

Financing the Second Five Year Plan

AZIZUR RAHMAN KHAN*

I

The purpose of this paper is to indicate some of the problems involved in financing Pakistan's Second Five Year Plan.

The Plan sets out the objective of increasing the gross national product by 20 per cent. The cost of this growth rate has been estimated at Rs. 19,000 million of investment expenditure over the Plan period, Rs. 9,750 million in the public sector, Rs. 3,250 million in the semi-public sector, and Rs. 6,000 million in the private sector.¹ This is a large investment programme with per

Table 1
Comparative Plan Costs: Pakistan and India

Investment	m=million rupees				
	Pakistan's First Plan	Pakistan's Second Plan	First Indian Plan	Second Indian Plan	Third Indian Plan
1. Total Investment ...	10,800 m	19,000 m	35,000 m	61,000 m	102,000 m
A. Public ...	7,500 m	13,000 ¹ m	17,500 m	38,000 m	62,000 m
B. Private ...	3,300 m	6,000 m	17,500 m	23,000 m	40,000 m
2. Per-Capita Investment ...	Rs. 131 ²	Rs. 202 ³	Rs. 99	Rs. 149	Rs. 233

SOURCE: Data about the First and Second Plan of Pakistan are obtained from the *First Five Year Plan* and the *Second Five Year Plan*, Planning Commission, Government of Pakistan. Data about the First and Second Indian Plans are obtained from *An Appraisal of Pakistan's First Five Year Plan*, S. A. Abbas, Netherlands Economic Institute, 1956. The Third Indian Plan figures are taken from *Third Five Year Plan: A Draft Outline*, Planning Commission, Government of India.

1. Including semi-public sector.

2. According to the population estimates of the Planning Commission for the year 1955-56. Actual per capita investment was probably lower.

3. According to the provisional population estimates of the 1961 census. *Morning News*, 4 March, 1961.

*The author is Staff Economist in the Institute of Development Economics. He is grateful to Dr. Irving Brecher, Dr. Richard C. Porter, and Mr. S. U. Khan, (all of the Institute of Development Economics) for commenting on an earlier draft and suggesting improvements.

1. This paper was prepared before the Plan was revised. It is therefore based entirely on the figures published in June 1960. Since the new estimates are incomplete, their use at this stage does not seem worthwhile. It is believed that in spite of the Plan revision, the main conclusions of the Paper are still valid.

capita investment amounting to Rs. 202. It is interesting to compare these figures with those of Pakistan's First Five Year Plan and the three Five Year Plans of India. Table I shows that the per capita investment programme is significantly higher under the Second Plan of Pakistan than under the First Plan of Pakistan and the first two Development Plans of India.

In an underdeveloped country like Pakistan, where low income accompanied by high propensities to consume yields an inadequate rate of capital formation, financing a Plan of such large magnitude is very difficult. Without foreign assistance, financing the Second Plan would require a high rate of domestic capital formation—13.4 per cent of G.N.P. Even if 42 per cent of the total investment programme is financed "externally", as is expected, domestic capital formation will have to be 7.8 per cent of G.N.P.

An estimation of the savings ratio "must start with the observation of the rates of savings experienced by the country in the recent past."² Usually

Table 2

Saving in the Two Plan Periods

	% of G.N.P. during the 1st Plan	% of G.N.P. during the 2nd Plan	Incre- mental saving ratio during the 2nd Plan	In million rupees during the 2nd Plan	Magnitude during the 2nd Plan obtained by extra- polating the actual ratio during the 1st Plan	
	(1)	(2)	(3)	(4)	(5)	
1. Total Domestic Saving ...	6.0%	7.8%	14.8%	11,000	8,490	
A. Public ...	...	1.8%	9.5%	2,500	-282
B. Private ...	...	6.0%	5.3%	8,500	8,772
2. Foreign Saving (Aid & Loans)	...	3.5%	5.6%	...	8,000	...

1. *The Preliminary Evaluation Report* (Planning Commission 1959, pp. 8-9) estimates total public saving during 1955-59 to be — Rs. 430 million. Public saving during 1959-60 was approximately + Rs. 210 million (unpublished data from the Planning Commission). Total public saving, therefore, turns out to be about — Rs. 220 million during the First Plan period. Total private saving during the same period was therefore Rs. 6780 million (gross domestic saving) + Rs. 220 million (dissaving by the public sector) = Rs. 7,000 million.

