Overview of the Economy

Pakistan's economy continues to maintain its growth momentum for the 3rd year in a row with real GDP growing at 4.71 percent in FY 2016 which is the highest in eight years. GDP posted a reasonable growth over last year despite a major setback in agriculture growth on account of massive decline in cotton production. However, the loss to some extent is compensated by remarkable growth in industrial and services sector as both these sectors crossed their targets growth, while other key macroeconomic indicators like inflation, fiscal and current account balance recorded improvement.

Particularly, the external sector has become more stable on account of robust growth in workers' remittances; continued flows from IFIs; and a sharp decline in global oil prices. The country's FX reserves have reached all time high above US$ 21 billion in May 2016, which can finance over 5 months of the country's import bill. This improvement in the external sector was critical in maintaining the exchange rate stability during the year.

The stable PKR parity also helped in keeping the CPI inflation under control, and in lowering inflation expectations in the country. The average CPI inflation fell from 8.62 percent in FY 2014 to 4.53 percent in FY 2015 and further declined to 2.79 percent during July-April FY 2016 compared to 4.81 percent of the corresponding period last year. A stable outlook of inflation and balance of payments even allowed policymakers to implement pro-growth strategies.

Some impact of the policy stimulus was visible on GDP growth; for instance government's infrastructure spending led to buoyancy in construction activity, and increased production of cement and allied industries etc. Similarly, the rise in salaries and pensions spurred up growth in general government services.

The present government has been able to gain economic fundamentals due to a very focused approach towards resolving structural issues such as energy and gas shortages which were hampering the economic activities which had eaten away 2-3 percent of our growth, particularly the industrial sector was badly hit.

The present government when came into power sternly focused to resolve energy issues and followed a consistent reform agenda which remained crucial in achieving macroeconomic revival and stabilization. The industrial sector during FY 2016 recorded a remarkable growth of 6.8 percent against the target of 6.4 percent and is all time high in eight years. This was supported by the continuous improvement in electricity and gas supplies which also recorded an impressive growth of 12.18 percent. The construction activities also recorded an impressive growth of 13.10 percent. The construction related activities will gain further momentum on the back of increasing public sector development spending coupled with infrastructure and power sector development programme under CPEC. The LSM sector which contribute 80 percent in Manufacturing and 51.8 percent in industrial sector also registered an impressive growth of 4.70 percent during July-March FY 2016 compared to 2.81 percent of last year.

The major sector which remained instrumental in jacking up LSM growth were automobiles, fertilizer, chemicals, pharmaceutical, rubber and cement suggests vibes from domestic commerce are highly positive. Local construction industry is buoyant, on the back of 10.41 percent growth of cement and its dispatches are more than 17 percent over last year. The construction sector simultaneously supporting other allied industries like paints and varnish, steel, bricks etc. The hotel business is high, huge global standard shopping malls are coming up. Many skilled and semi skilled daily wage workers are now more engaged in the sector than last few years. The unemployment rate has seen a decline from 6.2 percent in FY 2013 to 5.9 percent in FY 2015.

The domestic car production continuous registering remarkable growth which implies that consumers are preferring domestic cars over used imported cars.

The enabling environment has also revived confidence of the investors, on the back of successful operation Zarb-e-Azb which remained instrumental in creating an enabling environment for the investors. The operation Zarb-e-Azb played a decisive role in maintaining peace and stability in the country. Similarly, implementation of National Action Plan (NAP) has also played an important role in reducing terrorism in the country. Besides, the destruction of terror base camps in tribal area, joint action of civilian and security agencies in the urban areas, particularly in Karachi, improved the overall law and order situation in the country. The international rating agencies also upgraded their rating for Pakistan. Pakistan has been able to complete eleventh successful reviews with IMF which has further strengthened the confidence of international investors and has placed Pakistan on their radar screen as future investment destination.

The capital market reaching historical levels is another sign of investor's interest in Pakistan's economy. Pakistan stock exchange is taking a quantum leap and its market fundamentals are strong and all set to joint MSCI Emerging Market Index in June 2016. The reclassification will change the dynamics of the Pakistan equity market. Many companies of the world are interested for investment in Pakistan, particularly in power, energy, oil and gas, automobiles and textile sector. There is continuous uptick in FDI and with CPEC investment programme it will further gain momentum going forward.

The expansion in credit to private sector remained remarkably strong, which helped the industrial, food, beverage, textiles, electricity & construction sectors. A welcome development is the rise in fixed investment as well working capital. Many firms are availing credit for expansion of their businesses. Banking sector performance also remained strong and its solvency has been strengthened. These bode well for a brighter outlook for development.

MCCI Overseas Investors Chamber of Commerce and Industry (OICCI) shared results of its latest Business Confidence Index (BCI) Survey- Wave 12, which reached a record level of 36 percent positive. This shows 14 percent improvement over Wave 11 results (22 percent) announced in November 2015. At 36 percent positive, the overall BCI score reflects a remarkable level of bullishness by the overall business community throughout the country–with the manufacturing sector leading the upswing with 30 percent positive sentiment, recording a 17 percent growth, depicting a move back to an expansionary cycle.

The reduced cost of ongoing business due to reduction in petroleum product prices, low single digit inflation and borrowing rates and expectations of better economic condition following CPEC and other ongoing energy projects based on coal and LNG have also contributed in boosting the confidence of the business community to a record level.

However, the worrisome factors is the decline in our export, particularly textile which to some extent moving but not to the level where it should be. The main reason attributed is the slowdown in Chinese economy resulted in huge unsold stock of yarns and fabric and stiff competitive and limited demand created uncertainty in this sector. In India, their textile sector is also passing through the same phenomena. The yarn and fabric prices also declined noticeably in India.

It may be noted that world cotton production declined by 15 percent as all major production areas except Australia saw declines and the four largest – India, China, United States, and Pakistan –fell sharply due to decline in prices. Central Asia, Turkey, Mexico and Greece likewise also showed significant production declines. Area fell in all four regions due to less attractive cotton prices. Brazil, the largest producer in the Southern Hemisphere, is forecasts to produce 6.7 million bales in 2016, down 4 percent from the previous year due to high input and financing costs. In contrast, Australia is expected to produce 2.4 million bales in 2015-16, a slight increase from the previous year due to improved reservoir levels and timely rainfall.

Prime Minister has announced a Rs.341 billion relief package for farmers with a direct cash assistance to rice and cotton growers, subsidy on fertilizers and electricity and tax relief on import of machinery. The package provides a direct benefit of Rs.147 billion to small farmers across the country whereas an additional Rs.194 billion will be available to the agriculture sector loan. Under Crop Loan Insurance Scheme an amount of Rs.500 million has been allocated for FY 2016. A number of measures which include, Credit Guarantee Scheme for Small and Marginalized farmers, Crop Loan insurance Scheme and Livestock Insurance Scheme have been taken as per agenda of the government to protect, the farmers from vagaries of market fluctuations, and support them in the face of natural calamities.

Based on above positivities the economy is now all set to move towards high growth trajectory with single digit inflation at 6 percent. The foreign currency reserves which has reached to highest level is projected to rise even more. The fiscal deficit has also been projected to be brought down. The external sector will continue to remain stable on the back of improvement in trade balance, higher remittances, continuous flows from IFIs, and stable exchange rate.

On the social side, some strong positions have emerged as government continued to support the poor and destitute class with more vigor. The coverage is persistently extended along with increase in cash grants. Poverty rate has come down as estimated on both old and new methodology. The literacy rate has also improved to 60 percent in FY 2016 as compared to 58 percent in FY 2014.

National Health Insurance programme has been launched where poor families will be provided with free of cost health insurance to access secondary as well as primary diseases treatment without any financial obligation. About 10 million people will be benefited from this insurance scheme in the first phase which will get free of cost medical treatment.

Global Environment

Global growth remained slow in 2015 and is expected to recover at a slower pace. World output has grown by 3.1 percent in 2015 and growth is expected to only marginally increase to 3.2 percent in 2016. According to the IMF's April 2016 World Economic Outlook due to weak aggregate demands falling commodity prices and increasing market volatility in major economies.

Among the Advanced Economies, United States, United Kingdom and the Euro Area are Pakistan's most important export markets. Growth in the US is expected to remain stable at 2.4 percent in 2016, whereas it would marginally decline in the UK (from 2.2 percent in 2015 to 1.9 percent in 2016) and also decline in the Euro Area (from 1.6 to 1.5 percent).

The highest growing region is Emerging and Developing Asia where growth was estimated to attain 6.6 percent in 2015 and is forecast to decline to 6.4 percent in the current year. In this region, China's growth rate would go down from 6.9 percent to 6.5 percent in 2016, and the ASEAN-5 from 4.7 to 4.8 percent.

This economic outlook is conditioned by further economic slowdown and rebalancing in China, further decline in average commodity prices, slowdown in investment expenditures, significant decline in the volume of import growth in the Advanced Economies (from 4.3 percent in 2015 to 3.4 percent in 2016), and declining capital flows to emerging market and developing economies. Some of these economic shocks entail increased uncertainty, which contributes to lackluster growth performance.

The latter, together with the substantial declines in commodity prices have substantially increased deflation risks. In the Advanced Economies, consumer price inflation was only 0.3 percent in 2015 and is expected to increase only marginally to 0.7 over the whole 2016. In Emerging and Developing Economies, inflation would reduce from 4.7 percent in 2015 to 4.5 percent in 2016.

During the last two quarters of 2015 and the first quarter of 2016, the Real Effective Exchange Rates (REER) of the US, the Euro Area and especially Japan have tended to appreciate. In contrast, the REER of the UK has sharply depreciated, reflecting normalization of monetary policy and a potential Brexit.

The REER of the Chinese renminbi depreciated by about 2 percent. But the bilateral nominal renminbi/dollar exchange rate depreciated by nearly 6 percent. The sudden shock in the bilateral dollar rate gave rise to further depreciation expectations and led to considerable net capital outflows out of China and a substantial decline in China's foreign exchange rate reserves. It also added to the overall uncertainty concerning the world economic outlook.

Monetary policies in the advanced economies remained very accommodative. In January 2016, the Bank of Japan announced the negative interest rates on banks' excess reserves. The European central Bank announced in March 2016 an additional package of asset purchases, including corporate bonds. In the UK, the policy rate remained constant at 50 basis points. The main focus recently was on the monetary policy decisions of the Federal reserve's Federal Open Market Committee (FOMC). Expectations of future monetary policy decisions in the US have affected international movements in asset prices (such as bonds and stocks), especially in the advanced economies. But they also impacted on exchange rates and capital flows especially in emerging and developing economies. The FOMC's monetary policy decisions are based on its statutory mandate from the Congress of promoting maximum employment, stable prices and moderate long term interest rates. In December 2015, the Federal Reserve increased its policy rate above the zero lower bound for the first time since 2009. International financial markets participants are currently focusing on the potential most likely path of the Federal Funds rate in the near future.

Executive Summary

Growth and Investment:- Pakistan's economy during FY2016 recorded a growth of 4.71 percent which is the highest growth achieved since 2008-09. The economy could not achieve the targeted growth rate 5.5 percent due to lower growth of agriculture sector (-0.19) percent mainly due to decrease in production of cotton, rice and maize. However, Industrial sector recorded the growth of 6.80 percent and Services sector accelerated at the rate of 5.71 percent.

The commodity producing sector accounted 40.84 percent of GDP during this fiscal year has performed slightly lower in outgoing fiscal year as compared to last year; it grew by 3.29 percent fiscal year as compared to 3.65 percent last year.

The industrial sector contributes 21.02 percent in GDP recorded a growth of 6.80 percent as compared to 4.81percent last year. Industrial sector performance shows that it has surpassed the targeted growth of 6.4 percent, which is an indicator that industrial revival is taking place on fast track. Industrial sector has four sub-sectors including mining & quarrying, manufacturing, electricity generation & distribution and gas distribution and construction. Manufacturing registered a growth of 5.00 percent during this fiscal year as compared to 3.90 percent last year. Construction is considered as one of the potential components of industrial sector. This sector has recorded a growth of 13.10 percent against the growth of 6.24 percent last year. This sub sector has crossed the targeted growth of 8.5 percent. Mining and quarrying has recorded a growth of 6.80 percent against the growth of 3.97 percent last year. Electricity generation & distribution and Gas Distribution has registered a growth of 12.18 percent during this fiscal year as compared to 11.98 percent growth last year.

Services sector also met the planned target and has emerged as the most significant driver of economic growth and contributing a major role in augmenting and sustaining economic growth in the country. The share of the services sector has increased from 56.6 percent of GDP FY 2009 to 59.16 percent in FY 2016. Services sector has witnessed a growth of 5.71 percent in this fiscal year as compared to 4.31 percent last year. Services sector performance remained broad based, as all components of services contributed positively, as Wholesale and Retail Trade grew by 4.57 percent, Transport, Storage and

Communication by 4.06 percent, Finance and Insurance by 7.84 percent, Housing Services by 3.99 percent, General Government Services by 11.13 percent and Other Private Services by6.64 percent.

On the expenditure side main growth drivers are consumption, investment and exports. The private consumption expenditure in nominal terms reached to 80.1 percent of GDP in FY 2016 as compared to 80.0 percent of GDP last year, whereas public consumption expenditures are 11.8 percent of GDP as compared to 11.0 percent last year. Investment is the second important component of aggregate demand. Total investment has reached to the level of Rs 4502 billion as compared to the Rs 4256 billion last year, showing the growth of 5.78 percent in FY 2016. Investment to GDP ratio has reached to 15.21 percent in FY 2016. Fixed investment have increased to Rs. 4028 billion as compared to Rs 3816 billion last year, it has recorded growth of 5.57 and fixed investment as percentage of GDP is recorded at 13.61 percent. Private investment has recorded a growth of 3.71 percent and private investment as percentage of GDP reached to 9.79 percent. Whereas public investment grew by 10.63 percent and as percentage of GDP it has increased from 3.72 percent to 3.82 percent, which is an indicator that government expenditure strategy is development oriented.

Per capita income reflects average standards of living of people in the country. The per capita income in dollar terms has increased from $ 1,516.8 in FY 2015 to $ 1,560.7 in FY 2016. The contributing factors for the increase in per capita income include acceleration in real GDP growth, lower growth in population and stability of Pak Rupee.

Saving is a key determinant of achieving higher level of investment in the country. National savings increased to 14.6 percent of GDP in this fiscal year against 14.5 percent last year. Domestic savings are recorded at 8.3 percent of GDP in this fiscal year as compared to 8.4 percent of GDP the last year. Net foreign resource inflows finance the saving investment gap. It is essential for the sustainable growth that saving investment gap should be filled in a prudent way.

Worker's Remittances is the largest source of foreign exchange earnings after exports. Pakistan is one of the largest labour exporting countries in the region. During July-April FY 2016, the remittances have reached to $16.034 billion as compared to $15.235 billion in same period last year, recorded a growth of 5.25 percent over the last year. The growth in remittances is due to number of initiatives taken by the present government under Pakistan Remittance Initiatives. The remittances data provide clear evidence that overseas Pakistanis are playing significant contribution in socio-economic development of the country.

Agriculture:- Agriculture sector is a vital component of Pakistan's economy as it provides the raw materials to down the line industries and helps in poverty alleviation impact. This sector contributed 19.8 percent in GDP and it remains the largest employer absorbing 42.3 percent of the country's total labour force. The agriculture sector growth is contingent on favorable weather condition. There is a strong relationship between agriculture and climate -temperature, precipitation, floods and other aspects of weather that finally affect economic performance including agriculture production, commodity prices and finally economic growth. The emerging challenges of national food security and climate change have shifted the policy focus globally towards the development of agriculture sector during past few years.

During FY 2016, the performance of agriculture sector as a whole remained dismal as it witnessed a growth of (-0.19) percent against 2.53 percent growth during the same period last year. The growth of crops declined by 6.25 percent, while the other sub component of Agriculture sector like Livestock, Forestry and Fishing posted positive growth of 3.63 percent, 8.84 percent and 3.25 percent, respectively. The growth of sub Sector of crops included important crops, other crops and cotton ginning remained negative as it posted a growth of (-7.18) percent, (-0.31) percent and -21.26 percent which impacted negatively on crops. Important crops having a share of 23.55 percent in agricultural value added has witnessed growth of (-7.18) percent during FY 2016 against growth of (-0.52) percent during the same period of last year on account of large decline in cotton production (27.83 percent), rice production (2.74 percent) and maize production (0.35 percent) while only wheat and sugarcane production witnessed a positive growth of 1.58 percent and 4.22 percent, respectively, as compared to last year. Other crops contributed 11.36 percent in value addition of agriculture witnessed a decline of 0.31 percent during FY 2016 against positive growth of 3.09 percent during the same period last year due to decline in the production of pulses, fruits and oilseeds posting growth of (-12.49) percent, (-2.48) percent and (-9.56) percent, respectively. With drop in cotton production by around 27.83 percent this year the Cotton ginning having a share of 2.32 percent in value addition of agriculture has suffered badly and posted a growth of (-21.26) percent compared to 7.24 percent growth during the same period last year.

The Livestock sector having contribution of 58.55 percent in the agriculture recorded a positive growth of 3.63 percent during FY 2016 compared to 3.99 percent growth during the same period last year. The Fishing sector having contribution of 2.17 percent in agriculture value addition recorded a growth of 3.25 percent compared to 5.75 percent growth of last year. Forestry sector having contribution of 2.06 in the agriculture value addition posted a growth of 8.84 percent this year as compared to the negative growth of 10.43 percent last year.

Pakistan's agricultural output is closely linked with the availability of irrigation water. During 2015-16, the availability of water for Kharif 2015 stood at 65.5 million acre feet (MAF) showing a decrease of 5.5 percent over Kharif 2014 and 2.4 percent less than the normal supplies of 67.1 MAF. During Rabi season 2015-16, the water availability remained at 32.9 MAF, which is 0.6 percent less than Rabi 2014-15 and 9.6 percent less than the normal availability of 36.4 MAF.

In perspective of the likely scenario of increased water availability at reservoirs is 22 percent more than last year, therefore the water distribution amongst provinces is shifted from Average System Usage (67.100 MAF) to (74.682 MAF) with no shortage for Kharif 2016 Season.

The domestic production of fertilizers during 2015-16 (July-March) of the current fiscal year increased significantly by 14.4 percent over the same period of previous fiscal year. On account of addition of Liquefied Natural Gas (LNG) as source of feed to three plants of Pak Arab Fertilizer Company since March 2015 has considerably increased the fertilizer Production. The imported supplies of fertilizer decreased by 3.9 percent. However, the total availability of fertilizer surged by 9.7 percent during current fiscal year. Total off take of fertilizer nutrients witnessed decrease by 10.1 percent. Nitrogen off take decreased by 14 percent while phosphate increased by 2.9 percent. Prices of all phosphatic fertilizers decreased during current fiscal year as a result of announcement of subsidy by the government from 15th October, 2015 at the rate of Rs.500 per bag of Diammonium Phosphate.

In line with government's priority for promotion of agriculture sector, State Bank of Pakistan (SBP) has allocated credit disbursement targets of Rs 600 billion for FY 2016 to 36 participating institutions including 20 Commercial banks, two specialized Banks, five Islamic Banks and nine Microfinance Banks which are engaged in provision of agriculture credit facility to farming community. This current year agriculture credit target of Rs 600 billion is 20 percent higher than the last year's target of Rs 500 billion and 16.3 percent higher than the actual disbursement of Rs 515.9 billion for FY 2015.

Manufacturing Sector:- Large Scale Manufacturing (LSM) witnessed a growth of 6.8 percent during March 2016 as compared to growth 5.8 percent in the comparable period of last year. On average July-March FY 2016 LSM registered a growth of 4.70 percent as compared to 2.8 percent in the comparable period of last year.

The industry specific data shows that most of the sub sectors recorded positive growth during the period July-March FY 2016 over corresponding period of last year i.e. Automobiles 23.43 percent, Fertilizers 15.92 percent, Leather Products 12.18 percent, Rubber products 11.68 percent, Non Metallic mineral products 10.23 percent, Chemicals 10.01 percent, Pharmaceuticals 7.21

percent, Food Beverage and Tobacco 3.66 percent, Coke & Petroleum Products 2.40 percent and Textile 0.62 percent**.**

The other sectors which recorded negative growth during the period under review are Wood Product declined by 58.03 percent, Engineering Products 17.64 percent, Electronics 9.98 percent, Iron & Steel Products 7.48 percent and Paper & Board 2.90 percent.

In Automobile sector such as buses, LCVs, trucks and jeeps & cars registered growth of 81.95 percent, 68.53 percent, 41.68 percent and 29.73 percent, respectively. The only decline witnessed in the production of tractors which declined by 38.63 percent.

The Mining and Quarrying sector grew by 6.8 percent in FY 2016 as against 4.0 percent last year. Calcite, Rock Salt, Phosphate, Marble, Gypsum, Dolomite, Soap Stone, Lime Stone and Natural Gas posted a positive growth rate of 123.79 percent, 65.16 percent, 53.96 percent, 50.50 percent, 47.57 percent, 33.28 percent, 26.10 percent, 23.19 percent and 1.49 percent. However, some witnessed negative growth rate during the period under review such as Magnesite 58.14 percent, Barytes 42.12 percent, Sulphur 37.18 percent, Crude oil 8.21 percent, Chromite 3.85 percent and Coal 0.66 percent.

Fiscal Development:- The fiscal sector of the economy has witnessed a notable improvement on account of contained expenditures and increased revenues. The budget deficit has witnessed a substantial decline from 8.2 percent of GDP in FY2013 to 5.3 in FY2015 in response to the efforts taken by the government to reduce power subsidies together with raising tax revenues. During the current fiscal year. the fiscal deficit has been contained at 3.4 percent of GDP during July-March, FY2016 against 3.8 percent of GDP in the same period of last year. A fiscal deficit target for the FY2016 has been set at 4.3 percent which will be further brought down to 3.5 percent of GDP by FY2018.

Similarly, overall tax-to-GDP ratio increased from 9.8 percent of GDP in FY2013 to 11.0 percent of GDP during FY2015. FBR tax revenues posted a growth of 14.9 percent during FY2015 and stood at 9.4 percent of GDP against 9.0 percent of GDP in the FY2014. The fiscal consolidation achieved without compromising development expenditures and social assistance. During FY2016, the overall size of PSDP has been increased to Rs.1,513.7 billion which is 85.8 percent higher than the revised allocation of Rs.814.7 billion in FY2014. While the allocation under the BISP (development expenditure outside PSDP) has also increased significantly from Rs.70.3 billion (revised) in FY2014 to Rs.102.0 billion in FY2016, posting an increase of 45.1 percent.

Total revenue grew at 10.4 percent and stood at Rs.2,961.9 billion during July-March, FY2016 against Rs.2,682.6 billion in the same period of FY2015. Within total revenues, total tax collection reached at Rs.2,481.0 billion during the first nine month of current fiscal year from Rs.2,063.2 billion recorded in the same period of FY2016, thus registered a growth of 20.2 percent. Whereas, non-tax revenues witnessed a negative growth of 22.4 percent and stood at Rs.480.9 billion during first nine months of current fiscal year against Rs.619.5 billion in the same period of last fiscal year.

Total expenditure registered a growth of 6.4 percent during July-March, FY2016 and stood at Rs.3,971.3 billion against Rs.3,731.6 billion in the comparable period of last year. As percentage of GDP, total expenditures reduced to 13.4 percent during first nine months of current fiscal year against 13.6 percent recorded in the same period of last fiscal year. Current expenditure amounted to Rs.3,407.0 billion during first nine months of current fiscal year against Rs.3,199.1 billion in the same period of preceding fiscal year, thus posted a growth of 6.5 percent. Of which, expenditure on mark up payments stood at Rs.1,079.4 billion during July-March, FY2016 and defence expenditure remained at Rs.482.9 billion during the first nine months of current fiscal year. While current subsidies amounted to Rs.119.5 billion during July-March, FY2016 against Rs.185.9 billion in the same period of FY2015, thus reduced by 35.7 percent.

Development expenditure (excluding net lending) grew by 20.6 percent and stood at Rs.699.4 billion during July-March, FY2016 against Rs.579.7

billion in the comparable period of fiscal year 2014-15.

During July-April, FY2016, FBR has collected Rs.2,346.1 billion as provisional tax revenues against Rs.1,973.6 billion in the same period last year, thus reflecting a growth of 18.9 percent. While as percentage of GDP, FBR tax revenues stood at 7.9 percent during (Jul-Apr, FY2016) against 7.2 percent in the same period last year. The present government has initiated an ambitious agenda of tax policy and administration reforms with an aim to increase the tax to GDP ratio to 11.3 percent by FY2018.

During the first nine months of current fiscal year, provinces posted a surplus of Rs.221.2 billion against Rs.194.0 billion in the same period of last fiscal year. During July-March, FY2016 tax revenues posted a growth of 14.9 percent and stood at Rs.1, 439.9 billion against Rs.1, 252.8 billion in the same period last year. Within tax revenues, provincial taxes grew at 28.6 percent, while share in federal taxes registered a growth of 13.1 percent during the period under review.

Money and Credit:- The outgoing fiscal year FY 2016 has seen more expansion in credit to private sector due to expansionary monetary policy stance by SBP. SBP cut its policy rate significantly to 5.75 percent in May, 2016 which is the lowest in 44 year. The flows of Credit to Private Sector (CPS) have seen expansion of 82.0 percent compared to the contraction of 41.5 percent during same period last year. The flows of CPS stood at Rs.311.7 billion during Jul-06th May, FY2016 against Rs.171.2 billion in the same period of last year.

Broad Money (M2) increased to Rs.781.8 billion (6.93 percent) during July-06th May, FY2016 against the expansion of Rs.690.0 (6.92 percent) in the same period last year. Within Broad Money, NFA of the banking system during Jul-06th May, FY2016 observed an expansion of Rs.105.2 billion against the net expansion of Rs.222.3 billion during the corresponding period of FY2015. The NDA of the banking system showed an increase of Rs.676.6 billion during Jul-06th May, FY 2016 against an increase of Rs.467.6 billion in the same period of last year. Higher increase was on the back of significant rise in Private Sector Credit (PSC). A welcome development is the gradual rise in net credit disbursement for fixed investment. It appeared that many firms are expanding their operations by availing fixed investment loan.

Government sector borrowing (net) reached to Rs.567.5 billion during Jul-06th May, FY 2016 as compared to an increase of Rs.539.4 billion in the same period of FY 2015. Net budgetary borrowing from banking system remained at Rs.643.0 billion during Jul-06 May FY 2016 as compared to Rs.560.8 billion in the same period last year. Government borrowing from scheduled banks remained lower and stood at Rs.702.9 billion against Rs.1,093.2 billion in comparable period of last year. While, government retired Rs.59.8 billion to the State Bank of Pakistan during the period Jul-06 May, FY 2016 against the retirement of Rs.532.3 billion in the same period of FY 2015.

The overall performance of the banking sector during the last couple of years has been quite impressive. The momentum continued in the FY2016 with asset base reaching to Rs.14.3 trillion by end March, 2016 (Rs.12.1 trillion as of end March, 2015). Similarly, asset quality has also improved and gross NPLs to loans ratio reduced from 12.3 percent in CY14 to 11.4 percent in CY15. Whereas, Capital Adequacy Ratio (CAR) increased to 16.3 percent by end March, 2016 that is much strong and higher than the minimum required level of 10.25 percent.

Capital market-Overview:- Pakistan has entered into a new era of equity trading after merger of all the three stock exchanges i.e. Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange into a single Pakistan Stock Exchange (PSX) during current fiscal year.

Fiscal year 2015-16 has witnessed a significant and an overall steady rise in the stock market indices where historic and unprecedented levels are being crossed. During current year PSX 100-index reached 36,266.23 levels on 11th May, 2016, the highest level in Pakistan stock market history. During the period, July, 2015-11th May, 2016 of current fiscal year, the Pakistan Stock Exchange (PSX) benchmark-100 Index increased by 1,867 points and closed at 36,266.23 points level on 11th

May, 2016 against 34,398.86 on June 30, 2015 showing a gain of 5.4 percent despite recession in global equity markets and outflow of foreign equity investment internationally.

All the major world stock markets witnessed sluggish trends during this period. China Shanghai Composite index showed a steep fall of 31.3 percent, Japan Nikkei declined by 17.6 percent while Hong Kong Hang Seng down by 19.7, India Sensex by 7.8 percent, US Nasdaq composite by 4.2, UK FTSE by 4.3 percent, etc. Most of the other international markets also witnessed declining trend. The relatively better performance of the Pakistan stock market during current fiscal year can be attributed to a number of positive factors including stable macroeconomic indicators, relative stable exchange rate, downward inflationary trend, prudent monetary policies and Pakistan's possible reclassification from a frontier market to an emerging market.

Inflation:- The present government when came into power sternly focused to anchor the inflation and remained successful in containing inflation at 8.62 percent in FY2014 and further to 4.53 percent in FY2015. Inflation during July-April FY2016 has been further contained at 2.79 percent, which is the lowest in 13 years. Food and non-food inflation have been estimated at 2.1 percent and 3.3 percent as compared to 3.6 percent and 5.7 percent in the same period last year. The slower increase in food inflation over the last year is due to moderate increase in prices of major consumable food items. The core inflation has also been anchored through appropriate fiscal and monetary policies. Core inflation during July-April FY 2016 recorded at 4.1 percent as against 6.9 percent during the same period last year.

National Price Monitoring Committee (NPMC) also kept a constant watch over prices and the supply of essential commodities in its regular meetings. Provincial Governments also took proactive measures during the year to maintain price stability through better price check.

Trade and Payments:- The overall external account balance recorded US$ 0.9 billion during July-April FY2016 compared to US$ 2.1 billion during the same period last year, on the back of higher financial inflows and lower international oil prices. The current account balance shrinked by 17.7 percent during July-April FY2016 as compared to last year (US$ 1.519 billion in FY2016 against US$ 1.846 billion). As a percentage of GDP it stood at -0.6 percent compared to -0.8 percent of the comparing period last year. The overall trade deficit posted an increase of 2.1 percent during July-April FY2016, mainly reflecting decline in exports._During July-April FY 2016 exports declined by 9.5 percent and stood at US$ 18.2 billion as compared to US$ 20.1 billion in July-April FY2015. The imports declined by 4.7 percent in July – April FY2016 compared to last year.

Services trade deficit fell by 16.6 percent during the first ten months of FY2016 supported by lower imports. This year Pakistan has received inflows amounting to US$ 937 million on account of CSF during July –April of FY2016 against US$ 1.5 billion in the same period of last fiscal year. During the period under review services exports declined by 14.5 percent overall exports of services were US$ 4.4 billion in July –April FY 2016 against US$ 5.1 billion in the same period last year, depicting a decline of US$ 748 million. Moreover, services import fell by 15.1 percent from US$ 7.3 billion in July –April FY2015 to US$ 6.2 billion in the period under review. Remittances continued its upward growth trajectory during July-April FY 2016, the remittances reached to US$ 16.034 billion as compared to 15.236 billion last year. The growth is satisfactory, despite a high base and is expected that the target of US$ 19 billion for FY 2016 will be achieved. The foreign direct investment during July-April FY 2016 crossed US$ 1 billion. During the period the FDI received were US$ 1016.3 million compared to US$ 963.8 million in the same period last year.

The country's total foreign exchange reserves reached to highest level to US$ 21.4 billion by May18, 2016, compared to US$ 18.6 billion in end June 2015 Exchange rate remained at Rs.104.75 per US$ in May FY2016, compared to Rs 101.78 per US$ at end June 2015. The Pak Rupee's deprecation was around 2.9 percent during July-May FY2016

Public Debt:- Public debt was recorded at Rs.19,168 billion as at end March 2016 registering an increase of Rs.1,787 billion during first nine month of current fiscal year. Out of this total increase, increase in domestic debt was Rs.1,200 billion while government borrowing from domestic sources for financing of fiscal deficit was Rs.786 billion. This differential is mainly attributed to increase in government credit balances with State Bank of Pakistan/commercial banks. Similarly, increase in external debt contributed Rs.588 billion to public debt. Apart from fresh external inflows, revaluation loss on account of depreciation of US Dollar against other international currencies as well as depreciation of Pak Rupee against US Dollar contributed to this increase.

Similar to the last year's trend, composition of public debt further improved due to increased mobilization through medium to long term domestic debt instruments and higher disbursements from external sources. Some of the positive developments are as follow:

- The conducive economic environment coupled with supportive monetary policy provided opportunity for the government to reduce the interest rates on its wholesales debt instruments along with aligning the rates on retail debt instruments with the market yields. As a result, the cost of domestic borrowing is expected to reduce in the coming years on account of new debt issuance/rollover of existing debt.
- Government updated its Medium Term Debt Management Strategy to ensure that both the level and rate of growth in public debt is fundamentally sustainable and can be serviced under different circumstances while meeting cost and risks objectives;
- Major debt sustainability indicators have improved in the last two fiscal years, a fact that is acknowledged by global stakeholders;
- Government's vision is to further reduce the statutory debt limit from existing 60 percent to 50 percent of GDP in 15 years, starting from 2018-19 and to limit statutorily the federal fiscal deficit to 4 percent through introduction of an amendment bill in the parliament for necessary changes in the Fiscal Responsibility and Debt Limitation Act;

An improvement was observed in most of the public debt risks indicators during last two fiscal years in-line with the objectives set forth in Medium Term Debt Management Strategy of Pakistan. The refinancing risk of the domestic debt reduced at the end of 2014-15 as percentage of domestic debt maturing in one year reduced to 47 percent compared with 64 percent at the end of 2012-13. Exposure to interest rate risk reduced as percentage of debt re-fixing in one year decreased to 40 percent at the end of 2014-15 as compared with 52 percent at the end of 2012-13. Share of external loans maturing within one year was equal to around 28 percent of official liquid reserves at the end of 2014-15 as compared with around 69 percent at the end of 2012-13 indicating improvement in foreign exchange stability and repayment capacity.

External Debt and Liabilities stock was recorded at US$ 69.6 billion as at end March 2016 out of which external public debt was US$ 55.1 billion. Apart from net external inflows from International Financial Institutions (IFIs) and mobilization of US$ 500 million through issuance of Eurobonds, public external debt witnessed an increase on account of revaluation loss due to depreciation of US Dollar against other major currencies.

After hefty repayments in 2013-14, public external debt servicing witnessed a decline of 25 percent during 2014-15 and recorded at US$ 4,475 million as compared with US$ 5,995 million in the last fiscal year. The decline in external debt servicing during 2014-15 was mainly due to lower repayments to the IMF that peaked out in 2013-14. Servicing of public external debt increased by US$ 188 million in first nine months of 2015-16 compared to the same period last year and recorded at US$ 3,560 million.

Education:- According to the latest Pakistan Social and Living Standards Measurement (PSLM) Survey FY2015, the literacy rate of the population improved to 60 percent as compared to 58 percent in FY2014. Literacy remained much higher in urban areas than in rural areas and higher among male than female. Province wise data suggest that Punjab leads with 63 percent followed by Sindh with 60 percent, Khyber Pakhtunkhwa with 53 percent and Balochistan have the lowest literacy rate of 44 percent.

The overall education system is based on key indicators such as enrolments, number of institutes and teachers, has witnessed slight improvement. At national level, the total number of enrolments during FY2015 was recorded at 43.95 million as compared to 42.09 million during the same period last year. This indicates an increase of 4.4 percent and it is estimated to increase to 45.17 million during FY2016. At national level, the total number of institutes stood at 252.56 thousands during FY2015 as compared to 241.61thousands during last year, showing an increase of 4.5 percent. However, the number of institutes is estimated to increase to 257.47 thousands during FY2016. The total number of teachers during FY2015 was recorded at 1.59 million as compared to 1.53 million during last year showing an increase of 3.9 percent. This number of teachers is estimated to increase further to 1.62 million during the year FY2016.

Public Expenditure on Education as percentage to GDP is estimated at 2.2 percentage in FY2015 as compared to 2.1 percentage of GDP in FY2014 showing an increase of 4.8 percent. The Government of Pakistan is determined to enhance the resources to education sector by ensuring proper and timely utilization of funds in order to achieve the target of 4.0 percent of GDP by 2018. The provincial governments are also spending sizeable amount of their Annual Development Plans (ADPs) on education to achieve the targets.

HEC is also contributing its role in running different scholarships programme to enhance academic qualification at various levels on merit basis in line with specific criteria. During FY 2016, overall 42,963 scholarships were awarded under different programmes of HEC. Prime Minister’s Fee Reimbursement Scheme for less developed areas (selected regions) was successfully executed, and is continued for FY 2016.

Health and Nutrition:- To promote human welfare and attain better health, the federal and provincial governments spend sufficient amount on health and education. The federal government recently initiated several programmes to keep the people healthy, such as introduction of national health insurance scheme, notification of drug pricing policy 2015 and continued a strong focus on polio eradication.

The provincial governments have also devised long term health sector strategies (2012-20) to improve health outcomes and enhance the coverage of essential health services. With regard to nutrition activities, all the four provinces have promulgated law on breast feeding and allied issues. Various health programs like TB, Malaria, Cancer treatment and AIDs control programs have been carried out. The new health facilities added to the overall health services system during 2015-16 included establishments of 7 Rural Health Centers (RHCs) 32 Basic Health Units (BHUs) and up gradation of 10 existing RHCs and 37 BHUs. The manpower included the addition of 4,500 new doctors, 450 dentists, 3,500 nurses, 4,550 paramedics and 475 Traditional Birth Attendants.

Under the preventive program, about 7 million children have been immunized and 21 million packets of ORS have been distributed during 2015-16.

Population, Labour force and Employment:- Pakistan continues to be the sixth most populated country in the world with an estimated population of 195.4 millions. The population growth rate is 1.89 which is higher as compared to neighbouring countries. The government is well aware of this issue and trying to tackle this issue of high population growth rate through introducing different programmes like Family Welfare Centers (FWC), Reproductive Health Services Centers (RHS-A), Regional Training Institutes and Mobile Services Units.

According to the Labour Force Survey 2014-15, Pakistan has 61.04 million labour force. Out of this labour force only 57.42 million people got employment and 3.62 million people are unemployed. The government is cognizant of labour market situation and started different programmes like Youth Business Loan Scheme, Interest Free Loans Scheme, Youth Training Scheme and Youth Skill Development Programme to utilize the potential of youth. As a result unemployment rate has decreased from 6.24 percent in 2012-13 to 5.9 percent in 2014-15. Most of the labour force in Pakistan works in the rural areas where agriculture is the dominant activity. The total labour force working in the agricultural sector decreased from 43.7 percent in 2012-13 to 42.3 percent in 2014-15. In manufacturing sector the labour force participation rate has increased from 14.1 percent in 2012-13 to 15.3 percent in 2014-15.

Pakistan is one of the largest labour exporting countries in the region and remittances from the overseas is one of the major source of income not for families but also for the development of the country. The government is committed on producing skilled workers in order to send them abroad. During 1971 - 2015 periods, almost 8.77 million Pakistanis proceeded abroad for employment through the Bureau of Emigration. Out of this total manpower exports, about 96 percent have proceeded only to Gulf Cooperation Council (GCC) countries, 1 percent to European countries and 3 percent in other countries for employment. The government has initiated many programmes for their skill development and also explores overseas employment opportunities and is planning to send one million workers to other countries to further support foreign remittances. The Ministry of Overseas Pakistanis is in process of setting up more protector offices in the country as per need of the people.

Transport and Communications:- The government is trying its best with limited resources, to enhance and modernize road, railways, air services and all kinds of communication links. In order to ensure smooth and efficient movement of goods and passengers in healthy environment, NHA has planned to develop approximately 2,395 km long China-Pak Economic Corridor (CPEC) connecting Gwadar to Kashghar (China) and Karachi - Lahore Motorway (KLM) 6-lane controlled access.

NHA through its roads network also aims to ensure reduction in transportation cost, safety in mobility, effective connectivity between rural and urban areas and also high capacity transportation corridors connecting major regional trading partners. Under its new initiatives NHA succeeded in awarding few important projects like M-9 (Karachi-Hyderabad Motorway), Habibabad Flyover. NHA is also in preparation stage of bid awards on PPP/BOT mode of i) Hyderabad – Sukkur Motorway (PKM), ii) Tarnol-FatehJang (N-80) Nowshera–Peshawar (N-5), iii) two Service Areas at River Kabul on M-1 & two Service Areas on M-4 and iv) Sialkot – Lahore Motorway. PSDP FY 2016 included 26 ongoing and 29 new schemes to improve further the network of roads.

Ministry of Railways is gaining its reputation due to new initiatives/ programmes undertaken during past years. Ministry of Railways is preparing a strategic plan to provide a long term framework for railway sector development. New initiatives include rehabilitation of 400 coaches project, procurement of 500 High Capacity Bogie Wagons and 40 Power Vans, special repair of 150 DE Locomotives to improve availability and reliability, rehabilitation of twenty seven (27 Nos) held up locomotives (HGMU-30), special repairs of 150 + 100 locomotives to improve their reliability and performance, tender for the Procurement of 55 Locomotives (4000-4500 HP) out of 75 locomotives has been awarded and tender for procurement of 20 DE (2000-2500 HP) Locos is under process. Special repairs of 100 locomotives, to improve their reliability and performance, are also being carried out through PSDP at a cost of Rs.4967.000 million.

The present government has strategized to convert PIAC into a company under Companies Ordinance 1984 in order to improve corporate governance that can help in attracting strategic private sector partnership in the core airline operations, and move PIA under a more efficient and up to date legal framework. The government has also set up another airline company by the name of "Pakistan Airways" to undertake business operations of an airline company, provide greater choices to consumers and act as a prospective national carrier.

A business plan for PIA has been developed, which envisages the introduction of fuel efficient aircrafts, route rationalization, focus on separation of core and noncore activities and HR rationalization with the objective of making PIA a sustainable and profitable entity in the long run.

Pakistan International Airline posted a growth of 5.5 percent in passenger revenues and revenue hours flown increased to 111,455 hours during 2015, as compared to 101,556 hours flown in 2014. Strong growth is witnessed in the market of Asia and Middle East while profits were higher for North America followed by Asia Pacific.

Ports and shipping including PNSC, KPT, PQ and Gwadar port also played an important role to ensure well in time movement of national and international goods between different countries. PNSC lifted cargo of 9.9 million tones, KPT 36.516 million tones, Port Qasim Authority handled 23.9 million tones during July-March FY 2016 and Gwadar port lifted 6.329 million tones since 2008.

Telecom sector is playing its due role to the well being of the society with the objective of transforming Pakistan into an information society and knowledge. As part of its effort to encourage the use of mobile broadband, PTA has launched a web portal named "Smart-Pakistan" (www.smartpakistan.pk). This web portal is providing one stop repository and directory of mobile applications focusing on different thematic areas such as m-Education, m-Health, m-Government, etc. Total number of mobile subscription by end March, 2016 reached at 131.4 million and during last five years (FY2011-15) telecom sector has contributed Rs. 744.6 billion in terms of regulatory duties and taxes to the government. Telecom operators have invested a significant amount of US$ 589 million during July-March FY 2016. 3G and 4G LTE subscribers have reached at 27.87 million at the end of March 2016 as compared to 13.49 million as of June 2015 whereas, at the end of March 2016, broadband subscribers stood at 30.99 million as compared to 16.89 million at the end of last fiscal year depicting 83 percent growth over the last nine months. The number of net subscriber additions in the period stood at 14.10 million.

Energy:- With concrete and sincere efforts of the government, almost 12 percent growth has been observed in real value addition of electricity generation & distribution and Gas distribution during FY 2015 and FY 2016 which in turn helped the real GDP growth of 4.7 percent during FY 2016.

Government of Pakistan is also pursuing to enhance gas production in order to meet the increasing demand of energy in the country. One of the milestone is import of LNG. In this regard a license for construction of LNG terminal was granted to M/s Engro Elengy Terminal Limited (EETL) with a construction validity period of two years. During July to Feb FY 2016, 175 mmcfd volume of Re-gasified liquid natural gas (RLNG) was imported. In the next couple of years Pakistan is expected to become a mature LNG import market with few more projects to come online along with natural gas pipeline capacity enhancement projects of the country. The government has planned to establish 2nd LNG terminal which shall be built at Port Qasim Karachi, to be operational by around mid-2017. Another company naming Bahria Foundation has also applied to OGRA for grant of LNG Terminal construction License.

The government is also taking all possible measures to ensure energy security and sustainable development in the country. Efforts are underway to improve power sector fuel mix in the country to reduce price of power basket and improve financial viability. Under the reforms, large capacity addition is planned from wind, solar, nuclear, hydel and coal power projects in the medium term. The emphasis is towards achieving a less oil dependent power generation mix through development of indigenous energy resources particularly hydel, coal and renewable energy resources for sustainable and affordable energy supply in the country. Three hydel plants Tarbela-4th extension, Chashma, Neelum-Jehlum and few other small dams are expected to provide additional generation within next two years. Independent power producers (IPPs) and Generation Companies (GENCOs) are also being encouraged to convert from oil to coal based power generation, with the current coal tariff of 8.9 cents per unit being a significant incentive in this regard. In addition, 1000MW under Central Asia-South Asia-1000 (CASA-1000) power project is also included in the plan. Power sector has been given priority in terms of allocation of gas for power generation. All these efforts will improve the energy mix whereby, reducing dependence on oil for power generation, and ensure reasonable tariffs for consumers, ultimately leading to financial sustainability. The government is doing its utmost to address the energy sector challenges. It is evident from the fact that the energy sector is now one of the major recipients of federal PSDP share. Further special attention is being given to Diamir Basha dam project. The government is also determined to complete the 969 MW Naleum Jhelum Hydropower project at the earliest. The China-Pakistan Economic Corridor (CPEC) is expected to add 10,400 MW to the grid by the year 2018. The projects include coal, hydro and wind. It will also significantly change the energy mix, replacing expensive oil and resulting in reduction of the average cost of generation. It is believed that with sincere efforts of the government, it will be possible to build a power generation capacity that can meet Pakistan's energy needs in a sustainable manner.

Poverty and Social Safety Nets:- Planning Commission adopted a new poverty line based on Cost of Basic Needs (CBN) approach which focuses on the consumption patterns of households in the reference group and it comes to Rs. 3030 per adult equivalent per month using the latest available HIES 2013-14 data. According to CBN methodology, 29.5 percent of the population is estimated to live below poverty line during FY 2014. Using the old Food Energy intake (FEI) methodology, only 9.3 percent people are found below poverty line in 2013-14 which means that 17 million people were living below the poverty line. Back-casting this new poverty line to 2001-02, using the CPI, shows that the headcount rate using this new higher line would have been 64.3 percent in 2001-02—more than double the rate while using the old poverty line.

The government has prioritized 17 pro-poor sectors through the Medium Term Expenditure Framework (MTEF) in the PRSP-II, which provided a link between the policy priorities and the related budget allocations. During July-December FY 2016, Rs. 1,123 billion expenditures have been made in these sectors for improving the quality of life compared to Rs. 963.4 billion over the corresponding period of last year, showing an increase of 16.6 percent.

The present government has increased the BISP budgetary allocations from Rs.70 billion in FY2013 to Rs. 75 billion in FY2014, which has subsequently been enhanced to Rs. 97 billion in FY2015 and for the current fiscal FY2016 year it has been enhanced to Rs. 102 billion. The annual instalment is enhanced by the government from Rs.12,000/ to Rs. 14,400/ per family in July, 2013 which has subsequently been increased to Rs. 18,000/ per family in 2014.The present government has again increased the annual stipends from Rs. 18,000 per annum to Rs. 18,800 per annum per beneficiary w.e.f. 1st July, 2015.

The number of BISP beneficiaries has also been enhanced from 5.0 million in FY 2015 to 5.3 million by the end of FY 2016. International donor agencies have acknowledged the targeting mechanism and wide coverage of BISP by providing assistance to the execution of schemes. So far, BISP has achieved all the targets which has been acknowledged by IMF in eleventh review meeting held in May 2016.

Pakistan Poverty Alleviation Fund (PPAF) is also contributing a large amount of funds throughout Pakistan to its core projects like microcredit, water and infrastructure, drought mitigation, education, health and emergency response interventions have been widely recognized. The core operating units of the PPAF delivered range of development interventions at the grassroots/community level through a network of 134 Partner Organizations across the country. During July 2015 to March 2016, Pakistan Poverty Alleviation Fund (PPAF) has disbursed an amount of approximately Rs.11.96 billion to its partner organizations (POs) under PPAF core interventions administered under various operational units.

Environment:- Pakistan like many other countries is facing environmental challenges. It is located in a warm climate region and is more vulnerable to expected climate changes due to its diverse topographic and demographic settings. The country is affected by the drastic effects of climate change due to its geographical location and socio-economic situation. In the recent years highly variable monsoon rains and severe climatic events such as floods and droughts have affected the socio-economic structure of the country. Due to this climate change, the country is facing water pollution, desertification, soil erosion, water logging and salinity, solid waste management and deforestation.

The government has undertaken several projects and programmes to support the environmental goals. Many projects have been completed such as capacity building, provision of clean drinking water, environmental management, biodiversity, air pollution control and watershed management, urban development, promotion of tourism, restoration of lakes and water bodies, environmental awareness, waste management, and wetlands management, etc. One of the major issues which are being faced in the country is desertification and land degradation. To combat desertification and land degradation, the government started an umbrella project with the assistance of UNDP. Present government is taking keen interest to increase the forest area. In this regard the Prime Minister has approved 'Green Pakistan Programme' to improve forestry and wildlife sectors. This programme targets to add 100 million plants over the next five years all over the country alongwith protection and management of wildlife. In this regard relevant federal and provincial ministries and agencies including FATA, GB and AJK will actively participate in this programme to achieve the desired objectives of forests preservation and wildlife protection. This initiative will ensure far-reaching reforms in forestry and wildlife sectors of the country.

HIGHLIGHTS

Pakistan Economic Survey 2015-16

Economic Adviser's Wing, Finance Division, Government of Pakistan, Islamabad

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HIGHLIGHTS OF PAKISTAN ECONOMIC SURVEY 2015-16

Growth and Investment

- The outgoing year witnessed slow global recovery as the world economy started picking up at slow pace and the global outlook also indicates some signs of weak demand.
- In South Asia economic performance of Pakistan is improving quantitatively and qualitatively as growth is inclusive and sustainable and is the highest achievement since 2008-09.
- Major achievements of the outgoing fiscal year includes: picking up economic growth, price stability, improvement in tax collection, reduction in fiscal deficit, worker remittances touch new height, and foreign exchange reserves remained high.
- The GDP growth accelerates to 4.71 percent in 2015-16 against the growth of 4.04 percent in the last year. The growth momentum is broad based, as commodity producing and services sectors have supported economic growth.
- The agriculture sector accounts for 19.82 percent of GDP and 42.3 percent of employment with strong backward and forward linkages. It has four sub-sectors including: crops, livestock, fisheries and forestry.
- Agriculture sector recorded a negative growth of -0.19 percent against the growth of 2.53 percent last year. The decline in growth was due to drop in the production of cotton, rice, maize and other minor crops due to extreme weather.
- Important crops account for 23.55 percent of agricultural value addition. This sub-sector has recorded a negative growth of -7.18 percent compared to a growth of -0.52 percent last year. The important crops includes all major crops like wheat, maize, rice, sugarcane and cotton which registered growth at 1.58 percent, -0.35 percent, -2.74 percent, 4.22 percent and -27.83 percent respectively.
- Other crops have share of 11.36 percent to value addition in overall agriculture sector. This sub-sector has witnessed growth of -0.31 percent against the growth of 3.09 percent last year.
- Cotton Ginning has witnessed growth of -21.26 percent against the growth of 7.24 percent in the previous year.
- Livestock contributes 58.55 percent of agriculture value addition. Livestock consist of cattle, buffalos, sheep, goat, camel, horses, asses, mules and poultry and their products. It has registered a growth of 3.63 percent against 3.99 percent last year.
- Growth of the forestry sub-sector is witnessed at 8.84 percent as compared to the growth of -10.43 percent last year.
- Fisheries sub-sector has 2.17 percent contribution in agriculture and registered a growth of 3.25 percent compared to the growth of 5.75 percent last year.
- The industrial sector contributes 21.02 percent in GDP; it is also a major source of tax revenues for the government and also contributes significantly in the provision of job opportunities to the labour force.
- Government planned and implemented comprehensive policy measures on fast track to revive the economy. As a result industrial sector started revival and recorded remarkable growth at 6.80 percent as compared to 4.81 percent last year.
- The manufacturing is the most important sub-sector of the industrial sector containing 64.71 percent share in the overall industrial sector. Growth of manufacturing is registered at 5.00 percent compared to 3.90 percent last year.
- Manufacturing has three components; Large-Scale Manufacturing (LSM) with the share of 80.11

percent, Small Scale Manufacturing with the share of 13.12 percent and Slaughtering having share of 6.77 percent.

- Small scale manufacturing witnessed growth at 8.21 percent against the growth of 8.22 percent last year and slaughtering growth is recorded at 3.63 percent as compared to 3.35 percent last year.
- LSM has registered an improved growth of 4.61 percent as compared to 3.29 percent last year.
- The share of construction in industrial sector is 12.29 percent and is one of the potential components of industries. The construction sector has registered a growth of 13.10 percent against the growth of 6.24 percent of last year.
- Mining and quarrying sub-sector contains 14.19 percent share of the industrial sector. This sub-sector witnessed a growth of 6.80 percent as compared to 4.81 percent last year.
- Electricity generation & distribution and Gas Distribution is the most essential component of industrial sector. This sub-sector has registered growth at 12.18 percent as compared to 11.98 percent last year.
- The share of the services sector in GDP has reached to 59.16 percent in FY 2016. Services sector contains six sub-sectors including: Transport, Storage and Communication; Wholesale and Retail Trade; Finance and Insurance; Housing Services (Ownership of Dwellings); General Government Services (Public Administration and Defense); and Other Private Services (Social Services).
- The Services sector has witnessed a growth of 5.71 percent as compared to 4.31 percent last year. The growth performance in services sector is broad based, all components contributed positively, Finance and Insurance at 7.84 percent, General Government Services at 11.13 percent, Housing Services at 3.99 percent, Other Private Services at 6.64 percent, Transport, Storage and Communication at 4.06 percent and Wholesale and Retail Trade at 4.57 percent.
- Three main drivers of economic growth are consumption and investment. Pakistani society like other developing countries is a consumption oriented society, having high marginal propensity to consume.
- The private consumption expenditure in nominal terms reached to 80.1 percent of GDP, whereas public consumption expenditures are 11.8 percent of GDP.
- Per capita income in dollar terms recorded a growth of 2.9 percent in FY 2016 as compared to 9.2 percent last year. The per capita income in dollar terms has reached to 1560.7.
- Total investment recorded the growth of 5.78 percent in FY 2016. Investment to GDP ratio has reached to 15.21 percent in FY 2016. Fix investment is registered at 13.61 percent of GDP. Private investment witnessed at 9.79 percent of GDP.
- Public investment recorded an impressive growth rate at 10.63 percent and as percentage of GDP it has increased from 3.72 percent to 3.82 percent in FY 2016.
- Total investment which was recorded at Rs.4256 billion in FY 2015 increased to Rs.4502 billion for FY 2016.
- During July-6th May FY 2016 credit to private sector flows increased to Rs.311.7 billion against the expansion of Rs.171.2 billion in comparable period last year.
- National savings are 14.6 percent of GDP in FY 2016 compared to 14.5 percent in FY 2015. Domestic savings is witnessed at 8.3 percent of GDP in FY 2016 as compared to 8.4 percent of GDP last year.
- Present government has launched comprehensive plan for investment friendly environment and to attract foreign investors in the country. Expansionary Monetary Policy alongwith infrastructure

development drive of the government are positive signals for restoring the investor's confidence.

- Pakistan's policy trends have been consistent, with liberalization, de-regulation, privatization, and facilitation being its foremost cornerstones. BOI under the Prime Minister's office making efforts to provide friendly environment to investors.
- During July-April FY 2016 net foreign direct investment crossed US$ 1 billion with growth of 5.4 percent. The major inflow of FDI is from US, Hong Kong, UK, Switzerland and UAE. Oil & gas exploration, financial business, power, communications and Chemicals remained major sectors for foreign investors.
- The government is also aiming to explore new markets to export its manpower as well as incentives for the remittances to further enhance its growth. During July-April 2014-15 remittances stood at $16,034.4 million compared to $15,235 million during the corresponding period last year.
- Pakistan remained focused and committed to implement CPEC which is a mega project of US$46 billion, it will provide major support for development of infrastructure in coming years.

Agriculture

- The agriculture sector showed a negative growth of 0.19 percent during July-March, FY 2016 as compared to a growth of 2.53 percent during the last year.
- During FY2016, cotton production stood at 10.074 million bales as compared to 13.960 million bales in FY2015 and registered a drastic decline of 27.8 percent.
- Wheat production increased to 25,482 thousand tonnes in FY2016 as compared to 25,086 thousand tonnes in FY2015 showing an increase of 1.6 percent.
- Rice production has decreased to 6,811 thousand tonnes in FY2016 as compared to 7,003 thousand tonnes in FY2015 showing a decrease of 2.7 percent.
- Sugarcane production has increased to 65,475 thousand tonnes in FY2016, as compared to 62,826 thousand tonnes last year showing an increase of 4.2 percent.
- Maize production had decreased to 4,920 thousand tonnes in FY2016, as compared to 4,937 thousand tonnes in FY2015 recorded a decrease of 0.3 percent.
- Other crops that contributed 11.4 percent in value addition agriculture witnessed a negative growth of 0.31 percent in FY2016, against positive growth of 3.09 percent during the same period last year.
- Gram production has decreased to 312 thousand tonnes in FY2016 as compared to 379 thousand tonnes in FY2015, showing a decrease of 17.7 percent.
- During FY2016, the production of Potatoes, Chillies and Onions grew positively witnessing growth of 3.4 percent, 2.1 percent and 0.2 percent, respectively, comparing to production of same period last year. The reason for increase in production is increase in area cultivated. However, the production of pulses Mash, Masoor (Lentil) and Moong decreased by 15.6 percent 4.4 percent and 0.8 percent respectively.
- During July-March FY2016 about 455.05 thousand tonnes of improved seeds of various Kharif/Rabi crops were procured.
- During July-March FY2016, the banks have disbursed agriculture credit of Rs 385.5 billion which is 64.3 percent of the overall annual target of Rs 600 billion and 18.3 percent higher than disbursement of Rs 326.0 billion made during the corresponding period last year.

- During FY2016, the availability of water for Kharif 2015 stood at 65.5 million acre feet (MAF) showing a decrease of 5.5 percent over Kharif 2014 and 2.4 percent less than the normal supplies of 67.1 MAF. During Rabi season FY2016, the water availability remained at 32.9 MAF, which is 0.6 percent less than Rabi 2014-15 and 9.6 percent less than the normal availability of 36.4 MAF.
- The domestic production of fertilizers during FY2016 (July-March) increased significantly by 14.4 percent over the same period of previous fiscal year. The imported supplies of fertilizer decreased by 3.9 percent. However, the total availability of fertilizer surged by 9.7 percent during current fiscal year. Total offtake of fertilizer nutrients witnessed decrease by 10.1 percent. Nitrogen offtake decreased by 14 percent while phosphate increased by 2.9 percent. Potash offtake recorded a significant decrease of 35.9 percent during FY 2016 (July-March).
- Price of all phosphatic fertilizers decreased during current fiscal year as a result of announcement of subsidy by the government from 15th October, 2015 at the rate of Rs.500 per bag of Diammonium Phosphate.

Manufacturing and Mining

- Large Scale Manufacturing (LSM) during July-March FY2016 registered a growth of 4.7 percent as compared to 2.8 percent in the same period last year.
- The industry specific data shows that most sub sectors recorded positive growth during the period July-March FY2016 over corresponding period of last year i.e. Automobiles 23.43 percent, Fertilizers 15.92 percent, Leather Products 12.18 percent, Rubber products 11.68 percent, Non Metallic mineral products 10.23 percent, Chemicals 10.01 percent, Pharmaceuticals 7.21 percent, Food Beverage and Tobacco 3.66 percent, Coke & Petroleum Products 2.40 percent and Textile 0.62 percent**.**
- The sub sectors recorded negative growth during the period under review are Wood Product declined by 58.03 percent, Engineering Products 17.64 percent, Electronics 9.98 percent, Iron & Steel Products 7.48 percent and Paper & Board 2.90 percent.
- In Automobile sector such as buses, LCVs, trucks and jeeps & cars registered growth of 81.95 percent, 68.53 percent, 41.68 percent and 29.73 percent respectively.
- The Mining and Quarrying sector grew by 6.8 percent in FY2016 as against 4.0 percent last year. Calcite, Rock Salt, Phosphate, Marble, Gypsum, Dolomite, Soap Stone, Lime Stone and Natural Gas posted a positive growth rate of 123.79 percent, 65.16 percent, 53.96 percent, 50.50 percent, 47.57 percent, 33.28 percent, 26.10 percent, 23.19 percent and 1.49 percent. However, some witnessed negative growth rate during the period under review such as Magnesite 58.14 percent, Barytes 42.12 percent, Sulphur 37.18 percent, Crude oil 8.21 percent, Chromite 3.85 percent and Coal 0.66 percent.

Fiscal development

- The present government has implemented a wide-ranging agenda of economic reforms with an aim to ensure fiscal discipline and accelerating economic growth. As a result, Pakistan has made a considerable improvement in restoring economic stability and now the economy is moving on a high growth trajectory with a target of 7 percent by 2018.
- Fiscal sector of the economy has witnessed a notable improvement on account of contained expenditures and increased revenues. Fiscal deficit has been reduced significantly from 8.2 percent of GDP in FY2013 to 5.3 percent during FY2015. While during July-March, FY2016, fiscal deficit has been reduced to 3.4 percent of GDP as compared to 3.8 percent during FY2015. The economy is on the course of reducing the fiscal deficit further to 4.3 percent of GDP during the current fiscal year.
- Total expenditure of Rs.5,962.9 billion was estimated for the curent fiscal year, comprising of

Rs.4,592.6 billion of current expenditure (77.0 percent of total) and Rs.1,370.3 billion of development expenditure and net lending (23.0 percent of total).

- During July-March FY2016 total expenditures stood at Rs.3,971.3 billion against Rs.3,731.6 billion in the same period last year, posting a growth of 6.4 percent.
- Current expenditure stood at Rs.3,407.0 billion and development expenditure and net lending remained at Rs.710.2 billion during first nine months of FY2016.
- Total revenues are expected to reach at Rs.4,634.7 billion, of which tax revenues are budgeted to remain at Rs.3,672.2 billion and non tax revenues at Rs.962.5 billion during the current fiscal year.
- During July-March, FY2016 total revenues stood at Rs.2,961.9 billion against Rs.2,682.6 billion in the same period last year, showing a growth of 10.4 percent.
- Within revenues, tax revenues stood at Rs.2,481.0 billion during first nine months of FY2016 against Rs.2,063.2 billion in the comparable period of FY2015 posting a growth of 20.2 percent.
- One of the major developments is a significant decline in current subsidies. Current subsidies amounted to Rs.119.5 billion during July-March, FY2016 against Rs.185.9 billion in the same period of FY2015, thus reduced by 35.7 percent.
- FBR tax collection for FY2016 was budgeted at Rs.3,103.7 billion which was 19.8 percent higher over the actual collection of Rs.2,589.9 billion during FY2015.
- During July-April, FY2016 FBR tax collection increased to Rs.2,346.1 billion as provisional tax from Rs.1,973.6 billion in the same period of FY2015, showing a growth of 18.9 percent.
- During July-April, FY2016 the share of direct tax in total FBR tax collection is 37.9 percent. Direct taxes has registered a growth of 14.4 percent during the first ten months of the current fiscal year. The net collection has gone up from Rs.775.9 billion to Rs.888.0 billion.
- The gross and net collection of Indirect taxes has witnessed a growth of 20.4 percent and 21.7percent respectively. It has accounted 62.1 percent of total FBR tax revenues during the first ten months of the current fiscal year.

Money and Credit

- During current fiscal year 2016, SBP decrease the policy rate to a historically low level of 5.75 percent w.e.f 21st May, 2016 which is the lowest rate in last 44 years reflecting improved macroeconomic conditions towards the end of FY2016.
- Broad Money (M2) increased to 6.93 percent during July-06th May, FY2016 against the expansion of 6.92 percent in the same period last year.
- Reserve money increased to Rs.697.6 billion and grew by 22.20 percent during July-06th May FY2016, as compared to Rs.329.5 billion (11.52 percent) in corresponding period of last year.
- Within Broad Money, NFA of the banking system during Jul-06th May, FY2016 observed an expansion of Rs.105.2 billion against the net expansion of Rs.222.3 billion during the corresponding period of FY2015.
- The NDA of the banking system showed an increase of Rs.676.6 billion during Jul-06th May, FY2016 against an increase of Rs.467.6 billion in the same period of last year.
- Government sector borrowing (net) reached at Rs.567.5 billion during Jul-06th May, FY2016 as compared to an increase of Rs.539.4 billion in the same period of FY2015.
- Net budgetary borrowing from banking system remained at Rs.643.0 billion during Jul-06 May FY2016 as compared to Rs.560.8 billion in the same period last year.

- Government borrowing from scheduled banks remained lower and stood at Rs.702.9 billion during Jul-06 May, FY2016 against Rs.1,093.2 billion in comparable period of last year.
- While, government retired Rs.59.8 billion to the State Bank of Pakistan during the period Jul-06 May, FY2016 against the retirement of Rs.532.3 billion in the same period of FY2015.
- The flows of Credit to Private Sector (CPS) has seen expansion of Rs.311.7 billion during Jul-06th May, FY2016 against Rs.171.2 billion in the same period of last year. In terms of growth, it witnessed expansion of 82.0 percent during the period under review compared to the contraction of 41.5 percent during same period last year.
- The Weighted Average Lending Rate (WALR) on gross disbursements has decreased from 9.31 percent in March, 2015 to 7.13 percent in March, 2016. Likewise, Weighted Average Deposit Rate (WADR) offered on fresh deposits also reduced from 5.22 percent in March, 2015 to 3.74 percent in March, 2016.

Capital Market

- Pakistan has entered a new era of equity trading after merger of all the three stock exchanges i.e. Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange into a single Pakistan Stock Exchange (PSX) during current fiscal year.
- Fiscal year 2016 has witnessed a significant and an overall steady rise in the stock market indices where historic and unprecedented levels are being crossed. During current year PSX 100-index reached 36,266.23 levels on 11th May, 2016, the highest level in Pakistan stock market history.
- During the period, July, 2015-11th May, 2016, the Pakistan Stock Exchange (PSX) benchmark-100 Index increased by 1,867 points and closed at 36,266.23 points level on 11th May, 2016 against 34,398.86 on June 30, 2015 showing a gain of 5.4 percent despite recession in global equity markets and trend of outflow of foreign equity investment internationally.
- All the major world stock markets witnessed sluggish trends during this period. China Shanghai Composite index showed a steep fall of 31.3 percent, Japan Nikkei declined by 17.6 percent while Hong Kong Hang Seng down by 19.7 percent, India Sensex by 7.8 percent, US Nasdaq composite by 4.2 percent, UK FTSE by 4.3 percent, etc. Most of the other international markets also witnessed declining trend.
- The relatively better performance of the Pakistan stock market during current fiscal year can be attributed to a number of positive factors including stable macroeconomic indicators, relative stable exchange rate, downward inflationary trend, prudent monetary policies and Pakistan's possible reclassification from a frontier market to an emerging market by MSCI.
- During the period July to March FY2016, two debt securities were issued which include a privately placed term Finance Certificate amounting to Rs. 10 billion and one privately placed commercial Certificate of Rs. 0.8 billion.
- In order to bring further efficiency and transparency in the book building process, SECP has reviewed the existing framework for book building and has notified the Book Building Regulations, 2015 in July, 2015.
- As on March, 31, 2016, the total size of Mutual Fund industry stood at Rs.510.91 billion as compared to Rs.492.23 billion on June 30, 2015, showing an increase of Rs.18.7 billion or 3.8 percent over the period.
- As on March 31, 2016, total assets of the modaraba sector stood at Rs.36,161 million as compared to the total assets of Rs.31,104 million for the period ending June 30, 2015.

Inflation

- The inflation rate measured by the changes in CPI, averaged at 2.8 percent during July-April, FY2016 against 4.8 percent in the comparable period last year.
- The food inflation on average basis in July-April, FY2016, is estimated at 2.1 percent and non-food 3.3 percent, as against 3.6 percent and 5.7 percent in the corresponding period last year.
- CPI food items have declining trend in prices of Rice, Onion, Cooking Oil, Eggs and Vegetable Ghee.
- Core inflation on average basis during July-April, FY2016, stood at 4.1 percent against 6.9 percent last year.
- WPI during July-April, FY2016, on annual average basis has recorded a decrease of 1.29 percent against increase of 0.03 percent last year.
- The wholesale prices of non-food items, whose prices increased from previous year are matches, woolen carpets, pesticides, woven fabrics and timber.
- SPI recorded an increase of 1.8 percent during July-April, FY2016 against 2.1 percent last year.
- Inflation has been contained during current fiscal year due to better supply position of essential items, and regular monitoring of prices and supply chain by the National Price Monitoring Committee.
- National Price Monitoring Committee chair by Federal Finance Minister, monitor prices of essential commodities in consultation with provincial governments and concerned Federal Ministries/Divisions and organization.

Trade and Payments

- During July – March FY2016, the exports reached to US$15.6 billion dollars as compared to US$ 17.9 billion of the same period last year, showing a decline of 12.9 percent. Analysis of group-wise exports suggests that Food group registered a decline of 11.6 percent during July – March FY2016 compared to the same period last year.
- Like other developing countries, Pakistan also benefitted by the falling global oil and commodity prices. This steep fall of oil prices is clearly reflected in Pakistan's overall import bill which resulted in US $ 3.3 billion saving, from import of petroleum products, Pakistan's overall import remained 4.3 percent less during July-March FY2016 compared to the same period last year.
- Imports target was set at $43.2billion (an increase of 6 percent) during FY2016. In July-March FY2016, import remained 4.3 percent down compared to same period last year.
- The overall trade deficit posted an increase of 2.1 percent during July-April FY2016.During July-April FY 2016 exports declined by 9.5 percent and stood at US$ 18.2 billion as compared to US$ 20.1 billion in July-April FY2015. The imports declined by 4.6 percent. In the meantime non-oil imports, particularly of machinery and metal surged significantly.
- During the period under review services exports declined by 14.5 percent, overall exports of services were US$ 4.4 billion in July –April FY2016 against US$ 5.1 billion in the corresponding period of FY 2015, depicting a decline of US$ 748 million. Moreover, services import fell by 15.1 percent or US$ 1.01 billion to US$ 6.2 billion in July –April FY2016 compared to US $ 7.3 billion in the same period last year
- The start of FY2016 has witnessed growth of 5.25 percent in Worker's remittances over last year, during July-April FY2016, the remittances reached to US$ 16.034 billion as compared to 15.236 billion last year.

- The current account balance shrunk by 17.7 percent during July-April FY2016 as compared to last year (US$ 1.519 billion in FY2016 against US$ 1.846 billion). As a percentage of GDP it stood at -0.6 percent compared to -0.8 percent of the comparing period last year
- The capital account stood at US$ 296 million during July-April FY2016 compared to US$ 353 million during the corresponding period last year. Financial account on the other hand reached at US $ 2629 million in July-April FY2016 compared to US$ 3320 million during same period last year. Improved financial inflows contribute for growth in financial account.
- Thus net foreign investment recorded US$ 615.5 million during July-April FY2016 compared to US$ 2737.5 million in the same period last year. The foreign direct investment during July-April FY2016 crossed US $ 1 billion. During the period the FDI received were US$ 1016.3 million compared to US$ 963.8 million in the same period last year.
- The country's total foreign exchange reserves reached to highest level to US$ 21.4 billion by May18, 2016, compared to US$ 18.6 billion end June 2015. The rise was mainly due to, loans from ADB and World Bank, CSF as well as disbursement of loans under EFF by IMF and higher investment inflows.
- Exchange rate remained at Rs.104.75 per US$ in May FY2016, compared to Rs 101.78 per US$ at end June 2015. The Pak Rupee's deprecation was around 2.9 percent during July-May FY2016.

Public Debt

- Public debt was recorded at Rs.19,168 billion as at end March 2016 registering an increase of Rs.1,787 billion during first nine month of current fiscal year.
- Out of total increase in public debt, increase in domestic debt was Rs.1,200 billion while government borrowing from domestic sources for financing of fiscal deficit was Rs.786 billion. This differential is mainly attributed to increase in government credit balances with State Bank of Pakistan/commercial banks.
- Increase in external debt contributed Rs.588 billion to public debt. Apart from fresh external inflows, revaluation loss on account of depreciation of US Dollar against other international currencies as well as depreciation of Pak Rupee against US Dollar contributed to this increase.
- An improvement was observed in most of the public debt risks indicators during last two fiscal years in-line with the objectives set forth in Medium Term Debt Management Strategy of Pakistan:
    - The refinancing risk of the domestic debt reduced at the end of 2014-15 as percentage of domestic debt maturing in one year reduced to 47 percent compared with 64 percent at the end of 2012-13;
    - Exposure to interest rate risk reduced as percentage of debt re-fixing in one year decreased to 40 percent at the end of 2014-15 as compared with 52 percent at the end of 2012-13;
    - Share of external loans maturing within one year was equal to around 28 percent of official liquid reserves at the end of 2014-15 as compared with around 69 percent at the end of 2012-13 indicating improvement in foreign exchange stability and repayment capacity.
- The conducive economic environment coupled with supportive monetary policy provided opportunity for the government to reduce the interest rates on its wholesales debt instruments along with aligning the rates on retail debt instruments with the market yields. As a result, the cost of domestic borrowing is expected to reduce in the coming years on account of new debt issuance/rollover of existing debt.
- Government's vision is to further reduce the statutory debt limit from existing 60 percent to 50

percent of GDP in 15 years, starting from 2018-19 and to limit statutorily the federal fiscal deficit to 4 percent through introduction of an amendment bill in the Parliament for necessary changes in the Fiscal Responsibility and Debt Limitation Act;

- During July-March (2015-16), public debt servicing was recorded at Rs.1,371 billion against the annual budgeted estimate of Rs.1,686 billion. Public debt servicing consumed nearly 46 percent of total revenues during first nine months of current fiscal year against a ratio of 45 percent during the same period last year.
- External Debt and Liabilities (EDL) stock was recorded at US$ 69.6 billion as at end March 2016 out of which external public debt was US$ 55.1 billion.
- As at end March 2016, EDL was dominated by Public and Publically Guaranteed (PPG) debt having share of around 73 percent. These loans were mainly obtained from multilateral and bilateral donors. Borrowing from IMF contributed 8 percent in EDL stock while debt obligations of the private sector was fairly limited and have been a minor proportion (4 percent) of EDL.
- Servicing of public external debt increased by US$ 188 million in first nine months of 2015-16 compared to the same period last year and recorded at US$ 3,560 million.

Education

- According to the latest Pakistan Social and Living Standards Measurement (PSLM) Survey FY2015, the literacy rate of the population (10 years and above) is 60 percent as compared to 58 percent in FY2014.
- The data shows that literacy rate is higher in urban areas (76 percent) than in rural areas (51 percent).
- Province wise data suggests that Punjab leads with 63 percent followed by Sindh with 60 percent, Khyber Pakhtunkhwa with 53 percent and Balochistan with 44 percent.
- GER at the primary level excluding Katchi (prep) for the age group 5-9 years at national level during FY2015 recorded at 89.0 percent as compared to 90 percent in FY2014.
- The decrease in overall GER in Pakistan is mainly due to decline in Punjab GER to 97 percent in FY2015 from 100 percent in FY2014. Sindh showed improvement to 79 percent in FY2015 against 76 percent in FY2014 and Khyber Pakhtunkhwa also improved to 90 percent in FY2015 against 89 percent in FY2014 while Balochistan GER witnessed significant improvement to 71 percent in FY2015 as compared to 67 percent in FY2014.
- NER at the national level during FY2015 remained stable at 57 percent compared to last year. Province wise comparison reveals that Punjab NER declined to 61 percent in FY2015 as compared to 64 percent in FY2014. Sindh NER improved to 51 percent in FY2015 as compared to 48 percent in FY2014; while NER of Khyber Pakhtunkhwa witnessed a slight improvement at 56 percent in FY2015 as compared to 54 percent in FY2014. Balochistan also witnessed a significant improvement at 46 percent in FY2015 as compared to 39 percent in FY2014.
- At national level, the total number of enrolments during FY2015 was recorded at 43.95 million as compared to 42.09 million during the same period last year. This indicates an increase of 4.4 percent and it is estimated to increase to 45.17 million during FY2016.
- The total number of institutes stood at 252.56 thousands during FY2015 as compared to 241.61thousands during last year, showing an increase of 4.5 percent. However, the number of institutes is estimated to increase to 257.47 thousands during FY2016.
- The total number of teachers during FY2015 was recorded at 1.59 million as compared to 1.53 million during last year showing an increase of 3.9 percent. This number of teachers is estimated to increase further to 1.62 million during the year FY2016.

- Public Expenditure on Education as percentage to GDP is estimated at 2.2 percentage in FY2015 as compared to 2.1 percentage of GDP in FY2014 showing an increase of 4.8 percent.
- HEC is also contributing to play its role in running different scholarships programme to enhance academic qualification at various levels on merit basis in line with specific criteria. During FY 2016, overall 42,963 scholarships were awarded under different programmes of HEC.
- Prime Minister's Fee Reimbursement Scheme for less developed areas (selected regions) was successfully executed, and is continued for FY 2016. Reimbursement to around 23,458 students of less developed areas is being carried out this year.
- PSDP allocation for HEC was Rs.19.985 billion in FY2016 for 144 (87 on-going & 57 new un-approved) development projects being executed in Public Sector. During July 2015 to March 2016, the government has released Rs.14.053 billion (which is 70% of the revised allocation) for the execution of development projects reflected under PSDP 2015-16.

Health & Nutrition

- Currently there are 1,167 hospitals, 5,695 dispensaries, 5,464 basic health units and 733 maternity and child health centre's in Pakistan as compared to 1,143 hospital, 5,548 dispensaries, 5,438 basic health units and 670 maternity and child health centre's in the same period of last year.
- The number of doctors has increased to 184,711, dentists 16,652, nurses 94,766 and hospital beds 118,869 in the country during 2015-16 compared to 175,223 doctors, 15,106 dentists, 90,276 nurses and 118,170 hospital beds last year. The population and health facilities ratio worked out 1,038 persons per doctors, 11,513 persons per dentist and 1,613 persons per hospital bed. It was 1,073 persons per doctor, 12,447 per dentist and availability of one bed for 1,591 persons in 2014-15.
- During nine months of 2015-16, 4,500 doctors, 450 dentists, 3,500 nurses and 4,450 paramedics have completed their academic courses and 4,350 new beds have been added in the hospitals compared to 4,400 doctors, 430 dentists, 3,300 nurses, 4,500 paramedics and 4,200 beds in last year.
- Moreover, some 7 million children have been immunized and 21 million packets of ORS have been distributed.
- A number of health program are implemented, which include Malaria, TB, AIDs and Food and Nutrition programs.
- For the current year a total outlay for health sector is budgeted at Rs.133.9 billion which included Rs.39.9 billion for development and Rs.94.0 billion for current expenditure which is equivalent to 0.45 percent of GDP during 2015-16.

Population, Labour force and Employment

- Pakistan's estimated population is 195.4 million in 2016 however; population was 191.71 million in 2015.
- Population Growth Rate has shown improvement and it decreased from 1.92 percent in 2015 to 1.89 percent in 2016.
- Total Fertility Rate (TFR) is 3.1 children per women in 2016.
- Life expectancy for female has improved from 67.3 year to 67.7 years in 2016 and life expectancy for male has increased from 65.2 years to 65.5 years in 2016.
- Crude Birth Rate has improved from 26.1 per thousand to 25.6 per thousand and Crude Death Rate has decreased from 6.80 per thousand to 6.70 per thousand in 2016.

- Urban population has increased from 75.19 million in 2015 to 77.93 million in 2016 while rural population has increased from 116.52 in 2015 to 117.48 million in 2016.
- The total labour force has increased from 60.10 million in 2013-14 to 61.04 million in 2014-15.
- The total number of people employed during 2014-15 was 57.42 million,
- Unemployment rate has decreased from 6.0 percent in 2013-14 to 5.9 percent in 2014-15.
- The share of employment in agriculture sector has decreased to 42.3 percent in 2014-15 as compared to 43.5 percent in 2013-14.
- The share of transport/storage & communication has decreased to 5.4 percent in 2014-15 as compared to 5.5 percent in 2013-14.
- The share of manufacturing has increased to 15.3 percent in 2014-15 from 14.2 percent in 2013-14.
- The government has provided an option to the youth to set up their own enterprises through Prime Minister’s Small business and Interest Free loan Scheme and disbursed Rs. 7102.49 million and Rs. 3147.3 million respectively.
- The government has distributed 100,000 laptops in phase-I among students studying in public sector universities to enhance their research capabilities.
- 24,831 trainees have completed their training during 2014-15 and 20,984 skilled individuals benefited during Aug, 2015 to Feb, 2016 under the Youth Skill Development Scheme.
- In FY 16 the government is placing 50,000 interns in different public and private organizations.
- The number of emigrant has increased from 0.75 million in 2014 to 0.946 million in 2015 which include 0.372 million unskilled, 0.397 million skilled, 0.15 million semi skilled workers.

Transport and Communications

- Pakistan’s total road network is around 263,356 Kms which carries over 96 percent of inland freight and 92 percent of passenger traffic.
- Length of NHA road network is around 12,131 kms comprises of 39 national highways, motorways, expressway and strategic roads.
- During 2015-16, NHA executed 26 development projects costing Rs. 393.4 billion. Government of Pakistan has allocated Rs. 159.600 billion in the Federal PSDP 2015-16 for NHAs development projects.
- The network of Pakistan Railway comprises of 7,791 route kilometres, 455 Locomotives, 1,732 passenger coaches and 15,164 freight wagons.
- The government is taking new initiatives to improve the performance of Pakistan Railways by repairing/purchasing of locomotives, up gradation of main lines MI, M-II and M-III
- During financial year 2015-16, 90 Kms of track has been rehabilitated besides doubling of 5 kms track.
- During 2015-16, Pakistan Railways will rehabilitate 400 coaches, procure 500 high capacity bogie wagons and special repair of 150 De locomotives.
- During 2015, PIA management embarked upon a mission of “Revival of PIA” under new initiatives/steps to improve the performance of PIA by contracts re-negotiation, route rationalization, re-deploying aircrafts on more profitable domestic and international routes. Due to these steps PIA expenditure decreased and its operating revenue increased remarkably.

- During the year 2015, the aviation industry experienced a growth of 5.5 percent in the passenger business.
- Pakistan National Shipping Corporation (PNSC) provides transportation services for crude oil requirements of the country comprises of nine vessels of various types/size with a total deadweight capacity of 681,806 tonnes.
- During July-March, FY2016, PNSC companies earned revenue of Rs.2,917 million as against Rs. 2,126 million over the corresponding period of last year.
- During July-March 2015-16, Port Qasim Authority handled 23.782 million TEUs (Twenty Equal Units) of container traffic which is 10 percent higher over the corresponding period of last year.
- At Gwadar Port, 5.366 million tons Urea import was handled during July-March 2015-16.
- During July-March FY 2016, the total cargo handled at Gwadar Port stood at 6.329 million tons against 6.279 million tons over the corresponding period of last year showing a growth of 8.9 percent.
- Telecom revenues during Jul-March 2015-16, amounted to Rs. 333.2 billion which made this sector very attractive for further investment.
- Teledensity has been improved and facilities have reached to 70.4 percent of population.
- During July-March FY 2016, Telecom sector contributed 744.6 billion to the national exchequer in terms of taxes etc.
- Cellular Mobile subscribers reached to 131.4 million at the end of March, 2016.
- During the period July-March FY 2016, an amount of Rs. 149.243 billion has been collected through National saving Schemes and Pakistan post has earned commission amounting to Rs. 746.215 million.

Energy

- With concrete and sincere efforts of the government, almost 12 percent growth has been observed in real value addition of electricity generation & distribution and Gas distribution during FY 2015 and FY 2016 which in turn helped the real GDP growth of 4.7 percent during FY 2016.
- During July-April FY2016, foreign direct investment in oil and gas exploration remained US $ 234.8 million compared to US $ 230.1 million in corresponding period last year thus posting a growth of 2 percent.
- Government of Pakistan is also pursuing to enhance gas production in order to meet the increasing demand of energy in the country. One of the milestone is import of LNG. In this regard a license for construction of LNG terminal was granted to M/s EngroElengy Terminal Limited (EETL) with a construction validity period of two years. During July to Feb FY 2016, 175 mmcfd volume of Re-gasified liquid natural gas (RLNG) was imported. The government has planned to establish 2nd LNG terminal which shall be built at Port Qasim Karachi, to be operational by around mid-2017. Another company naming Bahria Foundation has also applied to OGRA for grant of LNG Terminal construction License
- Three hydel plants Tarbela-4th extension, Chashma, Neelum-Jehlum and few other small dams are expected to provide additional generation within next two years.
- 1000MW under Central Asia-South Asia-1000 (CASA-1000) power project is also included in the plan. Power sector has been given priority in terms of allocation of gas for power generation.
- Further special attention is being given to Diamir Basha dam project.
- The government is also determined to complete the 969 MW Naleum Jelum Hydropower project

at the earliest. The other measures include earmarking of almost 80 percent of CPEC estimated outlay for electricity sector, import of LNG, extended cooperation with USA and other bilateral agencies to build capacity in the energy sector and improvement in the efficacy of regulatory regime.

- Renewable potentials like wind and solar are under implementation

Pakistan Energy Sources:

Oil:

- During July-March FY 2015, this share increased by 50 percent for transport and 42 percent for power while during July-March FY 2016, the share of transport and power in oil consumption remained 55 percent and 35 percent, respectively.
- During July-April FY 2016, 4.98 million metric tons was imported compared to 4.81 million tons of the corresponding period last year showing a growth of 3.5 percent, while in values US $ 1.95 billion was imported compared to US $ 3.59 billion during period under discussion thus showing a decline of 47 percent.

Natural Gas:

- The average natural gas consumption was about 3,387 million cubic feet per day (mmcfd) including 175 mmcfd volume of re-gasified liquid natural gas RLNG) during July 2015 to February 2016.
- During July 2015 to February 2016, the two gas utility companies (SNGPL & SSGCL) have laid 116 km gas transmission network, 1,848 km distribution and 679 km services lines and connected 203 villages/towns to gas network.
- During this period, the gas utility companies have invested Rs.9,959 million on transmission projects, Rs.8,705 million on distribution projects and Rs.13,225 million on other projects bringing total investment to about Rs.31,919 million.
- During this period 254,870 additional gas connections including 254,648 domestic, 202 commercial and 20 industrial were provided across the country.

Electricity:

- During July-March FY 2016, the installed capacity in the PEPCO system remained 23,101 MW compared to 23,212 MW during the corresponding period last year with hydro 7,027 MW, thermal 15,324 MW, and nuclear 750 MW.
- During this period, electricity generation through thermal remained 45, 252 Gwh compared to 43, 611 Gwh last year posting a growth of 4 percent while electricity generation through hydel remained 24, 544 Gwh compared to 23, 478 Gwh last year posting a growth of 5 percent. Thus in total there was an increase of 2 percent in electricity generation.

Renewable Energy:

- The following progress has been achieved on development of renewable energy based projects during the 2015-16 so far:
- One solar project of 100 MW capacity (M/s QA Solar Pvt. Ltd) become operational. Three solar power projects of 100 MW capacity each achieved Financial Closing and are under construction with completion expected in June, 2016.
- Two bagasse co-generation projects with a cumulative capacity of 92.4 MW became operational.

Poverty & Social Safety Nets:

- A new poverty line is estimated using Cost of Basic Needs (CBN) approach by taking patterns of consumption of reference group and it comes to Rs. 3030 per adult equivalent per month using the latest available HIES 2013-14 data.
- According to CBN methodology, 29.5 percent of the population is estimated to live below poverty line during FY 2014.
- Using PSLM data, the headcount of multidimensional poverty in FY2015 was 38.8 percent while the intensity of deprivation is 51.0 percent. Since FY2005, multidimensional poverty has continuously reduced in Pakistan. The headcount reduced from 55.2 percent to 38.8 percent between FY 2005 and FY 2015. However, the intensity of deprivation reduced only slightly over the same time period (from 52.9 percent to 51.0 percent).
- The government is fully committed to follow a sustained poverty reduction strategy and to allocate a minimum of 4.5 percent of GDP for social and poverty related expenditures. The government prioritized 17 pro-poor sectors through the Medium Term Expenditure Framework (MTEF) in the PRSP-II.
- Expenditure on pro-poor sectors in 2011-12 stood at 9.7 percent of GDP. In 2012-13, these were 8.5 percent of GDP and in 2013-14, 7.7 percent of GDP. These expenditures were well above the requirement under the law. During 2014-15, total expenditures for these sectors were increased and amounted to Rs 2,162.7 billion, which was 7.9 percent of GDP.
- During July-December of the current fiscal year 2015-16, Rs. 1,123 billion expenditures have been made in these sectors.
- BISP is continuing to eradicate extreme poverty through provision of cash transfers. The monthly installment was enhanced by the present government to Rs. 1200/ per family in July, 2013 which has subsequently been increased to Rs. 1500/per family in 2014.The present government has yet again increased the annual stipends from Rs. 18,000 per annum to Rs. 18,800 per annum per beneficiary w.e.f. 1st July, 2015.
- The present government has increased the BISP budgetary allocations from Rs.70 billion in FY2013 to Rs. 75 billion in FY2014, which has subsequently been enhanced to Rs. 97 billion in FY2015 and for the current fiscal FY2016 year it has been enhanced to Rs. 102 billion.
- The number of BISP beneficiaries is expected to increase from 5.0 million in FY2015 to 5.3 million by the end of FY2016.
- So far, BISP has achieved all the targets set under IMF’s Extended Fund Facility which has been acknowledged by IMF in eleventh review meeting held in May 2016.
- Pakistan Poverty Alleviation Fund (PPAF) also provides assistance in microcredit, water and infrastructure, drought mitigation, education, health and emergency response interventions. During July 2015 to March 2016, PPAF has disbursed an amount of approximately Rs.11.96 billion to its partner organizations (POs) under PPAF core interventions administered under various operational units.
- An amount of Rs. 5303.53 million is distributed in bulk for Zakat amongst the provinces and other administrative areas for FY2016.
- Pakistan Bait-ul-Mal (PBM) is also making efforts for eradication of poverty by providing assistance. During July 2015 to March 2016, PBM has managed to disburse an amount of Rs. 3132.39 million to its core projects.

Environment

- The government has completed many projects to support the environment such as capacity building, provision of clean drinking water, environmental management, biodiversity, air pollution control and watershed management, urban development, promotion of tourism, restoration of lakes and water bodies, environmental awareness, waste management, and wetlands management, etc.
- Draft of 'Forest Policy 2015' prepared by Ministry Of Climate Change. This will provide a legel basis for the government to extend support to all federating units towards achieving their targets.
- To overcome the air pollution present government has introduced the rapid, safe and modern mass transit system in major cities to make the mobility easier which will be also helpful in reducing the pollution.
- The government has planned to manage all types of forests in this regard the Prime Minister has approved the launch of 'Green Pakistan Programme' to improve forestry and wildlife sectors. This programme targets to add 100 million plants over the next five years all over the country.
- The government has planned that the fresh water sources will be categorized and protected against pollution.
- Cleaner Production techniques will be adopted by industry to minimize pollution generation. Federal and provincial governments will ensure that at least 70% industrial wastewater be treated by 2025 before discharge into water bodies.
- Industrial sector will be facilitated with well-designed and efficiently operated air cleaning devices

CHAPTER 01

Growth and Investment

Introduction

Pakistan's economy continued to maintain its growth momentum in the fiscal year 2015-16. The gradual building up of the growth momentum suggests that investment recovery is more sustainable. The growth that the economy has sustained for last few years is underpinned by dynamism in industry, agriculture and services supported by strong growth in domestic demand. Government infrastructure development drive along with State Bank of Pakistan's expansionary monetary policy stance has boosted business activities. The prerequisites for sustained economic growth appear to have gained during the last few years on account of economic reform and improved security situation. Inflation significantly declined during the recent years, and current account deficit narrowed with favorable prices for oil and other commodities. Government launched a mega relief package for small farmers including direct cash support and provision of soft agriculture loans. The package is aimed to introduce progressive agriculture on scientific lines, reducing the cost of the production of crops and make the small farmers prosperous. The government approved a new Automobile Policy 2016-21, which offers tax incentives to new entrants to help them establish manufacturing units. This new Auto policy of Pakistan will attract new car manufacturers in the country and build a healthy car competition in the industry. It will also encourage business activities in the associated industrial units, its forward and backward linkages will improve socio-economic condition of common man in the country. Government has unveiled the Strategic Trade Policy Framework (STPF-2015-18) to promote regional trade particularly with Afghanistan, Central Asian Republics as well as Iran and China. The STPF 2015-18 aims to enhance annual exports to $35 billion, improve export competitiveness, transition from factor-driven economy to efficiency-driven and innovation-driven economy and increase share in regional trade by June 2018. The STPF 2015-18 identifies four pillars including product sophistication and diversification, market access, institutional development, and trade facilitation by 2017-18. On account of successes of Zarb-e-Azb, improvement in energy supply along with enabling and conducive environment, the confidence of investors both domestic and foreigners is rebuilding which can be seen by stock market, increase in domestic commerce in Karachi, uptick in foreign direct investment.

Pakistan remained focused and committed to implement China-Pakistan Economic Corridor (CPEC) which is a mega project of US $ 46 billion with Chinese Government. Execution of the project as per planned components of the CPEC will provide major support for development of infrastructure including communication, energy, special economic zones and Gawadar development.

With proper planning and concrete efforts the country's economy is now stabilized and revived; the destination is to accelerate economic growth and maintained sustainability. Government is implementing a four point agenda which primarily focuses on energy, economic stability, education and elimination of extremism.

Pakistan's economy during last three years of the present government has witnessed higher and inclusive economic growth accompanied by significant recovery in commodity producing and services sectors. The FY2014 witnessed growth of 4.05 percent, this growth performance continued in FY2015 as GDP recorded a growth of 4.04 percent and in FY2016 GDP growth is estimated at 4.71 percent. This is the highest growth achieved since FY2009. Economic growth is projected to continue its upward acceleration in coming years. The midterm budgetary framework has set timelines for achieving high growth rates gradually steering it over 7.0 percent through various infrastructure projects including building of roads, rail networks, telecommunications, development of Gawadar Port and major projects for additional power and improvement in power transmission sub-sector.

Pakistan has become the member of Asian Infrastructure Investment Bank (AIIB) & Shanghai Cooperation Organization (SCO). AIIB will provide funds for the development of road systems, telecommunications and other infrastructure projects while main objectives of the Shanghai Cooperation Organization (SCO) are to (i) strengthen relations among member states; (ii) promote cooperation in political affairs, economic and trade, scientific-technical, cultural, and educational spheres as well as in energy, transportation, tourism, and environmental protection; (iv) safeguard regional peace, security, and stability; and (v) create a democratic, equitable international political and economic order.

Government has improved relations with International Financial Institutions. The country has witnessed the resumption of policy lending from the World Bank and Asian Development Bank, which was suspended for lack of a stable macroeconomic framework before June 2013. The government's three-year Extended Fund Facility Program with the IMF effectively institutionalizes the government's economic policy objectives. Pakistan has successfully completed eleventh reviews with IMF. All international financial institutions are appreciating performance of the economy of Pakistan and forecasting improvement in economic situation over time.

Government has pursued actively to resolve the energy crisis and succeeded in improving the situation for all consumers in the country. Economic policies of the government also remained successful in maintaining price stability and smooth supply of the commodities. The benefits of decline in international oil prices were also passed on to general public which is widely recognized as a relief to the common man. Due to investment and growth friendly policies of the government the economic situation continued improving and reflected better movement in key economic indicators. Overseas Pakistanis continued their confidence on government policies as the remarkable improvement in workers' remittances is also recorded during the FY 2016 which has played a significant role in building foreign exchange reserves of the country.

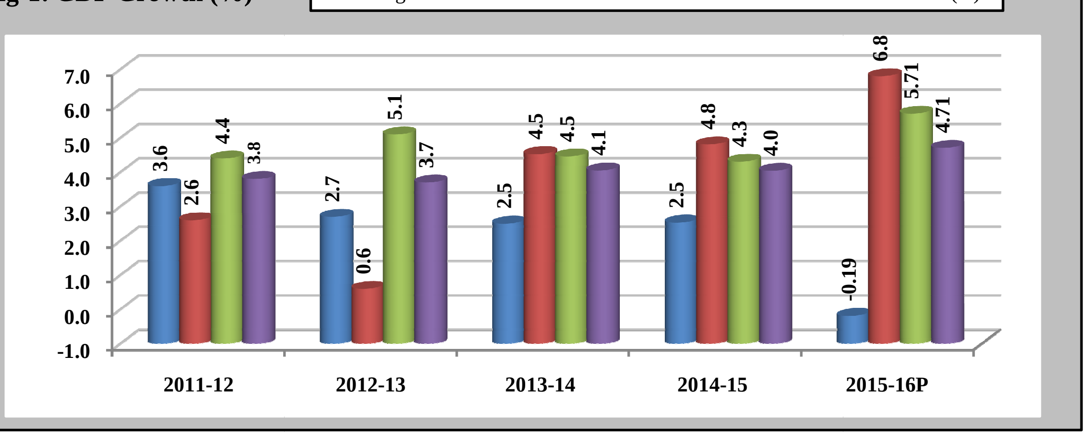
Economic environment during FY2016 continued facing number of challenges such as war against extremism, energy issues, settlement of IDPs along with slowdown in all major trading partners of the world. Moreover, rains and floods hitted various areas of the country which impacted agriculture sector along with infrastructure and also damaged some agricultural crops like cotton and rice along with losses in other components of agriculture sector. It is also observed that the situations in eastern and western boarders of the country along with geo-economic and geo-politics of the regions also affected business climate of the country.

Government took various policy measures to boost economic activities in all major sectors of the economy. The agriculture sector faced challenge of decline in the prices of global commodity markets, which resulted slowdown in exports and damaged the profitability of the farmers. To mitigate this issue the government announced a package for the relief in the forms of duty and taxes as well as stabilized local market. Provincial governments also substantially enhanced the development expenditures with focus on construction of farms to market access roads. In Vision 2025 cluster based approach is adopted to transform agriculture in to a modern sector and Planning Commission is working on it to realize the planned objective. During first nine months of current fiscal year (Jul-March 2016) the banks have disbursed agriculture credit amounted to Rs. 385.54 billion which is 64.26 percent of the overall annual target of Rs. 600 billion and 18.26 percent higher than disbursement of Rs. 326.01 billion made during the corresponding period last year. State Bank of Pakistan has also reduced discount rate gradually and reached at 5.75 percent, which is also a major inducement for business and investor's community to increase economic activities in the country. The credit to private sector have reached to Rs.311.7 billion during current fiscal year (July-6th May 2016) as compared to Rs. 171.2 billion of last year. In terms of growth, it witnessed expansion of 82.0 percent during the period under review compared to the contraction of 41.5 percent during same period last year. The achievement of GSP plus status is increasing our exports to EU, to facilitate traders and to make them competitive in the globe the Ex-Im Bank has been established. The bank will soon start business and would furnish a range of funding and non-funding instruments (e.g. guarantees) to those whose proposals are found to be feasible. State Bank of Pakistan has also reduced markup rate on Export Refinance from 6.00 percent to 4.5 percent and Long Term Financing Facility rates from 7.5 percent to 6.00 percent, which has reduced the financial cost of traders and will encourage exports and other business activities in coming months.

Under PSE Reform Strategy the government is focused on improvement in corporate governance, restructuring of PSEs and Strategic Partnership through Privatization. The government has appointed Financial Advisers for various public sector corporations. The efforts are under way to manage the existing PSEs in a more efficient manner and implementing a holistic PSEs Reform Strategy. The strategy involves disinvestment of a mix of PSEs in the oil & gas, banking & finance, power, industrial, transport and real estate sectors.

Pakistan's economy has continued the recovery path, GDP growth accelerated to 4.71 percent in 2015-16 against the growth of 4.04 percent recorded in the last year. The economy could not achieve the targeted growth rate 5.5 percent due to lower growth of agriculture sector (-0.19) percent mainly due to decrease in production of cotton, rice and maize as compared to previous year. The lower production of crops also affected the industrial as well as domestic commerce of the economy. However, the growth achieved in this fiscal year is higher as compared to previous years since 2008-09 and recorded growth momentum reflects improvement in economic activities of the country. Agriculture recorded negative growth of (-0.19) percent against the growth of 2.53 percent last year. Industrial sector recorded the growth of 6.80 percent against 4.81 percent in last year, large scale manufacturing posted growth of 4.61 percent against 3.29 percent last year. Services sector accelerated at the rate of 5.71percent as compared to 4.31 percent last year. The commodity producing sector on the whole grew by 3.29 percent as compared to 3.65 percent last year. Fig-1 presents an overview of GDP growth and its main sectors over the last five years.

Fig-1: GDP Growth (%)



Global Developments

Global economic growth continues increasing at slow pace with some continuing signs of progress in business activities. International Monetary Fund anticipates a slight acceleration in economic growth in 2016 at 3.2 percent and the global growth will further accelerate at 3.5 percent in 2017. Emerging markets and developing economies are contributing significantly in the world growth of 2016 and it will continue to further accelerate the global GDP growth in next year. The forecasted Global GDP growth reflects a combination of factors: weakness in oil exporting countries, a moderate slowdown in China, where growth continues to shift away from manufacturing and investment; and a still weak outlook for exporters of non-oil commodities. Oil-importing emerging market economies are benefiting from terms of trade gains but in some instances are facing weakness in external demand. The modest acceleration of growth in advanced economies to a large extent reflects support from lower energy prices and accommodative monetary policies.

The projected pickup in economic growth in 2017, in turn reflects stronger performance in emerging market economies. Among advanced economies, growth is projected to increase marginally. Growth is projected to continue in the United States at a moderate pace, supported by strengthening balance sheets, no further fiscal drag in 2016, and an improving housing market. As a result growth is projected at 2.4 percent in 2016, with a modest uptick in 2017. The modest Euro area recovery is projected to continue in 2016-17, with weakening external demand outweighed by the favorable effects of lower energy prices, a modest fiscal expansion and supportive financial conditions. Potential growth is expected to remain weak due to private and public debt, low investment, unemployment, aging effects and slow total factor productivity growth. Economic growth in Euro area is forecasted at 1.5 percent in 2016 and 1.6 percent in 2017 and it will remain around 1.5 percent in the medium term. Growth is expected to increase modestly in Germany from 1.5 percent to 1.6 percent by 2017. In the United Kingdom growth is forecasted at 1.9 percent in 2016 and 2.2 percent in 2017. The growth is expected to be driven by domestic private demand supported by lower energy prices and a buoyant property market. In Japan growth is projected to remain at 0.5 percent in 2016, and it may turn slightly negative to (-0.1) percent in 2017 as the scheduled increase in the consumption tax rate goes into effect. The recent appreciation of the yen and weaker demand from emerging economies are projected to restrain economic activities but lower energy prices and fiscal measures adopted through the supplementary budget are expected to help growth. The Bank of Japan’s quantitative and qualitative easing measures including negative interest rates on marginal excess reserve deposits adopted in February are expected to support private demand. Japan’s medium to long term growth prospects remain weak, primarily reflecting a declining labour force.

China has been stabilized its economic growth and a weakening is expected in the industrial sector, as excess capacity continues to unwind, especially in real estate and related upstream industries, as well as in manufacturing. Services sector growth should be robust as the economy continues to rebalance from investment to consumption. High income growth, a robust labour market and structural reforms designed to support consumption are assumed to keep the balancing process on track up to 2017. China is the second largest economy in the world; it has forward and backward linkages with many economies who take direct and indirect benefits of its development. China has initiated infrastructure development drive in the region under one belt one road (OBOR) program. China and Pakistan have made agreements of $46 billion to establish China Pakistan Economic Corridor between the two countries. The corridor will serve as a driver for connectivity in the region and international trade is expected to rise, which will bring benefits for Pakistan over medium to long term.

Middle East region has weakened because of further declines in oil prices and intensifying conflicts and security risks. Overall growth in the region is projected at 3.1 percent in 2016 and 3.5 percent in 2017. Saudi Arabia, Kuwait and Egypt are expected to accelerate their economies at higher rate in 2017 but Iran is forecasted to grow slightly lower rate at 3.7 percent. Kuwait's economic recovery will continue, its estimated growth is 2.4 percent in 2016 and forecasted to grow at 2.6 percent in 2017. Saudi Arabia is expected to continue investment in economic diversification and infrastructure and grow at 1.9 percent in coming year. Egyptian economy is also forecasted to grow at 3.3 percent in 2016 and continue acceleration with estimated growth of 4.3 percent in 2017.

Indonesia, Thailand and Philippines are picking up economic growth moderately mainly by strong domestic demand and a gradual increase in exports. The growth in these ASEAN economies is forecasted to pick up further in 2017. The economic growth of Hong Kong, Singapore, Malaysia and Vietnam is estimated to ease in 2016 but these economies will accelerate in coming year. Korea is also picking up economic growth and expected to perform better in 2017. South Asian economies are also accelerating in 2016 and in coming years.

African countries Tunisia and Kenya are picking up economic growth in 2016 and forecasted these economies accelerate further in 2017. The region's medium term prospects remains favorable but many countries urgently need to reset their policies to reinvigorate growth and realize this potential. The country wise detail of projected GDP growth is presented in the Table 1.1. Developing countries need to continue and proactively implement the reform process to maintain development process and accelerate the growth pace. Growth momentum may derail if they slow down reform, investment in human capital, improvement in governance and technology up gradation.

Table-1.1: Comparative Real GDP Growth Rates (%)

Region/Country	2009	2010	2011	2012	2013	2014	2015	2016	2017(P)
World GDP	**-0.1**	**5.4**	**4.2**	**3.5**	**3.3**	**3.4**	**3.1**	**3.2**	**3.5**
Euro Area	-4.5	2.1	1.6	-0.9	-0.3	0.9	1.6	1.5	1.6
United States	-2.8	2.5	1.6	2.2	1.5	2.4	2.4	2.4	2.5
Japan	-5.5	4.7	-0.5	1.7	1.4	0.0	0.5	0.5	-0.1
Germany	-5.6	3.9	3.7	0.6	0.4	1.6	1.5	1.5	1.6
Canada	-2.9	3.1	3.1	1.7	2.2	2.5	1.2	1.5	1.9
Developing Countries	7.5	9.6	7.8	6.9	6.9	6.8	6.6	6.4	6.3
China	9.2	10.6	9.5	7.7	7.7	7.3	6.9	6.5	6.2
Hong Kong SAR	-2.5	6.8	4.8	1.7	3.1	2.6	2.4	2.2	2.4
Korea	0.7	6.5	3.7	2.3	2.9	3.3	2.6	2.7	2.9
Singapore	-0.6	15.2	6.2	3.7	4.7	3.3	2.0	1.8	2.2
Vietnam	5.4	6.4	6.2	5.2	5.4	6.0	6.7	6.3	6.2
	ASEAN								
Indonesia	4.7	6.4	6.2	6.0	5.6	5.0	4.8	4.9	5.3
Malaysia	-1.5	7.5	5.3	5.5	4.7	6.0	5.0	4.4	4.8
Thailand	-0.7	7.5	0.8	7.2	2.7	0.8	2.8	3.0	3.2
Philippines	1.1	7.6	3.7	6.7	7.1	6.1	5.8	6.0	6.2
	South Asia								
India	8.5	10.3	6.6	5.6	6.6	7.2	7.3	7.5	7.5
Bangladesh	5.3	6.0	6.5	6.3	6.0	6.3	6.4	6.6	6.9
Sri Lanka	3.5	8.0	8.4	9.1	3.4	4.5	5.2	5.0	5.0
Pakistan*	**0.4**	**2.6**	**3.6**	**3.8**	**3.7**	**4.05**	**4.04**	**4.71**	**5.7**
	Middle East								
Saudi Arabia	-2.1	4.8	10.0	5.4	2.7	3.6	3.4	1.2	1.9
Kuwait	-7.1	-2.4	10.6	7.7	1.0	0.0	0.9	2.4	2.6
Iran	2.3	6.6	3.7	-6.6	-1.9	4.3	0.0	4.0	3.7
Egypt	4.7	5.1	1.8	2.2	2.1	2.2	4.2	3.3	4.3
	Africa								
Algeria	1.6	3.6	2.8	3.3	2.8	3.8	3.7	3.4	2.9
Morocco	4.2	3.8	5.2	3.0	4.7	2.4	4.5	2.3	4.1
Tunisia	3.1	2.6	-1.9	3.9	2.4	2.3	0.8	2.0	3.0
Nigeria	9.0	10.0	4.9	4.3	5.4	6.3	2.7	2.3	3.5
Kenya	3.3	8.4	6.1	4.6	5.7	5.3	5.6	6.0	6.1
South Africa	-1.5	3.0	3.2	2.2	2.2	1.5	1.3	0.6	1.2

Source: World Economic Outlook (IMF), April 2016.
* : Finance Division, Government of Pakistan,   P: Projected.

Global growth continues but at a sluggish pace that leaves the world economy more exposed to risk, which necessitates that policy makers should undertake growth oriented reforms. Financial sector strengthening is essential, including creating a context in which monetary, fiscal and structural policies can be most effective. Policy makers also need to make contingency plans and design collective measures for a possible future in case downside risks are materialized. Cooperation to enhance the global financial safety net and global regulatory regime is also central to resilient international and financial system.

Sectoral Performance of Growth

Pakistan economy is broadly divided into three main sectors including agriculture, industry and services. Sectoral analysis recognizes performance of the various segment of the economy and also identifies interrelationship among various sectors and their significance in growth of the economy. The growth performance of all sectors and subsectors of GDP is presented in Table-1.2.

Table 1.2: Growth Rate (%)

Sectors/Sub-Sectors	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16P
A. Agriculture	**3.5**	**0.2**	**2.0**	**3.6**	**2.7**	**2.50**	**2.53**	**-0.19**
Crops	5.2	-4.2	1.0	3.2	1.5	2.64	1.04	-6.25
Important Crops	8.4	-3.7	1.5	7.9	0.2	7.22	-0.52	-7.18
Other Crops	0.5	-7.2	2.3	-7.5	5.6	-5.71	3.09	-0.31
Cotton Ginning	1.3	7.3	-8.5	13.8	-2.9	-1.33	7.24	-21.26
-Livestock	2.2	3.8	3.4	4.0	3.5	2.48	3.99	3.63
-Forestry	2.6	-0.1	4.8	1.8	6.6	1.88	-10.43	8.84
-Fishing	2.6	1.4	-15.2	3.8	0.7	0.98	5.75	3.25
B. Industrial Sector	**-5.2**	**3.4**	**4.5**	**2.6**	**0.7**	**4.53**	**4.81**	**6.80**
2. Mining & Quarrying	-2.5	2.8	-4.4	5.2	3.9	1.4	3.97	6.8
3. Manufacturing	-4.2	1.4	2.5	2.1	4.8	5.65	3.90	5.00
-Large Scale	-6.0	0.4	1.7	1.1	4.5	5.46	3.29	4.61
-Small Scale	8.6	8.5	8.5	8.4	8.3	8.29	8.22	8.21
-Slaughtering	3.8	3.2	3.7	3.5	3.6	3.38	3.35	3.63
Electricity Generation & Distribution & Gas Distt.	-12.1	16.7	63.9	1.4	-26.4	-0.74	11.98	12.18
4. Construction	-9.9	8.3	-8.6	3.1	1.1	5.96	6.24	13.10
Commodity Producing Sector (A+B)	**-0.9**	**1.8**	**3.3**	**3.1**	**1.7**	**3.49**	**3.65**	**3.29**
Services Sector	**1.3**	**3.2**	**3.9**	**4.4**	**5.1**	**4.46**	**4.31**	**5.71**
7. Wholesale & Retail Trade	-3.0	1.8	2.1	1.7	3.5	4.77	2.63	4.57
6.Transport,Storage and Communication	5.0	3.0	2.4	4.6	4.0	3.90	4.85	4.06
8. Finance & Insurance	-9.6	-3.3	-4.2	1.6	8.3	4.31	6.48	7.84
Housing Services (Ownership of Dwellings	4.0	4.0	4.0	4.0	4.0	4.00	3.99	3.99
General Government Services	5.6	8.0	14.1	11.1	11.3	2.86	4.82	11.13
Other Private Services	6.5	5.8	6.6	6.4	5.3	6.22	5.96	6.64
GDP (fc)	**0.4**	**2.6**	**3.6**	**3.8**	**3.7**	**4.05**	**4.04**	**4.71**

Sources: Pakistan Bureau of Statistics
P: Provisional

Commodity Producing Sector

Commodity producing sector is the most important component of the economy, it comprises of agriculture and industry of the country. Commodity producing sector has stronger forward and backward linkages for economic growth and development of the country. The commodity producing sector accounted for 40.84 percent of GDP during this fiscal year as compared to 41.40 percent last year. It had a share of 43.4 percent in GDP in FY 2009, which is declining over time due to evolutionary stages of growth. Commodity producing sector has two main sectors agriculture and industry out of which share of agriculture sector reduced over time due to lower growth and share of industry remained stagnant as it also could not maintain increasing pace due to lack of modern infrastructure, as a result the share of services sector continued increasing trend. The commodity producing sector has performed slightly lower in outgoing fiscal year as compared to last year; it grew by 3.29 percent during this fiscal year as compared to 3.65 percent last year. Main reasons are the damages to major crops particularly cotton crop due to flood and rains, as well as slower pace global recovery.

Agriculture Sector

Agriculture accounts for 19.82 percent of GDP and 43.7 percent of employment. Government has taken a number of measures under agriculture package to enhance agriculture produce like support price for production, significant increase in credit to agriculture sector, better arrangements for the provision of inputs like seed, fertilizers, insecticides and better arrangements for marketing. Agriculture is a volatile sector as its performance is mostly weather dependent. Agriculture sector growth in FY 2016 decreased by (-0.19) percent as compared to the growth of 2.53 percent last year. The growth of crops during this year is (-6.25) percent. The production of cotton, rice and maize has decreased by (-27.8 percent, -2.7 percent and -0.3 percent respectively), whereas the production of wheat and sugarcane increased by 1.6 percent and 4.2 percent over previous year. Other crops decreased mildly by (-0.31) percent as compared to the growth of 3.09 percent last year. There is a no doubt unfavorable weather conditions along with crash of commodity prices resulted in lower production of agriculture produce as compared to previous year. Agriculture has four sub sectors including: crops, livestock, fisheries and forestry.

Crops: The crops subsector is the basic driver of growth of the agriculture sector as well as GDP on the whole, it consists of 37.23 percent of agriculture and 7.38 percent of GDP. Crops sub sector recorded a negative growth of (-6.25) percent in FY 2016 as compared to the growth of 1.04 percent last year. Crops are the most sensitive component of agriculture with respect to weather and climate changes. This important sub-sector is further divided into important crops, other crops and cotton ginning.

Important Crops: In FY 2016 important crops have contributed 23.55 percent in agricultural sector and its share in GDP is 4.67 percent. Important crops have 63.26 percent share in overall crops. Important crops have recorded a negative growth of (-7.18) percent compared to (-0.52) percent last year. The important crops include all major crops like cotton, wheat, maize, rice and sugarcane. During current fiscal year the production of cotton declined by (-27.83) percent as compared to the growth of 9.33 percent of last year. Production of rice also declined by (-2.74 percent) during this fiscal year as compared to the growth of 3.01 percent of last year. The production of maize also declined by (-0.35) percent as compared to the decline of (-0.15) percent last year. However, the production of wheat increased by 1.58 percent as compared to the negative growth of (-3.44) percent last year. Production of sugarcane also grew by 4.22 percent against the decline of (-6.87) percent last year. Main cause for the negative growth of cotton and rice are the decline in area under cultivation by 1.48 percent and 4.92 percent respectively, on account of farmers' preference to other cash crop for better price as well as unfavorable weather conditions in growing areas of these crops.

Other Crops: Other crops have contributed 11.36 percent in agriculture sector and its share in GDP is 2.25 percent in FY 2016. This sub-sector also recorded a slight negative growth of (-0.31) percent against the positive growth of 3.09 percent last year. The other crops have been effected by extreme weather conditions and heavy rains/floods which damaged production of cultivated crops. Among the other crops production of gram decline by (-17.85) percent during this year, potato increased by 3.43 percent, production of onion increased by 0.22 percent, mango declined by (-4.69) percent, banana increased by 8.81percent, dates declined by (-15.08) percent, water melon declined by (-1.45) percent. Tomatoes recorded slight increase of 0.07 percent, apple registered slight decline of (-0.18) percent, sunflower declined significantly by (-45.41) percent, chilies increased by 2.08 percent, while orange, kino, canola, garlic and tobacco maintained production level of last year.

Cotton Ginning: Pakistan is one of the leading producers and consumers of cotton in the global market. Ginning is the primary mechanical process involved in the processing of cotton. It is the procedure for separating lint from the seed to cotton. Cotton Ginning was included in agriculture sector under the rebasing of National Accounts 2005-06; before this, it was a part of manufacturing sector. Cotton Ginning has a 2.32 percent share in agriculture sector and 0.46 percent in GDP of the country. Cotton Ginning has recorded a major decline of (-21.26) percent against the growth of 7.24 percent last year. Bad performance of cotton ginning is due to decline in the production of cotton.

Livestock: Livestock is the largest component of agriculture sector, its contribution in the agriculture sector stood at 58.55 percent while it has share of 11.61 percent in the GDP. This sub sector is widely contributing in poverty reduction among the masses; this sub sector has great potential of growth as all necessary inputs for its development are available sufficiently in Pakistan. The livestock is relatively stable and have consistent growth trend as compared to other subsectors of agriculture. It is labour intensive and does not require heavy mechanical, energy and other developed infrastructure.

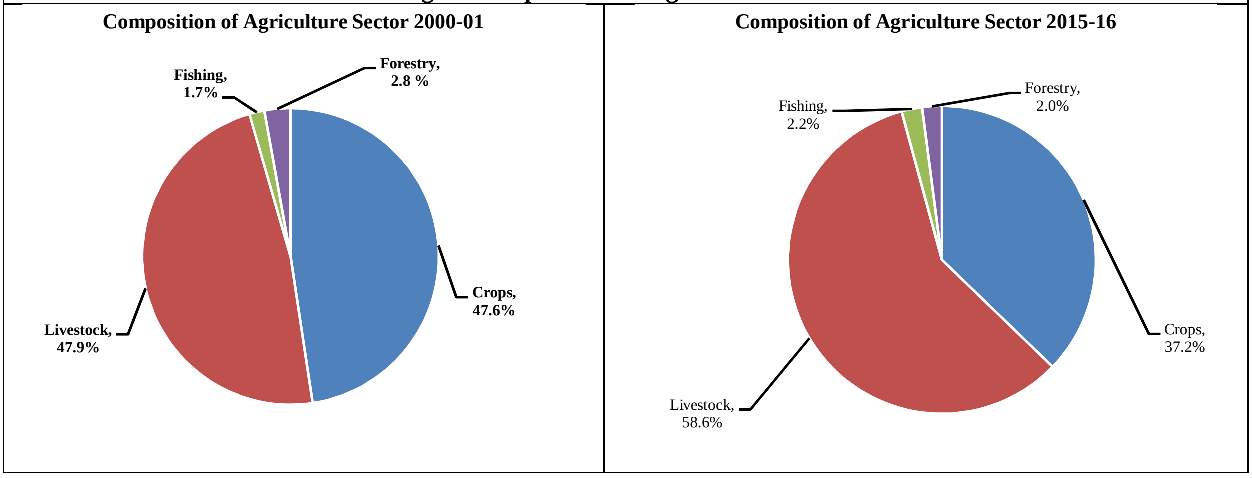
Livestock component consists of cattle, buffalos, sheep, goat, camel, horses, asses, mules and poultry and their products. The demand for livestock items have grown at an extraordinary pace along with evolutionary stages of growth due to scientific and technological advancements. The increasing trend in prices of livestock has provided incentive for greater production activities in this sub-sector. This subsector has great importance in Pakistan as majority of people living in urban and rural areas directly or indirectly depend on this subsector to sustain their livelihood and to achieve socio-economic development.

Livestock performed better during current fiscal year and it recorded a growth of 3.63 percent as compared to 3.99 percent last year. The production of livestock products, milk, poultry products and other livestock items increased at the rate of 2.93percent, 3.21 percent, 7.59 percent and 1.33 percent, respectively.

Forestry: Forests are considered important for our safe and healthy environment as the degradation of forests may create severe socio-economic challenges for the human being. The contribution of this sub-sector in agriculture is 2.06 percent with main components of forestry, timber and fire wood. Forestry subsector has recorded significant growth 8.84 percent as compared to decline of (-10.43) percent last year.

Fisheries: This sub-sector has 2.17 percent share in agriculture; it has recorded a moderate growth of 3.25 percent against the growth of 5.75 percent last year. The sub-components of fisheries such as marine fishing and in-land fishing contributed to an overall increase in the value addition of this sub-sector. The Fig-2 provides variations in the composition of agriculture sector over the last fifteen years from FY 2001 to FY 2016. It is evident that during this period share of forestry reduced that is why we have become more vulnerable to climate changes, which necessitate to increase forest cover in the country to overcome environmental degradation, ensure sustainable development. Secondly the productivity of crops subsector is not picking up, which need to be taken care by better penetration of scientific and technological development in the subsector along with reforms for better market integration for commodities.

Fig-2: Composition of Agriculture Sector



Industrial Sector

Industry is the second main component of the commodity producing sector of the economy. It plays a major role in development of the economy due to its multi-dimensional direct and indirect linkages, and has spillovers effects on other sectors of the economy. Industrial sector creates demand for agriculture produce using it as raw materials and also provides latest machineries and tools to modernize crop cultivation process and also generate opportunities of investments to absorb surplus labor force. It also creates demand for various types of services and provides appliances and other equipments to modernize the services sector. Industrial sector of Pakistan is a major source of tax revenues and also contributes significantly in the provision of job opportunities to skilled, semi-skilled even unskilled labour. The industrial sector contributes 21.02 percent in GDP of our economy and this year recorded a growth of 6.80 percent as compared to 4.81percent last year. Industrial sector performance shows that it has surpassed the targeted growth of 6.4 percent, which is an indicator that industrial revival is taking place on fast track due to better policies of the government. Industrial sector has four sub-sectors including mining & quarrying, manufacturing, electricity generation & distribution and gas distribution and construction. Each sub-sector of the industrial sector has its own role and significance in the economy, performance of these subsectors are given below.

Manufacturing Sector: This subsector is the most dynamic component of the industrial sector with 64.71 percent contribution in the industrial sector and in GDP it has a share of 13.6 percent. During the last few years manufacturing could not operate at its optimal level of installed capacity due to domestic and external factors like power crises, unstable law and order situation, and slowdown in global economy. The government in recent years took various monetary and fiscal measures along with improvement in energy situation to facilitate revival of manufacturing sector which has started picking up the manufacturing subsector. Manufacturing registered a growth of 5.00 percent during this fiscal year as compared to 3.90 percent last year.

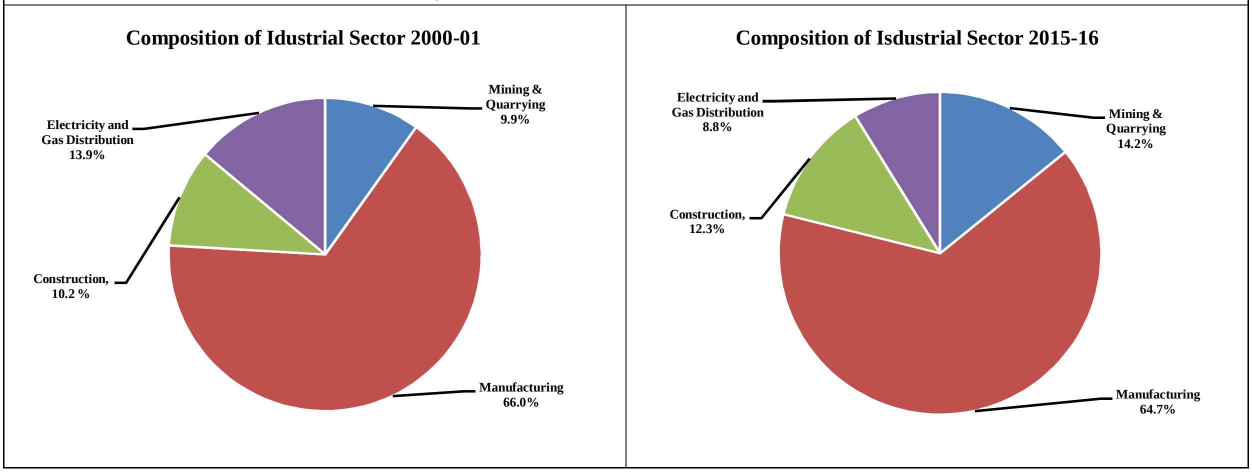
Manufacturing has three components including large-scale manufacturing (LSM) with the share of 80.11 percent in manufacturing and 51.84 percent in industrial sector, small scale manufacturing share is 13.12 percent in manufacturing and 8.49 percent in industrial sector as a whole and Slaughtering having contribution of 6.77 percent in manufacturing and 4.38 percent in the industry. Small scale manufacturing registered a growth of 8.21 percent in outgoing fiscal year against the growth of 8.22 percent last year and slaughtering recorded a growth at 3.63 percent as compared to 3.35 percent last year. LSM has witnessed a growth of 4.61percent against the 3.29 percent last year. LSM performance remained low as compared to targeted growth because of poor performance of crops which provides necessary inputs to LSM. It is expected agriculture package will pick up crops and other subsectors of agriculture which will support the LSM performance in coming month due to forward and backward linkages. The main components of LSM industries which witnessed growth during July-March 2015-16 include: yarn 1.54 percent (as compared to 1.09 percent last year), wool &worsted cloth 16.15 percent (as compared to -10.80 percent last year), knitting wool 12.20 percent (as compared to 1.52 percent last year), sugar 2.85 percent (as compared to -7.75 percent last year), cooking oil 8.44 percent (as compared to -2.46 percent last year), vegetable ghee 6.12 percent (as compared to -0.23percent last year), tea blended 13.83 percent (as compared to 15.24 percent last year), petroleum products 4.32 percent (as compared to 5.93 percent last year), cement 10.41 percent (as compared to 2.44 percent last year), jeep and cars 29.73 percent (as compared to 30.75 percent last year), motorcycles 17.22 percent (as compared to 2.84 percent last year), buses 81.95 percent (as compared to 2.86 percent last year), nit fertilizer 16.31 percent (as compared to 3.92 percent last year), air conditioners 18.43 percent (as compared to 5.27 percent last year), motor tyres 12.01 percent (as compared to 2.91percent last year), motor tubes 17.03 percent (as compared to 5.64 percent last year) and ply wood 22.23 percent (as compared to -38.02 percent last year). The sub sectors recorded negative growth during the period July-March 2015-16 over corresponding period of last year includes chip board declined by (-59.48) percent (as compared to -75.56 percent last year), diesel engine declined by (-75.81)percent (as compared to -3.40 percent last year), power looms declined by (-52.18) percent (as compared to 47.43 percent last year), electric fans declined by (-16.30) percent (as compared to 0.03 percent last year), tractors declined by (-38.63) percent (as compared to 41.59 percent last year) and jute goods declined by (-36.65) percent (as compared to -7.21 percent last year).

Construction Sector: This subsector has share of 12.29 percent in industrial sector and in GDP its contribution is 2.58 percent and absorbs 7.33 percent of labor force. Construction is considered as one of the potential components of industrial sector. This sector has recorded a growth of 13.10 percent against the growth of 6.24 percent last year. This sub sector has surpassed the targeted growth of 8.5 percent of the subsector. This excellent growth achievement is due to the rapid execution of development work on various projects of federal and provincial governments along with improved law and order situation.

Mining and Quarrying: Almighty Allah has blessed Pakistan with lot of reserves of coal, rock salt, limestone and onyx marble, china clay, dolomite, fire clay, gypsum, silica sand and granite, as well as precious and semi- precious stones. Extraction of minerals and ores through efficient mining and quarrying provides convenient and economical access to raw materials and a competitive edge to the country. This sub-sector consists of 14.19 percent share of the industrial sector and contributes 2.98 percent in GDP of the country. Mining and quarrying has recorded a growth of 6.80 percent against the growth of 4.81 percent last year. This subsector of industry has also surpassed the targeted growth of 6.0 percent due to improving investment climate in the country. The output of iron ore, soap stone, marble, lime stone, silica sand, shale clay, phosphate and serpentine posted a positive growth of 156.83 percent, 26.09 percent, 50.49 percent, 23.19 percent, 72.95 percent, 6.41 percent, 53.96 percent and 108.7 percent respectively. However, some witnessed negative growth during this fiscal year such as the growth of chromite declined by (-3.85) percent, followed by chalk (-64.85) percent, and sulphur (-37.18), respectively. Much of the country's mining reserves exists in remote areas, infrastructure improvements are necessary to achieve and sustain higher growth rates in coming years. Improving security situation in the country is also supporting greater output from this subsector.

Electricity generation & distribution and Gas Distribution: Electricity generation &distribution and gas distribution is the most important sub-sector of industry, which plays a major role in development of the country and also directly and indirectly contributes in growth of all sectors of the economy. Its contribution in industrial sector is 8.81 percent and in GDP its share is 1.85 percent. This sub-sector has registered a growth of 12.18 percent during this fiscal year as compared to 11.98 percent growth last year. This component of industrial sector also surpassed the targeted growth, which is evident that government succeeded in efforts to overcome the energy crises. The output of electricity of the WAPDA component recorded a growth of 8.53 percent as compared to decline of (-17.71) percent last year, whereas KESC registered a negative growth of (-11.53) percent as compared to negative growth of (-13.51) percent last year. Fig-3 presents an overview of evolutionary process within industrial sector over the last fifteen years from FY 2001 to FY 2016. It is evident from the figure that share of electricity and gas distribution has reduced over the period under discussion.

Fig-3: Composition of Industrial Sector



Services Sector:

Services sector of our economy has great potential to grow at much higher rate and government is trying to tap this potential sector by providing an enabling environment to economic agents in the country. This sector contains six sub-sectors including: Transport, Storage and Communication; Wholesale and Retail Trade; Finance and Insurance; Housing Services (Ownership of Dwellings); General Government Services (Public Administration and Defense); and Other Private Services (Social Services).

Services sector of the economy has been growing at a much faster rate than commodity producing sector for quite some times. It has continued the same trend in FY 2016 and grew at 5.71 percent against the commodity producing sector growth of 3.29 percent. Services sector also met the planned target and has emerged as the most significant driver of economic growth and contributing a major role in augmenting and sustaining economic growth in the country. The share of the services sector has increased from 56.6 percent of GDP FY 2009 to 59.16 percent in FY 2016. Services sector has witnessed a growth of 5.71 percent in this fiscal year as compared to 4.31 percent last year. Services sector performance remained broad based, as all components of services contributed positively, as Wholesale and Retail Trade grew by 4.57 percent, Transport, Storage and Communication by 4.06 percent, Finance and Insurance by 7.84 percent, Housing Services by 3.99 percent, General Government Services by 11.13 percent and Other Private Services by 6.64 percent.

Wholesale and Retail Trade Sector: This sub sector contributes 18.27 percent in GDP and is also the largest subsector of the services having share of 30.88 percent in the services sector. The wholesale and retail trade is based on the margins taken by traders on the transaction of commodities traded. The performance of this subsector depends on growth in agriculture and industrial sectors along with imports. This sub-sector recorded a growth of 4.57 percent as compared to 2.63 percent last year. Wholesale and retail trade has huge potential of growth, it is expected that its performance will further improve in coming years due to gradual increase in energy supply and improving law and order situation, which will create enabling environment in the country.

Transport, Storage and Communication: Transport, storage and communication is playing most significant role in boosting business activities in the country. The value added in this sub sector is based primarily on the profits and losses of Pakistan Railways, Pakistan International Airlines and other airlines, Pakistan posts and courier services, Pak telecom and motor vehicles of different kinds on the road. This subsector having a contribution of 13.29 percent in the GDP and a share of 22.46 percent in services sector, but directly and indirectly plays a major role in enhancement of economic activities in all sectors of the economy. The transport, storage and communication registered a growth of 4.06 percent as compared to 4.85 percent last year. The performance of various components of this subsector behaves differently depending on dynamics of the economic activities in the market. Air transport maintained growth in double digit and recorded at 10.05 percent against 20.94 percent last year. Communication recorded a significant growth at 10.92 percent in this year as compared to 2.58 percent last year. Similarly road transport and storage grew at 2.75 percent and 4.58 percent against the growth of 4.59 percent and 2.44 percent last year, respectively.

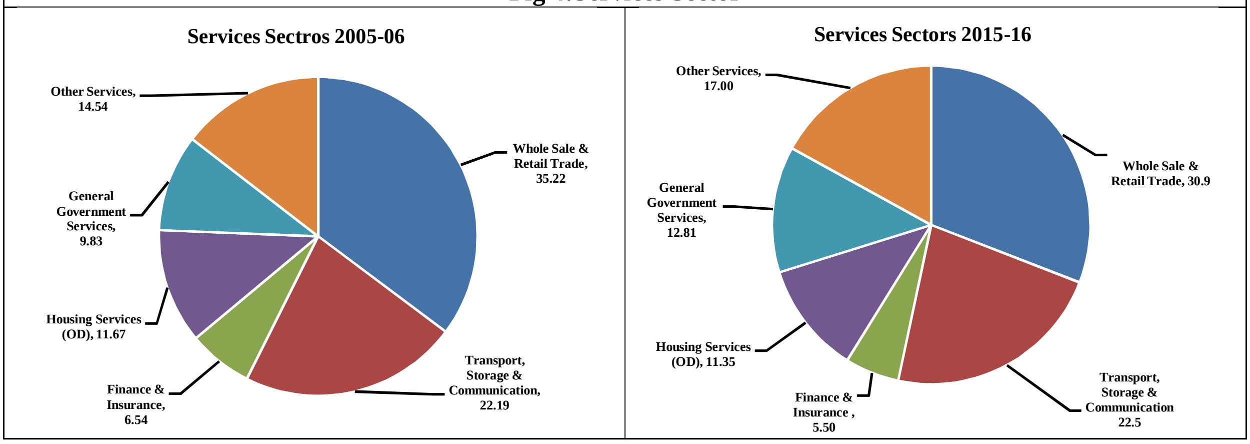
Finance and Insurance: Finance and Insurance having share of 5.50 percent in services sector and its contribution in GDP is 3.25 percent in outgoing fiscal year. Finance and Insurance comprises the State Bank of Pakistan; all scheduled banks (domestic and foreign), Development Financial Institutions (DFIs), all insurance (life and general) companies, Modaraba/Leasing companies, Money Changers and stock exchange brokers. The financial sub-sector consists of all resident corporations principally engaged in financial intermediations or in auxiliary financial activities related to financial intermediation. Finance and insurance registered a growth of 7.84 percent as compared to 6.48 percent last year. This impressive performance of finance and insurance sector is contributed by central bank at 6.8 percent, scheduled banks & non-scheduled banks by 8.3 percent and 20.6 percent respectively. Financial leasing contributed by 1.4 percent, Insurance, reinsurance and pension funding component recorded the growth of 8.7 percent where as other credit granting declined by (-9.1) percent. It is expected that this subsector will continue performing better as investment climate is improving and lending to private sector is also on increasing trend along with financial reforms of the State Bank of Pakistan.

General Government Services: This sub sector contributes 12.81 percent in services sector and its share in GDP has reached to 7.58 percent in FY 2016. General Government Services (Public Administration and Defense) recorded a growth of 11.13 percent as compared to 4.82 percent last year. It is mainly due to low level of inflation and increase in salaries of government servant.

Housing Services: Housing Services (Ownership of Dwellings) having share of 11.35 percent in services sector and its share in GDP is 6.71 percent during this FY 2016. This sub-sector has maintained the growth of 3.99 percent as per target of the FY 2016.

Other Private Services (Social Services): Other private services have contribution of 17.00 percent in services sector and its contribution in GDP is recorded 10.06 percent in FY 2016. Other private services recorded a growth of 6.64 percent as compared to 5.96 percent last year. Growth in this subsector is also above the target of this subsector at 6.4 percent. Better performance of this sub sector indicates that government plans and investment have positive externalities on various services and areas of the country. Figure-4 shows composition of services sector over last decade.

Fig 4:Services Sector



Contribution to Real GDP Growth (Production Approach)

As per previous trend the services sector continued dominating role in the overall economic growth and the commodity producing sector maintained its supporting its role in growth magnitude of FY 2016. Commodity producing sector contributed 28.87 percent to overall economic growth, out of which agriculture contributed (-0.85) percent and the industrial contribution is 29.72 percent. The services sector contribution is 71.13 percent to the overall economic growth.

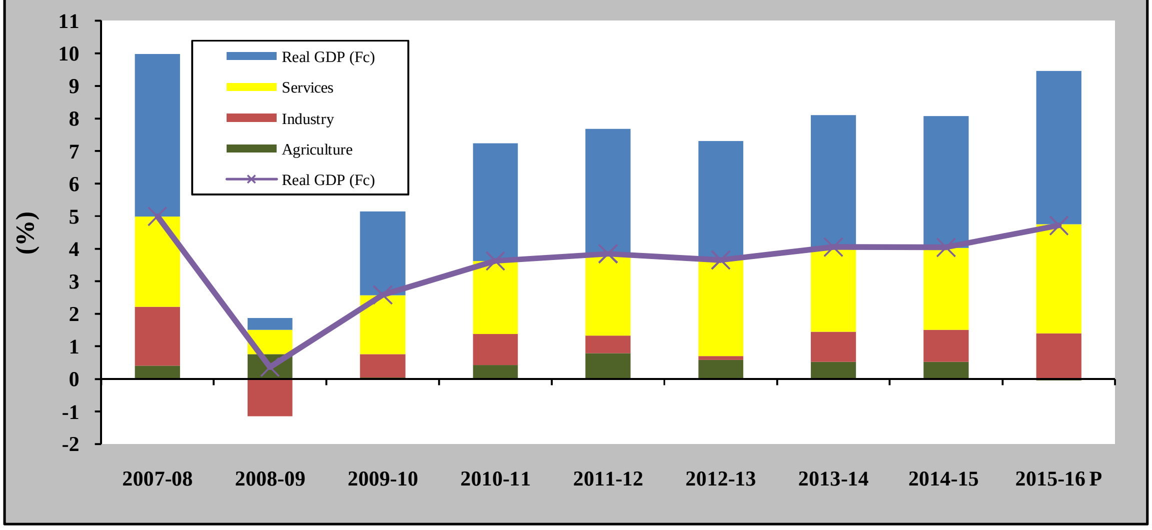
The GDP growth 4.71 percent is shared between the services and commodity producing (agriculture and industry) sectors of the economy. Out of the commodity producing sector, agriculture sector shared (-0.04) percentage points to overall GDP growth as compared to 0.53 percentage points last year, while industry component contributed 1.40 percentage points in this year as compared to 0.98 percentage points of last year, which is an indicator that industrial sector is contributing positively whereas agriculture contribution is negative in overall economic growth. Services sector contributed most dominantly by 3.35 percentage points as compared to 2.52 percentage in last year. Under production approach the sectoral point contribution to the GDP growth is presented in Table-1.3.

Table 1.3: Sectoral Contribution to the GDP growth (% Points)

Sector	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 P
Agriculture	**0.76**	**0.05**	**0.43**	**0.79**	**0.57**	**0.53**	**0.53**	**-0.04**
Industry	**-1.15**	**0.71**	**0.95**	**0.54**	**0.13**	**0.92**	**0.99**	**1.40**
- Manufacturing	-0.60	0.19	0.34	0.28	0.61	0.76	0.53	0.68
Services	**0.75**	**1.81**	**2.24**	**2.51**	**2.95**	**2.6**	**2.52**	**3.35**
Real GDP (Fc)	**0.36**	**2.58**	**3.62**	**3.84**	**3.65**	**4.05**	**4.04**	**4.71**

Source: Pakistan Bureau of Statistics

Fig 5: Sectoral Contribution to the GDP growth (% Points)



Contribution to Real GDP Growth (Expenditure Side Analysis)

Expenditure approach considers consumption, investment and exports as main drivers of economic growth. This approach is also known as aggregate demand side of the economy. In all economies of the world output is the sum of consumption (both private and public), investment (public and private) and net exports of goods and services. Economic literature has recognized consumption as the largest and relatively smooth component of aggregate demand, as compared to investment and exports. Pakistani society like other countries is a consumption oriented society, having high marginal propensity to consume; as a result consumption of private sector is recognized the largest component of aggregate demand of the economy.

Analysis of expenditure side provides more comprehensive and insight picture of growth drivers containing consumption, investment and exports. The private consumption expenditure in nominal terms reached to 80.1 percent of GDP in FY 2016 as compared to 80.0 percent of GDP last year, whereas public consumption expenditures are 11.8 percent of GDP as compared to 11.0 percent last year.

Growth in FY2016 continued the trend of previous years with major contribution by private consumption largely due to consistent growth in remittances, better growth in small scale manufacturing and services sector. Consumption contributed 7.05 percentage points to overall economic growth, while the investment contributed 0.89 percentage points, and net exports contributed -2.20 percentage points. Consumption is the major contributing factor of economic growth on expenditure side, investment also continued supporting role in this regard. The contribution of net exports has been negative due to lower exports and higher imports growth. However, it is important to note that the imports of machineries have increased significantly, which will increase productive capacity of the economy and boost growth process in coming years. Domestic demand continued most significant driving force for economic growth just like previous years with major contribution from private consumption for sustaining aggregate demand. The point contribution to GDP growth is presented in the Table-1.4.

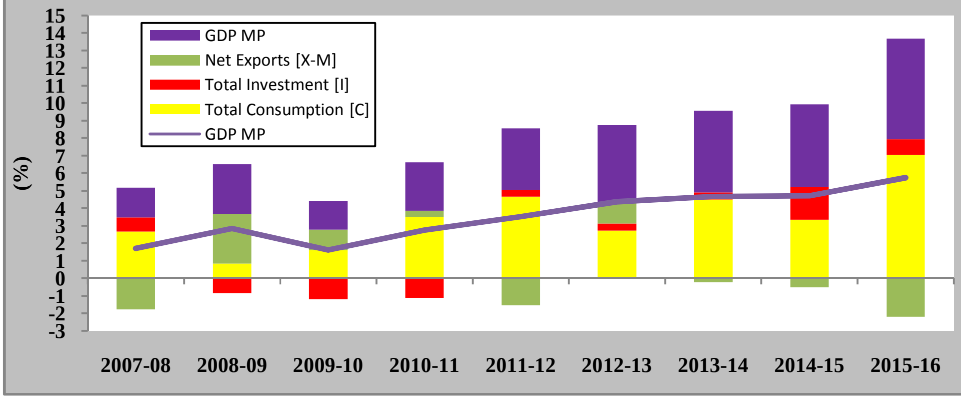
Table-1.4: Composition of GDP Growth

Point Contribution

Flows	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16P**
Private Consumption	-0.38	1.68	3.51	3.92	1.66	4.32	2.46	5.39
Public Consumption	1.21	-0.06	0.00	0.74	1.05	0.16	0.86	1.66
Total Consumption [C]	**0.84**	**1.62**	**3.51**	**4.66**	**2.71**	**4.49**	**3.33**	**7.05**
Gross Fixed Investment	-0.88	-1.21	-1.16	0.33	0.34	0.33	1.81	0.80
Change in Stocks	0.05	0.03	0.04	0.06	0.07	0.07	0.08	0.09
Total Investment [I]	**-0.84**	**-1.18**	**-1.11**	**0.38**	**0.41**	**0.41**	**1.88**	**0.89**
Exports (Goods & Serv.) [X]	-0.43	1.90	0.33	-2.05	1.53	-0.18	-0.73	-0.49
Imports (Goods & Serv.) [M]	-3.26	0.73	-0.02	-0.52	0.28	0.04	-0.24	1.71
Net Exports [X-M]	**2.83**	**1.17**	**0.35**	**-1.54**	**1.24**	**-0.22**	**-0.50**	**-2.20**
Aggregate Demand (C+I+X)	**-0.43**	**2.34**	**2.73**	**2.99**	**4.65**	**4.71**	**4.48**	**7.45**
Domestic Demand (C+I)	**0.00**	**0.44**	**2.40**	**5.04**	**3.12**	**4.89**	**5.21**	**7.94**
GDP MP	**2.83**	**1.61**	**2.75**	**3.51**	**4.37**	**4.67**	**4.71**	**5.74**

Source: Pakistan Bureau of Statistics

Fig 6: Sectoral Contribution to the GDP Growth (% Points)



Composition of Gross Domestic Product

Economy of Pakistan has been experiencing structural transformation as its GDP structure has undergone considerable changes during last few decades. Scientific and technological developments contributed in picking up all sector of the economy but the pace of transformation varies among various sectors. Manufacturing and services sectors got relatively more benefits as compared to agriculture sector. Government's plans and policy measures also played their role in picking up all sectors of the economy. Agriculture sector has some structural, social and cultural obstacles due to which it could not grow consistently at higher rate in sustainable ways. In Pakistan manufacturing and services sectors performed better and benefitted more from government policies along with scientific and technological developments as compared to agriculture because agriculture remained largely weather dependent, which makes it volatile and inconsistent in performance as surplus income and new investment focused on non-agriculture. Composition of the economy has changed over time, in 1969-70, agriculture was the largest commodity producing sector with 38.9 percent contribution in GDP, which has reduced to 19.82 percent indicating that the share of the agriculture has been declining over time in favor of the non-agriculture sector. The share of services sector has increased to 59.16 percent in FY 2016 showing an increasing trend in the services sector of the GDP over time. The share of all major sectors and associated sub-sectors of GDP in recent years is presented in Table-1.5.

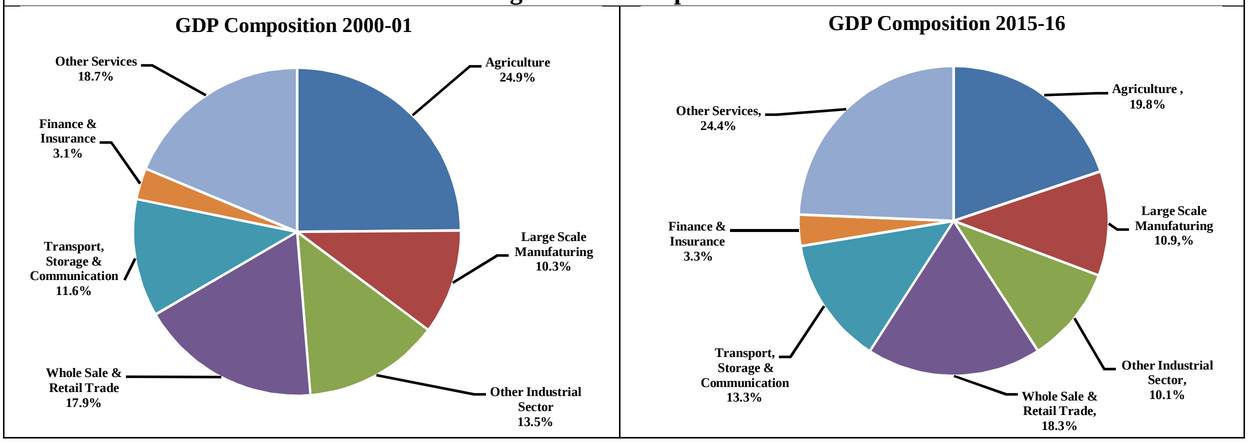
Table 1.5: Sectoral Share in Gross Domestic Product (GDP)

Sectors/Sub-Sectors	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16P
Commodity Producing Sector (A+B)	**43.4**	**43.1**	**42.9**	**42.6**	**41.8**	**41.6**	**41.4**	**40.8**
Agriculture	**22.5**	**22.0**	**21.7**	**21.6**	**21.4**	**21.10**	**20.80**	**19.82**
1. Crops	9.7	9.1	8.8	8.8	8.6	8.5	8.2	7.4
Important Crops	5.8	5.4	5.3	5.5	5.4	5.5	5.3	4.7
Other Crops	3.3	2.9	2.9	2.6	2.6	2.4	2.4	2.3
Cotton Ginning	0.7	0.7	0.6	0.7	0.6	0.6	0.6	0.5
2. –Livestock	11.8	11.9	11.9	11.9	11.9	11.7	11.7	11.6
3. –Forestry	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4
4. –Fishing	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.4
B. Industrial Sector	**20.9**	**21.0**	**21.2**	**21.0**	**20.3**	**20.5**	**20.6**	**21.0**
1. Mining & Quarrying	3.2	3.2	3.0	3.0	3.0	2.9	2.9	2.9
2. Manufacturing	13.8	13.6	13.4	13.2	13.4	13.6	13.6	13.6
-Large Scale	11.5	11.3	11.0	10.8	10.8	11.0	10.9	10.9
-Small Scale	1.3	1.4	1.5	1.5	1.6	1.7	1.7	1.8
-Slaughtering	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
3. Electricity Generation & Distribution & Gas Distt	1.3	1.5	2.4	2.4	1.7	1.6	1.7	1.9
4. Construction	2.5	2.7	2.4	2.4	2.3	2.3	2.4	2.6
C. Services Sector	**56.6**	**56.9**	**57.1**	**57.4**	**58.2**	**58.4**	**58.6**	**59.2**
1. Wholesale & Retail Trade	19.3	19.1	18.8	18.4	18.4	18.5	18.3	18.3
2.Transport,Storage and Communication	13.3	13.3	13.1	13.2	13.3	13.3	13.4	13.3
3. Finance & Insurance	3.5	3.3	3.0	2.9	3.1	3.1	3.2	3.3
4.Housing Services (Ownership of Dwellings)	6.6	6.7	6.7	6.7	6.8	6.8	6.7	6.7
5. General Government Services	5.4	5.7	6.2	6.7	7.2	7.1	7.1	7.6
6. Other Private Services	8.6	8.9	9.1	9.4	9.5	9.7	9.9	10.1
GDP (fc)	100.0	100.0	100.0	100.0	100.0	100	100	100

Source: Pakistan Bureau of Statistics

The following Fig-7 shows the structural shift in the economy. During last 15 years the sectoral share of the agriculture sector has declined from 24.9 percent to 19.8 percent. The sectoral share of the large scale manufacturing sector slightly increased from 10.3 percent to 10.9 percent and the share of other industries has declined from 13.5 percent to 10.1 percent of the GDP over the last 15 years. The share of the various components of services sector has increased over the period under discussion. The below figure indicates that structural transformation has turned the economy with major shares of services components over time as compared to commodity producing sectors, which is a logical outcome of the process of evolution of economic development.

Fig-7: GDP Composition

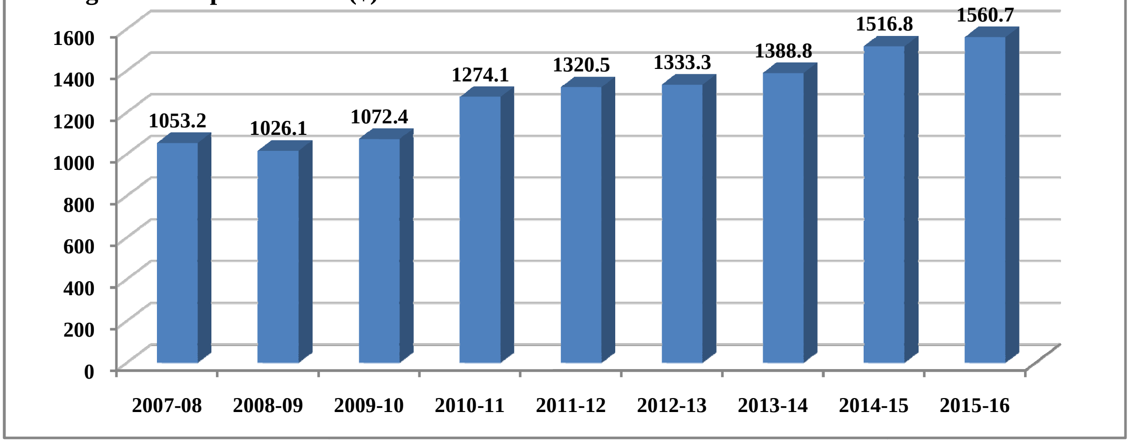


Per Capita Income:

Per capita income is one of the most commonly used economic indicator which captures the level of economic development of the country and also compares well-being among different countries of the world. Per capita income reflects average standards of living of people in the country. It is calculated as Gross National Product at market prices in dollar term divided by the country's population size. Per Capita Income in dollar terms has recorded a growth of 2.9 percent in FY 2016 as compared to 9.2 percent last year.

The per capita income in dollar terms has increased from $ 1,516.8 in FY 2015 to $ 1,560.7 in FY 2016. The contributing factors for the increase in per capita income include acceleration in real GDP growth, lower growth in population and stability of Pak Rupee. Fig-8 shows improvement in per capita income since FY 2008.

Fig 8: Per Capita Income ($)



Investment and Savings

Pakistan is blessed with lot of minerals and natural resources along with varying terrains ranging from snow covered peaks, fiery deserts, fertile mountain valleys and irrigated plains and the four seasons. These resources make Pakistan suitable for all types of the business. Pakistan welcomes foreign investors with comprehensive and most friendly investment policy and investment supportive regulatory framework. The government is well aware with needs of the foreign investors and welcomes foreign investors with feasible and friendly investment options in many sectors of the economy.

Investment is the second important component of aggregate demand, it raises productive capacity of the economy, increase employment level and promotes technological progress through embodiment of new techniques. Investment spending is usually volatile, it depends on multiple factors and responsible for much fluctuations of the business activities in the country. Investment had been effected by international and domestic factors during last few years. Now due to better policies and effective measures on various dimensions the situation for investors has improved and macroeconomic environment has become more investment oriented. Investment indicators during this year have also recorded improvement over the last year. Total investment has reached to the level of Rs 4502 billion as compared to the Rs 4256 billion last year, showing the growth of 5.78 percent in FY 2016. Investment to GDP ratio has reached to 15.21 percent in FY 2016. Fixed investment have increased to Rs. 4028 billion as compared to Rs 3816 billion last year, it has recorded growth of 5.57 and fixed investment as percentage of GDP is recorded at 13.61 percent. Private investment has recorded a growth of 3.71 percent and private investment as percentage of GDP reached to 9.79 percent. Whereas public investment grew by 10.63 percent and as percentage of GDP it has increased from 3.72 percent to 3.82 percent, which is an indicator that government expenditure strategy is development oriented. Certainly, it will encourage private sector to invest more to reap benefits in the economy. It has spillover effects on private sector investment as private sector development is facilitated through public sector development spending particularly on infrastructure. Public Sector Investment increased by Rs.1132 billion in FY 2016 compared to Rs. 1023 billion in FY 2015.

Board of Investment with the co-ordination of provincial investment boards organized the second Pakistan investment conference in November, 2015 to enhance the confidence of investors and other economic agents in the country. The conference highlighted huge potential and vast investment opportunities available in the country and projected soft image of Pakistan. The conference was inaugurated by the Prime Minister of Pakistan, sixty seven diplomats including commercial counselors of foreign missions in Islamabad participated in the conference. The conference provided a great opportunity to 650 foreign and local businessmen and investors of 29 participating countries to gather information and interact with each other to explore joint venture business and investment opportunities in the country.

Saving is a key determinant of achieving higher level of investment in the country. Increase in savings ensures more funds for investment and to enhance productive capacity which consequently brings higher and sustainable growth in the economy. Savings mainly depends on will to save and ability to save of the economic agents; household savings are considered the largest component of national savings in most countries. Domestic savings contribute a dominant role in increasing investment and economic growth in a sustainable way in the country. Economic growth depends on investment which may be financed through domestic savings or from foreign capital inflows, these activities certainly help to alleviate poverty in the country and boost socio-economic status of the general public.

National savings play a dominant role in achieving desired level of investment to attain the planned target of economic growth. Contribution of national savings to domestic investment is the mirror image of foreign savings required to meet the investment demand. The foreign savings are needed to finance saving investment gap, reflects the current account deficit in the balance of payments. National savings increased to 14.6 percent of GDP in this fiscal year against 14.5 percent last year. Domestic savings are recorded at 8.3 percent of GDP in this fiscal year as compared to 8.4 percent of GDP the last year. Net foreign resource inflows finance the saving investment gap. It is essential for the sustainable growth that saving investment gap should be filled in a prudent way. There are two options for minimizing the savings investment gap. One is by rising savings and the other is through declining investment. The option of declining investment is not acceptable for growing country because it has serious implications on economic growth and employment. The government is trying best to gear up both savings and investment to increase required growth and to absorb surplus labor force in development process of the country. Table 1.6 presents saving and investment level over time; it is clear that saving-investment gap is reducing overtime as depicted by the table and graph.

Saving-Investment Gap

Table1.6: Saving-Investment Gap (Rs. Billion)

	Investment	National Saving	Saving-Investment Gap
2005-06	1,588	1,251	-337
2006-07	1,736	1,290	-446
2007-08	2,043	1,175	-868
2008-09	2,316	1,590	-727
2009-10	2,350	2,019	-331
2010-11	2,581	2,599	18
2011-12	3,022	2,607	-416
2012-13	3,348	3,107	-241
2013-14	3,684	3,362	-322
2014-15	4,256	3,981	-274
2015-16	4,502	4,322	-180

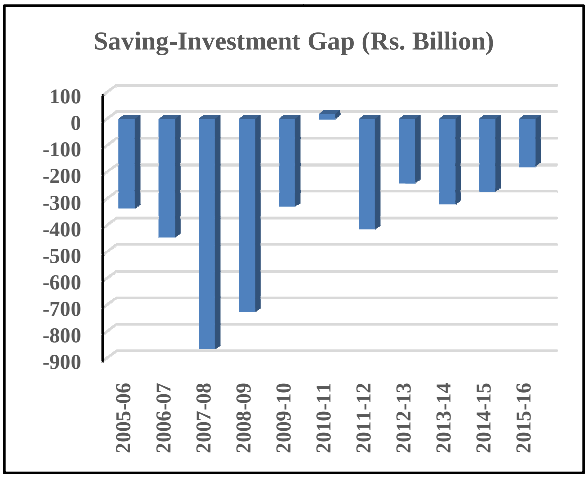
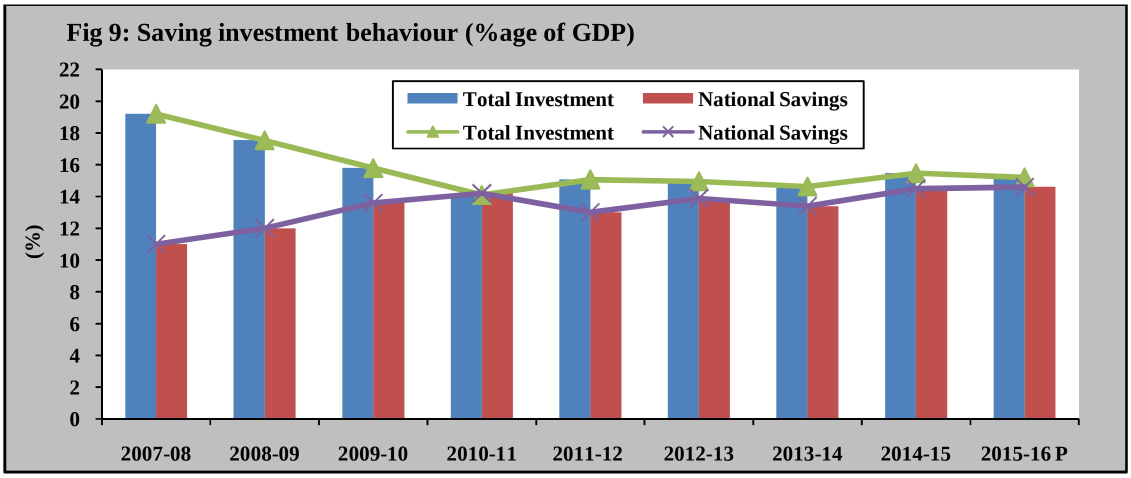


Table 1.7 shows saving and investment as percentage of GDP and Fig-9 indicates saving investment behaviour. Private investment recorded last year was Rs. 2793 billion and it expanded to Rs. 2896 billion during this fiscal year. This increase in private investment is an indicator that investment climate is improving in the country and private investors are showing confidence on government policies.

Table 1.7: Structure of Savings and Investment (As Percent of GDP)

Description	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 P
Total Investment	**17.55**	**15.80**	**14.11**	**15.08**	**14.96**	**14.64**	**15.48**	**15.21**
Changes in Stock	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60
Gross Fixed Investment	**15.95**	**14.20**	**12.52**	**13.48**	**13.36**	**13.04**	**13.88**	**13.61**
-Public Investment	4.29	3.73	3.23	3.75	3.52	3.17	3.72	3.82
-Private Investment	11.66	10.48	9.29	9.73	9.84	9.87	10.16	9.79
Foreign Savings	5.51	2.22	-0.10	2.07	1.08	1.28	1.00	0.61
National Savings	**12.0**	**13.6**	**14.2**	**13.0**	**13.9**	**13.4**	**14.5**	**14.6**
Domestic Savings	9.4	9.8	9.7	7.84	8.7	7.7	8.4	8.3

Source: EA Wing Calculations
P: Provisional



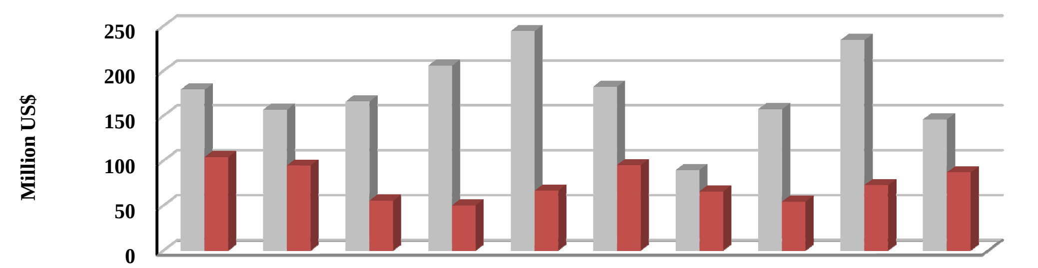
Foreign Direct Investment

During last three decades most economies are trying its best to attract investment inflows from rest of the world. They have liberalized their foreign direct investment regime and pursued investment friendly economic policies to attract investment. Global economic integration have also induced developing countries to establish Special Economic Zones to gain attraction in foreign direct investment. Pakistan has a great potential to attract foreign investment due to abundant resources, large market with growing middle class and better geographical location relative to other countries. But Pakistan could not attract FDI as per potential due to number of internal and external factors during last few years. Now situation is improving on fast track due to better policies of the government to attract foreign investors and improvement in investment climate of the country.

Board of Investment (BOI) is facilitating investors through a comprehensive facilitation package of investment. Recently BOI organized the second Pakistan investment conference to highlight huge potentials of the country. BOI has been receiving a large number of business proposals and quarries from participants and potential investors. The FDI Strategy has comprehensively sets out roadmap to encourage FDI and provide action plans for attracting FDI into Pakistan with special programs to promote the linkages between domestically and foreign-owned private enterprises, such as local supplier, sub-contractor or joint venture programs in the country. Investment policy of Pakistan provides a comprehensive framework for creating a conducive business environment to attract FDI. The policy is consistent with liberalization, de-regulation, privatization and facilitation trends of globalization.

During July-April of FY 2016 net foreign direct investment crossed US $1 billion with the growth of 5.4 percent. It is recorded that during July-April of this fiscal year FDI inflows reached to $1762.3 million and in the same period out flows are registered at $746.0 million. The major FDI inflows are from China, US, UAE, Hongkong, UK, Switzerland, Italy, Austria, Norway, Luxembourg, Saudi Arabia, Japan and Singapore. Power, oil & gas exploration, financial business, tobacco cigarettes, communications, beverages, chemicals, personal services, electronics, construction, petroleum refining and transport remained the main recipient sectors. FDI inflows and outflows are presented in Fig-10.

Fig 9: Foreign Direct Investment



	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
FDI Inflow	179.3	156.9	166.1	205.9	244.3	182.4	89.6	157.3	234.5	146.0
FDI Outflow	104.0	94.7	55.4	50.3	66.6	95.1	65.8	54.3	72.8	87.0

Workers' Remittances

Remittances have been considered a major source of foreign exchange inflows to support external sector of the economy in many developing countries. It remained a key source of funds for developing countries, far exceeding official development assistance and even foreign direct investment. The fall in oil prices could not reduce remittances from GCC countries, due to the substantial financial resources and long-term infrastructure development plans of the GCC countries.

Worker's Remittances is the largest source of foreign exchange earnings after exports. Pakistan is one of the largest labor exporting countries in the region. Worker's remittance in FY 2015 reached to 18.7 billion dollars registering remarkable growth of

18.2 percent. During July-April FY 2016, the remittances have reached to $16.034 billion as compared to $15.235 billion in same period last year, recorded a growth of 5.25 percent over the last year.

The growth in remittances is due to number of initiatives taken by the present government which are helping in increasing the inflow of remittances such as reducing the cost of sending remittances, strengthening Pakistan Remittance Initiative (PRI) and skill matching according to demand in world market. It has been observed that impact of declining oil prices on remittances is not a sign of worry. Crude oil prices fell sharply during last two years from $ 110 per barrel in December 2013 to $42 in December 2015, almost 160 percent whereas no negative impact has been realized on working labor force of Pakistan in Middle East and other GCC countries. It also witnessed that 72204 new workers were registered in 2014, and during 2015, 919458 fresh workers were registered in GCC countries. Going forward the development activities in Saudi Arabia, Expo 2020 and FIFA World Cup in 2022 will further generate the demand of workers.

Pakistan Remittances Initiative (PRI) is playing a significant role in facilitating, faster, cheaper, convenient and efficient flow of remittances in the country. SBP has made best efforts to bring additional remittances through PRI scheme through continuous improvement in payment system, infrastructure, tapping Pakistani Diaspora as well as strengthening PRI core team. All PRI efforts are aimed at bringing structural changes in the remittance system of the country with a long term vision about these flows. PRI is geared up to achieve its objectives of maximizing the flow of remittances through formal channels. Increase in remittances is mainly due to higher demand of Pakistani workers in the world due to worldwide acknowledgement of the skill and practical wisdom of the manpower. Country wise inflow of remittances is presented in Table 1.8.

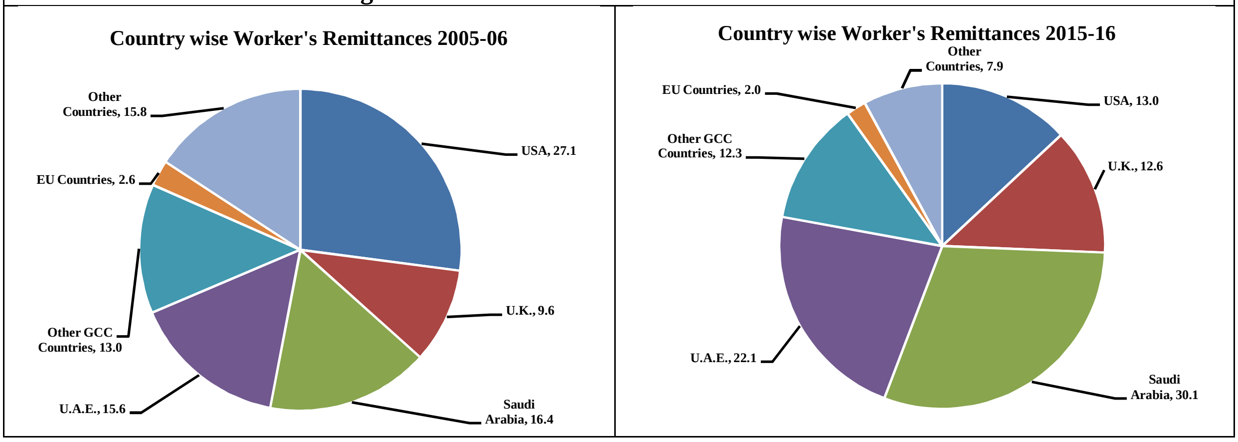
Table-1.8: Country Wise Workers' Remittances US$ Million

Country	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 Jul-Apr*
USA	1,735.87	1,771.19	2,068.67	2,334.47	2,186.24	2,467.65	2,702.7	2,087.6
U.K.	605.59	876.38	1,199.67	1,521.10	1,946.01	2,180.23	2,376.2	2,022.4
Saudi Arabia	1,559.56	1,917.66	2,670.07	3,687.00	4,104.73	4,729.43	5,630.4	4,833.4
U.A.E.	1,688.59	2,038.52	2,597.74	28,48.86	2,750.17	3,109.52	4,231.8	3,545.3
Other GCC Countries	1,202.65	1,237.86	1,306.18	1,495.00	1,607.88	1,860.03	2,173.0	1,966.1
EU Countries	247.66	252.21	354.76	364.79	357.37	431.85	364.1	315.6
Other Countries	771.51	812.08	1003.88	935.40	969.26	1,059.00	1,241.7	1,264.0
Total	7,811.43	8,905.90	11,200.97	13,186.62	13,921.66	15837.71	18,719.8	16,034.4

Source: SBP. * : Provisional

The remittances data provide clear evidence that these Pakistanis are playing significant contribution in socio-economic development of the country. On average Pakistan is receiving $1.603 billion remittances per month in this fiscal year as compared to $1.523 billion monthly in last year, which is an encouraging trend. The below figure provide variations in the remittances from various countries over a period of one decade.

Fig-11: Structure of Remittances Inflows over time



Conclusion and the Way forward

Present government inherited a vulnerable economy facing severe energy crises, poor law and order situation, huge fiscal deficit with low investment and economic growth. The government initiated reforms on multiple dimensions with comprehensive execution plan for all sectors of the economy. All macroeconomic policies including monetary, fiscal and external sectors has been designed and coordinated to reinforce all sectors of the economy and created incentives for domestic and external resource mobilization on sustainable basis. As a result the economy has achieved macroeconomic stability, as all major economic indicators have recorded significant improvement as compared to previous years.

Along with achieving macroeconomic stability, economy also succeeded in achieving higher growth with price stability and declining unemployment in the country. The ‘Vision 2025’ is a road map for future economic policies with the socio-economic destination of high middle income country. The government is making all efforts to achieve the planned targets by taking all stakeholders on board. The execution work on China Pakistan Economic Corridor (CPEC) continued in this fiscal year as per planned time line on all components of the project. Initiatives undertaken by the government under CPEC will make it possible to achieve the potential growth rate to absorb the annual addition to the labor force. Attention is being paid to agriculture sector through the agriculture package which will ensure to achieve robust and sustainable pro-poor growth in coming years.

Multilateral donors and international financial organizations have acknowledged that the economy of Pakistan is moving in right direction and they have reposed tremendous confidence in Pakistan’s economic future with a strong welfare state. The completion of regional connectivity projects like CPEC, CASA1000 and TAPI projects will turn around the economic outlook of Pakistan and will prove to be game changer for the entire region. An economically strong Pakistan will not only defeat extremism at home but would also contribute immensely to stability of the region.

