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THE ROLE OF THE STATE
IN
THE INDUSTRIAL DEVELOPMENT OF
EAST PAKISTAN

By

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PREFACE

This is a thesis in partial fulfillment of the requirements for the M.A. degree in Public Administration. It studies the role of the state in the industrial development of East Pakistan. To-day the role of the state is no longer confined to the function of keeping the government running. Its role is expanding in various directions, particularly in the socio-economic sphere. Many writers agree that in an under-developed country the role of the state is bound to be big in the sphere of industrialization as it is a sine-qua-non of economic progress.

A questionnaire relating to the role of the state in the economic development of Pakistan was circulated among a cross section of people in East Pakistan, numbering four hundred and representing government servants, private employees, teachers, leading men, businessmen and traders, industrialists and students. Replies were received from two hundred and six persons. Some of the replies have been very interesting and they have been discussed in a separate chapter.

For the historical side of the thesis-content I relied mostly on "An Advanced History of India" by R.C. Majumdar, H.C. Ray Chaudhury and Kali Kinkar Datta and also on the works of some English and American authors whose names occur in the bibliography. My views wherever expressed have been based on historical evidence, available documents, facts and circumstances as they are. Some of the observations have

naturally been based upon my experience as Deputy Director of Industries (Administration) in the Directorate of Industries, Government of East Pakistan. I have, however, tried to be pragmatic in my approach all through.

I am grateful to my teacher Dr. Keith M. Henderson, Assistant Professor of Public Administration in the American University of Beirut, but for whose guidance and invaluable assistance in procuring and processing the materials this thesis could not have taken shape.

Most of the materials of this thesis were collected by me personally from East Pakistan. I am thankful to the University authorities for allowing me to go to East Pakistan to collect the materials.

I am deeply indebted to Mr. Zakir Husain, Ex-Minister for Home Affairs, Government of Pakistan, but for whose kind assistance, it would not be possible for me to make a trip to East Pakistan to collect the materials for the thesis.

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I must also express my gratitude to my wife and children for their forbearance in excusing me from family duties while engaged in this task in a foreign land.

Syed Ahmadul Huq.
(SYED AHMADUL HUQ)

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CHAPTER I

THE ROLE OF THE STATE IN THE INDUSTRIAL DEVELOPMENT OF EAST PAKISTAN

INTRODUCTION

Lying between the parallels 88° and $92^{\circ}30'$ E and the latitudes $20^{\circ}45'$ and $26^{\circ}30'$ N and bounded on the west by the Indian territory, on the east by Burma, on the north by the Himalayan ranges and on the south by the Bay of Bengal, East Pakistan, with a population of approximately 50,000,000, cover an area of 55,126 square miles and forms one of the two provinces of Pakistan.

It is a fertile and healthy country with uniformly mild temperatures varying from 65°F to 75°F throughout the year, and with sufficient rain, ranging from 75 to 81 inches on the average. East Pakistan is a deltaic region formed by two of the largest rivers in Asia--the Brahmaputra and the Ganges. These two rivers after flowing for a certain distance in the province meet together at a place called Goalundo and being thus combined fall into the Bay of Bengal, opening like a fan into several channels with large islands at the mouth.

"Over nine-tenths of the province is essentially low flat country with cultivated fields stretching for hundreds of miles

interspersed with villages nestling amidst bamboo clumps, mango and jackfruit gardens and timber fuel trees."¹ Greeneries follow greeneries as far as the human eye can see until it loses itself in the very greenness which mixes up and becomes one with the distant horizon. The monotony is broken by coconut, palm and betel nut trees in the coastal district.

It has got fertile land ^{and} dense forests which yield valuable wood and timber and are famous for flora and fauna.

There are rich deposits of peat, coal, gas, oil and limestone. Hitherto only the gas has been exploited and petroleum is also being extracted from it.

In area it is bigger than England and is three times as big as Switzerland. But East Pakistan is a rich country inhabited by poor people. Several factors are responsible for this paradox. One of the most important factors is its industrial backwardness.

Statement of the Problem:

Before attainment of independence the part played by the state in the industrial development of East Pakistan had been different at different times. Sometimes it had been positive, sometimes negative and sometimes indifferent. At the time of the partition of India the number of different industries in East Pakistan was almost negligible

¹Russel Andrews and Azizali F. Mohammad, The Economy of Pakistan (London: Oxford University Press, 1958), p. 14.

excepting a very few rice mills, sugar mills, cotton mills and a number of decaying hand looms. When Pakistan was born it came face to face with gigantic problems of industrialization. Then again, this unfortunate land was caught up in political gambles affecting the two provinces shortly after the death of the Quaid-i-Azam Mohammad Ali Jinnah, the creator of Pakistan. Feelings in East Pakistan grew that West Pakistan was being developed and industrialized at the cost of East Pakistan. It is to be studied how far these feelings are justified, how the state proposes to industrialize this province--what it has done, what it is doing, and what it should do and whether the steps so far taken are adequate.

Importance of the Study:

There is no short cut to industrialization of any country and industrial development does not come automatically. It is a matter of continuous effort, study, research, and experiment; acquisition of skills; intelligent use of men, materials and resources. The importance of the study of the industrialization process of East Pakistan and the part played in it by the state cannot be overemphasized. Emphasis on industrialization is now a universal phenomenon. All the advanced countries of the world are now industrially developed. In the United State only about 12% of the total labour force is engaged in agriculture; and in the United Kingdom it is only 5%.¹ The United States has got the highest per capita income in the world whereas in Pakistan, which employs 95% of its total working population in agriculture, the

¹Gerald M. Meier and Robert E. Baldwin, Economic Development (New York: John Wiley and Sons, Inc. 1957), p. 274.

per capita income is among the lowest in the world. Although East Pakistan shall have to give highest priority to agriculture for a long time to come, it cannot but develop its industries for the sake of agriculture as well as for its overall economic development. It is the industry which will process the agricultural raw materials and it is again the industry which will supply tools and materials for mechanized cultivation. Already the strain on land has been too much and it can no longer feed an overwhelming population. In industrialization lies the solution of the problem. Any study towards industrialization of the country is, therefore, of great importance at the present moment.

Scope of the Study:

All the developed countries have adopted industrialization as one of the means to their economic development. Their industrial policy, their method of industrialization, the way they changed from agrarian to industrial nations vis-a-vis the way East Pakistan is being industrialized affords a wide field of study. There are a number of publications from the side of the Planning Commission and Government Departments towards industrialization of the province. An industrial survey of East Pakistan was also carried on by the famous consulting firm Arthur D. Little, Inc. There are a few reports of the Japanese and German teams as well in this respect. Different economists have dwelt at large on the importance of industrialization of East Pakistan, but to the best of my knowledge, no study from the view point of Public Administration has hitherto been made with regard to the role of the

state in the industrial development of East Pakistan. The present study is, therefore, a new venture.

The second chapter, which follows, presents the industrial background of East Pakistan in its historical perspective, the status of industries as it is to-day, their contribution to the economic life of the people and their present problems.

The third chapter contains a discussion of some of the socio-economic factors affecting development, such as population pressure, cultural background, agrarian habits, shyness of capital, want of technical know-how, pressure group tactics and political instability before the 1958 Revolution.

The fourth chapter deals with the preliminary stages to overcoming basic problems in the development of resources such as power, minerals, transport, communication and agriculture.

The fifth chapter reviews the activities of the governmental organizations such as Departments, Directorates, and Bureau at the Centre and at the Province.

The sixth chapter assesses the place of public corporations in East Pakistan and surveys the activities of such bodies as the Pakistan Industrial Development Corporation and the East Pakistan Forest Industries Development Corporation.

The seventh chapter deals with the activities of some of the governmental organizations for direct industrial assistance. These are the Industrial Development Bank of Pakistan and the Pakistan Industrial

Credit and Investment Corporation and the East Pakistan Small Industries Corporation.

The eighth chapter presents a study of the attitude of people towards the role of the state in the economic development of Pakistan in general and industrial development of East Pakistan in particular.

The ninth chapter contains the conclusion.

Definition of Terms:

1. **Basic Democracies :** Basic Democracies refer to the elected representative bodies of the Local Self Government at the village, Thana (Police Station), District and Divisional levels.
2. **Bidi :** Bidi is a kind of cheap cigarette. Generally certain classes of leaves known in Pakistan and India as Tendu leaves and Kumbi leaves are used as wrappers of the Bidis.
3. **Bureau :** A sub-division in the Executive Department of the Central or Provincial Government.
4. **Cottage Industry :** "Cottage Industry" means an industry which is carried on wholly or mainly by the members of a family either as a whole time or as part time occupation.
5. **Department :** One of the several Divisions of the Central or Provincial government presided over by a Minister or a Secretary.

6. **Directorate :** Sub-division of a department in the Central or Provincial government.
7. **Federal List :** Federal list refers to the list of subjects which are to be exclusively dealt with by the central government.
8. **Large Scale Industry :** Large scale industries are those using fixed assets of a value of more than Rs. 1 million.
9. **Leading Men :** Leading men include members of the Basic Democracies and other local bodies and men of influence in the society, who have not been grouped among the government employees, private employees, teachers, businessmen and traders, industrialists and students.
10. **Medium sized Industry:** Medium sized industries are those not covered by the definition of Small Industries but with fixed assets of a value not exceeding Rs. 1 million.
11. **Mixed Enterprise :** In a mixed enterprise there is side by side existence of public and private ownership. The share holders are both the government and the private persons and it is conducted by a board representing both the parties.

12. **Muslin Sari:** Muslin Sari is a kind of outer garment for East Pakistani women, worn round the body with one end over the head and is made of cotton fabric in various degrees of fineness.
13. **Public Enterprise:** Public enterprise takes government into business. In a public enterprise ownership belongs to the nation and the government undertakes the processes of distribution.
14. **Riparian Country :** Riparian Country refers to East Pakistan because of its numerous rivers.
15. **Small Industry:** "Small Industries" means industrial establishments which are run mainly with hired labour without using any mechanical motive power for any operation or such establishments employing not more than 50 workmen and using mechanical motive power and in which total investment on land, buildings and machineries, in either case, does not exceed Rs. 250,000 in value.

16. Under-employed :

The word "under-employed" refers to those cases where capacity of workers is not fully employed.

CHAPTER II

STATUS OF INDUSTRY IN EAST PAKISTAN

A Historical Perspective

"In Dacca they used to manufacture a type of cloth (malmal) that was so fine that when spread wet over grass it was almost invisible and since it was difficult to distinguish it from the evening dew it came to be known as 'Shabnam' or dew.

"There was another type of cloth called 'running water', because when spread upon running water it was invisible."¹

It is all a matter of history now. This refers to the Muslim Period before the advent of the East India Company. The Muslim period in the history of East Pakistan is famous for development of arts and crafts. The Muslim Kings were not foreigners. They took this country to be their homeland. They spent here the riches they gathered. There was no drainage upon the wealth of the country to a foreign land. Although distribution of wealth was not as wide spread as today, it was not in any way less satisfactory than that which prevailed in any part of the civilized world at that time. The King and his nobles shared the affluence of the country. Their needs and tastes not only encouraged the manufacturers but they also kept up the traditions of

¹The Ford Foundation, The Ford Foundation and Pakistan. (New York: The Ford Foundation, 1959), p. 41.

their quality. Particularly their liking for fine cloth encouraged the cotton and silk industries in the province to such an extent that the performance of the time in cotton and silk manufactures is viewed as a marvel now-a-days!

The whole country from Orissa to East Bengal looked like a big cotton factory and the Dacca district was specially reputed for its muslin fabrics, "the best and finest cloth made of cotton" that was in all India. Pelsaret notes that at Chabaspur and Sonargaon in East Bengal "all live by the weaving industry and the produce has the highest reputation and quality." Bernier observes: 'there is in Bengale such a quantity of cotton and silk, that the Kingdom may be called the common store house for those two kinds of merchandise, not of Hindoustan or the Empire of the Great Mogul only, but of all the neighbouring kingdoms and even of Europe.'¹

Abul Fazal writes that it received a considerable impetus in the reign of Akbar due to the imperial patronage. But the situation completely changed during the British period. Before 1757, the year of the battle of Plassey, the part now known as East Pakistan had flourishing industries of cotton goods, silk, sugar, salt and jute. "Bengal cotton goods were exported to Ispahan, Basra, Mocha and Jedda."² "About the middle of the seventeenth century, the total production of silk in Bengal was about 2½ million pounds, out of which

¹Ramesh Chandra Mjumdar, H.C. Ray Chaudhury and Kali Kinkar Data. An Advanced History of India, (London: Macmillan and Company Limited, St. Martin Street, 1950), pp. 572-573.

²Ibid., p. 806.

one million pounds were worked up locally, 3/4 million were exported raw by the Dutch and 3/4 million distributed over India, most of it going to Gujrat but some being taken by merchants in Central Asia."¹

The large economic drain started with the advent of the East India Company. During the period from 1757 to 1780, the total drain from Bengal to England amounted to 38 million pounds sterling. It meant loss of capital, impoverishment of the manufacturers and ruination of the local industries. To this was added the oppression of the company's servants upon the local industrialists, specially the weavers. They compelled the weavers to make forward sale of their goods to them and those who refused to do so, were punished. The price they paid was much less than the cost of the materials. It is said that many weavers cut their own thumbs to show that they were unable to weave cloths so that they might escape the oppression of the company's servants. By 1767, the weavers in Bengal became scarce.

Again, the British manufacturers entered into an unfair competition with the weavers of Bengal. Under their pressure the British Parliament passed two laws in 1700 and 1720 forbidding the English people from wearing cotton and silk goods imported from India. This attitude of the British not only ruined the industry of Bengal but it also killed the very industrial spirit in the people. Writing in defence of the British policy as late as 1935, Hubbard remarks,

¹ Ibid., p. 573.

"In the earlier days British control in India was still far too incomplete to make practical any general measures of protection for Indian industries and administrative energies were monopolized by the need for establishing law and order while at the same time, the British authorities in India were under the influence of lasser-faire creed which was taking hold in England."

This is, however, a controversial issue and much can be said on both sides. In the early part of the twentieth century when Lord Curzon became the Viceroy of India, he thought it wise to establish a special department of Commerce and Industry in 1905, but the Home Government refused to endorse the policy. The First World War brought certain change in the attitude of the British government. It became necessary to develop Indian industries for war purposes. By 1916, Departments of Industries were established in all the provinces including Bengal and in that year an Industrial Commission was appointed. It submitted its report in 1918. The report concluded that although India's industrial potentialities and resources were great, she had as yet been little affected by the march of modern industry and that in future the government ought to play a more active part in industrial development. The chief recommendations dealt with improved departmental organization for the encouragement of industries, improvement in technical training and education, reorganization of the scientific staffs of the industrial departments, technical and

¹G. Hubbard, Eastern Industrialization and its effect on the West (London: Oxford University Press, Humphrey Millford, 1935), p. 242.

financial aid to industries, encouragement of industrial cooperation and the provision of improved transport facilities.

By 1936, some real efforts had been made for industrialization of the country. Attention was focused on the development of industries based on locally available raw materials and exploitation of natural resources. But much headway could not be made. The part which is now East Pakistan remained neglected. Calcutta grew up to be an industrial city at the cost of East Bengal. All the big cotton and jute mills were located in and around Calcutta. East Pakistan served as hinterland and supplied raw materials to the industries in Calcutta. When Pakistan was born in 1947, it faced stupendous economic problems and found the agriculture and industry of East Pakistan almost ruined. Industrialization became a life and death question for Pakistan. Industrial backwardness had to be fought as a Crusade. There was no scope for the appeal of the doctrines of laissez faire, capitalism, socialism, or any other 'ism' in Pakistan. It was a well drawn up plan for development of industries both in the public and private sector which was most urgently needed. An industrial conference was called at Karachi in December, 1947 to devise ways and means for the development of industries in the country. On the basis of the conclusions reached at this conference the government came out with its declaration of industrial policy in April, 1948. It aimed at the "improvement in the standard of living of the people brought about by harnessing, to the maximum extent possible, the forces and treasures of nature

in the service of the people by providing gainful and legitimate employment and by assuring freedom from want, equality of opportunity, dignity of labour, and more equitable distribution of wealth."¹ Industries based upon agricultural produce or connected with its development were to be encouraged. Small and Cottage industries were to be developed. Industries connected with the security of the State were to receive primary attention. Those industries which utilized indigenous raw materials such as **jute**, cotton, hides, skins, sugar cane etc., were to be taken up for development. Industries considered vital to the economy of the country were to be boosted up. Consumers' goods industries were also to be developed. The need for planning was recognized but the Centre was not to hold exclusive jurisdiction over industrial planning. The Centre limited its control over 27 industries. The province was at liberty to undertake industrial planning but the concurrence of the Central Government was to be obtained. The Centre was to allocate industrial units to the provinces in consultation with the latter and assist the provinces in the procurement of capital, machinery and plant from abroad. The Centre was also to assist the provinces in procurement and distribution of essential raw materials which were in short supply. The Centre was to cooperate with the provinces in the fields of technical education and training and it was to carry on scientific and industrial

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¹S.M. Akhtar, Economics of Pakistan (Lahore: The Publishers United Ltd., 1961), p. 41.

research and disseminate information about experiences and results of such research in other countries.

A Pakistan Industries Conference was held at Karachi for the second time in November, 1956. In this conference it was decided that the Centre would establish the targets and priorities, plan production and prescribe standard for exports. The provincial government was to determine the economic size of industrial units and their allotment and location. It was also agreed that provincial legislation on industries would follow the Central pattern subject to the reflection of the local conditions.

Government would be at liberty to initiate industry which it thought to be vital to the economy of the country. It was, however, to create conditions suitable to ^{the} development of private industries in the province.

The constitution which was announced on the 1st of March, 1962, has kept the following industries on the federal list:

- (1) Industries connected with defence.
- (2) The manufacture of arms, firearms, ammunitions and explosives.
- (3) Telecommunication industry including broadcasting and television.
- (4) Nuclear Energy including (a) mineral resources necessary for the generation for the nuclear energy,
(b) production of nuclear fuels and the generation and use of nuclear energy and (c) ionizing radiations.

- (5) Mineral oil and natural gas.
- (6) Industries owned wholly or partly by the Central Government or by a Corporation set up by the Centre.

Railways have been placed under the provincial government.

Present Position:

In Pakistan industry comes only next to agriculture in importance. It accounts for 14% of the gross national product of Pakistan.¹ In the First Five Year Plan Draft it was mentioned that the rate of progress recorded in the past few years would compare favourably with the highest achieved in the history of industrialization of any country.

But this is more applicable to West Pakistan than to East Pakistan. Reliable up-to-date statistics are lacking to show how much of the total population in East Pakistan is engaged in industries. The Manpower Survey put it at 7.1% of the total labour force in 1955.² There has been some increase in the number of a few categories of industries since after the achievement of independence but that increase is insignificant when compared to the growing needs of the province. In a recent publication of the Government of East Pakistan dated 1962, the Director General of Commerce and Industries has stated the number of big, medium and small industrial units excluding cottage and Bidi industries to be 3,766. This figure covers more than one hundred classes of different industries. Under broad

¹Pakistan, The Second Five Year Plan (1960-65) (Karachi: Government of Pakistan Press, 1960), p. 23.

²S.M. Akhtar, Economics of Pakistan, vol. I (Lahore: The Publishers United Ltd., 1958), p. 29.

categories some of them may be mentioned as follows: (a) Agricultural products - tea estates, biscuit and bakery, rice milling and sugar. (B) Forest products - furniture, plywood and timber seasoning. (C) Animal products - dairy, gelatine and tanneries. (D) Mineral products - cement, silicate, and ceramic products. (E) Metal products - blades, ferrous foundry, and wire drawing. (F) Chemical products - sea salt, soap, tooth paste, and printing ink. (G) Miscellaneous - drinks and beverage, abrasive, watch and clock, x-ray, textiles, handlooms, transport, paper, rubber products, printing and stationery. These names do not, however, cover all the important industries. But the number of some of these industries is very poor indeed. The Ministry of Industries in the review of its activities during 1959 has furnished following figures for some of these industries in East Pakistan:

Food Product Manufacturing	- 1
Automobile Assembly	- 1
Electric Plating	- 1
Electric Fan Manufacturing	- 1

The Ministry has recounted as many as 109 kinds of industries in East Pakistan. But the province has not as yet reached the level of self-sufficiency in some very vital industries. It is not as yet self-sufficient in cloth, food products or even in salt.

There are industries which exist only in name and there are industries which remain idle most of the time in the year. Excepting a few varieties of handloom 'sari' and jute goods, no other industrial

product appears to have gained popularity outside East Pakistan. The motto of "greater number, better quality and lesser cost" for industrial concerns is yet to gain root among the manufacturers. There is no separate effective organization in East Pakistan to judge the quality and standard of the manufactured goods although such an organization is essential. The weavers still use the same type of looms which were perhaps used some two thousand years back and most of them are not acquainted with modern tastes and up-to-date designs.

