Pakistan

ECONOMIC SURVEY

2003-04

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

www.finance.gov.pk
www.finance.org.pk

CONTENTS

FOREWORD

Pakistan's ecoomy has gathere greater momentum during the fiscal year 2003-04. All macroecnomic indicators exhibited markd improvements over last year. A higher thantargeted growth rae acconanied b a stellarise in industrial prodction; a double-dit growth in per capita incone; a strong upsurge in donstic invstment; harp increases in thconsumption of ectricity and gas reflecting rising levels of ecoomic aivity; furler fisca consoidation; rong growth in eports and imports; a furtherstrengthening of the extem balanc of paymnts; and a sharp declin in the country's dbt burden – Pakistan's greatest problem until a few yes ago, hve beei the major achievements of the outgoig fiscal year.

On the humanide, this year has seen the rising trend in poverty not only been arrested ut a revrsal has begun to take shape. Oter indicators reprsenting the living conditions of the people as vell as incators rlating to education havall shown markedimprovements.

The consistenc and continuity ineconomic policies along wih reform programspursueover the ast five years have not only made the economy healthier but also set the stage for taking the economyn a highr growth path. Building on this growth momentum we now aim to achieve a 7-8 percent growth rate wiln the next 3 to 4 years – an absolute nessity for creatin employment opportunities and improving the incomes and stanards of liing of the people.

Although grow is critical for raisig incomes focus on this parameter alone is not enoug We hae been alocating substantial resurces on social sctor related programs and vill continue to do so in the ture as we are ofhe opinion that beer access to eduation and health care will expand the opportunties avaible to the peopleand help improve their lies. Alongwith this stress will be given to infrastructure and capacity buildg with secial atintion to rural economy i general and the agricultural sector in particuar.

Although we have achieved majo successes on the socio-economic front, the pogress nde so fr is not commensuratewith the country's considerable potential. Goirg forward, consistency andontinuityof soun macroeconomi policies along wih a credible reform program will be an absolute necess to realie our fu potental. Let u work together to bequeath a stronger Pakistan to our current and future generatios.

Shaukat Aziz
Minister for Firnce & Economic Affairs

Islamabad, Jun 10, 2004

PREFACE

Pakistan's ecomy has gained mre strength, underpinned by a buoyant private sector ring thefiscal yer 2003-04. Wide-rangir structural reform, prudent macroeconomic policies, financial disciplinend a cosistencyınd continuity in polies have transfoned Pakistan into a stable and resurgent ecomy in 203-04. he stages now set foreconomigrowth to accelerate with the private sector expected to play the leadingole in taing the conomy on a higher groth trajectory.

This year's Ecomic Survey haseviewed the progress made in various sectors of the enomy i the backdrop of a relatively benin global econom environment. It has also highlighted the major challeres that be ahead nd areas that needovernment attenon. The re-basing of Pakistan's national accounts haseen oneof the stelar occurrences of e fiscal year 200-04. This year's Economic Survey includes a detailed scussio on the re-basing exercise which ppears as a Box em in the Growth and Invesment Chapter.

The aralysis caied out in the Surey is based on the data available for the first to 10 mnths of le outgoig fiscal year. It is hopechat this *Survey*, hich contains a wealth of insight and informaton, will be useful r parliamentarian policy-makers, researchers, students and those readers who have an inrest in akistan's economy.

The ***Economic urvey*** has two prts: the analytical text and adetailed Statistica Appenc. The fit part caries out a comprehensiv analysis of the prformance of various sectos of the economy.The secid part ontains the series data pertning to different ectors of Pakistan's econony. The breadth of he analys is, nevertheless based on nine to ten mnths' data for thecurrent fiscal year. We woud, as always, welcome coments and suggesions for improving this document.

I woulc like to thnk various Minisies/Divisions/Agencies and Departments for eficiently applyinghe requied data to the EconomicAdviser's Wing. Without their help, it would not have been possille to relese the *urvey* in me. I am also thankfto the Sustainabl Development Policy Institue (SDPI), the Cenral Boarof Reveue (CBR and the Pakistan Tecommunication Athority (PTA) for providing useful inputs for the chapte on Envonment, Fiscal and Transportaon & Communicaon, respectively.

Dr. Ashfaque Hsan Khan
Directcr Genera(Debt Office)
& Ecoromic Adser

Islamabad, Jun 10, 2004

OVERVIEW OF THE ECONOMY

Riding on the strng economic funamentals of last year Pakisan's economy has gathere greatemomentm during the fiscal ear 2003-04. Accleration in growth accompanied by a sharp pick up in dustrial roductio, a strong upsurge iinvestment, and further strengthening of the external balanceof paymnts havbeen the hallmarks of thisear's performane. The pre-payment of high cost external debt the stragic re-etry into te internatonal capal markets throug the floatation of a Eurobond and the re-basing of Paktan's nional acounts have been the oer stellar occurrnces of the fiscal year 200304. No efforts to rvive theconom will be cmplete unless these maroeconomic gain are transferred to the masses in terms of an inprovedtandarof living.The efforts of the lasive years have sarted yielding positive resuls and this year has seen th incidere of povrty declinirg, enrolnt in primary, midle and matric levels rising and various qualiy of life dicatorsmprovin.

During this fisca/ear, Pakistan suceeded in attaining; a higher than targeted grwth in rel GDP, owered y stellar growth inrge-scale manuicturing and a continuing roust performance n service; a doule-digit gowth in per capita incom, reaching $ 652a strong rebound in investnent, particularly inprivate sctor invstment cing to a rare confluenc of various positie developments on the ecoiomic scene; low iflation ad an invstment-iendly interest rate envonment; an unprcedented increase in credit o the private sectr; sharp crease in the consumption of ectricity and gaseflecting rising levels of economic activity; a reduction the fisal deficit n target tax collecn; a buoyant stok market with an all-time high aggregate market capitaation; double-gjit growth in export and imports; woers' remittances maintaining their momentumwith the rrent acount bance remainng in suilus for the third yar in a row; a continued accumulation of foreign exchae reseies and sability in the exchangeate; a sharp decle in the public and externa debt burden; a lovering ohe interst cost through the pre-paymenof $ 1.17 billion ohigh cost external debt; and a successful retun to the ternatical capit markets througthe floatation of a Eurobond.

From the grassots perspective, te incidence of poverty has leclined by 4.2 pecentageoints ovr 2001 gures. Other social indators such as enlment in primary, middle ad matric levels; acess to nitationsafe driing water, housing, lectricity and gasave all showed marked imrovements. Two successi years c strong gowth along with over s.860 billion of cmulative spending over the east five years on social seor and pverty reited programs is nobeginning to beafruit. Notwithstanding theseimprovements, mich remas to belone, an this is that critical juncre in time when aintaining momentum throgh policy stability s paramnt. Whi socio-eonomic and macroecomic policies pursed during the year have hac a strong influence on this cross-th-board improvement, a increasingly brod and dynamic global recovry with industrial productioand gloal trade icking up sharply, havaided Pakistan iithis endeavor.

Internitional Evironment Unlie in the past two to three years, this year has seen a retively bnign gloal economic envirnment after almos three years of weak and frgile growth in the vorld ecomy. Atrong reound in world tade, a roust recovery in te United States and emerging Asia, especiallyChina, ad the stngest sowing for the Japanese economy since 1996 are offering grounds for optimism for the global economy in general and developing countries in particular. This optimism has encouraged the staff of the International Monetary Fund (IMF) to raise its forecast for global growth by about 0.5 percentage points to 4.6 percent in 2004 and 4.4 percent in 2005. Notwithstanding a strong and broad-based recovery in the major growth poles of the world economy, the Euro area is still exhibiting anemic growth of 1.7 percent for 2004. The United States has led the way with growth of 4.6 percent in 2004, supported by a resurgent Japan, with 3.4 percent. The growth momentum is exceptionally strong in emerging Asia where the Chinese economy is leading the way and is projected to grow by 8.5 percent in 2004. More robust income growth in the advanced economies is expected to stimulate activity in developing countries through trade, mainly in the form of higher export volumes. Developing countries including Pakistan have suffered from the slowdown in world trade in 2002, chiefly because of weak demand in the advanced economies. The pickup in global activity that began in 2003 and intensified in 2004 should translate into stronger and more sustained export growth for developing countries and this could be further augmented if progress is made in reducing trade barriers as envisaged in the Doha Round.

