

THE DEVELOPMENT PLAN OF BANGLADESH
WITH SPECIAL REFERENCE TO
AGRICULTURE

BY

NAZNIN HOSSAIN
B.A. DACCA UNIVERSITY, 1977

— o —

A MASTER'S REPORT
Submitted in partial fulfillment of the requirement
for the degree

MASTER OF ARTS

Department of Economics
KANSAS STATE UNIVERSITY
Manhattan, Kansas, 1979

Approved by:


Major Professor

Spec. Coll.
LD
266T
R4
1979
HG7
C.2

Acknowledgements

I am especially grateful to Professor P.J. Gormely who looked at my report with great patience.

My thanks are also extended to Professor E.W. Nafziger and Professor E.S. Bagley for their helpful and stimulating discussions concerning my report.

Kansas State University is thanked for offering me a Graduate Teaching Assistantship which helped me a great deal.

<u>CONTENTS</u>	<u>PAGE</u>
Introduction	1
A. Economic Condition	
of the Country Before 1971	2
B. The Economy In The Early 1970's.	4
C. Prospects of Bangladesh's Economy.	6
D. Why Planning Is Necessary.	7
E. BackGround of the First Five	
Year Plan of Bangladesh.	9
F. Objectives of The Plan	11
G. The Plan Model	13
H. Agriculture In The Plan.	14
Conclusion	34
Bibliography	39
References	40

INTRODUCTION

Economic and Social conditions differ from country to country. But in the later part of the 1970's the development strategies and goals chosen by most of the less developed countries are quite similar. Their basic target is nation-building. Most of the countries seek to mobilize human, natural and financial resources to expand and diversify the production of goods and services, to increase employment opportunities, to eliminate extreme poverty, to increase self-reliance, and above all to improve the income level and its distribution.¹

It was believed in the past that higher levels of per capita income and higher rates of growth of the total production were very important objectives for economic development.²

But economic growth is not economic development. Economic growth is a necessary but not a sufficient condition for economic development. There are some countries where growth has taken place without development. Some of the oil-producing countries have per capita incomes which are very high, but many of them are not developed. Economic development is a process whereby the real per capita income of a country increases over a long period of time, with an improvement in the distribution of income and a reduction of the number of people below the absolute poverty line.³

Bangladesh has stressed an overall development program. During the period when Bangladesh was part of Pakistan, the development effort stressed industry. Agriculture was very much neglected. But the vast majority of the people live in the agricultural sector and the income of these people increased very little. People from the agricultural sector could not make any effective demand for industrial products. But Bangladesh has stressed the overall development of human resources (education, health, nutrition), employment, and income distribution, with highest emphasis placed on the development of food, agriculture and population control.

The following sections of this paper discusses the economic condition of Bangladesh, country's first five year Plan especially the Plan towards agriculture, its implementation and achievement.

A. Economic condition of the country before 1971

Bangladesh is a very old land, but a new nation. It has problems inherited from years of under development and neglect from the past. In 1947, the undivided India under British colonial power was divided into two independent countries, India and Pakistan. The division took place on the basis of religion. Pakistan, an Islamic country, was composed of two parts, West Pakistan (the present Pakistan) and East Bengal (later East Pakistan, now Bangladesh). Within a short period of time, the peoples of East Bengal realized that East Bengal

was not even a junior partner of Pakistan.⁴ The formation of Pakistan was just a change of masters for the people of the Eastern part of Pakistan. Other than religion, there was nothing in common between the two parts of the country. Economically, East Bengal was exploited. The financial resources of East Bengal were diverted to West Pakistan. This was possible because the central government of Pakistan controlled the economy politics and the armed forces, and the central government was mostly controlled by the West Pakistani people. The regional government of East Bengal had very little say in the formation of economic policy. The common currency allowed the earnings of the West Pakistani businessmen in East Pakistan to be reinvested in West Pakistan.⁵ The proceeds of the export of jute and jute manufacturers were diverted for the development of West Pakistan. Up to 1962-63, East Bengal had a substantial surplus in trade with foreign countries. In the years 1948-49 to 1969-70, East Bengal's share of Pakistan's total foreign exchange earnings was more than half, and East Bengal's import share was only about 30 percent, whereas West Pakistan used 70 percent of total foreign exchange earnings.⁶ The movement of resources to West Pakistan was one of the principal factors which led the country into civil war and later to the independence of Bangladesh.

B. The Economy In The Early 1970's

Bangladesh during the early 1970's was the victim of four disasters: the cyclone of 1970 which destroyed the coastal areas of Bangladesh, the war of 1971, the monsoon failure of 1972 and the flood and consequent famine of 1974.

The material damage caused by the war in 1971 was about \$1,200 million (according to a survey of damages and repairs by United Nations Relief Operation). Food grain damage was the major damage. Industrial damage was comparatively light. The most critical form of damage affecting the recovery of the economy was that to transport facilities. The transport and communication systems of the entire country were completely shattered. All of the major bridges were destroyed either by the Pakistani Army or by the Liberation Army.⁷

The effect of war on the villages of Bangladesh was very severe. Ten million people went to India during the civil war and at least 20 million people either lost their houses or were dislocated. These disturbances affected the rural economy very badly. During the civil war, farmers could not produce any agricultural products. This caused a substantial decline in the output of rice, jute and tea (three major crops of Bangladesh). As a result, the stock of food ran down. Draft animals, implements, fishing boats, irrigation pumps and appliances were either destroyed or damaged. The problem of food supply has been and remains critical.⁸

The economy immediately after independence bore the marks of both years of neglect and the damages and destruction caused by the war.⁹ The new situation after independence created serious problems for the war-torn economy of Bangladesh. As Farland and Parkinson point out:

In 1972, for the second time in twenty-five years, the people of East Bengal were faced with the necessity of adjusting their economy to a new economic order - new markets had to be found for products previously sent to Pakistan. New sources of supply had to be developed at a time when machinery of government had to be established and new institutions had to be built up. A big gap was created when the Pakistani owners of industrial and commercial establishment fled.¹⁰

In the years immediately after Bangladesh's independence, production of food was well below that of 1969-70. Food grain imports averaged about two million tons a year. The price of rice was three times higher in the middle of 1974 than it had been in 1969-70. Industrial recovery was slow and by the end of 1974 consumer prices were about four times higher than they had been in 1969-70. The situation was much more satisfactory in 1975. Early in 1975, it became clear that the inflationary peak was past. Continued imports and better prospects for foodgrains production brought food prices down. By the summer of 1975, the price level came down.¹¹