In spite of innumerable handicaps, it is really a wonder how the weavers of Dacca, Pabna, Tippera, Mymensingh, and Kushtia can weave some of the most beautiful 'saris' in the world. In fact the 'saris' made in Dacca, Tangail (Mymensingh) and Pabna are unique. There are saris which are interwoven with gold and silver thread and the floral designs thereon are simply marvellous. The Dacca weavers appear to be attempting at reviving the 'Muslin' tradition. The present day Dacca 'Muslins' are used by many for the bride on the marriage day. Dacca Silk-Muslin made to order may cost \$200 per piece of 6 yards. The average better quality silk-Muslin costs \$50 to \$60 per piece of six yards. There are, of course, Muslin saris of lesser price too.

But it is still far behind the original standard of Dacca-Muslin.

"The Muslin (woven air) was an achievement in yarn comparable to the triumph in marble, that is the 'Taj Mahal'. The lore of beauty, fineness and grace that inspired the people of East Pakistan to give

expression to their feelings in music, poetry, and art, impelled them to fashion fabulous fabrics which were always held in high esteem in the world market for the fineness of texture, beauty of design, intricacy of weave, lightness of weight, and durability. With singular dexterity and neatness, with originality of conceptions in the execution of even the details, the weaver created textiles, which have raised him from a mere artisan to the rank of first rate artist. An observer described a piece like this: 'That wonderful art in textile, wherein has been arrested the brilliance of the sun, the charm of the moon light, the transparency of the crystal and the lucidity of the water. The inimitable fineness of its texture, the delicacy and beauty of its designs, and the lightness of its weight have left the world wondering.'

From Roman historian Pliny's writings we gather that this fabric was made in a place called Dacca in Bengal.... Travernier testifies that Mohammad Ali Beg on his return from India presented the ruler of Persia with a be-jewelled egg-sized cocoon, inside which was folded a piece of Muslin 30 yards in length, of hardly any weight. In the ninth century, two Chinese travellers who had visited the sub-continent wrote their "Account of India and China" in which they remarked that the fabric produced by weavers of Dacca out of "Karapashum" was a wonder in textile. The stuff is kept in a round receptacle and one piece of 80 yards is so fine that it can easily pass through the circle of a ring." In a Tibetan book "Kulva", there is reference to a priestess, Gtsing Dham who was arrested and punished for immodesty as she had been mistaken for naked when she went out dressed in Muslin. Bolt in his "Consideration on the Affairs of India" writes that Emperor Aurangzeb had severely scolded his daughter Zebunnissa for being indecently dressed when she appeared before him in a Muslin robe. Zebunnissa's embarrassed answer was that she had wrapped the piece round herself seven times. This particular Muslin sari was supposed to have been 20 yards in length and weighed only 10 ounces.¹

Today all these descriptions might be termed as 'gossamere

¹ Mohammad Hussain, "Folk Art of East Pakistan", Pakistan Annual, 1961 (Karachi: Century Printers, 4 Grant Road, 1961), p. 6.

fancy', but they are nevertheless matter of history.

Another cottage industry of East Pakistan is the filigree work. Beautiful decorative caskets and arabesques depicting flowers, fruits, and vases are wrought by the jewellers of Dacca and Chittagong. When Queen Elizabeth of England visited East Pakistan in 1961, she was presented with a big flower-like piece of filigree work having numerous cases for containing otto, spices, etc.

Cane products of Sylhet and Camilla are also exceptionally beautiful. A kind of cane mat called 'Sital Pati' made at Sylhet is really artistic. Horn products of Dacca and Jessore, furniture of Chittagong and cotton-mat of Rangpur deserve special mention for their beauty and design. Of recent origin are the bamboo screen and wooden toys. They are chiefly manufactured at Tippera and Barisal. Good quality cigars are produced in Rangpur and most of these are exported to foreign countries particularly to the United Kingdom and America.

Brass wares and copper wares of various sizes, some containing figurines and floral designs, are also produced in abundance at Dacca, Kushtia, Rajshani and Rangpur.

Among the food products mention may be made of "Rasha-golla" and "katcha-golla", which are sweets of special variety. Rashagolla of Tippera and Kacha golla of Rajshahi are famous throughout Indo-Pakistan Sub-continent. But unfortunately there is no up-to-date plant to preserve them so that they could be exported to foreign

countries. For want of preservation mangoes, bananas, pineapple, guavas, oranges, and tomatoes rot and waste in tens of thousands of tons each season. If these could be preserved they would help the solution of food problems a good deal. Although East Pakistan is now almost self-sufficient in food, most of its inhabitants go without enough calories. The number of food processing industries for more than fifty million people is still less than adequate. Their number should be increased.

CHAPTER III

SOCIO-ECONOMIC PROBLEMS IN THE INDUSTRIAL DEVELOPMENT OF EAST PAKISTAN

Population Problem

East Pakistan is one of those areas which have the highest density of population. According to the census of 1961, this province, with only 15.2 per cent of the total area of Pakistan, has 54.2 per cent of its population. The average density of population in East Pakistan is 922 persons per square mile. Although this province has a higher percentage literacy than West Pakistan, it is still appallingly low. The literacy rate^{here} is 17.6 per cent as against 12.7 per cent in West Pakistan.¹ The district of Chittagong with its literacy rate of 22.2 per cent tops the list of literacy in the whole of Pakistan. The enormous population is putting a great strain on the resources of the country on the one hand and want of technical know-how, skill and trained personnel are impeding the growth of industries on the other. From 1901 to 1961, the population of East Pakistan, as will be apparent from the following table, has almost doubled itself. It has increased from 28.9 millions in 1901 to 50.8 millions in 1961.

¹Pakistan, Pakistan Basic Facts (Karachi: Feroz Sons, 1961), pp. 10-11.

TABLE

Growth of population in East Pakistan from
1901 to 1961 (in millions)^(a)

Year	East Pakistan	West Pakistan	Pakistan
1901	28.9	16.6	45.5
1911	31.6	19.4	50.9
1921	33.3	21.1	54.4
1931	35.6	23.6	59.2
1941	42.0	28.3	70.3
1951	41.1	33.7	75.8
1961	50.8	42.9	93.8

(a) Taken from the Office of the Census Commissioner, Ministry of Home Affairs, Government of Pakistan. Populations census of Pakistan, 1961, Karachi, 1961.

This tremendous increase in population has created great problems of unemployment and under-employment as the employment sources of the country could not keep pace with it. The Second Five Year Plan recognized industrialization as one of the means of solving this problem. It observes "under-employment and employment are other serious problems towards whose solution industrialization can make an appreciable contribution. The heavy pressure of population on land together with the steady increase in population require that substantial opportunities for employment be created outside of

agriculture."¹

Many people think that industrialization is not possible unless there is an effective check upon the growth of population. They argue that industrialization depends greatly upon capital formation. Since capital formation is not possible without savings and since too many children make saving difficult, they favour family planning. But family planning in East Pakistan could not make much progress during the past few years in spite of the best efforts on the part of the government. Most of the people in East Pakistan take it to be a sin to control birth.

A good number of them think that it is only the people of loose morals, who want to enjoy free sexual life without liability who advocate the use of contraceptives. Many Hindus believe that one cannot go to heaven unless one begets a male child. There are Christians who think that "Increase and multiply" is the command of God and nothing should be done against God's command. A section of Budhists holds that it is a sin to prevent birth since a dead soul may like to be born in a particular family. There are again people who think that increase of population means increase of labour force, increase of wants, and increase of efforts and consequently the increase of wealth. Some argue that the child whose birth is being prevented might have been one of the greatest scientists or one of the

¹Pakistan, The Second Five Year Plan (1961-65), (Karachi: Government of Pakistan Press, 1960), p. 220.

greatest benefactors of mankind.

Whatever may be the arguments on both sides, one thing is certain--birth control is not a panacea. It is only a means to an end in some ways a negative means.¹ Commenting on the increase of population, Stycos observes. "But population increase is not inherently bad and must be judged only in relation to national resources. If the economy can expand as rapidly as the population, the nation will at least be no worse off than before."² In an overpopulated country like East Pakistan, however, family planning and industrialization must proceed simultaneously so that the gains of industrialization may not be consumed by a growing population. The government of East Pakistan is trying to popularise family planning in the province and disseminate the knowledge of contraceptives among the people. At present there are 28 Family Planning Clinics operating throughout the province. In the clinics voluntary sterilization is encouraged. The government servants who desire such sterilization are granted special leave and in certain cases they are given financial aid too.

But unfortunately the pace of industrialization in East Pakistan has been very slow and is not up to the expectation. The following table of the occupational distribution of the labour force engaged

¹Hope Tisdale Eldridge, "Population Growth and Economic Development", Underdeveloped Areas, ed. Lyle W. Shannon (New York: Harper and Brothers Publishers, 1957), p. 68.

²J. Mayone Stycos, Family and Fertility in Puerto Rico. (New York: Columbia University Press, 1955), p. 6.

in industry will show that in 1931, the percentage of labour force engaged in industry was 7.6% but it came down to 6.6% in 1951. The Man Power Survey of Pakistan put it at 7.1% in 1955. This trend indicates that the growth of industries has singularly failed to keep pace with the growth of population.

TABLE 2

Occupational Distribution of the Labour Force in East Pakistan^(a)
(Percentage of total labour force)

Economic Division	1931 Census	1951 Census	Man Power Survey of 1955
Agriculture	77.8	82.6	73.0
Fishery	1.0	1.5	-
Industry	7.6	6.6	7.1
Trade & Commerce	6.1	3.9	5.7
Public Administration, Professions & Arts	2.6	2.0	-
Domestic Personal Service	3.5	1.5	-
Unclassified	2.2	0.8	2.1

(a) Sources: S.M. Akhtar, Economics of Pakistan, Vol.1, (Lahore: The Publishers United Limited, 1958), p. 29. Andrews and Mohammad, The Economy of Pakistan, (London: Oxford University Press, 1958), p. 23.

It is, therefore, clear that even in 1951 the industries in East Pakistan could not employ the same proportion of labour population

as they did in 1931. The Census figures of 1961, with regard to this information are not yet available but it cannot be something very phenomenal on the side of the increase. "During 1960 - 61, the number of employees employed by major industrial concerns (other than shop establishments), industrywise in East Pakistan were as follows: Tea Industry 90,000, Jute Mills 55,000, Tobacco Manufacturing including Bidi 39,000, Cotton Mills 25,000, Engineering 22,000, Jute Pressing & Baling 18,000, Match Industries 7,000, Sugar Industries 7,000, and Paper Mills 5,000."¹ The total of all these figures comes to 268,000. The total labour force of East Pakistan was estimated at 15 million in 1960,² and so this figure of employment in the major industrial concerns covers only 1.7 per cent of the total labour force.

Even the actual labour power of those who are employed is not fully utilized. There is enough disguised unemployment in the shape of lack of work of the type that would fully utilize the degree of skill possessed by the workers. Forced idleness due to lack of raw materials and seasonal unemployment due to the nature of seasonal work characterize much of the labour employment in East Pakistan.

Many of these problems could have been solved, however, had the industries, particularly the small industries developed to the

¹Pakistan, Second Five Year Plan, The First Year, (Dacca, East Pakistan Government Press, 1961), p. 22.

²Pakistan, The Second Five Year Plan (1960-65), p.332.

extent it is necessary. There are several factors which are responsible for the industrial backwardness of East Pakistan. Some of them are (1) Political and Social Problems, (2) Physical Problems and (3) Cultural Problems.

Political and Social Problems:

Unfortunately party politics, pressure group tactics, sectional interests, parochialism, selfishness and forgetfulness of the overall national goals during the nineteen fifties before the advent of the present regime retarded the progress of East Pakistan. In an underdeveloped country capital formation which is both ends and means of industrialization is greatly dependent upon the improvement of agriculture, land, power, water resources, transport and communications. But these sectors including the industry itself were systematically neglected for a very long time before Revolutionary Government came into power. In the Constituent Assembly Debates on the 16th January, 1956, it was revealed that the Central Government had spent 7,907 million rupees for West Pakistan as against only 427 million rupees for East Pakistan, during the period from 1947 to 1956.¹ This meant a huge drainage upon the resources of East Pakistan. Considering this drainage and the poor national income of East Pakistan, the then Director of the Bureau of Statistics, Government of East

¹Pakistan, Constituent Assembly of Pakistan, Debates, Vol.1, pp. 1818-19, January 16, 1956, Abul Mansur Ahmad.

Pakistan observed as follows:

The national income of East Pakistan has been estimated at Rs.800 crores which works out per capita income of Rs.190, per year. Deducting the estimated drain in the shape of decline of expenditure figures, per capita income comes down to Rs. 174 per year. The daily per capita income in East Pakistan is estimated at annas /8/- which is the lowest in the world. No economy, least of all poor economy like that of East Pakistan can stand such a strain of continuous drain for any length of time. In nine years (from 1947-48 to 1955-56), East Pakistan has gone to starvation level. If this drain continues for nine years more East Pakistan will be disseminated by famine and starvation.¹

This created a very strong separatist tendency in East Pakistan. Feelings arose that the East Pakistanis were being exploited by the West Pakistanis as they had been once by the British and the Hindus. Reaction in certain quarters was so violent that they openly demanded severance of all connections with West Pakistan. The budget discussion in the National Assembly on the 20th June, 1962 revealed the following figures of comparative representation of East Pakistan in the service of Central Government: Secretaries - West Pakistan 16, East Pakistan zero; Joint Secretaries - West Pakistan 36, East Pakistan one; Deputy Secretaries - West Pakistan 117, East Pakistan 21; other officers - West Pakistan 743, East Pakistan 91; Class One Officers outside Secretariat - West Pakistan 1,508, East Pakistan 250. It was also pointed out that the Pakistan Industrial

¹Collected by the writer from the Planning Department, Government of East Pakistan.

Development Corporation, the Pakistan Industrial Credit and Investment Corporation and the Industrial Development Bank of Pakistan had chiefly benefited West Pakistan rather than comparatively backward East Pakistan. ^{The}bulk of the foreign aid received from the U.S.A. and other countries had also gone to West Pakistan. The number of persons trained under ^{the}Colombo Plan from East Pakistan was also much smaller.¹

Industrialization of East Pakistan became handicapped by want of adequate foreign exchange ceilings. West Pakistan took the lion's share of the foreign exchange ceilings and whatever remained for East Pakistan was barely adequate even to purchase the required raw materials for the existing industries. Not that some quantities of capital machinery and raw materials were not purchased; they were purchased, but it was something like making the best out of the worst. Revolution came as a salvation to East Pakistan. On the 16th of February, 1961, President Mohammad Ayub Khan declared "This province will share in the economic growth of the nation as a whole. We have, also as a part of the same decision, announced that every possible effort will be made to reduce and remove disparities in per capita incomes between the provinces and between the regions within the provinces and that the allocation of local and foreign resources will be diverted towards this end."²

¹Dawn (Karachi), June 21, 1962, p.9.

²Pakistan, Economic Development in East Pakistan (Dacca: East Pakistan Government Press, 1962), pp. 5-6.

Selling of industrial licences and permits was another cause of the industrial backwardness of East Pakistan during this period. Corruption, nepotism, and political spoils vitiated much of the administrative system of the time before the Revolutionary Regime. Some of the favourites of the political leaders managed to get industrial licences and permits and they instead of starting the industries and purchasing the materials sold them to others at a certain price and consequently it became difficult for the right type of people to get industrial licences or permits. Setting up of industries became a costly and nasty affair to many people. It was rumoured that many top officials were also involved in these nefarious activities and that they had been selling favours to a class of people to finance the party funds of the political leaders.

Want of credit facilities is also a great obstacle towards the rapid industrialization of East Pakistan. Although there are a few Banks and credit giving institutions such as the Industrial Development Bank of Pakistan, the Pakistan Industrial Credit and Investment Corporation, and the East Pakistan Small Industries Corporation, their activities are limited to a few levels and areas. The demands of the majority of the needy industrialists remain unsatisfied. There is no sufficient number of cooperatives in the rural and urban areas and people do not know how to organize themselves on a cooperative basis. Although the Basic Democracies have been entrusted with the task of organizing industries within their areas under the Basic Democracies Order, 1959, there has been

practically no mentionable performance as yet by any such body in the industrial field. The Basic Democracies have been given many powers and, if they choose, they can help a lot in industrialization of the country. The East Pakistan Small Industries Corporation may cooperate with them and have joint enterprises wherever possible. The Urban Community Development has already done some good work in this sphere. It is now running 88 cottage industry training centres and 10 Cooperatives in the different parts of the province.

Physical Problems

Another drawback in the industrialization process of East Pakistan is the want of strategic minerals. Most of its mineral resources have not yet been exploited or located. Gas has of late been tapped but its peat-deposits still remain unexploited. Proper exploration of coal, iron and oil has not been made as yet. Want of these minerals makes East Pakistan depend upon foreign countries for supplies and naturally it impedes her industrial growth.

Cultural Problems

The habit of hoarding money and unwillingness to invest in industry on the part of some people is another obstacle to the industrialization of East Pakistan. Many people in the rural areas accumulate savings from their agricultural income but they hoard the money instead of putting it to productive use. There are others who would rather invest in land and buildings than in industry. An

industry requires time to go into production and to gain popularity for its products. Many people cannot afford this much patience. In their desire to get rich quick they find other alternatives and so it retards the growth of industries in the country.

One great hindrance to the rapid industrialization of East Pakistan is the general apathy to manual labour on the part of ^agreat number of its people. Peculiar social values and artificial social stratification are somewhat responsible for this attitude. Many people are not as yet conscious of the dignity of labour. They think that manual labour is the job of the lower class people and they would rather sit idle without any work than engage themselves in some productive activities. Although the great economic forces are gradually removing this attitude, it is still prevalent in many quarters. The weavers, the tanners, the potters, the blacksmiths and the tinsmiths etc. do not possess as high a place in the society as they should. In certain areas a man of the trading group would not marry a woman of the weaving group and vice-versa, because one takes the other to be inferior in social status. Till recently the weavers were called "Jhola". The term 'Jhola' being opprobrious, the government of East Pakistan was obliged to issue a notification, prohibiting the use of the term in written language. The government directed that the weaver should be called "Tanthubai" or "Tanti" instead of jhola.

There is a proverb in Bengali which runs as follows:

"Uttam Pesha Sowdagari,
Maidhaym Pesha Chasha,
Adham Pesha Chakri Jibi,
Sandhyai khonje basha."

When translated into English, it stands as follows:

"The best profession is the profession of traders,
The second best is the profession of the farmers,
The worst profession is the profession of the service holders,
who seek for a house (not home) in the nightfall."¹

It may be observed that industrialists as a class have been omitted in this proverb. It shows that they had not a very well recognized place in the social hierarchy at one time. Education, social mobility and the religion of Islam which upholds the doctrine of equality are gradually striking at the root of these social evils, but it will take some time for their complete eradication.

Sometimes industrialization efforts through introduction of machinery clash with the cultural pattern of certain areas. For example, in the village areas paddy husking is done mostly by women. There are numerous paddy husking songs in the rural areas and these songs form a part of the rural culture. One such song begins as follows:

"Dhan bane, dhan bane,
goon goon gaan gai
Chashi bau Nanda Rani,
Gham jhare kopale khashe gechhe
ghomta khani."...

¹This sort of attitude towards skill and manual labour once prevailed in European countries also. For example, there was a time in England when people thought that it was no gentleman's business to plough land or spin thread. The interrogative proverb "When Adam delved and Eve span, who was then a gentleman?" proves the existence of such an attitude.

"She husks the paddy,
She husks the paddy,

And she murmurs her song as she husks the paddy,
She, the peasant wife Nanda Rani;
Drops of sweat drip from her forehead,
And the veil on her face has escaped."

Introduction of husking machine into this industry cannot but destroy this culture. There are instances where paddy husking machines had to be withdrawn for want of clients, because people did not want it. It points out the fact that cultural aspects of the societies are to be taken into consideration while introducing industrialization. This aspect has been stressed very greatly in the manual prepared by the World Federation for Mental Health edited by Margaret Mead. While discussing Greek culture it observes, "Good mothers start weaving for their daughters almost from birth. Factory woven cloth is in use to some extent, but can all home weaving disappear without impoverishing the life of the individual and of the family?"¹

A well knit plan to enable the society to receive the impact of the technological change and adjust itself to the changing circumstances without throwing people out of employment is now a pressing necessity for East Pakistan. This aspect of the problem was discussed by the Fact Finding Committees on Handlooms in 1954, in respect of the handloomers and it recommended delimitation of production fields for the Textile Mills and the handloom weavers to safeguard the interest of the latter. Its recommendations have since been largely

¹Mead Margaret, Cultural Patterns and Technical Change (Paris: UNESCO, 1954), p. 255.

accepted by the government and the different Textile Mill Associations. But no study has yet been undertaken about the plight of potters, tanners, umbrella manufacturers, etc., who are facing tough competition from the side of the aluminium factories, big tanneries, and umbrella manufacturing units. A thorough survey of these and other small industries may be undertaken by the East Pakistan Small Industries Corporation so as to suggest suitable measures for safeguarding their interests.

