

# **STUDY GUIDE**

**BS/MSc Pakistan Studies**

# **Economic Development of Pakistan**

**Course Code: 9367/4659**

**Units: 1-9**

**Credit Hours: 03**



**DEPARTMENT OF PAKISTAN STUDIES  
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## **COURSE DEVELOPMENT TEAM**

Dr. Aftab Ahmad Cheema

Dr. Sohail Jahangir Malik

Miss Fiza Gillani

Mr. Abdul Rashid Naeem

### **Course Development Coordinator**

Mr. Abdul Rashid Naeem

### **Course Coordinator**

Dr. Samina Yasmeen

### **Layout**

Asrar ul Haque Malik

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## **1. INTRODUCTION TO THE COURSE**

This course is designed to acquaint you with the problems of economic development in the context of Pakistan. The course provides not only a review of the process of economic development of Pakistan, but also an introduction to the theoretical framework underlying the development policies pursued by Pakistan.

It spells out the basic concepts of economic development and planning, then relates each of these to the experience in Pakistan. Specific attention is to the agriculture, industry and foreign trade sectors of Pakistan. The monetary policies pursued by Pakistan and their effect on the economic development of the country also receive separate attention.

A list of required readings and supplementary readings for each unit is provided. These readings should enable you to obtain a fairly good idea of the subject matter. The self-learning questions at the end of the reading list for each unit are meant to guide you in the direction of your study for each topic. If you can, after you have completed the readings, answer these questions with ease, you will have understood the basic problems of the process of economic development of Pakistan.

## **2. OBJECTIVES**

After studying this course you will be able to:-

1. Explain the concept of Economic Development and Economic Planning (with reference to Pakistan).
2. Discuss the role and importance of Agriculture, Industry, Foreign Trade, Transport and Communication in Economic development of the Country.
3. Describe the economic growth in various sectors of the economy.
4. Identify the role of Central Bank and Commercial Banks in the field of Economic Development.

Compare the trends of Economic development of Pakistan with the other countries and the causes of low-development trends.

### **3. INTRODUCTION TO THE COURSE OF STUDY**

#### **3.1 Required Course Work**

- 3.1.1 The required course work is split up into 9-units. We expect you to complete it within scheduled study period. One unit is a course work. Of two weeks. You are required to study the prescribed reading material within the scheduled period.
- 3.1.2 After completing the study of first 4-units the assignment No.1 is due. Second assignment is due after the completion of remaining course work of 3 units that is unit 5-7. Last 2 units will be covered in the Final Examination along with first 7 units.
- 3.1.3 For each unit, an introduction is given to enable you develop an objective analysis of the major and sub themes discussed in the prescribed reading material. Besides this, objectives of the unit are very specifically in developing a clear logical, analytical approach.

#### **3.2 Course Outline**

- Unit 1: Basic concept of Economic Development.
- Unit 2: Basic concept of economic Planning.
- Unit 3: Development Planning in Pakistan.
- Unit 4: Obstacles to Economic Development in Pakistan.
- Unit 5: Factors Promoting Economic Development in Pakistan.
- Unit 6: Agricultural Development in Pakistan
- Unit 7: Industrial Development in Pakistan.
- Unit 8: Foreign Trade and Economic Development.
- Unit 9: The Role of Monetary and Fiscal Policy in Economic Development of Pakistan.

