

Subjective Type Questions with Answers

Q1. Why planning is essential for development?

Answer

What is planning?

Prof. Lewis Lorwin has defined planning in the following way

“Economic planning is a scheme of organization..... for the purpose of utilizing all available resources to achieve maximum satisfaction within a given time.”

Why is planning essential for development:

Economic planning is essential for the development of economy in any state.

Following reasons justify the significance of planning for development:

- National income
- Standards of living
- New job opportunities
- Inflation needs
- Self-sufficiency in food
- Class disparity
- Balance of payment
- Investment behavior
- Fundamental rights of the labor force
- Process of sustainable economic growth

National Income

Planning is essential if national income needs to be enhanced

Standards of living

Standards of living needs to be improved by increasing per capita income level

New job Opportunities

New job opportunities need to be created in order to meet the problem of unemployment

Inflation needs

Inflation needs must be checked in order to stabilize prices.

Self-sufficiency in food

Self-sufficiency in food needs to be achieved.

Class disparity

Class discrimination must come to an end. All people must be treated on equal basis.

Balance of payment

A better balance of payment needs to be acquired by improving foreign exchange earning capacity.

Investment behavior

Investment behavior needs to be reoriented and brought in conformity with the national interests instead of the narrow personal interests of the investors.

Fundamental rights of the labor free

Fundamental rights of the labor force need to be protected. Their working condition and wages need to be improved.

Process of sustainable economic growth

Process of sustainable economic growth needs to set in by creating an atmosphere congenial for long term development planning.

Q2. Signify the importance of agriculture in our national?**Answer****Significance of Agriculture in Pakistan's economy**

Pakistan is basically an agrarian economy. Following factors signify the importance of agriculture in our economic structure.

- Thirty two percent of our GNP comes from agriculture sector.
- We fulfil our seventy to eighty percent of foreign exchange requirements from the income generated from agriculture sector.
- Thirty nine percent of our total population is employed as labor force in the agriculture sector.
- Seventy nine percent of our total population depends upon agriculture sector.
- In spite of our enormous dependence on agriculture sector level of our agriculture produce is extremely low, i.e. we produce yearly 20 pounds of wheat per acre as compared to 50 mounds per acre in the US and only 1 1 mounds of rice per acre as compared 50 mounds in Italy.
- About 30 percent of the population which depends on agriculture is semi-employed.
- Seventy two percent of our total population lives in rural areas and depends solely, on agriculture.
- With the exception of a limited number of big landowners the rural population is living a life of untold misery and deprivation.
- Due to backward agriculture, unemployment in the rural areas is widespread.
- Due to immense privation, level of illiteracy in the rural areas is almost double of the urban areas.
- All these facts lead us to the conclusion that backwardness of agriculture is the root cause of tardy rural development, If we want to make our

country economically strong we shall have to address the problems of rural and agricultural development.

Poverty and Agriculture Sector

Despite recent good macroeconomic performance, Pakistan continues to have high levels of poverty. Poverty estimates of 2000-2001, indicate that around one third of the population lives at or below the poverty line, with poverty being a concentrated in rural areas. Available international literature indicates a strong and clear-cut relationship between agricultural growth and poverty reduction. The agricultural sector is a major determinant of the overall economic growth and well-being in Pakistan, contributing 23 percent of total GDP; employing 42% of the total employed labor force; and accounting for nearly 9 percent of the country's export earnings. Thus, high agricultural growth is essential for significant poverty reduction in Pakistan.

Non-Farm growth and National Betterment

However, in addition to the direct impact of agriculture growth on poverty reduction, there is also much larger indirect effect through the linkages between agriculture and non-farm growth in rural areas. Non-farm growth is closely linked with agricultural growth since peasant farmers spend a large portion of their incremental income on locally produced non-agriculture goods thus generating employment and incomes in the adjoining areas. The five major sources of income in rural Pakistan are wages/salaries, transfer income, crop income, rental income and livestock income. Livestock is a particularly important source of income for the poor with a majority of poor households, especially the landless and small landowners, dependent on this sector.

Q3. Give the background of Industrial development in Pakistan and signify the importance of industries in the development of Pakistan.

Answer

Background

Pakistan started with an extremely weak industrial base after independence. The British had concentrated all their industrial establishment in a few big cities like Calcutta, Bombay and Madras. Under Partition Plan all these cities were made a part of India. At the time of partition, major industries established in India were, textile, jute, sugar, steel, iron, cement, paper and glass.