Another factor which retarded the rapid industrialization of East Pakistan to a great extent is the want of suitable attitude on the part of the public personnel to adjust itself to the changed circumstances. A Civil Service which had long been accustomed to "lording it over" the people found it hard in the beginning to adjust itself to the requirements of a welfare state. This affected the tone of the governmental organizations. The role of the governmental organizations in general remained negative in many cases rather than positive. A participatory and democratic leadership to motivate the public personnel as well as the industrialists towards industrialization of the country was lacking and consequently it made rapid industrialization difficult.

CHAPTER IV

FACILITIES AND RESOURCES FOR INDUSTRIES IN EAST PAKISTAN

Some of the facilities and resources which are important for development of industries are power, minerals, transport, communications and agriculture. These may be called the sine qua non of industrial development.

Power Resources

Not to speak of the villages, many of the towns of East Pakistan are still going without electricity. It can, therefore, be easily imagined how difficult it is to establish industries in these areas. Power is essential for mechanized industries. Want of electric power is a great handicap in the industrialization of East Pakistan. East Pakistan had no appreciable electric power generating capacity when it came into being after the partition of India. Calcutta was the city built by East Pakistan. The whole of the region which is now East Pakistan contributed to the growth of industries in Calcutta, which is now in India.

During partition, East Pakistan had only 72,000 KW of electricity for industrial establishments and 103,000 KW for public

utilities. Since partition want of electric power has become a chronic complaint with most of the industrialists in East Pakistan. During the first few years of independence, small diesel stations were the only means to meet the requirements of the industries in most of the towns. With the help of the Canadian Government, two power stations, one at Bheramara and another at Goalpara, with installed capacities of 8,500 KW and 16,000 KW respectively, were established in 1961. Another power station with a capacity of 30,000 KW was established last year at Siddhirganj, near Dacca.

The Karnaphuli hydro-electric project in Chittagong Hill tracts, however, is the biggest power development project in East Pakistan. It was partially completed in the early part of 1962 and went into commission in March, 1962. This project has put up a dam across the river Karnaphuli and has created a lake of 250 square miles above the dam. It is 153 feet high and 1800 feet long. There are 16 spill way gates capable of discharging 525,000 cusecs of water. It is now generating 80,000 KW of electricity and will generate 120,000 KW when completed. This project will supply electricity to Chittagong, Comilla, Dacca and Sylhet. A 132 KV high tension line stretching over nearly 200 miles of high terrain, vast rivers, marshy lands, and green fields connects this project with Dacca. The total cost of the project is estimated to be Rs. 488.8 million. AID (Agency for International Development) has contributed 19,742,700 dollars and Development Loan Fund of the U.S. Government has advanced a loan of 19.8 million dollars towards this project.

The development of power in East Pakistan is the responsibility of the East Pakistan Water and Power Development Authority. This Authority proposes to spend 290 million rupees for power development in East Pakistan during the Second Plan Period (1960-65). By 1965, the total generating capacity in East Pakistan is expected to rise to 300,000 KW, of which industries are expected to take 184,000 KW. In 1960, the total electric generating power capacity in East Pakistan was estimated at 175,000 KW.

Reliable statistical data as to the actual power needs of East Pakistan are not available. In the Second Five Year Plan, it has been stated that limited possibilities of regulation of water resources restrict the generation of hydro-electric power to about one million kilowatts in East Pakistan. The Plan, however, observed as follows:

“ Ultimately it may be possible to develop tidal power. In the meanwhile, the region will have to depend greatly on fuel electricity which might be generated by the natural gas at Sylhet, the peat reserves of the province or wood fuel of the Sunderbans or the forests of Chittagong Hill Tracts. To electrify the rural areas, extensive transmission and distribution systems are needed to make power generally available to agriculture, industry and other consumers.¹

This is rather a very gloomy picture to which the Planning Commission has drawn attention. Production of electricity indicates to a great extent the economic development of a country. For each

¹Pakistan, The Second Five Year Plan (1960-65), p. 194.

1000 of the population the U.S.A. produced 2296 KWh, the U.K. 1033 KWh, Malaya 117 KWh, India 13 KWh, Ceylon 9.6 KWh and Pakistan 1.9 KWh in 1949.¹ Of course, there has been some improvement in the development of electricity since 1949, but that development has been cancelled by the growth of population.

A survey has been recently made by the East Pakistan Power and Water Development Authority for another hydro-electric project up the Sangu river in Chittagong. But the details of further progress are not yet available.

Mineral Resources

Arthur D. Little, Inc., in its report entitled "Industrial Survey of East Pakistan", submitted to the Planning Commission, Government of East Pakistan, has remarked,

Unfortunately, East Pakistan has very limited resources upon which a broad and rapid industrial advance could be based and we see little possibility of their being imported in sufficient quantities to enable East Pakistan to become a major industrial region even after many years of economic progress.²

This is one of the most hopeless observations ever made by any Survey Team in respect of East Pakistan. Apparently the Survey Team of Arthur D. Little, Inc. did not go deep into the matter,

¹Gerald M. Meier and Robert E. Baldwin, Economic Development (New York: John Wiley and Sons Inc., 1957), p. 255.

²Arthur D. Little, Inc., Industrial Survey of East Pakistan A report to the Planning Commission, Government of Pakistan. (Dacca: East Pakistan Government Press, 1961), p. 7.

otherwise it could not have been so pessimistic. "Mother Earth's Store House", observes, K.F. Mather, "is far more richly stocked with goods than is ordinarily inferred".¹

In this connection the remarks of Gerald M. Meier and Robert E. Baldwin may be germane. They write:

Generally the poor countries possess resources, but the resources are unutilized, under-utilized or misutilized. The fuller utilization of these resources depends on conditions of accessibility to the supplies, availability of technical knowledge, accumulation of capital, and extent of the market. Until now the full potential has generally not been approached to any significant extent and the resources remain underdeveloped.²

Attempts so far made for exploration of mineral resources in East Pakistan have neither been consistent nor extensive. It is greatly doubtful if the gas deposits in East Pakistan could be detected at all if Mother Earth did not point it out by bursting herself here and there.

Pakistan is fortunate to have variety of mineral resources. These however, are not being fully exploited for lack of capital and technical know-how.

Broadly speaking, minerals may be divided into three broad classes:

- (i) Fuels - oil, natural gas and coal/peat
- (ii) Metallics.
- (iii) Non-metallics (including chemicals).³

¹Meier and Baldwin, op.cit., p. 517.

²Meier and Baldwin, op.cit., p. 293.

³Pakistan, Industries for Foreign Investment, (Karachi: Government of Pakistan Press, 1961), p. 1.

Mines and minerals are central subjects. The government of Pakistan has hitherto issued licences to seven different Oil Companies for exploration and prospecting of oil over 25,000 square miles in East Pakistan. The government shares 25% of the total cost in prospecting and drilling of oil. In case of discovery the Government shares the profit on a 50-50 basis. Most of the Companies are foreign companies and the search hitherto has been elusive.

Gas has been located in the district of Sylhet and the deposit has been estimated to be fairly large. The present estimate is 3 million million cubic feet. It has been partially exploited and is being used by the Fenchuganj Fertilizer Factory.

East Pakistan consumes nearly one million tons of coal annually but no coal has been discovered here.

Extensive deposits of peat have, however, been discovered in eight out of the seventeen districts of the province. These districts are Tippers, Rangpur, Khulna, Dacca, Dinajpur, Faridpur, Sylhet and Mymensingh. It has been estimated that the area of peat deposits in the districts of Faridpur alone extends over 200 square miles. The Pakistan Industrial Development Corporation has taken up a project called the Faridpur Peat Development Project for exploitation of peat in Faridpur.

No attempt has hitherto been made for discovery of metallic ores in East Pakistan.

Among the non-metallics, clays suitable for ceramic and other

refractory purposes have been discovered in the district of Mymensingh. The Institute of Glass and Ceramics, East Pakistan, manufactured nice porcelain wares with this clay.

Lime stones have recently been discovered in the districts of Sylhet and Chittagong.

Mostly the mineral resources of East Pakistan remain unknown and undiscovered. The Second Five Year Plan, suggested the following measures:

Over the next ten to twenty years, efforts should be concentrated on obtaining complete knowledge of the country's mineral resources. It will be necessary to achieve high levels of competence and performance in mineral technology and training and to utilize as effectively as possible deposits of economic value that are discovered. The means to these ends include:

- (i) A vigorous and continuing programme of surveying, mapping, and prospecting by the geological survey of Pakistan or by other specialist Agencies engaged for this purpose.
- (ii) The strengthening of university geology departments, the establishment of one or more technical institutes to produce mining engineers and supervisors, and systematic on-the-job training.
- (iii) The revision of mining laws so as to encourage the investment of private capital in mineral extractions while ensuring that wise extraction policies are followed, and high standards of safety and performance maintained.¹

¹Pakistan, The Second Five Year Plan (1960-65), p. 267.

Transport and Communications

Transport and communication systems play a vital role in industrial development. In East Pakistan, the transport and communication systems are still far from satisfactory. It has been the constant complaint of the industrialists that they find it hard to send their manufactured goods to the market or to their customers both inside and outside the country. Procurement of railway wagons and shipping space for transportation of goods is often associated with scandalous matters. Goods lie in the Chittagong Port for days together for want of transport and for clearance formalities. The raw materials, spare parts, and machines that are imported for industries from foreign countries take a long time to reach their destinations for want of transport and consequently it retards the growth of industries.

For a population of more than 50 million and an area of more than 55 thousand square miles, a railway route mileage of 1,712 is extremely inadequate. As the necessity of transport is great but means are scarce, the result has been a heavy pressure upon the railways, and an overwhelming traffic-jam everywhere. During the year 1959-60, the East Bengal Railway alone carried 67,000,000 passengers and 5,800,000 tons of goods.¹ Increase in the number of wagons, locomotives, and road mileage, and modernization of the railway equipment are essential. The Second Five Year Plan has earmarked a sum of Rs. 310 million for development of Railways in East Pakistan. A few new railway lines have since been constructed and a number of modern

¹Nurul Islam, (ed). East Pakistan Annual (Chittagong: The Tempest Publication, 1961), pp. 71-84.

coaches and locomotives have recently been purchased. The East Pakistan Railway is also manufacturing 250 wagons per year in its own workshop. But much remains to be done. It is expected that the system will be geared up.

Roads in East Pakistan are few and the reason for this is generally ascribed to its wet condition and want of road building materials. These are lame excuses. East Pakistan with its huge labour force and the nature of its earth is very well suited for road building. No doubt coal, bitumen, and steel materials which are modern requirements of road buildings need to be imported, but other resources are available.

"According to experts a flat agricultural country needs over 1.7 miles of road for each square mile of its area. On that standard, East Pakistan should have 92,000 miles of roads".¹ But it has at present barely eleven hundred miles of metalled roads. The number of the unmetalled roads totalled only 57,527 miles in the year 1951. At the time of independence, East Pakistan had only 240 miles of hard surfaced road. The result has been that it has been extremely difficult for the industries to get their materials to the factory site from the rural areas. As the roads are scarce, the pressures on the railways have always been high and the delay in transport has remained a constant factor. During the First Five Year Plan period, much headway in road building could not be made. The Second Five

¹Pakistan, Second Five Year Plan, The First Year, p.29

Year Plan has allotted a sum of Rs. 250 million for road development in East Pakistan.

The following arterial roads which were taken up after independence are nearing completion:

- (1) Teknaf-Cox's bazar - Chittagong Comilla Daud Kandi -
Dacca - Aricha - 360 miles.
- (2) Comilla - Brahmanbaria - Sunamganj - 206 miles.
- (3) Nawabganj - Bogra - Rangpur - Dinajpur - Tetuli^a - 250 miles.
- (4) Khulna - Jessore - Kushtia - Ishurdi - Magura - Rajshahi -
Nawabganj - 212 miles.
- (5) Barisal - Faridpur - Goalundo - Magura
Jhenaida - Chuadanga - Meherpur - 185 miles.

The notable achievements have been the opening of two bridges on the Chittagong - Arakan road - one over the river Sangu and the other over the river Matamahuri in the year 1961.

The bridge over the river Matamahuri is 700 feet in length and has been built by local engineers. The 88 mile all weather road from Kalurghat to Cox's bazar was opened in 1961 and a first-class 4-lane road was also constructed during the year from Tejgaon Airport to Dacca City. When all the roads under the Plan are completed, it is expected that industrialization of the country will receive a great assist.

East Pakistan is a riparian country. Inland navigation has rightly been called the life-line of East Pakistan. Most of the villages in East Pakistan can be reached through water routes. It

has 2000 miles of all weather water ways and during the rainy season they increase to 4000 miles. The Government of East Pakistan created the Inland Water Transport Authority in 1959 for the development of inland water transport. It has since been doing some good work although much remain to be done as yet. Most of the goods of East Pakistan are moved within the province by country boats. In 1960, it was estimated that East Pakistan had in that year 800 self-propelled vessels, 650 dumb crafts over 110,000 cargo boats and 200,000 passenger boats. The Inland Water Transport Authority has undertaken a few dredging projects and the improvement of the inland river ports of Dacca, Narayanganj, Tongi, Ghandpur, Barisal, Khulna, Daulatpur, Sirajganj, Jagannat Ganj, Goalando, Sarisabaris, Bhairab Bazar, Daud Kandi, Charmugaria, Fenchuganj, and Markali. The jute industry of East Pakistan is mainly dependent upon water transport. Boats are the chief means of carrying jute from the villages to the town areas and market places. Buffalo and Bullock carts are used here and there but their number is not very big. Inland water navigation deserves high priority for the industrial development of East Pakistan. There are no reliable data as to the inland traffic pattern of East Pakistan. No extensive survey has yet been taken in this respect. This is essential.

Loss of lives and properties becomes a common phenomenon in East Pakistan during the rainy season, due to motor launch accidents and capsizing of boats in stormy weather. The Inland Water Transport Authority is providing tele-communication between ship and ship, and

ship to shore to minimize accidents. At present, hoisting of different danger signals in ghafits and ports is in practice but this should be improved and made more effective.

One of the big achievements of the Government is the improvement of Chittagong port and establishment of the Chalna anchorage. At the time of independence, the Chittagong port had only four berths. At present it has 17 berths, most of which have improved facilities and storage accommodations. It has seven moorings and can receive 29 ships at a time.

The present capacity of the port is 2.5 million tons of cargo a year. The Chalna anchorage is also being improved. This anchorage now handles 900,000 tons of cargo per annum.

Development of shipping is also essential for development of industries. Chittagong was famous for ship building even up to the nineteenth century and East Pakistan had flourishing overseas and coastal trade during the Muslim period. The bulk of the trade between East Pakistan and West Pakistan is done through coastal shipping. The Second Five Year Plan has earmarked Rs. 83 million for development in this respect.

In this age, no progressive country can do without air service. The long distance separating East Pakistan from West Pakistan has made it all the more necessary for Pakistan to develop air service in its both wings. East Pakistan has at present 8 air ports at Dacca, Chittagong, Jessore, Comilla, Sylhet, Shameshnager, Cox's bazar, and Ishurdi. All these air ports are

inter-connected by air-bus service of the Pakistan International Air Lines. Although Dacca has started receiving jet planes, it has not as yet been raised to the status of an international air port. The Government has since taken up a schedule of Rs. 60 million for having an international air port at Dacca that may receive all kinds of planes. All the districts, particularly Barisal, which has no railway connection with Dacca should have air service.

Posts, Telegraphs, Telephones and Broadcasting

During the First Five Year Plan period, the Government spent Rs.259 million for the development of posts, telegraphs and telephones. Partly due to communication difficulties in the province and partly due to the want of equipment and technical know-how, the benefit of the posts, telegraphs and telephones did not reach equally all the areas. There are still islands and village areas where posts and telegraphs have not reached. Telephones are not available in many of the towns. In the year 1960, there were only 4,150 post offices, 12,500 telephones and 400 telegraph offices in the whole province. According to the census of 1951, East Pakistan had 61,429 villages, 3,583 union Boards (now called Union Councils) and 413 Thanas in the year 1951. It will, therefore, appear that on the average there is one post office for each 14 villages and one telegraph office for each 153 villages.

According to the census of 1961, the urban population of East Pakistan is 2,614,000. It can, therefore, be easily imagined

what 12,500 telephones mean for more than two and a half million souls. The Second Five Year Plan proposes to raise the number of post offices to 4,670, the number of telegraph offices to 520, and the number of telephones to 26,200. A communication system is vital for the industrial and economic growth of a country. But the second Five Year Plan appears to be too modest for the requirements of East Pakistan so far as posts, telegraphs and telephones are concerned.

There are now three broadcasting stations in the province and teleprinter exchanges have also been recently introduced. It is expected that with the growth of industries and general economic development television will also be widely used.

Agriculture

While discussing the problem of capital formation in under-developed countries Nurkse observes:

In a country where there is no surplus labour, industrialization waits upon agricultural improvement. The way to industrialization lies through the improvement of agriculture. The reverse is the case in a country where population is so large in relation to cultivable land, that the land is carrying more people than can be fully employed in agriculture. Substantive technical progress in agriculture is not possible without reducing the numbers engaged in agriculture.¹

It is clear from Nurkse's observation that there is a great economic relation between agriculture and industry although many would

¹Ragnar Nurkse, Problems of Capital Formation (Oxford: Basil Blackwek, 1953), p. 53.

not accept his views without qualification.

In East Pakistan where about 80 per cent of the population is engaged in agriculture, capital is to be built out of agricultural savings for investment in industry. The land area of East Pakistan is 36 million acres of which 21 million acres are put under cultivation. There is an average of 2 acres of farm land per worker. Seventy-six per cent of the cultivators are land owners and 9.7 per cent are farm tenants and 14.3 per cent are landless labourers.

The report of Arthur D. Little, Inc. in this respect, states:

There is a great opportunity to develop the agricultural resources of East Pakistan far beyond their present level. The continued health and growth of industry, which has been expanding at a faster pace than agriculture depends upon such development and greatly increased agricultural production. Increased agricultural production upon which the further expansion of industry can be based is technically feasible; this improvement, however, will await the step by step implementation of plans to overcome present obstacles and to provide the means and incentives for continued advancements in agricultural techniques.¹

There are a number of industries in East Pakistan which are solely dependent upon agricultural raw materials. Some of them are jute mills, rice mills, wheat mills, sugar mills, confectionaries, and fruit canning industries. East Pakistan is the biggest producer of jute and has the largest jute mill in the world. She earns nearly one million dollars a day from the exports of her jute goods. Her industrial development is thus greatly dependent upon agricultural

¹ Arthur D. Little, Inc., op.cit., p. 19.

produce.

East Pakistan produces nearly 50 million pounds of tea every year and has some 130 medium sized tea industries in the districts of Chittagong and Sylhet. Rice mills, wheat mills, confectionaries and fruit canning industries are quite large in number. There are now eight sugar mills producing nearly 116,000 tons of white sugar and nearly 20,000 bullock crushers producing 300,000 tons of crude sugar (gur) per annum.

Development of agriculture is a necessity not only for feeding the teeming millions but also for feeding the growing industries. The Government has attached highest priority to agricultural development. Big irrigation projects are now under execution. Fertilizers, and better quality seeds are being widely distributed among the cultivators. A number of crash programmes under the "grow-more-food-campaign" are now in operation and it is expected that by 1965, there will be a 20 percent increase in the production of food grains in the province. The Second Five Year Plan has earmarked 740 million rupees for development of agriculture in East Pakistan and an Agricultural Development Corporation was also established in the province in 1961 with a capital of Rs. 10 million. Mechanized cultivation has been introduced in many parts of the province. The Agricultural Development Bank and various institutions of Agricultural Credit and Co-operation advance loans to the needy cultivators. An Agricultural University was established at Mymensingh in 1961 and a large number of students are also taking training in

foreign countries in the field of agriculture.

But most of the cultivators are still unacquainted with the modern methods of agriculture. It will take some time to get the results of the steps so far taken.

The agricultural development and the economic development must go hand in hand. Although Nurkse thinks that improvement of agriculture does not lead to improvement in industries in an under-developed country, the validity of his doctrine of balanced growth has been questioned by some economists.