GROWTH AND INVESTMENT

TABLE 1.1

GROSS NATIONAL PRODUCT AT CONSTANT BASIC PRICES OF 2005-06

(Rs. in Million)

Sectors	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 F	2014-15 R	2015-16 P	% Change 2014-15 / 2013-14	% Change 2015-16 / 2014-15
A AGRICULTURE	1,934,691	1,939,132	1,977,178	2,048,794	2,103,600	2,156,117	2,210,647	2,206,357	2.5	-0.2
1. Crops	832,916	798,244	806,162	832,128	844,860	867,133	876,147	821,358	1.0	-6.3
Important Crops	497,113	478,540	485,722	523,936	524,839	562,707	559,792	519,579	-0.5	-7.2
Other Crops	279,273	259,054	264,934	245,007	258,670	243,890	251,435	250,658	3.1	-0.3
Cotton Ginning	56,530	60,650	55,506	63,185	61,351	60,536	64,920	51,121	7.2	-21.3
2. Livestock	1,013,286	1,051,755	1,087,406	1,130,740	1,169,712	1,198,671	1,246,525	1,291,836	4.0	3.6
3. Forestry	40,237	40,207	42,121	42,874	45,695	46,555	41,699	45,384	-10.4	8.8
4. Fishing	48,252	48,926	41,489	43,052	43,333	43,758	46,276	47,779	5.8	3.2
B. INDUSTRIAL SECTOR	1,790,263	1,851,564	1,935,022	1,984,316	1,999,207	2,089,776	2,190,345	2,339,241	4.8	6.8
1. Mining & Quarrying	274,710	282,269	269,798	283,727	294,727	298,856	310,715	331,853	4.0	6.8
2. Manufacturing	1,180,964	1,197,163	1,227,091	1,252,670	1,313,365	1,387,556	1,441,679	1,513,752	3.9	5.0
Large Scale	986,887	990,928	1,007,331	1,018,706	1,064,185	1,122,266	1,159,231	1,212,650	3.3	4.6
Small Scale	113,474	123,083	133,556	144,713	156,691	169,677	183,628	198,695	8.2	8.2
Slaughtering	80,603	83,152	86,204	89,251	92,489	95,613	98,820	102,407	3.4	3.6
3. Electricity Generation & Distribution & Gas Distribution	115,812	135,098	221,379	224,490	165,275	164,054	183,700	206,067	12.0	12.2
4. Construction	218,777	237,034	216,754	223,429	225,840	239,310	254,251	287,569	6.2	13.1
COMMODITY PRODUCING SECTOR (A+B)	3,724,954	3,790,696	3,912,200	4,033,110	4,102,807	4,245,893	4,400,992	4,545,598	3.7	3.3
C. SERVICES SECTOR	4,855,033	5,010,698	5,208,136	5,437,145	5,716,248	5,971,163	6,228,669	6,584,437	4.3	5.7
1. Wholesale & Retail Trade	1,652,874	1,682,465	1,718,014	1,746,511	1,808,124	1,894,410	1,944,253	2,033,100	2.6	4.6
2. Transport, Storage & Communication	1,136,990	1,170,612	1,198,896	1,254,126	1,304,697	1,355,570	1,421,265	1,479,021	4.8	4.1
3. Finance & Insurance	296,427	286,775	274,674	279,171	302,392	315,428	335,854	362,187	6.5	7.8
4. Housing Services (Ownership of Dwellings)	567,941	590,718	614,460	639,003	664,542	691,093	718,673	747,354	4.0	4.0
5. General Government Services	462,193	499,038	569,191	632,130	703,717	723,823	758,746	843,211	4.8	11.1
6. Other Private Services	738,608	781,089	832,901	886,204	932,776	990,839	1,049,878	1,119,564	6.0	6.6
GDP (fc) (Total GVA at basic Prices)	8,579,987	8,801,394	9,120,336	9,470,255	9,819,055	10,217,056	10,629,661	11,130,035	4.04	4.7
Indirest Taxes	611,768	509,152	504,829	533,424	519,054	556,679	616,350	716,693	10.7	16.3
Subsidies	183,930	157,993	221,063	269,772	176,255	136,844	107,861	69,134	-21.2	-35.9
GDP(mp)	9,007,825	9,152,553	9,404,102	9,733,907	10,161,854	10,636,891	11,138,150	11,777,594	4.7	5.7
Net Factor Income from Abroad	201,584	310,494	372,728	386,559	403,132	474,006	548,902	687,849	15.8	25.3
GNP(fc)	8,781,571	9,111,888	9,493,064	9,856,814	10,222,187	10,691,062	11,178,563	11,817,884	4.6	5.7
Gross National Income	9,209,409	9,463,047	9,776,830	10,120,466	10,564,986	11,110,897	11,687,052	12,465,443	5.2	6.7
Population (in million)	168.18	171.73	175.31	178.91	182.53	186.19	189.87	193.56	2.0	1.9
Per Capita Income(fc-Rs)	52,215	53,059	54,152	55,094	56,003	57,420	58,875	61,055	2.5	3.7
Per Capita Income(mp-Rs)	54,759	55,104	55,770	56,567	57,881	59,675	61,553	64,401	3.1	4.6

F : Final, R : Revised, P : Provisional

Source : Pakistan Bureau of Statistics

TABLE 1.2

SECTORAL SHARE IN GDP (%)

(%)

Sector	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 F	2014-15 R	2015-16 P
A. AGRICULTURE	22.5	22.0	21.7	21.6	21.4	21.10	20.80	19.82
1. Crops	9.7	9.1	8.8	8.8	8.6	8.5	8.24	7.38
Important Crops	5.8	5.4	5.3	5.5	5.3	5.5	5.27	4.67
Other Crops	3.3	2.9	2.9	2.6	2.6	2.4	2.37	2.25
Cotton Ginning	0.7	0.7	0.6	0.7	0.6	0.6	0.61	0.46
2. Livestock	11.8	11.9	11.9	11.9	11.9	11.7	11.73	11.61
3. Forestry	0.5	0.5	0.5	0.5	0.5	0.5	0.39	0.41
4. Fishing	0.6	0.6	0.5	0.5	0.4	0.4	0.44	0.43
B. INDUSTRIAL SECTOR	20.9	21.0	21.2	21.0	20.4	20.45	20.61	21.02
1. Mining & Quarrying	3.2	3.2	3.0	3.0	3.0	2.9	2.92	2.98
2. Manufacturing	13.8	13.6	13.5	13.2	13.4	13.6	13.56	13.60
Large Scale	11.5	11.3	11.0	10.8	10.8	11.0	10.91	10.90
Small Scale	1.3	1.4	1.5	1.5	1.6	1.7	1.73	1.79
Slaughtering	0.9	0.9	0.9	0.9	0.9	0.9	0.93	0.92
3. Electricity Generation & Distribution & Gas Distribution	1.3	1.5	2.4	2.4	1.7	1.6	1.73	1.85
4. Construction	2.5	2.7	2.4	2.4	2.3	2.3	2.39	2.58
COMMODITY PRODUCING SECTOR (A+B)	43.4	43.1	42.9	42.6	41.8	41.6	41.40	40.84
C. SERVICES SECTOR	56.6	56.9	57.1	57.4	58.2	58.44	58.60	59.16
1. Wholesale & Retail Trade	19.3	19.1	18.8	18.4	18.4	18.5	18.29	18.27
2. Transport, Storage & Communication	13.3	13.3	13.1	13.2	13.3	13.3	13.37	13.29
3. Finance & Insurance	3.5	3.3	3.0	2.9	3.1	3.1	3.16	3.25
4. Housing Services (Ownership of Dwellings)	6.6	6.7	6.7	6.7	6.8	6.8	6.76	6.71
5. General Government Services	5.4	5.7	6.2	6.7	7.2	7.1	7.14	7.58
6. Other Private Services	8.6	8.9	9.1	9.4	9.5	9.7	9.88	10.06
GDP (fc)	100.0	100.0	100.0	100.0	100.0	100.0	100.00	100.00

F : Final, R : Revised, P : Provisional

Source : Pakistan Bureau of Statistics

TABLE 1.3

Growth Rates (%)

Sector	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 F	2014-15 R	2015-16 P (%)
A. Agriculture	*3.50*	*0.23*	*1.96*	*3.62*	*2.68*	*2.50*	*2.53*	*-0.19*
1. Crops	5.16	-4.16	0.99	3.22	1.53	2.64	1.04	-6.25
Important Crops	8.42	-3.74	1.50	7.87	0.17	7.22	-0.52	-7.18
Other Crops	0.54	-7.24	2.27	-7.52	5.58	-5.71	3.09	-0.31
Cotton Ginning	1.31	7.29	-8.48	13.83	-2.90	-1.33	7.24	-21.26
2. Livestock	2.25	3.80	3.39	3.99	3.45	2.48	3.99	3.63
3. Forestry	2.57	-0.07	4.76	1.79	6.58	1.88	-10.43	8.84
4. Fishing	2.57	1.40	-15.20	3.77	0.65	0.98	5.75	3.25
B. INDUSTRIAL SECTOR	*-5.21*	*3.42*	*4.51*	*2.55*	*0.75*	*4.53*	*4.81*	*6.80*
1. Mining & Quarrying	-2.46	2.75	-4.42	5.16	3.88	1.40	3.97	6.80
2. Manufacturing	-4.18	1.37	2.50	2.08	4.85	5.65	3.90	5.00
Large Scale	-6.04	0.41	1.66	1.13	4.46	5.46	3.29	4.61
Small Scale	8.57	8.47	8.51	8.35	8.28	8.29	8.22	8.21
Slaughtering	3.82	3.16	3.67	3.53	3.63	3.38	3.35	3.63
3. Electricity Generation & Distribution & Gas Distribution	-12.11	16.65	63.87	1.41	-26.38	-0.74	11.98	12.18
4. Construction	-9.88	8.35	-8.56	3.08	1.08	5.96	6.24	13.10
COMMODITY PRODUCING SECTOR (A+B)	-0.88	1.76	3.21	3.09	1.73	3.49	3.65	3.29
C. SERVICES SECTOR	1.33	3.21	3.94	4.40	5.13	4.46	4.31	5.71
1. Wholesale & Retail Trade	-2.99	1.79	2.11	1.66	3.53	4.77	2.63	4.57
2. Transport, Storage & Communication	5.04	2.96	2.42	4.61	4.03	3.90	4.85	4.06
3. Finance & Insurance	-9.65	-3.26	-4.22	1.64	8.32	4.31	6.48	7.84
4. Housing Services (Ownership of Dwellings)	4.03	4.01	4.02	3.99	4.00	4.00	3.99	3.99
5. General Government Services	5.59	7.97	14.06	11.06	11.32	2.86	4.82	11.13
6. Other Private Services	6.54	5.75	6.63	6.40	5.26	6.22	5.96	6.64
GDP (fc)	0.36	2.58	3.62	3.84	3.68	4.05	4.04	4.71

F : Final, R : Revised, P : Provisional

Source: Pakistan Bureau of Statistics

TABLE 1.4

EXPENDITURE ON GROSS NATIONAL PRODUCT AT CONSTANT PRICES OF 2005-06

(Rs million)

Flows	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 F	2014-15 R	2015-16 P	% Change 2014-15 / 2013-14	% Change 2015-16 / 2014-15
Household Final										
Consumption Expenditure	6,858,767	7,010,190	7,331,681	7,700,707	7,865,407	8,304,881	8,566,925	9,167,259	3.16	7.01
General Government Final										
Consumption Expenditure	946,713	941,250	941,446	1,010,601	1,112,404	1,129,117	1,220,931	1,405,639	8.13	15.13
Gross Fixed										
Capital Formation	1,482,823	1,374,205	1,268,315	1,299,089	1,332,648	1,366,257	1,558,296	1,647,268	14.06	5.71
A. Private Sector	1,100,380	1,041,102	971,509	964,142	1,005,526	1,062,261	1,169,195	1,207,931	10.07	3.31
B. Public Sector	93,963	94,651	82,860	74,993	122,621	82,094	108,697	116,708	32.41	7.37
C. General Govt.	288,480	238,452	213,946	259,954	204,501	221,902	280,404	322,629	26.36	15.06
Change in Inventories	144,125	146,441	150,466	155,743	162,590	170,190	178,210	188,442	4.71	5.74
Export of Goods and										
Non-Factor Services	1,087,323	1,258,116	1,287,961	1,094,756	1,243,433	1,225,028	1,147,318	1,092,691	-6.34	-4.76
Less Imports of Goods										
and Non-Factor Services	1,511,926	1,577,649	1,575,767	1,526,988	1,554,628	1,558,582	1,533,530	1,723,704	-1.61	12.40
Expenditure on GDP at										
Market Prices	9,007,825	9,152,553	9,404,102	9,733,907	10,161,854	10,636,891	11,138,150	11,777,594	4.71	5.74
Plus Net Factor Income										
from the Rest of the World	201,584	310,494	372,728	386,559	403,132	474,006	548,902	687,849	15.80	25.31
Expenditure on GNP at										
at Market Prices	9,209,409	9,463,047	9,776,830	10,120,466	10,564,986	11,110,897	11,687,052	12,465,443	5.19	6.66
Less Indirect Taxes	611,768	509,152	504,829	533,424	519,054	556,679	616,350	716,693	10.72	16.28
Plus Subsidies	183,930	157,993	221,063	269,772	176,255	136,844	107,861	69,134	-21.18	-35.90
GNP at Factor Cost	8,781,571	9,111,888	9,493,064	9,856,814	10,222,187	10,691,062	11,178,563	11,817,884	4.56	5.72

F : Final, R : Revised, P : Provisional

Source: Pakistan Bureau of Statistics ɔf Statistics

TABLE 1.5

GROSS NATIONAL PRODUCT AT CURRENT PRICES

(Rs. in million)

Sectors	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 F	2014-15 R	2015-16 P	% Change 2014-15 / 2013-14	2015-16 / 2014-15
A. Agriculture	2,998,621	3,461,273	4,592,720	4,753,075	5,334,976	5,976,217	6,562,832	7,040,873	9.8	7.3
1. Crops	1,460,713	1,604,816	2,309,517	1,966,610	2,192,554	2,612,933	2,713,832	2,624,689	3.9	-3.3
Important Crops	985,311	1,058,365	1,532,889	1,236,453	1,411,388	1,760,329	1,754,847	1,726,961	-0.3	-1.6
Other Crops	392,163	423,866	552,499	586,669	639,078	695,138	774,213	734,096	11.4	-5.2
Cotton Ginning	83,239	122,585	224,129	143,488	142,087	157,467	184,772	163,632	17.3	-11.4
2. Livestock	1,417,555	1,717,446	2,131,579	2,610,408	2,933,384	3,129,682	3,611,958	4,146,136	15.4	14.8
3. Forestry	65,526	72,423	89,390	113,103	136,500	153,722	146,169	166,196	-4.9	13.7
4. Fishing	54,827	66,588	62,234	62,954	72,538	79,880	90,873	103,852	13.8	14.3
B. INDUSTRIAL SECTOR	2,533,221	2,931,695	3,746,997	4,269,666	4,525,694	5,040,094	5,217,366	5,347,977	3.5	2.5
1. Mining & Quarrying	413,256	475,366	494,739	642,205	696,976	741,022	700,419	650,480	-5.5	-7.1
2. Manufacturing	1,679,072	1,943,839	2,527,651	2,809,684	3,037,311	3,408,468	3,507,017	3,552,798	2.9	1.3
Large Scale	1,427,213	1,644,117	2,144,831	2,362,410	2,519,037	2,824,463	2,850,224	2,844,358	0.9	-0.2
Small Scale	145,946	167,383	208,611	241,951	283,107	327,030	373,317	405,187	14.2	8.5
Slaughtering	105,913	132,339	174,209	205,323	235,167	256,975	283,476	303,253	10.3	7.0
3. Electricity Generation & Distribution & Gas Distribution	146,983	209,936	406,156	439,637	368,040	406,192	474,335	552,105	16.8	16.4
4. Construction	293,910	302,554	318,451	378,140	423,367	484,412	535,595	592,594	10.6	10.6
COMMODITY PRODUCING SECTOR (A+B)	5,531,842	6,392,968	8,339,717	9,022,741	9,860,670	11,016,311	11,780,198	12,388,850	6.9	5.2
C. SERVICES SECTOR	7,010,423	7,855,579	9,307,836	10,338,770	11,642,671	13,012,586	14,359,575	15,516,241	10.4	8.1
1. Wholesale & Retail Trade	2,479,758	2,824,137	3,568,178	4,006,835	4,369,465	4,924,462	5,085,934	5,203,573	3.3	2.3
2. Transport, Storage & Communication	1,693,847	1,834,476	1,923,433	1,905,704	2,311,796	2,474,818	3,105,780	3,570,442	25.5	15.0
3. Finance & Insurance	481,308	474,733	536,345	570,503	522,327	584,074	605,108	542,289	3.6	-10.4
4. Housing Services (Ownership of Dwellings)	707,261	789,220	886,370	984,148	1,092,749	1,229,110	1,371,444	1,506,452	11.6	9.8
5. General Government Services	654,144	778,002	1,009,433	1,244,687	1,486,115	1,660,434	1,818,477	2,080,066	9.5	14.4
6. Other Private Services	994,105	1,155,011	1,384,077	1,626,893	1,860,219	2,139,688	2,372,832	2,613,419	10.9	10.1
GDP (fc) (Total of GVA at bp)	12,542,265	14,248,547	17,647,553	19,361,511	21,503,341	24,028,897	26,139,773	27,905,091	8.8	6.8
Indirest Taxes	919,059	870,853	1,046,915	1,221,540	1,275,990	1,480,099	1,633,881	1,876,016	10.4	14.8
Subsidies	261,617	252,404	418,028	536,551	393,674	340,191	280,549	183,202	-17.5	-34.7
GDP(mp)	13,199,707	14,866,996	18,276,440	20,046,500	22,385,657	25,168,805	27,493,105	29,597,905	9.2	7.7
Net Factor Income from Abroad	346,281	566,247	820,225	1,035,707	1,161,607	1,428,227	1,674,811	1,868,679	17.3	11.6
Gross National Income (fc)	12,888,546	14,814,794	18,467,778	20,397,218	22,664,948	25,457,124	27,814,584	29,773,770	9.3	7.0
Gross National Product (mp)	13,545,988	15,433,243	19,096,665	21,082,207	23,547,264	26,597,032	29,167,916	31,466,584	9.7	7.9
Population (in million)	168.18	171.73	175.31	178.91	182.53	186.19	189.87	193.56	2.0	1.9
Per Capita Income(fc-Rs)	76,635	86,268	105,347	114,008	124,171	136,727	146,493	153,822	7.1	5.0
Per Capita Income(mp-Rs)	80,545	89,869	108,934	117,837	129,005	142,849	153,620	162,568	7.5	5.8
Per Capita Income(mp-US $)	1,026.1	1,072.4	1,274.1	1,320.5	1,333.7	1,388.8	1,516.8	1,560.7	9.2	2.9
GDP Deflator Index	146.2	161.9	193.5	204.4	219.0	235.2	245.9	250.7	4.6	2.0
GDP Deflator (Growth %)	20.7	10.7	19.5	5.7	7.1	7.4	4.6	2.0		

F : Final, R : Revised, P : Provisional

Source: Pakistan Bureau of Statistics

TABLE 1.6

EXPENDITURE ON GROSS NATIONAL PRODUCT AT CURRENT PRICES

(Rs. in million)

Flows	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 F	2014-15 R	2015-16 P	% Change 2014-15 / 2013-14	2015-16 / 2014-15
Household Final										
Consumption Expenditure	10,455,752	11,851,316	14,831,293	16,527,831	18,091,829	20,391,214	21,995,133	23,698,864	7.87	7.75
General Government Final										
Consumption Expenditure	1,388,459	1,533,713	1,779,421	2,102,628	2,463,120	2,708,918	3,011,195	3,506,665	11.16	16.45
Gross Fixed										
Capital Formation	2,105,285	2,111,791	2,288,325	2,701,458	2,990,126	3,280,822	3,815,822	4,028,202	16.31	5.57
A. Private Sector	1,539,444	1,557,909	1,697,795	1,950,349	2,202,307	2,483,817	2,792,865	2,896,454	12.44	3.71
B. Public Sector	132,458	146,033	146,849	155,813	285,094	207,012	279,632	287,236	35.08	2.72
C. General Govt.	433,383	407,849	443,681	595,296	502,725	589,993	743,325	844,512	25.99	13.61
Change in Inventories	211,195	237,872	292,423	320,744	358,171	402,701	439,890	473,566	9.23	7.66
Export of Goods and										
Non-Factor Services	1,636,203	2,009,463	2,552,610	2,485,097	2,972,178	3,081,312	2,910,171	2,573,396	-5.55	-11.57
Less Imports of Goods										
and Non-Factor Services	2,597,187	2,877,159	3,467,632	4,091,258	4,489,767	4,696,162	4,679,106	4,682,788	-0.36	0.08
Expenditure on GDP at										
Market Prices	13,199,707	14,866,996	18,276,440	20,046,500	22,385,657	25,168,805	27,493,105	29,597,905	9.23	7.66
Plus Net Factor Income										
from the Rest of the World	346,281	566,247	820,225	1,035,707	1,161,607	1,428,227	1,674,811	1,868,679	17.27	11.58
Expenditure on GNP at										
at Market Prices	13,545,988	15,433,243	19,096,665	21,082,207	23,547,264	26,597,032	29,167,916	31,466,584	9.67	7.88
Less Indirect Taxes	919,059	870,853	1,046,915	1,221,540	1,275,990	1,480,099	1,633,881	1,876,016	10.39	14.82
Plus Subsidies	261,617	252,404	418,028	536,551	393,674	340,191	280,549	183,202	-17.53	-34.70
GNP at Factor Cost	12,888,546	14,814,794	18,467,778	20,397,218	22,664,948	25,457,124	27,814,584	29,773,770	9.26	7.04

F : Final, R : Revised, P : Provisional

Source: Pakistan Bureau of Statistics

TABLE 1.7

GROSS FIXED CAPITAL FORMATION (GFCF) IN PRIVATE, PUBLIC, AND GENERAL GOVERNMENT SECTORS BY ECONOMIC ACTIVITY AT CURRENT MARKET PRICES

(Rs. in million)

Sector	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 F	2014-15 R	2015-16 P	% Change 2014-15 / 2013-14	% Change 2015-16 / 2014-15
GFCF (A+B+C)	2,105,285	2,111,791	2,288,325	2,701,458	2,990,126	3,280,822	3,815,822	4,028,202	16.3	5.6
A. Private Sector	1,539,444	1,557,909	1,697,795	1,950,349	2,202,307	2,483,817	2,792,865	2,896,454	12.4	3.7
B. Public Sector	132,458	146,033	146,849	155,813	285,094	207,012	279,632	287,236	35.1	2.7
C. General Govt.	433,383	407,849	443,681	595,296	502,725	589,993	743,325	844,512	26.0	13.6
Private & Public (A+B)	1,671,902	1,703,942	1,844,644	2,106,162	2,487,401	2,690,829	3,072,497	3,183,690	14.2	3.6
SECTOR-WISE:										
1. Agriculture	371,908	442,507	537,050	624,512	698,903	725,388	820,800	868,675	13.2	5.8
2. Mining and Quarrying	46,855	59,068	42,757	51,993	44,417	70,138	65,062	94,827	-7.2	45.7
3. Manufacturing (A+B)	354,565	270,379	259,307	285,010	372,582	381,421	422,768	429,365	10.8	1.6
A. Large Scale	345,013	258,293	243,309	266,844	351,715	357,556	396,371	400,148	10.9	1.0
B. Small Scale (including Slaughtering)	9,552	12,086	15,998	18,166	20,867	23,865	26,397	29,217	10.6	10.7
4. Electricity Generation & Distribution & Gas Distribution	101,529	96,967	129,720	132,760	162,755	104,926	217,718	166,256	107.5	-23.6
5. Construction	36,441	24,200	16,626	24,453	30,220	49,042	39,700	49,632	-19.0	25.0
6. Wholesale and Retail Trade	36,003	41,716	51,616	57,954	64,422	73,000	74,741	77,204	2.4	3.3
7. Transport & Communication	267,784	298,998	252,884	268,177	351,980	436,682	501,819	478,626	14.9	-4.6
8. Finance & Insurance	35,716	30,873	28,704	36,096	47,461	40,770	47,676	51,713	16.9	8.5
9. Housing Services (Ownership of Dwellings)	288,378	285,256	341,565	408,562	468,463	525,816	568,524	624,205	8.1	9.8
10. Other Private Services	132,723	153,978	184,415	216,645	246,198	283,646	313,689	343,187	10.6	9.4

F : Final, R : Revised, P : Provisional

(Contd.)

TABLE 1.7 a

GROSS FIXED CAPITAL FORMATION (GFCF) IN PRIVATE SECTOR BY ECONOMIC ACTIVITY AT CURRENT MARKET PRICES

(Rs. in million)

Sector	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 F	2014-15 R	2015-16 P	% Change 2014-15 / 2013-14	% Change 2015-16 / 2014-15
PRIVATE SECTOR	1,539,444	1,557,909	1,697,795	1,950,349	2,202,307	2,483,817	2,792,865	2,896,454	12.4	3.7
1. Agriculture	371,853	442,429	536,980	624,418	698,810	725,292	820,674	868,415	13.2	5.8
2. Mining and Quarrying	32,195	46,404	30,606	33,919	29,214	48,205	38,208	54,344	-20.7	42.2
3. Manufacturing (A+B)	352,415	268,947	256,693	282,127	366,804	375,567	421,114	426,969	12.1	1.4
A. Large Scale	342,863	256,861	240,695	263,961	345,937	351,702	394,717	397,752	12.2	0.8
B. Small Scale (including Slaughtering)	9,552	12,086	15,998	18,166	20,867	23,865	26,397	29,217	10.6	10.7
4. Electricity Generation & Distribution & Gas Distribution	36,518	19,027	49,866	61,388	9,590	20,855	54,739	14,430	162.5	-73.6
5. Construction	21,716	14,251	8,836	13,076	14,219	29,122	30,128	43,341	3.5	43.9
6. Wholesale and Retail Trade	36,003	41,716	51,616	57,954	64,422	73,000	74,741	77,204	2.4	3.3
7. Transport & Communication	237,193	259,350	211,803	223,175	267,704	366,473	429,381	402,037	17.2	-6.4
8. Finance & Insurance	30,450	26,551	25,415	29,085	36,883	35,841	41,667	42,322	16.3	1.6
9. Housing Services (Ownership of Dwellings)	288,378	285,256	341,565	408,562	468,463	525,816	568,524	624,205	8.1	9.8
10. Other Private Services	132,723	153,978	184,415	216,645	246,198	283,646	313,689	343,187	10.6	9.4

F : Final, R : Revised, P : Provisional

(Contd.)

TABLE 1.7 b

GROSS FIXED CAPITAL FORMATION (GFCF) IN PUBLIC AND GENERAL GOVERNMENT SECTORS BY ECONOMIC ACTIVITY AT CURRENT MARKET PRICES

(Rs. in Million)

Sector	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 F	2014-15 R	2015-16 P	% Change 2014-15 / 2013-14	% Change 2015-16 / 2014-15
Public Sector and										
General Govt. (A+B)	565,841	553,882	590,530	751,109	787,819	797,005	1,022,957	1,131,748	28.4	10.6
A. Public Sector (Autonomous & Semi Auto-Bodies)	132,458	146,033	146,849	155,813	285,094	207,012	279,632	287,236	35.1	2.7
1. Agriculture	55	78	70	94	93	96	126	260	31.3	106.3
2. Mining and Quarrying	14,660	12,664	12,151	18,074	15,203	21,933	26,854	40,483	22.4	50.8
3. Manufacturing	2,150	1,432	2,614	2,883	5,778	5,854	1,654	2,396	-71.7	44.9
4. Electricity Generation & Distribution & Gas Distribution	65,011	77,940	79,854	71,372	153,165	84,071	162,979	151,826	93.9	-6.8
5. Construction	14,725	9,949	7,790	11,377	16,001	19,920	9,572	6,291	-51.9	-34.3
6. Transport & Communication	30,591	39,648	41,081	45,002	84,276	70,209	72,438	76,589	3.2	5.7
Railways	1,907	10,874	2,136	4,265	24,478	8,767	6,196	7,210	-29.3	16.4
Post Office & PTCL	7,774	8,373	11,336	14,146	12,600	18,137	18,232	17,422	0.5	-4.4
Others	20,910	20,401	27,609	26,591	47,198	43,305	48,010	51,957	10.9	8.2
7. Finance & Insurance	5,266	4,322	3,289	7,011	10,578	4,929	6,009	9,391	21.9	56.3
8. Other Private Services										
B. General Govt.	433,383	407,849	443,681	595,296	502,725	589,993	743,325	844,512	26.0	13.6
Federal	115,100	130,342	130,832	144,806	147,751	164,736	208,953	237,164	26.8	13.5
Provincial	213,290	219,840	242,542	372,721	288,464	358,791	442,650	528,753	23.4	19.5
District Governments	104,993	57,667	70,307	77,769	66,510	66,466	91,722	78,595	38.0	-14.3

F : Final, R : Revised, P : Provisional

Source: Pakistan Bureau of Statistics

TABLE 1.8

GROSS FIXED CAPITAL FORMATION (GFCF) IN PRIVATE, PUBLIC, AND GENERAL GOVERNMENT SECTORS BY ECONOMIC ACTIVITY AT CONSTANT PRICES (2005-06)

(Rs. in million)

Sector	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 F	2014-15 R	2015-16 P	% Change 2014-15 / 2013-14	% Change 2015-16 / 2014-15
GFCF (A+B+C)	1,482,823	1,374,205	1,268,315	1,299,089	1,332,648	1,366,257	1,558,296	1,647,268	14.1	5.7
A. Private Sector	1,100,380	1,041,102	971,509	964,142	1,005,526	1,062,261	1,169,195	1,207,931	10.1	3.3
B. Public Sector	93,963	94,651	82,860	74,993	122,621	82,094	108,697	116,708	32.4	7.4
C. General Govt.	288,480	238,452	213,946	259,954	204,501	221,902	280,404	322,629	26.4	15.1
Private & Public (A+B)	1,194,343	1,135,753	1,054,369	1,039,135	1,128,147	1,144,355	1,277,892	1,324,639	11.7	3.7
SECTOR-WISE:										
1. Agriculture	277,113	295,484	297,865	289,469	301,042	296,850	315,736	316,339	6.4	0.2
2. Mining and Quarrying	33,165	37,484	23,831	25,235	18,656	25,880	23,508	34,175	-9.2	45.4
3. Manufacturing (A+B)	236,819	158,703	125,581	125,388	152,586	144,695	160,489	164,641	10.9	2.6
A. Large Scale	229,657	151,013	117,325	116,526	143,072	134,480	149,523	152,868	11.2	2.2
B. Small Scale (including Slaughtering)	7,163	7,690	8,255	8,863	9,514	10,215	10,966	11,773	7.4	7.4
4. Electricity Generation & Distribution & Gas Distribution	71,864	61,535	72,300	64,438	68,359	38,716	78,667	59,916	103.2	-23.8
5. Construction	27,025	18,869	11,260	14,398	16,140	24,268	18,896	24,197	-22.1	28.1
6. Wholesale and Retail Trade	23,965	24,390	24,890	25,308	26,206	27,456	28,195	29,494	2.7	4.6
7. Transport & Communication	189,689	195,846	144,110	122,203	153,081	180,484	225,791	248,082	25.1	9.9
8. Finance & Insurance	23,774	18,050	13,841	15,762	19,307	15,334	17,985	19,756	17.3	9.8
9. Housing Services (Ownership of Dwellings)	213,867	222,422	231,319	240,571	250,194	260,202	270,610	281,434	4.0	4.0
10. Other Private Services	97,062	102,969	109,374	116,362	122,576	130,470	138,015	146,605	5.8	6.2

F : Final, R : Revised, P : Provisional

(Contd.)

TABLE 1.8 a

GROSS FIXED CAPITAL FORMATION (GFCF) IN PRIVATE SECTOR BY ECONOMIC ACTIVITY AT CONSTANT PRICES (2005-06)

(Rs. in million)

Sector	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 F	2014-15 R	2015-16 P	% Change 2014-15 / 2013-14	% Change 2015-16 / 2014-15
PRIVATE SECTOR	1,100,380	1,041,102	971,509	964,142	1,005,526	1,062,261	1,169,195	1,207,931	10.1	3.3
1. Agriculture	277,068	295,422	297,817	289,415	300,990	296,800	315,671	316,204	6.4	0.2
2. Mining and Quarrying	22,788	29,448	17,058	16,463	12,270	17,787	13,805	19,585	-22.4	41.9
3. Manufacturing (A+B)	235,388	157,866	124,320	124,130	150,236	142,493	159,865	163,726	12.2	2.4
A. Large Scale	228,225	150,176	116,065	115,267	140,722	132,278	148,899	151,953	12.6	2.1
B. Small Scale (including Slaughtering)	7,163	7,690	8,255	8,863	9,514	10,215	10,966	11,773	7.4	7.4
4. Electricity Generation & Distribution & Gas Distribution	25,848	12,075	27,793	29,796	4,028	7,695	19,779	5,200	157.0	-73.7
5. Construction	16,105	11,112	5,984	7,699	7,594	14,411	14,340	21,130	-0.5	47.4
6. Wholesale and Retail Trade	23,965	24,390	24,890	25,308	26,206	27,456	28,195	29,494	2.7	4.6
7. Transport & Communication	168,019	169,876	120,699	101,697	116,428	151,467	193,197	208,385	27.6	7.9
8. Finance & Insurance	20,269	15,523	12,255	12,701	15,004	13,480	15,718	16,168	16.6	2.9
9. Housing Services (Ownership of Dwellings)	213,867	222,422	231,319	240,571	250,194	260,202	270,610	281,434	4.0	4.0
10. Other Private Services	97,062	102,969	109,374	116,362	122,576	130,470	138,015	146,605	5.8	6.2

F : Final, R : Revised, P : Provisional

(Contd.)

TABLE 1.8 b

GROSS FIXED CAPITAL FORMATION (GFCF) IN PUBLIC AND GENERAL GOVERNMENT SECTORS BY ECONOMIC ACTIVITY AT CONSTANT PRICES (2005-06)

(Rs. in Million)

Sector	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 F	2014-15 R	2015-16 P	% Change 2014-15 / 2013-14	% Change 2015-16 / 2014-15
Public Sector and										
General Govt. (A+B)	382,443	333,103	296,806	334,947	327,122	303,996	389,101	439,337	28.0	12.9
A. Public Sector (Autonomous & Semi Auto-Bodies)	93,963	94,651	82,860	74,993	122,621	82,094	108,697	116,708	32.4	7.4
1. Agriculture	45	62	48	54	52	50	65	135	30.0	107.7
2. Mining and Quarrying	10,377	8,037	6,772	8,772	6,386	8,093	9,703	14,590	19.9	50.4
3. Manufacturing	1,431	837	1,260	1,259	2,350	2,202	624	915	-71.7	46.6
4. Electricity Generation & Distribution & Gas Distribution	46,016	49,461	44,507	34,642	64,331	31,021	58,888	54,716	89.8	-7.1
5. Construction	10,920	7,758	5,276	6,699	8,546	9,857	4,556	3,067	-53.8	-32.7
6. Transport & Communication	21,670	25,970	23,411	20,506	36,653	29,017	32,594	39,697	12.3	21.8
Railways	1,351	7,123	1,217	1,943	10,646	3,623	2,788	3,737	-23.0	34.0
Post Office & PTCL	5,507	5,484	6,460	6,446	5,480	7,496	8,204	9,030	9.4	10.1
Others	14,812	13,363	15,733	12,117	20,527	17,898	21,602	26,930	20.7	24.7
7. Finance & Insurance	3,505	2,527	1,586	3,061	4,303	1,854	2,267	3,588	22.3	58.3
8. Other Private Services										
B. General Govt.	288,480	238,452	213,946	259,954	204,501	221,902	280,404	322,629	26.4	15.1
Federal	76,616	76,206	63,088	63,234	60,103	61,959	78,823	90,604	27.2	14.9
Provincial	141,976	128,531	116,955	162,760	117,343	134,945	166,981	201,999	23.7	21.0
District Governments	69,888	33,716	33,902	33,960	27,055	24,998	34,600	30,026	38.4	-13.2

F : Final, R : Revised, P : Provisional

Source: Pakistan Bureau of Statistics

Agriculture

Agriculture sector is a vital component of Pakistan's economy as it provides the raw materials to down the line industries and helps in poverty alleviation. This sector contributed 19.8 percent in GDP and it remains by far the largest employer absorbing 42.3 percent of the country's total labour force. The agriculture sector growth is contingent on favorable weather conditions. There is a strong relationship between agriculture and climate—temperature, precipitation, floods and other aspects of weather that finally affect economic performance including agriculture production, commodity prices and finally economic growth. The emerging challenges of national food security and climate change have shifted the policy focus globally towards the development of agriculture sector during past few years. The high potential of this sector in earning valuable foreign exchange has been greatly realized through taping the potential in value addition sectors. Pakistan's agriculture community consists of small farmers having various limitations in their day to day farming practices that have been translated into the fact that per yield level in Pakistan has been graded in the lower to middle ranged economy fulfilling the propensity to cater the food requirements of its growing population and with current pace of development envisages to slip to the lower ranged economies having ability to cater the nutritional needs of its population by the year 2030.

The government is focusing on improving agricultural productivity by increasing crops yield, systematic application of better inputs and advance technology to enhance profitability of the farming community, improve competitiveness and ensure the environmental sustainability of agriculture. The overall objective is to achieve a sustained agriculture growth rate of four to five percent per annum to support the overall GDP growth trajectory.

To protect the farmers from the vagaries of unprecedented climate change and global slowdown in commodity prices, the government announced Kissan Package in September, 2015.

Box item 1: Prime Minister's Agriculture Package of Rs 341 billion

A mega relief package of Rs 341 billion has been announced by Prime Minister of Pakistan for small farmers including direct cash support and provision of soft agriculture loans. It is aimed at introducing progressive agriculture on scientific lines, reducing production cost of crops and make the small farmers prosperous. Under the package

- Small farmers would get the chunk of Rs 147 billion as direct benefit while Rs 194 billion has been allocated for agriculture loans.
- The farmers cultivating rice and cotton at up to 12.5 acres of land would be given cash support of Rs 5,000 per acre. The government on this facility will bear the cost of Rs 20 billion each for rice and cotton crops.
- Announced setting up a Rs 20 billion fund to reduce prices of fertilizers which will lessen Rs 500 per bag of Potassium and Nitrate fertilizers. Also, the government was negotiating with local fertilizer manufacturers and gas companies to revert the increase in prices of fertilizers which has gone up by Rs 200 per bag.
- It had been decided to provide Liquefied Natural Gas (LNG) to fertilizer companies to overcome the shortages of gas supply.
- The government would bear the Rs 2.5 billion premium on the agricultural insurance which will benefit 0.7 million small farmers.
- Solar tubewells would be provided on mark up free loans to the farmers who own up to 12.5 acre of land. The

mark up of seven years would be paid by the federal government with a cost of Rs 14.5 billion. This would ensure a saving of Rs 1,600 and Rs 500 per day for the farmers running tubewells on diesel for five hours daily and on petrol for same duration, respectively.

- The electricity price for running tubewells at peak hours has been fixed at Rs 10.35 per unit and Rs 8.85 at off-peak hours. The sales tax on these bills amounting Rs 7 billion would be borne by the federal government.
- The custom duty, sales tax and withholding tax on the agriculture machinery has been reduced from 45 percent to nine percent.
- The rice millers has been given full exemption on the turn-over tax for year 2015-16.
- The traders of agriculture commodities, fruits, vegetables and fish would get an exemption of three years on income tax while the sales tax on cold chain machinery has been reduced from 17 to seven percent.
- The installation of production unit of Halal meat that will be registered before December 31, 2016 will be given a four-year exemption on income tax.
- The government would provide Rs 30 billion as the fifty percent guarantee to banks on loans. This will benefit around 0.3 million farmer households through Rs 0.1 million each with collateral loans.
- The time-limit to pay back Rs 34 billion outstanding loan on the rice traders has been extended up to June 30, 2016.
- The government and the State Bank of Pakistan are working over reducing the mark-up rate on agriculture loans by two percent which would give a benefit of Rs 11 billion per annum to farmers.
- The Zarai Taraqiati Bank Limited and commercial banks would provide one-window facility to the farmers seeking loans.
- The value of production unit has been increased from Rs 2,000 to Rs 4,000 which would help farmers get doubled the amount of loan against their land value.
- A committee under supervision of Federal Minister for National Food Security & Research has been set up which would workout the ways to increase per acre yield and reduction of agriculture inputs.

Source: Press Release by Prime Minister’s Secretariat

Performance during 2015-16

During FY 2016, the performance of agriculture sector as a whole remained dismal as it witnessed a negative growth of 0.19 percent against 2.53 percent growth during the same period last year. The growth of crops declined by 6.25 percent, while the other sub component of Agriculture sector like Livestock, Forestry and Fishing posted positive growth of 3.63 percent, 8.84 percent and 3.25 percent, respectively. The growth of sub Sector of crops included important crops, other crops and cotton ginning remained negative as it posted a growth of -7.18 percent, -0.31 percent and -21.26 percent which impacted negatively on crops as a result became the reason of negative growth of Agriculture sector. The last negative growth in Agriculture was witnessed in 2000-01, when agriculture growth declined to 2.18 percent. Important crops having a share of 23.55 percent in agricultural value added has witnessed negative growth of 7.18 percent on account of large decline in cotton production (27.83 percent), rice production (2.74 percent) and maize production (0.35 percent) during 2015-16 against negative growth of 0.52 percent during the same period of last year. While only wheat and sugarcane production witnessed a positive growth of 1.58 percent and 4.22 percent respectively, as compared to last year. Other crops contributed 11.36 percent in value addition of agriculture witnessed a decline of 0.31 percent during 2015-16 against positive growth of 3.09 percent during the same period last year due to decline in the production of pulses, fruits and oilseeds posting negative growth of 12.49 percent, 2.48 percent and 9.56 percent, respectively. With drop in cotton production by around 27.83 percent this year the Cotton ginning having a share of 2.32 percent in value addition of agriculture has suffered badly and posted a negative growth of

21.26 percent compared to 7.24 percent growth during the same period last year.

The Livestock sector having contribution of 58.55 percent in the agriculture recorded a positive growth of 3.63 percent during 2015-16 compared to 3.99 percent growth during the same period last year. The Fishing sector having contribution of 2.17 percent in agriculture value addition recorded a growth of 3.25 percent compared to 5.75 percent growth of last year. Forestry sector having contribution of 2.06 in the agriculture value addition posted a growth of 8.84 percent this year as compared to the negative growth of 10.43 percent last year. (Table 2.1)

Table 2.1: Agriculture growth percentages (Base=2005-06)

Sector	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16(P)
Agriculture	**0.23**	**1.96**	**3.62**	**2.68**	**2.50**	**2.53**	**-0.19**
Crops	-4.16	0.99	3.22	1.53	2.64	1.04	-6.25
i) Important Crops	-3.74	1.50	7.87	0.17	7.22	-0.52	-7.18
ii) Other Crops	-7.24	2.27	-7.52	5.58	-5.71	3.09	-0.31
iii) Cotton Ginning	7.29	-8.48	13.83	-2.90	-1.33	7.24	-21.26
Livestock	3.80	3.39	3.99	3.45	2.48	3.99	3.63
Forestry	-0.07	4.76	1.79	6.58	1.88	-10.43	8.84
Fishing	1.40	-15.20	3.77	0.65	0.98	5.75	3.25

Source: Pakistan Bureau of Statistics
P: Provisional

Pakistan has two crop seasons, "Kharif" being the first sowing season starting from April-June and is harvested during October-December. Rice, sugarcane, cotton, maize, moong, mash, bajra and jowar are "Kharif" crops. "Rabi", the second sowing season, begins as on October-December and is harvested in April-May. Wheat, gram, lentil (masoor), tobacco, rapeseed, barley and mustard are "Rabi" crops. Pakistan's agricultural output is closely linked with the availability of irrigation water. During 2015-16, the availability of water for Kharif 2015 stood at 65.5 million acre feet (MAF) showing a decrease of 5.5 percent over Kharif 2014 and 2.4 percent less than the normal supplies of 67.1 MAF. During Rabi season 2015-16, the water availability remained at 32.9 MAF, which is 0.6 percent less than Rabi 2014-15 and 9.6 percent less than the normal availability of 36.4 MAF. (Table 2.2) .

Table 2.2: Actual Surface Water Availability **(Million Acre Feet)**

Period	Kharif	Rabi	Total	% age increase/decrease. over the Avg.
Average system usage	67.1	36.4	103.5	-
2007-08	70.8	27.9	98.7	- 4.6
2008-09	66.9	24.9	91.8	-11.3
2009-10	67.3	25.0	92.3	-10.8
2010-11	53.4	34.6	88.0	-15.0
2011-12	60.4	29.4	89.8	-13.2
2012-13	57.7	31.9	89.6	-13.4
2013-14	65.5	32.5	98.0	-5.3
2014-15	69.3	33.1	102.4	-1.1
2015-16	65.5	32.9	98.4	-4.9

Source: Indus River System Authority

I. Crop Situation

The agriculture mix of Pakistan is heavily based on important crops (wheat, rice, sugarcane maize and cotton) which account for 23.55 percent of the value added in overall agriculture and 4.67 percent of GDP. The other crops account for 11.36 percent of the value added in overall agriculture and 2.25 percent of GDP. Livestock contributes 58.55 percent to agricultural value addition and 11.61 percent to GDP. Forestry contributes 2.06 percent to agricultural value addition and 0.41 percent to GDP. Fishing contributes 2.17 percent to agricultural value addition and 0.43 percent to GDP. The production performance of important crops is given in Table 2.3.

Table 2.3: Production of Important Crops **(Thousand Tonnes)**

Year	Cotton (000 bales)	Sugarcane	Rice	Maize	Wheat
2009-10	12,914	49,373	6,883	3,261	23,311
	-	-	-	-	-
2010-11	11,460	55,309	4,823	3,707	25,214
	(-11.3)	(12.0)	(-29.9)	(13.7)	(8.2)
2011-12	13,595	58,397	6,160	4,338	23,473
	(18.6)	(5.6)	(27.7)	(17.0)	(-6.9)
2012-13	13,031	63,750	5,536	4,220	24,211
	(-4.1)	(9.2)	(-10.1)	(-2.7)	(3.1)
2013-14	12,769	67,460	6,798	4,944	25,979
	(-2.0)	(5.8)	(22.8)	(17.2)	(7.3)
2014-15	13,960	62,826	7,003	4,937	25,086
	(9.3)	(-6.9)	(3.0)	(-0.1)	(-3.4)
2015-16 P	10,074	65,475	6,811	4,920	25,482
	(-27.8)	(4.2)	(-2.7)	(-0.3)	(1.6)

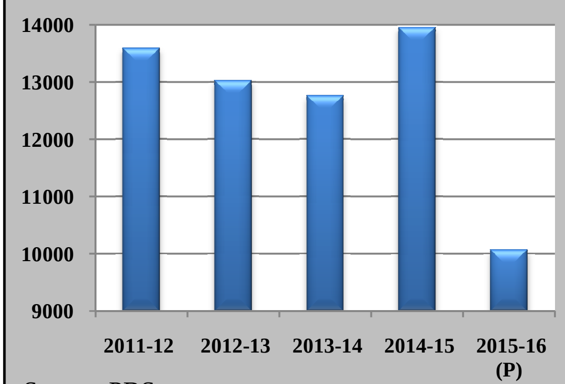
Source: Pakistan Bureau of Statistics
P: Provisional (July-March), Figures in parentheses are growth/decline rates

a) Important Crops

i) Cotton:

Cotton being a cash crop and a essential source of raw material to the textile, enables the textile industry to survive and expand its base. The cotton has share of 1.0 percent in GDP and contributes 5.1 percent in agriculture value addition. This year the production of cotton massively declined therefore, to maintain the supply chain of cotton to the textile industry, the import of raw cotton during July-March 2015-16 has increased to 345.363 thousand tonnes compared to 97.354 thousand tonnes during same period last year showing a growth of 254.75 percent while in value terms it reached to US$ 588.236 million against US$ 224.647 million witnessing growth of 161.85 percent. During 2015-16, the cotton crop was sown on an area of 2917 thousand hectares, showing a decrease of 1.5 percent over last year's area of 2961 thousand hectares. Cotton production for the year 2015-16 stood at 10.074 million bales against 13.960 million bales last year showing a decline of 27.8 percent. Cotton crop suffered multiple shocks this season such as prolonged and frequent rains badly hit the standing cotton crop, additional crop losses came from severe attack of pink bollworm. While the crop generally becomes more susceptible to pest attacks during rainy season, the risks heightened further this year as the plant was still in the early stage of growth due to sowing delays. At the same time, low prices discouraged farmers from investing in fertilizer and pesticides. The area, production and yield of cotton for the last five years are shown in Table 2.4 and Figure 2.1.

Figure 2.1: Cotton Production (000 bales)



Source: PBS

Table 2.4: Area, Production and Yield of Cotton						
Year	Area		Production		Yield	
	(000 Hectare)	% Change	(000 Bales)	% Change	(Kgs/Hec)	% Change
2011-12	2,835	-	13,595	-	815	-
2012-13	2,879	1.6	13,031	-4.1	769	-5.6
2013-14	2,806	-2.5	12,769	-2.0	774	0.6
2014-15	2,961	5.5	13,960	9.3	802	3.6
2015-16(P)	2,917	-1.5	10,074	-27.8	587	-26.8
Source: Pakistan Bureau of Statistics		P: Provisional (July-March)				

World Cotton Outlook

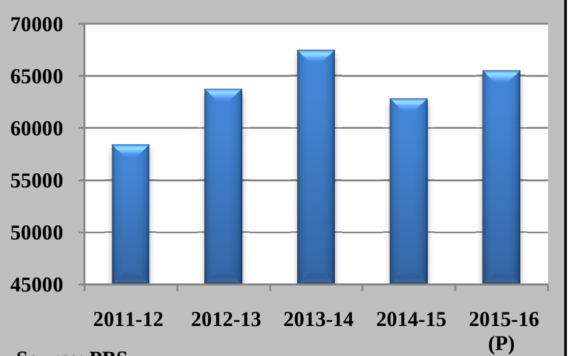
The production and consumption of major cotton growing countries are given in Table 2.5.

Table 2.5: Production and Consumption of Major Cotton Growing Countries			(Million Tonnes)
	2013-14 E	2014-15 E	2015-16 P
Production			
China	6.93	6.48	5.17
India	6.77	6.46	5.88
USA	2.81	3.55	2.82
Pakistan	2.08	2.30	1.53
Brazil	1.73	1.55	1.50
Uzbekistan	0.94	0.89	0.86
Others	4.97	4.87	4.28
World Total	26.23	26.11	22.03
Consumption			
China	7.52	7.48	7.11
India	5.52	5.39	5.26
Pakistan	2.47	2.50	2.19
Europe & Turkey	1.61	1.69	1.71
Vietnam	0.69	0.90	1.10
Bangladesh	0.88	0.94	1.05
Brazil	0.86	0.79	0.77
USA	0.77	0.78	0.78
Others	3.88	3.85	3.83
World Total	23.88	24.34	23.80
Source: Pakistan Central Cotton Committee, Ministry of Textile Industry		E: Estimated, P: Projected	

ii) Sugarcane:

Sugarcane is high value cash crop of Pakistan and significantly important for sugar and sugar related industries in the national economy of our country. Its production accounts for 3.2 percent in agriculture's value addition and 0.6 percent in overall GDP. During 2015-16, the area sown for sugarcane crop stood at 1132 thousand hectares compared to last year's area of 1141 thousand hectares showing a decline of 0.8 percent. Sugarcane production for the year 2015-16 increased to 65.5 million tonnes from 62.8 million tonnes of last year's production showing an increase of 4.2 percent. The decline in area is due to disposal problem of cane and payment difficulties restricted acerage of sugarcane that shifted sugarcane area to other competitive crops. The increase in production is due to favourable weather condition. The area, production and yield of sugarcane for the last five years are given in Table 2.6 and Figure 2.2.

Fig 2.2: Sugarcane Production (000 Tonnes)



Source: PBS

Table 2.6: Area, Production and Yield of Sugarcane

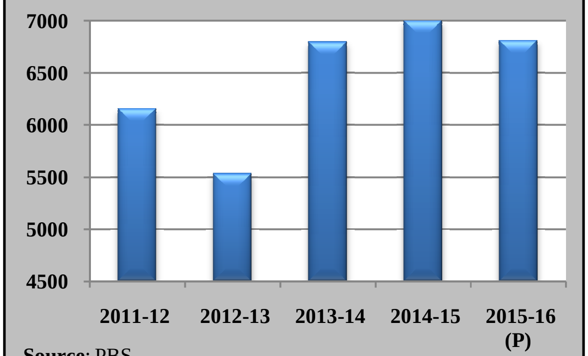
Year	Area		Production		Yield	
	(000 Hectare)	% Change	(000 Tonnes)	% Change	(Kgs/Hec.)	% Change
2011-12	1,058	-	58,397	-	55,196	-
2012-13	1,129	6.7	63,750	9.2	56,466	2.3
2013-14	1,173	3.9	67,460	5.8	57,511	1.8
2014-15	1,141	-2.7	62,826	-6.9	55,062	-4.3
2015-16(P)	1,132	-0.8	65,475	4.2	57,840	5.05

Source: Pakistan Bureau of Statistics
P: Provisional (July-March)

iii) Rice:

Rice is an important food and cash crop in Pakistan and it is the second staple food after wheat. It accounts for 3.1 percent in the value added in agriculture and 0.6 percent of GDP. During 2015-16, rice crop was cultivated on an area of 2748 thousand hectares showing a decrease of 4.9 percent over last year's area of 2891 thousand hectares. Rice production remained 6811 thousand tonnes, showing a decline of 2.7 percent over corresponding period of last year's record production of 7003 thousand tonnes. Rice area decreased due to less economic returns to the farmers on account of decline in rice prices both domestically and globally during last year's crop. Depressed prices and rising cost of production encouraged farmers to substitute rice with fodder and maize. The heavy downpours in July,2015 also affected paddy cultivation. This sharp drop in prices mainly reflects pressure of large carryover stock from a record FY 2015 rice harvest. Specifically, abundant rice supply (owing to healthy crop in both FY 2014 and FY 2015), and sluggish exports particularly of Basmati, has led to a steep rise in rice stocks. In the case of Basmati rice, Pakistan's exports are already facing tough competition from India in the UAE market. As for the export of non-basmati varieties is concerned, severe drought in Thailand—the largest exporter of non-basmati varieties created opportunities for Pakistan to increase exports. The rice exports particularly Basmati rice also remained subdued in 2015-16 compared to last year. Whereas other varieties of rice exports improved in quantity by 9.9 percent. The area, production and yield of rice for the last five years are shown in Table 2.7 and Figure 2.3.

Fig 2.3: Rice Production (000 Tonnes)



Source: PBS

Table 2.7: Area, Production and Yield of Rice

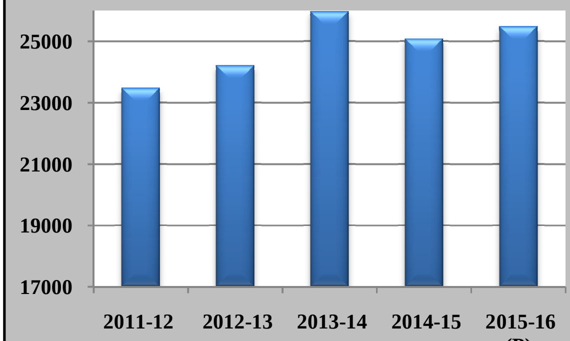
Year	Area		Production		Yield	
	(000 Hectare)	% Change	(000 Tonnes)	% Change	(Kgs/Hec.)	% Change
2011-12	2,571	-	6,160	-	2,396	-
2012-13	2,309	-10.2	5,536	-10.1	2,398	0.1
2013-14	2,789	20.8	6,798	22.8	2,437	1.6
2014-15	2,891	3.7	7,003	3.0	2,422	-0.6
2015-16(P)	2,748	-4.9	6,811	-2.7	2,479	2.4

Source: Pakistan Bureau of Statistics
P: Provisional (July-March)

iv) Wheat:

Wheat is the most popular food crop of Pakistan and its products are used in a number of ways. Being the staple diet of most of the people, it dominates all crops in acreage and production. Wheat accounts for 9.9 percent of the value added in agriculture and 2.0 percent of GDP of Pakistan. During 2015-16, area under wheat cultivation has increased to 9260 thousand hectares from last year's area of 9204 thousand hectares which shows an increase of 0.6 percent. While production of wheat stood at 25.482 million tonnes during 2015-16, showing an increase of 1.6 percent over the last year's production of 25.086 million tonnes. The production increased as crop was sown at appropriate time and available moisture particularly in Barani Track supported germination/growth and availability and use of inputs remained adequate. The position is given in Table 2.8 and Figure 2.4.

Fig 2.4: Wheat Production (000 Tonnes)



Source: PBS

Table 2.8: Area, Production and Yield of Wheat

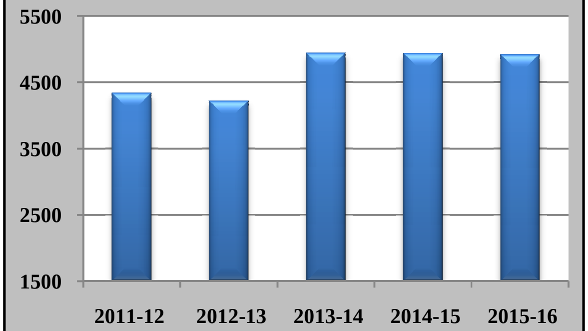
Year	Area		Production		Yield	
	(000 Hectares)	% Change	(000 Tonnes)	% Change	(Kgs /Hec.)	% Changes
2011-12	8,650	-	23,473	-	2714	-
2012-13	8,660	0.1	24,211	3.1	2796	3.0
2013-14	9,199	6.2	25,979	7.3	2824	1.0
2014-15	9,204	0.1	25,086	-3.4	2726	-3.5
2015-16(P)	9,260	0.6	25,482	1.6	2752	0.9

Source: Pakistan Bureau of Statistics
P:Provisional(July-March)

v) Maize:

Maize contributes 2.2 percent to the value added in agriculture and 0.4 percent to GDP. During 2015-16, cultivated area under maize crop has increased to 1144 thousand hectares, showing an increase of 0.2 percent over last year's area of 1142 thousand hectares. Maize crop production stood at 4.920 million tonnes during 2015-16, showing a decrease of 0.3 percent over the last year's production of 4.937 million tonnes. The position is presented in Table 2.9 and Figure 2.5.

Fig 2.5: Maize Production (000 Tonnes)



Source: PBS

Table 2.9: Area, Production and Yield of Maize

Year	Area		Production		Yield	
	(000 Hectares)	% Change	(000 Tonnes)	% Change	(Kgs /Hec.)	% Changes
2011-12	1,087	-	4,338	-	3,991	-
2012-13	1,060	-2.5	4,220	-2.7	3,981	-0.3
2013-14	1,168	10.2	4,944	17.2	4,233	6.3
2014-15	1,142	-2.2	4,937	-0.1	4,323	0.2
2015-16(P)	1,144	0.2	4,920	-0.3	4,301	-0.5

Source: Pakistan Bureau of Statistics
P:Provisional(July-March)

b) Other Crops

The production of Jawar and Bajra crops during 2015-16 witnessed positive growth of 40.0 percent and 1.4 percent respectively, due to increase in area cultivated. While Gram crop, one of the largest Rabi pulse crop in Pakistan, accounting for the 76 percent of the total production of pulses in the country and it occupies about 5 percent of the Rabi cropped area witnessed a decline 17.7 percent as the production of gram during last few years' showed erratic trends due to mainly dependence on intensity of rains .The production of Barley and Rapeseed & Mustard witnessed decline in its production by 3.2 percent and 1.0 percent respectively, during 2015-16 as compared to the same period last year. The decrease in production is due to decrease in area cultivated. While the production of Tobacco remained the same when compared to the production of same period last year as there is no change in area cultivated .The area and production of other crops are given in Table 2.10.

Table 2.10: Area and Production of other Kharif and Rabi Crops

Crops	2014-15		2015-16 (P)		% Change in production over Last year
	Area (000 Hectares)	Production (000 Tonnes)	Area (000 Hectares)	Production (000 Tonnes)	
Bajra	462	295	486	299	1.4
Jowar	195	115	274	161	40.0
Gram	943	379	945	312	-17.7
Barley	68	63	66	61	-3.2
Rapeseed & Mustard	214	196	211	194	-1.0
Tobacco	54	120	54	120	0.0

Source: Pakistan Bureau of Statistics
P: Provisional (July-March)

During 2015-16, the production of Potatoes, Chillies and Onions grew positively witnessing a growth of 3.4 percent, 2.1 percent and 0.2 percent respectively, comparing to production of same period last year. The reason for increase in production is increase in area cultivated. However, the production of pulses Mash, Masoor (Lentil) and Moong decreased by 15.6 percent 4.4 percent and 0.8 percent, respectively. The area and production of other crops are given in Table 2.11.

Table 2.11: Area and Production of Other Crops

Crops	2014-15		2015-16(P)		% Change in production over Last year
	Area (000 Hectares)	Production (000 Tonnes)	Area (000 Hectares)	Production (000 Tonnes)	
Masoor	17.7	9.0	17.0	8.6	-4.4
Moong	127.4	98.8	146.3	98.0	-0.8
Mash	20.8	9.0	19.2	7.6	-15.6
Potatoes	170.5	3,997.6	176.2	4,134.6	3.4
Onions	130.5	1,671.0	130.6	1,674.6	0.2
Chillies	62.5	139.7	64.2	142.6	2.1

Source: Pakistan Bureau of Statistics
P: Provisional (July-March)

i) Oilseeds

The major oilseed crops grown in the country include Sunflower, Canola, Rapeseed/Mustard and Cotton. During the year 2014-15 total availability of edible oil was 3.523 million tonnes. Local production of edible oil contributed 0.556 million tonnes while import of edible oil/oilseeds was 2.967 million tonnes. The edible oil import bill during 2014-15 was Rs.269.412 billion (US$ 2.663 billion).

During 2015-16 (July-March), 2.205 million tonnes edible oil of value Rs.136.920 billion (US$

1.392 billion) was imported showing an increase of 24.5 percent against the same period 2014-15 (July-March). Local production of edible oil during 2015-16 (July-March) is estimated at 0.462 million tonnes. Total availability of edible oil from all sources is estimated at 2.667 million tonnes during 2015-16 (July-March).The area and production of oilseed crops during 2014-15 and 2015-16 is given in Table 2.12.

World oilseed market has been showing downward trend since last few years which has also affected local market of oilseeds/edible oil. Local market is likely to prevail around Rs. 2,000 per 40 kg for canola crop produce during 2015-16. Last year canola produce was procured at Rs 2,020 to Rs.2,100 per 40 kg. Low prices in the market discouraged the oilseeds growers and resulted decrease in area under sunflower and canola crops during 2015-16.

Table 2.12: Area and Production of Major Oilseed Crops

Crops	2014-15 (July-March)			2015-16 (July-March) (P)		
	Area	Production		Area	Production	
	(000 Acres)	Seed (000 Tonnes)	Oil (000 Tonnes)	(000 Acres)	Seed (000 Tonnes)	Oil (000 Tonnes)
Cottonseed	7,579	3,450	414	7,685	2,966	356
Rapeseed/ Mustard	533	210	67	539	202	65
Sunflower	349	182	69	214	92	35
Canola	37	17	6	36	16	6
Total	8,498	3,859	556	8,474	3,276	462

Source: Pakistan Oilseed Development Board (PODB), Pakistan Bureau of Statistics
P: Provisional

II. Farm Inputs

i) Fertilizers

Fertilizer is the most important and costly input contributing 30 to 50 percent towards increase in crop yield. Most of our soils are deficient in three basic essential plant nutrients (nitrogen, phosphorus and potash) required by the plants in large quantities for normal growth and development. In addition to these, deficiency of micronutrients is also becoming more wide spread. Soil fertility is continuously depleting due to mining of the essential plant nutrients from the soils under intensive cultivation and with the introduction of high yielding hybrid crop varieties.

The domestic production of fertilizers during 2015-16 (July-March) increased significantly by 14.4 percent over the same period of previous fiscal year. The addition of Liquefied Natural Gas (LNG) as source of feed to three plants of Pak Arab Fertilizer Company since March 2015 has considerably increased the fertilizer production. The imported supplies of fertilizer decreased by 3.9 percent. However, the total availability of fertilizer surged by 9.7 percent during current fiscal year. Total offtake of fertilizer nutrients witnessed decrease by 10.1 percent. Nitrogen offtake decreased by 14 percent while phosphate increased by 2.9 percent. Potash offtake recorded a significant decrease of 35.9 percent during 2015-16 (July-March). Prices of all phosphatic fertilizers decreased during current fiscal year as a result of announcement of subsidy by the government from 15th October, 2015 at the rate of Rs.500 per bag of Diammonium Phosphate.

Total availability of urea during Kharif 2015 was 3194 thousand tonnes comprising of 214 thousand tonnes of opening inventory, 294 thousand tonnes of imported supplies and 2686 thousand tonnes of domestic production (Table 2.13). Urea offtake was about 2425 thousand tonnes, leaving inventory of 771 thousand tonnes for Rabi 2015-16. Availability of DAP was 936 thousand tonnes comprising 139 thousand tonnes of opening inventory, 376 thousand tonnes of imported supplies and 421 thousand tonnes of local production. DAP offtake was 414 thousand tonnes leaving an inventory of 523 thousand tonnes for upcoming Rabi 2015-16.

Rabi 2015-16 started with an opening balance of

771 thousand tonnes of urea (Table 2.13). Domestic production during Rabi 2015-16 was around 2817 thousand tonnes. Urea offtake during current Rabi 2015-16 was about 2434 thousand tonnes, against 3638 thousand tonnes of total availability, leaving a closing balance of 1201 thousand tonnes for next season. DAP availability in current season of Rabi 2015-16 was around 1725 thousand tonnes, which includes 523 thousand tonnes of opening inventory, 833 thousand tonnes of imported supplies and domestic production of 369 thousand tonnes. Offtake of DAP during Rabi season was about 1439 thousand tonnes, leaving a balance of 286 thousand tonnes for next season.

Total availability of urea during Kharif 2016 will be about 3902 thousand tonnes comprising of 1202 thousand tonnes of opening balance and 2700 thousand tonnes of domestic production (Table 2.13). Urea offtake is expected to be around 2900 thousand tonnes, reflecting a closing balance of 1002 thousand tonnes. Total availability of DAP will be 686 thousand tonnes against expected offtake of 520 thousand tonnes.

Table 2.13: Fertilizer Supply Demand Situation **(000 Tonnes)**

Description	**Kharif (Apr-Sep) 2015**		**Rabi (Oct-Mar) 2015-16**		**Kharif (Apr-Sep) 2016***	
	Urea	DAP	Urea	DAP	Urea	DAP
Opening stock	214	139	771	523	1,202	286
Imported supplies	294	376	50	833	0	0
Domestic production	2,686	421	2,817	369	2,700	400
Total availability	3,194	936	3,638	1,725	3,902	686
Offtake/Demand	2,425	414	2,434	1,439	2,900	520
Write on/off	2	1	-2	0	0	0
Closing stock	771	523	1,202	286	1,002	166

Source: National Fertilizer Development Center
*: Outlook

ii) Improved Seed

Seed is a key input in crop production and its quality is of great significance to improve quality as well as quantity of crops. Improving availability of certified seed provides sound base to bridge gap existing in average crop yields for sustainable agricultural production and national food security. Federal Seed Certification & Registration Department (FSC&RD) has taken following policy measures/steps during, 2015-16 (July-March):

1. Achievements

a) Registration of Seed Companies:

i. During 2015-16 (July-March), proposals of 64 new seed companies were examined, out of 64 a total of 32 seed companies were provisionally approved for one year to do seed business, while rest of 32 seed companies were deferred by the Working Group of the Ministry in its 55th meeting held on 20-10-2015.

ii. A total of 16 Seed Companies (already inducted) have been granted one year extension in permission (2015-2016) to do seed business by the Working Group of the Ministry in its 55th meeting held on 20-10-2015.

iii. A total of 55 seed companies have been de-registered/cancelled in the 55th meeting of the Working Group held on 20-10-2015 by the Working Group of the Ministry in its 55th meeting held on 20-10-2015.

iv. A total of 58 Seed Companies who have been evaluated and reported by the Five Committees for Evaluation of Private Seed Companies constituted as per decision of the Joint Action Group on cotton seed dated 28th October, 2014 were discussed in the 55th meeting wherein it was decided to serve One Month's Show Cause Notices to these 58 Seed companies for clarification/justification for continuation of seed business.

v. Drafted initial requirements for registration/renewal of seed companies to do seed business as per clause 22(B) of the Seed (Amendment) Act, 2015.

b) Registration of Plant Varieties: Sixteen (16) new crop varieties of Wheat, Cotton, Okra, Mung, Rapeseed, Apple, Citrus and Peach were approved for distribution and multiplication, while 25 new candidate varieties have been studied for Distinctness, Uniformity and Stability (DUS) trails.

c) Field Crop Inspection: A total of 268.299 thousand acres of different crops, offered by the various seed agencies were inspected for certification purposes.

d) Seed Sampling & Testing: A total quantity of 402.607 thousand m. tons seed of various crops was sampled and tested for purity, germination and seed health purposes.

e) Seed Quality Control in the Markets: Under the provision of Seed Act Enforcement, a total number of 81 cases with a quantity of 17.43 m. tons seed of different crops were filed in different Courts of Law against the seed dealers found selling substandard seeds.

f) Imported seed consignments: A total quantity of 52.444 thousand m.tons of imported seed of various crops/hybrids (maize, paddy, sunflower, canola, fodders, potato, vegetables etc.) was tested under Seed (Truth in Labeling) Rules, 1991 at the port of entries i.e. Lahore and Karachi.

g) Seed Health Testing: A total number of 1,055 seed samples of various crops/vegetables and fruits were tested at the Central Seed Health Testing Laboratory, Islamabad for detection of fungal and viral diseases using latest diagnosis techniques and protocols.

2. Seed Regulatory Framework

a) Seed (Amendment) Act, 2015

The Seed Amendment Bill, 2015 was passed by the National Assembly on 16th March, 2015 and by the Senate on 7th July, 2015. The Seed Amendment Bill, 2015 after being approved by both the houses of the parliament was signed by the President of the Islamic Republic of Pakistan on 23rd July, 2015 which was subsequently published in the Gazette of Pakistan, Extraordinary, Part-I as an Act No. VII of 2015 on 29th July, 2015.

Since, penalties have been enhanced from Rs.1,000 to Rs.200,000 and Rs.600,000 and imprisonment of upto 3 months and 6 months in the Seed (Amendment) Act, 2015. Therefore, it is hoped that it would serve as effective deterrence against sale of fake and substandard seeds. Similarly, private seed sector has been allowed to produce basic seed as well as to establish their own accredited seed testing laboratories. This would attract more investment and focus by the private sector to seed industry. In the Seed (Amendment) Act, 2015, certain fees have been proposed for various types of registrations and permissions, which would add to government revenue collections. However, it is pertinent to mention that all these new provisions of the Seed (Amendment) Act, 2015 would become effective after Seed Rules are notified which are under final phase of approval.

c) Plant Breeders Rights Bill, 2016

Pakistan being a member of World Trade Organization (WTO) has the obligation to provide rights to the breeders of new plant varieties under Article 27.3(b) of Trade Related Aspects for Intellectual Property Rights (TRIP's) Agreement. According to Article 27.3b of TRIP's Agreement each member country has to "Provide protection of plant varieties either by patents or by an effective sui generis system or by any combination thereof".

The Plant Breeders' Rights Bill, 2016 has in principle been approved by the National Assembly Standing Committee on Cabinet Secretariat in its meeting held on 06-01-2016. However, discussions are being made on the matter of setting up PBR registry under IPO Pakistan or at Ministry of National Food Security and Research. The passage of this bill and its implementation would attract investment in seed research and development in Pakistan at one hand and on the other it would give protection of rights to the developers and breeders of new technologies and crop varieties.

3. National Seed Policy

National Seed Policy is in the process of finalization. Draft was prepared at Ministry level and consultation was made by the department in collaboration with Food and Agriculture Organization (FAO). For incorporation of the input of the stakeholders, a working group was constituted comprising representatives from public and private seed sectors. The draft has been finalized by the working group and ready for final approval.

4. Fruit Plant Certification

i. FSC&RD has registered six (6) new fruit plant nurseries (Gilgit, Chakwal, Abbottabad, Haripur) to promote production and dissemination of disease free and true-to-type nursery fruit plants.

ii. Registration cases of two fruit plant nurseries are in progress.

iii. The number of fruit plants certified in the above mentioned tenure is 12,400.

iv. Arrangements are under way to carry out sampling and virus indexing of the fruit plan Germplasm Units (GPUs).

v. Minimum Fruit Plant Certification Standards for citrus, mango and guava are drafted and submitted to National Seed Council for approval.

vi. Minimum Fruit Plant Certification Standards for grapes, olive and palm are being drafted.

5. FSC&RD Development Initiatives

The project, "Strengthening of Seed Certification Services for Food Security in Gilgit Baltistan" was approved by the DDWP during 2013. However, due to lack of finances, the project could not be implemented. Efforts are being made to get the fund released and start implementation of this project at the earliest.

It is also informed that 16th meeting of the Standing Committee on National Food Security and Research in principal cleared the following developmental schemes of the department:

a) Strengthening of seed testing laboratory of FSC&RD, Karachi.

b) Up-gradation of seed certification services in Balochistan.

Activities of a Bio-tech Lab. at FSC&RD, Islamabad for plant varietal characterization at chemical, bio-chemical and molecular level is in progress.

6. International Collaboration

For seed sector development in Pakistan, FSC&RD is in the process of collaboration through different cooperation proposals with China, Turkey, OIC, Kazakhstan, Brazil, Kyrgyzstan, Belarus, Afghanistan, Australia, Argentine, Russia, Turkmenistan, USA, Malaysia, and Nigeria. Cooperation with ECO, D-8 Seed Bank, SAARC Seed Bank and FAO is also in progress.

Technical Cooperation Programme (TCP) with Food and Agriculture Organization (FAO) of the United Nations

On the request of the department, the Ministry of National Food Security and Research has arranged for Technical Cooperation Programme (TCP) between the Food and Agriculture Organization (FAO) of the United Nations and FSC&RD. FAO recently has hired an International Consultant to prepare a TCP for the improvement of the seed sector. The FAO consultant has submitted his report to FAO and discussions are going on by the department with FAO for finalization of the TCP.

During, 2015-16 (July-March), the department carried out field inspection of 268.3 thousand acres and seed availability remained 455.0 thousand tonnes comprising 402.6 thousand tonnes of local and 52.4 thousand tonnes of imported seeds of various crops. The detail is given in Table 2.14.

Table 2.14: Area Inspected and Seed Availability*

Crop	Area Inspected (Acres)	Seed Availability (Metric Tonnes)		
		Local	Imported	Total
Wheat	62328	315020.12	-	315020.12
Cotton	117175	34520.82	-	34520.82
Paddy	61205	48230.61	1940.70	50171.31
Maize	21677	3171.30	15904.60	19075.90
Pulses	3056	1425.41	-	1425.41
Oilseeds	1704	93.00	1661.53	1754.53
Vegetables	1131	118.42	5196.34	5314.76
Fodders	14	27.25	27741.00	27768.25
Total	**268290**	**402606.93**	**52444.19**	**455051.10**

Source: Federal Seed Certification & Registration Department, * : Provisional 2015-16 (July-March)

iii) Mechanization

During 2015-16 (July-March) a total number of 21,229 tractors were locally manufactured compared to the production of 31,963 during same period last year showing a decrease of 33.6 percent as the provincial governments did not initiate their tractor schemes and delay of the tractor subsidy schemes by provincial governments. The production and price of locally manufactured tractors are given in Table 2.15.

Table 2.15: Prices and Production of Locally Manufactured Tractors 2015-16 (July-March)

Tractors Model – Horse Power (HP)	Price/Unit Excluding GST (Rs)	Price/Unit Including GST (Rs)	Production (in Nos.)	Actual Sale (in Nos.)
M/s Al-Ghazi Tractors				
NH 480-S (55 HP)	653,000	718,300	2,525	2,498
NH 480-S-W.P (55 HP)	660,000	726,000	1,052	1,104
NH-Ghazi (65 HP)	740,000	814,000	2,324	2,436
NH 640 (75 HP)	950,000	1,045,000	739	740
NH 640 WDB (75 HP)	955,000	1,050,500	78	78
NH 640-S (85 HP)	999,000	1,098,000	32	31
NH 640-S WDB (85 HP)	1,014,000	1,115,400	30	28
NH-Ghazi WDB(65 HP)	747,000	821,700	1,008	1,008
NH 70-56 (85 HP)	1,500,000	1,650,000	21	24
M/s Millat Tractors				
MF-240 (50 HP)	659,500	725,450	6,378	6,358
MF-350 Plus (50 HP)	699,500	769,450	26	39
MF-260 (60 HP)	759,500	835,450	2,589	2,604
MF-360 (60 HP)	775,000	852,500	233	254
MF-375-S (75 HP)	999,500	1,099,450	8,607	902
MF-385 (85 HP)	1,055,000	1,160,500	3,222	3,203
MF-385 4WD (85 HP)	1,600,000	1,760,000	112	124
Total			**21,229**	**21,431**

Source: Tractor Manufacturer Association, Federal Water Management Cell
Note: GST @ 10 percent

iv) Irrigation

During the monsoon season (July-September) 2015, the normal average rainfall was 140.9 mm, while the actual rainfall received was 178.1 mm, remained 26.4 percent above normal rainfall. During the post-monsoon season (October-December) 2015, the normal average rainfall was 26.4 mm, while the actual rainfall received was 35.1 mm, remained 33.0 percent above the normal rainfall. During winter season (January-March) 2016, normal average rainfall was 74.3 mm and the actual rainfall received was 72.1 mm, remained 3.0 percent below the normal rainfall average. Rainfall recorded during the monsoon, post monsoon and winter season is given in Table 2.16.

Table 2.16: Rainfall* Recorded During 2015-16 (in Millimeters)

	Monsoon Rainfall (Jul-Sep) 2015	Post Monsoon Rainfall (Oct-Dec) 2015	Winter Rainfall (Jan-Mar) 2016
Normal**	140.9	26.4	74.3 mm
Actual	178.1	35.1	72.1 mm
Shortage (-)/excess (+)	+ 37.2	+8.7	-2.2 mm
% Shortage (-)/excess (+)	+26.4 %	+33.0 %	- 3.0 %

Source: Pakistan Meteorological Department
*: Area Weighted **: Long Period Average (1961-2010)

Weather outlook for the Season 2016 (April-June)

A strong EI Nino prevails in the eastern Pacific Ocean, which is known to alter the temperature and precipitation patterns all over the globe, South Asian countries including Pakistan. EI Nino is expected to affect temperature and precipitation patterns across the country during the upcoming months. It has started weakening. Positive equatorial sea surface temperature (SST) anomalies continue across most of the Pacific Ocean. A transition to ENSO-neutral is likely during late Northern Hemisphere spring or early summer 2016, with close to a 50 percent chance for LA Nina conditions to develop by the fall. Pakistan Meteorological Department (PMD) predictions show that slightly (20-25%) above normal precipitation is expected in NE and Central Punjab, Upper KP and Kashmir. 15-20 percent above normal in G.B while 10-15 percent above normal rain is expected over SE Sindh. Balochistan and adjoining Sindh areas would be normal. Slightly above normal 10-15 percent rainfall is also expected over South Punjab (cotton region). The forecast indicates that the positive temperature anomalies will prevail over the country during the season from April-June 2016.

During Kharif (April-September) 2015,canal head withdrawals stood at 65.5 million acre feet (MAF) showing a decrease of 5 percent as compared to 69.3 MAF during same period last year. During Rabi (October-March) 2015-16, the canal head withdrawals decreased by 1.0 percent and stood at 32.9 MAF, compared to 33.1 MAF during same period last year. The province-wise detail is shown in Table 2.17.

Table 2.17: Canal Head Withdrawals (Below Rim Station) **Million Acre Feet (MAF)**

Provinces	Kharif (Apr-Sep) 2014	Kharif (Apr-Sep) 2015	% Change in Kharif 2015 over 2014	Rabi (Oct-Mar) 2014-15	Rabi (Oct-Mar) 2015-16	% Change in Rabi 2015-16 Over 2014-15
Punjab	35.15	32.53	-7	17.08	16.87	-1
Sindh	31.31	30.55	-2	14.50	14.57	1
Khyber Pakhtunkhwa	0.92	0.76	-18	0.49	0.48	-3
Balochistan	1.89	1.62	-14	1.03	0.98	-5
Total	69.27	65.47	-5	33.10	32.90	-1

Source: Indus River System Authority

Water Sector's short term strategies/policies for FY 2016 are being implemented based on the goals planned/implemented in the Vision 2025 and 11th Five Year Plan. Every year billion of rupees are expended in the water sector both by federal and provincial governments to overcome the issues being faced in this sector. The strategies adopted for the FY 2016 are as under:

a) Augmentation measures by construction of water storage small/medium dams and rain water Harvesting and Hill Torrents Management.

b) Conservation measures (lining of irrigation channels, modernization/rehabilitation of existing irrigation system) and efficiency enhancement by rehabilitation & better operation of existing system.

c) Protection of Agriculture land, abides and infrastructure from onslaught of floods and water logging & Salinity.

d) Effective implementation monitoring system and comprehensive set of measures for the development and efficient management of water resources.

An amount of Rs.30.120 billion financial resources have been allocated for the above mentioned water sector's development projects/programmes during the FY 2016, out of which more than Rs.25.00 billion are expected to be utilized by the end of June, 2016. The major water sector projects under implementation are shown in Table 2.18.

Table 2.18: Major Water Sector Projects under Implementation

Projects	Location	App. cost (Rs. in million)	Live Storage	Irrigated Area (Acres)	Status
Gomal Zam Dam	Khyber Pakhtunkhwa	20,626	0.892 MAF	1,63,100	Substantially completed.
Rainee Canal	Sindh	17,643	-	4,12,400 (Phases-I)	Physically completed.(Phase-I)
Kachhi Canal	Balochistan	57,562	-	713,000 (Phases-I)	About 87% Physically completed.
Darawat Dam	Sindh	9,300	89,192 (Ac.Ft)	25,000 (0.45 MW Power Gen.)	Physically completed.
Nai Gaj Dam	Sindh	26,236	160,000 (Ac.Ft)	28,800 (4.2 MW Power Gen.)	46 % Physical work completed
Kurram Tangi Dam	Khyber Pakhtunkhwa	12,662	0.90 MAF	84,380 New 277,500 Existing	Works of Phase-I at initial stage
Naulong Dam	Balochistan	18,027	0.20 MAF	47,000 (4.4 MW Power Gen.)	Work at initial stage.
Mohmand Dam (Munda)	Khyber Pakhtunkhwa	937.00	0.676 MAF	16,737 Acres	Detailed Engg. Design in progress
Right Bank Outfall Drain (RBOD)					
RBOD-I	Sindh	14,707	-	542,500	90% Physically Completed.
RBOD-II	Sindh	29,014	-	3,000,000	80% Physically Completed.
RBOD-III	Balochistan	6,535	-	694,796	85 % Physically Completed.

Source: Ministry of Planning, Development and Reforms

Achievements during 2015-16

- Substantial completion (phase-I) of Kachhi Canal in Balochistan & Rainee Canal Sindh for irrigating 2.864 million acres.
- Completion of Gomal Zam Dam Project in Tribal/Khyber Pakhtunkhwa area for irrigation of 163,100 acres of agriculture land and 17.4MW power generations.
- Completion of Darwat Dam (near Hyderabad Sindh) for irrigating 25,000 acres of agriculture land and Power Generation of 0.45 MW.
- Substantial completion of Nai Gaj dam (near Dadu Sindh) to irrigate 28,800 acres of land and Power Generation of 4.20 MW.
- To overcome water scarcity, utilization of Rs.400 million for lining of irrigation channels in Punjab and Sindh during the FY 2016.
- For the rehabilitation of existing irrigation canals in Punjab, Sindh and Khyber Pakhtunkhwa, an amount of Rs.600 million are expected to be utilized during the FY 2016.
- Rs 5.600 billion is allocated and expected to be utilized on construction of new medium dam in all over Pakistan (Gomal Zam, Darwat, Nai Gaj, Kurram Tangi & Naulong dams).
- In Balochistan, Sindh, Punjab and Khyber Pakhtunkhwa about Rs 5.490 billion are expected to be utilized on construction of new small/delay action dams and recharge dams.

a)	Punjab	Rs. 1,683 million (Mujhid, Mora Sher & Ghabir dam)
b)	Sindh	Rs. 650 million (Kohistan & Nagarparkar areas of Sindh)
c)	Khyber Pakhtunkhwa	Rs. 1,000 million (Kundal & Sanam dam & 20 small dams)
d)	Balochistan	Rs. 3,233 million (Shadi Kaur, Bathozai, Const. of 100 small dams (Package-II & III), Basol dam, Mangi dam & Others)

In drainage sector a sum of Rs. 3.30 billion has been allocated for the implementation of RBOD-I, II & III projects to protect and reclaim 4.90 million acres of irrigated land.

iv) Agricultural Credit:

In line with government's priority for promotion of agriculture sector, State Bank of Pakistan (SBP) has allocated the provisional indicative agricultural credit disbursement targets of Rs 600 billion for FY 2016 to 36 participating institutions including 20 Commercial banks, two specialized Banks, five Islamic Banks and nine Microfinance Banks which are engaged in provision of agriculture credit facility to farming community.

This current year agriculture credit target of Rs 600 billion is 20 percent higher than the last year's target of Rs 500 billion and 16.3 percent higher than the actual disbursement of Rs 515.9 billion for FY 2015. Out of the total target, Rs 305.7 billion have been allocated to five major banks, Rs 102 billion to ZTBL, Rs 131.8 billion to 15 Domestic Private Banks, Rs 12.5 billion to Punjab Provincial Cooperative Bank Limited (PPCBL), Rs 40.1 billion to nine Microfinance Banks and Rs 7.9 billion to five Islamic Banks.

Agricultural Credit Disbursements Recent Trends

During FY 2016 (July-March), the banks have disbursed Rs 385.5 billion which is 64.3 percent of the overall annual target of Rs 600 billion and 18.3 percent higher than disbursement of Rs 326.0 billion made during the corresponding period last year. The overall performance of banks remained encouraging despite various demand and supply sides challenges inter alia, low price of major crops and productivity issues, metrological changes and recovery drive of nonperforming loans. The outstanding portfolio of agriculture loans has also been increased to Rs 361.1 billion with 15.5 percent growth at end March FY 2016 as compared to same period last year.

While reviewing the performance of FY 2016 (July-March), the five major banks as a group disbursed Rs 198.8 billion and witnessed 18.7 percent growth as compared with same period last year. Under the specialized banks category, ZTBL disbursed Rs 55.3 billion or 54.2 percent against its target of Rs 102.0 billion while PPCBL could disburse only Rs 6.1 billion i.e. 48.8 percent against its annual target of Rs 12.5 billion during the period under review.

Further, fifteen Domestic Private Banks collectively disbursed Rs 84.8 billion and showed a positive trend with growth of 17.7 percent as compared with corresponding period last year. Microfinance banks as a group disbursed Rs 34.5 billion against their annual target of Rs 40.1 billion with 86.0 percent growth while Islamic Banks collectively disbursed Rs 6.0 billion against their targets of Rs 7.9 billion to agriculture borrowers. The actual disbursements of banks against the annual indicative targets FY 2016 (July-March) is given in the Table 2.19 below.

Table 2.19: Supply of Agricultural Credit by Institutions **(Rs in billion)**

Banks	Target 2014-15	2014-15 (July-March)			Target 2015-16	2015-16 (July-March)		
		Disbursed	Target Achieved (%)	% Share in Total Disbursed		Disbursed	Target Achieved (%)	% Share in Total Disbursed
5 Major Commercial Banks	252.5	167.4	66.3	51.4	305.7	198.8	65.0	51.6
ZTBL	90.0	56.2	62.4	17.2	102.0	55.3	54.2	14.3
DPBs (15)	115.5	72.1	62.4	22.1	131.8	84.8	64.4	22.0
PPCBL	11.5	5.8	50.9	1.8	12.5	6.1	48.8	1.6
MFBs (9)	28.2	20.7	73.6	6.4	40.1	34.5	86.0	8.9
Islamic Banks (5)	2.3	3.8	134.7	1.2	7.9	6.0	75.9	1.6
Total	500.0	326.0	65.2	100	600.0	385.5	64.3	100.0

Source: State Bank of Pakistan

Box 2: Credit Disbursement to Farm and Non-Farm Sector

While analyzing the sector wise agriculture disbursement in depth, out of the total disbursement of Rs 385.5 billion, the farm sector has received Rs 188.1 billion while non farm sector absorbed Rs 197.4 billion during FY 2016 (July-March). Under farm credit sector disbursement, Rs 99.5 billion was disbursed to subsistence holding, Rs 41.2 billion to economic holding while Rs 47.4 billion to above economic holding category. However, in non-farm credit sector disbursement, Rs 127.7 billion was disbursed to large farms while Rs 69.7 billion to small farm category. The share of non farm credit is gradually increasing mainly due to more financing avenues and credit availability especially for Livestock/Dairy and Poultry sectors. The sector-wise comparative details of credit disbursements are provided in Table 2.20.

Table 2.20 : Credit Disbursement to Farm & Non-Farm Sectors (Rs. in billion)

Sector		2014-15 (July-March)		2015-16 (July-March)	
		Disbursement	% Share in Total	Disbursement	% Share in Total
A	**Farm Credit**	**170.0**	**52.1**	**188.1**	**48.8**
1	Subsistence	94.1	28.9	99.5	25.8
2	Economic Holding	41.0	12.6	41.2	10.7
3	Above Economic Holding	34.9	10.7	47.4	12.3
B	**Non-Farm Credit**	**156.0**	**47.9**	**197.4**	**51.2**
1	Small Farms	53.9	16.5	69.7	18.1
2	Large Farms	102.2	31.3	127.7	33.1
	Total (A+B)	**326.0**	**100.0**	**385.5**	**100.0**

Source: State Bank of Pakistan

SBP's Initiatives for the Promotion of Agriculture Financing:

SBP, is collaboration with banks, federal & provincial governments, farming community and other stakeholders has been encouraging banks to adopt agriculture lending as a viable business line. Recently, a number of policy and regulatory initiatives have been taken to remove the bottlenecks and enhance access to financial services for the farmers, especially smaller ones. Some of the major initiatives are as under;

1. **Credit Guarantee Scheme for Small and Marginalized Farmers:** SBP has developed a credit guarantee scheme, funded by the federal government for small and marginalized farmers which would facilitate flow of credit to small and marginalized segment of farming community. Under this scheme the government will share 50 percent credit risk of banks and government has already allocated Rs 1.0 billion. For implementation of the scheme SBP has assigned lending targets to banks and around 200,000 farmers would be benefited from it annually.
2. **Framework for Warehouse Receipt Financing:** In accordance with the objectives of improving the performance of the agriculture sector and to develop commodities' physical trade and marketing system, SBP issued draft Framework for Warehouse Receipt Financing. The framework facilitates banks in development of specialized products for providing financing to farmers, traders, processors and other players in the value chain. SBP has been facilitating two pilot projects (Sindh and Punjab) to test the feasibility of warehouse receipt financing in the country. These projects were launched in collaboration with banks, MFBs, warehouse operators and collateral management company.
3. **Guidelines for Value Chain Financing:** To develop linkages between banks and small farmers through cross guarantee by the input suppliers and traders/processor, SBP issued financing guidelines for Value Chain Contract Farming. These guidelines are aimed at facilitating banks in development of specialized products and also help small farmers in getting quality inputs, marketing of agriculture produce and timely payments by the traders/processors. SBP recently rolled out a project by assigning disbursement targets to bank for financing to selected value chains in the country during 2015-16.

III. Livestock and Poultry

a) Livestock

Livestock is an important sector of agriculture. Its role is pivotal towards rural socio economic development. Nearly 8 million families involved in livestock raising deriving more than 35 percent income from livestock production activities. It is central to the livelihood of the rural poor in the country. It is a source of cash income, providing a vital and often the only source of income for the rural and most marginal people. It can play an important role in poverty alleviation and foreign exchange earnings for the country.

Livestock contributed approximately 58.6 percent to the agriculture value added and 11.6 percent to the overall GDP during 2015-16 compared to 56.4 percent and 11.7 percent during the corresponding period last year, respectively. Gross value addition of livestock at constant cost factor of 2005-06 has increased from Rs. 1247 billion (2014-15) to Rs. 1292 billion (2015-16), showing an increase of 3.63 percent over the same period last year. The livestock population for the last three years is given in Table 2.21.

Table 2.21: Livestock Population (Million Nos.)

Species	2013-14[1]	2014-15[1]	2015-16[1]
Cattle	39.7	41.2	42.8
Buffalo	34.6	35.6	36.6
Sheep	29.1	29.4	29.8
Goat	66.6	68.4	70.3
Camels	1.0	1.0	1.0
Horses	0.4	0.4	0.4
Asses	4.9	5.0	5.1
Mules	0.2	0.2	0.2

Source: Ministry of National Food Security & Research
1: Estimated Figure based on inter census growth rate of Livestock Census 1996 & 2006

The major products of livestock are milk and meat which for the last three years are given in Table 2.22.

Table:2.22 Milk and Meat Production (000 Tonnes)

Species	2013-14[1]	2014-15[1]	2015-16[1]
Milk (Gross Production)	**50,990**	**52,632**	**54,328**
Cow	18,027	18,706	19,412
Buffalo	31,252	32,180	33,137
Sheep[2]	38	38	39
Goat	822	845	867
Camel[2]	851	862	873
Milk (Human Consumption)[3]	**41,133**	**42,454**	**43,818**
Cow	14,421	14,965	15,529
Buffalo	25,001	25,744	26,510
Sheep	38	38	39
Goat	822	845	867
Camel	851	862	873
Meat[4]	**3,531**	**3,696**	**3,873**
Beef	1,887	1,951	2,017
Mutton	657	671	686
Poultry meat	987	1,074	1,170

Source: Ministry of National Food Security & Research
1: The figures for milk and meat production for the indicated years are calculated by applying milk production parameters to the projected population of respective years based on the inter census growth rate of Livestock Census 1996 & 2006.
2: The figures for the milk production for the indicated years are calculated after adding the production of milk from camel and sheep to the figures reported in the Livestock Census 2006.
3: Milk for human consumption is derived by subtracting 20% (15% wastage in transportation and 5% in calving) of the gross milk production of cows and buffalo.
4: The figures for meat production are of red meat and do not include the edible offal's.

The estimated production of other livestock products for the last three years is given in Table 2.23.

Table: 2.23 Estimated Livestock Products Production

Species	Units	2013-14[1]	2014-15[1]	2015-16[1]
Eggs	Million Nos.	14,556	15,346	16,188
Hides	**000 Nos.**	**14,868**	**15,368**	**15,886**
Cattle	000 Nos.	7,532	7,816	8,111
Buffalo	000 Nos.	7,232	7,447	7,669
Camels	000 Nos.	104	105	106
Skins	**000 Nos.**	**51,872**	**53,060**	**54,278**
Sheep Skin	000 Nos.	11,001	11,132	11,264
Goat Skin	000 Nos.	25,664	26,359	27,073
Fancy Skin	000 Nos.	15,207	15,569	15,941
Lamb skin	000 Nos.	3,268	3,306	3,345
Kid skin	000 Nos.	11,939	12,263	12,595
Wool	000 Tonnes	44.1	44.6	45.1
Hair	000 Tonnes	25.1	25.8	26.5
Edible Offal's	000 Tonnes	373	383	394
Blood	000 Tonnes	62.8	64.4	66.1
Guts	000 Nos.	52,403	53,603	54,833
Casings	000 Nos.	15,817	16,347	16,895
Horns & Hooves	000 Tonnes	54.0	55.5	57.2
Bones	000 Tonnes	802.9	827.2	852.3
Fats	000 Tonnes	255.8	263.3	271.0
Dung	000 Tonnes	1,136	1,171	1,207
Urine	000 Tonnes	348	358	368
Head & Trotters	000 Tonnes	232.3	238.8	245.6
Ducks, Drakes & Ducklings	Million Nos.	0.5	0.5	0.5

Source: Ministry of National Food Security & Research
[1]: The figures for livestock product for the indicated years were calculated by applying production parameters to the projected population of respective years.

The population growth, urbanization, changed eating patterns, increases in per capita income and export opportunities are fueling the demand of livestock and livestock products in the country. The overall livestock development strategy revolves to foster "private sector-led development with public sector providing enabling environment through policy interventions and play capacity building role to improve livestock husbandry practices". The regulatory measures taken are focused around the said policy. They are aimed at improving per unit animal productivity by improving health coverage, management practices, animal breeding practices, artificial insemination services, use of balanced ration for animal feeding, and controlling livestock diseases of trade and economic importance. The objective is to exploit the livestock sector and its potential for economic growth, food security and rural socioeconomic uplift.

b) Poultry

Poultry sector is one of the vibrant segments of livestock sector in Pakistan. This sector provides employment (direct /indirect) to over 1.5 million people. The current investment in Poultry Industry is more than Rs. 200.00 billion. Pakistan has become the 11th largest poultry producer in the world with the production of 1.02 billion broilers annually. Poultry today has been a balancing force to keep check on the prices of mutton and beef, but also serving as backbone of agriculture sector, as it consumes over 7 million metric tons of agro residues. Poultry meat contributes 30 percent of the total meat production in the country. Poultry sector has shown a growth @ 8-10 percent annually which reflects its inherent potential. The poultry has contributed 1.4 percent in GDP during 2015-16 while its contribution in agriculture and livestock value added stood at 6.9 percent and 11.7 percent respectively. The poultry value added at current factor cost has increased from Rs. 140.5 billion (2014-15) to Rs.151.2 billion (2015-16) showing an increase of 7.6 percent compared to the same period last year. The production of commercial and rural poultry and poultry products for the last three years is given in Table 2.24.

Table 2.24: Domestic/Rural & Commercial Poultry

Type	Units	2013-14[1]	2014-15[1]	2015-16[1]
Domestic Poultry	**Million Nos.**	**82.08**	**83.32**	**84.58**
Cocks	Million Nos.	10.66	10.95	11.24
Hens	Million Nos.	39.47	40.18	40.90
Chicken	Million Nos.	31.95	32.19	32.43
Eggs[2]	Million Nos.	3,947	4,018	4,090
Meat	000 Tonnes	110.79	112.99	115.24
Duck, Drake & Duckling	**Million Nos.**	**0.50**	**0.48**	**0.46**
Eggs[2]	Million Nos.	22.17	21.25	20.36
Meat	000 Tonnes	0.67	0.65	0.62
Commercial Poultry	**Million Nos.**	**50.1**	**53.4**	**56.9**
Layers	Million Nos.	39.86	42.65	45.64
Broilers	Million Nos.	722.39	794.63	874.09
Breeding Stock	Million Nos.	10.19	10.70	11.24
Day Old Chicks	Million Nos.	754.54	829.99	912.99
Eggs[2]	Million Nos.	10,586	11,307	12,077
Meat	000 Tonnes	875.24	960.65	1,054.46
Total Poultry				
Day Old Chicks	Million Nos.	786	862	945
Poultry Birds	Million Nos.	855	932	1,016
Eggs	Million Nos.	14,556	15,346	16,188
Poultry Meat	000 Tonnes	987	1,074	1,170

Source: Ministry of National Food Security & Research
1 : The figures for the indicated years are statistically calculated using the figures of 2005-06.
2 : The figures for Eggs (Farming) and Eggs (Desi) is calculated using the poultry parameters for egg production.

Poultry Development Policy (2007) envisions sustainable supply of wholesome poultry meat; eggs and value added products to the local and international markets. It is aimed at facilitating private sector-led development for sustainable poultry production. The strategy revolves around supporting private sector through regulatory measures.

Government Policy Measure

Livestock Wing (Ministry of National Food Security & Research) with its redefined role under 18th Constitutional amendment continued regulatory measures that included allowing import of high yielding animals, semen and embryos for the genetic improvement of indigenous dairy animals, allowing import of high quality feed stuff/micro ingredients for improving the nutritional quality of animal & poultry feed and allowing import of veterinary, dairy and livestock machinery / equipment at reduced duty rates in order to encourage establishment of value added industry in the country. Livestock insurance scheme for farmers having 10 animals or more, introduced last year i.e. 2014-15 promoted cooperative dairy farming in the country. Zero rating on processed valued added chicken products has been withdrawn.

Livestock Wing also provided facilitation for export of red meat. A total of 46.242 thousand tons of red meat was exported from 2015-16 (July-March). The export of meat fetched US $ 144.864 million. This meat was exported from 31 private sector slaughterhouses. During 2015-16 (July-March), export facilitation was also provided for livestock by- products like animal casing, bones, horns & hooves and gelatin. The case of market access has been taken up with the concerned authorities of Russia, China, South Africa, Egypt, Hong Kong and Indonesia through diplomatic channel for export of our meat and meat products.

Livestock Wing regulated import of superior quality semen and high yielding exotic dairy cattle of Holstein-Friesian & Jersey breeds for genetic improvement of indigenous dairy animals. During 2015-16 (July-March), 150.68 thousand doses of semen and 5,205 exotic dairy cows were imported. The exotic dairy cows added approximately 39,688 tons of milk per annum in the commercial milk chain/system.

In order to facilitate dairy farmer, duty free import of calf milk replacer & cattle feed premix was allowed. During 2015-16 (July-March), 324.495 metric tons of calf milk replacer & 311.530 metric tons of cattle feed premix was imported. Similarly, to promote and encourage value added livestock processing industry in the country, duty free import of machinery for milk, beef, mutton & poultry processing was allowed.

During 2015-16 (July-March), the Animal Quarantine Department (AQD) provided quarantine services and issued 29,297 Health Certificates for the export of live animals, mutton, beef, eggs and other livestock products having value of US$ 303.468 million. The AQD generated non-tax revenue of Rs. 117.216 million during 2015-16 (July-March) as certificate / laboratory examination fee of animal and animal products exported during the year.

The National Veterinary Laboratory (NVL), Islamabad is a national institution for service and regulatory support to national livestock wealth with mission to promote greater productivity and profitability from the livestock industries in Pakistan. The NVL conducted surveillance and diagnostic on highly contagious diseases of animals. It also carried out activities on National and Regional Projects regarding prevention and control of Transboundary Animal Diseases in Pakistan. During July - February 2015-16, 8,651 samples were analyzed for disease diagnosis, veterinary vaccines and residue testing. These samples were submitted from provincial livestock departments, development projects, ICT, AJK and FATA besides animal product exporters.

Livestock Wing also collaborated with international (Office International des Epizooties OIE, Food and Agriculture Organization FAO) and regional organizations (South Asian Association for Regional Cooperation SAARC, Economic Cooperation Organization ECO, Animal Production & Health Commission for Asia APHCA, European Union EU) for Human Resource Department (HRD) and capacity building of national and provincial livestock institutions for diagnosis and control of animal diseases. Inter Provincial Coordination is being done by the Livestock Wing to implement the National Programme to Control Foot & Mouth Disease and Peste des Petitis Ruminants (PPR) disease in Pakistan. Pakistan has been progressing on OIE FMD freedom pathway and moved to stage 02 of the 06 stage pathway. A National Foot and Mouth Disease (FMD) Control Programme has been through from National Assembly Standing Committee on Ministry of National Food Security & Research to sustain and continue project activities during the subsequent years. This will help in improving animal health status of the country regarding Transboundary animal diseases. Moreover, Ministry has filed an application in 2015 in World Animal Health Organisation (OIE), France to declare Pakistan free from Mad Cow disease (BSE). The said dossier is currently in the process of assessment / evaluation stage in OIE.

Ministry of National Food Security & Research made concerted efforts in order to lift ban on export of poultry and poultry products by Saudi Arabia. This was imposed on account of bird flu diseases in the country. Saudi Technical Delegation visited the country to inspect the processing facilities of some of the companies dealing with hatching eggs and day old chicks. The Saudi Delegation, after inspection, allowed 11 Pakistani Companies for the export of hatching eggs and day old chicks to Saudi Arabia. Efforts are on a way that UAE may also lift ban on import of poultry and poultry products from Pakistan.

Future Plans

The Future Plans include Inter-Provincial Coordination for development of livestock sector, Coordination with private sector to promote value addition livestock industry and diversification of livestock products, Controlling Trans-boundary Animal Diseases (FMD, PPR, Zoonotic diseases) of trade and economic importance through provincial participation & exploring new markets for export of beef & mutton and poultry meat with focus Global Halal Food Trade Market.

IV. Fisheries

Fishery and fishing are important means of food in Pakistan's economy and is considered to be a source of livelihood for the coastal areas. A part from marine fisheries, inland fisheries (based in rivers, lakes, ponds, dams etc.) is also very important activity throughout the country. Fisheries share in GDP although very little but it adds substantially to the national income through export earnings.

During 2015-16 (July-March), total marine and inland fish production was estimated 501,000 m. tons out of which 368,000 m. tons was marine production and the remaining catch came from inland waters. Whereas the production for the period 2014-15 (July-March), was estimated to be 499,000 m. tons in which 365,000 m. tons was marine and the remaining was produced by inland fishery sector.

A total of 91,965 m. tons of fish and fish preparations was exported during 2015-16 (July-March). Pakistan's major buyers are China, Thailand, Malaysia, Middle East, Sri Lanka, Japan, etc. Pakistan earned US $ 240.108 million. Whereas the export of fish and fish preparations for 2014-15 (July-March) was 99,203 m. tons amounting US $ 253.497 million. The exports of fish and fish preparations have been decreased by 7.30 percent in quantity and in value have been decreased by 5.28 percent during 2015-16 (July-March).

Government of Pakistan is taking a number of steps to improve fisheries sector. Further number of initiative are being taken by MFD and provincial fisheries department which includes *inter alia* strengthening of extension services, introduction of new fishing methodologies, development of value added products, enhancement of per capita consumption of fish, up-gradation of socio-economic conditions of the fishermen's community.

i) Biological and Hydrological Research

During 2015-16 (July-March), samples of seawater collected from coastal areas were analyzed to determine parameters which affect fish distribution. During 2015-16 (July-March), fish samples of different species were examined for study of length-weight relationship, sex ratio, maturity, food and feeding habit and fecundity etc. Monitoring for fish landing to determine stock position was also carried out at Karachi Fish Harbour.

ii) Quality Control Services

Marine Fisheries Department is responsible to regulate quality and promote export of fish and fishery products and to prevent export of substandard quality of seafood products and for matters connected therewith and ancillary thereto. In this connection, during 2015-16 (July-March) , the Quality Control Section of MFD has issued 11,623 certificates of Quality & Origin and health for seafood commodities exported from Pakistan.

iii) Export of Fish and Fishery Products to the European Union (EU) Countries

With the efforts of Ministry of Ports and Shipping the exports of Fish & Fishery products from two processing plants to the EU countries has been resumed after six years of its suspension (i.e. after April 12th , 2007). Since resumption of export to the EU countries total 126 consignments of cuttle fish, shrimps and fish sent from one company to the EU and have been successfully cleared after 100 percent laboratory analysis at EU border.

Hopefully, some other fish processing establishment will also be enlisted by the EU in near future.In order to meet the requirement of EU and other importing countries, two (02) laboratories of MFD (i.e. Microbiology & Chemical) were got accredited from Pakistan National Accreditation Council upto 2015.

iv) Renovation of other Landing Sites / Auction Halls

The administration of Gwadar Fish Harbour, and Karachi Fish Harbour Karachi, has been approached by MFD to renovate the Harbour facility as per requisite hygienic standards.

v) Turtle Excluder Device (TED) and Trials of TED by Local Fishermen

Two members of inspection team visited MFD from USA on 16-18 February, 2016 to verify the installation of TED in the shrimp trawler in

Pakistan and found satisfactory. 2523 fishermen/fisheries personnel were trained on different aspects of Hygiene, Deckhand, Navigational Electronic equipments, HACCP and modern fishing techniques etc.

MFD, Government of Pakistan, whereas around 88 fishermen, including representatives of the other organizations participated in the training for fishermen for using TED. The primary purpose of TED is to reduce the mortality of sea turtles in fishing nets, while safeguarding the livelihood of the local fishermen.

The TED is mandatory in the World Trade Organization's environmental clauses. Pakistan is also a signatory to the FAO's Code of Conduct for responsible fishing. The federal and provincial governments have assigned the task to the Maritime Security Agency for ensuring compliance with the TED on all the fishing boats in the sea.

vi) Modernized the Fishing Fleets

The traditional fishing fleet will be modernized by providing high-power engines, navigational and communication equipment and improvement of deck facilities, in order to enhance their capability to fish in relatively deeper waters as per requirements of EU continue. As a result of introduction of modular boats by MFD, the boat owners have started modification of their boats on their own expenses. This is a success story which shows that the fishermen community has accepted the technology of lining of fish holds with fibreglass coating. 1178 fishing boats including Trawler, Gillnetters and (TLH with winch); Horas and Doondas are modified and upgraded.

Conclusion

Agriculture sector growth declined by 0.19 percent, primarily on account of decline in cotton crop production by 27.8 percent. To reap maximum potential of cotton crop in future on sustainable basis a comprehensive road map for achieving higher cotton production is being devised by taking short and medium terms measures. In addition the Kissan Package will also help farmers against the unprecedented climate behaviour going forward.

AGRICULTURE

TABLE 2.1 A

INDEX OF AGRICULTURAL PRODUCTION

Fiscal Year	1999-2000 Base				2005-06 Base				
	All major crops	Food crops	Fibre crops	Other crops	Food crops			Cash crop	Fibre crop
					Wheat	Maize	Rice	Sugarcane	Cotton
2000-01	93.0	91.2	95.0	94.0	-	-	-	-	-
2001-02	97.0	85.2	94.4	103.6	-	-	-	-	-
2002-03	104.0	91.8	90.8	112.1	-	-	-	-	-
2003-04	107.0	94.9	89.4	115.1	-	-	-	-	-
2004-05	104.0	106.4	126.9	101.9	-	-	-	-	-
2005-06	101.0	107.0	116.0	95.6	100.0	100.0	100.0	100.0	100.0
2006-07	117.0	115.0	114.0	118.0	109.5	99.3	98.0	122.6	98.7
2007-08	126.0	108.0	104.0	138.0	98.5	115.9	100.3	143.1	89.5
2008-09	114.0	124.0	105.0	108.0	113.0	115.5	125.3	112.0	90.8
2009-10	111.0	119.0	115.0	106.0	109.6	104.9	124.1	110.5	99.2
2010-11	119.0	120.0	102.0	119.0	118.5	119.2	87.0	123.8	88.0
2011-12	123.0	120.0	121.0	125.0	110.3	139.5	111.1	130.7	104.4
2012-13	-	-	-	-	113.8	135.7	99.8	142.7	100.1
2013-14	-	-	-	-	122.1	159.0	122.6	151.0	98.1
2014-15	-	-	-	-	117.9	158.7	126.2	140.7	107.2
2015-16 P	-	-	-	-	119.8	158.2	122.8	146.6	77.4

P: Provisional (Jul-Mar)

Source: Pakistan Bureau of Statistics

TABLE 2.1 B

BASIC DATA ON AGRICULTURE

Fiscal Year	Cropped Area (million hectares)	Improved Seed distribution (000 Tonnes)	Water* Availability (MAF)	Fertilizer Offtake (000 N/T)	Credit disbursed (Rs million)	Tube wells Public & Private (Number in 000)
2000-01	22.04	193.80	134.77	2,964.00	44,790	659.3
2001-02	22.12	191.57	134.63	2,929.00	52,314	707.3
2002-03	21.85	172.02	134.48	3,020.00	58,915	769.0
2003-04	22.94	178.77	134.78	3,222.00	73,446	950.1
2004-05	22.78	218.12	135.68	3,694.04	108,733	984.3
2005-06	23.13	226.07	137.98	3,804.00	137,474	999.6
2006-07	23.56	218.60	137.80	3,672.00	168,830	1,025.8
2007-08	23.85	264.67	137.80	3,581.00	211,561	1,016.1
2008-09	24.12	314.63	131.51	3,711.00	233,010	1,070.0
2009-10	23.87	312.63	133.70	4,360.00	248,120	1,088.0
2010-11	22.72	331.02	137.16	3,933.00	263,022	1,103.4
2011-12	22.50	346.38	135.86	3,861.00	293,850	997.7
2012-13	22.56	327.08	137.51	3,621.00	336,247	1,049.4
2013-14	22.73	359.18	137.51	4,089.00	391,353	1,026.5
2014-15	22.67	446.19	138.59	4,316.00	515,875	1,049.6
2015-16 P	22.67	455.05	133.00	3,035.00	385,537	1,086.2 **

P: Provisional (Jul-Mar) *: At farm gate ** : Jul-Dec (Contd.)

TABLE 2.1 B (Continued)

BASIC DATA ON AGRICULTURE

Fiscal Year	Production of Tractors (Nos)	Production of meat (000 Tonnes)	Milk (000 Tonnes)	Fish Production (000 Tonnes)	Total Forest Production (000 cu.mtr.)
2000-01	32,553	2,015	26,284	629.6	472
2001-02	24,311	2,072	27,031	637.8	487
2002-03	27,101	2,132	27,811	566.2	266
2003-04	36,059	2,188	28,624	573.5	313
2004-05	44,095	2,271	29,438	580.6	282
2005-06	49,642	2,515	31,970	604.9	265
2006-07	54,431	2,618	32,986	640.0	373
2007-08	53,598	2,728	34,064	885.0	363
2008-09	60,561	2,843	35,160	914.1	347
2009-10	71,607	2,965	36,299	925.8	356
2010-11	71,550	3,094	37,475	699.9	352
2011-12	48,120	3,232	38,617	724.8	354
2012-13	48,871	3,379	39,855	728.8	354
2013-14	34,650	3,531	41,133	735.0	-
2014-15	31,963	3,696	42,454	765.0	-
2015-16 P	21,229	3,873	43,818	501.0	-

P : Provisional (Jul-Mar)
- : Not available

Source: Pakistan Bureau of Statistics
Ministry of National Food Security and Research

TABLE 2.2

LAND UTILIZATION

(Million Hectares)

Fiscal Year	Total Area	Reported Area	Forest Area	Not Available for Cultivation	Culturable Waste	Cultivated Area: Current Fallow	Cultivated Area: Net Area Sown	Cultivated Area: Total Area Cultivated (6+7)	Area Sown more than once	Total Cropped Area (7+9)
	1	2	3	4	5	6	7	8	9	10
2000-01	79.61	59.44	3.77	24.37	9.17	6.73	15.40	22.13	6.64	22.04
2001-02	79.61	59.33	3.80	24.31	8.95	6.60	15.67	22.27	6.45	22.12
2002-03	79.61	59.45	4.04	24.25	8.95	6.61	15.60	22.21	6.25	21.85
2003-04	79.61	59.46	4.01	24.23	9.10	6.23	15.89	22.12	7.05	22.94
2004-05	79.61	59.48	4.02	24.39	8.94	6.86	15.27	22.13	7.51	22.78
2005-06	79.61	57.22	4.03	22.87	8.21	6.72	15.39	22.11	7.74	23.13
2006-07	79.61	57.05	4.19	22.70	8.30	5.72	16.16	21.87	7.40	23.56
2007-08	79.61	57.08	4.21	23.41	8.19	4.93	16.34	21.17	7.51	23.85
2008-09	79.61	57.21	4.21	23.47	8.15	5.04	16.34	21.38	7.78	24.12
2009-10	79.61	57.21	4.23	23.49	8.09	5.20	16.20	21.40	7.67	23.87
2010-11	79.61	57.64	4.26	23.37	7.98	6.38	15.65	22.03	7.07	22.72
2011-12	79.61	57.73	4.26	23.25	8.19	7.05	14.98	22.03	7.52	22.50
2012-13	79.61	57.79	4.26	23.06	8.21	7.04	15.22	22.26	7.34	22.56
2013-14	79.61	57.91	4.55	23.01	8.27	6.68	15.40	22.08	7.33	22.73
2014-15 P	79.61	57.99	4.55	23.01	8.25	6.75	15.35	22.10	7.33	22.67
2015-16 R	79.61	57.99	4.55	23.01	8.25	6.75	15.35	22.10	7.33	22.67

P: Provisional R: Repeated

Source: Pakistan Bureau of Statistics
Ministry of National Food Security & Research

Note:

1. Total Area Reported is the total physical area of the villages/deh, tehsils or districts etc.
3. Forest Area is the area of any land administered as forest under any legal enactment dealing with forests. Any cultivated area which may exist within such forest is shown under heading "cultivated area".
4. Area Not Available for Cultivation is that uncultivated area of the farm which is under farm home-steads, farm roads and other connected purposes and not available for cultivation.
5. Culturable Waste is that uncultivated farm area which is fit for cultivation but was not cropped during the year under reference nor in the year before that.
6. Current Fallow (ploughed but uncropped) is that area which is vacant during the year under reference but was sown at least once during the previous year
   Cultivated Area is that area which was sown at least during the year under reference or during the previous year.
   Cultivated Area = Net Area sown + Current Fallow.
7. Net Area Sown is that area which is sown at least once during (Kharif & Rabi) the year under reference.
9. Area Sown more than once is the difference between the total cropped area and the net area sown.
10. Total Cropped Area means the aggregate area of crops raised in a farm during the year under reference including the area under fruit trees.

TABLE 2.3

AREA UNDER IMPORTANT CROPS

(000 Hectares)

Fiscal Year	Wheat	Rice	Bajra	Jowar	Maize	Barley	Total Food Grains	Gram	Sugar-cane	Rapeseed and Mustard	Sesa-mum	Cotton	Tobacco
2000-01	8,181	2,377	390	354	944	113	12,359	905	961	273	101	2,927	46
2001-02	8,058	2,114	417	358	942	111	12,000	934	1,000	269	136	3,116	49
2002-03	8,034	2,225	349	338	935	108	11,989	963	1,100	256	88	2,794	47
2003-04	8,216	2,461	539	392	947	102	12,657	982	1,074	259	60	2,989	46
2004-05	8,358	2,520	343	308	982	93	12,603	1,094	966	243	66	3,193	50
2005-06	8,448	2,621	441	254	1,042	90	12,896	1,029	907	217	82	3,103	56
2006-07	8,578	2,581	504	292	1,017	94	13,066	1,052	1,029	256	71	3,075	51
2007-08	8,550	2,515	531	281	1,052	91	13,020	1,107	1,241	224	76	3,054	51
2008-09	9,046	2,963	470	263	1,052	86	13,880	1,081	1,029	233	91	2,820	50
2009-10	9,132	2,883	476	248	935	84	13,758	1,067	943	178	80	3,106	56
2010-11	8,901	2,365	548	229	974	77	13,094	1,054	988	212	78	2,689	51
2011-12	8,650	2,571	458	214	1,087	72	13,052	1,008	1,058	201	76	2,835	46
2012-13	8,660	2,309	461	198	1,060	73	12,761	992	1,129	224	71	2,879	50
2013-14	9,199	2,789	475	198	1,168	71	13,900	950	1,173	220	82	2,806	49
2014-15	9,204	2,891	462	195	1,142	68	13,962	943	1,141	214	83	2,961	54
2015-16 P	9,260	2,748	486	274	1,144	66	13,978	945	1,132	211	80	2,917	54

P: Provisional (Jul-Mar)

Source: Pakistan Bureau of Statistics

Note: 1 ha = 2.47 acres

TABLE 2.4

PRODUCTION OF IMPORTANT CROPS

(000 Tonnes)

Fiscal Year	Wheat	Rice	Bajra	Jowar	Maize	Barley	Total Food Grains	Gram	Sugar-cane	Rapeseed and Mustard	Sesa-mum	Cotton (000 tonnes)	Cotton (000 Bales)	Tob-acco
2000-01	19,024	4,803	199	218	1,643	99	25,987	397	43,606	230	50.7	1,826	10,732	85
2001-02	18,226	3,882	216	222	1,664	100	24,311	362	48,042	221	69.6	1,805	10,613	94
2002-03	19,183	4,478	189	203	1,737	100	25,889	675	52,056	215	19.3	1,737	10,211	88
2003-04	19,500	4,848	274	238	1,897	98	26,855	611	53,419	221	25.0	1,709	10,048	86
2004-05	21,612	5,025	193	186	2,797	92	29,905	868	47,244	203	30.0	2,426	14,265	101
2005-06	21,277	5,547	221	153	3,110	88	30,396	480	44,666	172	35.0	2,215	13,019	113
2006-07	23,295	5,438	238	180	3,088	93	32,337	838	54,742	212	30.0	2,187	12,856	103
2007-08	20,959	5,563	305	170	3,605	87	31,198	475	63,920	176	32.8	1,982	11,655	108
2008-09	24,033	6,952	296	165	3,593	82	35,121	741	50,045	188	41.0	2,010	11,819	105
2009-10	23,311	6,883	293	154	3,261	71	33,973	562	49,373	151	33.4	2,196	12,914	119
2010-11	25,214	4,823	346	141	3,707	71	34,302	496	55,309	188	31.0	1,949	11,460	103
2011-12	23,473	6,160	304	137	4,338	66	34,478	284	58,397	164	30.2	2,310	13,595	98
2012-13	24,211	5,536	311	123	4,220	67	34,468	751	63,750	205	29.2	2,214	13,031	108
2013-14	25,979	6,798	301	119	4,944	67	38,208	399	67,460	203	32.4	2,170	12,769	130
2014-15	25,086	7,003	295	115	4,937	63	37,499	379	62,826	196	33.1	2,372	13,960	120
2015-16 P	25,482	6,811	299	161	4,920	61	37,734	312	65,475	194	32.4	1,712	10,074	120

P: Provisional (Jul-Mar)

Source: Pakistan Bureau of Statistics

TABLE 2.5

YIELD PER HECTARE OF MAJOR AGRICULTURAL CROPS

(Kg/Hectare)

Fiscal Year	Wheat	Rice	Sugarcane	Maize	Gram	Cotton
2000-01	2,325	2,021	45,376	1,741	439	624
2001-02	2,262	1,836	48,042	1,766	388	579
2002-03	2,388	2,013	47,324	1,858	701	622
2003-04	2,375	1,970	49,738	2,003	622	572
2004-05	2,568	1,995	48,906	2,848	793	760
2005-06	2,519	2,116	49,246	2,985	467	714
2006-07	2,716	2,107	53,199	3,036	797	711
2007-08	2,451	2,212	51,507	3,427	429	649
2008-09	2,657	2,346	48,634	3,415	685	713
2009-10	2,553	2,387	52,357	3,487	527	707
2010-11	2,833	2,039	55,981	3,806	471	725
2011-12	2,714	2,396	55,196	3,991	282	815
2012-13	2,796	2,398	56,466	3,981	757	769
2013-14	2,824	2,437	57,511	4,233	420	774
2014-15	2,726	2,422	55,062	4,323	402	802
2015-16 P	2,752	2,479	57,840	4,301	330	587

P: Provisional

Source: Pakistan Bureau of Statistics

TABLE 2.6

PRODUCTION AND EXPORT OF FRUIT

Fiscal Year	Production of Important Fruit (000 tonnes)								Export	
	Citrus	Mango	Apple	Banana	Apricot	Almonds	Grapes	Guava	(000 tonnes)	Value (Mln. Rs)
2000-01	1,898	990	439	139	126	33	51	526	260	4,575
2001-02	1,830	1,037	367	150	125	26	53	539	290	5,084
2002-03	1,702	1,035	315	143	130	24	52	532	263	4,815
2003-04	1,760	1,056	334	175	211	24	51	550	354	5,913
2004-05	1,944	1,671	352	148	205	23	49	571	281	5,408
2005-06	2,458	1,754	351	164	197	23	49	552	455	7,508
2006-07	1,472	1,719	348	151	177	23	47	555	343	6,894
2007-08	2,294	1,754	442	158	240	27	75	539	411	9,085
2008-09	2,132	1,728	441	157	238	26	76	512	469	12,519
2009-10	2,150	1,846	366	155	194	22	65	509	687	20,094
2010-11	1,982	1,889	526	139	190	22	64	547	669	25,017
2011-12	2,147	1,700	599	97	189	21	64	495	737	32,068
2012-13	2,002	1,680	556	116	179	22	64	500	718	38,085
2013-14	2,168	1,659	606	119	178	22	66	496	784	45,196
2014-15	2,395	1,717	617	118	171	22	66	488	682	44,375
2015-16 P	2,395	1,636	616	128	169	22	66	495	593	37,254

P: Provisional (Jul-Mar) **Source: Pakistan Bureau of Statistics**

TABLE 2.7

CROP WISE COMPOSITION OF OUTPUT OF IMPORTANT AGRICULTURAL CROPS (AT CONSTANT BASIC PRICES BASE 2005-06)

(% Share)

Fiscal Year/ Crops	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2103-14	2014-15	2015-16 P
Important Crops	100	100	100	100	100	100	100	100	100
Food Crops	57.94	62.82	60.43	61.92	58.94	58.79	61.21	59.95	64.88
Wheat	38.08	41.75	40.14	44.07	38.92	40.21	40.29	38.63	42.17
Maize	7.51	7.08	6.47	7.50	8.32	8.09	8.88	8.83	9.45
Rice	12.35	13.99	13.83	10.34	11.69	10.49	12.04	12.49	13.06
Cash Crop	14.62	10.77	10.66	12.03	11.83	13.15	13.09	12.11	13.61
Sugarcane	14.62	10.77	10.66	12.03	11.83	13.15	13.09	12.11	13.61
Fibre Crop	27.44	26.40	28.91	26.05	29.23	28.06	25.70	27.95	21.72
Cotton	27.44	26.40	28.91	26.05	29.23	28.06	25.70	27.95	21.72

P: Provisional

Source: Pakistan Bureau of Statistics

TABLE 2.8

CREDIT DISBURSED BY AGENCIES

(Rs. in Million)

Fiscal Year	ZTBL	Domestic Private Banks	PPCBL	Commercial Banks	MFBs	Islamic Banks*	Total
2000-01	27,610	-	5,124	12,056	-	-	44,790
2001-02	29,108	593	5,128	17,486	-	-	52,314
2002-03	29,270	1,421	5,485	22,739	-	-	58,915
2003-04	29,933	2,702	7,564	33,247	-	-	73,446
2004-05	37,409	12,407	7,607	51,310	-	-	108,733
2005-06	47,594	16,023	5,889	67,967	-	-	137,474
2006-07	56,473	23,976	7,988	80,393	-	-	168,830
2007-08	66,939	43,941	5,931	94,749	-	-	211,561
2008-09	75,139	41,626	5,579	110,666	-	-	233,010
2009-10	79,012	43,777	5,722	119,609	-	-	248,120
2010-11	65,361	50,187	7,162	140,312	-	-	263,022
2011-12	66,068	60,876	8,520	146,271	12,115	-	293,850
2012-13	67,068	69,271	8,304	172,833	18,770	-	336,247
2013-14	77,920	84,813	8,809	195,488	22,796	1,527	391,353
2014-15	95,827	108,708	10,486	262,912	32,951	4,991	515,875
2015-16 P	55,300	84,837	6,102	198,811	34,487	5,999	385,537

P: Provisional (Jul-Mar) - : Not available Source: State Bank of Pakistan
ZTBL: Zarai Taraqiati Bank Limited
PPCBL: Punjab Provincial Corporative Bank Limited
Commercial Banks: Include ABL, HBL, MCB, NBP & UBL
MFBs: 9 Micro Finance Banks
*: 5 Islamic Banks

TABLE 2.9

FERTILIZER OFFTAKE AND IMPORTS OF FERTILIZERS & PESTICIDES

Fiscal Year	Fertilizer Offtake (000 N/Tonnes)				Import of Fertilizers 000 N/Tonnes	Import of Insecticides	
	Nitrogen	Phosphorus	Potash	Total		Quantity (Tonnes)	Value (Mln Rs.)
2000-01	2,264	677	23	2,966	580	21,255	3,477
2001-02	2,285	625	19	2,929	626	31,783	5,320
2002-03	2,349	650	20	3,020	766	22,242	3,441
2003-04	2,527	674	22	3,222	764	41,406	7,157
2004-05	2,796	864	33	3,694	784	41,561	8,281
2005-06	2,926	851	27	3,804	1,268	33,954	6,804
2006-07	2,650	979	43	3,672	796	29,089	5,848
2007-08	2,925	630	27	3,582	876	27,814	6,330
2008-09	3,034	651	25	3,710	568	28,839	8,981
2009-10	3,476	860	24	4,360	1,444	38,227	13,473
2010-11	3,134	767	32	3,933	645	36,183	13,178
2011-12	3,207	633	21	3,861	1,177	32,152	12,255
2012-13	2,853	747	21	3,621	735	17,882	8,507
2013-14	3,185	881	24	4,089	1,148	23,546	12,572
2014-15	3,309	975	33	4,316	984	23,157	14,058
2015-16 P	2,192	828	16	3,035	797	15,540	12,089

P: Provisional, (Jul-Mar)

Source: Pakistan Bureau of Statistics
National Fertilizer Development Centre

TABLE 2.10

AVERAGE RETAIL SALE PRICES OF FERTILIZERS

(Rs. per bag of 50 Kgs)

Fiscal Year	Urea (46% N)	AN/CAN (26% N)	AS (21% N)	NP (23:23)	SSP(G) (18%)	DAP (18:46)	SOP (50% K)	NPK (10:20:20)
2000-01	363.0	233.0	300.0	468.0	253.0	670.0	682.0	-
2001-02	394.0	268.0	308.0	519.0	280.0	710.0	765.0	-
2002-03	411.0	282.0	344.0	539.0	287.0	765.0	780.0	-
2003-04	420.0	208.0	373.0	622.0	329.0	913.0	809.0	-
2004-05	468.0	353.0	405.0	704.0	373.0	1,001.0	996.0	-
2005-06	509.0	395.0	744.0	710.0	407.0	1,079.0	1,170.0	-
2006-07	527.0	396.0	779.0	670.0	334.0	993.0	985.0	-
2007-08	581.0	471.0	867.0	1,267.0	572.0	1,934.0	1,497.0	-
2008-09	751.0	704.0	1,330.0	1,700.0	874.0	2,578.0	2,091.0	-
2009-10	799.0	701.0	1,223.0	1,452.0	726.0	2,267.0	2,370.0	-
2010-11	1,035.0	843.0	1,124.0	2,108.0	896.0	3,236.0	2,807.0	-
2011-12	1,719.0	1,392.0	-	2,691.0	1,260.0	4,054.0	3,797.0	-
2012-13	1,799.0	1,443.0	-	2,524.0	1,172.0	3,902.0	3,945.0	-
2013-14	1,827.0	1,566.0	-	2,513.0	1,050.0	3,640.0	4,233.0	-
2014-15	1,883.0	1,606.0	-	2,584.0	1,012.0	3,677.0	4,904.0	-
2015-16 P	1,893.0	1,591.0	-	2,456.0	996.0	3,531.0	5,248.0	-

P: Provisional (Jul-Mar) - Not available Source: Pakistan Bureau of Statistics
National Fertilizer Development Centre

AN/CAN: Ammonium Nitrate/Calcium Ammonium Nitrate
ASN: Ammonium Super Nitrate
AS: Ammonium Sulphate DAP: Diammonium Phosphate
NP: Nitrophosphate SOP: Sulphate of Potash
SSP: Single Super Phosphate NPK: Nitrogen Phosphate and Potash

TABLE 2.11

AREA IRRIGATED BY DIFFERENT SOURCES

(Million hectares)

Fiscal Year	Canals	Wells	Canal Wells	Tube wells	Canal Tube wells	Others	Total
2000-01	6.98	0.16	0.10	3.19	7.22	0.17	17.82
2001-02	6.81	0.20	0.16	3.45	7.24	0.18	18.04
2002-03	7.06	0.21	0.17	3.42	7.17	0.20	18.22
2003-04	7.22	0.22	0.15	3.49	7.47	0.21	18.76
2004-05	7.00	0.25	0.19	3.46	7.70	0.24	18.84
2005-06	7.06	0.28	0.20	3.58	7.78	0.22	19.12
2006-07	6.78	0.67	0.22	3.89	7.78	0.25	19.59
2007-08	6.91	0.31	0.17	3.83	7.79	0.28	19.29
2008-09	6.81	0.31	0.20	3.82	7.94	0.24	19.39
2009-10	6.78	0.31	0.26	3.88	7.07	0.28	20.06
2010-11	6.39	0.36	0.25	3.92	7.60	0.72	19.24
2011-12	6.30	0.35	0.19	4.03	7.86	0.72	19.45
2012-13	5.65	0.30	0.19	3.81	7.86	0.19	18.00
2013-14	5.96	0.38	0.27	3.71	8.15	0.17	18.64
2014-15	5.96	0.38	0.27	3.71	8.15	0.17	18.64
2015-16	-	-	-	-	-	-	-

- : Not available

Source: Pakistan Bureau of Statistics
Ministry of National Food Security & Research

TABLE 2.12

PROCUREMENT/SUPPORT PRICES OF AGRICULTURAL COMMODITIES

(Rs per 40 Kg)

Fiscal Year	Wheat	Rice		Paddy			Sugarcane (at factory gate)			
		Basmati 385	Irri-6 (F.A.Q)	Basmati 385	Basmati Super/2000	Irri-6	Khyber Pakhtunkhwa	Punjab	Sindh	Baloch-istan
2000-01	300.0	-	-	385.0	460.0	205.0	35.0	35.0	36.0	36.0
2001-02	300.0	-	-	385.0	460.0	205.0	42.0	42.0 **	43.0	43.0
2002-03	300.0	-	-	385.0	460.0	205.0	42.0	42.0	43.0	43.0
2003-04	350.0	-	-	400.0	485.0	215.0	42.0	42.0	43.0	43.0
2004-05	400.0	-	-	415.0	510.0	230.0	42.0	42.0	43.0	43.0
2005-06	415.0	-	-	460.0	560.0	300.0	48.0	45.0	60.0	-
2006-07	425.0	-	-	-	-	306.0	65.0	65.0	67.0	-
2007-08	625.0	-	-	-	-	-	65.0 **	65.0 **	63.0	-
2008-09	950.0	2,500.0	1,400.0	1,250.0 *	1,500.0	700.0	80.0	80.0	81.0	-
2009-10	950.0	-	-	1,000.0 *	1,250.0	600.0	100.0	100.0	102.0	-
2010-11	950.0	-	-	-	-	-	125.0	125.0	125.0	-
2011-12	1,050.0	-	-	-	-	-	150.0	150.0	154.0	-
2012-13	1,200.0	-	-	-	-	-	170.0	170.0	172.0	-
2013-14	1,200.0	-	-	-	-	-	170.0	170.0	172.0	-
2014-15	1,300.0	-	-	-	-	-	180.0	180.0	182.0	-
2015-16	1,300.0	-	-	-	-	-	180.0	180.0	172.0	-

F.A.Q : Fair Average Quality - : Not available (Contd.)

*: Price of Basmati Super (Paddy) Rs. 1500/40kg for 2008-09 and Rs. 1250 for 2009-10

** : Sugarcane prices are fixed by the respective Provincial Government

TABLE 2.12 (Continued)

PROCUREMENT/SUPPORT PRICES OF AGRICULTURAL COMMODITIES

(Rs. per 40 Kg)

Fiscal	Cotton Lint				Seed Cotton (Phutti)				Potato	Onion
Year	Desi	AC-134, NT	B-557 149-F	Sarmast Qallan-dri Delta-pine MS-39-40	Desi	AC-134, NT	B-557 F-149 Niab-78	Sarmast Qallan-dri Delta-pine MS-39-40		
2000-01	-	-	-	-	-	-	725.0 *	-	145.0	-
2001-02	-	-	-	-	-	-	780.0 **	-	-	-
2002-03	-	-	-	-	-	-	800.0 **	-	-	-
2003-04	-	-	-	-	-	-	850.0 **	-	-	-
2004-05	-	-	-	-	-	-	925.0 **	-	-	-
2005-06	-	-	-	-	-	-	975.0 **	-	-	-
2006-07	-	-	-	-	-	-	1025.0	-	-	-
2007-08	-	-	-	-	-	-	1025.0	-	-	-
2008-09	-	-	-	-	-	-	1465.0	-	-	-
2009-10	-	-	-	-	-	-	-	-	-	-
2010-11	-	-	-	-	-	-	-	-	-	-
2011-12	-	-	-	-	-	-	-	-	-	-
2012-13	-	-	-	-	-	-	-	-	-	-
2013-14	-	-	-	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	3000.0	-	-	-
2015-16	-	-	-	-	-	-	3000.0 **	-	-	-

- : Not available *: Niab-78, CIM ** : As recommended by API Source: Ministry of National Food Security & Research

TABLE 2.13

PROCUREMENT, RELEASES AND STOCKS OF WHEAT AND RICE

(000 tonnes)

Fiscal Year	Wheat (May-April)			Rice Procured		Stocks Balance (as on 1st July)	
	Procure-ment	Releases	Stocks As on 1st May	Basmati	Others	Basmati	Others
2000-01	8,582.0	5,537.0	3,552.0	-	-	-	-
2001-02	4,081.0	3,376.0	3,683.0	-	-	-	-
2002-03	4,045.0	5,130.0	992.0	-	-	-	-
2003-04	3,514.0	4,104.0	161.0	-	-	-	-
2004-05	3,939.0	4,500.0	350.0	-	-	-	-
2005-06	4,514.0	2,088.4	2,107.4	-	-	-	-
2006-07	4,422.0	6,003.0	501.0	-	-	-	-
2007-08	3,918.0	6,320.0	136.0	-	-	-	-
2008-09	9,200.0	5,784.4	821.9	-	-	-	-
2009-10	6,715.0	5,985.0	4,223.0	-	-	-	-
2010-11	6,150.0	6,404.0	3,186.0	-	-	-	-
2011-12	5,792.0	5,820.0	3,506.0	-	-	-	-
2012-13	7,910.0	6,363.0	1,681.0	-	-	-	-
2013-14	5,948.0	6,452.0	1,177.0	-	-	-	-
2014-15	6,131.0	3,957.0	3,351.0	-	-	-	-
2015-16	7,050.0 P	4,468.1	5,016.0				

P: Provisional - : Not available Source: Ministry of National Food Security & Research

As of revised procurement target (May 2016)

TABLE 2.14

LIVESTOCK POPULATION

(Million Numbers)

Fiscal Year	Buffalo	Cattle	Goat	Sheep	Poultry	Camels	Asses	Horses	Mules
2000-01	23.3	22.4	49.1	24.2	292.4	0.8	3.9	0.3	0.2
2001-02	24.0	22.8	50.9	24.4	330.0	0.8	3.9	0.3	0.2
2002-03	24.8	23.3	52.8	24.6	346.1	0.8	4.1	0.3	0.2
2003-04	25.5	23.8	54.7	24.7	352.6	0.7	4.1	0.3	0.2
2004-05	26.3	24.2	56.7	24.9	372.0	0.7	4.2	0.3	0.3
2005-06*	27.3	29.6	53.8	26.5	433.8	0.9	4.3	0.3	0.2
2006-07	28.2	30.7	55.2	26.8	477.0	0.9	4.3	0.3	0.2
2007-08	29.0	31.8	56.7	27.1	518.0	1.0	4.4	0.3	0.2
2008-09	29.9	33.0	58.3	27.4	562.0	1.0	4.5	0.4	0.2
2009-10	30.8	34.3	59.9	27.8	610.0	1.0	4.6	0.4	0.2
2010-11	31.7	35.6	61.5	28.1	663.0	1.0	4.7	0.4	0.2
2011-12	32.7	36.9	63.1	28.4	721.0	1.0	4.8	0.4	0.2
2012-13	33.7	38.3	64.9	28.8	785.0	1.0	4.9	0.4	0.2
2013-14	34.6	39.7	66.6	29.1	855.0	1.0	4.9	0.4	0.2
2014-15	35.6	41.2	68.4	29.4	932.0	1.0	5.0	0.4	0.2
2015-16	36.6	42.8	70.3	29.8	1016.0	1.0	5.1	0.4	0.2

*: Actual figures of Livestock Census 2006

Source: Ministry of National Food Security & Research

Note: From 2006-07 onward figures estimates are based on Inter census growth rate of Livestock Census 1996 & 2006

TABLE 2.15

LIVESTOCK PRODUCTS

(000 Tonnes)

Fiscal Year	Milk*	Beef	Mutton	Poultry Meat	Wool	Hair	Bones	Fats	Blood	Eggs (Mln.Nos.)	Hides (Mln.Nos.)	Skins (Mln.Nos.)
2000-01	26,284	1,010	666	339	39.2	18.6	331.4	123.5	41.8	7,505	7.8	38.2
2001-02	27,031	1,034	683	355	39.4	19.3	339.4	126.5	42.9	7,679	7.9	39.2
2002-03	27,811	1,060	702	370	39.7	19.9	347.6	129.7	44.0	7,860	8.2	40.3
2003-04	28,624	1,087	720	378	39.9	20.7	356.2	132.9	45.2	8,102	8.4	42.4
2004-05	29,438	1,115	739	384	40.0	20.7	365.1	136.3	45.2	8,529	8.6	42.6
2005-06**	31,970	1,449	554	512	40.1	20.3	633.5	203.3	51.4	9,712	11.4	43.3
2006-07	32,996	1,498	566	554	40.6	20.8	652.5	209.2	52.7	10,197	11.8	44.3
2007-08	34,064	1,549	578	601	41.0	21.4	672.2	215.3	54.1	10,711	12.2	45.3
2008-09	35,160	1,601	590	652	41.5	22.0	692.4	221.6	55.4	11,258	12.6	46.3
2009-10	36,299	1,655	603	707	42.0	22.6	713.4	228.1	56.8	11,839	13.0	47.4
2010-11	37,475	1,711	616	767	42.5	23.2	735.1	234.8	58.3	12,857	13.5	48.5
2011-12	38,617	1,769	629	834	43.0	23.8	757.5	241.7	59.8	13,114	13.9	49.6
2012-13	39,855	1,829	643	907	43.6	24.4	780.5	248.8	61.3	13,813	14.4	50.7
2013-14	41,133	1,887	657	987	44.1	25.1	802.9	255.8	62.8	14,556	14.9	51.9
2014-15	42,454	1,951	671	1074	44.6	25.8	827.2	263.3	64.4	15,346	15.4	53.1
2015-16	43,818	2,017	686	1170	45.1	26.5	852.3	271.0	66.1	16,188	15.9	54.3

*: Human Consumption

Source: Ministry of National Food Security & Research

**: Actual figures of Livestock Census 2006

Note: From 2006-07 onward figures estimates are based on Inter census growth rate of Livestock Census 1996 & 2006

Manufacturing and Mining

3.1 Introduction

Manufacturing is the second largest sector of the economy accounting for 13.6 percent of Gross Domestic Product (GDP). This sectors mainly comprises textile industry, engineering goods and industry, agro based industry, chemical industry and small & medium enterprises. This sector provides employment opportunities of 15.3 percent to the total labor force.

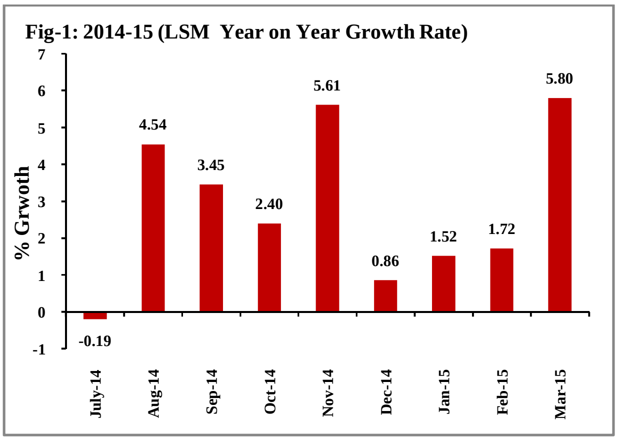
Large Scale Manufacturing (LSM) at 10.9 percent of GDP dominates the overall sector, accounting for 80 percent of the sectoral share followed by Small Scale Manufacturing, which accounts for 1.8 percent of total GDP. The third component of the sector is slaughtering and accounts for 0.9 percent of overall GDP.

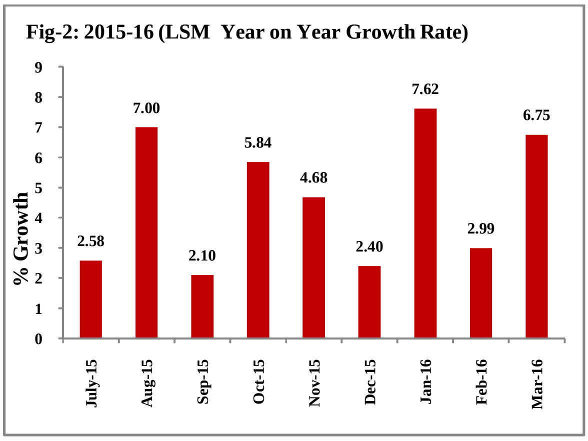
The growth of this sector is contingent on better availability of utility services, enabling environment, credit to private sector, Foreign Direct Investment (FDI), capital market gains etc. This sector suffered in the past due to non availability of the desired inputs for its growth. The major issue which hampered its growth was the power shortages. The present government has made focused efforts to resolve this issue and developed a road map to overcome the power crises on fast track and on a sustainable basis. As a result, this sector started picking up its growth and contributed in overall economic growth.

The overall manufacturing sector continued to maintain its growth momentum with more vigor during the current fiscal year. Manufacturing sub component of industrial sector recorded an impressive growth of 5.0 percent against 3.9 percent of last year which helped overall industrial sector to improve by 6.8 percent against 4.8 percent last year.

The Large Scale Manufacturing (LSM) during July-March FY 2016 registered a growth of 4.70 percent as compared to 2.81 percent in the same period last year. On Year on Year (YoY), LSM grew by 6.75 percent in March 2016 compared to 5.80 percent of March 2015. The production data of Large Scale Manufacturing (LSM) received from the Oil Companies Advisory Committee (OCAC) comprising 11 items, Ministry of Industries and Production 36 items and Provincial Bureau of Statistics 65 items have contributed in LSM growth by 0.26 percent, 2.96 and 1.48 percent, respectively.

The Year on Year performance of LSM sector over corresponding period of last year is given in graph below.





The industry specific data shows that Automobiles recorded highest growth of 23.43 percent (compared to 17.06 percent last year), Fertilizers 15.92 percent (compared to 0.95 percent last year), Chemicals 10.01 percent (compared to 6.67 percent last year), Rubber Products 11.68 percent (compared to 1.88 percent last year), Leather products 12.18 percent (compared to 9.11 percent last year), Pharmaceuticals 7.21 percent (compared to 6.84 percent last year), Non Metallic mineral products 10.23 percent (compared to 2.71 percent last year), Food, Beverages & Tobacco 3.66 percent (compared to -0.93 percent last year), Coke & Petroleum Products 2.40 percent (compared to 5.47 percent last year) and Textile 0.62 percent (compared to 0.97 percent last year).

The other sectors that showed decline included Wood Product (58.03 percent), Engineering Products (17.64 percent), Paper and Board (2.90 percent), Electronics (9.98 percent) and Iron & Steel products (7.48 percent).

In March 2016, however, highest increased was recorded in Non metallic mineral product 20.61 percent, Food, Beverages & Tobacco 17.77 percent, Fertilizers 14.88 percent, Rubber product 12.00 percent, Paper & Board 9.26 percent, Pharmaceuticals 8.54 percent and Chemical 0.75 percent.

Group wise growth and points contribution of LSM for the period of July-March FY 2015 versus July-March FY 2016 are given in the following Table-3.1.

Table 3.1: Group wise growth and Point Contribution of LSM during the period of Jul-March 2015-16 Vs Jul-March 2014-15

S.No.	Groups	Weights	% Change July-March		% Point Contribution July-March	
			2014-15	2015-16	2014-15	2015-16
1	Textile	20.915	0.97	0.62	0.20	0.13
2	Food, Beverages & Tobacco	12.370	-0.93	3.66	-0.12	0.45
3	Coke & Petroleum Products	5.514	5.47	2.40	0.30	0.13
4	Pharmaceuticals	3.620	6.84	7.21	0.25	0.26
5	Chemicals	1.717	6.67	10.01	0.11	0.17
6	Automobiles	4.613	17.06	23.43	0.79	1.08
7	Iron & Steel Products	5.392	35.63	-7.48	1.92	-0.40
8	Fertilizers	4.441	0.95	15.92	0.04	0.71
9	Electronics	1.963	8.51	-9.98	0.17	-0.20
10	Leather Products	0.859	9.11	12.18	0.08	0.10
11	Paper & Board	2.314	-5.74	-2.90	-0.13	-0.07
12	Engineering Products	0.400	-10.74	-17.64	-0.04	-0.07
13	Rubber Products	0.262	1.88	11.68	0.00	0.03
14	Non-Metallic Mineral Products	5.364	2.71	10.23	0.15	0.55
15	Wood Products	0.588	-78.46	-58.03	-0.46	-0.34

Source: Pakistan Bureau of Statistics (PBS)

LSM broad based growth is achieved despite a drag from delay growth came from sugar and closure of Pakistan Steel Mills (PSM) since July 2015 when Sui Southern Gas Company (SSGC) suspended the gas supply due to non-payment of bills. The sugar industry started giving positive growth results in March 2016 at 32.71 percent compared to 18.75 percent in March 2015 after witnessing a negative growth during last month. The decline in global commodity prices benefited many industries such as food, automobile, cement and chemical and in addition construction activities, Punjab government Apna Rozgar Scheme and improved availability of gas supplies facilitated fertilizer and cement sector. The LSM sector will further gain momentum from the development work on projects under China-Pakistan Economic Corridor (CPEC) going forward. The Overseas Investors Chamber of Commerce and Industry (OICCI) in its latest business survey stated that improvements in energy management and law and order have led to an upturn in confidence of the business community as the Business Confidence Index (BCI) — Wave 12 — touched a record level of 36 percent, showing an improvement of 14 percent over the previous survey result announced in November 2015.

The LSM sector also benefitted from the continued improvement in the supply of electricity and gas coupled with expansion in credit to private sector. The expansion in credit to private sector remained high due to lower cost of credit and better market conditions. A welcome development is the rise in the net credit disbursement for fixed investment. It appeared that many firms are expanding their operations by availing fixed investment loan. Credit for fixed investment reached to Rs. 150.147 billion (increased by 78 percent) during July-March, FY 2016 against Rs. 84.365 billion in comparable period of FY 2015. The expansion was particularly notable in sugar, fertilizer, pharmaceutical, telecommunication, road transport, construction of roads, manufacturing of electricity distribution, machinery, cement, chemical sectors etc.

The Automobile sector recorded a growth of 23.43 percent during July-March FY2016 compared to 17.06 percent in same period last year. The growth is mainly arrived from LCVs production which increased by 68.53 percent, Buses 81.95 percent, Jeeps & cars 29.73 percent, Trucks 41.68 percent and Motor cycles 17.22 percent. The only decline witnessed in the production of tractors which declined by 38.63 percent. The improvement in the automobile sector is due to stable exchange rate, continuation of concessional Apna Rozgar scheme launched by the Punjab government, appetite of new model and focus of commercial banks on auto financing. The demand for commercial vehicles particularly trucks will be further enhanced under CPEC.

The improvement in gas supply to fertilizer sector led to a strong growth of 15.92 percent during July-March FY2016. The growth of Chemical sector recorded at 10.01 percent during the period under review mainly arrived from Sulphuric acid which recorded growth of 25.75 percent, Paints & Varnishes(S) 21.18 percent and Caustic soda 26.85 percent. The exceptionally well performance mainly arrived due to construction activities and start of commercial operation by caustic soda producing unit.

In Pharmaceuticals groups, Capsules, Injections, Liquids/ Syrups and Tablets recorded a growth of 7.59 percent, 10.66 percent, 10.68 percent and 3.66 percent, respectively. In Non metallic mineral products, cement managed to grew by 10.41 percent during July-March FY 2016 and 7.7 percent in March 2016 over February 2016. The steep fall of global coal prices helped cement manufacturers. In addition Cement industry also benefitted through vibrant construction activities and reduction in policy rate. Growth in construction allied industries stems primarily from consistently rising public spending. The PSDP increased to Rs. 700 billion in FY 2016 compared to Rs. 350 billion in FY 2013 showing a growth of 100 percent, which helped projects related to infrastructure, power generation and development of railways, construction and allied industries. Coke and Petroleum products growth mainly arrived from the production of LPG 17.27 percent, Lubricating oil 16.85 percent, Motor sprits 2.23 percent and Jet oil 6.96 percent.

The Food, Beverages & Tobacco remained under stress mainly due to delay in cane crushing during this season. However, some items showed positive growth during July-March FY2016 which included tea blended which grew by 13.83 percent, soft drinks 4.14 percent, cooking oil 8.44 percent, vegetable ghee 6.12 percent, Sugar 2.85 percent and juices, syrups & squashes 2.93 percent. However, the sugar recorded growth on Year on Year (YoY) basis at 32.71 percent in March 2016 and Month on Month (MoM) basis 23.1 percent, which augur well for Food, Beverages & Tobacco group during the remaining months of the current fiscal year. The performance of Textile sector having highest weight in Quantum Index of Manufacturing (QIM) remained subdued on account of lackluster demand due to slowdown in economic growth in trading partners more specifically, China along with decline in the domestic cotton production.

However, to maintain the supply chain for textile sector, the import of raw cotton during July-March FY 2016 remained high at 345.363 thousand tons compare to 97.354 thousand tons during the same period of last year showing a growth of 254.75 percent in quantity and in value terms 161.85 percent (US $ 588.236 million against US $ 224.647 million).

Item wise review of production of selected items of Large Scale Manufacturing during July-March FY 2016 is given in Table-3.2.

Table-3.2 : Production of selected industrial items of Large Scale Manufacturing

S.No.	Items	Unit	Weight	July-March		% Change (Jul-Mar) 2015-16	% Point Contribution (Jul-Mar) 2015-16
				2014-15	2015-16		
1	Deep Freezers	(Nos.)	0.162	56,294	47,987	-14.76	-0.02
2	Jeep & Cars	(Nos.)	2.818	106,135	137,688	29.73	0.84
3	Refrigerators	(Nos.)	0.239	1,003,795	968,418	-3.52	-0.01
4	Upper Leather	(000 sq.m.)	0.392	18,371	18,898	2.87	0.01
5	Cement	(000 tones)	5.299	23,459	25,900	10.41	0.55
6	Liquids/Syrups	(000 Liters)	1.136	73,424	81,264	10.68	0.12
7	Phosphatic Fertilizer	(N tones)	0.400	442,164	499,412	12.95	0.05
8	Tablets	(000 Nos)	1.914	19,720,173	20,441,036	3.66	0.07
9	Cooking Oil	(Tones)	2.227	268,679	291,361	8.44	0.19
10	Nitrogenous Fertilizer	(N tones)	4.041	1,940,098	2,256,438	16.31	0.66
11	Cotton Cloth	(000 sq.m.)	7.186	776,900	780,233	0.43	0.03
12	Vegetable Ghee	(000 tones)	1.144	877,467	931,179	6.12	0.07
13	Cotton Yarn	(tones)	12.965	2,513,821	2,552,654	1.54	0.20
14	Sugar	(tones)	3.545	4,812,408	4,949,653	2.85	0.10
15	Tea Blended	(tones)	0.382	92,129	104,871	13.83	0.05
16	Petroleum products	(000 Liters)	5.410	10,317,669	10,763,101	4.32	0.23
17	Cigarettes	(Million Nos.)	2.125	46,790	42,892	-8.33	-0.18
18	Coke	(Tones)	0.104	190,794	57,394	-69.92	-0.07
19	Pig iron	(Tones)	1.584	195,741	1,509	-99.23	-1.57

Source: Pakistan Bureau of Statistics (PBS)

The production trends of items in Large Scale Manufacturing (LSM) sector during July-March FY2016 compared to same period of last year is given below.

Fig-3: Monthly Production trends of major Large Scale Manufacturing (LSM) sector items during the July-March 2015-16 compared to corresponding period July-March 2014-15

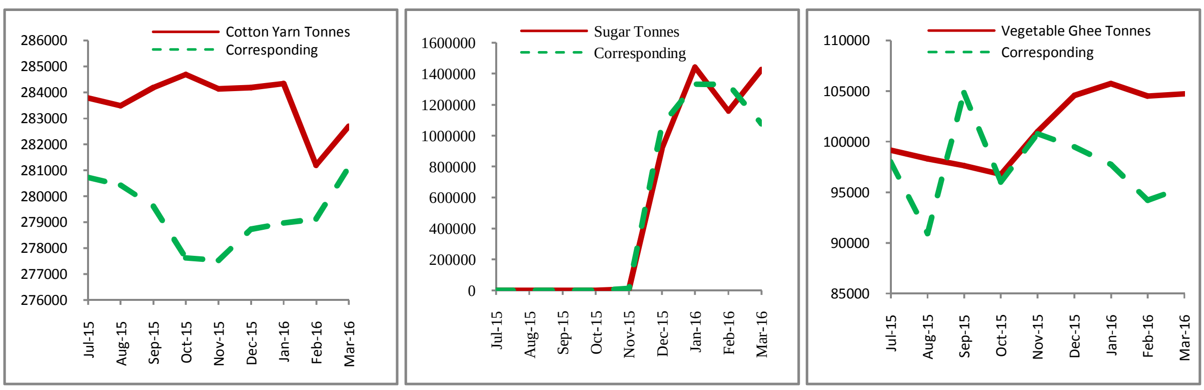


Fig-3: Monthly Production trends of major Large Scale Manufacturing (LSM) sector items during the July-March 2015-16 compared to corresponding period July-March 2014-15

The macroeconomic strategy achieved during the year along with improved security situation helped many industry to perform better.

3.2 Textile Industry

Textile is the most important manufacturing sector of Pakistan and has the longest production chain, with inherent potential for value addition at each stage of processing, from cotton to ginning, spinning, fabric, dyeing and finishing, made-ups and garments. The sector contributes nearly one-fourth industrial value-added, provides employment to about 40 percent of industrial labor force, and consumes about 40 percent of banking credit. Barring seasonal and cyclical fluctuations, textiles products have maintained the share of about 60 percent in national exports. The export performance during the period under review is given in the Table 3.3.

Table 3.3: Export of Pakistan Textiles								(US$ Millions)
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 (Jul-Mar)
Cotton & Cotton textiles	9,308	9,754	13,147	11,778	12,652	13,143	12,992	9,066
Synthetic textiles	319	446	608	546	406	383	331	222
Wool & woolen textiles	145	137	132	121	122	125	119	74
Total textiles	9,772	10,337	13,887	12,445	13,180	13,857	13,590	9,438
Total exports	17,782	19,290	24,810	23,624	24,515	25,131	23,885	15,606
Textile as % of Exports	55	54	56	53	54	55	57	60
Source: Ministry of Textile								

3.2.1 Ancillary Textile Industry

The ancillary textile industry includes cotton spinning, cotton cloth, cotton yarn, cotton fabric, fabric processing, home textiles, towels, hosiery and knitwear and readymade garments. These components are being produced both in the large scale organized sector as well as in the unorganized cottage / small and medium units. The performance of these various ancillary textile industries is illustrated as under:-

i. Cotton Spinning Sector

The Spinning Sector is the backbone in the ranking of textile production. At present, as per record of Textile Commission Organization (TCO), it is comprised of 523 textile units (40 composite units and 483 spinning units) with 13.269 million spindles and 185 thousand rotors installed and 11.083 million spindles and 140 thousands rotors in operation with capacity utilization of 84 percent and 76 percent respectively, during July –Mar FY 2016.

ii. Cloth Sector

There are three different sub-sectors in weaving viz, Integrated, Independent Weaving Units, and Power loom units. There is investment in the shuttle-less looms both in integrated and independent weaving sector. This trend is likely to intensify in the country. The power loom sector modernized and registered a phenomenal growth over the last two decades. The growth of power loom sector is due to favorable government policies as well as market forces. The production in Non-Mills Sector is not reported and therefore is estimated. The Table 3.4 shows production and export of clothing during the period under review.

Table 3.4: Production and export of Clothing Sector			
Production	**July-March 2015-16**	**July-March 2014-15**	**% Change**
Mill Sector (M. Sq. Mtrs.)	780.233	776.900	0.42
Non Mill Sector (M. Sq. Mtrs.)	6091.972	6063.949	0.46
Total	6872.205	6840.849	0.45
Cloth Exports			
Quantity (M.SqMtr.)	1606.092	1566.777	2.51
Value (M.US$)	1685.470	1875.705	-10.14
Source: Ministry of Textile			

iii. Textile Made-Up Sector

Being value added segment of textile industry made-up sector comprises different sub groups namely towels, tents & canvas, cotton bags, bed-wear, hosiery & knitwear & readymade garments including Fashion Apparels. Export performance of made-up sector during the period July-Mar FY 2016 is presented in Table 3.5.

Table 3.5: Export of Textile Made-Ups

	July-March 2015-16	July-March 2014-15	% Change
Hosiery Knitwear			
Quantity (M.Doz)	86.338	78.706	9.70
Value (M.US$)	1749.763	1787.279	-2.10
Readymade Garments			
Quantity (M.Doz)	23.472	23.111	1.56
Value (M.US$)	1609.452	1544.530	4.20
Towels			
Quantity (M.Doz)	131.429	127.444	3.13
Value (M.US$)	591.722	590.467	0.21
Tents/Canvas			
Quantity (M.Doz)	26.976	37.381	-27.83
Value (M.US$)	75.427	104.600	-27.89
Bed Wears			
Quantity (M.Doz)	243.293	241.646	0.68
Value (M.US$)	1505.484	1570.390	-4.13
Other Made up			
Value (M.US$)	471.266	488.180	-3.46

Source: Ministry of Textile

a. Hosiery Industry

There are about 13,372 circular knitting machines, 10,646 flat knitting and 23,241 socks knitting machines spread all over the country. The capacity utilization is approximately 70 percent. There is greater reliance on the development of this industry as there is substantial value addition in the form of knitwear. Besides locally manufactured machinery, liberal import of machinery under different modes is also being made and the capacity based on exports is being developed.

The performance of this sector during July-March FY2016 suggested that knitwear production was 86.338 thousand dozen compared to 78.706 thousand dozen last year showing a growth of 9.70 percent. Knitwear worth $ 1749.763 million was exported as compared to $ 1787.279 million showing decline of 2.10 percent. The earning compared to last year was due to lower commodity prices globally. The export performance of knitwear during the period under review is given below in Table.3.6.

Table 3.6: Export of Knitwear

	July-Mar 2015-16	July-Mar 2014-15	% Change
Quantity (000.Doz)	86.338	78.706	9.70
Value (M.US$)	1749.763	1787.279	-2.10

Source: Ministry of Textile

b. Readymade Garment Industry

Readymade garment industry has emerged as one of the important small scale industries in Pakistan. Its products have higher demand both domestically and globally. The local requirements of readymade garments are almost met by this industry. Garment industry is also a good source of providing employment opportunities to a large number of people at a very low capital investment.

Generally export earnings from garments have increased significantly. Exports increased from 23.111 million dozens in various types of readymade garments worth US$ 1544.530 million in FY 2015 to compare to 23.472 million dozens worth $1609.452 million in FY 2016, showing an increase of 4.20 percent in terms of value and 1.56 percent in term of quantity.

Table 3.7: Export of Readymade Garments

	July-Mar 2015-16	July-Mar 2014-15	% Change
Quantity (M.Doz)	23.472	23.111	1.56
Value (M.US$)	1609.452	1544.530	4.20

Source: Ministry of Textile

c. Towel Industry

There are about 10,000 towel looms including shuttle and shuttle less in the country in both organized and unorganized sector. This industry is dominantly export based and its growth has all the time depended on export outlets. The existing towels manufacturing factories have been upgraded to produce higher value towels. During July-March FY2016, exports in term of quantity recorded at 131.429 million kg as compared to 127.444 million kg showing an increase of 3.13 percent. Export performance of towel sector during the period is given below in Table 3.8.

Table 3.8: Export performance of Towel sector

	July-Mar 2015-16	July-Mar 2014-15	% Change
Quantity (M.Kgs)	131.429	127.444	3.13
Value (M.US$)	591.722	590.467	0.21
Source: Ministry of Textile			

d. Canvas

The production capacity of this sector is more than 100 million Sq. meters. This sector is also known as Raw Cotton Consuming sector. Pakistan is the cheapest source of supply of Tents and Canvas. The export of this sector during July-March FY2016 recorded at $ 75.427 million as compared to the $ 104.600 million in comparable period last year, thus showing a decrease of 27.89 percent. In term of quantity during July-March FY2016 it recorded at 26.976 thousand dozen as compare to 37.381 thousand dozen and recorded a decline of 27.83 percent.

Table 3.9: Export performance of Tent and Canvas Sector

	July-Mar 2015-16	July-Mar 2014-15	% Change
Quantity (000.Doz)	26.976	37.381	-27.83
Value (M.US$)	75.427	104.600	-27.89
Source: Ministry of Textile			

iv) Synthetic textile fabrics

During July-March FY2016, synthetic textile fabrics worth $ 222.163 million were exported as compared to $ 255.674 million showing a decline of 13.1 percent as compared to last year. Even in Quantity term the exports of synthetic decreased by 6.4 percent.

v) Woolen industry

The main products manufactured by the woolen industry are carpets and rugs. During July-March FY 2016, carpets and rugs worth $ 74.027 million were exported as compared to $ 92.924 million showing a decrease of 20.34 percent. In Quantity term the export of carpets and rugs also decreased by 26.53 percent. The exports of carpets during the period July-March FY2016 is given in the Table 3.10.

Table 3.10: Exports of Carpets and Rugs (Woolen)

	July-Mar 2015-16	July-Mar 2014-15	% Change
Quantity (M.Sq.Mtr)	1.415	1.926	-26.53
Value (M.US$)	74.027	92.924	-20.34
Source: Ministry of Textile			

vi) Jute industry

The main products manufactured by the Jute Industries are Jute Sacks and Hessian cloth, which are used for packing and handling of Wheat, Rice and Food Grains. The installed and working capacity of jute industry is given in the Table 3.11.

Table 3.11: Installed and working capacity of Jute

	Jul-Mar 2015-16	Jul-Mar 2014-15	% Change
Total No. of Units	10	10	0
Spindles Installed	24272	24544	1
Spindles Worked	12976	22305	-42
Looms Installed	1134	1092	4
Looms Worked	568	871	-35
Source: Ministry of Textile			

The production of the Jute goods during Jul-March FY2016 and last year was 45,402 and 71,670 metric tons, respectively showing a decrease of 37 percent.

The textiles sector in Pakistan is affected by a number of exogenous and indigenous factors such as low cotton production, lower international cotton prices on event of global economic slowdown, and increasingly stringent buyers conditionality. However, on other hand, value-added garments sector has grown marginally due to its limited product range, less usage of manmade fibers and inability of manufacturing units to restructure them to meet changing international requirements.

To help textile sector the federal government has announced Textile Policy 2014-2019 in February

2015. The package carries special duty-drawback rates, duty exemption on plants and machinery, subsidy on long-term loans and development subsidies. The policy offered Rs. 64.15 billion cash subsidy to the textile and clothing sector to boost exports to $26 billion by 2019 from $13 billion.

3.3 Other Industries

3.3-1 Engineering Sector

Engineering Development Board (EDB) is an apex government body under Ministry of Industries & Production entrusted to strengthen engineering base in Pakistan. EDB focuses primarily on the development of engineering goods and services sector on modern lines enabling it to become technologically sound and globally integrated. Engineering Development Board has so far taken the following initiatives.

4th Industrial minerals, steel, downstream engineering industries conference and exhibition (2015):

Engineering Development Board (EDB) in the conference "4th Industrial Minerals, Steel, Downstream engineering industries at Lahore" in October 2015 highlighted the fact that although growth in our steel industry has been relatively slower but downstream engineering industry has progressed with good pace thus building a base for producing value added industrial products like automobile and parts, electrical machinery/ equipment, consumer durables, pipes valves etc. The objective is to utilize the available resources of the country in the most effective manner in order to maximize the engineering productivity as well as its share in the exports. These industrial sectors have shown exponential growth and are ready to adopt new technologies and build their capacities/capabilities to meet the emerging challenges of globalization. The enabling environment, supported by the government's policies has been instrumental in development and growth of the industrial sector to the present level. The EDB is working hard to complement the Government of Pakistan efforts through policy inventions and hand holding of various sectors.

Pakistan Investment Conference:

The 2nd Pakistan investment conference, organized by the Board of Investment held in November, 2015 in Islamabad inaugurated by Prime Minister of Pakistan and the concluding session was presided over by Federal Minister for Finance and Revenue. Sixty seven (67) diplomats including commercial counselors of foreign missions in Islamabad also participated in the conference. The conference provided a great opportunity to 650 foreign and Pakistani businessmen and investors of 29 participating countries and local investors to gather information and interact with each other to explore joint venture business and investment opportunities in various sectors. Separate stalls were set up by the Provincial Board of Investment to showcase their respective products. Eight focused sectoral sessions participated by both public and private sector panelists deliberated in detail on Energy, Water & Power, Oil & Gas, Agriculture & Livestock, Textile & Garments sectors and SEZs initiative and Investment Policy for investment in these areas.

Engineering Development Board gave a detailed presentation to the potential investors highlighting the existing vast investment opportunities in different sectors of the equipment, light engineering and related incentive-pioneer industry regime etc. After the Conference, BOI has been receiving a large number of business proposals and quarries from the participants.

3.3-2 Automobile Industry

In automobile sector, there has been surge in productions of all its sub sectors except the farm tractors and jeeps during the period July-March FY 2016. Remarkable growth has been witnessed in buses which is recorded at 82 percent, LCVs 68.5 percent, Trucks 41.6 percent, Cars 30.2 percent and two/three wheelers 21 percent during July-March FY 2016 as compared to corresponding period last year. However, during July-March FY 2016, farms tractors and jeeps production declined by 38.6 percent and 28.4 percent, respectively.

The sales of passenger cars and pickups increased due to lowest ever financing rates, improved real incomes and better economic and security conditions. The current year's figures also show a boost in the sales which were due to Apna Rozgar

Scheme by Government of Punjab. The scheme came to close in March 2016 after running for nearly sixteen months and uplifting about 50000 units of vans and pickups. In case of LCVs, 68.5 percent growth on account of the increased sales of pickups during the period under the said scheme.

Trucks also witnessed a growth of 41.6 percent and sales of 37.5 percent on account of measures taken by the government such as combination of stringent enforcement actions and policy interventions; whereby disguised/mis-declared import of trucks could be curbed. The situation would further improve with expected imposition of age limit on import of used trucks.

The remarkable growth in buses recorded at 82 percent is due to high demand by the transporters on account of improvement in network of roads. The locally produced buses are being offered at highly competitive prices despite imposition of sales tax, compared to the prices of imported buses. Besides the service and maintenance are not the issues with the local product compared to the imported ones.

The two/three wheeler sector continued its growth since 2001. Motivated by market expansion new entrant of international standing also entered into the market and have set up a new manufacturing plant. Nevertheless, there were closures and production losses at several units, however, the overall growth stayed at 20 percent.

Table below shows comparative position of the production during the year July-March FY 2016 and FY2015.

Table 3.12. Production of Automotive Industry — **No of units produced**

Category	Installed Capacity	2014-15 (July-Mar)	2015-16 (July-Mar)	% Change
Cars	240,000	105,267	137,067	30.2
LCVs	43,900	17,521	29,529	68.5
Jeeps	5,000	868	621	-28.4
Buses	5,000	410	746	82
Trucks	28,500	2,781	3,940	41.6
Farm Tractors	65,000	35,753	21,942	-38.6
Two/Three Wheelers	2,500,000	811,459	982,423	21

Source: Pakistan Automotive Manufacturer Association

Box 3.1: Automotive Development Policy (ADP) 2016-21

The Government of Pakistan has announced Automotive Development Policy (ADP) 2016-21 in March 2016. A Committee constituted by the Economic Coordination Committee of Cabinet has formulated the Automotive Development Policy (2016-21) which envisages development plans for the automobile industry in the country to facilitate higher volumes, attract investment, ensure enhanced competition and offer higher quality in line with emerging opportunities within the country and in the region and to create a balance between industrial growth and tariffs to ensure sustainability for all stakeholders and attaching prime importance to consumer welfare. In addition, the policy provides consistency and predictability for new investors with a mid-term policy review mechanism to cater for emerging developments to achieve car production of over 350,000 by the year 2021. The salient features of the policy are:

i. Lower the entry threshold for New Investment;
ii. Create enabling tariff structure for development of the Automotive Sector;
iii. Rationalize automobile import policy;
iv. Provide regulatory and enforcement mechanisms for Quality, Safety and Environmental Standards;
v. Establishment of Pakistan Automotive Institute;
vi. Ensure Consumer Welfare through provision of quality, safety, choice and value for money;
vii. Other Interventions, and
viii. Reorganization of Auto Industry Development Committee (AIDC)

Goals

In consonance with the Vision of the ADP 2016-21, the following goals reflect future demand by

recognizing the need to restructure and modernize the Auto Industry to meet the increasing demand for quality product in future:

To increase automotive production gradually by 2021 to:

Cars/Van/Jeeps:	350,000
Light Commercial Vehicles (LCVs):	79,000
Trucks:	12,000
Buses:	2,200
Tractors:	88,000
Motorcycles:	2.5 million

- To increase contribution to the Gross Domestic Product from 2.3 percent to 3.8 percent;
- To increase contribution to manufacturing from 22 percent to 30 percent, and
- To increase direct and indirect employment from 2.4 million presently to 4 million.

3.3-3 Fertilizer Industry

The fertilizer industry has a significant role in the agricultural growth of the country. It has both forward and backward linkages in national economy. In Pakistan, there are nine urea manufacturing plants, one DAP, three NP, three SSP (18 percent), two CAN and one plant of blended NPKs having a total production capacity of 8,983 thousand product tonnes per annum. Although, the installed production capacity for all products has attained the level of 8,983 thousand tonnes per annum, the actual production for all products remained at 7,116 and 8010 (estimated) thousand product tonnes for 2014-15 and 2015-16 which is less by 20.8 and 10.8 percent respectively, than the installed production capacity. The entire fertilizer products are manufactured by the private sector.

Fertilizer sector is the fourth largest consumer of gas. Due to shortage of gas has disturbed the smooth supplies of natural gas to national fertilizer industry which resulted into low production, undue price hike, increase in imports and subsidy, and erosion of investment especially in case of urea. Now the addition of LNG as source of feed to three plants of Pak Arab Fertilizer Company since March 2015 has considerably increased the fertilizer production to 14.88 percent. At present, the installed production capacity (6323 thousand tonnes) of urea fertilizer is more than national demand of about 6000 thousand tonnes per annum but the actual production is below than their required level. The annual production of urea for 2015-16 is estimated as 5417 thousand tonnes, which is less by 14.3 percent of installed capacity of urea fertilizer.

3.3-4 Cement Industry

The cement industry gained from vibrant construction activities on account number of infrastructure and power related projects were taken up during the period under review. The PSDP spending increased from Rs. 350 billion in FY2013 to Rs. 700 billion in FY2016. The CPEC program is also creating demand of cement and allied materials.

During current fiscal year July-April 2015-16, the cement industry dispatches improved to 26.97 million tonnes in local market posting a healthy growth of 17.31 percent compared with 22.99 million tonnes last year. The growth situation during the current fiscal year improved to 9.7 percent compared to 3.9 percent last year. Encouragingly, in view of expected demand from development projects under PSDP and CPEC and ongoing housing schemes in the public and private sector, the cement industry is looking forward to expand its production capacity from existing level of 45.62 million tones to approximately 53 million tonnes in next two to three years.

Table 3.13: Cement Production Capacity & Dispatches					(Million Tonnes)
Years	**Production Capacity**	**Capacity Utilization (%)**	**Local Dispatches**	**Exports**	**Total Dispatches**
2006-2007	30.50	79.23	21.03	3.23	24.26
2007-2008	37.68	80.14	22.58	7.72	30.30
2008-2009	42.28	74.05	20.33	10.98	31.31
2009-2010	45.34	75.46	23.57	10.65	34.22
2010-2011	42.37	74.17	22.00	9.43	31.43
2011-2012	44.64	72.83	23.95	8.57	32.52
2012-2013	44.64	74.89	25.06	8.37	33.43
2013-2014	44.64	76.79	26.15	8.14	34.28
July-April					
2014-15	45.62	76.49	22.99	6.08	29.08
2015-16	45.62	83.91	26.97	4.93	31.90
Source: All Pakistan Cement Manufacturers Association (APCMA)					

The cement industry focusing on capacity expansion with an investment of $ 1 billion in view of ever growing demand within the domestic market as well as focus on export to market in the African region. Four companies have already announced their plans in this regard such as Cherat cement, Attock cement, DG Khan cement and Lucky cement.

3.5: Privatization Programme

Privatization is the corner stone of the government's economic reforms agenda. It is an important policy tool for generating growth and addressing structural imbalances by removing the artificial barriers and opening up the economy to competition. Privatization helps any economy to move towards liberalization, from controlled to competitive markets and from inefficient state owned enterprises to efficient private organizations with state of the art management systems and technologies equipped with the best international standards of corporate governance.

Pakistan is one of the first countries in the region to initiate deregulation and liberalization of the economy, and start the privatization process. PC has successfully managed to complete 172 privatization transactions, generating revenues worth Rs.648.972 billion, since the commission's inception in January, 1991.

In June 2013, the present government announced that one of its highest priorities is to turn around the loss making Public Sector Enterprises (the "PSE") by restructuring the entities with the assistance of strategic private sector partnership, which has the capacity to invest and provide capable management.

After a gap of nearly 6 years, the present government reinstalled the privatization programme in October 2013, when the Cabinet Committee on Privatization (CCoP) approved a list of 69 Public Sector Entities (PSEs) for privatization, including 31 PSEs in the privatization programme for early implementation. Subsequently, in June 2014, the CCoP approved 8 additional PSEs for early implementation. Accordingly, PC initiated the process for various PSEs in Banking, Oil & Gas, Insurance, Aviation and Power Sectors

Four capital market offerings have been successfully completed, namely United Bank Limited, Pakistan Petroleum Limited, Allied Bank Limited and Habib Bank Limited. Furthermore, the strategic sale of National Power Construction Corporation (Pvt.) Limited has also been successfully completed. In total, gross proceeds of Rs. 173 billion, including over USD 1.1 billion in Foreign Exchange, have been raised from these five completed transactions. Details of these completed transactions are provided in the Table 3.14.

Eighteen (18) privatization transactions are currently ongoing and are at different stages of the strategic sale process. These include Pakistan International Airlines, Pakistan Steel Mills, State Life Insurance Corporation, SME Bank and the Power Sector entities.

Table 3.14: Detail of Transaction to date

Sr. No.	PSEs	Transaction Completion Date	Revenues		FX raised (USD)
			PKR	USD equivalent	
1.	United Bank Limited (UBL)	June 2014	Rs. 38.2 bn	$ 388 m	$ 315 m
2.	Pakistan Petroleum Limited (PPL)	June 2014	Rs. 15.4 bn	$ 153 m	-
3.	Allied Bank Limited (ABL)	December 2014	Rs. 14.4 bn	$ 144 m	$ 20 m
4.	Habib Bank Limited (HBL)	April 2015	Rs.102.4 bn	$ 1,005 m	$ 764 m
5.	National Power Construction Corp (NPCC)	August 2015	Rs. 2.5 bn	$ 25 m	$ 25 m
		Total	**Rs. 172.9 bn**	**$ 1,715 m**	**$ 1,124 m**

Source: Privatization Commission

The success of the privatization programme is contingent on the support of all the stakeholders, including the various government agencies, departments, organizations, regulatory authorities and most importantly the people of Pakistan.

3.6: Small and Medium Enterprises

Small and Medium Enterprises Development Authority (SMEDA) is an apex organization for development of the SME sector in Pakistan. It has an all-encompassing mandate towards fostering growth of SMEs along with a broad service portfolio spread across various SME sectors and clusters, skill development through training, industry support for productivity enhancement, business development services and collaborative projects with international development partners.

Salient activities/achievements of SMEDA during July-March FY 2016 are given below:-

i. SMEDA's Regular Business Development Support Services, Research & Advocacy

Walk-ins facilitated:	More than 4,400
Investment Facilitation:	Rs. 652.74 Million (Approx.)
Pre-feasibility Studies Developed:	21
Business Plans Developed:	11
Training Programs/workshops	165 programs, 5,370 participants
Cluster Profiles developed	6
District Profiles developed	8
SMEDA Newsletter (Quarterly):	3 Issues, containing information on SME development initiatives and guidance for SMEs
SME Observer (Bi-Annual):	1 Issue with 4 research articles for policy advocacy

ii. Prime Minister's Youth Business Loans (PMYBL)

- At the launch of PMYBL in 2013, Eight Five (85) Business Pre-feasibility Studies (also translated into Urdu) were developed along with information resources and tools including, FAQs on Pre-feasibility studies, Financial Calculators (4), Guidelines / Template on developing Business Plan, and Training Video Documentaries (7) developed on various aspects of business.
- 16.57 million Pre-feasibility studies and other tools and resources were downloaded from SMEDA website and 24,600 prospective loan applicants facilitated through SMEDA helpdesks after the launch of PMYBL. (1,399 prospective loan applicants have been facilitated and 1.22 million downloads were recorded during the period July-March FY2016).
- Information dissemination of PMYBL has been enhanced through SMEDA regular training programs across the country.

iii. Special Projects with international

development partners

SMEDA in collaboration with various international development agencies such as Japan International Cooperation agency (JICA), German International Cooperation (GIZ), Training and Development Centers of the Bavarian Employers Association (bfz), Germany and local experts, is providing technical assistance to SMEs across a range of industries to upgrade their skills and improve systems. Over 50 international Technical Experts have been engaged by SMEDA and demonstrated best practices for improving Productivity & Quality, reducing energy wastages and improving workplace environment of SME sectors.