Bangladesh was born at the wrong time. In 1972 the world's economy went into crisis. Prices of Bangladesh's imports began to rise rapidly. Wheat prices in the United States rose from about \$60 per ton to over \$100 per ton in January of 1973, and to about \$200 per ton by the end of the same year. The price

of other imports like fertilizers and textiles and machinery also increased. The worst rise was the increase in oil prices, which alone added about \$100 million to the import bill of Bangladesh. On the other hand, the prices of Bangladesh's exports did not increase, and during the war of independence, Bangladesh lost most of her markets of jute and tea. Bangladesh had to undergo a significant readjustment in terms of both direction of trade and of institutional arrangements after independence. Bangladesh used to import raw cotton, cotton textiles, rice and oil seeds from Pakistan. Similarly, export items, such as jute and jute goods, tea, newsprint paper, matches, and leather used to be exported to Pakistan. After independence, Bangladesh had to find new sources of supply for her imports and new markets for her exports.¹²

C. Prospects of Bangladesh's Economy.

Bangladesh is one of the poorest and least developed countries of the world. The war of liberation and its aftereffects aggravated the problems of under development in a nation with a large and rapidly increasing population, low per capita income, narrow resource base, and an undiversified economy. It is difficult for Bangladesh to generate a momentum of economic growth. But a way must be found to improve the lot of the current and future populations of Bangladesh.¹³

The economy is in bad shape at the end of the 1970's. The major problem is continuing increase in population and the slow growth of food production. The large rises in the

prices of oil, food grains and other essential imports have practically reduced Bangladesh to international bankruptcy.¹⁴ All these factors and the limited prospects for increasing exports make it difficult to raise the resources needed for economic development on the scale necessary. In order to ensure a standard of life consistent with human dignity for the masses of the people, Bangladesh needs to generate a rate of growth of GNP of at least 5-6 percent per year. With a 3 percent rate of growth of population, this will allow 2-3 percent rate of increase in per capita income. To improve more rapidly than this, the country will have to raise the rate of growth of income above 6 percent or curtail drastically the rate of growth of population. In any other situation Bangladesh will remain one of the poorest countries of the world for some years to come. The country must mobilize its domestic resources in the near future. Bangladesh needs to increase the domestic saving rate over the next several years from the present 5-6 percent to about 13-14 percent in order to get out of the extreme poverty situation in which it finds itself.¹⁵

D. Why planning is necessary.

In the three decades since World War II, there has been almost universal acceptance of development planning as the surest and most direct route to economic progress.¹⁶ Five year plans have become common. Todaro points out that:

Economic planning may be described as a deliberate attempt to coordinate economic decision-making over the long run and to influence, direct and in some cases even control the level and growth of a nation's principal variables (income, consumption, employment, investment, savings, exports, imports, etc.) in order to achieve a predetermined set of development objectives.¹⁷

Growth brings changes in the relationships among principal economic variables. Planning is necessary to bring order into the growth of these variables. The planners harmonize the different socio-economic variables which move in different directions and which sometimes are in conflict with one another. Planners formulate plans to reach certain targets in a given period of time.¹⁸

Bangladesh suffers from a vicious circle of poverty with very low levels of income and savings. A resource-poor country like Bangladesh would naturally seek to minimize the cost of attaining a given objective in each sector as the size of a country's plan depends on the availability of resources. Before formulating the plan, it is necessary to assess the internal and external resources that can be mobilized. Bangladesh's plan and the potential for further growth are determined by the availability of resources for development. When Bangladesh's plan was formulated, the planners found it difficult to determine the availability of internal and external resources in order to determine the size of the plan resources.¹⁹

E. Background of the First Five Year Plan of Bangladesh.

The Planning Commission was set up in 1972 and the first five year plan (referred to hereafter as "Plan") was launched in 1973. The formulation of a plan usually extends over several years during which detailed studies can take place. Bangladesh's Plan was prepared with a severe time constraint, in less than one year. Within that short period of time, several study groups and technical groups were formed, consisting of ministries, agencies and many others outside the government in order to guide and advise the Commission in its task. Everybody was working under compulsion. As a result, inadequacies and gaps in the Plan were inevitable. The result was not good. The Plan did not reflect the capability of the economy to reach its target.²⁰

Development planning and policy-making must not only consider economic factors but also social, political and administrative factors. An economic development plan and policies produce various impacts on the different socio economic classes and interest groups. The important interest groups of Bangladesh are the affluent farmers, the surplus-producing trading and marketing intermediaries and the small scale enterprises. These groups directly or indirectly influenced the economic policies and strategies of the development plan. These groups have their representatives in the political leadership as well as in the planning machinery. As a matter of fact, it was not very difficult for them to influence the economic policies and strategies of the Plan.²¹

According to Professor Nurul Islam :

Although the plan was a socio-political document, there was no public debate or discussion about its objectives, priorities and strategies. It was never presented to the parliament for debate or discussion, nor was it exhaustively debated by the cabinet. The leadership of the planning commission was in the hands of technocrats who saw their role primarily as economic advisors. There was no effective and continuous dialogue between them and the political leadership; the political leaders were not closely associated with the deliberation of the planning machinery itself and, therefore, were not fully aware of the constraints or the possibilities with which the planners were faced. On the other hand, the planners were not always fully aware of, and, even when they were aware, did not fully share the hopes and aspirations of the political leadership; nor did they share or fully appreciate the politicians' criteria in judging the feasibility of strategies and policies.²²

The Plan was formulated on the basic assumption of mixed economy in a state of transition to a fully socialist system, but the basic character of the political leaders was not socialist. They represented mostly the affluent economic groups of the country. There was a contradiction between the assumptions of the Plan and the class character of the political leadership. The Plan emphasized self reliance and socialism but its success depended to a large extent on the foreign aid, especially aid from the nonsocialist big powers. Self-reliance on the one hand and the relative dependence of the Plan on foreign aid on the other hand created a political dilemma for Bangladesh.²³

F. Objectives of the Plan

The basic objects were as follows:

- 1) Reduce poverty and improve income distribution.
- 2) Raise output of the major sectors of the economy, especially in agriculture and industry.
- 3) Increase the G.D.P. growth rate to at least 5.5 percent per annum. This will exceed the population growth rate which is 3 percent per annum, which will increase the per capita income at the modest rate of 2.5 percent per annum.
- 4) Expand the output of essential consumption items such as food grain, clothing, cooking oil, and sugar. These will provide the minimum requirement of the masses.
- 5) Stabilize the price level. Since 1972 there has been a rising trend in the general price level.
- 6) Socialize the economy. Increase state's participation in different sectors of the economy.
- 7) Reduce dependence on foreign aid over time through mobilization of domestic resources and promotion of self-reliance.
- 8) Attain self-sufficiency in food grain.
- 9) Reduce the population growth rate from 3 percent to 2.8 percent per annum.
- 10) Improve education, health, rural housing and water supplies. Improve the general capability and efficiency of the worker.
- 11) Improve the income and employment situation. Ensure employment opportunities throughout Bangladesh.²⁴