Notwithstanding a strong and broad-based recovery in the world economy there remain risks to the short-term outlook which will have a direct bearing on developing economies, including Pakistan. Oil prices have increased substantially from $ 26.5 per barrel in September 2003 to almost $ 42 per barrel on June 1, 2004. According to one estimate, a $ 5.0 per barrel increase in oil prices over the baseline price persisting for one full year will reduce global growth by 0.3 percent with an attendant impact on developing countries. Furthermore, the extra-ordinary rise in the price of oil fuels headline inflation which can have severe monetary policy implications. The stronger-than-expected global economic recovery, the depreciation of the US dollar against other major currencies, relatively low inventories, OPEC announcements of prospective production cuts, the *'fear factor'* surrounding a possible disruption of supplies from the Middle East and some speculative activity have been mainly responsible for this unprecedented surge in oil prices. Without a stable and low oil price outlook, this global recovery seems tenuous at best.

GDP Growth Real GDP growth, once again, surpassed the target (5.3 %) with a headline number of 6.4 percent during 2003-04 compared to last year's 5.1 percent rate. This buoyant growth was aided by a 13.1 percent and 5.2 percent growth in the manufacturing and services sectors, respectively. The performance of agriculture fell short of the target by growing at 2.6 percent against a target of 4.2 percent and last year's achievement of 4.1 percent. When compared with other developing countries in general and East and Southeast Asian countries in particular, Pakistan's growth performance has been quite impressive. Developing nations grew, on average, by 6.1 percent while East and Southeast Asian countries like Hong Kong, Singapore, Korea, Indonesia, Malaysia, Philippines, Bangladesh and Sri Lanka registered growth rates ranging from 1.1 percent to 5.5 percent in 2003-04. Few countries in the region, namely China, India and Thailand grew faster than Pakistan during this period. Fiscal stimulus in the shape of large public sector spending and a conducive interest rate environment provided important support to this growth picture in Pakistan.

Agriculture The slippage in agriculture was mainly attributable to the weak performance of both the major and minor crops. Major crops, accounting for 34 percent of agricultural value added, grew by 2.8 percent against an impressive recovery of 6.9 percent last year. The performance of two major crops, cotton and wheat, was lackluster as the cotton crop suffered from pest problems in Southern Punjab while wheat production was adversely affected by the lack of rain in March when the formation of wheat grain takes place. The size of the cotton crop is estimated at 10.0 million bales – 1.6 percent lower than last year while that of wheat is estimated at 19.767 million tons against a target of 20.0 million tons, a shortfall of 1.2 percent. The performance of rice and sugarcane – the other two major crops – has been modest at best with the rice crop estimated at 4.848 million tons – 8.3 percent higher than last year and sugarcane at 53.419 million tons – 2.6 percent higher than last year. These two crops are highly water intensive and the improved availability of water helped increase their production. Minor crops, accounting for 12 percent in agricultural value added showed a *'weak'* performance, growing by only 1.7 percent. Widespread rains during the monsoon season of 2003 *(July-September)* and increased snow fall in the catchment areas contributed to an improvenent in th water situation uring the year. The canal h:ad withdrawals inthe Kha 2003 ad Rabi 203-04 seasonswere hicer by 5.0 percentand 26.2 percent, respectively over the previcus year.loweveıduring vnter *(January-March 204)* the actual raifall was 40 percent lower tian normal and this had a :vere imact on te wheat crop.

Manufacturing ne of the most imortant developments of the year has been the sharp :celeratin in manufacuring grwth. Overall manfacturing grew by 13.4 percent in 2003-04 against a taet of 7. percentand last years 6.9 peent. This impressive growth was underpinnel by the highest ever growirecorde in largescale manufaduring wbh accounts for 6 percent of overall manufaturing, and exhibited broabased gowth of 7.1 percent against earget of 8.8 percnt and last year's 7.2 percent. Improvements n the m:roeconmic environnent, a d:line in the cost ccapital, the availability of consumer financingat affordble rate strong rowth in expors and a eneral feel good rood in the economy have teen responsible fcr this urrecedered grown in large-scale manuacturing. Over thdast four years, the large-scale manufacturingsector is growrat an avrage rate of amost 10ercent per annur thereby increasing its share in GDP from 9.6percent 11.8 prcent. Mjor industries that restered double-dit growth include: sugar, cenent, cooking oil, jeeps ancars, mtorcycles motor tyres etc.

Constrıction Aother star performer has been the constructioı sector registering a grow rate of .9 percet against a target c 5.4 percent and ıst year's growth of 3.1 perent. Housing and construcon has ben idenfied as one of the major rivers of growth ad the government has taken various budgetay and nı-budgeıry meaures to boost ths sector/hich has responed positively despite higheıinput prices. Anotier star :rformenas beethe electricity and gz distribution sectr which registered a massive increase of 22.5 percent 2003-0 againsti decline of 2.6 peent last year.

Per Capita Incoie The sharp risen per capita income which was witnessed las year cainued dring 200-04, *albeit* at a relativy slower pace ovng to a decline in net factoıincome from abroad *(mair worker remittances)*. The percapita irome in dollar terıs increased by 12.0 percerı from $ 582 last y:ar to $ (2 durinthe outoing fiscal year. Last ear per capita incme in dollars grew by 15.7 percent on the bacı of a msive inease in et factor ircome fro abroad resultin(in a two year per capita income average growh rate c 13.9 peıent per nnum.

Investment Tot investment roseo 18.1 percent of GDP in 2003-04 against 16.' percerlast yea Most importantly, fixedinvestment rose narply to 16.4 percent of GDP against 14.8 pecent lasyear. Wat is higly encouraging is the significant rise i private sector investment -from 11.2 percent o 11.7 pcent ofGDP. Thi year's growth is overwhlmed by massivenvestment in large-scale manufacturing by the privateector wich grewoy 25.4 percentduring th year. Two inter-elated sectors, constructionand ownership of lwellinggrew bynpressive rates of 23.5 percent ad 25 percent resectively, implying heavy investment in the housing anconstrucon sectr. Nationa savingsas a percentage (GDP remained at around 20 percent on account of a gnificanmproveıent in the current accont balance. It is nteworthy that the national savings rate has inceased I 8.3 perentage pints since 1998-99.

Inflation Tame iflation has also ben one of the hallmarks of his government's nacroeconomic plicies. Te rate of inflaton as masured by changs in the Consumer Price Index (CPI) averaged3.9 percnt durinthe firsten months of the cirent fiscal year against 3.3 percent in the same period last year.Food ar non-foc inflatioı averaged 4.9 pcent and 3.1 percnt respectively as against 3.1 percent and 3.4percenturing thsame priod last year. Much f the surge in foo inflation over last year has been due to both demand d suppl factors esulting in an increase irhe prices of whet, wheat flour, rice, meat, edible oil and onions The gornmentıas take various measurs to improve the spply situation of wheat inclding the import of 1.0 millic tons ofwheat wh a concurient whe: export ban. Cenal Banks around the world tend to focus on coe inflatic, which xcludeshe impact of food ad energy prices. ore inflation basically represents policy *(fiscal moneta, exchage rate)* nduced inflation. Core inflation remained quite subdued owing to prudent macroeconomic policies pursued during the year and averaged 3.3 percent against the headline *(overall inflation)* number of 3.9 percent for the ten months of the current fiscal year.

