

Domestic Prices of Imports in Pakistan : Extension of Empirical Findings

by
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The main purpose of this study is to supplement the empirical findings of an earlier paper by the author on the domestic prices of imports in Pakistan [8].

In order to determine the factors which influence the prices of imports in Pakistan, some selected commodities were studied in the earlier paper and it has been found that, due to the presence of direct controls on supply, the importers could earn an excess profit and the licensing system was the main determinant of the domestic prices of imports at the margin. Changes in duty levels did not have any effect on domestic prices up to a limit defined by the extent of the excess profit.

Since the study cited was completed, there have been some significant changes in the import policy of Pakistan. "Liberalisation" of imports was broadened with the expansion of the "free list". In Section I of this paper an attempt has been made to determine the effects of free list imports on the supply and prices of imports, and on the mark-ups of importers.

The earlier study dealt with the prices of imported commodities in Karachi, the major industrial market of Pakistan. But due to the great differences in the economic conditions of the two wings, Karachi fails to represent the whole economy. In order to get a more complete picture of the price situation of imports, we analysed the prices in Chittagong, the major market in the East wing. Section II presents the findings of this analysis and also a comparison of the general levels of prices of, and mark-ups on, imports in the two wings. In Section III an attempt has been made to determine the shadow price of imports in Pakistan using the margins on different imported commodities.

I. THE EFFECTS OF "LIBERALISATION"

One of the most discussed topics about the economy of Pakistan recently is the "liberalisation" of imports. Although it is not quite clear what "liberalisation" actually means, there is a prevalent view that the measure taken will considerably improve supply and price conditions. The mainstay of "liberalisation"

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is the "free list" which was introduced during the January-June 1964 shipping period and was extended from four items to fifty-one items in the July-December 1964 shipping period through the January-June 1965 shipping period. The list has been continued in the new, annual July 1965-June 1966 shipping period with fifty-six items included in it¹. Importers of items on the list (which includes many important raw materials, some capital goods, and essential consumer goods) do not require any licence and can import any amount up to a specified maximum limit. Thus, this policy does away with the previous licensing system for these fifty-six items. On one hand, it enlarges the group of importers considerably beyond the small group of privileged licence-holders and substantially eases entry into the import sector. On the other hand, it abolishes the rigid quota system which determined the composition and level of imports.

There are two aspects of the "liberalisation" policy: *i*) introducing more competition; and *ii*) increasing the amount of foreign exchange available for importing the specified item. Some economists stress the former aspect, *i.e.*, freeing the market from restrictions. They hold that it will help to break the "former monopoly" in the "category items" and by ensuring more competition will lower the level of prices. In this respect it is better than the "Open General Licence" (OGL) system². However, as we have shown in our previous study, if the allocated supply falls short of the monopolist's maximum-profit amount, mere introduction of competition cannot effect the supply and price levels. Moreover, the imposition of a minimum and maximum limit³ for each importer may hamper competition and there may be some scope for earning monopolistic profits even under this new system.

However, under perfect competition, given the demand for an imported commodity, its domestic price will be determined by the price to the importer and his "normal" mark-up. As we have mentioned earlier, our previous study showed that importers earned excess profits in earlier shipping periods. If the restrictions on supply are removed, it is expected that the prices should eventually fall to a point where the importers earn only "normal" profit. If at the same time there is a rise in the price to the importers, this will influence the new price position. Prices to the user will fall, remain the same, or rise, depending on whether the rise in prices to the importers is insufficient to mop up the whole of the excess profit, just offset it, or more than offset it.

¹ Since this article was written, however, the armed clash between India and Pakistan has led to further revision, apparently of a fairly drastic nature. Free lists, by shipping period, are given in Appendix B.

² This seems a fair statement despite increasing numbers of OGL "newcomers". See [13].

³ In cases of most of the free list items the minimum unit for which a letter of credit can be opened is specified in the import policies and also a maximum limit up to which an importer can import a free list item is specified.

As to the second aspect, it is not certain whether the inclusion of an item in the free list, in itself, means that there will be an increased supply of foreign exchange available for importing these items. The import trade of most of the "free list" items is carried on under loan agreements with foreign countries. These countries offer tied loans and express their readiness to supply the specified commodities. So, although it appears that Pakistani importers can import any amount of the specified commodity, in fact there is a limit which is set by the amount of loan given by the foreign country plus the amount of Pakistan's resources which can be made available. This can be considered as a modified quota system; while formerly the Chief Controller of Imports and Exports set the limit, now it is partially set by the loan-giving country. There is no certainty that the demand for that commodity can be satisfied with the amount of foreign exchange provided by the loan plus own resources made available. The inclusion of an item in the "free list" does not appear to have ensured the removal of excess demand at a price equal to the duty-paid c.i.f. price⁴.

In the absence of perfect information about the excess demand for each of the fifty-six items in the "free list", the government cannot be certain about the amount of foreign exchange which will meet the total demand for those items at the duty-paid c.i.f. price. On the supply side, the government has a ceiling to the amount of foreign exchange it can spare for the "free list" items. That limit is defined by the total foreign exchange earnings plus "commodity aid", grants and loans plus draw-downs from the reserves minus the amount allocated for bonus imports and licensed imports. Now, it is quite possible that this ceiling will fall short of the total demand coming from the importers of those items.

Under these circumstances, the government should be expected to resort to measures which will curb demand. Indirect controls may be politically difficult to impose, and to reach an adequate level of indirect control may involve a lengthy trial-and-error method.

Total imports into Pakistan have been showing a steady upward trend since 1960/61. Using quarterly figures we have extrapolated the volume of imports expected to come in the six-month period from October 1964 to March 1965 using a regression equation. Comparing the extrapolated figure (*i.e.*, that "predicted" by the regression equation) with the actual imports we found that the latter is only very slightly higher than the former (*see*, Table I). In the preceding

⁴ Although the Government of Pakistan has reportedly committed to meet demand and/or raise duties if excess demand persisted statistical evidence suggests that, in operation, the free list system has fallen short in this respect.

six-month period the actual imports fell *below* the trend. Imports in recent periods have thus done little more than keep pace with average (trend) rises in volumes in the previous periods. The trends in the imports of free list items is higher than the trend in the non-free list imports however (*see*, Table II).

The supply data can tell us little about the presence or absence of excess demand in the absence of any knowledge about the shift in the demand curve, the elasticity of demand, and the extent to which excess profits to the importers have been removed. We have, therefore, analysed the prices of free list items. In our sample, a few items registered a fall in price, a few others registered a rise while there are some items the price of which remained the same as pre-free list prices (*see*, Tables III and IV). The importers of the items showing a rise in price were in general earning low excess profits in the previous shipping period in comparison with profits on other items [8]. This evidence suggests that the rise in the prices to importers (which will be discussed later on) may have cut into their normal margins. It is also possible that in cases of items where domestic prices remained unchanged, the rise in the price to the importers may have been sufficient to offset excess profits. In other items the rise in prices to importers may have fallen short of wiping out the whole of excess profit. However, the weighted average of prices in the period since introduction of the free list showed a fall of 7 per cent in Karachi and 6 per cent in Chittagong, and the result is statistically significant. Thus, the general level of prices of the free list items may be said to be lower in the post-free list period.