The Plan was designed to generate a rate and pattern of income growth which would meet a minimum consumption standard, expand employment opportunities and ensure a socially desirable pattern of income distribution. The basic strategy of the Plan was to

encourage labor-intensive production, to reduce dependence on other countries for food grains and to improve the balance of payments by export promotion and import substitution. The Plan gave great emphasis to the agricultural sector. The agricultural sector can utilize a large labor force and it can increase Bangladesh's exports by increasing cash crop production and decrease imports by increasing food production (food constitutes 40 of Bangladesh's total import).²⁵

TABLE - I

GROSS INVESTMENT BY SECTOR
BY FIRST FIVE-YEAR PLAN

(Takas millions at 1972-73 prices)

	1973-74	1974-75	1975-76	1976-77	1977-78	Total
Agriculture	1683	1767	1855	1948	2045	9298
Manufacturing	1533	1661	1798	1948	2109	9049
Construction	199	113	129	147	167	655
Utilities	542	650	780	936	1123	4031
Transport	718	761	807	855	906	4047
Trade	623	673	727	785	848	3656
Services	1588	1715	1852	2001	2161	9317
Total	6786	7340	7948	8620	9359	40053
Total investment as proportion of GDP	11.8	12.2	12.4	12.6	12.9	

Source: E.A.G. Robinson and K. Griffin, eds., The Economic Development of Bangladesh Within A Socialist Framework, (The Macmillan Press Ltd, 1974): 100, table 4.12.

We can see that the service sector (government and other) claims the biggest share, closely followed by agriculture and industry.²⁶

The Plan intended to eliminate the import of food grains by the end of the five year period and to provide for an expansion of employment opportunities sufficient to absorb the increase in the labor force. Agriculture will remain as the major component of GD declining from 57.6 percent of GDP to 55.1 percent between the bench mark period (1969-70) and 1977-78. The share of the manufacturing sector will increase from 10.4 percent to 11.2 percent of GDP, and the share of services will remain more or less constant.²⁷

G. The Plan Model

Bangladesh's Plan used a 33 sector input-output model to check the consistency between the final output and input requirement. Nineteen of the 33 sectors were industrial sectors. This was because of the availability of industrial statistics. In most of the other cases, there was a serious lack of adequate data. The other important sectors in the input-output model were rice, jute, fishery, forestry, and livestock.⁸

The Bangladesh government used annual plans for the implementation of the Plan. Annual development plans gave particular emphasis to agriculture, rural development, family planning and population control. The annual plan was used as an instrument for the implementation of the Plan through a detailed formulation of projects, programs, and policies from year to year. The annual development program was the link between the annual plan as prepared by the Planning Commission and the annual budget as prepared by the Ministry of Finance. The annual plan reviewed the perform

ance of the economy from year to year. It analyzed developments in the fields of foreign trade, fiscal and monetary policies, as well as price movement. Its main purpose was to evaluate the progress of implementation of projects and sector programs in terms of both financial expenditure and physical implementation.²

H. Agriculture in the Plan

H_I. Introduction

The economy of Bangladesh is predominantly agricultural. About 90 percent of the total population lives in rural areas and more than 75 percent are engaged in agricultural activities. Non-agricultural employment opportunities are very limited. Agriculture will remain as the major source of employment in the future. Agricultural output contributes about 55 percent to 58 percent of GDP. Nearly 40 percent of the GDP is derived from the major crops. Rice alone contributes 28 percent, fisheries contribute about 5 percent to 6 percent, and forestry about 10 percent of the GDP. The rate of growth of agriculture is of crucial importance for the economic development of Bangladesh. Presently the poorest people live in rural areas. The average agricultural holdings are small, crop yields are poor and rural wages are low. About two-thirds of the agricultural population are either landless or have less than 2.5 acres of holding per household. Seasonal unemployment is massive and is increasing with the increasing population. An increasing food grain deficit

has imposed a heavy burden on the national economy. To eliminate this deficit and to meet the incremental domestic demand, agriculture must increase production of basic food grains and other food stuff. At the same time, it has to supply some of the increased raw material needs of domestic industry and to contribute to the balance of payments both by increased exports and import substitution.³⁰

Total agricultural land, including the follow, is about 22.4 million acres. Total cropped area in 1969-70 was 32.84 million acres. Aggregate cropping intensity is 146 percent but it varies from district to district. Rice, the major crop of the country, covers about 78 percent of the total cropped area. Other important crops are jute, tea, tobacco, sugar can, oil seeds, potato, pulses, fruits, and vegetables. According to the master survey of Agriculture in 1966, Bangladesh had about 6.87 million farms as against 6.44 million in 1960 of which 61 percent are owner operated and 37 percent are owner cum tenant operated farms. Pure tenant operated farms are rather insignificant. 83 percent of the farm area is cultivated by the owners themselves while 17 percent is cultivated by the tenants mainly on the basis of share cropping. About 20 percent of the rural household do not possess any land, and this number is increasing.

H_{II}. Causes of slow growth in agriculture

During the 1950's and 1960's, agricultural growth was less than the rate of growth of population. Agricultural growth was about 2.5 percent per annum from 1960-61 to 1969-70. The annual average growth rate of population in the 1950's was 2.9 percent. Rice production was stagnant with little fluctuation due to weather. The result was a steady rise in food grains deficit in the country. In the 1960's, Bangladesh depended on food grain imports to a much larger extent than in the 1950's. There are many reasons for the poor growth in agriculture during the last few decades.³² According to the Plan, these are:

- 1) Lack of appropriate development strategies in Agriculture.
- 2) Lack of incentive.
- 3) Lack of right technology.
- 4) Low level of investment.
- 5) Low absorption of high productive inputs.
- 6) Ineffective implementation of the development plan.
- 7) Inadequate physical and institutional infrastructure.³³

H_{III}. The Plan's objectives for Agriculture

- 1) Increase agricultural income.
- 2) Provide employment to the growing labor force.
- 3) Reduce rural poverty and promote equality of income distribution.
- 4) Increase exports and decrease imports.
- 5) Improve nutritional levels through increased supplies of cheap calories and proteinous food.
- 6) Develop the forest resources of the country.³⁴

The Plan also aimed at radical land reform measures because distribution and tenure systems are the fundamental factors determining rural employment and income distribution in a predominantly agricultural society.