The area covered under these projects includes industry support services, energy efficiency, technical support to Auto parts manufacturing industry and economic fertilization of KPK and FATA.

iv. SME Development Projects under Public Sector Development Program (PSDP)

SMEDA initiated efforts in infrastructural development and technological up gradation through undertaking projects financed by the PSDP. Currently, SMEDA is implementing five (05) PSDP projects at a total cost of Rs. 382.46 million.

v. SMEDA Establishment Sports Industries Development Centre (SIDC) to facilitate sports Sector

Pakistan's Sport Industry is known around the globe for its specialized world-class sports goods production, especially footballs. Sialkot alone caters to 70 percent demand of the hand stitched inflatable balls and produces 40 million balls annually. However, Sports goods sector, was facing a major threat in the form of "Mechanized inflatable ball", which uses medium end technology to produce a ball having most of the characteristics of hand stitched ball. SMEDA has facilitated the local football industry to enhance its share in the international market by establishing a Sports Industries Development Center (SIDC) at Sialkot through Public Sector Development Program (PSDP) at a total cost of Rs. 436 million. SIDC is a core initiative in the strategy of infusing Mechanized inflatable ball technology in the local industry.

vi. SMEDA-SBP Interaction to Accelerate SMEs Access to Finance

In order to create an environment that supports greater financial inclusion, the State Bank of Pakistan and SMEDA have collaborated through signing an MOU and have been engaged in various initiatives and programs. A few key initiatives undertaken during the period are as follows:

- **National Financial Inclusion Strategy (NFIS):** SME specific input was provided for the National Financial Inclusion Strategy, developed by the State Bank of Pakistan in collaboration with the World Bank. The government has approved the NFIS. SMEDA is a member of the Steering Committee of NFIS as well as Technical Committees on "Microfinance, Agriculture Finance & Housing Finance" and "SME Finance". Detailed action plans on the themes will be developed for increasing SMEs access to finance.
- **Capacity Building:** Training and awareness is a regular feature.
- **3S forum:** The State Bank of Pakistan has established an institutional committee with SMEDA and the Securities & Exchange Commission of Pakistan (SECP) to ensure a ready mechanism for information exchange and to propose recommendations for creating a facilitative regulatory environment for enhancing SMEs access to finance. Launching of venture capital funds for SMEs through Asset Management Companies (AMCs), exploring possibility for establishment of an SME rating agency and options for arranging credit lines to leasing companies are key areas where SBP, SECP and SMEDA propose to work together.

vii. Pakhtunkhwa Hunermand Rozgar Scheme (PHRS)

PHRSS is an employment scheme aiming to create new job opportunities and economic activities in KPK. Government of Khyber Pakhtunkhwa has initiated the scheme in collaboration with Bank of Khyber (BOK). So far, the Bank of Khyber has approved loans of Rs. 750 million. SMEDA, in this regard, provides assistance to successful applicants in terms of capacity building and business development. During July-March FY 2016, Six(6) training programs have been conducted to facilitate loan applicants.

viii. SMEDA's Collaboration with Turkish SME Development Agency, KOSGEB

Small and Medium Enterprises Development Authority (SMDA) and Turkish Small and Medium Enterprises Development Organization (KOSGEB) signed a Memorandum of Understanding (MoU) for the promotion of SMEs of both countries. The flowing are the focus areas of this collaboration:

- Mutual business trips and exchange of teams for exposure
- Improving SMEs' commercial relations to encourage joint ventures
- Organization training programs for SMEs and related organizations
- Exploring opportunities in other third world countries for synergy
- Cooperation with international agencies to maximize utilization of funds
- Attracting Turkish investment for value addition in sectors with competitive advantage

ix. China-Pakistan Economic Corridor (CPEC)

The China-Pakistan Economic Corridor offers immense opportunities for achieving development objectives. SMEDA, in this regard, provided policy inputs on Draft Long Term Plan of China-Pakistan Economic Corridor (CPEC) to capture key areas to mobilize investment for the benefits for the SMEs sector of both countries. SMEDA proposed 70 direct interventions under 13 economic sectors for fast track development. The proposed interventions are based on SMEDA as 5 years SME Development Plan that has been included in Pakistan Vision 2025.

3.7: Mineral Sector

Pakistan is bestowed with all kinds of resources which also include mineral resources. Pakistan possesses a large number of industrial rocks, metallic and non-metallic which have not been evaluated. The mineral wealth of Pakistan contributes meagerly in GDP (3 percent). This is due to application of outdated management techniques, inadequate capital and antique technical know-how besides unsatisfactory law & order situation in the areas where major bulk of our mineral resources lie.

The Mining and Quarrying sector grew by 6.8 percent in FY 2016 as against 4.0 percent last year. Calcite, Rock Salt, Phosphate, Marble, Gypsum, Dolomite, Soap Stone, Lime Stone and Natural Gas posted a positive growth rate of 123.79 percent, 65.16 percent, 53.96 percent, 50.50 percent, 47.57 percent, 33.28 percent, 26.10 percent, 23.19 percent and 1.49 percent respectively. However, some witnessed negative growth rate during the period under review such as Magnesite 58.14 percent, Barytes 42.12 percent, Sulphur 37.18 percent, Crude oil 8.21 percent, Chromite 3.85 percent and Coal 0.66 percent. (Table 3.14).

Table 3.14: Extraction of Principal Minerals

Minerals	Unit of Quantity	2013-14	2014-15	2015-16	%Change FY16/FY15
Coal	M.T	3,311,240	3,402,028	3,379,601	-0.66
Natural Gas	MMCFT	1,493,686	1,465,759	1,487,548	1.49
Crude Oil	JSB(000)	31,584	34,490	316,59	-8.21
Chromite	M.T	83,447	98,939	95,128	-3.85
Magnesite	M.T	3,770	4,431	1,855	-58.14
Dolomite	M.T	592,918	223,117	297,368	33.28
Gypsum	M.T	1,322,059	1,417,007	2,091,117	47.57
Lime Stone	M.T	36,463,310	39,757,568	48,976,833	23.19
Rock Salt	M.T	2,220,347	2,136,361	3,528,403	65.16
Sulphur	M.T	35,672	19,730	12,395	-37.18

Table 3.14: Extraction of Principal Minerals

Minerals	Unit of Quantity	2013-14	2014-15	2015-16	%Change FY16/FY15
Barytes	M.T	132,433	118,568	68,626	-42.12
Calcite	M.T	436	1694	3,791	123.79
Soap Stone	M.T	72,234	101,039	127,408	26.10
Marble	M.T	2,591,401	2,597,082	3,908,532	50.50
Cooper	M.T	6,538	4,376	0	-100.00
Phosphate	M.T	87,806	84,606	130,259	53.96

Source: Pakistan Bureau of Statistics (PBS)

Punjab:

Punjab, being second largest (area-wise) province of the country, has vast mineral potential like coal, salt, iron ore, limestone, gypsum, silica sand and fire clay etc. Government of Punjab striving to follow a road map on mineral exploration projects.

- To enhance the contribution of mineral sector to GDP through improved production.
- To expand mining sector by focusing on exploration and evaluation of mineral resources.
- To enhance public sector investment on Resource Mapping, Geo-database Development and provision of physical infrastructure, roads and electricity etc. in the potential areas.
- To promote facilitation role of the government for the prospecting investor.
- To encourage and support exploration of minerals, particularly through private sector.
- To promote environment friendly mining practices and to take measures for mitigation of environmental hazards for sustainable development of mineral sector.

Government of Punjab has made following achievements.

I. Development of Mineral Sector Infrastructure

a) Geophysical Survey of Sub Surface Pre-Cambrian Shield Rocks in Punjab For Metallic Mineral Deposits

Presence of sufficient evidences of metallic minerals near Chiniot-Rajoa led the mines and minerals department to undertake regional and semi detailed geophysical survey of the area. Geological Survey of Pakistan (GSP) was engaged in May 2013, for in depth investigations to evaluate potentials of sub-surface deposits of metallic minerals in the Pre-Cambrian Indian Shield Rocks.

In the first phase, the entire region comprising over 28 topo sheets, spreading over about 18000 sq.km area was to be covered by semi-detailed magnetic survey to explore anomalous zones. On determination of anomalous zones, detailed investigations are to be carried out by integrated geophysical surveys, thereafter selected anomalous localities would have to be recommended for confirmatory drilling. Geological Survey of Pakistan (GSP) has completed the following task till December 2015.

- Semi-detailed magnetic survey on 28 topo sheets. Total magnetic survey data was recorded using Proton Precession Magnetometer, Geometric G856AX, and after applying necessary corrections prepared 2D contour maps using surfur-11.
- Thirty two (32) anomalous zones of different intensities were discovered,
- Three (3) out of thirty two (32) so far detected anomalies zones were selected for integrated geophysical surveys.
- Gravity, Magnetic and IP surveys on three selected anomalies near Wad Sayyiadan, GhuttiSayyiadan and ChakJhumra are completed.

b) Capacity Building & Strengthening of Directorate General of Mines & Minerals Punjab, Lahore

Capacity building is an evidence-driven process of strengthening the abilities of individuals, organizations, and systems to perform core functions and to continue to improve and develop over time. For this purpose, purchase of new Gadgets, Software and training are the basic components. Contrary to the past, this time government has allocated handsome funds to introduce advance software of GIS techniques for preparation of mine database. Similarly, SURPAC Software, a most advance software used in advance countries for mineral resource estimation, 3D modeling, quarry and underground mine planning & design, scheduling for optimized mineral handling.

c) Development of physical infrastructure provision of electricity in mining area of district Khushab

District Khushab being central part of salt range is rich in mineral wealth and contributing substantial revenue to public exchequer. A reasonable proportion of local's population are working in mines/collieries and earning their livelihoods. The mining area located far flung from towns and smaller cities, therefore, deprived from basic amenities like electricity. Due to non-availability of electricity mine owners have to use diesel engine to run mining operations entailing high operational cost that discourages mechanization of mines. With the provision of electricity in mining areas, mining activity will boost manifold consequently provide opportunity to community to prosper.

II. Grant of large scale mining leases

Recently seven mining leases/licenses falling under Large Scale Mining have been granted to different companies including M/s. Asian Precious Minerals (PVT) Limited, M/s. I.C.I. (PVT) Limited, M/s. Lucky Cement, M/s. Jabal-e-Marjan, M/s. LEPAK Mining and M/s. National Marble involving investment of worth Rs. 40.2 billion. Similarly two exploration licenses for potash brine under Large Scale Mining have been granted to M/s. Asian Precious Minerals (PVT) Limited, where investment of Rs. 10.0 billion is expected.

III. Revenue receipts & mineral production

Mines & Minerals Department was given a target of Rs.4200 million during FY 2016 for collection of royalty on production of minerals from mining lease areas. The target will be achieved by the end of this fiscal year 2016.

IV. Legal review framework

Punjab mining concession rules were framed in 2002. Since then no legal review was made whereas drastic changes has occurred during this span of 13 years which demands its review to keep it abreast with the present need. After detailed deliberations, amendments under Minor Minerals chapter (Sand, Gravels and Sand Stone) has been completed and implemented. By virtue of this revision, concept of reserve price, blacklisting and number of holding limits has been introduced to curb monopolistic trend of sand/stone mafia and provided transparent environment for genuine investors. Similarly, Legal review of Large Scale Mining and Small Scale Mining is completed and is under consideration of Law Department for final scrutiny.

V. International seminar on business opportunities

Mines and Minerals department played an active role in conducting International seminar on business opportunities (ISBOP) 2015, and successfully signed thirteen MOU's with foreign and local companies on mining projects.

Benchmarks for 2016-2017

Apart from the ongoing scheme of capacity building and Geophysical Survey of sub-surface pre-cambrian shield rocks, following new schemes has been included for the next financial year 2016-17.

i. Mineral Resources potential of Punjab
   a) Energy Minerals
   b) Metallic Minerals
   c) Industrial Minerals
ii. Construction of road network to facilitate coal supply to power plant at Pind-Dadan khan District Jhelum.
iii. Identification of effective strategies to optimize coal production from Coal Mines in Salt Range/Trans Indus Range (District

Jehlum, Chakwal, Khushab and Mianwali), Punjab.

iv. Rock Salt potential blocks delineation in Salt Range, Punjab.

Khyber Pakhtunkhwa

The total area of Khyber Pakhtunkhwa is 74521 Sq Km out of which 70 percent consists of mountains and rocks. The formation of these rocks contains huge prospects of different metallic/non-metallic minerals and various precious/semi-precious gemstones and other minerals. It has vast mineral resources which were not being exploited to its full potential. Based on the exploration done so far, excellent prospects of findings and discovering other valuable deposits exists.

The major achievements of Minerals Development Department regarding welfare of the mine labors during 2016 were:

Plan, Strategies and Targets for 2016-17

- Work on up gradation of the existing Five (05), Mines Labour Welfare Dispensaries to Medical Centers.
- Establishment of new mines labour welfare dispensaries where needed.
- Establishment of water supply schemes in cluster of mine areas on need basis.
- Initiate work on establishment of recreational centers for mine labours in cluster of mine areas.
- Continuation of the scheme titled 'Reimbursement of expenditure incurred on medical treatment of mine labours throughout Khyber Pakhtunkhwa for patients of Cancer, Tuberculosis, Heart Diseases, Kidney Transplantation, Medical Health and other chronic diseases.
- Continuation of award of scholarships to children of mine labour in Khyber Pakhtunkhwa.
- Work on housing scheme (pre-fabricated building) at cluster of mine sites in the province.
- Continuation of the scheme titled 'Grant Aid to mine Owners/lease holders for maintenance of standard dispensary services.
- Initiation of the scheme titled 'full reimbursement of expenditure for artificial limbs to mine labours who lost limb(s) during work in mines.
- Provision of Transport Facility to mine labours from and to work places where needed.

Sindh

The mines and mineral department Government of Sindh regulate & monitor mining operations & activities in the mineral sector and also promotes joint ventures especially with foreign investors for development of coal resources of the province. The details of ongoing schemes are given below.

I. Appraisal of newly-discovered coal resources of the Badin Coal Field and its adjoining areas of Southern Sindh

- Drilling of two bore hole have been completed at the depth of 381.46 meters and 423 meters, encountered coal seams at different depth from 342.54 m to 380.24 m, with a cumulative thickness of coal, 6.17 meters and 5.00 meters, respectively.
- Core samples collected and their chemical analysis have been completed.
- Geological logging has been completed to the drilled depth.

II. Economic prospects of the Thar Desert Eolian Sand Block, Sindh

Forty four (44) samples collected from the Thar Desert; locations marked on satellite image and sent to geosciences lab, GSP Islamabad for XRF and XRD analysis. Results of sampled awaited as the next strategy will be developed on the basis of Lab report.

III. First-ever geological map of Sindh at 1:600,000 scales

The Geological Survey of Pakistan has published First ever Geological map of Sindh on 1:600,000 scales. Since the discovery of Thar coal field, several areas of Sindh has attained a significant importance in their stratigraphic settings and natural resources potential such as bentonite, granite and celestite etc. It was quite difficult in the past to have a quick and easy access to these sources of information, mainly because of absence of a reliable data base. Now, the GSP has come up with this monumental work of research by compilation and updating of the previous work, the problem has been resolved to some extent. A reliable data base is pre-requisite to attract investment in the mineral sector. This latest map provides a solid foundation for such a data base.

Balochistan

Balochistan province has the major share in minerals being produced in Pakistan. Balochistan constitutes about 42 percent of the total national land and has been endowed by nature with substantial mineral wealth. The province's mineral potential is much bigger than the current production statistics. This gap between the potential and actual production is affected by law & order situation, absence of necessary infrastructure and lack of technical capacity for the mining. The Government of Balochistan is providing institutional arrangements but still there is dire need for the development of technologies for processing different indigenous ores to extract products of high commercial value which will bring socio-economic uplift and create job opportunities. Presently, more than 51 metallic and non metallic minerals have been discovered in the Balochistan province out of which 29 are being exploited including minerals such as chromite, copper, iron, lead, zinc, manganese, antimony and gold etc whereas the non metallic include barite, fluorite, calcite, magnesite, granite, coal and dimension stone such as marble both onyx & ordinary, granite, gabbro basalt and dunite etc.

MANUFACTURING AND MINING

TABLE 3.1

RESERVES AND EXTRACTION OF PRINCIPAL MINERALS

Minerals in 000 tonnes	Antimony (tonnes)	Argonite/ Marble	China Clay	Celestite (tonnes)	Chromite	Coal	Dolomite (tonnes)	Fire Clay	Fullers Earth	Gypsum Anhydrite	Lime Stone
Reserves Quantity		Very large Deposits	4.9 million tons	..	fairly large Deposits	185 billion tonnes	Very large Deposits	Over 100 million tons	fairly large Deposits	350 million tons	Very large Deposits
Years											
2000-01	95	620	47	807	22	3,285	352,689	164	13	364	10,870
2001-02	37	685	54	382	24	3,512	312,886	171	16	402	10,820
2002-03	-	1,066	40	402	31	3,609	340,864	117	15	424	11,880
2003-04	-	994	25	570	29	3,325	297,419	193	14	467	13,150
2004-05	5	1,280	38	1,855	56	3,367	199,653	254	17	552	14,857
2005-06	91	1,836	53	3,160	65	3,881	183,952	333	16	601	18,428
2006-07	119	1,980	31	1,530	104	3,702	342,463	347	12	624	25,512
2007-08	245	1,537	32	1,310	115	4,066	359,994	330	11	660	31,794
2008-09	75	1,145	17	470	90	3,679	249,918	389	10	800	33,186
2009-10	25	1,065	23	160	257	3,536	130,408	329	11	854	37,137
2010-11	25	1,133	16	-	148	3,292	240,111	274	4	885	32,021
2011-12	12	1,750	22	-	179	3,179	198,392	408	7	1,260	35,016
2012-13	89	2,360	23	-	136	2,813	335,819	455	4	1,250	38,932
2013-14	127	2,591	16	-	83	3,311	592,918	458	6	1,322	36,463
2014-15	114	2,520	19	-	99	3,402	223,117	406	8	1,417	39,758
Jul-Feb											
2014-15	80	1,389	12	-	58	2,200	188,454	254	4	948	25,214
2015-16 P	21	2,295	16	-	51	1,965	373,751	320	7	1,123	33,213

.. : Not available

P : Provisional

(Contd.)

TABLE 3.1

RESERVES AND EXTRACTION OF PRINCIPAL MINERALS

(000 tonnes)

Minerals in 000 tonnes	Magne-site (tonnes)	Rock Salt	Silica Sand	Ochre (tonnes)	Sulphur (tonnes)	Soap Stone	Baryte	Bauxite/ Laterite (tonnes)	Iron Ore (tonnes)	Crude Oil (m. barrels)	Natural Gas (000 m.cu.mtr.)
Reserves Quantity		Over 100 million tonnes	Very large deposits	..	0.8 million tonnes	0.6 million tonnes	5 million tonnes	Over 74 million tonnes	Over 430 million tonnes	184 million US barrels	492 billion cu. metre
Years											
2000-01	4,645	1,394	155	4,691	17,428	47	28	35,114	24,765	21.08	24.78
2001-02	4,637	1,423	157	5,064	22,580	39	21	37,182	4,942	23.19	26.16
2002-03	2,645	1,426	185	6,733	19,402	66	41	67,536	11,483	23.46	28.11
2003-04	6,074	1,640	259	7,861	23,873	53	44	88,044	84,946	22.62	34.06
2004-05	3,029	1,648	309	18,686	24,158	21	42	78,288	104,278	24.12	38.08
2005-06	1,161	1,859	411	34,320	24,695	21	52	60,370	131,259	23.94	39.65
2006-07	3,445	1,873	402	61,665	27,710	45	47	150,842	150,695	24.62	40.03
2007-08	3,940	1,849	403	46,215	29,485	38	54	174,223	286,255	25.48	41.17
2008-09	2,639	1,917	370	56,617	25,784	14	63	137,485	320,214	24.03	41.37
2009-10	5,159	1,944	411	55,352	26,641	54	57	190,077	447,541	23.71	41.99
2010-11	4,908	1,954	301	36,078	27,645	48	31	308,027	329,100	24.04	41.68
2011-12	5,544	2,136	270	42,107	25,560	56	49	323,848	384,893	24.57	44.15
2012-13	6,705	2,160	356	37,769	20,610	93	118	353,355	412,108	27.84	42.65
2013-14	3,725	2,220	268	32,634	35,672	72	132	411,322	192,749	31.58	42.30
2014-15	4,431	2,136	269	33,909	19,730	101	119	417,036	328,702	34.49	41.51
Jul-Feb											
2014-15	3,439	1,441	170	20,513	14,757	65	105	267,595	243,476	23.22	27.63
2015-16 P	1,744	2,104	256	38,138	9,507	89	84	464,672	337,564	21.34	28.21

P : Provisional

Source : Pakistan Bureau of Statistics

TABLE 3.2

PRODUCTION INDEX OF MINING AND MANUFACTURING

Year	Mining	Manufacturing
	Base Year 1999-2000 = 100	
2000-01	105.6	111.2
2001-02	112.5	115.2
2002-03	119.6	123.6
2003-04	134.8	146.5
2004-05	148.7	173.0
		2005-06=100
2005-06	155.4	100.0
2006-07	158.2	109.5
2007-08	162.9	116.1
2008-09	160.4	109.1
2009-10	162.6	109.6
2010-11	160.7	111.1
2011-12	170.3	112.4
2012-13	171.5	117.4
2013-14	176.2	123.7
2014-15	178.1	127.9
2015-16 P	179.9	133.9

P : Provisional

Source: Pakistan Bureau of Statistics

TABLE 3.3

COTTON TEXTILES STATISTICS

Year	No. of Mills	Installed Capacity No. of Spindles (000)	Installed Capacity No. of Looms (000)	Working at the end of the period No. of Spindles (000)	Working at the end of the period No. of Looms (000)	Spindle Hours Worked (Million)	Loom Hours Worked (Million)	Consumption of Cotton (mln kg)	Total Yarn Produced (mln.kg)	Surplus Yarn (mln. kg)	Total Production of Cloth (mln. sq mtr.)
2000-01	353	8,594	10	7,105	4	59,219	34.1	2,070.1	1,721.0	1,652.7	490.2
2001-02	354	8,967	10	7,078	5	61,267	36.3	2,155.2	1,808.6	1,731.2	568.4
2002-03	363	9,216	10	7,623	5	64,274	38.7	2,371.3	1,934.9	1,855.4	576.6
2003-04	357	9,499	10	7,934	4	69,652	32.7	2,397.8	1,929.1	1,835.9	683.4
2004-05	423	10,941	9	8,852	5	72,255	31.2	2,622.8	2,270.3	2,104.9	924.7
2005-06	437	11,168	9	9,631	4	74,884	24.8	2,932.6	2,556.3	2,457.6	915.3
2006-07	427	11,266	8	10,057	4	76,892	21.7	3,143.5	2,727.6	2,623.2	1,012.9
2007-08	427	11,834	8	9,960	4	76,400	21.5	3,153.2	2,809.4	2,700.3	1,016.4
2008-09	431	11,280	8	10,241	4	75,893	23.0	3,195.6	2,862.4	2,754.0	1,019.7
2009-10	439	11,392	7	10,632	4	74,654	22.4	3,372.4	2,881.0	2,776.6	1,009.6
2010-11	439	11,392	7	10,850	5	75,000	23.0	3,456.7	2,938.6	2,831.8	1,029.8
2011-12	433	11,762	7	10,660	5	76,932	22.6	3,427.1	2,964.6	2,857.5	1,024.3
2012-13	477	11,946	8	10,872	5	76,757	23.0	3,539.3	3,069.7	2,334.7	1,029.1
2013-14	442	12,310	8	11,000	5	76,950	23.0	3,675.5	3,333.4	2,558.7	1,036.1
2014-15	423	13,268	7	10,231	4	78,519	23.6	3,824.1	3,369.7	2,945.4	1,036.9
2015-16 P	423	13,268	7	10,500	4	79,002	23.8	2,955.9	2,542.0	2,029.4	780.2

P : Provisional

Source : Textile Commissioner Organization

TABLE 3.4

PRODUCTION OF FERTILIZERS, VEGETABLE GHEE, SUGAR AND CEMENT

(000 tonnes)

Year	Fertilizers					Vegetable Ghee	Sugar	Cement
	Urea	Super Phos-phate	Ammo-nium Nitrate	Ammo-nium Sulphate	Nitro Phos-phate			
2000-01	4,005.1	159.6	374.4	-	282.5	835	2,956	9,672
2001-02	4,259.6	161.0	329.4	-	305.7	797	3,247	9,935
2002-03	4,401.9	147.2	335.3	-	304.9	772	3,686	10,845
2003-04	4,431.6	167.7	350.4	-	363.5	888	4,021	12,862
2004-05	4,606.4	163.1	329.9	-	338.9	1,048	3,116	16,353
2005-06	4,806.4	160.8	327.9	-	356.6	1,151	2,960	18,564
2006-07	4,732.5	148.9	330.8	-	325.8	1,180	3,527	22,739
2007-08	4,925.0	157.7	343.7	-	329.7	1,137	4,733	26,751
2008-09	4,918.4	187.4	344.3	-	305.7	1,060	3,190	28,380
2009-10	5,056.5	148.7	345.5	-	304.4	1,075	3,143	31,358
2010-11	4,552.1	173.3	275.1	-	252.3	1,091	4,169	28,716
2011-12	4,470.1	114.7	432.3	-	337.6	1,102	4,634	29,557
2012-13	4,215.1	79.3	401.3	-	291.9	1,138	5,073	31,055
2013-14	4,930.3	87.8	519.1	-	447.1	1,185	5,582	31,418
2014-15	5,073.1	63.6	569.1		501.9	1,182	5,149	32,185
July-March								
2014-15	3,805.9	47.3	361.9	-	317.8	877	4,812	23,459
2015-16 P	4,319.9	48.6	531.1	-	489.5	931	4,949	25,900

P : Provisional - : Nil

Source: Pakistan Bureau of Statistics

TABLE 3.5

PRODUCTION OF SELECTED INDUSTRIAL ITEMS

Year	Food and Tobacco		Jute	Rubber			
	Beverages (000 litres)	Cigarettes (Million Nos)	Textiles (000 tonnes)	Motor Tyres (000 Nos)	Motor Tubes (000 Nos)	Cycle Tyres (000 Nos)	Cycle Tubes (000 Nos)
2000-01	2,542	58,259	89.4	2,439	3,387	4,056	5,892
2001-02	2,492	55,100	81.7	2,694	3,419	4,652	7,058
2002-03	2,289	49,365	95.5	3,360	4,091	5,330	8,942
2003-04	2,691	55,399	104.0	5,175	4,964	4,768	8,270
2004-05	3,424	61,097	104.8	5,336	6,279	4,900	9,612
2005-06	1,161	64,137	104.5	5,942	7,164	5,287	10,204
2006-07	1,550	65,980	118.0	7,027	10,277	5,182	10,420
2007-08	1,841	67,446	129.0	6,990	9,627	4,243	9,224
2008-09	1,894	75,609	137.4	7,089	14,515	3,213	6,876
2009-10	1,554	65,292	106.2	8,672	20,152	3,405	7,273
2010-11	1,490	65,403	93.2	9,222	19,108	2,879	6,534
2011-12	1,812	61,954	94.1	7,011	20,338	3,431	6,846
2012-13	2,077	67,377	102.8	7,864	20,269	3,429	7,746
2013-14	2,550	64,482	101.7	8,802	20,825	4,038	8,061
2014-15	2,954	62,667	94.3	9,058	22,001	4,633	8,391
July-March							
2014-15	2,042	46,790	71.7	6,662	15,985	3,586	6,636
2015-16 P	2,123	42,892	45.4	7,461	18,708	3,156	5,249

P : Provisional **(Contd.)**

TABLE 3.5

PRODUCTION OF SELECTED ITEMS

Year	Chemicals						Transport, Machinery & Electrical Appliances		
	Soda Ash (000 tonnes)	Sulphuric Acid (000 tonnes)	Caustic Soda (000 tonnes)	Chlorine Gas (000 tonnes)	Paints & Varnishes (tonnes)	Polishes & Creams for Footwear (mln. grams)	Bicycles (000 Nos.)	Sewing Machines (000 Nos.)	Total TV Sets (000 Nos.)
2000-01	217.9	57.1	145.5	14.5	10,922	906.7	569.6	26.9	97.4
2001-02	215.2	59.4	150.3	15.1	10,341	920.9	553.4	24.0	450.0
2002-03	280.3	56.0	164.4	15.9	3,899	935.3	629.7	30.6	764.6
2003-04	286.5	64.7	187.5	17.2	5,406	950.1	664.1	35.0	843.1
2004-05	297.3	91.3	206.7	19.1	15,023	959.6	587.9	36.1	908.8
2005-06	318.7	94.4	219.3	18.3	17,147	969.2	589.6	39.1	935.1
2006-07	330.6	96.3	242.2	17.2	23,936	978.8	486.3	52.2	608.6
2007-08	364.9	102.8	248.3	18.2	26,308	988.6	535.5	57.3	716.1
2008-09	365.3	97.1	245.3	16.5	29,831	998.5	419.9	50.8	402.3
2009-10	409.6	84.7	182.3	16.1	30,749	1008.5	447.2	48.6	342.9
2010-11	378.0	114.7	172.0	15.1	25,673	1018.6	345.2	47.0	425.5
2011-12	370.7	100.4	179.1	15.8	23,026	1028.8	262.1	39.6	268.8
2012-13	366.2	89.4	182.8	15.5	28,048	1039.0	232.9	32.8	462.9
2013-14	409.1	85.3	167.4	14.9	37,236	1049.4	203.7	19.8	426.6
2014-15	437.1	70.2	183.5	17.4	48,631	975.7	210.9	19.3	462.5
July-March									
2014-15	325.6	50.5	127.7	13.4	33,142	675.1	155.4	12.9	324.0
2015-16 P	345.6	63.5	161.9	12.2	40,162	681.9	141.9	11.0	332.3

P : Provisional

(Contd.)

TABLE 3.5

PRODUCTION OF SELECTED INDUSTRIAL ITEMS

Year	Electrical Appliances		Paper & Board		Steel Products		
	Electric Bulbs (Mln.Nos)	Electric Tubes (000 metres)	Paper Board (000 tonnes)	Paper (All Types) (000 tonnes)	Coke (000 tonnes)	Pig Iron (000 tonnes)	Billets (000 tonnes)
2000-01	55.2	10,548	246.3	531.1	717.3	1,071.2	1,664.7
2001-02	52.8	10,441	165.1	137.9	694.6	1,042.9	1,874.2
2002-03	58.3	10,844	203.8	148.0	775.2	1,140.2	1,874.2
2003-04	139.4	14,630	225.7	156.8	785.5	1,179.9	2,118.9
2004-05	146.7	19,819	236.5	163.7	772.8	1,137.2	2,430.1
2005-06	143.6	19,992	286.1	167.7	182.3	768.0	3,380.6
2006-07	145.0	21,400	280.4	161.7	326.3	1,008.8	3,677.8
2007-08	129.8	19,524	227.6	192.0	290.9	993.4	2,873.8
2008-09	91.8	11,101	168.8	252.5	423.7	791.1	1,943.4
2009-10	75.5	2,914	178.1	248.7	342.8	483.3	1,663.8
2010-11	79.6	1,180	206.1	228.7	301.7	433.1	1,628.9
2011-12	79.0	1,266	283.0	246.3	192.9	249.1	1,616.4
2012-13	79.7	0	381.9	232.4	203.3	201.4	1,638.5
2013-14	75.1	0	465.8	218.7	31.9	89.4	2,128.3
2014-15	64.6	0	415.7	204.0	275.8	265.5	2,730.9
July-March							
2014-15	50.9	0	314.9	155.8	190.8	195.7	1,966.4
2015-16 P	44.3	0	283.8	173.3	57.4	1.5	2,416.3

P : Provisional

Source: Pakistan Bureau of Statistics
Ministry of Industries & Production

TABLE 3.6

PERCENT GROWTH OF SELECTED INDUSTRIAL ITEMS

(in %)

	Cotton Yarn	Cotton Cloth	Jute Goods	Veg.Ghee	Cigarettes	Fertilizers	Cement	Soda Ash	Caustic Soda	Sugar
2000-01	3.10	12.10	4.60	19.60	24.02	11.10	3.80	(11.30)	3.00	21.70
2001-02	5.10	16.00	(8.70)	(4.50)	(5.40)	(1.80)	2.70	(1.20)	3.30	9.80
2002-03	5.90	2.40	16.90	(3.20)	(10.40)	2.50	9.20	30.30	9.30	13.50
2003-04	0.70	17.40	8.90	15.10	12.20	9.00	18.60	2.20	14.10	9.10
2004-05	18.20	35.30	0.80	18.00	10.30	7.50	27.10	3.80	10.20	(22.50)
2005-06	11.73	(2.30)	(0.30)	9.90	5.00	4.30	13.50	7.20	6.10	(5.00)
2006-07	11.73	8.18	12.97	2.45	2.87	(2.76)	22.49	3.74	10.45	19.16
2007-08	2.44	3.95	9.29	(3.63)	2.22	3.27	17.64	10.37	2.50	34.20
2008-09	(0.04)	0.05	6.50	(6.75)	12.10	1.58	6.09	0.11	(1.18)	(32.61)
2009-10	(4.33)	(0.74)	(22.68)	1.38	(13.65)	3.58	10.49	12.12	(25.70)	(1.44)
2010-11	5.46	1.08	(12.30)	1.57	0.17	(8.88)	(8.43)	(7.70)	(5.62)	32.62
2011-12	0.52	0.30	0.98	1.01	(5.27)	0.08	2.93	(1.93)	4.11	11.16
2012-13	3.57	0.56	9.28	3.25	8.75	(4.02)	5.07	(1.22)	2.11	9.48
2013-14	8.62	0.68	(1.07)	4.08	(4.30)	16.50	1.17	11.72	(8.42)	10.03
2014-15	1.09	0.08	(7.21)	(0.23)	(2.81)	4.56	2.44	6.83	9.85	(7.75)
July-March										
2014-15	1.16	0.05	(8.91)	(1.33)	(0.69)	0.95	2.87	9.64	1.52	(6.09)
2015-16	1.54	0.43	(36.65)	6.12	(8.33)	15.92	10.41	6.14	26.85	2.85

Note : Figures in parenthesis represent negative growth

Source: Pakistan Bureau of Statistics

Fiscal Development

Fiscal Development

Fiscal policy is an instrument through which a government can achieve the objectives of development very efficiently by striking a balance between resources and expenditures. It works by diverting existing resources from unproductive to the productive, profitable and socially attractive sectors of the society.

The present government is cognizant of the fact that the fiscal policy has a constructive and dynamic role in the growth process of a country. It has therefore, strived hard to adopt a comprehensive and sound fiscal policy through a strong structural reform agenda.

Prior to FY2014, Pakistan's economic performance remained subdued. The growth rate had averaged less than 3 percent from FY2009 to FY2013; however, during the period of incumbent government, Pakistan's economy witnessed a complete turnaround.

A cursory look at the economic performance of the past three years reveals better prospects and greater opportunities for Pakistan's economy. The economic growth reached at 4.04 percent in the FY2015 from 3.68 percent recorded in the FY2013.While the GDP growth for FY2016 is provisionally estimated at 4.71 percent (based on nine months data).

The budget deficit has witnessed a substantial decline from 8.2 percent of GDP in FY2013 to 5.3 in FY2015 due to the efforts made by the government for better expenditure management together with raising tax revenues. Similarly, overall tax-to-GDP ratio which was at 9.8 percent of GDP in the FY2013 has been increased to 11.0 percent of GDP during FY2015. FBR tax revenues posted a growth of 14.9 percent during FY2015 and stood at 9.4 percent of GDP against 9.0 percent of GDP in the FY2014.While during July-April, FY2016 FBR tax revenues stood at Rs.2,346.1 billion against Rs.1,973.6 billion in the same period of FY2015, thus posted a significant growth of 18.9 percent.

One of the major developments was the sharp decline in inflation since FY2013 from 7.36 percent to 4.53 percent in FY2015 and further to 2.79 percent during Jul–Apr, FY2016 on account of government's effective monetary and prudent fiscal policies, while low international commodity prices reinforced the government's efforts. At the same time, low oil prices, continuous IFIs inflows and significant growth in remittances helped in strengthening the external sector. Pakistan has also witnessed an unprecedented increase in foreign exchange reserves during the same period, and in May 2016, it has crossed an all-time high mark of US $21 billion.

The economic indicators including the fiscal indicators are in the comfortable zone. The fiscal deficit has been contained at 3.4 percent of GDP during July-March, FY2016 against 3.8 percent of GDP in the same period of last year. The successful containment of deficit is attributed to 10.4 percent growth in total revenues, of which tax revenues increased by 20.2 percent. A fiscal deficit target for the FY2016 has been set at 4.3 percent which will be further brought down to 3.5 percent of GDP by FY2018. While the overall tax-to-GDP ratio will be increased to the target of 13.0 percent in the medium term.

Going forward, the present government is sternly focused on improving the investment climate in the country through the implementation of Investment Strategy 2013-17 that will help to increase the investment to GDP ratio by 20 percent in the medium term. In this regard, the government has been implementing an Action Plan for Improving Pakistan's Business

Environment, which was developed in October 2014. The Plan outlined time-bound reform measures focusing on six Doing Business (DB) indicators. These indicators included “Starting a Business”, “Dealing with Construction Permits”, “Getting Credit”, “Paying Taxes”, “Trading across Borders” and “Enforcing Contracts.

Furthermore, the development budget has been gradually and adequately raised in order to meet the investment requirements of a growing economy. It is expected that together with investments in the private sector, including $46 billion under China-Pakistan Economic Corridor (CPEC) and improved security situation across the country, Pakistan economy will step towards sustainable economic growth and prosperity.

Fiscal Policy Development

History reveals that the fiscal situation in Pakistan was not very impressive. Lack of proper economic management, failure to develop effective tax system and expenditures overrun resulted in a persistently high fiscal deficit which undermined the performance of all sectors of the economy. Additionally, heavy reliance on external and domestic borrowing led to crowding out of private sector investment.

Table 4.1 examines the historical trend in Pakistan’s fiscal policy indicators since FY2006 with particular focus on expenditure and revenue trends. It shows that the fiscal deficit peaked at 8.8 percent of GDP in FY2012 followed by 8.2 percent in FY2013. However, as a result of prudent expenditure management and revenue measures, fiscal policy achieved substantial gains. The fiscal deficit has been subsequently managed to 5.5percent in FY2014 and further down to 5.3 percent in FY2015. For FY2016, the fiscal deficit is expected to be at 4.3 percent of GDP.

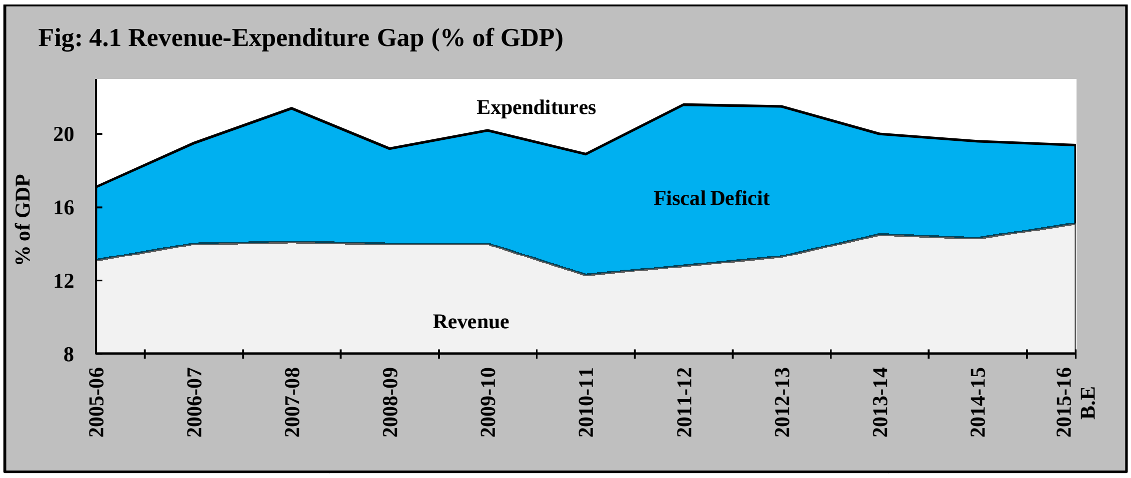
The fiscal consolidation achieved without compromising development expenditures and social assistance. During FY2016, the overall size of PSDP has been increased to Rs.1,513.7 billion which is 85.8 percent higher than the revised allocation of Rs.814.7 billion in FY2014. On the other hand, the allocation under the BISP (development expenditure outside PSDP) has also increased significantly from Rs.70.3 billion (revised) in FY2014 to Rs.102.0 billion in FY2016, posting an increase of 45.1 percent.

A cursory look at table 4.1 indicates that the successful containment in fiscal deficit was possible due to a significant reduction in total expenditures from 21.5 percent of GDP in FY2013 to 19.6 percent of GDP in FY2015. Of which current expenditures reduced to 16.1 percent of GDP in FY2015 from 16.4 percent of GDP recorded in FY2013. However, development expenditures and net lending stood at 4.1 percent of GDP in FY2015 against 5.1 percent of GDP in FY2013. It is worthwhile to mention that government was able to control the expenditures even with expenditures on Zarb-e-Azb Military Operation, Temporarily Displaced People (TDPs) and also relief activities in flood affected areas.

Table: 4.1 Fiscal Indicators as Percent of GDP

Year	Real GDP Growth	Overall Fiscal Deficit	Expenditure			Revenue		
			Total	Current	Development[/1]	Total Rev.	Tax	Non-Tax
2005-06	5.8	4.0	17.1	12.6	4.5	13.1	9.8	3.3
2006-07	5.5	4.1	19.5	14.9	4.6	14.0	9.6	4.4
2007-08	5.0	7.3	21.4	17.4	4.0	14.1	9.9	4.2
2008-09	0.4	5.2	19.2	15.5	3.5	14.0	9.1	4.9
2009-10	2.6	6.2	20.2	16.0	4.4	14.0	9.9	4.1
2010-11	3.6	6.5	18.9	15.9	2.8	12.3	9.3	3.0
2011-12	3.8	8.8	21.6	17.3	3.9	12.8	10.2	2.6
2012-13	3.7	8.2	21.5	16.4	5.1	13.3	9.8	3.5
2013-14	4.1	5.5	20.0	15.9	4.9	14.5	10.2	4.3
2014-15	4.0	5.3	19.6	16.1	4.1	14.3	11.0	3.3
2015-16B.E	5.5	4.3	19.4	15.0	4.5	15.1	12.0	3.1

[/1] including net lending
Note: Estimated growth during FY 2016 is 4.71 percent.



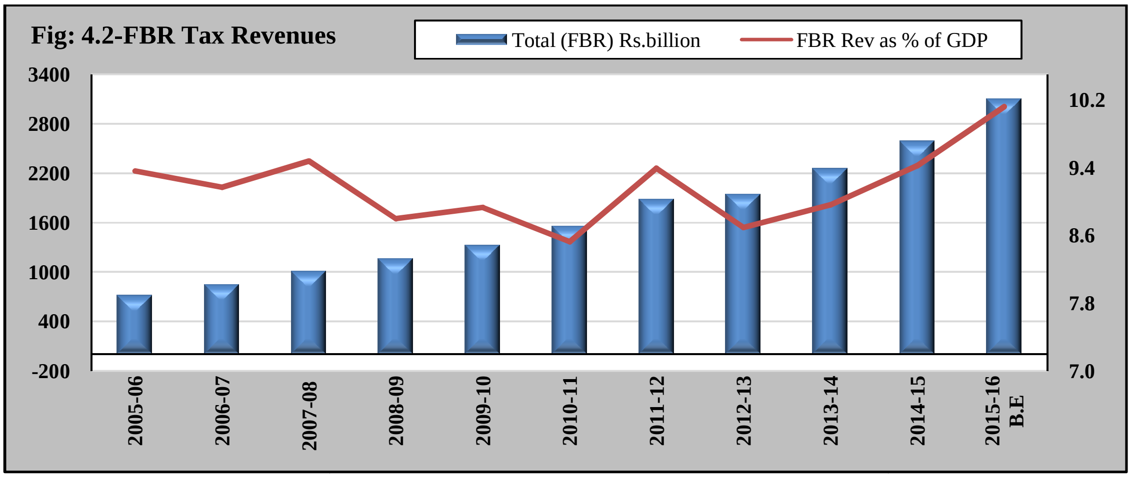
On the other hand, total revenues increased from 13.3 percent of GDP in FY2013 to 14.3 percent of GDP in FY2015. Of which, tax revenues increased to 11.0 percent of GDP in FY2015 from 9.8 percent of GDP in FY2013. While the non-tax revenues witnessed a decline and recorded at 3.3 percent of GDP in FY2015 against 3.5 percent of GDP in FY2013.

With regard to provincial fiscal operations, all the four provinces posted a surplus of Rs.87.3 billion in FY2015 which is lower than the surplus amount of Rs.196.9 billion recorded in FY2014. The lower provincial surplus was on account of decline in tax revenues and high growth in current expenditures.

A review of key fiscal indicators demonstrates that the economy has accomplished a considerable consolidation on the back of wide-ranging agenda of economic reforms in Power sector, Public Sector Enterprises (PSEs) and in the tax system. The government is following various measures including rationalization of tax exemptions and concession in order to streamline the tax system.

Structure of Tax Revenues

Tax is the primary source of government revenues which is used to finance the costs of public goods. Countries can accumulate their assets through tax revenues in order to provide essential services required to shape a better society. However, it is important to plan a tax system that not only encourages good governance but also promotes social equity. It is, therefore, essential to form an effective, transparent and fair tax system with efficient tax administration beyond board.



In Pakistan, developing a tax system to protect the common interests of taxpayers and generate ample government revenues for the provision of public goods has always remained a challenging task.

Over the years, various structural problems including narrow tax base, tax evasion, and administrative weaknesses resulted in a low tax to GDP ratio. Despite a significant increase in revenue collection (in the absolute term), overall tax to GDP ratio varied between 9.1 and 11.0 percent (Table: 4.1). Particularly, FBR tax to GDP ratio remained within the narrow band despite a significant increase in absolute term.

Review of Pakistan's tax structure reveals that the tax system is highly dependent on indirect taxes. However, on account of various tax reforms, the proportion of direct taxes has been increased steadily. As it is shown in the figure 4.3.a and b that the indirect taxes which were 68.5 percent of total FBR tax in FY2006 has been reduced to 60 percent in FY2015.On the other hand, direct taxes has been increased from 32 percent of total FBR tax in FY2006 to 40 percent in FY2015. While for the current FY2016, direct taxes are expected to increase to 43.4 percent and indirect taxes to 56.6 percent of total FBR tax.

Fig- 4.3.a: % of Total FBR Tax (FY2006)

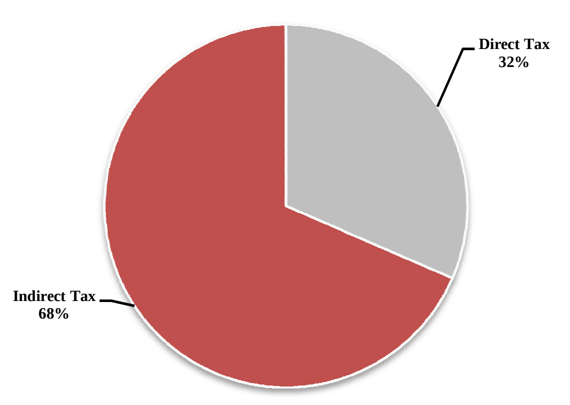
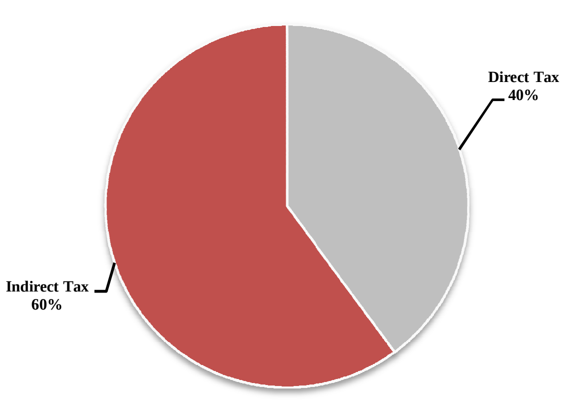


Fig-4.3.b: % of Total FBR Tax (FY2015)



Furthermore, the share of sales tax has been increased to 42.0 percent of total FBR tax in FY2015 from 41.3 percent witnessed in FY2006. While it is expected to reduce to 40.3 percent of the total FBR tax during the current fiscal year. As a percentage of indirect taxes, it has increased from 60.3 percent in FY2006 to 69.9 percent during FY2015. Sales tax as a percentage of indirect tax is expected to reach at 71.2 percent of indirect taxes during the current fiscal year.

On the other hand, customs duty has been reduced from 28.3 percent of indirect tax in FY2006 to 19.7 percent during FY2015. It is budgeted to reduce further at 17.0 percent during the current fiscal year. Whereas, excise duty has declined from 11.3 percent of indirect tax in FY2006 to 10.4 percent during FY2015. While it is expected to increase to 11.8 percent during the current fiscal year.

Table 4.2: Structure of Federal Tax Revenue (Rs. Billion)

Year	Total (FBR)	Tax Rev as % of GDP	Direct Taxes	Indirect Taxes			
				Customs	Sales	Excise	Total
2005-06	713.5	9.4	225.0	138.4	294.8	55.3	488.5
			[31.5]	{28.3}	{60.3}	{11.3}	[68.5]
2006-07	847.2	9.2	333.7	132.3	309.4	71.8	513.5
			[39.4]	{25.8}	{60.3}	{14.0}	[60.6]
2007-08	1,008.1	9.5	387.9	150.7	377.4	92.1	620.2
			[38.5]	{24.3}	{60.9}	{14.9}	[61.5]
2008-09	1,161.1	8.8	443.5	148.4	451.7	117.5	717.6
			[38.2]	{20.7}	{62.9}	{16.4}	[61.8]
2009-10	1,327.4	8.9	526.0	160.3	516.3	124.8	801.4
			[39.6]	{20.0}	{64.4}	{15.6}	[60.4]

Table 4.2: Structure of Federal Tax Revenue								(Rs. Billion)
Year	Total (FBR)	Tax Rev as % of GDP	Direct Taxes	Indirect Taxes				
				Customs	Sales	Excise	Total	
2010-11	1,558.2	8.5	602.5	184.9	633.4	137.4	955.7	
			[38.7]	{19.3}	{66.3}	{14.4}	[61.3]	
2011-12	1,882.7	9.4	738.4	216.9	804.9	122.5	1,144.3	
			[39.2]	{19.0}	{70.3}	{10.7}	[60.8]	
2012-13	1,946.4	8.7	743.4	239.5	842.5	121.0	1,203.0	
			[38.2]	{19.9}	{70.0}	{10.1}	[61.8]	
2013-14	2,254.5	9.0	877.3	242.8	996.4	138.1	1,377.3	
			[39.0]	{17.6}	{72.3}	{10.0}	[61.1]	
2014-15	2,589.9	9.4	1,033.7	306.2	1,087.8	162.2	1,556.2	
			[39.9]	{19.7}	{69.9}	{10.4}	[60.2]	
2015-16B.E	3,103.7	10.1	1,347.9	299.1	1,250.3	206.4	1,755.8	
			[43,4]	{17.0}	{71.2}	{11.8}	[56.6]	

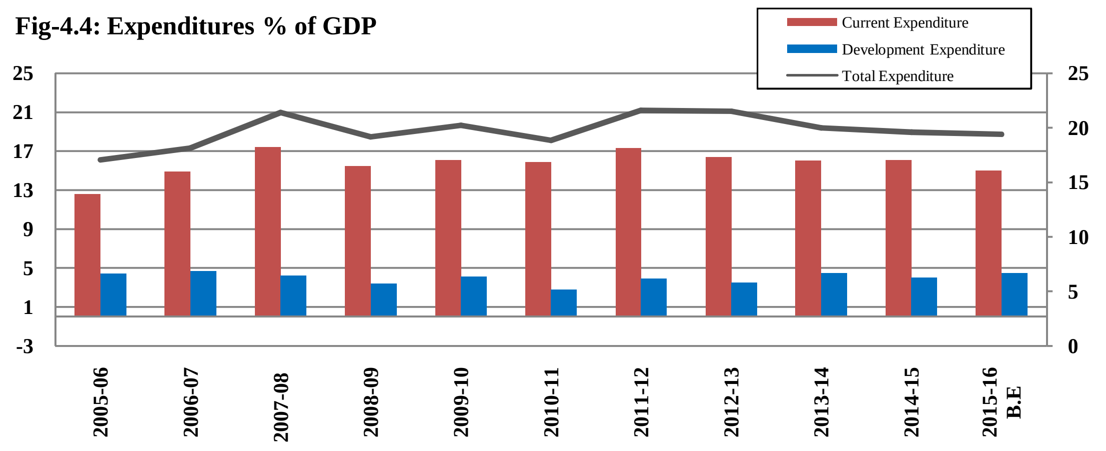
Source: Federal Board of Revenue
[]as % of total taxes
{} as % of indirect taxes

Review of Public Expenditures

The efficient utilization of public expenditure is highly significant to create employment opportunities along with generating sustainable economic growth, poverty eradication and reducing inequalities in income distribution.

In the past the country remained a victim of unplanned and unproductive expenditures stemmed from high interest payments, untargeted subsidies particularly to loss making PSEs, energy subsidies, floods and security related issues. Consequently, the economy was unable to realize the impact of public expenditure on poverty reduction and economic growth. Moreover, the absence of sound mix of revenue and expenditure policies also posed serious threats to the fiscal sustainability. As a result fiscal deficit touched the highest level of 8.8 percent of GDP in FY2012 followed by 8.2 percent of GDP in FY2013. However, the fiscal deficit was significantly brought down to 5.3 percent in FY2015 as a result of prudent expenditure management and effective implementation of revenue measures.

Fig-4.4: Expenditures % of GDP



Total expenditures have increased from Rs.5,026.0 billion in FY2014 to Rs.5,387.8 billion in FY2015, showing a growth of 7.2 percent[1]. However, as a percentage of GDP, it reduced from

[1] Including statistical discrepancy

20.0 percent in FY2014 to 19.6 percent in FY2015. While, total expenditures are expected to be at 19.4 percent of GDP during the current fiscal year.

Table 4.3: Trends in Components of Expenditure (As % of GDP)

Year	Total Expenditure (A)	Current Expenditure (B)	Interest Payments (C)	Defence (D)	Development Expenditure	Non Interest Non-Defence Exp (A-C-D)	Fiscal Deficit	Revenue Deficit/Surplus (TR-Total CE)	Primary deficit (TR-NI Exp)
2005-06	17.1	12.6	2.9	2.9	4.4	11.2	4.0	0.5	-1.1
2006-07	18.1	14.9	4.0	2.7	4.7	11.4	4.1	-0.8	-0.1
2007-08	21.4	17.4	4.6	2.6	4.2	14.2	7.3	-3.3	-2.7
2008-09	19.2	15.5	4.8	2.5	3.4	11.8	5.2	-1.4	-0.3
2009-10	20.2	16.0	4.3	2.5	4.1	13.4	6.2	-2.1	-1.9
2010-11	18.9	15.9	3.8	2.5	2.8	12.6	6.5	-3.5	-2.7
2011-12	21.6	17.3	4.4	2.5	3.9	14.6	8.8	-4.5	-4.3
2012-13	21.5	16.4	4.4	2.4	3.5	14.7	8.2	-3.0	-3.8
2013-14	20.0	15.9	4.6	2.5	4.5	12.9	5.5	-1.5	-1.0
2014-15	19.6	16.1	4.7	2.5	4.0	12.3	5.3	-1.8	-0.6
2015-16 BE	19.4	15.0	4.2	2.5	4.5	12.7	4.3	0.1	-0.2

Source: Budget Wing, Finance Division and EA Wing's Calculations

Similarly, current expenditures have increased from Rs.4,004.6 billion in FY2014 to Rs.4,424.7 billion in FY2015 thus registered a growth of 10.5 percent. High growth in current expenditure is largely attributed to the sharp rise in expenditures on security related issues incurred by the provinces. As a percentage of GDP, it stood at 16.1 percent of GDP in FY2015 against 15.9 percent of GDP in the preceding fiscal year. Current expenditures are projected to be contained at 15.0 percent of GDP during the current fiscal year.

Markup payments which constitute a major portion of current expenditures have increased to Rs.1,303.8 billion or 4.7 percent of GDP during FY2015 from Rs.1,147.8 billion or 4.6 percent of GDP in FY2014. However, the growth has reduced significantly from 15.8 percent in FY2014 to 13.6 percent in FY2015 owing to the reduction in the policy rate by 350 basis points in FY2015.Markup payments are expected to reduce to 4.2 percent of GDP in FY2016.Similarly, defence expenditures stood at Rs.697.8 billion in FY2015 against Rs.623.1 billion in FY2014. As a percentage of GDP, it stood at the same level as in FY2014 i.e. 2.5 percent. The growth has also declined to 12.0 percent in FY2015 against the growth of 15.3 percent in FY2014. Regarding current subsidies, it has witnessed a substantial decline in both absolute and growth term. It reduced from Rs.305.7 billion in FY2014 to Rs.241.6 billion in FY2015, thus posted a negative growth of 21 percent. While in FY2016, it is projected to reduce to Rs.137.6 billion.

Development expenditures and net lending reduced from Rs.1,236.5 billion in FY2014 to Rs.1,140.6 billion during FY2015 thus declined by 7.8 percent. Of which expenditures under PSDP increased to Rs.987.8 billion during FY2015 from Rs.865.5 billion, thus registered a growth of 14.1 percent. Federal PSDP increased to Rs.502.2 billion (including Rs.13.3 billion in respect of development grants to provinces) during FY2015 against Rs.441.0 billion (including Rs.6.1 billion of development grants to provinces) during FY2014, thus posted a growth of 13.9 percent.

Fiscal performance (July-March 2015-16)

Over the years, the economic performance was characterized by large fiscal deficits on account of high current expenditures and sluggish growth in tax revenues, mounting debt burden, unfavorable balance of payments, low foreign exchange reserves, massive circular debt particularly to the energy sector and low investment to GDP ratio. However, timely, effective and decisive actions taken by the present government averted the economic disaster and now all the macroeconomic indicators have been strengthened and showing signs of macroeconomic stability.

With the continuous efforts to ensure fiscal discipline, the government has successfully reduced the fiscal deficit to 3.4 percent of GDP during the first nine months of current FY2016 against 3.8 percent of GDP during the comparable period of last year. The improvement in fiscal accounts came from10.4 percent growth in total revenues, of which tax revenues increased by 20.2 percent. Moreover, a healthy provincial surplus of Rs.221.2 billion has also contributed in the containment of fiscal deficit at 3.4 percent of GDP. For the current fiscal year, a fiscal deficit target has been set at 4.3 percent which will be further brought down to 3.5 percent of GDP by FY2018.

According to the consolidated revenue and expenditure statement, total revenue witnessed a growth of 10.4 percent and stood at Rs.2,961.9 billion during July-March, FY2016 against Rs.2,682.6 billion in the same period of FY2015. In total revenues, total tax collection reached at Rs.2,481.0 billion during the first nine months of the current fiscal year from Rs.2,063.2 billion recorded in the same period of FY2016, thus registered a growth of 20.2 percent. This significant growth is largely attributed to a considerable rise in provincial tax revenues which has registered a growth of 28.6 percent during the period under review. On the other hand federal tax revenues posted a growth of 19.6 percent, of which FBR tax collections grew at 18.5 percent. During July-March, FY2016 FBR tax collection stood at Rs.2,103.0 billion against Rs.1,775.1 billion in the comparable period of last fiscal year. While as a percentage of GDP, it stood at 7.1 percent during July-March, FY2016 against 6.5 percent in the same period of last year.

Table: 4.4 Consolidated Revenue & Expenditure of the Government (Rs. Billion)

	2015-16 B.E	July-March		Growth
		2015-16	2014-15	
A. Total Revenue	**4,634.7**	**2,961.9**	**2,682.6**	**10.4**
a) Tax Revenue	**3,672.2**	**2,481.0**	**2,063.2**	**20.3**
Federal	**3,418.2**	**2,294.3**	**1,918.0**	**19.6**
of which FBR Revenues	3,103.7	2,103.0	1,775.1	**18.5**
other federal	314.5	191.3	142.9	**33.9**
Provincial Tax Revenue	254.0	186.7	145.2	**28.6**
b) Non-Tax Revenue	**962.5**	**480.9**	**619.5**	**-22.4**
B. Total Expenditure	**5,962.9**	**3,971.3**	**3,731.6**	**6.4**
a) Current Expenditure	**4,592.6**	**3,407.0**	**3,199.1**	**6.5**
Federal	**3,127.6**	**2,368.9**	**2,255.8**	**5.0**
Markup Payments	1,279.9	1,079.4	974.5	**10.8**
Defence	781.2	482.9	485.9	**-0.6**
Provincial	**1,465.0**	**1,038.0**	**943.2**	**10.1**
b) Development Expenditure & net lending	**1,370.3**	**710.2**	**594.0**	**19.6**
PSDP	**1,210.0**	**623.4**	**499.4**	**24.8**
Other Development	**164.4**	**76.0**	**80.2**	**-5.2**
c) Net Lending	**-4.1**	**10.8**	**14.3**	**-24.5**
e) Statistical discrepancy	**0**	**-145.8**	**-61.4**	**137.5**
C. Overall Fiscal Deficit	**1,328.1**	**1,009.4**	**1,048.9**	**-3.8**
As % of GDP	4.3	3.4	3.8	
Financing of Fiscal Deficit	**1,328.1**	**1,009.4**	1,048.9	**-3.8**
i) External Sources	345.7	222.9	137.8	**61.8**
ii) Domestic	**982.4**	**786.5**	**911.1**	**-13.7**
- Bank	282.9	538.0	469.4	**14.6**
- Non-Bank	649.5	248.4	426.5	**-41.8**
GDP at Market Prices	**30,672**	**29,598**	**27,493**	**7.7**

Source: Budget Wing, Finance Division

In contrast with the significant performance of tax revenues, non-tax revenues witnessed a negative growth of 22.4 percent and stood at Rs.480.9 billion during first nine months of the current fiscal year against Rs.619.5 billion in the same period of last fiscal year. Of the total non-tax revenues, Rs.177.6 billion were collected as the surplus profit of SBP, followed by Rs.80.6 billion under defence, Rs.46.3 billion under Royalties on Oil/Gas and Rs.35.8 billion under Dividends.

On the expenditure side, total expenditure registered a growth of 6.4 percent during July-March, FY2016 to stand at Rs.3,971.3 billion against Rs.3,731.6 billion in the comparable period of last year. As a percentage of GDP, total expenditures reduced to 13.4 percent during first nine months of the current fiscal year against 13.6 percent recorded in the same period of last fiscal year.

Current expenditure amounted to Rs.3,407.0 billion during first nine months of the current fiscal year against Rs.3,199.1 billion in the same period of preceding fiscal year, thus posted a growth of 6.5 percent. Of which, expenditure on markup payments stood at Rs.1,079.4 billion during July-March, FY2016 against Rs.974.5 billion in the same period last year. Whereas, defence expenditure reduced by 0.6 percent and stood at Rs.482.9 billion during the first nine months of the current fiscal year against Rs.485.9 billion in the same period last year. Likewise, current subsidies amounted to Rs.119.5 billion during July-March, FY2016 against Rs.185.9 billion in the same period of FY2015, thus reduced by 35.7 percent. Significant reduction in subsidies clearly reveals that government is stringently focused on rationalizing untargeted energy subsidies, and at the same time strengthening the social safety nets in order to protect the most vulnerable segments of society.

Contrary to it, development expenditure and net lending stood at Rs.710.2 billion during July-March, FY2016 against Rs.594.0 billion, thus witnessed a growth of 19.6 percent. Whereas, development expenditure (excluding net lending) grew by 20.6 percent and stood at Rs.699.4 billion during July-March,FY2016 against Rs.579.7 billion in the comparable period of FY2015. Within development expenditure, PSDP has registered a tremendous growth of 24.8 percent during the first nine months of the current fiscal year, as it stood at Rs.623.4 billion against Rs.499.4 billion last year (Federal :Rs.251.3 billion & Provincial ADP: Rs.372.1 billion).

During the first nine months of the current fiscal year, the financing of fiscal deficit of Rs 1009.4 billion was met through external and domestic resources. During July-March, FY2016, the financing from external resources stood at Rs.222.9 billion against Rs.137.8 in the comparable period of last fiscal year. On the other hand, from domestic resources it remained at Rs.786.5 billion during the first nine months of the current fiscal year against Rs.911.1 billion in the comparable period last year.

The improvement in the fiscal account is an indication of government’s commitment to achieve long term sustainable economic growth with particular focus on broadening the tax net, removing untargeted subsidies, addressing financial losses in PSEs and further improvement in the business climate.

FBR Tax Collection (July-April, FY2016)

The present government has initiated an ambitious agenda of tax policy and administration reforms (Box-I) with an aim to increase the tax to GDP ratio to 11.3 percent by FY2018. The FBR has been able to collect Rs.2,589.9 billion during FY2015 against Rs.2,254.5 billion in the preceding fiscal year, reflecting a growth of 14.9 percent. Moreover, tax to GDP ratio has increased to 9.4 percent during FY2015 from 9.0 percent registered in FY2014. During July-April, FY2016, FBR has collected Rs.2,346.1 billion as provisional tax revenues against Rs.1,973.6 billion in the same period last year, thus reflecting a growth of 18.9 percent.

Direct Taxes

According to the tax-wise details (Table 4.6), the Direct taxes has registered a growth of 14.4 percent during the first ten months of the current fiscal year. The net collection has gone up from Rs.775.9 billion to Rs.888.0 billion. The bulk of the tax revenue under direct tax is realized from income tax, of which major contributors are withholding tax, voluntary payments and collection on demand.

Indirect Taxes

The gross and net collection of Indirect taxes have witnessed a growth of 20.4 percent and

21.7 percent respectively. It has accounted 62.1 percent of total FBR tax revenues during the first ten months of the current fiscal year.

Table 4.5 FBR Tax Revenues Rs Billion

Revenue Heads	July-April		% Change
	2014-15	2015-16*	
A. DIRECT TAXES			
Gross	837.5	911.0	8.8
Refund/Rebate	61.5	23.0	
Net	**775.9**	**888.0**	14.4
B. INDIRECT TAXES			
Gross	1,246.1	1,500.1	20.4
Refund/Rebate	48.4	42.0	
Net	**1,197.7**	**1,458.1**	21.7
B.1 SALES TAX			
Gross	883.4	1,046.5	18.5
Refund/Rebate	40.2	32.8	
Net	**843.3**	**1,013.6**	20.2
B.2 FEDERAL EXCISE			
Gross	119.6	133.4	11.5
Refund/Rebate	0.0	0.0	
Net	**119.6**	**133.4**	11.5
B.3 CUSTOM			
Gross	243.0	320.2	31.8
Refund/Rebate	8.2	9.2	
Net	**234.8**	**311.1**	32.5
TOTAL TAX COLLECTION			
Gross	2,083.5	2,411.1	15.7
Refund/Rebate	109.9	65.0	
Net	**1,973.6**	**2,346.1**	18.9

***: Provisional**

Source: Federal Board of Revenue

Within Indirect taxes, a net collection of sales tax is increased by 20.2 percent. The gross and net collection of Sales tax stood at Rs.1,046.5 billion and Rs.1,013.6 billion, respectively during the period under review. In fact, around 46.2 percent of total Sales tax is contributed by domestic sector. A major contribution to net domestic Sales tax collection came from POL products, fertilizers, natural gas, cement, other services, electrical energy, beverages, cigarettes, tea, sugar, iron & steel etc. On the other hand, contribution to the collection of Sales tax on imports was made significantly by POL products, plastic, edible oil, vehicles, machinery, chemicals, oilseeds etc.

Customs duty collection has registered a growth of 31.8 percent and 32.5 percent in both gross and net terms, respectively. The gross and net collection have increased from Rs.243.0 billion and Rs.234.8 billion during July-April, FY2015 to Rs.320.2 billion and Rs.311.1billion, respectively, during the first ten months of the current fiscal year. The major revenue spinners of customs duty have been automobiles, edible oil, petroleum products, machinery, plastic, iron and steel, paper and paperboard etc.

The collection of Federal Excise Duty (FED) during July-April, FY2016 has recorded a growth of 11.5 percent. The net collection stood at Rs.133.4 billion during July-April, FY2016 as against Rs.119.6 billion during the same period of FY2015. The major revenue spinners of FED are cigarettes, cement, beverages, natural gas and international travel etc.

Box-I: Major Initiatives by FBR

1. Broadening of tax base

For broadening of tax base several initiatives have been taken and some are in the pipeline. Initially the objective was to incorporate 300,000 new taxpayers. In this regard 250,000 notices have already been issued since the initiation of the project in July 2013. Similarly, a detailed plan for outreach program including provincial assessment, collection procedures, penal actions and prosecution proceedings has also been chalked out. As on May 11th, 2016 number of income tax return filers stood at 975,385 against 803,525 in the same period of last year.

2. Withdrawal of exemptions/concessions

First two sets of exemptions have already been withdrawn in the budget 2014-15 and 2015-16. An exercise has been initiated to withdraw 3rd tranche of remaining exemptions/concession in the budget 2016-17. Currently, under the law, FBR does not have the power to issue any concessionary SROs. The power to issue SROs now rests with ECC of the Cabinet under very limited circumstances.

3. Expansion of audit coverage

FBR has already completed the task of selecting 7.5 percent corporate and non-corporate cases for Audit Tax Year 2015 through random computer ballot in September,2015. Audit process has been started and is being pursued vigorously.

4. Better human resource management

Human resource management has been improved and major structural initiatives are being taken by FBR in its organizational reform program. KPIs have been developed to monitor qualitative as well as the quantitative performance of the employees.

5. End to end automation

The introduction of an e-filing process accessible to taxpayers for income tax, sales tax and excise at e-FBR portal has been ensured. Automation of system has helped in minimizing the contact between taxpayer and tax officers and as a consequence the complaint of harassment has been reduced accordingly.

Furthermore, a new integrated and highly configurable and customizable system '*iris*' has been designed to cover all the business processes of income tax and sales tax. In order to check fake and fabricated demand notices and ensure the authenticity of the demand notices, these have been automated. In a similar fashion, tax exemptions certificates have also been automated. For security of transit supply chain, an integrated transit trade management system has also been introduced.

6. Stringent enforcement

It has been ensured that strict enforcement of tax laws may be made to create deterrence. In this regard efforts have been made to persuade potential taxpayers to file returns and to comply with other obligations under tax laws.

Provincial Budget

The total outlay of the four provincial budgets stood at Rs.2,566.0 billion for FY 2016, which is 18.1 percent higher than the outlay of Rs.2,172.2 billion of last year.

Table 4.6: Overview of Provincial Budgets (Rs Billion)

Items	Punjab		Sindh		KPK		Baluchistan		Total	
	2014-15 RE	2015-16 BE	2014-15 RE	2015-16 BE	2014-15 RE	2015-16 BE	2014-15 RE	2015-16 BE	2014-15 RE	2015-16 BE
A. Tax Revenue	859.8	1,048.5	463.8	545.9	255.8	303.6	144.8	159.6	1,724.2	2,057.6
Provincial Taxes	114.2	160.6	110.0	124.6	19.8	22.6	2.8	3.6	246.8	311.4
GST on Services (transferred by federal Govt)	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.8	0.0
Share in Federal Taxes	745.6	887.9	353.8	421.3	236.0	281.0	141.2	156.0	1,476.6	1,746.2
B. Non-Tax Revenue	31.2	51.6	77.7	81.0	29.4	51.2	18.0	18.9	156.3	202.8
C. All Others	24.4	19.2	31.2	44.8	25.4	35.9	23.6	23.6	104.5	123.5
Total Revenues (A+B+C)	915.4	1,119.3	572.7	671.7	310.6	390.7	186.4	202.1	1,985.0	2,383.9
a) Current Expenditure	683.2	753.0	454.6	503.3	255.0	298.0	138.5	168.6	1,531.3	1,723.0
b) Development Expenditure	290.3	400.0	154.6	213.6	134.8	174.9	61.2	54.5	640.9	843.0
Total Exp (a+b)	973.5	1,153.0	609.2	716.9	389.8	472.9	199.7	223.1	2,172.2	2,566.0

Source: Fiscal Operations (various issues), Budget Wing

The share of current and development expenditure in total budget outlay is 67.1 and 32.9 percent respectively. The allocation of development expenditure is 31.5 percent higher than last year and current expenditure is higher by 12.5 percent over the previous year.

Allocation of Revenues between the Federal Government and Provinces

According to the distribution of resources under the framework of 7th NFC Award, net transfers to provinces are estimated at Rs.1,938.2 billion, during the current fiscal year an increase of 18.4 percent over the revised transfers of Rs.1,636.6 billion in FY2015.

Table 4.7: Transfers to Provinces (NET) (Rs. Billion)

	2010-11	2011-12	2012-13	2013-14	2014-15 R.E	2015-16 B.E
Divisible Pool	834.7	1,063.1	1,117.5	1,287.4	1,476.6	1,746.2
Straight Transfer	163.0	145.6	103.5	124.4	97.4	102.4
GST on services	-	-	83.7	1.5	0.7	0.8
Special Grants/ Subventions	54.1	53.9	61.2	53.8	33.7	38.3
Project Aid	21.9	47.8	71.3	85.2	61.9	85.5
Program Loans	0.0	4.6	4.2	59.1	18.1	19.2
Japanese Grant	0.1	0.1	0.0	0.0	0.0	0.1

Table 4.7: Transfers to Provinces (NET)						(Rs. Billion)
	2010-11	2011-12	2012-13	2013-14	2014-15 R.E	2015-16 B.E
Total Transfer to Province	**1,073.7**	**1,315.0**	**1,441.5**	**1,611.5**	**1,688.4**	**1,992.4**
Interest Payment	18.5	12.9	14.8	14.1	13.3	12.0
Loan Repayment	32.4	36.1	32.1	38.7	38.6	42.2
Transfer to Province(Net)	**1,022.8**	**1,266.0**	**1,394.5**	**1,558.8**	**1,636.6**	**1,938.2**
Source: Various issue of Budget in Brief.						

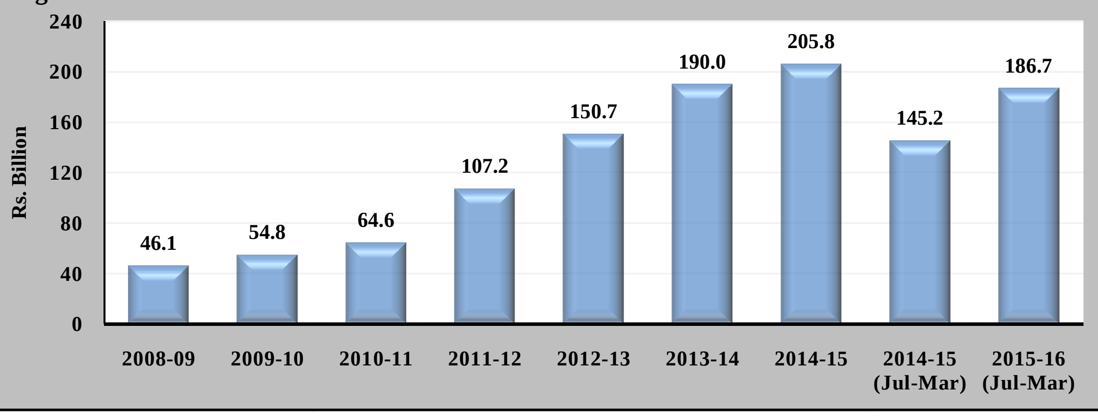
During FY2015, provinces posted a surplus of Rs.87.3 billion against Rs.196.9 billion in FY2014 on account of lower growth in tax revenues and high growth in current expenditures. While during the first nine months of the current fiscal year, provinces posted a surplus of Rs.221.2 billion against Rs.194.0 billion in the same period of last fiscal year.

Overall tax revenues increased from Rs.1,596.2 billion during FY2014 to Rs.1,744.5 billion in FY2015, thus posted a growth of 9.3 percent. Within tax revenues, provincial taxes grew by 8.3 percent, while federal transfers increased by 9.4 percent. The major contribution in revenues came from federal transfers, which has contributed 81.0 percent of provincial revenues during FY2015. On the other hand provinces own revenue receipts contributed 10.8 percent in total revenues during the period under review.

Table 4.8: Overview of Provincial Fiscal Operations							Rs. Billion
Items	2010-11	2011-12	2012-13	2013-14	2014-15	July-March	
						2015-16	2014-15
A. Tax Revenue	1,063.9	1,197.1	1,365.7	1,596.2	1,744.5	1,439.9	1,252.8
Provincial Taxes	64.6	107.2	150.7	190.0	205.8	186.7	145.2
Share in Federal Taxes	999.3	1,089.9	1,215.0	1,406.3	1,538.7	1,253.2	1,107.6
B. Non-Tax Revenue	62.3	48.0	71.3	49.4	75.6	44.7	36.9
C. All Others	85.1	88.6	107.4	121.8	82.3	42.0	71.5
Total Revenues (A+B+C)	1,211.3	1,333.7	1,544.4	1,767.4	1,902.4	1,526.6	1,361.2
a) Current Expenditure	831.2	980.6	1,110.0	1,187.4	1,400.1	1,047.2	953.0
b) Development Expenditure (PSDP)	245.6	375.4	371.5	430.5	498.8	372.1	291.5
Total Exp (a+b)	1,076.8	1,356.0	1,481.6	1,617.9	1,898.9	1,419.3	1,244.4
Source: Fiscal Operations (various issues), Budget Wing							

The share of provincial tax in total revenues has shown a rising trend since FY2011, as it has increased from 5.3 percent to 10.8 percent during FY2014. However, it remained at the same level of 10.8 percent during FY2015.During July-March, FY2016 tax revenues posted a growth of 14.9 percent and stood at Rs.1,439.9 billion against Rs.1,252.8 billion in the same period last year. Within tax revenues, provincial taxes grew at 28.6 percent, while the share in federal taxes registered a growth of 13.1 percent during the period under review.

Fig: 4.5-Provincial Taxes



On the other hand, total expenditures posted a growth of 14.1 percent and stood at Rs.1,419.3 billion during the first nine months of the current fiscal year against Rs.1,244.4 billion in the comparable period of FY2015. The rise in total expenditure is largely attributed to high growth in development expenditure i.e 27.7 percent.

Medium Term Budgetary Framework (MTBF)

Each year, on a rolling basis, the government prepares a medium-term macro-fiscal framework that guides the preparation of the annual budget. This strategic top-down approach to budget making is aimed at improving fiscal discipline and allocation of resources to Ministries/Divisions as per the stated policy objectives of the government. The macro-fiscal framework and the policy priorities of the government are discussed each year in the Cabinet meeting, in the shape of a Budget Strategy Paper, weeks before the annual budget is presented in the parliament. This helps in the provision of a strategic direction to the annual budget in the medium-term context.

In addition to the strategic component of the reform initiative, a performance-based budgeting and monitoring system has been introduced in all Federal Ministries/Divisions. The performance orientation to the planning, budgeting and monitoring systems of the government is aimed at improving the performance of public service delivery in the Federal Ministries/Divisions.

Both the Budget Strategy Paper, and the performance-based budgeting and monitoring systems are part of the reform program called the ‘Medium-Term Budgetary Framework’ (MTBF).

The Finance Division is in the progress of further strengthening and embedding the reforms initiative. Streamlining of planning, budgeting and monitoring processes, enhancing capacities of the offices of Principal Accounting Officers, improved linkages with the Vision 2025 document, computerization of performance budgeting and monitoring systems – and linkage with the Government Integrated Financial Management System (IFMIS), improving regulatory framework, and formulation of Public Financial Management reform strategy, are some of the important steps being undertaken.

Conclusion

It is a well-known fact that the effective utilization of fiscal policy tools (government spending and taxation) can efficiently influence the economic direction of the country. It stimulates macroeconomic stability by managing aggregate demand and moderating economic activity. The present government is well aware of this fact and therefore, it has implemented a wide-ranging agenda of economic reforms with an aim to ensure fiscal discipline and accelerating economic growth.

Since 2013, Pakistan has made a considerable improvement in restoring economic stability and now the economy is moving on a high growth trajectory. Furthermore, the fiscal sector of the economy has witnessed a notable improvement on account of contained expenditures and increased revenues. The fiscal deficit has been reduced significantly from 8.2 percent of GDP in FY2013 to 5.3 percent during FY2015. While during July-March, FY2016, fiscal deficit has been reduced to 3.4 percent of GDP as compared to 3.8 percent during FY2015. The economy is on the course of reducing the fiscal deficit further to 4.3 percent of GDP during the current fiscal year. Moreover, FBR revenues have increased from 8.7 percent of GDP in FY2013 to 9.4 percent of GDP in FY2015. It is expected to reach 10.1 percent of GDP during the current fiscal year. It is a matter of great pride that various international financial institutions have appreciated the progress of Pakistan’s economy which has proved to be resilient in the face of multifaceted challenges.

Fiscal Devlopment

TABLE 4.1

FEDERAL GOVERNMENT OVERALL BUDGETARY POSITION

Rs. in million

Fiscal Year / Item	2014-15	2015-16 (Jul-Mar)
A. REVENUE		
FBR Tax Revenue (1 +2)	**2,588,176 ***	**2,103,000**
1. Direct Taxes	**1,029,244**	**794,000**
2. Indirect Taxes	**1,558,932**	**1,309,000**
i. Customs	**306,140**	**300,000**
ii. Sales Tax	**1,088,823**	**894,000**
iii. Federal Excise	**163,969**	**115,000**
Others	**223,597**	**191,286**
Non-Tax Revenue	**850,761**	**445,309**
Gross Revenue Receipts**	**3,662,534**	**2,739,595**
B. EXPENDITURE		
Current Expenditure	**3,070,319**	**2,393,724**
i. Defence	**697,821**	**482,912**
ii. Mark-up payments	**1,303,767**	**1,079,436**
iii. Grants	**320,881**	**278,673**
vi. Others***	**747,850**	**552,703**
Development Expenditure and Net Lending	**691,347**	**355,254**
Total Expenditure	**3,761,666**	**2,748,978**

Source: Budget Wing, Finance Division, Islamabad

*** Revised : Rs.2589,978 million**

****: Includes Petroleum Levy, Airport tax , other taxes of ICT, Gas Infrastructure Development Cess and Natural Gas Development Surcharge**

***** : Includes other categories not shown here**

TABLE 4.2

SUMMARY OF PUBLIC FINANCE (CONSOLIDATED FEDERAL & PROVINCIAL GOVERNMENTS)

Rs. in million

Fiscal Year/ Items	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 (Jul-Mar)
Total Revenues (i+ii)	1,850,901	2,078,165	2,252,855	2,566,514	2,982,436	3,637,297	3,931,042	2,961,896
Federal	1,721,028	1,955,457	2,125,975	2,411,297	2,760,436	3,397,954	3,649,604	2,730,471
Provincial	129,873	122,708	126,880	155,217	222,000	239,343	281,438	231,425
i) Tax Revenues	1,204,670	1,472,821	1,699,334	2,052,886	2,199,232	2,564,509	3,017,596	2,480,992
Federal	1,158,586	1,418,007	1,634,775	1,945,697	2,048,509	2,374,540	2,811,773	2,294,286
Provincial	46,084	54,814	64,559	107,189	150,723	189,969	205,823	186,706
ii) Non-Tax Revenues	646,231	605,344	553,521	513,628	783,204	1,072,788	913,446	480,904
Federal	562,442	537,450	491,200	465,600	711,927	1,023,414	837,831	436,185
Provincial	83,789	67,894	62,321	48,028	71,277	49,374	75,615	44,719
Total Expenditures (a+b+c+d)	2,531,308	3,007,226	3,447,264	4,327,185	4,816,300	5,026,016	5,387,767	3,971,312
a) Current	2,041,569	2,386,042	2,900,784	3,468,487	3,660,434	4,004,582	4,424,747	3,406,969
Federal	1,495,872	1,758,826	2,088,124	2,500,717	2,565,222	2,831,249	3,037,584	2,368,922
Provincial	545,697	627,216	812,660	967,770	1,095,212	1,173,333	1,387,163	1,038,047
b) Development	448,817	613,441	506,103	776,850	777,096	1,135,918	1,113,223	699,368
c) Net Lending to PSE's	6,911	39,383	7,904	12,019	362,783	100,610	27,381	10,800
d) Statistical Discrepancy	34,011	-31,640	32,473	69,829	15,987	-215,094	-177,584	-145,825
Overall Deficit	680,407	929,061	1,194,409	1,760,671	1,833,864	1,388,719	1,456,725	1,009,416
Financing (net)	680,407	929,061	1,194,409	1,760,671	1,833,864	1,388,719	1,456,725	1,009,416
External (net)	149,651	188,889	107,705	128,650	-1,676	511,727	181,032	222,938
Domestic (i+ii+iii)	529,466	740,172	1,086,704	1,632,021	1,835,540	876,992	1,275,693	786,478
i) Non-Bank	223,846	435,610	471,575	529,384	378,040	553,330	366,138	248,446
ii) Bank	305,620	304,562	615,129	1,102,637	1,457,500	323,662	892,057	538,032
iii) Privatization Proceeds	1,290	0	0	0	0	0	17,498	0
Memorandum Item								
GDP (mp) in Rs. Billion	13,200	14,867	18,276	20,047	22,386	25,169	27,493	29,598
	(As Percent of GDP at Market Price)*							
Total Revenue	14.0	14.0	12.3	12.8	13.3	14.5	14.3	10.0
Tax Revenue	9.1	9.9	9.3	10.2	9.8	10.2	11.0	8.4
Non-Tax Revenue	4.9	4.1	3.0	2.6	3.5	4.3	3.3	1.6
Expenditure	19.2	20.2	18.9	21.6	21.5	20.0	19.6	13.4
Current	15.5	16.0	15.9	17.3	16.4	15.9	16.1	11.5
Development Expenditure & net Lending	3.5	4.4	2.8	3.9	5.1	4.9	4.1	2.4
Overall Deficit	5.2	6.2	6.5	8.8	8.2	5.5	5.3	3.4

* : Due to change of base of GDP of 2005-06 prior years are not comparable

Source: Budget Wing, Finance Division, Islamabad

TABLE 4.3

CONSOLIDATED FEDERAL & PROVINCIAL GOVERNMENT REVENUES

Rs. in million

Fiscal Year/ Item	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 (Jul-Mar)
Total Revenue (I+II)	1,850,901	2,078,165	2,252,854	2,566,514	2,982,436	3,637,297	3,931,042	2,961,896
Federal	1,721,028	1,955,457	2,125,975	2,411,297	2,760,436	3,397,954	3,649,604	2,730,471
Provincial	129,873	122,708	126,879	155,217	222,000	239,343	281,438	231,425
I. Tax Revenues (A+B)	1,204,670	1,472,821	1,699,334	2,052,886	2,199,232	2,564,509	3,017,596	2,480,992
Federal	1,158,586	1,418,007	1,634,775	1,945,697	2,048,509	2,374,540	2,811,773	2,294,286
Provincial	46,084	54,814	64,559	107,189	150,723	189,969	205,823	186,706
A. Direct Taxes (1+2)	444,875	534,368	598,514	739,775	742,488	893,351	1,040,038	797,546
1 Federal	440,271	528,649	594,689	731,941	735,758	884,118	1,029,244	794,000
2 Provincial	4,604	5,719	3,825	7,834	6,730	9,233	10,794	3,546
B. Indirect Taxes								
(3+4+5+6+7)	759,796	938,453	1,100,820	1,313,111	1,456,744	1,671,158	1,977,558	1,683,446
3. Excise Duty	119,517	125,368	141,600	126,209	124,349	144,540	170,004	120,028
Federal	116,055	121,182	137,207	122,014	119,453	139,084	163,969	115,000
Provincial	3,462	4,186	4,393	4,195	4,896	5,456	6,035	5,028
4. Sales Tax*	452,294	516,102	632,824	809,310	841,324	1,002,110	1,088,823	894,000
5. Taxes on Interna-								
tional Trade	148,382	161,489	185,437	218,215	239,608	240,997	306,140	300,000
6. Surcharges*	126,026	114,650	113,103	83,329	141,837	142,064	157,231	128,633
6.1 Gas	14,015	25,908	30,358	22,960	32,171	38,530	25,874	24,634
6.2 Petroleum	112,011	88,742	82,745	60,369	109,666	103,534	131,357	103,999
7. Other Taxes*	39,603	46,752	58,214	99,008	141,797	179,977	255,360	240,785
7.1 Stamp Duties	11,290	11,693	14,007	16,527	18,306	21,790	29,476	24,496
7.2 Motor Vehicle Taxes	7,534	10,222	10,507	11,140	13,975	15,565	15,872	14,326
7.3 Others**	20,779	24,837	33,700	71,341	109,516	142,622	210,012	201,963
II. Non-Tax Revenues	646,231	605,344	553,520	513,628	783,204	1,072,788	913,446	480,904
Federal	562,442	537,450	491,200	465,600	711,927	1,023,414	837,831	436,185
Provincial	83,789	67,894	62,320	48,028	71,277	49,374	75,615	44,719

* : Mainly includes Provincial Revenues

Source: Budget Wing, Finance Division

** : Others include GIDC, Sales tax on sevices GST and other Federal and provincial taxes.

Note : Government has abolished Foreign Travel Tax from 2008-09

TABLE 4.4

CONSOLIDATED FEDERAL & PROVINCIAL GOVERNMENT EXPENDITURES

Rs. in million

Fiscal Year/ Item	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 (Jul-Mar)
Current Expenditure	2,041,569	2,386,042	2,900,784	3,468,487	3,660,434	4,004,582	4,424,747	3,406,969
Federal	1,495,872	1,758,826	2,088,124	2,500,717	2,565,222	2,831,249	3,037,584	2,368,922
Provincial	545,697	627,216	812,660	967,770	1,095,212	1,173,333	1,387,163	1,038,047
Defence	329,902	375,019	450,615	507,159	540,595	623,085	697,821	482,912
Mark-up Payments	656,258	661,270	716,603	901,919	1,005,798	1,161,876	1,316,697	1,088,560
Federal	637,790	642,269	698,095	889,044	990,967	1,147,793	1,303,767	1,079,436
Provincial	18,468	19,001	18,508	12,875	14,831	14,083	12,930	9,124
Current Subsidies	213,345	213,458	380,590	512,961	357,991	305,748	241,593	119,485
Others	296,367	509,079	540,316	578,678	660,838	740,540	781,473	677,965
Development Expenditure	448,817	613,441	506,103	776,850	777,096	1,135,918	1,113,223	699,368
Net Lending to PSEs	6,911	39,383	7,904	12,019	362,783	100,610	27,381	10,800
Statistical Discrepancy	34,011	-31,641	32,473	69,829	15,987	-215,094	-177,584	-145,825
Total Expenditure	2,531,308	3,007,225	3,447,264	4,327,185	4,816,300	5,026,016	5,387,767	3,971,312
Memorandum Items:	(Percent Growth over preceding period)							
Current Expenditure	10.2	16.9	21.6	19.6	5.5	9.4	10.5	-
Defence	19.0	13.7	20.2	12.5	6.6	15.3	12.0	-
Mark-up Payments	28.8	0.8	8.4	25.9	11.5	15.5	13.3	-
Current Subsidies	-49.6	0.1	78.3	34.8	-30.2	-14.6	-21.0	-
Development Expenditure	-0.7	36.7	-17.5	53.5	0.0	46.2	-2.0	-
Expenditure Booked excl discrepency	9.7	21.7	12.4	24.7	12.8	9.2	6.2	-
Total Expenditure**	11.2	18.8	14.6	25.5	11.3	4.4	7.2	-
	As % of total expenditures							
Current Expenditure	80.7	79.3	84.1	80.2	76.0	79.7	82.1	85.8
Defence	13.0	12.5	13.1	11.7	11.2	12.4	13.0	12.2
Mark-up Payments	25.9	22.0	20.8	20.8	20.9	23.1	24.4	27.4
Current Subsidies	8.4	7.1	11.0	11.9	7.4	6.1	4.5	3.0
Development Expenditure*	18.0	21.7	14.9	18.2	23.7	24.6	21.2	17.9

* : Include Net Lending

Source: Budget Wing, Finance Division

TABLE 4.5

DEBT SERVICING

Rs. in million

Fiscal Year / Item	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 (Jul-Mar)
A. Mark-up Payments	656,259	661,270	716,603	901,919	1,005,798	1,161,876	1,316,697	1,088,560
A.1 Federal	637,790	642,269	698,095	889,044	990,967	1,147,793	1,303,767	1,079,436
Servicing of Domestic Debt	558,729	578,287	629,709	821,115	920,353	1,072,813	1,208,105	1,002,868
Servicing of Foreign Debt	79,061	63,982	68,386	67,929	70,614	74,980	95,662	76,568
A.2 Provincial	18,469	19,001	18,508	12,875	14,831	14,083	12,930	9,124
B. Repayment/Amortization of Foreign Debt	224,576	196,811	157,945	135,286	217,872	312,112	285,193	291,424
C. Total Debt Servicing (A+B)	880,835	858,081	874,548	1,037,205	1,223,670	1,473,988	1,601,890	1,379,984
MEMORANDUM ITEMS				(As Percent of GDP)				
Servicing of Domestic Debt	4.2	3.9	3.4	4.1	4.1	4.3	4.4	3.4
Servicing of Foreign Debt	0.6	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Repayment/Amortization of Foreign Debt	1.7	1.3	0.9	0.7	1.0	1.2	1.0	1.0
Total Debt Servicing	6.7	5.8	4.8	5.2	5.5	5.9	5.8	4.7

Source: Budget Wing, Finance Division

Money and Credit

The primary objective of monetary policy is to control the money supply, contain inflation, stabilize the exchange rate, and maintain the equilibrium in balance of payments. Monetary policy has a key role in the macroeconomic stability of a country.

The global economic activity is still fragile on the back of slow and subdued economic growth in emerging and developing economies. However, advanced economies have witnessed a modest recovery. Over the year 2016, the global economic outlook has deteriorated in the wake of growing risks from the slowdown and rebalancing of economic activity in China away from investment and manufacturing towards consumption and services, a decline in oil and commodity prices and a gradual tightening of monetary policy in the United States. As a result, risks to global financial stability have increased. Keeping in view these developments and risks, the World Economic Outlook (WEO) in April 2016 has revised down the global growth projection to 3.2 percent for 2016 from 3.4 percent, and for 2017 to 3.5 percent against 3.6 percent earlier estimated in January 2016.

While emerging economies are facing much slower economic growth, Pakistan's economy did reasonably well. The economy after witnessing subdued growth since FY2009 improved to 4.04 percent in FY2015 and 4.71 in FY2016, an eight years high level underpinned by the robust growth in Industrial and services sectors.

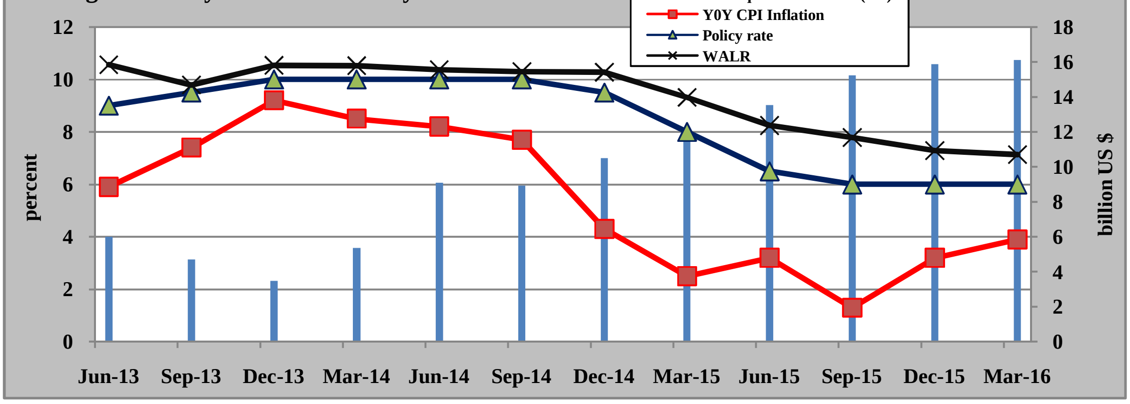
The external sector has been more stable on the back of continued growth in remittances, IFIs inflows, stable exchange rate, high foreign exchange reserves, stable outlook of inflation and balance of payments even allowed policymakers to implement pro-growth strategies. SBP cut its policy rate significantly which is the lowest in 44 year. The flows of Credit to Private Sector (CPS) has seen expansion of Rs.311.7 billion during Jul-06th May, FY2016 against Rs.171.2 billion in the same period of last year. It witnessed expansion of 82.0 percent during the period under review compared to the contraction of 41.5 percent during same period last year. This expansion is helping manufacturing sector which in turn will help in improving the industrial sector. A welcome development is the gradual rise in net credit disbursement for fixed investment. It appeared that many firms are expanding their operations by availing fixed investment loan.

The overall performance of the banking sector during the last couple of years has been quite impressive. The momentum continued in the current fiscal year 2016 with asset base reaching to Rs.14.3 trillion by end March, 2016 (Rs.12.1 trillion as of end March, 2015). Similarly, asset quality has also improved and gross NPLs to loans ratio reduced from 12.3 percent in CY14 to 11.4 percent in CY15, while it stood at 11.7 percent as of end March, 2016 against 12.8 percent in the comparable period last year. Whereas, Capital Adequacy Ratio (CAR) increased to 16.3 percent by end March, 2016 that is much strong and higher than the minimum required level of 10.25 percent.

Monetary Policy Stance

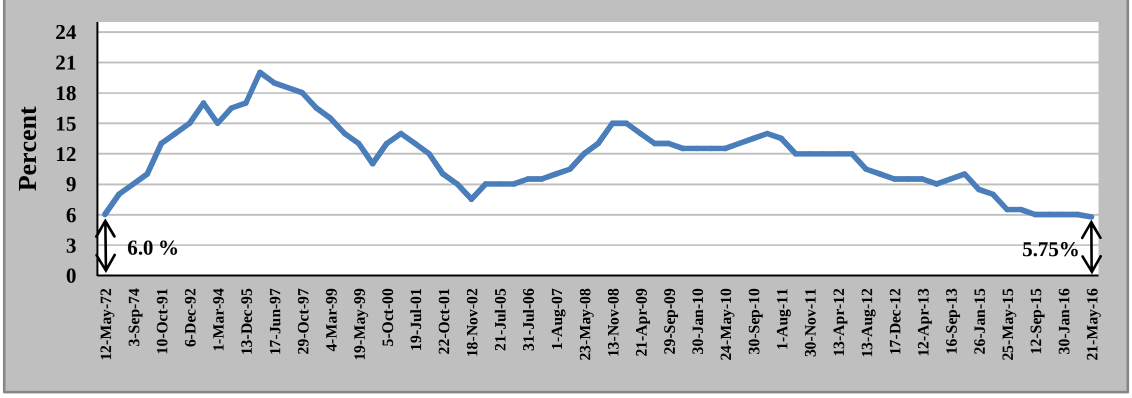
Despite several challenges during the initial months of FY 2015, the macroeconomic indicator showed marked improvement and this trend is continued during current FY2016. The main driving force was favorable macroeconomic environment, which included uptick in real GDP growth, a sharp decline in headline CPI inflation, stability in external sector including all time high level of the country's FX reserves and contained fiscal deficit due to remarkable revenue mobilization alongwith government efforts to substitute its borrowing from SBP to commercial banks and successful completion of eleven reviews under Extended Fund Facility (EFF). International rating agencies have also upgraded the Pakistan's credit ratings by observing these macroeconomic developments.

Fig-5.1: Policy Environment-Key Indicators



On account of these developments, State Bank of Pakistan (SBP) changed its monetary policy stance from a conservative to accommodative and cut the policy rate by a cumulative 350 basis points to 6.5 percent in its monetary policy meetings held between November 2014 to May 2015 and further decreased the policy rate to a historically low level of 6 percent in September 2015. Policy rate remained unchanged at 6.0 percent in subsequent monetary policy meetings held in November 2015, January and April, 2016. The realization of monetary easing witnessed in pickup of economic activities supported SBP's decision to reduce the policy rate by 25 bps from 6.0 percent to 5.75 percent w.e.f. 21st May, 2016 which is the lowest rate in last 44 years reflecting improved macro-economic conditions towards the end of FY2016.

Fig-5.2: SBP Policy Rate



Recent Monetary and Credit Developments

Broad Money (M2) increased to Rs.781.8 billion (6.93 percent) during July-06th May, FY2016 against the expansion of Rs.690.0 (6.92 percent) in the same period last year. Net Domestic Assets (NDA) of the banking system contributed 6.0 percent in M2 expansion of 6.93 percent while the contribution of Net Foreign Assets (NFA) of the banking system decreased in the cumulative growth of M2 during the period under review.

Table 5.1: Policy Rate

w.e.f	Policy rate
Jun-13	9.0
Sep-13	9.5
Nov-13	10.0
Nov-14	9.5
Jan-15	8.5
Mar-15	8.0
May-15	6.5
Jul-15	6.5
Sep-15	6.0
Nov-15	6.0
Jan-16	6.0
Apr-16	6.0
May-16	5.75

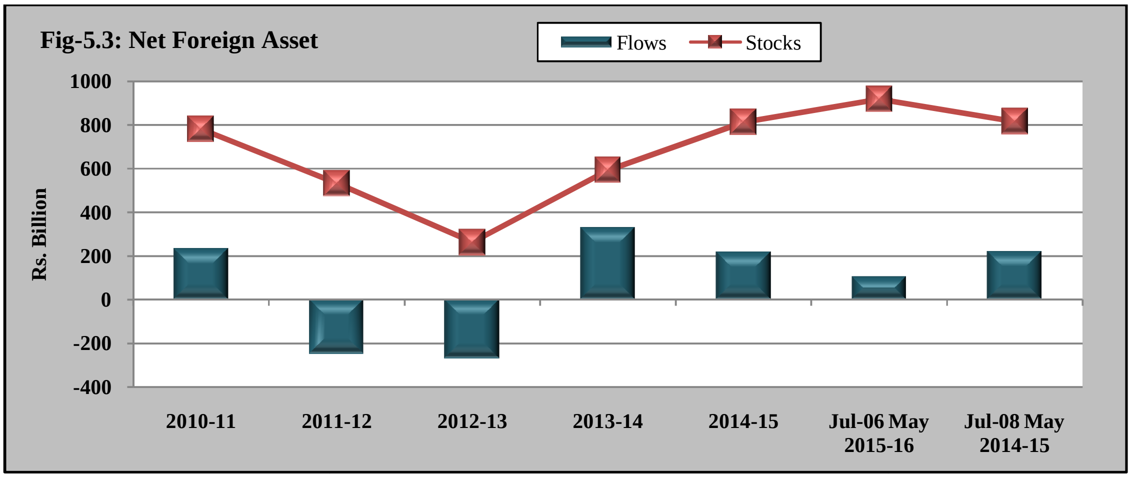
Source: State Bank of Pakistan

Table 5.2: Profile of Monetary Indicators		(Rs. Billion)
	Jul-06 May 2015-16	Jul-08 May 2014-15
1.Net government sector Borrowing(a+b+c)	**567.5**	**539.4**
a .Borrowing for budgetary support	643.0	560.8
b.Commodity operations	-75.0	-20.8
c.Others	-0.52	-0.70
2.Credit to Non-government Sector (d+e+f+g)	**362.1**	**233.3**
d.Credit to Private Sector	311.7	171.2
e.Credit to Public Sector Enterprises (PSEs)	49.9	62.1
f. PSEs Special Account-Debt repayment with SBP	-0.2	0.0
g.Other Financial Institutions(SBP credit to NBFIs)	0.6	0.0
3.Other Items(net)	**-253.0**	**-305.1**
4.Net Domestic assets (NDA)	**676.6 (6.46 %)**	**467.6 (4.99 %)**
5.Net Foreign Assets (NFA)	**105.2**	**222.3**
6.Monetary Assets(M2)	**781.8 (6.93 %)**	**689.9 (6.92%)**
Source: Weekly Profile of Broad Money, State Bank of Pakistan		

In contrast, reserve money accelerated to Rs.697.6 billion and grew by 22.20 percent during July-06th May FY2016, as compared to 11.52 percent in corresponding period of last year.

Within Broad Money, NFA of the banking system during Jul-06th May, FY2016 witnessed expansion of Rs.105.2 billion against the net expansion of Rs.222.3 billion during the corresponding period of FY2015.The continuity in the official inflows increased the SBP's NFA by Rs.126.4 billion during Jul-06th May, FY2016. On the other hand, NFA of the scheduled banks witnessed a decline of Rs.21.2 billion during the period under review.

Fig-5.3: Net Foreign Asset



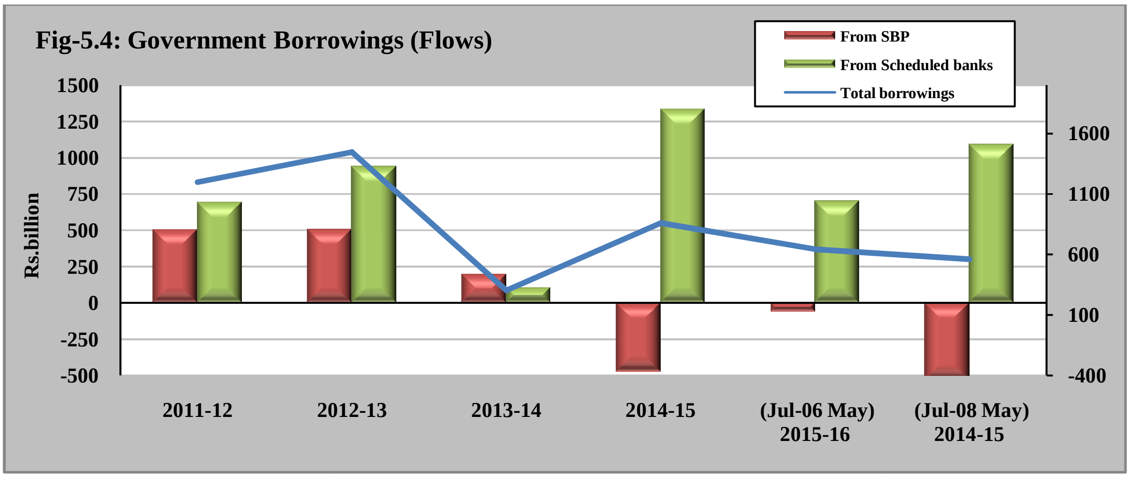
The NDA of the banking system showed an increase of Rs.676.6 billion during Jul-06th May, FY 2016 against an increase of Rs.467.6 billion in the same period of last year. Higher increase was on the back of significant rise in Private Sector Credit (PSC) which was partially offset by lower credit to Public Sector Enterprises (PSEs) and higher retirement against commodity financing compared to last year. There is a considerable contribution of NDA in the expansion of M2 during the period under review.

Credit to Public Sector Enterprises (PSEs) increased by Rs.49.9 billion during July-06th May, FY 2016 against Rs.62.1 billion in the corresponding period of FY 2015.

Government Bank Borrowing

Government sector borrowing (net) reached at Rs.567.5 billion during Jul-06th May, FY 2016 as compared to an increase of Rs.539.4 billion in the same period of FY 2015.

Net budgetary borrowing from banking system remained at Rs.643.0 billion during Jul-06 May FY 2016 as compared to Rs.560.8 billion in the same period last year. Government borrowing from scheduled banks remained lower and stood at Rs.702.9 billion against Rs.1,093.2 billion in comparable period of last year. While, government retired Rs.59.8 billion to the State Bank of Pakistan during the period Jul-06 May, FY 2016 against the retirement of Rs.532.3 billion in the same period of FY 2015. However on positive note, the government successfully met the quarterly limit of net zero budgetary borrowing from SBP at the end of third quarter March, 2016.

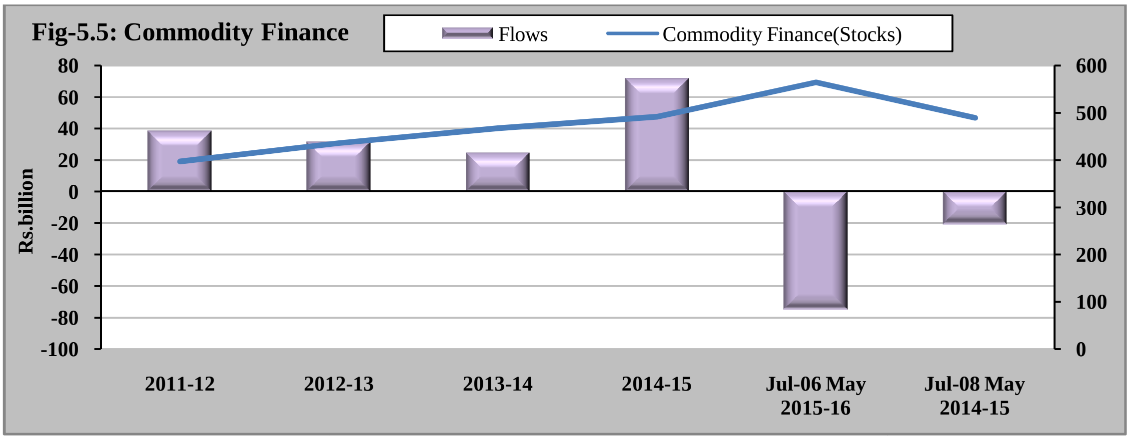


Commodity Finance

During Jul-06th May, FY 2016 loans for commodity finance witnessed a net retirement of Rs.75.0 billion almost four times higher than the net retirement of Rs. 20.8 billion in the corresponding period of last year. Despite the heavy retirement for commodity finance, the outstanding stock of commodity financing reached to Rs.489.5 billion against Rs. 471.7 billion during the period under review.

In FY 2015, the outstanding stock of commodity financing has increased significantly to Rs.564.5 billion from Rs.492.4 billion in the same period of FY 2014, thus posting a growth 14.6 in FY2015 against the growth of 5.3 percent in FY 2014.

The commodity wise breakup reveals that during July- 31st March FY2016, loans for wheat finance recorded a net retirement of Rs. 113.4 billion against the retirement of Rs. 47.6 billion during the same period of FY 2015. Higher amount of retirement during FY 2016 was due to aggressive offloading of wheat stocks. On the other hand, loans for fertilizer finance amounted to Rs.12.2 billion during July- 31st March FY 2016 against the retirement of Rs. 8.9 billion in the comparable period last year. While, borrowing for sugar finance reached at Rs. 0.45 billion during Jul- 31st March, FY 2016 against the retirement of Rs. 0.81 billion in the comparable period last year.



Credit to Private Sector[1]

FY 2015 has registered a net expansion of Rs.223.8 billion in credit to private sector as compared with Rs.421.8 billion last year. In contrast, current data demonstrates that credit to private sector increased to Rs. 311.7 billion compared to Rs.171.2 billion, 7.8 percent higher than 4.5 percent in the same period of FY 2015. However, on year on year basis as on 06 May, FY 2016 credit to private sector posted a growth of 9.2 percent against 8.2 percent in the same period of last year.

The considerable improvement and pickup in credit to private sector during FY 2016 primarily attributed to lower cost of borrowing that has improved the financial condition of major corporate sectors. Additionally, better business sentiments, comparatively lower government budgetary borrowing and modest risk premium for banks has also encouraged large number of sectors (including textiles, fertilizer, retail trade, construction, and electricity). These sectors have availed higher credit in FY 2016 not only for working capital but also for fixed investment. A sustained growth in credit for fixed investment bodes well for overall investment rate in the country in future.

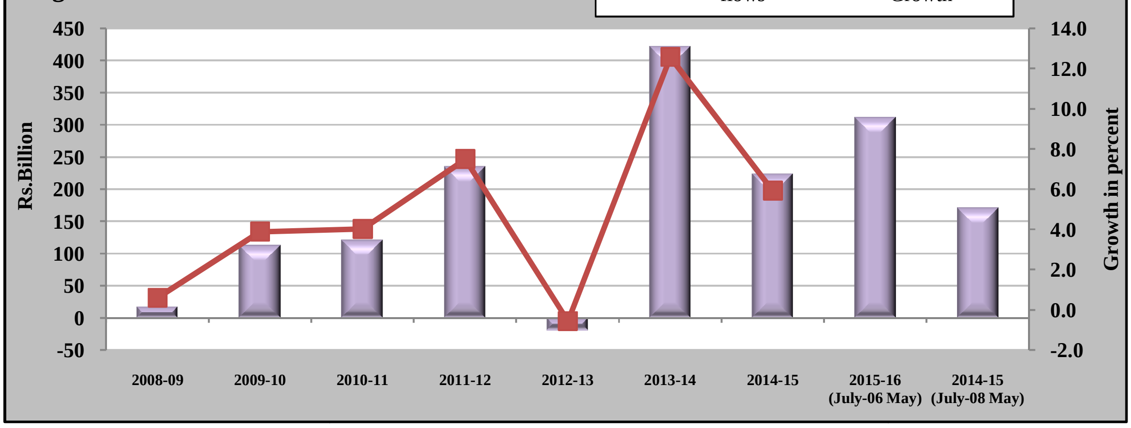


Fig-5.6: Credit to Private Sector

Sectoral Analysis

Table 5.3: Credit to Private Sector — Rs Billion

Sectors	End June Stocks		March-15	March-16	Jul-Mar (Flows)		Growth Rates	
	Jun-14	Jun-15			2014-15	2015-16	2014-15	2015-16
Overall Credit (1 to 5)	**3,376.8**	**3,651.1**	**3,608.4**	**3,914.8**	**231.6**	**263.7**	**6.9**	**7.2**
1. Loans to Private Sector Business	**2,827.7**	**3,015.5**	**3,015.3**	**3,264.5**	**187.6**	**249.0**	**6.6**	**8.3**
A. Agriculture	252.7	285.4	267.0	284.0	**14.3**	**-1.4**	**5.7**	**-0.5**
B. Mining and Quarrying	18.9	20.8	22.9	19.5	**4.0**	**-1.3**	**21.0**	**-6.3**
C. Manufacturing	1,636.0	1,704.4	1,740.6	1,910.8	**104.6**	**206.4**	**6.4**	**12.1**
Textiles	558.1	549.7	587.6	632.2	**29.5**	**82.5**	**5.3**	**15.0**
D. Electricity, gas and water supply	278.6	267.2	275.5	307.0	**-3.2**	**39.8**	**-1.1**	**14.9**
E. Construction	52.3	66.0	63.3	92.7	**11.0**	**26.7**	**21.1**	**40.5**
F. Commerce and Trade	223.3	237.0	234.4	248.3	**11.1**	**11.3**	**5.0**	**4.8**
G. Transport, storage and communications	117.1	146.6	126.9	167.5	**9.9**	**20.9**	**8.4**	**14.3**
I. Other private business n.e.c	98.8	109.5	102.0	40.7	**3.2**	**-68.9**	**3.3**	**-62.9**
2. Trust Funds and NPOs	**8.2**	**14.0**	**9.0**	**14.0**	**0.8**	**0.1**	**9.6**	**0.6**
3. Personal	**338.1**	**383.1**	**362.9**	**401.3**	**24.8**	**18.2**	**7.3**	**4.8**
4. Others	**15.3**	**15.2**	**13.5**	**5.4**	**-1.8**	**-9.8**	**-12.1**	**-64.5**
5. Investment in Security & Shares of Private Sector	**187.5**	**223.4**	**207.8**	**229.5**	**20.3**	**6.1**	**10.8**	**2.8**

Source: State Bank of Pakistan

[1] Islamic Financing, Advances (against Murabaha etc), Inventories and other related Items previously reported under Other Assets have been reclassified as credit to private sector.

Overall credit grew by 7.2 percent during Jul-Mar, FY2016 as compared to 6.9 percent during the comparable period of last year FY2015.Sector wise growth demonstrates that loans to private sector business witnessed a significant growth of 8.3 percent during Jul-Mar, FY2016 against 6.6 percent in same period of last year.

In flow terms, credit expansion to private business reached to Rs.249.0 billion during July-March, FY2016 as compared to Rs.187.6 billion in the corresponding period of FY 2015.The expansion in credit to private sector is broad based during FY 2016 and mainly came from construction (40.5 percent), followed by Electricity, Gas and Water supply (14.9 percent), Transport, Storage and Communication (14.3 percent), Manufacturing (12.1 percent) of which Textile by (15.0 percent).The expansion in private sectors loans during Jul-Mar, FY2016 primarily in Manufacturing sector that received share 82.9 percent of private sector loan (Rs. 206.4 billion), followed by textile (33.1 percent or Rs. 82.5 billion), Electricity, Gas and Water supply (16.0 percent or Rs.39.8 billion), construction (10.7 percent or Rs.26.7 billion) and transport, storage and communication (8.4 percent or Rs. 20.9 billion).

Table 5.4: Loans to Private Sector Businesses [Jul-Mar (Flows)] **Rs. Billion**

	Total Credit		Working Capital		Fixed investment		Trade financing	
	FY15	**FY16**	**FY15**	**FY16**	**FY15**	**FY16**	**FY15**	**FY16**
Total	185.1	319.8	50.6	119.2	84.4	150.1	50.2	50.4
Agriculture	14.3	-1.4	6.8	-7.4	8.2	6.1	-0.7	-0.1
Manufacturing	104.6	206.4	26.7	116.5	44.0	34.1	34.0	55.7
Food & beverages	56.8	68.7	24.2	42.9	17.2	11.9	15.4	13.9
Textiles	29.5	82.5	15.9	58.0	1.8	9.3	11.8	15.1
Coke & petroleum	18.0	10.4	10.7	1.9	9.1	-5.9	-1.7	14.4
Chemicals	1.9	33.1	-8.1	22.1	11.4	7.5	-1.4	3.5
Electricity	-3.2	39.8	1.0	13.0	-6.0	31.9	1.9	-5.1
Construction	11.0	26.7	-2.0	-2.6	11.3	28.1	1.8	1.3
Commerce and trade	11.1	11.3	-0.4	4.0	7.8	7.1	3.7	0.1
Transport & comm.	9.9	20.9	7.1	-9.2	2.6	30.2	0.2	0.0
Real estate	17.8	7.1	6.3	3.2	11.7	1.0	-0.2	3.0
Others	-1.8	-9.8	2.4	-1.9	-1.3	3.3	-0.4	0.5

Source: State Bank of Pakistan

The credit to private sector has witnessed significant growth by type of finance during Jul-Mar, FY2016 for working capital, fixed investment and trade financing categories as compared to same period of last year. The gradual increase in credit disbursement for all categories mainly used by major sectors of the economy and particularly notable in production, transmission and distribution of electricity; road transport; construction of roads; telecommunications; sugar; manufacturers of electricity distribution machinery; cement; fertilizer; and pharmaceutical sectors. Credit for fixed investment reached to Rs.150.1 billion (increase by 78.0 percent) during Jul-Mar, FY2016 against Rs.84.4 billion in comparable period of FY2015, working capital credit amounted to Rs.119.2 billion (grew by 135.8 percent) during the Jul-Mar, of FY2016 as compared to Rs.50.6 billion in same period of last year, similarly trade financing increased to Rs.50.4 billion (grew by marginally 0.44 percent) in Jul-Mar, FY2016 from Rs.50.2 billion in the corresponding period of last year FY2015.

A continuation of credit demand requires favourable monetary conditions and improvement in performance of manufacturing and services sectors. Realization of this could augur well for growth in private sector going forward[2].

[2] 2nd Quarterly Report FY16, SBP

Table 5.5: Consumer Financing				Rs Billion
	July-March (Flows)		Growth(%)	
Description	2014-15	2015-16	2014-15	2015-16
Consumer Financing	16.9	17.3	6.7	6.1
1) For house building	0.1	5.1	0.2	12.8
2) For transport i.e. purchase of car	13.7	17.3	21.3	20.4
3) Credit cards	-0.5	0.9	-2.0	3.6
4) Consumers durable	-0.1	0.4	-14.4	110.8
5) Personal loans	4.9	-4.2	4.2	-3.3
6) Other	-1.1	-2.3	-13.8	-27.3
Source: State Bank of Pakistan				

Consumer financing recorded a growth of 6.1 percent (Rs. 17.3 billion) during Jul-Mar, FY2016 as compared to 6.7 percent (Rs.16.9 billion) during the first nine months of last year. Within consumer financing, consumer durable witnessed a significant growth of over 110.0 percent during Jul-Mar, FY2016 against the negative growth of 14.4 percent in same period of last year. However, the house building loans increased by Rs.5.1 billion and recorded a growth of 12.8 percent during Jul-Mar, FY2016 compared to 0.1 billion in last year, which recorded a growth of 0.2 percent. Noticeable improvement in house building financing was on account of accommodative monetary policy and low policy rate, whereas, auto financing also increased by Rs.17.3 billion (20.4 percent) during first nine months of FY 2016 against Rs.13.7 billion (21.3 percent) in the same period of last year. Positive growth since fiscal year 2009-10 in auto financing is due to amendment in regulations for car financing, which allowed banks to finance cars up to 9 years old and high demand for the new model car which increased the sales of local car assemblers. Conversely, personal loan showed net retirement of Rs.4.2 billion during the period under review as compared to expansion of Rs.4.9 billion in comparable period of last year.

Table 5.6: Indicative Targets and Actual Disbursement of Agriculture Loans (Rs. Billion)				
Name Of Banks	Target		Flows (July-March)	
	2014-15	2015-16	2014-15	2015-16
5 Major Comm. Banks	252.5	305.7	167.4	198.8
ZTBL	90.0	102.0	56.2	55.3
15 Domestic Private Banks	115.1	131.8	72.1	84.8
P.P.C.B.L	11.5	12.5	5.8	6.1
9 Microfinance Banks	28.2	40.1	20.7	34.5
5 Islamic Banks	2.8	7.9	3.8	6.0
Total	**500.0**	**600.0**	**326.0**	**385.5**
Source: State Bank of Pakistan				

A positive development is witnessed in agriculture financing. The actual disbursement to this sector was Rs.515.88 billion against the target of Rs.500 billion during FY2015. For FY2016, the target is set at Rs.600.0 billion. During July-March, FY2016, overall credit disbursement recorded at Rs. 385.5 billion as compared to Rs. 326.0 billion in the comparable period of last year, thus posting a growth of 18.25 percent.Whereas, agriculture credit disbursement accounted 64.25 percent of the annual indicative target during three quarters compared to 65.2 percent during the same period of last year. Five major commercial banks disbursed loans amounting to Rs. 198.8 billion or 65.03 percent of its annual target which is 18.75 percent higher from Rs. 167.4 billion during the same period of last fiscal year.

Box:I- SBP initiatives for financial inclusion in Agriculture Financing:

- SBP enhanced the scope of Crop Loan Insurance Scheme (CLIS) from 12.5 acres to 25 acres. The CLIS, introduced in 2008, aims at mitigating the default risk of small farmers, in case of natural calamities, and provide repayment assurance to banks. Under the scheme, which is mandatory for small farmers, the government is bearing the cost of premium on account of small farmers' upto 2% per crop per season;
- To address the inherent risk of livestock financing, SBP, in collaboration with stakeholders, has launched livestock insurance scheme for borrowers in FY2013. The scheme has been providing access to finance the livestock & dairy sector as well as mitigating risk of loss of livestock due to disease, natural calamities & accident;
- To facilitate flow of credit to small and marginalized farmers, SBP developed a credit guarantee scheme, funded by the federal government, for small & marginalized farmers in January 2016. The objective of the guarantee scheme is to encourage financial institutions to lend to small farmers who do not have adequate collateral (acceptable to bank) in order to meet their working capital requirements;
- To develop commodities' physical trade and marketing system, SBP issued draft Framework for Warehouse Receipt Financing. The framework facilitates banks in development of specialized products for providing financing to farmers, traders, processors, and other players in the value chain.

Source: State Bank of Pakistan

Monetary Assets

Monetary assets (M2) include currency in circulation, demand deposits, time deposits and resident's foreign currency. Money supply (M2) posted a growth of 6.93 percent during 1st July – 06th May, FY2016 as compared to the growth of 6.92 percent in the corresponding period of last year. While Y-o-Y basis it stood at 13.2 percent as on 06th May, FY 2016. Higher growth in M2 is largely contributed by currency in circulation.

Currency in Circulation (CIC)

CIC growth continued to accelerated during Jul-06th May FY 2016 and increased by Rs.562.2 billion (22.0 percent) compared with an increase of Rs.328.9 billion (15.1 percent) of the corresponding period of last year. The currency-to-M2 ratio increased to 25.8 on 06 May, 2016 compared 23.5 on May 08, 2015. Higher currency in circulation during the period under review is associated to two Eid festivals at the end of first quarter of FY2016.

Table 5.7: Monetary Aggregates **(Rs Million)**

Items	End June		July-06 May (stocks)	
	2014	2015	2014-15	2015-16
A.Currency in Circulation	2,177,873	2,554,749	2,506,779	3,116,918
Deposit of which:				
B. Other Deposits with SBP	11,689	13,747	14,202	19,596
C.Total Demand &Time Deposits incl.RFCDs	7,777,021	8,713,648	8,135,558	8,927,449
of which RFCDs	599,384	597,760	604,968	592,954
Monetary Assets Stock (M2) A+B+C	9,966,583	11,282,144	10,656,540	12,063,963
Memorandum Items				
Currency/Money Ratio	21.9	22.6	23.5	25.8
Other Deposits/Money ratio	0.1	0.1	0.1	0.2
Total Deposits/Money ratio	78.0	77.2	76.3	74.0
RFCD/Money ratio	6.0	5.3	5.7	4.9
Income Velocity of Money	2.7	2.6	_	_

Source: State Bank of Pakistan

Deposits

Bank deposits increased by Rs.213.8 billion (2.5 percent) during Jul-06th May, FY2016 against the expansion of Rs.358.5 billion (4.6 percent) recorded in the same period of last year. Resultantly, currency-to-deposit ratio increased to 34.9 on May 06, 2016 compared with 30.8 on May 08, 2015.

While Resident Foreign Currency Deposits (RFCD) remained negative and reduced to Rs.4.8 billion during July-06th May FY2016 as compared to Rs.5.6 billion in the same period last year.

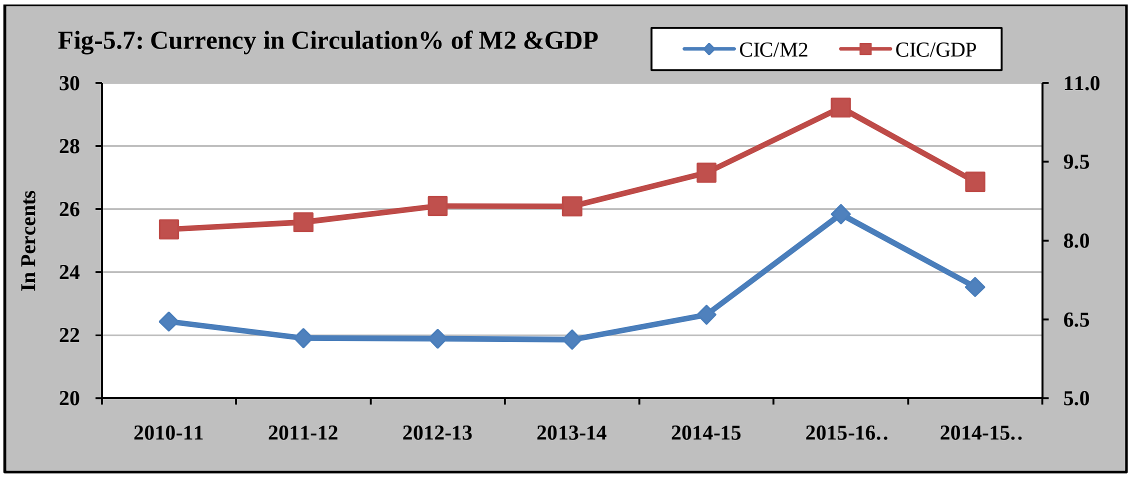


Fig-5.7: Currency in Circulation% of M2 &GDP

Monetary Management

FY2016 has witnessed a positive trend in the level of average outstanding OMOs. As shown in Table 5.7, the level of average outstanding OMOs amounted to Rs.1,235.7 billion during FY 2016* . During first quarter of FY 2016, the level of OMOs net injections increased to Rs.1,082.9 billion to keep the overnight money market rate close to SBP target rate of 6 percent.

During the second quarter of FY 2016, interbank liquidity situation remained unchanged. Rather comfortable situation of net injections is attributed to better fiscal position; timely receipt of foreign flows, the government reduced its budgetary borrowing from the banking system.

Table 5.8: Average Outstanding Open Market Operations[3] (Billion Rupees)

Full Year	FY2014	FY2015	FY2016*
	53.9	**418.6**	**1,235.7**
Q1	-34.7	63	1,082.9
Q2	-11.8	281	1,287.6
Q3	67	683.2	1,323.8
Q4	196.9	744.1	1,456.8

*: Data for Q4-2015-16 is upto April 15, 2016.

Table 5.9: Market Treasury bills AuctionsRs Million

	July-June 2014-15			July-March					
				Offered		Accepted		W.A.Rate*	
	Offered	Accepted	W.A Rate*	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
3-Months	1,697,279	1,231,906	8.3	1,041,500	2,101,410	986,557	1,211,203	9.1	6.5
6-Months	2,157,339	1,251,489	8.3	1,250,739	1,911,162	855,834	1,188,603	8.9	6.6
12-Months	2,955,465	1,226,861	8.4	2,138,389	2,759,473	954,892	1,554,942	8.9	6.6
Total	**6,810,083**	**3,710,256**		**4,430,628**	**6,772,045**	**2,797,283**	**3,954,748**		

Source: State Bank of Pakistan
*Average of maximum and minimum rates

During the first nine months of FY2016, offered amount against T-bills stood at Rs.6,772.0 billion compared to Rs.4,430.6 billion in the comparable period last year. During the period Jul-Mar FY2016, the government accepted 39.3 percent of the total accepted amount in the form of 12 months T-bills followed by 30.6 percent in 03 months and 30.1 percent in the form of 06 months T-bills.

[3]Definition of data on Open Market Operations (OMOs) has been changed from cumulative injection/absorption to average outstanding OMOs.

Market offered Rs.2,058.3 billion during July-March FY2016 against PIB auctions as compared to Rs.1,837.5 billion in the same period last year. PIBs witnessed heavy investment in 3 years which contributed 52.1 percent of total accepted amount followed by 43.2 percent in 5 years. During the second quarter of FY 2016, government accepted lower amounts compared with both targets and maturity in primary auctions.

Fig-5.8: Contribution of T-bills

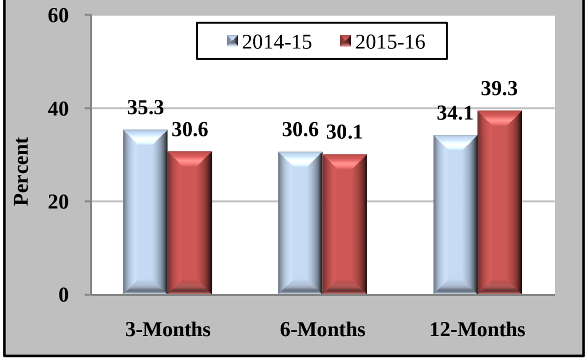
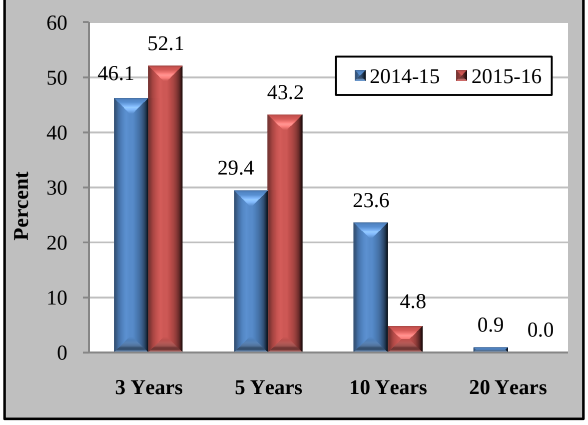


Table 5.10: Pakistan Investment Bonds Auctions Rs Million

PIBs	July-June			July-March				W.A Rate	
	Offered	Accepted	W.A Rate	Offered		Accepted			
	2014-15			2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
3 Years	1,104,978	495,486	10.0	936,316	1,083,071	396,809	407,615	10.4	7.2
5 Years	577,463	287,494	10.5	462,036	812,426	252,760	338,021	10.8	8.0
10 Years	483,891	223,457	11.3	430,328	162,758	202,572	37,328	11.4	8.8
15 Years	-	-		-	-	-	-	-	-
20 Years	8,775	8,000	12.3	8,775	-	8,000	-	12.3	-
30 Years	-	-	-	-	-	-	-	-	-
Total	**2,175,107**	**1,014,437**		**1,837,455**	**2,058,255**	**860,141**	**782,964**		

Source: State Bank of Pakistan

Fig-5.9: Contribution of PIBs



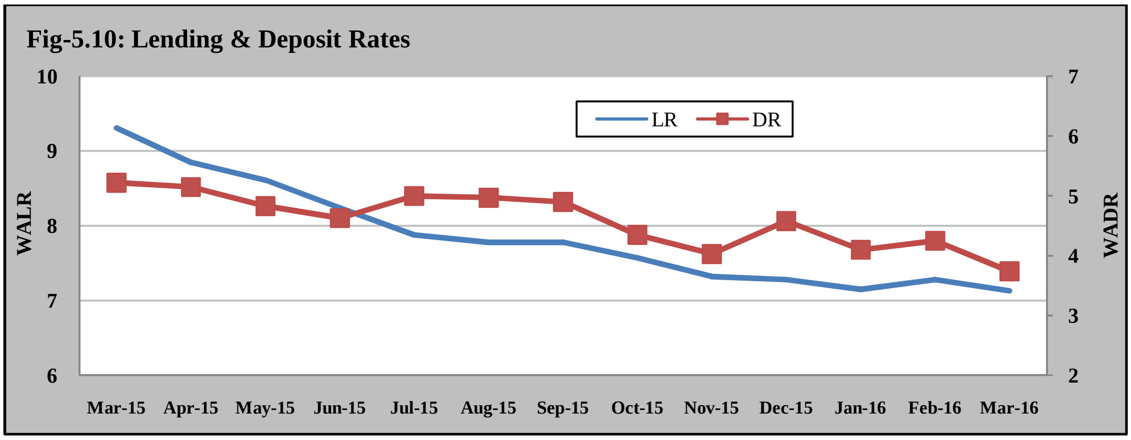
The Weighted Average Lending Rate (WALR) on gross disbursements has decreased from 9.31 percent in March, 2015 to 7.13 percent in March, 2016, which is the lowest level in a decade due to low policy rate. The average WALR shows low cost of borrowing during the first nine months of FY 2016 that increased the credit to private sector considerably during the period under review.

Likewise, Weighted Average Deposit Rate (WADR) offered on fresh deposits also reduced from 5.22 percent in March, 2015 to 3.74 percent in March, 2016. Resultantly, banking spread which is the difference between the lending and deposit rates fell to 3.39 percent in March 2016 from 4.09 percent in March 2015.

Table 5.11: Lending & Deposit Rates(W.A)

	LR	DR	Spread
Mar-15	9.31	5.22	4.09
Apr-15	8.85	5.15	3.70
May-15	8.61	4.83	3.78
Jun-15	8.24	4.63	3.61
Jul-15	7.88	5.00	2.88
Aug-15	7.78	4.97	2.81
Sep-15	7.78	4.90	2.88
Oct-15	7.57	4.35	3.22
Nov-15	7.32	4.03	3.29
Dec-15	7.28	4.58	2.70
Jan-16	7.15	4.10	3.05
Feb-16	7.28	4.25	3.03
Mar-16	7.13	3.74	3.39

Source: State Bank of Pakistan



Similarly, the average lending rate on outstanding loans also reduced to 8.53 percent in March, 2016 from 10.47 percent recorded in March, 2015. Weighted average deposit rate on outstanding deposits reduced from 4.55 percent in March, 2015 to 3.30 percent in March, 2016.

Financial Sector

The overall performance of the banking sector during the last couple of years has been quite impressive. A number of positive developments such as better energy supply and rise in manufacturing activity, improved security conditions, macroeconomic stability, rise in investor confidence, low inflation and commodity prices (particularly, oil prices) besides enabling regulatory environment have been instrumental in making banking sector grow steadily.

The momentum continued in the FY2016 with asset base, which registered growth of 18.2 percent and reached to Rs.14.3 trillion by end March, 2016 as compared to Rs.12.1 trillion as of end March, 2015. Besides investments, credit to private sector has also started to accelerate. Advances grew with a significant rate of 8.3 percent in CY15. The growth in advances is concentrated to private sector credit which shows a decent growth of 7.9 percent during CY15 as compared to last year. Gradual increase in earning assets has translated into profits before tax of Rs.82 billion during the first quarter of CY16 (Rs. 80 billion during March, 2015). Further, the alignment of regulatory capital requirements in Pakistan with best international practices coupled with high profitability has helped in achieving strong solvency. Capital Adequacy Ratio (CAR) of 16.3 percent as of end March 2016 is much stronger and higher than the minimum required level of 10.25 percent.

Table 5.12: Highlights of the Banking Industry

	CY13*	CY14	Mar-15	CY15	Mar-16
Key Variables (Rs. billion)					
Total Assets	10,487	12,106	12,106	14,143	14,281
Investments (net)	4,313	5,310	5,954	6,881	7,421
Advances (net)	4,110	4,447	4,336	4,816	4,782
Deposits	8,311	9,230	9,236	10,389	10,323
Equity	943	1,207	1,248	1,323	1,277
Profit Before Tax (ytd)	162	247	80	329	82
Profit After Tax (ytd)	112	163	52	199	53
Non-Performing Loans	607	605	620	605	619
Non-Performing Loans (net)	139	122	123	91	102
Key FSIs (Percent)					
NPLs to Loans (Gross)	13.3	12.3	12.8	11.4	11.7
Net NPLs to Net Loans	3.4	2.7	2.8	1.9	2.1

Table 5.12: Highlights of the Banking Industry					
	CY13*	CY14	Mar-15	CY15	Mar-16
Net NPLs to Capital	14.7	10.1	9.8	7.7	8.0
Provision to NPL	77.1	79.8	80.2	84.9	83.6
ROA (Before Tax)	1.6	2.2	2.6	2.5	2.3
Capital Adequacy Ratio (all banks)	14.9	17.1	17.4	17.3	16.3
Advances to Deposit Ratio	49.5	48.2	46.9	46.4	46.3

Source: State Bank of Pakistan

Note: Statistics of profits are on year-to-date (ytd) basis.
* Except CY13, all numbers are based on unaudited financials.

Similarly, asset quality has also improved and NPLs to loans ratio came down from 12.8 percent in March 2015 to 11.7 percent in March 2016. Also, gross NPLs ratio reduced from 12.3 percent in CY14 to 11.4 percent in CY15. Net NPLs ratio reduced from 2.8 percent to 2.1 percent in March, 2016 on year on year basis. Asset quality has also showed improvement: infection ratio has declined from 14.8 percent as of June 2013 to 11.7 percent as of March 2016.

Financial Development

A well structured financial system has a positive and significant impact on economic development and ensures the efficient utilization of financial resources, accelerates the saving and investment rate and help in poverty and inequality reduction by increasing the ability of individuals to access basic services like health and education.

Table 5.13: Financial Depth

Years	M2/GDP
2008-09	38.9
2009-10	38.9
2010-11	36.6
2011-12	38.1
2012-13	39.6
2013-14	39.6
2014-15	41.0
July-06 May	
2014-15	38.8
2015-16	40.8

Financial depth can be measured by different proxies, but M2-to-GDP ratio is considered as most comprehensive and commonly used for capturing the overall size of the financial sector. Increasing M2/GDP ratio primarily indicates the well structured and developed financial sector.

In case of Pakistan, this ratio has witnessed positive and increasing trend since FY 2011 due to several regulatory reforms and policy initiatives adopted by SBP to ensure a sound and robust financial sector. Monetary assets which were 38.9 percent of GDP in FY 2009 increased to 41.0 percent in FY 2015. While during the period July-06th May, FY2016, M2/GDP ratio increased to 40.8 percent from 38.8 percent witnessed in the corresponding period of last year. However, the ratio is expected to increase further in future on account of ongoing financial reforms in financial sector with an aim to strengthen the financial depth. Aiming to this, SBP is working to attain its multipronged objectives including strengthening the capital adequacy framework for the banking sector, developed comprehensive AML regulations are further aligned with FATF recommendations and other international standards, designed framework for improving the External Audit function of the banks and other financial institutions, institutionalized Financial Stability Executive Committee (FSEC) within SBP to improve coordination and cooperation within the bank, financial inclusion and strengthening of financial market infrastructure etc.

Box-II: Financial Reforms

Some of the recent regulatory measures and policy reforms adopted by SBP after taking on board all stakeholders (financial institutions, regulatory bodies, Ministry of Finance, SECP etc) are highlighted below:

1. Strengthening of Legal, Regulatory and supervisory environment

i. To strengthen the capital adequacy framework for the banking sector and to contain systemic risk, SBP adopted Basel III standards in Pakistan in 2013. The revised capital adequacy framework, to be applicable in phased manner, prescribed more stringent criteria and rules for assessing banks' solvency and also required enhanced disclosure for the stakeholders.

ii. SBP has been strengthening the measures to prevent the use of banking channels for money laundering and terrorist financing. The already developed comprehensive AML regulations are being further aligned with FATF recommendations and other international standards. Moreover, SBP had major contribution in drafting and finalization of the AML Law/Act and its subsequent amendments to meet international standards and to bring consistency and clarity in the enforcement provisions.

iii. To set standards and provide framework to banks/DFIs regarding debt property swap (DPS) are used for settlement of non-performing loans (NPLs), a set of Debt Property Swap (DPS) Regulations has been issued in January 2016.

iv. SBP has also issued guidelines, in 2015, on Interest Rate Risk (IRR) management in Banks/DFIs to ensure proper monitoring and management of IRR at Banks/DFIs by bringing in the required standardization, uniformity and automation in Banks/DFIs.

v. Being a regulator, SBP is committed to improving the External Audit function of the banks and other financial institutions. In this regard, a framework on external audit function was issued in the year 2015 by revising the existing instruction in the light of recent developments in the field.

2. Broadening of financial net – Financial Inclusion

SBP has taken numerous steps, in its regulatory capacity, to promote financing and provision of financial services in areas such as agriculture finance, microfinance, SME financing, Housing and infrastructure finance, branchless banking etc. The objective is to have a wide and diversified canvas of financial net which could capture a large chunk of population that is partially or fully excluded from financial services. The growth trend in all these areas has been exponential during last few years.

3. Institutionalizing Financial Stability Framework at SBP

The global financial crisis (GFC) of 2007-08 highlighted that micro-prudential surveillance is not sufficient for ensuring financial stability of the system. Hence, the broader concept of financial stability emerged which encompasses both micro and macro prudential supervision.

Taking cue from international developments, SBP has recently designed and implemented a more focused Institutional Framework of financial stability in Pakistan. Under the proposed framework, a Financial Stability Executive Committee (FSEC) has been constituted within SBP to improve coordination and cooperation within the bank. The Committee serves as a forum for discussion on stability issues facing the financial system, taking decisions thereof for ensuring and enhancing the stability, and facilitating enhanced cooperation and coordination among various departments of SBP for managing the financial stability issues. An independent Financial Stability Department (FSD) has also been established in SBP in December 2015, with the objective of effectively carrying out financial stability related tasks and bringing issues to the notice of FSEC.

4. Financial Market Infrastructure

SBP has consistently supported use of technological advancements in improvising service delivery by the banks and introducing innovative products. SBP's focus and efforts resulted in significant infrastructure, standardization and regulatory development in the Payment Systems arena during the last decade. These efforts have also led to digitization of payments for government, businesses and individuals which will not only help in smooth functioning of the real economy but also in maintaining financial stability and promoting economic growth.

Source: State Bank of Pakistan

Islamic Banking

Islamic Banking segment is growing at an exceptional pace. SBP's 5 year strategic plan (2014-18) for Islamic Banking envisions 15 percent market share for this growing segment of banking at the end of 2018. To promote Islamic Banking in the country, SBP has been playing its role through provisioning of necessary legal, regulatory, and supervisory infrastructure and awareness & capacity building initiatives.

The Islamic Banking Industry (IBI) of Pakistan posted a significant growth during the past few years with both assets and deposits contributing in growth. During 2015, asset base of (IBI) stood at

Rs.1.61 trillion compared to Rs.1.3 trillion in 2014, hence registered a growth of 27.87 percent. Whereas, deposits of the (IBI) reached to Rs.1.4 trillion in 2015 as compared to Rs.1.1 trillion during 2014, thus posted a growth of 28.5 percent. Consequently, share of Islamic Banking in terms of asset in overall banking system increased from 6.7 percent in CY10 to 11.4 percent in CY15. While deposits share of Islamic Banking rose from 7.2 percent in CY10 to 13.2 percent in CY15.

Table 5.14: Islamic Banking Industry — **Rs. Billion**

	CY10	CY11	CY12	CY13	CY14	CY15
Assets of the Islamic banks	477.0	641.0	837.0	1,014.0	1,259.0	1,610
Deposits of the Islamic Banks	390.1	521.0	706	868.0	1,070.0	1,375
Share in Banks Assets (Percent)	6.7	7.8	8.6	9.6	10.4	11.4
Share in Bank Deposits (Percent)	7.2	8.4	9.7	10.4	11.6	13.2

Source: State Bank of Pakistan

Net investment of IBI reached to Rs.431.9 billion by end December 2015 from Rs.392.4 billion by end September, 2015, thus posted a growth of 10.1 percent. The growth in investments was mainly contributed by investment in federal government securities as it grew by 16.7 percent during the quarter under review on account of issuance of Government of Pakistan (GoP) Ijara Sukuk of Rs 117.7 billion in December 2015. Other components of investments like fully paid up ordinary shares and Bonds/PTCs/Sukuk certificates also reflected a quarterly growth of 6.2 percent and 2.9 percent respectively, during the quarter under review.

Financing and related assets (net) of IBI witnessed a growth of 21.1 percent during the quarter October to December 2015 and reached to Rs. 645.3 billion. Both Islamic Banks (IBs) and Islamic Banks Branches (IBBs) of conventional Banks recorded growth in financing (net) by 26 percent and 11.3 percent, respectively.

Profit after tax (PAT) of IBI was recorded at Rs 12.3 billion by the end December 2015 compared to Rs 12.7 billion in the same quarter last year. During the fourth quarter of CY15, both Return on Equity (ROE) and Return on Assets (ROA) improved by 3.5 percent and 0.3 percent respectively, compared to the previous quarter[4].

All mode of financing except Murabaha and Ijara registered an increasing growth trend during CY15. Despite 56.2 percent collective contribution by Murabaha and Diminishing Musharaka in overall financing of IBI, percent share of both in overall financing declined during CY15 due to relatively higher growth in financing modes like Musharaka, Salam and Istisna.

Table 5.15: Financing Products by Islamic banks, Percent share

Mode of Financing	CY10	CY11	CY12	CY13	CY14	CY15
Murabaha	44.9	43.8	39.7	40.6	30.1	24.5
Ijara	12.7	10.4	9.2	7.7	7.7	6.6
Musharaka	2.9	2.4	0.8	6.7	11.0	14.0
Mudaraba	0.2	0.1	0.2	0.2	0.1	0.0
Diminishing Musharaka (DM)	29.5	32	35.7	30.8	32.6	31.7
Salam	1.4	2.4	3	4	4.5	5.3
Istisna	5.8	4.4	7.2	5.6	8.3	8.6
Others	2.6	4.4	4.3	4.4	5.6	9.2

Source: State Bank of Pakistan

Microfinance

The State Bank of Pakistan (SBP) continues to promote the expansion of financial services outreach through alternative delivery channels. SBP is encouraging microfinance banks (MFBs) to increase access and usage of financial services especially by financially under privileged segments located in the rural and remote areas. Fast paced uptake of mobile financial services by MFBs as alternate means of service delivery has offered convenience to their financially under privileged retail customers.

[4] Islamic Banking Bulletin, December 2015

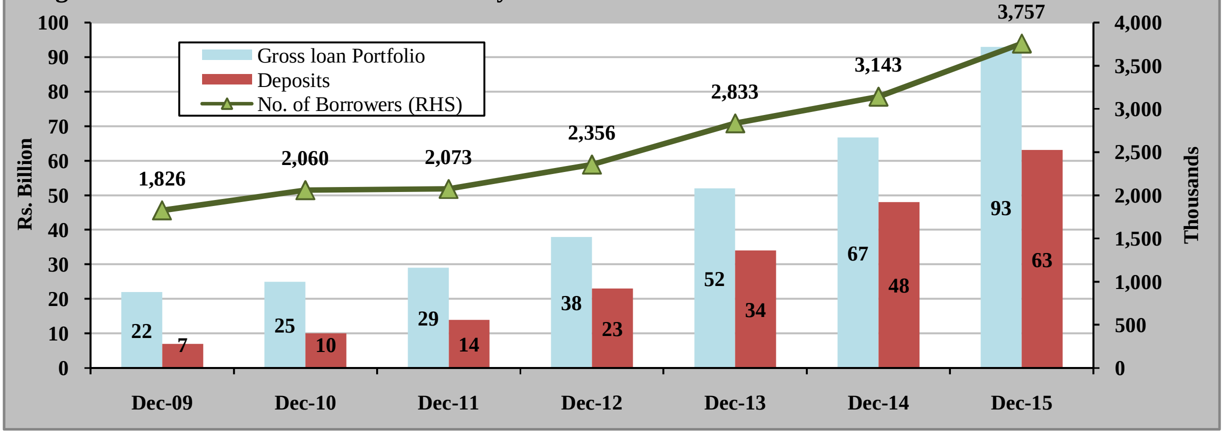
At the close of December, 2015 ten deposit taking microfinance bank (MFBs) were involved in providing microfinance services.

At the close of quarter ended December, 2015 around 48 institutions were involved in providing microfinance services which included ten deposit taking microfinance banks (MFBs) while others were microfinance institutions (MFIs).

All together the microfinance sector witnessed 39.29 percent growth in its aggregate microcredit portfolio which grew by Rs.26.2 billion to Rs.93 billion as of December 2015 from Rs.67 billion as at end of corresponding period last year. The number of borrowers also registered a growth of 19.5 percent, increasing to around 3.7 million at end of the period.

On a YoY basis, the sector was able to expand its branch/service center network to 2,960 as of December, 2015 adding 422 new business locations across the country compared to the corresponding period in 2014.

Fig-5.11: Growth of Microfinance Industry



At the close of 3rd quarter of FY 2016 (March, 2016), the aggregate loan portfolio of MFBs grew by 55.55 percent to reach Rs.64.0 billion as compared to Rs.41.2 billion in the corresponding period last year. Increased from 1.24 million in the preceding period the number of borrowers registered an increase of 28 percent to reach to 1.59 million in March, 2016. Moreover, MFBs were able to contain NPLs at the level of 1.29 percent during this interval.

On similar note, the aggregate equity base of MFBs witnessed growth of 21.21 percent (i.e. Rs.3.33 billion) to reach Rs.19.0 billion at the close of the period. The asset base of the MFBs also registered a strong growth of 43.42 percent rising to Rs.102.4 billion by March, 2016 with an increment of Rs.31.0 billion.

The deposit base MFBs managed to exceed Rs.66.3 billion, compared to Rs.42.4 billion in March last year.

Branchless Banking Performance

The calendar year 2015 closed with progressive growth in almost all indicators of branchless banking. The number of branchless banking accounts, which are easy to open accounts to Know Your Customer requirements, witnessed a threefold growth, rising from 5.4 million in Dec 2014 to 15.3 million in Dec 2015; which confirms that there is huge potential in the market and much is to be done to bring the unbanked socio economic class into the formal financial realm.

The installation of biometric devices continued its pace during the year 2015, 53,394 devices were installed on agent locations nationwide. A total of 5.4 million accounts have been opened during the year through this robust, real time and paper-free mechanism of account opening.

On a YoY basis, the number of transactions grew from 278 million (Jan-Dec, 2014) to 374 million (Jan-Dec, 2015), showing an increase of 35 percent. Likewise, the value of transactions also increased from Rs.1,352 million to Rs.1,872 million, showing an encouraging growth of 39 percent. The average deposits in BB account reached to Rs.8.8 billion in Dec-2015, from 6.6 billion in Dec-2014.

Branchless banking agents, which are the primary points of presence for the customers for provision of financial services, rose to 301,823 in Dec-2015 from 204,073 in Dec-2014 depicting an impressive growth of 48 percent.

The BB channel facilitated G2P disbursements of Rs.81.18 billion to 16.7 million beneficiaries during the year 2015. This endorses the fact that the branchless banking channel is continuing in the right direction to facilitate the unprivileged socio economic class through safety nets and social welfare schemes.

SBP Key Program initiatives during the FY 2016

Some of the key Program initiatives undertaken during FY 2016 were as under:

i. National Financial Inclusion Strategy (NFIS)

- In line with our country's requirements and global trends, SBP has developed a National Financial Inclusion Strategy (NFIS) which was formally launched on May 22, 2015. The objective of the strategy is to build momentum and push forward reforms to achieve universal financial inclusion in an integrated and sustained manner. The achievement of NFIs targets for financial inclusion is envisioned by focusing on following areas;
    1. Promote Digital Transaction Accounts (DTAs) and reach scale through bulk payments
    2. Expand and diversify access points
    3. Improve capacity of financial service providers, and
    4. Increase level of financial awareness.
- The NFIs coordination structure envisages the following governance bodies:
    1. **NFIS Council:** chaired by the Federal Finance Minister. The council has met twice to review the progress on NFIs since its formulation.
    2. **NFIS Steering Committee:** chaired by SBP Governor, has the overall responsibility of implementing the strategy. The Steering Committee met recently to kick-off the NFIS implementation and decided to form seven technical committees on NFIs focus areas.
    3. **Technical Committees (TCs):**in seven focus areas have been formed to propose detailed action plans, resolve technical issues and propose solutions to the Steering Committee to achieve the NFIs targets.

ii. Access to Finance (A2F) Survey 2015

- SBP has recently concluded the 2nd Access to Finance Survey 2015 to gauge the performance of financial inclusion initiatives since 2008 and provided baseline data for the National Financial Inclusion Strategy. The survey provides a deeper understanding of the factors determining demand for financial services, information about financial services, understanding of these services; financial literacy, opinions, trust perceptions, etc.
- A2FS 2015 results shows that access to financial services has significantly increased in Pakistan since 2008, with 16 percent of the adult population now having access to a bank account (including mobile wallets), improving from 11 percent in 2008. Moreover, 23 percent of the adult population now has access to formal financial services (including providers of mobile money services) up from 12 percent in 2008. Furthermore, women are advanced in terms of financial inclusion as now 11 percent of women are utilizing banking services in 2015, compared to only 4 percent recorded in 2008.

iii. Centre for Excellence in Islamic Finance Education

- SBP launched the 3rd Financial Innovative Challenge Fund Round in January 2015 on promoting Islamic Financial Services to meet the latent demand for Shariah compliant financial services in Pakistan. This round aimed to develop education and research infrastructure for promoting Islamic Finance in partnership with leading higher education institutions. The initiative was to facilitate the stakeholders for development of human capital base in the form of Islamic finance professionals including Shariah scholars, economist and researchers. Under this initiative, three Centres of Excellence in Islamic Finance (CEIF) have been established at Institute of Business Administration Karachi, Lahore University of Management Sciences, Lahore and Institute of Management Sciences, Peshawar. It is expected that these Centres will serve the Islamic finance industry in meeting its growing human resource and knowledge requirements through quality and value added services and knowledge products.

Insurance Sector

The insurance industry in Pakistan is relatively small compared to other developing and regional countries; however, the sector possesses huge potential for expansion and growth. For the 12 months to December, 2014 (CY2014), the industry's total premium revenue stood around Rs.199 billion ($1.99 billion) as compared to Rs.174 billion ($1.74 billion) as of CY 2013. The insurance penetration and density have also witnessed an upward trend at 0.77 percent and 10.40 for CY 2014, as compared to 0.73 percent and 9.26 for CY 2013.

The non-life insurance sector comprises of 41 insurers, including three general takaful operators and one state-owned insurer, the National Insurance Company Limited (NICL) with an exclusive mandate to underwrite public property and one state-owned reinsurer i.e. the Pakistan Reinsurance Company Limited (PRCL). Moreover, 11 non-life insurers have also been authorized by the SECP to undertake window takaful operations in Pakistan. The sector witnessed a growth of 6 percent during CY 2014 with the total premium underwritten of over Rs.68.4 billion.

On the other hand, the life insurance sector comprises of nine life insurers, including two family Takaful operators and one state-owned insurer, the State Life Insurance Corporation of Pakistan (SLIC). Moreover, 3 life insurers have also been authorized by the SECP to undertake window takaful operations in Pakistan. SLIC has maintained its dominancy in the life insurance sector with 59 percent market share while the remaining 41 percent of the market is shared among the private life insurers. In CY 2014, the life insurance sector witnessed a growth of 16 percent, with total premium of Rs.131 billion.

The only reinsurer of the industry – the government owned PRCL continues to be benefited from a mandatory minimum 35 percent share in the area of non-life Treaty Reinsurance.

Achievements:

SECP has taken number of initiatives in order to protect the interest of policyholders and to facilitate orderly development of the insurance industry:

- The SECP has issued guidelines on the standard estimation method to be used for the calculation of Incurred but Non Reported (IBNR) claims reserve to bring standardization across the non life insurance sector in respect of such estimation and to protect the insurance company from the adverse financial impact in case of unanticipated IBNR losses.
- The SECP has issued Circular on regulatory requirement for disclosure of branch information for insurance companies and takaful operators.
- The SECP has notified Directive for Life Insurance and Family Takaful Illustrations, 2016 to bring uniformity among the insurers in presenting illustrative values, to make illustrations more understandable and to ensure that illustrations do not mislead purchasers of life-insurance products. The main features of this directive include the presentation of cash values of the policy on both Real rate of return and Nominal rate of return.

- SECP with the approval of the Policy Board published the Bancassurance Regulations, 2015. This new regulatory framework has introduced various, regulatory measures such as rationalization of bank's remuneration structure, minimum financial protection, introduction of commission claw-back provision, minimum surrender values, minimum financial underwriting parameters, mandatory after sale call back requirements and introduction of a need analysis document.
- The SECP through inserting Rule 9 in the SEC (Insurance) Rules 2002, increased the minimum paid up capital requirements for the insurers, as Rs.500 million for non-life insurers and Rs.700 million for life insurers by the year 2017.This increase in the paid up capital requirement will improve the insurers' capacity to underwrite larger risk, retain sizable portion of these risks and will ultimately contribute towards better solvency of the insurers.
- The SECP initiated a process to raise the requirements on the governance of the insurance companies. The SECP has issued the Draft Code of Corporate Governance for Insurers, 2016 and has invited suggestions and comments of the stakeholders affected by the Code. The provisions of this Code will apply in addition to the provision imposed by SECP through the Code of Corporate Governance 2012 (for listed insurance companies) or the Public Sector Companies (Corporate Governance) Rules, 2013 (for public sector insurance companies).
- The SECP, in collaboration with the insurance Sub-Committee of ICAP, has formulated the Accounting Regulations and Formats for General Takaful/Window Takaful Operators, aimed to provide formats and accounting regulations for the financial statements to be prepared and reported and prescribing the treatments to be made for their different assets, liabilities, revenues and expenses.
- During the period, the SECP, after consultation with the Pakistan Society of Actuaries (PSOA), specified growth rate scenarios for life insurance and family takaful illustration for the year 2016. By using these growth rate scenarios, operators demonstrate projected benefits to the potential life insurance or family takaful policyholders. These specified growth rates are based on long term interest rate outlook prevalent in Pakistan.
- Till date the SECP granted window takaful authorization under the Takaful Rules, 2012 to 15 conventional insurers. This increase in window takaful operators shows an encouraging trend in the Takaful industry and further expected to increase in the forthcoming years.
- During the period, the SECP has issued fresh license to one insurance broker, which has raised the total number of registered direct insurance brokers to 13. This indeed is an encouraging trend, especially in the non-life insurance industry. The licenses of 3 brokers were also renewed during the period.

Conclusion

Significant improvement in key macroeconomic indicators, expansion in credit to private sector of which a welcome development is the gradual rise in net credit disbursement for fixed investment, strong banking performance bode well for a stable monetary management.

MONEY AND CREDIT

TABLE 5.1

COMPONENTS OF MONETARY ASSETS

(Rs. Million)

Stock	End June									2016
	2007	2008	2009	2010	2011	2012	2013	2014	2015 R	March (P)
1. Currency Issued	901,401	1,054,191	1,231,871	1,385,548	1,608,641	1,785,775	2,050,157	2,317,891	2,715,556	3,177,110
2. Currency held by SBP	3,148	2,900	2,693	2,491	2,380	1,974	1,068	529	508	498
3. Currency in title of Scheduled Banks	58,072	68,966	77,006	87,673	104,852	110,055	110,867	139,490	160,299	163,791
4. Currency in circulation (1-2-3)	840,181	982,325	1,152,173	1,295,385	1,501,409	1,673,746	1,938,222	2,177,873	2,554,749	3,012,821
5. Other deposits with SBP*	7,012	4,261	4,662	6,663	10,145	8,899	9,075	11,689	13,747	15,766
6. Scheduled Banks Total Deposits**	3,217,962	3,702,556	3,980,384	4,475,186	5,183,640	5,959,150	6,909,066	7,777,021	8,713,648	8,931,151
7. Resident Foreign Currency Deposits (RFCD)	207,312	263,430	280,364	345,438	374,945	440,130	514,988	599,384	597,760	592,954
8. Monetary assets (4+5+6)	4,065,155	4,689,143	5,137,219	5,777,234	6,695,194	7,641,795	8,856,364	9,966,583	11,282,144	11,959,738
9. Growth rate (%)	19.3	15.3	9.6	12.5	15.9	14.1	15.9	12.5	13.2	6.0
Memorandum										
1. Currency / Money ratio	20.7	20.9	22.4	22.4	22.4	21.9	21.9	21.9	22.60	25.20
2. Demand Deposits / Money ratio	65.0	65.5	62.4	62.2	61.6	61.7	63.1	65.3	65.60	64.00
3. Time Deposits / Money ratio	9.0	7.8	9.6	9.3	10.2	10.6	9.1	6.7	6.4	5.7
4. Other Deposits / Money ration	0.2	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1
5. RFCD / Money ration	5.1	5.6	5.5	6.0	5.6	5.8	5.8	6.0	5.3	5.0
6. Income Velocity of Money***	2.3	2.3	2.6	2.7	2.9	2.8	2.8	2.7	2.6	2.4

P : Provisional

* : Excluding IMF A/c Nos. 1 & 2 SAF Loans A/c deposits money banks, counterpart funds, deposits of foreign central banks and foreign governments.

** : Excluding inter banks deposits and deposits of federal and provincial governments, foreign constituents and international organization etc.

*** : Income velocity of money is taken as GDP at current factor cost / quarterly average of monetary assets (M2)

TABLE 5.2

CAUSATIVE FACTORS ASSOCIATED WITH MONETARY ASSETS

(Rs. Million)

	2009	2010	2011	2012	2013	2014	2015 R	2016 March (P)
				A. Stock End June				
1. Public Sector Borrowing (net)								
(i + ii + iii + iv + v + vi)	2,034,305	2,440,941	3,020,510	4,257,951	5,698,112	6,025,228	6,958,215	7,394,312
i. Net Budgetary Support	1,681,022	2,011,459	2,601,622	3,799,917	5,239,564	5,542,534	6,403,559	6,940,305
ii. Commodity Operations	336,202	413,191	397,488	436,137	467,707	492,439	564,459	464,171
iii. Zakat Fund etc.	-15,114	-15,904	-10,795	-10,298	-9,159	-9,745	-9,803	(10,164)
iv. Utilization of privatization								
proceeds by Govt./WAPDA	37,657	37,657	37,657	37,657	0	0	0	-
v. Use of Privatization proceeds/								
NDRP Fund for Debt Retirement	-5,749	-5,749	-5,749	-5,749	0	0	0	-
vi. Payment to HBL on A/C of HC&EB	287	287	287	287	0	0	0	-
2. Non-Government Sector	3,189,994	3,388,800	3,547,345	3,652,248	3,663,984	4,152,542	4,456,001	4,791,778
i. Autonomous Bodies**	109,675	70,479	68,283	83,987	106,960	130,283	142,179	150,453
ii. Net Credit to Private Sector * & PSCEs	3,080,319	3,318,321	3,479,062	3,568,261	3,557,024	4,022,260	4,313,822	4,641,325
a. Private Sector*	2,906,897	3,019,822	3,141,151	3,376,392	3,357,352	3,779,236	4,003,083	4,326,515
b. Public Sector Corp. other than 2(i)	180,330	304,554	343,255	197,087	205,210	248,501	316,561	320,187
c. PSEs Special Account Debt Repayment	-23,683	-23,683	-23,915	-23,915	-24,075	-24,075	-24,075	(24,244)
d. Other Financial Institutions (NBFIs)	16,776	17,628	18,571	18,697	18,537	18,597	18,252	18,867
3. Counterpart Funds	-500	-503	-498	-498	-530	-530	-530	(530)
4. Other Items (Net)*	-582,434	-597,285	-652,416	-800,038	-767,938	-803,699	-944,289	(1,122,387)
5. Domestic Credit (1+2+3+4)	4,641,364	5,231,953	5,914,941	7,109,663	8,593,629	9,373,541	10,469,398	11,063,173
6. Foreign Assets (Net)	495,855	545,281	780,253	532,131	262,735	593,042	812,747	896,564
7. Monetary Assets (5+6)	5,137,218	5,777,234	6,695,194	7,641,795	8,856,364	9,966,583	11,282,144	11,959,738
				B. Changes over the year (July-June)				
8. Public Sector Borrowing (net)								
(i+ii+iii+iv+v+vi)	525,763	406,636	579,569	1,237,441	1,440,161	327,117	932,986	436,098
i. Net Budgetary Support	316,418	330,437	590,163	1,198,295	1,439,647	302,971	861,025	536,746
ii. Commodity Operations	210,779	76,989	-15,703	38,649	31,570	24,733	72,019	(100,287)
iii. Zakat Fund etc.	-1,433	-790	5,109	498	1,139	-587	-58	(361)
iv. Utilization of privatization								
proceeds by Govt./WAPDA	-	-	-	-	-37,657	-	-	
v. Use of Privatization proceeds/								
NDRP Fund for Debt Retirement	-	-	-	-	5,749	-	-	
vi. Payment to HBL on A/C of HC&EB	-	-	-	-	-287	-	-	
9. Non-Government Sector*	170,070	198,806	158,544	104,903	11,736	488,558	303,459	335,777
i. Autonomous Bodies**	25,260	-39,196	-2,196	15,704	22,973	23,322	11,897	8,274
ii. Net Credit to Private Sector & PSCEs	147,783	238,002	160,740	89,200	-11,237	465,236	291,562	327,503
a. Private Sector*	17,083	112,926	121,328	235,242	-19,041	421,885	223,847	323,432
b. Public Sector Corp. other than 2(i)	127,464	124,224	38,701	-146,168	8,123	43,291	68,060	3,626
c. PSEs Special Account Debt Repayment	3,914	0	-232	0	-160	0	0	(169)
d. Other Financial Institutions (NBFIs)	351	852	943	126	-160	60	-345	615
10. Counterpart Funds	43	-3	5	0	-32	0	0	-
11. Other Items (Net)*	-76,143	-14,850	-55,131	-147,622	32,100	-35,762	-140,589	(178,099)
12. Domestic Credit Expansion (8+9+10+11)	619,733	590,589	682,988	1,194,723	1,483,966	779,913	1,095,856	593,776
13. Foreign Assets (Net)	-171,656	49,427	234,972	-248,122	-269,396	330,306	219,705	83,818
14. Monetary Expansion (12+13)	448,075	640,016	917,960	946,601	1,214,569	1,110,219	1,315,561	677,593

P : Provisional

Source: State Bank of Pakistan

*: Note:Islamic Financing , Advances (against Murabaha etc) and other related items previously reported under other Assets has been reclassified as credit to private sector.

** : Autonomous bodies are WAPDA (PEPCO), OGDCL, SSGC, SNGPL, PIA, Pakistan Steel and Pakistan Railway.

TABLE 5.3
SCHEDULED BANKS POSITION BASED ON WEEKLY RETURNS: LIABILITIES AND ASSETS

(Rs. Million)

	Outstanding Amount at end June	2009	2010	2011	2012	2013	2014	2015 R	2016 March (P)
LIABILITIES									
1.	Capital (paid-up) and Reserves	639,098	669,863	724,112	813,555	932,906	984,863	1,277,273	1,285,120
DEMAND LIABILITIES IN PAKISTAN									
2.	Inter-banks Demand Liabilities	60,235	69,679	88,478	107,332	120,419	129,222	132,589	111,903
2.1	Borrowing	0	0	0	0	0	0	0	0
2.2	Deposits	60,235	69,679	88,478	107,332	120,419	129,222	132,589	111,903
3.	Deposits (General)	3,473,440	3,965,680	4,601,452	5,251,360	6,147,750	7,148,706	8,161,800	8,496,281
4.	Other Liabilities	218,283	227,436	251,625	291,216	328,249	384,936	367,968	341,929
5.	Total Demand Liabilities (2+3+4)	3,751,958	4,262,795	4,941,556	5,649,908	6,596,418	7,662,865	8,662,357	8,950,113
TIME LIABILITIES IN PAKISTAN									
6.	Inter-banks Time Liabilities	17,470	11,883	3,817	660	4,883	625	466	9,015
6.1	Borrowing	0	0	0	0	0	0	0	0
6.2	Deposits	17,470	11,883	3,817	660	4,883	625	466	9,015
7.	Time Deposits (General)	684,685	770,992	905,350	1,043,383	1,055,019	1,002,053	1,073,549	1,107,765
8.	Other Liabilities	86,659	93,947	105,214	108,105	113,607	106,009	137,495	152,503
9.	Total Time Liabilities (6+7+8)	788,814	876,823	1,014,381	1,152,148	1,173,509	1,108,687	1,211,509	1,269,283
10.	Total Demand and Time Liabilities	4,540,772	5,139,617	5,955,937	6,802,056	7,769,926	8,771,552	9,873,867	10,219,397
11.	Borrowing From SBP	293,641	321,127	359,278	378,714	483,931	272,436	918,222	1,622,630
12.	Borrowing from Banks Abroad	9,139	9,211	14,403	15,446	43,219	70,309	101,329	99,863
13.	Money at Call and Short Notice in Pakistan	192,979	218,179	174,488	96,165	277,425	340,538	266,903	159,167
14.	Other Liabilities	323,587	423,774	458,099	521,701	499,920	521,906	513,135	589,751
15.	Total Liabilities	5,999,217	6,781,771	7,686,317	8,627,638	10,007,328	10,961,604	12,950,729	13,975,929
16.	Total Statutory Reserves	187,598	213,140	247,078	282,495	329,821	383,143	433,118	447,506
16.1	On Demand Liabilities	187,598	213,140	247,078	282,495	329,821	383,143	433,118	447,506
16.2	On Time Liabilities Assets	0	0	0	0	0	0	0	0
ASSETS									
17.	Cash in Pakistan	77,006	87,673	104,852	110,055	110,867	139,490	160,299	163,791
18.	Balances with SBP	278,432	288,067	342,501	393,631	489,765	525,303	406,616	377,245
19.	Other Balances	80,986	80,458	103,921	116,871	133,064	162,657	164,176	112,523
20.	Money at Call and Short Notice in Pakistan	185,049	228,906	162,696	102,968	252,298	319,058	408,195	197,585
21.	17+18+19+20 as % of Total Demand and Time Liabilities	13.7	13.3	12.0	10.6	12.7	13.1	11.5	8.3
FOREIGN CURRENCY									
22.	Foreign Currency held in Pakistan	13,518	15,482	14,797	19,024	19,365	24,468	24,688	28,412
23.	Balances with Banks Abroad	149,837	110,694	98,656	95,290	89,011	88,353	102,479	102,069
24.	Total Foreign Currency	163,356	126,176	113,453	114,315	108,376	112,821	127,168	130,481
BANK CREDIT ADVANCES									
25.	To Banks	0	0	0	0	0	0	0	0
26.	To Others*	3,085,495	3,233,176	3,340,283	3,566,978	3,673,730	4,164,034	4,535,839	4,766,067
27.	Total Advances*	3,085,495	3,233,176	3,340,283	3,566,978	3,673,730	4,164,034	4,535,839	4,766,067
28.	Bills Purchased and Discounted	148,693	158,269	193,307	204,982	219,048	224,842	201,228	170,185
29.	Total Bank Credit	3,234,188	3,391,445	3,533,590	3,771,960	3,892,778	4,388,875	4,737,067	4,936,251
29 a.	Total Credit as % of Total Demand and Time Liabilities	71.2	66.0	59.0	55.5	50.1	49.5	47.3	48.3
INVESTMENT IN SECURITIES AND SHARES									
30.	Central Government Securities	214,164	248,753	464,936	829,485	1,117,115	2,413,134	3,295,052	4,088,460
31.	Provincial Government Securities	0	0	0	0	0	0	0	0
32.	Treasury Bills	756,955	1,105,957	1,577,897	1,928,287	2,611,512	1,550,476	2,164,055	2,563,494
33.	Other Investment in Securities & Shares	385,035	506,303	530,571	435,647	367,692	375,968	390,468	409,014
34.	Total Investment in Securities and Shares	1,356,154	1,861,013	2,573,404	3,193,419	4,096,319	4,339,578	5,849,576	7,060,969
35.	35 as % of 10	29.9	36.2	43.0	46.9	52.7	49.5	59.2	69.1
36.	Other Assets *	349,537	423,040	455,531	510,637	609,017	640,249	735,456	626,197
37.	Advance Tax Paid	47,136	58,459	71,091	75,114	67,450	72,314	58,375	57,334
38.	Fixed Assets	227,373	236,534	225,277	238,669	247,394	261,258	303,801	313,553
39.	Total Assets	5,999,217	6,781,771	7,686,317	8,627,638	10,007,328	10,961,604	12,950,729	13,975,929
40.	Excess Reserves (18-16)	90,834	74,928	95,423	111,136	159,944	142,159	(26,502)	(70,261)

P : Provisional

Source: State Bank of Pakistan

Note:

1 : Effective from 22 July 2006, demand & time deposits have been re-classified in accordance with Banking Surveillance Department circular no. 9, 2006 dated 18 July 2006. The time deposits of less than 6 months are included in demand deposits for the purpose of Cash Reserve Requirement and Statutory Liquid Requirements.

2 : Definition of time & demand liabilities as mentioned in BSD circular no 9th dated 18th July 2008 have been revised. As per new definition, time liabilities include deposits with tenor of one year and above. Accordingly, time deposits with tenor of less than one year will become part of demand deposits.

*: Note:Islamic Financing , Advances (against Murabaha etc) and other related items previously reported under other Assets has been reclassified as credit to private sector.

TABLE 5.4

INCOME VELOCITY OF MONEY

(Rs. Billion)

End June Stocks	Narrow Money M1	Monetary Assets (M2)	Growth Percentage	Income Velocity of Monetary Assets (M2)
2000-01	1,275.61	1,526.04	9.0	2.6
2001-02	1,494.14	1,751.88	14.8	2.5
2002-03	1,797.36	2,078.48	18.6	2.3
2003-04	2,174.74	2,485.49	19.6	2.3
2004-05	2,512.21	2,960.64	19.1	2.4
2005-06	2,720.68	3,406.91	15.1	2.4
2006-07	3,155.63	4,065.16	19.3	2.3
2007-08	4,339.50	4,689.14	15.3	2.3
2008-09	3,621.22	5,137.21	9.6	2.6
2009-10	-	5,777.23	12.5	2.7
2010-11	-	6,695.19	15.9	2.9
2011-12	-	7,641.79	14.1	2.8
2012-13	-	8,856.36	15.9	2.8
2013-14	-	9,966.58	12.5	2.7
2014-15	-	11,282.14	13.2	2.6
2015-16 P (Mar)		11,959.74	6.0	2.4

P: Provisional

Source: State Bank of Pakistan

Explanatory Notes:

1. It may be noted that data series of M1 from 2000-01 is not comparable as compilation of M1 based on weekly data has been discontinued by the SBP. Now M1 is being compiled on the basis of monthly returns and as reported in the monthly Statistical Bulletin of the SBP beginning from April 2008 in its table 2.1

2. The stock data of M2 has been revised since June 2002 due to treatment of privatization commission deposits with NBP as government deposits. These deposits were previously included in private sector deposits which have now being included in government deposits.