The mark-ups on all of these items registered a fall, which was apparently due to the rise in prices to importers. The rise in prices to importers can be attributed to four factors: *a*) the rise in the c & f price: imports of some items, particularly iron and steel from the USA are, in general, 30 per cent costlier than the imports from other countries⁵; *b*) the regulatory duty: a 5 to 15 per cent regulatory duty has been imposed on most of the free list items [5] (this duty mopped up a part of the excess profit earned by the importers in previous periods); *c*) the rise in sales tax: there was a 1 per cent rise in sales tax in the form of a rehabilitation tax [5]; *d*) tight credit policies: before opening letters of credit in a scheduled bank importers were required to deposit 25 per cent of the value of imports with the bank, a level which was considerably higher than the requirement in the previous shipping period (10 per cent in most of the cases). The shadow price of working capital may also have a role in reducing the excess profit of the importers since the amount of capital used as deposits may have a high opportunity cost.

⁵ This factor would be influential only if the proportion of these commodities imported from the U.S. were to rise significantly. The presumption here is that that proportion did rise.

On many items the mark-up is above 12 per cent. In the absence of any empirical evidence about the "normal" mark-up in import trade we took the Tariff Commission's estimate of "normal" mark-up—which is 12 per cent, in general. We have discussed the issue of "normal" mark-up in Appendix A. However, if we apply this estimate it is found that in cases of many free list items the importers still earn "above-normal" margins. It might be due to the existence of monopolistic elements in the market for imports. Another important factor may be the presence of some inexplicit direct controls, even under the free list system. We are not sure about the nature or existence of these direct controls. There is some evidence that the State Bank has given instruction to the scheduled banks indicating the maximum volume of letters of credit that may be opened through them⁶. For some items, *e.g.*, sanitary fittings of iron and steel, the importers could not even open letters of credit, as the State Bank did not publish the detailed regulations.

The weighted average (values of imports used as weights) of margins is 28 per cent, which is higher than the average normal mark-up. This lends support to the view that the increased supply effect of the free list was insufficient to eliminate super-normal profits—presumably because of administrative and other restrictions.

II. THE IMPORT PRICE SITUATION IN THE TWO WINGS

Because Karachi is the only major port and the largest industrial market in West Pakistan, the prices of imported commodities in that city can be taken as representative of prices in that province. In East Pakistan, Chittagong is the major port but it is the second largest industrial centre, Dacca-Narayanganj being the first one. Yet, since the importers are clustered in Chittagong, and most imported commodities are purchased and sold there, Chittagong prices can therefore best represent the price situation in the East Wing. As we have noted earlier, the economic conditions of the two wings of Pakistan are quite different, which means that the levels of demand for, and supply of, imports are different. As is evident from Table V, investment, value added in manufacturing, and imports in the East Wing are just about half of those in the West Wing. Under these circumstances, it will be useful to look at the situation in each wing separately. We have tried to compare the price levels of imported goods in the two wings through an index number analysis. To find out the general price level one must construct weighted indices. But as the bundles of goods imported in the two wings are of different composition, we face a problem of choosing the proper bundle and proper weights to use. To overcome this difficulty we first constructed an index

⁶ No official information is available in this respect. The author had a discussion with officials in the Karachi & Dacca Chambers of Commerce and Industry, who indicated that the State Bank imposed these controls on some items.

number with East Pakistan quantities as weights and then another index number using West Pakistan quantities as weights. The first one will give us a comparison of the cost of purchasing the East Pakistani bundle of imported goods in the two wings and the second one will give a comparison of the cost of purchasing the West Pakistani bundle in the two wings. But the total imports into West Pakistan are higher than those in East Pakistan. In addition to the differences in composition of imports, there are differences in the absolute levels. So, in general, the West Pakistani weights will be higher. This raises the problem that the prices would have been lower in East Pakistan if West Pakistani quantities were sold there. Apart from any consideration about the demand side, we can expect that, in general, there will be an upward bias in our indices, though we do not know the extent of this bias. Quantity figures are difficult to obtain so we used the value figures as found in the *CSO Bulletins* [3] on the assumption that the c.i.f. prices are the same, more or less, in the two wings. One may question, however, the validity of this assumption on ground that the allotted share of USAID imports (which in general are costlier) in East Pakistan is higher than in West Pakistan. However, despite allocations the realized proportions of all imports to the two wings averaged very nearly the same over the four-year period 1959/60–1962/63⁷.

The prices of imported commodities in December 1964–January 1965 have been taken into consideration and imports during the period November 1964–January 1965 have been used as the weights. The index $(P_{ei}V_{ei} / P_{wi}V_{ei}) \times 100$ ⁸ has come out as 93.5 and the index $(P_{ei}V_{wi} / P_{wi}V_{wi}) \times 100$ ⁹ has come out as 92.6. The commodities chosen cover approximately 25 per cent of the total imports into each wing (PL 480 imports of wheat being excluded). The fact that both the indices are below 100 suggests that both the East Pakistani and West Pakistani bundles of imported commodities are cheaper in East Pakistan than in West Pakistan and we may conclude that the price level is lower in East Pakistan. If we take account of the fact that total East Pakistan imports are lower than the total imports into West Pakistan then, with a smaller quantity, West Pakistan prices would have been higher and the first index would be still lower: the same is the case with the second index number because with West Pakistan's level of imports prices in East Pakistan would have been lower. We know that East Pakistan's level of supply is lower, so the obvious explanation for lower levels of prices is that the level of demand in East Pakistan is much

⁷ The East wing proportion was 21.3 per cent and the West 22.8 per cent, Calculated from [14; 15].

⁸ Where P_{ei} , V_{ei} , and P_{wi} are, respectively, the price of good i in East Pakistan, the value of good i in East Pakistan, and the price of good i in West Pakistan.

⁹ Where V_{wi} is the value of good i in West Pakistan.

below that in West Pakistan. The lower level of prices could have been due to a lower level of mark-up in the East wing, but (as noted later) the difference in the level of mark-up is not substantial. A study of the causes of this low level of demand for imports in East Pakistan is beyond the scope of this paper.

The weighted average mark-up has been found to be 42 per cent in East Pakistan as against 46 per cent in West Pakistan. This is due to the lower level of domestic prices, on one hand, and to higher landed costs, on the other. These averages take into account neither the shares of AID and cash licences nor the distribution of imports of raw materials and capital goods among direct users and purchasers from importers. We estimated profit margins for commodities coming to each wing from the same sources, and under the same type of licence; the differences in freight charges are nominal, but on some goods imported through Chittagong port, a surcharge of 5 to 10 per cent is levied as river dues. This is the main factor behind the difference of landed costs.

The low level of profit and margin in East Pakistan means that the limit to which the price to the importer can be raised without affecting the price to the ultimate user is lower in East Pakistan than in West Pakistan. Moreover, total profits accruing to the private sector from import business are lower in East Pakistan, both because the average level of profit margin is lower and because the level of imports is lower.