First, if that is interpreted to counsel under-developed countries to embark on large and varied packages of industrial investment with no attention to agricultural productivity it can lead to trouble. Engel's law "certainly does not say that the demand for food does not increase at all" when incomes rise, especially when incomes rise from the low levels existing in under-developed countries. The big push in agriculture as well, if the country is not to run short of food stuffs and agricultural raw materials during the transition to an industrialized society that could perhaps obtain these goods in exchange for industrial exports.

Hence Singer in his "The Concept of Balanced Growth and Economic Development, Theory and Facts", University of Texas, Conference on Economic Development, April, 1958, questions the applicability of the thesis of balanced growth. He is of the opinion that the under-developed countries should not be spurred to do more than their resources permit to "Act Big". The doctrine of balanced growth and a rapid structural change from the agricultural to the industrial is not possible for under-developed countries if the theory of Nurkse is to be followed.

1
Benjamin Higgins, Economic Development (New York: W.W. Norton and Company, Inc., 1959), p. 400.

CHAPTER V

GOVERNMENTAL ORGANIZATIONS FOR INDUSTRIAL DEVELOPMENT, CONTROL AND REGULATION

Central Level: Ministry of Industries, Government of Pakistan

The Ministry of Industries at the Centre and the Department of Commerce and Industries at the Province are the main Governmental organizations for the control and regulation of industries in East Pakistan. The planning of industries in a manner most suitable to the economy of the country and formulation of industrial policy are the responsibilities of the Ministry of Industries.

The Ministry of Industries is headed by the Minister of Industries who is appointed by the President. There is a Secretary who is generally one of the topmost career civil servants. The Ministry of Industries has a number of institutions under it but the one which is most concerned with the development, control and regulation of industries in East Pakistan is The Investment Promotion Bureau.

Investment Promotion Bureau

The Investment Promotion Bureau was set up in the Ministry of Industries in 1959. This Bureau is responsible for the promotion

of foreign as well as local private investment within the targets fixed by the Industrial Development Plan in the private sector. It has a regional office in East Pakistan at Dacca. The Bureau helps the intending investors in obtaining import licence, land, building materials, power, water, railway, siding, raw materials and any other facility that may be necessary in setting up an industry.

It has a publicity and promotion side, through which it tries to attract the local and foreign investors. It brings out from time to time brochures and pamphlets explaining the government policies and investment opportunities in Pakistan. The Bureau is headed by a Director General and it acts on the whole as a centralized agency of the government to sanction proposals for the establishment of industries involving foreign investment. The Bureau has a Permission Committee consisting of the Director General, Investment Promotion Bureau, Joint Secretary, Ministry of Industries, Joint Secretary, Ministry of Finance, Joint Secretary, Ministry of Commerce and a representative of the Planning Commission as observer. The Bureau receives application for the establishment of industrial concerns direct or through its agencies or the department of Industries in the Province.

When applications for setting up new industries are received, they are sent by the Bureau to the appropriate authorities for their technical examination. After they are technically examined, they are processed with the Provincial Government. Thus examined and processed, they come up for consideration before the Permission Committee

which takes the final decision as to the granting of permission. In respect of local investment, the Commerce and Industries Department, Government of East Pakistan is authorized to grant permission within the province.

In 1959, the Investment Promotion Bureau granted permission to three parties to establish medium sized industries involving foreign investment. These permissions covered incandescent electrical lamps, tanned leather, and assembly of radios.

In 1960, the Bureau granted permission to sixteen different parties to set up industries in this province with foreign investment in the fields of centrifugal and deep well turbine pumps, barley, air cooled diesel engine, ice and cold storage, specialized textiles, shoe grindery, footwear, wood processing, edible oil, catching and processing of shrimps, Khandesari sugar, soap, pharmaceuticals, nylon button and rubber footwear.¹

The Bureau keeps liaison with the relevant government and non-government agencies for facilitating the efforts of investors in setting up industries. The Director General of the Bureau is the representative of the Government in the Pakistan Industrial Credit and Investment Corporation to look to the interests of the investors in industries.

The Government has declared a tax holiday for new industries fulfilling certain conditions such as/being owned and managed by a
their

¹Pakistan, New Industrial Units Permitted by Government (1957-60) (Dacca: East Pakistan Government Printing Press, 1961), pp. 18-23.

company with limited liabilities (both public companies and private companies) with subscribed and paid up capital of Rs. 50,000 and above, based on indigenous raw materials (excepting a few basic industries, e.g. capital goods industries) and setting aside 60 per cent of its profits for the development and expansion of the same industry or for investment in other industry. The tax holiday is available for 6 years within a 10 mile radius of the areas of Chittagong, Dacca, Narayanganj and Khulna and for 8 years in all other parts of the province.

Moreover, the industrial undertakings are given depreciation allowances on their assets at the rate of 5 to 15 per cent for factory building, 2.5 to 7.5 per cent for other buildings and 7 per cent on plant and machinery per annum.

The Government has issued an Industrial Investment Schedule, within the limits fixed by the Second Five Year Plan and has assigned targets of investment in different categories of industries in terms of rupee currency and foreign exchange. This schedule is flexible and is changed from time to time according to the progress made and requirements envisaged. The Second Five Year Plan fixed the targets of investment in different categories of industries in East Pakistan as shown in the Table below.

TABLE 3

EXPENDITURE ON INDUSTRIAL DEVELOPMENT IN EAST PAKISTAN
DURING THE SECOND FIVE YEAR PLAN (a)

Industrial Group	Million Rupees	
	Government Finances	Private Investment
Food manufacturing	60	164
Beverages		2
Tobacco manufactures		5
Textile Manufacturing	100	386
Footwear and apparel		4
Manufacture of wood and cork,		5
Pulp, paper, paper products	41	17
Printing and publishing	2	6
Leather and leather goods		15
Rubber products		1
Chemical industries	203	37
Non-metallic mineral products	20	23.5
Basic metal industries	55	50.5
Metal products (excluding machinery)	3	16
Machinery	4	35
Electrical machinery etc.		17
Transport equipment	15	22
Miscellaneous industries	11	13
Industrial estates	60	
Small industries public investment	<u>125</u>	
Sub total industries	699	819
Working capital		200
Revolving fund for working capital, small industries		<u>80</u>
		1,099

(a) Pakistan, The Second Five Year Plan (1960-65), p.231.

There is an Industrial Advisory Council and also there are a few Industrial Panels to advise the Ministry of Industries on the development of industries. These are representative bodies and there are representatives in these bodies from East Pakistan representing different industries and trade. The following are the terms of reference of the Industrial Advisory Council:

(i) To advise Government in respect of matters concerning industrial development of country, particularly planning and location of industries.

(ii) To advise government on problems facing industries in the country.

(iii) To suggest measures to set up production and rationalise cost of production; to promote the productivity and efficiency of labour and to meet the shortage of technical personnel, and

(iv) To devise ways and means of giving a scientific bias to industrial development so as to keep pace with other industrially developed countries of the world (improved methods of production, modern techniques, processes, etc.)¹

The Minister of Industries is the Chairman of this Council and the Director General Supply and Development works as its Secretary. Besides the representatives of different industries from East Pakista, the Secretary, Department of Commerce and Industries

¹Pakistan, Review of Activities of the Ministry of Industries during 1959 (Karachi: Government of Pakistan Press, 1960), p. 59.

and the Director of Commerce and Industries, Government of East Pakistan, are also members of the Council.

There are twenty two panels on different industries. These panels take stock of the existing installed capacity, assess the requirements of the country in respect of products of these industries, suggest ways and means for solving the difficulties experienced in respect of raw material requirements, consider the assistance required in tariff protection and discuss and recommend measures to improve quality and standard of manufactures besides advising the government on a few other matters.

The Secretary, Department of Commerce and Industries and the Director of Commerce and Industries, Government of East Pakistan, are representatives of the Government of East Pakistan in most of these panels.

Central Acts

There are a few important central Acts which affect the industries in general. These Acts are:

- (1) The Factories Act, 1934.
- (2) The Companies Act, 1939.
- (3) The Foreign Exchange Regulation Act, 1947.
- (4) The Capital Issues Act, 1947.
- (5) The Development of Industries (Federal Control) Act, 1949, and
- (6) The Petroleum Production Rules, 1949.

The Factories Act of 1934, regulates employment and other conditions

of operation of industrial concerns. An industrial undertaking employing 20 persons or more and using power are required to get themselves registered under Clause 2 (J) of the Act by making an application to the Chief Inspector of Factories.

The Companies Act, 1939, regulates registration, operation and management of Companies.

The Foreign Exchange Regulations Act, 1947, prohibits, except with the previous permission of the State Bank of Pakistan, all dealings in foreign exchange by any person other than authorized dealer.

The Capital Issues Act, 1947 regulates the issue of shares, stocks, bonds and debentures of companies.

The Development of Industries (Federal Control) Act, 1940, provides for the planning and development of 27 major industries for which the Central Government has been made specially responsible.

The Petroleum Production Rules, 1949, provide for granting of permission for exploration of oil resources and for issuance of oil prospecting licenses.

These Acts are administered by different organizations of the Central Government. The Investment Promotion Bureau assists an investor in getting through all the necessary legal formalities whenever required.

Provincial Level: Department of Commerce and Industries,
Government of East Pakistan

At the Provincial level the Department of Commerce and Industries is responsible for the overall planning of industries in the province.

The industrial planning of this Department is, however, subject to the approval of the Central Government. The department of Commerce and Industries is competent to grant permission to set up industries within the province, where no foreign investment is involved. This Department is headed by a Secretary, who is generally one of the senior members of the Civil Service of Pakistan and enjoys the status of a Joint Secretary in the Central Ministry.

The Government of East Pakistan has constituted a Board called "The East Pakistan High Powered Facilities Board" to assist prospective investors in industries in obtaining land, water, power, foreign exchange, building materials and transportation. The Additional Chief Secretary of the Government of East Pakistan is the Chairman of this Board. The provincial government has also an Investment Promotion Bureau attached to the Directorate of Commerce and Industries under a Joint Director. The Joint Director of the Investment Promotion Bureau is the Secretary of this High Powered Board. Besides the Chairman, there are 10 members in this Board, representing various departments and Corporations.

There is a Permission Committee called "The East Pakistan Permission Committee" with the Secretary, Commerce and Industries Department as its Chairman.

Besides the Chairman, there are six other members, namely, (1) Financial Advisor, Development, (2) A nominee of the Planning Department, (3) Director of Commerce & Industries, (4) Controller of Imports and Exports, Chittagong, (5) Chairman, East Pakistan small industries corporation and (6) The Director General Investment

Promotion Bureau or his nominee. All applications seeking permission to set up new industries are received and examined on technical and economic grounds by the Director of Commerce and Industries. After examination and scrutinization, all the applications are submitted to the Permission Committee, which after due deliberation accords or rejects permission.

Directorate of Commerce and Industries

The Directorate of Commerce and Industries is the operating agency of the Government of East Pakistan. During the last fifteen years the Directorate has been variously named, several times re-organized, reduced and enlarged more than once and shifted from one place to the other for more than four times.

From 1949 to 1958, it took care of all types of industries, big and small and it went by the name of Directorate of Industries. In 1958, another Directorate, called the Directorate of Small and Cottage Industries was created out of it and naturally some of its functions were taken up by the new Directorate and number of its officers and staff members were transferred to it. Later on the Directorate of Small and Cottage Industries was abolished and the East Pakistan Small and Cottage Industries Corporation entered into its shoes. In the year 1959, the Directorate of Industries was renamed as Directorate General of Commerce and Industries and the Directorate of Trade and Commerce was tagged to it.

In 1961, another Directorate called the Directorate of Technical

Education was created. Hitherto technical education had been the responsibility of the Directorate General of Commerce and Industries but with the creation of this new Directorate, the Directorate General of Commerce and Industries was relieved of most of its responsibilities towards technical education of the Province.

Up to the 31st of May, 1962, the Directorate of Trade and Commerce functioned as a separate unit with a Director under nominal supervision of the Director General of Commerce & Industries but on the 1st of June, 1962, it was totally abolished and its functions were distributed among the officers of the Directorate of Commerce & Industries. The name of the Directorate General of Commerce and Industries was again changed to Directorate of Commerce and Industries.

The Office of the Directorate was first located in Chittagong shortly after independence in 1947, but it was shifted around 1950 to a place called Segun Bagicha, at Dacca. From there it was taken to the Eden Buildings, Dacca, around 1956. In 1958 it was again shifted to a place called Topkhana Road, Dacca. In 1960 it was again shifted from Topkhana Road to Kakrail Road, Dacca. The office was thus shifted five times during the last fifteen years.

All these re-organizations and shiftings have been necessitated by the expanding role of the Directorate and its consequent growth in size and lack of proper accommodation. Although the Technical Education Directorate has taken a very big slice out of its body structure, the Directorate of Commerce and Industries on the whole has kept on expanding. Originally it had no divisional and district offices. By 1961,

it had offices in all the divisional and district headquarters of the Province. The strength of its staff both at the head office and the subordinate offices has increased considerably. The Government has recently delegated wide powers to the Director of Commerce and Industries and the Director in his turn has delegated many of his powers to the field officers. Now the industrialists are not to run up to the head office for any recommendation with respect to land, water, and power. The field officers are competent to receive the applications and do the needful at their level and forward them to their superior officers for necessary action whenever required.

The Director of Commerce and Industries is assisted at the headquarters by a number of Joint Directors, Deputy Directors, Assistant Directors and other technical and non-technical officers in the rank of Assistant Directors besides the Marketing Organizers, Inspectors and Information Officer.

The application of the East Pakistan Development of Industries (Control and Regulation) Act, 1957, is the main responsibility of the Directorate of Commerce and Industries. Ever since the passing of the Act, the Directorate of Commerce and Industries has been much criticised by the people as playing a negative role and being an instrument of harassment rather than of assistance. Many think that the Directorate instead of accelerating the progress of industrialization is decelerating it.

Section 3 (1) of the Act reads as follows:

No industrial undertaking shall be established, expanded or shall manufacture new articles

relating to a specified industry or shall change its location, pertaining to any of these specified industries after the commencement of this Act unless permission has been applied for by the owner in writing on a prescribed form and has been given in writing by the Provincial Government. Such permission may be given on such conditions and on payment of such fees as may be prescribed and after such enquiry as the Provincial Government may think fit.¹

Section 6 of the Act reads:

- (1) The owner of an industrial undertaking shall maintain full and accurate statistics in such forms as may be prescribed and shall submit such returns in respect thereof to such authority as may be prescribed.
- (2) The owner of an industrial undertaking shall furnish to the Director of Industries or any officer authorized by the said Director in this behalf, any records, books of accounts, documents or other information relating to the inspection, running, maintenance, production or expansion of the said undertaking within such time and in such forms as may be required by such officer and shall allow such officer access to all parts of the factory where manufacturing process is being carried on, all records and books are maintained or any article connected with manufacturing process or products is stored.²

While commenting upon the provision of this Act, the report of Arthur D. Little, Inc., observes:

Although we believe that a certain measure of government control and regulation of industry will be necessary in East Pakistan for many years, we question the philosophy upon which these measures are based. Their spirit is more suitable to war-time emergency than to a situation in which government wishes to foster and encourage domestic and foreign investment. The Development of Industry Act has led to serious frustrations and delays

¹Pakistan, The East Pakistan Development of Industries (Control and Regulation) Act, 1957 (Dacca: East Pakistan Government Press, 1961), p. 3.

²Ibid., p.4.

and has completely failed to insure the balanced growth and development of industry in East Pakistan. Some of the problems that the Act was designed to overcome have been seriously aggravated by its administration and unfortunate hostility between industry and government has been created. As a result of frequent changes in administration, permission has been granted for the installation of more plants in a number of industries than can possibly be supplied with raw material imports. The unfortunate result is that substantial part of East Pakistan's industry is operating at a fraction of its installed capacity; consequently production costs are considerably higher than those in other countries.¹

It further observes:

Perhaps an equally serious problem raised by the Act is the difficulty of finding suitably qualified government officials to administer it. Officials who authorize imports of specific items of manufacturing equipment, spare parts and raw materials and who authorize modifications in product specifications and prices should be men of wide experience in the industries concerned. Men of this kind are extremely difficult to find and would, in our opinion, be better employed in industry than in controlling and regulating it from a government office.²

A closer study of the provisions of the Act and how it is administered will reveal that it is not the Act but the Administration of it, that has created problems. The Act provides in simple terms that permission of the government will be necessary to set up certain specified industries. But there has been so much of politics and malpractices under the cover of the Act that an unfortunate hostility

¹ Arthur D. Little, Inc., op.cit., p. 10.

² Arthur D. Little, Inc., op.cit., pp. 10-11.

between industry and government as sensed by Arthur D. Little Inc. appears to have prevailed at least for a certain period.

Many are of the opinion that before the Revolution the Act gave ample scope for corruption, nepotism and favouritism to a class of politicians who used the high government officials as pawns in their hands. Some of these poor officials had to pay for it by their life and by their service when the Revolution occurred.

Another factor which contributed to the misunderstanding was the ignorance of the people regarding the procedure for setting up new industrial units. Although the procedure itself is not complicated, the lack of knowledge about its details on the part of the industrialists, gave opportunities to those who trade upon others' ignorance. From the side of the Directorate there was no adequate publicity either. This problem has now been ~~attacked to a~~ ^{certain extent by} the Investment Promotion Bureau which has published a number of brochures in this respect.

The problem of the Directorate is in selecting the right type of people for the right type of industry. License-sellers, bogus firms, touts, dishonest traders and black marketeers who try to grab industrial license to earn money by underhanded means complicate the problem. Having to deal with these people, the Directorate sometimes assumed a policing role and due to inexperience and over zealousness of some of its officers the good people also had to suffer in many cases.

The Directorate is responsible for the implementation of the Industrial Investment schedule issued by the government of Pakistan.

Hitherto its activities in this respect have been encouraging. During the period from 1957 to 1960, the government sanctioned 167 large scale and medium sized new industries. Although the number is too small for this long period, it shows nevertheless that the Directorate did some substantial work. During the year 1960-61, Government permitted 84 new industrial units totalling an investment of Rs. 55 million in rupee currency and Rs. 15 million in foreign exchange. The total achievement in 1960-61 in setting up new industries and in balancing and modernizing existing capacities, came to 20 percent and 15 percent respectively of the targets fixed for the Second Plan period. During the same period (1960-61) targets in nine sectors, namely modern agricultural machinery and implements, soda ash, soap, safety match, wood processing, specialised textiles, dairy products, wheat and grain milling and Khandsari sugar were reached.

Although technical education as a subject is being looked after by the Directorate of Technical Education, the Directorate of Commerce and Industries has a number of organizations and institutions which are imparting technical education. These are the East Pakistan Textile Institute, the East Pakistan Institute of Glass and Ceramics, the East Pakistan Institute of Leather Technology, Six District Weaving schools, seven Peripatetic schools, twelve Mobile Demonstration Parties and one Marine Diesel Training Centre.

Directorate of Technical Education

The Technical Education Directorate was created in 1961 on recommendation of the Commission on National Education. The development

of Technical Education was considered essential for the development of industries in East Pakistan. The Commission observed:

In societies where full industrialization was achieved more than a generation ago, children grow up with a familiarity with machinery and learn in their every day life some of the skills and knowledge necessary for its maintenance and operation. No such situation exists in Pakistan and a doubly heavy responsibility is, therefore, placed on the educational system. To develop and maintain an industrial community a whole range of skills is necessary in an ascending order of complexity.

It has been estimated that nearly 6850 technicians will be needed in East Pakistan to implement the second Five Year Plan. For a developing country, the experts' view is that there should be a proportion of 1:10:100 for professional engineers, technicians and skilled workers. If this view is accepted enough facilities for technical education do not as yet exist in East Pakistan. At present there is only one university namely the East Pakistan University of Engineering and Technology, Dacca, and only one Engineering College namely the Ahsanudeah Engineering College, Dacca. There is one Polytechnic Institute at Dacca and two more are being established, one at Chittagong and the other at Khulna. The Technical Education Directorate, however, is establishing 13 technical institutes in the different districts of the province.

Another Engineering College is being established at Rejshahi. Even when all these institutions are established East Pakistan will be producing only 770 engineers (at present 200) and 1500 technicians a year, by 1965. This will not be adequate for her growing needs.

Directorate of Labour

One other Directorate which is connected with the industrialization of the Province is the Directorate of Labour. This Directorate was attached to the Department of Commerce, and Industries up to 3 April, 1962. It was transferred to the Department of Health, Labour and Social Welfare Department with effect from May, 1962. The Government recognized that without a contented labour force, increase in production cannot be expected. The individual policy of the government is based on I.L.O. conventions and recommendations ratified by Pakistan. It seeks industrial peace and discourages agitation and tensions in industrial undertakings. The policy aims at adopting suitable measures for providing social amenities to workers of all categories, calculated to meet, as far as possible, their requirements of health, education, recreation, housing, wages, and similar other needs, in relation to their work. The policy recognizes the right of the workers to strike except under the circumstances which come within the purview of the Industrial Disputes Act, 1947. It also grants the freedom of association and collective bargaining in the field of trade unions.