3. Provision of data on M1 has been discontinued from SBP.

TABLE 5.5

LIST OF DOMESTIC, FOREIGN BANKS AND DFIs (As on 31-12-2015)

Public Sector Commercial Banks

1. First Women Bank Ltd.
2. National Bank of Pakistan
3. Sindh Bank Limited
4. The Bank of Khyber
5. The Bank of Punjab

Specialized Scheduled Banks

1. The Punjab Provincial Co-operative Bank
2. Industrial Development Bank Limited (IDBL)
3. SME Bank Limited
4. Zarai Taraqiati Bank Limited

Private Local Banks

1. Allied Bank Limited
2. Albarka Bank Pakistan Limited
3. Askari Bank Limited
4. Bank Al Falah Limited
5. Bank Al Habib Limited
6. Bank Islami Pakistan Limited
7. Burj Bank Ltd
8. Dubai Islamic Bank Pakistan Limited
9. Faysal Bank Limited
10. Habib Bank Limited
11. Habib Metropolitan Bank Limited
12. JS Bank Limited
13. MCB Bank Limited
14. MCB Islamic Bank
15. Meezan Bank Limited
16. NIB Bank Limited
17. Samba Bank Limited
18. Silk Bank Limited
19. Soneri Bank Limited
20. Standard Chartered Bank (Pakistan) Limited
21. Summit Bank Limited
22. United Bank Limited

Foreign Banks

1. Citibank N.A.
2. Deutshe Bank A.G.
3. Industrial and Commercial Bank of China Limited
4. The Bank of Tokyo - Mitsubishi UFJ Limited

Development Financial Institutions

1. House Building Finance Corporation
2. Pak-Brunai Investment Company Ltd
3. Pak-China Investment Co. Ltd
4. Pak-Iran Joint Investment Co.Ltd
5. Pak Kuwait Investment Company of Pakistan (Pvt) Limited
6. Pak Labya Holding Company (Pvt) Limited
7. Pak Oman Investment Company (Pvt) Limited
8. Saudi Pak Industrial & Agricultural Investment Company (Pvt) Limited

Micro Finance Banks

1. Advans Pakistan Micro Finance Bank
2. FINCA Microfinance Bank Ltd
3. First Micro Finance Bank Limited
4. Khushhali Bank
5. APNA Microfinance Bank Limited
6. NRSP Micro Finance Bank Ltd
7. Pak Oman Micro Finance Bank Limited
8. Tameer Micro Finance Bank Limited
9. U Micro Finance Bank Ltd
10. Waseela Micro Finance Bank
11. Sindh Micrifinance Bank Limited

Source: State Bank of Pakistan

TABLE 5.6

SCHEDULED BANKS IN PAKISTAN (Weighted Average Rates of Return on Advances)

(in Percentage)

As at the End of		Precious Metal	Stock Exchange Securities	Merchan-dise	Machinery	Real Estate	Financial Obli-gations	Others	Total Advances*
I. INTEREST BEARING									
2000	Jun	11.10	13.76	13.67	13.15	12.23	13.65	13.34	13.25
		(11.81)	(13.45)	(13.83)	(13.15)	(13.73)	(14.03)	(13.98)	(13.77)
	Dec	11.53	13.57	12.88	13.82	12.90	13.49	12.93	13.08
		(12.73)	(12.82)	(13.68)	(13.74)	(13.62)	(13.56)	(13.36)	(13.58)
2001	Jun	11.75	13.54	13.69	13.50	12.84	13.07	12.05	13.07
		(13.87)	(14.06)	(13.59)	(13.55)	(13.86)	(13.00)	(13.87)	(13.64)
2002	Jun	8.10	11.27	13.12	13.56	12.72	13.88	12.47	13.00
		(8.14)	(11.70)	(13.13)	(13.67)	(12.98)	(13.81)	(13.39)	(13.29)
2003	Jun	12.01	11.97	9.39	15.66	12.63	7.74	10.66	11.87
		(12.01)	(11.82)	(9.67)	(15.68)	(12.86)	(7.66)	(11.49)	(12.35)
2004	Jun	9.20	6.01	6.89	11.21	9.08	7.08	9.04	8.41
		(9.20)	(6.01)	(7.08)	(11.77)	(9.08)	(7.03)	(9.05)	(8.54)
2005	Jun	8.51	6.86	6.09	4.59	6.68	6.76	8.86	7.01
		(8.51)	(8.29)	(6.01)	(4.07)	(6.68)	(6.70)	(9.02)	(7.01)
2006	Jun	11.58	14.84	8.68	8.55	10.23	10.31	9.59	9.71
		(11.58)	(14.09)	(8.51)	(8.55)	(10.23)	(10.31)	(9.99)	(9.66)
2007	Jun	10.87	11.37	10.73	11.07	12.30	11.05	10.76	11.25
		(10.87)	(12.11)	(10.68)	(11.06)	(12.30)	(11.05)	(10.81)	(11.30)
	Dec	11.45	10.36	9.82	11.09	12.85	10.02	11.93	11.64
		(11.45)	(10.42)	(9.82)	(11.09)	(12.85)	(10.02)	(11.98)	(11.66)
2008	Jun	13.62	12.37	11.78	13.16	12.21	13.32	13.02	12.53
		(13.62)	(12.60)	(11.77)	(13.16)	(12.21)	(13.32)	(13.14)	(12.57)
	Dec	14.64	13.88	13.83	12.05	13.60	16.55	13.74	13.60
		(14.64)	(14.11)	(13.83)	(12.04)	(13.60)	(16.55)	(13.52)	(13.66)
2009	Jun	14.86	12.15	13.45	11.91	14.14	15.30	13.21	13.54
		(14.86)	(10.11)	(13.07)	(11.91)	(13.75)	(15.27)	(13.10)	(13.54)
	Dec	14.07	11.62	12.38	12.78	13.70	12.43	12.35	12.66
		(14.07)	(10.28)	(12.17)	(12.78)	(13.70)	(11.87)	(11.99)	(12.48)
2010	Jun	14.85	13.86	10.90	9.63	12.77	12.07	13.02	12.20
		(14.85)	(14.30)	(9.77)	(9.63)	(12.77)	(12.07)	(13.20)	(12.03)
	Dec	14.72	13.36	11.69	12.02	12.48	13.45	12.92	12.36
		(14.72)	(12.30)	(11.32)	(11.95)	(12.47)	(13.45)	(12.81)	(12.19)
2011	Jun	15.78	12.42	11.33	11.11	12.01	11.04	12.85	12.01
		(15.78)	(13.26)	(10.50)	(11.11)	(12.01)	(11.04)	(12.69)	(11.72)
	Dec	14.78	10.20	11.53	8.89	11.46	13.12	12.90	11.81
		(14.78)	(9.95)	(11.27)	(8.85)	(11.46)	(13.12)	(12.88)	(11.68)
2012	Jun	12.80	12.86	11.89	11.07	12.49	12.30	13.29	12.43
		(12.80)	(15.01)	(11.48)	(11.02)	(12.49)	(12.30)	(13.24)	(12.28)
	Dec	15.40	12.28	10.55	8.31	10.20	8.40	11.41	10.77
		(15.40)	(12.25)	(10.15)	(8.28)	(10.20)	(8.40)	(11.92)	(10.81)
2013	Jun	14.86	11.72	8.71	8.45	10.80	9.40	10.64	9.97
		(14.86)	(11.95)	(8.61)	(8.42)	(10.80)	(9.40)	(10.58)	(9.89)
	Dec	9.66	11.65	10.77	9.67	11.11	7.79	11.49	10.91
		(9.66)	(11.97)	(10.50)	(9.66)	(11.11)	(7.79)	(12.22)	(11.04)
2014	Jun	15.46	12.03	10.11	9.92	11.61	7.10	11.72	11.20
		(15.46)	(12.49)	(9.66)	(9.92)	(11.61)	(7.10)	(11.72)	(11.10)
	Dec	15.32	11.93	9.58	9.64	11.65	7.39	12.33	11.30
		(15.32)	(12.73)	(9.07)	(9.64)	(11.65)	(7.39)	(12.33)	(11.20)
2015	Jun	12.99	11.15	9.13	8.64	9.91	7.32	11.51	10.27
		(12.99)	(11.06)	(8.73)	(8.64)	(9.91)	(7.32)	(11.51)	10.14
	Dec	14.45	9.44	8.69	8.79	9.29	6.65	11.38	9.90
		(14.45)	(10.49)	(8.92)	(8.79)	(9.29)	(6.65)	(11.38)	(10.07)

*** : Weighted average rates shown in parentheses represent Private Sector.** **(Contd.)**

TABLE 5.6

SCHEDULED BANKS IN PAKISTAN (Weighted Average Rates of Return on Advances)

(in Percentage)

As at the End of		Precious Metal	Stock Exchange Securities	Merchan-dise	Machinery	Real Estate	Financial Obli-gations	Others	Total Advances*
II. ISLAMIC MODES OF FINANCING									
2000	Jun	10.61	13.12	13.48	14.31	13.08	13.42	13.83	13.54
		(11.10)	(13.48)	(14.07)	(14.39)	(14.39)	(13.40)	(14.94)	(14.27)
	Dec	11.24	13.51	13.54	14.48	12.97	13.15	14.07	13.59
		(11.32)	(13.68)	14.01	(14.53)	(14.24)	(13.09)	(15.09)	(14.24)
2001	Jun	11.02	13.47	13.39	14.53	13.31	13.84	14.03	13.65
		(11.28)	(13.57)	(13.88)	(14.42)	(14.52)	(13.86)	(14.78)	(14.24)
2002	Jun	9.30	13.09	12.85	13.70	13.47	13.32	13.32	13.20
		(9.50)	(13.33)	(12.73)	(13.81)	(14.05)	(13.22)	(14.00)	(13.52)
2003	Jun	11.43	5.92	7.50	9.39	11.47	7.79	10.31	9.19
		(11.43)	(5.77)	(7.95)	(9.54)	(12.08)	(8.62)	(10.84)	(9.71)
2004	Jun	10.86	4.86	5.73	6.61	9.27	5.88	8.34	7.19
		(10.86)	(5.28)	(5.96)	(6.81)	(9.68)	(5.82)	(9.01)	(7.60)
2005	Jun	9.03	7.15	7.93	7.80	10.16	8.21	10.15	8.94
		(9.03)	(7.17)	(7.95)	(7.88)	(10.22)	(8.19)	(10.67)	(9.13)
2006	Jun	10.66	10.03	9.63	9.14	11.23	9.25	12.37	10.68
		(10.66)	(10.20)	(9.66)	(9.20)	(11.26)	(9.25)	(12.90)	(10.83)
2007	Jun	12.04	11.26	10.11	10.80	11.92	10.43	13.02	11.57
		(12.04)	(11.34)	(10.03)	(10.84)	(11.92)	(10.49)	(13.40)	(11.68)
	Dec	9.70	11.27	10.26	10.76	11.80	10.58	12.93	11.55
		(9.70)	(11.41)	(10.23)	(10.82)	(11.79)	(10.62)	(13.26)	(11.65)
2008	Jun	11.75	12.87	11.53	12.26	12.11	11.23	13.90	12.48
		(11.75)	(12.93)	(11.55)	(12.22)	(12.12)	(11.23)	(14.21)	(12.55)
	Dec	15.02	15.76	14.42	14.62	13.51	15.00	15.89	14.72
		(15.02)	(15.66)	(14.19)	(14.67)	(13.49)	(15.02)	(15.96)	(14.72)
2009	Jun	14.18	15.01	14.19	14.20	13.27	15.83	15.08	14.31
		(14.18)	(15.03)	(13.73)	(14.10)	(13.30)	(16.79)	(15.20)	(14.30)
	Dec	14.18	13.61	12.10	12.72	12.71	11.93	14.88	13.22
		(14.14)	(14.02)	(12.18)	(12.70)	(12.71)	(11.55)	(14.96)	(13.10)
2010	Jun	15.08	14.26	13.16	13.81	12.25	13.59	14.83	13.73
		(15.74)	(14.34)	(12.80)	(13.79)	(12.24)	(13.67)	(14.94)	(13.52)
	Dec	15.20	13.80	13.01	13.10	12.24	12.86	14.59	13.43
		(15.20)	(13.59)	(12.69)	(13.18)	(12.23)	(12.79)	(14.82)	(13.23)
2011	Jun	16.24	11.04	12.81	13.74	12.57	12.81	14.73	13.55
		(16.24)	(14.41)	(12.36)	(14.22)	(12.53)	(12.83)	(14.43)	(13.32)
	Dec	13.50	13.06	13.40	14.18	12.46	12.42	15.04	13.83
		(13.50)	(13.21)	(13.17)	(14.14)	(12.46)	(12.51)	(14.92)	(13.62)
2012	Jun	9.46	11.63	12.84	12.51	11.84	14.11	13.68	12.84
		(9.63)	(12.89)	(12.43)	(13.17)	(11.81)	(14.10)	(13.52)	(12.72)
	Dec	9.53	11.10	11.19	12.10	12.43	13.30	12.80	12.02
		(9.53)	(11.67)	(10.91)	(12.03)	(12.40)	(13.21)	(13.02)	(11.93)
2013	Jun	12.80	11.65	11.02	11.74	12.05	13.80	12.20	11.78
		(13.69)	(11.44)	(10.92)	(11.46)	(12.04)	(12.57)	(12.88)	(11.81)
	Dec	14.20	10.80	10.52	11.14	11.23	9.10	11.79	11.20
		(15.26)	(10.99)	(10.48)	(11.03)	(11.29)	(10.67)	(12.59)	(11.37)
2014	Jun	14.22	11.27	10.12	9.48	12.03	10.65	12.29	11.18
		(15.12)	(11.25)	(10.44)	(11.16)	(11.71)	(10.65)	(12.90)	(11.58)
	Dec	13.73	11.00	10.35	10.72	11.50	10.22	11.94	11.11
		(15.03)	(11.01)	(10.31)	(11.04)	(11.50)	(10.19)	(12.91)	(11.28)
2015	Jun	11.59	8.83	8.48	8.22	10.49	10.19	10.02	9.30
		(12.22)	(8.79)	(8.68)	(8.62)	(10.56)	(9.58)	(11.42)	(9.77)
	Dec	13.15	8.42	7.32	8.16	9.12	9.70	8.80	8.34
		(13.85)	(7.94)	(7.43)	(8.18)	(9.20)	(8.57)	(10.12)	(8.66)

*** : Weighted average rates shown in parentheses represent Private Sector** — **Source: State Bank of Pakistan**

TABLE 5.7

SALE OF GOVERNMENT SECURITIES THROUGH AUCTION (MTBs)

(Rs. Million)

No.	Securities	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 March (P)
	Market Treasury Bills*									
A.	**Three Months Maturity**									
	Amount Offered									
	i) Face value	157,946	1,413,218	571,993	2,837,276	1,658,923	1,592,616	5,555,952	1,697,279	2,101,410
	ii) Discounted value	154,340	1,372,004	556,452	2,742,436	1,611,411	1,554,179	5,435,437	1,658,957	2,070,876
	Amount Accepted									
	i) Face value	139,771	975,798	239,467	1,668,408	1,114,157	1,155,404	5,031,692	1,231,906	1,211,203
	ii) Discounted value	136,574	947,622	232,985	1,619,861	1,084,374	1,130,378	4,922,517	1,206,378	1,193,527
	Weighted Average Yield									
	i) Minimum % p.a.	8.687	11.451	11.306	12.084	11.562	8.932	8.887	6.606	6.152
	ii) Maximum % p.a.	11.316	13.855	12.968	13.577	13.518	11.873	9.974	9.970	6.931
B.	**Six Months Maturity**									
	Amount Offered									
	i) Face value	91,476	272,584	868,334	2,226,878	1,719,456	3,597,169	1,024,910	2,157,339	1,911,162
	ii) Discounted value	87,279	255,885	818,516	2,087,195	1,619,284	3,425,863	973,520	2,071,487	1,851,577
	Amount Accepted									
	i) Face value	78,242	176,401	406,896	1,614,552	1,058,185	2,434,463	950,189	1,251,489	1,188,603
	ii) Discounted value	74,673	165,626	383,593	1,538,590	996,796	2,319,355	906,276	1,200,353	1,151,228
	Weighted Average Yield									
	i) Minimum % p.a.	8.902	11.668	11.381	12.316	11.626	8.916	8.944	6.635	6.166
	ii) Maximum % p.a.	11.472	14.011	12.597	13.736	13.762	11.920	9.979	9.979	6.951
C.	**Twelve Months Maturity**									
	Amount Offered									
	i) Face value	658,709	931,293	1,765,589	908,194	2,154,137	2,963,751	915,273	2,955,465	2,759,473
	ii) Discounted value	598,425	823,027	1,572,033	799,172	1,910,366	2,691,500	830,313	2,725,976	2,591,960
	Amount Accepted									
	i) Face value	441,130	332,008	931,787	599,015	1,283,676	2,017,987	894,465	1,226,861	1,554,942
	ii) Discounted value	402,784	294,106	830,606	527,018	1,139,954	1,833,775	813,625	1,130,052	1,460,652
	Weighted Average Yield									
	i) Minimum % p.a.	9.16	11.778	11.464	12.431	11.690	8.956	8.957	6.717	6.170
	ii) Maximum % p.a.	11.688	14.261	12.609	13.907	13.907	11.930	9.990	9.990	6.971

P : Provisional

Source: State Bank of Pakistan

* : MTBs were introduced in 1998-99

Note : Amount includes Non-competitive Bids as well

TABLE 5.8

SALE OF GOVERNMENT SECURITIES THROUGH AUCTION (PIBs)

(Rs. Million)

No.	Securities	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 March (P)
	Pakistan Investment Bonds*									
A.	**Amount Offered**	141,853	12,640	140,520	321,936	331,683	647,257	2,232,571	2,175,106	2,058,255
	03 Years Maturity	11,260	9,523	21,163	81,960	98,271	319,735	1,231,992	1,104,978	1,083,071
	05 Years Maturity	21,311	4,410	13,427	33,306	74,798	173,909	465,286	577,463	812,426
	07 Years Maturity	-	-	5,900	6,576	1,650	-	-	-	-
	10 Years Maturity	61,593	25,254	69,800	176,840	149,418	147,403	512,925	483,891	162,758
	15 Years Maturity	16,138	2,536	3,560	2,966	2,446	-	-	-	-
	20 Years Maturity	11,750	3,500	12,120	7,875	4,890	6,210	22,368	8,775	
	30 Years Maturity	19,800	7,000	14,550	12,413	210	-	-	-	-
B.	**Amount Accepted**	73,584	25868	64,732	169,295	226,095	278,357	2,038,994	1,014,437	782,964
	3 Years Maturity									
	(i) Amount Accepted	5,169	4,165	11,645	49,712	72,207	139,300	1,171,806	495,486	407,615
	(ii) Weighted Average Yield									
	Minimum % p.a.	9.619	13.697	12.208	13.898	12.080	9.607	10.326	7.365	6.295
	Maximum % p.a.	12.296	13.883	13.551	14.200	13.431	12.639	12.086	12.539	8.065
	5 Years Maturity									
	(i) Amount Accepted	10,777	3,023	7,177	16,668	55,897	80,492	426,111	287,494	338,021
	(ii) Weighted Average Yield									
	Minimum % p.a.	9.796	14.335	12.294	12.276	12.108	10.050	10.776	8.011	6.968
	Maximum % p.a.	10.800	14.336	12.563	14.277	13.474	13.050	12.559	12.965	8.965
	7 Years Maturity									
	(i) Amount Accepted	-	2,935	2,175	Bids	-	-	-	-	-
	(ii) Weighted Average Yield				Rejected					
	Minimum % p.a.	-	14.3273	12.4159	0	0	-	-	-	-
	Maximum % p.a.	-	14.7041	12.696	0	0	-	-	-	-
	10 Years Maturity									
	(i) Amount Accepted	23,875	8,509	39,399	101,355	92,049	53,368	420,755	223,457	37,328
	(ii) Weighted Average Yield									
	Minimum % p.a.	10.179	14.472	12.426	14.017	12.156	10.962	11.527	9.137	8.221
	Maximum % p.a.	13.411	14.864	12.705	14.249	13.499	13.327	12.921	13.439	9.401
	15 Years Maturity									
	(i) Amount Accepted	8,613	1,236	1,035	460	2,262	-	-	-	-
	(ii) Weighted Average Yield									
	Minimum % p.a.	11.108	14.750	12.293	14.098	13.501	-	-	-	-
	Maximum % p.a.	13.441	15.356	12.923	14.108	13.501	-	-	-	-
	20 Years Maturity									
	(i) Amount Accepted	9,050	1,500	1,525	875	3,680	5,197	20,323	8,000	-
	(ii) Weighted Average Yield									
	Minimum % p.a.	11.373	15.700	13.099	14.138	13.350	13.350	12.900	11.000	-
	Maximum % p.a.	13.855	15.700	13.922	14.199	13.350	13.350	13.289	13.591	-
	30 Years Maturity									
	(i) Amount Accepted	16,100	4,500	1,775	225	0	-	-	-	-
	(ii) Weighted Average Yield									
	Minimum % p.a.	11.588	14.608	13.551	14.186	0	-	-	-	-
	Maximum % p.a.	14.118	16.225	13.749	14.187	0	-	-	-	-

P : Provisional

Source: State Bank of Pakistan

* : PIBs were introduced in 2000-01

Note : Amounts includes non-competitive bids & short sale accomodation as well.

Capital Markets

Capital markets are a broad category of markets facilitating the buying and selling of financial instruments. In particular, there are two categories of financial instruments in which markets are involved. These are equity securities, which are often known as stocks, and debt securities, which are often known as bonds. Capital markets involve the issuing of stocks and bonds for medium-term and long-term durations, generally terms of one year or more.

Other than the distinction between equity and debt, capital markets are also generally divided into two categories of markets, the first of which being primary markets. In primary markets, stocks and bonds are issued directly from companies to investors, businesses and other institutions, often through underwriting. Primary markets allow companies to raise capital without or before holding an initial public offering so as to make as much direct profit as possible.

Capital markets are overseen by the financial regulators all over the world and in case of Pakistan, Securities Exchange Commission of Pakistan (SECP). Though capital markets are generally concentrated in financial centers around the world, most of the trades occurring within capital markets take place through computerized electronic trading systems. Some of these are accessible by the public and others are more tightly regulated.

Capital markets are increasingly interconnected in a globalized economy. Ripples in one corner of the world can cause major waves elsewhere. The drawback of this interconnection is best illustrated by the global credit crisis of 2007-09, which was triggered by the collapse in U.S. mortgage-backed securities. The effects of this meltdown were globally transmitted by capital markets since banks and institutions in Europe and Asia held trillions of dollars of these securities.

The capital market structure in Pakistan consists of an apex regulator of the markets, the Securities and Exchange Commission Pakistan (SECP), Pakistan Stock Exchange (emerged as a result of merging three stock exchanges during current year), Mercantile Exchanges, Central Depository Company (CDC) and a Clearing and Settlement Company. The structure further includes intermediaries or market participants such as brokers which handle the transaction of shares in the capital markets on behalf of investors.

Capital markets in Pakistan play a crucial role in mobilizing domestic resources and channeling them efficiently to productive uses, thus raising national productivity. The level of capital market development is an important determinant of level of savings, efficiency of investment and ultimately rate of economic growth.

The capital markets in Pakistan have witnessed several developments during the period; including promulgation of the new Securities Act, 2015, demutualization of exchanges and integration of three local stock exchanges into a single unified national stock exchange, the Pakistan Stock Exchange (PSX). The Securities Act 2015 has replaced the Securities and Exchange Ordinance, 1969. The new law incorporates global benchmarks such as International Organization of Securities Commissions (IOSCO) principles of securities' regulation and investor protection, and provides for implementation of advanced reforms for preventing market abuses and manipulation practices. The new law also contains provisions for promoting public confidence in the market, including full disclosure at the time of the initial offering, continuous disclosure requirements and an inclusive compliance regime, among others.

Also, the Futures Market Act, 2016 for the futures market has been approved by the parliament and is awaiting presidential assent. The law contains dedicated provisions for derivatives markets and is designed to protect public interest through a system of effective self-regulation of futures markets, clearing systems, market participants and market professionals under oversight of the SECP.

PSX as a single national stock exchange

Pakistan has entered a new era of equity trading after merger of all the three stock exchanges into Pakistan Stock Exchange (PSX), a vital step towards demutualization of the shares market in the country. During current financial year, as a second phase of the Stock Exchanges Demutualization and Integration Act 2012, the three stock exchanges of the country i.e Karachi Stock Exchange (KSE), Islamabad Stock Exchange (ISL) and Lahore Stock Exchange (LSE) formally merged into single stock exchange on January 11, 2016 to become the Pakistan Stock Exchange (PSX). The integration is expected to help reduce market fragmentation and create a strong case for attracting strategic partnerships necessary for providing technological expertise and assistance. Predictions and basic idea is that with this action, Pakistan would be honored as a rising capital market.

The owners of the three stock exchanges held several meetings and the Securities and Exchange Commission of Pakistan (SECP) facilitated the process throughout. Finally, a Memorandum of Understanding (MoU) was signed between the Demutualization Committee of KSE, ISE and LSE to integrate the operations of LSE and ISE into KSE and rename KSE as Pakistan Stock Exchange Limited (PSX). Subsequently, the SECP approved the integration which was also approved by Competition Commission of Pakistan (CCP).

Its basic purpose is to enhance operating efficiency of Pakistan's Capital Market, provide investors, listed companies and trading right entitlement certificate (TREC) holders with a single, deep liquidity pool and fully integrated national trading platform, raise profile of Pakistan Capital Market internationally, encourage cross listing and global capital raising by Pakistani companies, enhance systems and operations towards global best practices.

Merger of stock markets is not a new phenomenon in the world as many developing countries like India, Philippines, Turkey and Thailand have already done it. Malaysia, Singapore, USA, UK, Germany, Australia, Hong Kong and many other developed countries also run their equity markets on the same lines.

In the later stage the unified Pakistan Stock Exchange would be offered to a "strategic investor" that must be a stock exchange, a depository company, a derivative exchange or a clearing house meeting a certain criteria approved by Securities and Exchange Commission of Pakistan (SECP).

Besides this, integration process was not a new concept as many relatively developed economies like Hong Kong, Singapore and Malaysia has one capital market and India has also merged its 23 stock exchanges into single stock exchange. It is expected that it will prove beneficial for our country and could pave the way for more foreign investment in the financial sector.

Performance of Stock Exchange

The year FY2016 witnessed a significant and an overall steady rise in the stock market indices with historic and unprecedented levels being reached. The PSX (formerly KSE)-100 share index which began the year at 34,398.86 points reached 36,266.23 points by close of trading on May 11, 2016, i.e., an increase of about 5.4 percent since the inception of the year. Market capitalization stood at Rs.7,435.68 billion against Rs.7,421.03 billion as of June 30, 2015 reflecting no considerable change. Foreign investment in the stock market exhibited net inflow of $38.54 million during the year, which reflects a decrease of 85 percent over last year. Some of the more important developments that have contributed to this relatively exceptional performance of the Pakistani stock market are: stable political environment, investment projects backed by CPEC; stable exchange rate against the dollar; improving security and law enforcement situation; renewed foreign interest in stocks; increased confidence shown by the multilateral donor agencies such as the IMF, World Bank and Asian Development Bank's allocation for energy sector development; etc.

The market witnessed lackluster activity during first three quarters of the current fiscal year but all the gains in index has been witnessed since start of last quarter where the PSX index is breaking previous records.

The first nine months of current financial year, 2015-16 (Jul-Mar) could be termed as a turbulent period for the stock market in Pakistan. The PSX – 100 Index demonstrated an overall average performance during this period from July 2015 – March 2016. The index touched its highest point at 36,228.88 on August 6, 2015 whereas, its lowest point was at 30,276.25 on February 23, 2016 which suggests that the index suffered decline during the nine months period ended March 31, 2016. The decline during the period could be attributed to a number of factors including recession in oil prices internationally and stringent enforcement policy by the regulators of capital markets.

The fall in the index can be accounted for mostly by the sharp reduction in the prices of energy sector stocks as well as to a lesser extent the banking sector stocks as both those sectors make up a significant component of the index. Those blue chip heavyweights came under selling pressure mainly due to sale by foreign portfolio investors as part of their global equity sell-off in the emerging and frontier markets. Other sectors have not seen much selling pressure. For example cement sector has held up well along with the auto sector due to their strong fundamentals. But since the sectors that are doing fine have relatively small weightage in the index and are not able to neutralize the bigger fall. Roughly, cements have around 12 percent weightage; automobile 3 percent and pharmaceuticals just 2 percent in the index. According to a rough estimate, among the 30-odd sectors listed on the PSX, only around eight accounted for 80 percent of market activity. Those included banks, oil and gas exploration, fertilizers, cements, textiles, automobiles, food and pharmaceuticals. It meant that index could sink or swim based on the performance of those sectors which could be counted on the finger tips.

The foreign selling is not Pakistan-specific and has been witnessed globally. In regard to the local market, except for those two sectors and some slow down in textiles, most sectors did not perform badly due to their strong fundamentals.

Table 6.1 Profile of Pakistan Stock Exchange

Description	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16** (end March, 2016)
Total Listed Companies	591	569	557	560	560
New Companies Listed	3	4	5	9	6
Total Listed Capital (Rs. in million)	1,069,840.0	1,116,005.0	1,100,340.9	1,189,518.9	1,288,777.7
Total Market Capitalization (Rs. in million)	3,518,140.0	5,154,738.0	6,655,294.8	7,421,031.6	6,915,684.0
Total Shares Volume (Million)	38,100.0	54,319.0	56,580.6	64,617.2	51,811.8
Average Daily Shares Volume (Million)	150.0	221.0	229.1	261.0	248.8

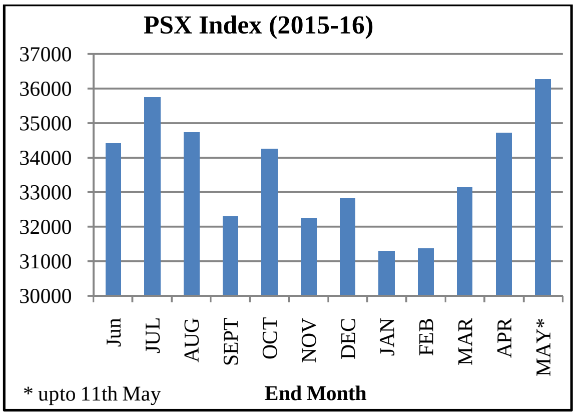
Source: Pakistan Stock Exchange

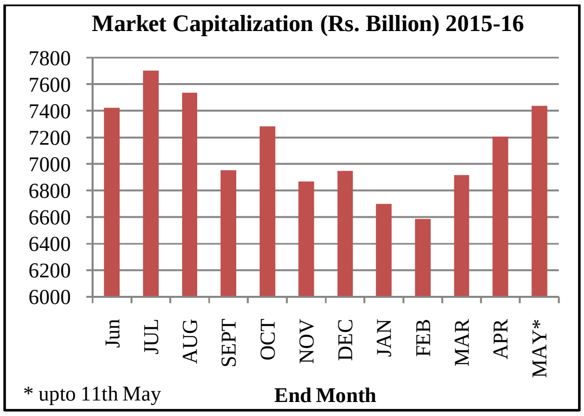
After almost nine months of bearish trends in the stock market mostly due to foreign investors pulling out their investments in the wake of a global meltdown in equity markets, the PSX- 100 index started its upward trend since April 2016 and trading at its all time high of above 36,000 levels. It is believed that the recent bullish trend in stock prices is a result of Pakistan's possible reclassification from a frontier market to an emerging market by MSCI, an international firm that provides investment decision support. MSCI will possibly announce its decision in June, 2016 whether Pakistan meets the criteria for its emerging market status. Global institutional investors use different MSCI indices — such as frontier, emerging, China and US markets – to create balanced portfolios to generate maximum returns while keeping in view their overall risk appetite. Although the actual reclassification of Pakistan will take effect a year after the announcement, global investors tend to start factoring in the reclassification ahead of the actual change, prompting massive inflows of global funds in case of a favourable decision. Other factors which contributed in bullish trend of PSX index include rebound in crude oil prices, better macroeconomic indicators, initiation of development projects in power and infrastructures sectors, enhanced PSDP allocations, etc.

Table 6.2: Leading Stock Market Indicators on PSX (PSX-100 Index: November (1991=1000)

Months	2014-15			2015-16		
	PSX Index (End Month)	Market Capitalization (Rs Billion)	Turnover of shares (Billion)	PSX Index (End Month)	Market Capitalization (Rs Billion)	Turnover of shares (Billion)
July	30,314.07	7,120.67	2.6	35,741.52	7,701.71	9.9
August	28,567.74	6,726.93	3.1	34,726.51	7,535.84	7.1
September	29,726.39	6,914.10	4.0	32,287.41	6,952.85	4.5
October	30,376.53	7,033.70	4.1	34,261.60	7,284.24	4.5
November	31,197.98	7,152.18	5.2	32,255.20	6,867.98	4.3
December	32,131.28	7,380.53	6.3	32,816.31	6,947.36	4
January	34,443.87	7,798.41	7.6	31,298.60	6,699.11	3.8
February	33,632.19	7,615.59	6.2	31,369.51	6,587.38	3.4
March	30,233.87	6,760.76	4.3	33,139.00	6,915.68	4.2
April	33,729.96	7,305.81	7.3	34,719.29	7,205.96	6.1
May	33,056.79	7,179.85	4.2	36,266.23*	7,435.68*	-
June	34,398.86	7,421.03	9.8	-	-	-

Upto 11th May
Source: Pakistan Stock Exchange





Major sector wise performance

Performance in Pakistan Stock Exchange during current fiscal year was driven by some major sectors of the economy including Oil and Gas, Banking, Pharmaceutical, Auto etc. Performance of some of the major sectors is mentioned below:

Oil & Gas exploration Companies

In this sector 4 companies are listed at Pakistan Stock Exchange with total paid up capital of Rs.66,194.40 million and market capitalization of Rs.886,007.20 million. The profit after tax of this sector is Rs.135,611.67 million. Though it is a dominant sector as far as index is concerned, it could not perform well due to continued fall in oil prices as compared to previous years.

Oil & Gas Marketing Companies

In this sector 7 companies are listed at the Pakistan Stock Exchange with the paid up capital of Rs.21,199.44 million. The market capitalization of this sector is Rs.224,741.37 million. The profit after tax of this sector is Rs.3,477.61 million. The sector also could not performed well

Refinery Companies

In this sector 4 companies are listed with the paid up capital of Rs.11,781.183 million with market capitalization of Rs.71,281.716 million. The profit after tax of this sector is Rs.4,413.872 million.

Cement

This sector comprises of 21 companies, with total listed capital of Rs.71,893.34 million and the market capitalization of Rs.618,375.90 million. On the back of higher local consumption, decent growth in exports, fall in fuel costs of the plants, CPEC projects' activities and construction boom, the sector showed tremendous growth which translated into good financial results. The sector recorded the profit after tax of Rs.49,954.58 million.

Power Generation and Distribution:

The sector comprises of 19 companies with the listed capital of Rs.147,500.675 million and market capitalization of Rs.301,499.33 million. The profit after tax of this sector was Rs.59,126.557 million.

Chemicals:

In this sector 27 companies are listed having total paid up capital of Rs.34,434.65 million and the market capitalization of Rs.179,548.75 million. The profit after tax was Rs.2,836.408 million. The sector also witnessed good performance during current year due to boom in construction activities and growth in industrial sector.

Automobile Assembler:

The sector comprises of 12 companies with the total paid up capital of Rs.7,357.964 million and the total market capitalization was Rs.259,754.34 million. The profit after tax of this sector was Rs.26,170.217 million. This sector continued to perform outstandingly on the back of surge in auto sales due to low interest rates, Punjab Government taxi scheme and other economic factors.

Technology & Communication:

The sector comprises of 10 companies which includes PTCL with capital of Rs.51,000 million. The market capitalization of this sector was Rs.99,106.018 million and the profit after tax was Rs.9,888.218 million.

Commercial Banks

The sector comprises of 21 listed banks with the listed capital of Rs.415, 241.16 million & market capitalization of Rs.1,241,511.126 million. The profit after tax of this sector was Rs.174,826.183 million.

Pharmaceuticals

The sector comprises of 9 listed pharmaceutical companies with the paid up capital of Rs.6,175.181 million and Rs.243,948.20 market capitalization. This total profit after tax of this sector was Rs.8,945.957 million. This sector also performed well with good earnings during current year as compared to last years.

Textile Spinning:

In this sector 86 companies are listed at Pakistan Stock Exchange, having a total paid up capital of Rs.20,801.629 million and the market capitalization of Rs.49,795.175 million.

Textile Weaving:

In this sector 14 companies are listed at Pakistan Stock Exchange, having total paid up capital of Rs.6,157.403 million and the market capitalization of Rs.39,072.09 million.

Textile Composite:

In this sector 52 companies are listed at Pakistan Stock Exchange, having total paid up capital of Rs.25,244.602 million and the market capitalization of Rs.143,747.768 million.

Sugar & Allied:

The sector comprises of 32 companies with the total paid up capital was Rs.8,980.481 million and market capitalization of Rs.87,959.408 million. The profit after tax of this sector was Rs.2,499.312 million.

Corporate Profitability

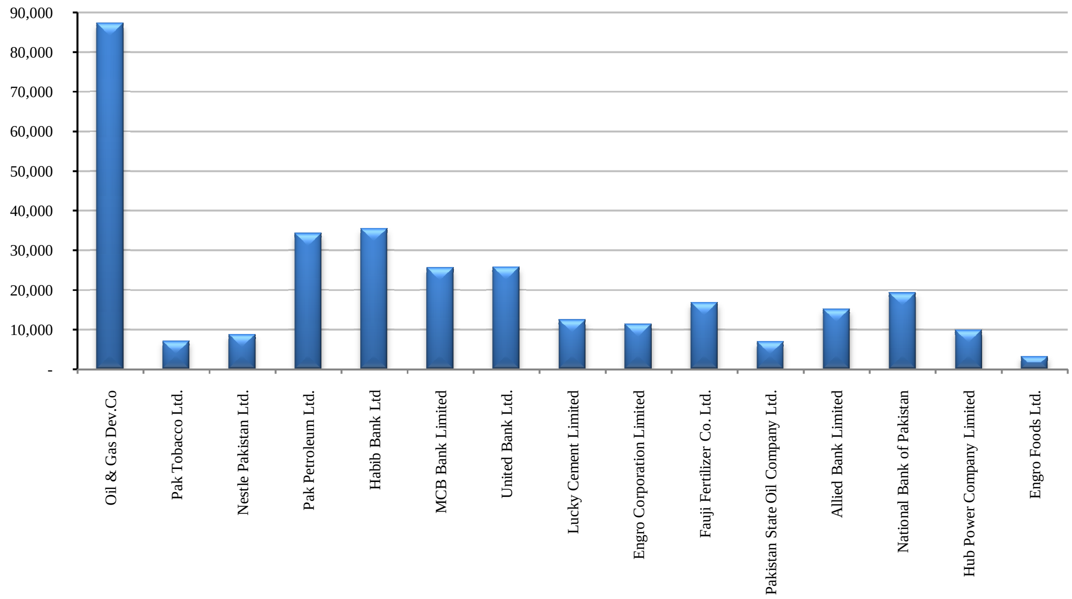
Corporate profitability is expressed by the Earning Per Share (EPS) of the company. During FY2016 corporate profitability increased in case of the most blue chips companies. However, for oil & gas exploration sector, this profitability remained subdued due to unfavorable oil and gas prices internationally. Banking sector profitability also witnessed some mixed trend despite declining spreads. Cement, Auto, Pharma sectors remained bullish on this front. (Table: 6.3)

Table 6.3: Price Earning Ratio of Top Fifteen Companies

	Paid up Capital (Rs. billion)	Profit After Tax in (Rs. billion)	EPS	Market Price (Rs) April 30, 2016	PE ratio	Market Capitalization (Rs. billion)
Oil & Gas Dev.Co	43.01	87.25	20.29	131.34	6.47	565
Pak Tobacco Ltd.	2.55	7.05	27.58	1309.35	47.48	335
Nestle Pakistan Ltd.	0.45	8.76	193.19	7165.00	37.09	325
Pak Petroleum Ltd.	19.72	34.25	17.37	146.18	8.41	288
Habib Bank Ltd	14.67	35.47	24.18	188.93	7.81	277
MCB Bank Limited	11.13	25.55	22.96	211.53	9.21	235
United Bank Ltd.	12.24	25.73	21.02	163.94	7.80	201
Lucky Cement Limited	3.23	12.43	38.44	550.91	14.33	178
Engro Corporation Limited	5.24	11.37	21.71	312.88	14.41	164
Fauji Fertilizer Co. Ltd.	12.72	16.77	13.18	107.21	8.14	136
Pakistan State Oil Company Ltd.	2.71	6.94	25.53	353.59	13.85	96
Allied Bank Limited	11.45	15.12	13.20	89.66	6.79	103
National Bank of Pakistan	21.28	19.22	9.03	55.52	6.15	118
Hub Power Company Limited	11.57	9.85	8.51	108.63	12.76	126
Engro Foods Ltd.	7.67	3.16	4.13	155.81	37.77	119

Source: Pakistan Stock Exchange

Fig-1: Profit after Tax of Top Companies



Leading Global Stock Markets Trends

During July- April, 2015-16 most of the leading stock markets of the world demonstrated downward trend led by China Shanghai Composite index which declined by 31.3 percent followed by Hong Kong Hang Seng (19.7), Japan's NIKKEI (17.6), Taiwan (10.1), India Sensex (7.8), UK FTSE (4.3), US NASDAQ (4.2) and other markets. S&P however, remained almost flat during this period. Among this global scenario, Pakistan's PSX 100 index performed restively better and improved by just around one percent during Jul-Apr , 2015-16 period. PSX performance during May, 2016 is more encouraging as till 11th May, 2016 it improved by 5.4 percent over last year and was trading at its all-time high.(Table. 6.4)

Table 6.4: Global Stock indices during July-April 2015-16						
Sr.No	Country	Stock Name	Date		Change July –April 2015-16	
			30th June,2015	30th April, 2016	Points	%
1	Pakistan	PSX-100	34,398.86	34,719.29	320.4	0.9
2	S&P	SPX index	2,063.11	2,065.30	2.2	0.1
3	US	Nasdaq Composite	4,986.87	4,775.36	-211.5	-4.2
4	Indonesia	JCI index	4,910.66	4,838.58	-72.1	-1.5
5	India	Sensex	27,780.83	25,606.62	-2,174.2	-7.8
6	Australia	AORD	5,451.20	5,316.00	-135.2	-2.5
7	New Zealand	NZX 50	5,726.96	6,820.58	1,093.6	19.1
8	UK	FTSE 100	6,521.00	6,241.90	-279.1	-4.3
9	Taiwan	T.weighted	9,323.02	8,377.90	-945.1	-10.1
10	Hong Kong	Hang Seng	26,250.03	21,067.05	-5,183.0	-19.7
11	Malaysia	FBMKLCI	1,706.64	1,672.72	-33.9	-2.0
12	Tokyo	Nikkei 225	20,235.73	16,666.05	-3,569.7	-17.6
13	Singapore	FSSTI index	3,317.33	2,838.52	-478.8	-14.4
14	China	Shanghai Composite	4,277.22	2,938.32	-1,338.9	-31.3
15	Seoul	Composite	2,074.20	1,994.15	-80.0	-3.9
16	Thailand	Set (Bangkok)	1,504.55	1,527.00	22.5	1.5
17	Phillipines	PCOMP index	7,564.50	7,715.00	150.5	2.0
18	Srilanka	CSEALL index	7,020.80	6,516.26	-504.5	-7.2
Source: Pakistan Stock Exchange						

The foreign investment in the stock market exhibited net outflow of $341.279 million from July 2015 to March 2016.

Approval for Equity Market:

During the period July, 2015 to March, 2016 approval was granted by the SECP to 3 companies under Section 88(1) read with Section 87(2) of the Securities Act, 2015 i.e. 29.001 million Ordinary shares by Hi-Tech Lubricants Limited; 74.253 million ordinary shares by Amreli Steels Limited and 25.00 million modaraba certificates of Awwal Modaraba by Awwal Modaraba Management Limited to the general public.

Sr.	Name of Company	Book Building Date	Retail Portion Subscription Date	No. of Shares Offered (million)			Offer Price / Strike Price (Rs.)	No. of Shares Subscribed (million)			Times Subscribed	
				Book Building	General Public	Total		Book building	General Public	Total	Book building	General Public
1	Hi-Tech Lubricants Limited	Jan 6-7, 2016	Jan 25-27, 2016	21.751	7.250	29.001	62.50	48.675	3.832	52.507	2.24	Under sub.
2	Amreli Steels Limited	Oct 07-08, 2015	Oct 27-29, 2015	55.503	18.750	74.253	51	138.786	36.800	175.58	2.5	1.96
3.	Awwal Modaraba	NA	4-5 Jan 2016	NA	25.000	25.000	10	NA	25.843	25.843	NA	1.03

Debt Capital Markets

A well-developed corporate bond market is essential for the growth of economy as it provides an additional avenue to corporate sector for raising funds for meeting their financial requirements. During the period July 2015 to March 2016 two debt securities were issued. The break-up of these debt issues are as following:

S. No.	Name of Security	No. of Issues	Amount (In billion rupees)
i.	Privately Placed Term Finance Certificates	1*	10.0
ii.	Privately placed Commercial Paper	1**	0.8
	Total	2	10.8
*(by Habib Bank Limited); **(Pak Elektron Limited)			

As of December 31, 2015 a total of 97 corporate debt securities were outstanding with an amount of Rs.560.284 billion as per following detail:

S. No.	Name of Security	No. of Issues	Amount outstanding (in billion Rs.)
i.	Listed Term Finance Certificates (L-TFCs)	16	21.484
ii.	Privately placed Term Finance Certificates & Listed on OTC	38	133.624
iii.	Sukuk	40	403.16
iv	Privately placed Commercial papers	2	1.3
v.	Participation Term Certificates (PTCs)	1	0.716
Total		**97**	**560.284**

Capital Market Reforms and Developmental Activities

In line with its objectives to develop a fair and competitive capital market in Pakistan, the Securities Exchange Commission of Pakistan (SECP) during the period under review, introduced various structural, legal and fiscal reforms aimed at strengthening risk management, increasing transparency, improving governance of capital market infrastructure institutions and enhancing investor protection, which are mentioned below in brief:

Book Building Regulations: The equity capital market is an important segment of our capital market and is considered a viable and efficient alternative for fund raising. In order to bring further efficiency and transparency in the book building process, SECP has reviewed the existing framework for book building and has notified the Book Building Regulations, 2015 in July, 2015.

Introduction and implementation of e–IPO: In order to facilitate the general public during IPOs, SECP has introduced the concept of e–IPO i.e. electronic submission of subscription form. The e–IPO facility will:

- Enable the investors to make application for subscription of shares via internet (e-Banking/ATMs).
- Facilitate simultaneously both the companies that intend to raise fund from the capital market through IPO and the general public applying for subscription of shares.
- Bring transparency and efficiency in the IPO process.

The e–IPO facility was first used successfully in the offer for sale of shares of Aisha Steel Mills Ltd., whereby the United Bank Limited for the first time provided e–IPO facility to its account holders. Later the same bank has successfully offered e–IPO facility in the IPOs of Lalpir Power Limited, Engro Fertilizers Limited, Avanceon Limited, Hascol Petroleum Limited, Engro Powergen Qadirpur Limited, Saif Power Limited, Systems Limited, Synthetic Products Enterprises Limited, Allied Bank Limited, Mughal Iron and Steel Industries Limited, Habib Bank Limited, Al Shaheer Corporation Limited, Amreli Steels Limited and Hi-Tech Lubricants Limited. In last IPO of Hi-Tech Lubricants Limited the Summit Bank Limited has also provided e-IPO facility to its account holders.

Development of New Regulatory Framework: The following new Rules, Regulations and Guidelines have been formulated/revamped for the development of the capital market.

- The Book Building Regulations, 2015;
- Amendments in the Companies (Issue of Capital) Rules, 1996.

Integration of Stock Exchanges: The SECP actively facilitated a thorough consultative process amongst the stock exchanges for developing consensus regarding their integration under the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. As a result, the three former stock exchanges have integrated into a single trading platform under the name of Pakistan Stock Exchange Limited (PSX), which has become operational from January 11, 2016. Integration is expected to provide numerous benefits in terms of reducing fragmentation, enhancing true competition in terms of best price discovery and order execution, increasing efficiency, improving governance, synergies, economies of scale, and will play a crucial role in attracting strategic investors and technological partnerships.

Improved compliance with IOSCO Principles: Significant improvement has been made with regards to the level of compliance with IOSCO benchmark principles of securities regulation, compliance percentage for Pakistan has risen up from 37 percent in the year 2004 to 62 percent in the year 2015. Pakistan has been able to achieve 'fully-compliant'/ 'broadly-compliant' status in relation to 23 IOSCO principles out of 37. Efforts are being made for achieving full or broad compliance for remaining principles, by the end of FY2016.

Capital Market Hubs: The SECP is in the process of setting up Capital Market Hubs in various cities for enhancing outreach of mutual funds, stockbrokers, leasing companies, investment banks, modarabas and insurance sector to encourage investors in remote areas. The 1st hub has been established in Abbottabad.

Regulations for Research Analysts: To bring standardization and enhance integrity/accountability in research reports offered by the research analysts/research entities giving investment recommendations, the Research Analyst Regulations, 2015 conforming to IOSCO principles were introduced in 2015. The SECP has conducted the compliance check of the research entities in connection to these regulations and issued the compliant research entities unique notification numbers. List comprising the names of notified research entities have been placed at the websites of PSX & SECP. Moreover, by the end of FY2016, the SECP aims to create more awareness amongst the investors on the research reports and engaged participants.

Efforts for Pakistan upgrade to MSCI Emerging Market Index: As a result of continuous efforts of the stakeholders, MSCI Pakistan Index has been included in the 2016 Annual Market Classification Review for a potential reclassification to MSCI Emerging Markets (EM). For a successful inclusion of Pakistan in the EM Index, SECP and PSX have been continuously engaged with MSCI and a number of meetings have been held with MSCI representatives and foreign institutional investors to highlight the recent achievements of the Pakistani capital market and the reforms in pipeline.

Reforms for the SME Board: Considering the important contribution of the Small and Medium Enterprises (SMEs) in economic development and to incentivize listings of SMEs on the SME counter at the stock exchange, reforms were introduced for the SME market whereby criteria for issue/offer of shares through book building for equity securities of SMEs has been prescribed for improved price discovery while ensuring transparency; the continuous role of advisor and consultant to the issue has been discontinued to reduce the cost burden on the SMEs; and filing requirements in respect of financial statements for the SME board have been rationalized in line with the main board requirements.

Measures for Transparency and Risk Management: To ensure risk management, amendments were made to PSX regulations to allow selection of only category A and B auditors from the State Bank of Pakistan's Panel of Auditors by brokers for statutory audit, Net Capital Balance (NCB) and system audit. Moreover, to ensure transparency and reliability of audits, brokers have been required to ensure that the audit firm selected for statutory audits shall be the same who have conducted audit of the broker's NCB.

Furthermore, in order to safeguard customer's assets and to boost investors' confidence, the PSX Regulations were amended whereby; brokers are required to submit customers' assets segregation statement to the PSX on the prescribed format on a fortnightly basis. Moreover, PSX has put in place an appropriate mechanism to monitor compliance with the aforementioned requirement of segregation of customers' assets by the brokers.

Also, to ensure effective implementation of AML regime and help establish clear money trail, requirement has been introduced to ensure that all proceeds of investors worth Rs.25,000 and above shall be made through a designated bank account, whereas all payments worth Rs.25,000 and above by brokers to customers must be through cross checks in the name of the investor or his nominee only.

Future Roadmap:

The SECP's future roadmap, as outlined below, envisages introduction of key structural, regulatory and developmental reforms, for improved governance, risk management, transparency and investor protection:

Capital Market Development Plan: In consultation with relevant stakeholders, a comprehensive Capital Market Development Plan (2016-18) outlining future roadmap for the capital market, including introduction of key structural and regulatory reforms, development of ready, derivative, debt, commodities markets, and measures for improving governance, risk management, efficiency and transparency in capital market operations will be implemented.

Subsidiary legislation under the Securities Act and Futures Act: A number of new rules and regulations will be framed under the Securities Act, 2015 and the draft Futures Market Bill, 2016, for implementation of the said laws. These include rules and regulations for licensing, conduct, financial resource and other aspects of securities exchanges, central depositories, clearing houses, securities brokers, securities advisers, securities managers, and accredited representatives of the regulated persons, and regulations for the futures market.

Attainment of Central Counter Party status by NCCPL and introduction of Settlement Guarantee Fund: Efforts are being made and a regulatory framework will be introduced for NCCPL to attain the status of a Central Counter Party with a Settlement Guarantee Fund of appropriate size in accordance with actuarial valuations. Also, efforts will be made for transfer of risk management from stock exchange to NCCPL.

Post Demutualization and Integration reforms: Efforts will be made for divestment of shares of the PSX by bringing in financial institutions, strategic investors and anchor investors, in line with requirements of demutualization law. Furthermore, critical governance reforms will be pursued such as strengthening and reconstitution of board of directors of the PSX, CDC and NCCPL, their internal committees and limits on their shareholding etc.

Revised Brokers' Regime: A revised broker regime will be introduced which will provide for categorization of brokers according to their financial strength and capacity to undertake different functions such as trading, clearing, custody and settlement. Eligibility criteria for each such class will be specified to improve entry barriers to ensure protection of clients' assets and interest. The revised regime will also aim at improved capital adequacy regime and conditions for financial solvency of brokers.

Establishment of Centralized Know Your Clients (KYC) Organization: To facilitate the securities market investors, a centralized KYC Organization shall be established whose objective will be to register and maintain investors' KYC records in line with international best practices pertaining to KYC and CDD policies. The said KYC records will be available for access by all market intermediaries and this measure will assist in removing the duplication presently faced in the KYC process by bringing uniformity to the same.

Widening of Circuit Breakers, Introduction of Market Halts: Considering the need to strike a balance between risk and efficiency in the market, the matter of phased introduction of index based market halts and widened circuit breakers is being discussed with the stakeholders for efficient price discovery of listed securities.

Public Offering and Disclosure Regulations: Pursuant to promulgation of the Securities Act, 2015 (the Act), section 53 of the Companies Ordinance, 1984 which refers to the second schedule (Contents of the Prospectus) has been repealed. It, therefore, becomes imperative that regulations under the Act are promulgated for specifying the contents of the prospectus, abridged prospectus, supplement to the prospectus under shelf registration, advertisement for public offer of securities and prospectus in case of right issue. The draft Regulations have been published for eliciting public opinion on November 16, 2015.

Guidelines for Preparation of Prospectus: In order to improve the level of quality of the contents of the prospectus through standardization; and to provide full, true, and fair disclosure of all material information to common investors and also to facilitate the issuers, the offerers, and the consultant and advisors to the issue, the guidelines for preparation of prospectus has been drafted. The draft guidelines have been shared with stakeholders for seeking their comments/opinion.

The Public Offering of Securities Rules: In order to appropriately regulate the public offering of securities, the SECP has prepared the draft Public Offering of Securities Rules under Section 175 of the Securities Act, 2015.

The Private Placement of Securities Rules: At present, private placement of shares is made by companies through issuance of additional capital under Section 86(1) of the Companies Ordinance, 1984 (the Ordinance), whereas debt securities are issued under Section 120 thereof. Currently, no specific secondary/detailed/comprehensive regulatory framework exists to regulate private placement of securities. Keeping in view that investors in securities include companies managing public funds like mutual funds, pension funds, employees' funds, listed companies, banks, insurance companies. It is imperative that private placement of securities be properly regulated. Therefore, private placements of Securities rules have been drafted by the SECP under Section 175 of the Securities Act, 2015. The draft rules have been published in the official Gazette of Pakistan on March 31, 2016 for eliciting public opinion.

The Bankers to an Issue of Securities Rules: The bankers to the issue of securities play a vital role in public offering of securities. They not only facilitate investors but also help broaden the investor base. Keeping in view the importance of their role in public offering of securities, the draft Bankers to an Issue of Securities Rules has been notified by the SECP on 1st January 2016 for eliciting public opinion.

The Advisors' and Consultants to the Issue Rules: The role of advisers and consultants to the public issue of securities is of vital nature. They not only prepare the prospectus and other supporting documents but also act on behalf of their client i.e. the issuer/offerer in getting necessary approvals from the regulatory authorities. Keeping in view the vital nature of their role it is imperative that their affairs as advisors and consultants to the issue of securities be properly regulated.

The Debt Securities Trustee Regulations: The said regulations are being framed under the Securities Act, 2015 and will replace the existing Debt Securities Trustee Regulations, 2012.

The Underwriters Regulations: The said regulations are being framed under the Securities Act, 2015 and will replace the existing Underwriters Rules, 2015. The draft regulations have been published in the official Gazette of Pakistan on January 20, 2016 for eliciting public opinion.

The Share Registrars and Balloters Regulations: The said regulations are being framed under the Securities Act, 2015 and will replace the existing Balloters and Transfer Agents Rules, 2015.

Guidelines for Structuring and Offering of the Employees Stock Option Schemes: In order to facilitate the public limited companies in structuring and administration of the Employees Stock Option Plans or Stock Option Schemes, the guidelines are being developed. The draft guidelines has been shared with stakeholders for seeking their comments/opinion.

The Credit Rating Regulations: The said regulations are being framed under the Securities Act, 2015 and will replace the existing Credit Rating Companies Rules, 1995 and the Code of Conduct for Credit Rating Agencies dated January 13, 2014.

Translation of Laws / regulations, guides awareness material: In order to attract investors at the grassroots level and encourage formalization and corporatization of the undocumented business sector, SECP has started translation of its laws and regulations, guide and awareness material in Urdu and local languages.

Investor Education and Awareness

Well-informed and knowledgeable investors play a vital role in the development of financial markets. They not only protect their investments in financial markets, but also add a lot of value in terms of prudent decisions. Basic knowledge and understanding of financial markets and products is critical, in particular for the public, before making any investment or long-term financial contract decision. Given the importance of educated and well-aware investors the SECP approved its first ever Investor Education Plan in 2013.

As per the approved plan SECP decided to expand its outreach to the public through virtual and physical means for increasing financial literacy. In terms of virtual presence, SECP developed its first ever web portal titled jamapunji.pk which was formally inaugurated by the honorable Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization. The web portal is a single point learning source for the existing and potential users of financial products offered in capital markets like stocks, mutual funds, pension funds and insurance industry etc. Portal's exclusive features include risk profiler, scam meter, investment check lists, quiz shows, games, calculator, stock trading simulator and information about various financial products, verification of companies.

In terms of increasing the physical out reach of jamapunji, a series of seminars at various educational institutions and corporate bodies were conducted. In order to formalize the seminar series, till date SECP has signed 10 MOUs with the leading educational institutions and conducted 50 awareness sessions for the students and employees of the corporate entities. A series of 13 radio program is also broadcasted through Riphah International University's radio channel FM 102.2 on various topics related to financial markets. In addition, SECP is also working on a research data repository to provide assistance to the academia in the field of research on capital markets.

In order to facilitate the current and potential investors in remote areas of the county, SECP has started establishing Capital Market Hubs. The first of its kind Hub is successfully established in Abbottabad to provide easy access of information and products to the capital market investors under one roof.

Mutual Funds

The total size of the industry stood at Rs.510.91 billion as on March, 31, 2016 as compared to Rs.492.23 billion on June 30, 2015, showing an increase of Rs.18.7 billion or 3.8 percent over the period. The total number of funds stood at 170 while 21 plans are being offered under six different schemes on March 31, 2016 as compared to 168 funds on June 30, 2015.

Equity funds (both Conventional and Shariah Compliant) dominated the AUMs of the industry with the largest share of the mutual fund industry i.e. 38 percent. Income funds (both Conventional and Shariah Compliant) held the second largest industry share i.e. 32 percent, followed by Money market funds (both Conventional and Shariah Compliant) with industry share of 12 percent.

The position as of March 31, 2016 in comparison to June 30, 2015, is as under:

Description	(Rs. in million)	
	March 31, 2016	June 30, 2015
Total Assets under Management of Industry	510,909	492,239
Total Number of Funds	170	168
Total number of plans under mutual funds	21	5
Total Number of AMCs/IAs	25	25
Asset Size of AMCs/IAs	35,576	31,916
Discretionary/Non-discretionary portfolio	112,944	96,609

To facilitate further growth of the mutual fund industry and to safeguard the investors' interest, SECP has prescribed detailed requirement for Asset Management Companies (AMCs) to advertise open end Collective Investment Schemes (CIS). It applies to TV interviews, (including videos on YouTube), emails, public speeches, presentations in seminars and workshops, or any other forum used by the AMC, so long it markets or conveys the performance of a CIS. The SECP reduced the liquidity requirement of maintaining 25 percent of the net assets in cash and near cash instruments to 10 percent for income schemes holding 70 percent investment in government securities to enhance the investment opportunities for sovereign funds.

Modarabas

Pakistan's modaraba concept dates back to the 1980s as the first Islamic business model set up with a statutory framework and dedicated regulations. This sector, based on Islamic principles is an important component of the Pakistani financial market. Since inception, the modarabas have played a vital role in the development and growth of Islamic modes of financing in the country in terms of declaration of highest dividend percentage to their certificate holders. Under the regulatory and monitoring supervision of the SECP, modarabas are providing a wide range of Islamic financial products and services to the masses in line with the Shari'ah principles. As on March 31, 2016, there were 32 modaraba companies and 26 modarabas were registered with the SECP, respectively. From July 1, 2015 to March 31, 2016, two new modaraba companies were registered while one new modaraba was floated and listed on the stock exchange. As on March 31, 2016, the aggregate equity of modarabas was Rs19,755 million as compared to the total equity of Rs.15,660 million as on June 30, 2015. Similarly, as on March 31, 2016, total assets of the modaraba sector stood at Rs.36,161 million as compared to the total assets of Rs.31,104 million for the period ending June 30, 2015. Out of the total 25 operational modarabas, 21 modarabas declared cash dividend.

Keeping in view, the practical difficulties and to bring operational flexibilities, the modaraba Rules, 1981 and Prudential Regulations for modaraba are being reviewed in line with international best practices. The rights of the modaraba certificates holders are being enhanced by introducing the concept of annual general meeting of the modaraba certificate holders. Moreover, possibilities for introducing new fund-raising products are underway to address the issues of resource mobilization for the modaraba sector.

Non-Banking Financial Services

Non-banking finance services are being provided by leasing companies, investment finance companies (investment banks) and housing finance companies. As on March 31, 2016, there were 9 leasing companies and 8 investment banks. Currently, no NBFC is operating as a housing finance company. The asset size of these NBFCs was Rs.54.65 billion as on March 31, 2016 as compared to Rs.50.43 billion as on June 30, 2015.

Financials of NBFCs engaged in non-banking financial services as on March 31, 2016 as compared to June 30, 2015 is as under;

Particulars	Rupees in million	
	March 31, 2016	June 30, 2015
Total Assets	54,648	50,433
Total Liabilities	42,078	40,512
Total Equity	11,392	9,711
Total Deposits	12,283	12,066

The SECP in order to ensure the development of these entities has carried out review of the entire business model and prevailing regime of non-banking financial services taking into account global best practices, as well as the interests of all the stakeholders. Consequently, SECP has embarked on the momentous task of revamping the entire regulatory structure for these NBFCs in line with best international practices. SECP is introducing new concepts in the revised regulatory regime which include significantly reduced equity requirements for non-deposit taking NBFCs, a comprehensive regulatory framework for NBFCs which desire to conduct their business in accordance with Islamic Shariah principles, a regulatory framework for NBFCs intending to engage in micro lending business, broadening the scope of housing finance companies to undertake commercial housing finance activities, and introduction of various measures such as capital adequacy ratio, capping of deposit taking activities, reduction in exposure limits, rationalizing leveraging capacity, etc. to protect the interests of the general public.

Real Estate Investment Trusts (REITs)

REITs provide investors with a small capital base to take advantage of the investment potential real estate sector offers. REIT Regulations, which provide the regulatory structure for securitization of property, were notified in year 2008. Since the individual investor does not have enough market knowledge to take the decision while investing in real estate, therefore, through REITs, Investors have the option to take exposure in rental as well as developmental REITs. SECP provided the regulatory framework to ensure investor protection, bring transparency and price discovery in the real estate sector. Furthermore, the SECP endeavors to provide a regulatory framework which is relevant in the current economic conditions. The REIT Regulations were amended in the year 2010 to address industry challenges. To overhaul the whole NBF sector the NBF Reform Committee was formed and REIT Regulations were also reviewed.

The recommendations of the Committee were debated and draft regulations are being shared with the stakeholders to get their feedback on the key issues. The new REIT Regulations are likely to bring in multiple changes in the regulatory structure like reduction in fund size, reduction of equity requirements and mandatory stake of RMC in a REIT Scheme. These regulations are likely to attract new players and invite well-maintained buildings into REITs. It is expected that these amendments will provide investors a new investment avenue, provide real estate sector a mechanism of raising funds and give boost to the capital markets activities.

The first REIT of Pakistan, namely Dolmen City REIT, was launched by Arif Habib Dolmen City REIT Management Limited (RMC), during June 2015. Dolmen City REIT is a closed ended, listed, Shariah compliant, perpetual, rental REIT scheme. The total fund size of Dolmen City REIT, as of March 31, 2016, is reported at Rs.26,477 million.

Voluntary Pension Scheme

The SECP regulates the Voluntary Pension System (VPS) in Pakistan through the VPS Rules. The regulatory regime envisages a trust structure for the investors' protection. The VPS envisages voluntary contributions by Pakistani nationals in a pension fund approved by the SECP. The amount accumulated in a pension fund during working life can be used to avail regular stream of income at retirement. The government has given tax incentives to individuals under the current tax regime to encourage savings for retired life.

Private pension funds under the 2005 Voluntary Pension System (VPS) Rules were introduced in 2007. The size of pension funds remained stagnant during the initial years mainly due to adverse market conditions, lack of awareness about the product and fiscal inconsistencies. However, since 2010 onwards, the pension funds have shown significant growth which can be attributed to favorable market conditions, positive changes in the tax regime, launch of new pension funds and increase in number of participants (investors). During January, 2015 - March, 2016, one new pension fund manager was added to the VPS industry. It is expected that with the entry of a new player in the market the potential investors will see better customer service and a better awareness of the financial product. The total assets of pension schemes have touched Rs.16.64 billion as on March 31, 2016.

CORPORATE SECTOR

Establishment of a Virtual One-Stop Shop: In order to promote investment climate in the country, a Virtual One-Stop Shop (VOSS) for business registration has been launched on the basis of an MOU signed amongst the SECP, the Federal Board of Revenue (FBR), and the Employees Old-Age Benefits Institution (EOBI). Pakistan Revenue Automation (Pvt.) Limited, a wholly-owned subsidiary of FBR, has developed the project with active assistance provided by SECP. VOSS has been designed to reduce the turnaround time for business start-up, facilitate investors, and enhance coordination of activities among the three authorities by enabling mutual sharing of information through a unified web portal. The data provided by the promoters to the SECP for incorporation of their companies will be routed through VOSS to FBR for NTN registration with FBR and to EOBI for employers' registration, without going into the hassle of providing the data separately and visiting each authority individually. The project has also been designed to merge the three processes at SECP (name availability, incorporation of company and issuance of certified true copies) to further reduce the turnaround time and hassle for the promoters.

In addition to the VOSS, the launch of physical One-Stop Shop (POSS) in the provinces has also been planned, which is being steered by GOP and for which SECP has already committed to provide its due support. MOU for the first POSS at Lahore Chamber of Commerce and Industry was signed in September, 2014 among SECP, FBR, EOBI and LCCI. An officer of SECP is available for assistance at the premises. Another MOU has been signed with Islamabad Chamber of Commerce and Industry (ICCI) on 28th September 2015.

Establishment of Facilitation Desk at Sialkot Chamber of Commerce & Industry: In order to encourage company incorporation, to facilitate / promote e-filing, and to enhance the scope of facilitation, the SECP has established facilitation desk at Sialkot with the collaboration of Sialkot Chamber of Commerce and industry.

Proposed Amendments in Companies (General Provisions & Forms) Rules, 1985: The amendments in Companies (General Provisions & Forms) Rules, 1985 have been proposed to minimize growing incidents of corporate disputes between the shareholders and the management or within the management. The proposed amendments prescribe:

i. Detailed procedure for transfer of shareholding in a private company and the returns for notification to the register of such transfer.
ii. The minimum time for acceptance of offer of right share made to the member under the Companies Ordinance, 1984.
iii. Certain documents to be filed with the register, while notifying removal of directors.

The proposed amendments have been notified in the Official Gazette for seeking public opinion in terms of section 506 of the Ordinance.

The draft Companies Bill, 2015: The SECP formed a Committee of two members to review the Companies Ordinance, 1984. The main areas focused by the Committee included providing maximum facilitation to the corporate sector, addressing practical problems noticed during the last 30 years and removing defects and unnecessary requirements along with introduction of new concepts adopted by developed jurisdictions. During the review, company laws of India, UK, Australia, New Zealand, Singapore, Hong Kong, and Malaysia were consulted. The Committee completed the initial draft in November, 2015 and presented it to the Finance Minister on Nov 28th 2015. The Draft Bill was then posted on the website of the SECP for soliciting public feedback, sent to professional bodies, bar councils, eminent professionals. Consultative sessions were also held at major cities across Pakistan for soliciting feedback of chartered accountants, cost and management accountants, lawyers, professionals, chambers of commerce and industry, institutes, corporate consultants and businessmen. Upon conclusion of the consultative sessions the feedback received was deliberated by the SECP in marathon sessions and necessary amendments were made in the draft Bill. A seminar on the draft Bill was organized at Islamabad which was presided by the Finance Minister for having feedback on the Bill.

In view of the concerns raised in the seminar by the speakers and Hon'ble Minister, the Committee has started a comprehensive review of the provisions of the draft Bill, which will be posted on the website of the SECP before finalization.

Concept paper on Limited Liability Partnership (LLP): The SECP approved a concept paper for the introduction of the concept of Limited Liability Partnership (LLP) in

Pakistan. On completion of consultative process a draft law on LLP has been prepared and forwarded to the Ministry of Finance for further processing.

E-voting Regulations 2016: The SECP has issued regulations for e-voting paving way for the shareholders to be part of the decision making process of their company through electronic means. E-voting Regulations, 2016 give the shareholders the option to vote for the businesses included in the notice of meeting from a remote location through the use of the internet. E-Voting is a further step by SECP to encourage corporate democracy and to promote good corporate governance by making use of technological advancements. It provides an opportunity to members residing in widespread area to take part in the decision making process of the company. They may or may not attend the meeting physically.

The E-voting Regulations prescribes mechanisms to make the voting process faster, transparent and cost efficient. It facilitates electronic voting on resolutions of companies in a fair and transparent manner. The counting of votes in e-voting is done through electronic means. The results are very accurate and there are no chances of error. In shareholder meetings, the participation of members will increase as they can now vote from their home or office.

Instructing companies for Implementation of UN sanction measures: During the year under review, the SECP on the advice of the Ministry of Foreign Affairs, issued various circulars instructing the companies for implementation of UN sanction measures i.e. travel restrictions, funds freeze, restrict entry and sale / transfer of arms and related material in its jurisdiction against the individuals and entities placed on the Consolidated List representing UN ISIL (Da'esh), Al-Qaida and Taliban Sanctions Lists by the United Nations Security Council's ISIL ('Da'esh), Al-Qaida and Taliban Sanctions Committees.

Direction to listed companies for appointment of independent share registrar: All listed companies have been directed vide Circular 44 of 2015 ensuring appointment of independent share registrars possessing such qualifications and performing such functions as specified by the SECP. The SECP has observed that most of the listed companies have not appointed share registrars which is a violation of the Balloters and Transfer Agents Rules, 2015 (BTA Rules) and Section 204-A(2) of the Companies Ordinance, 1984. The position of share registrar in a listed company is important to protect the interest of shareholders and provide them facilitation. The registrars of shares keep an up-to-date record of all stocks bought, which includes names of individual shareholders, their shareholdings, their addresses, and signatures amongst other salient information. Among their numerous functions also include ensuring payment of dividend to qualified shareholders when it falls due. Indemnity for lost certificates and dividend warrants forms are given upon request of holders when documents are lost or destroyed and after completion, new ones are issued.

Other Facilitation Measures undertaken

In addition to the above, some of the key measures undertaken by SECP earlier to further simplify business regime include the following:

- Modernizing the functions and improved outlook of Company Registration Offices of the Commission.
- Conducting of Seminars, workshops and meetings with concerned stakeholders.
- Holding media campaigns for investors' awareness regarding benefits of corporatization, e-Services and corporate compliance.

National Savings Schemes (NSS)

The Central Directorate of National Savings (CDNS) is playing vital role of promoting savings culture in Pakistan side by side supporting the Government of Pakistan to finance the fiscal deficit through non-bank borrowing. The product basket of National Savings Schemes (NSS) ranges from three months Short Term Savings Certificates to ten years long term Defense Savings Certificates. As of 3Ist March, 2016, the portfolio of NSS is Rs.3,197,463.25 million which constitute around 24 percent share of overall domestic debt of GoP. Scheme wise net investment is as under:-

	NATIONAL SAVING SCHEMES (NET INVESTMENT)						(Rs. Million)
	Name of Scheme	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16 (July-Mar)**
1	Defence Savings Certificates	9,748.1	7,295.5	29,892.0	12,970.8	16,183.3	4,864.6
2	National Deposit Scheme	(1.0)	(0.9)	(0.6)	(0.3)	(1.04)	(0.22)
3	Khaas Deposit Scheme	(2.6)	(0.6)	(1.2)	(0.8)	(4.25)	(2.00)
4	Special Savings Certificates (R)	43,960.6	(52,834.2)	46,401.5	57,619.6	28,547.1	1,508.4
5	Special Savings Certificates (B)	(0.7)	(0.9)	(0.3)	(0.8)	-	-
6	Regular Income Certificates	46,946.8	43,971.6	36,047.0	62,783.3	50,582.1	(10,443.4)
7	Bahbood Saving Certificates	61,731.6	52,254.5	47,622.7	53,963.0	45,927.8	38,189.0
8	Pensioners' Benefit Account	17,940.3	16,359.5	17,538.9	18,471.2	15,701.9	16,740.1
9	Savings Accounts	(625.3)	3,978.5	1,098.9	283.2	3,859.4	1,821.1
10	Special Savings Accounts	14,240.8	61,098.8	150,836.0	(53,463.7)	100,124.9	28,146.1
11	Mahana Amdani Accounts	(77.9)	(90.5)	(78.9)	(72.5)	(73.0)	(129.2)
12	Prize Bonds	41,083.4	56,324.2	56,175.4	57,058.4	75,884.6	94,119.6
13	National Savings Bonds	-	-	(3,425.6)	-	(62.6)	-
14	Short Term Saving Certificates	-	-	3,969.7	(2,628.9)	389.1	9.6
	Grand Total	**234,944.1**	**188,355.6**	**386,075.9**	**206,982.4**	**337,059.3**	**190,455.8**

- : Not available R : Registered B : Bearer Figures in Parenthesis represent negative numbers
Source : Central Directorate of National Savings

Conclusion

The performance of stock markets presented a mixed trend during first three quarters of the fiscal year. Various factors such as recession in oil prices internationally, stringent enforcement policy by the regulators of capital markets and selling pressure by the foreign funds managers have contributed to this performance. However, the PSX-100 index resumed its momentum from the start of the last quarter of the 2015-16 when PSX index witnessed all time high levels. It is believed that the recent bullish trend in stock prices is a result of Pakistan's reclassification from a frontier market to an emerging market by MSCI and to some extent rebound in oil prices. During current fiscal year, Pakistan has entered a new era of equity trading after merger of KSE, LSE and ISE into PSX. Its basic purpose is to enhance operating efficiency of Pakistan's Capital Market and to provide all players with a single, deep liquidity pool and fully integrated national trading platform.

CAPITAL MARKETS

TABLE 6.1

NATIONAL SAVINGS SCHEMES (NET INVESTMENT)

Rs. Million

	Name of Scheme	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Defence Savings Certificates	(6,976.8)	(4,317.4)	(27,411.3)	(32,493.2)	9,748.1	7,295.5	29,892.0	12,970.8	16,183.3	4,864.6
2.	National Deposit Scheme	(1.1)	0.1	(2.7)	(0.1)	(1.0)	(0.9)	(0.6)	(0.3)	(1.0)	(0.2)
3.	Khaas Deposit Scheme	(5.6)	7.0	(1.6)	(3.8)	(2.6)	(0.6)	(1.2)	(0.8)	(4.3)	(2.0)
4.	Special Savings Certificates (R)	6,667.5	13,800.6	128,469.0	61,856.6	43,960.6	(52,834.2)	46,401.5	57,619.6	28,547.1	1,508.4
5.	Special Savings Certificates (B)	(0.1)	(0.2)	(8.5)	(0.3)	(0.7)	(0.9)	(0.3)	(0.8)	-	-
6.	Regular Income Certificates	18,369.1	(273.5)	40,094.3	44,538.3	46,946.8	43,971.6	36,047.0	62,783.3	50,582.1	(10,443.4)
7.	Bahbood Savings Certificates	47,214.5	38,799.7	78,538.0	59,267.2	61,731.6	52,254.5	47,622.7	53,963.0	45,927.8	53,821.0
8.	Pensioners' Benefit Account	11,468.6	18,695.9	22,215.7	18,166.9	17,940.3	16,359.5	17,538.9	18,471.2	15,701.9	16,740.1
9.	Savings Accounts	12,825.7	8,989.1	(10,899.2)	1,021.3	(625.3)	3,978.5	1,098.9	283.2	3,859.4	1,821.1
10.	Special Savings Accounts	9,417.6	5,521.5	21,627.1	31,375.5	14,240.8	61,098.8	150,836.0	(53,463.7)	100,124.9	28,146.1
11.	Mahana Amdani Accounts	56.9	(25.0)	50.0	(195.7)	(77.9)	(90.5)	(78.5)	(72.4)	(73.0)	(129.2)
12.	Prize Bonds	9,007.3	8,277.1	14,650.0	38,556.7	41,083.4	56,324.2	56,175.4	57,058.4	75,884.6	94,119.6
13.	Postal Life Insurance	-	-	-	-	-	-	-	-	-	-
14.	National Savings Bonds	-	-	-	3,625.2	-	-	(3,425.6)	-	(62.6)	-
15.	Short Term Savings Certificates	-	-	-	-	-	-	3,969.7	(2,628.9)	389.1	9.6
	Grand Total	71,305.5	89,460.8	267,220.7	225,714.5	234,944.0	188,355.6	386,075.9	206,982.4	337,059.2	190,455.8

Note : Figures in Parenthesis represent negative numbers.

Source : Central Directorate of National Savings

R : Registered

B : Bearer

TABLE 6.2
MARK UP RATE/PROFIT RATE ON DEBT INSTRUMENTS CURRENTLY AVAILABLE IN THE MARKET

S.No. Schemes	Markup/Profit Rate	Maturity Period	Tax Status
1. Special US$ Bonds			
a) 3 year maturity	LIBOR+1.0%	The rates are effective from Sept.1999. All the special US$ Bonds have now matured, but some have not been encashed.	
b) 5 year maturity	LIBOR+1.5%		
c) 7 year maturity	LIBOR+2.0%		
2. <u>Pakistan Investment Bonds</u>			
<u>Tenor</u>	<u>Rate of Profit</u>		
3-Year Maturity	7.00% p.a	The coupon rates are applicable w.e.f April 21, 2016	
5-Year Maturity	7.75% p.a		
10-Year Maturity	8.75% p.a		
20-Year Maturity	10.75% p.a		
3. <u>Unfunded Debt</u>			
Defence Savings Certificates	7.80%p.a	10 Years	Taxable
Special Savings Certificates (R)	6.07%p.a (average)	3 Years	Taxable
Regular Income Certificates	6.632%p.a	5 Years	Taxable
Savings Accounts	4.00%p.a	Running Account	Taxable
Pensioners' Benefit Account	9.60%p.a	10 Years	Tax Exempt
Bahbood Savings Certificate	9.60% p.a	10 Years	Tax Exempt
Prize Bonds	10.00%	Bearer Instrument	Taxable
Short Term Savings Certificate (STSC)			
STSC 3 Months	5.84% p.a (m)	3 Months	Taxable
STSC 6 Months	5.86% p.a. (m)	6 Months	Taxable
STSC 12 Months	5.88% p.a. (m)	12 Months	Taxable

R : Registered p.a : Per annum
m : on maturity STSC : Short Term Savings Certificates

Source : State Bank of Pakistan
Central Directorate of National Savings

Inflation

Inflation is the rate of increase in prices of goods and services. This does not necessarily mean that all prices increased. Inflation is, therefore, describe a persistent general increase in prices. Inflation is usually given as the percentage increase in overall prices over a year. There are different measures of inflation which are commonly used in economic literature. The most frequently quoted and most widely used the Consumer Price Index (CPI).

Pakistan experienced high and volatile inflation during FY2009, where in July 2008 it increased to 24.3 percent, then in August 2008 it reached at 25.3 percent. This was on account of a sharp spike in global commodity prices which exerted strong upward pressure on domestic prices. To some extent, it also reflected the excessive public sector borrowing as well adjustments in public utility prices generated by losses in public sector enterprises, especially electricity.

The present government when came into power sternly focused to anchor inflation and focused on resolving key issues and structural reforms. As high inflation eats away the value of money and is considered bad for the economy and for the general public. Some inflation however, is considered normal for any country. The government remained successful in containing inflation at 8.62 percent in FY2014 and further to 4.53 percent in FY2015. The current fiscal year inflation during July-April FY2016 has been further contained at 2.79 percent, which is the lowest in 13 years.

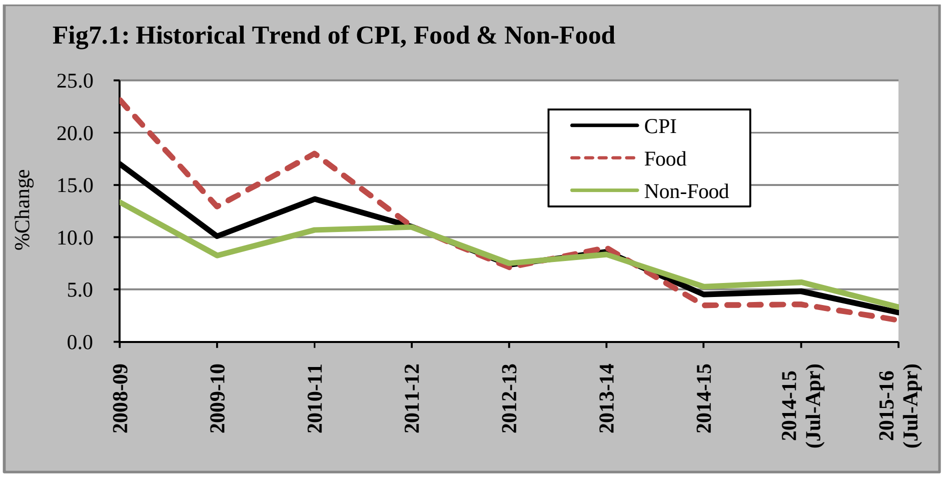
Prudent fiscal and monetary policies, stability in Pak Rupee, smooth supply of commodities in the market and monitoring of prices both at federal and provincial level along with fall in global commodity prices helped in moderating the headline inflation (CPI) and other inflationary indicators i.e. Core, Food, Non-food, SPI and WPI. The government has also passed on the benefits of lower oil prices to domestic consumers which helped in bringing the stability in prices of commodities of the CPI basket.

Table 7.1: Historical Trend in Headline Inflation

	CPI	Food	Non-Food
2008-09	17.0	23.1	13.4
2009-10	10.1	12.9	8.3
2010-11	13.7	18.0	10.7
2011-12	11.0	11.0	11.0
2012-13	7.4	7.1	7.5
2013-14	8.6	9.0	8.3
2014-15	4.5	3.5	5.3
(Jul-Apr)			
2014-15	4.8	3.6	5.7
2015-16	2.8	2.1	3.3

Source: Pakistan Bureau of Statistics (PBS)

The current FY2016 started with lower headline inflation (CPI) at 1.9 percent in July, it further lowered down to 1.8 percent in August and in September further to 1.3 percent. Thus Q1 FY2016 witnessed average inflation at 1.7 percent as compared to 7.5 percent of Q1 FY2015. During Q2 FY2016 the CPI increased to 1.6 percent in October 2015, 2.7 percent in November 2015 and 3.2 percent in December 2015. Year-on-year inflation inched up during all three months of Q2 FY2016. As a result average inflation for Q2 FY2016 reached to 2.5 percent compared to 1.7 percent in Q1 FY2016, but remained below compared to Q2 FY2015 at 4.7 percent. The reversal in Q2 FY2016 inflation was mainly due to both direct and indirect impact on food and energy group, particularly upward adjustment in petrol prices in November 2015, lag impact of depreciation of PKR during Q1 FY2016 and also pickup in prices of some commodities like mash pulse 23.9 percent, tomatoes 36.5 percent, onion 24.7 percent, gram pulse 10.7 percent, tea 9.2 percent, gas 6.4 percent and electricity 0.9 percent.



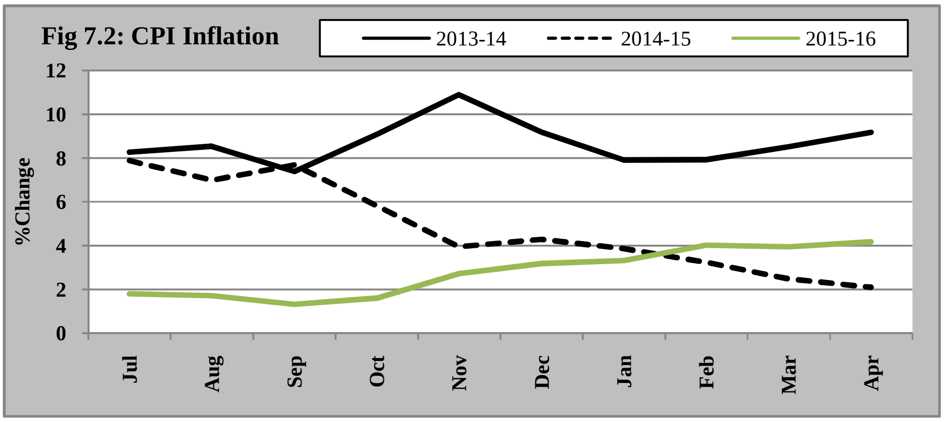
The headline inflation during Q3 FY2016 remained on average at 3.8 percent compared to 3.2 percent Q3 FY2015. This was on account of increase in prices of commodities like mash pulse 8.5 percent, sugar 3.9 percent, fresh fruit 2.8 percent, wheat 2.6 percent, doctor fee 2.5 percent, house rent 2.0 percent, milk powder 1.3 and meat 1.3 percent.

During first month of Q4 FY2016 it increased to 4.2 percent in April 2016. However, on average during July- April FY2016 it is recorded at 2.8 percent compared to 4.8 percent in July-April FY2015 and 8.7 percent FY2014. The other inflationary indicators like Sensitive Price Indicator (SPI) remained at 1.4 percent during July- April FY2016 compared to 1.9 percent FY2015 and 9.8 percent in FY2014. Wholesale Price Index (WPI) recorded at (-) 1.3 percent in FY 2016 compared to 0.03 percent in FY2015 and 8.3 percent in FY2014. The table given below presents the CPI trend on year-on-year basis.

Table 7.2: CPI Inflation

	2013-14	2014-15	2015-16
July	8.3	7.9	1.9
August	8.5	7.0	1.8
September	7.4	7.7	1.3
October	9.1	5.8	1.6
November	10.9	4.0	2.7
December	9.2	4.3	3.2
January	7.9	3.9	3.3
February	7.9	3.2	4.0
March	8.5	2.5	3.9
April	9.2	2.1	4.2
Average (Jul-Apr)	8.7	4.8	2.8

Source: Pakistan Bureau of Statistics



Impact of global prices on domestic inflation

The global crude oil prices persistently declined from July 2015. During July 2015 to April 2016, the crude oil prices declined by 24.3 percent. The government correspondingly reduced the retail prices of PoL products and passed on the benefit to the people and it also helped in softening the prices of other commodities in the CPI basket, through its spillover effects.

Table 7.3: Price of Petrol & Diesel			
Date	**Petrol (MOGAS) (Rs / Liter)**	**Petrol (E-10) (Rs / Liter)**	**Diesel (Rs / Liter)**
1-Jul-15	77.79	75.29	87.12
1-Aug-15	76.76	74.26	85.05
1-Sep-15	73.76	71.26	82.04
1-Oct-15	73.76	71.26	82.04
1-Nov-15	76.26	73.76	83.79
1-Dec-15	76.26	73.76	83.79
1-Jan-16	76.26	73.76	80.79
1-Feb-16	71.25	68.75	75.79
1-Mar-16	62.77	60.27	71.12
1-Apr-16	64.27	61.78	72.52

Consumer Price index (CPI)

Consumer headline inflation measured by CPI during July-April FY2016 averaged at 2.79 percent against 4.81 percent in the same period last year. The food group with 37.47 percent weight in CPI basket showed an increase of 2.1 percent. This was lower than the 3.6 percent observed in the corresponding period of last year. Based on the current trend, the contribution of food inflation to the overall CPI is estimated at 0.77 percentage points and non-food inflation at 2.07 percentage points as against 1.34 percentage points percent and 3.56 percentage points, respectively, in the comparable period of last year. The percentage of inflation both food and non food items increased at lower pace compared to last year.

Table 7.4: Composition of CPI Inflation (July-Apr)

Commodity	**Weights**	**% Change Inflation**		**Point Contribution**	
		2014-15	**2015-16**	**2014-15**	**2015-16**
General (CPI)	**100.00**	**4.81**	**2.79**	**4.81**	**2.79**
Food Group	**37.47**	**3.59**	**2.06**	**1.34**	**0.77**
a)Food Products, Beverages and Tobacco	34.83	2.69	0.97	0.94	0.34
b) Alcoholic Beverages	1.41	21.29	21.71	0.30	0.31
c) Restaurant & Hotels	1.23	7.54	4.82	0.09	0.06
Non-Food	**62.53**	**5.70**	**3.31**	**3.56**	**2.07**
Clothing & Foot wear	7.57	8.43	4.83	0.64	0.37
Housing, Water, Elec. Gas & other Fuel	29.41	6.57	5.04	1.93	1.48
Furnishing & Household Equip.	4.21	7.08	4.07	0.30	0.17
Health	2.19	5.84	3.39	0.13	0.07
Transport	7.20	-3.09	-7.34	-0.22	-0.53
Communication	3.22	0.24	0.35	0.01	0.01
Recreation & culture	2.03	3.80	2.18	0.08	0.04
Education	3.94	14.61	8.72	0.58	0.34
Miscellaneous	2.07	5.53	2.93	0.11	0.06
Non-Food Non Energy	**53.52**	**6.93**	**4.09**	**3.71**	**2.19**

Source: Pakistan Bureau of Statistics

Low food prices mainly emanated from the Food product, Beverages and Tobacco recorded at 0.97 percent against 2.69 percent on account of smooth supply of commodities despite floods as well vigilant monitoring of prices coupled with decline in global food commodities.

The non-food inflation at 3.31 percent during the period under review remained stable to be compared to 5.70 percent last year. Amongst the non food groups, education index increased by 8.72 percent compared to 14.61 percent of the corresponding period last year. The same declining trend followed by clothing & footwear by 4.83 percent, Housing, water, Electricity, Gas & other fuels 5.04 percent, Health 3.39 percent, Transport (-)7.34 percent and recreation 2.18 percent during July-April FY2016 compared to 8.43 percent, 6.57 percent, 5.84 percent,(-)3.09 percent and 3.80 percent respectively, of the corresponding period last year.

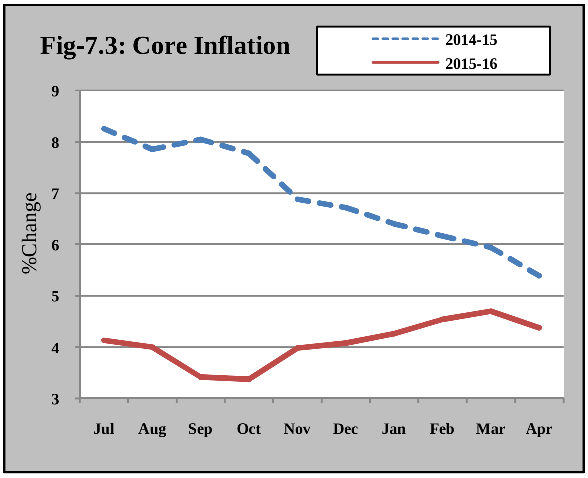
Core Inflation

Core inflation is a measure which excludes transitory or temporary prices volatility as in the case of some commodities such as food and energy prices. It covers the prices of 43 items. Core inflation is calculated using the Consumer Price Index (CPI) by excluding such commodities to gauge the actual inflation apart from temporary shocks and volatility. The State Bank of Pakistan (SBP) uses core inflation when formulating its monetary policy. Thus the effect of monetary policy on prices is reflected on core inflation with lag effect; making it a good predictor of future CPI inflation. Government borrowing is one of the key factors influencing the trend of inflation owing positive relation between government borrowing and core inflation. During July-April FY2016, average core inflation recorded at 4.1 percent compared to 6.9 percent of FY2015, 8.2 percent FY2014 and 9.9 percent FY2013. The Table 7.5 shows the core inflation trend year-on-year basis.

Table 7.5: Core Inflation

	2014-15	2015-16
July	8.3	4.1
August	7.9	4.0
September	8.1	3.4
October	7.8	3.4
November	6.9	4.0
December	6.7	4.1
January	6.4	4.3
February	6.2	4.5
March	5.9	4.7
April	5.4	4.4
Average (Jul-Apr)	**6.9**	**4.1**

The decline in government sector borrowing during (July-March) FY2016 at 6.26 percent against 6.75 percent in the comparable period has resulted in decline of core inflation to 4.1 percent during (July-April) FY2016 compared 6.9 percent in the same period last year. The retirement of Rs. 534.584 billion by the government to SBP during the period under review also helped in lowering down core inflation.



Inflation by Income Group

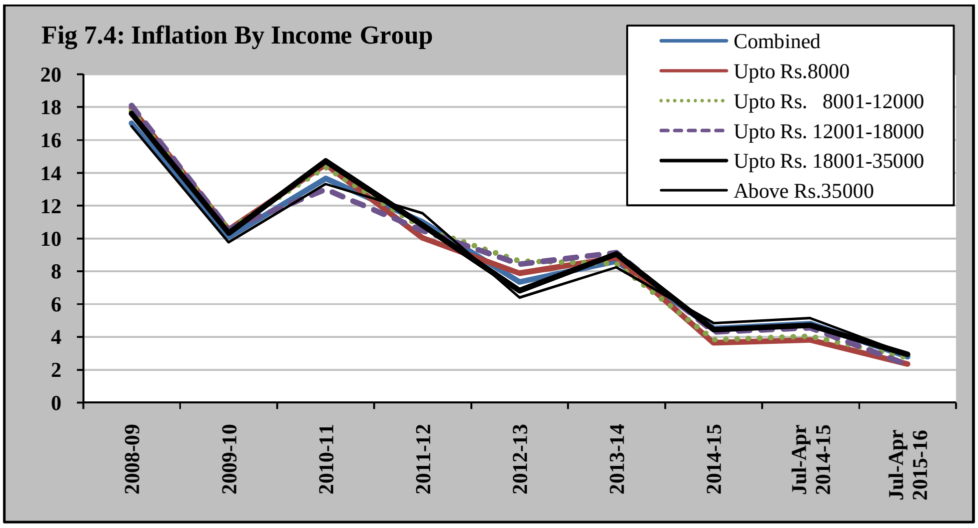
The Consumer price Index is constructed for five income groups (a) Upto Rs.8000 (b) Upto Rs.8001-12000 (c) Upto Rs. 12001-18000 (d) Upto Rs. 18001-35000 (e) Above Rs.35000.

During July-April FY2016, the variation in the indices for these various income groups shows a consistent pattern of movement from lower to higher income groups. In other words, the lowest income groups recorded smaller increase while the highest income group recorded the highest increase. Their comparative position is given in the following Table 7.6.

Table 7.6: Inflation by Consumer Income Groups (Base Year 2007-08=100)

	Combined	Upto Rs.8000	Upto Rs. 8001-12000	Upto Rs. 12001-18000	Upto Rs. 18001-35000	Above Rs.35000
2008-09	17.0	18.0	17.8	18.1	17.6	16.8
2009-10	10.1	10.5	10.5	10.6	10.3	9.8
2010-11	13.7	14.5	14.3	13.0	14.7	13.3
2011-12	11.0	10.0	10.6	10.5	10.8	11.5
2012-13	7.4	7.9	8.6	8.4	6.8	6.4
2013-14	8.6	8.8	8.5	9.1	9.1	8.3
2014-15	4.5	3.7	3.8	4.3	4.4	4.8
Jul-Apr						
2014-15	4.8	3.8	4.0	4.6	4.7	5.2
2015-16	2.8	2.4	2.8	2.5	2.9	3.0

Source: Pakistan Bureau of Statistics



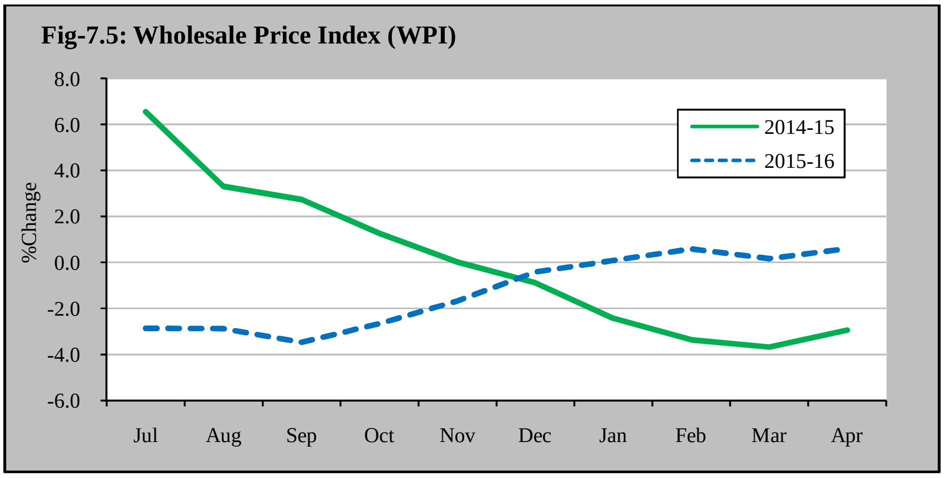
Wholesale Price Index (WPI)

Wholesale Price Index (WPI) covers the prices of 463 items. Their prices are influenced immediately by trend in imports prices and local production. On average basis, there has been a constant decline in WPI over the last 10 months due to lower fuel and other commodity prices in global market which fed into domestic wholesale prices. The increase in supply in local wholesales market stemmed from easy imports, coupled with better local production resulted decline in WPI. The wholesale prices of 463 items collected from 21 cities and 21 markets have been divided into five (05) groups. The WPI year-on-year basis showing the trend given below.

Table 7.7: Wholesale Price Index (WPI)

	2014-15	2015-16
July	6.6	-2.9
August	3.3	-2.9
September	2.7	-3.5
October	1.3	-2.7
November	0.02	-1.7
December	-0.9	-0.4
January	-2.4	0.1
February	-3.4	0.6
March	-3.7	0.2
April	-2.9	0.6
Average (Jul-Apr)	0.03	-1.29

Source: Pakistan Bureau of Statistics



The following Table 7.8 shows the trend of various wholesale price groups.

Table 7.8: Wholesale Price Index

Commodity	Weights	(%) Change (July –Apr)		Impact	
		2014-15	2015-16	2014-15	2015-16
General (WPI)	100.00	0.03	-1.29	0.03	-1.29
Agriculture Forestry & Fishery	25.77	0.87	2.28	0.22	0.59
Non-Food	68.89	-1.26	-3.23	-0.87	-2.22
Ores & Minerals	12.04	2.30	0.37	0.28	0.04
Food Products, Beverages	31.11	3.08	3.10	0.96	0.96
Other Transportable Goods	22.37	-7.17	-13.37	-1.60	-2.99
Metal Products Machinery	8.71	2.91	-0.86	0.25	-0.07

Source: Pakistan Bureau of Statistics (PBS)

During July-April FY2016 the WPI reported at (-)1.29 percent compared 0.03 percent of last year. Movement of various groups of WPI shows the highest decline (13.4 percent) in transportable goods on account of decline in Motor sprit 18.8 percent, Diesel oil 26.8 percent, Kerosene oil 40.1 percent and Furnace oil 48.2 percent.

However, forty (40) Non-food items scattered in various non-food groups of WPI have recorded increase in their prices and contributed 0.58 percent to the overall WPI increase. The details are given in Table 7.9.

Table 7.9: (%) Change in prices of non-food major items of WPI

Items	Weight	% change July-Apr (2015-16)	Impact
Matches	0.05	13.56	0.01
Woolen Carpets	0.04	13.43	0.01
Pesticides	0.28	11.66	0.03
Woven Fabrics	0.01	9.93	0.00
Timber	0.02	9.74	0.00
Ceramics And Sanitary	0.02	6.60	0.00
Plastic Products	0.46	6.53	0.03
Quilts	0.00	6.18	0.00
Glass Sheets	0.21	5.70	0.01
Silk And Reyon Fabrics	0.74	5.47	0.04
Other Fabrics	1.10	5.31	0.06
Hosiery Products	0.88	4.71	0.04
Other Glass Articles	0.16	4.70	0.01
Ready Made Garments	1.06	4.69	0.05
Bricks Blocks And Tiles	0.16	4.61	0.01
Blankets	0.00	4.42	0.00
Paints & Varnishes	0.19	3.97	0.01
Electrical Wires	0.09	3.91	0.00
Towels	0.12	3.90	0.00
Bed Foams	0.00	3.82	0.00
Medicines	1.14	3.10	0.04
Air Conditioners	0.00	2.99	0.00
Bed Sheets	0.09	2.74	0.00
Pipe Fittings	0.08	2.45	0.00
Leather With Out Hairs	0.30	2.45	0.01
Synthetic Carpets	0.06	2.31	0.00
Salt & Pure Sodium Chloride	0.06	2.07	0.00

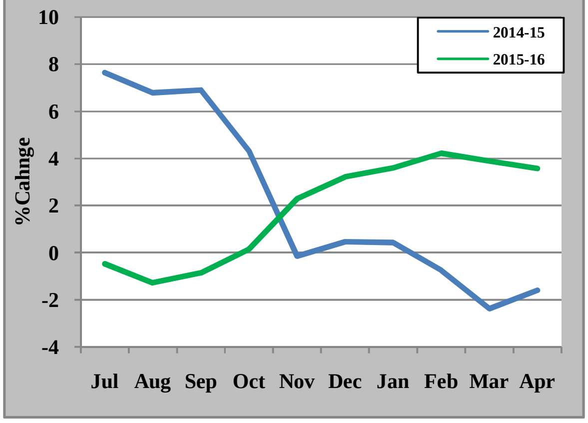
Table 7.9: (%) Change in prices of non-food major items of WPI			
Items	**Weight**	**% change July-Apr (2015-16)**	**Impact**
Natural Gas Liquefied	5.74	2.04	0.12
Footwear	0.16	1.82	0.00
Soaps & Detergent	0.82	1.76	0.01
Cotton Fabrics	0.63	1.45	0.01
Dying Materials	0.15	1.25	0.00
Steel Products	0.39	1.21	0.00
Refrige,Wash& Sew Mach,Iron	1.16	1.11	0.01
Bicycles	3.35	0.91	0.03
Lighting Equipments	1.44	0.59	0.01
Motor Vehicles	0.02	0.50	0.00
Electrical Energy	5.49	0.34	0.02
Auto Tyres	0.27	0.06	0.00
Engines And Motors	0.00	0.05	0.00
Total	26.96	-	0.58
Source: Pakistan Bureau of Statistics (PBS)			

Sensitive Price Indicator (SPI)

SPI monitors the prices of 53 most essential items taken from 17 different urban centers and reported every week. The trend of this index is monitored regularly and immediate measures are taken to control fluctuation in prices. The SPI year-on-year basis in FY2016 remained volatile as presented in Table-7.10 given below.

Table 7.10: Sensitive Price Indicator (SPI)		
	2014-15	**2015-16**
July	7.6	-0.5
August	6.8	-1.3
September	6.9	-0.8
October	4.3	0.2
November	-0.1	2.3
December	0.5	3.2
January	0.4	3.6
February	-0.7	4.2
March	-2.4	3.9
April	-1.6	3.6
Average (Jul-Apr)	2.10	1.80
Source: Pakistan Bureau of Statistics		

Fig 7.6 Sensitive Price Indicator (SPI)



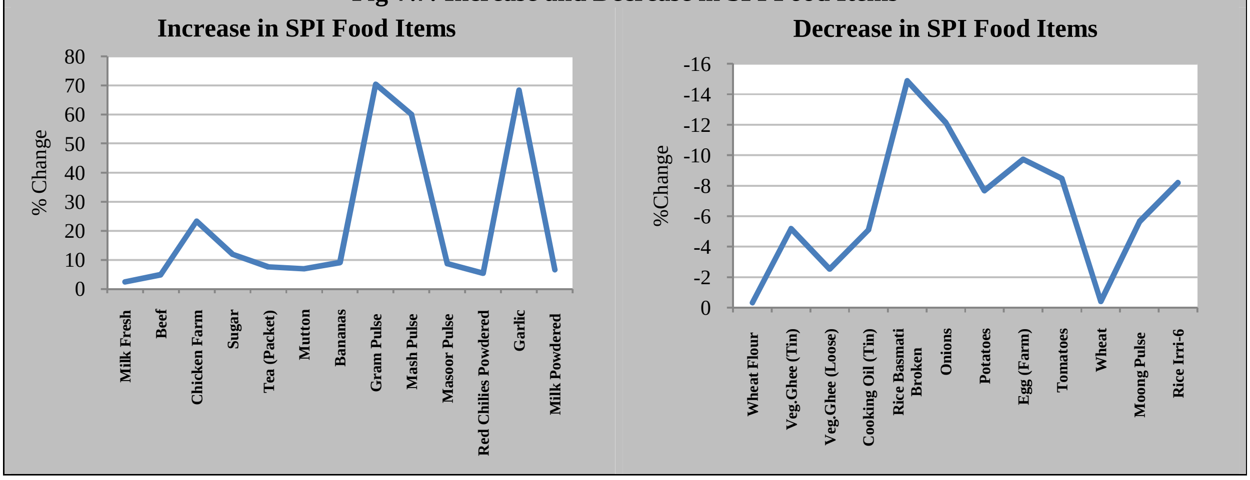
The annualized increase in SPI during July-April FY2016 was recorded at 1.80 percent against 2.10 percent in the same period last year. The 12 major food items like rice basmati, onion, tomatoes, potatoes, wheat, eggs, cooking oil etc. having a weight of 27.27 percent contributed (-)1.18 percent in SPI. The other 13 major food items included garlic, pulses, tea, sugar, chicken, milk fresh and meat etc. having a weight of 35.61 percent contributed 3.30 in SPI.

Table 7.11: (%) Change in prices of major items of SPI			
Items	**Weight SPI Comb.**	**(% change) Apr 16/ Apr 15**	**Contribution**
Decrease in Food Items			
Rice Basmati Broken	1.90	-14.88	-0.28
Onions	1.42	-12.12	-0.17
Egg (Farm)	1.19	-9.73	-0.12

Table 7.11: (%) Change in prices of major items of SPI			
Items	**Weight SPI Comb.**	**(% change) Apr 16/ Apr 15**	**Contribution**
Tomatoes	1.18	-8.47	-0.10
Rice Irri-6	0.19	-8.21	-0.02
Potatoes	1.25	-7.67	-0.10
Moong Pulse	0.61	-5.63	-0.03
Veg.Ghee (Tin)	2.71	-5.19	-0.14
Cooking Oil (Tin)	2.30	-5.13	-0.12
Veg.Ghee (Loose)	2.71	-2.53	-0.07
Wheat	0.91	-0.40	0.00
Wheat Flour	10.90	-0.33	-0.04
Total	27.27	**-**	**-1.18**
Increase in Food Items			
Gram Pulse	0.62	70.41	0.44
Garlic	0.36	68.32	0.25
Mash Pulse	0.55	59.98	0.33
Chicken Farm	3.56	23.27	0.83
Sugar	2.73	12.02	0.33
Bananas	1.39	9.11	0.13
Masoor Pulse	0.49	8.67	0.04
Tea (Packet)	2.15	7.56	0.16
Mutton	2.10	6.96	0.15
Milk Powdered	0.12	6.65	0.01
Red Chilies Powdered	0.44	5.39	0.02
Beef	4.27	4.88	0.21
Milk Fresh	16.84	2.44	0.41
Total	**35.61**		**3.30**

Source: Pakistan Bureau of Statistics (PBS)

Fig-7.7: Increase and Decrease in SPI Food Items



International Prices

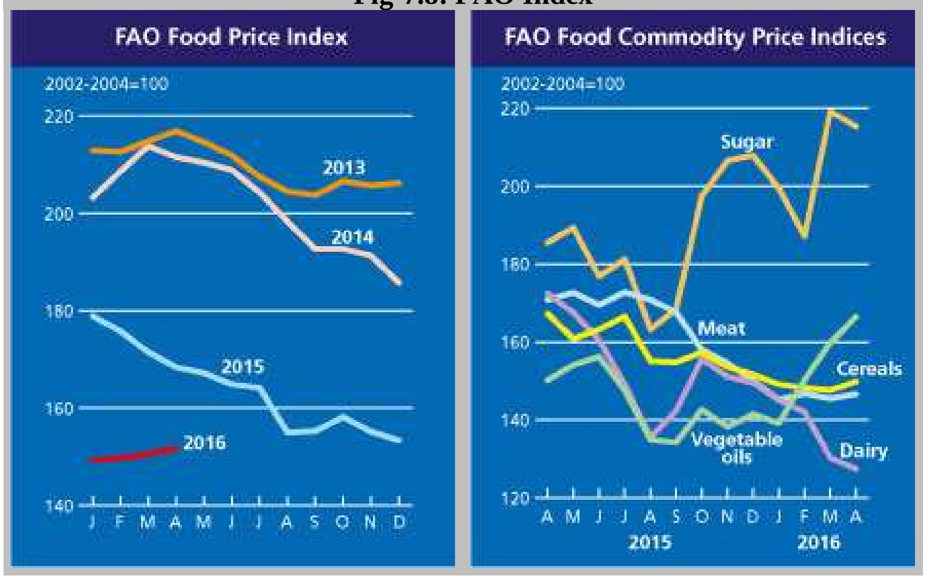
There has been a upward/downward trend observed in international commodity prices like palm oil and soyabean oil increased by 13.9 and 6.0 percent since July 2015. Prices of sugar increased by 21.4 percent since July 2015. However, the prices of crude oil, wheat, tea and DAP declined by 24.3 percent, 5.0 percent, 16.7 percent and 23.7 percent respectively, during the same period.

Table 7.12: International Prices of Major Commodities							
	Sugar $/Ton	Palm Oil ($/Ton)	Soyabean Oil ($/Ton)	Crude Oil ($/Brl)	Wheat ($/Ton)	Tea $/Ton	DAP $/MT
Jul-15	280.0	635.0	751.0	55.9	197.4	3000.0	469.0
Aug-15	250.0	549.0	730.0	47.0	179.8	2880.0	464.0
Sep-15	260.0	538.0	727.0	47.2	172.7	2690.0	460.0
Oct-15	310.0	583.0	742.0	48.1	172.7	2790.0	442.0
Nov-15	320.0	558.0	726.0	44.4	176.9	2770.0	416.0
Dec-15	320.0	568.0	761.0	37.7	173.7	2720.0	400.0
Jan-16	310.0	566.0	727.0	30.8	193.3	2500.0	385.0
Feb-16	290.0	640.0	758.0	33.2	187.0	2310.0	355.0
Mar-16	340.0	686.0	761.0	39.1	191.2	2280.0	360.0
Apr-16	340.0	723.0	796.0	42.3	187.5	2500.0	358.0
%change							
Apr-16/Jul-15	**21.4**	**13.9**	**6.0**	**-24.3**	**-5.0**	**-16.7**	**-23.7**
Source: Commodities Price Pink Sheet							

FAO Food Index:

According to FAO 2016, global food prices increased on account of strong rebound in sugar prices combined with a further increase in vegetable oil, more than offset a plunge in diary values. Wheat prices averages slightly lower as a result of strong competition and a generally favorable supply outlook in the new season. International Palm oil prices surged for the second consecutive month on concerns about stagnating global production in 2016, following prolonged dry weather in Malaysia and Indonesia. While prices for all dairy commodities fell, butter and cheese were the most affected reflecting a build-up of stocks in the major exporting countries. The sharp increase in sugar prices on account of recent heavy rain in Brazil (the world's largest producer) and also use of raw sugar for the production of ethanol in Brazil also boosted prices.

Fig-7.8: FAO Index



Regional Countries Inflation

Inflation rate varied among regional countries. Pakistan's current inflation 4.2 percent in April 2016 is lower relative to other regional countries. Pakistan food inflation is at 4.7 percent compared with 6.3 percent in India and 3.8 percent in Bangladesh.

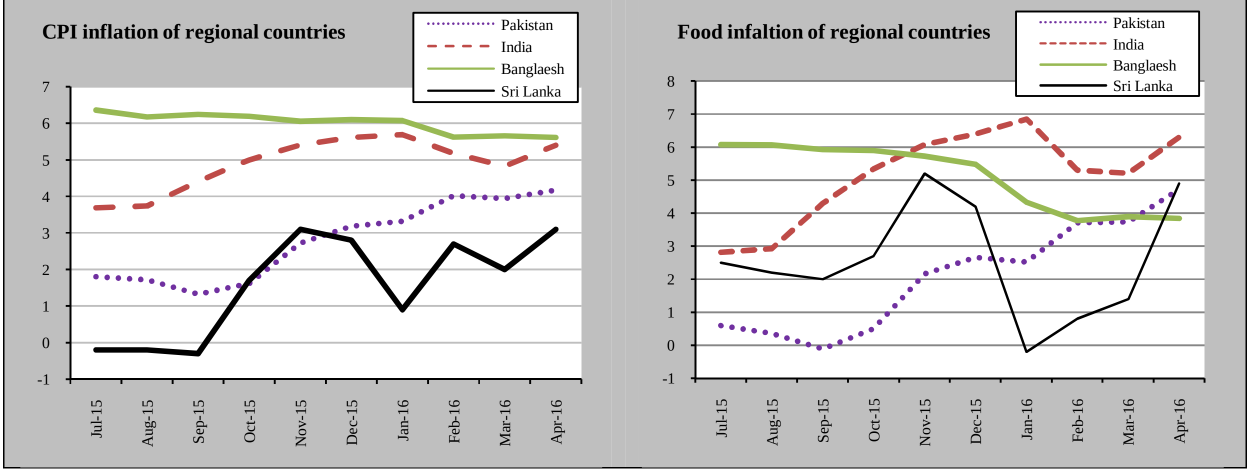
The variation in inflation was on account of varied reasons like macro-economic stability, monetary policy, international prices, weather, climate condition and variation in pattern of consumption. Trend and level of inflation is indicated in Table 7.13.

Table 7.13: Regional Inflation

Period	Pakistan			India			Bangladesh			Sri-Lanka		
	CPI	Food	Non-Food	CPI	Food	Non-Food	CPI	Food	Non-Food	CPI	Food	Non-Food
Jul-15	1.9	0.6	2.7	3.7	2.8	5.4	6.4	6.1	6.8	-0.2	2.5	-2.5
Aug-15	1.8	0.4	2.7	3.7	2.9	5.8	6.2	6.1	6.4	-0.2	2.2	-2.3
Sep-15	1.3	-0.1	2.4	4.4	4.3	5.3	6.2	5.9	6.7	-0.3	2.0	-2.2
Oct-15	1.6	0.5	2.4	5.0	5.3	5.3	6.2	5.9	6.7	1.7	2.7	0.8
Nov-15	2.7	2.2	3.1	5.4	6.1	5.3	6.1	5.7	6.6	3.1	5.2	1.1
Dec-15	3.2	2.7	3.6	5.6	6.4	5.5	6.1	5.5	7.1	2.8	4.2	1.5
Jan-16	3.3	2.5	3.9	5.7	6.9	5.3	6.1	4.3	8.7	0.9	-0.2	2.0
Feb-16	4.0	3.7	4.2	5.2	5.3	4.6	5.6	3.8	8.5	2.7	0.8	4.6
Mar-16	3.9	3.7	4.1	4.8	5.2	3.4	5.7	3.9	8.4	2.0	1.4	2.5
Apr-16	4.2	4.7	3.8	5.4	6.3	3.0	5.6	3.8	8.3	3.1	4.9	1.7

Source: Central Banks of respective countries

Fig-7.9: Inflation in Regional Countries



National Price Monitoring Committee:

National Price Monitoring Committee (NPMC) has been constituted on 24th January, 2011 under the chairmanship of Secretary Finance Division, comprising Ministry of Commerce, Ministry of Industries, Ministry of National Food Securities & Research and Secretaries of the concerned departments of provincial governments. NPMC has been mandated to (i) assess the demand and supply of key commodities (ii) to take / propose corrective measures as necessary. The Committee meets regularly where price and supply situation of essential items are reviewed. The present government is keeping a close watch on the movement of the prices of essential consumer items which is evident that Federal Minister for Finance Chairs the NPMC meeting regularly. The committee focused on bringing price stability through monitoring the supply position and keeping a close watch on price movement among the provinces and ICT.

Provincial governments also monitor the prices and supply of essential items and take various proactive measures to bring stability in prices for the benefit of common man in the country. The provincial governments have also activated their District Price Control Committees to check and maintain the prices and established Sasta Bazars for the consumer where they get essential food items at reasonable rates. The Competition Commission of Pakistan (CCP) is actively working on to control hoarding, profiteering and breaking cartelization in essential food commodities to protect consumers from anti competitive practices in compliance of Minister of Finance direction. It may be pertinent to mention that the Commission has in the past taken action against cartels and abuse of dominant position by undertakings in the food sector these include actions against Pakistan Sugar Mills Association, Pakistan Poultry Association, and Pakistan Vanaspati Manufacturers Association etc. Apart from essential commodities, the Commission is also undertaking a number of probes/inquiries in the food sector or sectors that would have an impact on food prices. These include:

a) Infant formula milk and Cerelac;
b) Packaged milk;
c) Poultry feed;
d) Transportation fares (for passengers as well as freight); and
e) Lubricants

Sasta Bazar Prices

A wide variation is observed in prices of 19 selected items in Sasta Bazars held in Islamabad and Four (4) provinces to compare with prices of these items in open market. Items with significant decline in their prices noted in almost all Sasta Bazars include tomatoes, onion, potatoes, garlic, masoor pulse, gram pulse, vegetable ghee (loose) and rice irri-6 due to their improved availability in these markets.

Table 7.14: Comparison of Prices of Kitchen Items in Sasta Bazar and Open Market

S.#	Commodity	Unit	ISLAMABAD			PUNJAB			SINDH			K.P.K			BALOCHISTAN		
			Sasta/Itwar/Sahulat Bazar Price 15.05.2016	Open Mareket Prices 12-05-2016	Difference (Sasta bazar -Open market) (in Rs.)	Sasta/Itwar/Sahulat Bazar Price 15.05.2016	Open Mareket Prices 12-05-2016	Difference (Sasta bazar-Open market) (in Rs.)	Sasta/Itwar/Sahulat Bazar Price 15.05.2016	Open Mareket Prices 12-05-2016	Difference (Sasta bazar-Open market) (in Rs.)	Sasta/Itwar/Sahulat Bazar Price 15.05.2016	Open Mareket Prices 12-05-2016	Difference (Sasta bazar-Open market) (in Rs.)	Prices Notified by DC Quetta on 24-03-2016	Open Mareket Prices 12-05-2016	Difference (Prices Notified by DC Open market)
1	Wheat Flour Av. Qlt.	10 Kg	380.00	383.75	-3.75	352.81	363.24	-10.43	N.A	411.54	**N.A**	NA	374.17	**NA**	400.00	400.00	0.00
2	Rice Basmati Broken	Kg	70.00	76.25	-6.25	52.60	57.05	-4.45	62.50	68.75	-6.25	55.00	65.83	-10.83	105.00	65.00	**40.00**
3	Rice irri-6	Kg	52.50	60.00	-7.50	38.88	47.18	-8.31	42.00	43.31	-1.31	40.00	40.75	-0.75	N.A	50.00	**N.A**
4	Chicken Farm	Kg	170.00	176.06	-6.06	159.00	158.90	0.10	N.A	157.50	**N.A**	178.00	174.00	**4.00**	N.A	175.00	**N.A**
5	Egg (Farm)	Doz	67.00	75.63	-8.63	64.33	68.79	-4.46	N.A	70.85	**N.A**	75.00	77.00	-2.00	N.A	85.00	**N.A**
6	Cooking Oil (Tin)	2.5 Ltr.	445.00	445.00	0.00	435.00	453.43	-18.43	N.A	468.00	**N.A**	445.00	445.00	0.00	N.A	445.00	**N.A**
7	Veg.Ghee (Tin)	2.5 Kg	440.00	440.00	0.00	429.50	442.71	-13.21	N.A	453.00	**N.A**	440.00	440.00	0.00	N.A	430.00	**N.A**
8	Veg.Ghee (Loose)	Kg	140.00	143.75	-3.75	133.32	140.43	-7.11	140.00	140.10	-0.10	145.00	153.33	-8.33	130.00	125.00	**5.00**
9	Bananas	Doz	100.00	152.50	-52.50	73.57	85.60	-12.03	65.00	66.54	-1.54	60.00	85.00	-25.00	N.A	60.00	**N.A**
10	Masoor Pulse	Kg	150.00	168.13	-18.13	141.83	153.78	-11.94	146.50	148.46	-1.96	125.00	138.33	-13.33	135.00	170.00	-35.00
11	Moong Pulse	Kg	155.00	175.31	-20.31	139.67	157.47	-17.81	163.00	166.54	-3.54	127.50	142.33	-14.83	185.00	180.00	**5.00**
12	Mash Pulse	Kg	282.50	288.13	-5.63	253.00	277.70	-24.70	262.00	272.31	-10.31	255.00	276.67	-21.67	260.00	285.00	-25.00
13	Gram Pulse	Kg	140.00	153.75	-13.75	122.57	140.92	-18.35	145.00	149.62	-4.62	122.50	135.83	-13.33	135.00	160.00	-25.00
14	Potatoes	Kg	18.80	32.50	-13.70	17.14	21.67	-4.53	18.00	18.85	-0.85	20.00	23.33	-3.33	N.A	16.00	**N.A**
15	Onions	Kg	26.80	50.00	-23.20	26.29	33.19	-6.90	25.00	30.00	-5.00	30.00	38.33	-8.33	N.A	30.00	**N.A**
16	Tomatoes	Kg	18.00	39.38	-21.38	16.50	20.59	-4.09	25.00	24.23	0.77	25.00	25.00	0.00	N.A	20.00	**N.A**
17	Sugar	Kg	65.00	67.38	-2.38	62.54	64.11	-1.58	62.50	63.23	-0.73	64.00	64.83	-0.83	N.A	65.00	**N.A**
18	Red Chillies Powdered	Kg	290.00	326.25	-36.25	232.57	266.50	-33.92	312.50	326.25	-13.75	200.00	230.00	-30.00	N.A	310.00	**N.A**
19	Garlic	Kg	150.00	290.00	-140.00	164.00	204.35	-40.35	170.00	171.92	-1.92	130.00	153.33	-23.33	N.A	190.00	**N.A**

Source: Pakistan Bureau of Statistics

Regional Situation of Prices:

Prices of essential consumer items prevailing on 12th May 2016 in Pakistan indicates that in comparison with the regional countries Pakistan is the lowest in 12 items out of 23 items like Wheat, Wheat Flour, Chicken farm, Petrol, Diesel, Rice Basmati, Vegetable ghee, Eggs, Masoor pulse, Mash pulse, Beef and Sugar than those of other regional countries. Second lowest in 7 items like Milk Fresh, Mutton, Moong Pulse, Red Chilies, Onion, Gram Pulse, Tomatoes and third lowest in 4 items like Potatoes, DAP, Tea and Urea. The variations in 23 items in Pakistan as against other regional countries are indicated in the Table below. The large variation in prices of some specific items like meat and poultry products is due to different consumption pattern and socio cultural variation.

Table 7.15: Regional Prices Comparison **(Pak Rs.)**

Items	Units	Islamabad 12-05-2016	New Delhi 27-04-2016	Dhaka 27-04-2016	Ranking
Wheat	Kg	34	40	48	1
Wheat Flour	Kg	38	56	62	1
Chicken farm	Kg	176	320	201	1
Petrol	Ltr	64	98	133	1
Diesel	Ltr	72	83	91	1
Rice Basmati	Kg	76	192	244	1
Vegetable ghee	Kg	144	152	--	1
Eggs	Doz	76	80	141	1
Sugar	Kg	67	77	75	1
Masoor Pulse	Kg	168	176	422	1
Mash Pulse	Kg	288	320	--	1
Beef	Kg	339	352	578	1
Milk Fresh	Ltr	96	80	101	2
Mutton	Kg	733	673	846	2
Moong Pulse	Kg	175	208	168	2
Red Chilies	Kg	326	224	510	2
Onion	Kg	50	32	59	2
Gram Pulse	Kg	154	192	126	2
Tomatoes	Kg	39	32	48	2
Potatoes	Kg	32	24	32	3
DAP	50 Kg	2944*	1890	1679	3
Tea	Kg	789	657	502	3
Urea	50 Kg	1819*	464	1075	3

Source: Pakistan Bureau of Statistics
*: National Average

Conclusion:

Inflation in Pakistan is more stable. The current trend of inflation suggests that inflation will be contained much below the targeted inflation at 6 percent during FY2016 going forward. The government is successful in creating a balance between global and domestic prices to ensure the stability in prices. Though the fall in oil prices was one of the major factors behind the recent decline in inflation, other factors like smooth supply of major commodities also contributed in softening CPI inflation. Moreover, a stable exchange rate, effective monetary and fiscal policy also played a key role to anchored the inflation.

INFLATION

TABLE 7.1 (A)

PRICE INDICES

A. COMBINED CONSUMER PRICE INDEX BY GROUPS

Groups/ Fiscal Year	General	Food Beverages & Tobacco	Apparel Textile & Footwear	House Rent	Energy	Household Furniture, Equipments etc.	Transport & Communication	Recreation Entertainment	Education	Cleaning, Laundry & Personal Appearance	Medicare
(Base Year : 2000-01 = 100)											
2000-01	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2001-02	103.54	102.50	103.23	102.80	107.76	103.80	103.80	106.30	104.97	102.50	102.37
2002-03	106.75	105.40	106.75	103.80	118.39	105.29	105.29	107.21	109.72	103.37	105.59
2003-04	111.63	111.74	109.69	108.20	120.26	115.72	115.72	106.08	114.19	111.29	106.89
2004-05	121.98	125.69	112.98	120.42	128.46	117.33	120.18	105.86	117.55	115.90	107.94
2005-06	131.64	134.39	117.58	132.36	147.24	124.25	130.99	105.65	125.03	119.49	110.66
2006-07	141.87	148.21	123.70	141.21	156.65	131.64	134.63	105.76	133.82	124.55	120.91
2007-08	158.90	174.36	133.79	154.47	165.17	141.08	138.66	107.86	140.88	138.28	132.23
2008-09	191.90	215.69	152.82	180.90	198.92	159.58	192.55	120.00	165.27	163.17	147.25
2009-10	214.41	242.59	162.49	205.88	226.90	169.76	204.15	127.09	185.74	180.52	157.02
2010-11	244.26	286.15	181.97	220.90	261.67	187.04	233.52	139.63	197.14	203.16	180.67

Groups/ Fiscal Year	General	Food & Non Alcholic Beverages	Beverages & Tobaco	Clothing & Foot wear	Housing, Water, Elec.Gas & Fuel	Household Equipment & Repair Maintenance	Health	Transport	Communication	Recreation & Culture	Eduction	Restaurant & Hotels	Miscellaneous
(Base Year : 2007-08 = 100)													
2008-09	117.03	123.13	113.64	111.74	112.01	115.97	108.03	125.15	105.59	114.27	108.15	123.53	117.65
2009-10	128.85	139.05	136.71	119.22	122.14	123.93	114.33	132.79	109.65	127.87	119.39	140.36	133.63
2010-11	146.45	164.10	151.64	133.35	135.27	135.59	123.79	149.01	122.47	134.62	128.17	164.04	152.45
2011-12	162.57	182.20	165.01	153.45	146.17	160.28	137.97	171.39	122.94	145.35	143.83	185.82	181.47
2012-13	174.53	195.18	191.02	175.58	151.34	179.87	156.56	186.43	126.16	169.07	156.69	203.63	199.49
2013-14	189.58	212.74	223.38	198.01	164.60	195.85	167.15	195.15	129.76	183.77	172.57	228.61	210.15
2014-15	198.16	220.20	269.93	213.82	174.93	208.68	176.19	187.22	130.09	190.29	196.40	244.58	221.13
Jul-Apr													
2014-15	197.74	219.73	266.54	212.97	174.37	208.17	175.75	189.14	130.05	189.75	193.84	243.73	220.71
2015-16	203.25	224.25	324.42	223.25	183.16	216.63	181.71	175.24	130.51	193.89	210.74	255.49	227.17

Note: i) CPI 1990-91 base year series converted into base year 2000-01. (Contd.)

ii) The base for prices indices have been changed as 2007-08 new base year and different new groups have been included. Therefore, data may differ from the previous one.

TABLE 7.1 (B)

PRICE INDICES (HEADLINE & CORE INFLATION)

Year	Indices				Headline & Core Inflation			
	General	Food	Non-Food	*Core	General	Food	Non-Food	*Core
	(Base Year : 2000-01 = 100)							
2000-01	100.00	100.00	100.00	100.00	4.41	3.56	5.09	4.2
2001-02	103.54	102.50	104.28	103.76	3.54	2.44	4.28	2.0
2002-03	106.75	105.40	107.66	106.43	3.10	2.89	3.24	2.5
2003-04	111.63	111.74	111.55	110.43	4.57	6.01	3.62	3.8
2004-05	121.98	125.69	119.47	117.95	9.28	12.48	7.10	6.8
2005-06	131.64	134.39	129.77	126.82	7.92	6.92	8.63	7.5
2006-07	141.87	148.21	137.58	134.35	7.77	10.28	6.02	5.9
2007-08	158.90	174.36	148.45	145.60	12.00	17.65	7.90	8.4
2008-09	191.90	215.69	175.81	171.18	20.77	23.70	18.45	17.6
2009-10	214.41	242.59	195.36	190.03	11.73	12.47	11.12	11.0
2010-11	244.26	286.15	215.94	208.42	13.92	17.95	10.53	9.7
	(Base Year : 2007-08 = 100)							
2008-09	117.03	123.13	113.37	111.38	17.03	23.13	13.37	11.38
2009-10	128.85	139.05	122.73	119.79	10.10	12.93	8.26	7.55
2010-11	146.45	164.10	135.87	131.03	13.66	18.02	10.71	9.38
2011-12	162.57	182.20	150.81	144.78	11.01	11.03	11.00	10.49
2012-13	174.53	195.18	162.16	158.62	7.36	7.12	7.53	9.56
2013-14	189.58	212.74	175.69	171.82	8.62	9.00	8.35	8.32
2014-15	198.16	220.20	184.95	183.08	4.53	3.50	5.27	6.55
Jul-Apr								
2014-15	197.74	219.73	184.55	182.48	4.81	3.59	5.70	6.94
2015-16	203.25	224.25	190.67	189.94	2.79	2.06	3.31	4.09

Note: i) CPI 1990-91 base year series converted into base year 2000-01.
ii) Core Inflation is defined as overall inflation adjusted for food and energy.

TABLE 7.1 (C)

PRICES INDICES

Groups/ Fiscal Year	B. Wholesale Price Index by Groups						Sensitive Price Indi-cator	GDP Deflator
	General	Food	Raw Materials	Fuel, Lighting & Lubricants	Manufac-tures	Building Materials		
	(Base Year : 2000-01 = 100)							
2000-01	100.00	100.00	100.00	100.00	100.00	100.00	100.00	108.02
2001-02	102.01	101.95	100.31	103.14	101.87	101.10	103.37	110.71
2002-03	107.77	105.62	115.51	115.95	103.67	102.90	107.06	115.61
2003-04	116.29	112.99	135.12	119.23	111.83	126.48	114.38	124.55
2004-05	124.14	125.03	110.44	138.01	113.05	143.79	127.59	133.30
2005-06	136.68	133.78	121.93	174.57	116.27	144.18	136.56	100.00 *
2006-07	146.17	145.67	138.85	184.10	119.91	151.93	151.35	107.28
2007-08	170.15	173.27	156.57	223.34	128.33	177.18	176.78	121.13
2008-09	201.10	213.54	184.45	258.96	140.67	213.00	218.16	146.18
2009-10	226.49	239.01	238.11	296.48	154.94	201.40	247.22	161.89
2010-11	279.30	285.93	374.44	348.19	197.39	226.63	292.16	193.52

	(Base Year : 2007-08 = 100)							
Groups/ Fiscal Year	General	Agriculture Forestry & Fishery Product	Ores & Minerals, Materials electricity gas & water	Food Product, Beverages & Tobacco, Textiles Appreal Leather Products	Other Transportable Goods	Metal Products Machinery & Equipment	Sensitive Price Indi-cator	GDP Deflator
2008-09	118.93	119.10	125.31	114.57	125.21	109.07	121.14	146.18
2009-10	135.40	142.02	139.76	135.02	135.41	111.10	136.80	161.89
2010-11	164.17	183.20	159.13	166.49	155.77	128.10	159.48	193.50
2011-12	181.28	185.03	182.74	176.07	194.64	152.55	170.77	204.45
2012-13	194.61	198.23	211.17	188.39	203.93	159.29	184.04	219.00
2013-14	210.48	219.00	240.37	200.70	214.59	168.31	201.15	235.18
2014-15	209.85	220.56	245.47	206.76	197.12	172.72	205.18	245.91
Jul-Apr								
2014-15	210.00	219.48	245.49	206.45	199.42	172.72	204.73	245.91
2015-16	207.28	224.48	246.41	212.84	172.76	171.24	207.66	250.72

*: Base Year 2005-06 = 100

Source: Pakistan Bureau of Statistics

Note: i) WPI 1990-91 base year series converted into base year 2000-01.

ii) The base for prices indices have been changed and different new groups have been included. Therefore, data may differ from the previous one.

TABLE 7.2

MONTHLY PERCENTAGE CHANGES IN CPI, WPI AND SPI

(Percent)

Months	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	A. CONSUMER PRICE INDEX (C.P.I) converted into Base year 2000-01								New Base Year 2007-08=100							
Jul	0.57	1.38	1.62	1.61	1.01	3.34	1.54	1.23	-	1.51	2.07	1.27	-0.25	2.02	1.70	0.43
Aug	0.66	0.58	0.04	1.25	1.32	2.14	1.70	2.51	1.75	1.81	2.19	1.40	0.90	1.16	0.33	0.24
Sep	0.60	0.38	0.50	0.32	2.13	0.97	0.45	2.65	0.80	0.17	2.03	1.03	0.79	-0.29	0.35	-0.10
Oct	1.47	1.19	0.94	0.36	1.23	2.12	0.95	0.62	1.39	0.60	0.98	1.44	0.38	1.97	0.21	0.49
Nov	0.60	1.12	0.76	0.73	0.14	-0.12	1.39	1.52	-0.32	1.32	0.99	0.29	-0.39	1.27	-0.51	0.59
Dec	0.90	-0.85	-0.27	0.47	0.58	-0.50	-0.49	-0.51	-0.24	-0.73	-0.30	-0.70	0.23	-1.32	-1.01	-0.57
Jan	-0.09	0.97	1.20	-0.88	1.91	-0.42	2.42	1.30	0.24	2.59	1.21	1.54	1.67	0.49	0.08	0.21
Feb	-0.34	0.99	0.33	1.04	0.49	0.95	0.39	-0.74	1.37	0.38	-0.56	0.30	-0.34	-0.32	-0.92	-0.25
Mar	1.02	1.29	0.23	0.49	3.08	1.37	1.25	1.48	0.36	1.24	1.40	1.17	0.41	0.96	0.23	0.15
Apr	0.96	1.74	1.02	0.31	3.04	1.41	1.73	1.62	1.00	1.83	1.40	1.83	1.09	1.70	1.32	1.55
May	0.69	-0.44	0.45	0.92	2.69	0.23	0.06	0.23	-0.07	0.13	0.23	1.15	0.51	-0.26	0.76	-
Jun	1.12	0.10	0.59	0.20	2.10	0.99	0.65	0.55	0.87	0.36	0.96	0.04	0.72	0.61	0.62	-
	B. WHOLESALE PRICE INDEX (W.P.I.) converted into Base year 2000-01								New Base Year 2007-08=100							
Jul	1.31	-1.00	1.99	1.42	1.70	4.35	0.70	1.67		1.75	1.66	-0.40	0.36	1.65	0.54	-0.38
Aug	0.98	-1.08	1.04	0.78	1.17	2.45	2.21	2.62	1.90	2.47	1.91	0.55	1.02	2.65	-0.48	-0.49
Sep	0.34	0.40	0.54	0.44	1.62	-0.27	0.17	2.09	0.49	0.81	1.70	0.25	0.35	0.71	0.15	-0.46
Oct	2.72	1.42	0.77	-0.49	1.82	-1.87	1.17	3.09	-1.08	0.93	1.74	0.37	0.11	1.13	-0.31	0.53
Nov	1.10	0.39	0.18	0.89	1.63	-5.11	2.78	3.48	-3.24	1.83	2.54	-0.53	-0.37	0.25	-0.99	0.01
Dec	1.39	-0.25	-0.13	0.37	-0.06	-1.97	0.20	1.06	-0.32	0.18	1.97	-1.33	0.43	-0.99	-1.89	-0.65
Jan	0.21	1.53	1.28	-1.20	1.78	0.15	4.23	1.65	-0.04	3.26	1.91	2.26	1.25	0.53	-1.03	-0.53
Feb	0.40	1.52	0.77	0.51	1.24	0.66	0.36	1.87	0.95	0.94	1.96	0.56	0.34	-0.14	-1.09	-0.59
Mar	1.77	1.39	0.07	1.02	3.99	0.42	2.53	3.34	0.44	1.51	3.31	0.67	0.26	0.34	0.01	-0.40
Apr	0.32	1.61	1.23	1.16	4.30	1.68	1.84	2.26	1.68	1.95	2.45	1.80	0.77	0.10	0.86	1.30
May	0.98	-0.59	0.35	1.09	4.97	1.52	0.87	-1.55	1.31	1.15	-0.96	2.15	-0.43	-0.08	1.10	-
Jun	0.59	0.71	63.00	1.10	2.98	2.40	-0.63	0.22	1.23	0.17	0.57	-0.05	1.00	1.37	1.18	-
	C. SENSITIVE PRICE INDEX (S.P.I.) converted into Base year 2000-01								New Base Year 2007-08=100							
Jul	1.34	2.43	1.35	1.36	1.46	3.77	2.78	1.85	-	2.77	2.26	2.38	0.51	2.27	1.95	0.34
Aug	0.70	1.18	0.26	2.18	1.67	2.34	1.68	2.86	2.38	2.28	2.26	0.83	1.29	1.54	0.83	-0.19
Sep	0.75	0.29	0.23	0.41	2.63	0.51	0.56	4.32	0.39	0.66	5.11	1.34	1.25	0.06	0.24	0.46
Oct	2.34	0.53	0.05	0.56	1.47	2.70	0.35	2.18	1.82	0.20	1.76	0.76	-0.45	1.17	-0.03	1.18
Nov	2.64	1.94	0.88	2.34	0.85	-1.35	2.49	3.79	-0.69	1.97	3.40	0.74	0.03	3.22	-1.13	1.00
Dec	1.31	-0.98	-0.24	0.76	1.45	-1.69	0.66	-0.64	-1.19	-0.18	-1.27	-2.01	0.05	-2.54	-1.52	-0.71
Jan	-0.69	0.91	0.80	-1.32	2.67	-1.42	2.88	0.47	-2.38	3.28	0.07	1.00	1.92	-2.54	-0.87	-0.67
Feb	-0.61	0.54	1.46	0.09	-1.33	0.85	0.56	-1.13	1.03	0.45	-1.33	-0.12	0.07	-0.09	-0.99	-0.52
Mar	1.30	1.07	0.84	-0.01	3.42	0.64	0.78	0.79	0.80	1.14	0.66	1.49	0.78	2.15	0.00	-0.15
Apr	-0.51	1.29	1.33	0.09	5.48	1.68	0.43	0.55	0.89	0.77	0.31	1.67	-0.29	0.07	0.39	-0.12
May	2.14	-1.02	0.65	1.37	5.41	1.27	-0.06	-0.32	1.43	-0.24	-0.66	-0.14	0.07	-1.51	1.31	-
Jun	1.31	0.70	0.45	1.48	1.56	1.17	0.95	1.16	1.41	0.56	-0.08	1.39	2.45	1.11	0.99	-

Note: CPI, SPI and WPI 1990-91 base year series converted into Base Year 2000-01.

Source: Pakistan Bureau of Statistics

TABLE 7.3 (A)

PRICE INDICES BY CONSUMER INCOME GROUPS

Income Group/ Fiscal Year	All Income Groups	Upto Rs 3000	Rs 3001 to 5000	Rs 5001 to 12000	Above Rs 12,000	
			Base Year 2000-01 = 100			
2000-01	100.00	100.00	100.00	100.00	100.00	
2001-02	103.54	102.97	104.88	103.44	103.64	
2002-03	106.75	105.95	106.70	106.68	106.83	
2003-04	111.63	111.61	112.18	111.72	111.39	
2004-05	121.98	123.01	123.16	122.26	121.35	
2005-06	131.64	132.47	132.44	131.51	131.45	
2006-07	141.87	143.52	143.42	142.05	141.19	
2007-08	158.90	163.98	163.64	160.24	156.32	
2008-09	191.90	200.20	199.83	194.91	186.86	
2009-10	214.41	224.33	223.81	218.07	208.34	
2010-11	244.26	258.35	257.12	249.10	236.38	
			Spliced with Base Year 2007-08 = 100			
Income Group/ Fiscal Year	**All Income Groups**	**Upto Rs 8000**	**Rs 8001 to 12000**	**Rs 12000 to 18000**	**Rs 18001 to - 35000**	**Above Rs 35,000**
2008-09	117.03	117.95	117.77	118.11	117.61	116.83
2009-10	128.85	130.39	130.19	130.61	129.77	128.25
2010-11	146.45	149.04	148.56	147.59	148.91	145.34
2011-12	162.57	164.00	164.37	163.06	165.01	162.09
2012-13	174.53	176.93	178.55	176.83	176.28	172.48
2013-14	189.58	192.57	193.69	193.00	192.26	186.72
2014-15	198.16	199.60	201.15	201.33	200.80	195.76
Jul-Apr						
2014-15	197.74	199.34	200.82	200.93	200.38	195.30
2015-16	203.25	204.04	206.36	205.60	206.29	201.07

Source: Pakistan Bureau of Statistics

Note: CPI 1990-91 Base Year series have been converted into Base Year 2000-01.

TABLE 7.3 (B)

ANNUAL CHANGES IN PRICE INDICES AND GDP DEFLATOR

Fiscal Year	Consumer Price Index	Wholesale Price Index	Sensitive Price Indicator	Annual GDP Deflator
	Base Year 2000-01 = 100			
2000-01	4.41	6.21	4.84	6.72
2001-02	3.54	2.08	3.37	2.49
2002-03	3.10	5.57	3.58	4.42
2003-04	4.57	7.91	6.83	7.74
2004-05	9.28	6.75	11.55	7.02
2005-06	7.92	10.10	7.02	10.49
2006-07	7.77	6.94	10.82	7.28 *
2007-08	12.00	16.64	16.81	12.91
2008-09	20.77	18.19	23.41	20.68
2009-10	11.73	12.63	13.32	10.75
2010-11	13.92	23.32	18.18	19.54
	(Base Year : 2007-08 = 100)			
2008-09	17.0	18.9	21.1	20.7
2009-10	10.1	13.8	12.9	10.8
2010-11	13.7	21.2	16.6	19.5
2011-12	11.0	10.4	7.1	5.7
2012-13	7.4	7.4	7.8	7.1
2013-14	8.6	8.2	9.3	7.4
2014-15	4.5	-0.3	1.7	4.6
Jul-Apr				
2014-15	4.81	0.03	1.86	4.60
2015-16	2.79	-1.29	1.43	2.00

Source: Pakistan Bureau of Statistics

*: Base Year 2005-06 = 100

Note: i) WPI, CPI & SPI Base Year = 1990-91 series have been converted into Base Year 2000-01.
ii) GDP Deflator is with 1999-2000 = 100 as base year.

TABLE 7.4

AVERAGE RETAIL PRICES OF ESSENTIAL ITEMS

(Price in Rs.)
(Weight in Kg.)

Fiscal Year	Wheat (Av.Qlty)	Wheat Flour (Av.Qlty)	Basmati* Rice (Broken	Moong Pulse (Washed)	Gram Pulse (Av.Qlty)	Beef (Cow/ Buffalo with bone)	Chicken (Farm)	Mutton (Goat) (Av.Qlty)	Eggs Hen (Farm) Doz.	Potato (Av.Qlty)	Dry Onion (Av.Qlty)	Tomato (Av.Qlty)
						Base Year 2000-01 = 100						
2000-01	8.67	9.80	15.35	30.30	29.52	56.01	50.65	109.38	26.35	9.74	10.72	17.24
2001-02	8.29	9.67	15.49	34.36	34.89	55.19	52.04	111.53	28.57	11.43	9.59	17.12
2002-03	8.73	10.14	18.07	30.46	31.13	61.21	54.01	124.95	30.69	9.43	8.70	13.30
2003-04	10.25	11.71	19.04	27.98	24.17	75.45	57.50	154.31	30.03	8.58	11.09	19.10
2004-05	11.68	13.28	20.19	31.66	29.35	94.83	66.43	185.19	37.45	14.94	13.82	25.03
2005-06	11.55	13.06	20.16	47.28	31.12	106.84	66.08	202.10	35.07	18.18	12.05	19.48
2006-07	11.96	13.64	23.11	56.53	41.38	117.87	74.16	224.07	38.31	17.22	20.95	27.43
2007-08	16.44	18.07	37.77	52.67	44.78	123.30	83.39	236.49	49.45	15.22	16.28	28.50
2008-09	23.87	25.64	47.12	50.10	57.15	143.82	103.12	262.03	58.80	20.35	25.77	29.67
2009-10	25.40	28.77	43.92	78.02	53.34	174.49	126.22	316.52	65.67	23.74	25.56	27.72
2010-11	25.79	29.56	50.32	136.49	70.25	215.42	130.98	411.48	72.78	27.59	33.27	44.86
						(Base Year : 2007-08 = 100)						
2008-09	240.70	255.34	47.12	50.10	57.15	143.82	103.13	262.03	58.80	20.36	25.77	29.70
2009-10	255.11	287.32	43.92	78.02	53.34	174.49	126.22	316.52	65.67	23.74	25.56	27.72
2010-11	259.75	294.05	50.32	136.49	70.25	215.42	130.98	411.48	72.78	27.58	33.28	44.86
2011-12	267.39	302.59	60.36	127.90	83.32	252.41	150.07	482.04	86.95	25.33	32.24	46.46
2012-13	306.07	345.26	69.01	115.95	99.70	268.38	143.93	517.83	92.02	26.09	36.71	49.80
2013-14	370.22	409.84	74.09	137.64	74.77	283.99	161.40	559.49	97.61	42.79	41.63	58.36
2014-15	345.59	392.78	72.38	161.94	79.33	301.55	153.64	592.56	98.71	42.49	35.80	55.05
Jul-Apr												
2014-15	349.15	395.84	73.01	160.48	76.38	300.96	148.37	590.90	102.25	46.61	33.63	54.27
2015-16	342.29	388.60	63.69	160.58	119.67	315.44	148.91	625.35	92.87	25.82	46.79	52.69

.. Not Available (Contd.)

Note: i) Data for Period: 1990-91 - 2000-01 is based on 12 centres while data 2001-02 onward is based on 17 centres.

ii) Wheat and Wheat Flour price in Base Year 2007-08=100 is quoted as 10 Kg prices.

TABLE 7.4 (Continued)

AVERAGE RETAIL PRICES OF ESSENTIAL ITEMS

(Price in Rs.)
(Weight in Kg.)

Fiscal Year	Mustard Oil (Mill)	Vegeta-ble Ghee (Loose)	Rock Salt (Powder)	Red Chilies (Av.Qlty)	Sugar (Open Market)	Gur (Sup. Qlty)	Milk Fresh Ltr.	Tea in* Packet (Sup.Qlty) 250 grams
				Base Year 2000-01 = 100				
2000-01	56.92	44.82	3.43	66.75	27.11	26.31	18.23	53.73
2001-02	59.01	49.20	3.19	78.34	22.87	23.12	17.92	57.00
2002-03	60.80	55.25	3.21	75.87	20.77	20.45	18.35	61.50
2003-04	63.51	59.84	3.22	73.80	19.01	19.79	19.21	64.68
2004-05	65.63	59.60	3.50	76.64	23.45	23.98	21.28	61.99
2005-06	66.70	58.95	3.94	70.79	31.16	35.90	23.90	62.62
2006-07	76.71	70.81	4.68	94.66	31.85	39.26	26.72	68.39
2007-08	119.71	108.43	5.12	147.84	27.92	32.87	30.45	68.28
2008-09	142.25	110.63	6.08	145.32	38.72	43.65	36.62	97.94
2009-10	133.56	112.04	6.69	152.38	57.11	70.74	42.32	120.77
2010-11	156.56	150.31	7.23	230.27	72.72	83.86	50.10	139.17
				(Base Year : 2007-08 = 100)				
2008-09	142.25	110.62	6.09	145.32	38.72	43.65	36.62	88.89
2009-10	133.55	112.04	6.69	152.38	57.11	70.74	42.32	108.98
2010-11	156.56	150.31	7.28	230.27	72.72	83.86	50.10	123.19
2011-12	178.29	166.26	8.13	299.42	60.99	78.27	58.17	135.15
2012-13	185.88	160.73	8.74	254.06	53.25	74.50	65.24	146.01
2013-14	184.48	160.57	9.37	221.33	53.82	82.83	69.86	154.58
2014-15	183.08	151.90	9.98	261.42	57.14	83.95	76.21	133.80
Jul-Apr								
2014-15	184.02	153.91	9.96	260.30	56.37	82.96	76.00	130.40
2015-16	179.64	138.22	10.42	273.32	62.30	89.44	77.98	175.73

*: Tea packet prices in Bases year 2007-08=100 is quoted of 200 grams packet price. (Contd.)

TABLE 7.4 (Continued)

AVERAGE RETAIL PRICES OF ESSENTIAL ITEMS

(Rs/unit)

Fiscal Year	Cigarettes Pkt	Coarse Latha Mtr.	Voil Printed Mtr.	Shoes Gents Concord Bata	Firewood (Kikar/ Babul) 40 Kgs.	Match Box (40/ 50 Sticks) Each	Washing Soap 707/555 Cake	Life-buoy Soap Cake
				Base Year 2000-01 = 100				
2000-01	5.01	24.11	33.04	399.00	104.04	0.50	6.90	9.50
2001-02	5.82	26.81	33.30	399.00	99.30	0.51	7.37	10.02
2002-03	6.06	26.84	33.74	428.17	104.20	0.51	7.48	11.00
2003-04	6.08	28.80	34.52	499.00	118.40	0.51	7.48	10.82
2004-05	6.90	32.08	36.13	492.33	135.96	0.53	7.47	14.00
2005-06	7.23	34.26	36.74	399.00	166.03	0.62	7.73	13.93
2006-07	7.98	35.05	37.90	429.00	191.72	0.71	8.13	14.18
2007-08	8.38	39.04	40.29	499.00	220.74	0.92	9.78	17.38
2008-09	9.11	44.69	46.02	499.00	264.12	1.00	12.51	21.59
2009-10	11.55	47.25	48.91	499.00	296.64	1.00	12.87	22.00
2010-11	13.72	57.52	56.67	499.00	354.29	1.00	15.14	25.47
				(Base Year : 2007-08 = 100)				
2008-09	18.19	135.35	59.29	499.00	264.12	1.00	12.51	21.59
2009-10	23.11	135.69	63.31	499.00	296.64	1.00	12.87	22.00
2010-11	27.44	148.57	72.35	499.00	354.29	1.00	15.14	25.47
2011-12	29.10	111.21	88.07	499.00	441.74	1.06	18.39	30.50
2012-13	32.34	151.14	101.61	549.00	491.55	1.10	21.00	32.29
2013-14	38.45	176.59	112.40	671.92	538.12	1.42	23.34	35.86
2014-15	45.85	200.22	122.90	699.00	566.85	1.74	24.33	36.06
Jul-Apr								
2014-15	45.29	199.84	122.86	699.00	564.52	1.71	24.32	36.00
2015-16	57.10	202.86	123.21	699.00	592.73	1.97	24.68	36.21

Note: Prices of Long Cloth and Georgerette have been quoted in base year 2007-08 instead of prices of Coarse Latha and Voil Printed in previous base year.

(Contd.)

TABLE 7.4 (Continued)

AVERAGE RETAIL PRICES OF ESSENTIAL ITEMS

(Rs/unit)

Fiscal Year	Electric Bulb (60-W)	Cooked Beef Plate	Cooked Dal Plate	Rice Irri-6 Kg	Masoor Pulse Kg	Mash Pulse Kg	Garlic Kg	Cooking Oil Dalda 2.5 Ltr	Vegetable Ghee 2.5 Kg
	Base Year 2000-01 = 100								
2000-01	14.10	18.53	11.87	11.56	36.97	48.38	28.07	155.64	153.43
2001-02	14.00	18.58	12.42	11.51	38.41	44.25	39.93	170.97	169.24
2002-03	13.30	18.88	13.09	12.23	38.41	37.56	34.11	199.68	196.77
2003-04	12.69	20.95	13.86	13.06	35.40	35.57	32.82	203.98	200.28
2004-05	12.07	24.21	14.71	15.41	43.11	38.52	44.22	204.99	204.15
2005-06	11.43	26.07	15.65	16.05	45.01	52.91	58.09	204.41	203.63
2006-07	11.95	29.80	17.84	17.59	44.54	70.51	61.81	224.48	224.06
2007-08	12.68	33.26	20.46	29.32	71.41	71.36	46.18	316.32	312.97
2008-09	14.83	40.18	25.59	39.35	122.16	77.31	41.64	371.38	356.44
2009-10	19.79	44.82	28.07	34.43	121.92	129.88	131.52	359.05	356.58
2010-11	24.07	52.88	33.65	38.87	117.72	163.16	198.92	435.88	435.98
	(Base Year : 2007-08 = 100)								
2008-09	112.96	40.18	25.59	39.35	122.16	77.31	41.68	371.38	356.44
2009-10	118.78	44.82	28.07	34.43	121.92	129.88	131.52	359.05	356.58
2010-11	124.75	52.88	33.65	38.87	117.72	163.16	198.92	435.88	435.98
2011-12	139.93	60.54	37.27	45.68	102.64	145.82	107.89	502.66	501.91
2012-13	151.82	68.55	40.16	49.90	100.39	132.72	123.18	535.55	519.06
2013-14	162.69	77.84	45.46	54.05	120.49	134.21	129.71	538.73	511.77
2014-15	165.49	82.86	48.41	51.99	135.32	163.82	139.00	513.55	495.00
Jul-Apr									
2014-15	165.44	82.66	48.26	52.33	134.12	160.35	137.72	522.43	501.71
2015-16	166.78	86.49	52.08	47.31	145.30	231.53	201.74	458.26	449.68

(Contd.)

Note: Prices of Energy Saver (14-volts) have been quoted in new base year 2007-08 instead of Electric Bulb (60 volts) prices in previous base year.

TABLE 7.4 (Continued)

AVERAGE RETAIL PRICES OF ESSENTIAL ITEMS

(Rs/Unit)

Fiscal Year	Curd Kg	Tea Prepared Cup	Banana Doz.	Lawn Hussain Mtr.	Shirting Hussain Mtr.	Shoes Lady Bata	Chappal Gents Spang	Bread Plain M.Size	Milk Powder Nido 500 grams
				Base Year 2000-01 = 100					
2000-01	22.43	4.03	22.11	77.77	59.10	319.00	79.00	11.17	114.03 *
2001-02	21.90	4.18	22.14	70.79	55.17	319.00	79.00	11.14	116.00
2002-03	23.35	4.46	21.96	69.92	55.59	342.23	79.00	11.16	88.00
2003-04	23.33	4.72	23.01	69.96	56.78	364.00	79.00	11.77	94.75
2004-05	25.75	5.12	25.11	72.61	59.94	252.33	86.53	13.25	102.62
2005-06	28.38	5.77	28.18	76.42	62.36	299.00	89.00	14.23	108.50
2006-07	31.34	6.31	32.51	79.69	65.45	299.00	92.00	15.34	121.47
2007-08	35.76	6.91	35.43	83.45	71.01	299.00	101.50	18.43	145.93
2008-09	43.38	8.41	39.62	91.00	78.38	372.33	127.33	24.17	168.48
2009-10	49.74	10.07	40.94	96.46	81.55	379.00	129.00	26.42	183.31
2010-11	58.41	12.66	49.15	110.53	88.80	397.33	138.17	28.24	204.38
				(Base Year : 2007-08 = 100)					
2008-09	43.38	8.41	39.62	126.32	78.38	372.33	129.00	24.17	168.48
2009-10	49.74	10.07	40.94	137.48	81.55	379.00	129.00	26.42	183.31
2010-11	58.41	12.66	49.16	150.31	88.80	397.33	139.00	28.24	204.38
2011-12	68.19	14.25	65.10	166.26	108.37	399.00	152.08	31.23	247.85
2012-13	75.74	15.30	68.83	166.52	124.22	449.00	179.00	34.23	289.78
2013-14	81.88	16.97	70.63	198.05	144.91	499.00	179.00	39.17	310.50
2014-15	89.48	18.70	76.77	239.61	157.72	499.00	179.00	40.78	251.69
Jul-Apr									
2014-15	89.29	18.65	74.07	239.10	157.29	499.00	179.00	40.78	350.86
2015-16	91.89	19.32	72.37	243.66	161.92	500.26	179.00	40.82	370.92

Source: Pakistan Bureau of Statistics

* : The unit has changed from 500 gms to 400 gms in base year 2000-01

TABLE 7.4 (Concluded)

AVERAGE RETAIL PRICES OF ESSENTIAL ITEMS (Average of 12 Centers)

Fiscal Year	Kerosene (per ltr.)	Gas Charges (100 cf)*	Elect Charges (upto 50 units)	Petrol Super (per ltr.)	Tele Local Call Charges (per Call)
			Base Year 2000-01 = 100		
2000-01	16.84	248.55	1.46	29.34	2.22
2001-02	18.58	259.26	2.18	31.60	2.31
2002-03	22.48	259.35	2.45	33.08	2.31
2003-04	24.95	79.45 *	2.54	33.69	2.31
2004-05	29.11	84.60 *	2.47	40.74	2.31
2005-06	36.19	88.92	2.14	55.12	2.31
2006-07	39.09	99.79	2.49	56.00	2.31
2007-08	43.44	97.17	2.76	57.83	2.31
2008-09	66.79	96.91	3.18	67.68	2.38
2009-10	72.65	106.81	3.64	67.56	2.62
2010-11	84.88	115.40	4.32	75.70	3.59
			(Base Year : 2007-08 = 100)		
2008-09	66.79	94.57	1.40	67.68	2.38
2009-10	72.65	103.87	1.53	67.56	2.62
2010-11	84.89	110.20	1.84	75.70	3.59
2011-12	104.84	132.73	1.89	92.93	3.59
2012-13	116.07	119.58	2.00	101.26	3.74
2013-14	123.45	124.18	2.00	110.99	3.94
2014-15	100.94	124.18	2.00	88.58	3.94
Jul-Apr					
2014-15	103.30	124.18	2.00	90.93	3.94
2015-16	81.77	127.68	2.00	73.74	3.94

Source: Pakistan Bureau of Statistics

***: The unit has been changed form 100 CM to 100 CF in base year 2000-01.**

Note: i) Data for period 1990-91 base year spliced with base year 2000-01.

ii) Data for Period: 1990-91 - 2000-01 is based on 12 centres while data for period 2001-02 onward is based on 17 centres.

TABLE 7.5

INDICES OF WHOLESALE PRICES OF SELECTED COMMODITIES (Base Year 2000-01 = 100)

Fiscal Year	Wheat	Rice	Gram (Whole)	Sugar Refined	Vegetable Ghee	Tea	Meat	Vegetables	Fresh Milk	Cotton	Motor Fuels
	(Base Year 2000-01 = 100)										
2000-01	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2001-02	96.10	109.64	84.23	82.36	114.12	99.28	102.04	107.57	99.79	91.31	102.90
2002-03	101.12	126.09	71.40	75.32	130.34	96.93	111.10	101.65	100.50	110.46	106.80
2003-04	191.89	138.50	74.17	67.72	141.44	96.94	137.55	116.00	105.41	144.44	111.03
2004-05	137.24	153.40	95.52	85.18	137.41	93.78	169.19	144.06	113.43	95.23	134.78
2005-06	135.61	154.78	127.43	120.70	136.94	93.99	185.95	160.14	122.83	103.91	181.46
2006-07	139.21	175.54	147.79	118.80	164.73	100.48	201.01	161.14	133.31	110.92	181.38
2007-08	190.75	285.63	139.22	98.78	249.36	100.92	207.99	163.85	154.42	136.71	192.88
2008-09	277.87	356.43	181.83	142.52	254.49	134.83	242.43	204.04	184.75	153.12	216.16
2009-10	300.58	317.20	215.86	209.50	262.63	160.82	292.57	267.37	206.54	203.26	219.11
2010-11	301.21	365.48	242.04	267.79	354.09	179.71	370.99	370.80	242.21	386.09	244.87
	(Base Year : 2007-08 = 100)										
2008-09	148.02	125.90	126.16	142.39	97.19	129.05	115.53	132.22	119.35	121.12	113.68
2009-10	157.54	111.40	144.32	209.80	94.75	151.22	139.74	151.74	135.32	144.08	119.93
2010-11	159.53	123.39	169.24	251.13	118.21	165.31	174.86	173.43	157.40	171.48	126.84
2011-12	163.44	149.45	-	229.24	141.37	192.23	214.40	211.52	190.29	189.55	155.00
2012-13	188.52	165.42	-	201.93	141.75	203.24	228.80	216.66	213.81	168.92	168.70
2013-14	227.13	177.67	-	206.98	141.51	215.49	238.93	254.41	225.98	185.58	184.99
2014-15	209.29	172.20	-	189.35	147.13	145.16	236.14	255.40	249.87	208.86	167.79
Jul-Apr											
2014-15	211.72	173.96	-	197.68	142.72	162.31	243.66	250.77	249.30	203.49	164.71
2015-16	210.78	148.16	-	233.77	128.46	204.39	254.66	265.33	254.49	247.52	123.15

-: Not available (Contd.)

Note: In the new base year 2007-08 prices of Motor Spirit has been quoted instead of Motor Fuel prices in previous base year 2000-01.

TABLE 7.5 (Concluded)
INDICES OF WHOLESALE PRICES OF SELECTED COMMODITIES
Base Year (2000-01 = 100)

Fiscal Year	Other Oils	Fire Wood	Cotton Yarn	Matches	Soaps	Ferti-lizers	Trans-port	Leather	Timber	Cement
					Base Year 2000-01 = 100					
2000-01	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2001-02	103.59	101.33	95.35	100.55	103.89	102.26	106.66	100.00	101.45	100.42
2002-03	128.10	103.94	98.06	100.55	109.00	113.59	106.82	95.23	101.25	102.77
2003-04	139.86	115.41	121.03	105.61	110.68	123.64	108.70	93.64	121.75	102.45
2004-05	169.56	127.94	106.36	107.66	122.81	140.95	110.39	102.77	140.93	104.82
2005-06	227.55	152.23	108.07	107.67	122.05	156.16	111.71	110.65	142.05	122.67
2006-07	237.63	176.28	112.66	107.67	127.73	147.70	114.94	111.86	162.09	127.42
2007-08	264.00	205.70	112.15	111.86	147.59	215.18	114.99	121.84	170.93	111.61
2008-09	372.04	247.76	104.21	124.26	176.29	310.97	123.95	129.83	201.11	139.83
2009-10	434.55	273.93	138.40	124.26	182.99	296.52	128.03	134.14	210.60	129.35
2010-11	511.36	322.67	222.84	131.38	203.92	357.86	159.78	216.90	227.95	132.15
					(Base Year : 2007-08 = 100)					
2008-09	126.68	118.08	106.00	122.07	111.35	147.58	109.26	103.63	114.01	129.08
2009-10	122.94	129.86	150.86	108.52	117.69	143.70	113.20	104.89	118.75	117.30
2010-11	141.73	151.43	182.87	110.37	130.52	174.65	116.77	107.07	127.27	140.80
2011-12	166.98	190.47	196.06	118.84	151.04	258.65	-	109.08	139.00	162.19
2012-13	177.67	215.48	208.38	132.57	167.01	261.38	-	111.60	149.51	185.77
2013-14	178.30	238.11	213.03	143.20	180.26	266.33	-	168.48	170.36	203.42
2014-15	179.03	252.59	246.11	175.76	160.21	235.83	-	216.67	200.60	225.95
Jul-Apr										
2014-15	182.60	251.30	218.59	162.29	167.39	250.01	-	215.80	197.82	218.74
2015-16	160.93	263.73	236.70	162.62	181.34	270.36		211.50	213.25	206.68

-: Not available

Source: Pakistan Bureau of Statistics

Note: In the base year 2007-08 prices of Kerosene Oil has been quoted instead of Other Oils in previous base year of 2000-01 and prices of Motor Cycles instead of Transport.

Trade and Payments

The global economy continued to grow at a slow pace during 2015, accompanied by sluggish aggregate demand, declining commodity prices and increasing financial market instability in major economies. Growth of world trade decelerated, due to declining import demand in Europe, and weak aggregate demand in the United States and Japan. As a result, developing countries and economies in transition have seen demand for their exports weaken. Lower export earnings, compounded by domestic demand constraints have also pushed down trade and GDP growth in many developing countries and economies in transition during 2015.

The trend of falling exports is being witnessed in developed, emerging, and developing economies. The exports have fallen in USA 7.1 percent, European Union 12.5 percent, China 2.9 percent and India 17.2 percent. However Bangladesh exports grew by 8.1 percent in 2015 as per WTO statistics.

Pakistan's export volumes depend (among others) on its competitiveness (market share effect) and on the development in world GDP at constant prices (market volume effect). Pakistan's export volume is estimated to have an elasticity of higher than one with respect to world GDP. Therefore, recent trade data also reflect the dynamics in world economic growth.

As discussed above, Pakistan’s major trading partners like US, China, EU witnessed a sluggish economic growth during past few years. Major chunk of exports go to US, China and EU. Therefore, slow down in China and European economies and weak demand have significantly impacted Pakistan’s export growth.

Box Item-1: Shares of Pakistan’s Exports in Total World Exports for Selected Commodity Groups

Shares in Values USD in percent

	Selected Commodities					Food
	Cotton Yarn	Woven Fabric	Special Worn Fabric	Clothing, bed linen	Carpets, Rugs	Rice
2010	13.3	9.0	3.4	15.5	6.0	11.2
2011	15.0	10.3	1.7	14.4	5.8	8.7
2012	16.6	12.3	6.9	13.9	7.9	7.9
2013	14.6	13.2	3.2	14.1	7.8	8.4
2014	13.7	12.2	4.4	14.5	7.6	8.5

Shares in Volumes Kgs in percent

	Selected Commodities					Food
	Cotton Yarn	Worn Fabric	Special Worn Fabric	Clothing, bed linen	Carpets, Rugs	Rice
2010	14.4	n.a.	2.5	23.4	n.a.	12.0
2011	17.2	n.a.	2.0	19.1	n.a.	8.5
2012	21.7	n.a.	n.a.	19.9	n.a.	10.3
2013	19.9	12.7	2.7	20.9	n.a.	9.6
2014	18.4	13.6	3.8	22.4	n.a.	8.7

The above table shows Pakistan’s exports of selected commodities as a percentage of total world exports for these commodities, both in terms of values and in terms of volumes. The commodities selected represent some of the most import export products of Pakistan. These shares were calculated over the period 2010 – 2014, where 2014 is the most recent period for which the data on world exports for these commodities are available in the United Nations Comtrade database.

In terms of values (expressed in USD), Pakistan's exports in 2014 of cotton yarn represented 13.7% of total world exports of cotton yarn. Also Pakistan's exports of woven fabrics and other clothing (including bed linen) made up more than 10% of total world export values for these products. Although these shares of Pakistan's exports vary from year to year, there are no fundamental changes in the trends to be observed in Pakistan's export performance in these product categories. The most important food item in Pakistan's exports is rice. In 2014 Pakistan's exports of rice represented 8.5% of the total values of world rice exports.

In terms of volumes (measured in Kgs), a similar picture emerges. In 2014, for cotton yarn, woven fabrics and other clothing (including bed linen) Pakistan's export shares largely exceeded 10% of the volume of total world exports in these product groups. The share of Pakistan's rice exports stood at 8.7% of world export volume.

Source: United Nations Commodity Trade Statistics Database (Comtrade).

Trends in Exports

During recent years, Pakistan exports recorded a sluggish growth. The exports target for FY2016 was set at US$ 25.5 billion. Exports during July-Mar FY2016 remained at US$ 15.6 billion as compared to US$ 17.9 billion in July-Mar FY2015, decline of 12.9 percent. The main reasons for lower performance of exports are generally weak external demand, slowdown in economic growth of China, lost textile share to new competitors in international markets,and unfavourable terms of trade for exports with little value added.

For the last few years Pakistan's exports are showing declining trend. Global trade without any quota restrictions has created opportunities for developing and emerging economies. Some countries availed this opportunity and consolidated their exports,whereas others failed to take advantage. Pakistan was among the latter category. India, Bangladesh,Combodia,and Vitnem doubled their exports. However, it is observed that since last two years, slowdown in global economy has also adversely affected the exports of regional countries. India‘s export declined by 17.2 percent in FY2016 as compared to 1.3 percent decline in FY2015.

Lower trend in exports are the results of both supply and demand side factors. On supply side, structural impediments in commodity producing sector, higher cost of production, low level skill and in-competitiveness have also hurled the exports. Investment in exporting sectors has remained disturbingly low, as a cut-throat competition with countries like Vietnam and Bangladesh, gives tough time to Pakistan's exports.

On the demand side, the major factors impeding Pakistan's exports growth is the slump in the economies of major trading partners, like China and EU. In case of USA, although its import demand remained modest through these years, Pakistan has not been able to supply into this market due to change in market preferences.

To enhance exports the government has announced a number of initiatives in the Budget 2015-16 which included establishment of Exim Bank which will be helpful in enhancing export credit and reducing cost of borrowing for exporting sectors on long term basis and help reduce their risks through export credit guarantees and insurance facilities. The government through the State Bank of Pakistan had arranged to reduce its mark-up rate on Export Refinancing Facility (EFR) from 9.0 percent in 2010 to 7.5 percent in 2014 which was further reduced in February 2015 to 6.0 percent and further reduced to 4.5 percent from July 2015 till date. Similarly Long Term Financing Facility (LTFF) for 3-10 years duration from around 11.4 percent to 9.0 percent and further reduced to 7.5 percent in February 2015 and further reduced to 6.0 percent in July 2015 till date, to allow export sector industries to make investments on competitive basis.

A Cabinet sub-Committee comprising members of M/o Commerce, Planning & Development, Industries and Privatization, Parliamentary Secretaries of Finance and Industries & Production also formed under the chairmanship of the Finance Minister to accord greater attention to exports related production sector. The Committee has been tasked to device steps and measures which could enhance exports in short-term on one hand and deepen the orientation of economy towards exports on the other-hand. The Sub-committee is proactively working on the assigned task to increase export level of the country. The government also announced STPF 2015-18 for the exports enhancement.

Box-II: Strategic Trade Policy Framework 2015-18

Ministry of Commerce has launched Strategic Trade Policy Framework (STPF) 2015-18 on March 22, 2016. Its successful implementation would enable Pakistani firms to produce and export more sophisticated and diversified range of products to more markets and it will also help to reduce unemployment and poverty in Pakistan.

The STPF 2015-18 aims to achieve following targets:

- Enhancement of annual exports to US $ 35 billion.
- Improve Export Competitiveness.
- Transition from ‘factor-driven’ economy to ‘efficiency-driven’ and ‘innovative-driven’ economy.
- Increase share in regional trade.

To achieve the above targets, some key enablers are vital to increase productivity and competitiveness and resultantly enhance exports. The key enablers are categorized into four groupings i.e.

- Competitiveness
- Compliance to Standards
- Policy Environment
- Market Access.

The elements of STPF 2015-18 assert to strengthen different aspects of Pakistan’s export competitiveness directly or indirectly. These elements have been identified on the basis of key enabler, an evaluation of STPF 2012-15, an analysis of emerging global trade scenario and extensive consultation with the private sector and other stakeholders.
STPF 2015-18 has four pillars

- Product sophistication and diversification
- Market Access
- Institutional development and strengthening
- Trade and facilitation.

Source: Ministry of Commerce.

Structure of Exports

During July – March FY2016, the exports reached to US$15.6 billion dollars as compared to US$ 17.9 billion of the same period last year, showing a decline of 12.9 percent. Analysis of group-wise exports suggests that Food group registered a decline of 11.6 percent during July – March FY2016 compared to the same period last year. Within food group, rice export declined by 12.3 percent in value, despite favorable 7.6 percent growth in quantity. (Table 8.1)

Table 8.1: Structure of Exports **(US$ Million)**

Particulars		July-March Values in Dollars		% Change in values	July-March Quantity		% Change in quantity
		2014-15	2015-16 P		2014-15	2015-16 P	
Total		17,921.2	15,606.2	-12.9	-	-	-
A.	**Food Group**	3,439.4	3,040.7	-11.6	-	-	-
	Rice	1,569.7	1,376.00	-12.3	2,948,187	3,173,425	7.6
	Basmati	461.1	332.6	-27.9	388,665	359,371	-7.5
	Other Rice	1,108.7	1,043.4	-5.9	2,559,522	2,814,054	9.9
	Sugar	207.9	132.3	-36.4	452,796	291,582	-35.6

Table 8.1: Structure of Exports								(US$ Million)
Particulars		July-March Values in Dollars		% Change in values	July-March Quantity		% Change in quantity
		2014-15	2015-16 P		2014-15	2015-16 P	
	Fish & Fish Preparation	253.5	240.1	-5.3	99,203	91,965	-7.3
	Fruits	376.5	356.4	-5.3	608,755	542,495	-10.9
	Vegetables	159.7	151.1	-5.4	539,029	512,869	-4.8
	Spices	47.0	55.4	17.8	13,877	14,921	7.5
	Meat & Meat Preparation	182.2	212.8	16.8	56,644	61,038	7.7
	Other Food items	642.9	516.6	-19.6	-	-	-
B.	**Textile Manufactures**	10,194.8	9,363.6	-8.2	-	-	
	Cotton Yarn	1,464.1	989.0	-32.5	512,609	348,762	-31.9
	Cotton Cloth	1,875.7	1,685.5	-10.1	1,566,777	1,606,092	2.5
	Knitwear	1,787.3	1,749.8	-2.1	78,706	86,338	9.7
	Bed wear	1,570.4	1,505.5	-4.1	241,646	243,293	0.7
	Towels	590.5	591.7	0.2	127,444	131,429	3.1
	Readymade Garments	1,544.5	1,609.5	4.2	23,111	23,472	1.6
	Made-up articles	488.2	471.3	-3.5	-	-	-
	Other Textile Manufactures	874.2	761.3	-12.9	-	-	-
C.	**Petroleum Group**	510.4	128.9	-74.7	-	-	-
	Petroleum Crude	215.4	88.9	-58.7	319,934	248,692	-22.3
	Petroleum Products	58.7	38.9	-33.6	63,957	70,360	10.0
	Petroleum Top Naphtha	236.3	1.1	-99.5	259,150	3,080	-98.8
D.	**Other Manufactures**	2,851.9	2,385.2	-16.4	-	-	-
	Carpets, Rugs & Mats	92.9	74.0	-20.3	1,926	1,415	-26.5
	Sports Goods	240.3	236.4	-1.6	-	-	-
	Leather Tanned	367.0	267.3	-27.2	16,286	12,064	-26.0
	Leather Manufactures	460.8	393.2	-14.7	-	-	-
	Surgical Goods. & Med. Inst	254.4	262.3	3.1	-	-	-
	Chemical & Pharma. Pro.	676.2	588.3	-13.0	-	-	-
	Engineering Goods	170.7	135.3	-20.7	-	-	-
	Cement	349.0	248.0	-28.9	6,017,104	4,552,064	-24.3
	All Other Manufactures	2,681.2	156.0	-94.2	-	-	-
E.	**All Other items**	924.7	687.8	-25.6	-	-	-
Source : PBS							

The Basmati rice declined by 27.9 percent in value and 7.5 percent in quantity. While others variety under rice group witnessed a decline of 5.9 percent in value and improved by 9.9 percent in quantity, compared to the corresponding period last year. Fish & fish preparation also declined by 5.3 percent in value and 7.3 percent in quantity, compared to last year. Export of sugar declined by both in quantity and value i.e.; 35.6 percent in quantity and 36.4 percent in value, compared to last year. The exports of spices remained favorable by 17.8 percent in value and 7.5 percent in quantity during the period.

Export earnings from fruits also registered a decline of 5.3 percent in value and 10.9 percent in quantity, while vegetables also witnessed a decline of 5.4 percent in value and 4.8 percent in quantity. Meat and Meat preparation, however, posted a growth of 16.8 percent in value, and 7.8 percent growth in quantity during July – March FY2016 as compared to the corresponding period last year. This may be on account of government's initiatives and incentives provided to livestock sector.

Textile group, which has 60 percent share in total exports, witnessed a decline of 8.2 percent during July–March FY2016 compared to the corresponding period last year. The exports of intermediate commodity like cotton yarn witnessed decline in value and quantity by 32.5 percent and 31.9 percent, respectively. One reason is that China has continued to reduce its demand for yarn and fabric. Cotton cloth export declined by 10.1 percent in value, however in quantity a positive growth of 2.5 percent is recorded during July – March FY2016 as compared to same period last year. The raw cotton declined by 46.9 percent in value and 46.5 percent in quantity during July-March FY 2016, but on month on month (February-March) basis its exports increased by 25.2 percent in value and 20.2 percent in quantity. Knitwear registered a decline of 2.1 percent in value but posted a growth of 9.7 percent in quantity during July-March FY 2016 over the same period last year. On month on month in March its value declined by 0.5 percent and quantity improved by 10.1 percent. Export of bed-wear also declined by 4.1 percent but a slight growth of 0.7 percent was observed in quantity during July–March FY2016 as compared to corresponding period last year. Shrinking global demand has affected the export of textile items.

Export earnings of readymade garments and towels grew by 4.2 percent, and 0.2 percent respectively, in value and 1.6 and 3.1 percent in quantity during July-March FY2016 compared to same period last year. The grant of GSP status by EU has a positive impact on these two items both in value and quantity. Whereas exports of towels on month on month increased by 0.6 percent in value and 4.8 percent in quantity.

During July – March FY2016 petroleum and coal groups exports recorded a decline of 74.7 percent over the corresponding period on account of 99.5 percent decline in Petroleum Naphtha exports from US$ 236.3 million in FY2015 to US$ 1.1 million in FY2016. However, on month on month the petroleum and coal group witnessed a growth of 394.1 percent in value. Petroleum crude also registered a negative growth of 58.7 percent in value and decline by 22.2 percent in quantity during July–March FY 2016 over the same period last year, while on month on month in March it increased by 100 percent both in value and quantity.