Monetary Policy The State Bank of Pakistan (SBP) continued with an easy monetary policy stance during the current fiscal year with a view to reinforcing the growth momentum that had picked up last year. Accordingly, the interest rate environment not only remained investor-friendly but middle class borrowers also benefited from such environment. The monetary expansion target was set to the tune of Rs.230 billion or 11.1 percent higher than last year. The monetary expansion during the first nine months *(July- March)* of the current fiscal year amounted to almost Rs.255 billion *(higher by 12.3%)* compared with an expansion of Rs.211 billion *(higher by 12 %)* in the same period last year. In other words the monetary expansion target was overtaken in the first nine months of the fiscal year. Unlike the previous two years, when the bulk of the monetary expansion resulted from a strong build up in the net foreign assets of the banking system, this year saw an unprecedented increase in private sector credit amounting to Rs.245 billion against an increase of Rs.107 billion during the same period last year. This also reflects a renewed private sector confidence in the basic macroeconomic fundamentals of the country. Almost 52 percent of the credit to the private sector went to manufacturing *(Rs.126.4 billion)*. The benefits of the low interest rate environment also filtered down to middle class consumers as evidenced by the substantial increase in personnel loans amounting to Rs.50 billion during July-March 2003-04.

Government borrowing for budgetary support amounted to Rs.54 billion against a borrowing target of Rs.15 billion for the whole year. Three factors are responsible for the higher than targeted borrowing for budgetary support by the government. Firstly, the government had to borrow heavily from the banking system to finance the pre-payment of $ 1.17 billion of high cost external debt to the Asian Development Bank (ADB). Secondly, lower than projected external receipts for the budget and finally, lower investment in the national saving schemes. The accumulation of net foreign assets of the banking system remained subdued at Rs.50.4 billion compared to an accumulation of Rs.257 billion in the same period last year. On the whole, broad money supply grew by 12.3 percent against a target of 11.1 percent It is expected that the current fiscal year may likely end with monetary expansion of around 15 percent. Two successive years of higher than targeted monetary expansion may give rise to inflationary pressure. However, the Central Bank is closely watching the inflationary situation.

As a result of the easy monetary policy stance, the weighted average lending rate declined by 289 basis points – from 7.58 percent in June 2003 to 4.69 percent in March 2004. The weighted average deposit rate also declined, though at a much slower pace, that is, from 1.9 percent to 1.3 percent during the same period – a decline of only 60 basis points. During this period the efficiency of the banking system also improved significantly with the spread between the lending and deposit rates declining from 568 basis points to 339 basis points – an efficiency gain of 229 basis points. The yield on 6 – month treasury bills remained stable at 1.6 percent during the year. It would not be out of place to mention here that the easy monetary policy stance perused by the Central Bank over the last three years has succeeded in lowering the entire term structure of interest rates. The weighted average lending rate declined from 13.74 percent in June 2001 to 4.69 percent in March 2004 – a decline of 905 basis points in less than three years. Similarly the yield of 6 – month Treasury Bills, which was as high as 12.88 percent in June 2001, declined to 1.68 percent in March 2004 – a decline of 1120 basis points during the same period. The export refinance rate, which is linked to the 6 – month Treasury rate, declined from 11.1 percent in July 2001 to 1.5 percent at the end March 2004, a hefty decline of 960 basis points which has helped improve the external competitiveness of the Pakistani exporter.

Stock Market Another landmark achievement of the outgoing fiscal year has been the impressive growth in the share index of the Karachi Stock Exchange (KSE) – rising from 3403 points on June 30, 2003 to 5430 points on April 30, 2004 - an increase of 2027 points or 59.6 percent during the period. The aggregate market capitalization also increased by 92.4 percent, from Rs.746.4 billion to Rs.1436 billion during the period under review. In terms of US dollars the markecapitalization of te KSE surged to $ 25 billioı from $ 12.92 billon durinthe perid undereview. A number of factrs have contributd to the persistence of the bullish trend in the stock maet whic includea continuaion of pr-growth economi policies; a stable macroeconomic environmeit; an acelerationin economic growth; a stable echange rate; a bsk pace of privatization thrugh the capital mrkets; a sible imrovemet in the Pakistar – India relationship; the auilability of adequate liquidit in the market; good operng and nancial esults from the majorityf blue chip compnies and appropriate reforns initiated by the Securitieand Excaange Commission of Pkistan (SECP).

Fiscal Policy Pıdent fiscal management is the foundation of a stable macroecoıomic erronmer. Weak fical balance has beethe major sourceof macroeconomic difficulties in the not too disant pasAfter aliost five ears of extensive efforts ırough the reforrof the tax system and tax administration Pakistan has ıcceedd in attaiing fiscal stability. Tł overall fiscal detit that averaged nearly 7.0percent of the GDP in the '90s hadeclinetto 3.3 percent n the ouoing fiscal year. he revenue deficit has beeı narrowed from 3.0 percerof GDPn the lat 1990s to 0.2 percent anthe primary balace has remained in surplusfor the last many years. Pılic debt:s percetage of GDP has also deined sharply ands now moving towards a sıstainable level.

Pakistar has mae considerable gan on fiscal side during 2003-04. The overall fiscal defic decline from 3. percent of GDP i2002-03 to 3.3 prcent in 2003-04. The Cental Board of Reverue (CBRs targeed to colıct Rs.510 billion – 1.5 percent highethan last year. The overall tax revenue is targeted to irease b 8.1 perent while on the expnditure side, totalxpenditure is estimated to ise by 6.6 percentbut mosof the inrease iscoming from the Public Sctor Developmer Program (PSDP) — up by 17.6 percent. Curront expeliture remains at ast year's level with most no growth. Iterest payments and deferse spending usedto be thewo largst items of overall expendite followed by PSIP. As a result of prudent fiscal management, he sharof interet paymet in total outay has cclined sharply frm 29.7 percent in 2001-02 to 21.1 percent in 2003-04. Te sharof defene in total outay has mained stagnant t around 18.0 percent but tat of PSDP, increased fror15.3 pecent to 1.9 percent over theame period. As apercentage of GDP, interes payments have been decling whil defense spending remaird stagnant at 3.3percent.

Anotherdevelopent on the fiscal ide has been the near elimination of the reverue deficin 2003-4. Over the last two yeas the revnue deficit has dclined from Rs.76 billion *(o. 1.3% of GDP)* to Rs.13.3 tion *(or 2% of OP)*. As per the FiscaResponsibility La the elimination of the reveiue deficit was tarqeted to I achievd by 200-08. However, Pakistn has almost reaoed the target four years in advance. Similarly,Pakistanas maitained asurplus in the piimary bance over the lasseveral years.

As a result of cosiderable improvment in fiscal balance, the pıblic debt situatiorhas impved imrensely i recent years. Not only his the pace of acumulation been slowed but he burden of publi debt ha decline as wellDuring the outcoing fisd year, public debgrew by only 2.8 percent. As percentage of GDP, publ debt ha decline from 75.2 pecent lasyear to 69.7 percnt in 2003-04 – a sharp decine of 5.0 percentge pointin one yar is a rajor achievement. Sice public debt is charge on the budget thereore its burden must be vied in reltion to government revnue. Public debt was 503.7 percent of total revenue last year; it has now eclined t 487.7 prcent in the current fisal year.

Pakistan has mde considerable gins toward fiscal consolidatın. The overall fisal deficias bee narrowd, the revenue deficit hs nearly been eliinated and a primary surplis has been maintained for sme tim. Resultntly, public debt is fa moving towards sustainable level. Even in countries with bettr fiscal nnagemnt, maimining and buiding on progress will be a ontinuing challenge. What is required is a prolnged comitmerto fiscal discipline, whichwill come througha rule-based fiscal policy. Pakistan has alread drafted rule-baed fiscapolicy, enshrined in the Fiscal Responsibity and Debt Limitation Law,which has been approved I the Cainet andhas been sent to theParliament for legiation.

Balance of Payments Pakistan's external balance of payments gained further strength during the year under review. Both exports and imports registered robust growth; healthy increases in foreign exchange reserves continued despite heavy pre-payment of external debt; and the current account balance continued to remain in surplus for the third year in a row. A strong and broad-based recovery in the global economy also helped firm-up demand for Pakistani exportable goods. The inflow of workers' remittances continued its rising momentum, *albeit* at a slower pace; the exchange rate remained stable; and a substantial increase in FDI was recorded.