Industries employing 500 or more workers are advised to appoint trained and qualified labour welfare officers and factories employing 1000 or more workers are asked to appoint qualified and trained personnel officers.

The government of East Pakistan is opening seven labour welfare centres in the different parts of the Province, four of which had already been opened in 1960-61. A new labour welfare division has also

been created. The government is establishing at a cost of Rs. 800,000 an Industrial Relations Institute to train government, labour and management personnel. There are labour offices in many of the districts and three new labour offices were opened in 1960-61, at Narayanganj, Bogra and Sylhet.

The Health, Labour and Social Welfare Department has under it the workman's Compensation Board, the Minimum Wages Board and the Industrial Court which look to the interests of the labourers.

Industrialization of East Pakistan cannot solely be the responsibility of a particular Department, Directorate or a Bureau. All the Governmental organizations that are concerned with the development of the Province are associated with it. In a sense the Police Department which prevents crime is not excepted. The District Officers have a very vital role to play in it. Since they are the field agents of the government, all developmental work in their districts waits upon their assistance and patronage.

What is required for rapid industrialization of East Pakistan is a patriotic zeal on the part of the officers of the government. Unless a positive attitude and a public spirit pervade the rank and file of the government officials, industrialization of East Pakistan will be a very difficult task.

CHAPTER VI

PUBLIC CORPORATION FOR INITIATION AND OPERATION OF INDUSTRIES

Public Corporation

The Encyclopedia Americana defines corporation as an association of persons -- separate and apart from the individuals who comprise it organized to carry on activities for the accomplishment of a common purpose. Today a new type of corporation has become a governmental agency in many of the developed and underdeveloped countries of the world. The state owned or the public corporation is now playing a very significant role in such countries as the United States, Great Britain, France, Germany, Russia, Canada and Australia on the one hand and also in countries like Pakistan, India, Turkey, Israel, and Ceylon on the other.

Different roles have been assigned to the public corporations in different countries. In France, for example, the activities of the corporations are confined to the economic infra-structure of the country while in Russia their activities extend over almost all economic fields. Again in Pakistan, India, and Ceylon, the public corporations co-exist with private enterprises in the same economic field and yield place to the latter as soon as they are capable of meeting the needs of the country. But there are certain characteristics which are common to

all the Public Corporations.

Public Corporations have a dual nature; they are autonomous units with legal independence and certain aspects of commercial undertakings. They are clothed with power of government but possessed of the flexibility and initiative of private enterprise.¹

The Tennessee Valley Authority in America, the National Coal Board in Great Britain, the Electricite de France in France, Bundesbahn (the Federal Railways) in Germany and the Industrial Development Bank of Canada are some of the examples of public corporations in advanced countries. The Sumer Bank and the Eti Bank in Turkey, Mifalei Yam Hamelah Ltd. (Dead Sea Works) and Machzavei Israel (Israel Mining Industries) in Israel, and the Indian Airlines in India are some of the examples of Public Corporations in underdeveloped countries. All the corporations have got legal status. They are corporations and at the same time they are public bodies.

The public corporations serve a three-fold purpose -- economic, political and administrative. They serve an economic purpose in as much as they are catalysts for economic development of a country. They serve political purposes in so far as they are based upon national policy of government. They serve administrative purposes in the sense that they take the place of government departments and are instruments of decentralization.

To many, however, the public corporation is opposed to democratic

¹W. Friedman, The Public Corporation (Toronto: The Caswell Company Limited, 1954), p. 206.

ideals. They think that it is a menace to private enterprise and works as a harbinger of Communism. They argue that in many cases public corporations are created out of political pressures without consideration of the ultimate economic result. The corporations thus brought about sometimes lead to huge loss and waste of national wealth. Many top posts in corporation not infrequently become the objects of political spoils and thus persons who are not properly qualified for the posts occupy them and ruin the corporation. It is often observed that many posts at the lower levels become sinecures and there are undue additions to labour payrolls causing over staffing and high production costs. In the developing countries sometimes a civil servant or a retired Military Officer is called upon to work as the Chief Executive of a corporation. Mostly they lack cost-and-profit consciousness and fail to show boldness in risk-taking and innovating. For all these reasons many are opposed to the idea of public corporations.

But there are stronger reasons in favour of public corporation than those against it. Public Corporations are created out of necessity in the national interest. Excepting perhaps the communist countries, there are very few countries in the world which establish public corporations on ideological belief. Industries or services vital to the economy of the nation and for which no private investor is available cannot but be taken up by the state. Defence and strategic needs also sometimes compel government to establish public enterprise. The Muscle Shoals Chemical Works in America -- for manufacture of munitions -- which later became a part of the Tennessee Valley Authority and the

Polymer Corporation in Canada for manufacture of synthetic rubber to meet military needs are examples of this kind. It is also sometimes necessary to establish public corporation to protect public interest against private monopolies.

The necessity of public corporation in Pakistan was recognized by the First Five Year Plan. The extreme inadequacy of the industrial facilities inherited at partition and the consequent excessive dependence on imports have forced the country to industrialize very rapidly. But the experience of Pakistan businessmen was largely concerned with land, management, construction, commerce and foreign trade. Private enterprise is not attracted to some industries because of their technical complexity, high capital requirements, or relatively low profitability. Some geographical areas are also unattractive for lack of facilities. This, together with the risk involved in launching new enterprises in untried fields, has forced the Government to undertake, through Pakistan Industrial Development Corporation, industrial projects in those areas where private business is unwilling to venture. It is, however, the announced policy of the government that enterprises built by the Pakistan Industrial Development Corporations should be transferred to private hands as soon as they have been established as going concerns and willing buyers are found.

The necessity of public corporations in East Pakistan can hardly be overemphasized. Public corporations for exploitation of such materials as jute, timber, sugar-cane, and other agricultural and mineral resources and for the revival of small and cottage industries

are essential as the response from the side of private enterprise in these fields has been extremely poor. In East Pakistan, capital is shy and technical know-how is scarce. The public corporations, have, therefore, a big role to play in this wing of Pakistan. At present the Pakistan Industrial Development Corporation and the East Pakistan Forest Industries Development Corporation are the two governmental organizations that are engaged in running and setting up industries in East Pakistan.

The Pakistan Industrial Development Corporation

Its Origin

The Pakistan Industrial Development Corporation was established in 1952 under the Pakistan Industrial Development Corporation Act, 1952.

Section 3 of the Act runs as follows:

- (1) As soon as may be after the commencement of this Act, the Central Government shall establish a corporation to be called the Pakistan Industrial Development Corporation.
- (2) The corporation shall be a body corporate by the name of the Pakistan Industrial Development Corporation, having a perpetual succession and a common seal with power subject to provisions of this Act to acquire, and hold property both movable and immovable and shall by the said name sue and be sued.¹

Aims and Objects

The primary object of the P.I.D.C. is the promotion of industries in Pakistan. It is a profit making organization set up by the government

¹Pakistan, The Unrepealed Central Acts and Ordinances, Vol. XI, Act No. XLV of 1950 (Karachi: Government of Pakistan Press, 1954), p. 164.

for initiation and operation of specific industries. In the charter, fourteen different kinds of industries have been specially mentioned for development by the Corporation. These are (1) Jute, (2) Paper, Board and News Print, (3) Heavy Engineering including Iron and Steel but excluding Ship building, (4) Ship building, (5) Heavy Chemicals other than Fertilizer, (6) Fertilizer, (7) Sugar, (8) Cement, (9) Textiles, (10) Natural gas, (11) Chemicals and Pharmaceuticals and Dye-stuffs, (12) Development of Power from Natural gas, (13) Petro-Chemical and (14) Coal and Peat.

The policy of the corporation is to supplement and not to displace private enterprise. The corporation takes up only these industrial sectors which are essential to the economy of the country but for which no private investor is available. For example, although item 9 of the schedule in the charter authorizes P.I.D.C. to undertake enterprise in Cotton Textiles, it has refrained from setting up Cotton Textile Mills as the private investors are coming forward in sufficient numbers in this field. Again the P.I.D.C. withdraws from a venture if it finds that a private enterprise is ready to undertake it. The Karnaphuli Paper Mill is an example. This large paper mill was established by the P.I.D.C. in 1953 but recently it has been transferred to a private party.

Organization

The general direction and administration of the corporation is vested in a Board of Directors. The Board consists of five Directors appointed by the Central Government. They hold office for a term of

three years unless sooner removed by the Central Government. The Central Government appoints one of the Directors to be the Chairman of the Corporation. Most of the Directors are drawn from public life. Prominent bankers, industrialists, and businessmen are generally called upon to serve as Directors of the Corporation. Government officials are few among the Directors appointed during the last ten years.

The P.I.D.C. is an autonomous body. The control and supervision of the government are limited to the following:

(1) The Directors and the Chairman are appointed by the Central Government.

(2) The annual budget is to be approved by the government.

(3) All projects of the P.I.D.C. are to be approved by the government.

(4) Purchase of P.I.D.C. projects by private persons, sale of P.I.D.C. shares below par or market rate, and private participation in P.I.D.C. projects require the prior approval of the government.

(5) The corporation can borrow from foreign financing or local banks only with the permission of the government.

(6) The accounts of the P.I.D.C. are liable to audit and accounts are to be submitted to the government by a specified date.

(7) The corporation is guided in its commercial and industrial policies by the direction of the government from time to time.

Recently a decision has been taken to bifurcate P.I.D.C., for East Pakistan and West Pakistan but the decision has not yet been implemented.

Finance

The authorized capital with which the P.I.D.C. came into being was Rs.10 million. Of this amount, Rs. 5 million was subscribed by the government.

The projects are financed by the annual budgetary grants of the Central Government, such private capital as may be attracted by the Corporation, foreign aid, and loans obtained from Pakistani banks. The average government grant per annum amounts to Rs. 150 to 200 million.

A substantial portion of it is in the shape of foreign exchange. Up to 31st October, 1960, P.I.D.C., spent a total amount of Rs. 1051 million over 53 industrial projects. The private participation accounts for 28.4% of the total amount.¹

The P.I.D.C. received up to 31st October, 1960, an amount of Rs. 138 million as foreign aid. Most of the aid came from the United States. The World Health Organization and the UNICEF provided industrial plants for manufacture of D.D.T. and Penicillin. Canada and New Zealand also provided substantial aid. The World Bank has also advanced loans of 18.2 million dollars.

Activities

Before taking up a project for execution, P.I.D.C. carries out a survey with reference to its technical, economic, and financial aspects and, after completing the survey, submits a project report and

¹M. Ayub, The Role of P.I.D.C. in the Industrial Development of Pakistan. (Karachi: Ferozsons, 1960), p. 4.

proforma to the Ministry of Industries, Ministry of Finance and Planning Commission. When they approve the project it is taken up for execution.

At first an attempt is made to attract private capital. In case no private participation is obtained, P.I.D.C. executes the project and sells it out to private parties if available. If all attempts to attract private capital or a private purchaser fail, the project is converted in to a Joint Stock Company with the Managing Agency vested in the P.I.D.C. Upto 1961, the investment of P.I.D.C. in East Pakistan amounted to Rs. 530 million. Of this amount, Rs. 190 million has gone to 12 jute mills. Total private participation in jute mills is Rs. 130 million. P.I.D.C. has contributed the remaining 60 million.

The big achievement of P.I.D.C. in East Pakistan is the development of jute industry. At the time of partition East Pakistan had only a few jute baling presses. There was no jute mill. The P.I.D.C. has set up 12 jute mills with a total loomage of 7750. The annual production of these jute mills in 1959-60, amounted to 245,841 tons valued at approximately Rs. 321 million. One of the mills named the Adamjee Jute Mills is the biggest in the world.

The Karnaphuli Paper Mill in East Pakistan is another big achievement of P.I.D.C. This mill was completed in 1953 at a total cost of Rs. 60 million. This mill has since been transferred to a private company. It is producing 30,000 tons of paper annually and meets the total requirements of the whole of Pakistan.

The News Print factory at Khulna, is the biggest venture of

P.I.D.C. in the field of paper industry. It was completed in 1959 at a total cost of Rs. 148 million. It has since been converted in to public limited company with a paid up capital of Rs. 150 million. It is now producing 23,000 tons of news print and 12,000 tons of mechanical printing paper per annum.

The P.I.D.C. has built up one Ship yard at Khulna and a Dockyard at Narayan ganj. The Khulna Shipyard cost Rs. 23.5 million. It has a large workshop for handling miscellaneous fabrication work and is capable of constructing boats for inland waterways.

The Narayan ganj Dockyard has been converted into a public limited company with a paid up capital of Rs. 7.5 million. It carries on repair works.

The P.I.D.C. has also set up a Fertilizer Factory at Fenchuganj, Sylhet. This is a project of 253 million rupees and has recently gone into production. Its annual capacity is 250,000 tons of sulphate per annum.

The P.I.D.C. has also a few sugar mills and a textile mill in East Pakistan. It has carried out a preliminary survey of Peat deposits in East Pakistan and is expected to set up a factory to exploit the resources.

Management

At the initial stage P.I.D.C. suffered a good deal for want of experience, technical know-how and trained managers. It resulted in serious riots in some cases. The first was at Karnaphuli Paper Mill in 1953, in which the Manager and a number of employees lost their lives at the hands of the rioters. The second was in the Adamjee Jute Mills. This was more serious and resulted in the loss of a very huge

number of lives.

The P.I.D.C. has since gained in experience and technical knowledge. It does not hesitate to engage foreign experts or take advantage of technical assistance offered by such countries as the United States and the Colombo Plan countries. It sends out a large number of its employees to foreign countries for training and it has also introduced the system of training-in-industry.

It has a Selection Committee and recruitment is generally made through the Selection Committee after advertizing of posts.

It follows the policy of decentralization of powers and the local officers have been delegated all powers to discharge their day to day functions.

It has a big scheme for the welfare of its employees and it relates to their health, education and recreation.

Purchases are made both by tenders and negotiations and for these, there is a Central Purchase Department and a Regional Purchase office at Dacca.

The accounts are maintained on commercial lines and are audited by the Comptroller and Auditor General of Pakistan. All the sale proceeds of the P.I.D.C. are credited to the government treasury.

The P.I.D.C. is not guided solely by the profit motive. It has the larger interest of the country as its guiding principle. As a public corporation, it has its handicaps and yet from what has been discussed above it will appear that it is acquitting itself quite well.

The East Pakistan Forest Industries Development Corporation:

Of the total area of 55,126 square miles of East Pakistan, 15.66% is covered by forests but most of the forest resources remain untapped. The annual output of forest wood in Pakistan is estimated at 47 million cubic feet and the share of East Pakistan in it is 27 million cubic feet. The forest areas of East Pakistan are shown in the table below.

TABLE 4

Forest Areas of East Pakistan (a)

Class of Forests	Areas in square miles
Reserved forests	4,441
Acquired forests	184
Vested forests	255
Protected forests	137
Unclassed State forests	<u>3,533</u>
Total	<u>8,550</u>

(a) Taken from: Chowdhury, M.R. (Deputy Conservator of Forests, Government of Pakistan), "Forest and Forest Industries in East Pakistan". East Pakistan Annual, 1961 (Chittagong: The Tempest Publications, The Tempest, Nazir Ahmad Chowdhury Road, Anderkilla, 1961), pp. 113-120.

These forests contain very valuable trees, such as teak, garjan, sal some of which attain 150 feet to 200 feet in height and 15 feet to 20

feet in girth.

The entire forest area has been divided into nine Forest Divisions. The following table shows the division-wise output of forest produce in East Pakistan.

TABLE 5
Division-wise output of important forest produce
in East Pakistan (a)

Name of Divisions	Production of timber in tons	Production of fire wood in tons	Production of bamboos in tons
Sunderban	220,000	352,000	nil
Chittagong Hill Tracts South	18,000	25,000	82,000
" " North	12,000	1,000	12,000
Chittagong Division	15,000	66,000	72,000
Mymensingh Division	13,000	44,000	1,000
Cox's Bazar	9,000	77,000	21,000
Sylhet Division	7,000	34,000	40,000
Dacca Division	9,000	22,000	nil
Central Division	2,000	2,000	nil
	305,000	623,000	228,000

(a) Ibid., p. 115.

Before achievement of independence there had been practically no attempt to exploit the forest resources for industrial purpose. After achievement of independence response from the side of private entrepreneurs in this field was also very poor. Excepting a few plywood, and match factories and some saw mills and furniture making units there had been no wood based industries worth of the name. In the year 1959, the Government of East Pakistan therefore, thought it expedient to establish a corporation for promoting the development of industries based on forest products. In that year the East Pakistan Forest Industries Development Corporation was set up by an Ordinance called the East Pakistan Forest Industries Development Corporation Ordinance, 1959. According to the Ordinance, the Corporation is responsible for the development of the following industries in the Province:

- (1) Extraction of Forest Produce
- (2) Saw Mill
- (3) Seasoning Kiln
- (4) Preservation of timber
- (5) Plywood
- (6) Timber Boards
- (7) Pulp Mill
- (8) Pre-fabricated structural materials
- (9) Box wood industry
- (10) Wood oil
- (11) Honey

(12) Tanning Factory

Organization

The general direction and administration of the Corporation and its affairs vest in a Board. At present the Board consists of four Directors, one of whom is the Chairman. The Directors hold office for three years unless removed earlier by the Government. All the Directors are appointed by the Government. Prior approval of government is necessary for execution of any scheme.

Financing

The authorized share capital of the Corporation is Rs. 10 million, divided into 10 thousand shares of Rs. 1,000 each. According to the Ordinance, Government shall not hold at any time less than 51% of the shares issued by the Corporation. No share has yet been put up for subscription. The Corporation has received from the Government assets worth Rs. 5,368,000. The Government has also advanced a sum of Rs. 2,850,000 for the running expenses of the Corporation.

Activities

The Corporation has, at present, the following schemes some of which are under execution:

- (1) Chittagong Hill Tracts Timber Extraction
- (2) Wood Treating Plant at Chittagong
- (3) Wood Working Factory and Seasoning Kiln.
- (4) Forest Inventory Survey

- (5) Pulp and Paper Mill Industries
- (6) Particle Board Plant and Hard Board Industries
- (7) Tannin Extract Plan
- (8) Forest Industrial Estate at Kaptai
- (9) Commercial Rubber Plantation
- (10) Miscellaneous wood based industries
- (11) Training of Technical Personnel

1. Chittagong Hill Tracts Timber Extraction

The First Five Year Plan fixed a target for extraction of 40,000 tons of timber for Chittagong Hill Tracts but at the end of the Plan period it transpired that only ten thousand tons of timber per year were extracted. The Corporation took up the Extraction Scheme from the Government in 1960, and drew up a plan of Rs. 30 million. The Corporation is negotiating with the Development Loan Fund of the U.S. Government for a loan of over 2 million dollars for the execution of the plan. Meanwhile the Corporation has raised the level of extraction from ten thousand tons to eighteen thousand tons last year (1961).

2. Wood Treating Plant at Chittagong

The Wood Treating Plant at Chittagong was set up under an ICA programme but for various reasons it remained idle for a long time. The Works, Housing and Settlement Department of the Government of East Pakistan was responsible for running the industry. As the Department could not bring it into operation, the Forest Industries Development Corporation took it over in 1960. It has now gone into production.

The plant treated about one hundred thousand cubic feet of timber in the year 1961 and this year (1962) it is expected that it will treat about 250,000 cubic feet of timber. Poles treated in this plant are being used for electric transmission lines up to 11 KV. The cost of a treated pole comes to Rs. 50/- as against Rs. 100/- for a metal pole.

3. Wood Working Factory and Seasoning Kiln

The Corporation has set up this industry in Chittagong and is producing furniture of different descriptions. It is taking the help of foreign experts for improved designs.

4. Forest Inventory Survey

Accurate statistics are vital for the exploitation of forest resources. The Corporation has since appointed a team of foreign consulting engineers to make a thorough survey of the forest resources from aerial photographs of the forest areas. The Canadian Government is financing the foreign exchange component of this survey scheme.

5. Pulp and Paper Mill Industries

While the per capita paper consumption in the U.S.A. is 400 lbs. it is less than 2 lbs. in East Pakistan. It is expected that with the removal of illiteracy the per capita consumption of paper will increase. At present there are two mills which produce paper in East Pakistan. But there remains scope for more ventures in the field. The Corporation has, therefore, drawn up schemes for a few paper mills of 5 tons capacity, each costing about Rs. 3 million and a half. These mills will

be set up in the northern districts of the province.

The Corporation has also drawn up schemes for a Particle Board Plant. These schemes await the approval of the government.

