

ROLE OF FOREIGN AID IN THE DEVELOPMENT OF PAK ECONOMY

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ABSTRACT:

Foreign aid means different things to different people. Some regard the inflow of substantial foreign aid as the only way by which under-developed countries can develop their economies without sacrificing their political freedom, while others consider foreign aid merely a mild substitute for the colonial influence which in its political form could not continue in the post war period. Again, Some regard foreign aid as the most effective means of transferring resources and modern technology to less developed countries, while to some it is a subsidy by the Governments of developed countries to their own industry. The fact is that none of these view-Pints is exclusively correct. Foreign aid can really mean different things for different countries. Its ultimate utility or disutility for any country depends on its own political and economic objectives and the capacity of its leaders to derive maximum economic or, where possible political advantages from its relations with advanced industrial powers without attracting the more serious disadvantages. This paper is an attempt to assess from a purely pragmatic angle the impact of foreign aid on Pakistan's economic objectives.

Before the First Five year Plan, the inflow of Foreign assistance was not sizable-about 27 crores over a year or a total of about 120 crores in 5 years from 1950 to 1955. But during the First Plan period, the annual average increased to Rs. 90 crores and the total for the 5 years to 450 crores. This was approximately 3 percent of Gross National Product out of a total investment