Exports Exports grew by 13.1 percent during July-April 2003-04 against a hefty increase of 20.8 percent during the same period last year. When viewed against the backdrop of stellar growth *(20.8%)* last year, a higher double-digit growth rate in exports is one of the major achievements of the outgoing fiscal year. Given the performance of the first 10 months of the current fiscal year exports are likely to cross the target of $ 12.1 billion for the whole year. The higher unit values of exports, deeper penetration into the European and US markets, a sharp decline in the Export Refinance rate, and a competitive exchange rate have contributed to the surge in exports during the year. The surge in exports is underpinned by a strong growth in textile manufacturers and *'others'* exports Textile manufacturers, accounting for 65.4 percent of total exports, registered an increase of 14.3 percent while *'other'* exports covering 9.2 percent of total exports, grew by a hefty 48.6 percent. Almost 71 percent of the contribution to overall export growth came from textile manufactures and 26 percent came from *'other'* exports. Primary commodities exports registered a decline of 1.5 percent mainly on account of very little export of wheat this year. Excluding the exports of wheat, primary commodities exports show an impressive growth of 12.8 percent. It is also encouraging to see the exports of engineering goods picking up at a much sharper pace. This year, exports of engineering goods grew by 33.4 percent – rising from $ 55.1 million to $ 73.5 million.

Imports Imports grew by 19.0 percent during the first ten months *(July – April)* of the current fiscal year against a hefty increase of 22.5 percent in the same period last year. Most importantly, non-food non-oil imports are up by almost 32 percent against 23.5 percent last year. The exceptionally strong growth in non-food non-oil imports is one of the leading indicators of a surge in domestic economic activity. The salient features of this year's performance of imports include: impressive growth in the import of the machinery, chemical, metal and textile groups. The petroleum group registered a decline of 7.7 percent on account of 27.4 percent decline in the imports of petroleum products. In quantity terms, the import of petroleum products was down by 42.2 percent on account of a continuing surge in POL output by local refineries, an increased use of gas in industries and electricity generation, and lesser reliance on fuel oil-based thermal electricity owing to higher electricity generation through hydel. The major contributors to this year's rise in imports are the machinery group *(27.1 %)*, followed by the agricultural / chemical group *(22%)*, and metal group *(7.0 %)*. The share of oil bills remained unchanged at 26.6 percent since last year. However, if the unprecedented rise in oil prices persists then given the rising level of economic activity Pakistan's oil bill is likely to cross $ 3.0 billion in 2004-05. If extrapolated for the remaining two months of the year, total imports may likely be in the neighbourhood of $ 14.5 billion for the whole fiscal year. As a result of the developments in exports and imports, the trade gap has widened from $ 1251.5 million to $ 2011.4 million during the first 10 months of the current fiscal year, showing a deterioration of 60.7 percent. Given the stronger than anticipated surge in domestic economic activity, the widening of the trade gap in the short-run is quite normal. The year is expected to close at a trade deficit of around $ 2.5 billion against the yearly target of $ 0.7 billion.

Remittances The inflow of workers' remittances continued to maintain its momentum, *albeit* at a slower pace during the current fiscal year. However, when viewed against the yearly target of $3.6 billion, the performance has been impressive. The last fiscal year was an extra-ordinary year for the inflow of workers' remittances at $ 4.23 billion. Realizing the fact that a one-time adjustment has taken place, the current year target was set at $ 3.6 billion or $ 300 million per month. During the first ten months (July-April) of the current fiscal year, the flow of remittances was $ 3.21 billion or $ 321 million per month against $ 3.53 billion in the same period last year. Two points need to be noted as far as the inflow of remittances is concerned. First, as stated above, a one-time adjustment took place last year which is not expected to be repeated this year. Accordingly, against the actual receipt of $ 4.23 billion last year the target for the current yer was set at $ 3.(billion. Given the average nonthly trend of inlows, thyear is oing to ed with remittarces of $.8 billion. Seconc last year's remittances als) included $ 126 nillion wh camehrough te Hajj Sponsoship Schme. With the corinuing build up in foreign e:change reserves he govement dcided ncto launch he said theme this year. o that extent, the flow of renittances was expected toe less cmpared vith last year. The UniteStates remained ie single largest source of cash remittances accountinfor 31.5ercent, ollowed by the UAE with 5.8 percent and Saudi Arabia with a 14.8 percent share.

Current Accout Balance Sustaimg a current account surplus for the third yeai in a rowas bee anothemajor achievement fore outgoing fiscayear. The current account lalance, excluding official tnsfers, mainedn surplusat $ 136 million (1.4% of DP) during July-March 2003-04. However, the surplusvas $ 2?6 millioi during the sarre periodast year. The corraction in the magnitude of the surplus was the outcon of highr deficitsin the trade and services accounts as we as lower inflow of workers remittances. Givei the risg levels f domesc economic activitand the persistence of higher oil prices in international markets importsre likelyo grow a higher pace, leang to a further wiening of the trade balance.As a consequence, Pakisti may fee difficuies in sustainng the surplus in the currer account in the next fiscal year.

FDI Pakistan ha succeeded in atacting $ 760 million in foreign direct investmeit (FDI) iring Jul-April 203-04 against $ 696 mion in the same priod last year, thereby registering an increase of 9.3 pcent. B the end f the current fiscal ye', FDI is expectedo cross $ 1.0 billion on account of the issuane of twcellular lienses amouning to $ 31 million each, th half proceeds of which are expected to be received tfore thend of th fiscal year. The bulk cthe FDI has comin the oil and gas, transpor and communication, and inking sctors. These three areas havaccounted for 71percent of the FDI this year Almost 85 percen of the FI has cme from Switzerland, theUnited States, theUnited Kingdom, the UAE and Saudi Arabia.

Privatization Te privatization prgram has progressed at a nuch faster pace this year. / end-Mrch 200 Pakistan had cmpleted or approvd 139 transactions with gross proceeds of Rs134 billi. Of thisa sum c Rs.33.' billion ws received durinthe first nine months *(July-March)* of the current fiscal ar. A new featurof the privatization prgram has been theoffering of shares to the geieral public througi the stc marke which ws well received. For exmple, in the caseof OGDCL, 97,000 applicants purchased shares whossubsequent value increased by ovr Rs.8 billion. Theresponse in the SSGC offeing has been ever greaterith oven quartemillion small applicantseceiving shares irough a transparent balloting process.

Foreign Exchage Reserves Paistan's foreign exchange reserves continued to rise deite the re-paymnt of $ 1.17 bilion of hih cost external dot. By end-April 2004, foreign exchange reserves stoot $ 12.5illion, sfficient to provde coveior almost one yer of imports. In other words Pakistan added $1.8 billicto its reerves dring July-April 2003-4. The continued uild up in foreign exchange reserves has provded stregth to th Pakistai rupee viz, the US doll. The inter-bank xchange rate per US dollar averaged Rs.57.46 in April)04 as aainst Rs57.74 in July 2003, shwing a nominal apreciation of 0.5 percent. Ir general, Pakistans exchae rate v. the USlollar has renained sable during the peod under review.

External Debt Intil a few years ao Pakistan was facing serius difficulties in meeting itsexternal ebt obligations. Not ony was th stock of externallebt and foreign exchange labilities growing a a breakck pacbut the ebt carrying capaci remained stagnat. Consequently, the debt burden *(external det and foign excange liailities as a percentagof foreign exchane earnings)* reached an unsustainable level o1335.4 pcent by 998-99. Followng a creble strategy of dot reduction, Pakistan has not only succeeded n reducg the stck of extrnal debt and liabilits but at the samdime built-up a substantial sock of foreign exciange reives. Te stock (external debt ad liabilities were a high as $ 37.9 billion at the end of the 1990s iut had ben brount down $35.8 billion by end Mrch 2004 — a deiine of over $ 2 billion. The surplus in the curreit accou couplewith a cntinued build-up in foren exchange reseres and higher foreign exchnge earnings and he prepment oexpensie debt are the major factors responsible for the reduction in the total stock of debt and liabilities. As a percentage of GDP external debt and liabilities stood at 51.7 percent in end June 2000, declined to 43 percent in end June 2003 and further to 37.8 percent by end March 2004. Similarly, external debt and liabilities as a percentage of foreign exchange earnings declined from 297.3 percent in 1999-2000 to 181.1 percent in 2002-03 and further to 168.7 percent by end March 2004. These statistics suggest that Pakistan's external debt burden has declined substantially over the last four years and is now fast approaching sustainable levels.