8. Forest Industrial Estate at Kaptai

The Corporation is setting up a Forest Industrial Estate at Kaptai, Chittagong Hill Tracts at a cost of Rs. 700,000 excluding cost of land. The Estate is situated near the Kaptai Hydro Electric Project and will have access to the water front of the lake above the dam.

9. Commercial Rubber Plantation

The Corporation has drawn up a scheme for plantation of rubber in 3 thousand acres of land. It proposes to invest Rs.5 million during the Plan period (1960-65) in the project. At present there are some rubber plantations operated by the government as well as by some private parties but they are still in their primary stage. In 1959-60, Pakistan imported nearly 2,800 tons of rubber. This means a huge drainage upon foreign exchange. The Corporation expects to meet a part of the rubber demand in the near future.

It has already undertaken investigation of the possibility of pre-fabricated wooden housing, wood hydrolysis and distillation of wood.

The Corporation has a big training programme. It is now instructing trainers in logging, equipment maintenance, saw milling, seasoning, timber grading, miscellaneous wood based industries and rubber plantation.

The activities of the Forest Industries Development Corporation

are not much known to the people. There are many small and Cottage industries which are based on wood and other forest products. Quite a good number of large and medium sized industries also depend upon forest resources. There is a great scope of co-ordination in the activities of the EPSIC, PIDC and FIDC. There is a likelihood of duplication, overlapping and waste if proper liaison and co-ordination are not maintained at the government level among these organizations.

Evaluation

The Public Corporations in East Pakistan in the field of industries have a very significant role to play. Their success or failure will depend upon how efficiently they are managed and how economically the finances are used. Managerial skill, willing cooperation and a patriotic zeal on the part of the employees are necessary for the achievement of their desired goals. The employees of the Corporations other than those who are on deputation from the government to the Corporations are not regarded as public servants. They do not enjoy the facilities of job security, pension benefit, etc., which are enjoyed by the government servants. Some corporations have not as yet framed sound Service Rules for their employees and so there remains a great scope for whimsical and arbitrary action on the part of those who are in power. Unless the conditions of service are made attractive and recruitment and promotion are made in a rational way on a merit basis, it will be difficult for the corporations to win the willing cooperation of their employees. The allegations of malpractices which are sometimes

brought against the employees of the public corporations in East Pakistan point out the fact that all is not well with the conditions of employment in these organizations.

The responsibilities of the Public Corporations in an underdeveloped country are greater than those of the Public Corporations in a developed country. In an underdeveloped country the people are mostly illiterate. If a corporation becomes aggressive, the illiterate masses cannot communicate their grievances easily to the government and consequently they continue to suffer silently till the situation becomes explosive, sometimes endangering the existence of the corporation itself. In East Pakistan the general complaints of the people are that whenever the public corporations got the lands of the people acquisitioned, many of the poor land owners did not get compensation for their land during their life time or whoever got it had to be satisfied with a nominal price or a price much less than the prevailing market price.

A recent complaint of the people has been known to be against the Karnaphuli Paper Mill which is a P.I.D.C. project. While processing bamboos for manufacture of paper (it consumes 90,000 tons of dry bamboos), it lets off a huge stream of liquid refuse into the Karnaphuli river and the result is that the waters of the river remain polluted for at least twenty miles from the Mill area upto Kalurghat. The villagers on both the banks of the river come in contact with this

polluted water everyday in thousand ways. Many of the poor people are compelled to drink the polluted water of the river and get disease. Many villages on the river banks here look like deserted villages. Although no proper survey has been made, many think that death rate in these villages has increased enormously. Some cultivators complained that the lands which had been irrigated with this polluted water lost their fertility and in some cases the standing crops were destroyed. Fish has also become scarce in the river and it has created great problems of livelihood for the fishermen. These problems still remain unsolved. Joint efforts of the Paper Mill authorities and the Health Department of the Government of East Pakistan are necessary to find a solution. Industrialization should be effected through least disturbance of the economic life of any class of people or a locality.

We may conclude this chapter with the observation of G. Ahmed, Chairman of the Pakistan Planning Commission:

A marked departure from routine administration has taken place with the creation of these corporations and authorities some of which have already demonstrated their ability to plan and execute programmes with an effectiveness not ordinarily exhibited by department agencies. But the experiment is still new and its success will depend on the good judgement and sense of responsibility displayed by those entrusted with the running of these corporations.¹

¹G. Ahmed, "Changes in the Administrative Organization of Pakistan since 1953." Public Administration, (London: Volume 39, Winter, 1961), pp. 353-360.

CHAPTER VII

DIRECT FINANCIAL AND OTHER ASSISTANCE TO INDUSTRIES

There are a few governmental organizations which are meant for rendering assistance to the industries. These are the Industrial Development Bank of Pakistan, the Pakistan Industrial Credit and Investment Corporation and the East Pakistan Small Industries Corporation. The first two organizations advance loans to the large and medium sized industries and the last one provides loans, raw materials, equipment, marketing facilities etc. to the small industries.

The Industrial Development Bank of Pakistan

Origin and Purpose

Bank

The Industrial Development ^{Bank} of Pakistan is the successor of the Pakistan Industrial Finance Corporation which was set up in 1949. The Bank was established in 1961 under Ordinance No. XXXI of 1961 to replace the Corporation. It has been stated in the preamble that the Bank is established to provide for making credit facilities expeditiously available to the industrial concerns in Pakistan. The Corporation was much criticised for the rigidity of its credit conditions and limit of accommodations. A number of amendments to the Pakistan Industrial Finance Corporation Act were later passed to rectify the defects of the Act and finally the Corporation itself was replaced by the Industrial Development Bank last year.

Organization

The Bank is a body corporate having perpetual succession and a common seal with power, subject to the provisions of the Ordinance, to acquire, own and dispose of any property and to sue and be sued. The general direction and superintendence of the affairs of business of the Bank are vested in a Board of Directors. The Board is composed as follows:

(a) Chairman

(b) Six persons appointed by the Central Government, of whom two are officials of the Central Government, two are officials of the Provincial Governments and two are non-officials.

(c) Three persons elected by the share-holders

(d) The Managing Director

The Chairman and the Managing Director of the Bank are appointed by the Central Government and all the Directors hold office during the pleasure of the Central Government.

The Board may appoint a Deputy Managing Director with the approval of the Central Government.

The Board has an Executive Committee consisting of the following:

(a) Managing Director.

(b) Two appointed Directors nominated by itself.

(c) Two elected Directors nominated by itself.

The Board may appoint one or more Technical Advisory Committees with members having expert knowledge on the subject including a Managing Director to give it technical advice. At present there are three

Technical Advisory Committees one at Lahore, one at Karachi and one at Dacca. Each Technical Advisory Committee is composed of six members including the Chief Manager of the Region. This Committee scrutinizes the proposals of loans received by it and passes them on to the Executive Committee from which they go to the Board of Directors.

The Board may also constitute a Local Board for a specified area. The Local Boards will consist of such members and exercise and discharge such functions as may be prescribed by regulations. No Local Board has yet been formed.

Financing

The authorized capital of the Bank is Rs. 30 million out of which Rs. 20 million is paid up capital. The government holds 51% of the shares and 49% of the shares is held by the public. The Bank can advance loans to the following types of industries.

Agricultural processing, cotton ginning, jute baling, jute processing, tea blending, sulphuric acid, soda ash, D.D.T., fertilizers, motors, radios, transformers, steel melting, ships and boats, automobile, edible ghee, food processing, sugar, cigarettes, dairy, leather cutting, liquid fuels, milling of wheat, rice, and other grains, mining of all sorts, glass, hollowware, sheet glass, cement products, paper, news print, rubber products, textile and clothing, transport, wood products and other industries, such as film, hotel, salt, etc.

The Bank can, however, advance loans in consultation with the Central Bank to a local authority, organization or institutions for the benefit of an industrial concern or to any development project,

which the Central Government may declare to be eligible for loans from the Bank.

The Bank provides both rupee loans and foreign exchange. The interest on loans varies from 6.3/4% to 7%. The Bank has been earning profit ever since its inception.

Upto the 28th of February, 1962, the Bank provided foreign exchange worth Rs. 18,269,947 to textile industries and Rs. 5,027,700 to engineering industries in East Pakistan.

The following table shows the rupee loans advanced by the Bank to different industries in East Pakistan upto the 28th February 1962:

TABLE 6

Loans advanced by the Industrial Development Bank of Pakistan to different industries in East Pakistan up to the 28th of February, 1962 (a)

Name of Industry	Loans advanced (in rupees)
Textiles	2,495,000
Leather and Rubber Products	300,000
Food Products	1,540,000
Engineering Industries	5,480,000
Chemical Industries	1,127,000
Paper Products	55,000
Non-metallic Mineral Products	2,175,000
Minerals and Power	300,000
Miscellaneous industries	3,100,000

(a) These figures have been collected by the writer by personal contact with the regional office of the Bank at Dacca.

The Pakistan Industrial Credit and Investment Corporation

Origin

The Pakistan Industrial Credit and Investment Corporation was set up in 1957 with a capital of Rs. 20 million of which 60% has been subscribed by the private investors from Pakistan and 40% by industrial and financial investors from the U.S.A., U.K., Canada and Japan. It borrows foreign currencies from the World Bank and the Development Loan Fund of the U.S.A. It is a public limited company registered under the Companies Act, 1913. The Government of Pakistan has given it an interest free rupee loan of Rs. 30 million. It is not a public corporation; it is entirely owned and managed by private enterprise. But, even then, one of its Directors is a nominee of the Government of Pakistan and it enjoys some special privilege from the government.

The management of the Bank is vested in a Board of 15 Directors, 14 of whom are elected by the share holders from Pakistan and abroad. One is a Government Director. The Corporation has its head office at Karachi and it has two regional offices, one at Lahore and the other at Dacca.

It provides funds both in Pakistan and foreign currencies. Its assistance to industries extends to expansion, modernization, balancing and setting up of new units. Its assistance is limited to big industries only. At present it charges 7½% per cent interest for loans up to a million rupees and 8 to 8½ per cent for loans over a million rupees. In East Pakistan it has financed industries in the fields of jute, ceramics, paper, glass, belting, works, umbrellas, food products, textiles, wood, leather, engineering, pharmaceuticals, chemicals, etc.

The general complaints against this corporation are that its conditions of loans are too rigid and the rate of interest too high. There are not many big industries in East Pakistan and so the facilities offered by this Corporation could not be much utilized by the East Pakistanis. However, it is expected that with the pace of industrial development this Corporation will be more and more popular with the industrialists. One advantage of having loans from this corporation is that an industrial enterprise financed by it does not require the permission of the government for establishment. Upto March 1962, it financed 79 industrial projects of 28 different types in East Pakistan. The loans advanced to these industries amount to Rs. 77.7 million. This amount includes a sum of Rs. 56.9 million in foreign currency. The industries financed by the Corporation are expected to produce goods worth between Rs. 250 to 300 million annually. During the Second Plan period, the Corporation is expected to provide loans in foreign exchange to the extent of Rs. 750 million.

The East Pakistan Small Industries Corporation

Origin

The importance of small industries is recognized all over the world. Even in industrially advanced countries like the U.S.A. and Japan, it is small industries which employ the bulk of the industrial labour force. These are essential for the economic development of a country. They play a great part in the development of a balanced economy, and distribution of national wealth. They save and earn foreign exchange

for the country and preserve its arts and skills. Realizing the needs of developing small industries in the province, the East Pakistan Government established in the year 1957, the Directorate of Small and Cottage Industries. But with the passing of the East Pakistan Small Industries Corporation Act, 1957, the Directorate and its functions were taken up by the East Pakistan Small Industries Corporation in 1958.

Object

The objectives of the East Pakistan Small Industries Corporation may be broadly summarised as follows:

- (a) To stimulate the production of implements and equipment required to raise the productivity of the land and of the cultivators.
- (b) To encourage the processing of indigenous raw materials.
- (c) To stimulate the production of essential goods required to improve the living conditions of the people.
- (d) To create additional employment opportunities.
- (e) To carry out modernization and rationalization of existing industries which have sound economic potential.
- (f) To bring about decentralization of industries by encouraging growth of industries in areas where resources and markets are available.
- (g) To bring about closer relationship between the small and large industries.
- (h) To work closely with local democratic institutions and agencies.¹

¹Pakistan, The Second Five Year Programme for Small Industries 1960-65 (Karachi: Government of Pakistan Press, 1960), p. 7.

Organization

The responsibility of conducting the corporation is vested in a Board of Directors. The Board consists of six members representing various groups. The Director of Commerce and Industries is an ex-officio member of the Board. Upto 1960, the Secretary, Commerce, and Industries Department, Government of East Pakistan, had been the ex-officio Chairman of the Corporation. But in 1961, an amendment was made in the Act and the Board had its Chairman other than the Secretary, Commerce, and Industries Department. Formerly there was a Managing Director but the post of the Managing Director has been kept in abeyance since after the resumption of office by the appointed Chairman.

Technically the Corporation is supposed to be under the supervision of the Commerce, and Industries Department, Government of East Pakistan and in turn under the Ministry of Industries, Government of Pakistan. In the Ministry of Industries, Government of Pakistan, the Director General of Small Industries and Joint Secretary to the Government of Pakistan does the work of Co-ordination between the Central and the Province in matters of national policies, fixation of priorities, external assistance, arrangement of research and training programme with regard to small industries.

There is an Advisory Board to advise the Chairman in administrative matters of the Corporation and there are several Advisory Panels on different industries which advise the Chairman on their development.

The Corporation has four regional offices one each at Chittagong, Khulna, Rajshahi and Dacca, besides the head office which is located at Dacca.

Financing

The authorized capital of the corporation is Rs. 10 million. The responsibility of providing funds for implementation of its programmes rests with the Government of East Pakistan. The Centre comes to the assistance whenever needed. The Budget of the Corporation is to be approved by the Government of East Pakistan, and its projects are also to be approved by the Government before execution.

Activities

The activities of the corporation may be broadly divided into two categories -- the Technical and Management services and the Commercial Services. The first category covers the following: (a) Small Industries Service Centres, (b) Pilot Projects, (c) Rural Industrial Service Centres, (d) Small Industries Extensions, (e) Small Industries Mobile Extensions, (f) Investigation Team, and (g) Design Centre.

The functions of the Small Industries Service centres are to conduct economic surveys of particular industries, to render advice to small units on improved technical processes, to instruct small units in business management, cost accounting etc., to demonstrate the use of modern technical processes, to carry out research on indigenous raw materials and to supply designs and drawings for industrial plants. Although Small Industries Service Centres covering all these activities could not be established by the Corporation up till now, some of these functions are being performed through the Silk and Iac Research - cum -

Training Institute and the Silk Technological Institute at Rajshahi in the field of silk industry. These institutes were formerly under the Directorate of Commerce and Industries. They were transferred to the Corporation in the year 1961. The Corporation has a plan of establishing 71 centres covering Small Industries Service Centres, Small Industries Service Extension, and Small Industries Mobile Extension in the four divisions of the province as follows:

Dacca Division	22
Chittagong Division	22
Rajshahi Division	17
Khulna Division	10

Pilot projects are set up for potential new industries in rural areas on an experimental basis. At present the Corporation has taken up a Pilot Project for Agricultural Implements at Chandpur and another Pilot Project for washing of sand at Sylhet. The following table shows some of the details of the Pilot Projects which the Corporation proposes to take up during 1962-63.

TABLE 7

Pilot Projects proposed to be taken up by The East Pakistan Small Industries Corporation during the year 1962-63, their location and estimated cost ^(a)

Name of Project	Location	Estimated cost in Rupees
Pilot Project for Glazed Pottery	Iswardi, Pabna, Rayer-Bazar, Dacca Comilla	1,400,000
Pilot Project for Kumbi leaves (b)	Dacca	1,225,000
Pilot Project for Shati food (c)	Rangpur	545,000
Pilot Project for Bee keeping	Sylhet, Chittagong Hill Tracts, and Bagerhat	181,000
Pilot Project for Bone Mill	Rangpur	414,000

(a) East Pakistan Small Industries Corporation, Review of Development Activities of EPSIC, (Dacca, 1961), p.3.

(b) Kumbi leaves are the leaves of a kind of tree called Kumbi. Experiment is being made to determine if the leaves of these trees could be used as wrappers of cheap cigarettes (Bidis) in place of Tendu leaves which are now imported from India.

(c) Shatifood is a barley like food prepared from ginger like substance.

Rural Industrial Service Centres are meant for training rural industrial extension officers for the maximum extension of industrial

services to rural areas. They are also to assist in meeting the demand for research, development and training related to rural industries. At present the task of establishing Rural Industrial Service Centres has been vested in an organization called "The Rural Industrial Service". The Rural Industrial Service organizations were established both in West Pakistan and in East Pakistan with the assistance of the Ford Foundation in 1959. The total cost of the project was estimated at about Rs. 3 million in foreign exchange and Rs. 3 million in internal currency. The rupee costs are shared by the Centre and the Province in the ratio of 75 per cent and 25 per cent respectively. The entire foreign exchange costs in the shape of supplying foreign advisers, and providing foreign training and professional support comes from the Stanford Research Institute, and purchase of equipment is made by the Ford Foundation. The Rural Industrial Service (R.I.S.) remains attached to the East Pakistan Small Industries Corpn. (EPSIC) under the sub charge of a foreign adviser. The present adviser of the R.I.S. is an American. Some of the schemes undertaken by the R.I.S. are: (i) The Industrial Survey in the Azampur Area, Tongi, Dacca, (ii) Lumber Industries Survey, Narsingdi, (iii) Wide marketing study for products of cottage industries, (iv) Specialized training course in management, (v) Staff training demonstration of the R.I.S. and EPSIC and (vi) Seminar on rural industrial development. It has also undertaken the cottage industry production training for women. During the Plan Period (1960-65), the RIS proposes to take up ten different subjects under Research, ten subjects under Development and twelve subjects under Training. These subjects

include socio economic studies, marketing surveys including consumer preference studies, improved credit schemes, workshops, poultry raising demonstrations, improved agricultural implements and business management.

The Corporation maintains a Design Centre at Dacca. This centre, besides preserving the best traditional East Pakistani design, tries to evolve new designs to meet the foreign market demands and modern tastes. The designers visit the small industrial units and offer their advice relating to design and try to popularise the new designs. Doll making with indigenous materials under the guidance of Japanese experts and a screen printing course for women have been planned in the Design Centre.

On the side of the Commercial Service the Corporation maintains Common Facility Centres, Small Industrial Estates, Supply and Marketing Services, Sales and Display, Materials and Equipment Supply and Credit Services.

Common Facility Centres are meant for providing individual small industries with facilities which they cannot afford themselves. It also aims at inculcating a cooperative spirit among small industrialists. The Corporation has set up four Common Facility Centres in the province. They are located at Shahjadpur, Pabna, Tangail, Mymensingh, Sovarampur, Comilla, and Kumar Khali, Kushtia. These centres will cost the corporation Rs. 2 million and ten thousand when completed. They are situated in handloom areas and look to the needs of the handloomers. The Corporation has schemes for 31 Common Facility Centres during the Plan Period (1960-65).

The Industrial Estates are the biggest of all the projects undertaken by the EPSIC. The Industrial Estates are meant for providing land, power, water supply, transport and other facilities to small industries in a particular area. These estates will check the haphazard growth of industries by bringing them together in a definite area and will also lessen overurbanization problems of the big cities by decentralizing industries. They will help introduction of modern techniques and create an atmosphere for rapid advancement of small industries. Stimulation of cooperative spirit is also an aim of the estates. At present the Corporation has set up four Industrial Estates at Sabura, Rajshahi, Hemayet pur, Pabna, Noonabad, Comilla, and Rashipur, Barisal. It also proposes to set up fifteen more Industrial Estates by the end of June, 1965. The cost of each Industrial Estate will be Rs. 3,714,000.

The Corporation will advance loan up to Rs. 50,000, to deserving individual parties that intend to set up industries in the Industrial Estate. In case of a limited Firm or Company, it may grant loans up to Rs. 150,000. It will provide technical advisory service, training and common facilities to the industries in the Estate. It will also have a workshop to produce spare parts and accessories for them. The Estate will be managed by the Corporation through a Manager who will be assisted by a committee consisting of the representatives of the industries within the Estate. The plots will be allotted to deserving parties by the Corporation. The price of plots varies according to size and locations. The size of a plot may be 3000 sq. ft. to 30,000 sq.ft. and the price

thereof may also be from Rs. 3000 to Rs. 21,000 according to size etc. The payment of the price is to be made within 23 years. No payment is to be made in the first three years.

For supply and marketing of the products of small industries, the corporation has a number of ambitious schemes. During the plan period it will establish 54 Supply and Marketing Depots in different parts of the province. It has already made certain progress in the establishment of seven Supply and Marketing Depots at Comilla, Feni (Noakhali), Jessore, Dinajpur, Barisal, Pabna and Rajshahi.