2. For a breakdown of total domestic savings into Public and Private savings, see John Fei and Gustav Ranis, *A Study of Planning Methodology with special Reference to Pakistan's Second Five Year Plan*, Institute of Development Economics (Karachi, 1960), p. 23.

2. *Programming Techniques for Economic Development* (Bangkok, 1960), p. 10.

the ratio of saving to income cannot be increased significantly in the short-run without much difficulty. Table 2 shows that ratio of savings to G.N.P. was much lower during the First Plan period than has been estimated for the Second Plan period. Since column (5) indicates (by extrapolation) a rate of domestic saving much lower than the planned rate, a systematic and vigorous use of monetary and fiscal policies will be required under the Second Plan.

From an examination of Table 2 one gets the impression that actual saving potential in the private sector is higher than has been estimated by the authors of the Second Plan. Incremental ratio of private savings to G.N.P. during the Second Plan is lower than the average ratio.³ On the other hand the incremental ratio of public savings to G.N.P. during the Second Plan is much higher than the average ratio.

The task of the Government's economic policy is: (1) to induce the private sector to save 6 per cent of G.N.P.; (2) to transfer the savings of the private sector in excess of its requirements to the public sector; (3) to formulate a tax policy which would increase the revenue of the Government without bringing about a corresponding reduction in private savings; and (4) to minimise the non-development expenditure of the public sector.

II

The financing of the investment programme is planned as shown in Table 3.

³. Comparing the projected and actual private savings function during the First Plan one is tempted to conclude that in Pakistan the planning authority is always inclined to underestimate this source of capital formation. The following table gives the projected and actual private and public savings functions during the First Plan and the projected saving functions for the Second Plan.

	Projected function for the 1st Plan	Actual function during the 1st Plan	Projected function for the 2nd Plan
1. Private Saving	... $S_t^p = 0.050Y_t$	$S_t^p = 0.062Y_t$	$S_t^p = 0.060Y_t$
2. Public Saving	... $S_t^g = 0.009Y_t$	$S_t^g = -0.002Y_t$	$S_t^g = 0.018Y_t$

S_t^p = current private saving
 S_t^g = current public saving
 Y_t = current G.N.P.

The functions have been calculated on the basis of data published in the First and the Second Plan.

Cf. *First Five Year Plan (FFYP)*, p. 22.
Second Five Year Plan (SFYP), p. 28.

Table 3
Sources of Financing Second Plan

SECTOR	Million Rupees
Public and Semi-Public Sector	
1. Surplus on Revenue Account	800
2. Net Capital Receipt by the Government ...	1,500
3. Foreign Assistance and Counterpart Funds ...	6,900
4. Customs on Commodity Aid	500
5. Resources of Local Bodies	200
6. Resources of Government Corporations ...	560
7. Bank Loans to Government Corporations ...	200
8. Private Participation in Government Corporations	340
9. Additional Taxation	1,000
10. Deficit Financing	1,000
	13,000
Private Sector	
1. Government Loans	100
2. Foreign Loans & Investment	1,100
3. Private Saving	3,350
4. Loans from Commercial Banks, Special Agencies and Stock Exchange	1,450
	6,000

SOURCE: *Second Five Year Plan*, pp. 32-42.

The total resources of the private sector being Rs. 3,600 million in excess of its requirements, the Government is faced with the additional task of diverting this amount to the public sector through its borrowing programme.⁴

⁴. Total Private Saving Rs. 8,500 m.—private sector investment financed by private saving Rs. 4,900 m=Rs. 3,600 m.

A. Domestic Saving and the Second Plan

Public saving is expected to be Rs. 2,500 million, its chief components being surplus on revenue account (Rs. 800 m) and additional taxation (Rs. 1,000 m). The Government was able to spend very little of its current revenue on capital formation in the recent past; but the projected annual average revenue surplus of Rs. 160 million (without additional taxes) means that the Government is prepared to reduce its non-development expenditure and to increase the yield of the existing taxes.