It is against this background of relatively long-term objectives that the agricultural development program for the Plan was formulated. Self-sufficiency in food grain production will eliminate the country's dependence on food grain importation by the terminal year of the plan 1977-78. This drive will create employment opportunities. If agricultural output grows at 5 percent per year, farm employment is expected to increase 3.5 percent yearly, provided labor-displacing machinery is avoided. Grain self-sufficiency will provide minimum nutritional level for the people.

TABLE II
 TARGET OF PRODUCTION OF
 IMPORTANT CROPS DURING THE PLAN PERIOD
 (1973-78)

Crops	Unit of Measurement	Bench Mark Production 1969-70	Target (1977-78)
Rice	Million tons	11.2	15.08
Wheat	Million tons	0.09	.36
Jute	Million tons	6.62	9.10
Sugarcane	Million tons	6.0	7.42
Potato	Million tons	.78	1.1
Oilseeds	Million tons	.20	.40
Pulses	Million tons	.29	.35
Tobacco	Million pounds	87.0	147.5
Fruits and Vegetables	Million tons	.42	4.70
Cotton	Million bales	1.3	6.30

Source: Planning Commission, Government of the Peoples Republic of Bangladesh. The First-Five Year Plan, 1973-1978, (Dacca, 1973): 90, table VIII.3.

H_{IV}. Major Agricultural Products of Bangladesh

Following is a discussion of products of Bangladesh, the target outputs for these products, and the suggested policies to reach these targets.

I. Rice and Wheat:

The major portion of Bangladesh's cultivatable land is used for food grain production but food production has not kept pace with population growth. During the late 1960's an intensive food

grain production program was launched but the achievement fell far short of expectations due to the factors already mentioned. During the war of independence, food grain production and all other agricultural products suffered.

Food grain production is planned to increase from the bench mark level of 11.3 million tons to 15.44 million tons at the end of the plan period. This will ensure self-sufficiency in food grains by 1977-78.³⁵

TABLE III

ANNUAL REQUIREMENT AND PROJECTED PRODUCTION
OF FOOD GRAIN DURING THE PLAN PERIOD

Year	Population (in million)	Food Grain Consumption Requirement (in million tons)	Gross Production of Food Grains (in million tons)	Available for Consumption (in million tons)	Deficit - Surplus (in million tons)
1973-74	76.2	12.04	12.05	10.84	- 1.2
1974-75	78.5	12.39	13.22	11.90	- .49
1975-76	80.9	12.75	13.79	12.41	- .34
1976-77	83.1	13.11	14.41	12.97	- .14
1977-78	85.4	13.90	15.44	13.90	nil

Source: Planning Commission Government of the Peoples Republic of Bangladesh. The First Five Year Plan, 1973-78 (Dacca, 1973): 91, Table VIII-4.

The plan considered two broad strategies to increase the production of food grains:

- 1) To increase yield rates.
- 2) To increase cropped areas by multiple cropping made possible by irrigation.

The increase in yield depends on the introduction of high yielding varieties (HYV) in irrigated areas and selected rain fed areas. The Plan provided supplemental irrigation to protect areas under HYV of AUS and Amon (two kinds of rice) if affected by drought. The expansion of HYV will take place in rain fed areas early in the Plan period because irrigation capacity will take some time to expand to accomodate a large area under HYV. The Plan provided appropriate policies and necessary transport and institutional arrangements to distribute inputs, credit and various technical information necessary for successful food grain programs. It was expected that because of lack of transport and other problems the initial increase in production would be slow, but with increasingly efficient infrastructural supports the production would gain momentum from the third year and onward³⁶.

The plan could not reach its target regarding rice production. The target of rice production in 1972-73 was based on the availability of fertilizer, pesticides, high yielding seeds, and on the assumption of normal weather. But agriculture was adversely affected by the drought in 1972-73 which affected the monsoon rice production and early rain destroyed winter boro rice crops. As a result, the achievement of the annual plan fell far short of the target of 1972-73.

For the year 1973-74, production of food grain was first estimated at 12.6 million tons and total import requirements were estimated at about 1.5 million tons, including 0.3 million tons for an increase in government stocks. By the end of 1973, forecasts for the output of food grain were revised downward to 11.8 million tons and import requirements were raised to 2.2 million tons, including public stocks of 0.4 million tons. The actual food production was close to the revised projection but the actual imports fell short by 0.5 million tons.

2. Jute

Jute plays a dominant role in the economy of Bangladesh. It is the major foreign exchange earner of the country. In 1947, production of jute was 1.21 million tons (80 percent of the world production). In 1969-70 it was 7.2 million bales (35 percent of the world production). There was a steady decrease in the acreage and production of jute in Bangladesh during the 1950's. The trend was opposite in the 1960's. Bangladesh is now trying to increase the per acre yield of jute and reduce the cost of production. The target is 9.10 million bales by 1977-78, from the level of 7.2 million bales in 1969-70. (Table also includes another variety of fiber called mesta.)³⁷.

TABLE IV

PROJECTION OF PRODUCTION OF RAW JUTE
DURING THE PLAN PERIOD
(In million bales)

Year	Jute	Mesta	Total
1972-73	6.51	.11	6.62
1973-74	7.30	.20	7.50
1974-75	7.80	.20	8.00
1975-76	8.20	.30	8.50
1976-77	8.70	.40	9.10
1977-78	9.10	.70	9.80

Source: Planning Commission, Government of the Peoples Republic of Bangladesh. The First Five Year Plan, 1973-78 (Dacca, 1973): 98, Table VIII-7.