During July–March FY2016 other Manufacturers Group also posted a negative growth of 16.4 percent against same period last year. While on month on month in March it declined by 4.5 percent. Carpets, rugs and mats registered negative growth both in value and quantity by 20.3 percent and 26.5 percent respectively, during July-March FY2016 compared to the same period last year. In past Pakistan's carpets had enormous demand in international markets, but shortage of skilled labor force and failure to cope with the changing trends in world markets has affected the carpets demand and exports. The decline of 27.2 percent is witnessed in Leather Tanned in value and 26.0 percent in quantity, but on month on month it witnessed sharp increase in quantity and value by 30.0 percent and 23.0 percent, respectively. On the other hand, surgical goods and medical instruments recorded a positive growth of 3.1 percent in value during July– March FY2016 over the same period last year. Sports goods posted a slight decline of 1.6 percent in value during July-March FY2016 against the same period last year; while on month on month it registered a growth of 2.3 in value. The export of football during July-March FY2016 increased by 3.2 percent in value and 17.4 percent in quantity, but on month on month it improved by 2.6 percent in value and in quantity declined by 4.8 percent. Canvas footwear and other footwear registered a growth of 64.3 percent and 0.6 in value and 58.2 percent and 6.1 percent in quantity during July-March FY2016 against the same period last year. Likewise on month on month it increased by 38.2 percent and 2.0 percent in value and 121.4 and 12.0 percent in quantity, respectively.

The other non-traditional items like plastic material and pharmaceutical products witnessed an increase of 15.2 percent and 22.6 percent in value and 1.9 and 17.4 percent in quantity on month on month.

Under other items, the Gems during the period July-March FY2016 declined by 50.0 percent in value and 36.4 percent in quantity, but on month on month it improved by 35.0 percent in value. The cement although witnessed a decline by 28.9 percent in value and 24.3 percent in quantity during the period under review but on month on month it increased by 0.8 in value and 2.9 percent in quantity.

Box-III: Evaluation of Pakistan's exports to European Union (EU) under the GSP Plus regime

Pakistan's exports to EU Calendar year 2005 – 2014

Pakistan's exports to EU member states increased from US$ 4.25 billion in 2005 to US$ 6.21 billion in 2013. The Compound Annual Growth Rate (CAGR) of exports to EU has been 4.85 % only. However as a result of grant of GSP Plus to Pakistan by EU, Pakistan's exports to EU during the year 2014 amounted to US$ 7.54 billion.

(US$ billions)

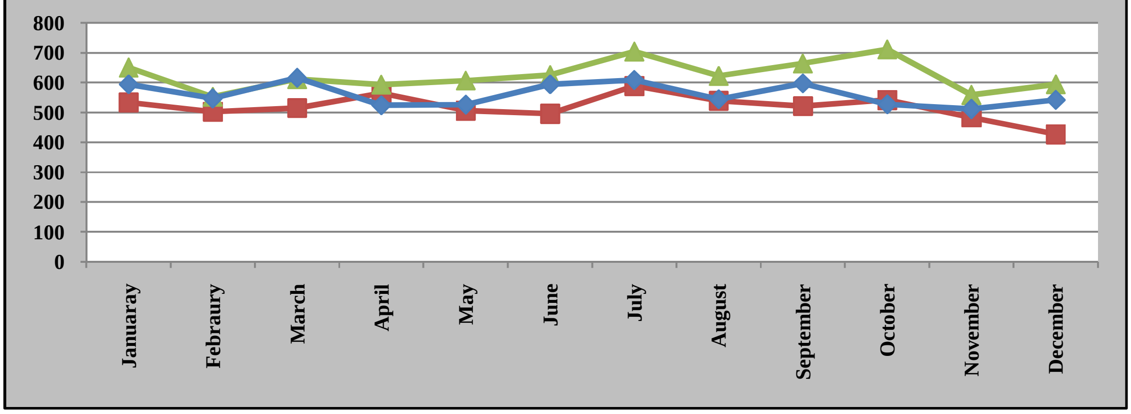
Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Exports	4.25	4.55	4.76	5.00	4.59	5.31	6.40	5.67	6.21	7.54
Imports	5.35	5.74	5..15	5.34	4.94	5.11	5.15	5.64	5.26	5.6

Impact of GSP Plus on Pakistan's exports to EU

As a result of GSP Plus Pakistan's exports to EU have increased from US$ 6.21 billion during 2013 to US$ 7.54 billion in 2014. However, exports witnessed decline of US$6.73 billion in 2015, mainly due to financial crisis in EU countries and depreciation of Euro against Dollar (and Pak- Rupee).

Month	Pak exports to EU 2013 (USD million)	Pak exports to EU 2014 (USD million)	Pak exports to EU 2015 (USD million)
January	533.88	694.98	593.98
February	502.65	552.21	546.93
March	514.63	611.48	616.27
April	564.52	593.45	524.60
May	506.03	606.79	525.79
June	495.73	625.42	594.15
July	588.48	703.29	608.64
August	538.72	622.44	544.44
September	521.12	664.14	597.12
October	541.62	711.29	527.39
November	483.37	558.37	511.41
December	426.61	594.06	541.69
Total	**6,217.36**	**7,537.93**	**6732.41**

Fig- Comparision of Month Wise Exports to EU (US $ Million)



Analysis of Competitors					(US $ Billions)
Countries	**Exports to EU 2013**	**Exports to EU 2014**	**Exports to EU 2015**	**Impact over 2013 (%)**	**Impact over 2014 (%)**
Pakistan	**6.22**	**7.54**	**6.74**	**8.36**	**-10.61**
India	50.47	50.89	43.39	-14.03	-14.74
Bangladesh	69.40	74.52	67.78	-2.33	-9.04
Turkey	29.12	30.44	32.97	13.22	8.31
Vietnam	14.93	16.95	16.66	11.59	-1.71

1. Impact of GSP Plus on exports of Textile products to EU

Pakistan's exports of Textile products to EU in 2014 amounted to US$ 5.33 billion. This represents an increase of US$ 1.02 billion as Pakistan's exports of Textiles to EU as in 2013 it amounted to US$ 4.31 billion. This represents an increase in exports by 23.61%. Sector wise break up is given below:

Sector	Pak exports to EU 2013 (US$ million)	Pak exports to EU 2014 (US$ million)	Increase (US$ million)	Increase (%)
Total Textiles increase	**4,312.19**	**5,330.16**	**1,017.97**	**23.61**
Textile Garments	1,915.96	2,501.26	585.30	30.55
Home Textiles	1,141.35	1,489.44	348.09	30.50
Towels	201.23	250.01	48.79	24.24
Cotton and intermediate goods of Textiles	1,012.13	1,046.10	33.97	3.36
Carpets and Rugs	41.51	43.34	1.83	4.40

2. Impact of GSP Plus on exports of Non- Textile sector

Sectors	Pak exports to EU 2013 (USD million)	Pak exports to EU 2014 (USD million)	Pak exports to EU 2015 (USD million)	Pak exports to EU 2013 (MT)	Pak exports to EU 2014 (MT)	Pak exports to EU 2015 (MT)
Footwear	77.12	99.91	85.07	4,336.10	5,284.70	4,861.40
Leather	573.40	630.22	518.16	19,528.50	21,510.90	21,741.70

Source: Ministry of Commerce

Trends in Monthly Exports

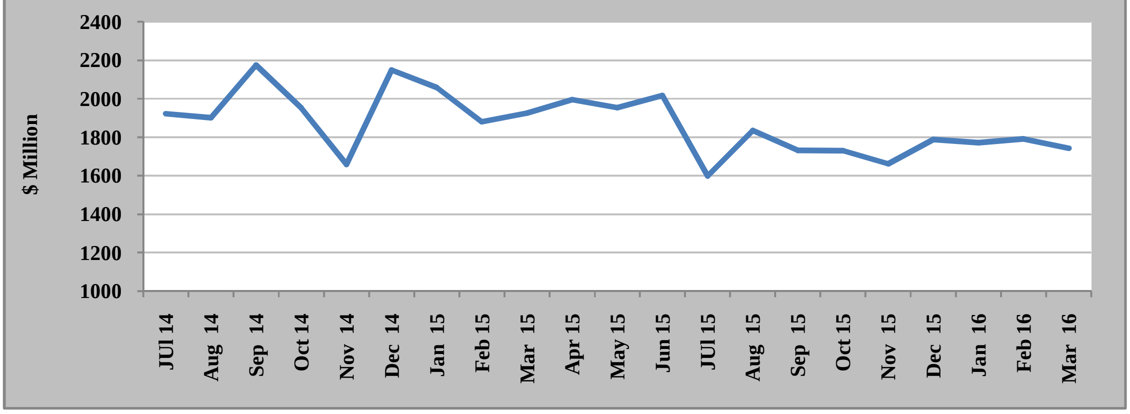
The monthly exports for the period July-March FY2016 remained mostly below the corresponding months of last year, averaging $ 1734.9 million per month as against an average of $1991.2 million last year. (See Table 8:2)

Table 8.2: Monthly Exports

Month	($ Million)	
	2014-15	**2015-16 P**
July	1923	1588
August	1902	1830
September	2175	1726
October	1951	1722
November	1958	1659
December	2149	1782
January	2058	1768
February	1880	1791
March	1926	1742
Monthly Average	**1991**	**1734**

Source: PBS
P : Provisional

Fig-8.1 Monthly Exports



Concentration of Exports

Pakistan's exports are highly concentrated in few items like cotton & cotton manufactures, leather, rice, and few more items. The first three categories of exports accounts for 71.5 percent of total exports during July-March FY2016 with cotton & cotton manufacture alone contributing 58.1 percent. Traditionally the contribution of these three categories was 68.8 percent during the same period last year, and 65.8 percent during FY 2014.The bifurcation of these items in Table 8.3 shows that exports in these few items are the major factor for lower export earnings.

Table 8.3 : Pakistan's Major Exports **(Percentage Share)**

Commodity	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	July-March	
							2014-15	2015-16 P
Cotton Manufactures	50.6	52.9	49.6	51.6	53.1	**54.5**	54.9	58.1
Leather**	4.5	4.4	4.4	4.7	5.1	4.8	5.1	4.6
Rice	11.3	8.7	8.7	7.8	7.6	8.5	8.8	8.8
Sub-Total of three Items	**66.4**	**66.0**	**62.7**	**64.1**	**65.8**	**67.8**	**68.8**	**71.5**
Other items	33.6	34.0	37.3	35.9	34.2	32.2	31.2	28.5
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100**	**100.0**	**100.0**

P : Provisional, ** Leather & Leather Manufactured.
Source: Pakistan Bureau of Statistics

Direction of Exports

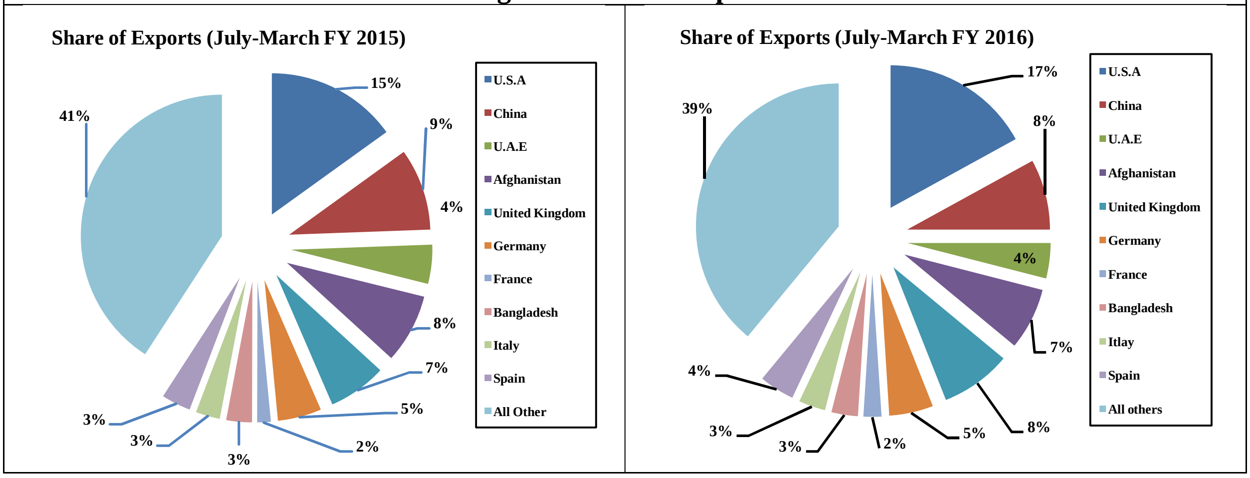
Although Pakistan trades with a large number of countries; its exports are highly concentrated in few countries. About 60 percent of Pakistan's exports go to ten countries namely, USA, China, UAE, Afghanistan, UK Germany, France, Bangladesh, Italy and Spain. Furthermore, the USA has largest share in export by 17 percent followed by European countries 22 percent, in total exports. The table suggest that our exports to China has been dropped from 10 percent in FY 2014 to 8 percent in FY 2016 while compare to import in table 8.7 the import share improved from 17 percent in FY2014 to FY2016 (July-March) to 27 percent which suggests that FTA signed with China apparently is not supportive and need a careful impact assessment. The share of exports to Afghanistan in total exports, however, witnessed a decline in recent years from 8 percent in 2014-15 to 7 percent during current year. Likewise the share of exports to UAE also dropped from 7 percent in FY2014 to 4 percent in FY2015 and remained the same in FY2016 .The share of exports to EU countries like France, Italy, Spain, etc. remained relatively stagnant. Major export markets of Pakistan and their share is given in Table: 8.4

Table 8.4 : Major Exports Markets (Rs. & US$ Billion & Percentage Share)

Country	2013-14			2014-15			July-March 2014-15			July-March 2015-16 P		
	Rs.	US$	% Share	Rs.	US$	% Share	Rs.	US$	% Share	Rs.	US$	% Share
U.S.A	381.5	3.7	15	374.4	3.7	16	276.5	2.7	15	270.5	2.6	17
China	249.0	2.4	10	219.9	2.2	9	169.9	1.7	9	134	1.3	8
U.A.E	180.0	1.7	7	102.9	1.0	4	80.5	0.8	4	63.9	0.6	4
Afghanistan	192.5	1.9	7	198.8	1.9	8	143.6	1.4	8	116	1.1	7
United Kingdom	161.5	1.6	6	160.2	1.6	7	120.7	1.2	7	123.9	1.2	8
Germany	117.9	1.15	5	119.0	1.2	5	90.1	0.9	5	87	0.8	5
France	42.7	0.4	2	38.2	0.4	2	28.3	0.3	2	24.5	0.2	2
Bangladesh	71.8	0.7	3	70.7	0.7	3	53.2	0.5	3	55.6	0.5	3
Italy	75.6	0.7	3	67.6	0.7	3	50.6	0.5	3	48.6	0.5	3
Spain	72.0	0.7	3	81.7	0.8	3	60.6	0.6	3	62	0.6	4
All Other	1,039.0	10.1	40	964.1	9.5	40	738.8	7.3	41	637.8	6.1	39
Total	**2,583.5**	25.1	100	**2397.5**	23.7	100	**1812.8**	17.9	100	**1,623.8**	15.6	100

Source: Pakistan Bureau of Statistics, P: Provisional
Source: SBP, FY2014 US $ 102.85, FY2015 US $101.29, (July-MarchFY2015 US $101.13, FY2016 US $104.09)

Fig-8.2: Share of Exports



Imports

Like other developing countries, Pakistan also benefitted by the falling global oil and commodity prices. This steep fall of oil prices is clearly reflected in Pakistan's overall import bill which resulted in US $ 3.3 billion saving, from import of petroleum products, Pakistan's overall import remained 4.3 percent less during July-March FY2016 compared to the same period last year.

Imports target was set at $43.2billion (an increase of 6 percent) during FY2016. In July-March FY2016, import remained 4.3 percent down compared to same period last year.

Group-wise data on imports shows that the petroleum, transport and agriculture imports recorded decline during July-March, FY2016, which partially has been offset by the rise in food, machinery, textile and metal imports during first nine months of FY2016 as compared to same period last year

Food group generally constitute around 12.0 percent of the total import bill. In the first nine month July-March FY2016 the food group witnessed an increase of 2.7 percent. Import of food group reached at US$ 3938.9 million during July-March, FY2016 from US$ 3835.9 million during comparable period last year. The Palm oil import, the heaviest item in food group, declined by 7.4 percent despite significant increase of 19.6 percent in quantity. The decline in palm oil imports is attributed to both higher quantum and lower price. A reduction in export duty by Malaysia (the largest producer and exporter of palm oil), could be the primary reason behind the lower prices in the international markets. Other observable items in this group are the import of pulses, tea and milk & related items whose imports surged by 56.2 percent, 53.9 percent and 2.4 percent, respectively. (Table: 8.5)

A surge of 56.2 percent is witnessed in import value of pulses from US$ 284.4 million in July-March FY2015 to US$ 444.4 million in July – March FY2016. Pakistan imports large quantities of pulses to fill the increasing gap between domestic production and demand. Pulses import value increased due to higher import quantity (50.9 percent) of this item during July – March FY2016 over the same period last year. Higher import bill of pulses is also due to increase in international prices of pulses, particularly in Australia and Canada from where we import the maximum pulses. In India the production of pulses were not to desired level and India being the largest importer of pulses has created pressure on the demand and supply. Pakistan also imports large quantity of pulses but owing to higher prices the import bill of pulses has increased. Moreover, increase in import bill of tea comes from both quantity and price, 53.9 percent in value, and 13.9 percent in quantity, during July – March FY2016 over the same period last year. Pakistan is the 8th largest importer and consumer of tea. Almost the entire tea demand is meeting through imports from Kenya. Moreover a high demand for tea is also one of the main reasons for increasing tea import bill. Tea has become a part of our culture and to some extent it can be considered as a national drink. On average a Pakistani individual consume 2-3 kg of tea in a year. So increasing population led to increase in import of tea. Milk products import bill also increased by 2.4 percent in value and 4.6 percent in quantity during July – March FY2016 over the corresponding period last year. (Table: 8.5)

Table 8.5: Structure of Imports (US$ Million)

Particulars		July-March Values in Dollars		% Change in Value	July-March Quantity		% Change in Quantity
		2014-15	2015-16 P		2014-15	2015-16 P	
	Total	33,948.0	32,489.6	-4.3			
A.	**Food Groups**	3,835.9	3,938.9	2.6			
	Milk & Milk food	188.7	192.3	2.4	56,115	58,710	4.6
	Wheat Unmilled	185.3	0	-100.0	686,057	0	-100.0
	Dry Fruits	81.8	105	28.4	120,944	122,110	1.0
	Tea	262.4	403.9	53.9	120,357	137,060	13.9
	Spices	74.0	105.7	42.8	91,239	121,273	32.9
	Edible Oil (Soybeans& Palm)	1,377.0	1,391.8	1.1	1,771,300	2,205,090	24.5
	Sugar	5.5	5.03	-9.1	8,675	10,009	15.4
	Pulses	284.4	444.4	56.3	465,147	702,109	50.9
	Other food items	1376.9	1,289.9	-6.3	-	-	-
B.	**Machinery Group**	4108.6	4307.1	4.8	-	-	-
	Power generating Machines	934.0	1,332.7	42.7	-	-	-
	Office Machines	314.6	231.8	-26.3	-	-	-
	Textile Machinery	336.1	332.1	-1.2	-	-	-
	Const. & Mining Machines	199.2	228.5	14.7	-	-	-
	Aircrafts, Ships and Boats	605.2	462.1	-23.6	-	-	-
	Agriculture Machinery	78.1	62.5	-20.0	-	-	-
	Other Machinery items	1,641.4	1657.4	1.0	-	-	-
C.	**Petroleum Group**	8,896.6	5,583.2	-37.2	-	-	-
	Petroleum Products	5,694.9	3,748.8	-34.2	8,409,038	8,132,494	-3.3
	Petroleum Crude	3,201.8	1,834.4	-42.7	4,269,787	4767,116	11.6

Table 8.5: Structure of Imports (US$ Million)

	Particulars	July-March Values in Dollars		% Change in Value	July-March Quantity		% Change in Quantity
		2014-15	2015-16 P		2014-15	2015-16 P	
D.	**Consumer Durables**	2,000.9	2,724.7	36.2			
	Road Motor Vehicles	1,127.7	1,404.3	24.5			
	Electric Mach. & Appliances	873.2	1320.4	51.2			
E.	**Raw Materials**	5,273.5	5,713.0	8.3			
	Raw Cotton	224.6	588.2	161.9	97,354	345,363	254.7
	Synthetic Fiber	391.5	368.8	-5.8	213,089	189,420	-11.1
	Silk Yarn (Synth &Arti)	492.2	468.1	-4.9	227,276	221,698	-2.5
	Fertilizer Manufactured	721.3	639.7	-11.3	1,583,151	1441,224	-8.9
	Insecticides	99.5	116.4	17.0	17,281	14603	-15.5
	Plastic Material	1,301.8	1,313.7	0.9	795,512	712339	-10.5
	Iron & steel Scrap	752.2	776.9	3.2	2,123,725	2702896	27.3
	Iron & steel	1,290.3	1,441.1	11.6	1,712,287	2227717	30.1
F.	**Telecom**	1,070.8	1,047.5	-2.2	-	-	-
G.	**All other items**	8761.6	9175.1	4.7	-	-	-

Source : PBS

Import of crude oil and petroleum products which generally constitute about 17.2 percent of total import bill of Pakistan. Petroleum group declined by 37.2 percent (US$ 5583.2 million) in July-March FY2016 as compared to US$ 8896.6 million of the corresponding period last year. Crude oil import in quantity terms increased by 11.6 percent whereas its import value decreased by 42.7 percent because of decline in the international prices during this period. Between July-March FY2016, international crude oil prices declined by 30 percent from US$ 55 per barrel to US$ 39 per barrel. Moreover, slump in international commodity prices have been witnessed all over the world. Import value of petroleum products decreased by 34.2 percent given that its imported quantity also decreased by only 3.3 percent.

The machinery group contributed about 19.1 percent in the total import bill. Import of Machinery group increased by 14.1 percent from US$ 5,447.4 million in July–March FY2015 to US$ 6,212.9 million in July–March FY2016. Import bill of power generating machinery recorded at US$ 1332.7 million during July–March FY2016 as compared to US$ 934.1 over the same period last year, showing an increase of 42.7 percent reflecting key investment in power sector. Similarly a surge of 51.2 percent (US$ 1320.4 million) is witnessed in Electrical machinery & Apparatus during July–March FY2016 over (US$873.2 million) of the corresponding period last year, on month on month in March the Electrical machinery and apparatus increased by 11.0 percent. Construction and mining machinery witnessed an increase of US$ 228.5 million in FY2016 as compared to US$ 199.2 million as compared to same period last year, reflecting an increase of 14.7 percent in value whereas month on month in March it increased by 44.4 percent. The increase in import of machinery is a good sign as it reflects the growth of economic activities in the country. Another factor attributed to growth in machinery is due to credit expansion to private sector. A welcome development is the increase in net fixed investment. The firms are availing credit for building, modernization and rehabilitation of their industrial unit and other allied sector. The continued increase in public sector spending for the infrastructure, power and other sectors development along with under CPEC programme has created a huge demand and increase construction related activities manifold which led to increase in import of construction related machinery and other items. The import bill of textile machinery registered a decline of 1.2 percent (US$ 332.1million) during July-March FY2016 against (US$ 336.1 million) the same period last year. Telecom sector import within machinery group, declined by 2.2 percent (US$ 1047.4 million) during first nine months of the current fiscal year compared with (US$ 1070.8 million) the corresponding period last year. Most of the increase is seen in import of which Mobile phones in Pakistan increased by 6.2 percent during the current financial year 2016 (July-March) as compared to the same period last year. Total imports of mobile phones stood at US$ 573.3 million while these were US$ 539.6 million in the same period last year. The import bill for mobile phones is likely to grow as smart phone adoption in Pakistan is expected to grow due to expanding 3G and 4G networks, and more affordable smart phones are available in the market. Within machinery group, other sub items such as agricultural machinery witnessed a decline of 20.0 percent (US$ 62.5 million) during July-March, FY2016 over (US$ 78.1 million) the same period last year.(Table:8.5)

A slight decrease of 0.6 percent is witnessed in import bill of transport group from US$ 1915.8 in July-March, FY2015 to US$ 1904.6 in July-March, FY2016. Import of road motor vehicle increased by 24.5 percent, CKD/SKO increased by 16.1 percent, buses increased by 31.8 percent, motor cars and motor cycles increased by 9.6 percent, 19.3 percent respectively, during the first nine months of current fiscal year over corresponding period last year reflecting an expansion and growth of manufacturing activities in the country. Import of all other important items in the transport group registered an increasing trend except import of aircraft, boats and ships which were down by 23.6 percent during July-March, FY2016 over the same period last year.(Table:8.5).

In textile group import of raw cotton posted an increase of 161.8 percent increase in value, backed by 254.7 percent increase in quantity during July-March FY2016 as compared to same period last year. The increase in import bill of cotton is on account of maintaining the supply chain of raw cotton to offset the decline in domestic cotton production due to unfavorable climate condition.

Within agricultural and other chemical group a decline of 11.3 percent is observed in fertilizer manufactured along with a decrease of 8.9 percent in quantity during July-March FY2016 as compared to corresponding period last year. As gas and energy supply continued to increase since the start of current fiscal year and enough utilities are being provided to fertilizer manufacturers therefore, there is less import of fertilizer as demand is being fulfilled domestically.

Metal group bill also surged by 11.5 percent during July-March, FY2016 over the same period last year. Iron & steel and Iron & steel scrap import bill increased by 3.3 percent and 11.7 percent respectively, showing the expansion of construction activities in Pakistan.

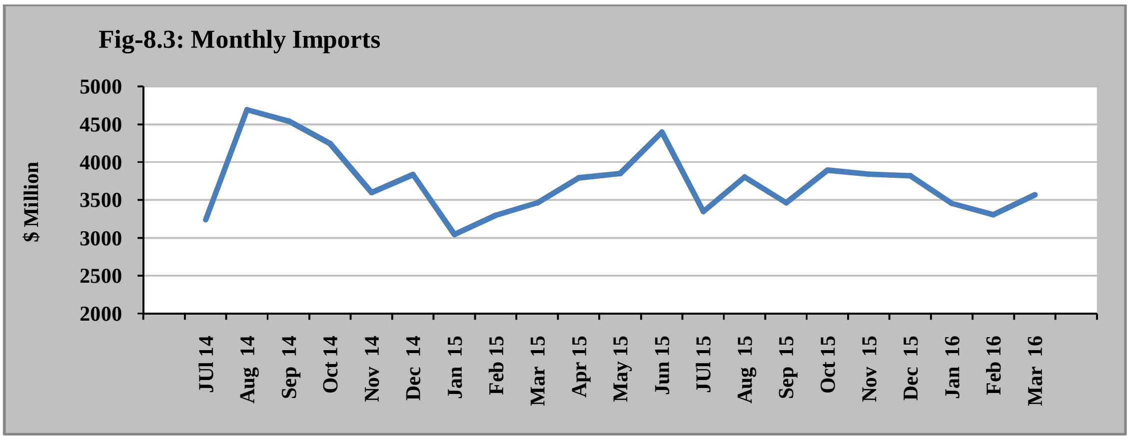
Trends in Monthly Imports

The monthly imports during July-March. FY2016 witnessed flat trend. Import averaged $3610 million per month. On average the monthly import decreased by US $ 162 million per month. The monthly imports are given in Table 8.6.and Fig-8.3

Table 8.6: Monthly Imports

Month	**($ Million)**	
	2014-15	**2015-16 P**
July	3240	3348
August	4691	3802
September	4542	3461
October	4240	3894
November	3598	3840
December	3834	3817
January	3041	3455
February	3298	3304
March	3463	3569
Monthly Average	**3,772**	**3,610**

Source : PBS, P: Provisional



Direction of Imports

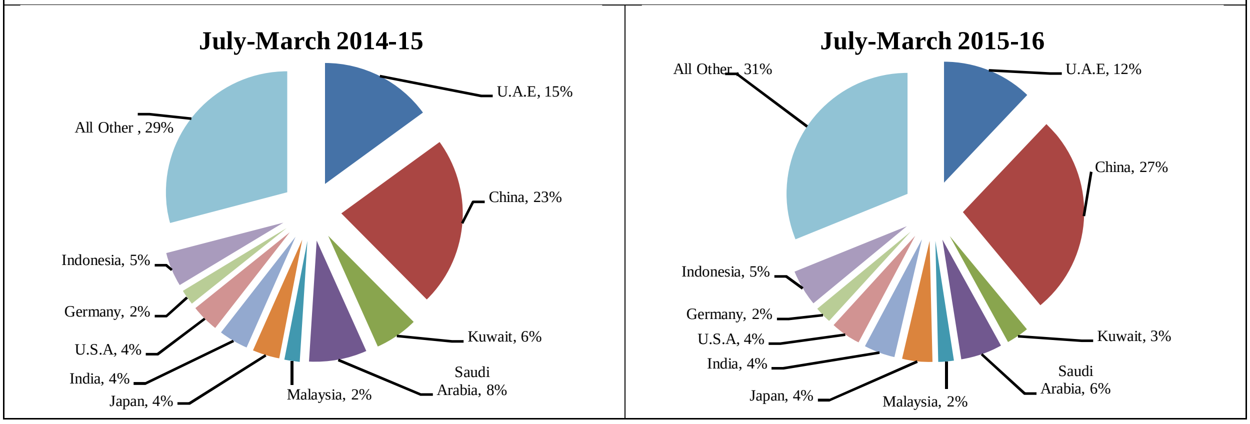
Pakistan's imports are mostly concentrated in a few markets. Pakistan imports from countries like China, Saud Arabia, UAE, and Indonesia constitutes 50 percent of the total imports. During current fiscal year share of imports from China has sharply increased from 23 percent in last fiscal year to 27 percent during Jul-March FY2016. However share of import from U.A.E, Saudi Arabia, Kuwait has fallen by 3 percent, 2 percent and 3 percent respectively during July-March FY2016 as compared to same period last year mainly due to declining oil prices. Change in Pakistan's import pattern is shown in (Table 8.7, Fig 8.4)

Table 8.7 : Major Imports Markets (Rs & US $ Billion & Percentage Share)

Country	2013-14			2014-15			July-March 2014-15			July-March 2015-16 P		
	Rs	US $	% Share	Rs	US $	% Share	Rs	US $	% Share	Rs	US $	% Share
U.A.E	757.1	7.4	16	681.9	6.6	15	515.1	5.1	15	407.9	3.9	12
China	793.0	7.7	17	1053.0	10.2	23	776.0	7.7	23	907.9	8.7	27
Kuwait	346.7	3.4	7	250.9	2.5	5	196.0	1.9	6	101.5	1.0	3
Saudi Arabia	459.1	4.5	10	365.5	3.6	8	264.7	2.6	8	187.1	1.8	6
Malaysia	174.4	1.7	4	96.3	0.9	2	70.7	0.7	2	69.8	0.7	2
Japan	182.6	1.7	4	170.6	1.7	4	123.2	1.2	4	136.7	1.3	4
India	210.5	2.0	5	172.2	1.7	4	134.1	1.3	4	139.2	1.3	4
U.S.A	180.1	1.7	4	180.7	1.8	4	128.0	1.3	4	136.7	1.3	4
Germany	126.1	1.2	3	97.5	0.9	2	71.5	0.7	2	74.7	0.7	2
Indonesia	162.7	1.6	4	209.6	2.1	5	157.1	1.6	5	164.0	1.6	5
All Other	1,238.2	12.0	27	1366.0	13.3	29	999.0	9.9	29	1050.3	10.1	31
Total	**4,630.5**	45.0	100	**4644.2**	45.2	100	**3435.4**	34.0	100	**3374.6**	32.4	100

Source: Pakistan Bureau of Statistics, Source: SBP, P: Provisional
FY2014 US $ 102.85, FY2015 US $101.29, (July-MarchFY2015 US $101.13, FY2016 US $104.09)

Fig-8.4: Share of Imports

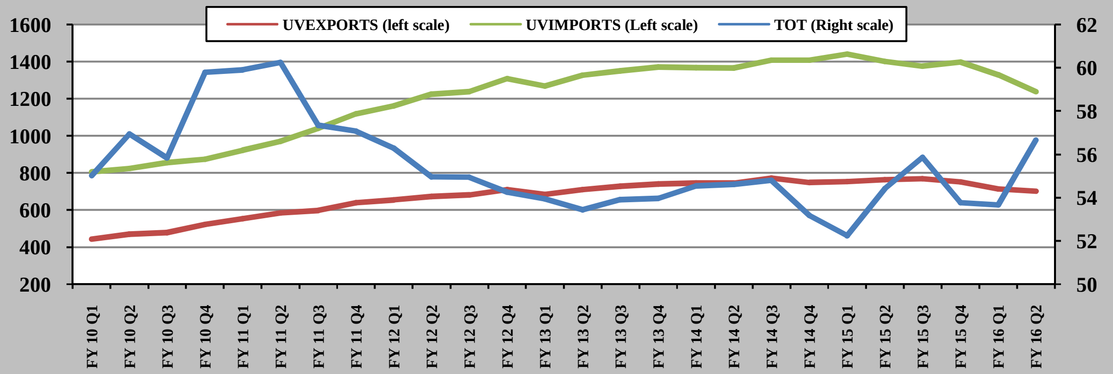


Box-IV: RECENT MOVEMENTS IN THE TERMS OF TRADE FOR GOODS

The terms of trade (TOT) are defined as the ratio of the price index of all exports and the price index of all imports.

In FY 2016 the TOT are improving. The average index of the TOT in the first half of FY 2016 stood at 55.17 against 53.33 in the correspondent period of the previous year

Fig-1: Terms of Trade, export and import prices, index numbers 1990 – 1991 =100



Source: PBS

The upward movement in the TOT was the result of a decline in both the unit value of exports (UVEXPORTS) and of the unit value of imports (UVIMPORTS), but the decline in average import prices has been more significant than the decline in export unit values.

The reduction in the price of exports (from index value 758in first half of previous year to 707.4 this year, which represents a decline by 6.7%) was smaller than the reduction in the price of imports (from 1421.9 to 1283.4, which represents a decline by 9.7%).

The downward movement of the export price occurred in a number of specific categories of exported goods.

Table: Export prices for selected export categories for the period July – March FY 2016

COMMODIIES	PAASCHE PRICE INDEX July-March FY 2015 = 100
All groups	94
Food	92
Of which rice	84
Textile group	94
Of which cotton fabrics	88
Petroleum group	55
Other manufacturers group	104

Source PBS and Calculated by Economic Adviser's Wing, Finance Division, GoP

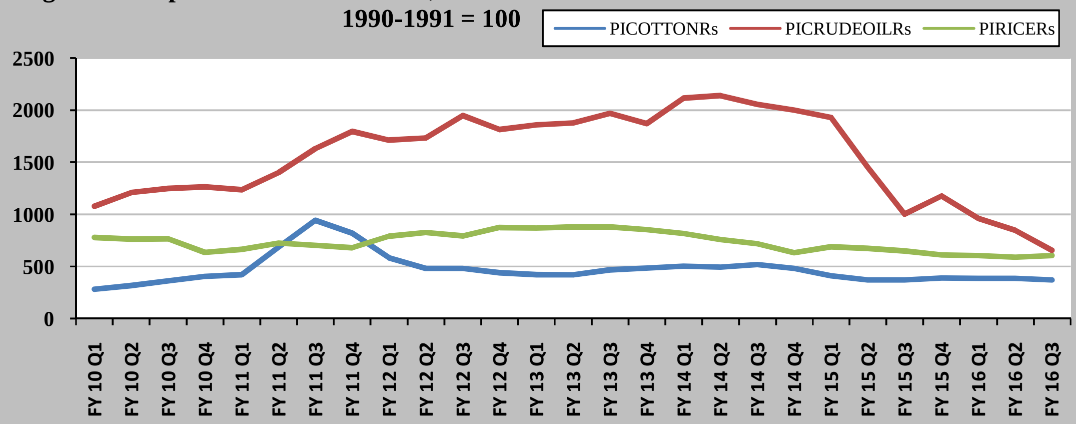
Based on the available evidence for the period July – March, the Paasche price indexes point to a decline in export prices for the categories food, textiles and petroleum. The export prices of other manufactures have increased by 4%.

The decline in the food category is mainly due to the decline in the price of rice, while the price in the textile group is mainly caused by cotton fabrics.

These price declines can be explained by looking at the recent movements in international commodity prices.

Fig-2 shows the movements of international world market prices for rice, cotton and crude oil. Normally these are expressed in USD, but for the sake of comparison, we have converted these prices into Rs and expressed the result in the form of indexes with base year 1990 -1991.

Fig- 2 World price indexes for cotton, crude oil and rice converted into Rs.
1990-1991 = 100



Source IMF Commodity Price Index and Calculated by Economic Adviser's Wing, Finance Division, GoP

In the first three quarters of the current fiscal year the three mentioned world price indexes were at a lower level than in the corresponding period of the previous year: the cotton price declined by 1%, rice by 10% and crude oil by 44%.

The strong decline in the Import unit value index is mainly related to the extraordinary decline in world oil prices.

The observed declines in both export and import prices explain the improvement of the TOT, but also exert downward pressure on the value of both exports and imports.

Balance of Payments

The current account balance shrunk by 17.7 percent during July-April FY2016 as compared to last year (US$ 1.519 billion in FY2016 against US$ 1.846 billion). As a percentage of GDP it stood at -0.6 percent compared to -0.8 percent of the comparing period last year. The overall external account balance recorded US$ 0.**9** billion during July-April FY2016 as compared to US$ 2.1 billion during the same period last year, the factors like higher financial inflows and lower international oil prices have attributed for this improvement. The continued growth in remittances which increased by 5.25 percent during the period despite high base along with uptick in FDI in the financial accounts contributed for this improvement.

The remarkable improvement is recorded in country's foreign reserves, which in May 2016 reached to US$ 21.46 billion with net reserves with SBP US$ 16.63million and commercial banks US$ 4.82 billion, to easily finance 5 months of the country's import bill).

Table 8.8: Summary Balance of Payments — US$ Million

Items	July-June		July-April P	
	2013-14	2014-15	2014-15	2015-16
Current Account Balance	-3,130	-2709	-1846	-1,519
Trade Balance	-16,590	-17191	-14,158	-14,457
Goods: Exports	25,078	24089	20,098	18,192
Goods: Imports	41,668	41,280	34,256	32,649
Service Balance	-2,651	-2,963	-2,107	-1,757
Services: Credit	5,345	5,880	5,159	4,411
Services: Debit	7,995	8843	7,266	6,168
Income Account Balance	-3,955	-4595	-3672	-3,836
Income: Credit	508	647	476	451
Income: Debit	4,463	5242	4,148	4,287
Current Transfers Net	20,065	22,040	18,091	18,531

Table 8.8: Summary Balance of Payments				US$ Million
Items	July-June		July-April P	
	2013-14	2014-15	2014-15	2015-16
Of which:				
Workers' Remittances	15,837	18721	15,236	16,034
Capital Account	1,857	375	353	296
Financial Account	-5553	-4996	-3,320	-2,629
Direct Investment in Pakistan	1700	923	965	1,017
Portfolio Investment (net)	-2762	-1882	-1,810	445
Other Investment	-1221	-2262	-615	-2,073
Net Errors and Omissions	-422	-16	289	-514
Overall Balance	-3858	-2646	-2116	-892

Source: State Bank of Pakistan P: Provisional

Current Account

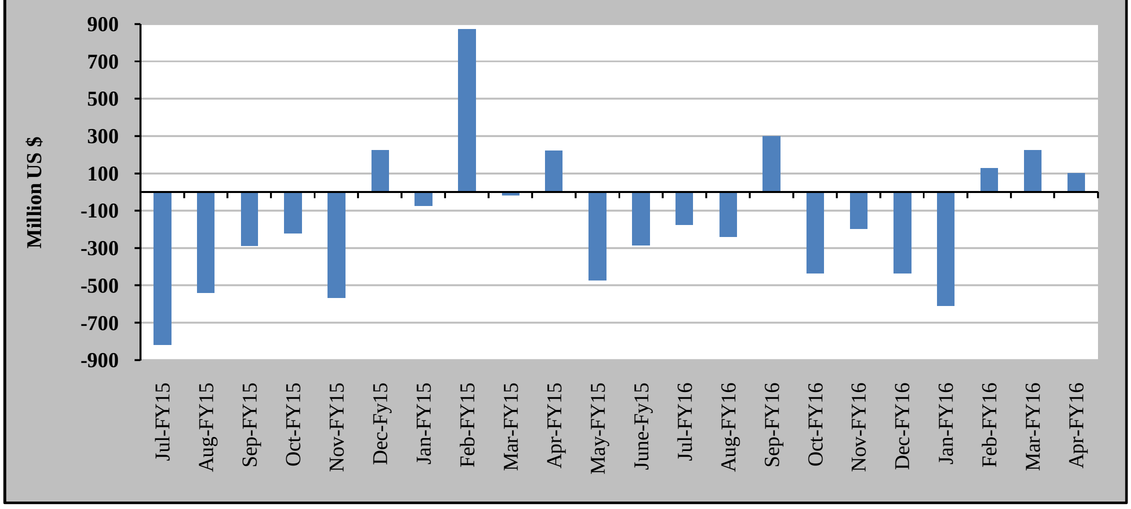
The improvement in the current account was due to CSF inflows, growth in worker's remittances, lower oil prices which reduced import bill as compared to last year, and decrease in deficit of services account, with a deficit of US$ 1.7 billion during July-April FY2016 as compared to US$ 2.1 billion during the same period last year.

The overall trade deficit posted an increase of 2.1 percent during July-April FY2016, mainly reflecting decline in exports. During July-April FY 2016 exports declined by 9.5 percent and stood at US$ 18.2 billion as compared to US$ 20.1 billion in July-April FY2015. The imports declined by 4.7 percent in July – April FY2016 compared to July- April FY2015. In the meantime non-oil imports, particularly machinery and metal surged significantly.

Services trade deficit fell by 16.6 percent during the first ten months of FY2016 supported by lower imports.

This year Pakistan has received inflows amounting to US$ 937 million on account of CSF during July –April of FY2016 against US$ 1.452 billion in the same period of last fiscal year. During the period under review services exports declined by 14.5 percent, overall exports of services were US$ 4.4 billion in July –April FY 2016 against US$ 5.1 billion in the corresponding period of FY 2015, depicting a decline of US$ 748 million. Moreover, services import fell by 15.1 percent or US$ 1.01 billion to US$ 6.2 billion in July –April FY2016 compared to 7.3 billion in the same period last year. (Fig-8.5)

Fig- 8.5 Current Account



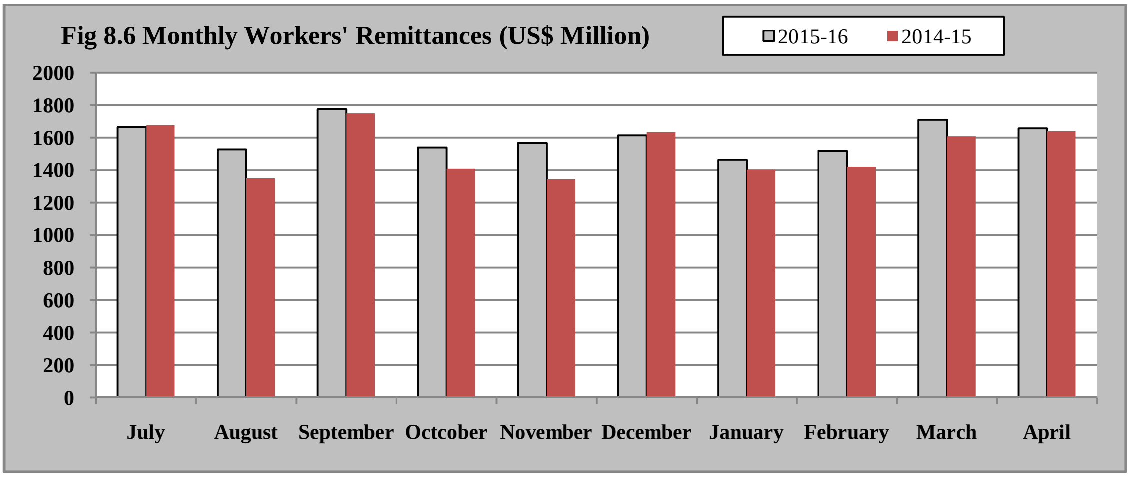
Income account registered deficit of US$ 3.8 billion in July-April FY2016 against the deficit of US$ 3.6 billion during the same period last year. Both lower receipts and higher payments contributed to this increase in deficit in income account. While the payment remained at US$139 million higher during July-April FY2016 than the same period last year, receipts fell by US$ 25 million.

Workers' Remittances

Remittances is considered as one of the main factor in the stability of external account. Remittances continued its upward growth trajectory since 2013. During FY 2015 the remittances reached at US$ 18.72 billion posting a growth of 18.2 percent over FY 2014, while in FY2014, it posted a growth 13.7 percent over FY 2013. The start of FY 2016 has witnessed a growth of 5.25 percent over last year, and this trend continued during July-April FY 2016, the remittances reached to US$ 16.034 billion as compared to 15.236 billion last year. The growth is satisfactory, despite a high base and is expected that the target of US$ 19 billion for FY 2016 will be achieved.

The major share of remittances are from Saudi Arabia 30.1 percent(US$ 4833.4 million), U.A.E 22.1 percent (US$ 3545.3 million), USA 13.0 percent (US$ 2087.6 million) ,other GCC countries 13 percent (US$19.6 million),U.K 12.6 (US$ 2022.4 million) , EU 1.93 percent (US$ 315.6 million) and other countries 7.8 percent. The remittances during July-April FY2016 are 5.8 percent higher from Saudi Arabia , 4.0 percent from UAE, 4.6 percent from United Kingdom, 10.9 percent from other GCC countries, while from other countries 22.3 percent compared to same period last year (Table: 8.9, Fig 8.7)

Despite decline in crude oil prices there is no as such risk observed in flow of remittances from GCC and Saudi Arabia. Overall the export of man power remained 26.7 percent higher over last year.

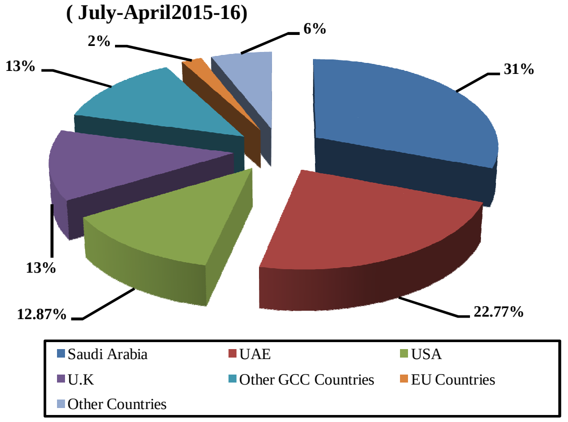


It is also expected that with the start of Ramadan and Eid, the flow of remittances will increase as workers generally send more money during festivals. It is also expected that development activities in Saudi Arabia, Expo 2020 and FIFA World Cup 2022 in Qatar will generate the demand of workers and consequently flow of remittances will increase.

The present government is trying to increase its labor force participation in infrastructure activities in the Gulf region. Pakistan is also making efforts to promote the use of formal channels for the remittances transfer by encouraging banks to expand their network with leading money transfer operators.

Table 8.9: Country/Region Wise Cash Worker's Remittances				
Country/Region	**July-April**		**(US$ billion)**	
	2014-15	**2015-16**	**% Change**	**Share**
Saudi Arabia	4.56	4.83	5.87	30.13
U.A.E.	3.40	3.54	4.00	22.08
USA	2.22	2.08	-6.07	12.97
U.K.	1.93	2.02	4.57	12.62
Other GCC Country	1.77	1.96	10.91	12.22
Others Countries	1.03	1.36	22.33	7.86
EU Countries	0.30	0.31	4.77	1.93
Total	15.23	16.03	5.25	100
Source : State Bank of Pakistan				

Fig- 8.7 Worker's Remittance (July-April2015-16)



Capital & Financial Account

The capital account stood at US$ 296 million during July-April FY2016 compared to US$ 353 million during the corresponding period last year. Financial account on the other hand reached at US$ 2629 million in July-April FY2016 compared to US$ 3320 million during same period last year. Improved financial inflows contribute for growth in financial account.

The disbursement of short and long term loans increased to US$4.661 billion in the first ten month of the current fiscal year as US$ 2.84 billion in the same period a year ago. The country received US$ 3.32 billion in long and US$ 1.34 billion in short term loans in the period under review as against US$1.93 billion and US$ 915 million respectively, a year earlier. It is expected that increase in global commodity prices will help Pakistan to earn more foreign exchange through exports in the next few months.

The foreign direct investment during July-April FY 2016 crossed US$ 1 billion. During the period the FDI received were US$ 1016.3 million compared to US$ 963.8 million in the same period last year. The inflows during the period remained lowered by 26.7 percent (US$ 1762.3 million as compared to US$ 2404.2 million last year). Moreover, the outflows were also declined by 48.2 percent (US$ 746.0 million compared to US$ 1440.4 million during last year). This to some extent helped increasing the FDI during the said period. The portfolio investment remained US$ (-381.2 million) compared to US$ 836.8 million, and Foreign public investment declined by 102.2 percent. The FPI remained US$ (-19.6 million) in FY2016 compared to US$ 936.9 million during the period under review. Thus net foreign investment recorded US$ 615.5 million during July-April FY2016 compared to US$ 2737.5 million in the same period last year. The major factor attributed to decline in portfolio investment is the amortization of US$ 500 million Euro bonds issued in FY 2006 similarly, turmoil in China's equity market, weak global oil prices, and interest rate hike by the US central bank adversely affecting the portfolio investment in private sector.

Table 8.10: Foreign Investment				(US$ Million)
	FY2014	**FY2015 (R)**	**July-April**	
			FY2015 R	**FY2016 P**
A. Foreign Private Investment	2321.4	1840.2	1800.6	635.1
Foreign Direct Investment	1698.6	922.9	963.8	1016.3
Inflow	2847.4	2732.0	2404.2	1762.3

Table 8.10: Foreign Investment (US$ Million)

	FY2014	FY2015 (R)	July-April	
			FY2015 R	FY2016 P
Outflow	1148.8	1809.1	1440.4	746.0
Portfolio Investment	622.8	917.3	836.8	-381.2
Equity Securities	735.1	917.3	836.8	-381.2
Debt Securities	112.2			
B. Foreign Public Investment	2115.2	927.1	936.9	-19.6
Portfolio Investment	2115.2	927.1	936.9	-19.6
Total Foreign Investment (A+B)	4436.6	2767.3	2737.5	615.5

Source: State Bank of Pakistan

Fig-8.6: Country-Wise FDI (July-April FY 2016)

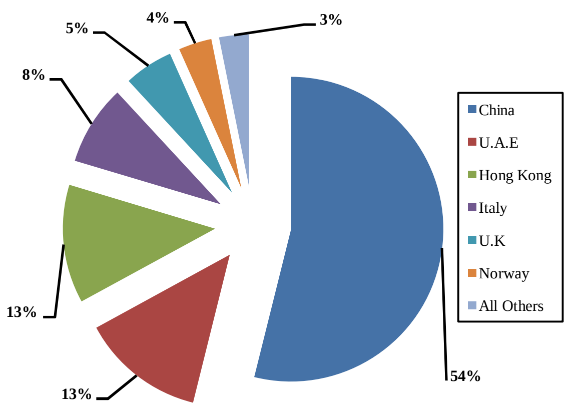
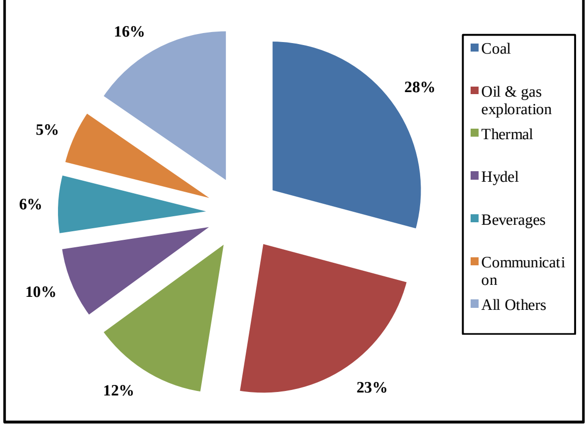


Fig-8.7: Sector-Wise FDI (July-April FY 2016)



The major chunk of FDI is coming from China which constituted US $ 549 million compared to US$ 218 million last year. Other significant investors are Hong Kong (US$ 129 million), Italy (US$ 87 million), Switzerland (US$ 72 million), U.A.E (US$ 137 million) and U.K (US$ 58 million). Saudi Arabia continued to disinvest this year too. The net disinvestment by the kingdom during the ten months under review was US$ 81 million compared to US$ 53 million a year ago, mainly due to lower oil prices and lower fiscal space.

Pakistan's power sector received the biggest chunk of investment, attracting US$ 518 million this year compared to US$ 168 million during the same period of the last fiscal year. Of the total, US$ 123 million was invested in thermal energy, US$ 104 million in hydro electric and US$ 290 million in coal-fired power plants. The Oil and Gas exploration sector also remained attractive as FDI in this sector stood at US$ 234 million during the ten months compared to US$ 230 million during last year.

The Oil and gas exploration, power, communication and beverages continued to remain on the radar screen of the foreign investors. It is expected that with the passage of time the investment under CPEC programme will help FDI to increase manifold. Pakistan is also expected to join MSCI emerging index which will drastically change the dynamics of equity markets.

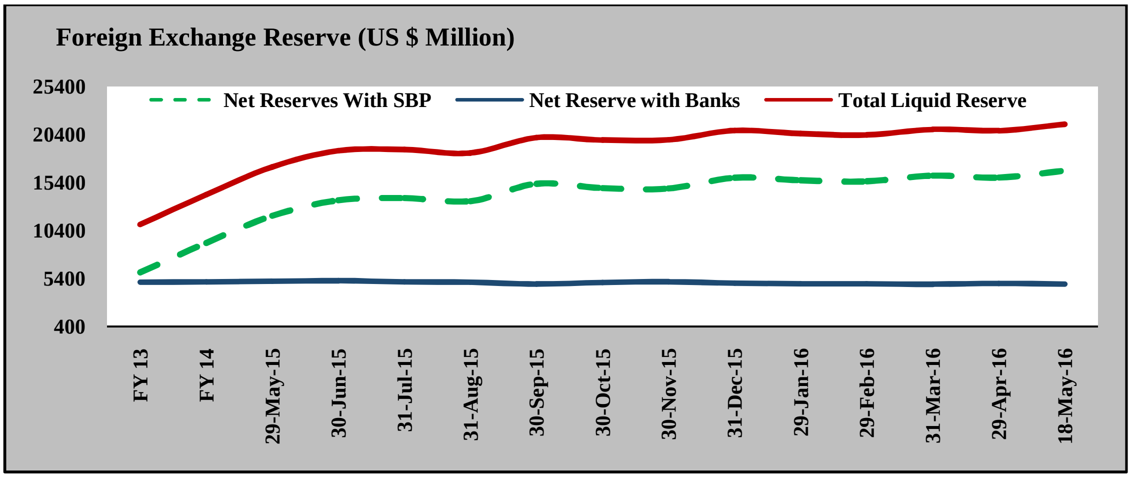
Foreign Exchange Reserves and Exchange Rate

The country's total foreign exchange reserves reached to highest level to US$ 21.4 billion by May18, 2016, compared to US$ 18.6 billion end June 2015. The rise was mainly due to, loans from ADB and World Bank, CSF as well as disbursement of loans under EFF by IMF and higher investment inflows. It is important to mention here that the increase in the reserves was largely attributed to rise in the reserves held by SBP. On the other hand, reserves held by commercial banks were almost stagnant during the period under review.

Table: 8. 11 Liquid Foreign Exchange Reserve (Billion US $)

End Period	Net Reserves With SBP	Net Reserve with Banks	Total Liquid Reserve
FY 2013	6.01	5.01	11.02
FY 2014	9.10	5.04	14.14
May2015	11.91	5.12	17.03
June2015	13.53	5.16	18.69
July2015	13.77	5.06	18.82
August2015	13.46	5.01	18.47
September2015	15.25	4.83	20.07
October2015	14.82	4.99	19.81
November2015	14.77	5.06	19.83
December2015	15.89	4.93	20.81
January2016	15.63	4.86	20.49
February2016	15.51	4.83	20.35
March2016	16.12	4.80	20.92
April2016	15.90	4.88	20.79
May2016*	16.63	4.82	21.46

Source: SBP *: May 18, 2016



Exchange rate remained at Rs.104.75 per US$ in May FY2016, compared to Rs 101.78 per US$ at end June 2015. The Pak Rupee's deprecation was around 2.9 percent during July-May FY2016. This was mainly because of relative stability in the world currency market (except for some volatility in January 2016),sharp fall in global oil prices which decreased Pakistan's import bill by 4.6 percent and a considerable rise in SBP's foreign exchange reserves, to absorbs any external shocks.

Conclusion

The ongoing slump in global commodity prices continued to support Pakistan's external sector. Decline in oil prices helped in reduction of Pakistan's import bill by 4.6 percent. As a result, the current account deficit narrowed down over last year. Country's foreign exchange reserves reached to historical high level at US$ 21.46 billion in May 2016. The exchange rate remained stable during the current financial year. Worker's remittances are continuously rising, and posted a modest growth of 5.2 percent during July-April FY2016. Falling exports are alarming during current fiscal year; a number of exogenous factors are responsible such as very low inflation rates across advanced economies, lackluster economic growth, jittery global equity and currency market weakening in China and policy reversal in the US. Emerging market economies has mostly seen their exports falling and much constrained across border investments. However, the present government is cognizant of this issue and has taken a number of measures and recently launched STPF 2015-18 is a welcome development for our exports.

TRADE AND PAYMENTS

TABLE 8.1

BALANCE OF PAYMENTS (SUMMARY)

(US $ Million)

Items	2010-11	2011-12	2012-13	2013-14	2014-15	July-March	
						2014-15	2015-16 P
Current account balance	214	-4,658	-2,496	-3,130	-2,709	-1,971	-1,606
Current account balance	-610	-5,243	-2,898	-3,464	-3,035	-2,239	-1,955
(without official Transfers)							
Exports f.o.b	25,356	24,718	24,802	25,078	24,089	18,031	16,393
Imports f.o.b	35,872	40,370	40,157	41,668	41,280	31,211	29,581
Trade Balance	-10,427	-15,652	-15,355	-16,590	-17,191	-13,180	-13,188
Services Balance (Net)	-1,940	-3,305	-1,564	-2,650	-2,963	-1,759	-1,638
Credit	5,745	5,013	6,724	5,345	5,880	4,755	3,863
Debit	7,774	8,318	8,288	7,995	8,843	6,514	5,501
of which:							
Transportation	4,072	3,516	3,297	3,874	4,155	3,098	2,172
Travel	972	1,367	1,233	1,073	1,518	1,115	1,081
Income Account Balance (Net)	-3,017	-3,245	-3,669	-3,955	-4,595	-3,220	-3,417
Credit	716	826	488	508	647	446	408
Debit	3,733	4,071	4,157	4,463	5,242	3,666	3,825
of Which Interest Payments	1,483	1,633	1,240	1,344	1,624	1,152	1,205
Current Transfer (Net)	15,687	17,544	18,092	20,065	20,040	16,188	16,637
of Which Worker remittances	11,201	13,186	13,922	15,837	18,721	13,596	14,377
Capital Account	161	183	264	1,857	375	322	269
Financial Account	-2,101	-1,280	-549	-5,553	-4,996	-2,681	-2,797
Direct Investment (net)	-1,591	-744	-1,258	-1,572	-850	-772	-942
Direct Investment in Pakistan	1,635	821	1,456	1,700	923	833	958
Direct Investment abroad	-44	77	198	128	73	61	16
Portfolio Investment (net)	-338	144	-26	-2,762	-1,882	-1,100	404
Assets (net)	7	32	99	-23	-41	-60	15
Liabilities (net)	345	-112	125	2,739	1,841	1,040	-389
Other Investment Assets	920	-9	314	-211	-89	-113	-290
Other Investment Liabilities	1,092	671	-421	1,010	2,173	696	1,970
of which:							
General Government	298	998	248	1,610	1,400	590	2,159
Disbursements	2,377	2,633	2,530	4,349	4,243	2,741	4,453
Long-term	2,377	2,633	2,274	3,617	3,088	1,826	3,204
Short-term	0	0	256	732	1,155	915	1,249
Amortization	1,957	1,577	2,282	2,734	2,841	2,149	2,294
Long-term	1,557	1,477	1,530	1,834	1,834	1,347	1,241
Short-term	400	100	391	0	582	443	732
Other Liabilities	-122	-58	0	-5	-2	0	-2
Net errors and omissions	16	-80	-309	-422	-16	181	-315
Reserve and Related Items	2,492	-3,275	-1,992	3,858	2,464	1,213	1,145
Reserves assets	2,225	-4,430	-4,530	3,285	4,595	2,748	2,653
Use of fund credit and loans	-267	-1,155	-2,538	-573	1,949	1,535	1,508
Exceptional financing	0	0	0		0	0	0

P : Provisional

Source: State Bank of Pakistan

TABLE 8.2

COMPONENTS OF BALANCE OF PAYMENTS (AS PERCENT OF GDP)

Year	Exports *	Imports *	Trade Deficit *	Worker's Remittances **	Current Account Deficit **
2000-01	12.9	15.1	2.1	1.5	0.7
2001-02	12.8	14.4	1.8	3.3	+1.9
2002-03	13.5	14.8	1.3	5.1	+3.8
2003-04	12.5	15.9	3.3	3.9	+1.3
2004-05	13.0	18.5	5.5	3.7	1.6
2005-06	12.0	20.9	8.9	3.4	3.6
2006-07	11.1	20.0	8.9	3.6	4.5
2007-08	11.2	23.5	12.3	3.8	8.2
2008-09	10.5	20.7	10.2	4.6	5.5
2009-10	10.9	19.6	8.7	5.0	2.2
2010-11	11.6	18.9	7.3	5.2	+0.1
2011-12	10.5	20.0	9.5	5.9	2.1
2012-13	10.6	19.4	8.9	6.0	1.1
2013-14	10.3	18.5	8.2	6.5	1.3
2014-15	8.7	16.9	8.2	6.9	1.0
Jul-Mar					
2014-15	6.6	12.5	5.9	5.0	0.7
2015-16 P	5.5	11.4	5.9	5.1	0.6

P : Provisional
*** : Based on the data compiled by PBS**
**** : Based on the data compiled by SBP**

Source: Pakistan Bureau of Statistics
State Bank of Pakistan

TABLE 8.3

EXPORTS, IMPORTS AND TRADE BALANCE

Year	(Rs million) Current Prices			Growth Rate (%)			(US $ million) Current Prices			Growth Rate (%)		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
2000-01	539,070	627,000	-87,930	21.50	17.46	-2.42	9,202	10,729	-1,527	7.39	4.07	-12.24
2001-02	560,947	634,630	-73,683	4.06	1.22	-16.20	9,135	10,340	-1,205	-0.73	-3.63	-21.09
2002-03	652,294	714,372	-62,078	16.28	12.57	-15.75	11,160	12,220	-1,060	22.17	18.18	-12.03
2003-04	709,036	897,825	-188,789	8.70	25.68	204.12	12,313	15,592	-3,279	10.33	27.59	209.34
2004-05	854,088	1,223,079	-368,991	20.46	36.23	95.45	14,391	20,598	-6,207	16.88	32.11	89.30
2005-06	984,841	1,711,158	-726,317	15.31	39.91	96.84	16,451	28,581	-12,130	14.31	38.76	95.42
2006-07	1,029,312	1,851,806	-822,494	4.52	8.22	13.24	16,976	30,540	-13,564	3.19	6.85	11.82
2007-08	1,196,638	2,512,072	-1,315,434	16.26	35.66	59.93	19,052	39,966	-20,914	12.23	30.86	54.19
2008-09	1,383,718	2,723,570	-1,339,852	15.63	8.42	1.86	17,688	34,822	-17,134	-7.16	-12.87	-18.07
2009-10	1,617,458	2,910,975	-1,293,517	16.89	6.88	-3.46	19,290	34,710	-15,420	9.06	-0.32	-10.00
2010-11	2,120,847	3,455,286	-1,334,439	31.12	18.69	3.16	24,810	40,414	-15,604	28.61	16.43	1.19
2011-12	2,110,605	4,009,093	-1,898,488	-0.48	16.03	42.27	23,641	44,912	-21,271	-4.71	11.13	36.32
2012-13	2,366,478	4,349,879	-1,983,401	12.12	25.89	4.47	24,460	44,950	-20,490	-1.41	11.22	31.31
2013-14	2,583,463	4,630,521	-2,047,058	9.17	6.45	3.21	25,110	45,073	-19963	2.66	0.27	-2.57
2014-15	2,397,513	4,644,152	-2,246,639	-7.20	0.29	9.75	23,667	45,826	-22159	-5.75	1.67	11.00
Jul-Mar												
2014-15	1,812,803	3,435,442	-1,622,639	-8.93	-0.37	11.31	17,921	33,948	-16,027	-6.04	2.77	14.81
2015-16 P	1,623,836	3,374,557	-1,750,721	-10.42	-1.77	7.89	15,598	32,412	-16,814	-12.96	-4.52	4.91

P: Provisional

Source: Pakistan Bureau of Statistics

TABLE 8.4

UNIT VALUE INDICES AND TERMS OF TRADE (T.O.T) (1990-91 = 100)

Groups	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	July-March 2014-15	July-March 2015-16 P
All Groups										
Exports	350.40	450.40	478.07	593.19	679.44	715.45	752.86	759.21	761.67	705.73
Imports	632.30	790.82	839.60	1,013.10	1,233.49	1,329.56	1,387.15	1,404.72	1,406.79	1,261.63
T.O.T.	55.42	56.95	56.94	58.55	55.08	53.81	54.27	54.05	54.14	55.94
Food & Live Animals										
Exports	496.58	758.42	693.35	747.72	800.09	884.48	954.07	1,057.47	1,058.32	946.20
Imports	551.25	622.23	688.76	743.82	791.79	802.28	838.74	891.28	890.53	836.80
T.O.T.	90.08	121.89	100.52	100.52	101.05	110.25	113.75	118.65	118.84	113.07
Beverages & Tobacco										
Exports	202.67	431.15	629.08	804.61	935.29	1,052.54	1,127.89	1,148.80	1,147.82	1,190.48
Imports	653.41	884.26	961.43	1,060.35	1,230.10	1,339.47	1,446.20	1,620.65	1,597.88	1,703.16
T.O.T.	31.02	48.76	65.43	75.88	76.03	78.58	77.99	70.89	71.83	69.90
Crude Materials (inedible except fuels)										
Exports	328.53	494.08	573.05	647.55	848.74	958.74	1,009.57	999.87	1,006.32	931.37
Imports	445.35	813.16	577.43	803.59	881.00	995.65	1,046.35	1,048.08	1,051.90	1,039.03
T.O.T.	73.77	80.58	84.59	80.58	96.34	96.29	96.48	95.40	95.67	89.64
Minerals, Fuels & Lubricants										
Exports	979.83	840.26	1,115.54	1,333.56	1,500.63	1,615.08	1,682.81	1,713.20	1,816.02	1,164.08
Imports	877.47	982.09	975.40	1,255.86	1,651.93	1,720.77	1,757.91	1,550.37	1,051.90	1,099.48
T.O.T.	111.67	85.56	114.37	106.19	90.84	93.86	95.73	110.50	113.86	105.88
Chemicals										
Exports	397.29	480.24	634.75	620.91	739.66	876.11	939.50	935.18	937.41	1,003.90
Imports	471.77	659.24	725.54	796.89	897.56	994.50	1,098.60	1,256.50	1,243.22	1,175.96
T.O.T.	84.21	72.85	73.70	77.92	82.41	88.10	85.52	74.43	75.40	85.37
Animal & Vegetable Oils, Fats & Waxes										
Exports	-	-	-	-	-	-	-		-	-
Imports	647.28	793.22	861.02	1,005.72	1,240.29	1,103.29	1,054.13	1,037.83	1,034.28	1,012.95
T.O.T.	-	-	-	-	-	-	-		-	-
Manufactured Goods										
Exports	316.97	387.90	411.00	559.56	641.15	689.62	698.49	667.05	677.05	609.75
Imports	427.60	559.24	612.77	747.32	823.33	887.02	899.66	1,026.39	1,022.69	919.86
T.O.T.	74.60	69.36	67.07	74.88	77.87	77.75	77.64	64.99	66.25	66.29
Machinery and Transport Equipment										
Exports	518.62	806.33	988.72	1,286.13	1,517.96	1,603.48	1,650.17	1,789.37	1,763.69	1,893.35
Imports	639.86	897.85	965.15	1,183.62	1,407.29	1,738.91	1,866.32	1,985.27	1,951.56	1,914.91
T.O.T.	81.05	89.81	102.44	108.66	107.86	92.21	88.42	90.13	90.37	98.87
Miscellaneous Manufactured Articles										
Exports	351.77	442.64	498.40	558.25	650.31	657.15	700.75	728.76	720.33	769.23
Imports	605.24	763.29	964.44	1,174.99	1,274.46	1,342.66	1,458.63	1,854.42	1,800.43	2,349.92
T.O.T.	58.12	57.99	51.68	47.51	51.03	48.94	48.04	39.30	40.01	32.73

P : Provisional   - : Not applicable   Source: Pakistan Bureau of Statistics

TABLE 8.5 A

ECONOMIC CLASSIFICATION OF EXPORTS AND IMPORTS (EXPORTS)

(Values in Rs million)

Year	Primary Commodities		Semi-Manufactures		Manufactured Goods		
	Value	Percentage Share	Value	Percentage Share	Value	Percentage Share	Total Value*
2000-01	67,783	13	81,288	15	389,999	72	539,070
2001-02	60,346	11	80,438	14	420,163	75	560,947
2002-03	71,194	11	71,323	11	509,777	78	652,294
2003-04	70,716	10	83,361	12	554,959	78	709,036
2004-05	92,018	11	86,483	10	675,586	79	854,088
2005-06	112,268	11	106,029	11	766,543	78	984,841
2006-07	113,954	11	121,930	12	793,428	77	1,029,312
2007-08	171,670	14	127,090	11	897,877	75	1,196,638
2008-09	224,873	16	130,693	10	1,028,151	74	1,383,718
2009-10	287,491	18	170,609	10	1,159,358	72	1,617,458
2010-11	377,536	18	274,500	13	1,468,811	69	2,120,847
2011-12	362,404	17	261,831	12	1,486,370	71	2,110,605
2012-13	364,127	15	391,151	17	1,611,199	68	2,366,478
2013-14	420,496	16	369,066	14	1,793,901	70	2,583,463
2014-15	402,750	16	352,073	15	1,642,689	69	2,397,513
July-Mar							
2014-15	312,467	17	266,162	15	1,234,174	68	1,812,803
2015-16 P	268,529	17	199,603	12	1,155,704	71	1,623,836

P: Provisional

Source: Pakistan Bureau of Statistics

*: Total value may not be tally due to rounding of figures

TABLE 8.5 B

ECONOMIC CLASSIFICATION OF EXPORTS AND IMPORTS (IMPORTS)

(Values in Rs million)

Year	Capital Goods		Industrial Raw Material: Capital Goods		Industrial Raw Material: Consumer Goods		Consumer Goods		Total Value*
	Value	Percentage Share	Value	Percentage Share	Value	Percentage Share	Value	Percentage Share	
2000-01	157,091	25	34,371	6	345,770	55	89,768	14	627,000
2001-02	176,702	28	39,038	6	346,865	55	72,025	11	634,630
2002-03	220,942	31	41,216	6	380,035	53	72,179	10	714,372
2003-04	316,082	35	57,310	7	441,586	49	82,847	9	897,825
2004-05	441,528	36	101,719	8	557,226	46	122,607	10	1,223,079
2005-06	631,644	37	124,480	7	769,336	45	185,698	11	1,711,158
2006-07	670,539	36	134,519	7	864,736	47	182,011	10	1,851,806
2007-08	731,017	29	202,538	8	1,322,329	53	256,187	10	2,512,072
2008-09	790,327	29	246,600	9	1,337,986	49	348,657	13	2,723,570
2009-10	812,016	28	209,051	7	1,509,081	52	380,827	13	2,910,975
2010-11	829,005	24	239,525	7	1,826,243	53	560,512	16	3,455,285
2011-12	911,561	24	262,212	6	2,292,309	56	543,011	14	4,009,093
2012-13	1,049,775	24	293,733	7	2,353,818	54	652,553	15	4,349,879
2013-14	1,081,329	23	306,810	7	2,462,189	53	780,192	17	4,630,521
2014-15	1,233,341	27	388,167	8	2,214,664	48	807,980	17	4,644,152
July-Mar									
2014-15	898,652	26	283,745	8	1,643,124	48	609,922	18	3,435,442
2015-16 P	1,057,993	31	301,845	9	1,373,311	41	641,492	19	3,374,641

P: Provisional

Source: Pakistan Bureau of Statistics

*: Total may not be tally due to rounding of figures

TABLE 8.6

MAJOR IMPORTS

(Rs. Million)

Items	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	July-Mar 2014-15	July-Mar 2015-16 P
1. Chemicals	300,450	327,568	395,889	435,801	447,521	498,340	442,197	385,176	389,272
2. Drugs and medicines	44,929	60,057	58,870	62,268	80,736	81,399	96,183	74,417	69,985
3. Dyes and colours	22,050	25,061	28,283	29,129	29,932	38,601	40,221	29,254	30,934
4. Chemical Fertilizers	42,381	79,541	45,947	110,626	63,277	73,058	92,641	73,073	66,603
5. Electrical goods	60,718	56,204	67,851	72,608	81,728	114,874	122,183	88,371	137,669
6. Machinery (non-electrical)	461,816	397,683	387,463	435,139	473,258	551,830	633,733	465,770	513,760
7. Transport equipments	103,476	163,006	184,075	192,247	228,987	219,877	263,622	186,579	189,667
8. Paper, board and stationery	33,221	30,179	44,845	38,081	38,970	44,362	53,250	38,298	40,718
9. Tea	17,417	22,712	28,560	31,292	35,632	30,827	34,532	26,553	42,075
10. Sugar-refined	4,505	24,731	58,669	1,167	501	636	631	553	523
11. Art-silk yarn	23,046	31,315	46,703	52,939	52,328	63,596	69,028	49,752	48,755
12. Iron, steel & manu-factures thereof	136,268	135,023	135,363	156,683	193,543	180,530	226,030	162,067	188,281
13. Non-ferrous metals	25,638	30,477	39,420	35,370	37,693	44,389	44,709	31,162	37,821
14. Petroleum & products	738,278	840,920	1,033,496	1,361,511	1,447,531	1,527,753	1,195,025	900,214	580,203
15. Edible oils	116,042	112,288	178,424	216,387	196,776	206,955	186,010	139,345	144,920
16. Grains, pulses & flours	108,012	34,222	44,858	48,691	45,239	52,710	71,742	55,778	52,924
17. Other imports	486,323	539,888	676,570	729,154	896,228	900,784	1,072,415	729,080	840,531
Grand Total	2,723,570	2,910,975	3,455,287	4,009,093	4,349,880	4,630,521	4,644,152	3,435,442	3,374,641

P : Provisional

Source: Pakistan Bureau of Statistics

TABLE 8.7

MAJOR EXPORTS

(Rs. Million)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Jul-Mar 2014-15	Jul-Mar 2015-16 P
1. Rice	154,762	183,371	183,557	184,405	186,304	222,907	206,266	158,897	143,546
2. Fish and Fish preparations	18,465	19,051	25,319	28,590	30,755	37,918	354,293	25,687	25,043
3. Fruits	12,313	20,086	23,138	32,068	37,772	45,196	44,375	38,065	37,254
4. Wheat	3,064	61	49,746	11,178	6,064	732	291	163	9
5. Sugar	640	2	-	2,576	51,643	29,638	32,686	21,064	13,818
6. Meat and Meat Preparations	5,546	8,327	13,027	15,522	20,362	23,650	24,664	18,421	22,144
7. Raw Cotton	6,827	16,367	30,734	41,393	14,882	21,353	14,933	14,421	7,811
8. Cotton Yarn	87,354	120,069	186,601	162,004	217,123	205,660	187,376	148,165	102,830
9. Cotton Fabrics	153,039	150,937	219,065	218,160	260,347	285,130	248,431	189,724	175,450
10. Hosiery (Knitwear)	135,998	147,866	196,110	176,682	196,408	235,565	243,719	180,707	181,763
11. Bedwear	136,105	146,195	178,290	155,108	172,538	219,962	213,018	158,813	156,608
12. Towels	50,387	56,012	64,978	61,326	75,060	78,889	80,778	59,746	62,185
13. Readymade Garments	96,483	106,446	152,858	144,269	175,662	196,198	212,833	156,185	167,564
14. Art Silk and Synthetic Textiles	21,740	37,422	57,103	48,817	39,369	39,508	33,485	25,862	23,121
15. Carpets, Carpeting Rugs & Mats	11,392	11,473	11,285	10,757	11,839	12,935	12,098	9,398	7,710
16. Sports Goods excl. Toys	21,393	25,021	27,839	30,240	31,888	37,260	34,294	24,295	24,663
17. Leather Excluding Reptile Leather (Tanned)	23,394	28,699	39,569	39,841	48,378	56,496	49,515	37,127	27,819
18. Leather Manufactures	43,473	38,413	46,178	46,536	54,000	64,368	60,429	46,605	40,989
19. Foot wear	9,875	7,763	9,296	8,860	10,037	12,208	13,304	9,977	8,253
20. Medical & Surgical Instruments	19,870	19,203	21,995	27,126	29,316	34,726	34,576	25,752	27,348
21. Chemicals and Pharmaceuticals	47,289	62,251	77,816	96,009	84,213	120,391	99,339	68,333	61,154
22. Engineering goods	20,752	19,294	21,650	24,726	28,030	33,487	22,919	17,234	14,031
23. Jewellery	22,444	53,456	34,588	82,774	112,419	33,844	668	501	542
24. Cement and cement Products	45,574	40,261	38,191	44,619	55,878	52,147	44,943	35,316	25,809
25. All other items	235,539	299,412	411,914	417,019	421,592	483,295	128,280	342,345	266,372
Total Exports	1,383,718	1,617,458	2,120,847	2,110,605	2,371,879	2,583,463	2,397,513	1,812,803	1,623,836

P: Provisional

Source: Pakistan Bureau of Statistics

TABLE 8.8

DESTINATION OF EXPORTS AND ORIGIN OF IMPORTS

(% Share)

REGION	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
1. Developed Countries									
Exports	56.7	58.1	56.1	58.2	55.9	54.7	54.7	51.0	46.4
Imports	31.0	34.3	34.4	35.5	38.0	34.2	33.3	30.2	29.1
i. OECD									
Exports	56.3	57.6	55.6	57.6	55.2	53.8	53.8	50.0	45.5
Imports	30.5	33.7	33.5	34.7	34.7	32.4	31.5	27.1	27.8
ii. Other European Countries									
Exports	0.4	0.5	0.5	0.7	0.7	0.9	0.9	1.0	0.9
Imports	0.5	0.6	0.9	0.8	3.3	1.8	1.8	3.1	1.3
2. CMEA*									
Exports	0.4	0.5	0.6	0.7	0.9	0.9	1.1	1.2	1.2
Imports	0.9	1.1	0.8	1.2	2.1	2.2	1.8	1.4	3.1
3. Developing Countries									
Exports	42.9	41.4	43.3	41.1	43.2	44.4	44.2	47.8	52.4
Imports	68.1	64.6	64.8	63.3	59.9	63.6	64.9	68.4	67.8
i. OIC									
Exports	16.5	19.2	22.3	20.7	21.9	23.3	21.6	26.4	30.4
Imports	39.3	36.0	35.2	33.7	29.2	33.7	32.0	33.4	33.9
ii. SAARC									
Exports	2.9	2.5	2.4	3.2	4.6	4.4	4.8	4.4	5.0
Imports	2.9	2.4	1.9	3.1	3.2	3.3	4.5	5.0	3.8
iii. ASEAN									
Exports	3.6	2.7	2.9	2.7	2.1	1.7	1.9	1.7	2.1
Imports	10.6	11.7	12.2	11.1	10.0	9.1	9.5	9.9	10.4
iv. Central America									
Exports	0.8	1.0	0.9	0.9	0.9	0.9	1.1	1.0	1.0
Imports	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.2
v. South America									
Exports	1.2	0.9	0.7	0.8	0.9	1.0	1.4	1.6	1.4
Imports	1.6	0.7	0.6	0.6	1.1	1.4	0.8	1.8	1.2
vi. Other Asian Countries									
Exports	13.0	11.4	9.9	9.4	8.7	8.9	9.2	8.4	8.5
Imports	10.6	10.9	12.5	12.3	13.7	13.7	15.9	15.7	15.2
vii. Other African Countries									
Exports	4.3	3.5	4.0	3.2	4.0	4.1	4.1	4.2	4.0
Imports	2.8	2.7	2.3	2.3	2.4	2.2	1.9	2.2	3.0
viii. Central Asian States									
Exports	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	..
Imports	0.1	0.1	..	0.1	0.2	0.1	0.1	0.3	0.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(Contd.)

TABLE 8.8 (Concluded)

DESTINATION OF EXPORTS AND ORIGIN OF IMPORTS

(% Share)

REGION	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Jul-Mar 2014-15	Jul-Mar 2015-16 P
1. Developed Countries								
Exports	43.7	43.3	40.3	41.5	44.7	46.6	46.6	50.8
Imports	26.3	22.2	21.0	21.5	20.5	20.9	20.9	23.3
i. OECD								
Exports	42.8	42.3	39.2	40.4	43.5	45.5	45.5	49.7
Imports	25.3	21.6	19.9	20.5	18.5	18.4	18.4	20.7
ii. Other European Countries								
Exports	0.9	1.0	1.1	1.1	1.2	1.1	1.1	1.1
Imports	1.0	0.6	1.1	1.0	2.0	2.5	2.5	2.5
2. CMEA*								
Exports	1.2	1.3	1.4	1.5	1.6	1.8	1.8	1.9
Imports	1.2	1.1	1.1	1.0	1.0	1.3	1.3	0.9
3. Developing Countries								
Exports	55.1	55.4	58.3	57.0	53.7	51.6	51.6	47.3
Imports	72.5	76.7	77.9	77.6	78.5	77.8	77.8	75.9
i. OIC								
Exports	29.1	28.3	28.8	26.5	23.3	20.9	20.9	18.8
Imports	37.4	38.0	40.8	40.5	39.4	33.2	33.2	24.8
ii. SAARC								
Exports	5.4	6.5	5.4	5.6	5.5	5.6	5.6	6.1
Imports	3.9	4.7	3.7	4.3	4.8	4.0	4.0	4.4
iii. ASEAN								
Exports	2.8	2.3	3.0	2.8	2.6	3.6	3.6	2.7
Imports	11.4	11.9	11.8	11.0	11.0	10.7	10.7	10.2
iv. Central America								
Exports	0.9	0.8	0.8	0.8	0.7	0.8	0.8	0.9
Imports	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.3
v. South America								
Exports	1.2	1.5	1.4	1.4	1.4	1.3	1.3	1.2
Imports	0.6	1.1	0.6	0.8	0.8	1.3	1.3	2.1
vi. Other Asian Countries								
Exports	11.2	11.8	14.5	15.4	14.9	14.1	14.1	12.4
Imports	16.3	17.8	18.3	18.2	20.2	25.6	25.6	30.4
vii. Other African Countries								
Exports	4.4	4.1	4.3	4.4	5.2	5.2	5.2	5.1
Imports	2.5	2.9	2.6	2.6	2.2	2.9	2.9	0.1
viii. Central Asian States								
Exports	0.1	0.1	..	0.1	0.1	0.1	0.1	0.2
Imports	0.2	0.2	0.1	..	..	..	..	0.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

P : Provisional .. : Insignificant Source: Pakistan Bureau of Statistics

* : Council for Mutual Economic Assistance.

TABLE 8.9

WORKERS' REMITTANCES

(US $ Million)

COUNTRY	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
I. Cash Flow	**1,021.59**	**2,340.79**	**4,190.73**	**3,826.16**	**4,152.29**	**4,588.03**	**5,490.97**	**6,448.84**
Bahrain	23.87	39.58	71.46	80.55	91.22	100.57	136.28	140.51
Canada	4.90	20.52	15.19	22.90	48.49	81.71	87.20	100.62
Germany	9.20	13.44	26.87	46.52	53.84	59.03	76.87	73.33
Japan	3.93	5.97	8.14	5.28	6.51	6.63	4.26	4.75
Kuwait	123.39	89.66	221.23	177.01	214.78	246.75	288.71	384.58
Norway	5.74	6.55	8.89	10.19	18.30	16.82	22.04	28.78
Qatar	13.38	31.87	87.68	88.69	86.86	118.69	170.65	233.36
Saudi Arabia	304.43	376.34	580.76	565.29	627.19	750.44	1,023.56	1,251.32
Oman	38.11	63.18	93.65	105.29	119.28	130.45	161.69	224.94
U.A.E.	190.04	469.49	837.87	597.48	712.61	716.30	866.49	1,090.30
Abu Dhabi	48.11	103.72	212.37	114.92	152.51	147.89	200.40	298.80
Dubai	129.69	331.47	581.09	447.49	532.93	540.24	635.60	761.24
Sharjah	12.21	34.05	42.60	34.61	26.17	26.87	28.86	28.58
Others	0.03	0.25	1.81	0.46	1.00	1.30	1.63	1.68
U.K.	81.39	151.93	273.83	333.94	371.86	438.65	430.04	458.87
U.S.A	134.81	778.98	1,237.52	1,225.09	1,294.08	1,242.49	1,459.64	1,762.03
Other Countries	88.40	293.28	727.64	567.93	507.27	679.50	763.54	695.45
II Encashment*	64.98	48.26	46.12	45.42	16.50	12.09	2.68	2.40
Total (I+II)	**1,086.57**	**2,389.05**	**4,236.85**	**3,871.58**	**4,168.79**	**4,600.12**	**5,493.65**	**6,451.24**

* : Encashment and Profit in Pak Rs. of Foreign Exchange Bearer Certificates (FEBCs) & Foreign Currency Bearer Certificates (FCBCs)

Source: State Bank of Pakistan

TABLE 8.9

WORKERS' REMITTANCES

(% Share)

COUNTRY	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Cash Flow								
Bahrain	2.34	1.69	1.71	2.11	2.20	2.19	2.48	2.18
Canada	0.48	0.88	0.36	0.60	1.17	1.78	1.59	1.56
Germany	0.90	0.57	0.64	1.22	1.30	1.29	1.40	1.14
Japan	0.38	0.26	0.19	0.14	0.16	0.14	0.08	0.07
Kuwait	12.08	3.83	5.28	4.63	5.17	5.38	5.26	5.96
Norway	0.56	0.28	0.21	0.27	0.44	0.37	0.40	0.45
Qatar	1.31	1.36	2.09	2.32	2.09	2.59	3.11	3.62
Saudi Arabia	29.80	16.08	13.86	14.77	15.10	16.36	18.64	19.40
Oman	3.73	2.70	2.23	2.75	2.87	2.84	2.94	3.49
U.A.E.	18.60	20.06	19.99	15.62	17.16	15.61	15.78	16.91
Abu Dhabi	4.71	4.43	5.07	3.00	3.67	3.22	3.65	4.63
Dubai	12.69	14.16	13.87	11.70	12.83	11.77	11.58	11.80
Sharjah	1.20	1.45	1.02	0.90	0.63	0.59	0.53	0.44
Others	0.00	0.01	0.04	0.01	0.02	0.03	0.03	0.03
U.K.	7.97	6.49	6.53	8.73	8.96	9.56	7.83	7.12
U.S.A	13.20	33.28	29.53	32.02	31.17	27.08	26.58	27.32
Other Countries	8.65	12.53	17.36	14.84	12.22	14.81	13.91	10.78
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Source: State Bank of Pakistan

TABLE 8.9

WORKERS' REMITTANCES

(US $ Million)

COUNTRY	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	July-March 2014-15	July-March 2015-16 P
I. Cash Flow	**8,904.93**	**11,200.90**	**13,186.58**	**13,921.56**	**15,837.68**	**18,719.80**	**13,594.95**	**14,377.54**
Bahrain	151.35	167.29	210.95	282.83	318.84	388.99	272.34	336.10
Canada	115.12	184.62	177.71	177.19	160.03	170.99	132.28	115.79
Germany	81.21	106.64	88.74	83.18	85.58	78.13	58.78	61.71
Japan	5.68	8.13	9.03	5.15	7.09	7.75	5.52	7.82
Kuwait	445.09	495.19	582.57	619.00	681.43	748.12	553.59	555.56
Norway	34.68	36.99	38.49	37.84	30.77	27.58	20.96	21.86
Qatar	354.15	306.11	318.82	321.25	329.24	350.21	252.88	276.71
Saudi Arabia	1,917.66	2,670.07	3,687.00	4,104.73	4,729.43	5,630.43	4,045.75	4,344.65
Oman	287.27	337.59	382.66	384.80	530.52	685.71	500.77	598.23
U.A.E.	2,038.57	2,597.74	2,848.86	2,750.17	3,109.52	4,231.75	3,010.61	3,199.32
Abu Dhabi	1,130.32	1,328.82	1,367.62	1,485.03	1,512.45	1,750.65	1,343.22	1,002.44
Dubai	851.59	1,201.15	1,411.26	1,213.84	1,550.03	2,411.96	1,616.10	2,146.70
Sharjah	54.55	63.77	67.26	49.76	45.54	67.64	50.37	48.88
Others	2.11	4.00	2.72	1.54	1.50	1.50	0.92	1.30
U.K.	876.38	1,199.67	1,521.10	1,946.01	2,180.23	2,376.15	1,747.06	1,800.47
U.S.A	1,771.19	2,068.67	2,334.47	2,186.24	2,467.65	2,702.66	2,008.14	1,897.76
Other Countries	826.58	1,022.19	986.18	1,023.17	1207.35	1321.33	986.27	1,161.56
II Encashment*	1.02	0.07	0.04	0.10	0.03	0.20	-	-
Total (I+II)	**8,905.95**	**11,200.97**	**13,186.62**	**13,921.66**	**15,837.71**	**18,720.00**	**13,594.95**	**14,377.54**

* : Encashment and Profit in Pak Rs. of Foreign Exchange Bearer Certificates (FEBCs) & Foreign Currency Bearer Certificates (FCBCs)

Source: State Bank of Pakistan

P: Provisional

TABLE 8.9

WORKERS' REMITTANCES

(% Share)

COUNTRY	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	July-March 2014-15	July-March 2015-16 P
Cash Flow								
Bahrain	1.70	1.49	1.60	2.03	2.01	2.08	2.00	2.34
Canada	1.29	1.65	1.35	1.27	1.01	0.91	0.97	0.81
Germany	0.91	0.95	0.67	0.60	0.54	0.42	0.43	0.43
Japan	0.06	0.07	0.07	0.04	0.04	0.04	0.04	0.05
Kuwait	5.00	4.42	4.42	4.45	4.30	4.00	4.07	3.86
Norway	0.39	0.33	0.29	0.27	0.19	0.15	0.15	0.15
Qatar	3.98	2.73	2.42	2.31	2.08	1.87	1.86	1.92
Saudi Arabia	21.53	23.84	27.96	29.48	29.86	30.08	29.76	30.22
Oman	3.23	3.01	2.90	2.78	3.35	3.66	3.68	4.16
. UAE	22.89	23.19	21.60	19.75	19.63	22.61	22.15	22.25
Abu Dhabi	12.69	11.86	10.37	10.67	9.55	9.35	9.88	6.97
Dubai	9.56	10.72	10.70	8.72	9.79	12.88	11.89	14.93
Sharjah	0.61	0.57	0.51	0.36	0.29	0.36	0.37	0.34
Others	0.02	0.04	0.02	0.01	0.01	0.01	0.01	0.01
U.K.	9.84	10.71	11.54	13.98	13.77	12.69	12.85	12.52
U.S.A	19.89	18.47	17.70	15.70	15.58	14.44	14.77	13.20
Other Countries	9.28	9.13	7.48	7.35	7.62	7.06	7.25	8.08
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

P: Provisional

Source: State Bank of Pakistan

TABLE 8.10

GOLD AND CASH FOREIGN EXCHANGE RESERVES HELD AND CONTROLLED BY STATE BANK OF PAKISTAN

(US $ Million)

	Cash(2)		Gold(1)		Total	
Period	June*	December*	June*	December*	June*	December*
2000	1,547	1,395	603	603	2,150	1,998
2001	2,100	3,595	566	566	2,666	4,161
2002	4,772	7,902	667	667	5,439	8,569
2003	9,975	10,807	725	725	10,700	11,532
2004	11,052	9,925	831	831	11,883	10,756
2005	10,487	10,030	917	903	11,404	10,933
2006	11,542	11,429	1,268	1,268	12,810	12,697
2007	15,070	13,804	1,344	1,732	16,414	15,536
2008	9,539	7,834	1,926	1,791	11,465	9,625
2009	10,255	12,863	1,935	2,286	12,190	15,149
2010	13,953	15,041	2,575	2,910	16,528	17,951
2011	16,614	14,451	3,117	3,170	19,731	17,621
2012	11,905	10,094	3,311	3,433	15,216	13,527
2013	7,197	4,862	2,469	2,489	9,667	7,351
2014	10,509	11,943	2,726	2,486	13,235	14,429
2015P	14,836	17,220	2,428	2,203	17,265	19,423

P : Provisional * : Last day of the month Source: State Bank of Pakistan

1 : Gold excludes unsettled claims of Gold on RBI

2 : Cash includes Sinking fund, Foreign currencies cash holdings and excludes unsettled claims on RBI

TABLE 8.11

EXCHANGE RATE POSITION (Pakistan Rupees in Terms of One Unit of Foreign Currency)

		(Average During the Year)								
Country	Currency	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Australia	Dollar	31.3747	32.1607	34.2101	41.0626	44.7141	44.7564	47.6760	56.1958	58.2931
Bangladesh	Taka	1.0794	1.0826	1.0108	0.9842	0.9774	0.9121	0.8723	0.9088	1.1423
Belgium	Franc	1.2934	1.3633	1.5198	1.7011	1.8725	1.8063	1.9627	2.2848	2.6632
Canada	Dollar	38.4434	39.1719	38.8234	42.8526	47.5567	51.4986	53.5778	61.9742	67.5867
China	Yuan	7.0601	7.4149	7.0613	6.9497	7.1676	7.4161	7.7526	8.6128	11.4930
France	Franc	7.9536	8.3867	9.3464	10.4614	11.5154	11.1084	12.0704	14.0512	16.3780
Germany	Mark	26.6543	28.1084	31.3464	35.0862	38.6209	37.2559	40.4822	47.1258	54.9294
Holland	Guilder	23.6655	24.9556	27.8205	31.1396	34.2767	33.0652	35.9286	41.8249	48.7508
Hong Kong	Dollar	7.4906	7.8720	7.4990	7.3970	7.6176	7.7127	7.7772	8.0273	10.1246
India	Rupee	1.2529	1.2787	1.2219	1.2682	1.3253	1.3389	1.3746	1.5417	1.6468
Iran	Rial	0.0332	0.0307	0.0073	0.0069	0.0067	0.0066	0.0066	0.0067	0.0081
Italy	Lira	0.0269	0.0284	0.0317	0.0354	0.0390	0.0376	0.0409	0.0476	0.0555
Japan	Yen	0.5109	0.4884	0.4888	0.5203	0.5558	0.5216	0.5122	0.5711	0.8012
Kuwait	Dinar	190.4592	200.7861	194.5677	194.3681	202.3816	205.3258	209.8118	228.2954	281.2742
Malaysia	Ringgit	15.3871	16.1621	15.3944	15.1532	15.6244	16.0515	17.0649	18.9021	22.3290
Nepal	Rupee	0.7893	0.8033	0.7515	0.7802	0.8169	0.8296	0.8575	0.9593	1.0285
Norway	Krone	6.4483	7.0288	8.1021	8.2191	9.1841	9.2141	9.7161	11.6417	12.4113
Singapore	Dollar	33.1605	33.9503	33.3406	33.5098	35.6797	36.4149	39.1651	43.6846	53.5502
Sri Lanka	Rupee	0.7026	0.6624	0.6057	0.5920	0.5813	0.5872	0.5649	0.5676	0.7024
Sweden	Krona	5.9379	5.9117	6.6910	7.5195	8.2949	7.7867	8.6143	9.8890	10.4330
Switzerland	Franc	34.1098	37.1824	41.4643	44.2489	49.0657	46.8551	49.2385	56.6736	70.0527
Saudi Arabia	Riyal	15.5868	16.3792	15.5961	15.3488	15.8027	15.9608	16.1656	16.6973	20.9341
Thailand	Baht	1.3438	1.4000	1.3742	1.4365	1.4841	1.5017	1.6820	1.8910	2.2652
UAE	Dirham	15.9133	16.7231	15.9261	15.6727	16.1586	16.2972	16.5107	17.0391	21.3856
UK	Pound	84.7395	88.5691	92.7433	100.1672	110.2891	106.4344	117.1852	125.2948	126.0915
USA	Dollar	58.4378	61.4258	58.4995	57.5745	59.3576	59.8566	60.6342	62.5465	78.4983
EMU	Euro	-	54.9991	61.3083	68.6226	75.5359	72.8661	79.1763	92.1700	107.4327
IMF	SDR	74.7760	78.0627	79.3198	83.2470	88.5631	86.9594	90.7726	98.6265	119.9599

Source: State Bank of Pakistan

TABLE 8.11

EXCHANGE RATE POSITION (Pakistan Rupees in Terms of One Unit of Foreign Currency)

Country	Currency	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 P (Jul-Mar)
		(Average During the Year)						
Australia	Dollar	73.9643	84.6185	91.8961	99.2813	94.4043	84.6706	75.1263
Bangladesh	Taka	1.2118	1.2101	1.1385	1.2059	1.3232	1.3045	1.3320
Belgium	Franc	2.8879	2.8904	2.9549	3.1017	3.4580	3.0162	2.8463
Canada	Dollar	79.4785	85.4711	88.8631	96.3207	96.1939	86.6031	77.8087
China	Yuan	12.2840	12.9120	14.0507	15.5063	16.7639	16.3639	16.2529
France	Franc	17.7602	17.7753	18.1719	19.0748	21.2659	18.5489	17.5039
Germany	Mark	59.5651	59.6157	60.9459	63.9742	71.3227	62.2102	58.7055
Holland	Guilder	52.8650	52.9099	54.0905	56.7782	..	..	..
Hong Kong	Dollar	10.8074	11.0019	11.4768	12.4764	13.2668	13.0664	13.4247
India	Rupee	1.7995	1.8881	1.7836	1.7658	1.6757	1.6354	1.5759
Iran	Rial	0.0084	0.0082	0.0079	0.0079	0.0041	0.0037	0.0035
Italy	Lira	0.0602	0.0602	0.0616	0.0646	0.0720	0.0628	0.0593
Japan	Yen	0.9164	1.0301	1.1352	1.1116	1.0180	0.8865	0.8712
Kuwait	Dinar	291.6604	304.4159	322.3284	342.4219	364.0262	346.1203	344.6233
Malaysia	Ringgit	24.8037	27.7427	28.9142	31.3927	31.6823	29.3817	24.9507
Nepal	Rupee	1.1251	1.1800	1.1164	1.1044	1.0477	1.0222	0.9854
Norway	Krone	14.0698	14.7356	15.5404	16.8037	17.0596	14.2794	12.3201
Singapore	Dollar	59.6004	66.1304	70.7611	78.0767	81.6310	77.3079	74.2940
Sri Lanka	Rupee	0.7336	0.7694	0.7625	0.7524	0.7862	0.7701	0.7420
Sweden	Krona	11.5692	12.8272	13.2669	14.6811	15.7629	13.1103	12.2858
Switzerland	Franc	78.9664	89.9297	99.3752	102.7673	113.7726	107.4720	105.9226
Saudi Arabia	Riyal	22.3482	22.8047	23.7943	25.8099	27.4313	27.0040	27.7631
Thailand	Baht	2.5339	2.7958	2.8917	3.1909	3.2278	3.1076	2.9292
UAE	Dirham	22.8216	23.2883	24.2894	26.3384	28.0070	27.5787	28.3504
UK	Pound	132.4866	135.9640	141.1402	151.5965	167.2207	159.4351	156.0015
USA	Dollar	83.8017	85.5017	89.2359	96.7272	102.8591	101.2947	104.0981
EMU	Euro	116.4991	116.5981	119.1998	125.1227	139.4950	121.6726	114.8181
IMF	SDR	129.7431	133.3407	138.9409	147.2259	158.0043	146.9546	145.2996

.. : Not available

Source: State Bank of Pakistan

Public Debt

9.1 Introduction

Effective debt management is essential for developing a viable and stable debt portfolio. It mitigates the risks of refinancing, exchange rate fluctuations and debt accumulation that could impede economic growth and stability. Prudent utilization of debt leads to higher economic growth and helps the government to accomplish its social and developmental goals. Unsustainable level of debt coupled with absence of prudent debt management strategy may plague economic growth due to heavy debt servicing requirement resulting in lower development expenditure. Given Pakistan's developing status, the need for effective debt management is of utmost importance as the country requires to borrow to enable its development agenda, accelerate the pace of economic growth without ignoring the intergenerational impact.

Similar to the last year's trend, composition of public debt further improved due to increased mobilization through medium to long term domestic debt instruments and higher disbursements from external sources. Some of the positive developments are as follow:

- The conducive economic environment coupled with supportive monetary policy provided opportunity for the government to reduce the interest rates on its wholesales debt instruments along with aligning the rates on retail debt instruments with the market yields. As a result, the cost of domestic borrowing is expected to reduce in the coming years on account of new debt issuance/rollover of existing debt. Furthermore, the weighted average interest rate on government domestic debt portfolio has been reduced to single digit;
- Government updated its Medium Term Debt Management Strategy to ensure that both the level and rate of growth in public debt is fundamentally sustainable and can be serviced under different circumstances while meeting cost and risks objectives;
- The critical consideration in debt management is the sustainability analyses for which various indicators have been designed. Major debt sustainability indicators have improved in the last two fiscal years, a fact that is acknowledged by global stakeholders;
- Government's vision is to further reduce the statutory debt limit from existing 60 percent to 50 percent of GDP in 15 years, starting from 2018-19 and to limit statutorily the federal fiscal deficit to 4 percent through introduction of an amendment bill in the Parliament for necessary changes in the Fiscal Responsibility and Debt Limitation Act;
- Government has started revamping its debt management function and taking advantage of numerous opportunities to diversify its public debt portfolio. It should lead to savings and more effective decision making for government borrowing.

9.2 Public Debt

The portion of total debt which has a direct charge on government revenues as well as the debt obtained from the IMF is defined as public debt. Pakistan's public debt has two main components, namely domestic debt (which is incurred principally to finance fiscal deficit) and external debt (which is raised primarily to finance development expenditure). Each of these types of debt has its own benefits and drawbacks, with a trade-off between costs of borrowing and exposure to various types of risks that needs to be balanced in order to ensure sufficient and timely access to cost efficient funding.

Public debt was recorded at Rs.19,168 billion as at end March 2016 registering an increase of

Rs.1,787 billion during first nine month of current fiscal year. Out of this total increase, increase in domestic debt was Rs.1,200 billion while government borrowing from domestic sources for financing of fiscal deficit was Rs.786 billion. This differential is mainly attributed to increase in government credit balances with State Bank of Pakistan/commercial banks. Similarly, increase in external debt contributed Rs.588 billion to public debt. Apart from fresh external inflows, revaluation loss on account of depreciation of US Dollar against other international currencies as well as depreciation of Pak Rupee against US Dollar contributed to this increase. The trend in public debt since 1971 is depicted in Box-1.

Box-1 - Trend in Public Debt

Table-9.1: Year Wise Public Debt Position (Rs. in billion)

Year	Public Debt	Domestic Debt	External Debt	Year	Public Debt	Domestic Debt	External Debt	Year	Public Debt	Domestic Debt	External Debt
FY71	30	14	16	FY87	458	248	209	FY03	3,694	1,895	1,800
FY72	55	17	38	FY88	523	290	233	FY04	3,866	2,028	1,839
FY73	60	20	40	FY89	634	333	300	FY05	4,211	2,178	2,034
FY74	62	19	44	FY90	711	381	330	FY06	4,359	2,322	2,038
FY75	70	23	48	FY91	825	448	377	FY07	4,802	2,601	2,201
FY76	85	28	57	FY92	969	532	437	FY08	6,126	3,275	2,852
FY77	97	34	63	FY93	1,135	617	519	FY09	7,731	3,860	3,871
FY78	112	41	71	FY94	1,340	716	624	FY10	9,006	4,654	4,352
FY79	130	52	77	FY95	1,497	809	688	FY11	10,767	6,017	4,750
FY80	146	60	86	FY96	1,704	920	784	FY12	12,695	7,638	5,057
FY81	145	58	87	FY97	1,995	1,056	939	FY13	14,318	9,522	4,797
FY82	189	81	107	FY98	2,392	1,199	1,193	FY14	15,991	10,920	5,071
FY83	227	104	123	FY99	2,946	1,389	1,557	FY15	17,381	12,199	5,182
FY84	257	125	132	FY00	3,172	1,645	1,527	FY16 (Mar)	19,168	13,399	5,769
FY85	309	153	156	FY01	3,684	1,799	1,885				
FY86	390	203	187	FY02	3,636	1,775	1,862				

Fig-9.1: Trend in Domestic and External Debt (Rs. in billion)

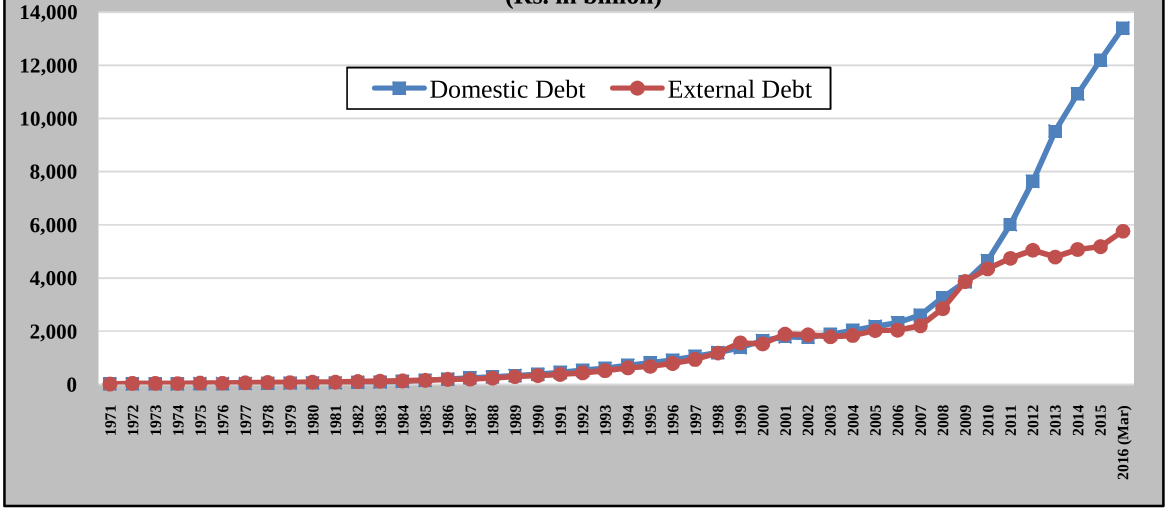


Table-9.2: Public Debt

	2010	2011	2012	2013	2014(P)	2015(P)	2016(P)*
(Rs. in billion)							
Domestic Debt	4,654.3	6,016.7	7,638.1	9,521.9	10,920.0	12,198.9	13,398.5
*Net Domestic Debt	4,581.0	5,773.0	7,674.8	9,494.0	10,387.0	12,172.1	12,970.9
External Debt	4,351.9	4,750.2	5,057.2	4,796.5	5,071.5	5,181.8	5,769.4
Total Public Debt	9,006.2	10,766.9	12,695.3	14,318.4	15,991.5	17,380.7	19,167.9
*Net Public Debt	8,932.9	10,523.2	12,732.0	14,290.5	15,458.5	17,353.9	18,740.4
(In percent of GDP)							
Domestic Debt	31.3	32.9	38.1	42.5	43.4	44.4	45.3
*Net Domestic Debt	30.8	31.6	38.3	42.4	41.3	44.3	43.8
External Debt	29.3	26.0	25.2	21.4	20.1	18.8	19.5
Total Public Debt	60.6	58.9	63.3	64.0	63.5	63.2	64.8
*Net Public Debt	60.1	57.6	63.5	63.8	61.4	63.1	63.3
Memo:							
External Public Debt (US$ in billion)	50.9	55.3	53.5	48.1	51.3	50.9	55.1
Exchange Rate (Rs./US$, End of Period)	85.5	86.0	94.5	99.7	98.8	101.8	104.8
GDP (Rs. in billion)	14,867.0	18,276.4	20,046.5	22,385.7	25,168.8	27,493.1	29,597.9

P:Provisional, *end-March, 2016

* Excluding impact of increase in credit balances of the government with SBP/Commercial Banks

Source: State Bank of Pakistan, Economic Affairs Division, Budget Wing and Debt Policy Coordination Office

An improvement was observed in most of the public debt risks indicators during last two fiscal years in-line with the objectives set forth in Pakistan's first Medium Term Debt Management Strategy (2013). The refinancing risk of the domestic debt reduced at the end of 2014-15 as percentage of domestic debt maturing in one year reduced to 47 percent compared with 64 percent at the end of 2012-13. Exposure to interest rate risk reduced as percentage of debt re-fixing in one year decreased to 40 percent at the end of 2014-15 as compared with 52 percent at the end of 2012-13. Share of external loans maturing within one year was equal to around 28 percent of official liquid reserves at the end of 2014-15 as compared with around 69 percent at the end of 2012-13 indicating improvement in foreign exchange stability and repayment capacity (Refer section 9.3 for details).

Government updated its Medium Term Debt Management Strategy (2015/16 - 2018/19) as the macroeconomic realities have changed since 2012-13 (Box 2). The purpose is to ensure that both the level and rate of growth in public debt is fundamentally sustainable while meeting cost and risks objectives.

Box-2 - Medium Term Debt Management Strategy (2016-19)

It is imperative to have a comprehensive debt management strategy aiming at debt sustainability and enhancing the debt servicing capacity of the country. Owing to its vital importance and indispensable nature, the government updated its Medium Term Debt Management Strategy which has following main objectives:

- Covering the government's financing needs and payment obligations, while minimizing medium and long-term costs;
- Minimizing the risks of the government public debt portfolio; and
- Facilitate the development of domestic debt market.

The strategic guidelines for managing the public debt reflect the cost risk tradeoffs in the current debt portfolio. Macroeconomic projections indicate a declining public debt to GDP ratio with declining funding needs while expected low inflation together with relatively stable exchange rate may facilitate the extension of maturities for government securities in domestic currency and lower cost for external financing. Based on these considerations, the government evaluated financing alternatives that will help reducing the exposure to refinancing and interest rate risks and increase the financing from external sources. Two approaches were evaluated to check the possibility of reducing the refinancing and interest rate risks of domestic debt portfolio: (1) balanced approach: mobilization more through medium to longer tenor domestic debt instruments along with the residual funding financed through short term domestic debt instrument; (2) aggressive mobilization through medium to long tenor domestic debt instrument with minimal reliance on short term instruments. In addition, to examine cost risk tradeoffs, other borrowing strategies such as more reliance on short term domestic debt instrument along with mobilization of less than projected external funding as well as external funding with different composition were evaluated.

Alternative funding strategies were compared based on the projections of debt service under different scenarios of exchange rates and interest rates. The baseline scenario was used to calculate the expected cost of the different strategies. Risk was measured as the increase in cost resulting from applying shocks to the market rates used in the baseline scenario. Two indicators of cost and risk were used: debt / GDP and interest / GDP, both calculated at the end of the fourth projection year 2018-19. The results of the cost-risk analysis are then complemented by domestic market development and macroeconomic considerations.

RESULTS FROM ALTERNATE STRATEGIES

Extension of Average Time to Maturity (ATM) in Domestic Debt

Government intends to focus on extension of average time to maturity of its domestic debt. Addressing the refinancing exposure in domestic debt using more medium to longer tenor instruments seems to be more favorable considering the lower level of yields of government securities over the medium term. Under such circumstances, the cost of extending the incremental ATM is relatively smaller in terms of debt to GDP and interest to GDP. Accordingly, the analysis supports the strategies that raise ATM as the increase in cost is relatively smaller compared to improvement in maturity profile and protection offered against increase in interest rates.

More External Flows Supplementing Short Term Domestic Debt

With the improvement in macroeconomic environment, the aim is to attract maximum external flows which would support the balance of payment position of the country as well as bring exchange rate stability. Additionally, if ample external flows would be available, this would help in refinancing the short term domestic debt. Further, increasing external debt in the medium term as per the projected flows does not pose significant risk since proportion of external debt in total public debt portfolio was only 28 percent as at end June, 2015.

Composition of External Debt

Keeping in view the balance of payment requirements and existing external debt obligations, the preference is given to mobilize more funding in US Dollar from international development partners (concessional / semi-concessional sources) and international capital markets. Since Pak Rupee is more closely linked with US Dollar and any depreciation of Pak Rupee against US Dollar may cause increase in external debt obligations and stock, exchange rate stability contribute positively on external debt portfolio in the medium term. Therefore, increased mobilization from external sources in US Dollar is preferred over the medium term.

5 (ii) Indicative Ranges over the Medium Term

Based on the strategic guidelines and analysis of alternative strategies, following are the indicative ranges for the key financial risk indicators that reflect the desired composition of public debt portfolio, as below:

Table-9.3: Ranges for Key Risk Indicators

Risk Exposure	Indicators	Indicative range for 2016-2019
Currency Risk	Share of external debt in total government public debt	20% (minimum) and 35%
Refinancing Risk	Domestic Debt maturing in 1 year (% of total)	50% and 65% (maximum)
	Public Debt maturing in 1 year (% of total)	35% and 50% (maximum)
	ATM of Domestic Debt (Years)	1.5 (minimum) and 2.5
	ATM of Public Debt (Years)	3.0 (minimum) and 4.5
Interest Rate Risk	Domestic Debt re-fixing in 1 year (% of total)	50% and 65% (maximum)
	Public Debt re-fixing in 1 year (% of total)	40% and 55% (maximum)
	ATR of Domestic Debt (Years)	1.5 (minimum) and 2.5
	ATR of Public Debt (Years)	3.0 (minimum) and 4.5

...

One of the objectives of updated MTDS is to facilitate the development of debt capital market. A well-developed debt market for long term investment is essential for the growth of economy as it provides additional avenues for raising funds besides providing investment opportunities to the investors. In accordance with the commitment of the government to develop debt capital market, the government debt securities (T-bills, PIBs and Government Ijara Sukuk) are made available for trading at the stock exchanges. Further, the government is taking various steps to provide an efficient and liquid secondary debt market to the investors (Box-3).

Box-3 - Development of Debt Capital Market

The Debt Securities Trustee Regulations:

The Debt Securities Trustee Regulations are being framed under the Securities Act, 2015 and will replace the existing Debt Securities Trustee Regulations, 2012.

The Bond Pricing Agency Rules, 2016:

The draft Bond Pricing Agency Rules, 2016 which provide for the establishment and orderly conduct of bond pricing agencies has been framed under the Securities Act, 2015 and have been notified in the official Gazette on March 24, 2016 for seeking public comments.

The Public Offering of Securities Rules:

In order to appropriately regulate the public offering of Securities (both equity and debt securities), the Securities and Exchange Commission of Pakistan has prepared the draft Public Offering of Securities Rules under the Securities Act, 2015.

The Credit Rating Companies Regulation 2015:

In order to appropriately regulate the Credit Rating Companies, the draft Credit Rating Companies Regulation has been framed under the Securities Act, 2015. The draft Credit Rating Company's Regulations have been published in the official Gazette of Pakistan on November 17, 2015 for eliciting public opinion. The Credit Rating Companies Regulation will replace the existing Credit Rating Companies Rules, 1995 and the Code of Conduct for Credit Rating Companies/Agencies.

The public debt analysis may be incomplete without reporting contingent liabilities. Contingent liabilities are not added to the overall debt of the country, therefore, public disclosure of information about guarantees is an essential component of fiscal transparency. Contingent liabilities of Pakistan are guarantees issued to Public Sector Enterprises (PSEs). During first nine months of current fiscal year, the government issued fresh/rollover guarantees aggregating to Rs.104 billion or 0.4 percent of GDP. The outstanding stock of government guarantees as at end March 2016 was recorded at Rs.663 billion.

9.3 Public Debt Risks Indicators - End June 2015

An improvement was observed in most of the public debt risk indicators during last two fiscal years as depicted in the table below:

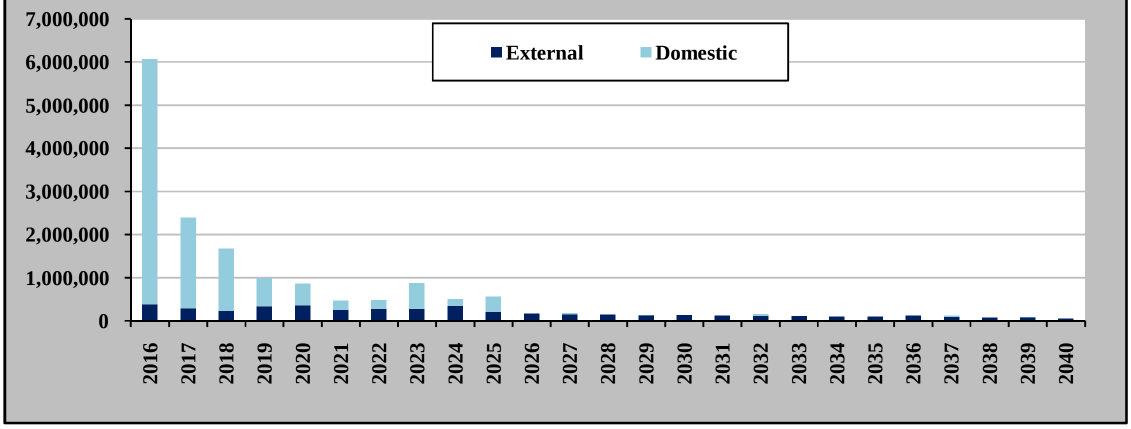
Table-9.4: Public Debt Risk Indicators*

Risk Indicators		External Debt		Domestic Debt		Public Debt	
		2013	2015	2013	2015	2013	2015
Refinancing Risk	Average Time to Maturity (ATM) - Years	10.1	9.4	1.8	2.3	4.5	4.3
	Debt Maturing in 1 Year (% of total)	8.9	8.1	64.2	47.3	46.0	36.2
Interest Rate Risk	Average Time to Re-Fixing (ATR) - Years	9.2	8.6	1.8	2.3	4.2	4.1
	Debt Re-Fixing in 1 year (% of total)	22.2	20.6	67.2	47.7	52.4	40.0
	Fixed Rate Debt (% of total)	83.4	83.3	39.6	58.9	54.0	65.8
Foreign Currency Risk (FX)	Foreign Currency Debt (% of total debt)				32.9		28.3
	Short Term FX Debt (% of reserves)				68.5		27.9

Source: Debt Policy Coordination Office, Ministry of Finance
* As per modalities of MTDS

Refinancing risk was of prime concern in Pakistan's public debt portfolio, driven by the concentration of domestic debt in short maturities at the end of 2012-13. The refinancing risk of the domestic debt reduced at the end of 2014-15 as indicated by percentage of domestic debt maturing in one year reduced to 47 percent compared with 64 percent at the end of 2012-13. Accordingly, average time to maturity of domestic debt increased to 2.3 years at the end of 2014-15 as compared with 1.8 years at the end of 2012-13. However, average time to maturity of external debt decreased to 9.4 years as compared with 10.1 years at the end of 2012-13. This reduction in average time to maturity of external debt may be attributed to relatively higher proportion of external debt repayments in next 10 years and running off the existing long term external debt portfolio. The redemption profile of domestic and external debt as at end June 2015 is shown in the graph below:

Fig-9.2: Redemption Profile of Public Debt at end June 2015 (Rs. in million)



The structure of principal repayments and refinancing of government securities presented in the graph above shows some accumulation of principal repayments in next three years. Although government has been able to reduce refinancing risk of its domestic debt as compared with end June 2013, still concentration of repayments over the short term are evident in the redemption profile. Government is gradually reducing refinancing risk of its domestic debt portfolio through more mobilization from medium to long term securities.

Exposure to interest rate risk reduced as percentage of debt re-fixing in one year decreased to 40 percent at the end of 2014-15 as compared with 52 percent at the end of 2012-13. Average time to re-fixing slightly decreased to 4.1 years at the end of 2014-15 as compared with 4.2 years at the end of 2012-13. This number is a combination of average time to re-fixing of 8.6 years on external debt and around 2.3 years on domestic debt. Further, fixed rate debt as a percentage of total debt increased to 66 percent at the end of 2014-15 as compared with 54 percent at the end of 2012-13 indicating reduced exposure to interest rate changes while external debt having fixed rate slightly reduced in proportion at the end of 2014-15 compared with 2012-13. Domestic debt carrying fixed rate increased to 59 percent at the end of 2014-15 as compared with 40 percent at the end of 2012-13 as the government mobilized more through issuance of PIBs during last two years.

Around 28 percent of total public debt stock was denominated in foreign currency which is a source of exchange rate risk. Currency wise composition of public debt stock is depicted through table below:

Table-9.5: Currency Wise Public Debt[a] (in US$)

Currencies	Percentage
Pak Rupee	71.7
US Dollar	10.6
Special Drawing Right	8.7
Japanese Yen	5.1
Euro	2.4
Others	1.5
Total	**100.0**

[a] As per modalities of MTDS

Within external debt and adjusted for Special Drawing Rights (SDR), around 91 percent of total external public debt is contracted in 3 major currencies i.e. main exposure of exchange rate risk comes from USD denominated loans (52 percent of total external debt), followed by Japanese Yen (20 percent) and Euro (19 percent). The share of external loans maturing within one year was equal to around 28 percent of official liquid reserves at the end of 2014-15 as compared with around 69 percent at the end of 2012-13 indicating improvement in foreign exchange stability and repayment capacity.

9.4 Dynamics of Public Debt Burden

The debt burden can be described with many parameters and there is no single threshold for debt ratios that can delineate the “bad” from the “good” e.g. debt burden can be expressed in terms of the stock ratio i.e. debt to GDP, external debt to GDP or flow ratios i.e. debt to revenue, external debt to foreign exchange earnings etc. The more important rule about limiting public debt growth must be expressed in relation to revenue growth. If the primary deficit is zero, the ratio of public debt to revenues will not grow as long as the rate of growth of debt does not exceeds the rate of growth of revenues. Similarly, if the growth in Foreign Exchange Earnings exceeds the growth in External Public Debt, the ratio of External Public Debt to Foreign Exchange Earnings will continue to decline.

Table-9.6: Selected Public Debt Indicators (in percentage)

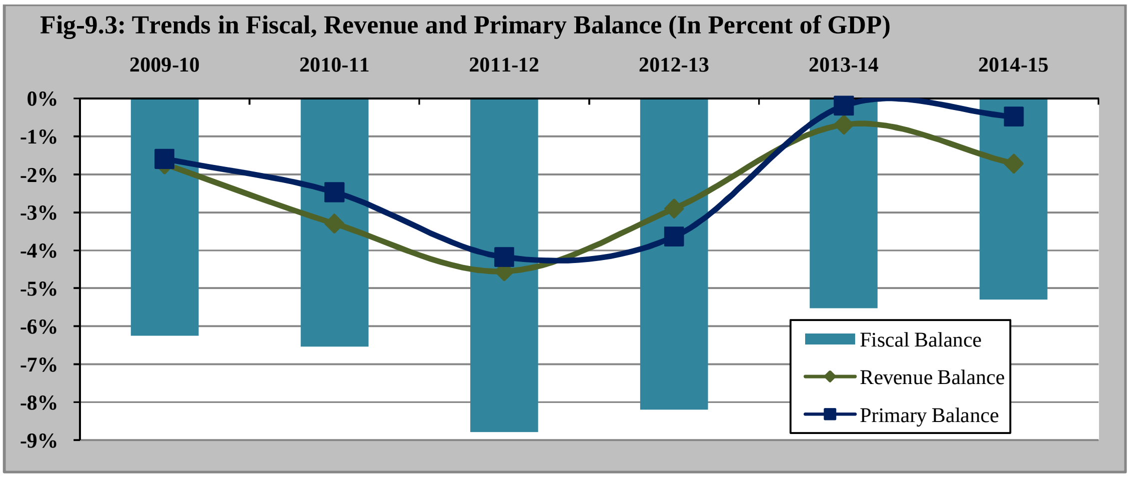
	2010	2011	2012	2013	2014	2015
Revenue Balance / GDP*	(1.7)	(3.3)[(a)]	(4.5)[(b)]	(2.9)[(c)]	(0.7)	(1.7)
Primary Balance / GDP*	(1.6)	(2.5)[(a)]	(4.2)[(b)]	(3.6)[(c)]	(0.2)	(0.5)
Fiscal Balance / GDP	(6.2)	(6.5)[(a)]	(8.8)[(b)]	(8.2)[(c)]	(5.5)	(5.3)
Public Debt / GDP	60.6	58.9	63.3	64.0	63.5	63.2
Public Debt / Revenue	433.4	477.9	494.7	480.1	439.7	442.1
Debt Service / Revenue	40.4	38.0	39.9	40.5	40.1	40.4
Debt Service / GDP	5.6	4.7	5.1	5.4	5.8	5.8

Source: Debt Policy Coordination Office Staff Calculations, Ministry of Finance
*Adjusted for grants
[(a)]includes arrears of electricity subsidies amounting to Rs.120 billion or 0.7 percent of GDP
[(b)]includes "one off" payment of Rs.391 billion on account of debt consolidation or 2 percent of GDP
[(c)] includes payment for the resolution of the circular debt amounting to Rs.322 billion or 1.4 percent of GDP

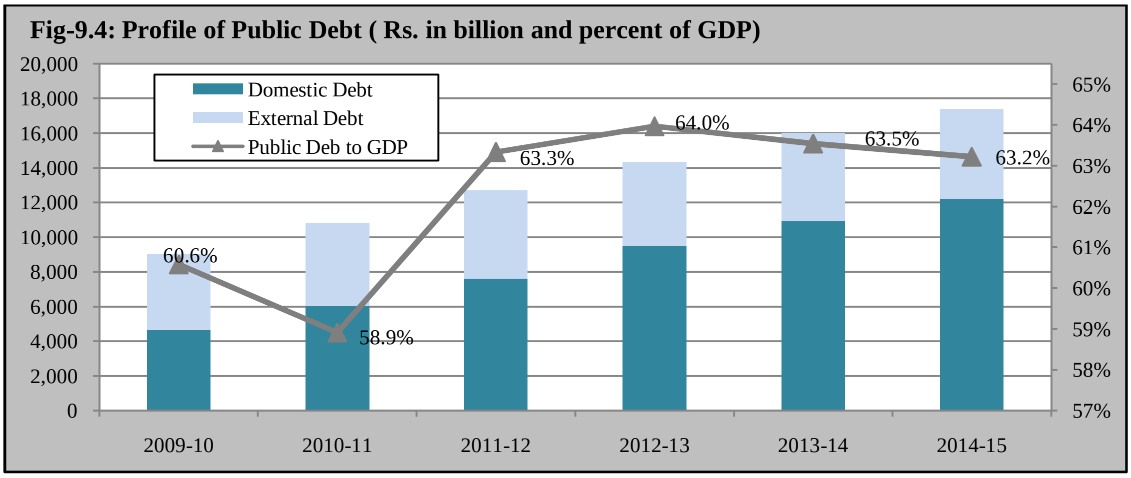
Revenue balance is the total revenues minus current expenditure. The persistence of revenue deficit indicates that the government is not only borrowing to finance its development expenditure, but partially to finance its current expenditure. Revenue deficit increased to 1.7 percent of GDP in 2014-15 as compared with 0.7 percent of GDP in 2013-14 due to higher growth in current expenditure (on account of one off expense of TDPs, security situation and floods) as compared with the growth in total revenues. During first nine months of current fiscal year, revenue deficit was recorded at Rs.425 billion or 1.4 percent of GDP.

Primary balance is the total revenues minus non-interest expenditure or fiscal balance net of interest payments. Primary balance is an indicator of current fiscal efforts since interest payments are predetermined by the size of previous deficits. Primary deficit improved significantly in 2013-14 and recorded at 0.2 percent of GDP compared with 3.6 percent in 2012-13. However, it increased slightly in 2014-15 and recorded at 0.5 percent of GDP owing to reasons elaborated in the paragraph earlier. During first nine months of current fiscal year, primary surplus of Rs.90 billion was recorded as compared with the deficit of Rs.55 billion during the same period last year. Achieving a primary surplus is normally viewed as important, being usually necessary for reduction in public debt to GDP ratio.

Pakistan’s fiscal balance improved significantly in 2013-14 as compared with 2012-13. The actual fiscal deficit of 5.5 percent was not only lower than 8.2 percent recorded in 2012-13 but also lower than its budgeted target of 6.6 percent. During 2014-15, fiscal deficit further reduced and recorded at 5.3 percent of GDP which slowed down the pace of public debt accumulation. During July-March 2015-16, fiscal deficit was recorded at 3.4 percent of GDP as compared with 3.8 percent of GDP during the same period last year. Government financed around 22 percent of its fiscal deficit from external sources during first nine months of current fiscal year as compared with 13 percent during the same period last year.



Public debt to GDP ratio recorded a decline of 30 basis points and stood at 63.2 percent at the end of 2014-15 compared with 63.5 percent at the end of 2013-14. This improvement in public debt to GDP ratio was mainly contributed by reduced twin deficit (fiscal and current account) and appreciation of US Dollar against other international currencies. As at end March 2016, public debt to GDP ratio stood at 64.8 percent which includes an adverse effect of around 2.3 percent of GDP on account of increase in credit balances of government with SBP/commercial banks and revaluation loss on account of cross currency movements. Further, lower inflation contributed towards lesser nominal GDP growth in 2015-16 which exerted upward pressure on public debt to GDP ratio. The analysis of public debt to GDP ratio during last 15 years reveals that in the period of high inflation, public debt to GDP ratio performed relatively better as the denominator becomes larger and this ratio mostly hovered close to 60 percent even when real GDP growth was merely half a percent e.g. 2008-09. While higher inflation could help reducing the public debt-to-GDP ratio yet it has other repercussions for the economy. Therefore, economic managers would always prefer high real GDP growth coupled with low inflation rather than low real GDP growth coupled with high inflation.



It is a common practice to measure the public debt burden as a percentage of GDP. Another approach is to scale public debt levels against actual government revenues as this ratio measures debt repayment capacity of the country. There was 40 percentage point reduction in public debt to government revenues in 2013-14, indicating some easing in government indebtedness. However, this ratio increased slightly by around 2.5 percentage points in 2014-15 and stood at 442 percent. Government is committed to reduce this ratio to a generally acceptable threshold of 350 percent by increasing its revenues and rationalizing current expenditures which will reduce the debt burden and improve the debt carrying capacity of the country to finance the growing development needs.

9.5 Servicing of Public Debt

During July-March (2015-16), public debt servicing was recorded at Rs.1,371 billion against the annual budgeted estimate of Rs.1,686 billion. Public debt servicing consumed nearly 46 percent of total revenues during first nine months of current fiscal year against a ratio of 45 percent during the same period last year. Ideally, this ratio should be below 30 percent to allow government to allocate more resources towards social and poverty related expenditures.

Table-9.7: Public Debt Servicing (Rs. in billion)

	2015-2016*			
	Budgeted	Actual	Percent of Revenue	Percent of Current Expenditure
Servicing of External Debt	111.2	76.6	2.6	2.2
Repayment of External Debt	405.8	291.4	9.8	8.6
Servicing of Domestic Debt	1,168.7	1002.9	33.9	29.4
Servicing of Public Debt	**1,685.7**	**1,370.9**	**46.3**	**40.2**

*: July-March
Source: Budget Wing and Debt Policy Coordination Office Staff Calculations, Ministry of Finance

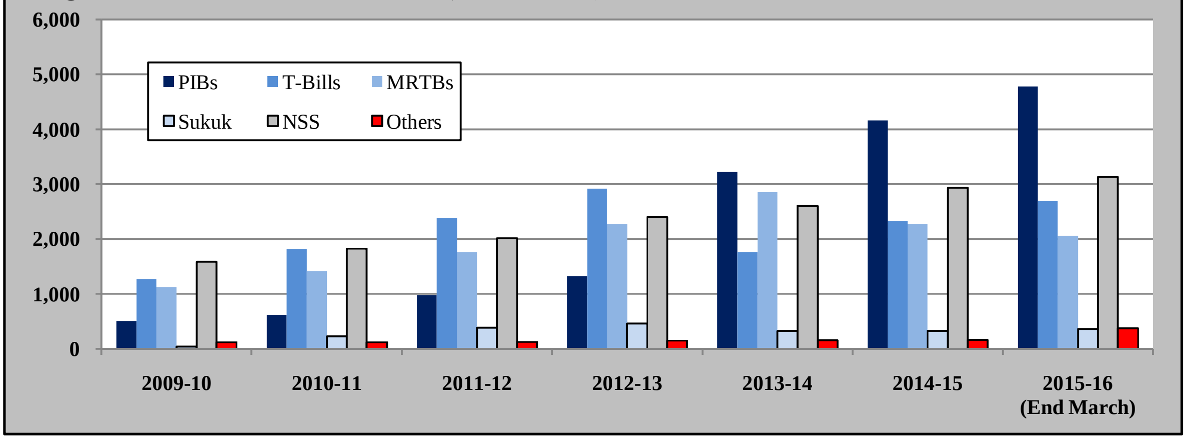
Domestic interest payments constituted around 73 percent of total debt servicing which is due to increasing volume of domestic debt in overall public debt portfolio. Domestic interest payments were recorded at Rs.1,003 billion during first nine months of current fiscal year as compared with Rs.910 billion during the same period last year. Further analysis of domestic debt servicing revealed that large portion was paid against PIBs (Rs.477 billion), National Savings Schemes (Rs.198 billion), T-Bills (Rs.144 billion) and (Market Related Treasury Bills (Rs.126 billion).

9.6 Domestic Debt

Pakistan’s domestic debt comprises permanent debt (medium and long-term), floating debt (short-term) and unfunded debt (primarily made up of the various instruments available under the National Savings Schemes). The composition of domestic debt continued to witness some changes as share of Market Related Treasury Bills (MRTBs) in total domestic debt decreased to 15 percent at the end of March 2016 as compared with 19 percent at the end of last fiscal year. Similar to last year, financing structure remained tilted towards medium to long term debt instruments and accordingly share of permanent debt in total domestic debt further increased to 43 percent at the end of March 2016 as compared with 41 percent at the end of 2014-15.

The improvement in maturity profile of domestic debt was facilitated by declining interest rate environment as it is more practicable and cost effective for the government to lengthen the maturity profile of its domestic debt. In rising interest rate environment, the lengthening of domestic debt maturities could be more difficult and costly owing to lower appetite for medium to longer duration maturities. Thus, re-profiling of domestic debt in downward sloping yield curve environment has actually helped the government in attaining a much lower cost than what the government would have incurred in an upward sloping market. The yield curve of short term and long term debt have both been declining steadily for past one year and the yield curve is flattening across the maturity profile which is a sign of stability.

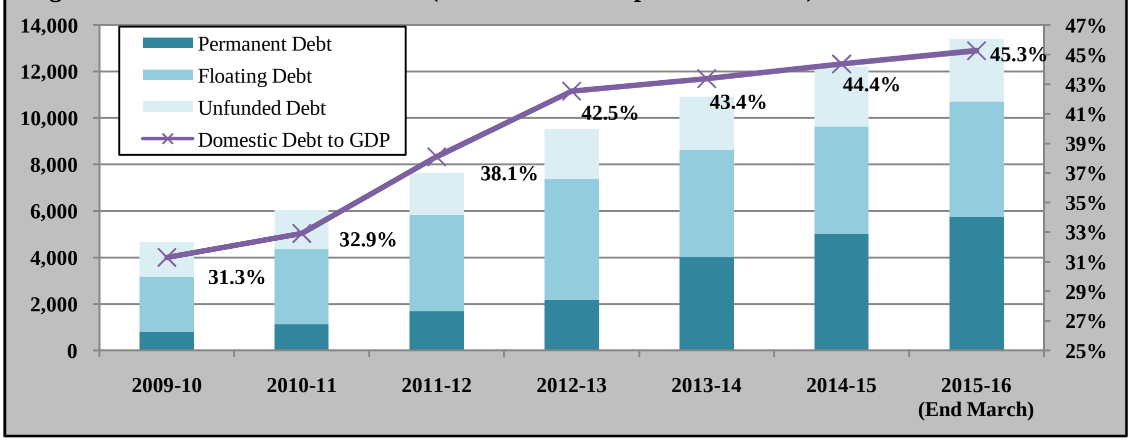
Fig-9.5: Evolution of Domestic Debt (Rs. in billion)



9.6.1 Outstanding Domestic Debt

Domestic debt increased by Rs.1,200 billion during first nine months of current fiscal and recorded at Rs.13,399 billion at end March 2016. This increase mainly stems from net issuance of PIBs and T-bills amounting to Rs.620 billion and Rs.358 billion respectively, while the stock of MRTBs amounting to Rs.219 billion was retired during first nine months of current fiscal year. Government also successfully conducted three auctions of Government Ijara Sukuk (GIS) and mobilized Rs.314 billion. Further, the government mobilized Rs.213 billion through outright purchase of GIS on deferred payment basis in November 2015. In relation to GDP, the domestic debt stood at 45.3 percent as at end March 2016. The component wise detail of domestic debt is depicted through following graph:

Fig-9.6: Evolution of Domestic Debt (Rs. in billion and percent of GDP)



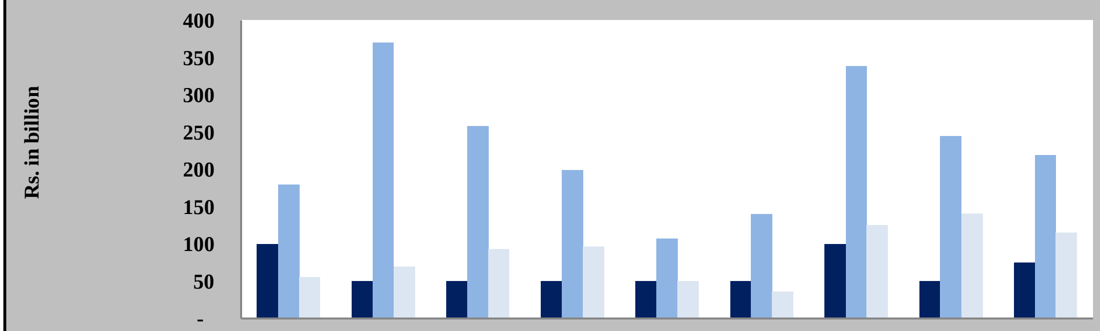
The following section highlights the developments in the various components of domestic debt during first nine months of outgoing fiscal year:

I. Permanent Debt

Permanent debt mainly consists of medium to long term instruments including PIBs, Government Ijara Sukuk, Prize Bond etc. PIBs are non-callable instruments with fixed and semi-annual coupon payment. PIBs are issued in tenors of 3, 5, 10 and 20 years maturity. The 3, 5 and 10 years tenors are most liquid. Government Ijara Sukuk are medium term Shariah compliant bonds currently issued in 3 years tenor. The purpose of issuance was to raise money from Islamic banking which has grown substantially in Pakistan in past few years.

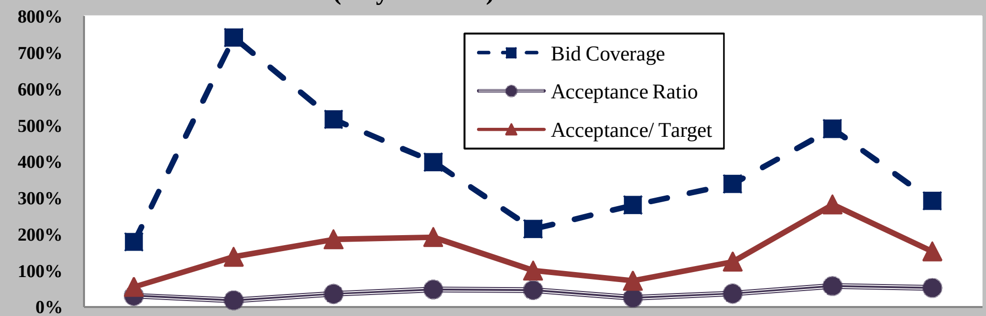
The amount of permanent debt in the total domestic debt stood at Rs.5,767 billion as at end March 2016, representing an increase of Rs.751 billion or 15 percent higher than the stock at the end of last fiscal year. Around 63 percent of the total increase in domestic debt stock was contributed by permanent debt during first nine months of current fiscal year. Out of total mobilization through permanent debt, the government mopped up (net of retirement) Rs.620 billion through successful auctions of PIBs. Accordingly, the share of permanent debt (mostly PIBs) increased to 43 percent at the end of March 2016 from 41 percent in 2014-15 which was only 17 percent five years back. Government also mobilized Rs.314 billion through auctions of GIS. The auctions wise details and relevant ratios related to PIBs are depicted through following graphs:

Fig-9.7: PIBs Auction Profile 2015-16 (July-March)



	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Auction Target	100	50	50	50	50	50	100	50	75
Auction Participation	179	371	258	199	107	140	339	245	219
Amount Accepted	56	69	93	96	50	36	125	141	115

Fig-9.8: PIBs Auction Ratios 2015-16 (July - March)

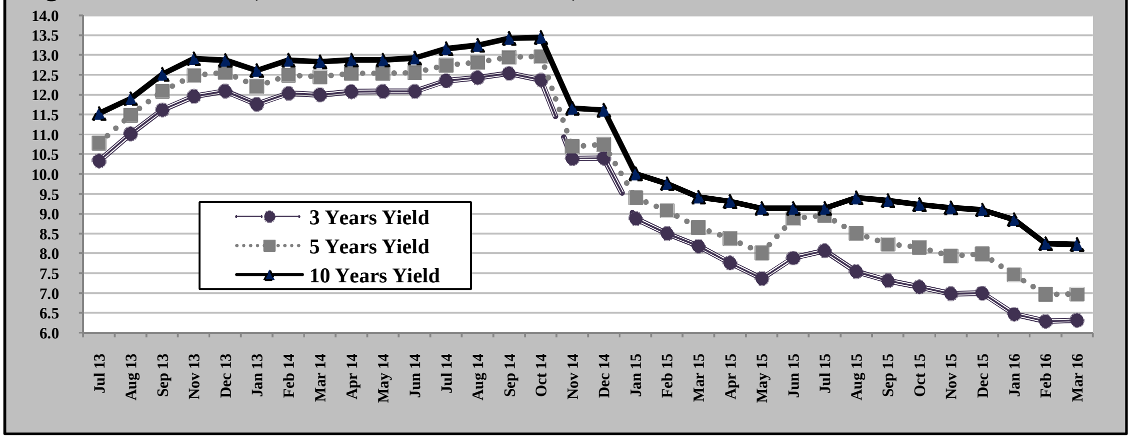


	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Bid Coverage	179%	741%	516%	399%	215%	281%	339%	490%	292%
Acceptance Ratio	31%	19%	36%	48%	47%	26%	37%	58%	53%
Acceptance/ Target	56%	139%	187%	193%	101%	72%	125%	283%	154%

Bid Coverage = Auction Target /Auction Participation , Acceptance Ratio = Auction Participation / Amount Accepted, Acceptance / Target = Amount Accepted / Auction Target

As depicted in the graph above, against the target of Rs.575 billion, government received massive participation of Rs.2,058 billion against which government accepted Rs.783 billion during first nine months of current fiscal year. The yields on PIBs started declining from August 2015 and accordingly PIBs coupon rates were cut by 1 percent to 1.75 percent in April 2016 to align them with the market yields. The yields on 3, 5 and 10 years PIBs from July 2013 to March 2016 are depicted through following graph:

Fig-9.9: PIBs Yields (3 Years, 5 Years & 10 Years) - In Percent

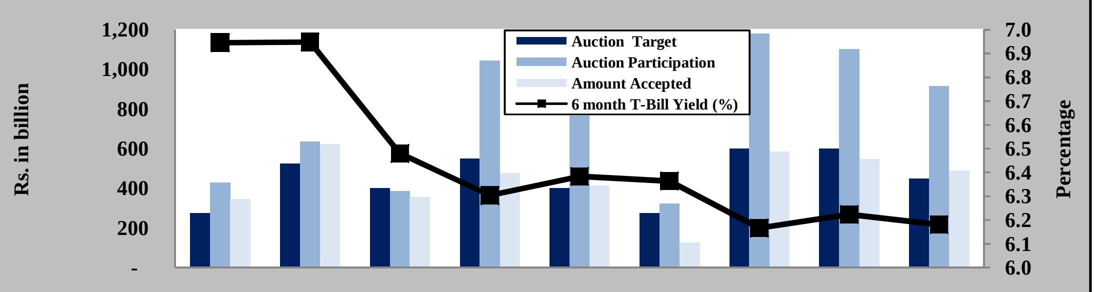


II. Floating Debt

Floating debt consists of short term domestic borrowing instruments such as Treasury Bills and State Bank borrowing through the purchase of MRTBs. Treasury Bills are zero coupon or discounted instruments issued in tenors of 3 months (introduced in 1997), 6 months (introduced in 1990) and 12 months (introduced in 1997). The share of 3 months, 6 months and 12 months maturity in total Treasury Bills portfolio was 12 percent, 25 percent and 63 percent respectively as at end March 2016. In order to raise short term liquidity, the government borrows from the domestic banks through auction in the form of Treasury Bills. The auction of Treasury Bills is arranged by the SBP twice a month.

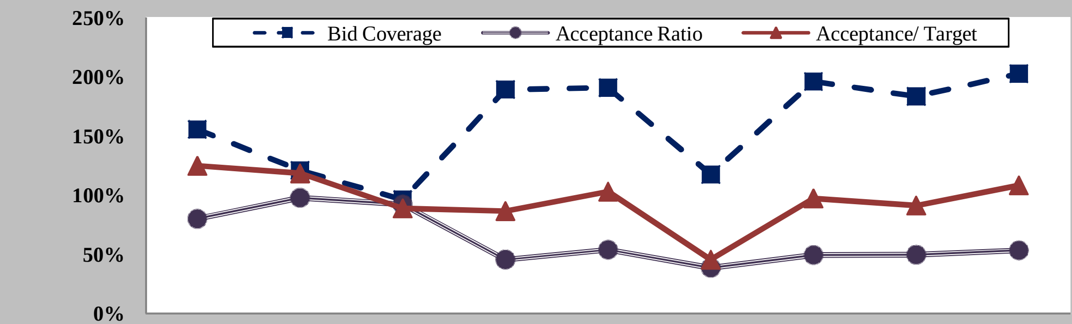
Floating debt recorded an increase of Rs.352 billion during first nine months of current fiscal year and stood at Rs.4,964 billion at end March 2016. The share of floating debt in overall public debt and domestic debt stood at 26 percent and 37 percent respectively at end March 2016, while, it was at 36 percent and 55 percent respectively at the end of 2012-13. During July-March 2015-16, net mobilization through T-bills stood at Rs.358 billion, whereas, the stock of MRTBs was retired by Rs.219 billion. Further, the government mobilized Rs.213 billion through outright purchase of GIS on deferred payment basis (Bai Muajjal) in November 2015. The auctions wise details and relevant ratios related to T-bills are depicted through following graphs:

Fig-9.10: T-Bills Auction Profile 2015-16 (July- March)



	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Auction Target	275	525	400	550	400	275	600	600	450
Auction Participation	428	635	385	1,042	765	323	1,178	1,102	913
Amount Accepted	343	622	355	476	412	125	584	548	488
6 month T-Bill Yield (%)	6.95	6.95	6.48	6.30	6.38	6.36	6.17	6.22	6.18

Fig-9.11: T-Bills Auction Ratios 2015-16 (July - March)



	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Bid Coverage	156%	121%	96%	190%	191%	118%	196%	184%	203%
Acceptance Ratio	80%	98%	92%	46%	54%	39%	50%	50%	53%
Acceptance/ Target	125%	119%	89%	87%	103%	46%	97%	91%	108%

Bid Coverage = Auction Target /Auction Participation , Acceptance Ratio = Auction Participation / Amount Accepted, Acceptance / Target = Amount Accepted / Auction Target

III. Unfunded Debt

Following the cut in policy rate, the profit rates on National Savings Schemes (NSS) were also revised downward which mainly contributed towards decrease in net mobilization of Rs.96 billion from NSS during first nine months of current fiscal year as compared with Rs.220 billion during the same period. Most of the incremental mobilization went into Bahbood Savings Certificates (Rs.54 billion) and Special Savings Certificates and Accounts (Rs.30 billion). The total share of unfunded debt in the government's domestic debt stood at Rs.2,667 billion or 20 percent at end March 2016. The rates on NSS revised four times during first nine months of current fiscal year to align with the market rates.

Over past few years, government took various measures to rationalize the NSS including linkage of profit rates on major NSS instruments with comparable wholesales market instrument yields, levy of withholding tax on profits, service charges/penalty on early redemption and introduction of several new schemes to meet the diverse investor base demand. However, NSS instruments need to be integrated into mainstream capital markets by making them tradable and by catering to the implicit put option which is a potential source of liquidity and re-pricing risk for the government.

Table-9.8: Outstanding Domestic Debt - (Rs. in billion)

	2010	2011	2012	2013	2014(P)	2015(P)	2016(P)*
Permanent Debt	**797.7**	**1,125.6**	**1,696.9**	**2,179.2**	**4,005.3**	**5,016.0**	**5,767.4**
Market Loans	2.9	2.9	2.9	2.9	2.9	2.8	2.8
Government Bonds	7.2	0.7	0.7	0.7	0.7	0.7	0.7
Prize Bonds	236.0	277.1	333.4	389.6	446.6	522.5	616.6
Foreign Exchange Bearer Certificates	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Bearer National Fund Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Federal Investment Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special National Fund Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign Currency Bearer Certificates	0.0	0.0	0.0	0.0	0.0	0.0	0.0
U.S. Dollar Bearer Certificates	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Special U.S. Dollar Bonds	2.7	1.0	0.9	4.2	4.4	4.4	4.5
Government Bonds Issued to SLIC	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Pakistan Investment Bonds (PIBs)	505.9	618.5	974.7	1,321.8	3,223.5	4,158.3	4,778.0
GOP Ijara Sukuk	42.2	224.6	383.5	459.2	326.4	326.4	363.9

Table-9.8: Outstanding Domestic Debt - (Rs. in billion)

	2010	2011	2012	2013	2014(P)	2015(P)	2016(P)*
Floating Debt	**2,399.1**	**3,235.4**	**4,143.1**	**5,196.2**	**4,610.9**	**4,612.6**	**4,964.5**
Treasury Bills through Auction	1,274.1	1,817.6	2,383.4	2,921.0	1,758.6	2,331.3	2,689.6
Rollover of Treasury Bills discounted SBP	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Market Related Treasury Bills (MRTBs)	1,124.4	1,417.3	1,759.2	2,274.7	2,851.8	2,280.9	2,061.7
Bai Muajjal	-	-	-	-	-	-	212.6
Unfunded Debt	**1,457.5**	**1,655.8**	**1,798.0**	**2,146.5**	**2,303.8**	**2,570.3**	**2,666.6**
Defence Savings Certificates	224.7	234.5	241.8	271.7	284.6	300.8	305.7
Khas Deposit Certificates and Accounts	0.6	0.6	0.6	0.6	0.6	0.6	0.6
National Deposit Certificates	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Savings Accounts	17.8	17.2	21.2	22.3	22.6	26.4	28.3
Mahana Amdani Account	2.2	2.1	2.0	2.0	1.9	1.8	1.7
Postal Life Insurance	67.1	67.1	67.1	67.1	67.1	67.1	67.1
Special Savings Certificates and Accounts	470.9	529.1	537.4	734.6	738.8	867.5	897.1
Regular Income Scheme	135.6	182.6	226.6	262.6	325.4	376.0	365.5
Pensioners' Benefit Account	128.0	146.0	162.3	179.9	198.4	214.1	230.8
Bahbood Savings Certificates	366.8	428.5	480.8	528.4	582.4	628.3	682.1
National Savings Bonds	3.6	3.6	3.6	0.2	0.2	0.1	0.1
G.P. Fund	39.9	44.3	54.6	73.1	80.5	85.8	85.8
Short Term Savings Certificates				4.0	1.3	1.7	1.7
Total Domestic Debt	**4,654.3**	**6,016.7**	**7,638.1**	**9,521.9**	**10,920.0**	**12,198.9**	**13,398.5**

Source: Budget Wing, Finance Division, P: Provisional *end-March, 2016

9.6.2 Secondary Market Activities of Government Securities

An efficient secondary market for government securities allows better price discovery, enhances investors' interest and reduces cost of borrowing for the government. In Pakistan, both primary and secondary markets of the government securities are well developed. The daily trading volume of government securities in secondary market is increasing steadily, which is an encouraging sign for the depth and efficiency of the market. Secondary market of government securities also serves as an important source of liquidity management for banks and non-banks financial market participants in Pakistan.

Secondary Market Outright Trading:

Pakistan has a mature secondary market for marketable government debt securities, which include MTBs, PIBs and GIS. The secondary market for these securities is liquid, efficient and deep with Rs.10.6 trillion and Rs.10.7 trillion traded outright in 2013-14 and 2014-15, respectively. During first nine months of current fiscal year, the outright trading volumes in the secondary market are recorded at Rs.8,338 billion, compared to Rs.7,765 billion during the same period of last year. Moreover, the daily trading volumes of government securities in the secondary market have also increased from Rs.42.3 billion in 2013-14 to Rs.44.4 billion during July-March 2015-16. More encouragingly, the share of outright trading in the overall trading volumes, which include repo and outright trades, has increased from 44 percent in 2013-14 to 46 percent in 2015-16.

Table-9.9: Secondary Market Outright Trading Volume(Rs. in billion)

Securities	Full Year		Jul-March		
	2015	2014	2016	2015	2014
MTB-3M	1,550	5,067	1,027	1,294	4,503
MTB-6M	2,156	1,130	1,851	1,325	733
MTB-12M	2,325	1,657	2,076	1,763	1,171
PIB-3Yr	1,753	1,035	1,520	1,417	520
PIB-5Yr	741	431	651	511	252
PIB-10Yr	1,014	506	682	692	322

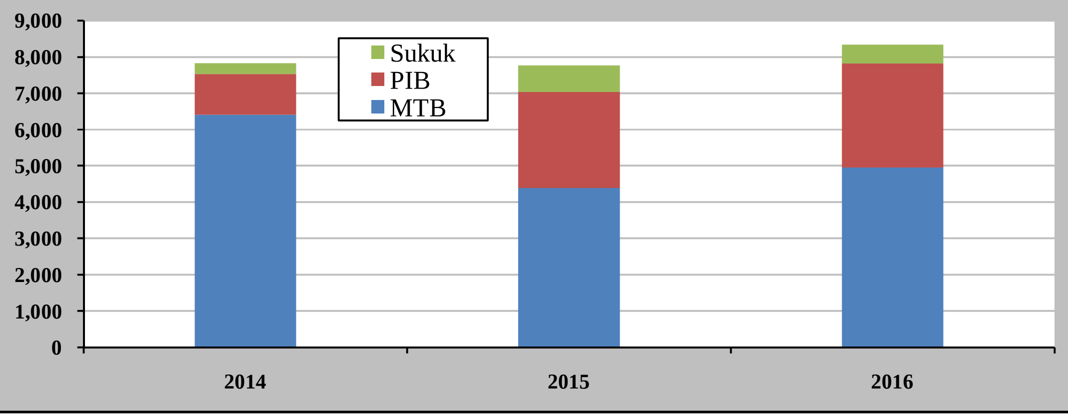
Table-9.9: Secondary Market Outright Trading Volume(Rs. in billion)					
Securities	Full Year		Jul-March		
	2015	2014	2016	2015	2014
PIB-20Yr	34	35	6	31	27
GIS-3Yr	1,109	761	526	732	297
Total	**10,683**	**10,622**	**8,338**	**7,765**	**7,825**
Daily Volume	43.2	42.3	44.4	43.4	42.8
Memo:					
Government securities (end period stock)	6,955	5,429	7,969	6,827	5,490
Turnover	-	-	1.05	1.14	1.43
Source: State Bank of Pakistan					

The turnover ratio (represented by ratio of trading volume to outstanding stock of government securities) has reduced to 1.05 during July-March 2015-16, compared to 1.14 and 1.43 in the same period of 2014-15 and 2013-14, respectively. The prime reason for the decline in the turnover ratio is the increased issuances of PIBs and Islamic GIS[1], which attract greater buy and hold behavior, compared to MTBs, particularly in a declining interest rate scenario.

The share of PIBs in the overall outright secondary market volume of government securities almost doubled to 34 percent in the period July-March 2015-16, compared to 18 percent in the same period of 2013-14; whereas the share of MTBs reduced to 59 percent from 81 percent during the period under consideration. A major reason for this shift is the greater primary issuances of PIBs in line with the target of increasing the maturity profile of government securities, as envisaged in MTDS.

Table-9.10: Government Security based Transactions (Jul-Mar)						
Type	Volume (PKR in billion)			Percentage Share		
	2014	2015	2016	2014	2015	2016
Repo	10,038	10,453	9,820	56	57	54
Outright	7,825	7,765	8,338	44	43	46
Total	**17,863**	**18,218**	**18,158**	**100**	**100**	**100**
Source: State Bank of Pakistan						

Fig-9.12: Share of Government Securities in Overall Outright Trading Volume (Rs. in billion)



Repo Market Trading:

Repo market dominates the secondary market trading activities of government securities in Pakistan. In the first nine months of current fiscal year, trading volume of Rs.9,820 billion generated in the repo market, which constitute 54 percent of the overall secondary market trades. The significantly large trade volumes and high liquidity in the repo market for government securities allow banks and non-bank investors to

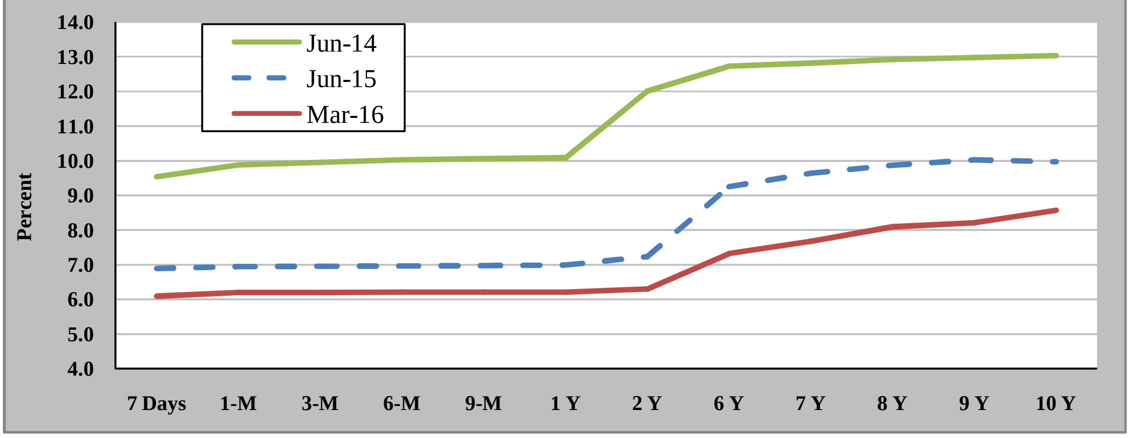
[1] SBP, on behalf of GOP, issued GIS worth 314.4 billion in 2015-16, out of which PKR196.7 billion was issued through Fixed Rental Rate (FRR) GIS in two auctions conducted in February and March, 2016.

swiftly meet their temporary liquidity requirements.

Yield Curve:

Pursuing an easy monetary policy stance, SBP cut its policy rate by a cumulative 350 bps from June-2014 to March-2016. As depicted in Fig-9.13, a comparison of yield curves of June-2014 and March-2016 also shows nearly 350 bps downward shift in the yields, indicating effective translation of cut in policy rate to the secondary market yields. Further, the yield curve has also flattened, which suggests market's benign inflation expectations in the medium term and better translation of short-term rates and monetary policy stance to longer-tenors interest rates.

Fig-9.13: Secondary Market Yield Curve



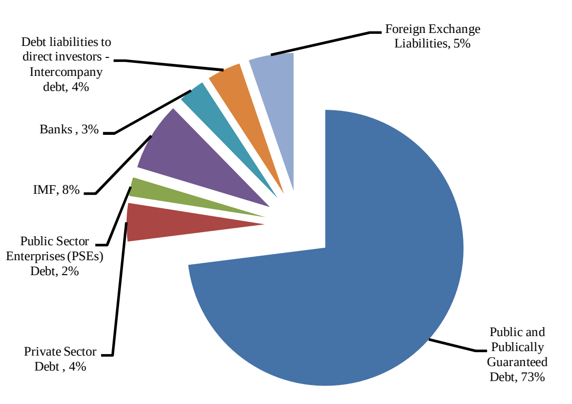
9.7 External Debt and Liabilities

Pakistan's External Debt and Liabilities (EDL) include all foreign currency debt contracted by the public and private sector as well as foreign exchange liabilities of SBP. There is an inherent exchange rate risk associated with the debt denominated in foreign currency, however, it is mitigated by concessional element (low cost and long tenors). The impact of any currency risk should not be looked in isolation, but rather be analyzed in the context of savings generated through interest rate differential.

As at end March 2016, EDL was dominated by Public and Publically Guaranteed (PPG) debt having share of around 73 percent. These loans were mainly obtained from multilateral and bilateral donors. Borrowing from IMF contributed 8 percent in EDL stock while debt obligations of the private sector was fairly limited and have been a minor proportion (4 percent) of EDL. The composition and structure of EDL as at end March 2016 is depicted through following graph:

EDL stock was recorded at US$ 69.6 billion as at end March 2016 out of which external public debt was US$ 55.1 billion. Apart from net external inflows from International Financial Institutions (IFIs) and mobilization of US$ 500 million through issuance of Eurobonds, public external debt witnessed an increase on account of revaluation loss due to depreciation of US Dollar against other major currencies.

Fig-9.14: Composition of External Debt and Liabilities - March 31, 2016



During first nine months of 2015-16, disbursements against external public debt stood at US$ 6,252 million. Details of gross inflows from main creditors during the period are as follows:

- Inflows from ADB US$ 722 million included US$ 87 million under the Social Protection Development and US$ 394 million for sustainable energy reform program;
- Out of total inflows of US$ 687 million from IDA, Pakistan received US$ 489 million under the Power Sector Reform Development Policy Credit;
- Out of the total mobilization of US$ 784 million from IDB, most of the borrowing was done on short term basis under Murabaha arrangement;
- Government borrowed US$ 1,381 million from commercial lenders;
- Pakistan mobilized US$ 500 million as proceed of the Eurobond issued in September 2015;
- Inflows from IMF stood at US$ 1,508 million under Extended Fund Facility (EFF).

Table-9.11: Pakistan External Debt and Liabilities **(US Dollar in billion)**

	2010	2011	2012	2013	2014(P)	2015(P)	2016(P)*
PUBLIC EXTERNAL DEBT							
1. Public Debt (i+ii+iii)**	**50.9**	**55.3**	**53.5**	**48.1**	**51.3**	**50.9**	**55.1**
i). Medium and Long Term(>1 year)	**42.1**	**45.7**	**45.6**	**43.5**	**47.7**	**45.8**	**48.1**
Paris Club	14.0	15.5	15.0	13.5	13.6	11.7	12.2
Multilateral	23.7	25.8	25.3	24.2	25.8	24.3	25.2
Other Bilateral	1.8	1.9	2.5	2.9	3.4	3.9	4.1
Euro Bonds/Saindak Bonds	1.6	1.6	1.6	1.6	3.6	4.6	4.6
Military Debt	0.2	0.1	0.1	0.1	0.0	-	-
Commercial Loans/Credits	-	-	-	-	0.2	0.3	0.9
Local Currency Bonds**	0.0	0.0	-	0.0	0.0	0.0	0.0
Saudi Fund for Development	0.2	0.2	0.2	0.2	0.1	0.1	0.1
SAFE China Deposits	0.5	0.5	1.0	1.0	1.0	1.0	1.0
NBP/BOC Deposits	0.2	0.1	-	-	-	-	-
ii). Short Term (<1 year)	**0.9**	**0.6**	**0.5**	**0.3**	**0.7**	**1.0**	**1.4**
Commercial Loans/Credits	-	-	-	-	0.2	-	0.6
Multilateral	0.8	0.6	0.5	0.3	0.4	1.0	0.8
Local Currency Securities**	0.1	0.0	0.0	0.0	0.1	0.0	0.0
iii). IMF	**8.1**	**8.9**	**7.3**	**4.4**	**3.0**	**4.1**	**5.6**
of which Central Government	1.1	2.0	1.9	1.5	0.9	0.1	-
Monetary Authorities	7.0	6.9	5.4	2.9	2.1	4.1	5.6
PUBLICLY GUARANTEED DEBT							
2) Publicly Guaranteed Debt	**0.2**	**0.1**	**0.2**	**0.6**	**0.5**	**1.0**	**1.3**
i). Medium and Long Term(>1 year)	**0.2**	**0.1**	**0.2**	**0.6**	**0.5**	**1.0**	**1.3**
Paris Club	-	-	-	-	-	-	-
Multilateral	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Other Bilateral	0.0	0.0	0.2	0.6	0.5	1.0	1.3
Commercial Loans/Credits	0.1	-	-	-	-	-	-
Saindak Bonds	-	-	-	-	-	-	-
ii). Short Term (<1 year)	-	-	-	-	-	-	-
NON PUBLIC DEBT							
3. Private Sector Debt	**3.8**	**4.4**	**3.6**	**3.1**	**3.0**	**3.0**	**3.1**
4. Public Sector Enterprises (PSEs Debt)	**1.4**	**1.3**	**1.3**	**1.2**	**1.7**	**1.5**	**1.5**
5. Banks	**0.7**	**1.1**	**1.8**	**1.6**	**2.0**	**2.3**	**2.2**
Borrowing	0.2	0.4	0.9	0.7	1.1	1.3	1.1
Nonresident Deposits (LCY & FCY)	0.6	0.7	1.0	0.8	0.9	1.0	1.1
6. Debt liabilities to direct investors - intercompany debt	**1.9**	**1.6**	**2.7**	**3.1**	**3.4**	**2.7**	**2.7**
Total External Debt (1 through 6)	**59.0**	**63.8**	**63.1**	**57.8**	**62.1**	**61.4**	**65.9**
FOREIGN EXCHANGE LIABILITIES							
7. Foreign Exchange Liabilities	**2.6**	**2.6**	**2.4**	**3.1**	**3.3**	**3.7**	**3.6**
Total External Debt & Liabilities (1 through 7)	**61.6**	**66.4**	**65.5**	**60.9**	**65.4**	**65.1**	**69.6**

Table-9.11: Pakistan External Debt and Liabilities (US Dollar in billion)	2010	2011	2012	2013	2014(P)	2015(P)	2016(P)*
Memo:							
GDP (Rs. in billion)	14,867	18,276	20,047	22,386	25,169	27,493	29,598
Exchange Rate (Rs./US$, Period Average)	83.8	85.5	89.2	96.7	102.9	101.3	104.2
Exchange Rate (Rs./US$, End of Period)	85.5	86.0	94.5	99.7	98.8	101.8	104.8
GDP (US$ in billion)	177.4	213.8	224.6	231.4	244.7	271.5	284.2

Source: State Bank of Pakistan, Economic Affairs Division & Debt Policy Coordination Office
P: Provisional *end-March, 2016 **excluding local currency bonds/securities since they are already included in domestic debt

9.7.1 External Debt Servicing

After hefty repayments in 2013-14, public external debt servicing witnessed a decline of 25 percent during 2014-15 and recorded at US$ 4,475 million as compared with US$ 5,995 million in the last fiscal year. The decline in external debt servicing during 2014-15 was mainly due to lower repayments to the IMF that peaked out in 2013-14. Servicing of public external debt increased by US$ 188 million in first nine months of 2015-16 compared to the same period last year and recorded at US$ 3,560 million.

Table-9.12: Public External Debt Servicing (US Dollar in million)

Years	Actual Amount Paid	Interest	Amount Rolled Over	Total
2009-10	2,643.1	850.3	623.0	4,116.4
2010-11	2,084.7	930.0	488.0	3,502.7
2011-12	2,700.0	880.9	543.0	4,123.9
2012-13	4,794.6	800.4	500.0	6,095.1
2013-14	5,220.0	774.6	1,000.0	6,994.5
2014-15	3,500.3	974.5	1,000.0	5,474.8
2015-16*	2,792.1	767.9	748.3	4,308.3

Source: State Bank of Pakistan, *July-March, 2016

While the significant portion of the IMF loans has already been repaid, this decline will be somewhat offset by an increase in debt servicing over the medium-term, arising from:

- The maturity of 10 years Eurobonds issued in 2006-07 (US$ 750 million) is due in 2016-17;
- The repayment of rescheduled Paris Club debt under Official Development Assistance (ODA) will start from 2016-17;
- The Repayment of on-going EFF with IMF will begin in 2017-18;
- The 5-year Eurobond issued in April 2014 (US$ 1 billion) will mature in 2018-19;
- The 5-years Pakistan International Sukuk issued in November 2014 (US$ 1 billion) will mature in 2019-20.

9.7.2 Impact of Exchange Rate Fluctuations

External loans are contracted by Pakistan in different currencies and disbursements are effectively converted into Pak Rupee. As the Pak Rupee is not a widely traded international currency, other currencies are bought and sold by buying and selling US Dollars. Accordingly, external debt portfolio is exposed to currency exchange risk between the US Dollar and the foreign currencies, as well as US Dollar and the Pak Rupee. External public debt witnessed a dual translational loss on account of depreciation of US Dollar against other major currencies and depreciation of Pak Rupee against US Dollar by around 3 percent during first nine month of current fiscal year.

The Pak Rupee depreciated against the US Dollar on average by 4.1 percent per annum between 2010-11 and 2015-16 (till March 2016) which resulted in increase in Pakistan's external debt in local currency. Pakistan's loss on foreign currency debt is mitigated by the concessional terms (low cost and longer maturities) associated with its external loans i.e. the cost of adverse currency movements and existing external debt rates is still lower than the cost of domestic debt by approximately 3 percent over the last five years. Accordingly, policy of the government is to borrow more through these channels.

9.7.3 External Debt Sustainability

Generally, country's ability to make repayments can be assessed with two types of indicators; (i) solvency indicators and (ii) liquidity indicators. Solvency indicator such as external debt-to-GDP ratio shows debt bearing capacity of the country. Liquidity indicators such as external debt servicing to foreign exchange earnings ratio shows debt servicing capacity of the country.

Table-9.13: External Debt Sustainability Indicators

	2010	2011	2012	2013	2014	2015
ED/FEE (times)	1.3	1.2	1.1	1.0	1.0	1.0
ED/FER (times)	3.0	3.0	3.5	4.4	3.6	2.7
ED/GDP (Percentage)	28.7	25.9	23.8	20.8	21.0	18.8
ED Servicing/FEE (Percentage)	10.8	7.3	8.5	12.1	13.7	10.3

Source: Debt Policy Coordination Office Staff Calculations, Ministry of Finance
FEE: Foreign Exchange Earnings; **ED:** External Public Debt; **FER:** Foreign Exchange Reserves

The impact of the decrease in external debt and its servicing was evident in almost all the external debt sustainability indicators during 2014-15. Pakistan's external debt was slightly lower than the foreign exchange earnings in 2014-15. Further, decline in external debt repayments coupled with strong growth in the remittance, improved the debt servicing capacity of the country. Specifically, the external public debt servicing to foreign exchange earnings ratio dropped to 10 percent in 2014-15, from 14 percent last year. During first nine months of current fiscal year, external public debt servicing to foreign exchange earnings ratio stood at around 12 percent.

External debt to GDP ratio witnessed a significant decline in 2014-15 and recorded at 18.8 percent as compared with 21 percent at the end of last fiscal year. The improvement in this indicator was due to a drop in external debt caused by significant revaluation gains during 2014-15 on account of appreciation of US Dollar against other major international currencies. By end March 2016, this ratio stood at 19.4 percent mainly due to net external inflows and revaluation loss on account of depreciation of US Dollar against other major currencies.

A decrease in external debt in relation to foreign exchange reserves reflects the consolidation of foreign exchange reserves and a general improvement of the country's repayment capacity or vice versa. This ratio started improving since 2013-14 and recorded at 2.7 times in 2014-15 as compared with 4.4 times at the end of 2012-13. The reduction in external debt coupled with accumulation of foreign exchange reserves led to remarkable improvement in this ratio. As at end March 2016, this ratio further improved and recorded at 2.6 times as the rate of growth in foreign exchange reserves was more than the growth in external public debt stock.

9.8 Pakistan's Link with International Capital Market

The issuance of Eurobonds has great significance for Pakistan as it not only introduced Pakistan back in the international capital market but also allowed access to foreign resources for building country's reserves, which have paved the way for exchange rate stability i.e. there is general tendency of speculative attacks on currencies at the time of expected fall in reserves, the issuance of Eurobonds provided much needed support to foreign exchange reserves of the country and prevented exchange rate instability. Further, the proceeds from Eurobonds were utilized to retire the expensive domestic debt.

Pakistan successfully returned to international capital markets in September, 2015 through the issuance of US$ 500 million Eurobonds, for which there were offers worth US$ 2.3 billion. Around 87 percent of the subscription for bond came from investment funds, 12 percent from banks and financial institutions and 1 percent from pension funds. In terms of geographical spread, 38 percent of subscription is from North America, 38 percent from UK, 12 percent from Europe and 12 percent from Asia. The new bond was a substitution of domestic borrowing with slightly lower cost of around 108 bps compared with the yield of Pakistan Investments bonds at that time. To the extent of the proceeds from bonds, the government reduced domestic debt by the same amount. Besides, the new issue protected loss of reserves due to payment of bond of similar amount due in March 2016.

Pakistan's International Eurobonds have traded well since issuance and levels have remained relatively stable since the start of 2015, other than intermittent impact of broad based market wide volatility. Pakistan's 2016s, 2017s, 2019s, 2024s bonds have traded at a premium since May, 2014 and CDS levels have been on a downward trajectory. As illustrated by these levels and Pakistan's issuance of international bonds and sukuk since 2014 after a gap of 7 years, markets are accessible to supplement expensive domestic borrowings in measured amounts.

Fig-9.15: CDS Levels for Pakistan

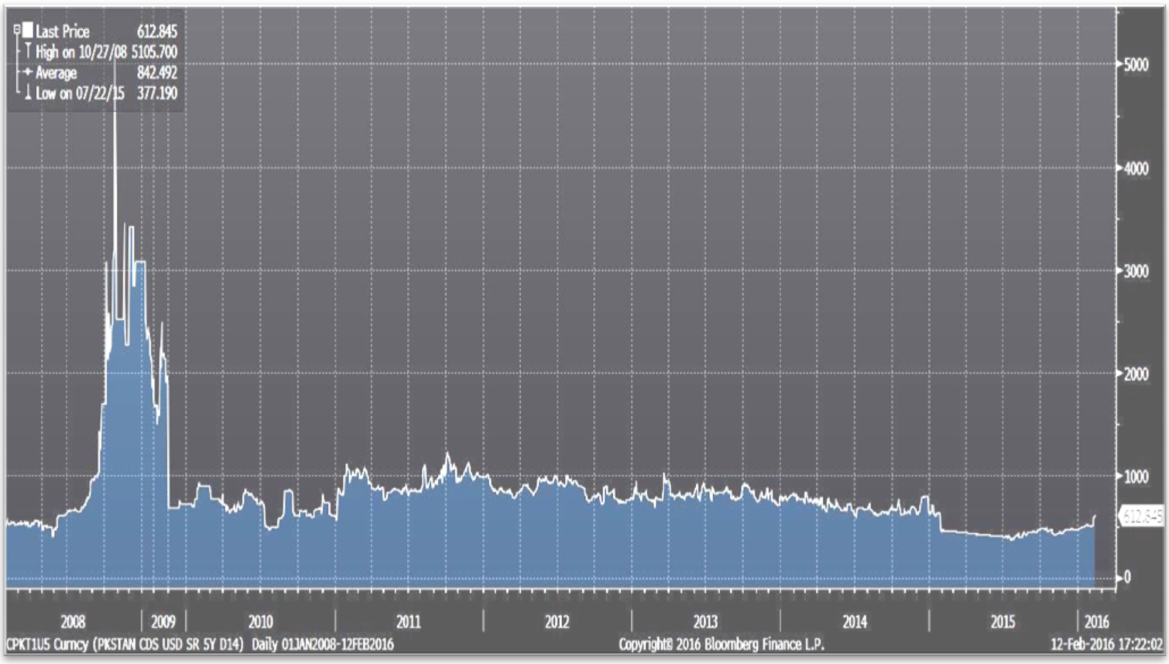


Table-9.14: Secondary Trading Levels:

Bond	Ratings			Maturity	Size	Coupon	Price	Yield
	M	S&P	F		($ in million)	(%)		(%)
EM Sovereign Bonds								
Pakistan	B3	B-	--	Jun-17	750	6.875	103.8	3.338
Pakistan	B3	B-	--	Apr-19	1,000	7.250	105.3	5.323
Pakistan (Sukuk)	B3	B-	--	Dec-19	1,000	6.750	104.5	5.362
Pakistan	B3	B-	--	Apr-24	1,000	8.250	105.9	7.267
Pakistan	B3	B-	B	Sep-25	500	8.250	105.9	7.374
Pakistan	B3	B-	--	Mar-36	300	7.875	90.4	8.915

Source: Bloomberg, April 19th 2016

9.9 Conclusion

Government inherited challenges such as large fiscal deficit, rising debt burden, unfavourable balance of payments, low foreign exchange reserves, low growth in tax revenues with shrinking tax-base, swelling current expenditures, a gigantic circular debt that was unraveling the energy sector, flight of capital, weakening exchange rate and perilously declining investors' confidence. On the external front, the major development partners had considerably scaled down their support due to waning economic fundamentals and apparent inability of the country to service its external obligations in the near future. One of the main challenges was absence of external financing which was causing turbulence in the domestic exchange markets and tilting the composition of public debt towards domestic debt and that too into shorter maturities creating vulnerabilities and entailing high rollover and refinancing risks.