#### **3.3 Prescribed Reading List.**

- 1) Vaqar Amjad and Rashid Amjad “The Management of Pakistan Economy 1947-82”, Karachi, Oxford University press, 1984
- 2) Syed Nawab Haider Naqvi and Khawaja Sarmad; “Pakistan’s Economy through the Seventies” Islamabad, Pakistan Institute of Development Economics. 1984.
- 3) M.L. Qureshi, “planning and Development in Pakistan-Review and Alternatives 1947-82” Lahore. Vanguard Books lts. 1984
- 4) Shahid Javed Bukhari and Robert Laporte, Jr.”Pakistan Development Priorities in Choices for the Future”, Karachi, Oxford University press. 1984.
- 5) Michael P. Todaro: “Economic Development in the Third World New York, Longman publishers, 3<sup>rd</sup> Edition, 1985.
- 6) Gerald M.Meier; “Leading Issues in Economic Development” New York, Oxford University press., 3<sup>rd</sup> Edition, 1976.
- 7) Paul Streeten and Richard Jolly: “Recent Issues in World Development – A Collection of survey Articles”. New York, Pergamon press, 1982.

- 8) Strategies for Economic Growth and Development – The Bank’s Role in Pakistan”, Asian Development Bank,s 1985.
- 9) Ian M.D. Little; “Economic Development- Theory, Policy and International Relations”, New York, Basic Books inc.,; 1982.
- 10) Bruce Harrick and Charles P. Kindleberger: “Economic Development” New York, Basic Book Inc; 4<sup>th</sup> Edition, 1982.
- 11) A.P. Thirwal “Growth and Development with Special Reference to Developing Economics.”
- 12) Joseph A. Raffacle. “The Economic Development of Nations.”
- 13) Institute of Policy Studies, Islamabad “Development Strategy for the Sixth Plan 1983-88,” Islamabad, 1983.
- 14) Mahbub-ul-Haq; “Strategy of Economic Planning.
- 15) Government of Pakistan, Planning Commission, 2<sup>nd</sup> Five Year Plan.
- 16) Govt. of Pakistan Planning Commission, 3<sup>rd</sup> Five Year Plan.
- 17) Govt. of Pakistan, Planning Commission, 4<sup>th</sup> Five Year Plan.
- 18) Govt. of Pakistan, Planning Commission, 6<sup>th</sup> Five Year Plan.
- 19) Govt. of Pakistan, Plan ning Commission, Evaluation of third Five Year Plan(1971)

### **3.4 Assignment**

- 3.4.1 Assignments are those written exercises which you are required to complete at your own home or place of work after having studied different parts of the prescribed reading material; within the scheduled period of study. For this course you will receive two assignments which we expect you to complete within the study period.
- 3.4.2 This is a compulsory course’ work, and its successful completion will make you eligible to take final examination at the end of the semester.
- 3.4.3 To complete your course work successfully, you are provided with tutorial support, so that you can discuss your academic problems tutorial meetings arranged once in a fortnight and seek necessary guidance from your tutor.
- 3.4.4 After completing the assignment you will send it to the Tutor, whose name is already notified to you for assessment and necessary guidance. Your tutor will return it after marking and providing you academic guidance and supervision.
- 3.4.5 To qualify each assignment, you have to obtain a minimum of 40% marks.

### 3.5 Assignment

For each course the registered student will be assessed as following.

- 1) Assignments (continuous assessment)
- 2) Final Examination (will take place at the end of the Semester)
  - a) These two components contribute to 40:60 to the student's final course grade.
  - b) For successful completion of each course the student will be required to qualify in each component separately i.e. Assignments, Final Examination.
  - c) To take final examination the student has to pass Assignment Components:-  
The conditions to qualify each component are given below:  
The student has to obtain:
    - i) A minimum of 50% in each assignment (total number of assignments for each course is 2)
    - ii) A minimum of 33% on the foma; wrottem exa,omatopm.
    - iii) An aggregate of 50% of both the components i.e. assignments and final examination.



## **UNIT-1**

# **BASIC CONCEPT OF ECONOMIC DEVELOPMENT**

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## **1. Introduction**

The concept of economic development is often confused with that of economic growth. The growth of GNP is no longer regarded as the main objective of development. Most of the economist defined the development in terms of growth. According to the Kindle Berger “Economic growth implies increase in the output while economic development implies increase in the output along with a change in the institutional framework or a change in the organizational structure”.

