

A Measure of Economic Growth in East and in West Pakistan¹

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It is sometimes said that "national planning will simply have no meaning if it completely ignores the economic disparities between the two wings and fails to evolve a sensible pattern of regional planning"². The lack of much essential data on a regional basis, however, renders any precise estimate of the relative growth rates almost impossible. Data either are not available or are inadequate on such important variables as production, income, consumption and trade, so that even a correct evaluation of past development efforts is not possible. The implications of such a situation for future planning are not difficult to understand.

In this article an attempt is made to estimate the absorption of specified commodities in East and West Pakistan separately³. This will indicate the pattern of consumption and also give a rough idea about the growth rate of the two wings. With this purpose in view, quantity indices of absorption are prepared for each wing separately, taking data on availability of goods and prices from the Institute's monograph on Inflation. The quantity indices, however, are not of course strictly comparable with national income estimates because of the difference in coverage of the two series. National income data include government, services, trade, etc., while the quantity indices cover only specified goods available for each region.

The indices are calculated by Laspeyre's formula⁴ and cover a period of nine years, from 1951-52 (July-June) to 1959-60 with 1951-52 as the

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1. This article is based on the data collected for a recent monograph on *A Measure of Inflation in Pakistan: 1951-60*, published by the Institute of Development Economics. The quantity indices are computed from Tables C-1 and C-2 (Appendix C) of that monograph.

2. *Report of the Panel of Economists on the Second Five-Year Plan*, Government of Pakistan, Karachi, 1959. p. 13.

3. The terms 'absorption', 'availability' and 'consumption' used in this article are synonymous and mean final domestic consumption of goods including investment goods. It is equal to:

Production + Imports (from abroad and from the other wing) ±
Change in stocks—Exports (abroad and to the other wing).

4. $100 \cdot \frac{\sum Q_n P_o}{\sum Q_o P_o}$ where Q_n is the quantity in current year,
 Q_o is the quantity in base year and
 P_o is the price in base year.

base⁵. The number of commodities included in the West Pakistan index is 35 and in East Pakistan is 25. Most of the commodities not covered by the East Pakistan index do not have significant weight. The coverage of these indices is not "ideal" in that many products available within the region could not be included. This is unavoidable in view of the limitations of the data. It is probable that the coverage of the indices is much more complete with respect to agricultural goods (perhaps 85-95 per cent of "ideal") than non-agricultural commodities.

TABLE I
Quantity Indices

Year	Quantity Index			National Income Index ⁷
	West Pakistan (1)	East Pakistan (2)	All Pakistan ⁶ (3)	All Pakistan (4)
1951-52	100	100	100	100
1952-53	103	105	104	102
1953-54	112	120	116	107
1954-55	123	111	117	109
1955-56	126	98	112	108
1956-57	133	127	130	115
1957-58	143	122	133	116
1958-59	147	110	129	116
1959-60	154	131	143	120

The above figures indicate that the quantity index for West Pakistan rose successively and showed an increase of 54 per cent in 1959-60 over the base year. The East Pakistan index rose to 120 in 1953-54, fell thereafter to 111 in 1954-55, and further to 98 in 1955-56. It reached its highest level, 131 in 1959-60. This suggests a stable growth in availabilities in West Pakistan and a strongly fluctuating growth rate in East Pakistan. The

5. For a detailed discussion of commodities included, prices used and the coverage, see, Section I and the Appendix on Methodology in the monograph on Inflation (*op. cit.*).

6. Simple average of the wing indices.

7. From National Income at constant prices, published in the *Budget 1961-62, Economic Survey and Statistics*, Government of Pakistan.

annual compound rate of increase, as shown by the above indices, was 5.5 per cent in West Pakistan as compared to 3.4 per cent in East Pakistan. A division of the entire period into the pre-Plan period and the Plan period indicates a divergent movement in the annual rate of growth in availabilities between the two periods. In West Pakistan, the compound annual rate of increase declined from 7.2 per cent during the pre-Plan period to 4.6 per cent during the Plan period (with 1954-55 as base); in East Pakistan, there was but a slight decline from 3.5 per cent to 3.4 per cent over the same periods. Abnormally high fluctuations during 1953-56 in East Pakistan, however, seriously distort the meaning of these calculations.

