ECO 610

MID-TERM PREPARATION

Q1: What characterized the economic conditions in Pakistan from 1947 to 1958?

A1: Newly independent nation with little industry, few services, and no manufacturing. Decade of management and planning, with attempts to keep Pakistan on its feet through economic policy and planning. State sector dominant as the private sector was underdeveloped. Mercantile class benefited from windfall gains during and after the Korean War.

Q2: What were the key features of economic development during Ayub Khan's era from 1958 to 1968?

A2: Ayub Khan's era saw high growth rates in all sectors, exceeding 20% per annum. The economy followed a capitalist model, with a significant role for the private sector. However, controversial economic policies led to income inequality, with 5 million people falling below the poverty line. The exchange rate was overvalued.

Q3: What were the major challenges during the "bad luck years" from 1971 to 1977?

A3: The "bad luck years" under Zulfiqar Ali Bhutto's era experienced illiberal economic policies, leading to a significant downward trend in growth. Challenges included deindustrialization, privatization, inflation, and the partition of East Pakistan.

Q4: What characterized Zia Ul Haq's era from 1977 to 1988?

A4: Zia Ul Haq's era was marked by a growth of state-sponsored religious traditionalism. It featured a technocracy and introduced strict Islamic law in 1978. The trend of liberalizing the economy was escalated, aided by the Soviet invasion of Afghanistan and excessive involvement of the USA. Middle Eastern aid and foreign assistance helped launch Pakistan's second economic revolution.

Q5: What were the key features of the third democratic era in Pakistan from 1988 to 1999?

A5: Democracy was restored in 1988 after General Zia-ul-Haq's death. Elected civilian governments, headed by Benazir Bhutto and Nawaz Sharif, ruled Pakistan. The era introduced a parliamentary system and two-party democracy. Under Nawaz Sharif's leadership, Pakistan became a nuclear power.

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Q6: What were the major developments and challenges during Musharraf's rule from 1999 to 2007?

A6: General Pervez Musharraf took control in 1999 and witnessed overall economic growth in all sectors. However, the positive trends were not sustained for an extended period. Musharraf's economic policies led to short-term growth. Economic indicators of failure from 2000 to 2003 included high illiteracy rates, poverty, limited access to health services, safe water, sanitation, and malnourished children.

Q7: What characterized the fourth democratic era in Pakistan from 2008 to the present?

A7: Asif Ali Zardari of the Peoples Party was elected President in 2008. The era saw an increase in external debts, but economic growth declined from 7% in 2006-07 to 4% in 2009-10. Procrastination in probing corruption charges by the Prime Minister led to political challenges.

Q: What is the objective of land reforms?

A: To change the pattern of land possession and redistribute land between landless/small landowners and large landowners.

Q: What were the features of the 1959 Land Reforms in Pakistan?

A: The features included a ceiling on landholdings, permanent ownership for tenants, compensation for land resumption, and the sale of resumed land to landless tenants.

Q: When did the Green Revolution occur in Pakistan?

A: The Green Revolution occurred in the mid-1960s.

Q: What were the main components of the Green Revolution in Pakistan?

A: The main components were the introduction of high-yield variety seeds, chemical fertilizers, and pesticides to increase agricultural productivity.

Q: What were the issues associated with tube wells in the Green Revolution?

A: The issues included concentration in Punjab, ownership by large landowners, and the need for public subsidies.

Q: What is the significance of the Agriculture sector in Pakistan's economy?

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A: The agriculture sector is the second largest sector of Pakistan's economy, contributing around 20% to the GDP and employing 42.3% of the labor force. It also serves as a supplier of raw materials to industries such as textiles and sugar.

Q1: What is the significance of the Green Revolution in Pakistan's agriculture sector? A1: The Green Revolution in Pakistan's agriculture sector brought about a significant increase in agricultural productivity through the introduction of high-yield varieties of seeds, chemical fertilizers, and pesticides. This resulted in economic, social, and political changes in the country.

Q2: What were the major issues that arose as a result of the Green Revolution in Pakistan? A2: The major issues that arose as a result of the Green Revolution in Pakistan were the concentration of tube wells and mechanization (tractors) in Punjab, regional and income disparities in access to resources and credit, and the limited benefits reaching small farmers and landless peasants.

Q3: What are land reforms and what were their objectives in Pakistan? A3: Land reforms refer to changes in the pattern of land ownership and distribution to address issues of land concentration. In Pakistan, land reforms were implemented to put ceilings on landholdings, redistribute land from large landowners to landless/small landowners, and regulate tenancy arrangements.

Q4: What were the key features of the 1959 Land Reforms in Pakistan? A4: The key features of the 1959 Land Reforms in Pakistan included the establishment of a ceiling on landholdings (500 acres irrigated, 1000 acres unirrigated), granting permanent ownership to occupants, compensation for resumed land, and the sale of resumed land to landless tenants.