III. THE SHADOW PRICE OF FOREIGN EXCHANGE

In the previous study, we tried to use the average mark-up in getting a crude measure of the overvaluation of the rupee. Over and above the difficulties regarding the assessment of "normal" mark-up, our procedure involved some serious flaws in that it could not take account of the distribution of raw materials and capital goods between the industrialists who directly import them for their own use and the others who purchase them from the importers. Insofar as all the imported commodities are sold in a free market through competitive bidding, the excess-profit margin can be used as an indicator of the premium on foreign exchange. But a significant amount of the raw materials are imported directly by the ultimate users and the same is true with capital goods. Some of the raw materials have free internal markets, of course, and some other raw materials and capital goods are sold in the black market. But the prices in these markets cannot be considered "shadow prices" because the total quantity imported is not exchanged through these markets. We are not sure what proportion of demand is satisfied by the suppliers in these markets or which group of buyers' needs are being met. If this supply meets the demand coming from the least efficient users, the "excess" mark-up can be taken as a measure of the premium on foreign exchange. But if the more efficient users bid for this supply, the market

price will be higher than it would have been if the whole of the imported quantity were released in the market. So the actual overvaluation may be less than or equal to (in a special case only) that indicated by the excess mark-up. Secondly, we did not give weights to the mark-ups as would be necessary in order to get the full picture in the import sector. Thirdly, in case of the items purchased through bonus vouchers, neither the voucher premium nor the mark-up on landed cost represents the difference between the cost of one dollar's worth of imports of bonus item at the official exchange rate and the actual price at which this amount of import is sold. If duties and margins are ad valorem and are imposed on the total rupee cost of imports at the official rate of exchange, the margin over landed cost (at the official rate) would show the extent of overvaluation. But the duties levied on bonus items are paid on the rupee cost of imports (at the official rate) while the margin has been calculated after taking the voucher premium into consideration.

Keeping these facts in view we tried to calculate the shadow price of imports on the basis of some assumptions about the margins on raw materials and capital goods. We assumed that the margins would fall by 33 per cent if the whole quantity imported were sold in the open market. Values imported during the four months around the period when prices were collected were used as weights. The margins on bonus voucher items have been calculated in the same fashion as was done in cases of licensed items, regarding the premium as absent. Twelve per cent has been deducted from the margins on all items assuming that this is the "normal" mark-up.

The shadow price of foreign exchange has come out of this procedure as 130 per cent of the official rate of exchange. The crudeness in the procedure, the arbitrariness of the assumptions and the failure of the sample to represent the universe—all stand in the way of accepting this value as the actual shadow price. Yet we can probably conclude that the extent of overvaluation approximates one third. This value may be lower than that in previous periods due to the absorption of excess profits on free list items through regulatory duties and to the availability of more foreign exchange. But since we have no information about the margins on imports in Chittagong in the previous period we could not calculate a shadow price for that period and could not, therefore, analyse the movement. We can, however, safely conclude that even with a larger volume of imports the shadow price of imports differ considerably from the market price.

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TABLE I
TOTAL IMPORTS INTO PAKISTAN
(JULY 1960—MARCH 1965)

Period	Imports
	(in million rupees; c.i.f.)
1. July–September 1960	727
2. October–December 1960	885
3. January–March 1961	739
4. April–June 1961	835
5. July–September 1961	754
6. October–December 1961	728
7. January–March 1962	819
8. April–June 1962	807
9. July–September 1962	1017
10. October–December 1962	871
11. January–March 1963	847
12. April–June 1963	1085
13. July–September 1963	1033
14. October–December 1963	1268
15. January–March 1964	1079
16. April–June 1964	1050
17. July–September 1964	1278
18. October–December 1964	1342
19. January–March 1965	1332
	} 2674
$Y = 661 + 30X$ when $Y = \text{Import}$ $X = \text{Quarter (of an year)}$	Extrapolated imports in October–December 1964 and January–March 1965 $Y_{18} = (661 + 30 \times 18)$ $Y_{19} = (661 + 30 \times 19)$ $Y_{18} + Y_{19} = 1201 + 1231 = 2432$

Source: [3].

TABLE II

IMPORTS OF FREE LIST ITEMS AND NON-FREE LIST ITEMS
(1963/64—1964/65)

Period	Total imports of free list items	Index (July-September 1963=100)	Total imports of non- free list items	Index (July-September 1963=100)
	<i>(in million rupees; c.i.f.)</i>		<i>(in million rupees; c.i.f.)</i>	
July-September 1963	234	100	798	100
October-December 1963	255	109	1014	127
January-March 1964	254	108	825	103
April-June 1964	259	111	791	99
July-September 1964	343	146	935	117
October-December 1964	366	156	975	122
January-March 1965	345	147	935	117
April-June 1965 (est.)	305	130	895	112

$$Y_1 = 95 + 6.9 X$$

$$Y_2 = 106 + 1.4 X$$

where Y_1 = Index of imports of free list items

Y_2 = Index of imports of non-free list items

X = Quarter of a year

Source: [11].

TABLE III

**PRICES OF SOME IMPORTANT "FREE LIST" ITEMS IN KARACHI
BEFORE AND AFTER THE INTRODUCTION OF "FREE LIST"**

Commodity	Unit	Price in April-June 1964	Price in Dec. 1964-June 1965
		(in rupees)	(in rupees)
G.P. sheets 4' × 8' × 24G	tons	1770.00	1670.00
G.I. pipe 4" diameter	feet	12.00	11.50
M.S. plates 4' × 8' × ¼"	tons	1150.00	1135.00
Black hot rolled sheets 18 USG	tons	1275.00	1425.00
Aluminium sheet 16 SWG	lbs.	1.95	2.25
Soda ash	cwt.	27.00	34.00
Sodium bicarbonate	cwt.	40.00	40.00
Copper ingot	lbs.	2.75	2.75
Enamel	gallons	75.00	70.00
Acetic acid	lbs.	1.15	1.25
Wattle extract	100 lbs.	70.00	58.00
Linseed oil	400 lbs.	76.00	68.00
Zinc sheet 24 G	lbs.	2.00	2.00

Source: Sample survey by the author.

TABLE IV
PRICES OF SOME IMPORTANT "FREE LIST" ITEMS IN CHITTAGONG
BEFORE AND AFTER THE INTRODUCTION OF "FREE LIST"

Commodity	Specification	Unit	Pre-free list price	Free list price
			(rupees)	(rupees)
G.P. sheet	3' × 6' × 26G	tons	1750.00	1625.00
	8' × 4' × 16G	tons	1600.00	1550.00
	8' × 4' × 18G	tons	1550.00	1550.00
	8' × 4' × 24G	tons	1550.00	1700.00
G.I. wire	G	cwt.	85.00	80.00
M.S. plate	4' × 8' × 1/4"	tons	1150.00	1100.00
	4' × 8' × 3/6"	tons	1275.00	1400.00
G.I. sheet	10' × 3' × 26G	tons	1870.00	1775.00
	8' × 3' × 26G	tons	1740.00	1775.00
Black hot rolled sheets	8' × 3' × 24G	tons	1825.00	1750.00
	6' × 3' × 30G	tons	1650.00	1600.00
	8' × 4' × 18G	tons	1425.00	1475.00
M.S. pipe	6'	feet	16.50	17.00
G.I. pipe	1/2"	feet	0.78	0.70
	4"	feet	9.37	9.37
	6"	feet	17.50	18.00
M.S. flat bars	1 1/2" × 1/4"	tons	1150.00	1100.00
M.S. rods	1/2"	tons	1125.00	960.00
	3/4"	tons	900.00	960.00
Bailing hoops	1/2" × 26" G	tons	2200.00	3300.00
M.S. beam	6' × 3"	tons	1700.00	1725.00
	7" × 4"	tons	1700.00	1725.00
Copper ingot		lbs.	1.87	1.87
Lead ingot		tons	1450.00	1450.00
Zinc		tons	1650.00	2500.00
Tin		seer	15.50	21.00
Bleaching powder		cwt.	100.00	98.00
Sod. hydrosulphite		lbs.	1.44	1.37
Soda ash		cwt.	27.00	21.50
Caustic soda (flakes)		cwt.	46.00	45.00