Keeping in view the importance and indispensable nature of debt sustainability, the government has taken corrective measures and accordingly public debt sustainability indicators have improved during last two fiscal years. Government has been able to lengthen the maturity profile of its domestic debt and accordingly refinancing and interest rate risks were reduced. External debt sustainability improved owing to increase in debt repayment capacity of the country. Yields on retail domestic debt were synchronized with wholesale secondary market yields to practically eliminate distortions in their yield curves. Government has also published its updated Medium Term Debt Management Strategy to ensure that both the level and rate of growth in public debt is fundamentally sustainable while meeting cost and risks objectives.

Going forward, the prime objectives of public debt management include: (i) fulfilling the financing needs of the government keeping in view cost-risk tradeoffs; (ii) development of domestic debt capital market (iii) lengthening of maturities of domestic debt instruments at a reasonable cost; and (iv) stimulation of concessional external financing with reference to its impact on macroeconomic stability and debt sustainability. Further, it is important for the government to adopt an integrated approach for economic revival and debt reduction which will require trade-offs in the short-term, thus implementing structural reforms that boost potential growth which is a key to ensure public debt sustainability.

PUBLIC DEBT

TABLE 9.1

PUBLIC & PUBLICLY GUARANTEED DEBT DISBURSED & OUTSTANDING AS ON 31-03-2016

Country/Creditor		$ Million
I. BILATERAL		Amount
a. Paris Club Countries		
AUSTRIA		36
BELGIUM		24
CANADA		417
FINLAND		5
FRANCE		1,680
GERMANY		1,517
ITALY		135
JAPAN		6,063
KOREA		453
THE NETHERLANDS		96
NORWAY		14
RUSSIA		98
SPAIN		74
SWEDEN		124
SWITZERLAND		101
UNITED KINGDOM		7
UNITED STATES		1,383
	Sub Total I.a. Paris Club Countries	12,227
b. Non Paris Club Countries		
CHINA		6,032
KUWAIT		183
LIBYA		4
SAUDI ARABIA		225
UNITED ARAB EMIRATES		52
	Sub Total I.b. Non-Paris Club Countries	6,496
c. Commercial Banks		1,482
	Total I. (a+b+c)	20,205
II. MULTILATERAL & Others		
ASIAN DEVELOPMENT BANK (ADB)		9,838
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD)		1,151
INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)		12,952
Other		1,265
EUROPEAN INVESTMENT BANK (EIB)		14
ISLAMIC DEVELOPMENT BANK (IDB)		915
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)		214
NORDIC DEVELOPMENT FUND		10
OPEC FUND		71
ECO TRADE BANK		42
	Sub Total II. Multilateral & Others	25,206
III. BONDS		4,550
IV. DEFENCE		-
V. IDB (SHORT TERM CREDIT)		837
VI. LOCAL CURRENCY BONDS (TBs & PIBs)		3
	Grand Total: (I+II+III+IV+V+VI)	50,802

Source: Economic Affairs Division

TABLE 9.2

COMMITMENTS AND DISBURSEMENTS OF LOANS AND GRANTS (BY TYPE)

$ Million

Fiscal Year	Project Aid		Non-Project Aid								Total*	
			Non-Food		Food		BOP		Relief			
	Comm-itment	Disburse-ment	Comm-itment	Disburse-ment	Comm-itment	Disburse-ment	Comm-itment	Disburse-ment	Comm-itment	Disburse-ment	Comm-itment	Disburse-ment
2000-01	396	1,030	-	-	91	23	1,128	1,128	21	5	1,637	2,186
2001-02	973	741	-	-	40	114	2,589	1,880	0	21	3,603	2,756
2002-03	700	846	-	-	-	9	1,089	1,057	11	8	1,800	1,920
2003-04	1,214	622	-	-	-	-	1,263	755	2	3	2,479	1,380
2004-05	2,089	918	-	-	-	-	1,202	1,803	-	2	3,291	2,723
2005-06	3,250	2,084	-	-	22	10	1,225	1,262	1	1	4,498	3,357
2006-07	1,365	1,308	133	-	-	12	2,649	2,058	3	3	4,151	3,381
2007-08	2,440	1,565	-	80	-	-	1,309	2,013	2	2	3,751	3,660
2008-09	2,296	1,272	125	175	18	-	3,947	3,238	2	2	6,389	4,688
2009-10	3,729	1,213	100	100	-	-	2,846	2,305	68	49	6,744	3,668
2010-11	2,384	1,076	-	-	-	-	397	648	1,799	895	4,580	2,620
2011-12	3,341	1,753	100	73	-	-	1,135	949	103	314	4,679	3,089
2012-13	1,848	2,071	100	51	-	-	708	466	4	268	2,660	2,855
2013-14	9,809	2,015	125	80	-	-	5,019	4,612	4	133	14,957	6,840
2014-15	2,038	2,449	-	10	-	-	2,671	3,163	12	134	4,721	5,756
2015-16 (July - March)	7,741	2,184	-	-	-	-	3,610	3,242	6	14	11,357	5,441

*: Exclusive of IMF Loans

Source: Economic Affairs Division

Notes:

Project Aid includes commitments and disbursements for Earthquake Rehabilitation & Construction

BOP includes commitment and disbursement for IDB Short-term credit and Tokyo Pledges

Relief includes commitment and disbursement for Afghan Refugees, IDPs, Earthquake and Flood Assistance

TABLE 9.3

ANNUAL COMMITMENTS, DISBURSEMENTS, SERVICE PAYMENTS AND EXTERNAL DEBT OUTSTANDING

$ Million

Fiscal Year	Debt Outstanding @		Transactions during period					Debt Servicing as % of		
					Service Payments***					
	Disbursed*	Undisbursed*	Commit-ment**	Disburse-ment**	Principal	Interest	Total	Export Receipts	Foreign Exchange Earning	GDP
2000-01	25,608	2,860	1,167	1,846	1,004	663	1,668	18.7	11.7	2.3
2001-02	27,215	3,504	3,293	2,423	772	538	1,309	14.3	8.5	1.8
2002-03	28,301	3,811	1,747	1,729	971	613	1,583	14.4	8.1	1.9
2003-04	28,900	5,392	2,125	1,372	2,513	702	3,215	25.8	15.0	3.3
2004-05	30,813	4,975	3,113	2,452	1,072	669	1,742	12.0	6.5	1.6
2005-06	33,033	5,838	4,507	3,163	1,424	712	2,136	12.9	6.9	1.6
2006-07	35,673	6,277	4,059	3,356	1,203	822	2,025	11.7	6.1	1.3
2007-08	40,770	6,540	3,398	3,160	1,133	983	2,116	10.4	5.7	1.2
2008-09	42,567	7,451	5,792	4,032	2,566	873	3,439	18.0	9.7	2.0
2009-10	43,187	9,634	6,171	3,099	2,339	756	3,095	15.7	8.1	1.7
2010-11	46,642	9,797	4,580	2,620	1,925	762	2,687	10.6	5.6	1.3
2011-12	46,391	10,316	4,679	3,089	1,534	717	2,251	9.1	4.7	1.0
2012-13	44,353	9,954	1,278	2,486	1,903	709	2,612	10.5	5.2	1.1
2013-14	48,984	15,770	11,263	3,760	2,074	736	2,810	11.2	5.5	1.1
2014-15	47,867	18,559	3,621	3,601	2,262	949	3,211	13.3	6.1	1.2
2015-16 (July-March)	50,802	17,083	8,227	2,875	2,779	747	3,526	21.5	9.4	1.2

* : Excluding grants

Source: Economic Affairs Division

** : Excluding IMF, Short Term Credit, Commercial Credits and Bonds

*** : Excluding IMF, Short Term Credit, Commercial Credits and Bonds up to the year 2003-04. From the Years 2004-05 onwards, debt servicing in respect of short-term borrowings and Eurobonds is included

@: Public and Publically Guaranteed Loans

TABLE 9.4

DEBT SERVICE PAYMENTS OF FOREIGN LOANS (Paid in Foreign Exchange)

US$ Million

Fiscal Year	Kind	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 (July-Mar)
I. PARIS CLUB COUNTRIES								
1. Australia	Principal	-	-	-	-	-	-	-
	Interest	-	-	-	-	-	-	-
2. Austria	Principal	3.387	3.581	2.760	3.664	4.923	3.767	2.097
	Interest	3.569	3.466	2.950	2.976	3.006	2.312	1.058
3. Belgium	Principal	0.715	0.711	0.901	1.014	1.223	1.222	0.621
	Interest	1.998	1.702	1.836	1.746	1.773	1.492	0.661
4. Canada	Principal	1.814	2.075	2.372	2.717	3.118	3.563	1.972
	Interest	1.276	1.018	0.965	0.989	0.754	0.674	0.361
5. Denmark	Principal	-	-	-	-	-	-	-
	Interest	-	-	-	-	-	-	-
6. France	Principal	26.804	31.301	34.169	39.776	52.270	53.406	29.849
	Interest	87.354	87.466	81.713	77.533	79.165	66.812	30.467
7. Finland	Principal	0.119	0.136	0.156	0.179	0.206	0.424	0.129
	Interest	0.083	0.067	0.062	0.064	0.051	0.069	0.024
8. Germany	Principal	15.861	18.138	23.629	17.883	14.458	16.847	7.610
	Interest	18.639	18.619	17.290	16.513	26.691	25.119	12.919
9. Italy	Principal	20.098	22.712	0.576	0.652	0.764	0.826	0.442
	Interest	0.339	0.285	0.317	0.222	0.163	0.143	0.080
10. Japan	Principal	48.656	56.651	64.135	61.458	55.903	51.160	50.218
	Interest	118.509	129.489	134.327	117.640	103.270	88.094	49.216
11. Korea	Principal	9.678	11.068	12.656	14.492	16.626	19.009	10.911
	Interest	8.165	6.836	6.750	6.907	5.932	5.480	3.001
12. Norway	Principal	2.513	1.504	0.497	0.570	0.648	0.717	0.383
	Interest	1.010	0.346	0.304	0.273	0.202	0.179	0.081
13. The Netherlands	Principal	0.303	0.354	0.375	0.345	0.514	0.507	0.254
	Interest	3.457	3.244	3.285	2.970	3.221	2.959	2.331
14. Russia	Principal	2.475	2.831	3.238	3.707	4.255	4.863	2.691
	Interest	6.157	6.027	5.895	5.709	5.514	5.403	2.561
15. Sweden	Principal	3.126	3.578	4.092	4.681	5.366	6.130	3.393
	Interest	2.135	1.683	1.597	1.630	1.225	1.102	0.595
16. Spain	Principal	0.533	0.610	0.697	0.822	0.960	1.093	0.602
	Interest	1.980	1.987	1.905	1.846	1.782	1.753	0.880
17. Switzerland	Principal	1.687	2.235	2.554	2.878	3.431	3.722	1.947
	Interest	1.380	1.339	1.299	1.229	3.886	1.087	0.484
18. USA	Principal	3.565	4.078	4.663	5.339	6.124	7.004	3.877
	Interest	29.318	29.111	28.928	28.665	28.414	29.404	13.884
19. UK	Principal	0.151	0.223	0.250	0.282	0.342	0.370	0.199
	Interest	0.651	0.143	0.157	0.161	0.066	0.094	0.046
TOTAL (I)	Principal	141.485	161.786	157.720	160.459	171.131	174.630	117.195
	Interest	286.020	292.828	289.580	267.073	265.115	232.176	118.649
II. NON-PARIS CLUB COUNTRIES								
1. China	Principal	20.148	139.269	151.630	72.734	121.257	127.994	167.426
	Interest	46.620	76.892	43.799	74.575	103.488	139.299	133.216
2. Czecho-Slovakia	Principal	-	-	-	-	-	-	-
	Interest	-	-	-	-	-	-	-
3. Kuwait	Principal	7.800	7.983	7.990	8.072	7.057	7.551	9.597
	Interest	2.793	2.760	2.797	2.842	3.121	3.061	2.982
4. Libya	Principal	1.785	0.100	0.100	-	-	-	-
	Interest	0.025	0.006	0.003	-	-	-	-
5. Saudi Arabia	Principal	82.296	180.009	103.851	76.116	166.669	121.934	75.087
	Interest	6.212	13.976	6.502	4.200	7.547	5.701	3.550
6. UAE	Principal	-	0.538	3.801	4.114	4.513	4.513	6.004
	Interest	2.122	1.845	2.095	1.879	3.025	1.697	1.648
7. EXIM Bank (FE)	Principal	4.224	5.594	5.523	6.324	7.257	8.297	4.592
	Interest	1.425	0.628	1.239	1.201	1.167	1.113	0.535
8. PL-480	Principal	1.171	1.153	1.153	1.154	1.154	1.154	1.153
	Interest	2.994	2.976	2.962	2.936	2.916	1.533	1.515
9. CCC	Principal	5.651	6.463	7.390	8.462	9.708	11.099	6.144
	Interest	16.982	16.623	16.258	15.746	15.209	14.594	7.058
TOTAL (II)	Principal	123.075	341.109	281.438	176.976	317.615	282.542	270.003
	Interest	79.173	115.706	75.655	103.379	136.473	166.998	150.504

(Contd..)

TABLE 9.4

DEBT SERVICE PAYMENTS OF FOREIGN LOANS (Paid in Foreign Exchange)

US$ Million

Fiscal Year	Kind	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 (July-Mar)
III. MULTILATERAL								
1. ADB	Principal	511.695	626.773	714.870	737.087	728.130	721.223	542.970
	Interest	111.136	104.161	103.125	101.564	82.581	80.625	63.014
2. IBRD	Principal	225.073	172.956	156.078	177.063	165.637	156.074	147.323
	Interest	30.585	15.464	13.925	13.877	8.111	5.921	8.033
3. IDA	Principal	168.122	168.576	192.606	222.629	236.291	253.490	213.316
	Interest	82.620	82.377	92.352	92.770	96.215	113.079	98.360
4. IFAD	Principal	7.793	7.775	11.532	8.112	4.803	5.277	4.122
	Interest	1.754	1.721	1.798	1.698	1.618	1.649	1.099
5. IDB	Principal	6.840	9.488	7.025	17.440	23.604	31.612	34.203
	Interest	3.585	5.599	4.197	4.832	10.203	13.649	10.074
6. IDB (ST)	Principal	349.925	325.127	-	390.290	412.952	409.093	734.531
	Interest	18.551	28.614	23.028	11.185	15.737	18.368	47.142
TOTAL (III)	Principal	1,269.448	1,310.695	1,082.111	1,552.621	1,571.417	1,576.769	1,676.465
	Interest	248.231	237.936	238.425	225.926	214.465	233.291	227.722
IV. DEVELOPMENT FUNDS								
1. NORDIC	Principal	1.923	2.447	2.486	1.869	1.586	0.836	0.376
	Interest	0.210	0.203	0.171	0.137	0.117	0.060	0.050
2. OPEC Fund	Principal	4.015	3.298	2.666	3.016	3.016	4.453	4.706
	Interest	0.599	0.526	0.580	0.833	1.239	1.613	1.200
3. Turkey (EXIM Bank)	Principal	-	-	-	-	0.667	31.336	0.667
	Interest	-	-	0.212	0.215	0.190	0.877	0.611
4. E.I.Bank	Principal	7.525	5.277	7.816	8.083	8.365	8.167	4.459
	Interest	1.468	1.223	1.170	0.853	0.633	0.400	0.149
5. ANZ Bank / Standard Charted Bank	Principal	50.000	-	-	-	-	172.500	200.000
	Interest	4.061	-	-	-	6.946	12.291	30.720
TOTAL (IV)	Principal	63.463	11.022	12.968	12.968	13.634	217.292	210.208
	Interest	6.338	1.952	2.133	2.038	9.125	15.241	32.730
V. GLOBAL BONDS								
1. Euro Bonds	Principal	600.000	-	-	-	-	-	500.000
	Interest	132.040	110.904	110.872	110.852	110.816	301.426	217.296
2. Saindak Bonds	Principal	-	-	-	-	-	-	-
	Interest	-	-	-	-	-	-	-
3. US Dollar Bonds (NHA)	Principal	21.903	-	-	-	-	-	-
	Interest	1.485	-	-	-	-	-	-
TOTAL (V)	Principal	621.903	-	-	-	-	-	500.000
	Interest	133.525	110.904	110.872	110.852	110.816	301.426	217.296
TOTAL (I+II+III+IV+V)	Principal	2,219.374	1,824.612	1,534.237	1,903.024	2,073.797	2,251.233	2,773.871
	Interest	753.287	759.326	716.665	709.268	735.994	949.132	746.901
	Total (P+I)	2,972.661	2,583.938	2,250.902	2,612.292	2,809.791	3,200.365	3,520.772
VI. OTHERS								
1. NBP	Principal	3.022	3.055	-	-	-	-	-
	Interest	0.168	0.048	-	-	-	-	-
2. Bank of Indosuez	Principal	-	-	-	-	-	-	-
	Interest	-	-	-	-	-	-	-
3. NBP Bahrain	Principal	-	-	-	-	-	-	-
	Interest	-	-	-	-	-	-	-
4. ANZ Bank	Principal	-	75.000	-	-	-	-	-
	Interest	-	2.784	-	-	-	-	-
5. US Dollar Bonds	Principal		21.903	-	-	-	-	-
	Interest		0.301	-	-	-	-	-
6. Cash (ST)	Principal	116.279	-	-	-	-	-	-
	Interest	2.849	-	-	-	-	-	-
7. OTF	Principal	-	-	-	-	-	-	-
	Interest	-	-	-	0.192	0.160	-	-
8. Unspent Balance	Principal	-	-	-	-	-	10.686	5.068
	Interest	-	-	-	-	-	-	-
TOTAL (VI)	Principal	119.301	99.958	-	-	-	10.686	5.068
	Interest	3.017	3.133	-	0.192	0.160	-	-
TOTAL (I+II+III+IV+V+VI)	Principal	2,338.675	1,924.570	1,534.237	1,903.024	2,073.797	2,261.919	2,778.939
	Interest	756.304	762.459	716.665	709.460	736.154	949.132	746.901
Grand Total (P+I)		3,094.979	2,687.029	2,250.902	2,612.484	2,809.951	3,211.051	3,525.840

Note: Exclusive of IMF Loans

Source: Economic Affairs Division

TABLE 9.5

TERMS OF FOREIGN LOANS/CREDITS CONTRACTED BY PAKISTAN

Lending Country/Agency		2008-09 Amount ($ Million)	2008-09 Interest Rate/ Commission(%)	2008-09 Amortization (years)	2009-10 Amount ($ Million)	2009-10 Interest Rate/ Commission(%)	2009-10 Amortization (years)
A.	Paris Club Countries						
	1. Germany	138.3	0.75	40	20.3	0.75	40
	2. Japan				249.4	1.2	30
	3. France	98.3	LIBOR EURO 6 Months + 200bps	20	103.6	1.6	20
	4.Italy						
	Sub-Total (A):	236.6			373.3		
B.	Non-Paris Club						
	1. China	800.0	0-5	10-15	1,979.8	6 and LIBOR 3 Months + 1.1	19-25
	2. Kuwait				49.9	1 Fixed	25
	3. Saudi Arabia	125.2	3.25	3	380.0	2 and LIBOR 3 Months + 0.5	3-20
	4. Korea	205.2	1.50	30-40			
	5. UAE						
	Sub-Total (B):	1,130.4			2,409.7		
C.	Multilateral						
	1. IDB (ST)	596.5	LIBOR+2.5	1	572.3	LIBOR + 2.5	1
	2. IDB	287.8	LIBOR + 0.55 and 1.5	18-26	362.2	5.1 US SWAP RATE 15 YRS +1.2	15-20
	3. IDA	1,528.7	0.75	35	508.4	0.75 Fixed	35
	4. ADB	1,759.7	1.5 and LIBOR 6 Months + 0.6	20-30	711.8	1.5 and LIBOR 6 Months + 0.6	20-30
	5. OPEC	66.3	LIBOR + 1.85	20	31.1	1.75 Fixed	20
	6. IBRD	173.4	LIBOR 6 Months + 0.75	30			
	7. IFAD				18.8	0.75 Fixed	26
	7. EIB				149.5	LIBOR 6 Months + 0.15	35
	Sub-Total (C):	4,412.4			2,354.1		
	Total (A+B+C)	5,779.4			5,137.1		

Lending Country/Agency		2010-11 Amount ($ Million)	2010-11 Interest Rate/ Commission(%)	2010-11 Amortization (years)	2011-12 Amount ($ Million)	2011-12 Interest Rate/ Commission(%)	2011-12 Amortization (years)
A.	Paris Club Countries						
	1. Germany						
	2. Japan	237.4	.01 Fixed	30	62.8	0.01 Fixed	30
	3.France	103.9	LIBOR 6 Months + 0.25	15-18			
	4. Italy	53.5	-	19	72.7	Free	40
	Sub-Total (A)	394.8			135.5		
B.	Non-Paris Club						
	1. China	213.7	2 Fixed	18-20	851.1	2 Fixed	12-14
	2. Kuwait	42.6	1 Fixed	25			
	3. Saudi Arabia	100.0	LIBOR 12 Months +0.85	1	100.0	LIBOR 12 months + 1.25	10
	4. Korea						
	Sub-Total (B)	356.3			951.1		
C.	Multilateral						
	1. IDB Short-term				256.0		
	2. IDB	220.0	1 Fixed	15			
	3. IDA	603.0	3.95 and 0.75 Fixed	25	1,703.3	1.68 Fixed	25
	4. ADB	892.6	1.5 and LIBOR 6 Months + 0.6	18-30	504.9	1.5 and LIBOR 6 months + 0.6	16
	5. OPEC						
	6.IBRD	261.4	LIBOR 6 Months + 0.75	25	500.0	LIBOR 6 months + 1	
	7. IFAD				40.0	0.75	40
	8. EIB						
	9. E.C.O. T / BANK	10.0	LIBOR 6 Months + 1.5	7			
	Sub-Total (C)	1,987.0			3,004.2		
	Total (A+B+C)	2,738.1			4,090.7		

(Contd.)

TABLE 9.5

TERMS OF FOREIGN LOANS/CREDITS CONTRACTED BY PAKISTAN

Lending Country/Agency	2012-13			2013-14		
	Amount	Interest Rate/	Amortization	Amount	Interest Rate/	Amortization
	$ Million	Commission(%)	years	$ Million	Commission(%)	years
A. Paris Club Countries						
1. Germany				27.3	0.75 Fixed	40
2. Japan				49.3	LIBOR Yen 6 Month + 0.34	40
3.France				83.3	EIBOR+0.93	20
4. Italy	88.9	LIBOR 6 months + 0.93	15			
Sub-Total A	88.9			159.9		
B. Non-Paris Club						
1. China	448.0	LIBOR 6 months + 2.8	10	6,493.8	1 , 2 and 6 Fixed	28 to 30
2. Kuwait						
3. Saudi Arabia	100.0	LIBOR 12 months + 1.25	10	282.8	LIBOR 12 months + 1.25 and 2 Fixed	For Fixed 6 and for LIBOR 25
4. Korea						
Sub-Total B	548.0			6,776.6		
C. Multilateral						
1. IDB Short-term				1,006.5	5.25 Fixed, LIBOR 12 Months + 4.5, LIBOR 6 Months + 4.5, LIBOR Euro 12 Months+2.3	1
2. IDB	227.0	LIBOR 6 months + 1.35	24	264.4	2 to 2.5 Fixed	25
3. IDA	242.9	1.25 Fixed	25	1,554.1	1.25 to 2 Fixed	30
4. ADB	170.8	1.5 & LIBOR 6 months + 0.6	20-28	2,148.8	2 Fixed & LIBOR 6 months + 0.6	30
5. OPEC				50.0	1.75 Fixed	25
6.IBRD						
7. IFAD						
8. EIB				136.5	LIBOR + spread, Euribor + spread and Fixed (multiple rates for multiple tranches)	30
9. E.C.O BANK				30.0	LIBOR 6 MONTHS + 2	1
Sub-Total C	640.7			5,190.3		
D. Commercial Banks						
1. SCB (London)				172.5	LIBOR 3 Months + 4	1
2. SUISSE AG, UBL, ABL				200.0	LIBOR 3 Months + 4	1
Sub-Total (D)	-			372.5		
E. Commercial Banks						
1. Bonds 2019				1,000.0	7.25 Fixed	5
2. Bonds 2024				1,000.0	8.25 Fixed	10
3. Sukuk 2019				-		
Sub-Total (E)	-			2,000.0		
Total (A+B+C+D+E)	1,277.6			14,499.2		

Lending Country/Agency	2014-15			2015-16 (July-March)		
	Amount	Interest Rate/	Amortization	Amount	Interest Rate/	Amortization
	$ Million	Commission(%)	years	$ Million	Commission(%)	years
A. Paris Club Countries						
1. Germany				44.5	LIBOR 6 Months + 0.1	30
2. Japan				45.3	0.75 Fixed	40
3.France				47.0	EIBOR + 0.25	20
4. Italy						
Sub-Total A	-			136.8		
B. Non-Paris Club						
1. China	37.7	Fixed 2	20	5,242.1	2 and 5.2 Fixed	20
2. Kuwait						
3. Saudi Arabia				55.0	2 Fixed	20
4. Korea						
Sub-Total B	37.7			5,297.1		
C. Multilateral						
1. IDB Short-term	488.8	5.0126 Fixed, LIBOR 6 Months 4.5, LIBOR EURO 12 Months	1	1,237.0	4.9 Fixed, LIBOR 12 months + 4.5 to 5.5	1
2. IDB						
3. IDA	1,425.4	1.25 to 2 Fixed	30	1,075.9	2 Fixed	25
4. ADB	762.1	2 Fixed & LIBOR 6 Months + 0.6	30	1,315.8	2 Fixed & LIBOR 6 months + 0.6	25
5. OPEC						
6. IBRD						
7. IFAD	31.6	Fixed 0.75				
8. EIB						
9. E.C.O BANK				35.0	LIBOR 6 months + 2.5	1
Sub-Total C	2,707.9			3,663.7		
D. Commercial Banks						
1. SCB (London)	100.1	LIBOR 3 Months + 4.25	4			
2. SUISSE AG, UBL, ABL				983.0	LIBOR 3 months +2.66 & 3.25	1
3. DUBAI BANK				70.0	LIBOR 6 months + 2.5	1
4. NOOR BANK PJSC				340.0	LIBOR 3 months + 3.75 & 4.1	1
Sub-Total (D)	100.1			1,393.0		
E. Commercial Banks						
1. Bonds 2019						
2. Bonds 2024						
3. Sukuk 2019	1,000.0	6.75 Fixed	5			
4. Bonds-2015-2025				500.0	8.25 Fixed	10
Sub-Total (E)	1,000.0			500.0		
Total (A+B+C+D+E)	3,845.7			10,990.6		

Source: Economic Affairs Division

TABLE 9.6

GRANT ASSISTANCE AGREEMENTS SIGNED

($ Million)

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 (Jul-Mar)
I. Paris Club Countries										
1. Australia	-	0.9	-	-	-	-	-	-	-	-
2. Austria	-	-	-	-	-	-	-	-	-	-
3. Canada	-	9.4	5.5	-	-	-	-	-	-	-
4. France		-	-	-	-	-	0.5	3.4	-	6.6
5. Germany	37.3	-	-	68.4	11.3	28.8	13.1	18.4	9.0	51.0
6. Japan	-	6.6	41.6	39.8	67.8	13.6	28.4	19.2	79.7	34.9
7. The Netherlands	-	-	-	-	-	-	-	-	-	-
8. Norway	-	-	-	4.4	5.0	-	12.4	-	-	-
9. Korea	-	-	-	1.5	5.0	-	-	-	-	-
10. Switzerland	-	-	-	-	1.3	-	-	-	-	-
11. UK	67.7	136.9	142.5	363.4	89.0	408.9	1,173.3	-	534.4	-
12. USA	269.4	118.9	377.4	1,046.1	1,215.3	-	70.0	150.0	-	-
13. Italy	-	-	-	-	-	-	-	-	-	-
14. Denmark	-	-	-	-	24.8	-	-	-	-	-
Sub-Total (I)	374.4	272.7	567.0	1,523.6	1,419.5	451.4	1,297.6	191.0	623.0	92.4
II. Non Paris Club Countries										
1. China	49.4	0.4	-	-	249.5	20.7	11.4	-	123.9	4.6
2. Iran	-		-	-	-	-	-	-	-	-
3. UAE	-	-	-	-	-	-	-	-	-	-
4. Oman	-	-	-	-	-	-	-	-	-	-
5. Saudi Arabia	-	-	-	-	-	-	-	26.7	-	53.5
Sub-Total (II)	49.4	0.4	-	-	249.5	20.7	11.4	26.7	123.9	58.1
III. Multilateral										
1. ADB	5.0		-	-	3.0	3.0	-	-	-	121.6
2. EEC / EU	58.1	-	25.2	80.2	144.6	37.7	19.6	200.7	-	93.0
3. Islamic Development Bank	-	-	-	-	0.3	-	-	-	-	-
4. IDA	9.1	0.1	5.5	-	18.5	8.0	-	9.0	-	-
5. IBRD	-	-	-	-	-	61.0	39.4	18.1	127.2	-
6. IFAD		-	-	-	-	-	-	-	0.5	-
7. UN and Specialised Agencies	-	-	-	-	-	-	-	2.4	-	-
8. UNDP Special Grant	2.5	1.4	-	-	-	-	-	-	-	-
9. World Food Programme	-	-	-	-	-	-	-	-	-	-
10. UNFPA	-	-	-	-	-	-	-	-	-	-
Sub-Total (III)	74.7	1.5	30.7	80.2	166.4	109.7	59.0	230.2	127.8	214.6
IV. Relief Assistance for										
A. Afghan Refugees	3.4	1.6	2.2	2.7	6.1	6.4	4.2	-	1.0	1.0
B. Earthquake										
1. Afghanistan	-	-	-	-	-	-	-	-	-	-
2. Algeria	-	-	-	-	-	-	-	-	-	-
3. Austria	-	-	-	-	-	-	-	-	-	-
4. Azerbaijan	-	-	-	-	-	-	-	-	-	-
5. Bhutan	-	-	-	-	-	-	-	-	-	-
6. Brunei	-	-	-	-	-	-	-	-	-	-
7. China	-	-	-	-	-	-	-	-	-	-
8. Cyprus	-	-	-	-	-	-	-	-	-	-
9. Indonesia	-	-	-	-	-	-	-	-	-	-
10. Jordan	-	-	-	-	-	-	-	-	-	-
11. Malaysia	-	-	-	-	-	-	-	-	-	-
12. Morocco	-	-	-	-	-	-	-	-	-	-
13. Oman	-	-	-	-	-	-	-	-	-	-
14. Pak-Turk foundation	-	-	-	-	-	-	-	-	-	-
15. Saudi Arabia	133.3	300.0	-	-	-	-	-	-	-	-
16. South Korea	-	-	-	-	-	-	-	-	-	-
17. Thailand	-	-	-	-	-	-	-	-	-	-
18. Turkey	-	-	10.0	-	-	-	-	-	-	-
19. UK	-	-	-	-	-	-	-	-	-	-
20. ADB	-	-	-	-	-	-	-	-	-	-
21. WB (IDA)	-	-	-	-	-	-	10.0	-	-	-
22. Germany	-	-	-	-	-	-	-	-	-	-
23. IDB	-	-	-	-	-	-	-	-	-	-
24. Mauritius	-	-	-	-	-	-	-	-	-	-
Sub-Total (IV)	136.7	301.6	12.2	2.7	6.1	6.4	14.2	-	1.0	1.0
Grand Total (I+II+III+IV)	635.2	576.2	609.9	1,606.5	1,841.6	588.3	1,382.3	447.9	875.6	366.2

Source : Economic Affairs Division

TABLE 9.7

TOTAL LOANS AND CREDITS CONTRACTED

($ Million)

Lending Country/Agency	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 (Jul-Mar)
A. Paris Club Countries										
1. Austria	-	-	-	-	-	-	-	-	-	-
2. Australia	-	-	-	-	-	-	-	-	-	-
3. Belgium	-	-	-	-	-	-	-	-	-	-
4. Canada	-	-	-	-	-	-	-	-	-	-
5. France	50.0	-	98.0	103.6	103.9	-	88.9	83.3	-	47.0
6. Germany	6.0	-	138.0	20.3	-	-	-	27.3	-	44.5
7. Japan	198.2	460.4	-	249.4	237.4	62.8	-	49.3	-	45.3
8. Netherlands	-	-	-	-	-	-	-	-	-	-
9. Norway	-	-	-	-	-	-	-	-	-	-
10. Spain	-	-	-	-	-	-	-	-	-	-
12. UK	-	-	-	-	-	-	-	-	-	-
13. USA	-	-	-	-	-	-	-	-	-	-
14. Italy	-	12.1	-	-	53.5	72.7	-	-	-	-
15. Sweden	-	-	-	-	-	-	-	-	-	-
Sub-Total (A)	254.2	472.5	236.0	373.3	394.8	135.5	88.9	159.9	-	136.8
B. Non-Paris Club Countries										
1. China	-	328.0	800.0	1,979.8	213.7	851.1	448.0	6,493.8	37.7	5,242.1
2. Korea	-	20.0	205.0	-	-	-	-	-	-	-
3. Kuwait	38.1	-	-	49.9	42.6	-	-	-	-	-
4. Saudi Arabia	133.1	40.0	125.0	380.0	100.0	100.0	100.0	282.8	-	55.0
5. Turkey (EXIM Bank)	-	-	-	-	-	-	-	-	-	-
6. Abu Dhabi Fund	-	-	-	-	-	-	-	-	-	-
Sub-Total (B)	171.2	388.0	1,130.0	2,409.7	356.3	951.1	548.0	6,776.6	37.7	5,297.1
C. Multilateral										
1. IBRD	100.0	-	173.4	-	261.4	500.0	-	-	-	
2. IDA	912.0	259.1	1,529.0	508.4	603.0	1,703.3	242.9	1,554.1	1,425.4	1,075.9
3. ADB	1,443.3	1,436.4	1,760.0	711.8	892.6	504.9	170.8	2,148.8	762.1	1,315.8
4. IFAD	-	36.4	-	18.8	-	40.0	-	-	31.6	
5. European Investment Bank	-	-	-	149.5	-	-	-	136.5	-	-
6. ECOTDB	-	-	-	-	10.0	-	-	30.0	-	35.0
7. OPEC Fund	10.0	5.1	66.0	31.1	-	-	-	50.0	-	-
8. IDB	200.0	224.0	288.0	362.2	220.0	-	227.0	264.4	-	-
9. SCB (Singapore)	-	-	-	-	-	-	-	-	-	-
10.IDB (ST)	425.0	353.0	597.0	572.3	-	256.0	-	1,006.5	488.8	1,237.0
Sub-Total (C)	3,090.3	2,314.0	4,413.4	2,354.1	1,987.0	3,004.2	640.7	5,190.3	2,707.9	3,663.7
D. Bonds										
1. Bonds	-	750.0	-	-	-	-	-	2,000.0	1,000.0	500.0
Sub-Total (D)	-	750.0	-	-	-	-	-	2,000.0	1,000.0	500.0
E. Commercial Banks										
1. SCB London	-	-	-	-	-	-	-	172.5	100.1	
2. Dubai Bank										70.0
3. Noor Bank										340.0
4. SUISSE AG, UBL, ABL	-	-	-	-	-	-	-	200.0	-	983.0
Sub-Total (E)	-	-	-	-	-	-	-	372.5	100.1	1,393.0
Grand-Total (A+B+C+D+E)	3,515.7	3,924.5	5,779.4	5,137.1	2,738.1	4,090.7	1,277.6	14,499.2	3,845.7	10,990.6

Note: Total may differ due to rounding off

Source : Economic Affairs Division

CHAPTER 10

Education

Education is an indispensable component of human development and a basic right of every citizen. Education is considered to have a strong correlation with social and economic development of a country. No country can achieve sustainable economic development without substantial investment in human capital. Education enriches people's understanding and enhances their technical capabilities of exploring new ideas. It improves the quality of their lives and leads to broad social benefits to individuals and society.

Pakistan is committed to promote education, increase literacy rate, capacity building of teachers, and enhancement of facilities in all educational institutes. Federal and provincial governments are committed to provide free education up to the Matric level. National and provincial governments are encouraging and facilitating the private sector to invest in the education sector for its promotion as a national cause.

Pakistan Vision 2025 aims at substantial expansion as well improvements in the quality of education, increasing public expenditure to 4.0 percent of GDP by 2018. Comprehensive reforms, comprising of detailed actions in curriculum, pedagogy, technology, governance, assessment as well as social and economic relevance will be made in the educational system to improve the quality of public schooling. The 11th Five year Development Plan (2013-18) is aimed to enhance management and administrative capacities in education sector at all levels, encourage public-private participation and enhance private sector investment. It also includes governance reforms and adoption of regulatory and structural improvements in the system.

Literacy:

Literacy rate is one of the important indicator of education. Its improvement has a long run impact on other important indicators of national welfare. According to the latest Pakistan Social and Living Standards Measurement (PSLM) Survey 2015, the literacy rate of the population (10 years and above) is 60 percent as compared to 58 percent in 2014. The literacy rate for male during 2015 was 70 percent and for female was 49 percent which shows that there is a gap of 21 percent of female literacy that needs to be bridged with the available resources and equalize the education between male and female. The data shows that literacy rate is higher in urban areas (76 percent) than in rural areas (51 percent). Province wise data suggests that Punjab leads with 63 percent followed by Sindh with 60 percent, Khyber Pakhtunkhwa with 53 percent and Balochistan with 44 percent. The details are given in Table 10.1.

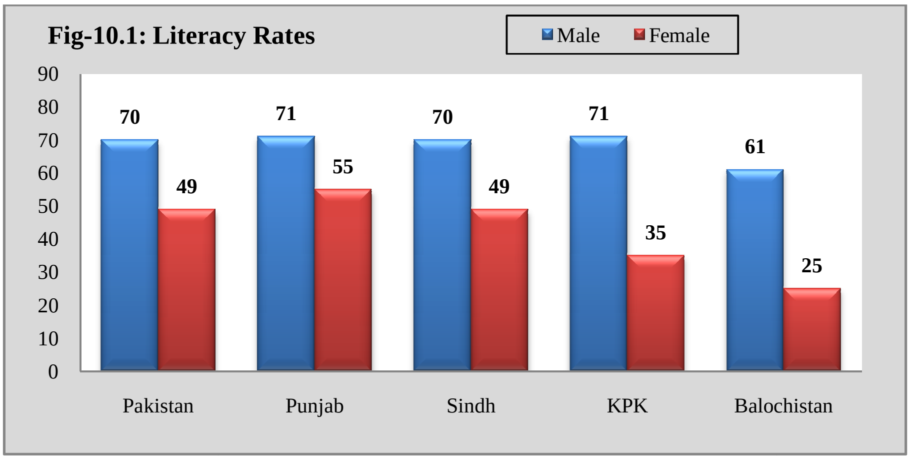
Table 10.1: Literacy Rate (10 Years and Above)-Pakistan and Provinces (Percent)

Province/Area	2013-14			2014-15		
	Male	Female	Total	Male	Female	Total
Pakistan	**70**	**47**	**58**	**70**	**49**	**60**
Rural	63	36	49	63	38	51
Urban	81	66	74	82	69	76
Punjab	**71**	**52**	**61**	**71**	**55**	**63**
Rural	65	43	53	65	45	55
Urban	82	71	76	82	73	77
Sindh	**67**	**43**	**56**	**70**	**49**	**60**
Rural	53	21	37	55	24	40
Urban	80	63	72	82	70	76

Table 10.1: Literacy Rate (10 Years and Above)-Pakistan and Provinces (Percent)

Province/Area	2013-14			2014-15		
	Male	Female	Total	Male	Female	Total
KPK	**72**	**36**	**53**	**71**	**35**	**53**
Rural	70	32	49	69	31	50
Urban	81	55	68	80	52	66
Balochistan	**59**	**25**	**43**	**61**	**25**	**44**
Rural	54	17	36	54	17	38
Urban	74	45	59	78	42	61

Source: Pakistan Social and Living Standards Measurement Survey, 2014-15



Primary Enrolment Rates:

A. Gross Enrolment Rates:

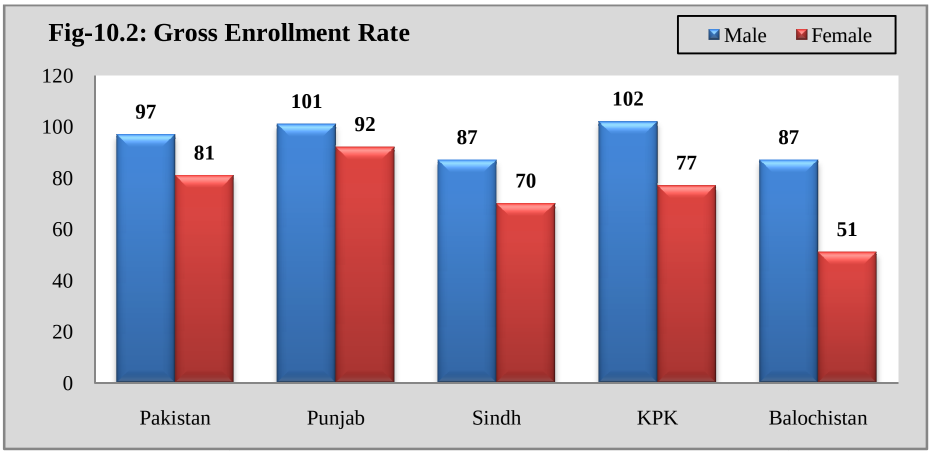
Gross Enrolment Rates (GER) referred to the participation rate of children attending primary schools divided by the number of children aged 5 to 9 years. A high GER indicates a high degree of participation, whether the students belong to the official age-group or not. A GER value approaching or exceeding 100 per cent indicates a country in principle able to accommodate all of its primary school-age population. It does not however, indicate the proportion of that population actually enrolled.

GER at the primary level excluding Katchi (prep) for the age group 5-9 years at national level during 2015 recorded at 89.0 percent as compared to 90 percent in 2014. The decrease in overall GER in Pakistan is mainly due to decline in Punjab GER to 97 percent in 2015 from 100 percent in 2014. Sindh showed improvement to 79 percent in 2015 against 76 percent in 2014 and Khyber Pakhtunkhwa also improved to 90 percent in 2015 against 89 percent in 2014 while Balochistan GER witnessed significant improvement to 71 percent in 2015 as compared to 67 percent in 2014. The details are given in Table 10.2.

Table 10.2: National and Provincial GER (Percent)

Province/Area	2013-14			2014-15		
	Male	Female	Total	Male	Female	Total
Pakistan	**98**	**81**	**90**	**97**	**81**	**89**
Punjab	106	94	100	101	92	97
Sindh	85	67	76	87	70	79
Khyber Pakhtunkhwa	102	76	89	102	77	90
Balochistan	83	49	67	87	51	71

Source: Pakistan Social and Living Standards Measurement Survey, 2014-15



B. Net Enrolment Rates:

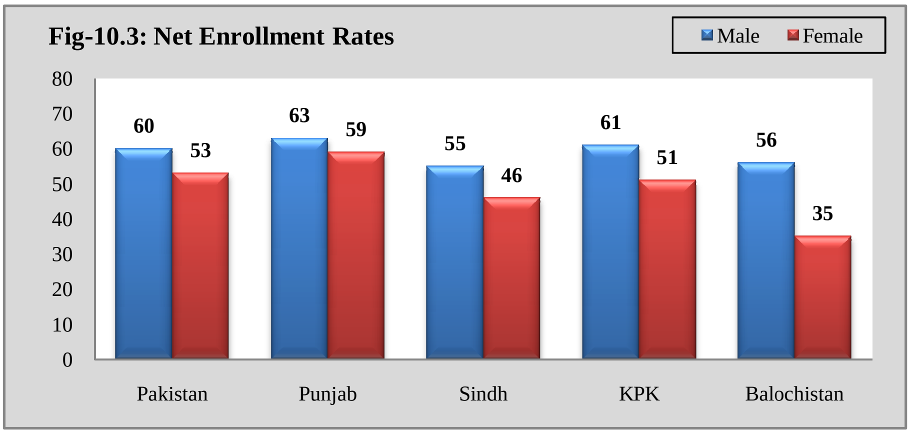
Net Enrolment Rates (NER) at the primary level refers to the number of students enrolled in primary schools of age 5 to 9 years divided by the number of children in the same age group for that level of education. In Pakistan, the official primary NER is the number of children aged 5 to 9 years attending primary level (1-5) divided by the total number of children aged 5 to 9 years.

Table 10.3 show the net primary level enrolment rates at the national/provincial (excluding prep/Katchi class) level for the age group 5-9 years. NER at the national level during 2015 remained stable at 57 percent compared to last year. Province wise comparison reveals that Punjab NER declined to 61 percent in 2015 as compared to 64 percent in 2014. Sindh NER improved to 51 percent in 2015 as compared to 48 percent in 2014; while NER of Khyber Pakhtunkhwa witnessed a slight improvement at 56 percent in 2015 as compared to 54 percent in 2014. Balochistan also witnessed a significant improvement at 46 percent in 2015 as compared to 39 percent in 2014.

Table 10.3: National and Provincial NER at Primary Level (Percent)

Province/Area	2013-14			2014-15		
	Male	Female	Total	Male	Female	Total
Pakistan	**60**	**53**	**57**	**60**	**53**	**57**
Punjab	66	63	64	63	59	61
Sindh	53	43	48	55	46	51
Khyber Pakhtunkhwa	62	46	54	61	51	56
Balochistan	46	30	39	56	35	46

Source: Pakistan Social and Living Standards Measurement Survey, 2014-15.



Box-I: Prime Minister Education Reform Program (PMERP)

Prime Minister Educational Reform Programme has been launched in Islamabad to uplift the Standard of Quality Education. Detail of Prime Minister Reform Programme is as under:-

- Provision of missing facilities i.e. (Labs, Washrooms, Clean Drinking Water, Renovation of Classrooms, boundary wall etc.)
- Restructuring of Federal Directorate of Education.
- Formulation of Recruitment Rules for teaching and non-teaching staff.
- Merit base recruitment of teaching staff.
- Training of teachers.
- Development of comprehensive training programmes for teaching and non-teaching staff.
- Implementation of Article 25-A (Right to Free & Compulsory Education Act).
- Provision of 200 Buses to Schools and Colleges under FDE.
- Establishment of 10 Montessori classes and provision of free meal to kids enrolled in it.
- IT based monitoring mechanism for qualitative and quantitative performance evaluation.

In 1st phase of PMERP, 22 Educational Institutions have been selected. Prime Minister of Pakistan has inaugurated the newly renovated Khaula Shaheed Model College for Girls, Punjgran located in sector Nilore whereas the work on remaining 21 Institutions is near completion. The work on remaining 400 institutions will be carried out under 2nd phase of PMERP.

Apart from this, a project to convert 24 government schools into smart schools is also started with the objective to demonstrate significant and rapid improvement in the quality of education through technology-enabled learning in government schools. The black boards are going to be replaced with white boards in all the schools and safe drinking water drinking facility through installation of filtration plants will be provided to all the government schools.

Two hundred buses will be provided to schools to ensure safe transportation of students. GIS mapping and EMIS system is started through which the data of all the students, teachers and employees will be collected.

The security cameras are installed in all the schools to monitor the security situations and the monitoring teams are also setup to avoid any mishap. Moreover, bio metric machines are going to be installed in all the schools to ensure attendance and punctuality.

Source: Capital Administration and Development Division (CADD)

Educational Statistics:

i). Pre-Primary Education

Pre-primary education is an essential component of a child's elementary education. Internationally, it is recommended that every child must be provided with pre-primary education so that they may face the later stages of education. Prep or Katchi class is meant for children between 3 to 4 years of age. In Pakistan there are no separate pre-primary institutions in public sector. At national level, an increase of 3.4 percent witnessed in Pre-Primary enrolment as it increased to 9.59 million in 2015 as compared to 9.27 million in 2014. However, it is estimated to increase further by 0.2 percent i.e. from 9.59 million to 9.61 million during 2016. [Table 10.4].

ii). Primary Education (Classes I-V)

Primary education is the most important and crucial stage for a child's education. In Pakistan, there were 165.9 thousands primary schools with 430.9 thousands teachers in 2015 witnessed an increase of 2.1 percent in primary enrolment to 19.8 million compared to 19.4 million in 2014 and it is estimated to increase by 2.0 percent i.e. from 19.8 million to 20.2 million during 2016. [Table 10.4].

iii). Middle Education (Classes VI-VIII)

Middle schools include grades six through eight. The official age-group is10-12 year for this level. There were 44.8 thousand middle institutes with 380.8 thousand teachers were functional in 2015. An increase of 1.5 percent in middle enrolment is observed as it increased to 6.6 million in 2015 against 6.5 million in 2014 and is expected to increase by 1.5 percent i.e. from 6.6 million to 6.7 million during 2016. [Table 10.4].

iv). Secondary/High Education (Classes IX-X)

High school is also known as secondary school where the final stage of schooling up to a specific age, takes place. High schools in Pakistan usually include grades 9 and 10. During 2015, there were 31.3 thousand secondary institutions compared to 30.6 thousand institutions over the corresponding period of last year witnessed an increase of 2.3 percent, whereas the total number of teachers at high school level were estimated at 514.2 thousand in 2015 as compared to 500.5 thousand over the corresponding period of last year. At national level, an increase of 12.9 percent in secondary enrolment is witnessed as it increased to 3.5 million in 2015 against 3.1 million in 2014 and it is estimated to increase by 5.7 percent i.e. from 3.5 million to 3.7 million during 2016. [Table 10.4].

v). Higher Secondary / Inter Colleges (Classes XI-XII)

The Higher Secondary Schools and Inter Colleges in Pakistan usually include grades 11 and 12. At national level, 5.4 thousand higher secondary schools and inter colleges with 118.1 thousand teachers were functional in 2015 as compared to 5.2 thousand institutions with 124.3 thousand teachers in 2014. The overall enrollment of students in higher secondary education witnessed an increase of 35.7 percent in 2015 as compared to 2014. The enrolment registered during 2015 was 1.67 million as compared to 1.23 million during 2014. For 2016, it is estimated to increase to 1.78 million. Number of institutes is expected to increase to 5.7 thousands in 2016 as compared to 5.4 thousands in 2015. [Table 10.4].

vii). Technical & Vocational Institutes

Technical and Vocational education is an organized educational activity that offers a sequence of courses that provides individuals with the academic and technical knowledge and skills. During 2015, 3.6 thousand technical and vocational institutes with 19.4 thousand teachers were functional at national level. An increase of 3.7 percent enrolment was recorded as it increased to 319.94 thousand in FY2015 against 308.61 thousand in 2014. However, it is estimated to increase by 2.6 percent i.e. from 319.94 thousand to 328.26 thousand during 2016. [Table 10.4].

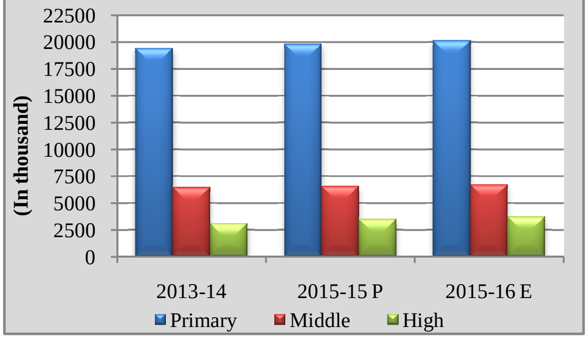
vii). Degree Colleges Education (Classes XIII-XIV)

Undergraduate education (degree colleges) is an education level taken in order to gain one's first tertiary degree (except for an associate's degree). Undergraduate education is post-secondary education up to the level of a bachelor's degree. In Pakistan the graduation system is classified into two Undergraduate (UG) and Postgraduate (PG) Systems. The undergraduate system takes two or four years to complete the degree. The two year undergraduate programs are mostly in the fields of arts, humanities, science etc., and the four year programs are mostly in the fields of technology, engineering, pharmaceutical sciences, agriculture etc. For medicine, law and architecture, the period is five years of education. In Pakistan, 1.4 thousand degree colleges have been reported providing their services in 2015 as compared to 1.1 thousand degree colleges over the corresponding period of last year showing an increase of 27.3 percent whereas the total teachers at degree college level are at 36.6 thousand in 2015 as compared to 26.0 thousand over the corresponding period of last year. A modest increase of 70.1 percent enrolment in degree education was observed as it increased to 1.14 million in 2015 against 0.67 million in 2014. However, it is further estimated to increase by 33.3 percent i.e. from 1.14 million to 1.52 million during 2016. [Table 10.4].

viii) Universities Education (Classes XV onwards)

A university provides higher education, research and number of disciplines. Now universities are offering grade 13 to 16 classes for completion of four years bachelor’s degree program as well as traditional grades 15 and 16 are offered while grade 17 and 18 classes are also being offered for completion of MS/M.Phil degree. The PhD degrees are also granted by universities. University provides not only the high-level skills necessary for every labour market but also the training essential for teachers, doctors, nurses, civil servants, engineers, humanists, entrepreneurs, scientists, social scientists, and a myriad of other personnel. During 2016, there are 170 universities with 94.03 thousand teachers in both private and public sectors while during 2015, the overall enrolment of students in higher education (universities) estimated at 1.30 million as compared to 1.59 million over the corresponding period of last year. During 2016, the enrolment is expected to be estimated at 1.29 million. [Table 10.4].

Fig-10.4: Enrolment at each level



Overall Assessment

The overall education situation is based on key indicators such as likely enrolments, number of institutes and teachers has witnessed slight improvement. The total number of enrolments during 2015 was recorded at 43.95 million as compared to 42.09 million during the same period last year. This indicates an increase of 4.4 percent and it is estimated to increase to 45.17 million during 2016. At national level, the total number of institutes stood at 252.56 thousands during 2015 as compared to 241.61 thousands during last year, showing an increase of 4.5 percent. However, the number of institutes is estimated to increase to 257.47 thousands during 2016. The total number of teachers during 2015 was recorded at 1.59 million as compared to 1.53 million during last year showing an increase of 3.9 percent. This number of teachers is estimated to increase further to 1.62 million during the year 2016. [Table 10.4].

Fig-10.5: Institution at each level

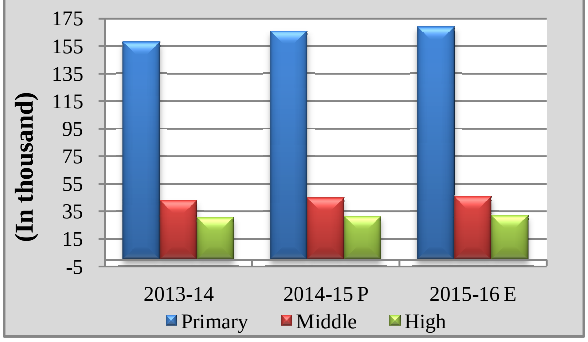


Fig-10.6: Teachers at each level

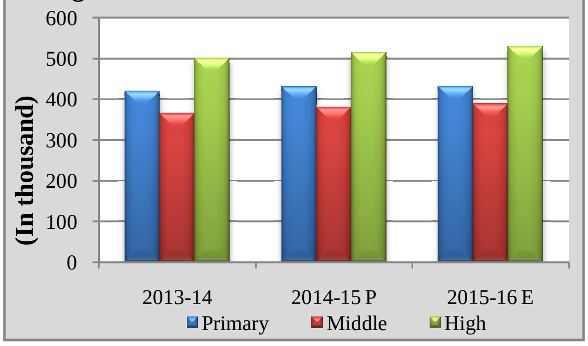


Table 10.4: Number of Mainstream Institutions, Enrolment and Teachers by Level (Thousands)

Year	Enrolment			Institutions			Teachers		
	2013-14	2014-15 (P)	2015-16 (E)	2013-14	2014-15 (P)	2015-16 (E)	2013-14	2014-15 (P)	2015-16 (E)
Pre-Primary	9267.7	9589.2	9608.3	-	-	-	-	-	-
Primary*	19441.1	19846.8	20157.5	157.9	165.9	168.9	420.1	430.9	431.8
Middle	6460.8	6582.2	6735.8	42.9	44.8	45.6	364.8	380.8	388.7
High	3109.0	3500.7	3738.4	30.6	31.3	32.0	500.5	514.2	529.7
Higher Sec./ Inter	1233.7	1665.5	1785.0	5.2	5.4	5.7	124.3	118.1	124.3
Degree Colleges	674.4	1144.8	1517.7	1.1	1.4	1.4	26.0	36.6	35.8
Technical & Vocational Institutes	308.6	319.9	328.3	3.3	3.6	3.7	16.4	19.4	20.5
Universities	1594.6	1299.2	1294.1	0.161	0.163	0.170	77.6	88.3	94.0
Total	**42089.9**	**43948.3**	**45165.1**	**241.61**	**252.56**	**257.47**	**1529.7**	**1588.3**	**1624.8**

Source: Ministry of Professional & Technical Training, AEPAM, Islamabad
E: Estimated, P: Provisional, *: Including Pre-Primary & Mosque Schools

Expenditure on Education:

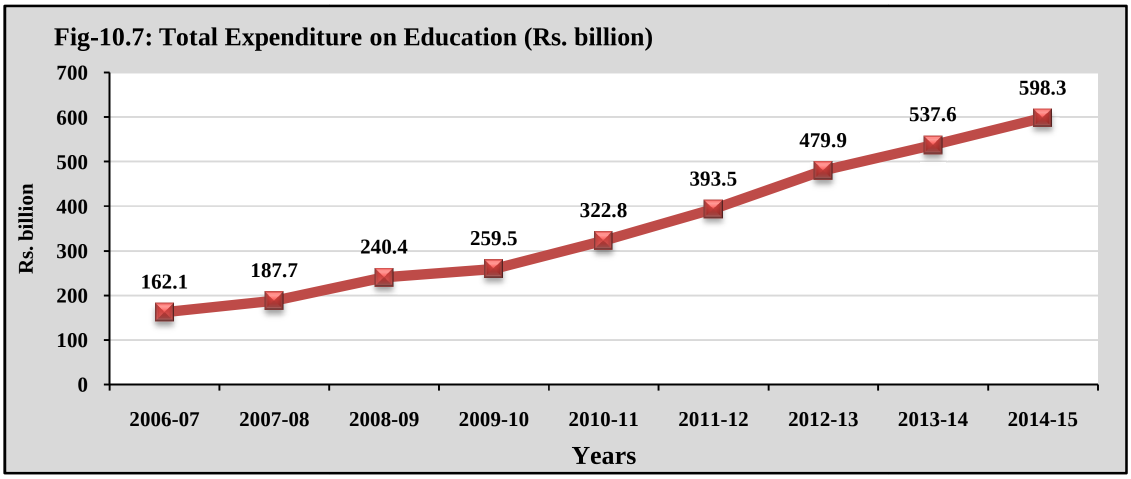
Public Expenditure on Education as percentage to GDP is estimated at 2.2 percentage in FY2015 as compared to 2.1 percentage of GDP in FY2014 showing an increase of 4.8 percent. According to World Bank Data Sheet, the latest available Public Sector expenditure on Education as percentage of GDP, in other countries of the region was 2.0 percent in Bangladesh, 4.6 percent in Afghanistan, 6.0 percent in Bhutan, 3.8 percent in India, 3.1 percent in Iran and 5.2 percent in Maldives. The Table-10.5 shows that expenditure on education increasing gradually since FY2007. The education related expenditure recorded at Rs. 537.60 billion in FY2014 increased by 11.29 percent to Rs. 598.32 billion in FY2015.

The Government of Pakistan is determined to enhance the resources to education sector by ensuring proper and timely utilization of funds in order to achieve the target of 4.0 percent of GDP by 2018. The provincial governments are also spending sizeable amount of their Annual Development Plans (ADPs) on education to achieve the targets.

Table 10.5: Expenditure on Education (Rs. million)

Years		Current Expenditure	Development Expenditure	Total Expenditure	As % of GDP
2010-11	Federal	44,023	15,963	59,986	**1.8**
	Punjab	133,283	10,214	143,497	
	Sindh	64,370	7,925	72,295	
	Khyber Pakhtunkhwa	16,080	10,826	26,906	
	Balochistan	18,483	1,644	20,127	
	Pakistan	**276,239**	**46,572**	**322,811**	
2011-12	Federal	45,278	12,521	57,799	**2.0**
	Punjab	151,474	22,578	174,052	
	Sindh	57,758	10,810	68,568	
	Khyber Pakhtunkhwa	53,429	14,255	67,684	
	Balochistan	22,289	3,131	25,420	
	Pakistan	**330,228**	**63,295**	**393,523**	
2012-13	Federal	57,027	14,686	71,713	**2.1**
	Punjab	186,763	9,323	196,086	
	Sindh	92,697	5,728	98,425	
	Khyber Pakhtunkhwa	65,856	18,602	84,458	
	Balochistan	26,601	2,570	29,171	
	Pakistan	**428,944**	**50,909**	**479,853**	
2013-14	Federal	65,497	21,554	87,051	**2.1**
	Punjab	187,556	30,485	218,038	
	Sindh	99,756	6,157	106,093	
	Khyber Pakhtunkhwa	7,048	18,756	89,704	
	Balochistan	29,978	6,911	36,889	
	Pakistan	**453,735**	**83,863**	**537,598**	
2014-15	Federal	73,322	27,969	101,291	**2.2**
	Punjab	201,882	25,208	227,090	
	Sindh	109,274	7,847	117,121	
	Khyber Pakhtunkhwa	83,205	28,506	111,711	
	Balochistan	32,299	8,803	41,102	
	Pakistan	**499,982**	**98,333**	**598,315**	
2015-16*	Federal	33,005	14,541	47,546	-
	Punjab	100,842	9,511	110,353	
	Sindh	57,986	2,148	60,134	
	Khyber Pakhtunkhwa	22,767	3,700	26,467	
	Balochistan	16,280	2,923	19,203	
	Pakistan	**230,880**	**32,823**	**263,703**	

*July-December (Provisional)
Source: PRSP Budgetary Expenditures, External Finance Policy Wing, Finance Division, Islamabad



Development Programme FY2016:

Federal Public Sector Development Program (PSDP) FY2016.

In Public Sector Development program FY2016, an amount of Rs. 2.21 billion has been provided for on-going & new projects of the Ministry of Federal Education & Professional Training while Rs.0.784 billion has also been allocated for education related projects being handled by Finance and Capital Administration & Development Divisions.

Box-II. National Endowment Scholarship for Talent (NEST)

Ministry of Planning, Development & Reforms under the instruction of Minister for Planning, Development and Reforms has initiated the scheme titled "National Endowment Scholarship for Talent (NEST)" where the federal government would disburse scholarships through transparent selection process to the less privileged but talented youth to enable them to continue their studies from intermediate to Ph.D level especially in crucial areas of studies so that they may be able to contribute in socio- economic development of country.

Provincial Annual Development Programs (ADPs) FY2016

The provincial governments prioritized the sectors of development in education, provision of missing facilities, up gradation of girls primary school to middle/high schools, construction of new boys and girls schools and colleges, up gradation of boys primary school to Middle/high/higher secondary levels, provision of scholarship through endowment funds and scholarship schemes, provision of stipends to girls students up to Matric level, improvement of physical infrastructure, establishment of IT/ Science labs in secondary and higher secondary level schools, Early Childhood Education (ECE) at primary level and strengthening of Provincial Institutes of Teacher Education (PITE). All the provinces have allocated budget for education foundations. Development budget have been allocated for capacity building of teachers to provide quality education in public sector schools and establishment of cadet colleges to meet the demand of quality education.

Punjab:

During FY2016, Punjab government has allocated Rs. 55.56 billion against last year Rs.48.31 billion, an increase of 15.01 percent for 717 on-going and new development projects for education which includes school education Rs.33.17 billion, Higher Education Rs.14.73 billion, Special Education Rs.0.78 billion, Literacy Rs.1.88 billion and Sports & Youth Affairs Rs.5.00 billion.

Sindh:

During FY2016, Sindh government has allocated Rs.14.82 billion as compared to Rs.15.05 billion last year showing a decline of 1.5 percent for 220 on-going and new development projects for education which includes Rs.1.27 billion for Elementary Education, Rs.0.15 billion for Teacher Education, Rs. 0.51 billion for Sindh Education Foundation, Rs.6.73 billion for Secondary Education, Rs.2.38 billion for College Education, Rs.2.0 billion for Higher Education, Rs.0.2 billion for Special Education and Rs.1.57 billion for Miscellaneous expenditure.

Khyber Pakhtunkhwa:

Government of Khyber Pakhtunkhwa has allocated Rs.16.38 billion in FY2016 as compared to Rs.12.38 billion in FY2015 showing an increase of 32.3 percent for 139 on-going and new development projects for the development of education. It includes Primary Education Rs.1.16 billion, Secondary Education Rs.9.04 billion, archives and libraries Rs. 0.12 billion, College Education Rs.3.43 billion, Commerce and Management Science Rs.0.54 billion and University Education Rs.2.08 billion.

Balochistan:

Balochistan government has allocated Rs. 10.20 billion against Rs. 11.52 billion last year, showing a decline of 11.5 percent for 296 on-going and new development projects for development of education which includes Rs. 1.94 billion for Primary Education, Rs. 1.00 billion for Middle/Elementary Education, Rs. 2.87 billion for Secondary Education, Rs. 1.84 billion for College Education, Rs. 1.14 billion for University Education, Rs.1.31 billion for General Education and Rs. 0.15 billion for technical education during FY2016.

Technical and Vocational Education:

NAVTTC:

National Vocational and Technical Training Commission (NAVTTC) is an apex body and a national regulatory authority to address the challenges of Technical and Vocational stream in the country. It is involved in policy making, strategy formulation and regulation & revamping of TVET system. The Commission is establishing and promoting linkages among various stakeholders at national as well as international level. During FY2016, federal government has allocated and released Rs. 349.822 million for NAVTTC to its on-going sub-projects throughout the country.

Prime Minister's Youth Skill Development Program (Phase-III):

Prime Minister's Youth Skill Development Program was launched under the directives of Prime Minister for unemployed and less educated youth. National Vocational Technical Training Commission (NAVTTC) in collaboration with Provincial TEVTAs including Azad Jammu & Kashmir, Gilgit-Baltistan, FATA and other Government/Private Sector Skill Training Institutes executed the phase-I of this program, in which 24,834 individuals were equipped with hand-on skills. After the successful execution of PMYSDP (Phase-II), NAVTTC launched PMYSDP (Phase-II) for more 25,000 trainees and catered 195 demand driven trades. Detail profile of Prime Minister's Youth Skill Development Program is given in Table-10.6 below:

- The ultimate objective of PMYSDP is to create competent, motivated, entrepreneurial, adaptable, creative and well trained / skilled workforce for local and international market. Better earning and livelihood will help in building the mind set of positive and creative activities.
- This will also contribute towards poverty reduction, social and economic developments through facilitating demand driven, high quality technical and vocational training.

Table-10.6: Profile of Prime Minister's Youth Skill Development Program (Phase-I, II& III) (Rs. million)

S#	Features	(Phase-I) 2014-15 & 2015-16	(Phase-II) 2015-16	(Phase-III) 2016-17 & 2017-18
1	Block Allocation outside PSDP	800.00	1178.00	2630.00
2	Target trainees	25,000 24,834 (pass-outs)	25,000 (training completed)	50,000 (in two batches)
3	Male /Female ratio	66/34	61.18/ 38.82	75/25 (at least)

Table-10.6: Profile of Prime Minister's Youth Skill Development Program (Phase-I, II& III) (Rs. million)

S#	Features	(Phase-I) 2014-15 & 2015-16	(Phase-II) 2015-16	(Phase-III) 2016-17 & 2017-18
4	No. of target trades	100	195	50 - 70
5	Seat allocation	As per population	As per population	As per population
6	Trades highlighted by	• Prime Minister's Office, • TVET provincial stakeholders	• Prime Minister's Office, • TVET provincial stakeholders, • Commercial welfare attachés	• Prime Minister's Office, • TVET provincial stakeholders, • CPEC, • Commercial welfare attachés, • M/o Overseas Pakistanis & HRD
7	Target group	18 to 35 years (Youth) Priority given to; • Less Educated • Upper age personnel • Lower class (Economically) • Disabled • Eunuchs • Sportsman	18 to 35 years (Youth) Priority given to; • Less Educated • Upper age personnel • Lower class (Economically) • Disabled • Eunuchs • Sportsman, Hafiz e Quran & madaris students • Widows	18 to 40 years (Youth) Priority given to; • Less Educated • Upper age personnel • Lower class (Economically) • Disabled • Eunuchs • Sportsman, Hafiz e Quran & madaris students • Widows

Source: National Vocational and Technical Training Commission (NAVTTC)

PSDP Funded NAVTTC's Prime Minister's Hunarmand Pakistan Program & President's Fanni Maharat Program:

PSDP funded NAVTTC's Prime Minister Hunarmand Pakistan is a regular training program of NAVTTC with its prime targets to enhance the quality of training through:

- Development and Piloting of NAVTTC's proposed reforms
- Competency Based Trainings
- Standards and Curricula
  - Teaching Learning Materials
  - Assessment Packages
  - Competency standards
- Apprenticeship reforms and its implementation through approved projects:
  - Piloting Formal Apprenticeship system
  - Formalizing Informal Apprenticeship
- Development and implementation of National Vocational Qualification Framework
  - Recognition of Prior Learning (RPL)
  - Recognition of current competencies
- Job Placement Center and Vocational Guidance Desk
- Introduction and implementation of National Accreditation regime
- Implementation of HRD Policy for TVET Teachers
- Expanding the pool of skilled manpower

Physical Achievements Relating to Skill Development:

- Developed National Vocational Qualifications Framework (NVQF)
- Developed 05 Operational Manuals of NVQF
- Developing, Reviewing and Registering NVQF Qualifications
- Assessment of Competency Based Training (CBT) Qualifications
- Recognition of Prior Learning (RPL) and Recognition of Current Competencies (RCC)
- Curriculum Development for NVQF Qualifications

- Teaching and Learning Material for NVQF Qualifications
- Developed 60 competency standards and 60 curricula for various Competency Based Training (CBT) Qualifications
- Developed vocational and technical Training programmes in118 traditional and 24 Diploma for Associates in Engineering (DAEs)
- Developed 48 Assessment Packages for various qualifications
- Developed Teaching and Learning Manuals for 30 qualifications
- Developed competency standards and curricula for 12 trades for Cooperative Vocational Training (CVT). The duration of these courses is 02 years. In CVT approach trainee spends half of its training period at institute and half in the industry for on job training.
  - Piloting of CVT has been started in UET Lahore for Energy Efficiency Advisor Trade and in Hunar Foundation Karachi for Mechanical Manufacturing with Specialization in Computer Numerical Controlled Machine (CNC)

Competency Based Training (CBT) Implementation:

- Implementing 10 CBT qualifications in 97 Institutes across the country
- Trained 162 Assessors for conducting formative and summative competency based assessment across the country
- Trained 134 Teachers for conducting CBT
- Trained 71 Principals/Managers
- Up scaled the capacity of institutes in terms of up-gradation of labs/workshops in the institutes.
- Identifying Assessment Centers for CBT Assessment
- Conducted Capacity Building of Qualification Awarding Bodies (QABs) for CBT Assessment
- National Conference on CBT awareness held on 9th March, 2015 and 2nd March, 2016

Way Forward For Future:

- Development of CBT Qualifications for upper and lower level qualification to ensure Vertical and Horizontal Mobility within the sector
- Development of CBT Qualifications involving priority trades
- Implementation of remaining CBT Qualifications
- Development of Remaining Training Learning Materials (TLMs)
- Capacity Building of Teachers for delivery of Competency Based Training
- Establishment of Sector Skill Councils to ensure strong Industry Linkages with TVET Sector
- Awareness campaigns and sessions for social acceptance of CBT
- Sensitization of various TVET sectors for development of CBT qualifications through NAVTTC Platform
- Initiation of Recognition of Prior Learning (RPL) and Recognition of Current Competencies (RCC)
- Registration of CBT Qualification
- Training and Registration of CBT Assessors
- Initiating development of CBT qualifications from allocated PSDP funding

Box-III: Launching of TVET-III Reform Support Program

TVET Reform Support Program (TRSP-I and TRSP-II) were successfully launched in collaboration with International donors. The objectives of TRSP-I & TRSP-II were to achieve the goal of National Skill Strategy NAVTTC to reform TVET and ensure Assess, Equality / Relevance and Quality in TVET sector of Pakistan. However, donors have shown their commitment to fund TVET program.

The objectives of the TVET-III shall be as under in accordance with the Pakistan Vision 2025 and TVET Policy, 2015:

a) Enhancing capacity of TVET sector in terms of more TVET institutions expanding its base to be able to train more trainees (as envisaged in TVET Policy to enroll more students and increase enrolment from 1% to 20% in next 10 years 2015-2025)

b) Trade specific skills training of trainers / instructors in all trade;

c) Focus on adoption and implementation of competency based training packages;

It is commendable that TVET-III will focus on Energy Sector with the co-operation of implementing partner GIZ and it is worth mentioning that Germans have excellent institutions in Alternative Energy (Wind/Solar and Bio Gas) which can be utilized to get real benefits where plants can be set up in provinces and students can be trained on these alternative energy generation options based Cooperative Vocational Training Models.

International Linkages

- To have linkages / collaboration in TVET activities with international organizations with Singapore & TESDA (Philippines).
- Collaboration being sought from China and Germany in TVET Sector.
- 5 Years TVET collaboration plan with Australia, 3 years TVET collaboration plan with KOICA, 3 years TVET plan with Jordan has been submitted through Ministry of Federal Education & Professional Training.
- 3 years in-country program and one regional plan submitted to Colombo Plan Staff College through Ministry of Federal Education & Professional Training.

Action Plan on MOU with Oman and Action Plan on MOU with Bahrain has been submitted to Ministry of Federal Education & Professional Training.

Higher Education Commission:

Higher Education Commission (HEC) is continued to improve access to quality higher education as a key element of its strategy to bring higher education revolution in the country. HEC is focused on creating the knowledge capital and technology required to enable Pakistan to join the ranks of the industrially advanced countries. With the continuous support of Government of Pakistan, HEC has provided access to quality education to masses, upgraded teaching and research labs, provided merit and need based home-grown and foreign scholarships to the talented youth and free access to scientific literature through digital library.

Research and Development:

The economic development of a country is directly proportional to the research and development, and to the quality of research being churned out by the universities. To this end, the Higher Education Commission (HEC) executes programs and projects which ensure sustainable and progressive research culture. HEC has taken several initiatives during FY2016 to enhance the role of research and development in higher education. The details are given as under:

International Linkages:

- Under Pak-US Joint Academic and Research Project, 78 Pak-US linkages of three years duration were established in six phases of Pak US Program out of which 38 projects have been completed. The phase-VII of the program is also in pipe-line.

National Research Grants:

- During July-March FY2016, 195 national research projects were funded under National Research Program for Universities, with the maximum duration of three years and consumption of Rs. 490 million.
- Under Travel Grants Program, 829 fresh cases have been approved during July-March 2015-16.
- Under 'Seminars/Conferences Program'; 105 fresh cases have been approved during current financial year.
- Under 'Startup Research Grant Program; 480 fresh cases for research grant have been approved during the current year.

Resource Development:

- 236 applications have been evaluated while 163 applications are under review process for 5th HEC Outstanding Research Awards.
- Two projects were awarded in "University Industry Technology Support Program" while one has been completed during July-March FY2016.
- During July-March FY2016, 02 Offices of Research, Innovation and Commercialization (ORIC) have been established. In total 46 ORICs are working in various universities.
- Five new Business Incubation Centers (BICs) have been approved while two of them have been established. Total numbers of BICs established so far have reached to thirteen.
- Under HEC-ILO collaborative project for launch of 'Start and Improve Your Business' Module, trainings at ten partner universities concluded under which some 700 students and entrepreneurs have been trained on various business development services.

Learning Innovation Division:

Learning Innovation Division (LID) is the hub for the in-Service Continuous Professional Development of HEIs Teaching Faculty and Management. With a two pronged objective it is spearheading initiatives for the in-service professional quality enhancement of academia and their management.

Similarly, it is equally critical to ensure capacity building of the management cadre ranging from Vice Chancellors to hostel wardens of HEI's across Pakistan being the backbone of the system for effective management and governance of all the academic processes and systems.

The uniqueness of the English Language Teaching Reforms (ELTR) development project is to award indigenous scholarships to ELT faculty to pursue their degrees in Linguistics and other language related areas. So far, 100 scholars completed their M.Phil/M.A/ Dip TEFL degrees and 29 scholars are in pipe line till FY 2017.

International Linkages:

- Seed money funded to Islamia University, Bahawalpur to publish new English Research Journal.
- Out of three international linkages, one Leadership Training Program for the HEIs Women Deans/Registrars in collaboration with British Council Islamabad during the month of November 2015 was organized.

Learning Innovation initiatives for HEIs Academic and Management revolve around two major categories:

1. Professional Training Programs for HEIs Teachers
2. Professional Training Programs for HEIs Management

Province wise distribution of faculty and management staff trained during the current financial year FY2016 is shown in Table-10.7 below:

Table-10.7: Province wise distribution of faculty and management staff trained

SN	Programmes	Federal	Punjab	Sindh	KPK	Balochistan	AJ&K	Total
1	Professional Training Programs for HEIs Teachers (MT-FPDP)	13	48	80	50	9	7	207
2	Professional Training Programs for HEIs Management	1201	1338	1999	1295	211	141	6185
	Total	1104	1168	1688	1061	76	77	5174

Source: Higher Education Commission (HEC)

Information Technology:

A. Mass Production of Laptops Locally: The first ever local assembling of laptops commenced last year. However, it was planned that the mass production of laptops will be setup as part of the procurement being done under the Prime Minister's Laptops Scheme. HEC has signed a contract with M/s Haier Electrical Appliance

Corp. China for the provision of 200,000 laptops during this year, out of which 150,000 laptops are being assembled locally at the Haier Industrial Park, Lahore. The objective is achieved with the support of renowned Original Design Manufacturers (ODMs) along with M/s Haier being the Original Equipment Manufacturers (OEM).

As part of the local assembling facility, M/s Haier has constructed a separate facility at the Industrial Park in Lahore for the local production of laptops as well as mobile phones. In addition, the production capacity of local assembling facility is extended from 300 units to 600 units a day with an introduction of additional 20 stations and 10 meters additional length of production line. The facility has also brought along technology transfer aspects ranging from docking assembly, initial test, running test, QA Inspections and packaging. Moreover, the knowledge transfer aspects include training of local resources on the testing tools, like Agilent tester, Power, and IPC; and capacity building of local engineers through training at Haier headquarter in China. In addition, Haier will also take local engineers and scientists onboard for the R&D activities related to the design and performance testing of laptops which are assembled or manufactured locally.

B. Smart Universities through Smart Campuses: The Higher Education Commission, Pakistan (HEC) intends to transform HEI's (all public/ private sector universities/ Institutes) into Smart Universities by augmenting a highly conducive, technologically advanced, and cost effective learning environment at the HEIs. While making conventional university into modern ICT driven and technologically advanced universities, Smart Universities through Smart Campuses will provide Wi-Fi blanket coverage along with EduRoam services to all nomadic users at the universities' premises. The deployment of ninety (90) universities has been divided into three years with further granular milestones of 7 to 8 universities per quarter.

The objectives of this initiative are enlisted as below:

- Complementing the laptops being provided under Prime Minister's Laptops Scheme
- Easy and wide access of internet/ intranet services to the students
- Support through enabling environment to all at higher education institutes for their research and learning experience
- Addressing the emerging need and concept of BYOD (bring-your-own-device)
- Introducing EduRoam facility at the higher education institutes of Pakistan which education community allows students, researchers and staff from participating institutions to obtain Internet connectivity across campus and when visiting other participating institutions as well as they may use same credentials while visiting International Institutes/ HEI across the world having facility of EduRoam.

C. e-HEC Services: e-HEC project was initiated during last year with a clear objective of providing online and interactive interface to various stakeholders associated with HEC in order to help extending the services with quality and efficiency through the advent of information technology. Accordingly, HEC has launched a number of online applications for the award of scholarships; research grants to the faculty, accepting applications for HEC approved PhD supervisor, etc. A large number of applications in various schemes have been received and processed at the HEC with the most advanced business process management solution which is internationally recognized, globally accepted, highly ranked off-the-shelf service-oriented platform.

The applicants are now able to know the eligibility criteria duly driven by the online system which let applicants know if there are any deficiencies in their application. Moreover, applicants are facilitated with uploading of their scanned documents in the system directly instead of sending printed copies of their certificates to HEC along with their application ; a move towards less paper environment at HEC. Applicants are also facilitated with the feature of tracking as well as getting to know the action(s) being taken by HEC on their submitted applications. In short, HEC has been successful in improving its service delivery and bringing efficiency in their processes directly impacting the citizens of Pakistan.

D. Higher Education Web TV (edutv.hec.gov.pk): To promote the higher education culture in Pakistan HEC intends to launch an educational TV channel. At present TV channels in Pakistan are operative with a different perspective covering almost all areas of life except education in general and higher education in particular, which has created a critical gap in developing a knowledge full society. In view of this challenge Higher Education Commission has aimed to launch a Web based Educational Television (EDUTV) in Pakistan. The web EDUTV will provide the opportunity to promote the educational culture through running various educational related programs.

The EDUTV will capitalize the HEC Videos Conferencing Network already setup in more than 80 public sector Universities. Furthermore, the vision of EDUTV is to enable the media and mass communication students, faculty and researchers in Pakistan to take the full advantage of EDUTV and use their writing, directing, screening, editing skills etc, to develop diverse contents related to education and Higher Education Sector. At present, Web Streaming engines are functional and fully integrated with HEC national video conferencing network. Moreover, to transform the Web based EDUTV into professional television channel; HEC has submitted the application to PEMRA for non-commercial educational satellite TV Channel.

Human Resource Development:

HEC is persistently playing its role for the human resource development in all fields of life for the socio-economic development of Pakistan. HEC has initiated various Human Resource Development (HRD) scholarship programs from undergraduate to PhD and post doctorate level education and research. The projects /programmes of HEC during FY2016 are given in Table 10.8 below:

Table-10.8: Detail of Scholarships under HRD Schemes during FY2016

Scholarship Titled	Scholarships 2015-16
Indigenous (PhD)	269
Foreign (PhD)	270
Prime Minister's Fee Reimbursement Scheme (PMFRS) for less developed areas	23,458
Need Based Graduate/Undergraduate Scholarships	18,966
Grand Total	**42,963**

Source: Higher Education Commission (HEC)

The HRD performance and future strategies in brief are as under:

- 447 PhD graduates placed under Interim Placement of Fresh PhD Program (IPFP) in Pakistani universities as university teaching faculty.
- Prime Minister's Fee Reimbursement Scheme for less developed areas (selected regions) was successfully executed, and is continued for FY 2016. Reimbursement to around 23,458 students of less developed areas is being carried out this year.
- Under the project 1000 Cuban Medial Scholarship Program, 879 scholars after completion of their studies (Equivalent to MBBS) from Cuba returned to Pakistan.
- Under the project Indigenous 5000 Fellowship Programme, batch-III of phase-II has been advertised for selection of 1000 PhDs, and next round of selection is under process.
- Under the bilateral agreement with the Hungarian government, a total of 30 scholarships to Hungarian students will be awarded for studying in Pakistani Institutes. Further, as a good will gesture 240 scholarships have been granted by the Hungarian government to Pakistani students to study Bachelor, Master and PhD in Hungarian Institutes.

- The selection and final award of overseas scholarship to 35 PhD scholars and 56 indigenous PhDs currently enrolled under the Project "An Initiative of Aghaz-e-Haqooq-e-Balochistan" for the students of Balochistan. The advertisement of batch-II for next round of selection is under process.
- HEC continued its efforts to find new partners/universities to place HEC scholars for advanced level studies. In this regard, new Documents of Understanding were signed with RMIT University, University of Melbourne, University of Wollongong, Australia, University of New South Wales, Royal Holloway, and University of London.

Prime Minister's Fee Reimbursement Program for Students from Less Developed Areas

The federal government on the initiative of the Prime Minister of Pakistan has launched a scheme to support the students from less developed areas. The scheme is focused on enhancing the access to higher education especially to talented but financially constrained students belonging to remote and far flung areas of the country who despite possessing academic merit, are unable to finance their education. Under this innovative and special scheme, along-with tuition fee, the federal government has paid other academic, incidental, or mandatory fees charged by educational institutions as one-off or on a per semester basis for Masters, MS/ M.Phil & Ph.D students of selected areas.

A cumulative Rs. 5.0 billion have been released for this scheme since its inception. HEC has successfully paid around Rs. 3.896 billion on account of fee to a total number of 134,926 deserving students studying in Masters /MS, M.Phil & PhD programmes.

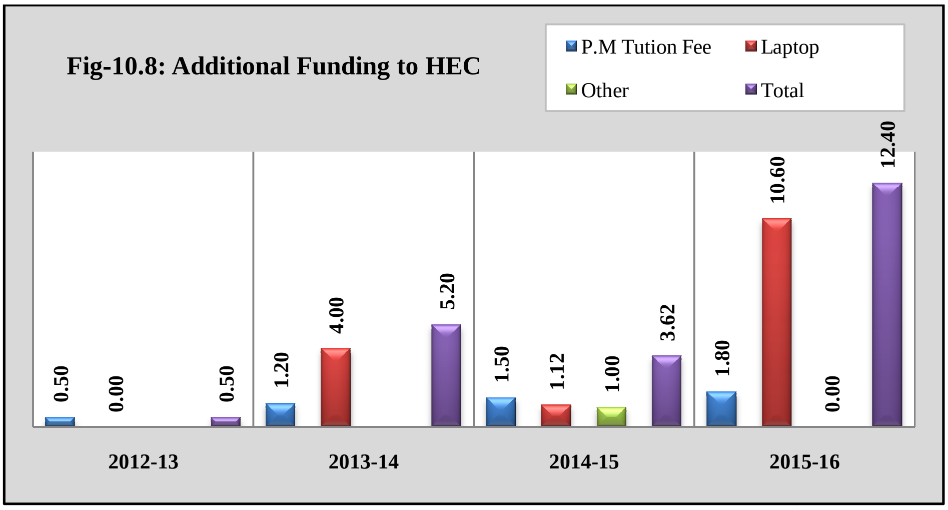
Financial Scenario of HEC:

The government has initially allocated Rs.20.500 billion in Federal PSDP 2015-16 for 144 (87 ongoing & 57 new un-approved) development projects being executed in Public Sector Universities/Institutions and HEC. Later on, this allocation was revised to Rs. 19.985 billion after transfer of 03 development projects (02 ongoing and 01 un-approved) to other ministries. In addition to this allocation, the government has allocated development grant of Rs.10.600 billion for the Prime Minister's laptop scheme and Rs.514.686 million for the Project titled "Award of Scholarships to Students from Afghanistan under Prime Minister's Directive" as non PSDP.

During July 2015 to March 2016, the government has released Rs.14.053 billion (which is 70% of the revised allocation) for the execution of development projects reflected under PSDP 2015-16. Similarly, Rs.10.600 billion has been disbursed to the "Prime Minister's laptop Scheme" and Rs. 0.515 billion to "Award of Scholarships to Students from Afghanistan under Prime Minister's Directive" scheme.

The funding to HEC for Universities/HEIs is persistently increasing during the current tenure of the government exhibiting its firm commitment to bring Higher Education (HE) sector of Pakistan at par with international standards. In addition to regular funding, HEC also receives grants under Prime Minister's special programs such as (i) PM Fee Reimbursement Scheme, (ii) P.M Lap Top Scheme. In both absolute and relative terms, significant improvement in funding for HEC sector has taken place as presented below:

- Total regular funding during 2013-14 to 2015-16 increased by Rs.23.26 billion.
- Additional funding rose to Rs.12.40 billion.
- Nearly 3 time increase has been given to funding for 'Prime Ministers' Tuition Fee Reimbursement Scheme for student belonging to less developed areas of the country.
- Under Prime Minister's Laptop scheme, total Rs.15.72 billion has additionally been provided to HEC.
- Rs.1.00 billion were additionally provided to Universities for augmenting security related arrangements during last FY2015 to improve security measures.



Education Survey:

Annual Status of Education Report (ASER), 2015 is the largest citizen led household based learning survey mostly in all rural and selected urban areas. The ASER's specifically trained 10,000 member volunteer team has surveyed 94,550 households in 4,760 villages and blocks across 146 rural and 21 urban districts of Pakistan. Detailed information of 286,570 children aged 3-16 has been collected (59% male and 41% female), amongst which 200,744 children aged 5-16 years were tested for language and arithmetic competencies (out of which 16,020 were from urban districts). 21 urban districts surveyed includes Bahawalpur, Faisalabad, Gujranwala, Hyderabad, Islamabad, Karachi Central, Karachi East, Karachi Malir, Karachi South, Karachi West, Khuzdar, Lahore, Larkana, Mardan, Multan, Peshawar, Quetta, Rawalpindi, Rahim Yar Khan, Sukkur and Swat.

Box-IV: ASER 2015 National Summary

A. Rural Trends:

Enrollment:

- In 2015, 79% of 5-16 year old children in rural Pakistan were enrolled in schools whereas 21% children were out-of-school. Compared to last year, percentage of out of school children in rural Pakistan has decreased (22% in 2014).
- Nationally, there is a constant gender gap in out-of-school children but still with more girls than boys not being enrolled or have dropped out of school. In ASER 2015 amongst the 21% out-of- school children (age 5-16 years), 8% were males and 13% were females.
- In 2015, 19% of children (age 6-16) were reported to be out-of-school. 13% children have never been enrolled in a school and 6% have dropped out of school for various reasons.
- 81% of all school-aged children within the age bracket of 6-16 years were enrolled in schools. Amongst these, 76% of children were enrolled in government schools whereas 24% of children were going to non-state institutions (21% private schools, 2% Madrassah, 1% others).
- Significant shift has been witnessed in terms of enrollment from private to government school. In 2014, 70% of the enrolled children (age 6-16) were going to government school and 30% of the enrolled children (age 6-16) were going to non-state institutes. This year, 76% of the enrolled children are seen to be going to government schools while 24% are going to non-state institutes. Similar trend is witnessed in the provinces where private sector is observed to be growing.
- Pre-school enrollment (3-5 years) in 2015 stands at 37% as compared to 39% in 2014. 63% children of age 3-5 are currently not enrolled in any early childhood program/schooling. Highest enrollment in this age group was 53% in Punjab and the lowest in Balochistan with 22%. In urban areas, it was 50%.

Quality of Learning:

- Learning levels in all three competencies i.e. Language (Urdu/Sindhi/Pashto), English and Arithmetic have improved since last year but still remain poor. Almost half of the children from Class 5 still cannot read Class 2 Urdu/Sindhi/Pashto story.
- In ASER 2015, 55% of Class 5 students were reported as being able to read a story compared to 46% of Class 5 students who could do so in 2014. For English this year, 49% of class 5 students were reported to read Class 2 level English sentences as compared to 42% of Class 5 students who could do so in 2014. Similarly, 50% of Class 5 students were able to do 2-digit division sums compared to 40% of children in 2014.
- ICT-Islamabad along with Punjab for Language (Urdu) and ICT-Islamabad, AJK and GB for English and Arithmetic were found to be the best in terms of assessment results**.**
- Balochistan and Sindh were identified as the least satisfactory regions amongst all when compared for the assessment results for Class 5 children. 45% of Class 5 children in Sindh can read Class 2 level story in Urdu/Sindhi while only 24% could read Class 2 level sentences in English. In Balochistan, only 44% of Class 5 children can read Class 2 level Urdu story and 39% of Class 5 children were able to read sentences in English.

Similar Pattern For Basic Reading Levels can be seen for Children in Class 3

- Only 16% of the children of class 3 could read a story in Urdu/Pashto/Sindhi which is the highest competency level. The proportion of children achieving this competency level has remained same as 16% when compared to the previous year.
- Similarly, 13% of the children of class 3 could read sentences in English this year whereas 87% could not do so. In 2014, the percentage of children in class 3 who were able to read sentences was 14%.
- 13% of children of class 3 could do 2-digit division as compared to 11% in 2014.

Private Tuition Trends:

- Private tuition incidence and uptake is more prevalent among private than government school students like that observed in previous years. Around 31% of all private school-going children were found taking paid tuition compared to only 6% of all government school children.

Multi Grade in 2 and 8:

- Almost half of all government schools surveyed nationally had Class 2 students sitting with other classes. It was found that 44% of the surveyed government schools and 28% of the surveyed private schools had Class 2 sitting with other classes. Also, 12% of surveyed government schools and 18% of surveyed private schools had Class 8 sitting with other classes.

Parental Education

- It was also found that only 26% of mothers in the sampled households had completed at least primary schooling against 49% of fathers.

School Facilities (Rural):

- ASER 2015 surveyed 4,269 government and 1,513 private schools in 146 rural districts of Pakistan.
- Overall teacher attendance in government schools stood at 90% whereas it was 93% in private school.
- Overall student attendance in government schools stood at 87% whereas it was 91% in private schools.
- 35% teachers of government schools have done bachelors as compared to 39% teachers of private schools.
- In terms of professional qualification 39% of surveyed government and 33% private school teachers had Bachelors in Education degrees.

Overall, Punjab and Khyber Pakhtunkhwa were found with the highest percentage of primary schools with useable water. 93% of all surveyed government primary schools in Punjab while 72% of all surveyed government primary schools in Khyber Pakhtunkhwa had useable water facility. For toilet facility ICT-Islamabad and Punjab have found to be at the highest rank with the percentage of 100% and 93%, respectively. Balochistan was ranked last with only 23% of surveyed government primary school having useable water facility and 16% with toilet facility.

B. Urban Trends:

- In 2015, overall 94% children aged 6-16 years were found to be enrolled in 21 urban districts surveyed whereas 6% (3% of girls and 3% of boys) children were found to be out-of-school.
- Private schools absorb a large share of school aged children. 63% of all school going children are enrolled in non-state schools in urban areas.
- 42% of the children enrolled in private schools are girls and 58% are boys.
- This year, the proportion of children in class 5 who were able to read a class 2 level Urdu story text were reported to be 58% as compared to 60% in 2014. For English, 60% of Class 5 students were reported as being able to read Class 2 English sentences compared to 56% of Class 5 students in 2014. Similarly, 52% of Class 5 students were able to do 2-digit division sums in 2015 as compared to 53 in 2014.
- It was also found that private tuition incidence was more prevalent among private than government school students. Around 44% of all private school-going children gain paid tuition as compared to 19% of all government school children.
- 351 government and 298 private schools were surveyed in 21 urban districts.
- Percentage of primary schools having useable water and toilet facilities in urban areas is twice more than rural areas. 26% of the surveyed government primary schools in urban districts did not have useable water facility as compared to 40% of the surveyed government primary schools in rural districts. Also, 16% of the surveyed government primary schools in urban districts did not have useable toilet facility as compared to 49% of the surveyed government primary schools in rural districts.

Source: ASER, 2015 Annual Report.

Conclusion:

The dream of any country cannot be materialized without investing in human capital and investment in education sector to create a knowledge society and economy as well. The present government is focused on promotion of literacy and meeting Education for All (EFA) and SDGs commitments. The required reforms in the education sector cannot be done by the government alone but it requires active participation of public-private partnership which can pull out majority of country's population from illiteracy. Similarly, to make the youth of the country more productive, vocational and technical training should also be promoted at national level. The government is making all efforts to improve the quality of education through effective policy measures and resource allocations. Under the 18th Constitutional Amendment, provincial governments will have to play a more productive role on this sector.

EDUCATION

TABLE 10.1

NUMBER OF EDUCATIONAL INSTITUTIONS BY KIND, LEVEL & SEX

Numbers

Year	Primary* Schools (000)		Middle Schools (000)		High Schools (000)		Technical & Vocational Institutions		Higher Sec/ Inter Colleges		Degree Colleges		Univer-sities
	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female	Total
2000-01	147.7	54.3	25.5	12.0	14.8	4.6	630	236	1,710	691	366	171	59
2001-02	149.1	55.3	26.8	12.8	15.1	4.6	607	239	1,784	731	376	177	74
2002-03	150.8	56.1	28.0	13.5	15.6	4.8	585	230	1,855	768	386	186	96
2003-04	155.0	57.6	28.7	13.9	16.1	5.1	624	228	1,989	822	426	206	106
2004-05	157.2	58.7	30.4	14.8	16.6	5.3	747	328	1,604	684	677	331	108
2005-06	157.5	59.8	39.4	19.3	22.9	8.1	3,059	1,475	2,996	1,484	1,135	664	111
2006-07	158.4	60.9	40.1	17.5	23.6	9.0	3,090	1,491	3,095	1,420	1,166	631	120
2007-08	157.4	64.9	40.8	20.6	24.0	9.0	3,125	1,507	3,213	1,642	1,202	700	124
2008-09	156.7	63.4	40.9	20.4	24.3	9.2	3,159	1,523	3,242	1,707	1,336	733	129
2009-10	157.5	60.6	41.3	19.5	24.8	10.6	3,192	2,182	3,329	1,763	1,439	821	132
2010-11	155.5	58.2	41.6	20.4	25.2	9.5	3,224	2,206	3,435	1,690	1,558	814	135
2011-12	154.6	57.0	41.9	21.0	28.7	11.6	3,257	2,229	4,515	2,184	1,384	643	139
2012-13	159.7	60.1	42.1	21.4	29.9	12.3	3,290	2,253	5,030	2,410	1,534	683	147
2013-14	157.9	60.3	42.9	21.1	30.6	12.6	3,323	2,276	5,179	2,462	1,086	518	161
2014-15 (P)	165.9	66.0	44.8	22.4	31.3	13.1	3,579	1,819	5,393	2,567	1,410	308	163
2015-16 (E)	168.9	68.6	45.6	22.8	32.0	13.5	3,667	1,735	5,655	2,680	1,417	268	170

P : Provisional E: Estimated *: Including Pre-Primary, Mosque Schools, BECS and NCHD

Notes:
1. All figures include Public and Private Sector data
2. Figures of 2015-16 are based on estimation
3. Female institutions include percentage of mixed institutions

Sources:
1. Figures of Primary, Middle, High and Higher Sec. From 2000-01 to 2014-15 is based on Annual Pakistan Education Statistics Reports, NEMIS, AEPAM, Islamabad.
2. Figures of Inter Colleges and Degree Colleges from 2004-05 onward is based on Annual Pakistan Education Statistics Reports, NEMIS, AEPAM, Islamabad.
3. Figures of Private School data from 2000-01 to 2004-05 is based on 'Census of Private Education Institution 1999-2000', Pakistan Bureau of Statistics, Islamabad.
4. Figures of Private School data from 2005-06 onwards is based on 'National Education Census, 2005', NEMIS, AEPAM, Islamabad.
5. Figures of Technical & Vocational from 2003-04 onward is based on Pakistan Education Statistics Reports, NEMIS, AEPAM, Islamabad.
6. Figures of Universities is provided by Higher Education Commission (HEC), Islamabad.

TABLE 10.2

ENROLMENT IN EDUCATIONAL INSTITUTIONS BY KIND, LEVEL & SEX

Year	Primary Stage I-V in 000		Middle Stage VI-VIII in 000		High Stage IX-X in 000		Technical & Vocational in 000		Higher Sec/ Inter Colleges in 000		Degree Colleges Numbers		Universities Numbers	
	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female
2000-01	14,105	5,559	3,759	1,706	1,565	675	83	14	582	283	305,200	149,600	124,944	36,699
2001-02	14,560	5,871	3,821	1,506	1,574	644	83	15	582	285	300,400	148,000	276,274	101,770
2002-03	15,094	6,132	3,918	1,551	1,589	658	94	19	625	306	320,800	158,400	331,745	128,066
2003-04	16,207	6,606	4,321	1,737	1,800	709	105	14	691	338	329,007	163,059	423,236	178,723
2004-05	18,190	7,642	4,612	1,885	1,936	780	114	21	307	141	453,275	220,118	471,964	195,555
2005-06	17,757	7,710	5,322	2,191	2,188	905	239	90	891	444	355,705	209,806	521,473	212,997
2006-07	17,993	7,848	5,431	2,264	2,373	974	251	94	942	473	380,012	224,263	605,885	255,695
2007-08	18,360	8,032	5,427	2,279	2,484	1,022	256	96	960	452	383,810	226,517	741,092	342,125
2008-09	18,468	8,144	5,414	2,298	2,556	1,071	265	99	1,074	508	366,518	222,850	803,507	356,233
2009-10	18,772	8,320	5,504	2,337	2,583	1,078	273	102	1,166	495	383,954	217,621	935,599	426,323
2010-11	18,063	7,971	5,644	2,421	2,630	1,103	281	106	1,188	408	431,180	218,374	1,107,682	521,284
2011-12	18,667	7,905	6,020	2,573	2,753	1,155	290	109	1,294	367	497,152	222,098	1,319,799	642,198
2012-13	18,790	8,278	6,188	2,653	2,898	1,215	302	113	1,400	395	641,539	234,006	1,594,648	805,062
2013-14	19,441	8,567	6,461	2,798	3,109	1,303	309	117	1,234	497	674,451	326,858	1,594,648	805,062
2014-15 (P)	19,847	8,778	6,582	2,843	3,501	1,492	320	112	1,665	662	1,144,826	171,324	1,299,160	602,550
2015-16 (E)	20,157	9,021	6,736	2,918	3,738	1,602	328	113	1,785	794	1,517,687	161,532	1,294,081	593,250

P : Provisional **E : Estimated**

Notes:
1. All figures include Public and Private Sector data
2. Figures of 2015-16 is based on estimation
3. Enrolment of Deeni Madaris,BECS and NCHD is included

Sources:
1. Figures of Pre-Primary, Primary, Middle, High and Higher Sec. From 2000-01 to 2014-15 is based on Annual Pakistan Education Statistics Reports, NEMIS, AEPAM, Islamabad.
2. Figures of Inter Colleges and Degree Colleges for 2004-05 onwards is based on Annual Pakistan Education Statistics Reports, AEPAM, NEMIS, Islamabad.
3. Figures of Private School data from 2000-01 to 2004-05 is based on 'Census of Private Education Institution 1999-2000', Pakistan Bureau of Statistics, Islamabad.
4. Figures of Private School data from 2005-06 onward is based on 'National Education Census, 2005' NEMIS, AEPAM, Islamabad.
5. Figures of Technical & Vocation from 2003-04 onward is based on Pakistan Education Statistics Reports, NEMIS, AEPAM, Islamabad.
6. Figures of Universities is provided by Higher Education Commission (HEC), Islamabad.

TABLE 10.3

NUMBER OF TEACHERS IN EDUCATIONAL INSTITUTIONS IN PAKISTAN, BY KIND, LEVEL & SEX

Year	Primary Schools* in 000		Middle Schools in 000		High Schools in 000		Technical & Vocational Institutions Numbers		Higher Sec/ Inter Colleges Numbers		Degree Colleges Numbers		Universities Numbers
	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female	Total
2000-01	408.9	183.6	209.7	127.8	260.3	125.3	9,441	1,959	48,054	21,506	11,019	4,218	5,988
2001-02	413.9	183.5	230.1	139.3	270.2	126.1	7,192	1,863	55,146	23,016	10,598	4,164	5,160
2002-03	433.5	191.7	236.3	145.8	278.0	131.9	7,273	1,623	57,681	24,146	11,164	4,410	6,180
2003-04	432.2	195.3	239.4	146.6	276.9	134.2	7,042	1,325	57,881	24,190	11,245	4,505	37,428
2004-05	450.1	206.5	246.7	151.5	282.1	138.6	7,356	1,450	57,661	24,366	15,653	6,690	37,469
2005-06	454.2	210.6	310.8	201.6	417.1	209.9	14,565	4,658	69,425	33,959	20,568	10,485	37,509
2006-07	456.0	212.6	313.5	203.3	421.7	213.0	14,622	4,676	71,246	34,996	20,768	10,587	44,537
2007-08	452.6	216.0	320.6	208.2	429.9	219.6	14,914	4,770	74,223	36,162	20,971	10,690	46,893
2008-09	465.3	216.2	320.5	209.0	439.3	225.5	15,264	5,061	76,184	37,149	21,176	10,794	52,833
2009-10	441.7	208.9	331.5	216.5	447.1	230.4	15,338	4,905	77,248	37,595	30,754	14,313	57,780
2010-11	440.5	210.1	335.0	220.3	452.8	235.3	15,591	4,993	81,183	39,378	36,349	16,181	63,557
2011-12	427.4	198.6	351.4	234.0	458.7	271.3	15,847	5,079	97,633	52,746	40,191	16,815	70,053
2012-13	428.8	209.1	362.6	241.5	489.6	287.2	16,109	5,168	132,011	71,121	48,809	19,319	77,557
2013-14	420.1	209.5	364.8	243.6	500.5	296.3	16,377	5,259	124,336	58,867	25,964	7,599	77,557
2014-15 (P)	430.9	218.9	380.8	256.1	514.1	306.2	19,393	5,353	118,079	63,569	36,587	7,239	88,288
2015-16 (E)	431.8	224.5	388.8	262.1	529.7	316.0	20,478	5,425	124,261	66,830	35,767	6,208	94,033

P : Provisional E : Estimated * : Including Pre-primary, Mosque Schools, BECS and NCHD

Notes:

1. All figures include Public and Private Sector data
2 Figures of 2015-16 is based on estimation

Sources:

1. Figures of Primary, Middle, High and Higher Sec. From 2000-01 to 2014-15 is based on Annual Pakistan Education Statistics Reports, NEMIS, AEPAM, Islamabad.
2. Figures of Inter Colleges and Degree Colleges for 2004-05 and onwards is based on Annual Pakistan Education Statistics Reports, NEMIS, AEPAM, Islamabad.
3. Figures of Private School data from 2000-01 to 2004-05 is based on 'Census of Private Education Institution 1999-2000', Pakistan Bureau of Statistics, Islamabad.
4. Figures of Private School data from 2005-06 onward is based on 'National Education Census, 2005' NEMIS, AEPAM, Islamabad.
6. Figures of Technical & Vocation from 2003-04 onward is based on Pakistan Education Statistics Reports, NEMIS, AEPAM, Islamabad.
6. Figures of Universities is provided by Higher Education Commission (HEC), Islamabad.

Health and Nutrition

Investment in health has a long term beneficial effect. It improves health outcomes, reduces poverty and contributes in promoting economic growth. At the backdrop of this perspective, the federal as well as provincial governments are spending sufficient amount on health and education to bring the social sector into main stream of development.

The federal government recently initiated several programmes to meet the needs of health care and keep the people healthy, such as introduction of national health insurance scheme, notification of drug pricing policy 2015 and a continued strong focus on polio eradication across the country.

The passage of 18th Amendment has made the provinces financially more autonomous and more powerful to decide their own health system and health policies. Provincial governments of Punjab, Sindh and KPK have devised long term health sector strategies (2012-20) to improve health outcomes and enhance the coverage of essential health services. In Feb 2015, the KPK government established Health Care Commission (HCC) with the mandate to regulate the private health sector as well as to ensure the provision of quality health care services in the public sector through the process of performance audit and evaluation of hospital services. The Government of Sindh has enacted the Sindh Health Care Commission Act 2013. The act aims at provision of effective delivery of health services to whole province. The Punjab Health Care Commission Act 2010 is already in place aimed at improving performance, effectiveness and provision of quality health care services. With regard to nutrition activities, all the four provinces have promulgated laws on breast feeding and allied issues. During FY2016 it will be carrying out following up activities for the implementation of the laws on breast feeding in all the provinces and also at federal level. The objectives of all these activities are meant to ensure better health outcomes.

Health and SDGs

The post MDGs Development Agenda "Sustainable Development Goals" (SDGs) has came into effect on 1st January, 2016. The Government of Pakistan has adopted the SDGs and its goals have been incorporated into the Vision 2025.The SDGs attempt to address all dimensions of sustainable development-economic, social and environmental and focuses on health, education, energy, water, poverty, food and climate for promoting well being of all to be attained by 2030. Almost all the SDGs are directly or indirectly will contribute to health. Goal 3 of the SDGs i.e. to ensure healthy lives and promote well being for all at all levels is now being followed for achievement of the desired targets regarding communicable and non-communicable diseases.

Health Expenditure:

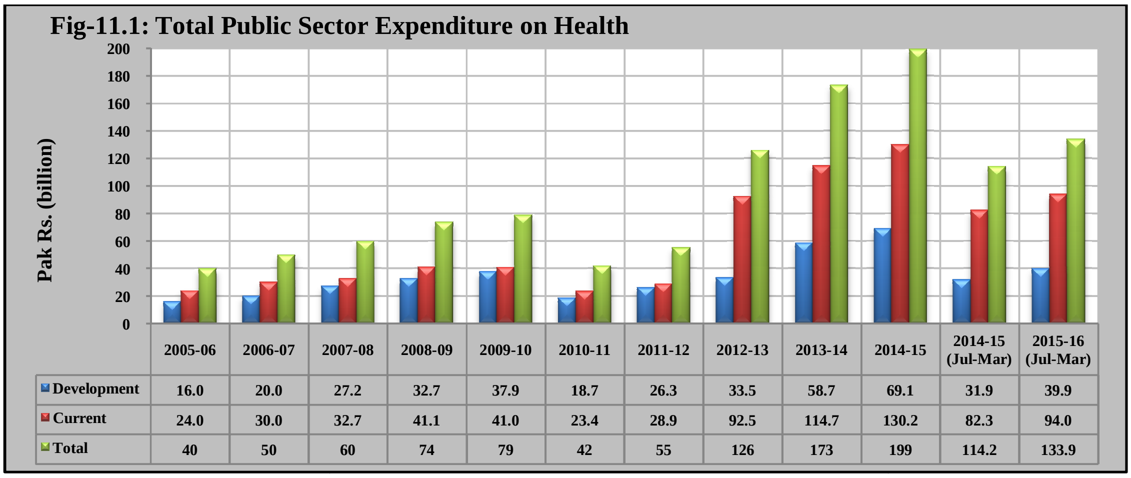
Public health spending provides an important insight on a country's health progress. Various foundations, societies, individual philanthropists, community affiliation, Islamic organizations and individual contribute to finance health in Pakistan. Using data from World Bank, Pakistan spends US$ 37 per capita on health which is lower than the WHO's prescribed level of per capita US$ 44, a minimum spending package required for essential health services. The total public health expenditure as percentage of GDP has increased to 0.45 percent in FY2016. The current level of expenditure amounting Rs.133.9 billion or 0.45 percent of GDP shows an increase of 17.2 percent over corresponding period of last year.

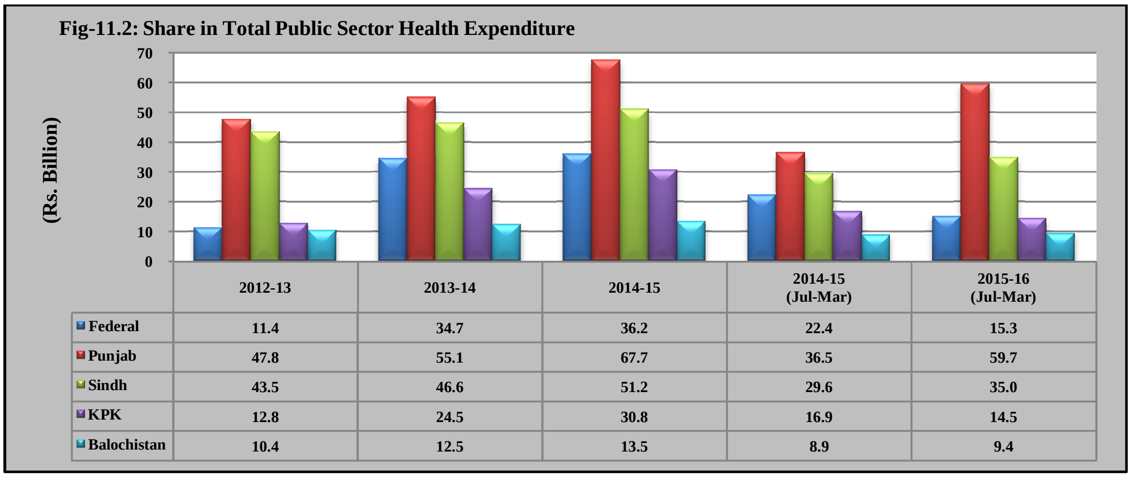
The federal and provincial share in total public spending on health shows that Balochistan and KPK are spending the least (see Fig-11.2). The major share of spending on health has been observed in Punjab followed by Sindh.

Table 11.1: Health & Nutrition Expenditures (2000-01 to 2015-16) (Rs. billion)

Fiscal Years	Public Sector Expenditure (Federal and Provincial)			Percentage Change	Health Expenditure as % of GDP
	Total Health Expenditures	Development Expenditure	Current Expenditure		
2000-01	24.28	5.94	18.34	9.98	0.58
2001-02	25.41	6.69	18.72	4.63	0.57
2002-03	28.81	6.61	22.21	13.42	0.59
2003-04	32.81	8.50	24.31	13.85	0.58
2004-05	38.00	11.00	27.00	15.84	0.58
2005-06	40.00	16.00	24.00	5.26	0.49
2006-07	50.00	20.00	30.00	25.00	0.54
2007-08	59.90	27.23	32.67	19.80	0.56
2008-09	73.80	32.70	41.10	23.21	0.56
2009-10	78.86	37.86	41.00	6.86	0.53
2010-11	42.09	18.71	23.38	-46.63	0.23
2011-12	55.12	26.25	28.87	30.96	0.27
2012-13	125.96	33.47	92.49	128.51	0.56
2013-14	173.42	58.74	114.68	37.68	0.69
2014-15	199.32	69.13	130.19	14.94	0.73
2014-15*	114.22	31.93	82.29	11.62	0.42
2015-16*	133.93	39.94	94.00	17.26	0.45

*Expenditure figure for the respective years are for the period (July-March)
Source: Finance Division (PF Wing)





Health care System

Good services delivery is an important element of any health system. In Pakistan, public and private health care systems run in parallel. The public sector until recently led by the Ministry of Health has devolved to the provinces. The administrative and fiscal space of provinces have increased mani-fold with simultaneous increase in their responsibilities but is still deficient in health workforce and facilities relative to population. The private sector is playing a vital role in the health care services delivery in Pakistan. Majority of private hospitals, clinics and health related facilities are in the urban areas and are well equipped with latest diagnostic facilities. Private health care option is in more demand than the public health care.

Health Facilities

Health care provision in Pakistan is the responsibility of the government. The health care system has expanded gradually with large network of health facilities, workforce and services across the country. Currently the public health care system comprises of 1167 hospitals, 5695 dispensaries, 5464 basic health units, 675 rural health centers, 733 mother and child health centers and allied medical professionals i.e. doctors, nurses, midwives and pharmacists. As of FY2016, there are 184711 doctors, 16652 dentists and availability of 118869 hospital beds in the country. The ratio of one doctor per 1038 person, one hospital beds for 1613 person and one dentist for 11513 persons shows a clear inadequacies particularly in case of dentists and hospital beds.

Table 11.2: Healthcare Facilities

Health Manpower	2011-12	2012-13	2013-14	2014-15	2015-16
Registered Doctors	152,368	160,880	167,759	175,223	184,711
Registered Dentists	11,649	12,692	13,716	15,106	16,652
Registered Nurses	77,683	82,119	86,183	90,276	94,766
Population per Doctor	1,162	1,123	1,099	1,073	1,038
Population per Dentist	15,203	14,238	13,441	12,447	11,513
Population per Bed	1,647	1,616	1,557	1,591	1,613

Source: Pakistan Bureau of Statistics

Health Programmes

To improve health status of the people and reduce burden of disease a series of programs and projects are on track. Although vertical programmes in health sector have been devolved to the provinces. In pursuance to decision of Counsel of Common Interest (CCI) and upon request of the provinces, funding for these vertical programmes during the currency of 7th National Finance Commission (NFC) award has been catered for the federal government.

The federal government has launched "Prime Minister's National Health Insurance Program" to improve the health status of the population in the country by ensuring access to quality health care especially enhancing coverage and access to secondary and priority treatments of the poor and vulnerable population with the objectives of reducing Out-of-pocket catastrophic health expenditures by insured families for effective care. The scheme would cover secondary healthcare including daycare & maternity services. Priority treatment list consists of cardio vascular diseases, diabetes, burns, road traffic accidents, renal diseases & dialysis, TB, hepatitis, treatment of HIV, chronic liver diseases, chemotherapy & surgical oncology.

The program for Civil Registration and Vital Statistics (CRVS):

Ministry of Planning, Development and Reforms is leading and coordinating the process of acceleration and enhancement of CRVS in Pakistan. In this regard, the aim is to develop a strategic plan through stakeholder's consensus for enhancement / improvement in a sustained and acceptable manner. After conducting situation analysis in the form of Rapid and Comprehensive assessments of CRVS in Pakistan, and the fact the CRVS is a multi-stakeholders subject, an institutional set up in the form of a National Steering and Coordination Committee has been set up in Planning Commission / Ministry of Planning, Development and Reforms under the

Chair of Minister for Planning, Development and Reforms.

Provincial and Area Governments have set up their respective Implementation and Coordination Committees. The overall purpose is to provide a steering and coordination role at national level and to formulate a national strategic plan for acceleration and enhancement of CRVS in Pakistan. Two (02) meetings of the committee have been held so far and six (06) thematic areas identified which will become the objectives of the National CRVS Strategic Plan. For each thematic area, six (06) Technical Sub-Groups have been formulated with representation of all the stakeholders including the provincial and area governments and technical experts. It is expected that by the end of year 2016, the plan would be finalized. UNICEF and World Bank have shown their interest to sponsor, both technically and financially the development and implementation of National Strategic Plan and Provincial Action Plans.

Following programs and projects have been funded through the PSDP during FY2016 and implemented by the provincial and areas governments. An amount of Rs: 23.2 billion has been provided in federal PSDP 2016.

- **Programme for Family Planning and Primary Health Care (LHWs Program)**

LHWs services have visible impact on the health status of women and children in particular through improved hygiene, birth spacing, iron supplementation, greater immunization coverage and through Ante-natal and post-natal coverage of the pregnant women. The program has recruited more than 100,000 Lady Health Workers (LHWs). The total population covered under this program spread over 60 percent in Baluchistan and more than 80 percent in Punjab. A new PC-I of provincial and area governments are under the process of approval in which salary packages of the staff of the program is to be increased and their services are to be regularized in compliance with the orders of the Honorable Supreme Court of Pakistan. These proactive steps will definitely lead towards greater commitment and better health service delivery at the door steps of the vulnerable people. However, issues of governance and monitoring still needs attention at the district and sub districts levels.

- **Expanded Program of Immunization (EPI):**

EPI program provides immunization against the seven vaccine-preventable diseases i.e. childhood tuberculosis, poliomyelitis, diphtheria, pertussis, neonatal tetanus, measles and hepatitis B to children under one year of age. New vaccines like Pentavalent vaccine have been introduced with the help of United Nations Children Fund’s (UNICEF). During the year 2015-16, 7 million children of 0-11 months and 6.5 million pregnant women were immunized against 7 deadly diseases and tetanus toxoide vaccine, respectively. Though after devolution this has become largely the responsibility of the provincial/ area governments but Federal EPI Cell currently took the responsibility of the vaccines procurement, coordination and technical guidance, whereas, provincial EPI cells are largely responsible for implementation of the program. World Bank along with other development partners such as World Health Organization (WHO) and Japanese International Cooperation Agency (JICA) has largely contributed towards smooth implementation of the program. Still the issues of routine immunization in out reached areas of Federally Administered Tribal Areas (FATA) and Baluchistan needs attention.

- **Malaria Control Program:**

Malaria is the 2nd most prevalent communicable disease in the country. It has been the major cause of morbidity in Pakistan. More than 90 percent of disease burden in the country is shared by 56 highly endemic districts, mostly located in Baluchistan (17 out of 32 districts), FATA (7 agencies), Sindh (12 districts) and Khyber Pakhtunkhwa (12 districts). Most of the reported cases from these districts are due to falciparum malaria which is the most dangerous form of malaria. FATA is the second highest malaria affected belt of the country which accounts for 12-15 percent of the total case load of the country. National strategy for Malaria Control is based on the following six key Result Based Monitoring (RBM) elements.

- Early diagnosis and prompt treatment
- Multiple prevention
- Improved detection and response to epidemics
- Developing viable partnerships with national and international partners
- Focused operational research and
- National commitment

Tuberculoses (TB) Control Program:

Pakistan is ranked 6th amongst 22 high disease burden countries of the world. 40 percent of the burden of disease in Pakistan is in the form of communicable diseases such as malaria and T.B. Incidence of TB stands at 231/100,000 population and prevalence of about 300 cases per 100,000 population. National TB Control Program (NTP) has achieved over 80 percent Directly Observed Treatment System (DOTS) coverage in public sector and in the last five years the programme has provided care to more than half a million TB patients in Pakistan. The programme is moving steadily to achieve the global targets of 70 percent case detection. There are areas where NTP has to improve suspect management, contact management; quality bacteriology services, engaging all care providers through public private partnership (PPP), inter sectoral collaboration, monitoring and supervision, research for Evidence Based Planning (EBP) and Advocacy, Communication and Social Mobilization (ACSM). Currently with a total number of 211500 notified TB patients in the country, Pakistan ranks among the 22 high TB burden countries and the treatment success rate remained 91 percent.

HIV/ AIDS Control Program:

The number of injecting drug users has posed a threat to an increased numbers of total cases of the disease/ syndrome in Pakistan. Still the prevalence of HIV/ AIDS is considered to be as low as 1 percent, hence not considered a high risk country. The focus of the program is on behavior change communication (BCC), services to high-risk population groups, supply of safe blood for transfusions and capacity building of various stakeholders. Till date 4500 HIV positive cases have been reported to the AIDS Control Programs at federal and provincial levels. The program is technically supported by the UN agencies and Global Fund against AIDS, TB and Malaria.

Maternal & Child Health Program:

Mother and Child health has been one of the priority areas of public health in Pakistan. This program has been launched by the government in order to improve Maternal and Neonatal health service for all, particularly the poor and the disadvantaged at all levels of health care delivery system. It aims to provide improved access to high quality Mother and Child health and Family Planning services, trained 10,000 community midwives, provision of comprehensive Emergency Obstetric and Neonatal Care (EmONC) services in 275 hospitals/ health facilities, provision of basic EmONC services in 550 health facilities and family planning services in all health outlets. Despite these modalities, Pakistan has shown a modest improvement. The Infant Mortality Rate (IMR) and Under Five Mortality Rate (U5MR) has reduced from 74 and 92 per thousand respectively, in 2010 has reduced to 66 and 81 per thousand in 2015, a reduction of 10 percent. However, Maternal Mortality Rate (MMR) 178/100000 in 2015 is still very high as compared to the other countries in the region. It is envisaged that successful implementation of this project will bring these indicators in a respective range with improved health status of mothers and children.

Prime Minister's Program for Prevention and Control of Hepatitis in Pakistan

All forms of hepatitis is a concern within a public health framework. The program envisages meeting the challenges posed by the high prevalence of viral hepatitis in the country. The program aims at 50 percent reduction in new cases of hepatitis B and C through advocacy and behavior change communication, hepatitis B vaccination of high risk groups, establishment of screening, diagnosis and treatment facilities in 150 teaching and DHQ hospitals, Safe blood transfusion and prevention of hepatitis A and E. A long awaited Safe Blood Transfusion project with the technical cooperation of GIZ and KFW has been revived and is in the implementation phase in all four provinces that will bring down the incidence of hepatitis in the country.

Cancer Treatment Program

Cancer has been considered as one of the deadliest forms of non-communicable disease and the number of cases is increasing alarmingly. Over the last 25 years there has been a significant increase in number of cases of various kinds of cancer. The increasing incidence of cancer is mainly due to lack of public awareness, change in life style and environmental factors. Pakistan Atomic Energy Commission's (PAEC) Cancer Hospitals in four provinces are already providing diagnosis and treatment facilities to cancer patients.

Drug Abuse

Pakistan's counter narcotics efforts revolve around the three main strategy pillars highlighted in the Government of Pakistan's Anti Narcotics Policy 2010. These three pillars include Drug Supply Reduction, Drug Demand Reduction and International Cooperation. The alarming drug production in Afghanistan is the main factor influencing the drug situation not only in Pakistan but world over. Being a transit country, Pakistan is subjected to domestic spread of drug. The two strategic issues of drug production and loose border management between the countries are of prime importance for effective control of narcotics trafficking. The Anti-Narcotics Policy of Pakistan aims to re-energize existing National Drug Law Enforcement Institutions, build the Anti Narcotics Force capacity, develop an effective coordination and control mechanism, and mobilize the people of Pakistan especially youth and institutions (national/ international, private/ public) to ensure their active participation in eradicating drugs. This policy also seeks to promote international cooperation for mutual support and partnership against narcotic drugs.

Drug Supply Reduction Activities

Table 11.3: Narcotics Seized by ANF (Jul-Dec) FY2015 & 2015-16

Kinds & Quantity of Narcotics Seized (in Kg)		
	(July-Dec) 2014-15	(July-Dec) 2015-16
Opium	6172.0	30738.61
Heroin/ Morphine	5791.28	5867.347
Hashish	32695.23	71377.67
Cocaine	0.11	26.280
Cases Registered	152	625
Accused Arrested	167	723

Table 11.4: Detail of Punishment Award to Culprits

Total decided cases	245
Convicted cases	153
Acquitted cases	32
Dormant/ Final order cases	60
Convicted persons	183
Acquitted persons	66
Conviction rate	83%

Polio Eradication

Polio eradication is the foremost priority of the Government of Pakistan. There has been tangible improvement in the polio control since the launch of polio eradication initiatives in 1994. The successful eradication of polio across the world has helped Pakistan in reducing the number of polio cases from 198 in 2011 to 54 in 2015. Pakistan has seen a dramatic decrease in polio 82 percent from 306 reported cases in 2014 to 54 in 2015. This year 2016 so far only nine cases have been reported countrywide, KPK(04) Sindh (04) and Balochistan (01). Province/Area wise break down of cases is as follow.

Table 11.5: Province/ Area Wise Polio Cases

PROVINCE	2009	2010	2011	2012	2013	2014	2015	2016
Punjab	17	7	9	2	7	5	2	0
Sindh	12	27	33	4	10	30	12	4
KPK	29	24	23	27	11	68	17	4
FATA	20	74	59	20	65	179	16	0
Balochistan	11	12	73	4	0	25	7	1
Gilgit-Baltistan	0	0	1	1	0	0	0	0
Azad Jammu & Kashmir	0	0	0	0	0	0	0	0
Total	**89**	**144**	**198**	**58**	**93**	**306**	**54**	**9**

In Pakistan anti-polio campaigns run in greater dimension and as result of repeated campaigns, a healthy progress has been achieved towards polio eradication. Polio has been eliminated from most countries. But Pakistan and Afghanistan are two countries in which polio has not been fully eradicated. This year Afghanistan has detected four polio case and Pakistan has detected eight, whereas, the rest of the world has eradicated polio.

Physical Targets and achievements during FY2016

The achievements for the health sector during 2016 included establishment of 7 Rural Health Centers (RHCs) 32 Basic Health Units (BHUs) and up gradation of 10 existing RHCs and 37 BHUs. The manpower included the addition of 4500 new doctors, 450 dentists, 3500 nurses, 4550 paramedics and 475 Traditional Birth Attendants. Under the preventive program, about 7 million children have been immunized and 21 million packets of ORS have been distributed during 2016. Till date 4500 HIV positive cases have been reported to the National and Provincial AIDS Control Programs. The total number of TB patient in the country is 211500 upto the third quarter of 2016 and the treatment success rate remained 91 percent. The achievements and targets for 2016 are given below:

Table 11.6: Physical Targets/Achievements 2014-15 and 2015-16 **(Nos.)**

Sub Sector	Targets	Achievements	
	(2015-16)	(2014-15)	(2015-16)
A. Hospital Beds	5000	4200	4350
B. Health Human Resource			
Doctors	5000	4400	4500
Dentists	500	430	450
Nurses	4500	3300	3500
Paramedics	5500	4500	4550
TBAs	500	450	475
Training of LHWs	10000	8000	8300
C. Preventive Programme			
Immunization (Million)	8	6	7
Oral Rehydration Salt (ORS) (Million Packet)	23	20	21

Source: Ministry of Planning, Development & Reforms

Food & Nutrition

Adequate diet provides good nutrition for healthy and prosperous live. However, according to Pakistan Demographic Health Survey (PDHS) 2013 malnutrition is prevalent in the country. Pakistan is primarily agriculture based country and the overall food supply situation is stable. The integrated Food Security Phase Classification (IPC) analysis conducted in March-June 2015 has shown 29 districts out of 148 districts in Pakistan as highly food insecure and require immediate attention while four of those districts have been identified with severely food insecure and need immediate response. The Districts / agencies which are severely food insecure include Tharparker in Sindh, Chaghi and Dera Bugti in Baluchistan, Torghar in Khyper Paktunkhwa and FR D.I. Khan, FR Tank, South Waziristan, North Waziristan, Orkazai, FR Kohat.

To fulfill Pakistan Vision 2025 and achieve nutritional targets of World Health Assembly & SDGs is the provision of a nutritionally sound and economically vibrant life to the people of Pakistan. The adoption of an innovative, cost-effective and multi-sectoral strategy can help the provision of safe food and adequate nutrition at all levels.

Nutrition and Food Consumption
i. Food Availability

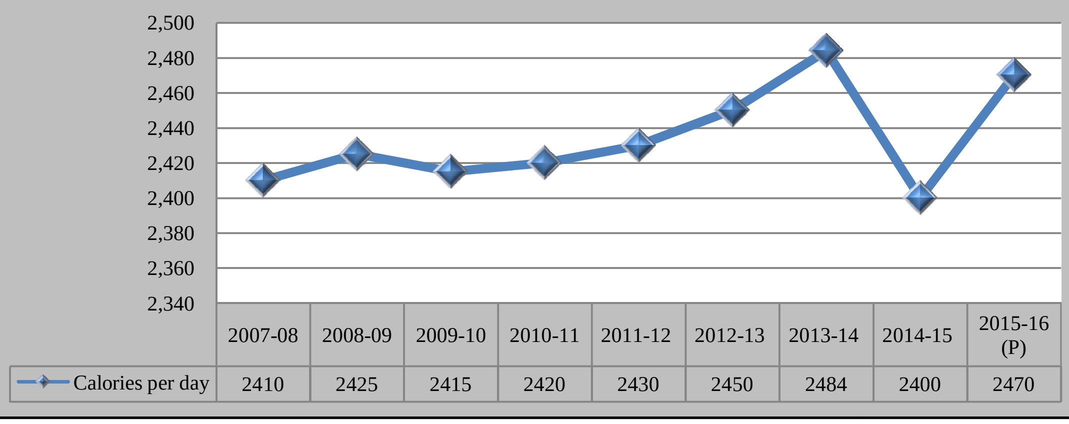
The availability of essential food items trend is assessed through food balance sheets every year. Availability of essential food items in the country has been sustained during the fiscal year to meet the food consumption requirements. The availability of essential food items for last five years is given in the following Table-11.7.

Table 11.7: Food Availability Kg Per Capita per Annum

Items	Year/ Units	2011-12	2012-13	2013-14	2014-15	2015-16 (P)
Cereals	Kg	160.0	160.0	161.0	155.0	162.0
Pulses	Kg	7.0	7.0	6.5	6.0	7.0
Sugar	Kg	30.0	31.0	32.0	32.5	32.5
Milk*	Ltr	97.0	100.0	135.0	170.0	170.0
Meat	Kg	22.0	19.0	21.0	21.5	22.0
Eggs	Dozen	6.0	6.0	6.0	6.0	6.5
Edible Oil/Ghee	Ltr	13.0	13.5	12.6	13.0	13.5

Source: Ministry of Planning, Development & Reforms
P: provisional, *: Milk availability has been revised according to FAO criteria

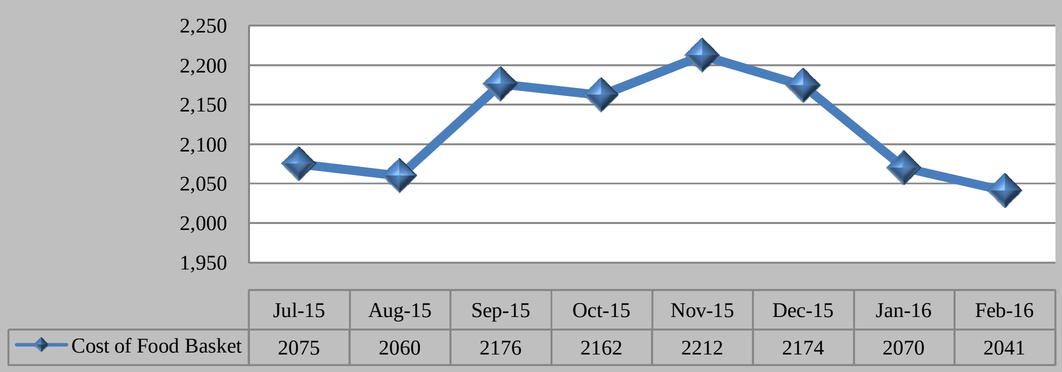
Fig-11.3: Calories per day



ii. Cost of Food Basket

Food consumption is directly related to the price of food commodities. The cost of food basket is worked out on the monthly basis from Pakistan Bureau of Statistics (PBS) data based on the estimated national average food expenditure. The average cost of food basket based on minimum 2150 calories for July 2015–February 2016 remained flunctuating and gradually from Rs.2075 to Rs.2041 at national level detail is given below:

Fig-11.4: Cost of Food Basket



Nutrition Activities/ Programs

The Nutrition related activities programs are summarized as under;

- Pakistan Multi-sectoral Nutrition Strategy is being formulated through a consultative process and have involved all the stakeholders and partners. Strategy will utilize provincial policy guidance notes & inter-sectoral nutrition strategies in order to provide strategic direction to reduce malnutrition in the country.

- National Secretariat for Scaling UP Nutrition (SUN) Movement has been established and is working as a multi-stakeholder platform to have all the stakeholders on board for combating malnutrition in the country. In each province SUN Units are being established at P&DD with technical, human and secretariat support from partners. This will increase the coordination and bring all stakeholders across the country on same page for improving nutrition situation in the country.

- Different SUN Networks have been organized and operationalized like government, UN, donors, civil society alliance and business network while academic & research network is the final stages of formulation. Brain storming meeting arranged at federal and provincial level for SUN movement approach and actions. Hence, all the stakeholders from different fields are being mobilized to play their role in the development of the nation.

- Nutrition Support Program for Sindh (NSP) costing Rs.4,118 million for nine districts and Baluchistan Nutrition Program for Mothers and Children (BNPMC) costing Rs.1,493 million for seven districts, are in the initial stages of implementation. These projects will improve the nutritional status of male and female children under five years and that of pregnant and lactating women in targeted districts of both the provinces.

- Stunting Prevention program is being implemented in Thatta & Sajjawal districts of Sindh by World Food Program (WFP). Operational research is being conducted to generate evidence for the impact of the program. Stunting prevention is planned to be scaled up to other districts in other provinces by WFP and UNICEF.

- Revision of “Food Composition Table & Desirable Dietary Patterns for Pakistan” has been initiated in Pakistan with the support of FAO. Consequently, multiple consultative meeting were held in which eminent scholars & scientists from various institutes/ organizations attended the meeting and finalized the frameworks for proceeding with the activity.

- M/o NHSR&C revitalized the National Fortification Alliance (NFA) with the support of WFP to overcome hidden hunger in the country. Provincial Fortification Alliances (PFA) have been notified and are in the process of establishment. In AJK, all the eleven flour mills have started Wheat Flour Fortification with the support of (Micronutrient Initiative) MI & (World Food Program) WFP. Universal Salt Iodization (USI) Program is being implemented through public private partnership model. This model is supporting the government in 110 districts to benefit almost 174 million population of the country.

- Benazir Income Support Program (BISP) continues its services as effective social safety net measures by providing cash incentives to the poor segments of the population throughout the country. The programs aims to enhance financial capacity of poor people, reduce poverty and promote equitable distribution of wealth especially for the low income groups, particularly, women through the provision of cash transfers to eligible families. Its long term objectives include meeting the targets set by Sustainable Development Goals (SDGs) to eradicate extreme and chronic poverty and empowerment of women. The monthly installment was enhanced by the present government to Rs.1200/- per family in July, 2013 which has subsequently been increased to Rs. 1500/ per family in 2014. The present government has yet again increased the annual stipends from Rs. 18,000 per annum to Rs. 18,800 per annum per beneficiary w.e.f. 1st July, 2015. There is an increasing role of complementary interventions in determining sustainable impact of cash transfer on uptake of education and health services, nutrition outcomes, and improving the livelihoods. Global experience suggests that where programmes are combined with complementary, well-sequenced interventions, it has greater impact. The program has four closely associated and complementary components, including Waseela-e-Rozgar (Technical & Vocational Training), Waseela-e-Haq (Micro-finance), Waseela-e-Sehat (Life & Health Insurance) and Waseela-e-Taleem (Primary Education).

- Nutrition Development partners that include donor, UN agencies and civil society organizations are supporting the government through different programs such as; Community Based Management of Acute Malnutrition (CMAM), Nutrition Surveillance system, trainings and development manuals; cost of diet analysis, behavior change communication; food and nutrition security; Fortification & Bio-fortification programs etc.

Conclusion and Areas of Reforms

Health outcomes has improved over the years but some critical weakness like shortage of equipments and staff continues to affect health system. Consequently, there is a dire need to expand services delivery and address the shortfall in health related human resources and making better use of technology. Public private partnership need to be encouraged and coverage of public health programs like TB, Malaria, Hepatitis and other communicable diseases needs to improved.

HEALTH & NUTRITION

TABLE 11.1
NATIONAL MEDICAL AND HEALTH ESTABLISHMENTS, Progressive (Calendar Year Basis)

(Number)

Year	Hospitals	Dispen-saries	BHUs Sub Health Centres	Maternity & Child Health Centres	Rural Health Centres	TB Centres	Total Beds	Population per Bed
2000	876	4,635	5,171	856 *	531	274	93,907	1,456
2001	907	4,625	5,230	879 *	541	272	97,945	1,427
2002	906	4,590	5,308	862	550	285	98,264	1,454
2003	906	4,554	5,290	907	552	289	98,684	1,479
2004	916	4,582	5,301	906	552	289	99,908	1,492
2005	919	4,632	5,334	907	556	289	101,490	1,483
2006	924	4,712	5,336	906	560	288	102,073	1,508
2007	945	4,755	5,349	903	562	290	103,285	1,544
2008	948	4,794	5,310	908	561	293	103,037	1,575
2009	968	4,813	5,345	906	572	293	103,708	1,592
2010	972	4,842	5,344	909	577	304	104,137	1,701
2011	980	5,039	5,449	851	579	345	107,537	1,647
2012	1,092	5,176	5,478	628	640	326	111,802	1,616
2013	1,113	5,413	5,571	687	667	329	118,378	1,557
2014	1,143	5,548	5,438	670	669	334	118,170	1,591
2015 (P)	1,167	5,695	5,464	733	675	339	118,869	1,613

P : Provisional data in respect of Punjab province

Source: Ministry of Health, Planning Commission of Pakistan
Pakistan Bureau of Statistics

* : The decrease in MCH since 1993 as against last year is due to exclusion/separation of family welfare centres from MCH structure in Khyber Pakhtunkhwa

TABLE 11.2

REGISTERED MEDICAL AND PARAMEDICAL PERSONNEL (Progressive) AND EXPENDITURE ON HEALTH, (Calendar Year Basis)

(Number)

Year	Registered Doctors *	Registered Dentists *	Registered Nurses *	Registered Midwives	Registered Lady Health Visitors	Population per		Expenditure (Mln. Rs)**	
						Doctor	Dentist	Development	Non-Development
2000	92,838	4,165	37,528	22,525	5,443	1,529	33,629	5,944	18,337
2001	97,260	4,612	40,019	22,711	5,669	1,516	31,579	6,688	18,717
2002	102,644	5,058	44,520	23,084	6,397	1,466	29,405	6,609	22,205
2003	108,164	5,531	46,331	23,318	6,599	1,404	27,414	8,500	24,305
2004	113,309	6,128	48,446	23,559	6,741	1,359	25,107	11,000	27,000
2005	118,113	6,734	51,270	23,897	7,073	1,310	25,297	16,000	24,000
2006	123,146	7,438	57,646	24,692	8,405	1,254	20,839	20,000	30,000
2007	128,042	8,215	62,651	25,261	9,302	1,245	19,417	27,228	32,670
2008	133,925	9,012	65,387	25,534	10,002	1,212	18,010	32,700	41,100
2009	139,488	9,822	69,313	26,225	10,731	1,184	16,814	37,860	41,000
2010	144,901	10,508	73,244	27,153	11,510	1,222	16,854	18,706	23,382
2011	152,368	11,649	77,683	30,722	12,621	1,162	15,203	26,250	28,870
2012	160,880	12,692	82,119	31,503	13,678	1,123	14,238	33,471	92,486
2013	167,759	13,716	86,183	32,677	14,388	1,099	13,441	58,736	114,680
2014	175,223	15,106	90,276	33,687	15,325	1,073	12,447	69,134	130,188
2015***	184,711	16,652	94,766	34,668	16,448	1,038	11,513	39,935	93,999

Source : Ministry of Health, Planning Commission of Pakistan
Pakistan Bureau of Statistics

*** : Registered with Pakistan Medical and Dental Council and Pakistan Nursing Council.**
**** : Expenditure figures are for respective financial years 2013 = 2013-14**
***** : Expenditure figure for the year 2015 are for the period (Jul-Mar) 2015-16**

Note: **Data regarding registered number of Doctors/Dentists is vulnerable to few changes as it is affected by change of province or if there is any change in registration status from time to time**

Date for medical personal for the year 2011 is estimated by adding the output actually achieved during the year to the medical manpower in 2010.

TABLE 11.3

DATA ON EXPANDED PROGRAMME OF IMMUNIZATION VACCINATION PERFORMANCE (0-4 YEARS), (Calendar Year Basis)

(Nos. in 1000)

Vaccine/doze.		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
B.C.G.		5,364.1	5,790.4	5,884.4	6,133.4	5,924.9	5,813.3	6,062.0	6,186.4	6,150.8	5,848.5
POLIO	0	2,846.2	3,098.1	3,428.7	3,650.0	3,773.1	3,844.4	4,200.3	4,464.2	4,746.2	4,796.7
	I	5,250.6	5,645.1	5,556.1	5,884.9	5,852.6	5,698.5	5,822.8	5,905.2	5,838.7	5,743.6
	II	4,869.9	5,178.7	5,034.4	5,402.7	5,526.7	5,356.0	5,445.9	5,538.9	5,494.8	5,387.8
	III	4,739.0	5,070.5	4,819.1	5,277.4	5,422.4	5,218.1	5,330.5	5,398.0	5,369.4	5,257.4
	IV	..	..	..	..	..	..	..	..	..	..
	BR	33.0	46.6	60.9	35.8	81.3	86.1	..	..	..	..
COMBO											
	I	..	3,999.8	5,071.7	..	..	..	..	..	..	..
	II	..	3,720.1	4,612.5	..	..	..	..	..	..	..
	III	..	3,656.5	4,356.2	..	..	..	..	..	..	..
D.P.T											
	I	5,275.1	1,710.7	..	..	..	..	..	..	..	..
	II	4,886.6	1,523.2	..	..	..	..	..	..	..	..
	III	4,756.4	1,479.4	..	..	..	..	..	..	..	..
	BR	0.3	0.06	..	..	..	..	..	..	..	..
H.B.V											
	I	5,053.3	1,617.8	..	..	..	..	..	..	..	..
	II	4,692.3	1,441.4	..	..	..	..	..	..	..	..
	III	4,571.0	1,401.2	..	..	..	..	..	..	..	..
Pentavalent											
	I	..	..	..	5,925.0	5,862.9	5,606.3	5,773.2	5,921.6	5,843.5	5,713.7
	II	..	..	..	5,461.3	5,555.1	5,266.8	5,400.2	5,552.8	5,491.0	5,353.2
	III	..	..	..	5,338.5	5,407.3	5,129.2	5,275.6	5,411.6	5,370.8	5,225.9
T.T											
	I	4,069.4	3,877.9	4,307.1	4,919.8	5,050.2	5,089.9	5,361.9	5,157.2	4,536.5	5,048.2
	II	3,133.5	3,048.3	3,385.0	3,791.7	4,065.1	4,121.0	4,279.0	4,235.0	3,708.5	4,063.1
	III	894.6	810.0	865.7	937.8	897.0	812.9	815.1	783.2	577.7	586.7
	IV	286.4	239.1	279.0	284.9	268.2	234.4	229.8	312.3	185.4	157.9
	V	176.5	141.3	152.1	168.9	165.0	127.2	128.4	130.1	105.8	86.6
MEASLES		5,050.3	5,386.1	5,277.8	5,297.4	5,299.6	8,211.3	9,085.8	4,490.3	5,370.8	5,192.1
	II	..	..	..	1,806.3	2,799.7	2,799.7	..	5,622.7	4,536.5	4,193.5
Pneumococcal (PCV10)											
	I	..	..	..	..	..	..	..	3,588.7	5,526.3	5,641.8
	II	..	..	..	..	..	..	..	3,195.3	5,197.4	5,388.6
	III	..	..	..	..	..	..	..	3,008.4	5,072.4	5,175.9

Source: Ministry of Health
Pakistan Bureau of Statistics

..: not available

B.C.G. Bacilus+Calamus+Guerin

D.P.T Diphteira+Perussia+Tetanus

T.T Tetanus Toxoid

Note: The DPT from the year 2007 onward has discontinued and is replaced by Combo - a combination of DPT and HBV

TABLE 11.4

DOCTOR CONSULTING FEE IN VARIOUS CITIES

(In rupees)

Period*	Faisal-abad	Gujran-wala	Hyder-abad	Islam-abad	Karachi	Lahore	Pesha-war	Quetta	Rawal-pindi	Sukkur	Average
AVERAGE DOCTOR CALL FEE IN VARIOUS CITIES											
2000	40.00	40.00	33.75	33.13	32.40	38.93	30.00	107.50	32.92	30.00	41.86
2001	40.00	40.00	33.75	33.13	33.00	41.96	43.33	107.50	33.75	30.00	43.64
2002	40.00	50.00	30.00	33.13	35.00	41.25	43.33	95.00	33.96	30.00	43.17
2003	40.00	50.00	31.25	45.00	36.35	41.96	50.00	100.00	38.75	30.00	46.33
2004	41.25	50.00	33.00	45.00	36.25	41.96	50.00	100.00	38.75	30.00	46.62
2005	41.25	50.00	33.75	46.25	38.08	44.29	50.00	100.00	42.08	30.00	47.57
2006	41.25	50.00	33.75	55.00	41.73	52.68	50.00	100.00	43.75	50.00	51.81
2007	43.75	50.00	50.00	55.00	55.00	52.68	50.00	120.00	43.75	75.00	59.52
2008	75.00	65.00	50.00	75.00	80.00	63.21	100.00	130.00	61.67	75.00	77.49
2009	75.00	65.00	50.00	75.00	93.85	68.93	100.00	120.00	61.67	75.00	78.45
2010	75.00	75.00	60.00	90.00	93.85	68.93	125.00	130.00	71.67	100.00	88.95
2011	80.00	75.00	68.75	100.00	93.85	70.00	166.67	180.00	85.00	100.00	101.93
2012	90.00	75.00	80.00	200.00	100.00	70.36	191.61	200.00	110.00	100.00	121.70
2013	90.00	75.00	100.00	146.25	100.00	100.00	225.00	200.00	135.00	100.00	127.13
2014	90.00	75.00	100.00	175.00	100.00	100.00	220.83	200.00	166.67	100.00	132.75
2015	125.00	75.00	100.00	175.00	100.00	100.00	266.67	200.00	166.67	100.00	140.83

* : These estimates are of the month of November of the respective year

Source: Pakistan Bureau of Statistics

CHAPTER 12

Population, Labour Force and Employment

Population size, growth, and structure affects the development goals and objectives that are on top of national development agenda. In economic terms a rapid increase in population growth creates pressure on resources, employment opportunities, income distribution, poverty and social protection projects.

The demographic transition provides a window of opportunity for rising economic growth and prosperity. Pakistan continues to be the sixth most populated country in the world with an estimated population of 195.4 million. The population growth rate is 1.89 which is higher as compared to neighbouring countries like India, Iran and Bangladesh. The major cause behind higher growth rate is high fertility rate. The government is well aware of this and trying to tackle this issue of high population growth rate through introducing different programmes like Family Welfare Centers (FWC), Reproductive Health Services Centers (RHS-A), Regional Training Institutes and Mobile Services Unit. It is worth mentioning that female education has a significant effect on fertility. Women having higher education have a fewer children as compared to women with less education.

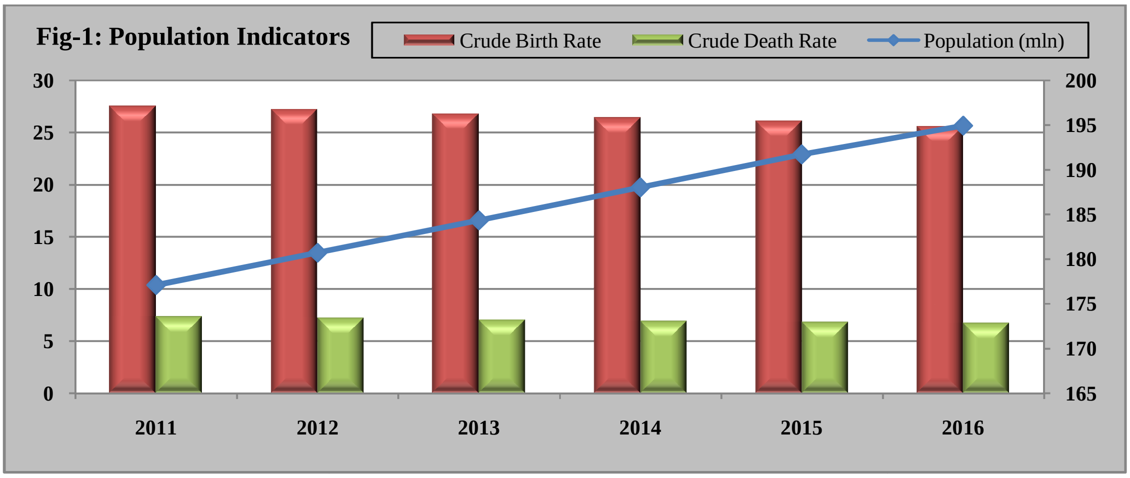
Pakistan has been blessed with unprecedented youth human resources. This young population has tremendous energy and talent and present government is making sincere efforts to provide them proper avenues for the positive utilization of their energies. In this regard the government has launched a number of youth investment schemes such as Business Loans, Interest Free Loans, Youth Skill Development schemes and Youth Training Programme to enhance their skills, and abilities. Involvement of the youth in these schemes would bring quicker and better results and spirited young persons would play a pivotal role in the socio-economic reconstruction of the society.

Demography is the study of the growth, change and structure of human population. Major demographic indicators are changes in the size, structure and population growth. Changes in size and structure of population are due to changes in birth rate, death rate and net migration. Demographic statistics of a country play an important role for drafting the plans and frame work of economic policies. Table 12.1 shows the selected demographic indicators of Pakistan.

Table 12.1: Selected Demographic Indicators

	2014	2015	2016
Total Population (Million)	188.02	191.71	195.4
Urban Population (Million)	72.50	75.19	77.93
Rural Population (Million)	115.52	116.52	117.48
Total Fertility Rate (TFR)	3.2	3.2	3.1
Crude Birth Rate (Per thousand)	26.4	26.1	25.6
Crude Death Rate (Per thousand)	6.90	6.80	6.70
Population Growth Rate (Percent)	1.95	1.92	1.89
Life Expectancy (Year)			
- Females	66.9	67.3	67.7
- Males	64.9	65.2	65.5

Source: Ministry of Planning, Development and Reforms (Population Projections For the Year 2007-2030)



Crude Rates

Crude birth rate (CBR) and crude death rate (CDR) are important demographic indicators which are used to measure the growth and decline of the population. These indicators have a strong affect on public policy and plans for education and health systems. In Pakistan CBR has been marginally improved from 26.4 per thousands in 2014 to 25.6 per thousand in 2016 while the crude death rate has declined from 6.90 per thousand in 2014 to 6.70 per thousand in 2016. This improvement is due to the better health facilities.

Population Growth

Population growth and development are interlinked with each other. Economic development produces resources in the country that can be used to improve education and health. These improvements, along with associated social changes, reduce both fertility and mortality rates. On the other hand, high population growth creates hurdle for bringing improvements in education and health. A persistent improvement in health and education indicators along with effective population welfare programmes, Pakistan has been able to witness decline in population growth rate to 1.89 in 2016 as compared to 1.92 in 2015 and 1.95 in 2014.

Life Expectancy

Life expectancy is an important indicator that is often used to measure the health of population. It measures quantity rather than quality of life and therefore, reflects the overall trend in mortality of population. Average life of individuals increases due to healthcare improvements like the introduction of vaccines, the development of drugs or positive behavior changes like the reduction in smoking, improvement in nutrition, hygiene and medical care. In Pakistan, average life for both male and female has improved on account of governments' efforts to handle health issues effectively. The average life expectancy of males has increased from 64.9 year in 2014 to 65.2 in 2015 and reached to 65.5 years in 2016 whereas female's life expectancy rate also improved from 66.9 years in 2014 to 67.3 in 2015 and reached to 67.7 years in 2016.

Mortality Rate

The Maternal Mortality Ratio (MMR) and Infant Mortality Rate (IMR) of a country demonstrate its health and development status. Information on mortality is needed to determine this status and therefore, helps in making policies, programmes and research strategies for improvement in mortality. The ratio of maternal mortality has a great disparity between developing and developed countries. Maternal mortality is a public health concern which needs to be highlighted. There are many factors contributing to maternal mortality. Poverty is the most significant determinant that prevents females from receiving education, having nutritious foods and accessing reproductive healthcare services. Reducing inequity and promoting female education are among the key strategies to reduce maternal and infant mortality. Table 12.2 shows the mortality rates during last four years.

Table 12.2: Mortality Rate

	2012	2013	2014	2015
Maternal mortality	197	190	184	178
Infant mortality	71	69	67	66
Child mortality rate	88	86	83	81

Source: World Bank Indicators

It is quite encouraging that in Pakistan maternal mortality rate has improved from 197/100,000 in 2012 to 178/100,000 in 2015 due to improved health care system which includes establishment of Basic Health Units (BHUs), Rural Health Centers (RHCs) and the increased proportion of births attended by Skilled Birth Attendants. It is important to mention here that the available reproductive healthcare services are free of charge.

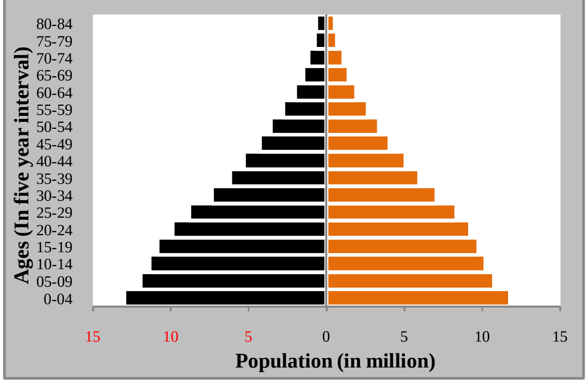
The decline in children mortality rate is slow as compared to neighbouring countries and further efforts are needed to reduce infants and children deaths. Due to continuous improvement in health facilities and expansion of vaccination programme regarding mortal infections for new born child and children and promotion of these programmes with mass media campaign contributed appreciably in controlling infant and child mortality. As a result, it is decreasing continuously as infant mortality rate declined from 71 per thousand infants in 2012 to 66 per thousand infants in 2015 while the child mortality rate has decreased from 88 per thousand children in 2012 to 81 per thousand children in 2015 as shown in the Table 12.2 given above.

Age Composition

The age composition of population has significant implications for the current and future development of a country and it determines the potential for future growth of specific age groups. Therefore, the most important demographic characteristic of a population is its age structure or the proportion of people at each age, by sex. Population is traditionally divided into three broad age groups: children (0-14 years), adults (15-60 years) and old (more than 60 years). Population of the old and children put together constitutes the dependent population. When the number of dependent population increases, the dependency ratio goes up. As a result, the country has to invest more on the growth and development of children and welfare of the old people.

In Pakistan 60.4 percent of population is between the ages of 15 to 64 years. This is the most important and dominant segment of population as it is working age group, and can play very important role in the economic growth and development of the country if proper education, and vocational training is provided to this group. Therefore, this demographic transition may become an opportunity for economic dividend through effective policies and strategies. The dependent population of children under the age of 15 years is 35.4 percent whereas 4.2 percent people are above 65 years. This dependent group needs special care in terms of play grounds and schools for children and medical care facilities for old age people.

Fig-2 : Pyramid: Age, Sex composition of Pakistan, 2016



Government's initiatives and Strategies

PSDP allocations for Population Welfare Programme

a) The Population Welfare Programme was transferred to the provinces in 2010 after 18th Constitutional Amendment and PSDP funding were made till June 2015 as per approved projects. During current financial year FY2016, federal government has allocated Rs. 5.62 billion for the support of the provincial Population Welfare Programmes including AJK, GB and

FATA. The detail of PSDP allocation for 2015-16 is given below in the Table 12.3.

Table 12.3: PSDP Allocation for Population Welfare Projects (Rs. in million)

S. No.	Name of Project	Approved Cost (Rs)	Estimated Expenditure up-to 30th June, 2015	Allocation for 2015-16	Releases up-to March 2016
	1	2	4	3	5
1	Population Welfare Programme-Punjab (2010-15)	19628.278	12,220.171	2,421.750	1,695.225
2	Population Welfare Programme Sindh (2010-15)	13336.043	7,275.945	1,387.750	971.425
3	Population Welfare Programme Khyber Pakhtunkhwa (2010-15)	6233.959	4,671.913	854.75	598.325
4	Population Welfare Programme Balochistan (2010-15)	5425.792	5,056.070	535.75	375.025
5	Population Welfare Programme AJK (2010-15)	1245.300	736.509	223.356	156.348
6	Population Welfare Programme Gilgit-Baltistan (2010-15)	663.103	411.941	118.722	83.104
7	Population Welfare Programme FATA (2010-15)	997.254	285.221	78.841	55.188
	Grand total:	**47,529.729**	**30,657.77**	**5,620.92**	**3,934.640**

Source: Ministry of Planning, Development and Reforms, Islamabad and Ministry of National Health Services, Regulation and Coordination, Islamabad.

Physical Targets and Goals

The Population Welfare Programme (PWP) envisages establishing service delivery outlets during the 11th Five Year Plan, which are enlisted in the Table 12.4 below.

Table 12.4: Physical and Contraceptive User Targets and Goals

Name of the Unit	2013-14 (Achievements)	2014-15 (Achievements)	2015-16 (Target)
Family Welfare Centre	2891	3,000	3,200
Reproductive Health-A centre	207	230	250
Mobile Service Units	292	325	350
Contraceptive Users(Million)	8	12	13
RHS-B Centres	133	200	225
Registered Medical Practitioners (RMPs)	9297	25,000	27,000
Hakeems and Homeopaths	8071	15,000	16,000

Source: Ministry of Planning, Development and Reforms

International Commitments

There is a great challenge to honor the commitments made by the Government of Pakistan at various international forums like meeting the targets of London Family Planning Summit (FP-2020) which was held in July 2012 and Sustainable Development Goals (SDGs). The major commitments made under these programs relating to population issues are:

i. Family Planning Policy (FP)-2020

- Raising Contraceptive Prevalence Rate (CPR) from 35 percent to 55 percent by 2020.
- The federal government will provide the amount for the contraceptive requirement as US $186 million over the period 2013 to 2020.
- Contraceptive services will be included in the essential service package of provinces. Supply

chain management, training and communication campaigns will be strengthened.

- Family planning will be a priority for LHWs, who cover 70 percent of rural areas.

ii. Sustainable Development Goals (SDGs)

- Bringing Maternal Mortality Rate down from 178 to 70 per 100,000 live births by 2030
- Bringing Infant mortality rate of new born from 66 to 12 per 1000 live births by 2030
- Bringing child mortality rate of under-five from 81 to 25 per 1000 live births by 2030
- By 2030, ensure universal access to sexual and reproductive health-care services, including family planning, information and education, and the integration of reproductive health into national strategies and programs.
- Ensure universal access to sexual and reproductive health and reproductive rights

These commitments/ targets are not easy to meet. Constant and aggressive efforts are required by the federal, provincial and district governments as well as by private sector, NGOs and civil society to meet these commitments.

Population Summit 2015

A major initiative has been taken by the present government by conducting First Population Summit which was held on 5th-6th November 2015 in Islamabad. The President of Pakistan presided over the Summit and attended by the representatives of all major political parties, federal & provincial population stakeholders, development partners, top religious leaders, intellectuals including foreign delegates from USA, Europe and other Asian countries. The summit heralded the government's announcement of population welfare in general and addressing population growth issues in particular as a high priority. This summit highlighted the challenges of population growth and stressed upon the need of a comprehensive policy after consultation with all stakeholders.

Women Empowerment

Gender equality is not only a fundamental human right, but a necessary foundation for peaceful, prosperous and sustainable world. Providing women and girls with equal access to education, health care, decent work, and representation in political and economic decision-making processes can fuel sustainable economies and benefit societies and humanity at large.

Pakistan is the signatory to the Convention on the Elimination of Discrimination against Women, as well as the Millennium Development Goals (MDGs) and the Sustainable Development Goals (SDGs) that have commitments on improving women's socio-economic conditions in the country and promote gender equality. The National Plan of Action and National Policy for Development and Women's Empowerment are consistent with international gender commitments. Legislation against gender-based violence has improved in Pakistan between 2000 and 2016.The government is committed to facilitate the women so that they can play a positive role in the development of the country and special initiatives have been taken to ensure the women empowerment. Some of the initiatives are given as under:

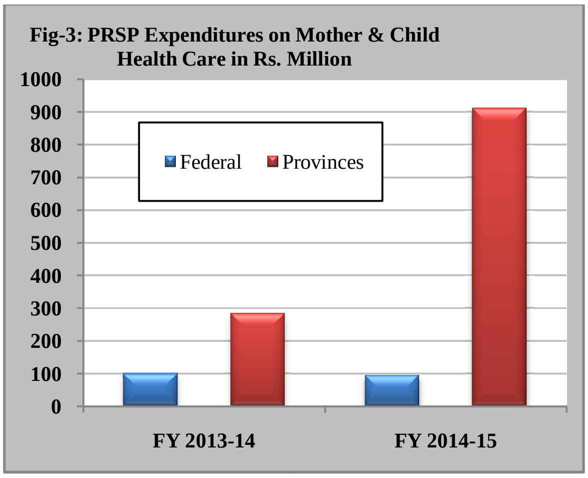
- The government has launched the Youth Business Loan Scheme, with 50 percent of loans reserved for female. Women will be trained in vocational skills through the Prime Minister's Youth Skill Development Scheme. The government has allocated Rs. 800 million for this scheme.
- The Punjab government has announced special budget allocations for the women's empowerment package in the provincial budget.
- Under the Sindh Government's Landless Haris Project, of the total beneficiaries, 70.6 percent of land titles were given to women farmers.
- The government has established a 10 percent quota for women's employment in civil service, while the Punjab Government (under the Punjab Fair Representation of Women Act 2014) has mandated that women make up 33 percent of representatives on all boards of

statutory organizations, public sector companies, and special committees.

- Women's Ombudsperson offices have been established at the federal and provincial level to ensure implementation of the protection against harassment.
- An amount of Rs 2.7 billion has been proposed for women empowerment and their socio-economic development for the 11th Five Year Plan.
- Access to education for girls has improved. As a result the GPI at secondary level has increased from 0.84 percent in 2013-14 to 0.87 percent in 2014-15 and youth literacy has been improved from 0.80 percent to 0.82 percent during the same period.

In addition, the government is also committed to provide parity for genders in education and health expenditure. Furthermore, the government has also started the national women-focused cash transfer scheme and Benazir Income Support Programme (BISP) which facilitates women by providing a monthly cash transfer to the woman head of the household.

Special health facilities and services are made available for Maternal, New-born and Child health, which are thought to pre-dominantly impact women's welfare. Population welfare expenditure is also thought to be primarily impacting women as it reduces maternal health dangers.



The PRSP expenditures under the category of Mother and Child Health care have become a provincial subject. It is encouraging to note that a substantial increase of 220 percent in provincial expenditures on Mother and Child Health Care was reported during 2014-15. This noticeable surge in expenditures made under this sector shows the sincere efforts made by provincial governments to improve the facilities provided to women and children. Table 12.5 presents the detail of expenditures made under population planning program.

Table 12.5: Expenditures made under Population Planning in (Rs. million)

	FY 14	FY 15	Percentage Change
Punjab	3230	4328	34.0
Sindh	4447	5602	26.0
KP	1078	413	-61.7
Balochistan	3854	3600	-6.6
Total	**12609**	**13943**	**10.6**

Source: PRSP Secretariat, Finance Division.

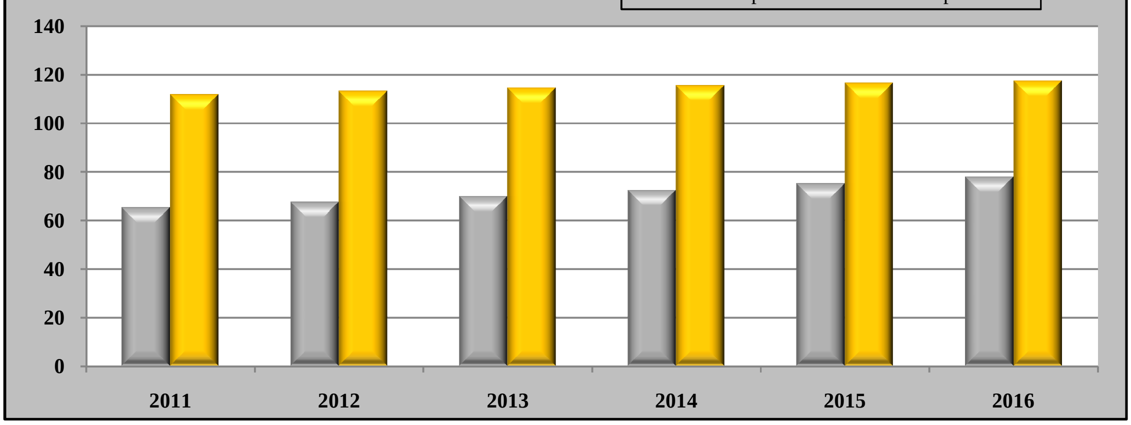
An increase in expenditure under population planning is observed in Punjab, and Sindh. On the other hand, declining trends are recorded in KPK and Baluchistan. The overall expenditures however, increased by 10.6 percent from Rs. 12609 million in 2013-14 to Rs 13943 million in 2014-15.

Urbanization

Urbanization is a global phenomenon and describes the growth and expansion of cities and suburbs and the transformation of surrounding rural areas. Urbanization is necessary to sustain growth in developing countries and is an important part of nurturing growth. In developing countries, urbanization occurs as a result of more work opportunities and better living standards in cities as compared to rural areas. However; the process of urbanization is accompanied with social, health and environmental issues and, therefore, requires proper planning to make the urbanization helpful in the economic development of the country.

Pakistan is one of those developing countries where urbanization is taking place rapidly and as a result the share of urban population is increasing significantly. The population in rural areas decreased from 61.4 percent in 2014 to 60.1 percent in 2016, whereas, the population in urban areas increased from 38.5 percent in 2014 to 40.0 percent in 2016. Cities are important drivers of development and poverty reduction, and hub of major economic activities. In Pakistan, migration generally takes place for economic reasons and movement from rural to urban areas is causing higher population growth rate in the latter.

Fig-4: Urban and Rural Population (Million)



Labour Force Participation Rate

The labour force participation rate indicates the supply of labour in the economy and the proportion of people in the labour force of the country. It also shows the working capacity of labours and job market trends. In addition this indicator is helpful in assessing the labour market behavior for different segments of population, especially for youth. In Pakistan labour force participation rate is estimated on the basis of Crude Activity Rate (CAR) and the Refined Activity Rate (RAR). As is evident from Table12.6 that labour force participation rate has slightly decreased from 32.9 percent in 2012-13 to 32.3 percent in 2014-15. Female labour force participation rate increased from 15.6 percent in 2012-13 to 15.8 percent in 2014-15 and the Male labour force participation rate decreased from 49.3 percent in 2012-13 to 48.1 percent in 2014-15. Women in the workforce can be a major driver of the economic growth. This increasing participation of women in paid work shows the sincere and committed efforts by the government to reduce the gender gap in labour force participation rate. It also shows that women are getting better opportunities of obtaining technical and professional education and therefore getting more jobs.

Comparison of rural and urban participation rates reveals that labour force participation rate is higher in rural areas as compared to urban areas because of agrarian economy. As agriculture is treated as a family occupation in rural areas, therefore, the female labour force participation in rural areas is higher as compared to urban areas.

Table-12.6: Crude and Refined Participation Rates (%)

Indicators	2012-13	2013-14	2014-15		Indicators	2012-13	2013-14	2014-15
Crude Activity (Participation) Rates (%)					Refined Activity (Participation) Rates (%)			
Pakistan					Pakistan			
Total	32.9	32.3	32.3		Total	45.7	45.5	45.2
Male	49.3	48.0	48.1		Male	68.9	68.1	67.8
Female	15.6	15.8	15.8		Female	21.5	22.2	22.0

Table-12.6: Crude and Refined Participation Rates (%)

Indicators	2012-13	2013-14	2014-15		Indicators	2012-13	2013-14	2014-15
Crude Activity (Participation) Rates (%)					Refined Activity (Participation) Rates (%)			
Pakistan					Pakistan			
Rural					**Rural**			
Total	34.2	33.8	34.0		Total	49.0	49.2	49.0
Male	48.5	47.2	47.4		Male	70.3	69.4	69.0
Female	19.3	20.0	20.2		Female	27.3	28.9	28.8
Urban					**Urban**			
Total	30.2	29.4	29.0		Total	39.7	39.0	38.7
Male	50.7	49.7	49.4		Male	66.4	66.0	65.7
Female	8.2	7.7	7.5		Female	10.8	10.2	10.0

Source: Pakistan Bureau of Statistics (Pakistan Labour Force Survey 2014-15)

Age Specific Labour Force Participation Rate

Labour force participation rates for males and females by age group are very important and helpful. It is important that children between the age group of 10-14 are also participating in the labour market, but this participation rate has decreased from 11.4 percent in 2012-13 to 9.6 percent in 2014-15. Labour force participation rate of 15 to 19 age groups has decreased from 35.8 percent in 2012-13 to 33.5 percent in 2014-15. In the age group of 20-24 the labour force participation rate has also decreased from 53.1 percent to 52.6 percent in the same period. The reduction in the labour force participation rate in early age groups reflects that the education opportunities are increasing. While labour force activity among older workers (55 to 59 years) has increased from 62.5 percent in 2012-13 to 63.8 percent in 2014-15. Labour force participation is generally lower in females than males in each age category. Male labour force participation rate is touching to 100 percent in some age groups, whereas, female Labour force participation rate is still lower than 32 percent in all groups. Sincere and committed efforts from government in terms of creating more opportunities for female can enhance female participation rate in economic activity. This reality is evident from developed economies where the profile of female participation is increasingly becoming similar to that of men and the rates are also approaching to male levels.

Table-12.7: Age Specific Labour Force Participation Rate (%)

Age Groups	2012-13 Total	2012-13 Male	2012-13 Female	2013-14 Total	2013-14 Male	2013-14 Female	2014-15 Total	2014-15 Male	2014-15 Female
10-14	11.4	14.5	8.0	10.6	12.6	8.4	9.6	11.2	7.7
15-19	35.8	51.2	18.2	35.3	49.7	19.2	33.5	47.6	18.0
20-24	53.1	82.4	24.4	52.3	81.7	25.1	52.6	82.3	25.7
25-29	57.8	95.7	25.1	58.1	95.9	26.1	58.6	96.7	26.6
30-34	60.2	98.0	27.1	60.4	98.1	27.2	60.1	98.1	27.8
35-39	62.5	98.7	28.5	62.4	98.1	29.5	62.6	98.2	29.0
40-44	63.5	98.2	29.0	63.8	98.0	30.8	64.4	98.4	29.9
45-49	64.0	97.5	29.3	64.9	97.8	29.0	65.9	97.8	31.9
50-54	64.7	96.4	28.9	64.9	96.2	29.9	65.3	96.6	29.2
55-59	62.5	92.6	26.6	62.5	92.8	27.5	63.8	93.8	27.3
60+	35.7	52.4	13.6	35.8	53.4	12.8	36.4	55.2	12.0

Source: Pakistan Bureau of Statistics (Pakistan Labour Force Survey 2014-15)

Employment by Sectors

Agriculture sector plays a vital role in the development of the economy as it has a major contribution in the GDP of our country. It is also the main source of employment and 42 percent of labour force is engaged directly or indirectly with agriculture. At the same time this sector is the key source of supply of raw material to the other sectors of the economy especially industrial sector. With the development of technology transformation, the labour is being replaced by machines, thus limiting working opportunities in agricultural sector and this coupled with natural calamities in the form of droughts and floods have led reduction in the income levels and decline in its employment. The share of employment in agriculture is shifted to industry and services sector. The share of employment in agriculture has decreased from 43.7 percent in 2012-13 to 42.3 percent in 2014-15 and in industry sector this ratio has marginally increased from 22.4 percent in 2012-13 to 22.6 percent in 2014-15.The services sector is the largest growing sector of the economy and the share of employment in services sector is increasing as compared to other sectors. The employment ratio has increased from 33.9 percent from 2012-13 to 35.1 percent in 2014-15 as this sector provide jobs which are diverse in nature such as unskilled, semi-skilled, skilled and high skilled which includes doctors, engineers, advocates, builders and financial consultants .

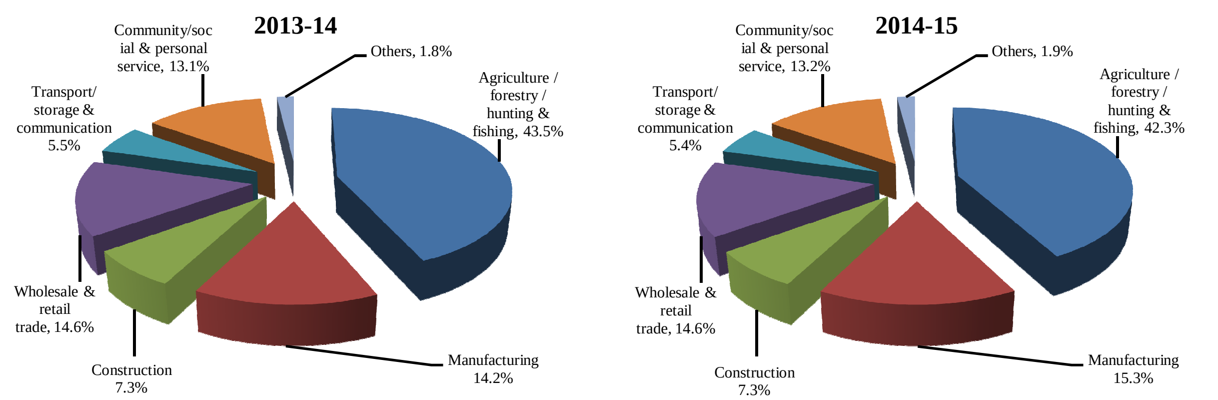
The manufacturing sector is considered to be one of the major source of the economic growth and development. The expansion of this sector can generate millions of jobs for unskilled, semi skilled and skilled workforce. Further, this sector can also play an important role in generating income in formal and informal sector. The share of employment in manufacturing sector has increased from 14.1 percent in 2012-13 to 15.3 percent in 2014-15.This increase shows that job opportunities are being created in the country and it is also the indication of economic development. The wholesale and retail trade sector has shown the positive growth as number of employed people in this sector are also increasing. In 2014-15 it absorbed 14.6 percent of total labour force. The employment level in Transport/storage & Communication and Community / social & personal service sectors remained the same during the period given in the table. These sectors employ 13.2 percent and 5.4 percent workforce, respectively in 2014-15.