Q5: What were the main objectives of the 1972 and 1977 Land Reforms in Pakistan? A5: The main objectives of the 1972 and 1977 Land Reforms in Pakistan were to further reduce land concentration, provide security of tenure to tenants, abolish intermediaries, and ensure equitable distribution of land resources.

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Q.What was stated in the Industrial Policy of 1948?

- "The most striking feature of Pakistan's present economy is the marked contrast between its vast natural resources and its extreme industrial backwardness."

Q. What were the objectives of industrialization during 1947-1958?

- To manufacture products from Pakistan's own raw materials and meet the domestic demand for consumer goods.

Q. How did the exchange rate and trade policies affect industrialization?

- The overvalued exchange rate made it cheaper to import industrial machinery, promoting the growth of the industrial sector. Trade policies, such as quantitative controls on imports and tariffs, made the industrial sector attractive for investment and led to its growth.

Q. What was the outcome of the exchange rate and trade policy decisions?

- Between 1949 and 1958, Pakistan experienced significant growth in the manufacturing sector. The establishment of large-scale manufacturing industries led to a high annual growth rate, and the investment rate doubled during the 1950s.

Q. What was the trade policy during 1958-1968?

- The new regime of Ayub Khan implemented a trade policy with indirect controls on imports. It introduced measures like the Open General License, Free list, Exports Bonus Scheme (EBS), and increased tariffs on imports.

Q. What was the outcome of the trade policy during 1958-1968?

- Industrial production and investment responded positively to the trade policies. The EBS boosted exports, especially of manufactured goods, and made imports of machinery easier and cheaper. The large-scale manufacturing sector experienced high average growth rates during this period.

Q. How did Pakistan's GDP and per capita income change during the 2000-2007 period?

- Pakistan's GDP more than doubled from $60 billion to $170 billion, and per capita income increased from under $500 to over $100.

Q1: What was stated in the Industrial Policy of 1948 regarding Pakistan's economy?

A1: The Industrial Policy of 1948 stated that Pakistan's economy had vast natural resources but suffered from extreme industrial backwardness.

Q2: What were the objectives of industrialization during 1947-1958 in Pakistan?

A2: The objectives were to manufacture products from raw materials within the country and meet the domestic demand for consumer goods.

Q3: What were the key factors in the process of industrialization during that period?

A3: The key factors were the exchange rate, which remained overvalued, making it cheaper to import industrial machinery, and trade policies that imposed controls on imports and tariffs to promote domestic production.

Q4: What were the outcomes of the exchange rate and trade policy decisions?

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A4: The decisions not to devalue the currency and impose controls on imports made industrial development favorable. There was significant growth in newly established industries, and the industrial sector experienced rapid growth between 1949 and 1958.

Q5: What were the major aspects of the trade policy during the 1950s?

A5: The major aspects included quantitative controls on imports and tariffs on imports to encourage domestic production.

Q6: How did the trade policy affect industrial sector growth?

A6: The trade policy, with controls on imports, made the industrial sector attractive for investment. This led to the growth of the industrial sector, especially in the production of manufactured goods.

Q7: What were the industrial growth rates during different periods?

A7: Between 1950 and 1958, the industrial sector had a maximum annual growth rate of 28.7% and a minimum growth rate of 4.9%. In the 1960s, the average growth rate was around 13.6%.

Q8: What were the industrial reforms introduced during the 1960s?

A8: The trade policy shifted towards indirect controls on imports, and new measures like the Open General License, Free List, and Exports Bonus Scheme were implemented to promote industrialization.

Q9: How did these trade policies impact industrial production and investment?

A9: The trade policies had a positive impact on industrial production and investment. The Exports Bonus Scheme boosted exports, especially of manufactured goods, and made machinery imports easier and cheaper. The industrial sector experienced high growth rates during this period.

Q10: What were the major steps taken during Zia-ul-Haq's era to promote industrialization?

A10: The steps included denationalization of certain industries, incentives such as tax holidays and export rebates, and reduction in interest rates. The private sector was given opportunities to participate and invest in industrial growth.

Q11: What were some highlights of the economic growth during Zia-ul-Haq's era?

A11: The manufacturing GDP in Pakistan grew at an annual average rate of 9.6% between 1977 and 1986. Investment in medium and large-scale industries grew by 18.2% per year, and the country experienced a boom in real estate, construction, communications, automobile manufacturing, and consumer goods.

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Q12: What were some criticisms of the economic policies during the 1990s and onwards?

A12: The criticisms included ongoing violence and security concerns, the absence of cell phone manufacturing plants leading to increased imports, and a widening trade gap. There were also concerns about revenue remittance abroad and the artificial propping up of the dollar against the rupee.

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