At the time of partition, there were 921 big industrial units in India, out of these only 34 came to the share of Pakistan (less than four percent of the total), and this was unfair because 20 percent of the total Indian population lived in Pakistan. Indian industrial units had a total capacity of employing 11, 37,150 persons daily. Pakistan's daily i.e. only 2.32 percent of the total.

Importance of Industry in National Development

Pakistan is basically an agrarian economy and in order to make rapid economic progress we need to develop our agriculture on priority basis, but this does not mean that industrial development is less important. We should pay due attention to the progress of industry for reasons given below:

- Modern agriculture cannot be carried out without help of mechanical equipment. Modernization of agriculture demands abundant supply of agriculture implements, pesticides, insecticides and fertilizers, which obviously needs strong industrial support.
- In order to earn more foreign exchange, it is necessary that our agricultural produce is not exported raw but in processed form. Processing requires an agro-based industrial set up.
- Pakistan has to import large quantities of raw and processed goods in order to meet the demands of her ever-expanding population as well as for keeping a balance between exports and imports, for this we should try

to manufacture consumer's goods within our country and establish factories for this purpose.

- By expanding our industrial base, we can provide employment for maximum number of our people, this will alleviate poverty problem and help us in improving our people's quality life.

Q4. What is meant by 'trade' and 'commerce'? Also signify the importance of E-commerce.

Answer

The term 'trade' is applied to the process in which countries buy and sell goods to each other. The term is also applied to some special business like 'cotton trade'. Commerce literally mean 'buying and selling of goods and services.'

By rating the level of progress, a particular country has achieved, in the field of trade and commerce we can determine the level of its general economic progress.

In developing countries, like Pakistan economic planning is considered to be the basic requirement for development. Enlisted here are some basic facts about our foreign trade structure.

1. Base of our exports is extremely narrow.
2. Our industry is import-oriented. Fifty percent of our exports consist of industrial raw material.
3. Population is growing fast and the number of consumers is increasing accordingly. We have virtually turned into a consumer's society. Consumer market is expanding but production is not increasing at the same place.
4. Agriculture produce is declining due to primitive agriculture practices: number of sick industrial units is growing rapidly.

5. Foreign exchange has been adversely affected due to political unrest and terrorist activities.
6. Prices of industrial raw material, petroleum and natural gas are gradually increasing due to devaluation and inflation. This tendency has made it difficult for our industrialists to produce with the foreign products in the international as well as in the local market.

Q5. What is the importance of information technology in the modern world?

Introduction

IT must be seen as an investment and not an expense. It requires vision and bold leadership to employ IT as a tool, but it must be coupled with sincere commitment to good governance since without that IT can be detrimental to the freedom and well-being of the citizens.

IT and Legislative

Legislative, an important institution of the state provides – for the benefit of citizens – the information regarding what is being said, debated and legislated for them. Towards this, IT has been employed to record all the speeches as well as all laws presented and enacted by the legislature basically in the form of texts and scripts but given the current available technology as voice or video not only to citizens but also to the new legislatures for learning history as well as preparing their own presentations in the legislative assembly, thus improving the quality of debate as well as avoidance of repetitive statements or time consuming checks and references towards achieving good governance.

IT and Judiciary

Judiciary has long benefited from IT by having case laws available to judges and to lawyers. Libraries for any professions are extremely important in terms of quality of work. The electronic library has revolutionized the world and

professionalism. Citizens who have been in jails for more than their possible term, if the offence was to be proved, such information when available on computers and freely accessible brings speedy justice and reduced level of administrative costs both of courts and jails. A comprehensive administrative system helps scheduling of cases to bring efficiency and cost of litigation down, resulting in less expensive justice to citizens and making lawyers and judges more productive.

IT and Economic Planning

In addition, economic planning is inconceivable without IT. Economic opportunities for job market supported closely by education planning can help reduce unemployment. Citizens consider all this as their right, in return for taxes paid to the national exchequer. A comprehensive, clean and correct citizens database good governance and in implementing merit-based administration where appropriate people are selected for right jobs.