Economists have pointed out that Governments in under-developed countries are no less victims of the "demonstration effect" than private citizens and this results in one or another kind of large useless "prestige expenditure".⁵ If such expenditure can not be eliminated in Pakistan, it will have to be kept to reasonable proportions. Defence expenditure (which claims about 40 per cent of the revenue budget and about 3.5 per cent of G.N.P.) is expected to be stabilised at the present absolute level; but expenditure on general administration is expected to increase by 2 per cent annually.⁶ By reducing some of its prestige expenditure, the Government probably can restrict the increase in the expenditure on general administration. It is necessary to state here that targets of increase in the Government's current revenue were actually exceeded during 1955-59, but public saving was negative because non-development expenditure of the Government increased by more than 34 per cent as against the projected increase of 8 per cent.⁷

The Plan visualises a 25 per cent increase in the yield of the existing taxes as G.N.P. increases by 20 per cent.⁸ But the following statement of the Taxation Enquiry Committee warrants considerable skepticism about the estimate:

"It appears that the tax receipts of the Central Government have hardly maintained a constant ratio to the level of money incomes in the economy. This was despite the fact that the generation of the new incomes was very largely in the commercial sector of the economy which is directly under the purview of the tax system."⁹

The Committee was also of the opinion that the elasticity of provincial taxes is even lower with respect to income. A conclusive statement is impossible

5. See W. A. Lewis, "On Assessing a Development Plan", *Economic Bulletin* June-July 1959, Economic Society of Ghana; and S. A. Abbas, *An Appraisal of Pakistan's First Five Year Plan*, Netherlands Economic Institute (The Hague, 1956), p. 22.

6. *SFYP*, p. 34.

7. *Preliminary Evaluation Report*, *op. cit.*, p. 9.

8. *SFYP*, p. 32.

9. Taxation Enquiry Committee, Government of Pakistan, *Interim Report (Central Taxation)*, 1959, p. 6.

without empirical knowledge about the built-in-flexibility of the tax system in Pakistan. In any event, one way to increase the tax yield is to improve the machinery of tax administration. It may be asked, as Tinbergen did in a similar context, "whether an improvement in the organisation of tax collection may not add to the Government's means. There is a widespread feeling that some tightening of the net is possible."¹⁰

The Government's tax policy will have effects on many things,¹¹ but here we shall discuss primarily its impact on aggregate savings. If the public sector's current saving is insufficient to finance its development programme, then the Government must impose new taxes or raise existing tax rates. Tax revenue is undoubtedly a major source of financing public investment. There is a tendency, however, to neglect the more fundamental problem of raising the rate of aggregate savings in the economy as a whole. Undue emphasis on insuring high tax revenue may result merely in the replacement of private investment by public investment, whereas the primary objective should be to maximise aggregate investment.

Most of the additional taxes to be imposed are indirect taxes. To the extent that demand for the taxed commodities is inelastic, private savings may be reduced, but this will be more than compensated if the marginal propensity to save in the public sector is, as expected, very high.

Since the ratio of taxation to national income is much lower in Pakistan than in many under-developed countries a possibility exists that this ratio may be increased greatly in near future.¹² The authors of the Plan expect that the marginal rate of taxation will be much higher than the average rate, so that the Government will be able to mobilize 8.5 per cent of G.N.P. through taxation by the end of the Plan period, as against 7.3 per cent in 1959-60.¹³ It is further stated, that, "if, other resources in the public sector fall short of expectations, it may be necessary to impose even a higher amount of additional taxation."¹⁴

This paper does not intend to enter into a detailed discussion on the problems of tax reform in Pakistan. Economists have recently tried to construct a tax system which by its very nature cannot be evaded and which

10. J. Tinbergen, "Problems Concerning India's Second Five Year Plan", *Public Finance*, Vol. XI, No. 2, p. 109.

11. E.g., Allocation of resources and distribution of income.

12. In the recent past, the ratio was more than 14 per cent for Burma and Ceylon (*Agricultural Taxation and Economic Development*, ed. A. Wald, Cambridge, Mass., 1954, p. 90), and more than 13 per cent for Japan, as against 7 per cent in Pakistan.

13. *SFYP*, p. 56.

14. *Ibid.*, p. 38.

nevertheless gives due weight to incentive features.¹⁵ "The integrated system and even some of its components are so designed that efforts to evade one tax will automatically involve the tax payer in other tax liabilities so great that evasion is not worthwhile. At the same time it has built-in incentive aspects that should contribute to economic growth."¹⁶ Future tax reform in Pakistan should take into consideration such self-enforcing incentive tax systems.