Pre-Payment Pre-payment of expensive debt has been one of the major events of the outgoing fiscal year. In the backdrop of a strong build-up in foreign exchange reserves associated with rising foreign exchange earnings, Pakistan considered it appropriate to pre-pay some of its expensive debt to improve the country's debt profile. Accordingly Pakistan pre-paid $ 1.17 billion worth of expensive loans to the ADB on January 29, 2004. These loans carried interest rates ranging from 6.3% to 11% with maturities between FY 2005 and FY 2019. The prepayment exercise clearly indicates the exceptionally strong external liquidity position of the country.

Euro Bond The second major event of the outgoing fiscal year has been a successful return to the international capital markets after a gap of over half a decade. Pakistan issued $ 500 million five year tenor regulation-S Euro Bonds due 2009, lead managed by JP Morgan, Deutsche Bank and ABN Amro Bank. The transaction has attracted strong demand from high quality and diversified international investors and was four times oversubscribe resulting in the tightest possible pricing. The success of this transaction reflects a vote of confidence by the international investor community in Pakistan's economic policies and reform agenda. The Pakistani Bond was priced at 370 bps above US Treasury *(3.046)* to yield 6.75 percent was considered very tight compared with emerging market peers. The Pakistani bond was priced some 50 bps inside the Philippines, despite the fact that it is rated 3-notches lower. It also looked tight against Turkey which is rated one notch above Pakistan. Furthermore, Pakistan's paper was also tighter when compared with the weighted average spread of 435 bps for emerging market bonds at the time of the Pakistan's deal. It is encouraging to note that Pakistan's Paper since February 12, 2004 has been trading in the secondary market at a premium and as of April 23, 2004 the spread further tightened to 276 bps – an improvement of 94 bps and a yield to maturity of 6.26 percent from 6.75 percent. As part of a dynamic debt management process, Pakistan transacted an interest rate swap to lower the interest cost of its bonds. The deal was done with Standard Chartered Bank @ 3.2275 percent over 6-month LIBOR with protection against a sharp unexpected rise in interest rates. For the first time in the country's history, the government undertook such an exercise to reduce the country's debt burden and as such is building in-house capacity to monitor the global markets. It would not be out of place to mention here that out of 37 PRGF countries, Pakistan is the first to demonstrate its ability to raise funds from the international capital markets. No PRGF country barring Pakistan has ever been successful in transitioning from IMF resources to funding through the capital markets.

Re-basing of National Accounts The third major event of the outgoing fiscal year has been the re-basing of Pakistan's national accounts from 1980-81 to 1999-2000. It is well-known that structural changes do take place in production as well as in the relative prices of various products in an economy over a period of time. Besides, on account of continuous developments and innovations a lot of new products appear in the market and at the same time due to obsolescence many old products disappear. Larger quality changes also result in the non-comparability of goods and services between far apart periods. On the demand side, consumption and investment patterns also experience structural changes. All these factors demand that the national accounts series be re-based periodically to capture the structural changes in the economy and depict the true picture of the level of economic activity.

How often should the base be changed? The international practice of re-basing national accounts vary considerably across countries with some re-basing after five years, others after ten years and even others every year. In the Asian region, the majority of the countries, namely Bangladesh, Hong Kong, China, India, Nepal, Philippines, Sri Lanka and Thailand undertake their re-basing exercise every ten years while Macau, Malaysia, Republic of Korea and Singapore undertake this exercise at a gap of five years. As opposed to international practices, as well as practices followed in the Asian region, Pakisan delayed the re-basing o the national accoints for two decads. As suh, many structural chancs which took plac since 1980-81 until 1999-2000 on the produtiion anconsumtion struture of the eccnomy we not captured inhe country's national accounts. The national accountsestimate based n a benchnark of 180-81 became ariquated and could not captre the structural canges that occured durin the last twenty years. Asuch, a number of economic areas remainedeither uncovered or underreported nd accodingly under-estimatethe size of the naonal income.

Taking cognizace of facts narratd above, the Annual Plan Coordination Commttee (APC) in itsmeetingn 1997 recommended re-base the natinal accounts of Pakistan tomake the GDP and investrnt figurs more realistic. The journey of e re-basing exerise that began in 1997 culmnated in July 2004. Duringie perio variousechnica committees we set up, a numbe of studies were undertakei and reviewed by he expes insideand outsle the countr. The Naional Accounts Cmmittee in its meeting heldin December, 2003 finally approvedhe re-basing exercise and acordingly the natinal accounts were re-basec from 1980-81 to 1999-200 As a reult of rebasing, coverage of da has engulfed a new range of products, entepnises and econonic activiis such as, courie services, travelagencies, mobile hones, etc. The coverage of manufacturing itms has been incrased froi 91 to 128. According, the size of the overall GDP in 1999-2000 increased by 19.5 pecent, aculture y 18.5 prcent, industies by 10 percent and serices by 20.8 percent over he old base. Per capita incne in US dollar tem was estimated at $?6 for the year 199-2000 compared to $441 according to the old base. Similarly fied investment showed an impvement of 34.3 prcent in 1999-2000 mainlydue to improved coverage.

Notwithstandin these improvemnts there are many activitie which are still to be coverl in thes accours (especially IT related). Newly emrging activities taking placeat a breathtaking pace poschallenes to thenational accounts. The National AccountsCommittee accordingly hasdecided to regulary re-basnationaaccount every five years withe next re-basingexercise beginning in 2004-05. Timely re-basing will mae natioal accouts more representativend will depict therue picture of the economy

Poverty The ccussion so far pnts to the fact that Pakistars economy has ganed mo strengt during the outgong fiscalear. All its macroeconomic indicators show marked improvemerts over last year. he macroeconom policies and refom programs pursued over he last five years have not oly madthe ecomy healthier but ao set the stage fc taking the economy on a hgher growth path. Have sui policie and prorams improved the ling conditions of the people? Have they redued poverty and imroved sial indiators? Tese are valid and freqently asked questns. The government believes that the efforts to strengen the economy will not be competed unlss macroeconom gains trickle-down to masses in terms of impoved livg conditons.

Encouraged b two years of strog growth (5.1% in 2002-03 and 6.4% in 2003-04) and ver Rs. 60 billionof cumulative spnding on the socil sector and poverty relatedprograms over the last fiveears, th government asked the Fecral Bureau of Stastics (FBS) to conduct a sanple Survey of Hoisehold Consumpon Expediture (HCES) with a view to gauging the impact of the macroeconcmic and social secors on the living onditionsof the peope of Paktan. The Survey, covering 5046 rural and urbin households *(One-third ohe samje coverd in PIHS 2000-01)* fromall the four provines of Pakistan, was conduced during April 19 2004 tolay 06,2004. Theindings of the Surveyre highly encouraing. Not only has the incidence of poverty shown a sigficant dcline bubther social indicats as well as indictors that represent the livin conditions of the people he show marked improvementover 2000-01. Th Center for Research on Poverty Reduction ard IncomDistribuon (CRRID), Planning Comission, estimatethe incidence of poverty usng the primary data from th SurveyThe resits show that he incidace of the povertyat the national level has declined by 4.2 perceitage pois with bth urbaand rura poverty showg significant declie in 2004 compared with 2000-01. These resilts are n surprisig as theSurvey shows that thre has been a 35 percent increase in the avenge monthly consumption expenditur of housholds. Notwithstandg a decline in thencidence of poverty, these esults should be taken as ilicative as they o not cover the ente period of 2004. he purpose of this exercisewas to gauge the mpact ohe govenment's macroeconomic and social sector policies on the living conditions of the people. The results simply suggest that the rising trends in poverty have been arrested and that a reversal has begun to take shape.

Other social indicators and the indicators representing the living conditions of the people have exhibited significant improvements over 2000-01 as well as over 1998 Census results. For example, the number of Households living in one room homes shows a significant decline while that of households living in 2 to 4 rooms houses have increased significantly in 2004 compared with 1998. The other indicators of living conditions such as major source of drinking water, the type of toilet used, sanitation, the use of electricity as a source of lighting and the use of gas as cooking fuel, show a significant improvements over the last 3 to 6 years. Furthermore, all education related statistics show significant improvements with the gross enrolment at the primary level increasing from 72 percent to 87 percent — a 15 percentage points increase. These results are highly encouraging as they show that strong economic growth along with massive spending on social sector and poverty related programs are now beginning to yield dividends in terms of declining poverty and improvements in living conditions as well as in social indicators.