*Source: "Pre-free list" prices from Chittagong Market Report, June 15, 1965.
Free list prices collected through a sample survey.*

TABLE V

**INVESTMENT, VALUE ADDED IN MANUFACTURING, AND IMPORTS
IN THE TWO PROVINCES OF PAKISTAN^a**

Year	Investment (current prices)		Value added (constant price)		Imports (current c.i.f. price)	
	East (2)	West (3)	East (4)	West (5)	East (6)	West (7)
(1)						
	(.....in crore rupees.....)					
1947/48			7	10	4	32
1948/49			8	14	28	118
1949/50			12	18	38	91
1950/51			16	24	45	117
1951/52			18	35	76	147
1952/53			20	46	37	102
1953/54			25	56	29	82
1954/55			31	79	32	78
1955/56			35	93	36	96
1956/57			40	102	82	152
1957/58			43	116	74	131
1958/59			52	130	55	102
1959/60	97	293			66	180
1960/61	104	256			101	217
1961/62	176	296			87	224
1962/63	184	380			102	280
1963/64	250	452			145	298

^aInasmuch as each of the three sets of data in this table come from quite disparate sources, the magnitudes should not be inter-compared between sets.

Sources: Columns (2) & (3): [12].
Columns (4) & (5): [9].
Columns (6) & (7): [3].

TABLE VI-A
RATES OF MARK-UP ON IMPORTED CONSUMPTION GOODS & CONSUMER DURABLES IN KARACHI AND CHITTA-
GONG (DECEMBER 1964 FEBRUARY 1965)

Name of the commodity	Import duty (per cent of c & f value)	Sales tax (per cent of c & f value + import duty)	Total duty (per cent of c & f value)	Market price- landed cost/ landed cost (percentage terms) Karachi	Market price- landed cost/ landed cost (percentage ter- ms) Chittagong	Value of imports during Oct 64-Jan 1965 in West Pakistan*	Value of imports during Oct 64-Jan 1965 in East Pakistan*
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A: LICENCED ITEMS				<i>(in 000 rupees)</i>			
Wheat flour	0	16	16.00	18	21	21075	90
Almonds	35	16	56.60	49	62	1378	184
Pistachio nut	30	16	50.80	12	28	1378	184
Sago	20	16	39.20	35	23	309	14
Coffee	80	21	117.80	26	26	259	28
Tea	20 ^a	16	39.20	37	43	177	145
Pepper	5 ^b	16	21.80	71	62	886	320
Clove	25	16	45.00	117	133	1716	649
Saffron	25	16	45.00	75	78	1716	649
Beer	16 ^a	21	40.36	59	55	317	70
Whisky	300 ^a	21	384.00	72	57	1099	222
Citronella oil	30 ^b	16	50.80	58	47	1070	447
Leather polish	80	16	108.80	42	38	1633	24
Cups and saucers of chinaware	100	21	142.00	33	29	509	314
Art articles of porcelain	100	21	142.00	72	59	509	314

(continued)

TABLE VI-A (cont'd)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Safety razors and blades	50	16	74.00	87	81	1812	686
Pens	50 ^c	16	47.00	47	36	644	390
Radios	80	21	117.80	72	58	2593	1961
Transistors	80	21	117.80	98	96	2593	1961
Electric lamps	25	16	45.00	33	39	800	241
Motor cars	80 ^c	21	117.80	87	61	23063	5552
Motor rickshaws	40	16	52.40	96	59	4422	1542
B: BONUS ITEMS^d							
Meat and meat preparation	20 ^a	16	39.20	35	10	23	100
Sugar	71 ^a	0	71.00	6	5	16052	28
Tobacco for pipes	234 ^a	0	234.00	16	16	403	2
Toilet powders	100	21	142.00	21	18	287	31
Toilet soaps	80	21	117.80	6	5	240	18
Glass tumblers	100	16	132.00	36	32	304	169
Handkerchiefs	150	16	190.00	22	18	14	0
Watches	100 ^c	16	132.00	6	6	2006	476
Domestic refrigerators	30 ^c	21	56.30	6	5	3613	859
Airconditioners	80	21	117.80	5	5	3613	859
Bicycles	40	16	52.40	8	5	1511	2070
Cameras	60 ^c	21	93.60	7	7	85	16

(continued)—

TABLE VI-A (cont'd)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
C: FREE LIST ITEMS							
Whole milk, dry	30	0	30.00	20	15	4010	2433
Books	0	0	0.00	24	24	2262	865

Notes: a) Converted to ad valorem.

b) For imports from British colonies and Ceylon.

c) The rate is applicable in a specific range only.

d) Calculations are made assuming that the price of bonus voucher of Rs. 100/- worth of foreign exchange = 160

*Figures are for 4-digit groups which are represented by the specific items. When there are two or more specific items in a group, the imports of the 4-digit group have been divided by the number of specific item.

Sources: Column (2): [4] and [5].

Column (3): [1]

Columns (7) and (8): [3].

TABLE VI-B

**RATES OF MARK-UP ON IMPORTED RAW MATERIALS FOR CONSUMPTION GOODS IN
KARACHI AND CHITTAGONG (DEC. 1964—JAN. 1965)**

Name of the commodity	Import duty (per cent of c & f value)	Sales tax (per cent of c & f value + import duty)	Total duty (per cent of c & f value)	Market price- landed cost/ landed cost (percentage terms Karachi)	Market price- landed cost/ landed cost (percentage terms Chittagong)	Value of imports during Oct 64-Jan 1965, in West Pakistan*	Value of imports during Oct 64-Jan 1965 in East Pakistan*
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

A. FREE LIST ITEMS*(in 000 rupees)*

Natural rubber	7.50	16	24.70	37	32	6079	857
Gum arabic	15	16	33.40	10	26	1705	830
Linseed oil	25	16	45.00	25	26	485	246
Lithophone	35	16	56.60	26	22	186	129
Wattle extract	0	16	16.00	18	21	853	315
Auramine	0	16	16.00	25	31	853	315
Cotton yarn	12.50	16	30.50	27	36	30	16
Nylon twine	25	21	51.25	22	32	221	477
X-ray films and plates	12	21	35.52	17	15	290	160
Duplicating stencils	26	16	46.16	20	29	142	70

B. LICENSED ITEMS

<i>Bidi leaf</i>	80	16	108.80	158	106	1330	570
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(continued)

TABLE VI-B (cont'd)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Bitumen	27 ^a	16	47.32	34	39	46	262
Animal tallow	0	16	16.00	65	43	4014	1472
Soyabean oil	25	16	45.00	68	38	0	29360
Cottonseed oil	25	16	45.00	26	22	6118	2747
Coconut oil	15 ^b	16	33.40	113	156	2700	6451
Glycerine				74	41	147	174
Cork material	25	16	45.00	47	39	256	173
Silk yarn	40	21	69.40	55	69	418	538
Glass bottles	25	16	45.00	43	37	1206	547

Notes: a) Converted to ad valorem rate.

b) The rate is applicable for imports from Ceylon and British colonies.

*Figures are for the 4-digit groups which are represented by the specified items.
When there are two or more items in a group, the imports of 4-digit groups have been divided by the number of specific items.