The country has about 4.5 million acres of potential jute growing area, of which nearly half is suitable for production of high quality jute. The Planning Commission estimated that by using HYV as evolved by the Jute Research Institute, together with improved cultural practices, it would be possible to increase per acre yield from existing 1160 pounds to about 2000 pounds per acre. Varieties evolved at the Jute Research Institute have demonstrated potential yields up to 10-20 percent over local varieties. These varieties will increase production with lower investment. The factors which will contribute towards increased yields are improved seeds, chemical fertilizers, improved cultural practices, plant

protection, and availability of credit. The success of the jute program will depend, to a large extent, on the training of the jute grower. The Plan has arranged the supply of credit to the jute grower through different development banks. The government decided to set a minimum price of jute every year, taking into consideration the cost of production, price of other essential commodities and food grain, and also internal demand for jute.³⁸

3. Sugar Cane:

The total requirement of sugar and gur by the end of 1977-78 will be 190,000 thousand tons and 300,000 tons respectively at the rate of five pounds of sugar and eight pounds of gur per capita per annum. For this amount of sugar and gur, a total of 7.42 million tons of sugarcane is required. The yield per acre is expected to rise to 20 tons in mill zones and 17.8 tons in gur zones area. The policies which were considered to achieve the target are the introduction of HYVs, fertilizers, pesticides, irrigation, drainage facilities and credit facilities in both gur and mill regions. Other factors expected to increase production are the payment of incentive prices to sugar cane growers on the basis of the quality of their cane, improvement in the transport facility in the mill zone area, and facilities for industrial utilization of molasses for the production of spirits, alcohol, and yeast.³⁹

4. Tea:

Tea is one of the most important foreign exchange earners of Bangladesh. It provides about 4 percent of the country's export earnings. During the period of Pakistan, tea had a protected market. Now it competes at a lower price than before. Tea plantations occupy 110,000 acres, and employ about 140,000 workers. Tea cultivation has not been very intensive in Bangladesh. There is plenty of scope for increasing the output of tea from the land already under plantation. The economy of tea gardens depends upon the modernization of tea factories. Considerable staff and other support are needed for the Tea Research Institute. The estimated cost will be Taka 261 million during the plan period. The Agricultural Development Bank of Bangladesh and the commercial banks will grant loans to the tea industry, special credit facilities of garden will be arranged for intensive cultivation which will increase the productivity of tea. Sales promotion teams will be sent to countries importing large quantities of tea including those in the Middle East and Africa.⁴⁰

5. Forestry:

The existing forest area, about 12.5 percent of the total area of the country, is not enough to meet the country's requirements for timber and firewood. The Plan aimed to bring all available forest lands under regular management of forest service, to develop adequate facilities for research and training of professional and technical personnel, and to improve

road conditions in order to facilitate exploitation of forests in Chittagong hill tracts and Sylhet. This will help to increase timber extraction in the Chittagong hill tracts and the Sylhets hilly areas. The annual production target is 60,000 tons in Karnafully Valley and 20,000 tons in Motamuhari by the end of 1977-78. The Plan's rubber production target is 350,000 tons by 1977-78.⁴¹

The country can improve the nutritional standard and consumption level by increasing the production of fruits, vegetables, fish, poultry, and other animal protein. The potential of fisheries is very high. At present, fisheries play a significant role in GDP, foreign exchange earnings, employment and nutrition. Bangladesh exported .809 million tons of fish in 1969-70. The target of the plan is to increase exports to 1.021 million tons in 1977-78.

H_V. The Plan's Agricultural Input Programs

The Plan placed emphasis on the increased use of HYV's of rice and jute. It included intensive use of agricultural inputs such as fertilizer, pesticides, seeds, and irrigation in order to attain self-sufficiency by 1977-78. On the basis of these targets, the Plan estimated the need of major agricultural inputs.

1. Fertilizer:

Fertilizer is one of the key inputs in the seed-based technologies for increasing agricultural production. Extensive use of fertilizer is essential, especially to grow HYVS. It is estimated that annual fertilizer requirements by 1977-78 will be about 1.125 million tons. Achievement of the target will depend to a great extent on the development of an effective system of fertilizer pricing and distribution.

The projected requirement for fertilizer during the Plan period is expected to be 2,200,000 tons of urea, 1,124,000 tons of (TSP), 560,000 tons (MP), for a total of 3,884,000 tons. The Plan estimated that fertilizer consumption will increase to 1.125 million tons by 1977-78, but this depends on the implementation of expanded irrigation facilities and introduction of improved seed varieties. The projected requirement of fertilizer at the terminal year represents an increase of about 203% over the initial year.⁴²

2. Plant Protection:

The total pesticide requirement in 1972-73 has been estimated at 12,000 tons, and this requirement will increase during the Plan period. The Plan intends to consolidate and intensify plant protection through improvement in the existing organization, training and manpower. High humidity, plentiful rains and hot temperatures encourage the growth and multiplication of insects and bacteria in Bangladesh. It has been estimated that pests and diseases cause 10 to 15 percent reduction in potential crop production. The HYV's of rice

and other crops invite different kinds of pests and disease. Plant protection measures, therefore, have special significance and will become increasingly important in the future.⁴³

3. Seeds:

Improved seeds play a very important role in the attempt to increase agricultural output. No other input can affect production as markedly as improved seeds. Development of HYV's is the most important element of the new agriculture strategy. The Plan greatly emphasized the development of improved types of seed. The seed program under the Plan aimed at distribution and production of large quantity and quality of seeds. There are 22 seed multiplication farms of various sizes under the management of Bangladesh Agricultural Development Corporation (BADC).⁴⁴

4. Water:

Water is another essential input for increasing agricultural output. The Plan aimed to develop both surface and ground water. Large scale multipurpose projects of irrigation, drainage, flood control and low lift pumps will be developed for the utilization of surface water. Tube wells will be developed for exploiting ground water. The available ground water is sufficient for the installation of about 19,000 deep tube wells and 15,000 shallow tube wells. The total area which will be brought under tube well irrigation by 1977-78 is about 1.1 million acres. During the Plan period, an area of 2.1 million acres will be protected from floods by construction of embankments and channel improvement. About .34 million acres will be protected fully and .9 million

acres will be protected partly from flooding.⁴⁵

H_{VII}. Achievement of the Plan

The Plan was implemented by successive annual plans in order to achieve two broad objectives:

- 1) Bring back the economy's production to the 1969-70 level.
- 2) Achieve levels of output and income above and beyond the bench mark level.

TABLE V
GDP AND ITS COMPONENTS
AT 1972-73 PRICES
(million Takas)

	Bench Mark A (1969 to 1970)	Actual (1972 to 1973)	Projected (1977 to 1978)	Annual Percentage Rate of Growth	
				Projected Over Bench Mark (pre-war)	Projected Over Actual (1972-73)
Agriculture	28,830	27,220	36,020	4.6	8.4
Manufacture	5,200	3,298	7,310	7.1	15.4
Construction	1,840	1,444	3,260	12.1	13.7
Others	14,160	11,338	18,830	----	----
	50,030	45,300	65,420	5.5	8.8

Source: Nurul Islam, Development Planning in Bangladesh, A Study in Political Economy, (London: C. Hurst and Company, 1977): 121

GDP in 1972-73 was 10 percent lower than the bench mark output. About 66 percent of the short fall in GDP in 1972-73 below the bench mark level was due to the fall in agricultural output and another 25 percent to the decline in industrial output.