Going Forward

Pakistan has lived through a difficult and testing period. After five years of hard work the complexion of economy has changed altogether. It is no longer fragile and its balance of payments is no more vulnerable to external shocks. Wide-ranging structural reforms, prudent macroeconomic policies, financial discipline and a consistency and continuity in policies, not seen before, have transformed Pakistan into a stable and resurgent economy in 2003-04. The stage is now set for economic growth to accelerate with the private sector expected to play the leading role in taking the economy on a higher growth trajectory.

Notwithstanding the major successes on the socio-economic front, the progress made so far is not commensurate with the country's considerable potential. Although stronger, the economy of Pakistan has many challenges lying ahead. Maintaining and building on the macroeconomic stability; and sustaining and further accelerating the growth momentum will be the continuing challenges. Linked with these are the challenges of job creation, poverty alleviation, minimizing social inequality and strengthening the country's physical infrastructure.

The stage is now set for growth to accelerate from 6.4 percent this year to 8.0 percent over the next three to four years. An essential foundation for sustaining this higher growth is the pursuance of sound macroeconomic policies, the key elements of which include fiscal discipline, appropriate monetary and exchange rate policies, and prudent debt management. The centrality of economic growth in addressing the challenges listed above is beyond doubt. Economic growth reduces poverty because average incomes of the poor typically tend to rise proportionately with the average income of the population. This result is robust overtime and across countries and regions. At the macro level, growth implies greater availability of government resources to improve the quantity and quality of education, health, water supply, sanitation, and other services. At the micro level, growth creates employment opportunities, increases income and reduces poverty. To achieve 7-8 percent growth in the next three to four years sectors like agriculture, small and medium enterprises (SMEs), housing and construction, oil and gas, and information technology and telecommunications will have to play the central role. Of these, agriculture, SMEs and housing and construction are expected to generate *pro-poor* growth – essential in addressing the income distribution issue. With the country's population growing at less than 2.0 percent per annum over the next three to four years, real per capita income is projected to rise by 5.5 – 6.0 percent per annum. This is the growth in per capita income which will be required to substantially reduce poverty and unemployment in the country.

Structural change is the essence of development while reform is a dynamic concept. The country must continue to adjust itself with the changing domestic and external environment. Over the last five years Pakistan has introduced wide-ranging reforms in various sectors of the economy. These reforms have started yielding dividends in terms of higher growth and macroeconomic stability. To achieve 7–8 percent growth on a sustained basis Pakistan needs to introduce a secnd-generation ofeforms over the next 4 -5 years. This reform igenda rist concntrate o strengthening istitutions, improvig the competitiveness of irdustries, building ı robust iancial ystem ad furthei strengthening (the tax administation. The current upturn in the economy ofers the eal opprtunity tc implement refcns needed to delver faster growth that is susainable in the long run. It ireassung to seethe government's nwavering commiment to pursue the reform program in the coming year

Few policies hve promoted soci-economic development assuccessfully as efective iiestmenin huma resources. Noation can progres without a strong human capital base and investment this ara will be is essertial as scnd macroecononc policies in achieving the desired economic ıoom. Etcation i central) overall human resoure development. While basic education develo)s basic skills relaed to litecy and umerac higher education espcially at the tertiar level involves specializatin in fields of study and occoation rievant tc develbping tecnological capabily. Better access of the poo to education and iealth ce, and better qulity of these servicesexpand opportunies for them to improve ther own well-being. This callsor allocing adeuate government reources to spendig on human capital develoment. It is reassung to sethat thegovernmnt has allocated subsantial resources t the social sector in the PS)P for 2004-05. Most impoantly, th allocatin for higher educatn has increased ly 84 percent in 2004-05. Ths is an important :tep in tr right diction. Ctting across this agıda is the empowrment of women by removig barriers to their'uller pacipatiorn the deelopmer process. Pronting gender equty is not only an important social goal but is aso esseial for th achievment of the broader deelopment goals. tudies find that gender equality contributes tobetter ecation ad healtl outcemes. Mo recent cross-contry research has found that gender inequalitis in edıation imede ecoomic growh.

Gooc quality irastructure is essntial for promoting and susaining strong grovth, necesary to educe pcerty. Pakistan has ready moved to ahigher growth trajectory and has targeted a 7-3 percerrate in te next tree to for years. To achve and sustain th Pakistan needs to invest leavily in infrastructure –war, powe, roads, ighways ports transpo and communicabns. Heavy investment in inrastructure is alsc needed take avantage of Pakistan's stregic location in th region for expanding regional cooperation intrade ar commece. In paticular, Pakistan can erve as a bridge btween East and West Asia as well as the enry port fcAfghantan and e Cental Asian epublics. It is in iis perspective that the main theme of this yea's Pakisn Deveopment brum (PDF) was infistructure develoment. Realizing the importace of infrastructue the gornmenhas allooted Rs.87 billion f the fiscal year 204-05 – 28 percent higher tian last year. Allocation to frastrucre amonts to 5! percent of theotal Federal Govrnment PSDP *(Rs.148 billicn)*. This is a step in right dirction. Inreased ivestmer in infastructu alone, however,s not the answer as it mustbe underpinned b improvnents injovernace to ensure effecteness and sustaiability.

Pakistan's ecıomy has gainednore strength during the ougoing fiscal year. All its mao econcnic indictors sho marked imprcement over last yar. The macro-economic pılicies and reformsprogrames pursed overhe last five years hav not only made th economy healthier but als) set the stage for aking th econorv on a hiher growth path. ıe fruits of macroeconomic gains have also sarted trickling dovn to the)or. A song ecoomic growth alongith massive spening on social sector and povert related prognmmes a now bginning) yield dividends in trms of declining pverty and improvements inliving conditions a well ası social ıdicators Much progress haseen made but mch remains to be done. Maintaining the momeıtum anouilding n the gans will b both vital anchallenging. Sourl macro economic policies, inancial discipline continui of polies, politial and regional stably will be the key) sustain the momentum.

EXECUTIVE SUMMARY

Growth and Investment

The resurgent Pakistani economy has shown an impressive growth trajectory for the second year in a row with real GDP growing by 6.4 percent during the current fiscal year against 5.1 percent last year. This higher growth is underpinned by a buoyant industrial sector, which grew by a record 13.1 percent, and a services sector which grew by 5.2 percent. The agriculture sector has marginally under-paced real GDP growth by growing at 2.6 percent against 4.1 percent last year. However, this growth does not truly reflect the contribution of agriculture towards real GDP growth as higher prices of agricultural produce during the current year have fueled economic activity. The growth performance was quite impressive and mainly emanated from the industrial sector reflecting an enhanced productive, as well as, job creating capacity of the economy. The distinct feature of the growth patterns had more to do with the relative strength of domestic factors in different areas rather than the impact of global developments. On the internal front, fiscal stimulus and monetary easing have supported the growth of domestic demand. The driving force behind the initial phase of the recovery was the strong domestic demand for industrial goods and services.

The real GDP at factor cost was originally targeted at 5.3 percent in 2003-04, with agriculture and manufacturing growing by 4.2 percent and 6.8 percent, respectively. The real GDP ***at factor cost*** grew by 6.4 percent which is supported by 2.6 percent. 13.4 percent and 5.2 percent growth rates in agriculture, manufacturing and services, respectively. GNP at factor cost exhibited a deceleration in growth from 7.9 percent in 2002-03 to 5.2 percent in 2003-04 mainly due to a decline of 30.5 percent in net factor income from abroad.

The agriculture sector grew by 2.6 percent in 2003-04 which is lower than actual growth of 4.1 percent last year and a target of 4.2 percent. ***Major crops,*** accounting for 34 percent of agricultural value added, grew by 2.8 percent against a 6.9 percent rise in value addition for last year and a target of 5.5 percent for 2003-04. ***Minor crops,*** which contribute 12 percent of value addition in agriculture, grew by 1.7 percent in 2003-04 against a growth target of 3.5 percent and a slight increase of 0.4 percent last year. ***The Livestock*** sub-sector, which accounts for almost one half of overall value addition in the agricultural sector (49 percent), has witnessed a modest growth of 2.6 percent in 2003-04 against a target of 3.0 percent and an actual achievement of 2.8 percent last year.