Sources: Column (2): [4] & [5].
Column (3): [1].
Columns (7) and (8): [3].

TABLE VI-C

**RATES OF MARK-UP ON IMPORTED RAW MATERIALS FOR CAPITAL GOODS IN
KARACHI AND CHITTAGONG (DEC. 1964—JAN. 1965)**

Name of the commodity	Import duty (per cent of c & f value)	Sales tax (per cent of c & f value + import duty)	Total duty (per cent of c & f value)	Market price— landed cost/ landed cost (percentage terms Karachi)	Market price— landed cost/ landed cost (percentage ter- ms) Chittagong	Value of imports during Oct 1964-Jan 1965, in West Pakistan*	Value of imports during Oct 1964-Jan 1965 in East Pakistan*
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A. FREE LIST ITEMS						<i>(in 000 rupees)</i>	
China clay	25	16	45.00	38	56	700	573
Chalk	25	16	45.00	34	51	977	526
Coal	0	16	16.00	18	12	4659	15161
Caustic soda	32.50	16	53.70	13	11	319	258
Soda ash	27.50	16	47.90	52	43	2318	1872
Sodium bicarbonate	32.50	16	53.70	38	44	319	258
Calcium carbide	35	16	56.60	11	9	319	258
Acetic acid	35	16	56.60	58	54	2300	551
Cement	10 ^a	16	—	33	41	6965	9200
Pig iron	10	6	16.60	7	5	3708	2446
Copper ingot	15	6	21.90	58	49	3002	75
Lead ingot	15	6	21.90	78	53	283	147
Aluminium ingot	22.50	6	58.6	34	33	2687	1253

(continued)

TABLE VI-C (cont'd)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Zinc ingot	15	6	21.90	44	32	3221	647
Tin ingot	15	6	21.90	9	28	1773	426
B. LICENSED ITEMS							
Asphalt	27	16	47.32	39	57	46	262
Asbestos	10	16	26.16	52	40	895	63
Crude diesel oil	40	16	62.40	47	21	2293	3510
Paraffin wax	30	16	50.80	19	32	789	1684
Mineral tin	20	16	39.20	32	39	190	818
Machine leather belting	12.50	16	30.50	56	47	183	192
Firebricks	12.50	16	30.50	36	32	585	1807

Notes: a) The import duty is equal to the excise duty on cement.

*Figures are for the 4-digit groups which are represented by the specific items. When there are two or more specific items in a group, the imports of 4-digit groups have been divided by the number of items.

Sources: Column (2): [4] & [5].
Column (3): [1]
Columns (7) & (8): [3].

TABLE VI-D
RATES OF MARK-UP ON IMPORTED CAPITAL GOODS IN KARACHI AND
CHITTAGONG (DEC. 1964—FEB. 1965)

Name of the commodity	Import duty (per cent of c & f value)	Sales tax (per cent of c & f value + import duty)	Total duty (per cent of c & f value)	Market price— landed cost/ landed cost (percentage ter- ms) Chittagong	Market price— landed cost/ landed cost (percentage ter- ms) Karachi	Value of imports during Oct 1964-Jan 1965, in East Pakistan*	Value of imports during Oct 1964-Jan 1965 in West Pakistan*
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A. FREE LIST ITEMS						<i>(in 000 rupees)</i>	
Galvanised plain sheets	15	6	21.90	22	22	2943	2920
Galvanised corrugated sheets	15	6	12.90	25	24	2393	8136
Black uncoated sheets	15	6	21.90	38	31	2943	2920
Mild steel plates	17.50	6	24.55	5	7	2943	2920
Mild steel flats	17.50	6	24.55	35	39	2412	5117
Mild steel jasts	17.50	6	24.55	57	61	3069	6603
Mild steel angles	17.50	6	24.55	9	7	3069	6603
Galvanised iron wire	22.50	6	29.85	58	43	8129	9862
Galvanised iron pipes	25	6	32.50	11	18	4876	10090
Seamless steel pipes	30	6	37.80	13	19	739	1957
Copper sheets	30	6	37.80	13	11	786	3322
Brass sheets	20	6	27.20	32	27	20	685
Aluminium sheets	35	6	43.10	10	16	2233	4487
Lead sheet	20	6	27.20	78	59	51	387

(continued)

TABLE VI-D (cont'd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
B. LICENSED ITEMS							
Ball bearings	12.50	16	30.50	49	41	1457	2205
Electric meters	12.50	21	31.12	54	44	2397	7963
Generators	12.50	21	31.12	42	57	2397	7963
Transformers	12.50	16	30.50	109	98	2397	7963
Switchgear	30	21	57.30	42	48	200	2277
Batteries	40	21	69.40	31	47	1793	972
Chassis	30	16	50.80	47	81	830	3795
Centrifugal pumps	20	16	39.20	37	45	1590	4652

*Figures are for 4-digit groups which are represented by the specific items. When there are two or more specific items in a group, the imports of the 4-digit groups are divided by the number of items.

Source: Column (2): [4] & [5].
 Column (3): [6].
 Columns (7) and (8): [3].

TABLE VII
COMMODITY GROUPS AND GROUP WEIGHTS OF ITEMS IN THE PRICE SURVEY

Commodity code	Commodities	Specific items in the group	Price in East Pakistan	Price in West Pakistan	Value imported during Oct. 1964-Jan. 1965 in East Pakistan	Value imported during Oct. 1964-Jan. 1965 in West Pakistan
(1)	(2)	(3)	(4)	(5)	(6)	(7)
0138	Prepared or preserved meat	Meat and meat preparation	4.50	7.00	99,964	22,965
0221	Milk and cream, condensed	Condensed milk	1.50	2.25	437,872	1,923,725
0222	Milk and cream, dry	Whole milk, dry	5.12	6.00	2,433,328	4,010,099
0517	Edible nuts, fresh & dried	Almonds	13.00	8.00	184,472	1,378,543
		Pistachio	42.00	30.00	184,472	1,378,543
0548	Vegetable products, n.e.s.	Sago	26.25	32.00	14,019	309,454
0612	Refined sugar	Sugar	2.12	2.25	28,052	16,051,588
0711	Coffee, green or roasted	Coffee	6.50	6.50	27,979	259,373
0751	Pepper	Pepper	8.75	11.00	320,459	886,837
0752	Spices except pepper	Cloves	11.87	11.00	1,297,868	3,432,502
1123	Beer including ale & stout	Beer	6.00	7.00	69,584	316,956
1124	Distilled alcoholic beverages	Whisky	22.50	30.00	222,136	1,099,372
1223	Tobacco, manufactured	Tobacco for pipes	12.00	12.00	2,433	403,161
2762	Clay & refractory minerals, n.e.s.	China clay	40.00	35.00	572,998	700,045