The all-Pakistan index shows a fair degree of correlation with the index of national income, at constant prices, as estimated by the Central Statistical Office, and the movements in the two series have in no year been in opposite directions. The rate of increase suggested by the quantity index was, however, about double the rate indicated by the national income index. Thus, while the two indices support each other in so far as directions are concerned, the quantity index shows a significantly higher rate of growth. However, the quantity index may overstate the extent of growth because it includes imports and excludes exports and "services". The disparity between the two rates is, nevertheless, too great to be explained entirely by the difference in the coverage and suggests underestimation of national income.

TABLE II
Per Capita Indices⁸

Year	West Pakistan (1)	East Pakistan (2)	All Pakistan (3)	All Pakistan (C.S.O.) (4)
1951-52	100	100	100	100
1952-53	101	103	102	99
1953-54	107	115	111	102
1954-55	115	105	110	103
1955-56	114	91	103	99
1956-57	118	116	117	104
1957-58	124	109	117	103
1958-59	125	96	111	101
1959-60	128	112	120	102

8. Yearly figures on population are based on a 2.4 per cent per annum compound increase in West Pakistan and 1.9 per cent per annum in East Pakistan over February 1951 figures of 34.08 million and 42.15 million respectively. Average of two years is used for the trade year, i.e., average of 1951 and 1952 is taken for 1951-52, and so on. The cumulative rate for the two wings is calculated on the basis of provisional figures of the 1961 Census of population.

The corresponding per capita figures suggest that availabilities in West Pakistan were, on average, 16 per cent higher during the Plan period than in the period 1951-55. In East Pakistan the index shows that availabilities remained almost unchanged. This supports the widely held view that the disparities in income between the two wings have increased during the Plan period, although the magnitude may be different from the one indicated by these figures. Compared to estimates of per capita national income, at constant prices, the integrated all-Pakistan index of availability shows an average compound rate of increase of 2.3 per cent per annum during 1951-60 compared to 0.2 per cent indicated by national income data.

Table III, on following page, gives per capita availability of specific commodities. It is calculated for each wing on the basis of total quantity absorbed and the latest population estimates⁹. This should correspond roughly to the per capita consumption and give an indirect estimate of the level of and changes in consumption of specific commodities in each wing. In the case of some commodities, particularly foodgrains, figures for stocks or carryover were not available. To that extent, therefore, the absolute level of consumption is distorted.

In the food group per capita availability of cereals¹⁰ averaged 14.6 ounces per day in West Pakistan as compared to 15.3 ounces in East Pakistan. The average, however, concealed wide year-to-year fluctuations. The year 1959-60, for instance, was exceptionally good with respect to the production of food crops and the availability was higher in that year. As could be expected, availability of foodgrains moved always in the same direction as production, although with varying degrees¹¹. Availability was generally higher than production. This was attributable to imports which also had a stabilizing effect on supplies in some years. Consumption of cereals fluctuated between 13.0 and 15.7 ounces in West Pakistan and 12.7 and 16.9 ounces in East Pakistan. Although the absorption of wheat in East Pakistan during 1959-60 was four times higher than in 1951-52, its share in the total consumption was still insignificant. The all-Pakistan consumption of cereals, on the basis of these figures, is slightly more than 15 ounces per day. This is higher than the 14.0 ounces which have been the basis for calculating food requirements in the country. It should be noted

9. For calculating availability of cereals a deduction of 10 per cent was made, from the production figures, on account of seed and wastage etc.

10. Included: Wheat, rice, jowar, bajra, maize, barley and gram in West Pakistan and wheat, rice and gram in East Pakistan.

11. In West Pakistan, production of wheat, barley and gram is assumed to be available in the subsequent year. This explains the divergent movements between production and availability in certain years.