The growth performance of the overall manufacturing sector was spearheaded by unprecedented growth in the ***large-scale manufacturing sector*** which grew by 17.1 percent against the target of 8.8 percent and last year's actual rate of 7.2 percent. The large-scale manufacturing sector, accounting for 68 percent of ***overall manufacturing***, recorded an impressive and broad based growth and helped overall manufacturing grow by 13.4 percent, against a target of 7.8 percent and last year's growth of 6.9 percent. ***Small-scale manufacturing*** continued to grow at an estimated 7.5 percent rate in 2003-04. ***The Construction sector*** grew by 7.9 percent against 3.1 percent last year and a yearly target of 5.4 percent. The ***Electricity and gas distribution sector*** registered a massive increase of 22.5 percent against a decline of 2.6 percent last year and a yearly target of 5.3 percent. The services sector grew by 5.2 percent against 5.3 percent last year. The ***wholesale & retail trade*** and ***transport, storage & communication*** **sub-sectors** grew by 8.0 percent and 3.9 percent, respectively against 5.9 percent and 4.0 percent last year.

The largest contribution to the real GDP growth rate of 6.4 percent came from the commodity producing sector (3.6 percentage points). Within this sector, the industrial sector alone contributed 3.0 percentage points with a major share coming from the manufacturing sector (2.2). The services sector contributed 2.8 percentage points or 43 percent to real GDP growth. As far as the composition of GDP is concerned, the industrial sector improved its share from 22.6 percent to 24.5 percent whereas; agriculture declined from 26.2 percent to 23.3 percent between 1999-

2000 and 2003-4. Due to tremenous growth in the recent past the share of themanufauring setor has icreasec from 14.8 percet in 1999-2000 to17.5 percent in 2003-04.

A sharp accelertion in per capita icome was witnessed durirg the last two yeas in doll terms rainly beause of a stable exchare rate and highereal GDP growth. Against an annual average ate of 1 percenin the 190s, per capita ncome gew at an averageate of 13.9 percent per anrum during the lasttwo yea (2002-4) and 1.0 percen during 203-04. The per cpita income in dollar termsincreased from $ 526 in 19-2000 $652 in2003-04 — an increase 24.0 percent in te last four years.

Total irvestmerpicked up sharplto 18.1 percent of GDP in 2003-04 against 16.7 perce last yer. Fixed investment alscose sharply to 164 percent of GDP against 14.8 percent last year. ***Priva sectoinvestmnt*** also increased from 1.2 percent to 11' percent of GDP. ***Public sctor investment*** mprovesignificatly by mving from 3.3 percerof GDP last year 4.6 percent of GDP this year. Private sectorreal fixeinvestmnt grewy 7.9 percen as agaist an increase of .2 percent last year. Publicsector investmentalso accerated growin 40.8 percen in 20034. Most importarly, private sector real invesment in large-scal manufituring rgisteredin extra-ordinary growthf 25.4 percent in 2003-04 – indicating a sharp rise in private sedor confence onhe econmy. Three other seors registered stear increases in overall inve:tment including cnstructi (15%),ransporand commnication32.7%) and owneship of dwellings (25%). Ntional savings as a percenge of GP remaied flat at around 20.0 ercent over the lat two years mainly on accoint of a significant mproveent in th currentaccount balance. The naional savings ratehas increased by 8.3 percentage points of GDP since 198-99. ***)omesti savings*** stood 17.8 percent of DP in 2003-04 against 16.8 percent last year.

Agriculture

Pakistan's econmy has undergonconsiderable diversificationover the years, yetthe agridtural seor is stilthe largestsector. Vth its present conibution to GDP at 23.3 percent it accounts for 42.1 perct of the ital emplyed labour orce ancs the largest soure of foreign exchange earnirgs by serving as the base stor for te countr's major industres like tetile and sugar. It aso contributes to growth by roviding raw mateials as ell as beig a maret for industral produs. What happens,herefore, to agriculture is boind to have a subsantial inact on th growth f overall GDP. Over the lst one decade i.e.1990s(Table 2.1) agriculturegrew at an annual average te of 4.5ercent er annumbut was uite volatile, risingas high as 11.7 percent anddeclining by as much as 5.3ercent. he overl performance of griculture during (200-01 and 2001-02) was depressed as it was adverselaffected y the unprecedented ought situation. Aricultural growth showed a regative trend for these two ears (Se Table 2). However during 2002-03, the exter of water shortage was relaively less and Agriculture grv by 4.1ercent See Table 2.1). Durg 2003-04, the wie spread rains and increasel snowfall in the cachment eas conibuted t an improvement in e water situation s agriculture grew by 2.6 pecent. Slower growh in agridtural dung 20034 is mainlyattributeto a decline in prouction of cotton followed by he slower growth i livestoc the largst contnutor to agricultural grovn. Furthermore, th shifting of slaughtering fron livestock to manuacturing so slowd livestoc growth and hence agridtural growth. Likeise, a 2 percent growth of fiheries against the 3.4 perct growthand last ear was due to he oil sp of the Tasman Sprit at the Karachi Port which illed millions of fish and conbuted tche slowr growth of agriculture.

As stated earlie the shortage of wter is receding. The canal head withdrawal in the Kharif 03 and abi 2003-04 seasors increased by 4.96 percen and 26.16 percent, respectively over the Kharif2002 anRabi 202-03. Mreover, the heavy snowll on the mountain during Winter 2003 will help fill the country's water reseoirs analleviatevater shortages to a geater extent for th Kharif Crops 2004. On the vhole, the water sittation in e currenfiscal yer appears better tan last year but st lesser than normal supplies.

The agricultural growth is estimated at 2.6 percent during 2003-04. Major crops, accounting for 34.2 percent of agriculture value added, grew by 2.8 percent against 6.9 percent last year. Minor crops, contributing 12.4 percent to agricultural value added, registered a weaker growth of 1.7 percent against 0.4 percent last year. Livestock, the largest contributor to overall agriculture value added (contributing 49.1 percent), grew by 2.6 percent in 2003-04 as against 2.8 percent in 2002-03. Fisheries accounting for 1.4 percent of agriculture value added has shown a growth of 2 percent against a growth of 3.4 percent last year. On the other hand, forestry contributing 2.9 percent to agricultural value added, grew by 2.9 percent as against growth of 11.1 percent last year.

Amongst the major crops, Wheat production is estimated at 19.767 million tonnes in 2003-04, as against 19.183 million tonnes last year, showing an increase of 3 percent. Rice production is estimated at 4.848 million tonnes in 2003-04, against 4.478 million tonnes last year, an increase of 8.3 percent. Sugarcane production has increased by 2.6 percent in 2003-04, from 52.056 million tonnes last year to 53.419 million tonnes in 2003-04. Cotton production has however, decreased from 10.211 million bales in 2002-03 to 10.048 million bales in 2003-04, showing a decrease of 1.6 percent. As regards the minor crops, the production of two major pulses, namely, masoor and mung have increased this year. Production of masoor has increased by 2.7 percent, followed by Mung (1.7 percent) during 2003-04. The production of mash declined by 13.7 percent. The production of onion is estimated to increase by 16.1 percent. The production of chillies and potato decreased by 29.5 percent and 4.7 percent respectively in 2003-04 over the last year. Agriculture credit disbursement of Rs.47.925 billion during July-March 2003–04, is higher by 27.3 percent, as compared to Rs.37.632 billion over the corresponding period last year. The fertilizer off-take stood at 2508 thousand nutrient tonnes in July-March 2003-04 or higher by 9.5 percent, as compared to 2291 thousand nutrient tonnes for the corresponding period last year.