For Sales and Supply the Corporation keeps a big shop. It exhibits and sells products of small industries from all parts of the country. Although it had not a very good start it is not quite a going concern.

Another big task of the Corporation is the supply of materials and equipment to the small industries. In the beginning, the Corporation had to face great problems due to unimaginative purchase of materials and equipment. Huge quantities of materials such as chemicals and dye-stuffs were spoiled due to want of customers and long storage. Things which were not in demand were purchased and consequently they remained unsold for years resulting in their deterioration and uselessness. This still continues to be the most sensitive part of the Corporation. Nevertheless, the Corporation supplied some raw materials to the small industries upto June, 1960, as shown in the following table.

TABLE 8

Raw Materials Supplied by the East Pakistan Small Industries Corporation to Small Industries upto June, 1960 and their approximate value (a)

Materials	Approximate value in Rupees
Goods under Bulk Licence	4,500,000
Metal	4,000,000
Textile Materials	3,000,000
Machineries	1,500,000
Bidi	1,000,000
Chemicals	1,000,000
Paper	400,000
Plastic and Leather Materials	400,000
Wood	400,000

(a) East Pakistan Small Industries Corporation, "EPSIC at a Glance" (Dacca: 1961).

The Corporation also renders credit services to the small industries. It examines the technical and economical soundness of the projects for which loans are sought and at the same time scrutinizes the credit worthiness of the applicant. Once the loan is advanced the Corporation sees that it is properly utilized. It continues to pursue a follow-up under the system of supervised credit

until the loan is repaid and the industry stands upon its own legs. The loan operation of the Corporation may be divided into three categories: (1) General Loan, (2) Hire Purchase Loan and (3) Finance for Import.

General Loans are advanced to enable the borrower to purchase machinery, raw materials, land for starting industry and to construct factory buildings, etc.

For a Hire Purchase Loan a borrower is to deposit 25% of the value of the material to be purchased. The corporation after receipt of the amount purchases the materials and releases it to the borrower maintaining its ownership in the Corporation until the loan is repaid in installments within a period not exceeding five years.

Finance for Import is advanced to the parties who have industrial licences. The party is to deposit 15% of the landed cost in case of raw materials and 25% of the same in the case of machinery before any loan is advanced. The party is to deposit his licence with the Corporation. The Corporation then imports the material on his behalf. The party is to take delivery of the materials from the warehouse of the Corporation on full payment of the loan.

In the case of General Loans and Hire Purchase Loans securities in the form of mortgages on lands and buildings, and hypothecation of machinery, tools and other fixed assets are to be furnished. Generally, loans upto 50% of the appraised value of the securities are advanced. All loans carry an interest of 7% per annum. Upto the 31st of December, 1960, the Corporation advanced loans to different parties as shown in

the table below.

TABLE 9

Loans advanced by the East Pakistan Small Industries Corporation to Different Industries upto the 31st of December, 1960. (a)

Industries	Approximate Amount of loan in Rupees
Metal	840,000
Printing	400,000
Stationery goods	360,000
Miscellaneous	360,000
Textile	360,000
Food Preservation	240,000
Confectionery	200,000

(a) Ibid., p. 19.

It also advanced loans to such industries as Coir and Rope, Tobacco, Medicated cotton materials, Glass, Ceramics and Clay, Art and Photography, Cane, Bamboo and Wood, Leather and Rubber, Salt, Dairy and Poultry.

It also advanced loans to the small industries which were affected by the great cyclone of 1960. The textile group received nearly Rs. 105 thousand and the metal industries approximately

Rs. 30 thousand as Relief Loan from it.

The development of Salt and Sericulture industries also is the responsibility of the E.P.S.I.C. It has undertaken the re-organization of Silk Nurseries at Bogra and Mirganj, and is establishing new nurseries at Bholahat, Nawabganj, Bhatiari, and Chandraghona.

It has already undertaken a Rs. 10 million Salt Project in the coastal area of Chittagong for production of better quality salt in greater quantity. This project is expected to be completed by 1964. At present it is running salt industries at Kutubdia, Banshkhali, Chakdria Cox's Bazar and Maheshkhali.

The Corporation is also executing a few minor projects such as a Copra Dryer and Ambar Chakra (spinning wheel) in different parts of the province.

During the plan period (1960-65) it proposes to develop a large number of small industries in the private sector in the four divisions of the province, as follows:

Dacca Division	505
Chittagong Division	750
Rajshahi Division	660
Khulna Division	<u>559</u>
Total	2,474

This figure includes Agriculture and Food Industry, Textile, Cane, Bamboo and Wood Products, Rubber and Leather goods, Glass and Ceramics, Chemicals, Metal Products, Paper products and miscellaneous industries.

Of late there has been much criticism against the activities of the E.P.S.I.C. When one studies the Charter and programmes of the Corporation, and watches the progress it has made, one feels that it has expanded its activities too much and too fast. It still lacks in the managerial skill and is yet to gain popularity with the small industrialists. The Corporation has, of course, its opponents among the traders who take it to be a formidable rival in their field. They think that the Corporation has entered into an unfair competition with them. Had there been no Corporation, the licences for machineries and raw materials which are now issued in its favour would have gone to them and they would do more business. No doubt, there is some truth in their contention but the fact remains that the traders and businessmen in East Pakistan singularly failed to show honesty in business. Price-rocketing, profiteering and black marketing became the order of the day and they ate into the vitals of the society. Since the traders and the businessmen could not deliver goods to the people the E.P.S.I.C. had to step in.

But even after making room for adverse criticism from interested quarters, it must be admitted that the Corporation could not earn the desired popularity among its clientele. Red tapism, harassment and lack of understanding of the problems of small industries are some of the points of criticism against the Corporation. It requires dynamic leadership and a business like approach to its different problems.

Adam Smith and the other early economists adhered to laissez-faire largely because the governments of their day were notoriously inefficient and corrupt.

It was for this reason that they sought to confine the activities of government within the narrowest practical limits, so as to minimise the damage they might do. Do not most of the governments of the underdeveloped world to-day qualify equally for these opprobrious epithets?

Unfortunately, whereas in the 'underdeveloped' Europe and America of the eighteenth and nineteenth centuries very little public enterprise was needed to achieve developmental take off, in the under developed countries of today a great deal is needed, and consequently the Smith formula will not work. But if public enterprises are organized badly and operate inefficiently, no other formula is likely to be strikingly successful.¹

¹A.H. Hanson, Public Enterprise and Economic Development (London: Rontledge and Kegan Paul Limited, 1959), p. 203.

CHAPTER VIII

PEOPLE'S ATTITUDE TOWARDS THE ROLE OF THE STATE IN THE ECONOMIC DEVELOPMENT OF EAST PAKISTAN

Method of Study

Attitude is a combination of emotional and motivational factors. It was considered important to know the attitude of the elite towards the role of the state in the industrial development of East Pakistan. Since limitations of time and money precluded the interviewing of any large number of highly educated persons in East Pakistan, it was necessary to take a sample which might represent a larger population. Four hundred questionnaires were circulated among seven different groups of highly educated people in East Pakistan under a covering letter (Appendix I), requesting their cooperation and explaining the significance of the research. The selected groups are government servants; private employees; teachers; leading men; businessmen and traders; industrialists, and students. The groups broadly represent the intelligentsia of the East Pakistani society.

A copy of the questionnaire has been furnished in Appendix II. The questionnaire contains nineteen points and although the questions are broad in their reference and generally refer to the role of the state in the economic development of Pakistan rather than industrial development specifically all of them are relevant to this thesis.

The first four questions relate to the status of the respondent, his name, group, address, and education. The remaining fifteen questions

relate to the different aspects of the economic development of the country.

Responses were received from 206 persons of the 400 solicited. Failure to respond was not limited to any one or two groups, but was spread over all seven categories. Of the 206, 60 persons are government servants, 24 are private employees, 21 are teachers, 32 are leading men, 12 are businessmen and traders, 7 are industrialists and 50 are students. Details may be seen at Appendix III.

One hundred and twelve of the respondents have a B.A. or an equivalent degree and 41 of them have an M.A. or its equivalent. There are nine engineers and five doctors. Thirty-five of them have qualifications below the level of B.A. A break-up of the different groups on the basis of educational qualifications may be seen at Appendix IV.

Replies to the Questionnaire

"The fifth question is "Do you favour the idea of controlling and regulating the growth of industries and trades by legislation?"

Of the 206 persons, 138 said "yes", 60 said "no" and 8 made no comments. Most of the respondents who said "yes" to this question are the government servants (42). A majority in all the groups are in favour of controlling and regulating the growth of industries by legislation.

The students' group, however, divided very sharply over this question. Of the fifty students who responded to this question, 28 said "yes" and 21 said "no". One student made no comments. At the

present stage of industrial development in East Pakistan control and regulation of industries by the government is a necessity. Industrialization requires planning so that there may not be any waste, uneconomic enterprise or monopoly in the hands of a few. As the means of dissemination of industrial intelligence are inadequate in East Pakistan, most of the people do not know which industry has scope and which has not. In the circumstances mere mushroom growth of industries will do more harm than good to the country. But evermuch control by the government does also stifle the growth of industries. The students who did not like control and regulation by the government might have been thinking in that line. Of late there has been much criticism by the press and the public against the East Pakistan Development of Industries (Control and Regulation) Act, 1957.

The sixth question is "Do you favour the idea of setting up corporations in various economic sectors by the State?" To this question 162 persons answered in the affirmative and 37 persons answered in the negative. Seven persons made no comments. A majority in all the groups are in favour of public corporations. More than one-third of the government servants disagreed with the idea of public corporations. Of the 50 students, 43 recorded their answer in favour of it. It shows that the public corporations in East Pakistan have gained in confidence of the public. Initially some of the public corporations could not do well due to inexperience and want of management skill. The government servants who did not agree with the idea might have these initial shortcomings of the corporations in their mind.

Many are of the opinion that the growth of public corporations leads to unfair competition and checks the growth of private enterprise.

The seventh question is "Do you favour public enterprise?" The question has evoked divergent replies from the different groups of people. Of the sixty government servants, 31 are against public enterprise and 25 are in favour of it. Four of them made no comments. Of the 24 private employees, 15 are against the idea and 9 are in favour of it. Teachers have divided over this question (13 "yes" and 6 "no" and 2 "no comments"). The leading men are almost equal on both sides (16 "yes", 15 "no" and 1 "no comment"). Of the twelve businessmen and traders six have recorded their answer in the negative, 5 in the affirmative and one made no comments. Of the 7 industrialists, 5 are in favour of it. The students are also half and half on both sides (26 "yes", 23 "no" and 1 "no comments").

The running of business by government is clearly not liked by all of the people.

The eighth question is "Do you favour mixed enterprise?" To this question 144 persons said "yes", 50 said "no" and 12 persons made no comments.

People in all the groups have generally supported mixed enterprise. This is not unexpected. Capital in East Pakistan is shy and there are very few persons who can invest enough money in big or even medium sized enterprise. Mixed enterprise is, therefore, favoured. The government servants, private employees, teachers, leading men, industrialists and the students have supported this idea in greater number. The

businessmen and the traders, however, are sharply divided upon this issue. Their number is equal on both sides (five and five). Two of the businessmen and traders made no comments to this question. There is a proverb that unequal combination is disadvantageous to the weaker side. The businessmen and the traders who did not favour the idea of mixed enterprise might have thought in that line as the government became the stronger partner in a mixed enterprise.

The ninth question is "Do you favour the state monopoly of the following : (a) Road transport, (b) Supply of electricity, (c) Supply of coal, (d) Supply of fuel oil, (e) Supply of salt, (f) Supply of food grains?"

To this question 137 persons furnished positive replies. Thirty eight persons answered in the negative and 31 persons made no comments. This is the question to which the highest number of persons (31) made no comments. The reason for this is not clear. The respondents did not indicate specific choices among the six different categories and so a breakup of the replies in respect of each item could not be worked out.

A majority of the respondents in all the groups are in favour of the state-monopoly of two or more of the sectors enumerated in the question. State monopoly of the supply of food grains and salt was favoured by many of them.

The tenth question is "Do you think that collective farming can be adopted in Pakistan under effective legislation?"

To this question 119 persons replied in the affirmative, 79 persons in the negative and 8 persons made no comments. Of the 60 government servants, 33 did not favour the idea of collective farming, 23 liked it and 4 made no comments. The rest of the groups, especially

the students, favoured the idea of collective farming in great majority.

The Russian type of collective farming is not possible in East Pakistan. Apart from the religious belief of the people, there are practical difficulties created by the peculiar land tenure system and fragmentation of holdings.

Those who favour collective farming probably think in terms of ownership of land remaining with the individual cultivator along with the right of cultivation and the supply of agricultural implements, fertilizer, improved seeds and insecticides being organized on collective basis.

The eleventh question is "Do you favour the idea of prescribing limits to fragmentation of lands by legislation?"

To this question 154 persons made affirmative reply, 39 persons made negative reply and 13 persons made no comments. People in all the groups have favoured this idea in majority. All the 21 teachers replied in favour of it.

Fragmentation of land is a great handicap to mechanized cultivation in East Pakistan. The Second Five Year Plan has made the following observation on the point:

Once the implementation of the land reform scheme gathers momentum, consolidation of holdings in certain areas should be undertaken as provided in the Act of 1950. There are, however, difficulties in applying the scheme immediately. The stage for such operations will only be reached after the various complications arising out of the Estate Acquisition Act have been cleared with the final publication of the compensation assessment rolls, and after the revision of incidence of holdings of raiyats, the realization of rents and the

revision and maintenance of records of rights have been enforced throughout the province. The provincial government considers that the fragmentation of holdings is not a serious problem in East Pakistan. However, that may be, it is true that this problem cannot be wholly remedied at present because of the combined effects of heavy pressure of population on land and of the law of inheritance.¹

Of the sixty government servants, 42 favoured the idea of prescribing limits to the fragmentation of lands. Thirty eight students out of fifty and 25 leading men out of 32 favoured this idea.

The twelfth question is "Do you favour the idea of accepting economic or technical aid from foreign powers?"

The biggest number was recorded in favour of this question. One hundred and seventy-five persons gave positive replies to this question, 23 persons replied in the negative and 8 persons made no comments.

At the present stage of development, Pakistan cannot but rely to a certain extent upon foreign technical and economic aid. This is not peculiar to Pakistan. All the developing countries of Asia, Africa and South America rely upon foreign technical and economic aid. Even some of the developed countries benefit from mutual aid programmes.

But it is greatly doubtful how far foreign aid can help in stabilizing the economy of a country unless wealth is created within it and the people themselves participate in building their own economy. In this respect the observation of Jesse Burkhead may be pertinent.

¹Pakistan, The Second Five Year Plan (1960-65), pp. 191-92.

He observes:

Economic development, in the foreseeable future is primarily a task for the developing countries themselves, not for the outsiders. The kind of development which is wanted to day by the peoples of Latin America, Asia and Africa is not the kind that occurred in the 18th and 19th centuries, when mines, railroads, and ports and sometimes schools and hospitals were built in colonies. What is now demanded is a widespread popular participation in the process of development. This means that for many countries a new system of economic values must be internalized, with new patterns of behaviour and expectation. Development must command the efforts and the moral support of increasing numbers of persons. Broadly speaking, the task is to assure that there is a demand for capital--the pre-requisite to development--by a societal organization and structure necessary for its utilization.¹

People in all the groups supported the idea of accepting aid in overwhelming majority making the number of those who opposed the idea almost insignificant. Among the teachers only one person, among the businessmen and traders one person, among the leading men two persons and among the private employees only 4 persons said "no" to the question.

Question number thirteen is "Do you agree to the acceptance of aid from Russia?"

One hundred and thirty eight persons replied in favour of this question, forty-nine persons replied in the negative and nineteen persons made no comments. The government servants, the private employees,

¹Jesse Burkhead, Government Budgeting (New York:John Wiley & Sons Inc., 1961), p. 458.

the teachers and the students have replied in the affirmative in a conspicuously greater number to this question. The leading men, the businessmen and the industrialists are almost equally divided over it. In East Pakistan, Russian aid in any shape is nil. India is receiving large amounts of aid from Russia and the propaganda in favour of Russian aid in Calcutta, which is almost on the border of East Pakistan, is very considerable. Attention of the government servants, teachers and the students have, therefore, been naturally drawn by it. However, when People support aid from Russia, it does not mean that they go with the Russian way. If aid is to be accepted for the development of this country, many think that it can be accepted from any country if no strings are attached.

The fourteenth question is "Do you agree to the acceptance of aid from America?"

To this question 171 persons replied in the affirmative, 20 persons replied in the negative and 15 persons made no comments. The question evoked the second biggest number of affirmative answers. The highest number of "yes" responses were recorded by the government servants. Of the sixty government servants, 50 favoured the idea. Students also recorded the second highest affirmative answer to this question. This attitude is quite natural. The sincerity of the Americans, their genuine efforts for alleviation of the condition of the downtrodden humanity all over the world and specially their numberless good gestures towards the assistance of the East Pakistani people have won their heart. The East Pakistanis are lovers of individual liberty and the Americans

are the most famous nation in the world for their love of individual freedom. Acceptance of aid from America, has, therefore, found almost a unanimous acceptance from the people.

Question number 15 is "Do you think that birth control is necessary for the economic development of Pakistan?" Although not directly relevant, it was felt that information on this point would be important.

To this question 150 people replied in the affirmative, 49 people did not think it necessary and 7 persons did not make any comment. There has been a general acceptance of the idea of birth control by all the educated groups excepting the leading men and the students. Of the 32 leading men, 11 did not support birth control and of the 50 students 15 did not like it. The majority of the religious persons are still against the idea of birth control and the Arabic educated persons are among them. The English educated persons in general are in favour of birth control. The problems of birth control have already been discussed in Chapter III. It is expected that with the industrialization of the country birth rate will diminish to a large extent. Birth control cannot be superimposed upon the people. With urbanization and growth of desire for higher standard of living, birth control will be automatically practised by people. Humanity has acted and reacted upon the problems of birth control differently at different times in different countries. For example, in many parts of the Arab countries female children were killed and buried alive before the advent of Islam. In India sacrifice of the first born among the Hindus by throwing it into the Ganges was practised even during the early

British period. In Japan female infanticides were rampant during the early part of their industrialization and abortion is legalized and practised even today.

Again among the Indian Hindus the necessity of having a son to go to heaven was taken to be so big by certain groups that it was made legal in their religious book for an impotent husband to hire a virile young man to raise a son by his wife. The provision of marrying four wives by a Muslim is connected to a certain extent to the question of the increase of population.

Question number 16 is "Do you think that the philosophic attitude of the people is a retarding factor in the economic growth of Pakistan?"

To this question 112 persons have replied in the negative, 77 persons have replied in the affirmative and 17 persons made no comments.

The government servants, the private employees, and the teachers have recorded negative answers to this question in majority. This question has attracted the highest number of "nos" in the whole questionnaire. The number of persons who have said "yes" to the question, is, however, quite significant. The exaltation of poverty by many poets and philosophers speaks of the fact that philosophic attitude is, to a certain extent, responsible for the economic backwardness of East Pakistan. The following lines of Poet Nazrul Islam may be pertinent:

Hey daridra tumi more karechha mohan,
Tumi more daniacha Khrishter samman
Kantak mukuta shobha.

O, Poverty thou hast made me noble,
Thou hast given me the respect of Jesus Christ
Thou hast decorated me with the crown of thorns.

Sheikh Sa'adi, the Persian poet of the thirteenth century has eulogised poverty in many of his verses because it is one of the characteristics of the prophets Moses, Jesus and Mohammad (P.H.). To many, this world is nothing. Hafiz another Persian poet of the fourteenth century sings:

از این رباط دو در چون ضرورت است رحیل
چه حاجت در افلاک کسی ایوان را •

When departure from this two doored house is imperative,
What is the use of erecting skyscrapers?

East Pakistan is a land of 'Awlia', 'Fakirs', 'Saints', 'Mystics', 'Sadhus' and 'Sainyasis' who found peace in renouncing the world and they had a great influence upon the mind of the people. But the impact of materialism and the new interpretations now given to the various tenets of religion have undoubtedly brought about a change. Today many will be found who will support the American poet who sang:

Tell me not in mournful numbers
Life is but an empty dream.

And the negative response to the question indicates this healthy change.

Question number 17 is "Do you think that adoption of the teachings of Islam as an inservice training programme would help the civil servants in acquiring attitudes suitable to the economic development of Pakistan?"

