Parliament, the final sanctioning authority, values the recommendations of the Commission. (25) While the Planning Commission in Pakistan is

(23) FFYP, 11.
(24) SFYP, 110.
supposed to take initiative in suggesting new policies and programmes, one of its very important functions is to co-ordinate policies and programmes in consultation with the appropriate authorities. Moreover, it is one of the duties of the Planning Commission to study continuously the economic scene in the country and modify the plan in view of the changing economic situation. The national plan is split into a number of annual development programmes in consultation with the various ministries, especially the Ministry of Finance. (26) In India also a similar practice is followed. (27) In India, usually in November and December, there is a series of consultations between the Planning Commission on the one hand, and Central Ministries and States on the other, for reviewing the progress of the Five Year Plan during the previous year, reassessing the resources and the technical possibilities and formulating an annual plan for the next year.

As to implementation and evaluation, there was a separate agency in Pakistan, namely the Projects Division which was later on amalgamated with the Planning Commission and its functions assigned to the progressing wing of the Commission. But finally the task of progressing was transferred to the Provincial Planning and Development Departments and the Progressing Wing was abolished. In the Commission, on the other hand, an Evaluation Section was set up for appraisal and review. In India the function of collecting key data about the progress of the various programmes and making

(26) SFYP, 108.
(27) Sen, n. 22, 57.
them available in the form of reports etc. is performed by a 'progress unit' in the Plan Co-ordination section of the Planning Commission. Moreover, in India it is the duty primarily of the administrative departments at the Centre and the States to supervise the efficient implementation of the programmes and projects though two special bodies (i) Committee on Plan Projects and (ii) Programme Evaluation Organization, are there to evaluate the various projects and programmes. (28)