IT and Financing

The role of IT in a financial services organization is broadly, supporting operational efficiencies – and that simply means doing routine tasks better, faster or cheaper. Volumes are the key here and in financial institutions, the transactions that are usually handled in the back-office operations units need to be automated from account maintenance, billing, through processing of payments, loans, trade financing, reconciliations and so on. Facilitating customer services delivery – increasing customer touch points, extending the duration of service, improving service delivery. Whether by automating teller functions, providing E-banking services, installing automatic teller machines (ATMs), providing PC or Internet banking.

High Agricultural Yield

In recent years, research and development of the expert system fields of agriculture domain have been paid much attention by many countries, not only

by developed countries but also by developing countries. The complexity of problems confronting farmers like yield losses, soil erosion, diminishing market prices from international competition, increasing chemical pesticides costs and pest resistance and economic barriers hindering adoption of farming strategies necessitates that they become expert managers of all aspects of their farming operation. Numerical methods have failed because understanding about crop systems are qualitative based on experience and cannot be mathematically represented. In industries and at other large customer's premises.

Poverty Alleviation

The problem of poverty can only be solved through improving the total economic and social opportunities and equitable distributions of the benefits of growth to all particularly the poor thereby providing security to people who are unable to participate in the contribution of economic growth and governance. In the past decade, the advances particularly in the field on information technology have been so rapid that it has changed the shape of all economic activities in the world, and pushing the world towards globalization. However, in Pakistan efforts were never made to deliver the benefits to the poor, like improved basic services including education, health care, and in equipping the poor with necessary information and skills to bring them into the mainstream of society so that they can be the productive partners.

Information technology can open up this corridor of opportunity and shall be used as a key to empowering the poor and thereby gaining information to shape better decisions to determine their own destiny. Information technology can empower the poor like never before.

Positive Impact on International Foreign Policies

The use of IT can have a positive impact on our foreign policy.

Q6. Highlight the strategies indicated in Pakistan 1st Five years Plan, its target achievements and failures.

Answer

First Five Year Plan 1955-1960

Strategy of the Plan

The strategies of this plan were:

- Development of the Rural and Agriculture sector
- A balanced approach between the agriculture and Industrial sector.
- Water and power resources
- Expenditure from indigenous resources
- Development of the Rural and Agriculture Sector
- Development of the rural and agriculture sector was placed on top priority
- A balanced approach between the agriculture and Industrial sector.
- A balanced approach between the agricultural and Industrial sector was stresses.

Development of Water and power resources

Twenty nine percent of the total expenditure during plan was earmarked for the development of water and power resources.

Expenditure from Indigenous resources

Major part of the expenditure required for the development schemes was to be generated from indigenous resources.

Targets of the Plan

Targets of the first five years plan were as follows

- To improve the general living standard of the people
- To improve balance of payment by increasing exports

- To create job opportunities and reduce unemployment
- To improve health, education and social services

Achievements and success of this plan

- National income was increased by 11 percent, the target was set at : 15 percent
- Increase in annual per capita income was recorded at 1.6 as against the anticipated target set as 7 percent.
- One million acres of barren land was reclaimed for cultivation against the anticipated target set as 1.5 million acres.
- New industries were established
- Commendable improvement was made in the railway and transport sector.
- No mentionable success was achieved in the field of mineral development except in the field of natural gas.

Q7. Describe the importance and preservation of development of natural resources.

Answer

Resource

Resource is simply defined as a "means of comfort or help, something one turns to when one is in need or difficulty".

Types of resources

There are two types of resources

- Human resource
- Natural resource

Preservation of the Natural Resources

Natural resources play a key role in the development of the country. Evaluated on the basis of the explored mineral resources, Pakistan is a backward country. Due attention was not paid to the exploration of the natural resources in the past. Only one percent of the national income was earmarked in our budgets for mineral development and research. This is an extremely meager amount when compared with the developed countries. But this does not mean that the land of Pakistan has poor natural resources. In fact, we have not yet been able to explore and exploit our mineral wealth properly. The Quaid-e-Azam (RA) once said that Providence has endowed Pakistan with abundant natural resources. It was for the people now to explore and exploit these resources for their benefit. This was not an easy task, it demanded honestly and tireless labor.

Economical and modest use of available resources and protecting these resources from going waste is a matter, which is by no means less important than exploration itself. For this a term conservation of resources, is used. Human population is growing day by day and with this available resource are falling short of human needs. Natural resources are the common heritage of humanity, if we squander them; we squander them at the cost of our coming generations.