(continued)—

TABLE VII (cont'd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
2922	Natural gums, resins, balsam, etc.	Gum arabic	2.50	1.50	829,775	1,705,112
2929	Materials of vegetable origin, n.e.s.	Bidi leaf	400.00	500.00	569,771	1,330,085
3214	Coal	Coal soft coke	72.00	82.00	15,161,333	4,659,788
3326	Mineral jelly & wax	Paraffin wax	2.50	1.00	1,683,566	789,231
4113	Animal oil	Animal tallow	52.00	65.50	2,417,779	4,014,702
4212	Soyabean oil	Soyabean oil	85.00	110.00	29,359,653	—
4213	Cottonseed oil	Cottonseed oil	100.00	105.00	2,747,113	6,117,949
4223	Coconut oil	Coconut oil	150.00	125.00	6,451,170	2,700,514
5122	Alcohols, phenols, glycerine	Glycerine pure	2.75	4.25	173,558	146,814
5125	Acids and their derivatives	Acetic acid	1.37	1.15	553,079	2,299,761
5149	Inorganic chemical products	Caustic soda	45.00	45.00	258,336	319,385
		Soda ash	21.50	34.00	258,336	319,385
		Bleaching powder	98.00	50.00	258,336	319,385
		Sodium bicarbonate	42.50	40.00	258,336	319,385
		Sodium hydrosulphite	1.37	2.62	258,336	319,385
5333	Prepared paints and varnishes	Enamels	42.00	70.00	703,437	2,105,618
5413	Penicillin & other antibiotics	Penicillin injection	0.40	0.40	970,941	1,469,554
		Streptomycin	0.62	0.62	970,941	1,469,554
5530	Perfumery and cosmetics	Toilet powder	7.25	8.25	30,606	286,750
		Face cream	2.62	2.50	30,606	286,750

(continued)

TABLE VII (cont'd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
5541	Soaps	Toilet soap	6.25	6.50	18,171	240,109
5543	Polishes, pastes, powders, etc.	Leather polish	0.87	0.87	28,727	1,633,097
6291	Rubber tyres and tubes	Rubber tyres	315.00	208.41	2,092,068	15,310,059
6641	Glass	Plain glass	3.00	2.25	147,675	81,093
6652	Glass tableware	Glass tumblers	1.25	1.25	169,410	303,944
6664	Porcelain and china household	Tea & coffee cups and saucers of porcelain	2.50	2.75	627,174	1,018,055
6712	Pig iron including cast iron	Pig iron	462.00	480.00	2,446,532	3,704,707
6732	Bars and rods of iron & steel	M.S. flat bars	1100.00	1150.00	2,412,108	5,117,529
		M.S. rods	960.00	116.00	2,412,106	5,117,529
6741	Universal and heavy plates & sheets	M.S. plates	1100.00	1135.00	4,415,233	4,379,694
		G.P. sheets	1700.00	1670.00	4,415,233	4,379,694
6743	Iron & steel 3 m.m. plates & sheets	Plain sheets	1475.00	1425.00	—	5,052
6782	Tubes and pipes of iron & steel	G.I. pipes	9.37	11.50	4,875,799	10,089,607
6821	Copper, unwrought	Copper ingots	1.87	2.75	74,723	3,002,389
6822	Copper and alloys, worked	Copper sheets	5.00	4.00	785,791	3,323,004
6851	Lead and alloys, unwrought	Lead ingots	1450.00	2240.00	164,904	283,358
6852	Lead and alloys, worked	Lead sheets	3.00	2.50	50,958	387,273
6861	Zinc and alloys, unwrought	Zinc ingots	2500.00	3600.00	647,394	3,220,646
6871	Tin and alloys, unwrought	Tin ingots	21.00	15.00	425,506	1,773,198

(continued)

TABLE VII (cont'd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
6895	Base metals, <i>n.e.s.</i>	Brass sheet	4.25	3.00	19,665	684,788
7221	Electric power machinery	Electric motors	700.00	521.00	7,191,608	23,889,759
7250	Domestic electrical equipment	Domestic refrigeration	1675.00	1700.00	1,716,610	7,226,429
7322	Motor buses, complete	Buses	42000.00	40000.00	129,390	330,313
7329	Motorized cycles	Motor rickshaws	4700.00	8000.00	1,541,756	4,421,984
7331	Bicycles & parts	Bicycles	290.00	350.00	2,070,364	1,511,796
8124	Lighting fixtures	Pressure lamps	110.00	75.00	816,238	1,156,651
8414	Clothing & accessories, knitted	Handkerchief	60.00	60.00	—	14,439
8999	Manufactured articles	Safety razors	4.00	4.50	685,892	1,811,583
		Tooth brushes	1.50	2.00	685,892	1,811,583

*Figures are for the 4-digit groups which are represented by the specific items. Where there are two or more specific items in a group, the imports of the 4-digit group have been divided by the number of specific items.

Sources: Cols. (4) and (5): sample survey.
Cols. (6) and (7): [3].

Appendix A

Our method of finding out the excess-profit margin has been criticised on the ground that an arbitrary figure was used for "normal" mark-up. We did not have any empirical estimate of "normal" mark-up and so we resorted to a rule-of-thumb. Moreover, the estimation of "normal" mark-up involves conceptual problems. High "normal" mark-up is found to exist in many countries. However, in the absence of any empirical study in Pakistan we tried to use the Tariff Commission estimates. The Tariff Commission Reports [7] do not mention any specific figure for "normal" mark-up. But there are comparisons between estimated "fair selling prices" and estimated landed costs of imports. The "fair selling price" is higher than the duty-paid cost by 5 to 12 per cent in almost all the cases. This we have taken as an estimate of the "normal" mark-up for importers. This, again, conforms with our findings from a survey among a sample of importers. A few importers from different fields were interviewed and asked what they would like to retain if they could import any amount without any effective restriction. Their answer was that they would like to have 10 to 15 per cent mark-up under these circumstances. This is bound to be vague, however, as they did not have any idea what "free" imports would really mean.

However, after the "free list" came into operation, import duties for most of the "free list" items were raised—a surcharge of 5 to 15 per cent has been levied on those items. A tax of one per cent called "rehabilitation surcharge" was also added to the sales tax. But the rise in cost to the importer caused no rise in prices to the consumer in many cases. This is consistent with our hypothesis that when there is a large excess-profit margin any rise in cost to the importers will be absorbed in the importer's margin.

Appendix B

FREE LIST ITEMS

January-June 1964

- a. Pig iron
- b. Billets
- c. Tin plates
- d. Tin strips

July-December 1964

- 1. Iron and steel (excluding items detailed in Annexure IV-A).
- 2. Metals, non-ferrous and ferro-alloys including aluminium foil paper backed and other types (excluding items detailed in Annexure IV-B).
- 3. Technical, scientific, reference and text books including manuscripts thereof specially made for binding in books, maps, charts and geographical globes (excluding horror comics, anti-Islamic literature and obscene literature).
- 4. Journals and magazines (selected types as given in Annexure III-B).
- 5. Chalk and clay in bulk, all sorts, N.O.S.
- 6. Cement (grey): For East Pakistan only by resident Pakistani nationals or firms/agencies wholly owned by resident Pakistani nationals.
- 7. Camphor.
- 8. Gas in cylinders (excluding anhydrous ammonia gas for West Pakistan).
- 9. Soda ash for East Pakistan only.
- 10. Chemicals all sorts, N.O.S. including caustic soda and excluding items detailed—Annexure IV-D (a) those opening L/C of Rs. 1 lakh and above may import soda ash upto 1 per cent of L/C value in West Pakistan only. (b) Recognized tanneries may import sodium sulphide for not more than 4 per cent and chromosol for not more than 7 per cent of the L/C value.
- 11. Insecticides and pesticides.
- 12. Life saving drugs and medicines including raw material thereof—allopathic as given in List 'C' of Annexure V.
- 13. Coal tar dyes including dyes for textile printing.

