12. *Social Capital.*—In the matter of social services it has been the policy of the Government of Pakistan to finance both capital and recurrent expenditure from the revenues of the Provincial Governments and municipalities. The large capital expenditure on this account under the development plans of the Provincial Governments cannot be wholly met out of their revenues, and provision has therefore been made in the programme for a sum of Rs.180 million to meet part of the expenditure involved. This amount will cover the capital cost of housing (Rs.40 million), the expansion of health and medical services (Rs.40 million), and the expansion of educational facilities (Rs.100 million). Included in the housing programme is the provision of prefabricated houses for refugees and for the development of new residential areas and townships. The expenditure under health and medical services will provide 600 new rural and 600 mobile dispensaries, 120 new hospitals, and increased training facilities for technical personnel. The provision for education is designed to set up 4,460 new primary schools, 1,456 middle schools, 400 high schools, 15 teachers' training schools and 2 teachers' training colleges. Provision of Rs.90 million has been made in the programme for the establishment of technical institutes and research laboratories (Rs.40 million) and for scholarships for training abroad in scientific and technical subjects (Rs.50 million).

Administration of the Programme

13. The Government of Pakistan have decided that the best method of implementing the six-year plan would be to establish autonomous administrative machinery charged specifically with the execution of the programme. It has, therefore, been decided to set up an Economic Council responsible directly to the Cabinet. Subject to the general control of the Government, this Council will be entirely autonomous, with power to appoint consultants, experts and officials, and to determine the method or agency by which plans are to be carried out. Financial control over the programme will be exercised in the ordinary way. No expenditure can be incurred without provision in the Budget approved by the Legislature. Before expenditure actually takes place, each project is scrutinised by the Ministry of Finance and, if it exceeds Rs.100,000, by the Standing Finance Committee of Parliament as well. The expenditure is scrutinised by the Auditor-General who reports annually to Parliament.

Government and Private Investment

14. The nature of the Pakistan programme is such that by far the greater part of the total expenditure will be incurred by the Government, who, as hitherto, will be responsible for hydro-electric power, transport, ports and irrigation. Of the total expenditure of Rs.2,600 million contemplated in the programme it is estimated that about Rs.400 million will be accounted for by private investment in the cotton, jute, paper and other enterprises. The Government reserve to themselves the munitions industries and the manufacture of railway wagons, telephone, telegraph and wireless apparatus. They also reserve the right to take over or to participate in any other industry vital to the security or the economic well-being of the State. If private capital is not forthcoming in branches of industry of national importance, it may be necessary for the Government to initiate development in these fields as a means of stimulating private enterprise. In order to encourage private enterprise, measures of taxation relief have been introduced. For example, new industrial undertakings are, during the first five years, exempt from certain charges under income-tax and business profits tax ; depreciation allowances have been extended. An Industrial Finance Corporation has