The Second Plan aims at increasing the yield of the income and corporation tax by 51 per cent during the Plan period. In view of the 25 per cent increase in yield between 1953-54 and 1959-60, one may wonder if the proposed increase can be achieved without lowering the present exemption limit. Complete exemption for those (with wife and three children) earning 25 times the per capita national income should not be continued in the present context, especially when it is considered that this is likely to promote increased consumption rather than additional savings.¹⁷

In the Plan's proposals for additional taxation, import surcharges, excise taxes and sales taxes are prominent. The importance of the import surcharges is indeed very great. On the one hand, it will affect the price of foreign exchange and thus raise the cost of imports. On the other hand, it will reduce the windfall profits arising from quantitative import restrictions.

Apart from giving incentive to the savers through the tax system, saving can be mobilised by institutions capable of making this available to investors in the private sector. But the Government, through its borrowing programme will have to divert to the public sector, the private saving in excess of the requirements of the private sector. To make the borrowing programme thoroughly anti-inflationary, the Government should try to sell

15. For such systems, refer to N. Kaldor, *Indian Tax Reform* (Delhi, 1956), and B. Higgins, *Economic Development* (New York, 1959), ch. 23, Essential features of Kaldor's proposals are:

- a. Personal Income tax ranging from zero to 45 per cent,
- b. Wealth tax ranging from 0.3 to 1.5 per cent,
- c. Expenditure tax ranging from 25 to 300 per cent,
- d. Gift tax ranging from 15 to 80 per cent,
- e. Compulsory auditing of accounts.

16. Higgins, *op. cit.*, p. 524.

17. Compare this with the ratios of earned income to national per capita income up to which no income tax is payable by a married man with wife and three children in the following countries.

Ceylon (1958-59)	...	...	...	...	10.6
India (1958-59)	...	...	...	...	12.7
Brazil (1956)	...	...	...	...	3.6
South Africa (1954-55)	...	...	...	...	2.4
Japan (1953-54)	...	...	...	...	1.7

more securities to those who are far down the income scale, so that the purchase of securities will reduce consumption. Maturities should be short and interest rates high to conform to existing saving habits. Government borrowing may be more popular if attached to particular projects.

B. Deficit Finance and the Second Plan

The authors of the Second Plan are quite conscious of the need for deficit financing to be conducted in a very careful way. It is useful to have some idea about the maximum limit of deficit financing which is compatible with economic stability.

The safe limits of deficit financing may be derived from the safe limits of increase in money supply.¹⁸ In principle, the increase in money supply should not exceed the following amounts, if the price level is to remain constant: (1) the increase in monetary circulation needed as a result of the increase in national output during the Second Plan period; (2) the increase in the monetary requirement per unit of output during the period.¹⁹ The authors of the Second Plan estimate the non-inflationary increase in money supply at Rs. 1,475 million or 25 per cent of the money supply in 1959-60. They arrive at this estimate by assuming a 20 per cent increase in output and a 5 per cent increase in monetary requirement per unit of output.

The Institute of Development Economics has tried to analyse the factors which affect the monetary requirement per unit of output, and to predict their behaviour in the near future. It has been argued that the monetary requirement per unit of output is likely to increase for the following reasons: (1) structural changes in the economy of Pakistan are likely to reduce the income-velocity of transactions money; (2) the relative importance of the monetised sector will be greater as (a) its rate of growth exceeds that of the

¹⁸. This part of the paper is substantially based on the analysis contained in *Deficit Financing in Pakistan: 1951-60*, the Institute of Development Economics, 1961.

¹⁹. According to the equation.

$$\frac{\Delta P}{P} = \frac{\Delta M}{M} - \frac{\Delta T}{T} - \frac{\Delta K}{K}$$

(obtained by finding the derivative of the logarithm of the familiar cash balance equation, $M=KPT$.);

Where K =Monetary requirement per unit of output.

P =Price level.

T =Output.

M =Money Supply.

Δ =Change in the above variables.