14. Dyeing and tanning substance, all sorts, N.O.S., excluding hena, sulphonated oils, including sulphonated castor oil, cremol sulphonated oil, turkey red oil and kid finishing oil).

Recognised tanneries may import sulphonated oil for tanning for not more than 5 per cent of the L/C value.

15. Gas black and carbon black.
16. Lamp shell and other items for manufacture of electric bulbs (for electric industry).
17. Laboratory glassware, graduated and ungraduated.
18. Raw material for flourescent tubes. For flourescent manufacturing industry only.
19. Cinema carbons.
20. Electric insulating material all sorts.
21. Coal other than for domestic use. For East Pakistan only by resident Pakistani nationals and firms/agencies wholly owned by resident Pakistanis.
22. Medical appliances made of silk or artificial silk.
23. Scientific instruments, apparatus and appliances all sorts, N.O.S., and component parts and accessories thereof, including weighing scales, weighing bridges, clinical thermometers and other instruments (excluding geometry boxes of the C & F value Rs. 3 and below).
24. Surgical instruments, apparatus and appliances and parts and accessories thereof, N.O.S. other than those made in Pakistan and excluding absorbent cotton wool, but including artificial teeth.
25. Maintenance spares, packing for engines and boilers and ball roller bearings for all industries and components including other items for assembly/ manufacture of electric meters, motors, transformers and switchgear (excluding items detailed in Annexure VI-H).

For recognised industrial consumers only, upto 100 per cent of entitlement as indicated in the passbooks of individual units.

26. Marine diesel engines.
27. Spare parts for diesel locomotives.

28. Essential oils, all sorts, N.O.S., including synthetic essential oils (in bulk packing only).
 29. Linseed oil (other than raw).
 30. Pigments and dry colours (excluding the items detailed in Annexure IV-1).
 31. Lithophone.
 32. Barytes (snowwhite grade only).
 33. Painters material, all sorts, N.O.S. including artists brushes.
 34. Plumbago and graphite.
 35. X-ray films and plates.
 36. Milk.
 - a) condensed and sweetened
 - b) dry whole milk
 - c) non-fat dried milk
- } Imports will be effected under PL 480-I.
37. Raw rubber including synthetic rubber and reclaimed rubber.
 38. Tyres and tubes for tractors (excluding factory rejects).
 39. Scientific and surgical instruments, apparatus and appliances made of rubber including contraceptives.
 40. Duplicating stencils.
 41. Cotton yarn (80 counts and above).
 42. Nylontwine, for fishing industry only.
 43. Coir ropes, for fishing industry only.
 44. Raw agar wood, for East Pakistan only.
 45. Dome nuts.
 46. Feather of birds, other than those of wild birds.
 47. Fittings for parasols and sunshades.
 48. Glue, gum and resins including lac and shellac.
 49. Stearins and wax, all sorts, N.O.S.

50. Fertilizers.

.51 Sizing material (excluding maize starch).

January 1965—June 1965

1. Iron and steel items given in Annexures III-A and B (excluding items detailed in Annexure V-A).
2. Metals, non-ferrous and ferro-alloys including aluminium foil paper backed and other types (excluding items detailed in Annexure V-B).
3. Technical, scientific, reference and text books including manuscripts thereof specially made for binding in books, maps, charts and geographical globes (excluding horror comics, anti-Islamic literature and obscene literature).

This also covers import of books under U.K. subsidized scheme.

4. Technical and scientific journals and magazines.
5. Chalk and clay in bulk, all sorts, N.O.S. including china clay.
6. Cement (grey): For East Pakistan only by resident Pakistani nationals or firms/agencies wholly owned by resident Pakistani nationals.
7. Camphor.
8. Gas in cylinders (excluding anhydrous ammonia gas for West Pakistan).
9. Soda ash for East Pakistan only.
10. Chemicals, all sorts, N.O.S. (excluding items detailed in Annexure V-D).

a) Those opening L/C of Rs. one lakh and above may import soda ash upto 10 per cent of L/C value in West Pakistan only.

b) Recognised industrial consumers of chemical and glass industry in West Pakistan may open L/C upto 100 per cent of their entitlement for soda ash as indicated in their passbooks. They will have the facility of opening a further L/C on production of bill of entry.

c) Recognised tanneries in West Pakistan may import sodium sulphide for not more than 4 per cent and chromosol for not more than 7 per cent of entitlement for these items, detailed in their passbooks. In East Pakistan recognised units of Tanning Industry will be permitted to open L/C upto 100 per cent of their entitlement for sodium sulphide and chromosol detailed in their passbooks with repeat facility to the same extent on production of bill of entry for 50 per cent or more of the earlier letter of credit.

d) Import of caustic soda under free list will be permissible in East Pakistan only.

11. Insecticides and pesticides.

12. Raw material of life saving drugs and medicines—allopathic (as given in List 'C' of Annexure VI).

Imports will be confined only to the recognised units in the pharmaceutical (allopathic) industry.

13. Coaltar dyes including dyes for textile printing.

14. Dyeing and tanning substances all sorts, N.O.S. (excluding hena, sulphonated oils, including sulphonated castor oils, cremol sulphonated oil, turkey red oil and kid finishing oil).

Recognised tanneries may import sulphonated oils for not more than 5 per cent of the L/C value.

15. Gas black and carbon black.

16. Lamp shells and other items for manufacture of electric bulbs. For East Pakistan only.

17. Laboratory glassware, graduated or ungraduated.

18. Raw material for fluorescent tubes.

For fluorescent tube manufacturing industries only.

19. Cinema carbon.

20. Electric insulating material all sorts.

21. Coal other than for domestic use.

For East Pakistan only by resident Pakistani nationals and firms/agencies wholly owned by resident Pakistanis.

22. Medical appliances made of silk or artificial silk.

23. Scientific instruments, apparatus and appliances, all sorts, N.O.S. and component weighing scales, weighing bridges, clinical thermometers and other instruments (excluding geometry boxes of the C & F value of Rs. 3 and below).

Not more than Rs. 500/- shall be utilised for import of clinical thermometers against individual letter of credit.

24. Surgical instruments, apparatus and appliances and parts and accessories thereof, N.O.S. other than those made in Pakistan and excluding absorbent cotton wool but including artificial teeth.
25. Maintenance spares, packing for engines and boilers for all industries (excluding jute industry) and components including other items for assembly/manufacture of electric meters, motors, transformers and switchgears (excluding items detailed in Annexure V-H).

For recognised industrial consumers only, upto 100 per cent on entitlements as indicated in the passbook of individual units until facility to open repeat letters of credit on production of bills of entry for 50 per cent or more of the earlier letter of credit.

Marine diesel engines and parts thereof.

Parts for diesel locomotives.

Essential oils, N.O.S. including synthetic essential oils (in bulk

Items detailed in Annexure V-I).

For recognised industrial consumers concerned with items as shown in their passbook, L/C against bill of entry.

O.S. including artists brushes (excluding items detailed in Annexure V-I).

Graphite.

Film and plates.

36. Milk and eggs:

a) condensed and sweetened

b) dry whole milk

c) stabilized dried whole eggs solids (gaspacked)

Imports will be effected under PL-480-I.

37. Raw rubber including synthetic rubber, reclaimed rubber and latex.

38. Tyres and tubes for tractors (excluding factory rejects).

Clearance from customs will be subject to prior clearance by regional licensing offices.