The Plan estimated that the output of food grains would exceed 13 million tons in 1974-75.⁴⁷ In that year the country was hit by one of the worst floods in 30 years. Weather conditions were better in 1975-76. The output was also satisfactory. The projected output of food was about 13 million tons, imports were estimated at 2 million tons. In the year 1976-77 rice production declined by 6.42 percent compared to 1975-76.⁴⁸ The output of jute and tea showed slight increase than what it was in 1975-76. Gross domestic products rose by 3 percent in and the total agricultural output fell by 0.5 percent.⁴⁹

Apart from the bad weather conditions and slow implementation of the agricultural development plan, there was also a shortage of domestic and foreign exchange resources. Along with all this, there was the inefficiency of the administrative and institutional framework which aggravated the effects of resource shortage.⁵⁰

The most important bottleneck in the implementation of annual plans was the shortage of resources. During both 1972-73 and 1973-74, there were shortfalls in revenues, and the current expenditures increased. This resulted in deficit in current revenue accounts. Actual revenue fell short of the projected surplus. In both 1972-73 and 1973-74, deficit financing met the deficit in the current account, and development expenditure was largely financed by foreign aid. In 1974-75, there was surplus

in the current account in spite of the rise in current expenditure. Deficit financing was used for the purpose of financing development expenditures in 1974-75.⁵¹

The divergence between projection and actual realization was not only because of a short fall in domestic resource mobilization. In 1972-73 and 1973-74 the flow of external assistance also fell below projected levels. The commodity aid disbursement in 1975-76 was \$359 million and in 1976-77 it was \$229 million. The development expenditures for the year 1976-77 fell short of the original program by 9.9 percent because of the shortfall in realization of commodity aid as well as project aid. The foreign aid disbursement in 1974-75 was \$865 million, in 1975-76 it was \$835 million and in 1976-77 it was \$135 million. Aid commitments to Bangladesh between December 16, 1971 and June 30, 1977 totaled \$5,229 million while the estimated total disbursement was \$3,561 million. The shortfall in the flow of foreign exchange assistance was due to both a short fall in commitment and to slow disbursement.⁵²

The distribution of actual development expenditures during the years between 1973 and 1976 compared to the projections in the Plan is shown in Table VI.

In the first four years of the plan period, actual expenditures in agriculture, water, and rural development were above target levels. On the other hand, social security (health, education) suffered. Development expenditure in agriculture was always protected because of its importance in the economy.

TABLE VI

FIVE YEAR PLAN TARGETS AND SECTORAL DISTRIBUTION
OF ACTUAL DEVELOPMENT EXPENDITURES
(Percentage Distribution)

	Actual Expenditures	Five-Year Plan Target
1) Agricultural, rural development and water and flood control	31.6	26.3
2) Industry	15.2	18.7
3) Power, national resources, trans- port and communication	33.5	29.5
4) Physical planning and housing	6.3	8.0
5) Social sectors and others	13.3	17.5
TOTALS	100.0	100.0

Source: Nurul Islam, Development Planning in Bangladesh, A Study in Political Economy (London: C. Hurst and Company) :127.

The following table shows the target and achievement of distribution of fertilizers, the most critical input for increasing agricultural output.

TABLE VII

DISTRIBUTION OF FERTILIZER
(000 tons)

Year	Target	Achievement
1972/73	425,000	375,000
1973/74	473,000	373,000
1974/75	500,000	340,000
1975/76	600,000	-----

Source: Nurul Islam, Development Planning in Bangladesh, A Study in Political Economy (London: C. Hurst and Company): 135.

Fertilizer was one of the most important inputs needed to reach the agricultural production targets.

Different agencies in the Thana level and rural areas were involved in the distribution of fertilizer. There was lack of coordination between these agencies which delayed the distribution of fertilizer to the farms. The ammonia control room in the biggest fertilizer factory in the country broke down in September 1974 (just the period when fertilizers were much needed for the rice crop in the following months). The government tried to import fertilizer, but the fertilizer procured from outside did not arrive in time.⁵³

Irrigation is the next most important component of the program of accelerated rice production. Government could not provide the irrigation facilities as mentioned in the Plan. The tube wells, low lift pumps, multipurpose irrigation, drainage, and flood control projects were delayed. The targets of additional irrigation acres were 60,000 acres in 1973-74 and 40,000 acres in 1974-75. The actual area of increased irrigation in each of these two years was about 30,000 acres. The low lift pump and tube-well programs were to irrigate 1,380,000 acres by 1973-74 and 1,322,000 acres by 1974-75. The actual irrigated acres were about 1,136,000 acres and 1,147,000 in 1973-74 and 1974-75, respectively. 35,000 pumps were installed as against the target of 40,000 pumps. Many of the installed pumps did not work.

The seed distribution of HYV's fell short. In Aman variety of rice, only 60,000 munds (27 munds = 1 ton) were distributed and the target was 80,000 munds. In Boro variety, 26,000 munds were distributed against the target of 50,000 and in Aus the target was 50,000 munds and only in this crop was the target reached in 1974-75.⁵⁴

The fluctuation in weather conditions and lags in the implementation of development programs affected both food grain and jute production. The fluctuation in production of jute (which is the country's major foreign exchange earner) affected the economy severely. The following table shows the fluctuation of the output of both rice and jute over the Plan period.

TABLE VIII

PRODUCTION AND ACREAGE OF RICE AND JUTE

Year	Jute Output (million bales)	Acreage (million acres)	Rice Output (million tons)	Acreage (million acres)
1972-73	6.5	2.2	10.0	23.8
1973-74	6.0	2.0	11.8	24.4
1974-75	3.9	1.4	11.2	24.2
1975-76	4.3	1.3	13.2	25.6

Source: Nurul Islam, Development Planning in Bangladesh, A Study in Political Economy, (London: C. Hurst and Company): 136.