Table-12.8: Employment Shares by Sectors (%)

Major Sectors.	2012-13			2013-14			2014-15		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Agriculture/ forestry/ hunting & fishing	43.7	34.5	75.7	43.5	34.2	74.0	42.3	33.1	72.7
Manufacturing	14.1	15.0	10.7	14.2	14.7	12.3	15.3	15.7	14.1
Construction	7.4	9.5	0.2	7.3	9.5	0.3	7.3	9.5	0.2
Wholesale & retail trade	14.4	18.1	1.5	14.6	18.5	1.6	14.6	18.7	1.4
Transport/ storage & communication	5.5	7.0	0.2	5.5	7.1	0.2	5.4	7.0	0.1
Community/social & personal service	13.3	13.9	11.5	13.1	13.7	11.5	13.2	13.7	11.3
*Others	1.6	2.0	0.2	1.8	2.3	0.1	1.9	2.3	0.2

Source: Pakistan Bureau of Statistics (Pakistan Labour Force Survey 2014-15).
*: Others(includes mining &quarrying, electricity, gas, financing, insurance ,real estate &business services and extra territorial organizations and bodies)

Fig-5: Distribution of Employed Persons by Major Industries



Formal and Informal Sector

The informal sector plays an important role in developing countries like Pakistan. This sector can be categorized as self employed workers and wage workers, doing different jobs from traders to small producers. The huge informal sector exists side by side with formal sector in Pakistan and almost 72.6 percent non agricultural labour force is earning its livelihood through this sector. The informal sector is more or less evenly distributed in rural and urban areas. The importance of the informal sector can be measured by its contribution to national income and employment and its contribution to financial credit as compared to that of the formal sector. The growth rate of workers in the formal sector (3.78 percent) is higher as compared to informal sector growth rate (-1.35percent). As is shown in Table 12.9, the workers in formal sector have increased from 26.4 percent in 2012-13 to 27.4 percent in 2014-15. The increase in formal sector is due to highly paid wages. On the other hand in the informal sector the share of workers have decreased from 73.6 percent in 2012-13 to 72.6 percent in 2014-15 due to the reasons that people are getting better wages in the formal sector.

The details of workforce employed in urban and rural formal and informal sectors for both male and female groups is given in the Table 12.9.The employment ratio in rural informal sector has decreased from 77.4 percent in 2012-13 to 76.1percent in 2014-15 while male workers ratio in formal sector has increased from 22.6 percent to 24.3 percent in the same period. In the informal sector the share of female workers is higher as compared to male workers in rural areas. The increasing female participation is an indication of higher contribution of women in the rural areas. However, in the informal sector of urban areas male employment ratio is slightly better as compared to female employment ratio. The ratio of workers in formal sector of urban areas has increased from 30.1 percent in 2012-13 to 30.8 percent in 2014-15.

Table-12.9: Formal and Informal Sector-Distribution of Non-Agriculture Workers (%)

Sector	2012-13			2013-14			2014-15		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
- Formal	26.4	26.2	28.3	26.4	26.3	27.0	27.4	27.5	26.5
- Informal	73.6	73.8	71.7	73.6	73.7	73.0	72.6	72.5	73.5
Rural	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
- Formal	22.6	22.6	21.8	23.3	23.6	21.2	23.9	24.3	22.0
- Informal	77.4	77.4	78.2	76.7	76.4	78.8	76.1	75.7	78.0
Urban	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
- Formal	30.1	29.6	34.9	29.4	28.9	32.9	30.8	30.7	31.5
- Informal	69.9	70.4	65.1	70.6	71.1	67.1	69.2	69.3	68.5

Source: Pakistan Bureau of Statistics (Pakistan Labour Force Survey 2014-15)

Employment

Employment is the key mechanism through which the benefits of the growth can be distributed to the poor segment of the society. Access to decent work is thereby vital in the process towards reduction in poverty and income inequality. Provision of employment opportunities depends upon available resources, technological base, advancement, and institutional strategies. Similarly, human resource, skills, and technical competency determine the outcome of employment which contributes in achieving sustained economic growth.

Table 12.10: Civilian Labour Force, Employed and Unemployed in Pakistan. (Million)

Year	2012-13	2013-14	2014-15
Labour Force	59.74	60.10	61.04
Employed	56.01	56.52	57.42
Unemployed	3.73	3.58	3.62

Source: Pakistan Bureau of Statistics (Pakistan Labour Force Survey 2014-15)

Pakistan is the 10th largest country[1] in the world according to the size of the labour force. Table 12.10 gives the detail of labour force and employment status in Pakistan during 2012-2014. The labour force Statistics which is an important input for policy and planning purposes shows that the total labour force has increased from 59.7 million in 2012-13 to 61.0 million in 2014-15. It also shows that more than1.3 million people joined the labour force during this period. On the other side, the number of employed people increased from 56.0 million to 57.4 million during this period. This shows that 1.4 million people got job. Unemployed persons decreased from 3.73 million to 3.62 million during the same period.

Table-12.10: Unemployment rate by area

Years	Unemployed labour force (millions)			Percentages		
	Total	Rural	Urban	Total	Rural	Urban
2012-13	3.73	2.09	1.64	6.2	5.1	8.8
2013-14	3.58	2.06	1.52	6.0	5.0	8.0
2014-15	3.62	2.10	1.52	5.9	5.0	8.0

Source: Pakistan Bureau of Statistics (Pakistan Labour Force Survey 2014-15)

The overall unemployment rate has decreased from 6.2 percent in 2012-13 to 5.9 percent in 2014-15. In rural areas unemployment rate marginally decreased from 5.1 percent to 5.0 percent during the same period, where as in urban areas it decreased significantly from 8.8 percent in 2012-13 to 8.0 percent in 2014-15. Urban-rural comparison shows that in urban areas the unemployment rate is higher as compared to rural areas. This high rate of unemployment is mainly due to two reasons; first is rural urban migration which is due to increasing urban population whereas job opportunities are not increasing accordingly. Secondly the industrial development has not yet reached to the position to absorb high level of working population.

Fig-6: Unemployment Rate by Area

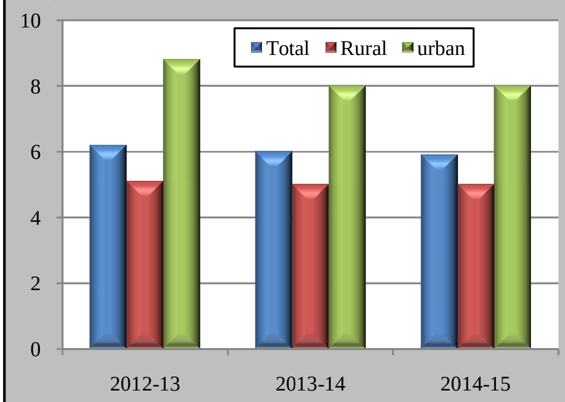


Table-12.11: Unemployed- Pakistan and Provinces (Millions)

Province/Area	2012-13			2013-14			2014-15		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Pakistan	**3.73**	**2.49**	**1.24**	**3.58**	**2.32**	**1.26**	**3.62**	**2.31**	**1.31**
Rural	2.09	1.32	0.77	2.06	1.27	0.79	2.10	1.28	0.82
Urban	1.64	1.17	0.47	1.52	1.05	0.47	1.52	1.03	0.49
KP	**0.58**	**0.37**	**0.21**	**0.54**	**0.34**	**0.20**	**0.51**	**0.31**	**0.20**
Rural	0.44	0.28	0.16	0.40	0.25	0.15	0.39	0.23	0.16
Urban	0.14	0.09	0.05	0.14	0.09	0.05	0.12	0.08	0.04
Punjab	**2.28**	**1.47**	**0.81**	**2.35**	**1.47**	**0.88**	**2.32**	**1.49**	**0.83**
Rural	1.38	0.87	0.51	1.41	0.84	0.56	1.43	0.89	0.54
Urban	0.90	0.60	0.30	0.94	0.62	0.32	0.89	0.60	0.29
Sindh	**0.77**	**0.57**	**0.20**	**0.58**	**0.42**	**0.16**	**0.66**	**0.43**	**0.23**
Rural	0.21	0.12	0.09	0.18	0.11	0.07	0.2	0.11	0.09
Urban	0.56	0.45	0.11	0.40	0.31	0.09	0.46	0.32	0.14
Balochistan	**0.10**	**0.08**	**0.02**	**0.11**	**0.09**	**0.02**	**0.13**	**0.08**	**0.05**
Rural	0.06	0.05	0.01	0.07	0.06	0.01	0.08	0.05	0.03
Urban	**0.04**	**0.03**	**0.01**	**0.04**	**0.03**	**0.01**	**0.05**	**0.03**	**0.02**

Source: Pakistan Bureau of Statistics (Pakistan labour force survey 2014-15)

[1] (CIA Fact Sheet)

Provinces differ in size of population, development path and security situation. The labour market statistics shows that the number of unemployed persons increased in Punjab from 2.28 million in 2012-13 to 2.32 million in 2014-15. The apparent reason of high number of unemployed in Punjab is highest population among provinces. In case of Balochistan the unemployed persons increased from 0.10 million in 2012-13 to 0.13 million in 2014-15 -an increase of almost 0.03 million people as compared to 2012-13.The main reason of increasing unemployment is the lack of availability of proper infrastructure, law and order situation. In case of KPK the number of unemployed people decreased from 0.58 million in 2012-13 to 0.51 million in 2014-15 and in Sindh unemployed persons decreased from 0.77 million to 0.66 million in the same period.

Government's Initiatives for Youth

Prime Minister of Pakistan has launched a Youth Development Program in September 2013 with the aim to provide various opportunities to the youth including skilled education, trainings, employment and scholarships so that they could contribute positively in their fields. Under this program, six schemes have been announced which included Youth Business Loans, Youth Skill Development, Interest Free Loans, Fee Assistance, Youth Training and PM's Scheme for Laptops Provision. The detail of employment generation schemes is given below:

a) **Prime Minister's Youth Business Loans Scheme:** This scheme was started for the promotion of youth entrepreneurship and eradication of unemployment. The scheme offers loans at subsidized mark-up rates. In the year 2015-16, the mark-up rate for borrower is being lowered from 8 percent to 6 percent a reduction of 2 percent. A positive and encouraging advancement in this scheme is that after the start of this scheme by National Bank of Pakistan and First Women Bank Limited, seven other private banks have also joined this Programme. Approximately, 16000 loans have been approved and an amount of Rs.7102.49 million has been disbursed so far.

b) Prime Minister's Youth Skills Development Program: This program is aimed to promote capacity building and offering employment to unemployed educated youth through training in 100 demand-driven trades across the country. In Phase-I total number of 24,831 trainees were equipped with hands-on skills through this program during 2014-15 and 20,984 skilled individuals benefited from the phase-II during Aug, 2015 to Feb, 2016. This skilled labour force is now contributing the local and international markets for socio-economic growth of the country.

c) **Prime Minister's Interest Free Loan Scheme:** Under this scheme, interest free loans of Rs.50,000 average size are being made available to both men and women from households with a score of up-to 40 on the Poverty Score Card (PSC) and with little or no access to banks or micro credit institutions. An amount of Rs.3147.3 million has been disbursed among 1,49,763 households till March, 2106.

d) **Prime Minister's Fee Reimbursement Scheme for Students of Less Developed Areas:** Through this scheme, federal government pays tuition fee for all students registered in Masters and Ph.D programs in HEC-approved public sector educational institutions who have domicile of less developed areas. A sum of Rs. 5.0 billion has been released for this scheme since its inception in 2012. HEC has successfully paid around Rs3.90 billion to 134,926 deserving students from less developed areas.

e) **Prime Minister's Youth Training Program:** Under this scheme, young individuals with 16 years of education from recognized institutions will be provided on job training/internships in private and public sector offices. During 2015-16, the government is placing 50,000 interns in different public and private organizations, who will be paid stipend of Rs.12000/per month for a period of one year.

f) **Prime Minister's Scheme for Provision of Laptops to Talented Students:** Under this scheme, laptops are procured through open competitive bidding under PPRA rules and under the vigilance of Transparency International Pakistan, which are then delivered to public sector universities/ institutions across Pakistan and AJK. HEC has distributed 100,000 laptops during phase – I and 50,000 laptops will be distributed during phase- II.

Export of Manpower

Migration is a global phenomenon and has a strong impact on economic and political environment of the world. It can be constructive for the development of a country if supported with the right policies. Migrant people help country's labour force; encourage investment, support growth and remittances.

Pakistan continued to be an attractive labour market for the manpower importing countries and has a great potential to export high quality human resources i.e. well qualified, highly skilled, skilled and un-skilled workers as well as professionals and experts in different fields. The present government has focused on the emigration as an immediate measure to address the decent working condition for working class and to up lift the living conditions for them. The emigration trends before 1970's were primarily directed towards UK followed by Europe, USA and Canada. However, being a pro-emigration country, Pakistan is providing manpower to various trades and professions to different countries of the world, particularly, the Middle East and Gulf region.

The vision of Ministry of Overseas Pakistanis & Human Resource Development is to provide better services to the Overseas Pakistanis, protecting their investments, securing emigration of right worker for the right job, promoting worker's welfare by adopting workers friendly policies, social protection and decent working conditions. Since 1971 till December 2015 around 8.77 million Pakistanis were proceeded abroad for employment through the Bureau of Emigration. Out of this total manpower exports, about 96 percent have proceeded only to Gulf Cooperation Council (GCC) countries, 1 percent to European countries and 3 percent in other countries for employment during the same period.

Table-12.12: Number of Pakistani Workers Registered

S.No.	Countries	2011	2012	2013	2014	2015
1	UAE	156353	182630	273234	350522	326986
2	Bahrain	10641	10530	9600	9226	9029
3	Malaysia	2092	1309	2031	20577	20216
4	Oman	53525	69407	47794	39793	47788
5	Qatar	5121	7320	8119	10042	12741
6	Saudi Arabia	222247	358560	270502	312489	522750
7	UK	308	183	158	250	260

Source: Bureau of Emigration and Overseas Employment

Manpower export has increased from 0.456 million in 2011 to 0.946 million in 2015. Saudi Arabia has become the largest market for Pakistani workers in the world and more than 1.6 million Pakistanis proceeded to Saudi Arabia from 2011 to 2015 for employment which accounts about 49.9 percent, while 1.3 million people (38.2 percent) proceeded to UAE for employment during the same period. Oman is the third largest importer of Pakistani manpower and 0.26 million (7.6 percent) job seekers have proceeded to Sultanate of Oman during 2011 to 2015.The Table below shows that illiterate and unskilled workers comprising around half of the total Pakistani migrant workers and only 1.76 percent workers are doing white collar jobs. Among skilled workers, drivers are in the highest number, followed by masons, carpenters and tailors.

The government is considering different proposals to substantially boost foreign remittances and foreign exchange reserves. The Gulf region is to be effectively tapped by exporting the maximum manpower. Inflows from Saudi Arabia are the largest source of remittances during 2015-16. During July-April 2015-16 this amounted to over $4.83 billion and remittances received from the United Arab Emirates (UAE) were $3.54 billion in the same period. Inflows from the UAE registered the largest increase from any major remittance-sending country during the last nine months. Remittances from the GCC countries and the United Kingdom reached at $1.97 billion and $2.02 billion, respectively in July-April 2015-16.

Table-12.13: Profession Wise Pakistani Workers Registered.

Year	Highly Qualified	Highly Skilled	Skilled	Semi skilled	Un skilled	Total
2011	6,974	3,018	171,672	73,247	201,982	456,893
2012	9,298	4,202	261,531	104,240	259,316	638,587
2013	12,057	5,032	263,138	102,963	239,524	622,714
2014	14,647	6,216	287,649	120,204	323,750	752,466
2015	17,484	7,853	397,317	151,636	372,281	946,571
Total	**60,460**	**26,321**	**1,381,307**	**552,290**	**1,396,853**	**3,417,231**

Source: Pakistan Bureau of Emigration and Overseas Employment

The government is expecting good opportunities of manpower export during the events of Expo 2020 in Dubai. Moreover, massive new construction plans in Saudi Arabia will also provide opportunities for Pakistani man power. Like other Gulf States, Qatar stands prominent in offering a number of incentives to Pakistan due to its regional importance. As Qatar is going to host the FIFA 2022 World Cup and allocated a huge budget for this purpose. It will require substantial infrastructural development where Pakistani engineers and labour force can effectively play their role in the development which will not only decrease unemployment rate in the country but will support the remittances.

Table 12.14: Workers Registered for Overseas Employment During the period 2010-2015 Province Wise

YEAR	Federal	Punjab	Sindh	Khyber Paktun-khwa	Baloc-histan	Azad kashmir	N/areas	Tribal Area	Total
2010	1168	189379	31814	98222	3130	22535	458	16198	362904
2011	1790	226917	40171	130119	5262	33133	732	18769	456893
2012	4190	337684	46607	176349	5122	38833	780	29022	638587
2013	7109	326012	55608	150418	9293	40038	1190	33046	622714
2014	8943	383533	89703	167424	7258	52120	2073	41412	752466
2015	9028	478646	116935	220993	7686	64586	2899	45798	946571

Source: Pakistan Bureau of Emigration and Overseas Employment

The comparison among provinces shows that the manpower export is higher from Punjab as compared to other provinces. During 2015 the highest number of workers went abroad for employments were from Punjab 478,646 followed by Khyber Pakhtunkhwa (KPK) 220,993. However, the situation is not encouraging in Sindh and Balochistan as compared to Punjab during this period and requires proper attention in terms of establishment of new Skill Development Centers and other institutes to increase the number of skilled labour force from these provinces.

Conclusion

Pakistan stands at 27th position in terms of GDP[2] (purchasing power parity) of world, whereas in terms of population it is sixth populous country of the world with estimated population growth rate of 1.89 percent. Pakistan has scarce resources and increasing population is putting more pressure on these resources. The government is well aware of this problem and is making sincere efforts to control the population growth rate through various effective measures such as creating awareness among people through education and media campaign. Population welfare programmes and different initiatives to improve health facilities are contributing significantly in controlling population growth rate, fertility rate, infant mortality rate and maternal mortality rate. The structure of existing population of Pakistan shows that the country has 60 percent economically active population or work force. This workforce

[2] **(CIA Fact sheet)**

can be a productive asset of the country if properly trained through skill development programmes. In this regard government has initiated many programmes for their skill development and also explores overseas employment opportunities and is planning to send one million workers to other countries to further support our foreign remittances going forward. The Ministry of Overseas Pakistanis is in process of setting up more protector offices in the country as per need of the people.

POPULATION, LABOUR FORCE AND EMPLOYMENT

TABLE 12.1

POPULATION

Year	Population (mln)	Labour Force Participation Rate(%)	Civilian Labour Force (mln)	Employed Total (mln)	Crude Birth Rate	Crude Death Rate	Infant Mortality Rate	Growth Rate
					(per 1000 persons)			
2000	139.55	28.97	40.38	37.22	-	-	-	2.60
2001	142.76	28.48	41.23	38.00	-	-	-	2.61
2002	146.02	29.61	43.01	39.45	27.03	8.20	85.00	-
2003	149.32	29.61	43.88	40.25	27.30	8.00	83.00	1.90
2004	152.66	30.41	45.95	42.42	27.80	8.70	79.90	-
2005	156.04	30.41	46.82	43.22	-	-	-	-
2006	159.46	32.22	50.50	47.37	26.10	7.10	76.70	-
2007	162.91	31.82	50.78	48.07	25.50	7.90	72.40	1.76
2008	166.41	32.17	52.23	49.52	25.00	7.70	70.20	1.73
2009	169.94	32.81	55.76	52.71	28.40	7.60	73.50	2.08
2010	173.51	32.98	57.22	54.05	28.00	7.40	72.00	2.05
2011	177.10	32.98	58.41	55.17	27.50	7.30	70.50	2.03
2012	180.71	32.83	59.33	55.80	27.20	7.20	69.00	2.00
2013	184.35	32.88	60.35	56.58	26.80	7.00	67.50	1.97
2014	188.02	32.28	60.09	56.52	26.40	6.90	66.10	1.95
2015	191.71	32.30 **	61.04 **	57.42 **	26.10	6.80	64.60	1.92
2016	195.40	-	-	-	25.60	6.70	63.20	1.89

- : Not available
* : Census Years
** : Data taken from Labour Force Survey 2014-15

Sources : Pakistan Bureau of Statistics
Ministry of Planning, Development & Reforms

TABLE 12.2

POPULATION IN RURAL / URBAN AREAS

(Population in Million)

Year	All Areas	Male	Female	Rural areas	Urban areas
2000	139.96	72.65	67.11	93.63	46.13
2001	142.86	74.23	68.63	95.36	47.50
2002	146.02	75.69	70.33	97.76	48.26
2003	149.32	77.38	71.93	99.74	49.57
2004	152.66	79.10	73.57	101.34	51.33
2005	156.04	80.83	75.21	102.12	53.92
2006	159.46	82.57	76.88	103.66	55.80
2007	162.91	84.34	78.57	105.20	57.72
2008	166.41	86.13	80.28	106.73	59.68
2009	169.94	87.94	82.01	108.08	61.87
2010	173.51	89.76	83.75	109.41	64.09
2011	177.10	91.59	85.51	110.73	66.37
2012	180.71	93.43	87.28	112.02	68.69
2013	184.35	95.29	89.06	113.28	71.07
2014	188.02	97.16	90.86	115.52	72.50
2015	191.71	99.04	92.67	116.52	75.19
2016	195.40	100.92	94.49	117.48	77.93

*** : Census Years** **Source: Ministry of Planning, Development & Reforms**

Note : Population Censuses were conducted in February 1951, January 1961, September 1972, and March 1981 and 1998

TABLE 12.3

POPULATION IN URBAN, RURAL AREAS 1972, 1981 AND 1998 CENSUS

(In thousands)

Region/ Province	Population* Total Both Sexes	Total Male	Total Female	Urban Both Sexes	Urban Male	Urban Female	Rural Both Sexes	Rural Male	Rural Female	Density (Per sq. km)
					1972 CENSUS					
PAKISTAN	65,309	34,833	30,476	16,594	9,027	7,567	48,716	25,806	22,909	82
Islamabad**	238	131	106	77	46	31	161	86	75	259
Punjab**	37,607	20,209	17,398	9,183	4,977	4,206	28,424	15,232	13,192	183
Sind	14,156	7,574	6,582	5,726	3,131	2,595	8,430	4,443	3,987	100
Khyber Pakhtunkhwa	8,388	4,363	4,026	1,196	647	549	7,193	3,716	3,477	113
Balochistan	2,429	1,290	1,139	399	218	181	2,029	1,071	958	7
FATA	2,491	1,266	1,225	13	8	5	2,478	1,258	1,220	92
					1981 CENSUS					
PAKISTAN	84,253	44,232	40,021	23,841	12,767	11,074	60,412	31,465	28,947	106
Islamabad	340	185	155	204	113	91	136	72	64	376
Punjab	47,292	24,860	22,432	13,052	6,952	6,100	34,241	17,909	16,332	230
Sind	19,029	9,999	9,030	8,243	4,433	3,810	10,786	5,566	5,220	135
Khyber Pakhtunkhwa	11,061	5,761	5,300	1,665	898	767	9,396	4,863	4,533	148
Balochistan	4,332	2,284	2,048	677	371	306	3,655	1,913	1,742	13
FATA	2,199	1,143	1,056	-	-	-	2,199	1,143	1,056	81
					1998 CENSUS					
PAKISTAN	132,352	68,874	63,478	43,036	22,752	20,284	89,316	46,122	43,194	166
Islamabad	805	434	371	529	291	238	276	143	133	889
Punjab	73,621	38,094	35,527	23,019	12,071	10,948	50,602	26,023	24,579	359
Sind	30,440	16,098	14,342	14,840	7,904	6,935	15,600	8,193	7,407	216
Khyber Pakhtunkhwa	17,744	9,089	8,655	2,994	1,589	1,405	14,750	7,500	7,250	238
Balochistan	6,566	3,057	3,059	1,569	849	719	4,997	2,657	2,340	19
FATA	3,176	1,652	1,524	85	46	39	3,091	1,606	1,485	117

- : Not available

Source: Pakistan Bureau of Statistics

* : This population does not include the population of AJK and Gilgit Baltistan

** : Adjusted due to transfer of some mouzas from Rawalpindi to Islamabad district

Note : Total may differ due to rounding off figures

TABLE 12.4

POPULATION BY AGE, IN URBAN, RURAL AREAS 1981 AND 1998 CENSUS

(In thousands)

Age (in years)	Total			Rural			Urban		
	Both	Male	Female	Both	Male	Female	Both	Male	Female
	1981 Census								
All ages	82,055	43,090	38,965	58,214	30,323	27,891	23,841	12,767	11,074
0- 4	12,574	6,200	6,373	8,995	4,387	4,608	3,579	1,813	1,766
5- 9	13,142	6,811	6,331	9,591	4,973	4,618	3,552	1,839	1,713
10-14	10,803	5,857	4,946	7,684	4,204	3,480	3,119	1,653	1,467
15-19	7,763	4,193	3,571	5,223	2,828	2,395	2,540	1,365	1,175
20-24	6,228	3,270	2,958	4,119	2,111	2,008	2,108	1,159	950
25-29	5,479	2,891	2,588	3,760	1,948	1,812	1,719	944	776
30-34	4,617	2,388	2,229	3,226	1,631	1,595	1,391	757	634
35-39	4,197	2,121	2,077	2,922	1,452	1,469	1,276	668	608
40-44	3,865	1,937	1,928	2,733	1,332	1,402	1,132	606	526
45-49	3,076	1,610	1,466	2,194	1,121	1,074	882	490	392
50-54	2,966	1,638	1,328	2,170	1,179	991	796	459	337
55-59	1,611	859	751	1,187	618	569	424	242	182
60-64	2,216	1,299	917	1,667	973	695	549	327	222
65-69	987	555	431	755	420	334	232	135	97
70-74	1,161	678	484	900	526	374	261	152	109
75 and above	1,369	782	588	1,088	622	466	281	160	121
	1998 Census*								
All ages	129,176	67,222	61,954	86,225	44,516	41,709	42,951	22,705	20,245
0- 4	19,118	9,761	9,357	13,534	6,907	6,627	5,584	2,854	2,730
5- 9	20,215	10,571	9,644	14,211	7,466	6,745	6,004	3,105	2,899
10-14	16,732	8,909	7,822	11,106	5,973	5,133	5,625	2,935	2,690
15-19	13,400	6,909	6,490	8,553	4,396	4,158	4,846	2,514	2,333
20-24	11,588	5,815	5,773	7,402	3,610	3,791	4,186	2,205	1,981
25-29	9,521	4,879	4,643	6,092	3,024	3,067	3,429	1,854	1,575
30-34	8,040	4,232	3,807	5,083	2,604	2,479	2,956	1,628	1,328
35-39	6,167	3,254	2,912	3,846	1,984	1,862	2,320	1,270	1,050
40-44	5,745	2,931	2,815	3,660	1,812	1,848	2,086	1,119	967
45-49	4,563	2,360	2,203	2,995	1,512	1,483	1,569	849	720
50-54	4,148	2,201	1,948	2,776	1,459	1,318	1,372	742	630
55-59	2,777	1,505	1,272	1,868	1,001	867	909	504	405
60-64	2,637	1,418	1,219	1,838	987	851	799	431	368
65-69	1,554	850	704	1,076	585	491	478	265	214
70-74	1,408	778	631	1,022	564	458	386	214	172
75 and above	1,563	849	714	1,162	632	531	400	217	183

* : Figures regarding FATA is not included

Source: Pakitan Bureau of Statistics

TABLE 12.5

POPULATION OF PAKISTAN BY PROVINCE, LAND AREA AND PERCENTAGE DISTRIBUTION 1951-1998

	Area	Population (In thousand)				
	Sq km	1951	1961	1972	1981	1998
PAKISTAN	796,096	33,740	42,880	65,309	84,254	132,352
	(100)	(100)	(100)	(100)	(100)	(100)
Khyber Pakhtunkhwa	74,521	4,557	5,731	8,388	11,061	17,744
	(9.4)	(13.5)	(13.4)	(12.8)	(13.1)	(13.4)
FATA	27,220	1,332	1,847	2,491	2,199	3,176
	(3.4)	(3.9)	(4.3)	(3.8)	(2.6)	(2.4)
Punjab	205,345	20,541	25,464	37,607	47,292	73,621
	(25.8)	(60.9)	(59.4)	(57.6)	(56.1)	(55.6)
Sindh	140,914	6,048	8,367	14,156	19,029	30,440
	(17.7)	(17.9)	(19.5)	(21.7)	(22.6)	(23.0)
Balochistan	347,190	1,167	1,353	2,429	4,332	6,566
	(43.6)	(3.5)	(3.2)	(3.7)	(5.1)	(5.0)
Islamabad	906	96	118	238	340	805
	(0.1)	(0.3)	(0.3)	(0.4)	(0.4)	(0.6)

Note : Percentage distribution is given in parenthesis **Source: Pakistan Bureau of Statistics**

TABLE 12.6

LITERACY RATIOS OF POPULATION BY SEX, REGION AND URBAN/RURAL AREAS, 1998 AND 1981 CENSUS

Sex	Total			Urban			Rural		
	1998		1981	1998		1981	1998		1981
	15 Years & Above	10 Years & Above	10 Years & Above	15 Years & Above	10 Years & Above	10 Years & Above	15 Years & Above	10 Years & Above	10 Years & Above
Pakistan									
Both	41.0	43.9	26.2	60.5	63.1	47.1	30.4	33.6	17.3
Male	53.0	54.8	35.1	68.7	70.0	55.3	44.0	46.4	26.2
Female	28.0	32.0	16.0	51.0	55.2	37.3	16.2	20.1	7.3
Islamabad									
Both	69.7	72.4	47.8	75.2	77.3	57.6	58.4	62.5	32.5
Male	79.5	80.6	59.1	82.2	83.2	65.8	73.2	75.1	48.1
Female	57.7	62.4	33.5	65.9	69.7	46.8	42.1	48.8	14.7
Punjab									
Both	43.4	46.6	27.4	61.9	64.5	46.7	34.5	38.0	20.0
Male	55.2	57.2	36.8	69.8	70.9	55.2	47.9	50.4	29.6
Female	30.8	35.1	16.8	53.0	57.2	36.7	20.5	24.8	9.4
Sindh									
Both	43.9	45.3	31.4	62.6	63.7	50.8	23.9	25.7	15.6
Male	54.5	54.5	39.7	70.0	69.8	57.8	37.2	37.9	24.5
Female	32.0	34.8	21.6	54.9	56.7	42.2	9.8	12.2	5.2
Khyber Pakhtunkhwa									
Both	31.5	35.4	16.7	51.0	54.3	35.8	27.2	31.3	13.2
Male	48.2	51.4	25.9	65.5	67.5	47.0	44.1	47.7	21.7
Female	14.6	18.8	6.5	33.9	39.1	21.9	10.6	14.7	3.8
Balochistan									
Both	22.4	24.8	10.3	43.4	46.9	32.2	15.2	17.5	6.2
Male	32.5	34.0	15.2	55.9	58.1	42.4	24.0	25.8	9.8
Female	11.0	14.1	4.3	28.0	33.1	18.5	5.6	7.9	1.7
FATA									
Both	..	17.4	6.4	..	39.3	..	..	16.8	6.4
Male	..	29.5	10.9	..	59.7	..	..	28.6	10.9
Female	..	3.0	0.8	..	12.0	..	..	2.8	0.8

FATA: Federally Administered Tribal Areas

.. : Not available

Source: Pakistan Bureau of Statistics

TABLE 12.7

LAND AREA, POPULATION AND PERCENTAGE DISTRIBUTION

(Population in Thousand)

Region / Years		Area Sq. Kms	1951	1981	1998	2011	2012	2013	2014	2015	2016
Pakistan		796,096	33,740	84,254	132,352	177,095	180,711	184,349	188,019	191,708	195,390
		100	100	100	100	100	100	100	100	100	100
i.	Punjab	205,345	20,541	47,292	73,621	96,545	98,355	100,174	102,005	103,837	105,670
		25.79	60.88	56.13	55.63	54.52	54.43	54.34	54.25	54.16	54.08
ii.	Sindh	140,914	6,048	19,029	30,440	42,188	43,132	44,080	45,032	45,988	46,960
		17.70	17.93	22.59	23.00	23.82	23.87	23.91	23.95	23.98	24.03
iii.	Khyber Pakhtunkhwa	74,521	4,556	11,061	17,744	23,770	24,277	24,788	25,308	25,836	26,360
		9.36	13.50	13.13	13.41	13.42	13.43	13.45	13.46	13.47	13.49
iv.	Balochistan	347,190	1,167	4,332	6,566	9,064	9,278	9,495	9,717	9,942	10,160
		43.61	3.46	5.14	4.96	5.12	5.13	5.15	5.17	5.18	5.19
v.	FATA	27,220	1,332	2,199	3,176	4,206	4,307	4,410	4,516	4,623	1,510
		3.42	3.95	2.61	2.40	2.37	2.38	2.39	2.40	2.41	0.77
vi.	Islamabad	906	96	340	805	1,322	1,362	1,401	1,441	1,479	4,730
		0.11	0.28	0.40	0.61	0.75	0.75	0.76	0.77	0.77	2.42

Sources : Ministry of Planning, Development & Reforms
Pakistan Bureau of Statistics

TABLE 12.8

PERCENTAGE DISTRIBUTION OF POPULATION OF 10 YEARS AND ABOVE AND CIVILIAN LABOUR FORCE BY GENDER YEAR 2014-15

(Percent Share)

	Population			Civilian Labour Force								
				Total Civilian Labour Force			Employed			Unemployed		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
PAKISTAN	100	50.69	49.31	45.22	34.36	10.86	42.54	32.65	9.89	2.69	1.71	0.97
Rural	100	50.30	49.70	49.01	34.70	14.31	46.55	33.20	13.35	2.46	1.49	0.96
Urban	100	51.38	48.62	38.66	33.78	4.88	35.57	31.69	3.88	3.08	2.09	1.00
Punjab	100	49.66	50.34	48.62	34.54	14.08	45.59	32.60	12.99	3.03	1.95	1.09
Rural	100	49.14	50.86	53.03	34.86	18.16	50.16	33.09	17.07	2.87	1.77	1.09
Urban	100	50.65	49.35	40.27	33.94	6.33	36.92	31.66	5.26	3.35	2.28	1.07
Sindh	100	52.89	47.11	42.96	36.59	6.36	40.96	35.29	5.67	2.00	1.31	0.69
Rural	100	53.63	46.37	48.90	38.85	10.05	47.70	38.18	9.52	1.20	0.67	0.53
Urban	100	52.20	47.80	37.46	34.51	2.96	34.73	32.62	2.11	2.74	1.89	0.85
Khyber Pakhtunkhwa	100	49.23	50.77	36.34	29.22	7.12	33.53	27.54	5.99	2.80	1.68	1.12
Rural	100	48.98	51.02	36.86	29.03	7.83	34.18	27.45	6.74	2.68	1.58	1.09
Urban	100	50.32	49.68	34.16	30.01	4.15	30.83	27.93	2.90	3.33	2.08	1.25
Balochistan	100	54.31	45.69	43.15	35.00	8.15	41.10	33.70	7.40	2.05	1.29	0.75
Rural	100	54.21	45.79	46.09	36.13	9.96	44.20	34.96	9.24	1.89	1.17	0.71
Urban	100	54.51	45.49	36.73	32.51	4.21	34.33	30.96	3.36	2.40	1.55	0.85

Source: Pakistan Bureau of Statistics
Labour Force Survey 2014-15

TABLE 12.9

LABOUR FORCE AND EMPLOYMENT

(in Million)

Mid Year	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12*	2012-13	2013-14	2014-15
Population	162.91	165.45	168.99	172.57	176.20	180.71	183.57	186.19	189.19
Rural	108.22	103.08	104.38	105.70	107.00	120.10	121.66	121.56	123.36
Urban	54.69	62.37	64.61	66.87	69.20	60.61	61.91	64.63	65.83
Working Age Population	116.01	117.83	121.42	124.06	126.60	129.84	132.07	132.24	134.99
Rural	74.86	76.28	78.28	80.08	81.77	83.87	84.96	83.62	85.60
Urban	41.15	41.55	43.14	43.98	44.83	45.97	47.11	48.62	49.39
Labour Force	52.41	53.22	55.91	56.92	57.84	59.33	59.74	60.10	61.04
Rural	36.62	37.19	38.82	39.56	40.12	41.15	41.23	41.14	41.95
Urban	15.79	16.03	17.09	17.36	17.72	18.18	18.51	18.96	19.09
Employed Labour Force	49.68	50.45	52.86	53.76	54.40	55.80	56.01	56.52	57.42
Rural	34.90	35.44	36.99	37.66	38.24	39.22	39.14	39.07	39.85
Urban	14.79	15.01	15.87	16.10	16.16	16.58	16.87	17.45	17.57
Unemployed Labour Force	2.73	2.77	3.05	3.16	3.44	3.53	3.73	3.58	3.62
Rural	1.72	1.75	1.83	1.90	1.88	1.93	2.09	2.06	2.10
Urban	1.00	1.02	1.22	1.26	1.56	1.60	1.64	1.52	1.52
Unemployment Rate (%)	5.20	5.20	5.46	5.55	5.95	5.95	6.24	6.00	5.90
Rural	4.71	4.71	4.73	4.82	4.68	4.68	5.10	5.00	5.00
Urban	6.34	6.34	7.11	7.21	8.84	8.84	8.80	8.00	8.00
Labour Force Partici-pation Rates (%)	32.17	32.17	32.81	32.98	32.83	32.83	32.90	32.30	32.30
Rural	33.84	33.84	34.29	34.50	34.26	34.26	34.23	33.80	34.00
Urban	28.87	28.87	29.87	29.99	29.99	29.99	30.21	29.40	29.00

* : Data supplied by Ministry of Planning, Development & Reforms

Source : Pakistan Bureau of Statistics (Labour Force Survey)
Ministry of Planning, Development & Reforms

TABLE 12.10

POPULATION AND LABOUR FORCE

(In Million)

Years	Population	Crude Activity Rate(%)	Labour Force	Unemployed Labour Force	Employed Labour Force	Agriculture	Mining & Manufacturing	Construction	Electricity & Gas Distribution	Transport Storage & Communication	Whole-Sale & Retail Trade	Others
2000-01	142.86	28.97	41.38	3.24	38.14	18.47	4.40	2.21	0.26	1.92	5.15	5.73
2001-02	145.96	28.97	43.21	3.57	39.64	16.68	5.51	2.40	0.32	2.34	5.89	6.50
2002-03	149.03	28.97	44.12	3.65	40.47	17.03	5.63	2.45	0.33	2.39	6.01	6.63
2003-04	150.47	30.41	45.76	3.52	42.24	18.18	5.83	2.46	0.28	2.42	6.25	6.82
2004-05	153.96	30.41	46.82	3.60	43.22	18.60	5.96	2.52	0.29	2.48	6.39	6.98
2005-06	156.77	32.22	50.50	3.13	47.37	20.54	6.60	2.91	0.31	2.72	6.95	7.34
2006-07	161.98	31.82	51.55	2.75	48.80	21.29	6.66	3.21	0.37	2.63	7.03	7.61
2007-08	165.45	32.17	53.22	2.77	50.45	22.52	6.61	3.18	0.36	2.75	7.38	7.65
2008-09	168.99	32.81	55.91	3.05	52.86	23.63	6.89	3.46	0.36	2.74	8.63	7.15
2009-10	172.57	32.98	56.92	3.16	53.76	24.18	7.17	3.62	0.43	2.82	8.75	6.79
2010-11	176.20	32.83	57.84	3.44	54.40	24.51	7.51	3.78	0.26	2.78	8.78	6.78
2011-12*	180.71	32.83	59.33	5.95	55.80	25.14	7.70	3.88	0.27	2.85	8.28	7.68
2012-13	183.57	32.88	60.34	3.76	56.58	24.73	8.03	4.21	0.30	2.82	8.14	8.35
2013-14	186.19	32.28	60.09	3.58	56.52	24.57	8.00	4.15	0.27	3.07	8.24	8.21
2014-15	189.19	32.30	61.04	3.62	57.42	24.27	8.89	4.20	0.45	3.11	8.41	8.09

* : Data supplied by Ministry of Planning, Development & Reforms

Note: Labour Force Survey was not conducted in the years 2000-01, 2002-03, 2004-05 and 2011-12.

Source: Ministry of Planning, Development & Reforms
Pakistan Bureau of Statistics
(Labour Force Survey)

TABLE 12.11

DISTRIBUTION OF EMPLOYED PERSONS OF 10 YEARS AGE AND ABOVE BY MAJOR INDUSTRIES

(in Percentage)

Years	Agricul-ture	Mining & Manu-facturing	Const-ruction	Electricity & Gas Distri-bution	Transport Storage & Commu-cation	Whole-Sale & Retail Trade	Others
2000-01	48.42	11.55	5.78	0.70	5.03	13.50	15.02
2001-02	42.09	13.91	6.05	0.81	5.90	14.85	16.39
2002-03	42.09	13.91	6.05	0.81	5.90	14.85	16.39
2003-04	43.05	13.80	5.83	0.67	5.73	14.80	16.12
2004-05	43.05	13.80	5.83	0.67	5.73	14.80	16.12
2005-06	43.37	13.93	6.13	0.66	5.74	14.67	15.49
2006-07	43.61	13.65	6.56	0.75	5.39	14.42	15.60
2007-08	44.65	13.11	6.29	0.70	5.46	14.62	15.17
2008-09	45.08	13.14	6.62	0.69	5.23	16.47	12.77
2009-10	44.96	13.34	6.74	0.80	5.24	16.28	12.64
2010-11	45.05	13.80	6.95	0.48	5.11	16.15	12.46
2011-12	-	-	-	-	-	-	-
2012-13	43.71	14.20	7.44	0.53	4.98	14.39	14.75
2013-14	43.48	14.16	7.33	0.48	5.44	14.58	14.53
2014-15	42.27	15.49	7.31	0.79	5.41	14.64	14.09

- : Not available

Source: Pakistan Bureau of Statistics

Note: Labour Force Survey 2011-12 was not conducted

TABLE 12.12
PERCENTAGE DISTRIBUTION OF EMPLOYED PERSONS OF 10 YEARS AGE AND ABOVE BY MAJOR INDUSTRY 2014-15

(In Percentage)

	Major Industry Division	Pakistan			Punjab			Sindh			Khyper Pakhtunkhwa			Balochistan		
		Total	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1.	Agriculture, Forestry and Fishing	42.27	58.62	5.17	44.70	60.15	5.50	39.28	66.94	4.15	34.56	41.15	4.06	43.43	52.83	11.07
2.	Mining and Quarrying	0.16	0.18	0.10	0.07	0.08	0.06	0.11	0.16	0.04	0.28	0.32	0.10	1.12	1.09	1.21
3.	Manufacturing	15.33	10.60	26.06	16.47	12.18	27.37	15.17	5.84	27.01	11.26	9.74	18.32	11.34	11.28	11.53
4.	Electricity, Gas Steam and Air Conditioning Supply	0.41	0.23	0.83	0.34	0.24	0.60	0.65	0.24	1.16	0.32	0.18	0.99	0.33	0.15	0.93
5.	Water Supply, Sewerage, Waste, Management & Remediation Activity	0.38	0.23	0.73	0.22	0.12	0.48	0.77	0.53	1.07	0.30	0.19	0.81	0.62	0.45	1.23
6.	Construction	7.31	7.10	7.78	6.59	6.18	7.61	7.00	6.32	7.87	12.46	13.25	8.78	6.53	6.15	7.85
7.	Wholesale and Retail Trade, Repair of Motor Vehicles, Motorcycles	14.64	9.25	26.87	13.85	8.88	26.43	15.82	7.17	26.80	15.51	12.86	27.79	16.64	12.12	32.18
8.	Transport, storage	5.00	4.08	7.08	4.13	3.28	6.29	5.74	3.96	8.00	8.19	8.00	9.09	5.14	4.53	7.24
9.	Accomodation and Food Services Activities	1.60	1.06	2.82	1.28	0.79	2.50	2.29	1.44	3.38	1.82	1.65	2.64	1.77	1.45	2.88
10.	Informationa and Communication	0.41	0.17	0.95	0.46	0.19	1.14	0.36	0.08	0.72	0.37	0.25	0.93	0.15	0.09	0.36
11.	Financial and Insurance Activities	0.59	0.17	1.53	0.47	0.21	1.14	1.12	0.08	2.44	0.23	0.14	0.64	0.21	0.10	0.56
12.	Real Estate Activities	0.38	0.15	0.90	0.39	0.14	1.01	0.37	0.07	0.74	0.46	0.32	1.13	0.15	0.06	0.44
13.	Professional, Scientific and Technical Activities	0.45	0.29	0.83	0.57	0.38	1.04	0.28	0.10	0.52	0.35	0.21	0.99	0.12	0.04	0.38
14.	Administrative and Support Service Activities	0.50	0.28	0.98	0.56	0.34	1.12	0.47	0.19	0.82	0.35	0.25	0.84	0.19	0.06	0.66
15.	Public Administration and Defence Compulsory Scocial Security	2.44	1.49	4.60	1.80	1.01	3.80	3.16	1.66	5.06	2.69	2.10	5.42	5.96	4.63	10.55
16.	Education	3.85	2.93	5.96	3.48	2.42	6.20	3.77	2.81	4.98	6.13	5.46	9.21	3.83	3.19	6.03
17.	Human Health and Social Work Activities	1.28	0.95	2.04	1.21	0.86	2.09	1.15	0.81	1.58	2.03	1.62	3.95	1.24	0.94	2.26
18.	Arts, Entertainment & Recreation	0.12	0.08	0.22	0.15	0.11	0.26	0.10	0.05	0.17	0.08	0.05	0.21	0.01	-	0.05
19.	Other Services Activities	1.80	1.48	2.52	1.94	1.59	2.82	1.58	1.13	2.16	1.85	1.83	1.95	1.04	0.72	2.16
20.	Activities of Households as Employer; Undifferentiated Goods & Services - Producing Activities of Household for own use	1.06	0.65	1.99	1.30	0.82	2.52	0.81	0.42	1.30	0.67	0.36	2.07	0.19	0.12	0.42
21.	Activities Extraterritorial Organizations and Bodies	0.02	0.02	0.03	0.02	0.02	0.20	0.01	-	0.02	0.08	0.07	0.10	-	-	-

- : Not available

Source: Pakistan Bureau of Statistics
(Labour Force Survey 2014-15)

TABLE 12.13

AGE SPECIFIC LABOUR FORCE PARTICIPATION RATE

(in Percentage)

Age Group	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2012-13	2013-14	2014-15
10 years & over										
Both Sexes	43.74	46.01	45.18	45.17	45.66	45.89	45.69	45.70	45.45	45.22
Male	70.61	71.97	70.14	69.54	69.31	68.83	68.70	68.89	68.07	67.78
Female	15.93	18.93	19.10	19.59	20.66	21.51	21.67	21.50	22.17	22.02
10-14										
Male	18.45	20.68	16.92	17.09	16.20	15.42	14.27	14.46	12.62	11.22
Female	6.69	9.21	9.18	9.69	9.48	9.24	8.83	7.98	8.37	7.71
15-19										
Male	59.00	60.87	56.29	53.94	52.74	52.68	51.59	51.16	49.68	47.55
Female	14.51	16.91	16.60	17.61	18.90	19.17	19.58	18.19	19.32	18.01
20-24										
Male	85.70	87.63	86.76	85.12	85.39	84.54	84.27	82.38	81.71	82.32
Female	18.03	20.67	20.66	20.98	22.76	23.88	24.20	24.41	25.14	25.74
25-34										
Male	96.27	97.03	97.16	96.90	97.19	96.89	97.42	96.73	96.91	97.33
Female	18.31	21.62	21.66	21.87	23.63	25.48	25.44	26.01	26.57	27.15
35-44										
Male	97.36	97.57	98.01	97.87	98.37	97.53	98.34	98.45	98.06	98.33
Female	21.64	25.07	25.93	26.75	27.67	27.88	29.46	28.72	30.00	29.43
45-54										
Male	95.63	96.37	96.62	96.65	96.69	96.96	97.29	97.02	97.13	97.24
Female	20.95	24.78	25.01	24.42	25.86	29.41	28.35	29.11	29.37	30.75
55-59										
Male	89.68	90.62	92.20	92.54	93.71	93.26	92.24	92.61	92.78	93.80
Female	18.57	22.84	22.45	25.53	26.37	27.98	26.27	26.60	27.48	27.29
60+										
Male	58.37	59.38	58.52	59.46	56.38	55.49	54.95	52.42	53.33	55.16
Female	12.90	14.69	15.70	15.50	15.22	13.54	14.62	13.58	12.77	11.95

Source: Pakistan Bureau of Statistics
(Labour Force Surveys)

TABLE 12.14

DAILY WAGES OF CONSTRUCTION WORKERS IN DIFFERENT CITIES

(In Pak Rupees)

Category of workers and cities	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Carpenter											
Islamabad	400.00	450.00	525.00	600.00	625.00	650.00	687.50	775.00	900.00	1,000.00	1,200.00
Karachi	369.23	402.00	450.00	575.00	600.00	600.00	632.92	700.00	700.00	792.31	861.54
Lahore	325.00	361.00	388.00	527.00	527.00	582.00	611.17	682.14	682.14	780.36	830.36
Peshawar	275.00	308.00	375.00	488.00	500.00	500.00	508.33	608.33	666.67	741.67	800.00
Quetta	275.00	400.00	500.00	600.00	600.00	650.00	691.67	750.00	900.00	900.00	900.00
Mason (Raj)											
Islamabad	400.00	450.00	525.00	600.00	625.00	650.00	685.42	775.00	900.00	1,000.00	1,200.00
Karachi	350.23	402.00	450.00	625.00	650.00	650.00	662.50	800.00	800.00	861.54	1,061.54
Lahore	380.00	418.75	491.00	557.00	557.00	589.00	618.17	689.29	689.29	826.79	926.79
Peshawar	325.00	325.00	450.00	500.00	508.00	575.00	579.17	733.33	850.00	900.00	900.00
Quetta	275.00	400.00	450.00	600.00	600.00	750.00	816.67	900.00	1,100.00	1,100.00	1,100.00
Labour (Unskilled)											
Islamabad	200.00	250.00	275.00	300.00	325.00	350.00	387.50	450.00	525.00	600.00	700.00
Karachi	230.00	275.00	300.00	350.00	375.00	375.00	410.42	500.00	500.00	530.00	630.77
Lahore	200.00	237.50	250.00	300.00	300.00	375.00	389.58	475.00	475.00	600.00	600.00
Peshawar	150.00	175.00	200.00	233.00	275.00	300.00	308.33	400.00	466.67	483.33	500.00
Quetta	185.00	250.00	300.00	300.00	300.00	350.00	397.92	425.00	550.00	550.00	550.00

Data pertains to month of November each year

Source: Pakistan Bureau of Statistics

Transport and Communications

Introduction

A modern transport and communication facilities play an important role for integrated economic development. It plays a major role in the economic uplift of a country as it promotes internal and external trade, economic use of natural resources, mobility of skilled labour-force, diversification of markets, provision of fuel, reduction in employment, increase in agricultural and industrial production etc.

Pakistan is taking benefits of its strategic location and has focused on to develop efficient and well integrated transport and communication system by connecting remote regions of the country into one road one Asia chain. With the help of China-Pakistan Economic Corridor, roads and railways infrastructure will integrate Pakistan with the regional countries which will result in generating economic boom by integrating Pakistani markets with Central Asia, Middle East and other parts of the world. The Corridor will be a strategic game changer in the region and would go a long way in making Pakistan a richer and stronger entity. The investment on the corridor will transform Pakistan into a regional economic hub and it will be confidence booster for investors and attract investment not only from China but also from other parts of the world. Other than transportation infrastructure, the economic corridor will provide Pakistan with modern telecommunication and energy infrastructure, also.

13.1 Road Transport

Pakistan consists of mixed terrain of mountainous land, rivers and vast plains spread over all of the country which needs efficient road system to connect these areas to each other. However, different organizations are playing their due role for building most feasible and efficient infrastructure network including expressways, highways, and rail links etc.

Being bifurcated into two halves by river Indus, the best road network and bridges provides easy access to the regions consists upon hilly/ mountain areas, far flung agriculture lands to economically use the natural/productive resources scattered all over the country. National Highways provide easy and efficient means of transportation with the help of following low and high type roads length:

Total length of roads may be seen from Table 13.1 below:

Table 13.1: Estimated Length of Roads in Provinces (kms)

Years	Category	Punjab	Sindh	Khyber Pakhtunkhwa	Balochistan	GB & AJK	TOTAL
2012-13	Total	107,805	81,385	42,980	29,655	1,590	263,415
	Low Type	33,090	24,685	13,140	20,525	470	80,515
	High Type	74,715	56,700	29,840	9,130	1,120	182,900
2013-14	Total	107,973	81,493	43,035	29,692	1,592	263,755
	Low Type	32,729	24,415	12,996	9,030	465	79,635
	High Type	75,214	57,078	30,039	20,662	1,127	184,120
2014-15	Total	107,992	81,543	43,072	29,742	1,593	263,942
	Low Type	32,428	24,215	12,846	8,930	460	78,879
	High Type	75,564	57,328	30,226	20,812	1,133	185,063
2015-16 July-Mar	Total	107,718	81,624	42,945	29,490	1,579	263,356
	Low Type	30,901	23,415	12,320	8,460	453	75,549
	High Type	76,817	58,209	30,625	21,030	1.126	187,807

Source: National Transport Research Centre (NTRC)

National Highway Authority

National Highways Authority is currently fetching a major chunk of resources under public sector development programme to construct and maintain state of the art road network throughout the country. Transport sector in general and road infrastructure in particular has profound and enduring effect on the economic growth of Pakistan. NHA being a lead agency playing an important role for improving the quality of road network to bring about qualitative improvement in standard of living.

The present NHA network comprises of 39 national highways, motorways, expressways and strategic roads. Current length of this network is 12,131 Kms. NHA existing portfolio consists of 26 on-going projects costing Rs. 393.4 billion with an allocation for PSDP 2015-16 of Rs. 159,600 million out of which Rs. 63,950 million as FEC and Rs. 95,650 million as local component. There are also 35 new schemes in PSDP 2015-16 with total cost of Rs. 1,213.5 billion.

During the last five years, NHA has constructed/rehabilitated the following length of roads over the country, province-wise break up of which is as follow from Table 13.2

Table 13.2: Length of Roads

Sr. No	Province	2012-13 Length (Kms)	2013-14 Length (Kms)	2014-15 Length (Kms)	2015-16 Length (Kms)
1	Punjab	221	286	308	814
2	Sindh	81	114	100	295
3	Khyber Pakhtunkhwa	189	218	198	605
4	Baluchistan	104	218	147	468
Total		594	835	753	2182

Source: National Transport Research Centre

Recent Achievements

NHA, through its dedicated efforts in the last one year took a lead in the road infrastructure development through the private sector participation. NHA successfully attracted private sector investment and has awarded/supported four (04) projects of worth over Rs 101 billion, which is more than the average annual Foreign Direct Investment (FDI) in Pakistan. Besides other benefits, the expected revenue earnings from these 4 projects is over Rs 391 billion.

The Public Private Partnership (PPP) or Build, Operate & Transfer (BOT) is a mechanism through which private sector is made responsible to arrange financing for the project. The private party also bears the responsibility of design, construction, operation and maintenance of the project and in return the party is authorized to receive toll/other revenue for a certain period (which is long enough to recover its investment with reasonable profit).

The following listed projects of M-2, M-9 and Habibabad Flyover are typical examples of PPP/BOT.

- Lahore-Islamabad Motorway (M-2), 357 KM with a total cost of Rs.46,007 million. Construction has been commenced and expected to be completed in January, 2017.
- Habibabad Flyover on N-5, Rs 831 million has been completed within four (04) months period in April, 2015.
- Karachi–Hyderabad Motorway (M-9), 136 KM with a total cost of Rs. 44,251 million. Construction has been commenced and expected to be completed in December, 2017.
- Multan – Muzaffargarh – D. G. Khan (80 Km) with total cost of Rs.9,345 million. Concession negotiations are in hand. Construction is expected to be commenced in June, 2016 and expected completion is June, 2018.

Negotiation/Finalization of Concession Agreement

Under PPP/BOT arrangement, through competitive bidding a successful bidder is selected, who incorporates a Project Company to perform as Special Purpose Vehicle (SPV).

A Concession Agreement is negotiated/ finalized and signed with the Project Company. The project detail is firmed up in the Concession Agreement that includes, inter alia, the accepted bid parameters, scope of work, concession period and other detail necessary which deemed for implementing the project under PPP/BOT arrangement.

In order to ensure smooth and efficient movement of goods and passengers in healthy environment, NHA has planned to develop approximately 2,395 km long China-Pak Economic Corridor (CPEC) connecting Gwadar to Kashghar (China) and has also planned Karachi - Lahore Motorway (KLM) 6-lane controlled access. KLM is part of the CPEC Phase-I. Work is likely to commence on 120 km section of KKH (Thakot - Havelian) and KLM to serve initially as Economic Corridor to ensure optimal utilization of existing network. Its strategic objectives also include opening hinder-land areas and will bring more population into the stream of benefits, which in turn will change the social complexion of people around this corridor.

The following are the PPP mode projects which are in preparation stage:

- Hyderabad – Sukkur Motorway (PKM)
- Tarnol-FatehJang (N-80)
- Nowshera–Peshawar (N-5)
- Two Service Areas at River Kabul on M-1
- Two Service Areas on M-4
- Sialkot – Lahore Motorway

New Schemes (Existing Portfolio) under PSDP 2015-16 are as under:

- Construction of Overhead Flyover / Bridge at Shaheen Chowk on N-5 Gujrat
- Construction of Sialkot-Lahore Motorway (110 Km) BOT
- Construction of approach road to New Islamabad International Airport (NIIA) (Construction)
    i. Thalian Link (4 Lane 5.5 km)-including Periphery roads 2 lane 7. Km (bid cost Rs. 1,900 million)
    ii. Main Link 13.5 Km)
- Construction of Bridge Over River Indus connecting Layyah with Taunsa with Approach Roads including Land Acquisition etc. (Feasibility).
- Construction of Highway from Athmuqam to Taobutt including two tunnels in Neelum Valley.
- Construction of Muzaffarabad - Mirpur - Mangla (MMM) Expressway (196 Km).
- Dualization of (Gandhi Chowk to Sarai Narang) + (Domail to Rangeenabad) Old Bannu Road N-55
- Dualization of Balance Portion of Sukkur Bypass
- Dualization of Indus Highway Remaining Portion (164 KM) (Kohat - Sarai Gambila)
- Dualization of Multan - Muzaffargarh - D.G. Khan section of N-70 (80 km)
- Feasibility Study - Bela Awaran Road
- Feasibility Study - Construction of Bridge on River Indus to Link Kaloor Kot with D.I Khan
- Feasibility Study - Construction of road from Chowk Azam to Layyah
- Feasibility Study - Dualization of Indus Highway (under CAREC Initiative) Kotri - Kashmore - D.G. Khan - D.I. Khan - Kohat - Peshawar (ADB)
- Feasibility Study - widening /rehabilitation of N-65 Dhahdar to Quetta including Pir Panjah
- Improvement & widening of balance 51 Km of Kararo Wad Section of N-25
- Improvement and widening of Chakdara - Chitral Section of N-45 (141 KM) Korean Exim Bank
- Improvement and widening of Jaglot - Skardu Road (S-1, 167 km)
- Lahore Eastern Bypass on G.T. Road (13.5 km) Construction
- Lahore-Abdul Hakeem Section (230 km) – Motorway
- Multan - Sukkur Section (387 km) Credit Financing (90:10) - PK Motorway
- Sukkur - Hyderabad Section (296 km) - Motorway
- Road Yakmach-Kharan (200 km)
- Sanan - Aab-e-Gum connecting road between Sibbi and District Kachhi (41 km) (50:50 basis)

- Sangla Hill (Pendorian-Beranwala) Interchange on M-3
- Technical Study Harnai to Sanjavi
- Karachi-Hyderabad Section (M-9)(under execution)
- Brahma Bahtar-D.I.Khan

13.2 Pakistan Railways

An effective railway system of the country facilitates commerce and trade, reduces transportation costs, and promotes rural development and natural integration. The network of Pakistan Railways comprises of 7,791 route kilometers, 455 Locomotives, 1,732 passengers coaches and 15,164 freight wagons.

Pakistan Railways is enduring the worst crisis since its formation mainly due to locomotive shortages. Passenger and freight services substantially declined during the previous years. This is evident from the Table 13.4 below that gross earning of Pakistan Railways has declined during the previous years. Due to over aged infrastructure and rolling stock, escalation of dollar exchange rate and a subsidized railway fare led to an increase in expenditure for sustained train operations. With the capping of over draft by Government of Pakistan in 2007, the finances required for increased maintenance cost could not be borne by the Railways. Finally, the sharp increase in the salary and pension led to diversion of all the revenue earnings to this obligatory payment at the cost of operational and maintenance requirements. Government of Pakistan (GoP) has allocated 41.0 billion in PSPD for the FY 2016 for the development interventions in Pakistan Railway.

Table 13.3: Earning of Pakistan Railway

Fiscal Year	Earning (Rs in million)	% Change
2008-09	23,160	-
2009-10	21,886	-5.5
2010-11	18,740	-14.4
2011-12	15,444	-17.5
2012-13	18,070	17.0
2013-14	22,800	26.2
2014-15	31,924	40.0
2015-16 (July-March)	26,436	

Source: Pakistan Railways

Table-13.4: Passenger and Freight Traffic

S#	Subject	2012-13	2013-14	2014-15	2015-16 (July-March)
1	Number of Passenger Carried (Million)	41.96	47.69	52.90	39.55
2	Passenger Traffic Kms (Million)	17,388.00	19,778.56	14,485.94	16,333.18
3	Freight carried Tonnes (Million)	1.02	1.61	3.60	3.65
4	Freight Tonnes Kms (Million)	419.00	1090.33	3301.00	3497.19
5	Gross Earning (Rs. Million)	18070.00	22800.22	31924.00	26436.38

Source: Pakistan Railways

New Initiatives

Ministry of Railways is taking following new initiatives to improve performance of Pakistan Railways and achieve tangible results:

i) In line with the government’s Vision 2025 for infrastructure development during the next ten years, Pakistan Railways is to undertake necessary steps to increase its share in the overall transport sector of Pakistan from 4 percent to 20 percent. Ministry of Railways is in the process of preparing Railway Strategic Plan (RSP) to operationalize the targets set in the vision which would provide a long term frame work for railway sector development in Pakistan.

ii) Improve availability of locomotives through special repair of existing locomotives and procurement of new locomotives.

iii) A comprehensive policy for disposal of surplus scrap has been introduced with the aim to improve financials through an open, fair and transparent process.

iv) Economic Corridor development and regional connectivity are important initiatives, which are expected to play vital role in national economic growth. Up-gradation of Mainline-1

(ML1) and construction of dry port and cargo handling facility have been included, as Early Harvest Projects (EHP) under China-Pakistan Economic Corridor (CPEC) and preparatory work on these projects has been initiated on fast track basis. Up-gradation of ML-II, ML-III and establishing new lines for linking Gwadar, Khunjrab has also been planned.

v) Up-gradation of ML-III Quetta-Taftan Railway line is an important section of railway network in the context of regional connectivity with Europe through Iran and Turkey and tapping the mineral potential of Balochistan province of Pakistan. In addition, extension of ML-III (Quetta-Bostan-Zhob-D.I Khan-Kotla Jam section) will provide important connection for transportation of freight and passengers between North and South of the country.

vi) Pakistan Railways has production facilities for assembling of locomotives and carriages at Risalpur and Islamabad, respectively. To run these facilities on modern lines this Ministry is seeking investment through various options. Various options for joint ventures can be explored in this area.

vii) Business development through customer facilitation is a key pillar of over development strategy. One of the major interventions for customer facilitation is to up-grade Railway stations in terms of better facilities and to optimize station revenue by encouraging private sector participation. This Ministry is seeking investment for up-gradation of some of the major Railway stations.

viii) Investment possibilities are also being explored through foreign and local investors for financing different projects in railway sector. A project for computerization of Railway land record has been initiated in order to harmonize the Railway land record with the record of all the provincial revenue departments. The work was physically commenced on 1-4-2015 and is likely to be completed by the end of this year. This project on completion will safeguard railway land through computerized monitoring system and render total transparency in land management and commercialization.

Achievements during the fiscal year 2015-16:

Track:

During 2015-16, 90 kms of track was rehabilitated on the Pakistan Railway network besides doubling of 5 kms track.

Signalling:

An upgraded signaling system is being installed at 23 Railway Stations. Out of which 06 Nos. stations has been up-graded till June, 2015 and 08 Nos. stations have been upgraded during the FY2016 in project “Rehabilitation of assets damaged during riots 27-28th December, 2007”.Another signaling project “Replacement of Old and Obsolete Signaling Gear Lodhran-Shahdara Section” is in progress for installation of modern Auto Block Signaling System with CBI. 90 KM out 433 KM Auto Block Signaling system and 2 Nos. stations out of 31 Nos. stations are opened for traffic after installation, testing and commissioning of modern CBI system till June, 2015. Further 86 KM Auto Block Signaling System and 4 more stations have been opened for traffic under CBI system during the FY2016. Almost 58 Nos. DE Locos out of 160 Nos. DE Locos have been equipped with ATP and Cab Signal till June, 2015. Five more DE Locos have been equipped with ATP and Cab Signal.

Rolling Stock:

The following projects will be completed during the FY2016:

- Rehabilitation of 400 coaches project.
- Procurement of 500 High Capacity Bogie Wagons and 40 Power Vans.
- Special repair of 150 DE Locomotives to improve availability and reliability.

Locomotives:

Following initiatives are under way for rehabilitation of held up locomotives.

- Rehabilitation of twenty seven (27 Nos) held up locomotives (HGMU-30) of 3000 HP is being arranged through PSDP at a cost of Rs.6284.000 million for which an agreement has been signed with M/S Electromotive Division USA. Out of 27 Nos. Locomotives, fifteen (15) locomotives have been turned out for service.

- Special repairs of 150 locomotives, to improve their reliability and performance, are also being carried out through PSDP at a cost of Rs.5005.031 million. Around 128 out of 150 Nos. Locomotives have been turned out up till now.
- Procurement of 58 locomotives has been approved by ECNEC and contract awarded to M/s Ziyang, China in November, 2012. So far 58 locomotives have been arrived in Pakistan.
- Tender for the Procurement of 55 Locomotives (4000-4500 HP) out of 75 locomotives has been awarded. Tender for procurement of 20 DE (2000-2500 HP) Locos is under process.
- Special repairs of 100 locomotives, to improve their reliability and performance, are also being carried out through PSDP at a cost of Rs.4967.000 million. The project is in material procurement stage. The special repair of 8 Nos. DE Locomotives is under process during FY 2016.

Box-I: China-Pakistan Economic Corridor:

CPEC's infrastructure projects have entered into implementation phase this year and work on the two major highways projects has commenced. KKH Phase-II (Thakot-Havelian section) Rs. 142 billion and Peshawar-Karachi motorway (Multan-Sukkur section) Rs. 315 billion projects are progressing well. Commercial and financial agreements have been signed. Besides work on Gwadar Eastbay Expressway and New Gwadar International Airport is likely to start soon. A high level delegation visited both sites to prepare feasibility studies.

Joint Feasibility study on main railways line (Peshawar-Karachi) has been completed. The project will involve dualization of railway track, up gradation of main railway lines with modern signaling system, better safety and central control system to have speed of 160 km per hour.

CPEC envisions inclusive development and benefitting all regions of the country. CPEC is one corridor and three passages. The work on the western passage is proceeding well. Prime Minister of Pakistan inaugurated Gwadar-Hoshab section and Hoshab-Surab section in Balochistan is being completed by the end of this year. Land for six lanes motorway from Burhan to D.I.Khan has been procured by NHA and the first section has been ground breaking by Prime Minister recently. This motorway Burhan-D.I.Khan is targeted to be completed by June, 2018.

13.3 Pakistan International Air Lines:

The year 2015 marked the first 100 years of scheduled commercial aviation and Pakistan international airline also completed its 60 years. During the year the aviation industry experienced a growth of 5.5 percent in the passenger business. Strong growth is witnessed in the market of Asia and Middle East while profit were higher for North America followed by Asia Pacific average industry seat factor increase to 79.9 percent (2013/79.7 percent).The cargo growth maintained around 1.2 percent declining from 6.4 percent during 2013. The key element was volatile fuel prices during the year.

To improve the image and to provide competitive flight services, the management vigorously pursued modernizing and replacement of fleet, in order to bridge the capacity constrains faced by the Corporation, fuel efficient aircraft on wet and dry lease basis were acquired during the year. Fleet modernization and capacity induction is the corner stone of the turnaround strategy. During the year, nine aged aircraft have been retired from operation due to their operational inefficiencies resultantly average age of the fleet has decreased to 14 years as compared to 17 years during prior period.

The overall performance of PIA is given in the Table13.5.

The present government has strategized to convert PIA into a company under Companies Ordinance 1984 in order to improve corporate governance that can help in attracting strategic private sector partnership in the core airline operations, and move PIA under a more efficient and up to date legal framework. The government has also registered "Pakistan Airways", a new company to undertake quality business operations as an airline company, provide greater choices to consumers.

Table 13.5: PIA Performance			
Indicators	**Units**	**Year 2014**	**Year 2015**
Passenger Revenue	Rs. billion	90.39	63.88
PIA Fleet	No. of planes	34	38
Route	Kms	389,445	367,251
Available Seat	million Kms	16,536	16,666
Passenger Load Factor	in percent	72	70.3
Revenue Flown	000 Kms	61,389	67,630
Revenue Hours Flown	Hours	101,556	111,455
Revenue P Passengers Carried	000 nos.	4,202	4,393
Revenue Passengers	million Kms	11,903	11,711
Revenue Tonne	million Kms	1,241	1,191
Revenue Load Factor	in percent	52	48.9
Operating Revenue **	Rs. million	99,519	69.250
Operating Expenses **	Rs. million	118,084	77,005
Available Tonne	million Kms	2,396	2,435

Source: Civil Aviation Authority
* PIA financial year is based on calendar year i.e. January to December.
** Operating Revenue and operating expenses for 2015 is restricted to nine months.

A business plan for PIA has been developed, which envisages the introduction of fuel efficient aircrafts, route rationalization, focus on separation of core and noncore activities and HR rationalization with the objective of making PIA a sustainable and profitable entity in the long run. The plan provides an overall picture of financial position and future prospects based on operational strategies being implemented in these focal areas. Cornerstone of the business plan being put forward is a shift in strategy from high capacity, low frequency operations to high frequency optimum capacity operations. Success of this plan depends on lowering the level of liabilities as high debt cost will continue to pose challenges for operational viability and sustainability.

13.4 Ports and Shipping

Pakistan National Shipping Corporation (PNSC)

At present, Pakistan National Shipping Corporation (PNSC) fleet comprises of 09 vessels of various type / size (05 Bulk carriers & 04 Aframax tankers) with a total deadweight capacity (cargo carrying capacity) of 681,806 metric tons i.e. highest ever carrying capacity.

Crude oil in time availability play important role in running the transport sector business and furnace oil have much more importance to keep the power plants in running position. PNSC has been providing transportation services for crude/furnace oil requirements to the country. Almost 70 percent all of the total imports of crude oil are undertaken by PNSC except 30 percent is handled by other sources. The Corporation is now actively working upon a plan to increase its tanker fleet size, particularly to carry processed fuel like fuel oil, high speed diesel oil, jet fuels, naphtha and gasoline.

PNSC Group after tax profit has been increased to Rs. 1,364 million during the period July-March FY2016 against Rs. 1,051 million in the same period last year (30 percent). Earnings per share for PNSC Group have been increased to Rs. 10.33 from Rs.7.96 in the corresponding last period of July-March FY2016 (30 percent). Despite the pressure and major financial crunch by global shipping industry due to drastic reduction in bulk freight rates internationally, evident by the significant reduction in Baltic Dry Index (BDI) at a lowest of 290 points from a high of 1,222 points last year, PNSC achieved better results by focusing on more profitable ventures besides retaining its repute as one of the major contributors to sea borne trade in Pakistan.

PNSC has made a substantial growth in revenue of 49 percent in the area of slot charter and 16.2 percent through own vessel oil business, thereby, offsetting losses incurred on dry bulk segment and maintaining its turnover at competitive level.

Direct operating expenses reduced by 28 percent to Rs. 6,700 million from Rs. 9,298 million, thereby improving gross profit to Rs. 2,917 million as against Rs. 2,126 million for the same period last year.

Commercial and Financial Performance:

The Commercial and Financial performance breakup covering nine months activities of FY2016 are given in Tables 13.6 and 13.7 below:-

a. Commercial Performance:

Table 13.6: Cargo Lifted (million tonnes)

Years / Cargo Lifted	Liquid Cargo	Dry Cargo	Total (Dry + Liquid)
2011-12	7.8	2.5	10.3
2012-13	10.7	2.6	13.3
2013-14	15.4	2.5	17.9
2014-15	14.7	1.5	16.2
2015-16 (July-Mar)	8.8	1.1	9.9

Source: Pakistan National Shipping Corporation

Table 13.7: Financial Performance (Rs. in billion)

Years	Revenues	Expenditures	Profit before Tax
2011-12	8.9	6.8	2.1
2012-13	12.3	8.9	3.4
2013-14	15.7	12.3	3.4
2014-15	15.5	12.3	3.2
2015-16 (July-Mar)	9.6	6.7	2.9

Source: Pakistan National Shipping Corporation

3. Future Plans

PNSC has been providing transportation services for liquid imports of the country. More than 70 percent of the total imports are being transported through PNSC. In order to expand business and to cater growing need of country's requirement of liquid and dry imports. It is planned to acquire more oil tankers and dry cargo ships into PNSC fleet. PNSC has already initiated process of establishing ferry cum cargo service which hopefully will start soon its operation work after completion of the process.

Karachi Port Trust

The progress of business at Karachi Port Trust (KPT) is continuously progressing due to increased international trade with regional and international countries. During FY 2015, KPT handled 43,422 million tons of import and export as compared to 41,350 million previous year. During July-March FY 2016, the total exports and the volume of Cargo handled was 36,516 million tons.

KPT consists of two wharves; the East and West Wharf. East wharf has 17 multipurpose berths and West wharf has 13 berths. Each of the wharves has two dedicated container terminal and oil piers to handle liquid cargo. KPT operation comprised upon 11.5 kilometers long approach channel, a depth of 12 meters and a turning basin of 600 meters. KPT provides safe navigation for vessels up to 75000 metric tons deadweight (DWT).

Table 13.8: Cargo Handled at Karachi Port Trust (in 000 tonnes)

Period	Exports	Imports	Total
2010-11	12,843	28,589	41,432
2011-12	11,674	26,201	37,875
2012-13	12,150	26,700	38,850
2013-14	11,007	30,343	41,350
2014-15	10,422	33,000	43,422
2015-16 (Jul-Mar)	7,299	29,217	36,516

Source: Karachi Port Trust

Port Qasim Authority

Port Qasim is the deepest sea port of Pakistan and first industrial and commercial Port of Pakistan operating under landlord concept & plays a vital role in the economic development of the country, and caters for around 40 percent seaborne trade of Pakistan. Port Qasim Authority handles 23.782 million tonnes of total cargo during the period July-March, FY2016, as compared to 21.618 million tons in the corresponding period, which is 10 percent more than the business carried out during the same period last year.

Total volume of containers handled 0.815 million twenty-foot equivalent units of containers in July-March, FY2016. Containerized trade shows a growth of 14 percent during the period under review.

March was the highest month in the first half year, reaching over 2.975 million tonnes, while average cargo handling remained at the Port at 2.642 million tonnes during the same period.

The liquid cargo was handled 9.874 million tonnes (41.5 percent), containerized cargo was 10.277 million tonnes (43.2 percent) and remaining 3.631 million tonnes (15.3 percent), included miscellaneous types of dry bulk/break bulk cargo. The volume of import cargo during July-March, 2015-16 stood at 18.089 million tonnes, as against the 15.198 million tones handled during corresponding period last year, showing an increase of more than 19 percent.

Total volume of business in different period carried out by PQA is given below in Table-13.9:

Table- 13.9: Cargo Handled at Port Qasim
(in 000 tonnes)

Period	Export	Import	Total
2007-08	4,922	21,502	26,424
2008-09	5,584	19,445	25,030
2009-10	6,380	19,226	25,626
2010-11	6,657	19,511	26,168
2011-12	5,950	18,075	24,025
2012-13	7,047	17,754	24,801
2013-14	7,699	18,076	25,772
2014-15	8,405	21,608	30,014
2015-16 (July-March)	5,693	18,089	23,782

Source: Port Qasim Authority

The export cargo handled 5.693 million tonnes during first nine months of FY2016, as compared to 4.420 million tonnes handled during corresponding period FY2015, also showing a decline of 11.3 percent, exports accounted 82 percent containerized and 18 percent non-containerized cargo. Shortfall remained in export of containerized and non-containerized cargo which reflects 2 percent and 38 percent, respectively. Ships callings also registered a growth of 6.6 percent where a total of 1018 ships were handled at the Port as against the 955 ships handled during the corresponding period.

Gwadar Port

Gwadar is the first port on the southwestern Arabian Sea coastline, in the Balochistan province of Pakistan. It is about 635 km from Karachi and 120 km from the Iranian border by road. Gwadar Port is located just outside the Strait of Hormuz, near the key shipping routes from Arabian Gulf to Far East and Europe. Gwadar Port is a strategic warm-water, deep-sea port and phase-1 of the port has been developed jointly by Government of Pakistan and the Government of the Peoples Republic of China with a total cost of US$ 288.0 million, the port was inaugurated in March, 2007.

Gwadar Port is fully functional with three multipurpose berths, each 200 meters in length dredged to 14.5 meters in depth alongside the berth, handling a ship of 50,000 DWT capacity. By 2055, it is anticipated that Gwadar Port will be the largest site of its kind in Pakistan, with a 50 km sea front and 10,000 hectares of port backup area.

On 16th May, 2013, the port’s Concessional Rights were transferred from Port of Singapore Authority (PSA) to the new operator viz, M/s China Overseas Ports Holding Company Ltd (COPHCL). The new operator has started “recovery “of existing available infrastructure and equipment at the port. COPHCL submitted operational plan of the port in consultation with Gwadar Port Authority (GPA), which suggests a framework for the Port Business Plans as per the Concessional Agreement.

In December, 2008 the ECC decided all bulk cargo comprising urea, wheat and coal shall be imported through Gwadar Port.

Since 2008, Gwadar Port has handled around 6.329 million metric tons of dry bulk cargo comprising of wheat and urea by 175 ships. Till date the port operations are given in Table-13.10.

Table 13.10: Total Import of Cargo at Gwadar Port
(Quantity in 000Tonnes)

No. of ships arrived	Type of Cargo	Quantity (000 Tones)
26	Wheat	963,609.1
150	Urea	5,366,003.0
Total: 175	Wheat+ Urea	6,329,612.1

Source: Gwadar Port Authority

Under CPEC, the Gwadar Port is strategically (economically) important for China because it will bring closer the Middle Eastern ports to China through Karakoram Highway (KKH) linking Gwadar with Kashgar. Under CPEC, Gwadar Port is considered as Gateway of CPEC, and Gwadar city as one of the pivotal cities of the corridor. The first Special Economic Zone (SEZ) of CPEC is being developed in Gwadar city.

The government-to-government CPEC agreements have created bright prospects for optimum operationalization of Gwadar Port to harness the benefits of regional trade connectivity of Western China, CARs and Afghanistan.

To resolve the port connectivity with the highway network, "Gwadar Port Eastbay Expressway" project has now been agreed upon for funding under CPEC. The project has been approved by ECNEC at an estimated cost of Rs.14.00 billion and its execution will soon start. The proposed expressway will connect the Gwadar Port with the Mekran Coastal Highway, passing along the east bay of Gwadar City, with a total length of 18.98 Km, including 4.3 Km along-the-shore and 14.6 Km on-shore sections. A double track rail link along the expressway is also part of the project.

Gwadar Port Free Zone

Federal government through PSDP has provided funds for acquisition of land to be handed over to the Concession Holder for establishment of Gwadar Port Free Zone (FZ). This would be the first Zone in Pakistan, spread over an area of 9.23 sq. km, adjacent and North West of the port. The land acquisition process has been completed and its execution has started since 2015. With the development of FZ the port throughout will enhance significantly and at the same time the Company is going to establish a large exhibition centre adjacent to the port for display of Chinese and Pakistani products.

Investment Opportunities

Gwadar port, offer opportunities to prospective investor for development of infrastructure such as storage, warehouses, hotels, marine workshops, container freight stations, seafood, dates processing and export and offices spaces for banks, clearing agents, ship agents.

Chinese investors have taken keen interest in establishing "Marine Silk Route" and establishment of heavy industries in the industrial zone as per the Gwadar Port Master Plan (2006).

13.5 Communications:

Pakistan Telecommunication Authority

PTA remained vigilant in performing its regulatory duties to protect consumer interests while maintaining viable business environment for telecom companies in the country. Telecommunication sector of Pakistan underwent a number of changes from the regulatory and market perspective during the period under review. Innovation and growth opportunities were opened up in the telecom sector after the commercial launch of Next Generation Mobile Services (NGMS), commonly known as 3G and 4G LTE services. The momentum set by the introduction of 3G and 4G LTE services in FY 2015 is picking up pace as the cellular mobile operators continue to invest in the modernization and expansion of their network and services. Keeping the ICT development agenda on priority, PTA reinvigorated the discourse on the way forward for smart Pakistan, expansion of broadband services and development of ICT applications in Pakistan. During the first three quarters of FY 2016, overall telecom teledensity has increased and the subscriber base is consistently reviving in the cellular sector as operators are adding back customers that were lost due to blocking of SIMs during biometric re-verification drive last year.

Issuance of New Telecommunication Policy 2015

To leverage ICT infrastructure for achieving the objective of transforming Pakistan into an information society and knowledge based economy, government has issued a new telecommunication policy after a thorough review of earlier policies with the key stakeholders including PTA, telecom operators and telecom experts. The new policy has provided appropriate framework to meet the challenges of rapidly modernizing telecom services. The policy has provided clarity to the investors and set agenda for spectrum trading / sharing, spectrum harmonization / reforming, licensing regime, strengthening of competition, proliferation of broadband services, access of universal services and other necessary regulatory frameworks. The Telecom Policy 2015 is aimed to facilitate the attainment of an all-embracing national agenda and to transform Pakistan into an economically vibrant, knowledge-based, middle-income country by 2025.

Auction of Spectrum for WLL Services in AJ&K and GB

In order to open up new opportunities for advanced data and telecom services in AJK and GB regions, PTA conducted auction of additional spectrum for WLL services at Azad Jammu & Kashmir (AJ&K) and Gilgit-Baltistan (GB) on 29th December, 2015 at PTA Headquarters, Islamabad. The auction was conducted in an open and transparent manner through open outcry method. PTCL and Link Dot Net were declared successful bidders after the successful completion of auction process. Spectrum will be awarded after necessary payments by the successful bidders. The total bid price for all spectrum lots amounts to Rs. 108.4 million.

Establishment of Internet Exchange Point (IXP)

Internet Exchange Points (IXPs) are vital elements of Internet infrastructure that enable networks to exchange traffic with each other by avoiding international links. For the establishment of IXP in Pakistan, PTA has formed an independent Board of Governors, having representation from all stakeholders like ISPs, PTCL/TWA, mobile phone operators, PTA, Higher Education Commission (HEC), academia and Internet Society. The establishment of IXP in Pakistan will save millions of US Dollars annually due to reduction in requirement for international bandwidth.

Launch of Smart Pakistan Portal

As part of its effort to encourage the use of mobile broadband, PTA has launched a web portal named "Smart-Pakistan" (www.smartpakistan.pk). This web portal is providing one stop repository and directory of mobile applications focusing on different thematic areas such as m-Education, m-Health, m-Government, etc

Big Data Analytics and Cloud Computing

Business analytics and big data are transforming the way businesses and governments operate. Therefore, PTA is striving to capitalize on these new trends. PTA has arranged awareness sessions and trainings on Big Data Analytics to highlight the benefits that institutions in Pakistan can achieve from the growing demand in big data analytics. PTA in collaboration with National ICT R&D Fund Co. and PLUM grid also arranged awareness sessions on Cloud Computing/Open stack. Open Stack is a project that provides a suite of open-source software and APIs to manage cloud setup, orchestration of its components, dynamic monitoring and control of any private cloud. PTA is focusing on creating awareness on upcoming technologies for the benefits of the economy. Cloud computing is being used to store large data in developed world, hence, providing new opportunities for the young technology experts.

Biometric Verification and Re-verification System for Wireless Local Loop (WLL) Services:

PTA has launched Biometric Verification System (BVS) for issuance of WLL connections at the Customer Service Centers (CSC) of WLL operators with effect from 1st December 2015. WLL connections like Vfone, EVO, Wingle, wireless dongles are now being issued after biometric verification of the subscriber. In order to check the compliance level of WLL operators, PTA teams are strictly monitoring the sale channels across the country and deviations are being continuously shared with WLL operators for rectification of the same. The re-verification of all existing WLL connections (i.e. the connections not sold through BVS) is being performed, which is expected to be completed by end April, 2016. Eventually, all non re-verified WLL subscriptions shall be blocked.

Cellular Mobile Operators' Quality of Service Survey Results – 2016:

Next Generation Mobile Services (NGMS) services were launched in Pakistan in 2014 by four (4) Cellular Mobile Operators (CMOs). PTA has recently conducted a survey in Islamabad, Rawalpindi and Peshawar to ascertain whether NGMS and CMO operators are providing services as per Key Performance Indicators (KPIs) set in their license and applicable regulations. The survey is in progress in other cities of Pakistan.

User Data Throughput and Signal Strength of all NGMS licensees were found within the range of the benchmarks set in their respective licenses while the survey results against Key Performance Indicators (KPIs) defined in GSM licenses remained as follows:

- Network Accessibility of all the mobile operators is satisfactory.
- All mobile operators are meeting Grade of Service.
- The call connection time of all the mobile operators is not satisfactory.
- Call Completion Ratio for Mobilink and Ufone is below the required standard, whereas other three mobile operators are meeting the standard.
- End-to-End Speech Quality of all the mobile operators is above the standard.
- SMS success rate for Mobilink and Warid Telecom is below the standard, whereas other mobile operators are meeting the standard.
- All mobile operators are meeting the standard for End-to-End SMS Delivery Time.
- The consolidated observations after completion of survey across the country shall be communicated to CMOs for rectification /improvement of deficient areas accordingly.
- The survey results of Islamabad, Rawalpindi and Peshawar have been uploaded at PTA's website www.pta.gov.pk for information/ awareness of users/general public.

Survey of Non-Type Approved Mobile Handsets and Tablets

During July-March FY2016, PTA carried out type approval of 753 terminal equipments and issued 5,771,365 NOCs for the already type approved equipments to different consumers/operators after introduction of Electronic based submission and disposal of Commercial NOC. PTA also carried out a survey to check type approval of mobile handsets being sold in the market and to assess the availability of non-type approved telecom devices in the open market. Warning notices have been served to the non-complying outlets, with strict instructions to follow the Standard Operating Procedures (SOPs) of PTA.

Market Survey – Availability of Dect 6.0 Cordless Phones

DECT 6.0 Cordless Phones cause interference in the 3G band allocated to the operators, which results in quality of service issues and difficulty in carrying out the network operations smoothly. Therefore, PTA carried out surveys in 3G covered cities to assess the ground situation about the sale points of these cordless phones. About 31 Outlets were served with Legal Notices who were involved in sale of DECT 6.0 cordless phones. PTA has also issued public notices in the media to warn all the importers, distributors, sellers and users of DECT 6.0 cordless phones, to refrain from such illegal activities.

Enforcement Actions and Inspections

As part of its regulatory duties, PTA conducts inspections and monitoring of telecommunication operations and businesses in the country to check their operations as per legal provisions. During July 2015 to March 2016, PTA conducted 29 joint raids with FIA across the country to curb the grey traffic activities and confiscated 103 illegal gateway equipments. Installations of Jammers and GSM Amplifier /Boosters also cause interference in the mobile and wireless telecommunication ser services. PTA and FAB carried out joint surveys followed by enforcement actions by PTA for removal of the devices causing interference in frequency spectrums of telecom operators. To check the fulfillment of NGMS rollout obligations, PTA also conducted thirty two rollout inspections of mobile operators.

World Radio-communication Conference (WRC-15)

ITU organizes the Word Radio-Communication Conference (WRC) every three to four years to review and revise the "Radio Regulations", the international treaty governing the use of the radio-frequency spectrum and the geostationary-satellite and non-geostationary-satellite orbits. The WRC was held in November 2015, in which MoIT and PTA actively participated and submitted their proposals.

International Telecommunication Union (ITU) Trainings

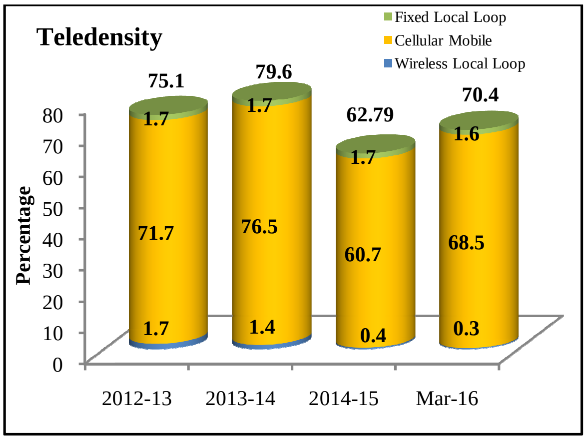
Pakistan's regulatory framework and expertise of PTA are recognized by international organizations and regional countries. In July 2015, PTA organized an ITU training program on regulatory matters for Afghan Telecommunication Regulatory Authority (ATRA) and Ministry of Communication, Afghanistan at PTA Headquarters, Islamabad.

ITU-PTA-ICTI Training on Mobile Application Development

International Telecommunication Union (ITU) and Pakistan Telecommunication Authority (PTA) jointly organized a training course on Mobile application development and mobile mediated solutions on the request of Information and Communication Technology Institute (ICTI), Afghanistan, from 16 to 26 February 2016 at PTA Headquarters, Islamabad. The main objectives of the training course were to build human and institutional capacity in mobile application development in Afghanistan and to train instructors of ICTI etc.

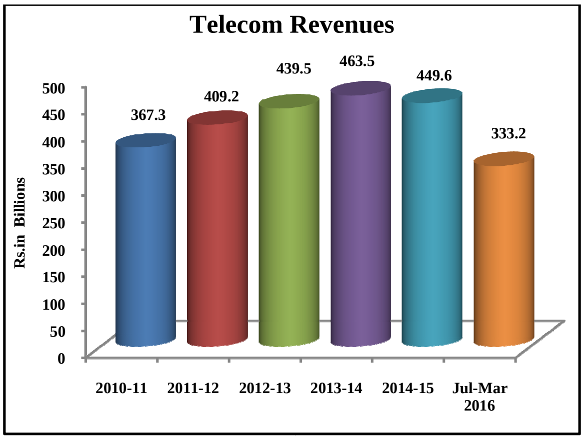
Telecom Sector Analysis

Telecom sector has shown positive growth during the first three quarters of FY 2016. Total teledensity reached 70.4 percent at the end of March, 2016 compared to 62.8 percent at the end of last fiscal year, showing an increase of 12.1 percent during first three quarters of FY 2016. The prime driver of teledensity rise is the growth in cellular mobile subscribers as FLL and WLL teledensity has slightly dropped.



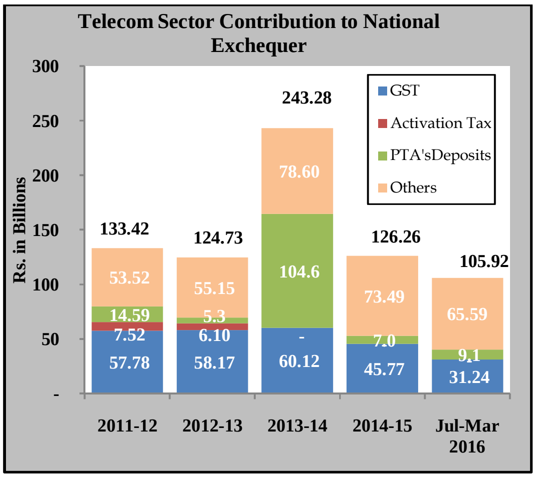
Telecom Revenues

Revenues of telecom sector during Jul-2015 to Mar-2016 are estimated at Rs. 333.2 billion. Due to loss of millions of cellular subscribers after BVS Re-verification process and intense competition and low tariffs, a declining trend in revenues of telecom operators is being observed since last year. Although this decline is in line with the international trend of profitability and revenues in telecom industry, Pakistan's telecom industry can improve its revenue generation by expanding their value added services and entering into new avenues of growth such as branchless / mobile financial services and other ICT enabled services in collaboration with other service providers in the economy.



Telecom Sector Contribution to the National Exchequer:

Telecom sector is a significant source of revenue generation for the GoP in terms of initial and annual license fees, initial and annual spectrum fees, Universal Service Fund (USF) and Research and Development (R&D) fund contributions, Access Promotion Contribution (APC) for USF, Numbering Charges, license application fee etc., and taxes including General Sales Tax (GST)/Federal Excise



Source: Federal Board of Revenue and Pakistan Telecommunication Authority. Note: Figures for 2015-16 are estimates.

PTA's contributions comprise of all its receipts including Initial and Annual License Fees, Annual Radio Frequency Spectrum Fee, Annual Spectrum Administrative Fee, USF and R&D Fund Contributions, APC for USF, Numbering Charges, License Application Fee, etc. Others include custom duties, WHT and other taxes.

Duty (FED), SIM Activation Tax, Advance/Withholding tax (WHT), sales tax on mobile handsets, custom duties and other taxes. During the last five years (FY2011 to 2015), telecom sector has contributed a total of Rs. 744.6 billion in terms of the above regulatory duties and taxes. During the first three quarters of FY 2016, telecom sector has contributed an estimated Rs. 105.9 billion in the national exchequer in terms of above mentioned regulatory duties and taxes. PTA and the telecom industry believes that rationalization of taxes on telecom sector can result into better sector growth and consequently better collections for the government in the long run.

Telecom Investment

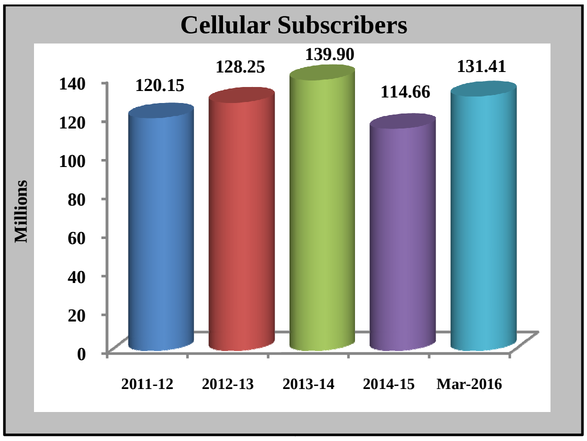
In terms of overall investment in the telecom sector, the momentum started in FY 2013 for the up-gradation of telecom networks for 3G and 4G services has continued. Telecom operators have invested a significant amount of US$ 589 million during Jul – Mar, FY 2016. The main driver behind this investment is the cellular mobile sector which has invested US $557.3 million during the first three quarters of FY 2016.

Telecom Investment				US$ (Million)
	2012-13	2013-14	2014-15	Jul-Mar 2016
Cellular	570.4	1,789.7	977.6	557.3
LDI	1.9	1.8	12.2	3.7
LL	16.1	14.2	3.9	28.0
WLL	11.9	10.0	7.2	0.0
Total	600.3	1,815.6	1,001.0	589.0

Note: FY2016 figures are estimates.

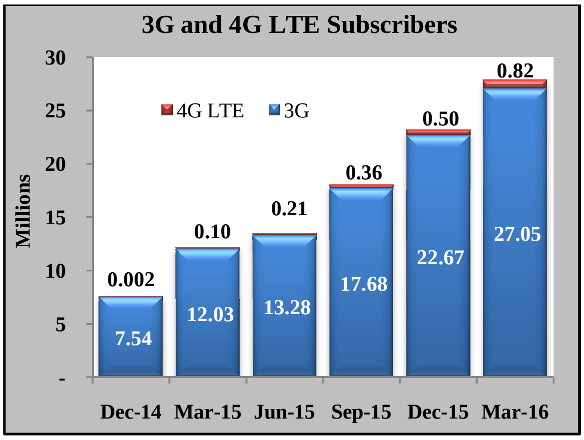
Cellular Subscribers:

By the end of March 2016, the total number of mobile subscriptions in Pakistan reached at 131.4 million at the end of March, 2016. Biometric re-verification of SIMs last year had an adverse impact on the cellular subscriber base. However, the industry has survived through the tough period and continues to regain subscribers at a fast pace. It is expected that the rise of mobile broadband will also have a catalytic effect on the SIMs sale.



3G and 4G LTE Subscribers:

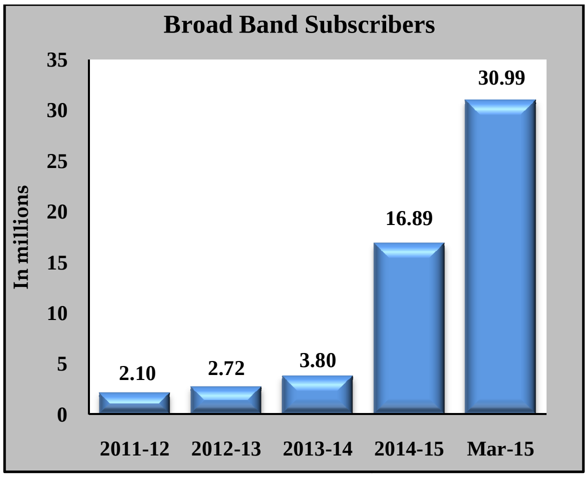
3G and 4G LTE subscribers have reached at 27.87 million at the end of March 2016 as compared to 13.49 million as of June 2015 which shows that on average, there have been more than one million subscriptions to 3G&4G LTE networks per month. More coverage and reduced tariffs will further increase the uptake of 3G and 4G LTE subscriptions.



Broadband Subscribers

Broadband subscriber base showed strong growth during the July- March, FY2016. At the end of March 2016, broadband subscribers stood at 30.99 million as compared to 16.89 million at the end of last fiscal year depicting 83 percent growth over the last nine months. The number of net subscriber additions in the period stood at 14.10 million. Most of the broadband subscriber base belongs to mobile broadband, launched in June

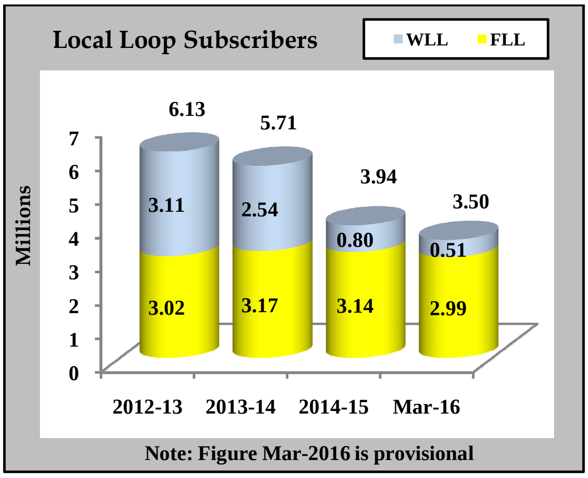
2014, which collectively forms almost 90 percent of the total broadband subscribers now. DSL, WiMAX, EvDO, HFC and FTTH collectively have 3.13 million subscribers at the end of March, 2016. This disparity in subscriber trends highlights the substitution effect of mobile broadband on the other broadband technologies. In order to further provide impetus to the broadband sector, synergy of various elements is required. Therefore, external factors are also needed to be addressed which include affordability, computer literacy, religious and cultural views regarding objectionable content on internet and lack of local content.



Local Loop Subscribers

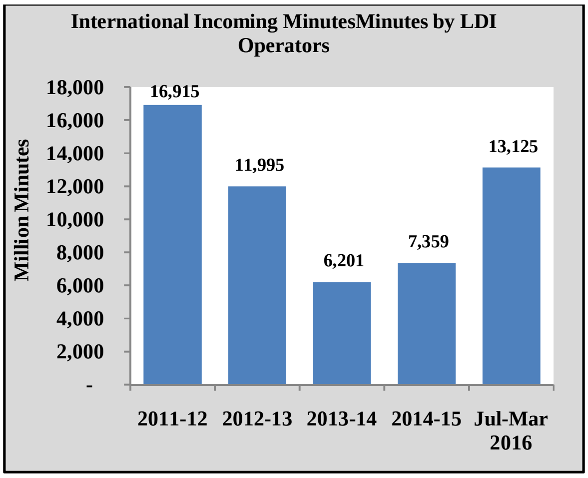
The subscriber base of local loop segment has reached 3.50 million at the end of March 2016 as compared to 3.94 million as of June, 2015.

The overall subscriber base has decreased by 0.35% with 0.44 million connections churned off during Jul 2015 to Mar 2016. FLL subscriber base has been relatively steady as 2.99 million subscribers (Mar, 2016) are reported as compared to 3.14 million (June 2015). WLL subscriber base also dropped to 0.29 million during the first three quarters of the FY 2016 as compared to 0.80 million at end of June 2015. The closure of huge number of WLL connections in the last two years indicates that cellular mobile services are preferred choice of consumers for voice and data connectivity.



Long Distance and International (LDI) Services

LDI operators have an important role in the overall telecommunication landscape of Pakistan. The right to bring and deliver the international traffic to and from Pakistan has been given to LDI operators. However, some mischievous elements bypass the designated legal gateways in order to evade government dues (called as Access Promotion Contribution) and other taxes and regulatory fees, thus causing substantial loss to the National exchequer. Therefore, PTA deregulated the Approved Settlement Rates (ASR). Now, the segment dynamics are driven by market forces and the international traffic patterns are improving with every passing month.



The total international traffic (incoming + outgoing) stood at 14,545 million minutes during

July-Mar FY2016 as compared to 5,643 million minutes during the same period of FY 2015. The growth of 158 percent is an encouraging sign for the LDI segment. Breakdown of traffic shows that international incoming minutes have increased remarkably with a total volume of 13,125 million minutes in three quarters of FY 2016 as compared to 4,169 million minutes in the entire previous fiscal year. On the other hand, total international outgoing traffic minutes dropped by (3.7 percent) during the July-March 2016 as compared to July-March 2015. The total international outgoing traffic minutes were reported to be 1,424 million during the July-March 2016 as compared to 1,474 million in the same period of previous year, mainly due to the rising trend in using Over-the-top (OTT) services for international calls such as Skype, Whatsapp, Viber, Facetime, Line etc.

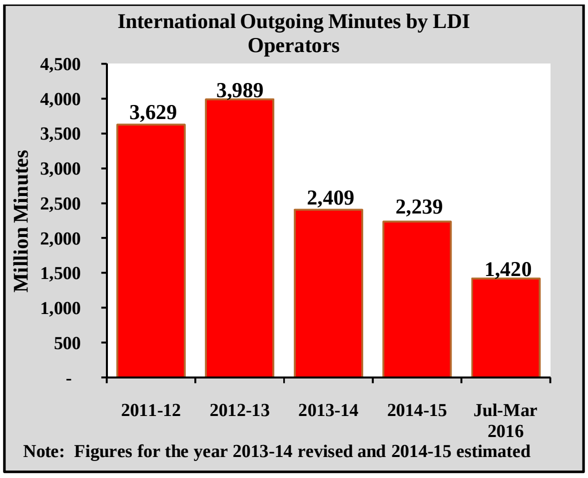


Table 13.11: TELECOM

Financial Year	Telephones (FLL & WLL)	Broadband Connections	Mobile Phones
2013-14	5,217,046	3,795,923	139,974,754
2014-15	3,930,596	16,885,518	114,658,434
Mar-2016	3,498,869	30,996,295	131,412,658

Source: Pakistan Telecommunication Authority

13.6 Electronic Media in Pakistan:

13.6-A Pakistan Electronic Media Regulatory Authority

To promote private electronic media, PEMRA is playing important role and also contribute in employment generation as well as revenue to the exchequer. The remarkable growth of electronic media has expanded advertisement market manifold thus creating many jobs indirectly. Hence the role of PEMRA in promotion of electronic media, advertising industry and job creation has been remarkable. Right now there are restrictions on foreign investment in Media Sector and media has not been declared as industry. The potential of foreign investment in media sector is huge which has not been capitalized as yet.

Every year PEMRA foresees new avenues of licensing in different segments of electronic media. This opens up opportunities for the new market players to invest in electronic media and expand the industry thus creating avenues of income and employment for the economy. In the current financial year, PEMRA examined the performance of the sector in order to assess the future prospects of the media sector.

Contribution to National Economy

Due to improvement in economic fundamentals, drastic cut in policy rate, increase in foreign remittances and hefty reserves created a stimulus for the investors in electronic media. Electronic media sector is rather a new sector having enormous potential of investments. In order to promote international competition in electronic media, PEMRA allows foreign channels to be distributed in Pakistan through local companies formed under the company law. To date PEMRA has awarded permission to fifteen companies to distribute twenty channels. Such permissions are called Landing Right Permission. These channels have played a significant role in expansion of advertising market. The advertising industry generated roughly over 1000 million in a year from this sub-sector of media. Assuming the velocity of money of 5 roughly an economic activity of Rs. 5000 million may be projected for the current financial year from only this sub-sector.

Currently 93 licensed satellite channels are operating. These channels have generated more than 10000 employment openings in the country. Satellite channels helped generate economic activity of roughly Rs. 40000 million in the economy. Cable TV and FM sectors have also played significant rule in promotion of advertising industry and creation of a lot of employment opportunities in the country.

In order to give better choice to the consumers, PEMRA initiated the process of awarding license of Direct to Home Service (DTH). This would create an avenue for increasing pay T.V penetration and create a new marketing channels for the advertisers.

PEMRA's Role in Economic Development

It is worth mentioning the PEMRA's planning horizon is one year. The FY 2017 is likely to begin with positive out look for the media industry and stable economic fundamentals. The profitability of the sector may attract new players in the market. However, there is also a chance that two many players in the market may erode the profit and decrease potential. Given these facts, PEMRA plan it's licensing. In the next financial year PEMRA intends to issue twelve new licenses of satellite television and twelve licenses for landing rights permission. The step is likely to enhance satellite TV advertising market to a considerable extent.

From new licensing about 5000 direct employment opportunities would be created. This may trigger economic activity of hundreds of millions of rupees in the economy. This would also broader the choices available to the viewers.

Licensing of DTH service would also enrich the electronic media distribution market with a new flavor. PEMRA plans to award three DTH licenses. Pakistan is a country where pay TV presentation in the market is not more than 55 percent. Given the population and untapped potential for pay TV subscribers, it is likely that DTH Licensing would be a success story. It would not only add value for the advertising market but also generate an economic activity of about Rs. 6000 Million. DTH would also put a positive pressure on cable TV sector and result in improvement in quality of service. Thus PEMRA would continue to pay its vibrant role in the economic growth of the country in the next financial year.

13.6-B Pakistan Television Corporation Limited

The most economic broadcasting services are provided by Pakistan Television Corporation Limited (PTV) to remote and economically backward areas of the country in order to keep the people of remote areas aware of about the current affairs of the country as well as the whole world. It can also provide different entertainment, education and sports programmes to the people enabling them to uplift their socio-economic conditions, to eliminate the existing disparity.

There exist 7 multiple channels broadcasting its different programmes through PTV world, PTV News, PTV Home, PTV Bolan, PTV Sports, PTV National and PTV Global. The only English News Channel in Pakistan telecasting the information about Pakistan domestically as well as internationally has been launched by PTV.

AJK Television

The Azad Jammu &Kashmir is also covered by a TV Channel with one TV Centre, and with four Rebroadcast Centers at Kotli, Rawalakot, Bagh and Bhimber. AJK Television is also transmitting regional Kashmiri programs, in local language.

PTV World

Keeping in view the trend of adopting English language, PTV has launched English News Channel. This is only English News channel in Pakistan telecasting the information about Pakistan domestically as well as internationally.

TV Centre Multan

Due to distinctive culture and historical heritage of Saraiki region a separate TV centre has been established at Multan to project the socio uplift of this particular region, with particular focus on telecasting Saraiki programmes.

Establishment of Rebroadcast Stations (RBS) in following areas is in progress throughout the country during 2015-16.

Punjab

Rebroadcast Stations at Shakargarh, Kotli station & Mian Channu.

Sindh

Rebroadcast Stations at Badin.

Khyber Pakhtunkhwa

Federal Minister of M/O IB &NH inaugurated the RBS Kohat on 09-02-2016, now the regular transmissions have been started from RBS Kohat. The transmission of RBS Kohat will cover an area of 250 Sq KM of Koaht district and almost 5 lac people of Kohat will see the telecast with territorial antenna. RBS Buneer and Besham will be completed in the FY 2016.

Balochistan

Rebroadcast Station at Ziarat, Kharan and Bar Khan.

Northern Areas

Prime Minister of Pakistan inaugurated 4 Rebroadcast stations at Chilas, Gahkuch, Khaplu and Shigar in FY 2015. The other remaining RBS at Aliabad/Karimabad, Jagot/Bunji and Astore are in progress and near to completion.

AJ & K

Rebroadcast Stations at Palandri, Neela But, Bhimber, Athmuqm, Karan, Kot, Jura, Dhudhinal & Pando. PTV management has planned for Modernization of technical facilities /Electronic Equipment during 2015-16 to enhance the coverage of area and population. PTV has improved its programs of infotainment, News, Current Affairs and sports.

Digitalization of PTV Signals with Collaboration of China

During the visit of Chinese's President to Pakistan an MoU has been signed between NDRC on behalf of the People's Republic of China and Ministry of Information, Broadcasting & National Heritage on behalf of the Islamic Republic of Pakistan to harvest the benefit of the project of Digital Terrestrial Multimedia Broadcasting (DTMB) technology. A pilot project for transition/migration to digital transmission system has been established at RBS Murree by M/s ZTE Corporation for demonstration of PTV's Terrestrial network. If this DTMB pilot project validated qualitatively & quantitatively, the Government of Pakistan will adopt this technology under Grant-in-Aid from China.

Number of registered TV sets holders as on 31st December, 2015 are 15,393,542.

13.6-C Pakistan Broadcasting Corporation

Pakistan Broadcasting Corporation is one of the most important and effective electronic media for the projection of government policies and aspirations of the people of Pakistan at home and abroad. PBC is not a commercial under taking. It was not established to earn profit from its broadcast. It aims to provide information, education and entertainment to the masses through Radio News and Programmes of high standard. It also counters adverse foreign propaganda and negative perception. Radio is playing significant role in promoting Islamic Ideology and national unity with the principles of democracy, freedom, equality, tolerance and social justice. It promotes national & local languages, culture and values. It also helps in discouraging sectarianism, provincialism and terrorism.

PBC also educate people on social issues with broadcast of public service programmes covering health, education, environment, population welfare, agriculture, rights of children, women, minorities, special persons, human rights, media freedom and tolerance etc. It entertains people through Music, Features, Skits, Plays etc. in a creative manner. Pakistan Broadcasting Corporation, Central News Organization (CNO) gave full coverage to Government's Energy policy, Motorway projects, economic revival and China Pakistan Economic Corridor in its national/regional, foreign bulletins and Current Affairs programmes.

An amount of Rs. 3,530.000 million budget was allocated to PBC to meet the employees' related as well as operational expenditure for the year 2015-16. Out of this amount, Rs.3260.203 million has been released to PBC up to April, 2016.

13.7 Pakistan Post Office

(a) Counter Automation System

Over 83 GPOs including renovated post offices / sub offices throughout Pakistan have already been provided with counter computerization facility for the better service quality to the customers through a LAN based system.

(b) Centralized Software Solution for Financial Services

An Industry standard off-the-shelf solution "Riposte Essentials" from M/S Escher Group has been implemented. Currently Electronic Money Order Service (EMOs), Online Computerized collection of all utility bills though Centralized Software Solution Child Support Programme & BISP Services has been implemented at the 83 automated GPOs. While rollout of Military Pension Payment System in more than 82 GPOs have been implemented too. However, Savings Bank and PT Services are in customization stage which will soon be implemented in 83 GPOs.

(c) Computer Military Pension Payment System

Pakistan post is disbursing pension to more than 1.3 million pensioners of Defence forces. During FY 2014, it paid an amount of Rs. 89 billion to pensioners through its wide network of Post Offices, while during the FY 2015 the amount paid to pensioners stood at Rs. 102 billion.

During the past two years Pakistan Post took a number of steps to improve the efficiency in this field. The operations of Military payment were shifted to computers from 2003 on LAN basis but during the last two years the data of all defence forces pensioners has been shifted on Centralized Software System which has added value to our services.

(d) Achievements of Savings Bank:

Pakistan Post is doing Savings Bank work as an agent of Ministry of Finance on commission under Savings Bank Act 1873. Finance Division is paying commission on Savings Bank work @ 0.5 percent. Savings Certificates are issued under Post office National Savings Certificates Act 1917 and National Savings Certificate Ordinance 1944. Twelve thousand post offices are providing the following Savings Bank services to the people of Pakistan:

- Savings Bank Ordinary Accounts.
- Special Savings Accounts.
- Defence Savings Certificates.
- Special Savings Certificates.
- Regular Income Certificates.

The progress of Saving Bank during the period 2015-16 is shown as under:

Total number of Accounts	Rs 3,566,480
Total closing balance on 30-06-2015	Rs.157, 699.114 million.
Total deposits balance on 31-03-2016	Rs.149,243.109 million.
Total commission on 31-03-2016	Rs.746.215 million.

Seventy Five thousand field offices of Pakistan Post play a vital role in mobilization of financial resources through Savings Bank Schemes. Saving Bank is also being shifted from manual work to Centralized Software Solution (CSS) which will add the value of the business.

(d) Computerized PTCL Pension Payment System

PTCL pension payment service has already been computerized. Pension to PTCL retired pensioners are being paid through software provided by the Pakistan Telecommunication Employees Trust (PTET). As per government decision, Physical verification of the PTCL pensioners is being conducted by the PTET officials at GPOs to ensure transparency in pension payment and pensioners identity.

(e) Western Union Money Remittance Business

During the first nine months (July-2015 to March-2016) of the FY 2016, Pakistan Post has received the foreign remittance amounting to US $ 54.818 million equivalent to Rs. 5,657.122 million.

(f) Benazir Income Support Programme

A complete web-enable tracking and monitoring system for disbursement of funds for Benazir Income Support Programme (BISP) has been evolved that include continuous processing, monitoring and reconciliation of the specialized money orders scheme.

The same is implemented at all 83 GPOs automated GPOs throughout Pakistan. Over 46.5 million money orders have been issued upto 31st March, 2016 and an amount of around Rs. 124.430 billion has been disbursed.

During the first nine months (July-2015 to March-2016) of the current FY 2016 total 327,716 BISP Money Orders along with required funds for Rs. 1.455 billion were received from BISP authorities, out of which 96 percent Money Orders amounting to Rs. 1.399 billion have been paid within prescribed period of time.

(g) International Postal Services

Pakistan Post has mail links with all countries of the world except Israel. Exchange of mail is carried out under rules and regulations of the Universal Postal Union. Direct mail links exists with 165 countries and rest of the mail is exchanged by utilizing the transit facilities of intermediary countries.

(h) Achievements In International Postal Services

Pakistan post dispatches more volume of mail than it receives for delivery. Thus it always remains net-creditor. Pakistan Post received an amount of Rs.30.919 million during the period from July 2015 to February 2016 on account of Terminal Dues for imbalance of International mails received from and dispatched to other countries.

(i) First Micro Finance Banking (FMFB):

Pakistan Post in liaison with First Micro Finance Bank has earned Rs. 2.2 million during the period from July-December 2015 for disbursement/ Recovery of Loan and Rent Charges. Details are as under:

July to December-2015		
Amount Disbursed	Rs. 251505377/-	(251.51million)
Amount Recovered	Rs. 169035616/-	(169.04 million)
Rent Charges	Rs. 229345/-	
PPO Commission @ 0.5 % on disbursement & Recovered Loans Including Rent Charges	Rs. 2200285/-	(2.2 million)

(j) Postal Life Insurance

The updates about Postal Life Insurance for the period from July-March, 2016 is appended below:

Fresh Policies

No of Fresh Policies Issued	=	14,548	
Fresh Premium Income	=	310.901	million
Sum Assured	=	5,519.201	million

Enforce Policies

No of Policies	=	434,596	
Premium Income	=	3,318.830	million
Sum Assured	=	70,697.894	million

(k) Philately

The following Commemorative Postage Stamps have been issued for the period from March-2015 to 13th April, 2016.

1	Issuance of Commemorative Postage Stamp on first 100 MW Solar Plant.	4-05-2015	Rs.8/-
2	Issuance of Commemorative Postage Stamp on 2015 years of Pakistan-China Friendly Exchanges	14-08-2015	Rs.10/- each design
3	Issuance of Commemorative Postage on the EVE of Defence Day Golden Jubilee Celebrations.	07-09-2015	Rs.10/- each design
4	Issuance of Commemorative Postage Stamp on Goldan Jubilee Celebration of Cadet College Kohat.	10-10-2015	Rs. 8/-
5	Issuance of Commemorative Postage Stamp on 100 years of Urdu in Turkey.	12-10-2015	Rs. 10/-
6	Issuance of Commemorative Postage Stamp on Restoration of Murree GPO.	04-11-2015	Rs.08 each design
7	Issuance of Commemorative Postage Stamp on the First Anniversary of the Gruesome Incident on the Army Public School, Peshawar.	16-12-2015	Rs. 10/-
8	Issuance of Commemorative Postage Stamp on Murree GPO 29th December, 2015.	29-12-2015	Rs.10/- Each design

Conclusion

Globally modern Transport and fast Communication system is changing every aspect of human life at a very fast pace. We cannot deny the fact that currently the way of life is changing faster than ever before, mainly due to improvement and advancement in the Transport and Communication means. Government of Pakistan is also trying its best with limited resources, to enhance and modernize roads, railways, air services and all kinds of communication links. To establish a modern society at par with other regional countries, CPEC can play an important role in this direction and would be transformational for Pakistan's economy which would dovetail perfectly with China's strategy of developing its inland and western regions. This can ultimately increase in trade, investment and financial flows, with the help of improvement and linkages through road, rail and communication. CPEC will provide an integrating platform for peace and prosperity to the region through enhancement in the competitiveness of the economics of the regional countries.

TRANSPORT AND COMMUNICATIONS

TABLE 13.1 A

LENGTH OF ROADS

(In Kilometers)

Fiscal Year	Total	High Type	Low Type
2000-01	249,972	144,652	105,320
2001-02	251,661	148,877	102,784
2002-03	252,168	153,225	98,943
2003-04	256,070	158,543	97,527
2004-05	258,214	162,841	95,373
2005-06	259,021	167,530	91,491
2006-07	259,189	172,827	86,362
2007-08	258,350	174,320	84,030
2008-09	258,350	176,589	81,761
2009-10	260,760	180,910	79,850
2010-11	259,463	180,866	78,597
2011-12	261,595	181,940	79,655
2012-13	263,415	182,900	80,515
2013-14	263,755	184,120	79,635
2014-15	263,942	185,063	78,879
2015-16 (Jul-Mar) E	263,356	187,807	75,549

E : Estimated

Source: National Transport Research Centre

TABLE 13.1 B

RAILWAYS

Fiscal Year	Locomo-tives (Nos.)	Freight Wagons (Nos.)	Route (Kms.)	Number of Passengers carried (Million)	Freight carried (Million Tonnes)	Freight Tonne (Million Kms.)	Gross Earnings (Rs. Million)
2000-01	610	23,893	7,791	68.80	5.89	4,520	11,938
2001-02	577	23,460	7,791	69.00	5.90	4,573	13,346
2002-03	577	23,722	7,791	72.40	6.18	4,830	14,810
2003-04	592	21,812	7,791	75.70	6.14	5,336	14,635
2004-05	557	21,556	7,791	78.18	6.41	5,532	18,027
2005-06	544	20,809	7,791	81.43	6.03	5,916	18,184
2006-07	544	19,638	7,791	83.89	6.42	5,453	19,195
2007-08	555	18,638	7,791	79.99	7.23	6,178	19,973
2008-09	551	17,259	7,791	82.54	6.94	5,896	23,158
2009-10	528	16,499	7,791	74.93	5.83	4,847	21,887
2010-11	528	18,468	7,791	64.90	2.61	1,757	18,612
2011-12	552	17,611	7,791	41.90	1.30	403	15,444
2012-13	493	16,635	7,791	41.95	1.01	419	18,069
2013-14	421	16,179	7,791	47.69	1.61	1,090	22,800
2014-15	458	15,452	7,791	52.90	3.60	3,301	31,924
2015-16 Jul-Mar (P)	455	15,164	7,791	39.55	3.65	3,497	26,436

P : Provisional

Source: Ministry of Railways

TABLE 13.1 C

PAKISTAN NATIONAL SHIPPING CORPORATION (PNSC)

Fiscal Year	No. of Vessels	Dead Wt. Tonnes	Gross Earnings (Rs. Million)
2000-01	14	243,802	5,458.7
2001-02	14	243,749	4,899.2
2002-03	13	229,579	5,404.9
2003-04	14	469,931	6,963.1
2004-05	14	570,466	7,951.0
2005-06	15	636,182	7,924.6
2006-07	15	636,182	9,089.1
2007-08	14	536,821	10,753.5
2008-09	14	536,821	11,474.0
2009-10	10	633,273	7,889.9
2010-11	11	646,666	9,293.0
2011-12	9	610,167	8,875.3
2012-13	9	642,207	12,252.9
2013-14	9	642,207	15,726.5
2014-15	9	681,806	15,536.3
2015-16 Jul-Mar (P)	9	681,806 *	9,617.2

P: Provisional **Source: Pakistan National Shipping Corporation**

*** : Highest carring capacity since 1979 inception of PNSC**

TABLE 13.1 D

PORTS-Cargo Handled

Fiscal	Karachi Port (000 tonnes)			Port Qasim (000 tonnes)			Gwadar Port (000 tonnes)
Year	Total	Imports	Exports	Total	Imports	Exports	Imports
2000-01	25,981	20,063	5,918	13,588	11,841	1,747	-
2001-02	26,692	20,330	6,362	13,317	10,932	2,385	-
2002-03	25,852	19,609	6,273	15,109	11,980	3,129	-
2003-04	27,813	21,732	6,081	14,123	11,264	2,859	-
2004-05	28,615	22,100	6,515	19,437	16,006	3,431	-
2005-06	32,270	25,573	6,697	21,573	17,588	3,985	-
2006-07	30,846	23,329	7,517	24,350	19,511	4,839	-
2007-08	37,192	25,517	11,675	26,424	21,607	4,817	232.0
2008-09	38,732	25,367	13,364	25,030	19,443	5,286	1,325.7
2009-10	41,420	27,892	13,528	25,606	19,226	6,380	1,262.2
2010-11	41,431	28,589	12,846	26,168	19,510	6,658	526.7
2011-12	37,875	26,201	11,674	24,025	18,075	5,950	1,426.0
2012-13	38,850	26,700	12,150	24,801	17,754	7,047	507.6
2013-14	41,350	30,343	11,007	25,775	18,076	7,699	623.1
2014-15	43,422	33,000	10,422	30,014	21,608	8,405	454.1
2015-16 Jul-Mar (P)	36,516	29,217	7,299	23,782	18,089	5,693	-

P : Provisional

- : Not available

Source: Karachi Port Trust
Port Qasim Authority
Gawardar Port Authority

TABLE 13.2

PAKISTAN INTERNATIONAL AIRLINES CORPORATION-Operational

Year	PIA Fleet No. of Planes	Available Seat (Million Kms.)	Route Kms.	Passenger Load Factor %	Available Tonne (Million Kms.)	Operating Expenses (Million Rs.)
2000*	46	18,692	317,213	64.5	2,631	42,033
2001*	45	9,885	324,815	63.8	1,438	23,296
2001-02	44	15,778	291,428	68.7	2,270	39,377
2002-03	43	16,264	311,152	69.3	2,401	39,125
2003-04	42	18,299	294,082	69.8	2,528	47,197
2004-05	42	20,348	354,664	67.0	3,033	62,360
2005-06	42	21,991	343,525	69.4	3,302	73,074
2006-07	39	22,092	446,570	68.5	3,369	79,164
2007-08	44	20,313	383,574	67.4	3,125	76,415
2008-09	42	19,528	311,131	71.3	2,934	120,579
2009*	40	19,859	380,917	70.0	2,933	98,629
2010*	40	21,219	424,570	74.0	3,091	106,811
2011	38	21,725	460,719	72.0	2,972	134,477
2012	38	19,849	448,120	70.0	2,859	133,473
2013	34	17,412	411,936	70.0	2,471	126,164
2014	34	16,536	389,445	72.0	2,396	118,048
2015	38	16,666	367,251	70.3	2,435	77,005

(Contd.)

TABLE 13.2

PAKISTAN INTERNATIONAL AIRLINES CORPORATION-Revenue

Year	Revenue Passengers (Million Kms.)	Revenue Passengers Carried (000)	Revenue Load Factor (%)	Revenue Kilometers Flown (000)	Revenue Tonne (Million Kms.)	Revenue Hours Flown	Operating Revenue (Million Rs.)
2000*	12,056	5,297	55.2	76,212	1,452	134,066	39,228
2001*	6,305	2,729	53.5	40,158	769	65,615	21,966
2001-02	10,843	4,290	58.4	62,974	1,325	110,136	42,844
2002-03	11,276	4,391	57.8	63,863	1,389	108,942	45,442
2003-04	12,769	4,796	55.0	58,146	1,456	96,765	51,041
2004-05	13,634	5,132	54.6	80,699	1,657	131,262	61,308
2005-06	15,260	5,828	55.1	87,273	1,818	141,666	67,574
2006-07	15,124	5,732	53.5	80,302	1,801	141,479	70,587
2007-08	13,680	5,415	51.0	80,759	1,593	132,416	70,480
2008-09	13,925	5,617	53.9	79,580	1,580	132,378	89,201
2009*	13,891	5,535	52.0	80,108	1,525	132,155	94,564
2010	15,656	5,538	56.0	81,588	1,746	142,940	107,532
2011	15,663	5,953	56.0	84,898	1,678	141,727	116,550
2012	13,874	5,263	53.0	75,750	1,513	127,268	112,130
2013	12,273	4,499	55.0	63,144	1,351	106,476	95,771
2014	11,903	4,202	52.0	61,389	1,224	101,556	99,519
2015**	11,711	4,393	48.9	67,630	1,191	111,455	69,250

***: PIA Financial Year has changed to Calendar Year** **Source: Pakistan International Airlines Corporation**

**** : Operating Revenue and Operating expenses for 2015 is restricted in nine months**

TABLE 13.3

NUMBER OF MOTOR VEHICLES REGISTERED

(In 000 Nos.)

Calendar Year	Motor Cycle (2 Wheels)	Motor Cycle (3 Wheels)	Motor Cars Jeeps & Station Wagons	Motor Cabs/ Taxis	Buses	Trucks	Others	Total
2000	2,260.8	99.4	1,182.3	83.9	154.4	148.6	772.3	4,701.6
2001	2,283.4	107.6	1,198.9	90.1	161.5	155.8	786.9	4,784.1
2002	2,341.1	120.6	1,279.4	90.1	155.6	169.3	814.2	4,970.1
2003	2,379.3	127.4	1,289.9	90.4	165.8	177.5	834.4	5,064.6
2004	2,609.4	138.2	1,298.4	90.5	166.1	179.7	848.7	5,331.0
2005	2,649.9	101.1	1,318.5	91.9	168.7	182.5	861.9	5,374.4
2006	2,757.8	136.4	1,372.2	105.4	175.6	190.0	896.0	5,633.4
2007	2,895.7	143.2	1,440.8	103.4	184.4	199.4	940.9	5,907.8
2008	3,039.8	156.1	1,549.9	104.4	187.4	202.6	961.6	6,201.8
2009	3,215.6	167.9	1,657.9	106.5	195.2	210.9	1,005.4	6,559.4
2010	4,305.1	201.8	1,726.3	122.9	198.8	216.1	1,081.9	7,853.0
2011	5,781.9	266.4	1,881.6	124.7	202.5	225.1	1,178.9	9,661.0
2012	7,500.2	323.2	2,094.3	143.9	215.4	240.9	1,270.8	11,788.6
2013	9,064.5	378.0	2,281.1	145.2	220.3	247.2	1,334.3	13,670.8
2014	10,341.3	429.3	2,400.7	145.4	223.6	251.3	1,376.4	15,168.1
2015 P	12,177.4	509.6	2,531.6	163.9	228.2	257.5	1,449.4	17,317.6

P : Provisional

Source: Pakistan Bureau of Statistics

TABLE 13.4

MOTOR VEHICLES ON ROAD-LCV

(In 000 Nos.)

Year	Mcy/ Scooter	Motor Car	M. Cab/ Taxi	Motor Rickshaw	D.Van	Pickup	Jeep	Station Wagon
2000-01	2,218.9	928.0	79.8	72.4	72.4	68.4	18.3	93.8
2001-02	2,481.1	1,040.0	96.4	80.8	116.9	78.3	43.4	122.7
2002-03	2,656.2	1,110.0	104.1	80.9	120.3	80.6	44.4	126.4
2003-04	2,882.5	1,193.1	112.6	81.0	121.3	84.4	47.8	132.4
2004-05	3,063.0	1,264.7	120.3	81.3	121.9	87.6	51.8	140.5
2005-06	3,791.0	1,999.2	122.1	77.8	143.3	93.5	65.7	140.8
2006-07	4,463.8	1,682.2	119.1	79.0	148.9	104.5	85.4	169.1
2007-08	5,037.0	1,853.5	129.8	89.3	163.5	115.3	82.9	163.2
2008-09	5,368.0	2,029.1	138.6	88.4	167.2	125.5	79.0	155.6
2009-10	5,412.1	2,387.2	146.4	89.1	170.4	130.3	78.3	171.4
2010-11	5,468.8	2,822.2	154.6	89.8	173.6	135.3	78.5	175.2
2011-12	4,463.6	3,205.0	158.7	102.4	176.6	141.3	78.6	178.3
2012-13	5,550.0	3,600.0	160.7	120.5	180.0	150.2	78.7	180.1
2013-14	6,100.0	4,600.0	168.8	108.0	181.0	150.0	60.0	185.0
2014-15	6,405.0	4,820.0	178.0	112.0	190.0	158.0	64.0	191.0
2015-16 (P)	6,669.3	6,131.7	186.5	118.1	191.4	166.3	54.2	192.0

(Contd.)

TABLE 13.4

MOTOR VEHICLES ON ROAD-HCV

(In 000 Nos.)

Year	Ambu-lance	Buses	Trucks	Tractor	Tankers		Others	Total
					Oil	Water		
2000-01	1.7	86.6	132.3	579.4	7.2	0.8	89.0	4,471.0
2001-02	4.1	96.6	145.2	630.5	7.6	0.9	71.5	5,016.8
2002-03	4.3	98.3	146.7	663.2	7.6	0.9	71.4	5,315.0
2003-04	4.4	100.4	149.2	722.7	7.6	0.9	71.3	5,711.2
2004-05	4.5	102.4	151.8	778.1	7.7	0.9	69.4	6,048.3
2005-06	4.5	103.6	151.8	822.3	7.7	0.9	60.2	7,084.5
2006-07	4.6	108.4	173.3	877.8	7.8	0.9	38.5	8,063.6
2007-08	5.2	109.9	177.8	900.5	8.8	1.0	40.8	8,878.5
2008-09	5.6	111.1	181.9	911.7	9.7	1.1	41.3	9,413.7
2009-10	4.0	123.3	200.5	940.8	10.0	1.1	21.8	9,866.4
2010-11	4.5	125.6	209.5	970.9	10.3	1.1	24.0	10,443.8
2011-12	3.9	129.2	212.3	1,008.7	10.6	1.3	50.4	10,960.7
2012-13	3.7	130.2	220.5	1,128.7	10.8	1.5	60.5	11,576.1
2013-14	4.0	140.0	240.0	1,228.0	11.0	1.6	65.0	13,242.4
2014-15	4.0	148.0	252.0	1,283.0	11.0	1.6	68.0	13,885.6
2015-16 (P)	3.8	150.6	263.8	1,351.6	12.1	1.9	75.5	15,568.8

P: Provisional

Source: Ministry of Communication (NTRC)

TABLE 13.5

MOTOR VEHICLES-PRODUCTION

(In Nos.)

Fiscal Year	Motor Cycle/Rickshaw	Cars & Jeeps	L.C.Vs	Buses	Trucks	Tractors
2000-01	117,858	39,573	6,960	1,332	948	32,556
2001-02	133,334	41,171	8,491	1,099	1,141	24,331
2002-03	176,591	63,267	12,174	1,340	1,950	26,501
2003-04	327,446	100,070	14,089	1,380	2,022	36,103
2004-05	571,145	128,381	23,613	1,762	3,204	43,746
2005-06	751,667	163,114	29,581	825	4,518	49,439
2006-07	839,224	179,314	19,672	993	4,410	54,610
2007-08	1,057,751	166,300	21,354	1,146	4,993	53,607
2008-09	917,628	85,240	16,158	657	3,135	60,107
2009-10	1,389,047	122,819	15,568	628	3,425	71,730
2010-11	1,638,457	134,855	19,142	490	2,810	70,855
2011-12	1,649,532	154,706	20,929	568	2,597	48,152
2012-13	1,675,071	121,807	14,517	522	1,923	50,871
2013-14	1,728,137	117,498	17,477	559	2,674	34,524
2014-15	1,779,215	153,633	28,189	575	4,039	48,883
2015-16 Jul-Mar (P)	1,513,571	137,688	29,529	746	3,940	21,942

TABLE 13.6

MOTOR VEHICLES-IMPORT

(in Nos.)

Fiscal Year	Bicycle	Motorised Cycles	Motor Cycles	Motor Rickshaw	Rickshaw chassis with Engine	Cars	Passengers M. Cars (NES)	Car Chassis with Engine	Pickup	Jeeps
2002-03	37,836	509	143,952	101	10	60,554	194	-	5,162	6,010
2003-04	39,894	675	127,861	3	2	88,130	243	-	6,857	11,435
2004-05	61,187	4,143	189,721	3	144	66,338	244	-	5,394	5,409
2005-06	52,022	9,472	167,626	15	315	36,563	1,587	-	23,303	2,108
2006-07	28,509	12,467	164,078	1,727	421	202,785	1,174	6	21,898	1,938
2007-08	38,249	18,512	209,098	1,029	187	540,025	690	-	1,869	210
2008-09	42,966	20,726	200,745	125	6	425,721	557	20	1,871	14
2009-10	99,349	33,596	175,577	10,816	84	750,888	176	1	21,096	27
2010-11	184,023	103,694	216,080	14,746	-	675,810	344	163	35,462	27
2011-12	199,876	29,645	246,332	51,142	-	874,386	137	2	63,716	35
2012-13	211,611	36,765	435,004	20,695	-	1,173,228	916	2	43,013	29
2013-14	260,532	42,840	213,466	32,745	-	778,073	54	-	20,459	14
2014-15	386,981	58,270	291,882	97,591	-	1,854,563	10	2	65,751	21
2015-16 (July-Mar)	448,289	66,761	265,585	30,267	-	2,513,966	2	-	75,020	9

(Contd.)

Fiscal Year	Station Wagon	Delivery Van	Lorries Trucks Ambulance	Passenger Vehicles Public	Special Lorries Trucks & Vans	Bus etc. Chassis	Buses, Trolly Buses	Motor Vehicles for Goods	Spl. Truck etc. Chassis	Road Tractors for Trailers
2002-03	440	471	14,036	473	54	46	1,230	234	-	122
2003-04	154	26	2,883	721	95	164	2,429	511	-	124
2004-05	37	178	2,616	1,519	1,544	18	411	269	-	117
2005-06	284	2,586	13,463	5,228	551	7	2,104	3,844	38	498
2006-07	2,817	1,583	16,610	2,123	573	24	652	297	48	997
2007-08	345	311	4,331	836	875	314	217	22	335	2,409
2008-09	28	37	2,405	363	1,203	1,017	232	2	9	2,149
2009-10	109	2	12,819	364	5,325	671	285	-	12	2,154
2010-11	29	4	24,728	225	3,371	1,553	861	5	233	1,345
2011-12	73	1	11,942	441	563	1,828	155	2	16	1,598
2012-13	42	735	25,221	16,928	2,797	1,589	668	-	24	1,165
2013-14	8	2,732	23,946	1,282	1,406	3,997	425	7	17	1,309
2014-15	18	5,477	33,489	2,810	927	4,818	847	-	3,063	9,991
2015-16 (July-Mar)	126	6,420	32,414	2,358	835	4,299	870	4	3,372	66,238

(Contd.)

Fiscal Year	Tractor Agricul-tural	Tractor Cater-pillar	Tractor Heavy Duty for const.	Tractor Roads	Tractor (NES)
2002-03	14,000	1	120	1,115	496
2003-04	11,420	30	219	2,104	736
2004-05	6,543	232	563	1,646	2,167
2005-06	20,769	12	632	2,284	3,378
2006-07	30,588	1	845	904	7,213
2007-08	8,914	1	744	1,892	19,632
2008-09	2,636	-	402	434	14,205
2009-10	12,052	-	245	165	6,189
2010-11	905	-	148	144	12,208
2011-12	3,684	-	68	-	12,930
2102-13	1,998	-	130	200	91,730
2013-14	2,088	-	347	157	19,796
2014-15	3,086	-	476	434	28,743
2015-16 (July-Mar)	1,041	4	255	431	562,535

Source: Pakistan Bureau of Statistics

TABLE 13.7

POST AND TELECOMMUNICATIONS

Fiscal Year	No. of Post Offices			Telephones (000 Nos.)		Broad Band Subscribers (000 Nos.)		Mobile Phones (000 Nos.)
	Urban	Rural	Total					
2000-01	2,302	9,932	12,234	3340		-		742.6
2001-02	1,983	10,284	12,267	3656		-		1,698.5
2002-03	1,808	10,446	12,254	4940		-		2,404.4
2003-04	2,267	9,840	12,107	4460		-		5,022.9
2004-05	1,831	10,499	12,330	5191		-		12,771.2
2005-06	1,845	10,494	12,339	5128		26.6		34,506.6
2006-07	1,849	10,494	12,343	4806		45.2		63,160.9
2007-08	1,849	10,793	12,342	4546		168.0		88,019.8
2008-09	1,852	10,514	12,366	3523		413.8		94,342.0
2009-10	1,846	10,495	12,340	3417		688.4		99,185.8
2010-11	1,580	10,455	12,035	5,720	*	1,491.5		108,894.5
2011-12	1,797	10,238	12,035	5,803	*	2,101.3		120,151.2
2012-13	2,178	10,650	12,828	6,371	*	2,723.7		128,933.6
2013-14	1,813	10,264	12,077	5,217	*	3,795.9	@	139,974.8
2014-15	1,813	10,264	12,077	3,931		16,885.5		114,658.4
2015-16 Jul-Mar	1,797	10,238	12,035	3,499	*	30,996.3		131,412.7

Source: (i) : Pakistan Post Office
(ii) : Pakistan Telecommunications Company Ltd

- : Not Available
@ : Includes dial-up and broadband connection
* : Including Fixed Local Loop and Wireless Local Loop

Energy

Energy is vital to industry, transport, infrastructure, information technology, agriculture, household uses and more. Any nation that wants to grow its economy and improve living standards must secure a robust energy supply. Energy use increases with the rise of incomes. As more countries rise out of poverty and develop their economies, energy demand rises correspondingly. The energy is costlier. Due to volatility in prices, supplies are becoming less secure, even for several fast-growing countries. Therefore, lowest-cost energy become important. Earlier coal was considered as cheaper source of energy but it is now become more climatic risky. Fast growing economies, therefore, trying to find low-cost gas as best alternative. Responding to the challenge that domestic supplies cannot keep up with demand, a multifaceted approach will be required. One key task will be to increase resource efficiency and productivity. Innovation is also expanding. There is also rapid growth in renewable energy resources, most notably wind and solar power. Still fossil fuels are the dominant sources of energy powering the global economy.

Oil is the most geopolitically important commodity as any structural change in oil markets can reverberate throughout the world. Rapid economic expansion had been witnessed in Middle East and North Africa (MENA) and Gulf Cooperation Council (GCC) over the past fifteen years. It was the view that these economies had enjoyed growth on the back of booming oil prices. For last two years, the world is awash with oil which resulted in dramatic fall in prices. Thus recent plunging of oil prices have raised concern about the risk of slow growth, unemployment and inequality in these economies as well. The dropped in oil prices had adversely affected many countries, thus making economic activity in the world lackluster. There is less possibility of turning around of oil prices in 2016. Thus persistent weakness in aggregate demand in developed economies will remain a drag on global growth, while low commodity prices, mounting fiscal and current account imbalances and policy tightening will further dampen prospects for many commodity-exporting economies.

Attempting to understand how the oil market will look during the next few years has become a task of enormous complexity. There was claim that oil prices falling to twelve-year low will lead to a strong demand growth spurt but not observed as expected. Crude oil shipments totaled to US$ 786.3 billion in 2015. A decline of 50.3 percent in value is observed since 2011, and 44.4 percent decline if to compare 2015 with 2014. Middle Eastern countries accounted the highest dollar value of crude oil exports during 2015 with shipments valued at $325 billion or 41.3 percent of global crude oil exports. It can be seen that this amount can be compared with 18 percent of Europe, 9.9 percent of North America and 7.7 percent of Latin America (excluding Mexico) and Caribbean exporters[1]. The other claim was that falling oil prices to twelve-year lows will force the largest group of producing countries to cut output to stabilize the oil prices but supply exceeded the demand by massive margins.

In principle, oil importing countries should benefit from the decline in oil prices, but these are not yet been materialized on account of global uncertain economic environment. Many emerging economies are facing slow economic growth, However, Pakistan's growth over last three years is rising due to prudent government policies. Falling oil prices to some extent benefitted in the face of lowering import cost for industrial production. Further, the government has passed on the benefits of decreased oil prices to general public which also helped in containing inflation. Correspondingly, Pakistan has responded to these

[1] http://www.worldstopexports.com/worlds-top-oil-exports-country

developments by effective monetary policy and sound fiscal policies.

Despite a plunge in crude prices, the Exploration and Production (E&P) companies operating in many parts of the world are reducing their costs by adopting different means. Pakistan thus got a chance to attract these companies to undertake new E&P activities as Petroleum Policy extends attractive incentives to oil and gas firms. Thus no international Oil/Gas E&P Company is considering of stopping operations as still Pakistan's current Petroleum Policy is offering best incentives. During July-April FY 2016, foreign direct investment in oil and gas exploration remained US $ 234.8 million compared to US $ 230.1 million in corresponding period last year thus posting a growth of 2 percent. Government of Pakistan is also pursuing to enhance gas production in order to meet the increasing demand of energy in the country. One of the milestone is import of LNG. In this regard a license for construction of LNG terminal was granted to M/s Engro Elengy Terminal Limited (EETL) with a construction validity period of two years. During July to Feb FY 2016, 175 mmcfd volume of Re-gasified liquid natural gas (RLNG) was imported. In the next couple of years Pakistan is expected to become a mature LNG import market with few more projects to come online along with natural gas pipeline capacity enhancement projects of the country. The government has planned to establish 2nd LNG terminal which will be built at Port Qasim Karachi, to be operational by around mid-2017. Another company naming Bahria Foundation has also applied to OGRA for grant of LNG Terminal construction License.

Due to increased content of Carbon Dioxide in atmosphere causing "Global Warming Effect" economies are shifting toward alternative energy sources that have no undesired consequences. The government is taking all possible measures to ensure energy security and sustainable development in the country. Efforts are underway to improve power sector fuel mix in the country to reduce price of power basket and improve financial viability. Under the reforms, large capacity addition is planned from wind, solar, nuclear, hydel and coal power projects in the medium term. The emphasis is towards achieving a less oil dependent power generation mix through development of indigenous energy resources particularly hydel, coal and renewable energy resources for sustainable and affordable energy supply in the country. Three hydel plants Tarbela-4th extension, Chashma, Neelum-Jehlum and few other small dams are expected to provide additional generation within next two years. Independent power producers (IPPs) and Generation Companies (GENCOs) are also being encouraged to convert from oil to coal based power generation, with the current coal tariff of 8.9 cents per unit being a significant incentive in this regard. In addition, 1000MW under Central Asia-South Asia-1000 (CASA-1000) power project is also included in the plan. Power sector has been given priority in terms of allocation of gas for power generation. All these efforts will improve the energy mix whereby, reducing dependence on oil for power generation, and ensure reasonable tariffs for consumers, ultimately leading to financial sustainability. With concrete and sincere efforts of the government, almost 12 percent growth has been observed in real value addition of electricity generation & distribution and Gas distribution during FY 2015 and FY 2016 which in turn helped the real GDP growth of 4.7 percent during FY 2016.

Understanding the importance of robust energy supply, the government is doing its utmost to address the energy sector challenges. It is evident from the fact that the energy sector is now one of the major recipients of federal PSDP share. Further special attention is being given to Diamir Basha dam project. The government is also determined to complete the 969 MW Neelum Jhelum Hydropower project at the earliest. The other measures include earmarking of almost 80 percent of CPEC estimated outlay for electricity sector, import of LNG, extended cooperation with USA and other bilateral agencies to build capacity in the energy sector and improvement in the efficacy of regulatory regime. Further, renewable potentials like wind and solar are under implementation.

Pakistan Energy Sources:

14.1 Oil (Petroleum Product)

Pakistan mainly depends upon oil and gas resources to fulfill energy requirements. Indigenous resources of oil are not enough to quench energy thirst of a growing economy. As a result Pakistan has to import large quantity of oil and oil based products from Middle East countries especially from Saudi Arabia. The domestic production of crude oil remained 24.02 million barrels during July-March FY 2016. The oil fields where production of oil is decreasing is given below:

Table 1: Comparison of Oil production in oil fields

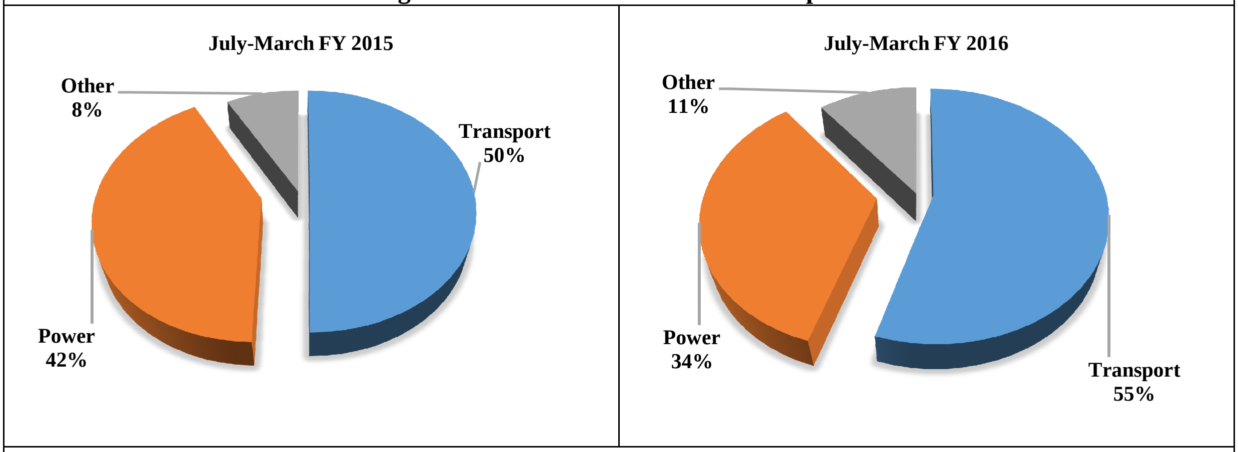
Company	Field	2014-15 Oil (BOPD)*	2015-16 Oil (BOPD)	Difference Oil (BOPD)
UEPL	Aassu	5,034.59	2,156.92	(2,877.7)
MOL	Makori East	14,325.83	12,462.10	(1,863.7)
OGDCL	Nashpa	20,731.97	19,227.74	(1,504.2)
OMV Maurice	Mehar	2,294.96	1,170.52	(1,124.5)
UEPL	Sonro	1,631.86	693.35	(938.5)
UEPL	Murid	1,181.33	404.99	(776.4)
OGDCL	Bobi	977.23	427.96	(549.3)
MOL	Mamikhel	1,157.29	669.95	(487.4)
BHP	Zamzama	836.11	549.15	(286.96

Source: Directorate General Petroleum Concession

***BOPD stands for Barrels of Oil per Day**

Transport and power are the two major users of oil. During FY 2012, the share of oil consumption in transport and power was 49 percent and 40 percent, respectively. During July-March FY 2015, this share increased by 50 percent for transport and 42 percent for power while during July-March FY 2016, the share of transport and power in oil consumption remained 55 percent and 35 percent, respectively. One reason is shifting of power sector from oil to gas as gas being the cheaper source, and other is decline in oil prices has increased its use in transport sector.

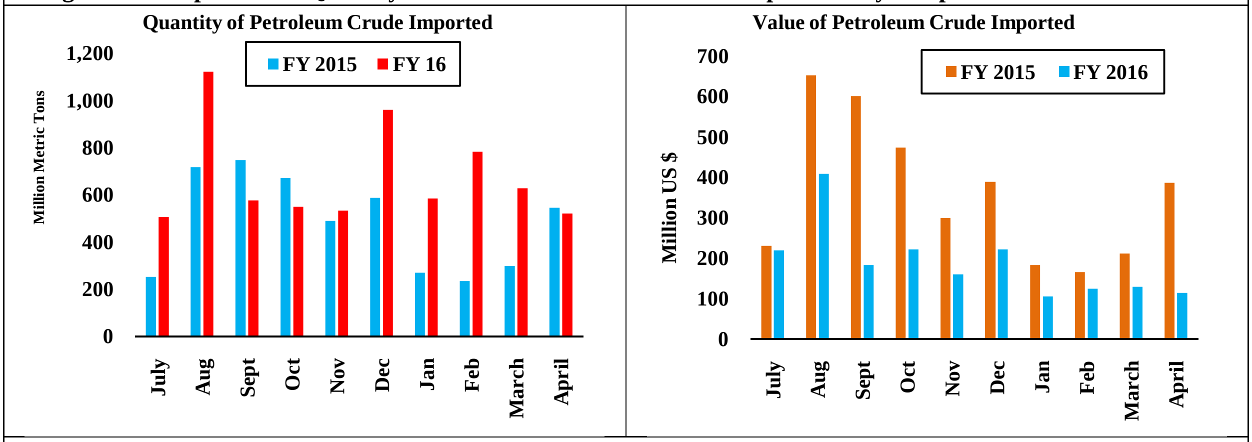
Figure 1: Sectoral Share in Oil Consimption



Source: HydroCarbon Development Institute of Pakistan

Import of crude oil is a financial burden on the exchequer as almost 17.2 percent of import bills is on petroleum product. During July-April FY 2016, 4.98 million metric tons was imported compared to 4.81 million tons of the corresponding period last year showing a growth of 3.5 percent, while in values US $ 1.95 billion was imported compared to US $ 3.59 billion during period under discussion thus showing a decline of 47 percent. The recent decline in oil prices became a significant reason in contracting the trade deficit. The month-wise import of petroleum crude in both quantity and value term during FY 2016 compared with of FY 2015 is given below:

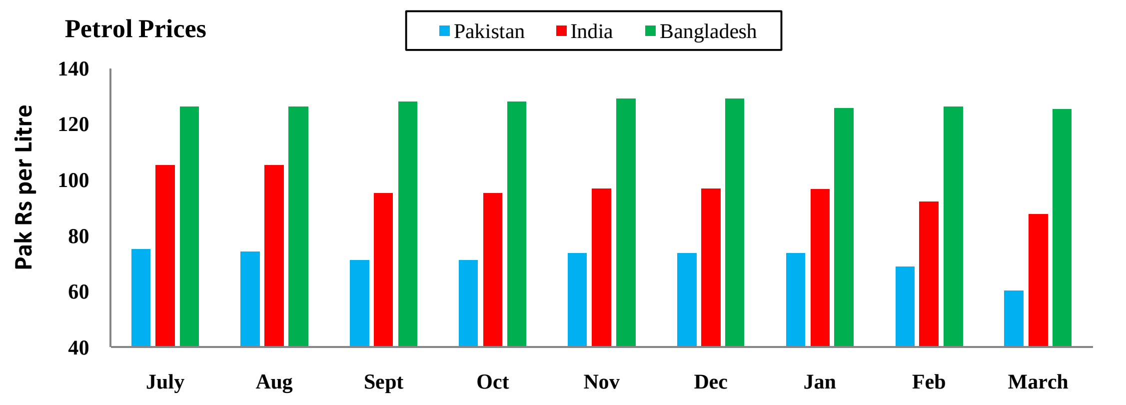
Figure 2: Comparison of Quantity and Value of Petroleum Crude Imported July to April FY 2016 and FY 2015



Source: Pakistan Bearue of Statistics

Contrary to neighboring countries response to decline in oil prices, the present government has passed the effect of decline in oil prices to consumers which helped in increasing their purchasing power and also eased their travelling fare. Bangladesh remained almost insensitive in decreasing domestic prices of petrol, while India is revising prices fortnightly by partially transferring the impact of decrease in oil prices. The comparison of decline in petrol prices in Pakistani rupees for Pakistan, India and Bangladesh is given below:

Figure 3: Comparison of Petrol Prices in Pakistan, India and Bangladesh expressed in PKR



Source: Ministry of Petroleum and Natural Resources Pakistan, High Commission of Pakistan, New Dehli and Pakistan High Commision Dhaka

To enhance oil and gas reserves, the government is trying to attract companies to undertake new exploration and production activities. In pursuit to its exploration led growth strategy, during July – March FY 2016, OGDCL spud sixteen (16) wells including five (5) exploratory/appraisal wells viz., Bachani-1, Bitrism West-1, Thal West-1, Pirkoh Deep-1 and Jand-2 and eleven (11) development wells viz., Qadirpur- 54 & 55, Qadirpur HRL-9 & 10, Buzdar North-2, Pirkoh-54, Pasahki Deep-6, Palli-2, Kunnar Deep-11 and Kunnar-10 & 11. Furthermore, drilling and testing of nine (9) wells spud in the previous fiscal year have been completed during the period under discussion. In order to exploit unconventional oil and gas resources, first phase of the study to evaluate shale gas/oil and tight gas/oil potential carried out by an international consultant in OGDCL's operated blocks is completed while second and third phase of the study is underway. OGDCL's aggressive exploratory endeavors to locate new hydrocarbon reserves during the nine months led to oil and gas discoveries at Chak Naurang South-1 in district Chakwal, Punjab province, Aradin-1 in district Khairpur, Sindh province, Thal East-1 in district Sukkur, Sindh province and Nashpa X-5 in district Karak, Khyber Pakhtunkhwa province. These discoveries have an average daily production potential of 29 MMcf of gas and 1,212 barrels of oil. Thus, it is expected the recent decline of domestic production of oil will be compensated by new wells and also with exploration of unconventional oil and gas resource.

14.2 Natural Gas

Natural Gas is a clean, safe, efficient and environment friendly fuel. It contributes about 48 percent of the total primary energy supply mix in the country. Pakistan has an extensive gas network of over 11,538 km transmission, 1,14,982 km distribution and 31,058 Services gas pipelines to cater the requirement of more than 7.9 million consumers across the country by providing, about 4 billion cubic feet per day natural gas. The government is pursuing its policies to enhance gas production to meet the increasing demand of energy in the country. The average natural gas consumption was about 3,387 million cubic feet per day (mmcfd) including 175 mmcfd volume of re-gasified liquid natural gas RLNG) during July 2015 to February 2016. During July 2015 to February 2016, the two gas utility companies (SNGPL & SSGCL) have laid 116 km gas transmission network, 1,848 km distribution and 679 km services lines and connected 203 villages/towns to gas network. During this period, the gas utility companies have invested Rs.9,959 million on transmission projects, Rs.8,705 million on distribution projects and Rs.13,225 million on other projects bringing total investment to about Rs.31,919 million. During this period 254,870 additional gas connections including 254,648 domestic, 202 commercial and 20 industrial were provided across the country. It is expected that gas will be supplied to approximately 412,058 new consumers during FY 2017. Gas utility companies have planned to invest Rs.13,896 million on transmission projects, Rs.32,739 million on distribution projects and Rs.24,408 million on other projects bringing the total investment of Rs.71,043 million during FY 2017.

Liquefied Petroleum Gas (LPG) Sector

Entry into the LPG business has been facilitated by the government resulting in rapid investment in production, storage and establishment of auto stations of LPG. The regulator is playing a vital role to increase private investment in midstream and downstream petroleum industry. During the FY 2016, so far an approximate investment of Rs. 2.38 billion has been made in the LPG supply infrastructure whereas total investment in the sector till Feb 2016 is estimated at about Rs. 22.33 billion. During the FY 2016, OGRA has so far issued 12 licenses for Operational Marketing of Storage and Filling plants, 37 licenses for Construction of LPG Storage and Filling plants, 20 licenses for Construction of LPG Auto-Refueling Stations and one license for Storage and Refueling of LPG was issued. Further, one license for construction of Production & Storage of LPG facility is also issued by OGRA which shall result in improving supply and distribution of LPG as well as create job opportunities in the sector.

Liquefied Natural Gas (LNG) Sector

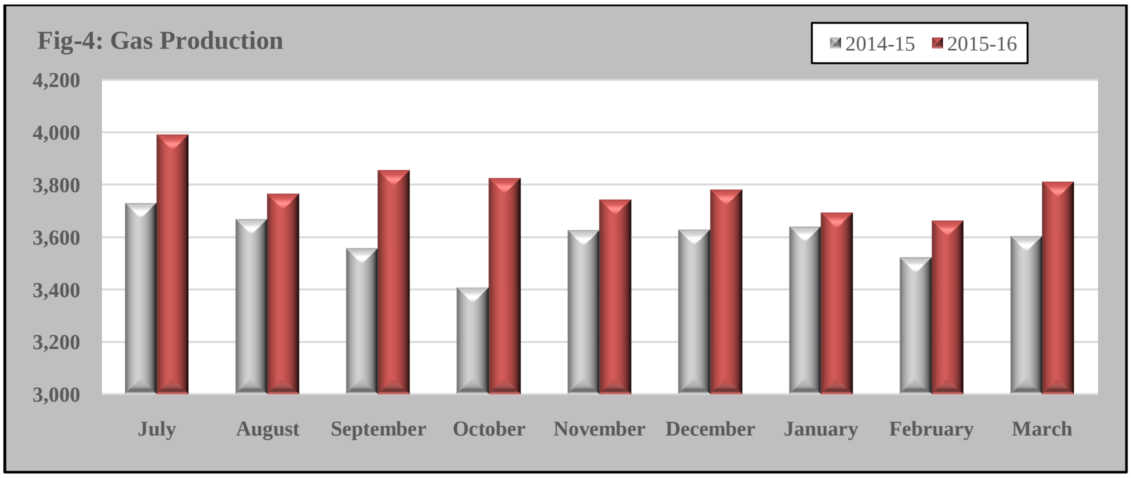
In an effort to bridge the widening natural gas demand supply gap of the country, the government is importing LNG and in this regard a license for construction of LNG terminal was granted to M/s Engro Elengy Terminal Limited (EETL), on 18th June 2014 with a construction validity period of two years. The said construction license was granted keeping in view the provisions of LNG Policy 2011, OGRA Ordinance 2002 and OGRA (LNG) Rules 2007. Subsequent to confirmation by the appointed consultant firm (SGS), OGRA on 18th March 2016 granted Operation Licence to M/s EETL. Furthermore, M/s Pakistan State Oil Company Limited (PSO) has been mandated the task for import of LNG on behalf of the government. In the next couple of years, Pakistan is expected to become a LNG import market with few more projects to come online along with natural gas pipeline capacity enhancement projects of the country. The government has also planned to establish 2nd LNG terminal which will be built at Port Qasim Karachi. It will be operational by around mid-2017. Another company naming Bahria Foundation has also applied to OGRA for grant of LNG Terminal construction License.

Compressed Natural Gas (CNG):

The government initially encouraged the use of compressed natural gas (CNG) as an alternate fuel for automotive in order to control environmental degradation, reduce foreign exchange expenditure on import of liquid fuel and generate employment. Pakistan has become the world leading CNG user country with more than 3 million NGVs (Natural Gas Vehicles) plying on the roads. Currently more than 3,416 CNG stations are operational in the country fulfilling the fuel need of the NGVs. However, keeping in view the mushroom growth of CNG stations in the country vis-à-vis depletion of natural gas reserves, government has imposed a ban on establishment of new CNG stations in the country w.e.f. 07.02.2008. For sustainable growth of this sector, the government has approved the provision of RLNG to this sector with fiscal incentives of GIDC at the rate of zero and Sales Tax at the rate of five percent.

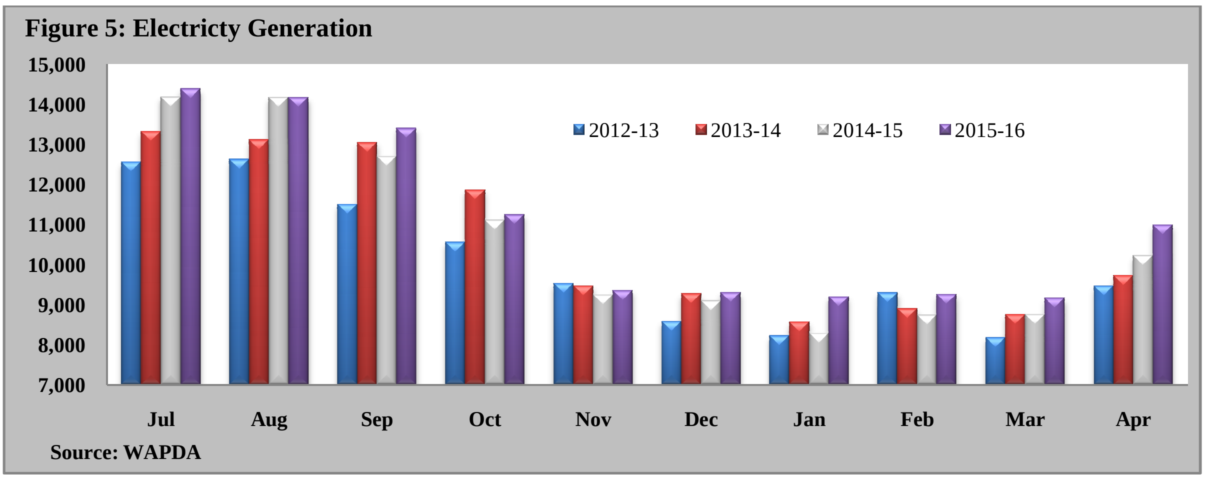
It is expected that closed CNG Stations of Punjab owing to the gas supply constraints may renew operations in near future through supply of Re-gasified Liquefied Natural Gas.

A comparison of gas production during July – March of current year and last year is shown in figure below:



Electricity

Electricity although the secondary source of energy has become indispensable not only for household but for all other sphere like industry, transport etc. Considering power shortages as a prime economic challenge, the government has given electricity generation top priority and taken effective measure to address it. A comparison of electricity generation during July – April since 2012-13 is shown in Figure below:



During July-March FY 2016, the installed capacity in the PEPCO system remained 23,101 MW compared to 23,212 MW during the corresponding period last year with hydro 7,027 MW, thermal 15,324 MW, and nuclear 750 MW. During the period under discussion, electricity generation through thermal remained 45,252 Gwh compared to 43,611 Gwh last year posting a growth of 4 percent while electricity generation through hydel remained 24,544 Gwh compared to 23,478 Gwh last year posting a growth of 5 percent. Thus in total there was an increase of 2 percent in electricity generation.

Table 2: Electricity Generation for July – March since 2008-09

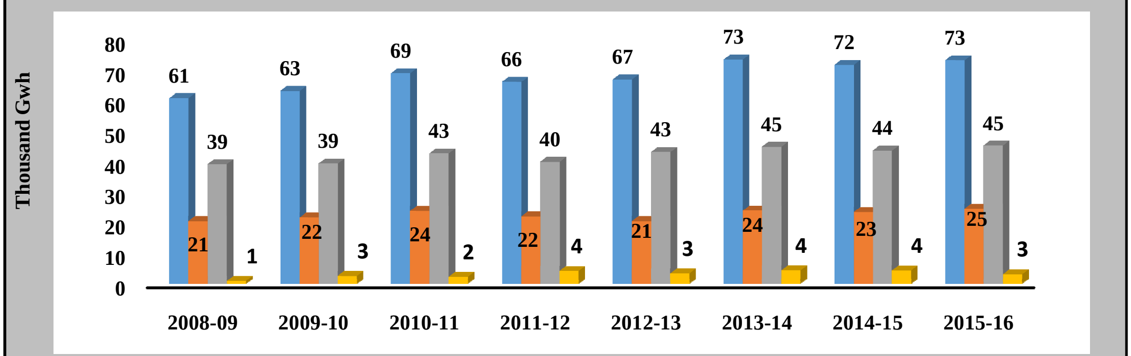
	Electricity		Electricity						
	Installed Capacity (MW)(a)	Generation (Gwh)(b)	Hydroelectric (Hydel) Installed Capacity (MW)	Hydroelectric (Hydel) Generation (Gwh)	Thermal Installed Capacity (MW)	Thermal Generation (Gwh)	Nuclear Installed Capacity (MW)	Nuclear Generation (Gwh)	Imported (Gwh)
Jul-Mar									
2008-09	**19,575**	**60,793**	**6,481**	**20,526**	**12,632**	**39,154**	**462**	**918**	**195**
2009-10	**19,650**	**63,178**	**6,481**	**21,671**	**12,707**	**39,342**	**462**	**2,521**	**185**
2010-11	**20,729**	**68,970**	**6,481**	**23,817**	**13,785**	**42,664**	**462**	**2,260**	**229**
2011-12	**22,578**	**66,130**	**6,557**	**22,044**	**15,234**	**39,940**	**787**	**4,146**	**..**
2012-13	**22,851**	**66,962**	**6,650**	**20,536**	**15414**	**43,125**	**787**	**3,301**	**..**
2013-14	**23,048**	**73,435**	**6,858**	**23,953**	**15,440**	**44,847**	**750**	**4,331**	**304**
2014-15	**23,212**	**71,712**	**7,027**	**23,478**	**15,435**	**43,611**	**750**	**4,273**	**350**
2015-16	**23,101**	**73,209**	**7,027**	**24,544**	**15,324**	**45,252**	**750**	**3,078**	**335**

Source: HydroCarbon Development Institute of Pakistan

An amount of Rs. 317.18 billion was allocated for the energy sector development projects in 2015-16. It is also worth mentioning that there was not only increase in electricity generation by thermal, but also by hydel which suggests that electricity generation plan through cheap resources is moving in right direction.

During July-March FY 2016, electricity import remained 335 Gwh compared to 350 Gwh in corresponding period last year, the reason in decline on account of maintenance and improvement in the infrastructure of the system. It is expected that import of electricity will maintain the level of 443 Gwh as per 2014-15. The comparison of electricity generation for period July-March since 2008 is shown below.

Figure 6: Sources of Electricty Generation



Source: HydroCarbon Development Institute of Pakistan

The comparison is drawn without taking into account of electricity generation from renewable resources and import of electricity. During FY 2015, 438 MW installed capacity was through renewable resources that helped in electricity generation of 802 Gwh. The detail is given below: The data for current year is yet to be updated, however, the detail as per FY 2015 is given below:

Table 3:Electricty through Renewable Resources

Sr. #	Name of project	Province	Capacity (MW)	Generation (Gwh)
Technology: Wind Energy				
1	Fauji Fertilizer Company (FFC) Energy Ltd	Sindh	50	139
2	Zorlu Energy	Sindh	56	156
3	Three Gorges First Wind Farm (Pvt) Ltd. (TGF)	Sindh	50	80
4	Foundation Wind Energy - I	Sindh	50	56
5	Foundation Wind Energy - II	Sindh	50	26
Technology: Solar Energy				
1	Quaid-i-Azam Solar (Pvt) Ltd	Punjab	100	25
Technology: Bagasse Co-generation				
1	Jamaldin Wali (JDW)-II	Punjab	26	163
2	Jamaldin Wali (JDW)-III	Sindh	26	124
3	Rahim Yar Khan(RYK) Mills Ltd	Punjab	30	32
	Total Addition 2014-15		**438**	**802**

Source: HydroCarbon Development Institute of Pakistan

One critical issue in electricity generation is the inefficient recovery system while the other is transmission and distribution losses. National Power Policy 2013 is designed to address these issues. Various steps taken in this regard are:

- Installation of SCADA (Supervisory Control And Data Acquisition) software to optimize transmission and monitor losses
- Incentives to private sector to build transmission infrastructure
- Redesigning of national grids to minimize line losses
- Signing of contracts with Discos' heads to reduce distribution losses

It is worth mentioning that Ministry of Water and Power has shown significant improvement in both issues. There was 93.40 percent recoveries during 2015 (an amount of Rs. 51 billion) highest in past ten years while transmission and distribution losses declined to 18 percent during the said period.

Fig-7 A: Recoveries

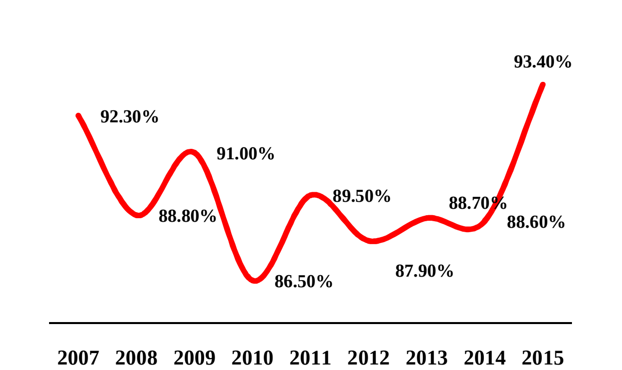
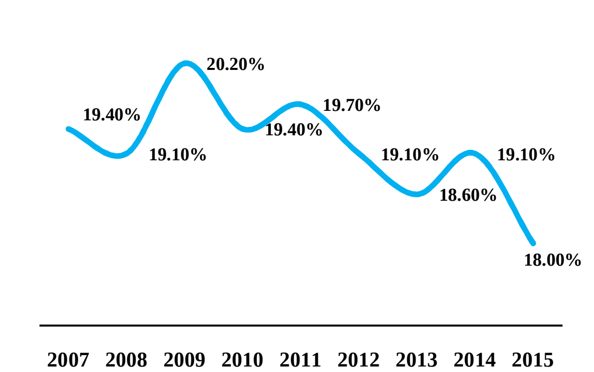


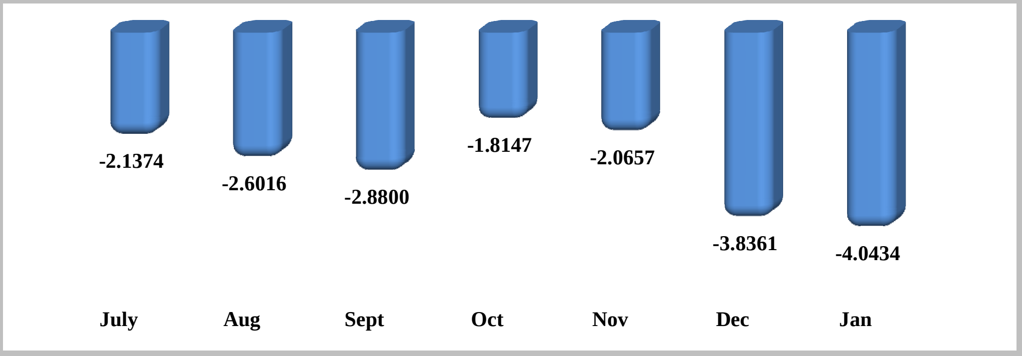
Fig-7 B: T & D Losses



Source:Ministry of Water and Power

One of the most mentionable feature in context of decline in international oil prices is that the cost of generating electricity through thermal was also reduced. The government has transferred the effect to common consumer by reducing fuel price adjustment. Month-wise fuel price adjustment in electricity is given below:

Figure 8: Fuel Price Adjustment in Electricty Bills (Rs/kWh)



Source: National Electric Power Regulatory Authority

For sustainable resolution of energy crisis, the government on one side has made some power reforms (Box-I) to supplement investor friendly Power Generation Policy 2015 while on the other side it is also promoting private sector participation in the power sector (Box-II).

Box-I: Power Sector Reforms

- Implementation of National Power Policy 2013 has pushed forward the structural reforms agenda in the power sector. In an effort to move to full cost recovery, the current government has rationalized tariffs. The new tariff as determined by NEPRA for FY 2015 has been notified by the government. The timely payment of tariff differential subsidy (TDS) is being ensured on a monthly basis. The gap between the government notified tariff and NEPRA determined tariff has narrowed to Rs. 0.88 per unit in FY 2015 in comparison to Rs. 2.29 per unit in FY 2014, which has resulted in reduction in TDS, with subsidies being targeted to vulnerable consumers in the residential and agriculture categories.
- Significant efforts are being made to ensure financial sustainability of the system. During FY 2014, the government picked up debt stock of power sector amounting to Rs. 480 billion. A Circular Debt Capping Plan has been finalized to effectively manage the power sector financial flows, stocks and subsidy budget. Mechanism of at source deduction is being implemented for clearance of outstanding receivables from the government departments and a feeder to feeder monitoring to curtail losses is being pursued. An effort is underway to incorporate all costs to reflect in the tariff structure to arrest buildup of Circular Debt. In addition, three distribution companies (IESCO, LESCO and FESCO) have been issued multi-year tariff determinations by NEPRA.
- New Electricity Act will help improve litigation mechanism for power sector receivables. Revenue based load management is being carried out in order to ensure smooth recovery of payables.
- Operationalization of Central Power Purchase Authority (CPPA) as an effective financial manager of the system is a significant step in power sector reforms. Overhaul of financial and management system in Distribution Companies (DISCOs) and Generation Companies (GENCOs) is being carried out to improve their performance to sustainable levels. To increase transparency in the system, monthly amount due and payment by the DISCOs to CPPA, and by CPPA to the generators has been made available on the website of CPPA.
- Performance contracts have been signed with DISCOs to tackle losses, raise payment compliance and improve energy efficiency and service delivery. Professionals Boards of DISCOS have been appointed to improve corporate governance.
- On the regulatory side, a diagnostic audit of NEPRA has been carried out to identify areas where reforms are required.
- NEPRA is effectively overseeing performance of the power sector by publishing quarterly performance standards and indicators of the DISCOs on its website.
- NEPRA has been allowed to pass on Fuel Price Adjustments (FPA) without prior clearance from the government. Entry and middle management positions in NEPRA have been added to strengthen technical capacity of NEPRA. Development and effective implementation of energy efficiency codes – Pakistan Energy Efficiency and Conservation Act to promote energy efficiency in the country shall play a critical role towards meeting energy needs in the country.

Box-II: Private Sector Participation in the Power Sector

The Private Power and Infrastructure Board (PPIB) is considered as "One Window Facilitator" for promoting private sector participation in the power sector. The objective is to facilitate investors in establishing private power projects and related infrastructure. It executes Implementation Agreement (IA) with Project Sponsors and issues sovereign guarantees on behalf of Government of Pakistan.

PPIB is currently processing twenty seven (27) multiple fuel (oil, coal, gas, and hydel) based Independent Power Producers (IPPs) projects with a cumulative capacity of 15,852 MW. Out of these, 16 projects of 6339 MW cumulative capacity are hydropower projects, whereas, (10) projects of 9393 MW are based on coal. In addition, PPIB is also processing R-LNG based power projects of around 4600 MW power generation capacity in public as well as private sector.

A table summarizing PPIB's portfolio of upcoming IPPs is as follows:

Table: PPIB's portfolio of upcoming IPPs

Description/ Year	Hydel		Coal		Gas		Total (MW)	No. of Projects
	MW	No.	MW	No.	MW	No.		
2017	147	1	1,320	1	-	-	1,467	2
2018	-	-	2,640	2	-	-	2,640	2
2019	102	1	5,433	7	-	-	5,535	8
2020	720	1	-	-	-	-	720	1
2021	130	1	-	-	-	-	130	1
2022	2,382	5	-	-	120	1	2,502	6
2023	1,100	1	-	-	-	-	1,100	1
2024	1,138	2	-	-	-	-	1,138	2
Four hydropower projects of 620 MW cumulative power generation capacity are under various stages of processing and their COD's shall be confirmed after certain activities								
Grand Total	**6,339**	**16**	**9,393**	**10**	**120**	**1**	**15,852**	**27**

Source: Private Power and Infrastructure Board (PPIB)

Private sector new initiatives/ activities/ achievements:

1. Development of Imported and Local Coal Based Power Generation Projects

i. 1320 MW Imported Coal based power project at Port Qasim, Karachi by Sinohydro Resources Limited and Al Mirqab Capital.
ii. 1320 MW Imported Coal based Power Project at Sahiwal by M/s. Huaneng Shandong Ruyi (Pakistan) Energy (Private) Limited.
iii. 1320 MW Thar Coal based Power Project at Thar Block-II Sindh by M/s. Engro Powergen Thar Limited.
iv. 300 MW local Coal based power project at PindDadan Khan by M/s. China Machinery Engineering Corporation (CMEC).
v. 1320 MW Thar Coal based power project at Thar Block-I by M/s. Shanghai Electric Group Company Limited.
vi. 1320 MW Imported Coal based Power project at Hub Balochistan by M/s. Hub Power Company Limited.
vii. 660 MW Imported Coal based Power Project at Port Qasim by M/s. Lucky Electric Power Company Limited.
viii. 350 MW Imported Coal based Power Project at Port Qasim by M/s. Siddiqsons Energy Limited.
ix. 163 MW Imported Coal based Power Project at Arifwala, Punjab by M/s. Grange Power Limited (GPL).
x. 1320 MW Thar Coal based Power Project at Thar Block-VI, Sindh by Oracle Coalfields PLC, England

2. Development of Hydropower Projects:

a. 102 MW Gulpur Hydropower Project
b. 720 MW Karot Hydropower Project
c. 870 MWSukiKinari Hydropower Project
d. 1100 MW Kohala Hydropower Project
e. 590 MW Mahl hydropower project
f. 58 MW Turtonas-Uzghor hydropower project
g. 80 MW Neckeherdm-Paur hydropower project
h. 350 MW Athmuqam hydropower project

3. Development of R-LNG Based Power Projects:

i. Processing of around 3600 MW R-LNG based power projects by Quaid-e-Azam thermal Power Limited and National Power Park Management Company Limited.
ii. Development of around 1,000 MW R-LNG based power projects through International Competitive Bidding.