## **2. Objectives**

After studying this Unit, you will be able:

- To understand the nature, common characteristics, measurements and different theories of economic development.
- To familiarize the students with various theories of economic development.

## **3. Sub-Themes**

- Nature of Development Economics
- Common characteristics of economic development
- Measurement of Economic development
- GNP as an index of National development
- Poverty weighted index of Social Welfare
- Theories of economic development

### **3.1 Required and Suggested Reading**

- 1) Michael P. Todaro, “Economic development in the third World” Chap.1-3.
- 2) Hicks and Streeten, “Indicators of development: The Search for a Basic Needs. Yardstick” in Streeten and Jolly (eds.) Pages 53-66

### **Suggested Reading**

- 1) Little, Ian M.D., “Economic Development, Theory, policy and International Relations”. (1982). Chap. 1-2.
- 2) Charles P. Kindleberger, “Economic Development”. Chap 1
- 3) Hagen, E.E., “Economics of Development Theory, Policy, History”. Chap.1-3

## 3.2 Self-Learning Questions

- 1) On the basis of rather obvious assumptions that more goods and services are preferred to less, we may consider an increase in real national income as a necessary condition for an increase in Economic Welfare. But it is not by itself a sufficient condition. Explain the Statement.
- 2) With a profile of a poor country in mind and some reasons why it has remained poor, what are the general requirements for its development.
- 3) What are the major differences and similarities among development theories. Also explain their contributions and limitations for the process of development.
- 4) "Economic development is the process whereby a country's real per capita income or GNP increases over a sustained period, through continuing increase in per capita productivity". Explain.

## **UNIT-2**

# **BASIC CONCEPT OF ECONOMIC PLANNING**

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## **1. Introduction**

Michael P. Todard defines economic planning “a conscious effort of a central organization to influence direct, and in some cases, even to control changes in the principal economic variables (consumption, investment and saving) of a certain country and region over the course of time in accordance with a predetermined setoff objectives”. Thus obvious objective of economic planning seems to provide suitable climate for the growth of real income so that level of consumption, saving and investment may maintain a smooth and constant rise. In this unit, our effort will be to make you understand the importance of economic planning, the need and nature but our emphasis would be on planning models.

## **2. Objectives**

To create awareness among the students so that that they can understand and explain the concept of economic planning.

## **3. Sub-Themes**

- Need for economic planning
- Nature of Development planning
- Rationale for planning
- Planning Model

### **3.1 Required Reading**

- 1) Michael P. Todaro, “Economic Development in the third world”. Chap.15
- 2) W. Arthur Lewis, “The Principles of Economic Planning” Pages 7-30

### **Suggested Reading**

- 1) Gerald M. Meier and Robert E. Baldwin, “Economic Development: Theory, History, Policy”. Chap. 12
- 2) Michael P. Todaro, “Economic Development in the third world”. Chap.1

### **3.2 Self-Learning Questions**

- 1) The essence of a Planning Model is that a certain set of objectives is specified and the model is then used to determine the most appropriate measures to achieve those objectives within certain constraints”.
- 2) Discuss the relevant instrumental variables when the objective of a planning model is:
  - a) To achieve a higher rate of growth

- b) To achieve full employment level in the country
- 3) “The state can use different forms of planning to achieve the same purposes, so planning by direction is much inferior to planning by inducement”. Critically evaluate the statement.



## **UNIT-3**

# **DEVELOPMENT PLANNING IN PAKISTAN**

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## 1. Introduction

In unit one, and two, we have acquainted you with various theories of economic development and economic planning to make you understand the varying concepts of economic development and economic planning and how we apply these concepts in our own country's situation. In this unit the emphasis is given on a comparative study of different five year plans, to give you an analytical insight in observing the outcome of each plan. In this context, we expect you to analyze the priorities and preferences set by each plan.

## 2. Objective

To make the student enable to analyze the different five year plans.