As Nurul Islam pointed out:

The impact of fluctuations in the output of both jute and rice had implications for the balance of payments since one was foreign exchange earner and the other was foreign ex-

change saver. The percentage fluctuations in the output of food grains had a magnified impact on the import requirements and hence on the balance of payments because fluctuations in food grains occurred in the context of rising population, which increased the consumption requirements of food from year to year at least in the same rate as the rate of growth of population.⁵⁵

In general the reasons behind the poor performance of agriculture during the Plan period are:

- 1) Lack of water resources for irrigation facilities (no solution of Ganges water disputes with India which seriously affected the agricultural output).
- 2) Lack of flood control and drainage system.
- 3) Inadequate efforts to spread improved technology among the broad masses of peasants through education.
- 4) Lack of intention and supplies of inputs and credit - malpractice with agricultural credit. Sabotage in the country's largest fertilizer factory (breakdown of the ammonia control room in the country's biggest fertilizer factory).
- 5) Subdivision and fragmentation in the holding which is the cause of high wastage in cultivatable land.
- 6) Effort to build up cooperatives to overcome hindrances of small farming as taken by President S. Majibur-Rahman was abolished or was not carried out after his death in August of 1975.⁵⁶

Conclusion

The Plan involved assumptions regarding the working of the economy and its organization and management. It contained analysis of the past and the present, predictions about the future and policies which, in many cases, were unrealistic and incomplete.⁵⁷

The Plan did not reach its agricultural targets. The hope of self-sufficiency in food grains by 1977-78 vanished. Deficit food grain production resulted in the import of a large quantity of food grain which increased the balance of payments deficit. The two most important obstacles in the way of successful implementation of the Plan were, on the one hand, the impact of unforeseen factors on the projections of the Plan and its implementation, and, on the other hand, organizational and managerial deficiency.⁵⁸ As Nurul Islam stated:

The impact of organizational and managerial deficiencies in Bangladesh was pervasive, ranging from under utilization of capacity to lack of repair and maintenance. There was a vicious circle; the greater the scarcity of capital resource, the greater the need to gain from more efficient and economical use of scarce capital resources. But this didn't happen in Bangladesh where scarcity of resources was compounded by organizational and managerial deficiencies. Worse still, efforts to offset low yields from existing capital equipment caused by organizational and institutional weakness led to demand for further additions to capital stock. Faced with the need for quick increases in output, the ministries often found it more convenient to generate pressures for larger capital expenditures, rather than to carry out the more painstaking and⁵⁹ time consuming task of improvement and efficiency.

In late 1974, there was an acute shortage of fertilizer in the country. Government made up priority lists and started distributing fertilizer on the basis of priority. The priority list was prepared by the union agricultural committees but in many cases the farmers could not get fertilizers in time because of delay in preparing such priority lists. In late 1975, government withdrew restrictions on distribution of fertilizers. There was no

proper coordination among the directorate and the other department of agriculture. This created administrative bottlenecks from which the farmers suffered most, especially in getting inputs (fertilizer, pesticides, pumps, etc.).⁶⁰

The President's secretariat in Dacca on September 13, 1975, published a white paper explaining the causes behind the failure of the Plan. It said that up to the middle of 1975 there was a total investment of Taka 14,000 million but the overall production was below the bench mark year 1969-70 level. The growth rate in both agriculture and industry was miserable. The total food grain production decreased from 11.9 million tons in 1969-70 to 11.2 million tons in 1974-75. The published white paper also said that the economy suffered a loss of Taka 5,500 million in 1974-75 due to under utilization of capacity; this resulted mainly from inefficient management, shortage of raw material and spares, labor indiscipline, and power failure. The country experienced a famine in this period which took a huge toll in human lives and caused widespread suffering.⁶¹

The National Economic Council (NEC) of Bangladesh reviewed the performance of the economy and the progress of the development expenditure in the first quarter of the year 1976-77.⁶² In this period, the economy showed slow performance. The major cause was slow disbursement of development funds. Another reason for slow growth was lack of proper utilization of foreign aid. The project

given by ADB, US (AID), and IDA were not properly and effectively utilized. The World Bank's President expressed grave concern over the slow utilization of various projects in Bangladesh financed by the World Bank.⁶³

In the 18th Century this region of the world was better off. With 29 million people at the beginning of this century, it was in a fair condition. Today with 80 million people, Bangladesh is a poor country. There are two alternatives for Bangladesh: survival or death. Historically no country dies, so Bangladesh will survive. Technological possibilities of increasing agricultural output, mainly food production, are considerable in Bangladesh.⁶⁴ The problem is with the people, most of whom are illiterate. There is hardly any desire of the people to increase production. Management is inefficient. In every sector there is misallocation and misuse of resources. The country suffers from acute shortage of resources. Whatever amount of foreign aid the country receives should be properly utilized. There should not be any wastage of resources, but so far there has been nothing but misallocation, under utilization and misuse of resources. If Bangladesh wants to survive in a decent way with dignity, a drastic change in the attitude of the people is essential. Before anything else the country needs development of its human resources. Huge population is not always a burden if there is a suitable program of using it.

The success of any future development program in Bangladesh will depend on better coordination of the various sectors, better distribution and availability of essential imports, extensive flood control and irrigation facilities, proper incentive to the farmers in terms of price, better supervision and management on the part of the government, and above all, the political stability of the country.

BIBLIOGRAPHY

1. Dutt, Kalyan; Dasgupta, Ranajit, and Chatterjee, Anil. Bangladesh Economy: An Analytical Study. New Delhi: Peoples Publishing House, 1973.
2. Faaland, Just and Parkinson, J.R. Bangladesh: The Test Case of Development. London: C. Hurst and Company, 1976.
3. Islam, Nurul. Development Planning in Bangladesh, A Study in Political Economy. London: C. Hurst and Company, 1977.
4. Journal of Development Planning, 11, (United Nations), New York, 1977.
5. Majilis, Daud. "Slower Progress in Bangladesh." Far Eastern Review. (23 September, 1977).
6. Meier, Gerald M. Leading Issues in Economic Development. 3rd ed. Oxford University Press, 1976.
7. Planning Commission, Government of the People's Republic of Bangladesh. The First Five Year Plan, 1973-78. Dacca, 1973.
8. Robinson, Austin. Economic Prospects of Bangladesh. Overseas Development Institute Ltd. 1973.
9. Robinson, E.A.G. and Griffin, K., ed. The Economic Development of Bangladesh Within a Socialist Framework. The MacMillan Press Ltd, 1974.
10. The Bangladesh Observer, Dacca Published by the editor on behalf of the Government of the People's Republic of Bangladesh (1, 13 September, 1975; 21, December 1976; 28 January, 1977).
11. Todero, Michael P. The Economic Development in the Third World. New York: Longman Inc, 1977.