If increase in price level is to be Zero (*i.e.*, $\frac{\Delta P}{P} = 0$) we get the following relationship:

$$\frac{\Delta M}{M} = \frac{\Delta T}{T} + \frac{\Delta K}{K}$$

cf. Ibid., pp. 24-25.

barter sector; and (b) contraction occurs in the barter sphere owing to the slow commercialisation of agriculture and the spread of market incentives. The Institute has estimated the increase in monetary requirement per unit of output to be roughly 3.9 per cent per annum on the average during 1951-52 through 1959-60.²⁰

This discussion suggests that the Planning Commission was not too optimistic in estimating the safe limits of monetary expansion. If output increases by 20 per cent over the Plan period and the monetary requirement per unit of output increases by only 1 per cent per annum, the safe limits of monetary expansion turn out to be 25 per cent of the 1959-60 money supply. If we extrapolate the increase in monetary requirement per unit of output that Pakistan experienced in the recent past and if we assume a 20 per cent increase in output, we find that the safe limits of monetary expansion is 39.5 per cent of the 1959-60 money supply, or Rs. 2,330 million, which is probably the ceiling value for monetary expansion.

It should, however, be recognised that a part of this non-inflationary increase in money supply will be created anyhow by the private sector (private advances minus the time deposits). The net increase in money supply caused by the private sector is estimated to be Rs. 400 million (total bank credit to the private sector Rs. 700 million minus accumulation of time deposits, Rs. 300 million); this means that the increase which can be caused by deficit finance may be as high as Rs. 1,075 million, taking the rather conservative estimate of safe increase of money supply made by the Planning Commission. The estimate of the increase in money supply produced by the private sector further suggests that the Government is willing and able to exert its influence on private money creation so that it does not exceed Rs. 400 million during the Second Plan period.

$$20. \quad \frac{\Delta K}{K} = \frac{\Delta M}{M} - \frac{\Delta T}{T} - \frac{\Delta P}{P}$$

Since $\frac{\Delta M}{M} = 67$ per cent (State Bank).

$$\frac{\Delta T}{T} = 21$$
 per cent (C.S.O.).

$$\frac{\Delta P}{P} = 20$$
 per cent (I.D.E.).

$$\frac{\Delta K}{K} = (76-21-20) \% = 35\%$$

or $35\% \div 9 = 3.9$ per cent per annum.

Cf. *Ibid.*, pp. 25-29.

C. Foreign Assistance and the Second Plan

Some 42 per cent of the total financial resources of the Second Plan are expected to be received in the form of foreign loans and aid.²¹ "The Plan indicates only the requirement of foreign assistance. It is not possible to forecast the amount of foreign assistance that will actually be available."²² This suggests that although there is no "gap" in the estimate of financial resources of the Plan, a "concealed gap" exists insofar as prior assurance of Rs. 8,000 million foreign assistance has not been obtained.²³

Hopes have been expressed that the international community will step forward to discharge its responsibility by substantial participation in Pakistan's development programme. The inflow of foreign aid during the First Plan period averaged Rs. 800 million per annum.²⁴ If foreign assistance continues at this rate, only 50 per cent of the Plan targets would be fulfilled. Since foreign assistance is exogenously determined,²⁵ the Government can only try to induce the countries in better economic circumstances to give more aid. Present indications are that the inflow of foreign aid may well exceed the level of the First Plan period.²⁶

III

Since capital is the most scarce factor, development planning in many under-developed countries is based on the mechanical application of some rigid capital-output ratio. The tendency is to assume that national output is proportional to or a linear function of capital only. The emphasis on capital has been so great that it is generally believed by many that a given amount of capital will automatically generate a certain increase in national output depending upon the incremental capital-output ratio (or Domar's "investment-productivity" which is the inverse of the capital-output ratio).²⁷ The great defect of this type of planning is suggested by the fact that the productivity of Capital depends not only on the amount of capital employed, but also on a number of other factors such as the degree and efficiency of

21. Requirement of foreign aid will actually be much higher during the Plan period. See the Finance Minister's Speech referred to in Footnote 1.

22. *SFYP*, p. 30.

23. "If a programme of development in the receiving country is dependent upon the inflow of foreign aid over a number of years, it is desirable to have prior assurance of such assistance for the necessary period" *Programming Techniques for Economic Development*, *op. cit.* pp. 15.

24. *SFYP*, p. 28 (difference between total investment and total domestic saving).

25. Fei and Ranis, *op. cit.*, pp. 15-16.

26. The new P.L. 480 proposals (which has been accepted by the U.S. Government in principle) alone provides more than Rs. 8,000 million in foreign aid.