TABLE III
PER CAPITA AVAILABILITY OF SPECIFIED COMMODITIES

Commodity	Unit	1951-52		1959-60		% Change		(Average 1951-60)	
		West Pakistan	East Pakistan	West Pakistan	East Pakistan	West Pakistan	East Pakistan	West Pakistan	East Pakistan
Wheat	Oz. per day	9.9	0.1	10.0	0.4	+1	+300	9.0	0.2
Rice	"	1.4	14.7	1.7	16.0	+21	+9	1.7	15.0
Other cereals	"	4.4	0.1	3.5	0.1	-18	—	3.9	0.1
Pulses*	"	0.2	0.5	0.2	0.3	—	-40	0.2	0.4
Raw sugar	Lbs. p.a.	32.6	15.7	50.3	13.3	+54	-15	46.9	16.1
Refined sugar	"	8.0	2.7	6.5	2.6	-19	-4	6.8	2.7
Tea	"	0.5	0.1	1.0	0.1	+100	—	0.8	0.1
Salt	"	17.0	11.6	10.0	11.3	-41	-3	16.7	11.4
Cigarettes	Nos. p.a.	76.0	5.0	183.0	33.0	+141	+560	121.0	21.0
Tobacco	Lbs. p.a.	1.8	2.5	1.7	1.8	-6	-28	2.1	2.2
Fish	"	2.4	3.9	3.5	9.3	+46	+138	3.2	8.3
Rapeseeds	"	7.8	7.6	8.2	7.1	+5	-7	7.2	7.5
Cloth	Yards p.a.	1.4	1.7	9.0	3.0	+543	+76	7.8	2.2
Paper	Lbs. p.a.	0.5	0.2	1.4	0.3	+180	+50	1.0	0.4
Matches	Nos. p.a.	10.0	7.0	16.0	13.0	+60	+86	11.0	7.0
Coal	Lbs. p.a.	87.0	46.0	66.0	28.0	-24	-39	66.0	32.0
Kerosene	Gallons p.a.	0.5	0.5	0.9	0.6	+80	+20	0.4	0.5
Petrol	"	1.0	0.1	1.3	0.1	+30	—	0.8	0.1
Electricity	Kwh p.a.	8.6	0.5	28.8	1.6	+235	+220	18.8	1.0

Note:—Figures might show minor differences due to rounding off.
p.a.=per annum.

*Include Moong, Masur and Mash in West Pakistan, and Moong, Masur, Mash and Khesari in East Pakistan.

that some recent surveys have indicated cereal consumption level as high as between 17 and 19.5 ounces for West Pakistan. Pulses supplemented food consumption in East Pakistan more than they did in West Pakistan.

Consumption of raw sugar in East Pakistan was about one-third of the consumption in West Pakistan and showed a sharp decline from 16.9 lbs. in 1956-57 to 13.3 in 1959-60. Absorption of tea was eight times higher in West Pakistan and was steadily growing. Availability of tobacco was declining in both wings, but more rapidly in East Pakistan while cigarettes showed a phenomenal increase. Consumption of fish was much greater in East Pakistan than in West Pakistan, and the supplies were fairly stable.

Among the manufactured goods, figures for cloth indicated a sharp rise in West Pakistan, from 1.4 yards per year to 11.8 yards in 1958-59. The average of 7.8 yards however may not reflect the actual consumption since the quantity of imported cloth, which was substantial in earlier years, is not included in these figures. If account is taken of imported cloth the availability is likely to be much higher. Availability was fairly low in East Pakistan, (2.2 yards on average) and at 3 yards a year in 1959-60 was only 1.3 yards more than the 1951-52 level. Paper and matches also indicated a higher rate of availability in West Pakistan.

In the fuel and lighting group also, the availability was much higher in West Pakistan. Supply of coal in East Pakistan was, on average, less than half the supplies in West Pakistan while that of petrol was 0.1 gallon throughout the period as against an average of 0.8 gallons in West Pakistan. Electricity supply in West Pakistan was about 19 times higher than in East Pakistan.

The above analysis suggests that, except for rice and fish which comprise staple food in East Pakistan, the availability of almost all the commodities was significantly higher in West Pakistan than in East Pakistan. Per capita quantity of cereals consumed in the West wing was less than in East Pakistan. However, the economy appeared to be more diversified in West Pakistan as a number of other consumption goods were available. The low level and low rate of increase of non-cereal food, and clothing in East Pakistan reflected a lower standard of living, and a comparatively meagre supply of fuel and power indicated the slow pace of industrial development¹².

12. The conclusions derived from this study, however, should be accepted with caution in view of the limited nature of the data on which they are based. These estimates are useful, only so long as no other figures are available and will have to be verified from regional income data if and when it becomes available.