Economic experts of the modern age predict that the third Great War will be fought for water. Prophet Muhammad (PBUH) once said that one should not waste water even if he is making ablution (wuzoo) from a canal full of water. The Prophet Muhammad (PBUH) actually wanted to impress upon us that the natural resources are nobody's personal property; nobody has a right to misuse them. The only course open for a grateful man is to take the bare minimum share for him or himself from the dainties of Allah and leave the rest for the rest of humanity.

Q8. Write a brief note on education and Health for all

Answer

Human Development

Human development report for the year 2000 has defined Human development as the process of improving as the process of improving human capabilities for the purpose of enhancing the production of commodities, more desired by the human beings. The most desired human commodities according to this report are

- Good Health
- Education
- Comfortable environment
- Freedom of thought and action

These things are now considered to be the basic factors of human development and are most valuable and sustainable than material progress pure and simple.

HID standards for progress

HID (Human Development Index) measures the progress of a country on three grounds:

- Level of health and average life expectancy
- Level of literacy
- Good standard of living

Education in Pakistan

Education, sociality and economic development are neutrally inter-related but Pakistan lags far behind in field of promoting education for all.

Literacy rate in Pakistan

A comprehensive analysis of our literacy rate is as follows

Literacy Rate

1951 census	198 censuses	1998
16%	26.2 %	45 %

Compared with other developing countries our literacy rate (45 %) is still low. High literacy rate is needed for economic development. According to 2003 HID report Pakistan falls at the 144th position amongst 189 countries of the world. This means that 76% countries of the world are placed in better standard of education, health and general quality of life as compared to Pakistan.

Budget for education

A comparative study for budget allocation for EFA program comes up with the following

Fifth Five Year Plan	Sixth Five Year Plan	Seventh Five Year Plan
5.6 billion rupees	19.9 billion rupees	23.1 billion rupees

The government has taken a serious notice of the problem of education and for the development of education. More attention is being paid to the mission of education for all.

Health for All

Health is a blessing of Allah. Life cannot be enjoyed without good health. The important facts about the health scenario of Pakistan are as follows

- The life expectancy of Pakistanis is lower than that of the developed countries
- People suffer from malnutrition
- Medical facilities are not available in all the cities

- Death rate is about eighthly Per thousand
- In fact, death rate is eighthly per thousand
- Economic adversity, pollution, malnutrition, lack of health facilities are the main causes of low level of health
- One percent of national income is spent on health.
- One doctor is for two thousand persons.
- There is an acute shortage of paramedical staff
- Basic medical facilities are not available in many parts of the country.

Q9. Give a brief account of planning of Economics in Pakistan.

Answer

Economic Planning

The letter uses of national resources for the development of national economy and of national economy and public welfare is called economic planning.

Importance of Economic Planning

- Increase of per-captia income
- Increase of National Income
- Creations of job opportunities
- Economic self sufficiency
- Balance of payments
- Industrial development
- Development of lender Developed Areas
- Employment of manpower
- Stability of prices
- Control of population
- Control over economic crises

Economic Planning in Pakistan

Economic planning in Pakistan can be studied under the following headings:

- Industry oriented planning
- Agriculture centered planning
- Policy of Nationalization
- Fiscal Policy

Industry Oriented Planning

During 1950-60, industrial development was at the top priority of over economic planning.

Agriculture oriented planning

During 1960-70, agriculture sector was given due importance the salient features of this kind of planning are:

- Foreign monetary support was considered essential for economic development
- As a result of this policy, Private growth rate increased.
- Gap between the rich and the poor was further widened.
- Balance of payments were distributed due to the increased import bills and lower export level
- Disparity between eastern and western zones of Pakistan was clear.
- Policy of Nationalization

Policy of Nationalization

- During 1970-80, 32 big industrial limited were nationalized
- This attitude of nationalization alarmed the investors and the investment came to a standstill.
- Production derailed
- The laborers took to protest.
- Dependence on foreign aid

Denationalization on Fiscal Policy

- During the last years of 1980 the denationalization policy started
- New industries were provided to private investors.
- The new fiscal policy aimed at enhancing dependence on internal savings instead of foreign aid
- Social services were expanded
- HRD (Human Resource Development) was made the guiding principle for economic planning.