New Initiatives

Sustainable Energy for ALL (SE4ALL) is a global initiative that has been launched by United Nations Secretary General, with an extensive participation from all sectors to achieve a sustainable transformation of global energy system for a clean and better future. SE4ALL has been launched with a view to achieve following three goals by 2030:

(i) Universal energy access;

(ii) Doubling the rate of improvement in energy efficiency; and

(iii) Doubling the share of renewable energy in the global energy mix.

The government is highly committed in playing its part to achieve these three important goals by joining this global initiative of SE4ALL. Rapid Assessment and Gap Analysis (RAGA) report has already been prepared with support from UNDP with participation of various stakeholders. The focal agency at the government level is the Ministry of Planning Development and Reforms. The ministry has been assigned to coordinate its activities with various stakeholders in the country. In this regard, a National Steering Committee has been established to prepare the Country Action Agenda to steer and monitor various SE4ALL activities in Pakistan. The consultative meetings and policy dialogues will be organized to get policy recommendations and inputs from all the stakeholder for an effective formulation of the National Action Agenda. Once the National Action Agenda has been prepared, in the next phase, the Investment Prospectus and Implementation Agenda will be planned to achieve the outlined targets for SE4ALL.

Nuclear Energy

Pakistan Atomic Energy Commission (PAEC) has been actively engaged in harnessing nuclear power technology. At present, three nuclear power plants i.e. Karachi Nuclear Power Plant (KANUPP), Chashma Nuclear Power Plant Unit-I & Unit-2 (C-1 & C-2) with gross capacity of 755 MW are already operating at Karachi and Chashma (Mianwali), contributing 695 MW to the grid. Chashma Nuclear Power Plant (C-1 & C-2) are operating very well and setting high standards in the power industry. Some performance parameters of these operating plants are highlighted in the following table;

Table 4: Electricity Generation by Nuclear Energy

Plant	Capacity (MW)		Grid Connection Date	Electricity sent to Grid (million kWh)	
	Gross	Net		1st July 2015 to 31st March 2016	Lifetime up to 31st March, 2016
KANUPP	100	90	18 October 1971	232	13,587
C-1	325	300	13 June 2000	887	30,478
C-2	330	305	14 March 2011	1,706	10,685

Source: Pakistan Atomic Energy Commission (PAEC)

Construction of the fourth and fifth nuclear power plants, Chashma Nuclear Power Plants Unit-3 & Unit-4 (C-3- & C-4) at Chashma, 340 MW each, is underway and is on schedule. It is expected that C-3 will be operational by July 2016 and C-4 by January 2017. Sixth and seventh nuclear power plants, Karachi Nuclear Power Unit-2 and Unit-3 (K-2 & K-3) are also under construction.

PAEC is planning to meet of 8,800 MW nuclear capacity by 2030, thus PAEC is actively planning to develop additional sites to install future nuclear power plants. Sites have been identified and acquired throughout the country which are being investigated for development.

Renewable Energy

Alternative Energy Development Board (AEDB) is the sole representing agency of the federal government that was established with the main objective to facilitate, promote and encourage development of Renewable Energy in Pakistan. The administrative control of AEDB is by Ministry of Water and Power. The government is taking all possible measures to ensure energy security and sustainable development in the country. In its bid to diversify its energy mix, due attention is being given on fast track development of the Alternative / Renewable Energy (ARE) resources in the country. Alternative Energy Development Board (AEDB) has been pursuing the development of Alternative and Renewable Energy (ARE) based power projects through private investors. The following progress has been achieved on development of renewable energy based projects during the 2015-16 so far:

- One wind power project (M/s Sapphire Wind Power Pvt. Ltd.) of 52.8 MW capacity achieved Commercial Operations Date (COD). Another wind power project (M/s Yunus Energy Ltd.) of 50 MW capacity is undergoing commissioning tests after completion of construction and is expected to be completed by June 2016. One wind power project of 49.5 MW capacity (M/s Sachal Energy Development Pvt. Ltd.) achieved Financial Closing and is under construction.
- One solar project of 100 MW capacity (M/s QA Solar Pvt. Ltd) become operational. Three solar power projects of 100 MW capacity each achieved Financial Closing and are under construction with completion expected in June, 2016.
- Two bagasse co-generation projects with a cumulative capacity of 92.4 MW became operational.

Current Status of the Projects

A Wind

Twenty Seven (27) wind power projects having a cumulative capacity of 1347.4 MW are at different stages of development / operation.

(i) Six wind power projects of 308.2 MW cumulative capacity have started Commercial Operation and are supplying electricity to National Grid;

Table 5: Operational Wind Projects

Sr. #	Name of Project	Capacity (MW)	Location
1	FFC Energy Limited	49.5	Jhampir, Dist. Thatta
2	ZorluEnerji Pakistan (Pvt.) Ltd	56.4	Jhampir, Dist. Thatta
3	Three Gorges First Wind Farm Pakistan (Pvt.) Limited	49.5	Jhampir, Dist. Thatta
4	Foundation Wind Energy – II Ltd.	50.0	Gharo, Dist. Thatta
5	Foundation Wind Energy – I Ltd.	50.0	Gharo, Dist. Thatta
6	Sapphire Wind Power Company Ltd	52.8	Jhampir, Dist. Thatta

Source: Alternative Energy Development Board (AEDB)

(ii) The following nine (09) projects are adding a cumulative capacity of 479 MW have achieved financial close and are under construction.

Table 6: Wind Projects under construction

Sr. No.	Name of Project	Capacity (MW)	Expected COD	Location
1	Yunus Energy Ltd.	50	Jun 2016	Jhampir, Dist. Thatta
2	Metro Power Company Ltd.	50	Sep 2016	Jhampir, Dist. Thatta
3	Tapal Wind Energy Pvt. Ltd.	30	Sep 2016	Jhampir, Dist. Thatta
4	Gul Wind Energy Ltd.	50	Sep 2016	Jhampir, Dist. Thatta
5	United Energy Pakistan Pvt. Ltd	99	Sep 2016	Jhampir, Dist. Thatta
6	Hydro China Dawood Power Pvt. Ltd.	50	Sep 2016	Gharo, Dist. Thatta
7	Master Wind Energy Pvt. Ltd.	50	Sep 2016	Jhampir, Dist. Thatta
8	Tenaga Generasi Ltd.	50	Sep 2016	Gharo, Dist. Thatta
9	Sachal Energy Development Pvt. Ltd.	50	May 2017	Jhampir, Dist. Thatta

Source: Alternative Energy Development Board (AEDB)

(iii) Twelve (12) wind power projects with a cumulative capacity of 562.2 MW are at different stages of project development and are expected to be completed by 2017-2018.

Table 7: Wind Projects Expected to be complete by 2017-18			
S#	**Name**	**Capacity (MW)**	**Location**
1	Jhampir Wind Power Limited	50	Jhampir, Dist. Thatta
2	Hawa Energy Pvt. Ltd.	50	Jhampir, Dist. Thatta
3	China Sunec Energy	50	Nooriabad
4	Three Gorges Second Wind Farm Pvt. Ltd.	50	Jhampir, Dist. Thatta
5	Three Gorges Third Wind Farm Pvt. Ltd.	50	Jhampir, Dist. Thatta
6	Tricon Boston Consulting Corporation Pvt. Limited	50	Jhampir, Dist. Thatta
7	Tricon Boston Consulting Corporation Pvt. Limited	50	Jhampir, Dist. Thatta
8	Tricon Boston Consulting Corporation Pvt. Limited	50	Jhampir, Dist. Thatta
9	Western Energy Pvt. Limited	50	Jhampir, Dist. Thatta
10	Burj Wind Energy Pvt. Limited	14	Gujju, District Thatta
11	Hartford Alternative Energy Pvt. Limited	50	Jhampir, Dist. Thatta
12	Zephyr Power (Pvt.) Ltd	50	Gharo, Distract Thatta
Source: Alternative Energy Development Board (AEDB)			

B. Solar Power Projects

AEDB is pursuing 28 solar PV power projects of cumulative capacity of approximately 956.52 MW On-Grid Solar PV power plants. M/s QA Solar Pvt. Ltd of 100 MW is operational. The Following three solar power projects of cumulative capacity of 300 MW have achieved Financial Closing and are under construction;

Table 8: Solar Power Projects under Construction				
Sr. #	**Name of Project**	**Capacity (MW)**	**Location**	**Expected COD**
1	M/s Appolo Solar Pakistan Ltd.	100	Quaid-e-Azam Solar Park, Bahawalpur	Jun 2016
2	M/s Crest Energy Pakistan Ltd.	100	Quaid-e-Azam Solar Park, Bahawalpur	Jun 2016
3	M/s Best Green Energy Pakistan Ltd.	100	Quaid-e-Azam Solar Park, Bahawalpur	Jun 2016
Source: Alternative Energy Development Board (AEDB)				

Seven (07) IPPs with a cumulative capacity of 72.52 MW have obtained Letter of Support (LOS) from AEDB and are in the process of achieving Financial Closing of their projects

Table 9: Solar Projects obtained Letter of Support			
Sr. #	**Name of Project**	**Capacity(MW)**	**Location**
1	M/s Access Electric Pvt. Ltd.	10	PindDadan Khan
2	M/s Bukhsh Solar (Pvt.) Ltd.	10	Lodhran
3	M/s Safe Solar Power Pvt. Ltd	10	Bahawalnagar
4	M/s Access Solar Pvt. Ltd.	11.52	PindDadan Khan
5	M/s Blue Star Hydel Pvt. Ltd.	1	PindDadan Khan
6	Harappa Solar Pvt. Ltd.	18	Sahiwal
7	AJ Power Pvt. Ltd.	12	PindDadan Khan
Source: Alternative Energy Development Board (AEDB)			

Seventeen (17) solar power projects of 484 MW cumulative capacity have obtained LOI from AEDB and are at different stages of project development.

Table 10: Solar Projects obtained LOI			
Sr. #	**Name**	**Capacity (MW)**	**Location**
1	M/s Integrated Power Solution	50	Nooriabad
2	M/s Jafri & Associates	50	Nooriabad
3	M/s Solar Blue Pvt. Ltd.	50	Nooriabad
4	M/s R.E. Solar I Pvt. Ltd.	20	Jamshoro
5	M/s R.E. Solar II Pvt. Ltd.	20	Jamshoro
6	Forshine (Pakistan)	50	Gharo ,Thatta
7	ET Solar (Pvt.) Ltd.	25	Thatta
8	ACT Solar (Pvt.) Ltd.	50	Thatta
9	Janpur Energy Limited	12	Sultanabad, Rahim Yar Khan
10	Janpur Energy Limited	12	Mehmood Kot, Muzafargarh
11	Blue Star Electric Pvt. Ltd.	1	PindDadan Khan
12	Siddiqsons Energy Karachi	50	KalarKahar, Chakwal
13	Adamjee Power Generation Pvt. Ltd.	10	Noorsar, Bahawalnager
14	ET Solar (Pvt.) Ltd.	50	Fateh Jang, Attock
15	Crystal Energy (Pvt.) Ltd.	2	Sambrayal, Sialkot
16	Asia Petroleum Limited	30	Punjab
17	First Solar (Pvt.) Ltd.	2	Jhelum
Source: Alternative Energy Development Board (AEDB)			

C. Biomass / Waste-to-Energy

In order to tap the potential of electricity generation from the sugar mills in Pakistan, the government on recommendation of AEDB announced the Framework for Power Co-Generation 2013 (Baggase/Biomass) in February 2013. NEPRA announced an Upfront Tariff of Rs. 10.7291 per kWh (Levellized) for bagasse based co-generation projects under the Framework. The following four (04) companies / sugar mills have achieved Commercial Operations Date (COD) and are operational:

Table 11: Projects achieved (COD)		
i	M/s JDW Sugar Mills (Unit-II), Rahim Yar Khan	26.35 MW
ii	M/s JDW Sugar Mills (Unit-III), Ghotiki	26.35 MW
iii	M/s RYK Mills Limited, Rahim Yar Khan	30 MW
iv	M/s Chiniot Power Ltd., Chiniot	62.4 MW
Source: Alternative Energy Development Board (AEDB)		

Nine (9) other companies / sugar mills have been issued LOIs for a cumulative capacity of 297 MW and are in different stages of project development, as listed below:

Table 12: Biomass / Waste-To-Energy Projects			
S. No.	**Name of Project**	**Capacity (MW)**	**Location**
1	M/s Hamza Sugar Mill Limited	15	Rahim Yar Khan
2	M/s Alliance Sugar Mills Ltd	19	Ghotki
3	M/s Layyah Sugar Mills ltd	41	District Layyah
4	M/s Safina Sugar Mills	20	District Chiniot
5	M/s Almoiz Industries Ltd,	45	District Mianwali
6	M/s Etihad Power Generation Limited,	67	Rahim Yar Khan
7	M/s Shahtaj Sugar Mills Ltd,	32	Mandi Bahauddin
8	Chanar Energy Limited	22	Faisalabad
9	RYK Energy	36	Rahim Yar Khan
Source: Alternative Energy Development Board (AEDB)			

Conclusion

Realizing the importance of energy, the government is making all efforts to achieve the long-term vision of the power sector to overcome its challenges. The development of indigenous energy resources, such as coal, hydro, alternative and renewable sources, is critical for sustainable economic growth, as envisaged in the Vision 2025. The government is attracting foreign companies to undertake new exploration and production activities by giving attractive incentives. Further, the government is also engaged in making coordination with development partners to support energy related projects.

The China-Pakistan Economic Corridor (CPEC) is expected to add 10,400 MW to the grid by the year 2018. The projects include coal, hydro and wind. It will also significantly change the energy mix, replacing expensive oil and resulting in reduction of the average cost of generation. It is believed that with sincere efforts of the government, it will be possible to build a power generation capacity that can meet Pakistan's energy needs in a sustainable manner.

ENERGY

TABLE 14.1

COMMERCIAL ENERGY CONSUMPTION

Fiscal Year	1. Oil/Petroleum (tons)						
	Households	Industry	Agricul-ture	Transport	Power	Other Govt.	Total
2000-01	450,960	1,924,048	254,833	8,157,893	6,487,988	372,176	17,647,898
2001-02	334,501	1,611,995	225,742	8,018,777	6,305,419	463,654	16,960,088
2002-03	282,521	1,604,068	196,747	8,082,273	6,019,958	266,387	16,451,954
2003-04	231,459	1,493,080	183,506	8,464,042	2,739,763	309,263	13,421,113
2004-05	192,750	1,542,398	142,062	9,024,783	3,452,581	316,686	14,671,260
2005-06	128,651	1,681,517	81,896	8,156,831	4,218,982	358,807	14,626,684
2006-07	106,148	1,595,981	97,232	7,981,893	6,740,559	325,318	16,847,131
2007-08	120,961	1,071,191	109,351	9,384,482	7,083,933	310,501	18,080,419
2008-09	97,332	969,193	69,793	8,837,197	7,570,418	367,266	17,911,199
2009-10	90,312	984,690	58,072	8,860,880	8,814,274	323,472	19,131,700
2010-11	85,449	1,355,443	40,597	8,892,268	8,138,956	373,794	18,886,507
2011-12	79,448	1,419,125	23,297	9,265,883	7,594,663	295,847	18,678,263
2012-13	97,847	1,379,096	31,828	9,817,546	7,749,007	317,805	19,393,129
2013-14	100,679	1,297,035	46,655	10,299,718	9,006,085	358,512	21,108,684
2014-15 (P)	89,017	1,300,151	37,197	11,371,283	8,995,231	365,471	22,158,350
Jul-Mar							
2014-15	74,069	937,355	30,420	7,988,699	6,635,238	259,337	15,925,118
2015-16*	55,543	1,088,255	9,270	7,056,345	4,446,597	216,639	12,872,649

P : Provisional (Contd...)

Note : '(a): HSD consumption in agricultural sector is not available seprately and is included under transport sector. Agricultural sector represents LDO only.

* Oil/POL product consumtion for the month of Feb-2016 and Mar-2016 are not available

Source : Oil Companies Advisory Committee.

TABLE 14.1

COMMERCIAL ENERGY CONSUMPTION

Fiscal Year	2. Gas (mm cft)*							
	Households	Commercial	Cement	Fertilizer	Power	Industry	Transport CNG**	Total
2000-01	140,899	20,618	6,977	175,393	281,255	138,503	4,423	768,068
2001-02	144,186	22,130	7,063	177,589	314,851	151,416	7,369	824,604
2002-03	153,508	22,776	3,445	180,611	335,636	164,968	11,320	872,264
2003-04	155,174	24,192	7,711	185,350	469,738	193,395	15,858	1,051,418
2004-05	172,103	27,191	13,383	190,409	507,398	226,116	24,443	1,161,043
2005-06	171,109	29,269	15,335	198,175	491,766	278,846	38,885	1,223,385
2006-07	185,533	31,375	14,686	193,682	433,672	306,600	56,446	1,221,994
2007-08	204,035	33,905	12,736	200,063	429,892	322,563	72,018	1,275,212
2008-09	214,113	35,536	7,305	201,100	404,140	319,003	88,236	1,269,433
2009-10	219,382	36,955	1,944	220,124	366,906	333,508	99,002	1,277,821
2010-11	232,244	36,466	1,378	228,460	337,401	291,667	113,055	1,240,671
2011-12	261,915	39,627	1,266	211,828	358,381	296,181	119,000	1,288,198
2012-13	291,917	40,689	586	188,020	362,262	284,278	100,228	1,267,980
2013-14	269,135	38,117	522	216,518	349,535	259,032	87,634	1,220,493
2014-15 (P)	278,069	35,187	831	225,512	371,562	247,214	66,517	1,224,892
Jul-Mar								
2014-15	213,950	26,125	825	166,100	248,050	171,050	53,075	879,175
2015-16***	213,675	25,300	-	174,075	303,600	167,475	47,300	931,425

P : Provisional   - : Not available   (Contd…)

* : Excluding LPG   ** : Compressed Natural Gas

*** : Sector wise natural gas consumption for the month of March 2016 is not available

TABLE 14.1

COMMERCIAL ENERGY CONSUMPTION

	3. Electricity (Gwh)								4. Coal (000 metric ton)					
Fiscal Year	Trac- tion	House- hold	Comm- ercial	Indus trial	Agricul- tural	Street Lights	Other Govt.	Total	House- hold	Power	Brick Kilns	Cement	Other Govt.	Total
2000-01	13	22,765	2,774	14,349	4,924	213	3,547	48,585	1.0	205.8	2,837.9	1,000.0	-	4044.7
2001-02	11	23,210	2,951	15,141	5,607	212	3,490	50,622	1.1	249.4	2,577.5	1,580.6	-	4408.6
2002-03	10	23,624	3,218	16,181	6,016	244	3,363	52,656	1.1	203.6	2,607.0	2,078.2	-	4,889.9
2003-04	9	25,846	3,689	17,366	6,669	262	3,650	57,491	1.0	184.9	2,589.4	3,289.2	-	6,064.5
2004-05	12	27,601	4,080	18,591	6,988	305	3,750	61,327	-	179.9	3,906.7	3,807.2	-	7,893.8
2005-06	13	30,720	4,730	19,803	7,949	353	4,035	67,603	-	149.3	4,221.8	3,342.8	-	7,714.0
2006-07	12	33,335	5,363	21,066	8,176	387	4,373	72,712	1.0	164.4	3,277.5	4,451.2	-	7,894.1
2007-08	8	33,704	5,572	20,729	8,472	415	4,500	73,400	1.0	162.0	3,760.7	6,186.9	-	10,110.6
2008-09	5	32,282	5,252	19,330	8,795	430	4,277	70,371	0.8	112.5	3,274.8	5,001.8	-	8,389.9
2009-10	2	34,272	5,605	19,823	9,689	458	4,499	74,348	-	125.5	3,005.2	5,007.8	-	8,138.5
2010-11	1	35,885	5,782	21,207	8,971	456	4,797	77,099	-	96.5	3,003.6	4,617.1	-	7,717.1
2011-12	1	35,589	5,754	21,801	8,548	478	4,590	76,761	-	104.6	3,108.2	4,456.9	-	7,669.7
2012-13	-	36,116	6,007	22,313	7,697	457	4,199	76,789	-	63.0	2,696.0	4,129.9	-	6,889.0
2013-14	-	39,549	6,375	24,356	8,290	458	4,381	83,409	-	160.7	2,727.6	3,669.2	-	6,557.5
2014-15 (P)	-	41,450	6,512	24,979	8,033	441	4,403	85,818		151.8	2,960.4	5,603.8	-	8,716.0
<u>Jul-Mar</u>														
2014-15 (e)	-	30,040	4755	18,445	5,985	331	3,290	62,846	-	110.0	2,688.0	3,000.0	-	5,798.0
2015-16*	-	31,655	5134	18,955	6,164	306	7,331	69,545	-	158.2	2,885.8	1,800.0	-	4,844.0

P : Provisional - : Not available

e : Consumption of coal and electricity is estimated

* : Consumption of coal of the period July-15 to March-16 is estimated

Source: Ministry of Petroleum & Natural Resources
Hydrocarbon Development Institute of Pakistan (HDIP)

TABLE 14.2

COMMERCIAL ENERGY SUPPLIES (ELECTRICITY)

Fiscal Year	Installed Capacity MW	Generation GW/h (a)	Hydroelectric		Thermal		Nuclear		Renewable		Imported (GW/h)
			Installed Capacity (MW) (b)	Generation (GW/h)	Installed Capacity (MW)	Generation (GW/h)	Installed Capacity (MW)	Generation (GW/h)	Installed Capacity (MW)	Generation (GW/h)	
2000-01	17,498	68,117	4,867	17,194	12,169	48,926	462	1,997	-	-	-
2001-02	17,799	72,406	5,051	18,941	12,286	51,174	462	2,291	-	-	-
2002-03	17,798	75,682	5,051	22,351	12,285	51,591	462	1,740	-	-	0.36
2003-04	19,257	80,826	6,496	26,944	12,299	52,122	462	1,760	-	-	73
2004-05	19,384	85,737	6,499	25,671	12,423	57,162	462	2,795	-	-	109
2005-06	19,450	93,775	6,499	30,862	12,489	60,283	462	2,484	-	-	146
2006-07	19,419	98,384	6,479	31,953	12,478	63,972	462	2,288	-	-	171
2007-08	19,420	95,860	6,480	28,707	12,478	63,877	462	3,077	-	-	199
2008-09	19,786	91,843	6,481	27,784	12,843	62,214	462	1,618	-	-	227
2009-10	20,921	95,607	6,481	28,093	13,978	64,371	462	2,894	-	-	249
2010-11	22,477	94,653	6,481	31,811	15,209	59,153	787	3,420	-	-	269
2011-12	22,797	95,364	6,556	28,517	15,454	61,308	787	5,265	-	-	274
2012-13	22,812	96,496	6,773	29,857	15,289	61,711	750	4,553	-	-	375
2013-14 (P)	23,531	104,089	6,893	31,873	15,887	66,707	750	5,090	-	-	419
2014-15	23,759	102,448	7,030	32,474	15,541	62,925	750	5,804	438	802	443
Jul-Mar											
2014-15 (e)	23,212	71,712	7,027	23,478	15,435	43,611	750	4,273	-	-	350
2015-16 #	23,101	73,209	7,027	24,544	15,324	45,252	750	3,078	-	-	335

P : Provisional **- : Not Available** **Source: Hydrocarbon Development Institute of Pakistan (HDIP)**

(a) GWh: Giga Watt hour **(b) MW: Mega Watt**

 # : Electricity generation of about 6 IPP's is not available

TABLE 14.3

COMMERCIAL ENERGY SUPPLIES (OIL, GAS, PETROLEUM, COAL)

Fiscal Year	Oil		Gas		Petroleum Products		Coal	
	Crude Oil Imports 000 barrels	Local Crude Extraction 000 barrels	Produc-tion mcf*	Imports mcf	Imports 000 tons	Produc-tion 000 tons	Imports 000 tons	Produc-tion 000 tons
2000-01	52,505	21,084	857,433	-	10,029	8,337	950	3,095
2001-02	51,982	23,195	923,758	-	9,023	9,028	1,081	3,328
2002-03	52,512	23,458	992,589	-	8,437	9,084	1,578	3,312
2003-04	57,699	22,625	1,202,750	-	5,170	9,740	2,789	3,275
2004-05	61,161	24,119	1,344,953	-	5,676	10,474	3,307	4,587
2005-06	63,546	23,936	1,400,026	-	6,009	10,498	2,843	4,871
2006-07	60,694	24,615	1,413,581	-	8,330	10,314	4,251	3,643
2007-08	64,912	25,603	1,454,194	-	9,025	10,754	5,987	4,124
2008-09	62,115	24,033	1,460,679	-	9,974	9,828	4,652	3,738
2009-10	53,081	23,706	1,482,847	-	11,178	8,996	4,658	3,481
2010-11	51,306	24,041	1,471,591	-	12,371	8,911	4,267	3,450
2011-12	47,104	24,573	1,558,959	-	11,507	8,395	4,057	3,613
2012-13	57,037	27,841	1,505,841	-	10,489	9,914	3,710	3,179
2013-14 (P)	59,920	31,585	1,493,508	-	11,523	10,926	3,119	3,438
2014-15	62,109	34,490	1,465,760	20,191	13,347	11,243	5,004	3,712
<u>Jul-Mar</u>								
2014-15 (e)	43,278	26,171	1,098,869	13,564	9,174	8,300	3,928	2,500
2015-16 #	49,720	24,022	1,115,203	15,811 **	9,465	8,426	3,733	1,111

P : Provisional * : Million cubic feet Source: Hydrocarbon Development Institute of Pakistan (HDIP)

: Electricity generation of about 6 IPP's is not available

(e): Figures for the period Jul-14 to Mar-15 are estimated on the basis of 06 months data.

** : LNG import is available till September 2015

TABLE 14.4

SCHEDULE OF ELECTRICITY TARIFFS

DESCRIPTION	Fixed Charge Rs./kW/M.	Variable Charge w.e.f 11-10-2014										GOP Applicable Rate
		IESCO	GEPCO	LESCO	FESCO	MEPCO	PESCO	HESCO	QESCO	SEPCO	TESCO	
Residential												
Up to 50 Units		4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	2.00
Load up to 5 kW												
01-100 Units		10.50	13.26	10.00	11.09	13.00	13.00	11.06	10.50	10.50	12.70	5.79
101-200 Units		12.50	16.90	12.33	14.00	16.90	16.24	12.50	12.50	12.50	14.50	8.11
201-300 Units		12.50	16.90	12.33	14.00	16.90	16.24	12.50	12.50	12.50	14.50	12.09
301-700 Units		15.00	17.90	15.00	15.00	17.90	17.90	15.50	15.00	15.50	16.50	15.00
Above 700 Units		17.50	19.00	17.50	17.50	19.00	19.00	17.50	17.50	17.50	17.50	17.50
Load Exceeding 5 kW												
Time of Use (TOU) - Peak		17.50	19.00	17.50	17.50	19.00	19.00	17.50	17.50	17.50	17.50	17.50
Time of Use (TOU) - Off-Peak		11.50	13.50	11.50	11.50	13.30	13.30	11.50	11.50	11.50	11.50	11.50
Total Residential												
Commercial - A2												
Load up to 5 kW		17.50	19.00	17.50	17.50	19.00	19.00	17.50	17.50	17.50	17.50	17.50
Load Exceeding 5 kW												
Regular	400.00	15.00	16.00	15.00	15.00	16.00	16.00	15.00	15.00	15.00	15.00	15.00
Time of Use (TOU) - Peak		17.50	19.00	17.50	17.50	19.00	19.00	17.50	17.50	17.50	17.50	17.50
Time of Use (TOU) - Off-Peak	400.00	11.50	13.50	11.50	11.50	13.30	13.30	11.50	11.50	11.50	11.50	11.50
Total Commercial												
Industrial												
B1		14.50	15.50	14.50	14.50	15.50	15.50	14.50	14.50	14.50	14.50	14.50
B1 Peak		17.50	19.00	17.50	17.50	19.00	19.00	17.50	17.50	17.50	17.50	17.50
B1 Off Peak		11.50	13.50	11.50	11.50	13.30	13.30	11.50	11.50	11.50	11.50	11.50
B2	400.00	14.00	15.00	14.00	14.00	15.00	15.00	14.00	14.00	14.00	14.00	14.00
B2 - TOU (Peak)		17.50	19.00	17.50	17.50	19.00	19.00	17.50	17.50	17.50	17.50	17.50
B2 - TOU (Off-peak)	400.00	11.30	13.30	11.30	11.30	13.10	13.10	11.30	11.30	11.30	11.30	11.30
B3 - TOU (Peak)		17.50	19.00	17.50	17.50	19.00	19.00	17.50	17.50	17.50	17.50	17.50
B3 - TOU (Off-peak)	380.00	11.20	13.20	11.20	11.20	13.00	13.00	11.20	11.20	11.20	11.20	11.20
B4 - TOU (Peak)		17.50	19.00	17.50	17.50	19.00	19.00	17.50	17.50	17.50	17.50	17.50
B4 - TOU (Off-peak)	360.00	11.10	13.10	11.10	11.10	12.90	12.90	11.10	11.10	11.10	11.10	11.10
Total Industrial												
Bulk Supply												
C1(a) Supply at 400 Volts- up to 5 kW		15.00	16.00	15.00	15.00	16.00	16.00	15.00	15.00	15.00	15.00	15.00
C1(b) Supply at 400 Volts-exceeding 5 kW	400.00	14.50	15.50	14.50	14.50	15.50	15.50	14.50	14.50	14.50	14.50	14.50
Time of Use (TOU) - Peak		17.50	19.00	17.50	17.50	19.00	19.00	17.50	17.50	17.50	17.50	17.50
Time of Use (TOU) - Off-Peak	400.00	11.50	13.50	11.50	11.50	13.30	13.30	11.50	11.50	11.50	11.50	11.50
C2 Supply at 11 kV	380.00	14.30	15.30	14.30	14.30	15.30	15.30	14.30	14.30	14.30	14.30	14.30
Time of Use (TOU) - Peak		17.50	19.00	17.50	17.50	19.00	19.00	17.50	17.50	17.50	17.50	17.50
Time of Use (TOU) - Off-Peak	380.00	11.30	13.30	11.30	11.30	13.10	13.10	11.30	11.30	11.30	11.30	11.30
C3 Supply above 11 kV	360.00	14.20	15.20	14.20	14.20	15.20	15.20	14.20	14.20	14.20	14.20	14.20
Time of Use (TOU) - Peak		17.50	19.00	17.50	17.50	19.00	19.00	17.50	17.50	17.50	17.50	17.50
Time of Use (TOU) - Off-Peak	360.00	11.20	13.20	11.20	11.20	13.00	13.00	11.20	11.20	11.20	11.20	11.20
Total Bulk Supply												
Agricultural												
Scarp		14.50	15.50	14.50	14.50	15.50	15.50	14.50	14.00	13.60	13.50	13.01
Time of Use (TOU) - Peak		17.50	19.00	17.50	17.50	19.00	19.00	17.50	17.50	17.50	17.50	10.35
Time of Use (TOU) - Off-Peak	200.00	11.20	13.20	11.20	11.20	13.00	13.00	11.20	11.20	11.20	11.20	10.35
Agricultural Tube-wells	200.00	14.00	15.00	14.00	14.00	15.00	15.00	14.00	13.61	13.00	12.97	11.51
Time of Use (TOU) - Peak		17.50	19.00	17.50	17.50	19.00	19.00	17.50	17.50	17.50	17.50	
Time of Use (TOU) - Off-Peak	200.00	11.20	13.20	11.20	11.20	13.00	13.00	11.20	11.20	11.20	11.20	
Total Agricultural												
Public Lighting		15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Resid. Colon.att. to ind		15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Railway Traction				15.00		15.00						15.00
Special Contracts - AJK	360.00	14.38	15.00				14.38					12.22
Time of Use (TOU) - Peak		17.50	19.00				19.00					17.50
Time of Use (TOU) - Off-Peak	360.00	11.20	13.20				13.00					11.20
Special Contracts - Rawat Lab.		15.00										15.00

Source : NEPRA

TABLE 14.4

SCHEDULE OF ELECTRICITY TARIFFS

DESCRIPTION	Fixed Charge Rs./kW/M.	Variable Charge w.e.f 10-06-2015										GOP Applicable Rate*
		IESCO	GEPCO	LESCO	FESCO	MEPCO	PESCO	HESCO	QESCO	SEPCO	TESCO	
Residential												
Up to 50 Units		4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	2.00
Load up to 5 kW												
01-100 Units		9.00	11.82	9.25	9.00	9.52	12.50	9.79	12.50	11.00	14.30	5.79
101-200 Units		11.00	14.00	11.00	10.20	12.00	16.50	14.00	15.00	13.52	17.30	8.11
201-300 Units		11.00	14.00	11.00	10.20	12.00	16.50	14.00	15.00	13.52	17.30	10.20
301-700 Units		13.00	17.00	13.33	14.00	15.00	17.90	15.00	17.00	16.00	18.00	16.00
Above 700 Units		15.00	19.00	15.00	16.00	16.00	19.00	16.00	19.00	19.00	19.00	18.00
Load Exceeding 5 kW												
Time of Use (TOU) - Peak		15.00	19.00	15.00	16.00	16.00	19.00	16.00	19.00	19.00	19.00	18.00
Time of Use (TOU) - Off-Peak		9.25	13.00	9.50	10.00	10.50	13.30	10.20	13.00	13.00	14.50	12.50
Total Residential												
Commercial - A2												
Load up to 5 kW		15.00	19.00	16.00	15.00	16.00	19.00	15.00	19.00	19.00	19.00	18.00
Load Exceeding 5 kW												
Regular	400.00	12.00	15.00	12.00	14.50	14.00	15.00	13.00	15.00	15.00	17.00	16.00
Time of Use (TOU) - Peak		15.00	19.00	15.00	16.00	16.00	19.00	16.00	19.00	19.00	19.00	18.00
Time of Use (TOU) - Off-Peak	400.00	9.25	13.00	9.50	10.00	10.50	13.30	10.20	13.00	3.00	14.50	12.50
Total Commercial												
Industrial												
B1		12.00	14.50	12.00	13.00	13.50	14.50	12.50	14.50	14.50	15.00	14.50
B1 Peak		15.00	19.00	15.00	16.00	16.00	19.00	16.00	19.00	19.00	19.00	18.00
B1 Off Peak		9.25	13.00	9.50	10.00	10.50	13.30	10.20	13.00	13.00	14.50	12.50
B2	400.00	11.50	14.00	11.50	12.50	13.00	14.00	12.00	14.00	14.00	14.50	14.00
B2 - TOU (Peak)		15.00	19.00	15.00	16.00	16.00	19.00	16.00	19.00	19.00	19.00	18.00
B2 - TOU (Off-peak)	400.00	9.05	12.80	9.30	9.60	10.30	13.10	10.00	12.80	12.80	14.30	12.29
B3 - TOU (Peak)		15.00	19.00	15.00	16.00	16.00	19.00	16.00	19.00	19.00	19.00	18.00
B3 - TOU (Off-peak)	380.00	8.85	12.70	9.10	9.50	10.20	13.00	9.80	2.70	12.70	14.20	12.20
B4 - TOU (Peak)		15.00	19.00	15.00	16.00	16.00	19.00	16.00	19.00	19.00	19.00	18.00
B4 - TOU (Off-peak)	360.00	8.75	12.60	9.00	9.40	10.10	12.90	9.70	12.60	12.60	14.10	12.10
Total Industrial												
Bulk Supply												
C1(a) Supply at 400 Volts- up to 5 kW		12.50	15.00	12.50	13.50	14.00	15.00	13.00	15.00	15.00	15.50	15.00
C1(b) Supply at 400 Volts-exceeding 5 kW	400.00	12.00	14.50	12.00	13.00	13.50	14.50	12.50	14.50	14.50	15.00	14.50
Time of Use (TOU) - Peak		15.00	19.00	15.00	16.00	16.00	19.00	16.00	19.00	19.00	19.00	18.00
Time of Use (TOU) - Off-Peak	400.00	9.25	13.00	9.50	10.00	10.50	13.30	10.20	13.00	13.00	14.50	12.50
C2 Supply at 11 kV	380.00	11.80	14.30	11.80	12.80	13.30	14.30	12.30	14.30	14.30	14.80	14.30
Time of Use (TOU) - Peak		15.00	19.00	15.00	16.00	16.00	19.00	16.00	19.00	19.00	19.00	18.00
Time of Use (TOU) - Off-Peak	380.00	9.05	12.80	9.30	9.60	10.30	13.10	-	12.80	12.80	14.30	12.30
C3 Supply above 11 kV	360.00	11.70	14.20	11.70	12.70	13.20	14.20	12.20	14.20	14.20	14.70	14.20
Time of Use (TOU) - Peak		15.00	19.00	15.00	16.00	16.00	19.00	16.00	19.00	9.00	19.00	18.00
Time of Use (TOU) - Off-Peak	360.00	8.85	12.70	9.10	9.50	10.20	13.00	9.80	12.70	12.70	14.20	12.20
Total Bulk Supply												
Agricultural												
Scarp		12.00	14.50	12.00	13.00	13.50	14.50	12.50	15.20	15.50	15.00	12.00
Time of Use (TOU) - Peak		15.00	19.00	15.00	16.00	16.00	19.00	16.00	19.00	19.00	19.00	15.00
Time of Use (TOU) - Off-Peak	200.00	8.85	12.70	9.10	9.50	10.20	13.00	9.80	12.70	12.70	14.20	8.85
Agricultural Tube-wells	200.00	11.50	14.00	11.50	12.50	13.00	14.00	12.00	14.70	15.00	14.50	11.50
Time of Use (TOU) - Peak		15.00	19.00	15.00	16.00	16.00	19.00	16.00	19.00	19.00	19.00	10.35
Time of Use (TOU) - Off-Peak	200.00	8.85	12.70	9.10	9.50	10.20	13.00	9.80	12.70	12.70	14.20	8.85
Total Agricultural												
Public Lighting		14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	15.00	15.00
Resid. Colon.att. to ind		14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	15.00	15.00
Railway Traction				14.00		14.00						15.00
Special Contracts - AJK	360.00	11.24	14.00				14.00					12.22
Time of Use (TOU) - Peak		15.00	19.00				19.00					18.00
Time of Use (TOU) - Off-Peak	360.00	8.85	12.70				13.30					12.20
Special Contracts - Rawat Lab.		14.00										15.00

* : GOP Tarrif w.e.f. 10-06-2015 also includes an amount of Tarrif Rationalization Surcharge

Source : NEPRA

TABLE 14.5
OIL SALE PRICES

Rs/Ltrs

Date	22-11-2012	22-12-2012	22-01-2013	01-03-2013	04-03-2013	01-07-2013	01-08-2013
EX-NRL/PRL KARACHI							
Motor Gasoline	102.65	101.42	103.07	106.60	103.07	69.40	71.74
HOBC (Automotive 100 Octane)	-	-	-	-	-	87.68	92.52
Super (90 Octane) Blend of Motor Gasoline @ 60% and HOBC 40%)							
Kerosene	99.03	98.81	99.90	103.69	99.90	72.28	76.54
HSD	109.77	110.13	109.21	113.56	109.21	78.49	82.33
LDO	93.89	94.34	94.33	98.26	94.78	71.47	74.84
Aviation gasoline (100LL)							
JP-1:							76.8
i) For sale to PIA Domestic Flight	88.22	88.04	89.24	93.52	93.52	72.54	
ii) For sale to PIA foreign flights & foreign airline							
iii) For Cargo & Technical Landing Flights							
JP-4	-	-	-	-	-	-	
JP-8	87.90	87.72	88.80	93.21	93.21	72.28	76.54

- : Not available

Source: Hydrocarbon Development Institute of Pakistan (HDIP)

TABLE 14.5
OIL SALE PRICES

Rs/Ltrs

Date	01-09-2013	01-10-2013	01-11-2013	01-12-2013	01-01-2014	01-02-2014	02-03-2014
EX-NRL/PRL KARACHI							
Motor Gasoline	75.52	80.05	77.82	78.26	80.83	78.31	75.43
HOBC (Automotive 100 Octane)	97.47	102.19	99.84	104.30	107.38	103.55	100.97
Super (90 Octane) Blend of Motor Gasoline @ 60% and HOBC 40%)							
Kerosene	80.30	82.11	82.05	82.98	85.31	81.13	81.33
HSD	85.27	87.54	81.40	82.36	84.43	80.79	80.86
LDO	76.99	78.75	79.48	80.13	81.63	78.07	78.47
Aviation gasoline (100LL)							
JP-1:	80.57	82.39	82.33	83.26	-	-	-
i) For sale to PIA Domestic Flight							
ii) For sale to PIA foreign flights & foreign airline							
iii) For Cargo & Technical Landing Flights							
JP-4							
JP-8	80.30	82.11	82.05	82.98	-	-	-

- : Not available

Source: Hydrocarbon Development Institute of Pakistan (HDIP)

TABLE 14.5

OIL SALE PRICES

Rs/Ltrs

Date	01-04-2014	01-05-2014	01-06-2014	01-07-2014	01-08-2014	01-09-2014	01-10-2014
EX-NRL/PRL KARACHI							
Motor Gasoline	74.02	73.68	74.89	107.97	107.97	106.56	103.62
HOBC (Automotive 100 Octane)	95.87	94.25	96.45				
Super (90 Octane) Blend of Motor Gasoline @ 60% and HOBC 40%)							
Kerosene	75.97	73.88	74.19	97.40	97.05	96.99	95.68
HSD	77.53	73.93	75.30	109.34	109.34	108.34	107.39
LDO	74.07	72.83	73.67	94.13	93.27	92.08	91.94
Aviation gasoline (100LL)							
JP-1:	-	-	-	86.71	86.74	84.84	85.00
i) For sale to PIA Domestic Flight							
ii) For sale to PIA foreign flights & foreign airline							
iii) For Cargo & Technical Landing Flights							
JP-4							
JP-8	-	-	-	87.06	86.42	85.52	84.66

- : Not available

Source: Hydrocarbon Development Institute of Pakistan (HDIP)

TABLE 14.5

OIL SALE PRICES

Rs/Ltrs

Date	01-11-2014	01-12-2014	01-01-2015	01-02-2015	01-03-2015	01-07-2015	01-08-2015
EX-NRL/PRL KARACHI							
Motor Gasoline	94.19	84.53	78.28	70.29	70.29	77.79	76.76
HOBC (Automotive 100 Octane)						83.81	82.79
Super (90 Octane) Blend of Motor Gasoline @ 60% and HOBC 40%)							
Kerosene	87.52	83.18	71.92	61.44	61.44	64.94	60.11
HSD	101.21	94.09	86.23	80.61	80.61	87.11	85.05
LDO	83.37	77.98	67.50	57.94	57.94	61.51	56.59
Aviation gasoline (100LL)							
JP-1:	77.60	73.05	59.10	47.30	53.59	55.81	49.33
i) For sale to PIA Domestic Flight							
ii) For sale to PIA foreign flights & foreign airline							
iii) For Cargo & Technical Landing Flights							
JP-4							
JP-8	77.01	72.72	58.76	46.96	53.25	55.47	48.99

- : Not available

Source: Hydrocarbon Development Institute of Pakistan (HDIP)

TABLE 14.5

OIL SALE PRICES

Rs/Ltrs

Date	01-09-2015	01-10-2015	01-11-2015	01-12-2015	01-01-2016	01-02-2016	01-03-2016
EX-NRL/PRL KARACHI							
Motor Gasoline	73.76	73.76	76.26	76.26	76.25	71.25	62.77
HOBC (Automotive 100 Octane)	79.79	79.79	79.79	80.66	80.66	75.66	72.68
Super (90 Octane) Blend of Motor Gasoline @ 60% and HOBC 40%)							
Kerosene	57.11	57.11	57.11	56.32	48.25	43.25	43.25
HSD	82.04	82.04	83.79	83.79	80.79	75.79	71.12
LDO	53.59	53.59	53.59	53.23	44.94	39.94	37.97
Aviation gasoline (100LL)							
JP-1:	42.65	45.31	46.12	45.24	37.50	29.66	32.67
i) For sale to PIA Domestic Flight							
ii) For sale to PIA foreign flights & foreign airline							
iii) For Cargo & Technical Landing Flights							
JP-4							
JP-8	42.31	44.96	45.77	44.90	37.15	29.31	31.36

- : Not available

Source: Hydrocarbon Development Institute of Pakistan (HDIP)

TABLE 14.6

GAS SALE PRICES

Unit: Rupees/MMbtu.

Category	30-6-2011	1-1-2012	1-7-2012	1-1-2013	1-7-2013	23-8-2013	1-1-2014	16-1-2014	1-7-2014	1-9-2015	1-1-2016
DOMESTIC (Slab)											
i) Upto 1.77 M cu.ft./month			100.00								
ii) Upto 1.77 to 3.55 M cu.ft./month	107.87	122.95		106.14						110.00	
iii) Upto 3.55 to 7.10 M cu.ft./month	215.74	245.89									
iv) Upto 7.10 to 10.64 Mcu.ft./month	215.74	245.89	200.00	212.28						220.00	
v) Upto 10.64 to 14.20 M cu.ft./month	908.39	1,035.34	500.00	530.00						600.00	
vi) Upto 14.20 to 17.75 M cu.ft./month	908.39	1,035.34									
vii) All over 17.75	1,142.80	1,302.46									
COMMERCIAL	526.59	600.19	600.00	636.83						700.00	
General Industry	434.18	600.19	460.00	488.23							
Cement	609.10	694.22	700.00	742.97						750.00	
CNG Station	571.88	651.80	618.55	656.32						700.00	
Pakistan Steel											
Captive Power	434.18	494.86	460.00	488.23		573.28				600.00	
Independent Power Projects	377.39	437.86	460.00	488.23							
FERTILIZER											
<u>SNGPL'S SYSTEM</u>											
(i) For Feed Stock											
Pak American Fertilizer Ltd.	102.01	116.27	116.27	123.41					68.47	200.00	
F.F.C Jorden	102.01	116.27	116.27	123.41						200.00	
Dawood Hercules/ Pak Arab	102.01	116.27	116.27	123.41						200.00	
Pak China /Hazara	102.01	116.27	116.27	123.41						200.00	
(ii) For Fuel Generation all Fertilizer Co.	434.34	494.86	460.00	488.23							
Dawood & Pak Arab											
<u>FOR MARI GAS CO. SYSTEM</u>											
(i) For Feed Stock											
(a) Engro Chemical	102.01	116.27	116.27	123.41							
(b) FFC (Goth Machi)	102.01	116.27	116.27	123.41					68.47		
(c) Fatima Fertilizer	59.59	60.67	60.67	67.55	69.10		73.10		68.47	70.61	72.73
(d) FFC (Mirpur M)	102.01	116.27	116.27	123.41	69.10		73.17			200.00	72.73
(e) Foundation Power Company	377.39		460.00	488.23						600.00	
(ii) For Power Generation	434.34	494.86	460.00	488.23						600.00	
POWER Stations											
SNGPL & SSGCL'S SYSTEM	447.14	480.86	460.00	488.23						600.00	
Liberty Power Limited	1,260.30	1,450.85	1,617.00	1,505.20	1,511.68		1,600.61	1,396.24	1,305.48	713.89	648.52
GAS DIRECTLY SOLD TO											
<u>WAPDA'S GUDDU POWER STATION</u>											
SUI FIELD (917 BTU)											
KANDKOT FIELD (866 BTU)		480.86	460.00	488.23						600.00	
MARI FIELD (754 BTU)		480.86	460.00	488.23						600.00	
SARA /SURI FIELDS											
Foundation Power Company				488.23							

* Flat rate on all offtakes applicable w.e.f 22.09.2012.

Source: Hydrocarbon Development Institute of Pakistan

Social Safety Nets

Social safety net is a tool through which state or other social welfare institutions provide services in terms of cash or in kind to the poor segments of the society to protect them from social and economic upheavals. Poverty reduction strategy incorporates pro-poor economic growth, equal distribution of economic opportunities while ensuring decent living conditions and adequate social protection.

Pakistan Vision 2025 seeks a just and equitable society in Pakistan where vulnerable and marginalized segments of the society would be mainstreamed. The Vision further strategizes inclusive growth by substantially reducing the incidence of poverty and improving income distribution mechanism. The human resource development also supports the growth process itself in the long-run by enhancing potential of the income generating people. It also attempts to remove inter and intra provincial, and regional disparities through efficient and justifiable resource allocation at national level. Vision 2025 stresses the need to strengthen the data collection process and to increase the coverage of household data at the district level. This will enable to monitor the poverty and vulnerability of the population in all dimensions. Vulnerable segments will be protected and encouraged by revamping and expanding the social protection system and social safety nets.

The 11th Five Year Development Plan (2013-18) also outlines a new direction to move towards sustained and economic growth, which will enable equal opportunity for all. Inclusive growth caters the needs of the poor, marginalized, vulnerable and minorities to integrate them in the society. Adequate access to basic and essential public services is critical for the survival and welfare of majority of population. The human resource development also supports the growth process itself in the long-run by enhancing potential of the income generating people. It also attempts to remove inter and intra-provincial, and regional disparities. The plan designs to achieve the objective of poverty reduction include:

- Provision of productive assets inclusive of micro-finance
- Capacity enhancement of the people through human development programmes, such as education, health, population welfare and skills development
- Organising communities to enable them pool their capacities and resources
- Providing enabling environment such as clean water and sanitation and gender mainstreaming for contribution to the society and economy
- National cohesive social protection policies to protect the vulnerable, including those suffering from natural or manmade disasters
- Provision of adequate resources to finance the poverty reduction programmes
- Reforming and strengthening the institutions for better delivery of the public services

The United Nations Development Programme (UNDP)'s Human Development Report, 2015 ranks Pakistan at 147th out of 188 countries under the Human Development Index (HDI) based on Health (life expectancy at birth),Education (Expected years of schooling) and Gross National Income (GNI) per capita. Pakistan's HDI value is 0.538 out of 1 as against South Asia's average HDI value of 0.607 and World's average HDI value of 0.711.The present government have initiated lot of social sectors improvement programmes and policies which can possibly improve the country's HDI value.

Tracking of Pro-Poor Expenditures:

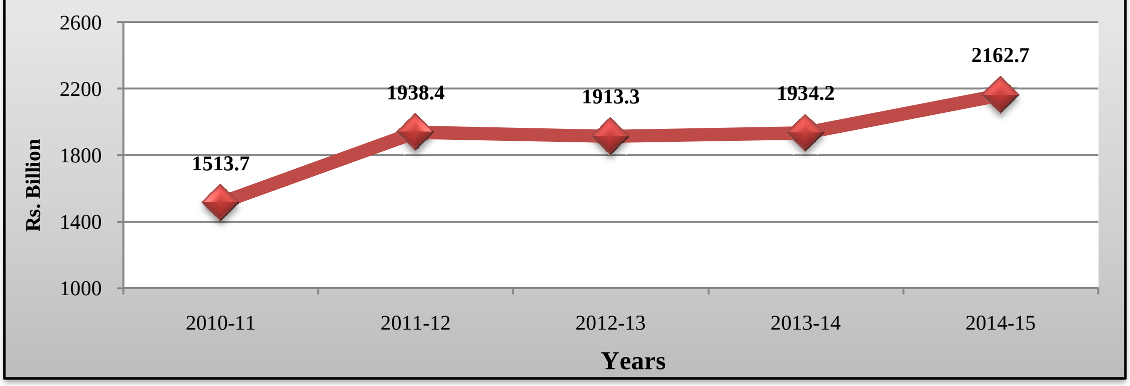
Poverty reduction programmes are financed through both current and development expenditures. After the 18th Constitutional Amendment, the provinces were given more responsibilities. Most of the projects, related to social sectors, are implemented by the provinces, while the federal government is allocating large budget to projects related to development of infrastructure and quality improvement of the social sector. The government is fully committed to follow a sustained poverty reduction strategy and to allocate a minimum of 4.5 percent of GDP for social and poverty related expenditures as reflected in the allocations to the pro-poor sectors in Table 15.1. The government has prioritized 17 pro-poor sectors through the Medium Term Expenditure Framework (MTEF) in the PRSP-II, which provided a link between the policy priorities and the related budget allocations. Expenditure on pro-poor sectors in 2011-12 stood at 9.7 percent of GDP. In 2012-13, these were 8.6 percent of GDP and in 2013-14, 7.7 percent of GDP. These expenditures were well above the requirement under the law. During 2014-15, total expenditures for these sectors were increased and amounted to Rs 2,162.7 billion, which was 7.9 percent of GDP. During July-December of the current fiscal year 2015-16, Rs. 1,123 billion expenditures have been made in these sectors.

Table 15.1: Budgetary Poverty Related Expenditures by Sectors **(Rs. Million)**

Sectors	2011-12	2012-13	2013-14	2014-15	2015-16*
Roads, Highways & Bridges	111,883	94,750	96,504	118,863	178,704
Environment / Water Supply and Sanitation	36,570	34,055	32,000	54,093	18,890
Education	393,523	479,853	537,598	598,315	263,703
Health	134,182	161,202	201,986	231,170	91,656
Population Planning	5,826	7,142	12,609	13,339	3,582
Social Security & Welfare**	68,437	72,898	93,481	124,910	207,655
Natural Calamities & Other Disasters	77,096	32,699	18,404	33,243	32,780
Agriculture	134,448	148,554	157,894	199,781	68,882
Land Reclamation	4,347	4,805	4,796	5,184	1,829
Rural Development	32,979	31,926	14,727	29,122	7,079
Subsidies	689,221	556,113	502,098	459,325	102,842
People's Works Programme-I	4,296	3,346	-	-	-
People's Works Programme-II	33,589	42,486	-	-	-
Low Cost Housing	383	603	676	581	121
Justice Administration	17,082	22,512	24,378	25,836	14,150
Law and Order	194,495	220,343	237,027	268,983	130,819
Total	**1,938,357**	**1,913,287**	**1,934,178**	**2,162,745**	**1,122,692**
Total as % age of GDP (2005-06 base)	9.7	8.6	7.7	7.9	-

Source: Ministry of Finance, External Finance Policy Wing
*: July-December
**: Social Security & Welfare also includes the expenditure of BISP (46,760 million) and PBM (1,448 million)

Fig-1: Pro-Poor Expenditure (Rs. Billion)



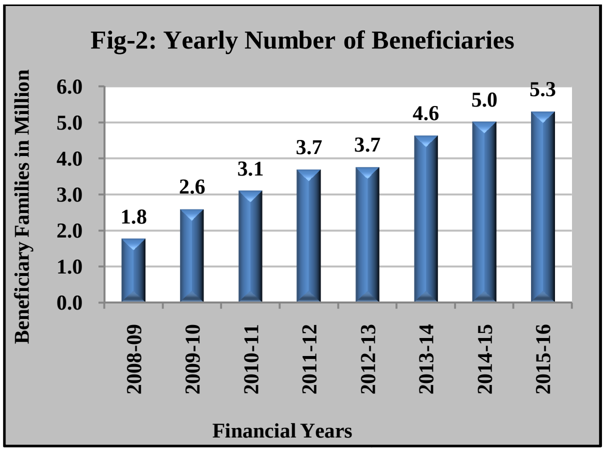
Social Safety Programmes:

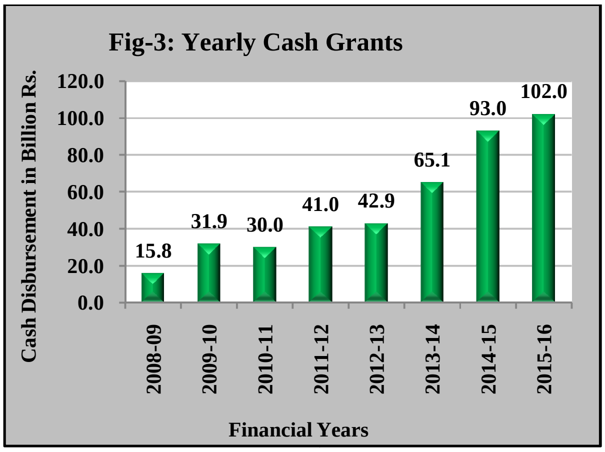
The Social Safety Net Programmes (SSNPs) play a key role in Pakistan to protect the poor households from poverty and vulnerability. The Government of Pakistan has been allocating significant allocation of money in the budget to implement various social safety net measures with the motive to attenuate the degree of poverty such as Benazir Income Support Program (BISP), Pakistan Bait-ul-Mal (PBM), Zakat, Employees Old Age Benefit Institution (EOBI) and Workers Welfare Fund (WWF).

I. Benazir Income Support Programme (BISP): Benazir Income Support Programme (BISP) was launched in July 2008 with objectives to enhance financial capacity of poor people and their dependent family members; formulate and implement comprehensive policies and targeted programmes for the uplift of underprivileged and vulnerable people; reduce poverty and promote equitable distribution of wealth especially for the low income groups, particularly women, through the provision of cash transfers of Rs. 1,000/month to eligible families. Its long term objectives included meeting the targets set by Sustainable Development Goals (SDGs) to eradicate extreme and chronic poverty and empowerment of women. The monthly installment was enhanced by the present government to Rs. 1200/ per family in July, 2013 which has subsequently been increased to Rs. 1500/per family in 2014.The present government has yet again increased the annual stipends from Rs. 18,000 per annum to Rs. 18,800 per annum per beneficiary w.e.f. 1st July, 2015.

Since its inception in 2008, BISP has grown rapidly; it is now the largest single cash transfer programme in Pakistan's history. The numbers of beneficiaries have increased from 1.7 million in FY2009 to approximately 5.29 million at the end of March FY2016. BISP's annual disbursement rose from 16 billion in FY2009 to Rs. 102 billion in FY2016. Since inception in 2008, BISP has transferred Rs. 387.0 billion as of March, 2016 as cash transfers to its beneficiaries.

BISP in its initial phase started delivering cash transfers using Pakistan Post due to its outreach across Pakistan. But later, in order to improve the efficiency and transparency of payments to its beneficiaries, BISP started using innovative payments mechanism in the form of Benazir Smart Card and Mobile Phone Banking on a test basis in nine districts across the country. After testing the pilots, BISP has rolled out Benazir Debt Card across Pakistan. Now, around 94 percent beneficiaries are receiving payments through technology enabled innovative payment mechanisms (rests are still getting stipend through post office).





Complementary and Graduation Initiatives

There is an increasing role of complementary interventions in determining sustainable impact of cash transfer on uptake of education and health services, nutrition outcomes, and improving the livelihoods. Global experience suggests that where programmes are combined with complementary, well-sequenced interventions, it has greater impact. The program has four closely associated and complementary components, including Waseela-e-Rozgar (Technical & Vocational Training), Waseela-e-Haq (Micro-finance), Waseela-e-Sehat (Life & Health Insurance) and Waseela-e-Taleem (Primary Education).

Waseela-e-Haq is aiming to break the vicious cycle of poverty through provision of interest free financial assistance to the randomly selected beneficiaries. The selection of these families is through computerized transparent balloting. The step is basically designed to promote self-employment among women beneficiaries or their nominees to improve their livelihood. It offers Rs. 300,000 long-term interest free financial assistance based on social capital instead of any physical asset as collateral. 41 draws have been held and installments worth Rs. 2.2 billion were disbursed to 13,455 beneficiaries while 11,570 beneficiaries started their own business. Presently, the initiative has been closed on the direction of the BISP Board. In the aftermath of 18th Constitutional Amendment, BISP is planning to shift this initiative to concerned provinces. BISP is exploring collaboration with NGOs/Organization working in Social Sector for the provision of microfinance loans to the beneficiaries. In this regard, BISP has signed a MoU with Pakistan Poverty Alleviation Fund (PPAF), under the scope of this MoU, the organization will extend microfinance loans to BISP beneficiaries to establish their own business. Under this arrangement, around 23,000 BISP beneficiaries have availed the facility of microfinance through PMIFL scheme.

Under **Waseela-e-Sehat** Program, pilot project was launched in 16th April, 2012 for three years (2012-15) in district Faisalabad covering full hospitalization, pregnancy, day-care treatment and diagnostic tests to a maximum limit of Rs. 25,000/- per family per year. After the 18th Constitutional Amendment, the subject of health has been categorized as provincial. However, the federal government has launched the Prime Minister Health Insurance Program with the help of BISP and providing the health insurance/ facilities to the BISP beneficiaries in the scheme.

Waseela-e-Rozgar initiative envisages empowering the female beneficiary or her nominee to become economically independent through acquiring demand-driven vocational skill and technical education Waseela-e-Rozgar provides free of cost vocational training to BISP beneficiary woman or her nominee (between the age of 18-45) from her own family. 538 vocational training institutes were taken on board, whereas 58, 528 trainees have completed their training of which 57 percent were female and 43 percent were male.

Waseela-e-Taleem programme aims to encourage BISP beneficiary families with children in the age group of 5 to 12 years, to send their out of school children to schools for Primary Education (and in school children to continue their education), in return for cash transfers with the long-term prospects of human capital formation to graduate out of abject poverty. The initiative aims to enroll approximately 2.0 million children in primary schools by December 2016. This involves a cash transfer of Rs. 250 per month paid quarterly (Rs. 750 per child) for all children of each beneficiary family in the age bracket of 5-12 years, in return for their compliance with the co-responsibilities of school admissions and a minimum of 70 percent quarterly attendance. BISP intends to implement the programme through a phased approach, which involves testing the program in selected districts first and then rolling it out on the basis of learning from the test phase. The field operations of the programme were started in October, 2012. So far, over 1.5 million children have been registered out of which more than 1.1 million have been enrolled in the primary schools.

BISP's Major Achievements

Following are BISP's major achievements in the last two and half years:

- The present government has increased the BISP budgetary allocations from Rs.70 billion in FY2013 to Rs. 75 billion in FY2014, which has subsequently been enhanced to Rs. 97 billion in FY2015 and for the current fiscal FY2016 year it has been enhanced to Rs. 102 billion.
- The present government has increased the cash benefit for the poorest of the poor from

Rs. 1000/- to Rs. 1200/- in July, 2013 and from Rs. 1200/ to Rs. 1500/- per month in July 2014. Keeping in view inflation fluctuation, the government has increased the stipend to Rs. 4700 per quarter w.e.f. July 2015.

- The number of BISP beneficiaries increased from 3.73 million in 2012-13 to 5.0 million by the end of FY2015. At present, the number of beneficiaries is 5.29 million.
- In FY2016 (as of March, 2016) total cash transfer amounts to Rs. 71.65 billion in two quarters recorded highest disbursement by BISP in a FY during last 7 years.
- BISP is following the path of automation and 94 percent of beneficiaries are being paid through technology.
- DFID conducted the annual review 2015 of BISP with an overall score of A+ which is great achievement on the part of BISP's performance.
- For the graduation of BISP beneficiaries, Akhuwat through Chief Minister's Self Employment Scheme and Prime Minister's Interest Free Loan (PMFIL) scheme has provided interest free loans to 14,481 BISP beneficiaries. 133,285 family members of BISP's beneficiaries have also availed the micro finance under the above mentioned programs. Under the National Rural Support Program through PMFIL scheme 17,420 BISP beneficiaries have availed the facilities of micro finance and various training programs and around 801 family members of BISP beneficiaries have also been benefited.
- 10,892 BISP beneficiaries have been trained by the NAVTTC and TEVTA Punjab, Motorway Police, Aik Hunar Aik Nagar (AHAN) a subsidiary organization of Ministry of Industries and a NGO "Trust for History, Art and Architecture Pakistan (THAP)". On the other hand 61,877 family members of BISP beneficiaries have also availed the trainings.
- BISP introduced biometric system for verification of beneficiary's particulars incase of loss of card. Earlier, the beneficiary had to activate her card by call process for verification / activation of new card. Now the beneficiary only gives their thumb impression in specified UBL locations numbering 75 all across the country.
- For the first time in history, BISP has introduced biometric withdrawal system in Larkana, Sindh for 62,000 beneficiaries. It is a great achievement on the part of BISP to have successfully completed the pilot phase of the biometric in Larkana. The biometric system for payment has fully ensured women empowerment by deleting the role of middle man.
- Design improvements; particularly in payment mechanism have been made to make it more efficient, transparent and user-friendly. Moreover, the BISP board in its meeting held in November, 2015 has given go ahead for a new banking model. New Design / Banking model has been revised and discussion held with all the stakeholders including Finance Division, SBP, NADRA, World Bank and commercial banks.
- Through new banking model, the beneficiaries would be able to draw the amount by using their CNIC along with biometrics. There will be no more requirement of a non-personalized, bank-specific debit card which will ensure that cash grant is directly going to beneficiary women's hand instead of anyone else. Transaction authentication will take place through biometric verification. This will eliminate the punching of PIN mechanism which proved difficult to our illiterate beneficiaries. The beneficiaries will also have the option of drawing the amount from multiple banks and Points of Sale (POS) in each district.
- So far, BISP has achieved all the targets set under IMF's Extended Fund Facility which has been acknowledged by IMF in eleventh review meeting held in May 2016.
- BISP is also in negotiating with World Bank for a new project which will strengthen the institutional capacity of BISP to launch updation of Nation Socio-Economic Registration (NSER). The new project will be phased out for four years 2016-2020, amounting to US$ 100 million. DFID has also pledged a grant of US$ 224 million in line with the World Bank's funding.

Box-I: Donor's Support to BISP

Benazir Income Support Programme (BISP) has achieved international recognition due to its stringent targeting mechanism, innovative design and transparent systems. The UN Secretary General, World Bank, US government, British government through DFID and ADB have all appreciated BISP's performance and have provided financial support. The international support from the World Bank, USAID, ADB and DFID is summarized below:

i. **World Bank:** The International Development Association (IDA) provided a credit of US$ 60 million to BISP for the "Pakistan Social Safety Net Technical Assistance Project" for the period August 4, 2009 to June 30, 2016. The TA project has supported the design of the poverty scorecard, survey of all households in Pakistan and associated activities. BISP has received additional financing of US$ 150 million for the Pakistan Social Safety Net project to launch a Co-responsibility Cash Transfer/CCT (Waseela-e-Taleem) programme for the primary education of the children of BISP beneficiaries. Additional funding of US$ 150 million was made through the set of Disbursement Link Indicators (DLIs) totaling 19, out of which 17 have been achieved amounting to US$ 152 million.

ii. **USAID:** BISP was provided a grant of US$ 160 million by the USAID as budgetary support for payment of cash benefits to the beneficiaries identified under the new poverty scorecard system. This amount was fully consumed by January, 2012. USAID also commissioned a 3rd party assessment of BISP payment mechanisms. The report shows that 98.7 percent beneficiaries of BISP received their monthly cash transfers.

iii. **Asian Development Bank:** In June 2009, an amount of US$150 million was provided by the ADB to the Ministry of Finance under the ADB-funded "Accelerating Economic Transformation Programme" (AETP), specifically for use by BISP to make cash transfers to beneficiaries identified through the new targeting system. BISP has fully disbursed the entire amount to its beneficiaries. ADB has signed a project for another US$ 430 million for Social Protection Development Project for BISP in November 2013. The project will finance un-conditional cash transfer payments to newly enrolled BISP beneficiaries for 5 quarters. Other components of the project include re-designing and roll out of Waseela-e-Rozgar and Waseela-e-Sehat.

iv. **Department for International Development (DFID):** DFID supported BISP's initial activities (test phase targeting survey, process evaluation and spot checks, etc.) through the Trust Fund managed by the World Bank. Now DFID has provided a grant of £ 300 million to BISP for the co-responsibility cash transfer (CCT) program for the primary education of the children of BISP beneficiaries. DFID committed an amount of US$ 229 million which was made through the set of DLIs totaling 18, out of which 12 have been achieved amounting to US$ 163 million.

Source: Benazir Income Support Program (BISP)

BISP's operational design, separation of function and innovative technology based mechanism has inspired countries like Bangladesh, India, Ghana, Mongolia, Cambodia and Nepal to initiate similar programs to improve the lives of their millions of poor.

Outlook for 2015-16 and Beyond

In line with government's resolve to run BISP on transparent and efficient lines, the future focus of BISP is being attuned to following aspects:

- For updating of NSER, a detailed Road Map for the project plan has been finalized. An advisory committee, comprising of all the stake holders has been constituted to guide the activity – first meeting held on 02-10-2015. NSER technical committee has also been formed and the first meeting was held on 20-11-2015.
- Shifting of all the beneficiaries from traditional to scientific payments mechanisms in the future.
- BISP is also working on graduation models with concerned stakeholders. Target is to achieve 100,000 micro finance loans for BISP beneficiaries under PMIFL and Chief Minister's Self Employment Schemes through Akhuwat by the end 2016.
- Target to send 2 million children to school by 2016.
- Better integration of various programme components to maximize impact and outreach of the programme for the benefits of the poor.
- Consolidate its partnership with the provinces to integrate the federal social protection schemes with provincial programs to achieve equity for the poor.
- Facilitate the government in using BISP Registry for targeted subsidy provision under other sectors and elimination of non-targeted subsidies.
- BISP will remain committed towards the achievement of Sustainable Development Goals to:

i. Eradication of extreme poverty (SDG1)
ii. Ensure inclusive and Equitable Quality Education and Promote Lifelong learning opportunity (SDG4)
iii. Achieve gender equality and empower all women and girls (SDG5)

II. Pakistan Poverty Alleviation Fund (PPAF): Pakistan Poverty Alleviation Fund (PPAF) is established as an apex Governmental Non Profit Organization for community-driven development in the country. PPAF enjoys facilitation and support from the government, World Bank, International Fund for Agricultural Development (IFAD), KFW (Development Bank, of Germany), Italian Development Cooperation and corporate donors. Outreach of PPAF has been extended throughout Pakistan and its microcredit, water and infrastructure, drought mitigation, education, health and emergency response interventions have been widely recognized. Externally commissioned Independent studies have demonstrated positive outcomes and impact of PPAF interventions on the lives of benefiting communities related to their economic output, household incomes, assets, agricultural productivity and other qualities of life indices. PPAF aims to be the leading catalyst in improving the quality of life, broadening the range of opportunities and socio-economic mainstreaming of the poor and disadvantaged, especially women. The core operating units of the PPAF deliver range of development interventions at the grassroots/community level through a network of 134 Partner Organizations across the country.

The overall objective of the PPAF is to improve the quality of life of the poor and marginalized people throughout the country. Its specific goals are:

- To eradicate extreme hunger and poverty
- To promote gender equality and empower women
- To achieve universal primary education
- To improve maternal health
- To reduce child mortality
- To establish and strengthen Community and NGO institutions.

Since its inception in April 2000 to March 2016, PPAF has disbursed an amount of approximately Rs. 181.35 billion to its 134 Partner Organizations in 130 districts across the country. During the same period, 8 million individuals have availed the PPAF financing with 60 percent of the loans goes to women. Over 36,000 water and infrastructure projects have been initiated; 2,000 health and education facilities were supported; 440,000 credit groups and 132,000 community organizations formed, 680,000 staff and community members trained, 397,000 individuals received skills/entrepreneurial trainings, 96,000 productive assets transferred to ultra and vulnerable poor households, 150,00 interest free loans were disbursed through Prime Minister Loan (PMFIL) scheme, 26,000 individuals including women and youth trained on enterprise development under Waseela-e-Haq National & Waseela-e-Haq Sindh program of BISP and were facilitated in establishing their successful ventures, and also 30,800 disable persons were rehabilitated.

During July 2015 to March 2016, Pakistan Poverty Alleviation Fund (PPAF) has disbursed an amount of approximately Rs.11.96 billion to its partner organizations (POs) under PPAF core interventions administered under various operational units as shown in Table 15.2

Table 15.2: Disbursement by Operating Units/Special Initiatives

S.No	Components	Amount (Rs.million)
1	Institutional Development and Social Mobilization	237.38
2	Microfinance Portfolio Management	7,474.97
3	Livelihood, Employment and Enterprise Development	1,172.82
4	Water and Infrastructure	967.66
5	Education, Health and Nutrition	503.61
6	Prime Minister's Interest Free Loan	1,602.02
	Total	**11,958.46**

Source: Pakistan Poverty Alleviation Fund, Islamabad.

During the same period, a total of 2,612 Community Organization (COs) were formed and 15,262 community and PO staff members were trained (25% women) under Institutional

Development and Social Mobilization component. Similarly, under Livelihood, Employment and Enterprise Development (LEED) component, 75,506 individuals received skills / entrepreneurial trainings (38% women) and 16,801 productive assets were transferred to ultra and vulnerable poor (41% women). 80 Digital Hubs were also established under the same component. 330,843 new microcredit loans were extended to the borrowers including 45% women borrowers. 776 Water and Infrastructure sub- projects were initiated and benefitted 465,416 persons (52% women). Under health and education component, 81 educational and 30 health facilities were supported during the reporting period. 6,702 new students (44% girls) were enrolled and 60,735 patients (59% women and girls) were treated under various ailments. 79,440 interest free loans (59% women) were disbursed through Prime Minister Interest Free Loans (PMIFL) scheme. 926 Persons with Disabilities (PWDs) were also rehabilitated.

Overall, these projects and interventions benefitted around 1.05 million poor and marginalized population including 49 percent women beneficiaries during the reporting period. Details of major highlights of physical progress are shown in Table-15.3:

Table 15.3: Major Achievements by Operating Units of PPAF

S.No	Outreach	Numbers
1	**Institutional Development and Social Mobilization:**	
	• Community organizations formed	2,612
	• Community and PO staff trainees (25% women)	15,262
2	**Livelihood, Employment and Enterprise Development:**	
	• Individuals received skill / entrepreneurial training (38% women)	75,506
	• Productive assets transferred to ultra and vulnerable poor (41% women)	13,801
	• Digital Hubs established	80
3	**Microfinance Portfolio Management – Micro-loans (45% women)**	330,843
4	**Water and Infrastructure Sub-projects:**	
	• Sub-projects initiated	776
	• Sub-projects beneficiaries (52% women)	465,416
5	**Education:**	
	• Educational facilities supported	81
	• New students enrolled in program schools (44% girls)	6,702
6	**Health:**	
	• Health facilities supported	30
	• Patients treated under program health facilities (59% women and girls)	60,735
7	**Disability Programme- Person with Disabilities (PWDs) rehabilitated**	926
8	**Prime Minister Interest Free Loans Scheme - Number of loans (59% women)**	79,440
Overall program beneficiaries during the reporting period (49% women)		**1,048,631**

Source: Pakistan Poverty Alleviation Fund, Islamabad.

III. Zakat: Zakat as an institution plays an important role in the Islamic economic system in solving a number of economic problems. Equal distribution of wealth curtails the rate of unemployment and reduces chances of economic recession. Zakat system in Pakistan was introduced through an Ordinance called Zakat and Ushr Ordinance, 1980. Zakat funds are utilized to assist the needy, indigent, poor, orphans, widows, handicapped and disabled. These poor segments of society are provided Zakat funds directly or through respective local Zakat Committees or indirectly through institutions i.e. educational, vocational, social institutions and hospitals, etc.

Table : 15.4 Disbursement of Zakat

S.No	Provinces /Other Areas	Disbursed Amount (Rs. Million)
1	Punjab	2784.83
2	Sindh	1190.40
3	Khyber Pakhtunkhwa	693.85
4	Balochistan	256.55
5	FATA	174.93
6	ICT	132.79
7	Gilgit-Baltistan	70.18
	Total	**5303.53**

Source: Ministry of Religious Affairs

Under the 18th Constitutional Amendment, the subject Zakat has been devolved to the provinces/federal areas. However, in view of Council of Common Interest (CCI) decision 8th November, 2012 and subsequent change in Rules of Business, the federal government (Ministry of Religious Affairs and Inter-faith Harmony) has been assigned the job of collection and disbursement of Zakat at federal level till next NFC under the CCI approved formula. A total amount of Rs. 5303.53 million is distributed in bulk amongst the provinces and other administrative areas for FY2016. The Zakat funds disbursed to the provinces and other Areas during FY2016 is given in Table 15.4.

IV. Pakistan Bait-ul-Mal: Pakistan Bait-ul-Mal (PBM), an autonomous body set up under 1991 Act is significantly contributing toward poverty alleviation through its various poorest of the poor focused services programmes and providing assistance to destitute, widow, orphan, invalid, infirm & amp; other needy persons, as per eligibility criteria approved by Bait-ul-Mal Board. The main objectives of the PBM is to provide "Financial assistance to the destitute, widows, orphans, invalids, infirm and other needy persons with emphasis on rehabilitation educational assistance to needy orphan and stipends for the outstanding, non-affording students for higher professional education, residential accommodation and necessary facilities for the deserving, free medical treatment for indigent sick people, free hospitals and rehabilitation centers for the poor, financial aid to charitable institutions including educational and vocational setups". During July 2015 to March 2016, Pakistan Bait-ul-Mal (PBM) has managed to disburse an amount of Rs. 3132.39 million to its core projects.

Major Projects/Achievements of PBM:

a) **Individual Financial Assistance (IFA):** Through Individual Financial Assistance (IFA), the poor, widows, destitute women and orphans were supported for medical treatment, education, rehabilitation and general assistance. An amount of Rs. 1456.93 million has been disbursed during the period July 2015 to March, 2016.

b) **PBM Thalassemia Center:** During last three years, PBM has provided financial assistance to 1500 Thalassemia patients. Keeping in view the importance of Thalassemia centre and to cater the patients in Pakistan, especially AJK, Northern Areas and Gilgit-Baltistan, a State of the Art Thalassemia centre has been established in March, 2015 in Islamabad for free of cost treatment by PBM and providing treatment to number of patients per month.

c) **Special Friends of PBM:** PBM has envisioned providing wheel chairs to every disabled in the country. A family who has two or more special children will be called as Special Family and will have the right to be benefited through this new scheme. Rs. 25,000/- are being given to each family annually. An amount of Rs. 58.67 million has been disbursed during July to March, 2016, under PBM special friend's programme.

d) **Pakistan Sweet Homes (Orphanage):** Pakistan Bait-ul-Mal has established Orphanages at divisional level. 34 Pakistan Sweet Home (Orphanages) have been established, where 3430 children have been enrolled so far including 100 girls where they are being provided free food, nutrition, medical treatment, lodging and boarding, as well as free education through well reputed educational institutions. During the period from July to March, 2016 an amount of Rs. 261.94 million has been utilized on the said programme.

e) **PBM Great Homes (Old Homes):** To provide care, love, hopes, family like atmosphere and security to un-secured, un-cared senior citizens. PBM plans to establish one Great Home at each Provincial/Regional Headquarters. Two pilot Great Homes are functional at Lahore and Karachi for old age citizen. After successful implementation of the pilot phase, this scheme will be replicated for females as well. Great Home will provide basic necessities of life in a dignified manner and in a family like environment i.e. boarding, lodging, food, clothing, medical, recreation etc. During the period from July to March, 2016 an amount of Rs. 4.85 million has been disbursed.

f) **Child Support Programme:** PBM mobilizes funds from the Government of Pakistan (GoP) and distributes them as conditional cash subsidy to eligible beneficiaries for sending their children to school aged between 5-16 years to get primary education. Additional cash incentive is being paid to the eligible beneficiaries @ Rs. 3600/- per annum to the families with one child and Rs. 7200/- per annum to the families with two or more than two children. Presently, the program is fully active in 10 Districts i.e. Nawabshah, Ghotki, Quetta, Kharan, Lasbela, Swat, Muzaffarabad, Ghanche, Bahawalpur and Khairpur. A new intervention of disbursing (CSP payment subsidy through biometric verification has also been introduced at District Khairpur. During July to March, 2016, an amount of Rs. 68.33 million has been disbursed.

g) **National Centre(s) for Rehabilitation of Child Labour (NCsRCL):** PBM has established National Centers for Rehabilitation of Child Labour (countrywide) since 1995 for primary education. Children (Male & Female) between the ages 5- 6 years are weaned away from hazardous labour and enrolled in these centers. The current strength of NCsRCL is 159. Under this project, an amount of Rs. 408.84 million has been spent during July to March, 2016.

h) **Vocational Training Centers (VTCs):** Vocational Training Centers have been established throughout the country since 1995. These centers are providing free training to widows, orphan and poor girls in different skills. The current strength of the centers is 147; out of which 15 centers have been upgraded which have diversified fields including Computer Skills, Office Equipment i.e. Fax, Photocopies, Printers, Interior Decoration, Fishing Tie & Dye and Glass Painting etc, according to the requirement of area. However, local skills have also been included so that trainees could get more skills. Under this project, an amount of Rs. 173.48 million has been spent during to July to March, 2016.

i) **Civil Society Wing:** Pakistan Bait-ul-Mal provides grant-in-aid to registered Non-Government Organizations (NGOs) for their projects aimed at institutional rehabilitation of the poor and deserving persons. So far, an amount of Rs. 26.41 million has been disbursed.

New Initiatives under PBM:

Prime Minister's National Health Insurance Programme: The Prime Minister's National Health Insurance Program will provide inpatient hospitalization insurance coverage to 3.100 million enrolled beneficiaries. The coverage limits are Rs. 50,000 for secondary care service and Rs. 250,000 for tertiary care for specified diseases as per the program parameters. PBM will provide the coverage to patients who will completely utilize its basic limit.

V. Employees Old Age Benefits Institution (EOBI): Employees Old-Age Benefits Institution Act 1976 was enforced with effect from April 01, 1976, to achieve the objective of Article 38 (C) of the Constitution, by providing compulsory social insurance. It extends Old-Age Benefits to insured persons or their survivors. Under EOB Scheme, Insured Persons are entitled to avail benefits like, Old-Age Pension (on the event of retirement), Invalidity Pension (In case of permanent disability), Old-Age Grant (an Insured Person attained superannuation age, but does not possess the minimum threshold for pension) Survivor's Pension (in case an Insured Person is expired). EOBI does not receive any financial assistance from the government in carrying out its operations. A contribution equal to 5.0 percent of minimum wages has to be paid by the Employers of all the Industrial and Commercial Organizations where EOB Act is applicable. Contribution equal to 1.0 percent of minimum wages by the employees of said Organizations.

Pensions are paid on monthly basis. The minimum pension is Rs. 5,250/- per month which may raise upto Rs. 6,560/- depending upon the period of insurance and wages of the insured person. Old-age grant is paid in lump sum equal to one month's average wages of the insured person for every completed year of insurable employment. During 1st July, 2015 to 31st March, 2016, an amount of Rs. 16,706 million has been disbursed to 378,615 beneficiaries. Furthermore, it is planned that 29,645 more beneficiaries will take benefits from the EOBI up to June 2016; an additional amount of Rs. 7,540 million is allocated for Old-Age Pension, Survivors Pension, Invalidity Pension and Old-Age Grants. Details of disbursed benefits during the said period is shown in Table-15.5 below.

Table-15.5: Benefits disbursed during the period from July 2015–March 2016

Benefits	**July-March, 2015-16**	
	Number of beneficiaries	**Amount of benefits paid (Rs. millions)**
Old-age pension	231,638	10,400
Survivors' pension	139,256	6,011
Invalidity pension	5,364	230
Old-age grant	2,357	65
Total:	**378,615**	**16,706**

Source: Employees' Old Age Benefits Institution (EOBI), Karachi

VI. Workers Welfare Fund (WWF): Workers Welfare Fund was established under Workers Welfare Fund Ordinance, 1971 for providing low cost housing and welfare measures to the workers of industrial labour. Initial contribution of Rs.100 million was made by the government and further resources were to be raised by the private sector.

The main objectives of WWF are;

a). Financing of projects connected with the establishment of housing estates or construction of houses for the industrial workers.

b). Other measures for the welfare of workers such as

- Education- free of cost up to secondary level.
- Scholarships- post secondary level.
- Marriage grants.
- Death grants etc.

Functions performed by Workers Welfare Fund:

- To finance the projects connected with the establishment of housing estates for workers which include the following;
    - a) Construction of houses, flats and development of plots.
    - b) Establishment of health facilities like hospitals, wards, and dispensaries.
    - c) Establishment of education facilities like schools, colleges, technical institutes and industrial homes.
- To provide free education to worker's children up to higher secondary level in Worker Welfare Model Schools.
- To bear all educational expenses of worker's children studying in any public/private school in big cities where WWF schools either do not exist or insufficient to meet the education needs of local worker's children.
- To provide Matric-Tech education in Worker Welfare Model Schools & Vocational Training Institutes for students of 9^{th} & 10^{th} class.
- To award scholarships (fees, boarding, and books) and award of monthly stipends to worker's children (from Rs. 1600 to Rs.3500 p.m) studying at post Matric up to Ph.D level.
- To provide Death Grant @ Rs.500,000/- to the widow/legal heir of the deceased workers as a compensation.
- To provide Marriage Grant @ Rs.100,000/- for the marriage of each daughter of workers.

During July-March, FY2016 expenditures amounting to Rs.1.16 billion have been incurred on scholarships. Another Rs. 524.60 million has been disbursed as Marriage Grant (@100,000/- which benefitted 5,371 workers' families. WWF has also disbursed Rs.619.80 billion as Death Grant (@500,000/-) to 1,241 cases of mishaps of workers all over the country.

VII. Microfinance Initiatives: Microfinance industry in Pakistan is working towards furthering the financial inclusion agenda in Pakistan by offering not only credit products but also savings, insurance and remittances services to its clients. As shown in the Table 15.6 below, the sector continued to exhibit an increasing trend from the year 2014 to 2015. Micro-credit outreach grew by 19.5 percent during the year whereas the Gross Loan Portfolio (GLP) for the sector has increased by 28.2 percent in the year 2014-15. One of the biggest increase witnessed in the number of active savers which expanded by 63.8 percent over one year. This increase can largely be credited to the opening of m-wallet accounts. As a result of biometric verification of mobile SIM card holders, the opening of m-wallet account has been made completely paperless and can now be opened by simply dialing a string. In addition, insurance policy holders increased by 22.1 percent over the last one year. This segment is dominated largely by health and credit life insurance.

Table-15.6: Active Borrowers, Active Savers and Active Policy holders by Peer Group

Details	Micro-Credit		Micro-Savings		Micro-Insurance	
	Active Borrowers	Value (Rs.Million)	Active Savers	Value (Rs. Million)	Policy Holders	Sum insured (Rs. Millions)
2015-16 (Jan-Dec)	3,757,003	92,991	13,956,969	64,679	4,585,070	81,358
2014-15 (Jan-Dec)	3,142,589	66,791	8,520,718	43,497	3,754,074	60,418
Increase/ decrease (Net)	614,414	26,200	5,436,251	21,182	830,996	20,940
Increase/ decrease (%)	19.5%	28.2%	63.8%	48.6%	22.1%	34.6%

Source: Pakistan Microfinance Network (PMN).

The continued growth in the industry can be attributed to a number of factors which include an enabling environment, supportive regulatory structures, robust industry infrastructure, government backed credits schemes.

The National Financial Inclusion Strategy (NFIS) which was launched last year lays down a framework for the financial inclusion in the country. Microfinance industry is geared up to play an important role in this strategy. Its excellent outreach in rural areas, having predominantly women clients, synergies with branchless banking and ability to tap Small & Medium Enterprises (MSMEs) make microfinance industry a pivotal player in achieving financial inclusion targets in the country. Moreover, recent initiative by Securities & Exchange Commission of Pakistan (SECP) to bring the non-bank microfinance players under regulatory umbrella under the ambit of Non-Bank Financial Companies (NBFC) will allow them to mainstream their operations and provide an opportunity to grow at a rapid pace.

The objective of the microfinance initiative is to provide liquidity to the microfinance providers in response to tighter liquidity conditions and spikes in inflation. It is provided as a package through microfinance banks (MFBs), microfinance institutions (MFIs), Rural Support Programmes (RSPs), and others including Commercial Financial Institutions (CFIs) and Non-Government Organizations (NGOs). Table 15.7 presents the number of Micro-credit beneficiaries with Outstanding Loans Portfolio (OLP) and Disbursements by loan providers.

Table 15.7: Micro credit beneficiaries, outstanding loans portfolio and loan disbursement

MFP	Active Borrowers	Outstanding Loans Portfolio (Rs)	Number of Loans Disbursed	Disbursements (Rs)
Total for Pakistan Micro Finance Sector (year ended December 31, 2015)	**3,757,003**	**92,991,151,760**	**1,298,423**	**44,396,359,341**
MFBs				
Apna Microfinance Bank	21,614	2,654,416,400	21,614	2,654,416,400
First Microfinance Bank Limited	214,117	6,278,348,805	74,376	2,642,726,200
Khushhali Bank	520,517	17,389,927,010	217,262	7,877,213,917
FINCA Microfinance Bank	90,804	5,438,119,108	28,638	2,446,142,503

Table 15.7: Micro credit beneficiaries, outstanding loans portfolio and loan disbursement				
MFP	**Active Borrowers**	**Outstanding Loans Portfolio (Rs)**	**Number of Loans Disbursed**	**Disbursements (Rs)**
NRSP Bank	258,444	9,085,508,026	186,455	7,307,362,181
Pak Oman Microfinance Bank	16,334	394,149,701	3,398	137,155,000
Tameer Bank	287,285	12,186,090,091	94,145	4,695,003,238
Waseela Microfinance Bank	27,218	1,350,106,533	13,096	677,364,178
U Bank	22,300	920,126,967	12,614	513,074,100
Total for MFBS	**1,458,633**	**55,696,792,641**	**651,598**	**28,950,457,717**
MFIs				
AKHUWAT	469,017	5,763,293,202	124,279	2,843,850,000
ASA – Pakistan	262,706	4,451,704,373	82,913	2,032,890,000
ASASAH	1,151	7,746,052	716	7,249,647
Community Support Concern	16,331	375,992,715	5,057	200,000,000
DAMEN	44,814	1,145,581,805	9,483	435,725,000
DEEP	1250	4,000,000	500	1,760,000
Farmer Friend Organization	22,551	324,796,701	5581	167,870,000
Jinnah Welfare Society	38,620	730,962,706	10,877	10,877
Kashf Foundation	249,251	4,665,980,243	57,097	2,044,538,000
Micro Options	5,062	97,059,673	1,822	43,858,000
MOJAZ Foundation	16,110	292,673,194	4946	147,845,000
Naymet Trust	2,400	9,111,278	120	1,700,000
Orangi Charitable Trust	45,256	573,018,088	7,033	161,548,000
SAFCO Support Fund	54,929	619,854,416	14,564	279,264,000
SVDP	5,498	121,346,999	1,593	48,365,000
Total for MFIs	**1,234,946**	**19,183,121,445**	**326,581**	**8,416,473,524**
RSPs				
National Rural Support Programme	610,462	10,515,022,574	140,315	3,696,230,000
Punjab Rural Support Programme	64,645	1,080,719,225	15061	358,769,000
Sindh Rural Support Organization	61,656	1,062,953,586	15,359	355,274,000
Sarhad Rural Support Programme	3,864	25,342,500	929	12,384,000
Ghazi BarothaTaraqiatiIdara	10,937	132,779,934	3,038	61,978,000
Thardeep Rural Support Programme	105,427	1,401,835,941	38,415	748,966,000
Total for RSPs	**856,991**	**14,218,653,760**	**213,177**	**6,526,328,000**
Others				
AGAHE	10,991	135,591,372	2,777	63,615,000
AMRDO	1,832	38,545,552	1,832	32,675,000
Badarie	2,599	35,982,189	156	4,530,000
Badbaan Enterprise Development Forum	2,132	32,120,233	598	15,715,000
BRAC	54,021	1,312,220,358	15,179	672,308,000
MEHRAN EDUCATIONAL SOCIETY	3,202	84,201,942	986	22,658,000
Narowal Rural Development Programme	8,128	168,976,475	2,253	81,713,000
Orix Leasing	23,109	409,033,452	5439	170,057,000
Organization for Participatory Development	5,995	79,065,931	1,162	29,495,000
Rural Community Development Society	63,620	1,196,934,164	15,860	518,001,000
Sungi Development Foundation	11,011	99,901,788	2,217	40,611,000
Saarth Development Society	5,796	100,440,857	2,030	55,390,000
Shadab Rural Development Organization	3,768	81,249,818	1,514	45,950,000
Shah Sachal Sami Foundation	8,444	102,229,583	3022	61,927,100
Villagers Development Organization	1,785	16,090,200	24	3,840,000
Total for Others	**206,433**	**3,892,583,914**	**54,063**	**1,795,827,100**
Source: Pakistan Microfinance Network (PMN)				

Box-II: Establishment of Pakistan Microfinance Investment Company (PMIC)

The Pakistan Poverty Alleviation Fund (PPAF), Karandaaz Pakistan (funded by UK's Department for International Development) and Germany's KreditanstaltfurWiederaufbau (KfW) signed the Shareholders' Agreement for the establishment of Pakistan Microfinance Investment Company (PMIC).

- The establishment of PMIC, a private sector Investment Finance Company, is as one of the key milestones in the National Financial Inclusion Strategy (NFIS) launched by the Honourable Finance Minister in May 2015.
- The goal of the government to meet the needs and aspirations of over 2.0 million poor people and marginalized and disadvantaged households through financial inclusion. The National Financial Inclusion Strategy (NFIS) is targeted towards helping the poor segments of the society through financial inclusion.
- The objective of the Company is to provide much needed liquidity to microfinance providers serving the poor and micro and small enterprises in Pakistan. It is estimated that PMIC financing could support nearly 300,000 new job opportunities every year.
- The new company is expected to commence operations by July 1, 2016 after completing regulatory requirements and 50% of the loans served by PMIC will be directed to women and rural areas".
- PMIC will help the microfinance sector reach the huge numbers of people in Pakistan who do not have access to microfinance services and contribute to job creation and growth of micro and small businesses in the country.
- The new company will be set up as a Non-Bank Finance Company (NBFC) and will be led by a highly competent professional board. PPAF is providing Rs. 3,000 million, DFID £15 million and KfW €7 million as initial equity contributions for this venture.

Conclusion:

Social safety net programmes such as Benazir Income Support Program (BISP), Pakistan Bait-ul-Mal (PBM), Zakat, Employees Old Age Benefit Institution (EOBI) and Workers Welfare Fund (WWF) are contributing significantly to protect poor masses which eventually led to poverty reduction, the fact being acknowledged world-wide. Moreover, poverty is also expected to further decrease with enhanced budgetary allocations for social sectors. Since, government is keen to develop human resources by providing more employment opportunities and creating income generating activities.

Environment

The major environmental challenge of today's world is the unprecedented climate change. Globally climate change is creating immense problems for the humans and wildlife. Steady rise in temperature is due to greenhouse gases produced by human activities. Strong impacts of climate change like devastating storms, hurricanes and severe heat waves could be life threatening in small countries with limited resources. The Inter Governmental Panel on Climate Change (IPCC), which includes more than 1,300 scientists from the United States and other countries, forecasts a temperature rise of 2.5 to 10 degrees Fahrenheit over the next century.

The world is realizing the prospect of a global scale disaster due to abrupt changes in the global climate. Industrialized countries like China and USA are major consumers of the Earth's resources and also leading emitters of greenhouse gases. However, these countries along with other developed countries have acknowledged the importance of climate change and contributing considerably to mitigate these effects through promotion of renewable energy.

Pakistan like many other countries is also facing environmental challenges. It is located in a warm climate region and is more vulnerable to expected climate changes due to its diverse topographic and demographic settings. The temperature changes under current circumstances are expected to be higher in Pakistan in long run than global averages. The country is affected by the drastic effects of climate change due to its geographical location and socio-economic situation. In the recent years highly variable monsoon rains and severe climatic events such as floods and droughts have affected the socio-economic structure of the country. The extreme conditions of the weather in Pakistan like the floods in 2010, 2011, 2013 and 2015 have considerably effected not only the agriculture sector but also damaged infrastructure at large scale. Other issues being faced by the country due to climate change include water pollution, desertification, soil erosion, water logging and salinity, solid waste management and deforestation.

The government is cognizant of these issues and committed to mitigate the negative effects of climate change. Some of the immediate actions taken by the government include biodiversity conservation and National Disaster Management Plan. Being signatory to National Conservation Strategy and Convention on Biodiversity (CBD), the government has developed Biodiversity Action Plan which is the most significant step in addressing the biodiversity loss in the country. To minimize effects of natural disasters, the government has introduced 10 years National Disaster Management Plan (NDMP). The institutional capacity building is being enhanced to combat disasters in first phase of this plan. In second phase, the activities and plans shall be implemented in the priority areas, whereas phase three will be dedicated to develop the capacity of local government and dissemination of the disaster activities throughout the nation. Further, the surveillance and forecasting capacity of Pakistan Metrological Department is being enhanced by installing more weather surveillance Radars at various location of the country.

Projects/ Programmes Undertaken during 2014-16

The government has undertaken several projects and programmes to support the environmental goals. Many projects have been completed such as capacity building, provision of clean drinking water, environmental management, biodiversity, air pollution control and watershed management, urban development, promotion of tourism, restoration of lakes and water bodies, environmental awareness, waste management, and wetlands management, etc. One of the major issues which are being faced in the country is desertification and land degradation. To combat desertification and land degradation, the government started an umbrella project with the assistance of UNDP. First phase of this project has been completed and targets such as institutional and knowledge capacity building, feasibility studies for testing Sustainable Land Management (SLM) practices and designing full demonstration investments, has been achieved. Second phase of this project is also under implementation in 14 districts of Pakistan with approved cost of Rs.1666.67 million.

The government is also working with several NGOs, INGOs and United Nations Organizations, such as Leads, WWF, IUCN and UNEP on environmental issues and has implemented projects in capacity building on climate change adaptation, environment rehabilitation, mountain area and wet areas conservancy and provision of clean drinking water. As a result, Pakistan has been successful in achieving the targets set under MDG 7 (Ensure Environmental Sustainability). Target of conversion of 0.92 million vehicles on the Compressed Natural Gas (CNG) has been achieved. Target of access to improved water resources through hand pump, electronic motor and tap water has also been achieved. Progress is on track to meet the target for land protection for the conservation of wildlife as a percentage of total land area. However, Pakistan's performance on other targets such as forest cover and lowering the Sulphur content in high speed diesel as well as access to sanitation and energy efficiency by the proportion of population is not remarkable and is behind in achieving these targets compared to its regional counterparts. Ministry of Climate Change has taken many initiatives to increase the awareness and to change the attitude of people regarding environmental issues as well as strict compliance of government regulations to achieve environmental sustainability targets. The following steps have been undertaken at federal level.

- Signing of Paris Agreement on 22nd April 2016.
- Establishment of a Climate Change Council, Climate Change Authority, Climate Change Fund and Task Force On Climate Change
- Climate Public Expenditure and Institutional Review Study is being expanded to ascertain the amount of expenditure on climate change.
- Technology Need Assessment under CTCN has been initiated.

Future Projects/Programmes

The government has focused on provision of productive and healthy natural resources. There is gradual improvement in air and water quality, institutional strengthening, and taking up sustainable development across different sub-sectors of the economy and to achieve these objectives, the following actions will be taken:

- Transformation of existing environmental policies into practice by implementing a programme based approach and to identify gaps and issues, activities and action plan as well as strategies to overcome the environmental issues.
- Management of ecosystem with the special emphasis on imperative ecosystem segments such as protection of biodiversity, water conservation and soil erosion protection, carbon sequestration and biodiversity protection, etc.
- Despite having the potential and capacity of our industry for designing and fabricating waste water and sewage treatment plants locally still a meager portion of industrial waste water is being treated and reused. Therefore, to treat and recycle industrial effluents, a Wastewater Treatment Programme will be initiated in the country in collaboration with the provincial governments.
- Draft of 'Forest Policy 2015' has been prepared by Ministry Of Climate Change. This policy will provide a legal basis for the government to extend support to all federating units towards achieving their targets and meeting international obligations by filling their capacity and financial gaps.

- Implementation of GEF-funded mega project on Sustainable Forest management.
- To set up implementation mechanism for the provisions of Nagoya Protocol and ABS legislation with the consultation of provinces.
- Implementation of NBSAP with the help of provinces
- Furnishing national communication reports to Conventions and Protocols (CBD, UNCCD, CITES, CMS, Ramsar, Cartagena Protocol on Bio-safety, Nagoya Protocol).

Need for mitigation/adaptation measures to counter negative impacts of climate change

Despite being a low GHG emitter (<1 percent of global emissions[1]), Pakistan is bearing the brunt of climate change related disasters at a high cost to its economy. This situation requires concerted efforts to adapt to the adverse impacts of climate change and relatively fewer efforts to carry out mitigation measures. A number of measures needed to be taken to address both mitigation and adaptation aspects of climate change through enhancing various ongoing efforts and initiating new activities detailed below:

Adaptation strategies

Adaptation is particularly important as it will provide quicker solution to vulnerable communities. Some of the planned measures include:

- Water Resources
  - Water conservation strategies
  - Water management
  - Capacity building
- Agriculture and Livestock
  - Technology
  - Resource management
  - Genetic modification
- Human Health
  - Monitoring and forecasting of outbreak
  - Plans and policies
  - Training and capacity building
  - Resource management
- Forestry & Biodiversity
  - Forest management
  - Habitat conservation
  - Community participation
- Disaster Preparedness
  - Forecasting and warning system
  - Preparedness
  - Management
  - Recovery and rehabilitation

Mitigation strategies

Pakistan's GHG emissions are bound to increase considerably as the country climbs up the development ladder and strives to provide adequate amount of energy to support its growing socio-economic developmental requirements. As a responsible member of international community, Pakistan would like to contribute to the global GHG mitigation efforts without compromising on its basic minimum energy and food needs consistent with its socio-economic developmental requirements, energy security considerations, as well as financial and technological constraints.

1. Air

Growth in the industrial zones brings prosperity, but on the other hand raises the smoke particulate matter and the effluents which have a damaging effect on the environment. China which has gone on rapid industrialization and developed industrial parks is suffering from the industrial pollution. The pollution level in cities like Shanghai and Beijing has been a shock to the heavily industrialized China. Similar is the case with Pakistan where rapid rise of urbanization and industrialization has created serious concerns of environmental degradation. Major cities of Pakistan; like Karachi and Lahore have already been termed as among the most polluted cities in Asia. The continuous fog and smog conditions in Lahore and other areas of Punjab in the winter months, with delayed rainfall, is a worrisome factor.

To overcome these issues present government has introduced the rapid, safe and modern mass transit system in major cities to make the mobility easier which will be also helpful in reducing the pollution. The busses under metro projects are

[1] Per capita

newer and have the diminishing effects on the air pollution while providing better transportation services to the masses. This facility has been provided only in three cities (Lahore, Rawalpindi and Islamabad) and therefore, has marginal impact on the environment and expansion of this service may have far reaching positive effects on air pollution

Pakistan needs to carry out extensive research in the field of air quality. Constant and dynamic monitoring of pollutants levels such as PM, PM10, SO2, CO, CO2, O3, NO2, hydrocarbons (methane and non-methane), lead (Pb) and noise should be carried out in all the major cities and towns of the country. An efficient network of data sites has to be developed which can churn out correct and useable data on regular basis. Many departments and institutes are working in this sector but most of their efforts are focused on a single pollutant of a specific area. Air quality management system may be established to address the situation with following goals. Identify relevant legislative and regulatory requirements;

- Identify all sources of air pollution caused by human activities;
- Set appropriate objectives and targets for human and environmental health;
- Set priorities for achieving objectives and targets;
- Establish a structure and programmes to implement policies and achieve objectives and targets;
- Facilitate the monitoring of air quality and effects on human health and environment;
- Facilitate urban planning, corrective action and the prevention of adverse effects;
- Ensure compliance with emission and air quality standards.

Water

Water is the key component in determining the quality of our lives. Now a day, people are concerned about the quality of the water they drink. The stress on water resources of the country is from multiple sources. Rapid urbanization, increased industrial activity and dependence of the agricultural sector on chemicals and fertilizers have led to water pollution. According to Pakistan Council of Research in Water Resources (PCRWR), the majority of the population in the country is exposed to the hazards of drinking unsafe and polluted water from both surface and ground water sources. As derived from the National Water Quality Monitoring Programme carried out by the PCRWR, the 4 major contaminants in drinking water sources of Pakistan were bacteriological (68 percent), arsenic (24 percent), nitrate (13 percent) and fluoride (5 percent). It is estimated that around 40 percent of all reported diseases in Pakistan are attributed to poor water quality. As one indicator of the magnitude of the problem, it is estimated that 250,000 children in Pakistan die every year due to diarrheal diseases alone. Safe water alone can reduce diarrhea and other related diseases by up to 50 percent, but an estimated 62 percent of Pakistan’s urban population and 84 percent of the rural population do not treat their water (USAID). Pakistan’s ranking in maintaining water quality standards is 80th out of 122 nations. (UNESCO s’ World Water Development Report)

About 2 million wet tons of human excreta are annually produced in the urban sector of which around 50 percent go on to pollute water bodies. The National Conservation Strategy states that almost 40 percent of all disease related deaths are connected to water borne diseases. Other sources of water pollution are industrial effluents, solid waste, hospital waste, chemical fertilizers and pesticides.

According to an estimate (Monitoring Report of PCRWR), in Pakistan water related diseases cause annual national income losses of US$380 to 883 millions of GDP. In this perspective, it is the demand of time to take initiatives to ensure that drinking water is as free of such impurities as is possible and this can be accomplished by timely monitoring and treatment of drinking water quality.

To address this issue of national importance the federal government, through Pakistan Council of Research in Water Resources (PCRWR) has implemented several National Water Quality Monitoring and Surveillance activities such as

The National Water Quality Monitoring Programme (NWQMP). The outcome of all five phases of NWQMP has led to the realization that the federal, Provincial and local governments need to take immediate initiatives for the provision of safe drinking water to the public in order to prevent the onslaught of water borne diseases. Advocacy efforts for the awareness and education of the general public, regarding the water quality testing and treatment are also required.

Further, the natural presence of arsenic and other toxins in groundwater, the most common source of drinking water, is considered a worldwide public-health crisis and an unprecedented natural disaster. Thirty-five countries around the world have reported arsenic contamination problem in ground water. The ground water pollution caused by arsenic in South Asian countries especially India and Bangladesh has led to major environmental crisis of arsenic poisoning. PCRWR is also doing arsenic monitoring test in the country. In Pakistan, the intensity of arsenic contamination in ground water is comparatively lower. The concentration of arsenic in groundwater of several districts of Punjab and Sindh provinces has been observed through different water quality studies conducted by PCRWR.

Solid Waste Management

Solid waste can be defined as material that no longer has any value to the person who is responsible for it, and is not intended to be discharged through a pipe. In Pakistan the absence of a proper solid waste disposal system and huge amount of uncollected wastes posses great threat to the public health as they are the source of mosquitoes and flies which transmit malaria and cholera. One of a very hazardous and un-noticed drawback of the waste disposal in Pakistan is that hospital and industrial waste is treated as ordinary waste. Only 50 percent of solid waste quantities generated are collected by government services. Increase in the solid waste is due to increase in urban population, industrialization, changing consumption pattern and also effluent life style. Because of lack of adequate disposal sites, much of the collected waste finds its way in dumping grounds, open pits, ponds, rivers and agricultural lands. Solid waste management position in rural areas is more devastating where mostly open dumping is carried out.

The estimated quantity of solid waste generation in Pakistan ranges between 0.283 to 0.612 kg / capita / day and waste generation growth rate is 2.4 percent per year. Due to poor solid waste management there are large number of communicable diseases and unhygienic environment being created.

The recommendations that can be considered for the improvement of the current situation regarding solid waste management in Pakistan includes, raising awareness about consequences caused by solid waste pollution. The collective efforts of government sectors, NGOs and private sector for solid waste management and legislation should be done which would be effective and find ways to implement it effectively application of 3R’s (Reduce, Recycle and Reuse) concept in solid waste management. House to house collection of solid waste should be organized. Littering of solid waste should be prohibited in cities, towns and urban areas. Proper segregation would be vital for scientific disposal of waste. Developing legal framework and national guidelines for solid waste management that includes waste management rules and basic recycling rules can help the country to minimize the hazardous effects of solid waste.

Land

Pakistan is predominantly an arid to semi-arid country with 68 million hectares of land lying in regions where the annual rainfall is less than 300 mm. One- fourth of the country’s land area, which is suitable for intensive agriculture, is threatened by wind and water erosion, salinity, water-logging, flooding and loss of organic matter. The important driving forces of land degradation in Pakistan are intensive agriculture, unsustainable cropping pattern, unchecked use of chemical fertilizers and pesticides, limited land resources and population increase. Agriculture is one of the major sectors likely to be adversely affected by climate change in Pakistan. Crop simulation models based studies shows that Wheat yields will be reduced by 3.4 to 12.5 percent in the semi-arid irrigated areas (Faisalabad and Sheikhupura), 3.8 -

14 percent in arid areas (Multan & Bahawalpur, Badin and Hayderabad) and upto 16 percent rainfed (Chakwal) areas under both A2 and B2 scenarios towards the end of 21st century. Similarly in the Basmati rice tract, the yield is expected to be reduced by 10.4 percent, 16.5 percent and 17.8 percent under B2 scenario by 2020s, 2050s and 2080s, respectively. Under A2 scenario, the yield is expected to decline by 11.4 percent, 15.8 percent and 21.5 percent, respectively by 2020s, 2050s and 2080s. In general, an increase in temperature will lead to shortening of Growing Season Length (GSL) for wheat and rice crops in all the selected wheat growing districts and Basmati rice tract of the country. The results suggest that the aggregate impact of climatic parameters i.e., changes in temperature and rainfall exerted an overall negative impact on cereal crop yields, given that the management practices and use of technology remain unchanged[2]. Negative impact of climate change (increase in temperature) has been observed in neighbouring countries like India. In India the reduction in yield of major crops (Rice, Maize and Wheat) per 1 degree Celsius in the temperature is expected to range from 4 percent to 20 percent (rice), 32 percent to 50 percent in case of maize and 5 percent to 20 percent in wheat.

The key issues related to desertification in Pakistan include water erosion, wind erosion, depletion of soil fertility, deforestation, livestock grazing pressure, loss of biodiversity, water-logging and salinity, drought and flooding and socio-economic constraints. About 11 million hectares are affected by water erosion and 3-5 million hectares by wind erosion. The amount of soil removed by wind is about 28 percent of total soil loss. Due to deforestation, forest cover is shrinking by 3.1percent and woody biomass by 5 percent annually (7000-9000 ha taken away annually). Free grazing of livestock, aridity and prolonged drought in arid lands have affected the biodiversity in various regions. Forests play an important role in the ecological and economic life of a country. Pakistan is one of the lowest forest cover countries with only 5 percent of land area under forest and tree cover. Major forest types include coastal mangroves, reverine forests, sub tropical scrub forests, moist and dry temperate conifer forests and irrigated plantations.

The government is trying to combat the situation and the first phase a comprehensive Sustainable Land Management Programme (SLMP) has been completed and 2nd phase with the total cost of Rs.1666.68 million has been approved and started its activities for selective districts in four provinces of Pakistan. The government has planned to manage all types of forests by the ecosystem approach. This will enable the conservation of forest biodiversity, provide sustainable livelihood to forest dependent communities and contribute to mitigating global environmental problems.

Box-I: Green Pakistan Programme

The Prime Minister has approved the launch of ‘Green Pakistan Programme’ to improve forestry and wildlife sectors. This programme targets to add 100 million plants over the next five years all over the country. Under The Green Pakistan protection and management of wildlife and reclaiming and developing forest areas are the main aspects of the programme. In this regard relevant federal and provincial ministries and agencies including Fata, GB and AJK will actively participate in this programme to achieve the desired objectives of forests preservation and wildlife protection . This initiative will ensure far-reaching reforms in forestry and wildlife sectors of the country.

Participation in Reducing Emissions from Deforestation and forest Degradation (REDD+)

Under the UN Framework Convention on Climate Change, a new mechanism Reducing Emissions from Deforestation and Forest Degradation (REDD+) has been adopted in Cancun in 2010. Pakistan has vast potential of controlling deforestation under REDD+ by paying compensation to forest communities with the finance of free market and non market resources. Ministry of Climate Change has constituted a National Steering Committee on REDD+ to guide and steer REDD+ in the country. Pakistan became a member of United Nations REDD+ programme (UN-REDD programme) in 2011 and World

[2] GCISC Study, 2015(Global change impact studies centre)

Bank's Forest Carbon Partnership facility (FCPF) in 2014.The UN-REDD and FCPF financial mechanisms support developing countries to undertake readiness activities to be eligible result-based payments. World Bank Mission visited Pakistan in December 2015. The FCPF grant for REDD+ readiness is being utilized for the preparation of national REDD+ strategy, national forest monitoring system, and a system of social and environmental safeguards to implement REDD+.

Mass Afforestation and Tree Planting Campaigns

In order to enhance tree coverage in the country, tree planting campaigns are held each year. Two inter-provincial meetings to finalize the targets and strategies for the monsoon and spring tree planting campaigns were held under the chairmanship of Secretary, Ministry of Climate Change. During the tree planting campaigns all the government departments, private organizations, defense organizations and NGOs were involved in planting activities. In last meeting held on July 28, 2015 for the monsoon tree planting campaign a target of 40 million trees was fixed in consultation with provinces and other partners.

Mangroves for the Future (MFF)

The Mangroves for the Future (MFF) initiative focuses on the countries affected by the tsunami. However, MFF also include other countries of the region that face similar issues, with an overall aim to promote an integrated ocean wide approach to coastal zone management. Pakistan joined MFF as dialogue country in 2008 and prepared National Strategy and Action Plan for the Mangroves for the Future. Pakistan has become regular member of MFF in 2010. As a member, Pakistan is entitled to receive reasonable support for institutional strengthening, capacity building and for implementation of small and large projects in coastal areas of Sindh and Balochistan. Under this initiative, since 2011 twenty small grant projects and one regional project have been launched and completed all along the coastline of Pakistan with the financial assistance of MFF.

Preparation of 5th National Report

The Fifth National Report to Convention on Biological Diversity (CBD) was prepared as a part of the National Biodiversity Strategy and Action Plan (NBSAP) revision process that is being conducted through a Global Environment Facility Trust Fund project entitled "Support to Pakistan for the Revision of the NBSAPs and Development of Fifth National Report to the CBD". The 5th national report was submitted to CBD secretariat in 2014.

Revision of National Biodiversity Strategy & Action Plan

Previous Biodiversity Action Plan (BAP) was prepared in 1999 and new revision intends to align the NBSAP with strategic plan of CBD 2011-2020 and its Aichi Biodiversity Targets. Biodiversity Directorate is currently revising NBSAP. An agreement with IUCN Pakistan was signed to take up the assignment of Revision of the National Biodiversity Strategy and Action Plan.

Keeping in view the experience of preparation of the first Biodiversity Action Plan, the project is being executed in collaboration with IUCN Pakistan. Establishment of provincial focal committees for monitoring, implementation and coordination of CBD in all the provinces including Azad Jammu and Kashmir (AJK) and Gilgit-Baltistan (GB) have been proposed in the plan. A draft NBSAP was prepared during FY2015 with the consultation of provinces including GB and AJK and launching ceremony of the same was held on 5th November 2015.

Nagoya Protocol

The Cabinet approved the Summary for Accession to Nagoya Protocol on Access and Benefit Sharing (ABS) arising from the utilization of genetic resources under Convention on Biological Diversity on 28th July, 2015. Instrument of Accession to Nagoya Protocol on ABS was signed by the President of Pakistan on 12th October, 2015. Draft ABS law has already been prepared by the Biodiversity Directorate in consultation with the provinces, and is being shared again for their inputs to finalize the process during 2016.

Global Snow Leopard and Ecosystem Protection Programme

The Global Snow Leopard and Ecosystem Protection (GSLEP) Programme seek to address high mountain development issues related to the conservation of the charismatic and endangered snow leopard as a flagship species. The GSLEP is a range wide effort that unites 12 range country governments (Afghanistan, Bhutan, China, India, Kazakhstan, Kyrgyzstan, Mongolia, Nepal, Pakistan, Russia, Tajikistan, and Uzbekistan), non-governmental and intergovernmental organizations, local communities, and the private sector around a shared vision to conserve snow leopards and their valuable high mountain ecosystems.

National Report on Urban Development of Pakistan

Habitat III is the United Nations Conference on Housing and Sustainable Urban Development that will take place in October 2016. Habitat-III will be the first UN global summit after the adoption of the Post-2015 Sustainable Development Agenda. The objective of Habitat III is to secure renewed political commitment for sustainable urban development, assess accomplishments to date, address poverty and identify and address new and emerging urban challenges for the establishment of the New Urban Agenda.

Ministry of Climate Change has developed National Report of Pakistan for HABITAT-III Conference. The report reviews the implementation of Habitat-II agenda and other relevant internationally agreed goals and targets as well as new challenges, emerging trends and a prospective vision for sustainable human settlements and urban development.

Clean Development Mechanism (CDM)

The Kyoto Protocol to UNFCCC was adopted at the 3rd Meeting of the Parties held in Kyoto, Japan, in 1997. Under the Protocol, developed countries agreed to reduce their combined green house emissions[3]. CDM is the only instrument that is available for developing countries to assist them in achieving sustainable development and contributing to the ultimate objective of the Convention. CDM, Pakistan from 2005-2014, has accorded Host Country Approval to 71 CDM Projects out of which 38 projects are registered with UNFCCC (United Nations Framework Convention on Climate Change) which will generate Certified Emissions Reductions (CERs). The estimated amount of GHG mitigation/year from these 38 registered projects is 4.91 million tons of CO2, total GHG mitigation/project period for 38 registered projects is 91.17 million tons of CO2. Estimated CDM revenue from 38 projects per year is US$ 61.31 million and estimated CDM revenue from 38 projects and total project cost is US$ 1.13 billion. The extension of CDM for another 8 years provides a tremendous opportunity for Pakistan to benefit from the International funding mechanism.

Nationally Appropriate Mitigation Actions (NAMAs)

NAMA is a set of government prioritized policies, strategies, programmes and actions aimed at reducing or limiting GHG emissions. The government can initiate the NAMAs through collaboration of relative departments and private sector. It also emphasizes financial assistance from developed countries to developing countries to reduce GHG emissions.

The following seven NAMA proposals were submitted to UK German NAMA facility during its second call and UNFCCC NAMA Registry to seek International funding:

a) Accelerating the market transformation to energy efficient lighting
b) Supporting mechanisms for promoting distributed generation (net metering, wheeling, banking etc.) in Pakistan to put a 3 GW Alternative and Renewable Energy (ARE) projects in next seven years.
c) Strategizing for grid strengthening / improvement for evacuation of power from solar power projects
d) Strategizing for grid strengthening / improvement for evacuation of power from wind power projects
e) Development and installation of carbon dioxide sequestration technologies in Pakistan

[3] UNFCCC website, CDM Executive Board, Bonn; CDM – Pakistan website

f) Harnessing municipal waste of big cities of Pakistan to generate electricity
g) Bio-energy generation and greenhouse-gases mitigation though organic-waste utilization

These seven NAMA projects will reduce 12.16 million tons per year GHG emission if climate finance to the tune of € 101.62 million is available through international climate finance.

Comprehensive Reduction and elimination of Persistent Organic Pollutants in Pakistan (POPs)

The main objectives of this project are reducing human health and environmental risks by enhancing management capacities and disposal of POPs in Pakistan through:

i. The development and implementation of regulatory, policy and enforcement system to reduce POPs releases and to regulate POPs waste disposal;
ii. Capacity building to reduce exposure and releases of POPs;
iii. Collection, transport and disposal of 300 tons to Poly Chlorinated Biphenyls (PCB) and 1200 tons of POPs Pesticides. The elimination of POPs pesticide stockpile became even more urgent after the 2010 floods which damaged some of the storage sites of hazardous chemicals and pesticides. To ensure environmentally sound disposal of POPs, facilities are to be upgraded, tested and permitted in compliance with Stockholm Convention best available techniques (BAT) and best environmental practices (BEP).

Technology Needs Assessment (TNA) Committee

TNA is a systematic approach for conducting technology needs assessments in order to identify, evaluate and prioritize technological means for both mitigation and adaptation. It also provides processes and methodologies for uncovering gaps in enabling frameworks and capacities and for formulating a national action plan to overcome them, as part of overall climate change strategies and plans such as NAMAs and National Adaptation Plans (NAPs). With the support of Climate Technology Centre and Network (CTCN), Ministry of Climate Change is carrying out Technology Needs Assessment (TNA) in Pakistan. The objective of this activity is to enable Pakistan to conduct TNA process and produce implementable Technology Action Plans (TAP) in line with current best practices.

Second National Communication (SNC) & Biennial Update Reports (BURs)

BUR is an extended report on National Communications. It describes the status of GHG Emissions and mitigation measures taken by the countries. Work on Pakistan’s first BUR is expected to be started soon. The preparation for Pakistan’s Second National Communication (SNC) on Greenhouse Gases (GHG) emissions has been started This will be a three year study leading to stocktaking of all GHG emissions in Pakistan with options of mitigation and adaptation actions.

International Practices:

The Kyoto Protocol focused on promoting low-carbon development through the Clean Development Mechanism (CDM). Although the CDM has undoubtedly resulted in some low-carbon investment that would not have otherwise occurred; it has not prompted fundamental shifts in development patterns. The United Nation Environment Programme is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system. The UNEP has launched several initiatives, including the Global Bio-energy Partnership (GBEP) to support the deployment of biomass and bio-fuels, and the Solar and Wind Energy Resource Assessment (SWERA).

United Nations Conference of Parties on Climate Change (COP-21)

The 21st Session of the Conference of the Parties (COP-21) to the UN Framework Convention on Climate Change (UNFCCC) was held at 30th November 2015 in Paris where world leaders including Pakistan hammered out an agreement aimed at stabilizing the climate and avoiding the worst impacts of climate change. The agreement consists of four main areas:

i. Adoption & Mitigation
ii. Intended Nationally Determined Contributions (INDCs)
iii. Technology Development and Transfer
iv. Capacity Building

The main focus was to mitigate pledges in terms of global annual emissions of green house gases by 2020 and aggregation emissions pathways consistent with holding the increase in the global average temperature to well below 2^{o}C above industrial levels and pursuing efforts to limit the temperature increase to 1.5^{o}C above pre-industrial levels.

Carbon Capture and Storage

Carbon capture and storage is a new technology which focuses on securing and storing carbon dioxide emissions before they are released into the atmosphere. Although this technology is still in its early stages, successful pilot projects offer hope of developing and implementing it for large-scale projects. Some countries are committed to implementing variations of it and both bilateral and multilateral cooperation is under way. This cooperation is particularly important because implementing CCS on a large scale can be expensive and offers few obvious economic benefits. EU-China Partnership on Climate Change helps to develop Near-Zero Emissions Coal (NZEC) plants in China using CCS technology. The United States and China have also recently agreed to develop joint projects using CCS technology.

Carbon Sequestration Leadership Forum

The purpose of this forum is to accelerate the research, development, demonstration, and commercial deployment of improved cost effective technologies for the separation and capture of carbon dioxide for its transport and long term safe storage or utilization. Futuregen, led by the U.S department of energy, harnesses public and private-sector funds and expertise to help build near-zero emissions plants around the world.

International Atomic Energy Agency

Renewable and nuclear energy will be critical in diminishing reliance on fossil fuels and developing low-carbon communities. Expectations for nuclear power as an alternative source of energy are especially high among big emitters such as India, China, and the United States, as well as in a number of developing countries that lack the necessary infrastructure to meet their growing energy needs. The International Atomic Energy Agency (IAEA) assists countries in determining whether nuclear energy is a feasible option.

International institutions have begun to promote domestic policy shifts through measures like technical assistance on tariff reductions for environmentally friendly technologies through the WTO, and processes aimed at phasing out fossil fuel subsidies spurred through the G20.

Activities of Pakistan Environmental Protection Agency (PAK-EPA)

Pakistan Environmental Protection Agency (PAK-EPA) is mandated to enforce the Pakistan Environmental Protection Act 1997 in Islamabad Capital Territory. The following major activities are being undertaken by PAK-EPA

I. EIA/MONITORING

i. During the period 2015-16 six Initial Environmental Examination (IEE) reports and seven Environmental Impact Assessment reports EIA have been received for review at this Agency which is under process for review.

II LAB/NEQS

i. Working on oxo-biodegradable plastic bags. The biodegradable plastic bags regulations were developed to curb environmental pollution due to increased accumulation of plastic bags that leads to health hazards, chocking of sewerage lines, chocking of watercourses and problem in ship navigation.
ii. Monitoring of industrial area 1-9 and 1-10 for control of the pollution.
iii. Visited the several industries for import the non-hazardous chemical and issue the NOCs. Pak-EPA visited 61 hospitals for checking their Hazardous Management Service and received monthly waste report.

iv. Worked on implementation of Euro-II standards for 2 & 3 wheelers and ensuring Euro-II complaint diesel in the market latest by June, 2017.

v. Environmental pollution, Rawal dam Catchment area, Supreme Court action. Lab/NEQS section monitored the Rawal Lake and Bari Imam area.

vi. Evaluated and monitored the audit and performance report of different certified laboratories and waste companies.

vii. Checking of traffic pollution on busy roads during peak hours. Stack emission monitoring of the factories, especially marble factories in Islamabad.

viii. Survey of the brick kilns pollution in and around Islamabad.

ix. Checking of water quality of the filtration plants of Islamabad.

II. LEGAL/ENFORCEMENT

i. Pak-EPA served 4 notices u/s 16 (1) of the Pakistan Environmental Protection Act, 1997 to various polluters in the capital under the provision of PEP Act, 1997.

ii. 12 Environmental Protection Orders issued with the direction to stop their activities till compliance of section 12 of PEP Act, 1997 and NEQS.

iii. Notified amendment in regulations on prohibition Oxo-Biodegradable plastic bags.

iv. Finalized amendments in Pakistan Environmental Protection Act,1997 and IEE/EIA Regulations 2016

v. Established Clean Environment Fund under Pakistan Environmental Protection Act, 1997.

Future Environmental Quality Control Measures

i. Level of suspended particulate matter PM 1.0 and PM 2.5 shall be brought within limits of Ambient Air Quality Standards. Provincial governments will develop and implement Clean Air Program for their major cities.

ii. Industrial sector will be facilitated with well-designed and efficiently operated air cleaning devices.

iii. Haze and smog formation will be curtailed by tapping sources of ammonia, nitrogen oxides and sulphur oxides emission.

iv. Air quality of all major cities shall be continuously monitored and disseminate to general public.

v. The fresh water sources will be categorized and protected against pollution.

vi. All major cities will install sewage treatment plants. The treated water will be used for agriculture and horticulture purposes.

vii. Cleaner Production techniques will be adopted by industry to minimize pollution generation. federal and provincial governments will ensure that at least 70 percent industrial wastewater be treated by 2025 before discharge into water bodies.

viii. Wastewater Discharge limits shall be imposed on industry to conserve water and reduce pollution load.

ix. Provincial Cleaner Production Centers will be established to promote waste minimization, recycling and waste exchange.

x. Investment windows and incentive schemes shall be announced to encourage installation of treatment plants.

xi. Environmental Engineering Industry shall be recognized and encouraged to manufacture treatment plants locally.

xii. Integrated solid waste management system shall be promoted.

xiii. Solid waste shall either be converted to RDF or used for Waste-to-Energy.

xiv. Cloth bags, paper bags and biodegradable plastic bags will only be allowed.

Conclusion

Pakistan is the sixth largest nation of the world in terms of population size, having tremendous amount of natural resources, a variety of ecological regions and highly productive coastal zones. There are many causes and driving forces for these environmental problems like air and water pollution, natural depletion and loss of biodiversity. Increasing urbanization and expending industrialization are some of the major driving forces which are putting negative effects on the environment. The government is conscious of the need for environmental protection and has undertaken a number of measures through enacting legislation, setting standards and developing and implementing policies for a secure and lively environment.

ANNEXURE-I

Contingent Liabilities

Contingent Liabilities

Introduction

Contingent liabilities are conditional obligations that arise from past events that may require an outflow of resources embodying economic benefits based on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the government. Contingent liabilities can be distinguished from the liabilities as these are conditional in nature and do not represent the present obligations of the government. Accordingly, a contingent liabilities are not recognized as liabilities regardless of the likelihood of the occurrence (or non-occurrence) of the uncertain future event.

The public debt analysis may be incomplete without reporting contingent liabilities. Contingent liabilities are not added to the overall debt of the country, however, such off-balance sheet transactions cannot be overlooked in order to gain a holistic view of a country's fiscal position and unveil the hidden risks associated with the obligations made by the government outside the budget. Therefore, it is imperative to examine the contingent liabilities in the same manner as a proposal for a loan, taking into account, inter alia, the credit-worthiness of the borrower, the amount and risks sought to be covered by a sovereign guarantee, the terms of the borrowing, justification and public purpose to be served, probabilities that various commitments will become due and possible costs of such liabilities etc.

Contingent liabilities of Pakistan are guarantees issued to Public Sector Enterprises (PSEs). The sovereign guarantee is normally extended to improve financial viability of projects or activities undertaken by the government entities with significant social and economic benefits. It allows public sector companies to borrow money at lower costs or on more favorable terms and in some cases allows to fulfill the requirement where sovereign guarantee is a precondition for concessional loans from bilateral / multilateral agencies to sub-sovereign borrowers.

Public disclosure of information about guarantees is an essential component of fiscal transparency, but it is more important to reflect the impact of financial risk associated with guarantees in the fiscal account. During first nine months of current fiscal year, the government issued fresh/rollover guarantees aggregating to Rs.104 billion, while, outstanding stock of government guarantees as at end March, 2016 amounted to Rs.663 billion. The share of rupee guarantees increased during past few years and accounted for 85 percent of the total guarantees stock as at end March 2016 owing to repayments made against foreign currency guarantees.

Table-1: Guarantees Outstanding as on March 31, 2016 (Rs. in billion)

Outstanding Guarantees extended to Public Sector Enterprises (PSEs)	**663**
-Domestic Currency	563
-Foreign Currency	100
Memo:	
Foreign Currency (US$ in million)	**958**

Source: Debt Policy Coordination Office Staff Calculations, Ministry of Finance

The volume of new government guarantees issued during a financial year is limited under Fiscal Responsibility and Debt Limitation Act 2005 which stipulates that the government shall not give guarantees aggregating to an amount exceeding 2 percent of the GDP in any financial year including those for rupee lending, rate of return, output purchase agreements and other claims and commitments provided the renewal of existing guarantees shall be considered as issuing a new guarantee. The limit of 2 percent of the GDP is applicable on guarantees issued both in local and foreign currencies. During July-March 2015-16, Government of Pakistan issued fresh/ rollover guarantees aggregating to Rs.104 billion or 0.4 percent of GDP (as shown in Table-2).

Table-2: New Guarantees Issued **(Rs. in billion)**

	2010	2011	2012	2013	2014	2015	2016*
New guarantees issued	224	62	203	136	106	156	104
(as percent of GDP)	1.5	0.3	1.0	0.6	0.4	0.6	0.4

Source: Debt Policy Coordination Office Staff Calculations, Ministry of Finance
* July - March

The year wise outstanding stock of government guarantees from 2009-10 till March 31, 2016 is presented through Table-3:

Table-3: Guarantees Stock **(Rs. in billion)**

	2010	2011	2012	2013	2014	2015	2016*
Outstanding guarantees extended to PSEs	**603**	**559**	**516**	**626**	**555**	**644**	**663**
-Domestic Currency	329	301	262	355	426	533	563
-Foreign Currency	274	258	254	271	129	111	100

Source: Debt Policy Coordination Office Staff Calculations, Ministry of Finance
*end March, 2016

Guarantees issued against commodity operations are not included in the stipulated limit of 2 percent of GDP as the loans are secured against the underlying commodity which are essentially self-liquidating and thus should not create a long term liability for the government. The quantum of these guarantees depends on the supply-demand gap of various commodities, their price stabilization objectives, volume procured, and domestic and international prices. The guarantees were issued against the commodity financing operations undertaken by TCP, PASSCO and provincial governments. As on March 31 2016, the outstanding stock against commodity operations was Rs.555 billion against the end-June 2015 position of Rs.675 billion.

ANNEXURE-II

Tax Expenditure

Tax expenditure for fiscal year 2015-16 has been estimated at Rs.394.593 billion. Detailed estimates are highlighted below:

Income Tax

Tax expenditure in respect of direct taxes during 2015-16 has been reflected in Table-1:

Table-1: Tax Expenditure of Direct Taxes during 2015-16 (Rs. billion)

S. No.	Tax Expenditure on various Exemptions and Concessions	Estimated Revenue Loss 2015-16
1	Pensions and Gratuity	1.100
2	Income from Funds, Board of Education, Universities and Computer Training Institutions.	5.500
3	Donations and Contributions to Charitable	1.400
4	Independent Power Producers	50.200
5	Income from Certain Trust, Welfare and Charitable institutions non-profitable organizations.	0.300
6	Profits on Debt/interest from government securities and certain foreign currency accounts/books profit on debt	1.800
7	Export of Information Technology	0.800
8	Capital gains	1.700
9	Other Sectors and enterprise specific exemptions	4.500
	Total:	**67.3**

Sales Tax

Major exemptions in sales tax and their tax expenditures during 2015-16 are presented inTable-2.

Table-2: Tax Expenditure of Sales Tax for 2015-16 (Rs. billion)

SRO	Loss of Sales Tax Due to Exemptions
SRO 1125(I)/2011, dated 31.12.2011 (leather, textile, carpets, surgical goods etc).	43.4
Imports under 5th Schedule excluding import of crude oil	1.8
Local supply under 5th Schedule	21.8
Imports under 6th Schedule	51.6
Local supply under 6th Schedule	77.3
Imports under 8th Schedule	11.4
Total	**207.3**

Customs

Following is the break-up of estimates of tax expenditure of main exemptions in Customs Duties for fiscal year 2015-16.

Table-3: Cost of Customs Duty Exemption For 2015-16			(Rs. million)
S. No.	**SRO No. with Date** FTAs/PTAs	**Description**	**Cost of Exemption (estimated) 2015-16**
1	558(I)/2004 01.07.2004	Concession of Customs Duty on goods imported from SAARC and ECO countries	247
2	894(I)/2006 31.08.2006	Exemption from Customs Duty on import into Pakistan from Iran under Pak-Iran PTA.	4
3	1274(I)/2006 29.12.2006	Exemption from Customs Duty on imports into Pakistan from under SAFTA Agreement	1,096
4	659(I)/2007 30.06.2007	Exemption from Customs Duty on imports into Pakistan from China	30,577
5	1151(I)/2007 26.11.2007	Exemption from customs Duty on goods imported from Mauritius.	19
6	741(I)/2013 28.08.2013	Exemption from customs duty on imports into Pakistan from Indonesia under Pak-Indonesia PTA	3,932
7	280(I)/2014 08.04.2014	Exemption from customs duty on imports from Sri Lanka	1,227
8	1261(I)/2007 31.12.2007	Exemption from Customs Duty on imports into Pakistan from Malaysia	1,674
General Concessions: Automobile sector, E&P, Textile, Energy, and others.			
9	565(I)/2006 05.06.2006	Conditional exemption of Customs Duty on import of raw materials and components etc. for manufacture of certain goods (Survey based)	2,002
10	678(I)/2004 12.6.2004	Exemption of Customs Duty and Sales Tax to Exploration and Production (E&P) companies on import of machinery equipment & vehicles etc.	5,081
11	655(I)/2006 22.06.2006	Exemption from Customs Duty for vendors of Automotive Sector	19,532
12	656(I)/2006 22.06.2006	Exemption from Customs Duty for OEMs of Automotive Sector	22,453
13	809(I)/2009 19.09.2009	Exemption of Machinery & Equipment, if imported by Textile Industrial Units	1,510
14	5th Schedule	Concessions under 5th Schedule	30,640
		Total:	**119,993**

Following is the consolidated summary of tax expenditure for the fiscal year 2015-16 in Table-4.

Table 4: Tax Expenditure of Federal Taxes for 2015-16(Rs. billion)		
S. No.	**Type of Tax**	**2015-16**
1.	Income Tax	**67.3**
2.	Sales Tax	**207.3**
3.	Customs Duty	**119.993**
	Total :	**394.593**
Source: Federal Board of Revenue		

Poverty

Review of Poverty Methodology

Pakistan has determined its poverty line and poverty estimation methodology in 2001 based on the consumption data of 1998-99. Headcount poverty in Pakistan is estimated using Pakistan Household Integrated Economic Survey data on the basis of food energy intake (FEI) method as is the case with many developing countries. Planning Commission estimated official poverty line at Rs. 637.54 per person per month at 1998-99 prices on the basis of a threshold level of consuming minimum 2350 kcal/day. The poverty lines thereafter, updated for each successive survey period to incorporate the inflation impact between two survey periods. This methodology uses 1998-99 consumption basket and regress overall expenditure of the lowest 60 percent of population on minimum calories (2350 kcal/day).

The normative procedure of calculating poverty continued till 2007-08. However, the government demonstrated the difficulty in presenting lower official poverty estimates of around 17 per cent in the wake of global financial crisis and domestic economic meltdown. The figure of 12.4 per cent for the year 2010-11 furthered scepticism. The data and the mainstream narrative on poverty reduction was extensively contested. It highlights the fact that data on poverty are inherently political as well as technical, so any proof of progress presented as ‘official’ needs to be defensible and verifiable, and be accepted widely by stakeholders.

The government formed a Technical Committee to review the official methodology in 2012 and its deliberations tried to seek the necessary buy-in from key stakeholders, in particular from those outside government. The Committee after several rounds of discussion and deliberations pointed out following short-comings in the official methodology;

i. The Poverty line and basket estimated in 2001 on the basis of 1999 data became outdated and no more fully reflect changes in income and consumption patterns of society.
ii. The official methodology does not fully comprehend the variation in consumption patterns especially in non-food segment.
iii. The updation of poverty line by using CPI is likely to create an urban bias which is distorting the poverty situation.

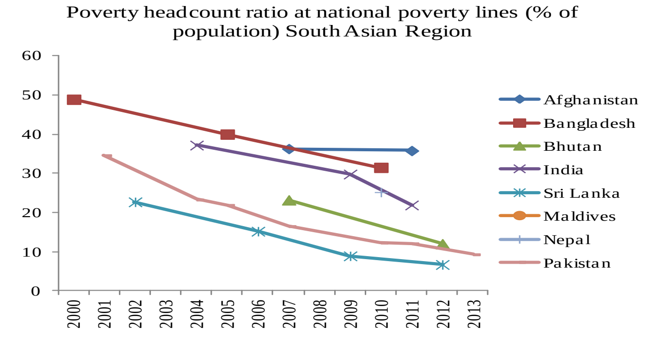
The above observations converged to the opportunity of resetting the poverty line and make certain choices so that new poverty line may reflect the consumption patterns and capture the socioeconomic changes that took place over the last two decades. These decisions were about:

1. Choice of reference group
2. Choice of calorie threshold
3. Choice of methodology

The revised reference group covers households that lie in the 10th to 40th percentile of the distribution of per adult equivalent consumption expenditure which means it excludes the bottom and the top of the distribution-in line with best practice. This does not mean that lowest 10 percent are excluded from the poverty estimation. The reference group selection is primarily done to set a higher welfare standard for poverty estimation. This sets a more representative benchmark for poverty estimation. The caloric standard is kept constant at 2,350 calories per adult equivalent per day to maintain consistency of the normative standard.

Box-1: Decline in Poverty in South Asia

Pakistan's decline in poverty incidence is consistent with South Asian region. In Pakistan, the 25 percentage point decline (using old methodology) in poverty between 2001-02 and 2013-14 was associated with a 10 percentage point reduction in the share of expenditure devoted to food. Increases in income are also associated with households moving towards more balanced and diverse dietary patterns. Like most of South Asia, the reduction in poverty led to an increase in dietary diversity for every quintile. The reduction in poverty is evident in different forms of datasets like dollar a day criterion poverty estimation using independent database of PIDE from its own household survey:



Source: data.worldbank.org(WDI Tables)

Planning Commission while taking these arguments of the expert group and best international practices into considerations adopted a new poverty line based on Cost of Basic Needs (CBN) approach which focuses on the consumption patterns of households in the reference group. It first obtains a food poverty line by taking the average spending on food of households in the reference group. This food expenditure can be translated into a certain level of caloric intake, which may or may not be different from the minimum caloric threshold chosen bya country. If the two are different, then calories and expenditure are scaled to the chosen nutritional standard to arrive at the final Food Poverty Line (FPL).

The CBN then takes into account non-food expenditures (on things like clothing, shelter and education) that are necessary for households. To do this, it focuses on households who are able to fully meet the FPL at their current level of food expenditures. The FPL is then scaled up to reflect the total expenditure of these households to obtain the CBN poverty line. Both the CBN and the FEI methods can be used to construct absolute poverty line, which can be regularly updated for inflation using the CPI, allowing governments to track poverty over time. The choice of CBN has advantages such as;

- It captures non-food needs better
- It is commonly used in most of the developing countries
- It is more transparent

1. Poverty Headcount Review for 2013-14 using new Methodology

Using CBN a new poverty line is estimated using patterns of consumption of reference group and it comes to Rs. 3030 per adult equivalent per month using the latest available HIES 2013-14 data. According to this methodology 29.5 percent of the population is estimated to live below poverty line. Using the population estimate of 186.2 million for 2013-14 implies that around 55 million people are living below the poverty line in Pakistan. Using the old FEI methodology only 9.3 percent people are found below poverty line in 2013-14 which means 17 million people were living below the old poverty line.

Back-casting this new poverty line to 2001-02, using the CPI, shows that the headcount rate using this new higher line would have been 64.3 percent in 2001-02—more than double the rate while using the old poverty line. However, the trends over time remained the same using both poverty lines. It should be noted that these two poverty lines represent two very different levels of deprivation. The new line sets a higher bar – a more inclusive view of who will be considered disadvantaged in Pakistan. Both lines can be tracked into the past and into the future to establish consistency and robustness of trend. However, they represent two different standards of wellbeing while the new poverty line sets a higher and inclusive standard. This method has an edge over FEI for designing pro-poor policies.

Table-1: Poverty Rates back-casted (Using CBN Method)			
Year	**National**	**Urban**	**Rural**
1998-99	57.9	44.5	63.4
2001-02	64.3	50.0	70.2
2004-05	51.7	37.3	58.4
2005-06	50.4	36.6	57.4
2007-08	44.1	32.7	49.7
2010-11	36.8	26.2	42.1
2011-12	36.3	22.8	43.1
2013-14	29.5	18.2	35.6

Source: Planning Commission estimates using various rounds of HIES

Poverty estimates are highly sensitive to a variety of factors, such as the choice of poverty line employed, methodology, the specification of the threshold level of poverty in terms of caloric requirement, expenditure or income, the determination of the scale of the household in terms of number of individuals or adult equivalents, spatial and regional differences in prices or consumption patterns. Each methodology or choice has its own advantages as well as limitations.

Planning Commission also signed an MOU with Oxford Poverty &Human Development Initiative (OPHI) and UNDP for computation of Multidimensional Poverty Indices (MPI) for districts of Pakistan using PSLM data. While national poverty line and headcount continue to be estimated using outcome based consumption data, the MPI will be used as a deprivation index up to district level. This will be used for designing of development policy interventions at district level. MPI will also be used for tracking SDGs objective of inclusive growth.

Multidimensional Poverty in Pakistan

The concept of Multidimensional Poverty (MP) recognizes poverty as being a multi-facet phenomenon that constitutes multiple aspects of deprivation. The MPI estimates for Pakistan were developed by a team of experts from Planning Commission, OPHI and UNDP. The MPI constitutes three dimensions; health, education and standard of living. Three dimensions are reflected through 15 indicators. Of which 3 indicators reflect deprivation in education, 4 in health and 8 pertaining to standard of living. Besides the availability of data, the selection of indicators and their respective weightage were determined through a consultative and inclusive process with government representatives, development practitioners and academicians at the federal, provincial and regional level.

Although each dimension of MPI carries equal weight of 1/3rd, the weightage for indicators inside each dimension differs. Within education years of schooling is weighted at 1/6th (16.66 percent), child school attendance at 1/8th (12.5 percent), and educational quality at 1/24th (4.17 percent). The health indicators also hold different weights with access to health clinic weighted at 1/6th (16.67 percent), and immunization, ante-natal care, and assisted delivery each having weight of 1/18th (5.56 percent). Within the dimension of living standard, the indicators of water, sanitation, electricity, cooking fuel, assets, and land and livestock are each weighted at 1/21 (4.76 percent) while walls and overcrowding are weighted at 1/42 (2.38 percent) each.

Using PSLM data, the headcount of multidimensional poverty in 2014/15 was 38.8 percent while the intensity of deprivation is 51 percent. Since 2004/05, multidimensional poverty has continuously reduced in Pakistan. The headcount reduced from 55.2 percent to 38.8 percent between 2004-05 and 2014-15. However, the intensity of deprivation reduced only slightly over the same time period (from 52.9 percent to 51 percent). This means that majority of the multi-dimensionally poor people continue to experience deprivation in the same number of weighted indicators. Similar trends also followed across all provinces. Table-2 gives province-wise MPI headcount across the 6 waves of PSLM survey.

Table-2: Headcount MPI Incidence (%)

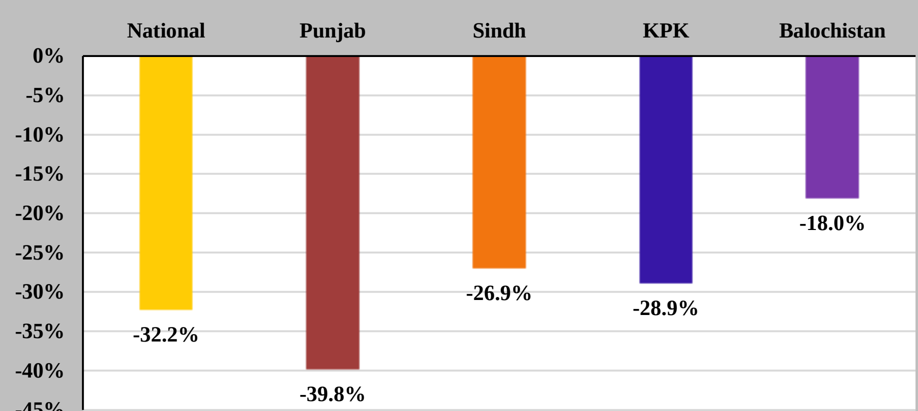
		2004-05	2006-07	2008-09	2010-11	2012-13	2014-15
National	Rural	70.3	69.5	65.2	62.3	56.0	54.6
	Urban	24.0	19.4	17.3	13.9	10.1	9.3
	Overall	55.2	52.5	49.3	46.5	40.8	38.8
Punjab	Rural	62.7	61.0	57.0	53.4	46.9	43.9
	Urban	19.7	16.1	13.2	11.0	8.4	6.3
	Overall	49.7	46.4	43.2	40.0	34.7	31.5
Sindh	Rural	88.1	87.4	81.0	79.9	75.5	75.7
	Urban	27.2	19.6	20.0	14.9	10.9	10.5
	Overall	57.3	53.7	51.2	49.5	44.6	43.2
Khyber Pakhtunkhwa	Rural	72.9	72.8	68.0	64.8	57.1	57.7
	Urban	30.5	32.9	23.2	19.2	10.0	10.2
	Overall	65.8	66.1	60.5	57.0	49.1	49.1
Balochistan	Rural	91.6	91.9	90.7	89.3	85.8	84.5
	Urban	49.4	42.6	40.1	37.2	29.0	37.4
	Overall	83.4	79.8	78.9	76.7	71.9	71.0

Source: UNDP, OPHI &Planning Commission

As the table shows, there are stark regional disparities in Pakistan. The poverty in rural areas is higher than urban areas. Similarly at province level, Punjab has the lowest multidimensional poverty while Balochistan has the highest incidence.

It is also important to study the progress made by provinces in reducing poverty over the period under analysis. Figure 2 demonstrates the relative change in MPI at national and province level. Punjab accounts for the highest relative reduction in MPI (39.8 percent) while Balochistan showed the slowest progress in reducing multidimensional poverty with a relative change of only 18 percent.

Fig-2: Relative Change in MPI, 2004/05 to 2014/15



Deprivation in education is the largest contributor to MPI in Pakistan. It is followed by deprivation in standard of living and health. In terms of indicators, years of schooling, followed by access to health facilities and child school attendance are the main drivers of MP. Under this study district-wise profiles of deprivations are worked out using PSLM data and will give insight into required interventions from the government in different policy areas.

Pakistan's national MPI – indicators, deprivations cut offs and weights.

Table-3: Pakistan's National MPI-Indicators, deprivations cut offs and weights

Dimension	Indicators	Deprivation Cutoff	Weights
Education	Years of Schooling	Deprived if no man AND no woman in the household above 10 years of age has completed 5 years of schooling	1/6 = 16.66%
	Child attendance	Deprived if any school-aged child is not attending school (ages between 6-11)	1/8 = 12.5%
	Educational quality	Deprived if any child not going to school because of quality issues (not enough teachers, far away, too costly, no male/female, substandard school), or is attending but dissatisfied with service	1/24 = 4.17%
Health	Access to clinic / BHU	Deprived if not using health facility at all, or only once in awhile, because of access constrains (too far, too costly, does not suit, lack of tools / staff, not enough facility)	1/6 = 16.67%
	Immunization	Deprived if any child under 5 is not fully immunized according to vaccinations calendar (households with no children under 5 are considered non-deprived).	1/18 = 5.56%
	Ante-natal care	Deprived if any woman has given birth in the household in the last 3 years did not received ante-natal check-up (household with no woman that has given birth are considered non-deprived).	1/18 = 5.56%
	Assisted delivery	Deprived if any woman that has given birth in the household in the last 3 years with untrained personnel (family member, fired, tba, etc.) or in inappropriate facility (home, other) – household with no woman that has given birth are considered non-deprived	1/18 = 5.56%
Standard of Living	Water	Deprived if household has no access to improved source of water according to MDGs standards considering distance (less than 30 minutes for return trip): tap water, hand pump, motor pump, protected well, mineral water	1/21 = 4.76%
	Sanitation	Deprived if household has no access to adequate sanitation according to MDGs standards: flush system (sewerage, septic tank, drain), privy seat.	1/21 = 4.76%
	Wall	Deprived if household has no unimproved walls (mud, uncooked/mud brick, wood/bamboo, other).	1/42 = 2.38%
	Overcrowding	Deprived if household is overcrowded (4 or more people per room).	1/42 = 2.38%
	Electricity	Deprived if household has no access to electricity	1/21 = 4.76%
	Cooking fuel	Deprived if household uses solid cooking fuels for cooking (wood, dung, cakes, crop residue, coal/charcoal, other	1/21 = 4.76%
	Assets	A household is categorized as deprived if it doesn't have more than two small assets (radio, TV, iron, fan, sewing machine, VCP, chair, watch, air cooler, bicycle), OR no large asset (refrigerator, air conditioner, tractor, computer, motorcycle), AND has no car.	1/21 = 4.76%
	Land and livestock (only for rural areas)	Deprived if hh is deprived in land AND deprived in livestock, meaning: a) Deprived in land: hh has less than 2.25 acres of non-irrigated land AND less than 1.125 acres of irrigated land b) Deprived in livestock: hh has 1 or no cattle, less than 3 sheep/goat, less than 5 chicken AND no animal for transportation. [Urban households assumed non-deprived]	1/21 = 4.76%

Source: Poverty Section, Planning Commission

ANNEXURE-IV

Impact of War in Afghanistan and Ensuing Terrorism on Pakistan's Economy

The conflict and instability in Afghanistan in the aftermath of 9/11 terrorist attacks and their regional implications had immense negative consequences for Pakistan. After the U.S. invasion of Afghanistan, Pakistan saw a huge influx of Afghan refugees as one of the main host countries. There was a sudden rise in the number and scale of terrorist attacks in the country. The cumulative impact of these developments adversely impacted the overall growth rate in all major sectors of the economy. Normal economic and trading activities were disrupted, resulting in higher costs of doing business and significant delays in meeting the export orders around the globe. As a result, Pakistani products gradually lost their market share to their competitors. Economic growth could not pick up as planned.

Pakistan continues to be a serious victim of terrorism, including foreign-sponsored terrorism from our immediate neighborhood. A substantial portion of precious national resources, both men and material, have been diverted to address the emerging security challenges and to repair damaged infrastructure during the last several years. In addition to economic losses, cross-border terrorism in Pakistan has also been responsible for untold human sufferings due to indiscriminate, brutal terrorist attacks against civilian population.

In order to address the menace of terrorism and violent extremism effectively, Pakistan has crafted a 20-point National Action Plan which outlines various kinetic and preventive measures. The comprehensive, all-out law enforcement action Zarb-e-Azb launched against all terrorist groups without any discrimination has been remarkably successful. "Zarb-e-Azb" has started paying dividend in terms of overall improved security situation in the country. This has created an enabling environment for business and investment in Pakistan. Moreover, both direct and indirect losses to the economy resulting from terrorism are on the decline. Pakistan's successful counter-terrorism efforts are result of strong domestic political consensus and unanimity on the need to eradicate terrorism in all its forms and manifestations. However, durable peace and stability in Afghanistan and the region is necessary, among other factors, for further promoting sustainable economic growth in Pakistan.

In order to assess the impact of the incidents of terrorism on the economy of Pakistan during the past several years, the estimates for FY 2015 and FY2016 has been prepared in consultation with all relevant Ministries/Departments/Provincial Governments/Autonomous bodies etc. Summary of year wise losses is presented in Table -1.

Table-1: Summary of Losses Due to Terrorist Attacks (US$ billion)

S.No	Organization	Years		Total
		2014-15	2015-16*	
1.	Exports	**1.08**	**0.80**	**1.88**
2.	Compensation to Affectees	**0.04**	**0.01**	**0.05**
3.	Physical Infrastructure	**0.12**	**0.07**	**0.19**
4.	Foreign Investment	**4.56**	**2.04**	**6.60**
5.	Privatization	**0.01**	**0.00**	**0.01**
6.	Industrial Output	**0.02**	**0.01**	**0.03**
7.	Tax Collection	**2.94**	**2.32**	**5.26**
8.	Cost of Uncertainty	**0.03**	**0.01**	**0.04**
9.	Expenditure Over run	**0.40**	**0.28**	**0.68**
10.	Others	**0.04**	**0.02**	**0.06**
	Total Losses	**9.24**	**5.56**	**14.80**

*: Estimated on the basis of 9 months actual data (July-March)
Source: M/o Finance, M/o Interior, M/o Commerce, M/o Foreign Affairs, Joint Ministerial Group

During the last 14 years, the direct and indirect cost incurred by Pakistan due to incidents of terrorism amounted to US$ 118.31billion equivalent to Rs. 9869.16 billion. Detail is given in Table-2.

Table-2: Estimated Losses (2001-2016)

Years	Billion $	Billion Rs.	% Change
2001-02	2.67	163.90	-
2002-03	2.75	160.80	3.0
2003-04	2.93	168.80	6.7
2004-05	3.41	202.40	16.3
2005-06	3.99	238.60	16.9
2006-07	4.67	283.20	17.2
2007-08	6.94	434.10	48.6
2008-09	9.18	720.60	32.3
2009-10	13.56	1136.40	47.7
2010-11	23.77	2037.33	75.3
2011-12	11.98	1052.77	-49.6
2012-13	9.97	964.24	-16.8
2013-14	7.70	791.52	-22.8
2014-15	9.24	936.30	20.0
2015-16*	5.55	578.20	-39.9
Total	**118.32**	**9869.16**	**-**

* Estimated on the basis of 9 months actual data

Source: M/o Finance, M/o Interior, M/o Commerce, M/o Foreign Affairs Joint Ministerial Group

ECONOMIC AND

INDICATORS	1960s	1970s	1980s	1990s	2000s	2003-04	2004-05
	Average (Annual)				Base Year 1999-2000		
FINANCIAL SECTOR:							
GROWTH RATE (at constant fc) %							
GDP	6.8	4.8	6.5	4.6	4.7	7.5	9.0
Agriculture	5.1	2.4	5.4	4.4	3.2	2.4	6.5
Manufacturing	9.9	5.5	8.2	4.8	7.1	14.0	15.5
Commodity Producing Sector	6.8	3.9	6.5	4.6	4.3	9.2	9.5
Services Sector	6.7	6.3	6.7	4.6	5.1	5.9	8.5
GROWTH RATES (at current mp) %							
Total Investment	-	21.8	4.2	8.1	15.6	14.4	32.6
Fixed Investment	14.8	20.5	3.7	7.8	15.7	14.7	34.3
Public Investment	14.0	25.3	2.6	7.3	12.5	19.3	23.7
(including general govt.)							
Private Investment	20.9	17.0	5.1	8.8	17.5	13.1	38.3
(as % of Total Investment)							
National Savings	-	67.5	79.2	75.4	89.9	107.8	91.6
Foreign Savings	-	32.5	20.8	24.6	10.1	-7.8	8.4
(as % of GDP current mp)							
Total Investment	-	17.1	18.7	18.3	17.9	16.6	19.1
Fixed Investment	-	15.9	17.0	16.6	16.4	15.0	17.5
Public Investment	-	10.3	9.2	7.5	4.6	4.0	4.3
Private Investment	-	5.6	7.8	9.1	11.8	10.9	13.1
National Savings	-	11.2	14.8	13.8	15.9	17.9	17.5
Foreign Savings**	-	5.8	3.9	4.5	2.0	-1.3	1.6
Domestic Savings	-	7.4	7.7	14.0	14.6	15.7	15.4
Per Capita Income (mp-US $)**	-	-	-	-	746.0	663.2	724.1
GDP DEFLATOR (growth %)	-	-	2.3	8.3	8.4	7.7	7.0
CONSUMER PRICE INDEX (CPI)							
(growth %)	3.2	12.5	7.2	9.7	7.3	4.6	9.3
FISCAL POLICY							
(as % of GDP mp)							
Total Revenue	13.1	16.8	17.3	17.1	13.9	14.3	13.8
Tax Revenue	-	-	13.8	13.4	10.3	11.0	10.1
Non-Tax Revenue	-	-	3.5	3.7	3.6	3.3	3.7
Total Expenditure	11.6	21.5	24.9	24.1	18.3	16.7	17.2
Current Expenditure	-	-	17.6	19.4	15.1	13.5	13.3
Defence	-	-	6.5	5.6	3.1	3.3	3.3
Interest Payment	-	-	3.8	6.8	4.9	4.0	3.4
Others	-	-	7.3	7.0	7.2	6.2	6.6
Development Expenditure	-	-	7.3	4.7	3.3	3.1	3.9
Overall Deficit	2.1	5.3	7.1	6.9	4.4	2.4	3.3
MONEY & CREDIT (growth %)							
Monetary Assets (M2)	16.3	21.0	13.2	16.8	15.0	19.6	19.3
Domestic Assets	15.0	20.5	15.4	12.2	14.1	23.7	22.4
STOCK EXCHANGE (growth %)							
KSE 100 Index	-	-	0.1	4.1	27.2	55.2	41.1
Aggregate Market Capitalization	-	-	2.5	13.4	29.1	88.0	45.2

- : Not available **mp : Market prices** **fc : Factor cost**

***: In 2005-06 base year and composition of sub sectors of GDP has been changed, therefore growth rate in respective variables onward from 2006-07 are provided on new base.**

****: At average exchange rate used in National Accounts Committee meeting**

*****: July-April FY2016**

SOCIAL INDICATORS

Base Year 2005-06*										
2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 Jul-Mar (P)
5.8	5.5	5.0	0.4	2.6	3.6	3.8	3.7	4.1	4.0	4.7
6.3	3.4	1.8	3.5	0.2	2.0	3.6	2.7	2.5	2.5	-0.2
8.7	9.0	6.1	-4.2	1.4	2.5	2.1	4.9	5.7	3.9	5.0
5.1	5.5	5.1	-0.9	1.8	3.2	3.1	1.7	3.5	3.7	3.3
6.5	5.6	4.9	1.3	3.2	3.9	4.4	5.1	4.5	4.3	5.7
36.1	9.3	17.7	13.4	1.4	9.8	17.1	10.8	10.0	15.5	5.8
38.0	9.0	17.9	12.4	0.3	8.4	18.1	10.7	9.7	16.3	5.6
30.3	21.0	21.0	11.2	-2.1	6.6	27.2	4.9	1.2	28.4	10.6
40.5	5.2	16.8	12.9	1.2	9.0	14.9	12.9	12.8	12.4	3.7
78.8	74.3	57.5	68.6	85.9	100.7	86.3	92.8	91.3	93.6	95.7
21.2	25.7	42.5	31.4	14.1	-0.7	13.8	7.2	8.7	6.5	4.3
19.3	18.8	19.2	17.5	15.8	14.1	15.1	15.0	14.6	15.5	15.2
17.7	17.2	17.6	15.9	14.2	12.5	13.5	13.4	13.0	13.9	13.6
4.2	4.6	4.8	4.3	3.7	3.2	3.7	3.5	3.2	3.7	3.8
13.5	12.6	12.8	11.7	10.5	9.3	9.7	9.8	9.9	10.2	9.8
15.2	14.0	11.0	12.0	13.6	14.2	13.0	13.9	13.4	14.5	14.6
4.1	4.8	8.2	5.5	2.2	-0.1	2.1	1.1	1.3	1.0	0.6
13.4	12.3	9.1	9.4	9.8	9.7	7.8	8.7	7.7	8.4	8.2
897.4	979.9	1053.2	1026.1	1072.4	1274.1	1320.5	1333.7	1388.8	1516.8	1560.7
10.5	7.2	12.9	20.7	10.7	19.5	5.7	7.1	7.4	4.6	2.0
7.9	7.8	12.0	17.0	10.1	13.7	11.0	7.4	8.6	4.5	2.8 ***
13.1	14.0	14.1	14.0	14.0	12.3	12.8	13.3	14.5	14.3	10.0
9.8	9.6	9.9	9.1	9.9	9.3	10.2	9.8	10.2	11.0	8.4
3.3	4.4	4.2	4.9	4.1	3.0	2.6	3.5	4.3	3.3	1.6
17.1	18.1	21.4	19.2	20.2	18.9	21.4	21.5	20.0	19.6	13.4
12.6	14.9	17.4	15.5	16.0	15.9	17.3	16.4	16.0	16.2	11.5
2.9	2.7	2.6	2.5	2.5	2.5	2.5	2.4	2.5	2.5	1.6
3.2	4.2	4.8	5.0	4.4	3.9	4.5	4.5	4.6	4.8	3.7
6.5	8.0	10.0	8.0	9.1	9.5	10.3	9.5	8.9	8.8	6.2
4.5	4.6	4.0	3.7	4.4	2.8	3.7	5.1	4.9	4.1	2.4
4.0	4.1	7.3	5.2	6.2	6.5	6.8	8.2	5.5	5.3	3.4
15.1	19.3	15.3	9.6	12.5	15.9	14.1	15.9	12.5	13.2	6.0
15.8	14.2	33.6	15.4	12.7	13.1	20.2	20.8	9.1	11.7	5.7
34.1	37.9	-10.8	-41.7	35.7	28.5	10.4	52.2	41.2	16.0	0.9 ***
35.8	45.3	-6.0	-43.9	28.8	21.4	6.2	47.6	36.2	5.7	-2.9 ***

(Contd...)

ECONOMIC AND

INDICATORS		1960s	1970s	1980s	1990s	2000s	2003-04	2004-05
		Average (Annual)						
TRADE AND PAYMENTS (growth %)								
Exports (fob)		-	13.5	8.5	5.6	9.9	13.8	16.2
Imports (fob)		-	16.6	4.5	3.2	13.7	20.1	37.8
Workers' Remittances		-	-	1.9	-5.3	26.8	-8.6	7.7
As % of GDP (mp)								
Exports (fob)		-	-	9.8	13.0	12.3	12.7	13.2
Imports (fob)		-	-	18.7	17.4	16.2	13.9	17.1
Trade Deficit		-	-	8.9	4.4	3.9	1.2	4.0
Current Account Deficit		-	-	3.9	4.5	3.8	+1.3	1.6
COMMODITY SECTOR:								
Agriculture								
Total Cropped Area	mln. hectares	-	-	20.3	22.4	22.9	22.9	22.8
Production								
Wheat	mln. tons	-	-	12.5	17.0	20.8	19.5	21.6
Rice	mln. tons	-	-	3.3	3.9	5.2	4.8	5.0
Sugarcane	mln. tons	-	-	33.1	44.6	50.4	53.4	47.2
Cotton	mln. bales	-	-	6.3	9.7	11.6	10.0	14.3
Fertilizer Offtake	mln.N/tons	-	-	1.4	2.3	3.3	3.2	3.7
Credit Disbursed	bln. Rs.	-	-	11.2	23.8	112.9	73.6	108.7
Manufacturing								
Cotton Yarn	mln. Kg.	5.6	3.4	10.0	1884.4	2236.2	1939.0	2290.0
Cotton Cloth	mln. sq. mtr.	3.1	-5.2	-1.1	487.8	763.3	683.0	925.0
Fertilizer	mln. tons	27.5	13.2	10.7	4.9	5.4	5.6	5.9
Sugar	mln. tons	34.3	2.2	14.4	3.6	3.4	4.0	3.0
Cement	mln. tons	10.7	2.5	8.6	11.2	16.4	12.8	16.4
Soda Ash	000 tons	12.0	2.6	6.7	269.0	292.6	286.3	297.3
Caustic Soda	000 tons	24.4	5.0	6.6	147.2	195.0	187.5	206.7
Cigarettes	bln. nos.	10.7	4.9	-0.4	55.4	60.0	55.3	61.0
Jute Goods	000 tons	-	3.4	9.5	101.1	105.0	103.9	104.8
INFRASTRUCTURE:								
Energy*								
Crude Oil Extraction	mln. barrels	-	2.8	10.9	26.1	23.3	22.6	24.1
Gas (supply)	mcf	-	165.4	385.2	908.0	1186.8	1202.7	1344.9
Electricity (installed capacity)	000 MW	-	1.3	3.1	12.9	18.7	19.2	19.4
Transport & Communications								
Roads	000 km	70.5	74.1	123.8	279.3	255.6	256.0	258.2
Motor Vehicles on Roads	mln. nos.	-	0.4	1.4	4.6	6.4	5.7	6.0
Post Offices	000 nos.	7.1	9.0	11.8	15.8	12.3	12.1	12.3
Telephones	mln. nos.	0.1	0.2	0.6	3.3	4.2	4.5	5.1
Mobile Phones	mln. nos.	-	-	-	-	30.3	5.0	12.8

- : Not available **P: Provisional**

*** : Available for July-March FY2016**

SOCIAL INDICATORS

2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
										Jul-Mar (P)
13.8	4.5	18.0	-6.4	2.9	28.9	-2.6	0.4	1.1	-3.9	-9.1
31.4	8.0	31.6	-10.3	-1.7	14.9	12.8	-0.6	3.8	-0.9	-5.2
10.4	19.4	17.4	21.1	14.0	25.8	17.7	5.6	13.7	18.2	5.7
13.0	11.2	12.0	11.4	11.1	11.9	11.0	10.5	10.3	8.9	5.8
19.4	17.5	20.8	18.9	17.4	16.8	18.0	17.3	17.0	15.3	10.4
6.5	6.2	8.8	7.5	6.5	4.9	7.0	6.6	6.8	6.3	4.6
4.4	4.8	8.2	5.5	2.2	+0.1	2.1	1.1	1.3	1.0	0.6
23.1	23.6	23.9	24.1	23.9	22.7	22.5	22.6	22.7	22.7	22.7
21.3	23.3	20.9	24.0	23.3	25.2	23.5	24.2	26.0	25.1	25.5
5.5	5.4	5.6	6.9	6.9	4.8	6.2	5.6	6.8	7.0	6.8
44.7	54.7	63.9	50.0	49.4	55.3	58.4	63.8	67.5	62.8	65.5
13.0	12.9	11.7	11.8	12.9	11.5	13.6	13.0	12.8	14.0	10.1
3.8	3.7	3.6	3.7	4.4	3.9	3.9	3.6	4.1	4.3	3.0
137.4	168.8	211.6	233.0	248.1	263.0	293.9	336.2	391.4	515.9	385.5
2556.3	2727.6	2809.4	2913.0	2787.3	2939.5	2954.6	3017.9	3066.0	3081.8	2552.7
903.8	1012.9	1016.4	1016.9	1009.4	1020.3	1023.4	1029.1	1036.1	1036.1	780.2
6.1	6.5	6.2	6.4	6.7	6.8	6.6	5.8	6.7	6.2	5.4
2.9	3.5	4.7	3.2	3.1	4.2	4.6	5.1	5.6	5.1	4.9
18.5	22.8	26.7	28.4	31.3	28.8	29.5	31.1	31.4	32.1	25.9
318.7	330.6	365.0	365.3	409.6	378.0	370.7	366.2	409.1	437.1	345.6
219.3	242.2	248.3	245.3	182.3	172.0	179.1	182.9	167.5	184.0	162.0
64.1	66.0	67.4	75.6	65.3	65.4	62.0	67.4	64.5	62.7	42.9
104.5	118.1	129.0	137.4	106.2	93.2	94.1	102.8	101.7	94.4	45.4
23.9	24.6	25.6	24.0	23.7	24.0	24.6	27.8	31.6	34.5	24.0
1400.0	1413.6	1454.2	1460.7	1482.8	1471.6	1559.0	1505.8	1493.5	1465.8	1115.2
19.4	19.4	19.4	19.8	20.9	22.5	22.8	22.8	23.5	23.8	23.1
259.0	261.8	258.4	260.2	260.8	259.5	261.6	263.4	263.8	263.9	263.4
7.1	8.1	8.8	9.4	9.8	10.4	10.9	11.6	13.2	13.9	15.6
12.3	12.3	12.4	12.3	12.0	12.0	12.0	12.8	12.1	12.1	12.0
5.1	4.8	4.5	3.5	3.4	5.7	5.8	6.4	5.2	3.9	3.5
34.5	63.2	88.0	94.3	99.2	108.9	120.1	128.9	140.0	114.7	131.4

(Contd...)

ECONOMIC A

INDICATORS		1960s	1970s	1980s	1990s	2000s	2003-04
		Average (Annual)					
HUMAN RESOURCES:							
Population*	million	-	-	96.3	124.6	150.9	149.7
Crude Birth Rate	per 1000 person	-	-	-	-	27.4	27.3
Crude Death Rate	per 1000 person	-	-	-	-	7.9	8.0
Infant Mortality Rate	per 1000 person	-	-	-	-	79.6	83.0
Labour Force & Employment**							
Labour Force	million	-	-	11.6	35.1	45.5	44.1
Employed Labour Force	million	-	-	11.2	33.1	42.4	40.5
Un-employed Labour Force	million	-	-	0.4	2.0	3.6	3.5
Un-employment Rate	% per annum	-	-	1.4	5.7	6.8	8.3
SOCIAL DEVELOPMENT:							
Education							
Primary Schools	000 nos.	-	-	88.8	143.5	155.2	155.0
Male	000 nos.	-	-	64.6	96.4	96.6	97.3
Female	000 nos.	-	-	24.2	47.1	58.6	57.6
Middle Schools	000 nos.	-	-	6.8	15.3	31.9	28.7
Male	000 nos.	-	-	4.6	8.8	16.7	14.9
Female	000 nos.	-	-	2.2	6.5	15.2	13.9
High Schools	000 nos.	-	-	5.4	10.6	18.6	16.1
Male	000 nos.	-	-	3.9	7.4	12.2	11.0
Female	000 nos.	-	-	1.5	3.2	6.3	5.1
Secondary/Vocational Institutions	nos.	-	-	508.6	572.2	1623.8	624.0
Male		-	-	282.2	328.7	874.8	396.0
Female		-	-	235.2	243.5	749.0	228.0
Literacy Rate	percent	-	-	29.5	40.7	52.6	53.0
Male		-	-	39.0	51.6	65.7	-
Female		-	-	18.7	28.6	41.4	-
Expenditure on Education (as % of GDP)		1.4	1.7	2.3	2.0	1.7	1.7
Health*							
Registered Doctors	000 nos.	2.0	6.3	28.1	68.9	110.5	108.1
Registered Nurses	000 nos.	-	2.9	9.9	24.1	49.0	46.3
Registered Dentists	000 nos.	0.2	0.7	1.4	2.8	6.1	5.5
Hospitals	nos.	380.0	521.0	651.0	823.0	912.6	906.0
Dispensaries	000 nos.	1.7	2.8	3.5	4.3	4.6	4.6
Rural Health Centers	nos.	-	1.0	127.0	330.0	494.0	552.0
TB Centres	nos.	-	90.0	122.0	245.0	283.3	289.0
Beds in Hospitals & Dispensaries	000 nos.	25.5	38.4	55.6	83.8	99.1	98.7
Expenditure on Health (as % of GDP)		-	0.6	0.8	0.7	0.6	0.6

- : Not available *** : on Calendar Year basis** **P : Provisional**

Note : Total may differ due to rounding off **** : Labour Force Survey 2014-15**

AND SOCIAL INDICATORS

2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 Jul-Mar (P)
152.5	155.4	158.2	161.0	163.8	173.5	177.1	180.7	184.4	188.0	191.7	195.4
28.0	26.1	26.1	26.1	24.3	28.0	27.5	27.2	26.8	26.4	26.1	25.6
8.1	8.2	7.1	7.1	7.3	7.4	7.3	7.2	7.0	6.9	6.8	6.7
82.0	77.0	76.7	76.7	68.2	72.0	70.5	69.0	67.5	66.1	64.6	63.2
45.9	46.8	50.5	50.8	52.2	53.7	58.1	59.3	60.3	60.1	61.04	-
42.4	43.2	47.3	48.1	49.5	50.8	54.7	55.8	56.6	56.5	57.4	-
3.6	3.6	3.1	2.7	2.7	2.9	3.5	3.5	3.8	3.6	3.62	-
7.7	7.6	6.2	5.2	5.2	5.5	6.0	6.0	6.2	6.0	5.9	-
157.2	157.5	158.7	157.4	156.7	157.5	155.5	154.6	159.7	157.9	165.9	168.9
98.5	97.7	97.8	92.5	93.3	96.9	93.6	93.6	99.6	97.6	99.9	100.3
58.7	59.8	60.9	64.9	63.4	60.6	58.2	57.0	60.1	60.3	66.0	68.6
30.4	39.4	40.1	40.8	40.9	41.3	41.6	42.0	42.1	42.9	44.8	45.6
15.6	20.1	22.6	20.2	20.5	21.8	21.9	21.6	20.7	21.8	22.4	22.8
14.8	19.3	17.5	20.6	20.4	19.5	20.4	21.0	21.4	21.1	22.4	22.8
16.6	22.9	23.6	24.0	24.3	24.8	25.2	28.7	29.9	30.6	31.3	32.0
11.3	14.8	14.6	15.0	15.1	14.2	14.4	14.3	17.6	18.0	18.2	18.5
5.3	8.1	9.0	9.0	9.2	10.6	9.5	11.6	12.3	12.6	13.1	13.5
747.0	3059.0	3090.0	3125.0	3159.0	3192.0	3224.0	3257.0	3290.0	3323.0	3579.0	3667.0
419.0	1584.0	1599.0	1618.0	1636.0	1010.0	1018.0	1028.0	1037.0	1047.0	1760.0	1932.0
328.0	1475.0	1491.0	1507.0	1523.0	2182.0	2206.0	2229.0	2253.0	2276.0	1819.0	1735.0
53.0	54.0	55.0	56.0	57.0	57.7	58.0	58.0	60.0	58.0	60.0	-
65.0	65.0	67.0	69.0	69.0	69.5	69.0	70.0	71.0	70.0	70.0	-
40.0	42.0	42.0	44.0	45.0	45.2	46.0	47.0	48.0	47.0	49.0	-
1.8	1.7	1.8	1.8	1.8	1.7	1.8	2.0	2.1	2.1	2.2	-
113.2	118.0	123.1	128.0	133.9	139.5	144.9	152.4	160.9	167.8	175.2	184.7
48.4	51.2	57.7	62.6	65.4	69.3	73.2	77.7	82.1	86.2	90.3	94.8
6.1	6.7	7.4	8.2	9.0	9.8	10.5	11.6	12.7	13.7	15.1	16.6
916.0	919.0	924.0	945.0	948.0	968.0	972.0	980.0	1092.0	1113.0	1142.0	1167.0
4.6	4.6	4.7	4.7	4.8	4.8	4.8	5.0	5.2	5.4	5.5	5.7
552.0	556.0	560.0	562.0	561.0	572.0	577.0	579.0	640.0	667.0	669.0	675.0
289.0	289.0	288.0	290.0	293.0	293.0	304.0	345.0	326.0	329.0	334.0	339.0
99.9	101.5	102.1	103.2	103.0	103.7	104.1	107.5	111.8	118.4	118.0	118.9
0.6	0.5	0.6	0.6	0.5	0.5	0.2	0.3	0.6	0.7	0.7	0.5

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