To this question 138 persons replied in the affirmative, 53

persons in the negative and 15 persons made no comments. Of the government servants who responded, 33 recorded "yes" and 21 recorded "no". Of the fifty students, 12 replied in the negative. But on the whole there has been a general acceptance of the idea by all the groups. In the preceding chapter some aspects of the attitude of Civil Servants have been discussed. A re-orientation of the attitude of the Civil Servants in general is necessary for the economic development of Pakistan. An administration which only a few years back was mainly concerned with the maintenance of law and order and collection of revenues, has to turn to welfare activities and adjust itself to the changing circumstances. Many people think that a good number of the officers who worked under the colonial regime have not yet been able to change their attitudes and until a new generation takes their place real freedom will not come to the people. The question of undesirable attitude, however, may be applicable to some of the young as well as to some of the old civilians. A story is current in East Pakistan that a young civil servant who had gone to a village refused to shake hands with the 'Imam' of a mosque, who came out to greet him and told him in some words that the 'Imam' should not expect a civil servant to be his equal. And yet in another case a young civilian went about telling his former colleagues in an office that he had been instructed in his training to think that the civil servants are 'born to rule and not to serve'. This is deplorable, no doubt. But these are rare cases and the situation is changing fast. Equality as enjoined by Islam is gradually gaining ground among the officers.

People with general education are often charged with the ignorance of fundamental moral and spiritual values which are derived from religious education. Corruption among the officers is often attributed to this factor. Only teachings of Islam can cure these evils according to many. The officers are not isolated from the social environment or culture. They are the products of their society. To a certain extent the society as a whole requires reorientation and reformation.

Some people have become so much skeptical in their mentality that to them no government officer can do any work without being corrupt. If they find an officer helping anybody, they start suspecting him and ascribe motives to his actions. In such a social environment it is difficult for a good officer to do developmental work. Those who have expressed an attitude favouring the idea of adopting teachings of Islam as inservice training programme probably think that Islam is a very powerful remedy in such a case.

Question number 18 is "Do you think that foreign training of civil servants is helpful towards the economic development of Pakistan?"

To this question 130 persons replied in the affirmative. 66 in the negative and 10 made no comments. A significant number of those who have dissented are in the group of government servants, private employees, leading men, and students. A majority in all the groups, however, have supported the idea. Those who have recorded negative reply might be thinking of a number of foreign trained officers who have not been able to create good impression by their performance. Moreover, there have been quite a good number of cases where the government

did not utilize the knowledge of the trained people in the proper field and this has created a misunderstanding in certain quarters that foreign training is of no practical use.

Pakistan is in need of experts and technicians. The need cannot be adequately satisfied without sending a portion of its officers to foreign countries where facilities for training are available. Japan, which is the most industrialized country in Asia, started having her men trained in various crafts in European countries from the beginning of the eighteenth century. The general attitude of the East Pakistanis as Muslims, is to acquire knowledge from whatever country in which it may be available. They believe in the 'Hadith' of Mohammad (P.H.) :

طلب العلم فريضة على كل مسلم ومسلمة
اطلب العلم ولو في الصين .

"Acquisition of knowledge is compulsory for all Muslims, male and female. If required one should go to China to search for knowledge."

Question number 19 is "Do you think that the budgets of the Basic Democracies should be supplemented by government grants-in-aid for implementation of their developmental programmes?"

To this question 149 persons answered in the affirmative. 43 in the negative and 14 made no comments. There has been a general approval of the idea by all the groups excepting the students group. The students are sharply divided over this question. Of the fifty students, 27 recorded "yes", 21 recorded "no" and two made no comments. The Basic Democracies have been much criticized by the student community

for certain provisions in the Basic Democracies Order which they take to be undemocratic. These are the system of government nomination and the tutelage of the government officers. Those who have not supported the question do not generally believe in the idea of Basic Democracies as it is today.

The Basic Democracies are local government bodies. Their statutory powers over taxation are limited. Moreover, the sources of taxation are not many and they are not well developed. The Basic Democracies can do much in industrialization of rural areas. They can legitimately claim grants-in-aid from the government.

The attitude expressed by the people is on the whole one of confidence in and appreciation of the role of the state in the economic development of the country.

CHAPTER IX

CONCLUSION

Although inadequate, there has been definite progress in the industrial development of East Pakistan in the past few years and this has been due, to a very great extent, in the author's opinion, to the well planned assistance of the government. The government had to face innumerable difficulties in the beginning in the industrialization of the country after partition but it has nevertheless succeeded in overcoming many of these difficulties. The great achievement of the government lies in the creation of industrial spirit in a large section of the people. There has been good progress in paper, jute, cotton textile, leather and sugar industries besides in certain sectors of engineering and chemical industries.

From a speech of the Governor of East Pakistan, published in the 'Pakistan Observer' of the 13th June, 1962, it appears that since 1958 more than 600 new industrial units have been set up in the Province and the gross value of industrial products have recovered more than a 50% increase. Employment in industries has also nearly doubled. The production of jute textile industry has increased by more than 75 per cent. Production of yarn and cloth has increased by 30 per cent and 10 per cent respectively.¹

¹The Pakistan Observer (Dacca, East Pakistan), June 13, 1962, p.5.

A change in the attitude of the people towards the role of the state in the industrial development of the province is also visible. It seems to be one of confidence and appreciation. The revolutionary regime has attempted to compensate for the injustice done to East Pakistan before it came to power regarding allocation of foreign exchange and provision of industrial facilities to East Pakistan.

The developmental activities in the fields of power, transport, communication and agriculture have been taken up in real earnestness, although much remains to be done as yet.

The governmental organizations are gradually playing a positive role in the industrial development of the province. Although many think that the governmental regulations relating to the setting up of new industries, their expansion and modernization, imports, exports, capital issues, labour and industrial location, etc. are creating bottlenecks in the industrialization of the country, these regulations have on the whole done more good than harm to the overall development of industries. There are certain regressive points, no doubt, but they are being gradually removed by fresh interpretations, explanations or amendments to the Act wherever needed.

A spirit of service and patriotism is now a characteristic with many of the government servants. It is expected that there will be a complete reorientation of the attitudes of those few who have not yet been able to adjust themselves to the changed conditions.

The Investment Promotion Bureau, according to many leading industrialists, should be given more powers and responsibilities and

attempts should be made to secure the cooperation of the industrial community to a larger extent through this organization.

Of late there has been much criticism against the decentralization policy of the government. Many of the industrialists are of the opinion that they should not be made to run to the head office at Dacca for petty matters like amendment to licences, permits for raw materials, recommendations for power connections or allocations or land. They think that the Deputy Directors of Industries at the Divisional headquarters should have power to dispose of such things. Some argue that processing of applications for licencing and permission should be done locally according to certain standards such as amount of the licence, size of investment, location, etc. The Deputy Commissioner and the District Council, according to them, should have a say in the industrial planning of the district concerned and suitable means should be devised to obtain their cooperation in matters of granting licences and permission to industries within their jurisdictions and they think that this will enhance the confidence of the people in the government.

There are some others who would not like the Directorate of Industries to be associated with matters relating to licences and permits. They like direct dealing with the government in this respect. This is, however, difficult for many reasons. If the government is to grant permission and licences it must rely upon certain organizations for technical advice and examining. In the present set up the Directorate of Commerce and Industries is best suited for the purpose.

It is a question of earning public confidence on the part of the Directorate of Commerce and Industries and cooperation with the government on the part of the public.

Excepting perhaps the Industrial Development Corporation, the performance of the rest of the public corporations namely the East Pakistan Small Industries Corporation, the East Pakistan Forest Industries Development Corporation, the Industrial Development Bank of Pakistan and the Pakistan Industrial Credit and Investment Corporation cannot be said to have attracted much attention of the people. Some objective criteria such as productivity, profit and loss or people benefited should be adopted so that their efficiency may be judged and these should be widely publicised for the information of the public.

Many think that there should be an Evaluation Board to judge the performance of different corporations so that the government may be aware of the activities of these bodies through the evaluation reports of the Board.

All the corporations are in need of technicians, experts and managers of required skill. Some of the corporations have already made arrangement for inservice training and are sending their employees abroad for training in different fields. There should be provision for transfer of technicians and experts from one corporation to the other and also from the government departments to the corporations, without much financial formalities. There is no training facility for top government officials or business executives in East Pakistan. The

National Institute of Public Administration and the Gazetted Officers' Academy at Dacca and the Village Academy at Comilla, provide training to the officers of mid seniority. There should be some arrangement for higher training of the top officials.

The results of the attitude survey prove that the attitude of the people towards the role of the state is one of confidence and appreciation. This will undoubtedly help the government in carrying out its development programmes.

There is, however, no room for complacency. Poverty, squalor, disease, unemployment and illiteracy loom large in East Pakistan. The population is growing at a rapid rate. Unless the country is more rapidly industrialized, the whole economic structure might collapse. The rate of increase of per capita income must increase more than the rate of population increase. For this, a dynamic and ceaseless pursuit of industrial programmes and an efficient and patriotic civil service for their execution are essential.

APPENDIX I

Letter of Request

American University of Beirut
Beirut
Lebanon
7.2.62.

Dear Sir,

Kindly allow me to introduce myself as an East Pakistani student studying Public Administration in the American University of Beirut, Lebanon. I beg to be excused for my approach through a letter.

Here I am doing some research work for my Thesis on the following subjects:

"The role of the state in the Economic Development of Pakistan"

The attached questionnaire relates to the research work. Your opinion will be very valuable and helpful to me in preparing the Thesis.

I would be very much obliged if you kindly fill up the questionnaire and make it over to
..... who will see you in this connection.

I am yours sincerely

Syed Ahmadul Huq

Mr.
.....

APPENDIX II

Questionnaire

Public Opinion Poll on the Role of the State
in the Economic Development of Pakistan

(You may or may not put your signature at the end of the questionnaire. If you do not like to mention your name, kindly indicate your occupational group and education).

1. Name
2. Title/affiliation/occupational group
3. Address
4. Education
5. Do you favour the idea of controlling and regulating the growth of industries and trades by legislation?

Yes _____ No _____
No Comments

6. Do you favour the idea of setting up corporations in various economic sectors by the State?

Yes _____ No _____
No Comments

- 7.¹ Do you favour public enterprise?

Yes _____ No _____
No Comments

- 8.² Do you favour mixed enterprise?

Yes _____ No _____
No Comments

¹Public enterprise takes government into business. In a public enterprise ownership belongs to the nation and the government undertakes the processes of production and distribution.

²In a mixed enterprise there is side by side existence of public and private ownership. The shareholders are both the government and the private persons and it is conducted by a board representing both the parties.

9. Do you favour the state monopoly for the following:

- (a) Road transport, (b) Supply of electricity,
(c) Supply of coal, (d) Supply of fuel oil (e) Supply of salt,
(f) Supply of food grains?

Yes _____ No _____
No Comments

(If you favour some, please
mark the items of your choice)

10. Do you think that collective farming can be adopted in
Pakistan under effective legislation?

Yes _____ No _____
No Comments

11. Do you favour the idea of prescribing limits to fragmentation
of lands by legislation?

Yes _____ No _____
No Comments

12. Do you favour the idea of accepting economic or technical
aid from foreign powers?

Yes _____ No _____
No Comments

13. Do you agree to the acceptance of aid from Russia?

Yes _____ No _____
No Comments

14. Do you agree to the acceptance of aid from America?

Yes _____ No _____
No Comments

15. Do you think that birth-control is necessary for the economic
development of Pakistan?

Yes _____ No _____
No Comments

16. Do you think that the philosophic attitude of the people is a retarding factor in the economic growth of Pakistan?

Yes _____ No _____
No Comments

17. Do you think that adoption of the teachings of Islam as an inservice training programme would help the civil servants in acquiring attitudes suitable to the economic development of Pakistan?

Yes _____ No _____
No Comments

18. Do you think that foreign training of civil servants is helpful towards the economic development of Pakistan?

Yes _____ No _____
No Comments

19. Do you think that the budgets of the Basic Democracies should be supplemented by government grants-in-aid for implementation of their developmental programmes?

Yes _____ No _____
No Comments

Date.....

Signature

RESULTS OF THE PUBLIC OPINION POLL ON THE ROLE OF THE STATE IN THE ECONOMIC DEVELOPMENT OF PAKISTAN

QUESTIONS

QUESTIONS	GOVERNMENT SERVANTS	PRIVATE EMPLOYEES	TEACHERS	LEADING MEN	BUSINESS MEN AND TRADERS	INDUSTRIALISTS	STUDENTS	Total
	Yes - No - No Comments	Yes-No- ^{No} Comments	Yes-No-Comments	Yes-No-Comments	Yes-No-Comments	Yes-No-Comm.	Yes-No-Comm.	Yes-No-Comments
5. Do you favour the idea of controlling and regulating the growth of industries and trades by legislation?	42 - 13 - 5	18 - 6 - 0	15-5- 1	19-12- 1	11-1 -0	5 - 2 - 0	28-21- 1	138-60- 8
6. Do you favour the idea of setting up corporations in various economic sectors by the State?	41 - 16 - 3	19 - 4 - 1	18-1- 2	26- 5- 1	9 -3 - 0	6 - 1 - 0	43- 7- 0	162-37- 7
7. Do you favour public enterprize?	25 - 31 - 4	9 -15 - 0	13-6- 2	16-15- 1	5 -6 - 1	5 - 2 - 0	26-23- 1	99-98- 9
8. Do you favour mixed enterprize?	41 - 14 - 5	19 - 5 - 0	19-0- 2	23- 6- 3	5 -5 - 2	5 - 2 - 0	32-18- 0	144-50-12
9. Do you favour the State monopoly of the following:- (a) Road transport, (b) Supply of electricity, (c) Supply of coal, (d) Supply of fuel oil, (e) Supply of salt, (f) Supply of food grains?	36 - 17 - 7	19 - 4 - 1	13-1- 7	21- 7- 4	9 -2 - 1	6 - 1 - 0	33- 6-11	137-38-31
10. Do you think that collective farming can be adopted in Pakistan under effective legislation?	23 - 33 - 4	18 - 5 - 1	14-6- 1	21-10- 1	6 -5 - 1	5 - 2 - 0	32-18- 0	119-79- 8
11. Do you favour the idea of prescribing limits to fragmentation of lands by legislation?	42 - 14 - 4	16 - 5 - 3	21-0- 0	25- 6- 1	8 -4 - 0	4 - 1 - 2	38- 9- 3	154-39-13
12. Do you favour the idea of accepting economic or technical aid from foreign powers?	51 - 5 - 4	20 - 4 - 0	20-1- 0	27- 3- 2	10 -1 - 1	6 - 1 - 0	41- 8- 1	175-23- 8
13. Do you agree to the acceptance of aid from Russia?	40 - 12 - 8	18 - 4 - 2	13-4- 4	17-11- 4	7 - 5- 0	4 - 3 - 0	39-10- 1	138-49-19
14. Do you agree to the acceptance of aid from America?	50 - 5 - 5	21 - 3 - 0	18-1- 2	25- 3- 4	10- 0- 2	6 - 1 - 0	41- 7- 2	171-20-15
15. Do you think that birth-control is necessary for the economic development of Pakistan?	49 - 7 - 4	18 - 6 - 0	17-3- 1	21-11- 0	7- 5 - 0	5 - 2 - 0	33-15- 2	150-49- 7
16. Do you think that the philosophic attitude of the people is a retarding factor in the economic growth of Pakistan?	19 - 36 - 5	9 - 14 - 1	4-16-1	14-15- 3	5- 6 - 1	2 - 3 - 2	24-22- 4	77-112-17
17. Do you think that adoption of the teachings of Islam as an inservice training programme would help the civil servants in acquiring attitudes suitable to the economic development of Pakistan?	33 - 21 - 6	19- 5 - 0	16- 5-0	26- 5- 1	8- 3 - 1	4 - 2 - 1	32-12- 6	138-53-15
18. Do you think that foreign training of civil servants is helpful towards the economic development of Pakistan?	42 - 13 - 5	13-11 - 0	15- 5-1	19- 12- 1	7- 5 - 0	4 - 3 - 0	30-17- 3	130-66-10
19. Do you think that the budgets of the Basic Democracies should be supplemented by government grants-in-aid for implementation of their developmental programmes?	48 - 5 - 7	17- 5 - 2	18- 2- 1	24- 6 - 2	1 - 4 - 0	7 - 0 - 0	27-21- 2	149-43-14

RESULTS OF THE PUBLIC OPINION POLL ON THE ROLE OF THE STATE IN THE ECONOMIC DEVELOPMENT OF PAKISTAN

QUESTIONS

QUESTIONS	GOVERNMENT SERVANTS	PRIVATE EMPLOYEES	TEACHERS	LEADING MEN	BUSINESS MEN AND TRADERS	INDUSTRIALISTS	STUDENTS	Total
	Yes - No - No Comments	Yes-No- ^{NO} Comments	Yes-No-Comments	Yes-No-Comments	Yes-No-Comments	Yes-No-Comm.	Yes-No-Comm.	Yes-No-Comments
5. Do you favour the idea of controlling and regulating the growth of industries and trades by legislation?	42 - 13 - 5	18 - 6 - 0	15-5- 1	19-12- 1	11-1 -0	5 - 2 - 0	28-21- 1	138-60- 8
6. Do you favour the idea of setting up corporations in various economic sectors by the State?	41 - 16 - 3	19 - 4 - 1	18-1- 2	26- 5- 1	9 -3 - 0	6 - 1 - 0	43- 7- 0	162-37- 7
7. Do you favour public enterprize?	25 - 31 - 4	9 -15 - 0	13-6- 2	16-15- 1	5 -6 - 1	5 - 2 - 0	26-23- 1	99-98- 9
8. Do you favour mixed enterprize?	41 - 14 - 5	19 - 5 - 0	19-0- 2	23- 6- 3	5 -5 - 2	5 - 2 - 0	32-18- 0	144-50-12
9. Do you favour the State monopoly of the following:- (a) Road transport, (b) Supply of electricity, (c) Supply of coal, (d) Supply of fuel oil, (e) Supply of salt, (f) Supply of food grains?	36 - 17 - 7	19 - 4 - 1	13-1- 7	21- 7- 4	9 -2 - 1	6 - 1 - 0	33- 6-11	137-38-31
10. Do you think that collective farming can be adopted in Pakistan under effective legislation?	23 - 33 - 4	18 - 5 - 1	14-6- 1	21-10- 1	6 -5 - 1	5 - 2 - 0	32-18- 0	119-79- 8
11. Do you favour the idea of prescribing limits to fragmentation of lands by legislation?	42 - 14 - 4	16 - 5 - 3	21-0- 0	25- 6- 1	8 -4 - 0	4 - 1 - 2	38- 9- 3	154-39-13
12. Do you favour the idea of accepting economic or technical aid from foreign powers?	51 - 5 - 4	20 - 4 - 0	20-1- 0	27- 3- 2	10 -1 - 1	6 - 1 - 0	41- 8- 1	175-23- 8
13. Do you agree to the acceptance of aid from Russia?	40 - 12 - 8	18 - 4 - 2	13-4- 4	17-11- 4	7 - 5- 0	4 - 3 - 0	39-10- 1	138-49-19
14. Do you agree to the acceptance of aid from America?	50 - 5 - 5	21 - 3 - 0	18-1- 2	25- 3- 4	10- 0- 2	6 - 1 - 0	41- 7- 2	171-20-15
15. Do you think that birth-control is necessary for the economic development of Pakistan?	49 - 7 - 4	18 - 6 - 0	17-3- 1	21-11- 0	7- 5 - 0	5 - 2 - 0	33-15- 2	150-49- 7
16. Do you think that the philosophic attitude of the people is a retarding factor in the economic growth of Pakistan?	19 - 36 - 5	9 - 14 - 1	4-16-1	14-15- 3	5- 6 - 1	2 - 3 - 2	24-22- 4	77-112-17
17. Do you think that adoption of the teachings of Islam as an inservice training programme would help the civil servants in acquiring attitudes suitable to the economic development of Pakistan?	33 - 21 - 6	19- 5 - 0	16- 5-0	26- 5- 1	8- 3 - 1	4 - 2 - 1	32-12- 6	138-53-15
18. Do you think that foreign training of civil servants is helpful towards the economic development of Pakistan?	42 - 13 - 5	13-11 - 0	15- 5-1	19- 12- 1	7- 5 - 0	4 - 3 - 0	30-17- 3	130-66-10
19. Do you think that the budgets of the Basic Democracies should be supplemented by government grants-in-aid for implementation of their developmental programmes?	48 - 5 - 7	17- 5 - 2	18- 2- 1	24- 6 - 2	1 - 4 - 0	7 - 0 - 0	27-21- 2	149-43-14

APPENDIX IV

Distribution of respondents in different groups as
per educational qualifications

Group	B.A. or equiv.	M.A. or equiv.	Engineer	Doctor	Below B.A.	Total
Government Servants	23	17	6	5	9	60
Private Employees	13	3	-	-	8	29
Teachers	6	14	1	-	-	21
Leading Men	26	5	1	-	-	32
Businessmen and Traders	8	-	-	-	4	12
Industrialists	2	2	2	-	-	7
Students	34	-	-	-	10	50
Grand Total	112	41	9	5	39	206

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