27. This error is probably less rampant today than a decade ago, but even the latest ECAFE publication on planning technique is not free from it. See *Programming Techniques for Economic Development*, *op. cit.*

capital utilisation, and the proportion in which other factors are used with capital. The Capital-output ratio is not invariant; it can be altered over a considerable range by varying the things affecting it.²⁸

The Second Plan, like its predecessor, is not based on any rigid capital-output ratio. But the implicit incremental capital-output ratio underlying the Second Plan is approximately 3.69. This appears to be modest in comparison to what has been found in some of the under-developed countries for post-war years. This coefficient was found to be 2.6 for Ceylon, 2.3 for India, 2.3 for Malaya and 4.7 for Japan.²⁹

The First Plan used an implicit overall incremental capital-output ratio of 3.63. But the actual ratio during the First Plan period was higher. Given the estimated total investment expenditure of Rs. 10,780 million,³⁰ and an estimated Rs. 2,207 million increase in G.N.P. ($\Delta \text{G.N.P.} = \text{G.N.P. of 1959-60} - \text{G.N.P. of 1954-55} = \text{Rs. 2,207 m}$),³¹ the actual incremental capital-output ratio during the First Plan period turns out to be 4.88. This suggests that investment productivity was lower than what was anticipated for the First Plan and what has been projected for the Second Plan.

One may ask why the incremental capital-output ratio should be lower during the Second Plan period than during the First. Comparing both the capital intensity and the gestation period of the investment projects in the two Plans, one gets the impression that the incremental capital-output ratio is not likely to be lower during the Second Plan unless special efforts are made to utilise capital more fully and efficiently.³² This discussion suggests that if the utilization of capital is not improved, the desired increase in G.N.P. may not be achieved even after investing Rs. 19,000 million during

28. For a detailed study of these things, refer to W. Lewis, *The Theory of Economic Growth*, pp. 200-205.

29. *Programming Techniques for Economic Development*, *op. cit.*, p. 11.

30. *SFYP*, p. 28.

31. *SFYP*, p. 45.

32. Compare the percentage of the public sector investment in the following social overheads.

SECTOR	% of Total Investment during the 1st Plan	% of Total Investment during the 2nd Plan
1. Water & Power ...	28.8	32.2
2. Transport & Communication ...	17.8	20.4
3. Housing & Settlement ...	9.2	9.2
4. Education & Training ...	6.2	9.1
5. Health & Social Welfare ...	4.5	9.5

SOURCE: *FFYP*, p. 15. *SFYP*, p. 12.

The capital-output ratio is high in these sectors: in the first two capital is very durable, while in the remaining sectors either no output is forthcoming or the gestation period is very long.

1959-60 through 1964-65, or, in other words, the 20 per cent increase in G.N.P. would require more than Rs. 19,000 million of investment expenditure.³³

VI

Financing the Second Plan will be a difficult task. The foregoing analysis reveals what the main difficulties are. Here an attempt is made to summarise the main conclusions:

1. The Planning Commission has underestimated the contribution of the private domestic savings to capital formation. If the private sector saves at the rate of the First Plan, the target of domestic private savings will be exceeded by Rs. 272 million.³⁴ It is possible that the saving ratio will be even higher during the Second Plan than during the First.

2. Expectation about the contribution of tax revenue to public saving and capital formation is likely to be realised.

3. The estimated deficit finance of Rs. 1,000 million is compatible with the stability of the economy during the Second Plan period. Indeed, the economy would probably be able to absorb a larger amount of deficit financing without serious inflationary results.

4. One cannot predict with certainty as to the required foreign assistance. If this target is not achieved, private domestic savings, and probably deficit finance, can be stepped up by way of compensating them. But the crucial need would be a favourable balance of payments.

5. A basic conclusion emerges from the discussion of the capital-output ratio underlying the Plan. The cost of the planned growth rate is expected to be higher than Rs. 19,000 million.³⁵ As far as domestic savings are concerned, it is possible to finance the increased cost by raising private savings and deficit finance. But insofar as the increase in cost will require additional foreign exchange, the key factor is either the availability of more foreign assistance or a great increase in the volume of exports.

³³. There is one factor, however, which may tend to reduce the incremental capital-output ratio of SFYP to some extent. Some of the investment during the First Plan will gestate into the Second Plan. But this is not likely to reduce the incremental, capital-output ratio to any significant extent especially when it is considered that some of the investment before 1955 gestated into the First Plan but did not succeed in lowering the capital output ratio.

³⁴. See Table 2 above.

³⁵. The revised cost is, in fact, higher by 21 per cent.