## 3. Sub-Themes

- Planning Machinery in Pakistan
- The Five Year Plans in Pakistan
- The long term perspective 1965-85
- Comparison of all the five year plans with reference to their
  - a) Size
  - b) Objectives
  - c) Strategies
  - d) Programme Priorities
  - e) Financial Resources

### 3.1 Required Reading

- 1) Mahbub ul Haq, "Strategy of Economic Planning". Pages 57-87
- 2) Veqar Ahmad and Rashid Amjad, "The Management of Pakistan's Economy 1947-82". Chap.4-7
- 3) Government of Pakistan, Planning Commission, Second, Fourth and sixth Five Year Plans (Second plan pages 1-12, fourth plan Chap. 1-3, Sixth plan Chap 1)

### Suggested Reading

- 1) Gerald M. M and Robert E. Baldwin, "Economic Development, theory, history, policy". Chap X.B,X.C.
- 2) Government of Pakistan, Planning Commission, "Evaluation of the third five year plan, 1965-70. Chap. 1
- 3) Institute of Policy Studies, Islamabad, "Development Strategy for the sixth plan, 1983-88". Pages 41-70

### **3.2 Self- Learning Question**

- 1) “The long term objective in Pakistan’s perspective plan is stated to be ‘to double the existing level of national income in the fourth plan period and to quadruple it in the sixth plan period’ ”. Discuss the policy implications of this objective and whether this achieved or not.
- 2) Critically evaluate the Fourth and Sixth Five Year plans with reference to their
  - a) Programme Priorities
  - b) Strategies
- 3) Discuss the prospects and future directions of the Sixth Year Plan.

## **UNIT-4**

# **OBSTACLES TO ECONOMIC DEVELOPMENT IN PAKISTAN**

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## **1. Introduction**

More than one million people of the world are living in what we call poor, backward, underdeveloped, third world or developing countries. These countries have about 70% of the world population but their share in the world's income is only 17%. Pakistan inherited an extremely narrow Economic base at the time of independence in 1947, since then, each Government has been hard efforts to build up infrastructure and increase productive potential of the economy, through the process of development planning, Pakistan applied various strategies to quicken the tempo of economic development but it has not been effecting the tempo of economic development would be discussed in this unit and remedial measures for economic development also be discussed in detail with reference to Pakistan.

## **2. Objective**

To understand the nature of obstacles which are great hurdles in the process of economic development.

## **3. Sub-Themes**

- 1) Nature of obstacles to Economic Development.
  - a) Economic Obstacles
  - b) Social and Cultural Obstacles.
  - c) Political and Administrative Obstacles.

### **3.1 Required Reading**

- 1) Veqar Ahmad and Rashid Amjad, "The Management of Pakistan's Economy 1947-82". Chap.1-2
- 2) Michael P. Todaro, "Economic Development in the Third World" Chap. 1.
- 3) Mahbub ul Haq, "Strategies of Economic Planning", Pages 88-133.

### **Suggested Reading**

1. "Development Strategy for Pakistan", Pakistan Development Review 3(3) 1963, by Power, John H.
2. "Historical Evolution of Planning Process: "Pakistan's Experience Pakistan Administration 21 (2) July-August 1984, by Hussain, MOhd.
3. "Growth and Development, with Special Reference to Developing Economies", A.P. Thirwal. Pages 180-185.
4. Institute of Policy Studies, Islamabad, 1983. "Development Strategy for the sixth plan", Pages 5-26.

### **3.2 Self-Learning Questions.**

- 1) It is argued that “during the progress of resource allocation the political pressures and administrative complexities deteriorates the balance of the Economic Development Plan Model” criticize the argument with special reference to Pakistan’s Planning Machinery from 1947-80.
- 2) The Economic Development of Pakistan naturally divides itself into three historical periods. The 1960s, the early and mid 1970s and the period since 1978. Differentiate the process of Economic Development Planning between three periods.
- 3) Do you agree with the view that social-cultural attitudes of the people stand in the way of economic development of our country?