39. Scientific and surgical instruments, apparatus and appliances made of rubber including contraceptives.

40. Duplicating stencils.

41. Cotton yarn (80 counts and above).

42. Nylon twine, for fishing industry only.

43. Coir ropes, for fishing industry only.

Import under free list will be allowed in West Pakistan only. In East Pakistan import of this item will be regulated through normal licensing.

44. Raw agar wood, for East Pakistan only.

45. Dome nuts.

46. Feather of birds, other than those of wild birds.

47. Fittings for parasols upto 19" and for sunshades 30" and above only.

48. Glue, gum, and resins including synthetic resins, lac, and shellac (in bulk packing only).

49. Stearine and wax, all sorts, N.O.S.

50. Fertilizers.

51. Sizing material excluding tallow and maize starch but including flourpar, feldspar, bleaching earth and magnesia compositions.

July 1965—June 1966

1. Iron and steel items given in Annexures III-A and B (excluding items detailed in Annexure V-A).
2. Metals, non-ferrous and ferro-alloys (excluding aluminium foil paper backed and items detailed in Annexure V-B).
3. Technical, scientific, reference and text books including manuscripts thereof specially made for binding in maps, charts, and geographical globes (excluding horror comics, anti-Islamic literature and obscene literature).

This also covers import of books under U.K. subsidized scheme.

4. Technical and scientific journals and magazines.
5. Chalk and clay in bulk, all sorts N.O.S. including china clay.

Not more than 20 per cent of the value of L/C in East Pakistan shall be utilized for import of china clay.

6. Cement (grey): For East Pakistan only by resident Pakistani nationals or firms/agencies in which major shares or controlling interests are held by resident Pakistani nationals.
7. Firebricks with alumina content of 40 per cent and above.
8. Camphor.
9. Gas in cylinders.

Import of anhydrous ammonia, nitrogen, hydrogen, oxygen acetylene gases and compressed air in cylinders under free list will be permissible in East Pakistan only.

10. Soda ash, for East Pakistan only.
11. Chemicals all sorts N.O.S. (excluding items detailed in Annexure V-D).
 - a) Commercial importers opening L/C of Rs. 25,000/- may import soda ash upto 4 per cent of L/C value in West Pakistan only.
 - b) Recognised industrial consumers of chemical and glass industry in West Pakistan may open L/C upto 100 per cent of their half yearly entitlement for heavy soda ash only as indicated in their passbooks, once in six months.
 - c) Recognised tanneries in West Pakistan may import sodium sulphite for not more than 4 per cent and basic chromium sulphate including chromosol for not more than 15 per cent of entitlement for these items as detailed in their passbooks.

In East Pakistan recognised units of tanning industry will be permitted to open L/C upto 100 per cent of their entitlement for sodium sulphite and upto 15 per cent for basic chromium sulphate including chromosol as detailed in their passbooks with repeat facility to the same extent on production of bill of entry for 50 per cent or more opening the earlier letter of credit.

 - d) Import of caustic soda under free list will be permitted in East Pakistan only.
12. Insecticides and pesticides.

13. Raw material of life saving drugs and medicines—allopathic as given in list 'C' of Annexure VI.

Imports will be confined only to the recognised units in the pharmaceutical (allopathic) industry.

14. Coal tar dyes including dyes for textile printing.
15. Dyeing and tanning substances, all sorts, N.O.S. (excluding hena, sulphonated oils, including sulphonated castor oil, cremol sulphonated oils, turkey red oil and kid finishing oil).

Recognised tanneries may import sulphonated oils for not more than 10 per cent of the L/C value.

16. Gas black and carbon black.
17. Lamp shells and other items for manufacture of electric bulbs.
For electric lamp industry only.
18. Laboratory glassware, graduated and ungraduated.
19. Raw material for fluorescent tubes. For fluorescent tubes manufacturing industry only.
20. Cinema carbons.
21. Electric insulating material, all sorts, N.O.S.
22. Coal, other than for domestic use.

For East Pakistan only by resident nationals and firms/agencies in which major shares or controlling interests are held by resident Pakistanis.

23. Valves for iron and steel pipes and tubes.
24. Medical appliances made of silk or artificial silk.
25. Scientific instruments, apparatus and appliances, all sorts, N.O.S. and component parts and accessories thereof including weighing scales, weighing bridges, clinical thermometers, other instruments, electro-medical apparatus and electrically operated scientific instruments, the following (excluding geometry boxes of the C & F value of Rs. 3/- and below).

a) Spectro photometers (Rechman UNI camp).

b) P.H. meters with or without attachment for potentiometric filtration.

c) Balances for analytical equipment.

d) Burogen testing equipment.

e) Moisture testing apparatus.

f) Table hardness tester.

Not more than Rs. 500/- shall be utilized for import of clinical thermometers against individual letter of credit.

26. Surgical instruments, apparatus and item of appliances and parts and accessories thereof, N.O.S. other than those made in Pakistan and excluding absorbent cotton wool, but including artificial teeth.

27. Packing for engines and boilers.

28. Maintenance spares, packing for engines and boilers for all industries (excluding jute industry) and components including other items for assembly/manufacture of electric meters, motors, transformers, and switch gears (excluding items detailed in Annexure V-H).

For recognised industrial consumers only, upto 100 per cent of entitlement as indicated in the passbooks of individual units with facility to open repeat letters of credit on production of bills of entry for 50 per cent or more of the earlier letter of credit.

29. Marine diesel engines and parts thereof.

30. Spares for diesel locomotives.

31. Essential oils, all sorts, N.O.S., including synthetic essential oils (in bulk packing only).

32. Linseed oil (other than raw).

33. Pigments and dry colours (excluding items detailed in Annexure V-I).

34. Lithophone.

35. Barytes (snowwhite grade only).

Imports will be confined to recognised industrial consumers concerned upto 100 per cent of their entitlement for this item as shown in their passbooks with facility of opening repeat L/C against bill of entry.

36. Painters material all sort N.O.S (including artist brushes excluding items detailed in Annexure V-I).

37. Plumbago and graphite.

38. X-ray films and plates.

39. Milk and eggs:

a) condensed and sweetened

b) dry whole milk

c) stabilised dried whole eggs solids (gas packed)

} Imports will be effected under PL 480-1 subject to availability of funds.

40. Raw rubber including synthetic rubber, reclaimed rubber and latex.

41. Tyres and tubes for tractors (excluding factory rejects).

Clearance from customs will be subject to prior clearance by regional licensing offices.

42. Scientific and surgical instruments, apparatus and appliances made of rubber including contraceptives.

43. Duplicating stencils.

44. Cotton yarn (80 counts and above).

45. Nylone twine; for fishing industry only.

46. Coir ropes; for fishing industry only.

Imports under free list will be allowed in West Pakistan only. In East Pakistan import of this item will be regulated through normal licensing.

47. Raw agar wood, for East Pakistan only.

48. Dome nuts.

49. Feathers of birds other than those of wild birds.

50. Fittings for parasols upto 19" and for sunshades 30" and above only.

51. Glue, gum and resins including synthetic resins, lac, and shellac (in bulk packing only).

52. Gelatine capsules.

53. Stearine and wax, all sorts, N.O.S.

54. Fertilizers.

55. Sizing materials, excluding tallow and maize starch but including flour-spar, feldspar, bleaching earths and magnesia compositions.

56. Shoe lasts.