REFERENCES

1. Journal of Development Planning, 11, (United Nations, New York, 1977) p. 1,2.
2. Ibid.
3. Gerald M. Meier, Leading Issues in Economic Development, 3rd. ed. (Oxford University Press, 1976), p. 6.
4. Just, Faaland and J.R. Parkinson, Bangladesh: The Test Case of Development, (London: C. Hurst and Company, 1976) p. 6.
5. Ibid.
6. Kalyan Dutt, Ranajit Dasgupta and Anil Chatterjee, Bangladesh Economy: An Analytical Study, (New Delhi: Peoples Publishing House, 1973) p. 25.
7. Just, Faaland and J.R. Parkinson, Bangladesh: The Test Case of Development, (London: C. Hurst and Company, 1976) p. 12.
8. E.A.G. Robinson and K. Griffin, ed. The Economic Development of Bangladesh Within a Socialist Framework, (The Macmillan Press Ltd, 1974) Article by Nurul Islam, "The State and Prospects of Bangladesh Economy" p. 314.
9. Austin Robinson, Economic Prospects of Bangladesh, (Overseas Development Institute Ltd, 1973) p.4.
10. Just, Faaland and J.R. Parkinson, Bangladesh: The Test Case of Development, (London: C. Hurst and Company, 1976), p. 9, 10.
11. Ibid., 16-18.
12. Ibid.
13. Ibid., 23
14. Ibid.
15. Nurul Islam, "The State and Prospects of the Bangladesh Economy" - p. 9, 10.
16. Michael P. Todero, The Economic Development in the Third World, (New York: Longman Inc, 1977) p. 349.
17. Ibid.

18. E.A.G. Robinson and K. Griffin, ed. The Economic Development of Bangladesh Within a Socialist Framework. (The Macmillan Press, 1974). The Article by Mohiuddin Alamgir, "Priorities for Development and Allocation of Resources", p. 27.
19. Mohiuddin Alamgir, "Resources for Development," p. 1.
20. Nurul Islam, Development Planning in Bangladesh, A Study in Political Economy, (London: C. Hurst and Company, 1977) p. 5.
21. Ibid., p. 3-8.
22. Ibid., p. 6.
23. Ibid., p. 8-10.
24. Planning Commission, Government of the People's Republic of Bangladesh, The First Five Year Plan, 1973-78, p. 9, 10.
25. Ibid., p. 14, 15.
26. Mohiuddin Alamgir, "Resources for Development", p. 100.
27. Nurul Islam, Development Planning in Bangladesh, p. 98.
28. Ibid., p. 85-86.
29. Ibid., p. 104-106.
30. The First Five Year Plan, 1973-78, p. 83, 84.
31. Ibid.
32. Ibid.
33. Ibid., p. 85.
34. Ibid., p. 86, 87.
35. Ibid., p. 90-93.
36. Ibid.
37. Ibid., p. 97-98.
38. Ibid.
39. Ibid., p. 103.
40. Ibid., p. 107-109.
41. Ibid., p. 117-121.
42. Ibid., p. 130.

43. Ibid., p. 135-138.
44. Ibid.
45. Ibid.
46. Nurul Islam, Development Planning in Bangladesh, p. 123-125.
47. Ibid., p. 133-136.
48. Ibid.
49. Daud Majilis, "Slower Progress in Bangladesh" (Far Eastern Review, 23rd September, 1977), p. 116.
50. Nurul Islam, Development Planning in Bangladesh, Study in Political Economy, (London: C. Hurst and Co., 1977), p. 133-136.
51. Ibid., p. 123-125.
52. Daud Majilis, Slower Progress in Bangladesh, p. 116.
53. E.A.G. Robinson and K. Griffin, ed. The Economic Development of Bangladesh Within a Socialist Framework, (The Macmillan Press, Ltd, 1974) The Artical by Swadesh Bose "The Strategy of Agricultural Development in Bangladesh" p. 148.
54. "The Bangladesh Observer", (Dacca: Published by the editor on behalf of the Government of the Poeple's Republic of Bangladesh, September 13th, 1975).
55. Nurul Islam, Development Planning in Bangladesh, p. 136.
56. Swadesh Bose, "The Strategy of Agricultural Development in Bangladesh" p. 148.
57. Nurul Islam, Development Planning in Bangladesh, p. 120.
58. Ibid., p. 9, 10.
59. Ibid., p. 9.
60. The Bangladesh Observer (1st September, 1975).
61. Ibid., (13, September, 1975).
62. Ibid., (21, December, 1976)
63. Ibid., (28, January, 1977).
64. Austin Robinson, Economic Prospects of Bangladesh, p. 46.

THE DEVELOPMENT PLAN OF BANGLADESH
WITH SPECIAL REFERENCE TO
AGRICULTURE

BY

NAZNIN HOSSAIN
B.A. DACCA UNIVERSITY, 1977

— o —

ABSTRACT

Submitted in partial fulfillment of the requirement
for the degree

MASTER OF ARTS

Department of Economics
KANSAS STATE UNIVERSITY
Manhattan, Kansas, 1979

ABSTRACT

Bangladesh suffered from years of both English and Pakistani colonial exploitation. At the time of independence, Bangladesh inherited a poor, undiversified economy, characterized by an underdeveloped infrastructure, stagnant agriculture and a rapidly growing population. The country suffered from a vicious circle of poverty, with low levels of income, savings, investment and growth. Superimposed on all these problems were the effects of the war of liberation, which caused serious damage to the country's economy. The First Five-Year Development Plan of Bangladesh was formulated against this background. Because the Plan was hastily prepared, inadequacies and gaps in the Plan were inevitable. The statistical data of the various aspects of the economy were not reliable enough to meet the full needs of the Planning Commission.

The Plan was formulated on the basic assumption of a mixed economy in a state of transition to a fully socialist system, but its success depended to a large extent on the foreign aid. The goal of self-reliance was contradicted by the relative dependence of the plan on the foreign aid. The Plan was designed to generate a rate and pattern of income growth which would meet a minimum consumption standard, expand employment opportunities and ensure a socially desirable pattern of income distribution.

The economy of Bangladesh is predominantly agricultural. About 90% of the total population lives in the rural areas and more than 75% are engaged in agricultural activities. The major portion of Bangladesh's cultivatable land is used for food grain production. Rice is the main crop. Jute, sugercane and tea are the other important crops. Agriculture was given considerable importance in the first development Plan of the country. The target of the Plan was to increase yield rates of the agricultural products and to bring back the economy's production first to the 1969-70 level and then to increase the output beyond the 1969-70 level. The Plan's target was to eliminate the import of food grains by the end of the year 1977-78. The Plan intended to introduce high yielding varieties (HYV) of seeds for the production of rice and jute. The success of the HYV's depended on the extensive use of fertilizer, pesticides, HYV seeds and irrigation.

The overall implementation of the Plan was very slow. It did not reach its target in the production of any one of the agricultural products. The hope of self-sufficiency in food grains vanished. Bad weather was one of the factors causing low productivity. But apart from bad weather, slow implementation of the agricultural development plan, deficiencies in the organization and management and the shortage of both domestic and foreign exchange resources also contributed to the failure of the Plan.