## **UNIT-5**

# **FACTORS PROMOTING ECONOMIC DEVELOPMENT IN PAKISTAN**

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## **1. Introduction**

This study of previous unit shows that economic development is a complicated and difficult Phenomenon. There are many obstacles and factors which influence economic development. We have discussed obstacles in unit 4. In this unit we will study the factors which determine the process of economic growth. They vary from Country to Country, however, the major determinants and factors responsible for the transformation of economic and social structure will be discussed in detail with special reference to Pakistan.

## **2. Objective**

To create awareness among the students to judge the determinants/factors which slow down the tempo of economic development.

## **3. Sub-Themes**

- 1) Determinants of Economic Development.
- 2) Factors Promoting Economic Development.
  - Agriculture Sector
  - Industrial Sector
  - Capital Accumulation
  - Education
  - Technology
  - Communication
  - Transport
  - Energy

### **3.1 Required Reading**

1. “Strategies for Economic Growth and Development”. The Bank’s role in Pakistan. Asian Development Bank, 1985, oages 1-58.
2. Viqar Ahmad and Rashid amjad, “The Management of Pakistan’s economy 1947-82”, Chapters 8 and 13.
3. Syed Nawab Haider Naqvi and Khwaja Sarmad, “Pakistan’s Economy Through the Seventies”, Islamabad, Pakistan Institute of Development Economics, 1984, Pages 21-46.

### **Suggested Reading**

1. “Pakistan Economic Survey, 1984-85, pages 105-164.
2. “The Economic Development of Nations”, Joseph A. Raffacle Pages 197-203.
3. “Development Strategies for the Sixth plan 1983-88”, Institute of Policy Studies, Islamabad, 9813. Pages40-49.

### **3.2 Self-Learning Questions**

- 1) Economic Development Without growth is almost in concienable but is growth is possible without development?
- 2) What were the major determinants of Economic Development during 1960s, in Pakistan?
- 3) Explain how a variety of particular changes determine the process of economic Development.
- 4) Discuss in brief the role of natural resources in the economic development of Pakistan.

## **UNIT-6**

# **AGRICULTURAL DEVELOPMENT IN PAKISTAN**

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## **1. Introduction**

The economy of a Country may be broadly divided into three sectors, namely the Agricultural, Industrial and Commercial sectors. All these three sectors affect each other and are correlated in any Country's economic development. Pakistan inherited a predominantly agricultural economy and thus agriculture becomes major sector of her economy. It still contributes the lion share (about 26%) in her GNP. Nearly 45 of the foreign exchange earned from the merchandized exports is from agricultural sector. It also provides employment to about 52% of the labour force of the country. It is, therefore correctly concluded that the economy of Pakistan is agrarian in character.

To have a better understanding about the roll and importance of agricultural sector in Pakistan's economy, we will study in detail, Land Reforms, issues in agricultural policies relating to price, taxation and marketing of agricultural products.

## **2. Objectives**

To discuss the role and importance of agricultural sector in the economic development of Pakistan.

## **3. Sub-Themes**

- Role of Agriculture in Pakistan's Economy
- Land Reforms
- issues in Agricultural Policy
  - Price Policy
  - Agricultural taxation
  - Agricultural marketing
  - Farm mechanization
  - Agricultural extension.

### **3.1 Required Reading**

1. Viqar and Amjad, chapters 8-11
2. Naqvi and Sarmad, chapter 3

### **Suggested Reading**

1. Khan, M.H. The Pol Economy of Agricultural Research in Pakistan PDR (summer 1981) pp.191-213.
2. ADB Report: Part III Agricultural Sector Analysis
3. M.L. Qureshi" Chapter 5.1
4. Pakistan Economic Survey 1985-86: Chapter on Agriculture
5. Sixth Five-Year Plan, Chapter 8.

### **3.2 Self-Learning Questions**

1. Discuss the role of agriculture sector in development during the 60's, in Pakistan
2. Critically evaluate the process of land reforms during 1958-1977.
3. During 1970's, the agriculture sector faced the problem of low productivity. The main cause was the inadequate supply of vital agricultural inputs – Discuss all other factors responsible for low productivity.
4. Agricultural Sector in the mainstay of the economy of Pakistan. Do you agree with this statement?
5. Discuss in detail the importance of agricultural price policies in Pakistan?



**UNIT-7**

**INDUSTRIAL  
DEVELOPMENT IN PAKISTAN**

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## **1. Introduction**

Pakistan is predominantly an agricultural economy. Country like Pakistan must strive for Industrialization because of certain important industrial raw material is available in abundance. In short, the circumstances prevailing in the country call for rapid development of industry. Although, Pakistan has now attained a fairly diversified base in manufacturing industries ranging from essential consumer goods to chemicals. Steel, heavy engineering and machines and tool industries.

In this unit great emphasis will be given on the role of industrial sector in Pakistan's Economy and growth of industrial development in Pakistan. We will also focus on Government policies towards industrial developments, role and performance of public sector and small-scale industries.

## **2. Objectives**

To identify the role and performance of industrial sector in the economic development of Pakistan.

## **3. Sub-Themes**

- Role of industrial sector in Pakistan's Economy.
- Important features of Pakistan's industrial development.
- Government policy towards industrial development.
- Role and performance of public sector enterprises.
- Role and performance of small-scale industry in Pakistan.

### **3.1 Required Reading**

1. Viqar and amjad: Chapters 13-14

### **Suggested Reading**

1. Naqvi and Sarmad. Chapter 4
2. M.L. Qureshi: Chapter 5.2
3. Asian Development Bank Report: Part IV Industrial Sector Analysis
4. Pakistan Economic Survey 1985-86: Chapter on Industry.
5. Sixth Five-Year Plan: Chapter 10

### **3.2 Self-Learning Questions**

1. Critically evaluate the performance of industrial sector in the pace of development during the early stages of independence.
2. Discuss the role of technical progress in the industrial sector during the 1970's.
3. Discuss the performance of small-scale industry in the advancement of large-scale industry in Pakistan.

4. Examine the performance of the major industries producing exportable commodities during 1970's and early 80's.
5. Describe in brief the performance of public industrial sector in Pakistan.
6. Discuss in detail the role of private sector in the industrial development of the Country?
7. Describe in brief the new industrial policy 1986-87 of the Government?

**UNIT-8**

**FOREIGN TRADE AND  
ECONOMIC DEVELOPMENT**

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## **1. Introduction**

In Pakistan, as in many other developing Countries. Exports play a very important role in the economy, first and foremost, it is the main earning source of foreign exchange needed for the imports of capital and other goods. Pakistan had small number of enterprises for the production of capital goods and the development of modern industry chiefly depended on exports receipts.

As regards imports, the ratio to GNP, especially had a tendency to rise. This is the consequence of the growing business activity of the state and the private sector and also the growth of consumption in the Country.

Since independence many radical changes have been taken place in the structure of exports and imports. The commodity structure of exports and imports goes under considerable changes and is a sort of indicator of the efforts that were being made to accelerate economic development, and create an economy ensuring the supply of key goods for production purposes. The changes which had been taken place in the structure of exports and imports are the outcome of five year plans and a special part in this was played by the Government, whose economic policy and, in particular, foreign trade regulation subordinated imports to the needs of economic development.

In this unit an attempt will be made to capitulate the main trends in Pakistan's foreign trade sector and to analyses various factors influencing it. But more emphasis will be given on the classification of trade, balance of trade. Composition of trade and Pakistan's commercial policies.

## **2. Objectives**

To explain the general trends of Pakistan's foreign trade and its role and importance in economic development.

## **3. Sub-Themes**

- role of foreign trade in the economic development of Pakistan.
- Structure of foreign trade.
  - Balance of trade
  - Direction of trade
  - Composition of trade
- Balance of payments problems
- Pakistan's commercial policy-past and present.

### **3.1 Required Reading**

1. Viqar and Amjad: Chapter 15
2. Naqvi and Sarmad: Chapters 7-8

### **Suggested Reading**

1. M.L. Qureshi: Chapter 7
2. Pakistan Economic Survey 1985-86, Chapters on Foreign Trade/External Dependence.

### **3.2 Self-Learning Questions.**

1. How do the terms of trade effect the nature and extent of a country's development.
2. Discuss the impact of Pakistan's commercial policy on its balance of payments situation.
3. Pakistan's export performance since 1947 has been quite encouraging. Do you agree with this statement?
4. What are the major commodity exports and imports of Pakistan? Discuss their importance?
5. What are the main causes of unfavorable balance of trade of Pakistan?
6. Discuss in detail the commercial policy 1986-87 of Pakistan.



## **UNIT-9**

# **THE ROLE OF MONETARY AND FISCAL POLICY IN ECONOMIC DEVELOPMENT OF PAKISTAN**

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## **1. Introduction**

Monetary policy is the efforts taken by the government and central bank to regulate the monetary flow. Monetary policy is very essential instrument for stabilize the external value of the currency, the balance of payments situation, and the general price level and interest rates. Monetary policy is not only a regulatory mechanism, it also performs locative function in the economy.

There are two kinds of instruments of monetary policy for the monetary control: quantitative and qualitative. Qualitative instruments include the bank rate policy, open market operations, credit rationing and variable reserves ratio, while qualitative instruments are moral suasion, publicity consumer credit regulation, variable margin requirements for letter of credit and for advances against security of goods and direct action. In this unit discussion will be focused on the Pakistan's monetary policy and instruments used to control the monetary flow.

### **b) Fiscal policy**

Fiscal policy is one of the most important economic policy of a government which consists of a set of policies relating to public budgeting. It includes policies governing the manners in which a government raises revenue to meet its current expenditures and to finance economic development. The revenue may be raised through taxation, non-taxation measures, and internal and external borrowing. This policy also reefer's to policies relating to the expenditure pattern of the government for various development and non development purposes.

Besides above cited objectives these are some additional objectives of the fiscal policy:

- a) Resource mobilization.
- b) Resource allocation.
- c) Maintenance of economic stability.
- d) Redistribution of personal. Sectoral, and regional incomes.

In the light of above objectives we will discuss the mechanism of the fiscal policy in the part "B" of this unit.

## **2. Objectives**

To identify the role and importance of monetary and fiscal policy in the process of economic development of Pakistan.

### **3. Sub-Themes**

#### **A Monetary Policy**

- The objectives and role of monetary policy
- Instruments of monetary policy and their limitations
- Monetary policy Pakistan

#### **B Fiscal policy**

- The objectives and role of fiscal policy
- Tax structure of Pakistan
- Growth of Government expenditure
- Fiscal incidence

#### **3.1 Required Reading**

1. Viqar and Amjad Chapters 16, 17
2. Naqvi and Sarmad Chapter 6

#### **Suggested Reading**

1. M.L. Qureshi: Chapter 6
2. Asian Development Bank Report:  
Part II. Domestic Resource Mobilization in Private Sector pp.87-101  
Part III Macroeconomic issues- Public Sector, pp. 102-119
3. Pakistan Economic survey 1985-86: Chapters on Domestic Finance

#### **3.2 Self-Learning Questions.**

1. Explain the importance of Monetary Policy in Pakistan.
2. Differentiate between the instruments of Monetary and Fiscal Policy in Pakistan.
3. "Indirect taxes are the major source of revenue to the government in Pakistan". Explain?
4. Discuss the role of deficit financing in the process of development in Pakistan.