Manufacturing, Mining and Investment Policies

The overall manufacturing sector continued to maintain its growth *momentum* during the current fiscal year. ***Overall manufacturing*** recorded an impressive and broad based growth of 13.4 percent, against a target of 7.8 percent and last year's growth of 6.9 percent. Large-scale manufacturing, accounting for 67.5 percent of overall manufacturing, registered an impressive growth of 17.1 percent in the current fiscal year (2003-04) against a target of 8.8 percent and last year's achievement of 7.2 percent. This is the highest growth in large-scale manufacturing ever achieved in the country's history.

The main contributors to this impressive growth of 17.1 percent in July- March, 2003-04 over last year are the automobile group (52.7 percent), the food, beverage & tobacco group (13.7 percent), the textiles & apparel group (7.0 percent), paper & board (7.9 percent), pharmaceuticals, (21.1 percent), and electricals (45.8 percent). The items that registered positive growth were cotton cloth (15.6 percent), and cotton yarn (1.9 percent) in the textiles group; vegetable ghee (13.6 percent); cooking oil (22.9 percent) and sugar (14.8 percent) in the food, beverages and tobacco groups; nitrogenous fertilizer (3.3 percent) and soda ash (3.1 percent) in the chemical group, cement (13.7 percent) in the non-metallic mineral products group and Jeeps & Cars (63.5 percent) and LCV's (5.6 percent) in the automobile group. The individual items exhibiting negative growth include; motor tubes (10.0 percent), buses (2.0 percent), wheat thresher (21.1 percent), electric motors (10.6 percent) and H. sheets (3.7 percent).

The output of the ***mining and quarrying sector*** has remained flat against 16.1 percent growth last year. The value added in crude oil decreased by 1.0 percent while in the case of natural gas it rose by 16.2 percent. However, the value addition in coal decreased by 2.0 percent. The principal minerals which have shown positive growth include; barite (3.5 percent), limestone (1.4 percent), fire clay (21.0 percent), rock salt (14.9 percent), sulpher (7.5 percent) and silica sand (34.7 percent). Negative growth was exhibited by soap stone (-3.9 percent), dolomite (-1.0 percent), and china clay (-20.0 percent).

Foreigndirect irestment has witnssed an increase of 9.3 pecent in the first ter monthsJuly-Apı, 2003-(l), whereas, net forgn investment stod at US $ 629.1 million against US $ 694.5 nillion la:year, sbwing a ecline of 9.4 percent. ie decline in forein private investment is because of the outflov of $13 millior n portfo investment durir this period agaist an outflow of $1.4 millionin the comparableperiod l:t year. The rise f 9.3 percentin Forein Direct Investmet (FDI) is attributed to inflovs in three sectors,namely,iining, uarrying nd oil & gas; traısport &ommunication ard finance. The group-wise break-up shows that the fincial busness has accounted for thlargest slice of FI at 31.3 percent followed ly 22.3 percent in Aining &il and gs exploation. The power sectcaccounted for a iere 2.0 percent in FDI. Thetrade, transport, storage a commnicationgroup received 17.7 pcent while the chmical, pharmaceutical & ferilizer group accounted for 3.1 perent shar. Petro-chemicals and rining accounted or 8.0 percent while construction improved fron 1.9 peent to 3 percer in total FDI. The textile dustry received 5 percent. As far as a counry-wise break-up s concerd, the iflows frm Switzerand accnted for 31.9 peent followed by the United States (27.2 percent), the K (12.0 ercent),he U.A.E (3.6 percet) and Saudi Araia (5.0 percent).

The privatizatioprogram maintaind its pace during 2003-04 nd succeeded in rivatizinsome hh ticket:ems despitean inhositable global envonment. By end March 2004, Pakistan had completed approvd 139 transacions witgross proceeds c Rs 134.4 billion. Of this, ar amount of Rs. 331 billionas receed durin the period uly-Marn, 2003-04 from the sale of the Government's shareholding in OGDCL, NP, POLARL, DCKhan Cemen, SSGC,hatta Cement, 5% GOP stake in HBL, Associated Cement, Rohri and % shas of Kuram Chemicals

Poverty

Poverty has may dimensions in Pakistan. The poor in Pakistan have not only lov incomebut the also lac access to basic needs sch as education,iealth, clean drinking water and proper sanitaton. Pakian did nt have a official povertyline untrecently. In the absence of any official poverty line various researchers ud their wn methds to arrive at differerpoverty lines to reasure the incidence of poverty. Accordingly, a large nmber ofstimate were availabe which iade the analysisdifficult. The Planning Comnission, adopted an official verty lie basedn a caloric iorm of 350 calories per adult equivalence per day anl minimum food requiremes. This pverty lin approximates toRs 748.56 per adlt per month in 2000-01.

The Federal Buau of Statistics (BS) conducted a sample Srvey of Househol Consuntion ExpenditureHCES) from April 19, toMay 6, 2004 with view to gauging the impac of socio-economi and meoeconic polics on the livirg conditns of the peaple f Pakistan. The Survey covred 5046 rural and urban huseholc from althe four provinces of Pastan. The finding of the Survey show that no only the incidence of povey has sinificantl declined but othr social indicatorsalso showed a marked impovement since 2000-01. Tl incidene of povrty at the natonal levı has declined by .2 percentage points with bth urban and rura poverty iowing gnificandecline in 2004 compard with 2001. Thes results should be taking a: indicative as they do not ver the ntire pend of 2004. A markeimprovement in ling conditions has also taken place. Indicatorslike the ajor soce of driking water, he type toilet used, and anitation --- all representingliving conditions, show a sifıcant nprovements over the last thre years. All education-related statistics also slow significant impovemen.

Fiscal Developent

Pakistan has mde considerable gn on the fiscal side. The oveall budget deficit has been nrowed, ie revene deficit has almost beenliminated and a pimary surplus has been maintained. Resultantly Public dt is fastmoving twards a sustainable leve Much progress hs been made towards fiscal consolidation. The vide-rangg tax ad tariff rerms as well as reforms the tax administrion have started paying divilends. Tax collectin by theentral Bard of Rvenue

(CBR) has picked up. As a result of prudent fiscal management over the last 5 years, the burden of interest payments on domestic budget has declined sharply, thereby, releasing resources for development and social sector program.

Total consolidated revenue is estimated at Rs.780.3 billion in 2003-04 as against Rs.720.8 billion last year, thereby, registering an increase of 8.3 percent. Total consolidated expenditure is estimated at Rs.957.7 billion which is 6.6 percent higher than last year. Out of the consolidated expenditure, the current expenditure is estimated at Rs.793.6 billion (82.9 percent of total expenditure) while public sector development expenditure excluding net lending (Rs.12.1 billion) (PSDP) amounts to Rs.152.0 billion (15.9 percent of total expenditure). Interest payments are the single largest item of total as well as current expenditures. Their share in total expenditure has declined from 29.7 percent in 2001-02 to 23.3 percent in 2002-03 and further to 21.1 per cent in 2003-04. The revenue deficit, a measure of government dis-saving, has nearly been eliminated from 3.0 percent of GDP in the 1990s. It was 1.7 percent of GDP in 2001-02 and was reduced to 1.4 percent of GDP in 2002-03 and further to 0.2 percent of GDP in 2003-04. During the last four years, the CBR has collected Rs. 202 billion more revenue and tax collection has increased by 65.3 percent. Net tax collection during the first ten months (July-April) of the current fiscal year (2003-04) stood at Rs 397.2 billion against the target of Rs 388.8 billion, thus surpassing the target by a fair margin. Against the annual target growth of 10.7 percent, tax revenue has grown by 12.8 percent in the first ten months of the current fiscal year.

The public debt to GDP ratio, after reaching 89 percent in 2000-01 mainly on account of an 18 percent depreciation in exchange rate vis-a-viz the US dollar has declined substantially to 70 percent as of end March 2004 — a decline of 19 percentage points of GDP in five years. In absolute terms, public debt grew by 2.8 percent during the first nine months (July-March) of the current fiscal year. The rupee component of the debt grew by 3.6 percent while the foreign exchange component rose by 1.9 percent. Public Debt was 317 percent of total revenue in 1979-80, increased to 505 percent by the end of 1980s and further to 627 percent by the end of the 1990s. Following the debt reduction strategy in which raising revenue was one of the key elements, the public debt burden in relation to total revenue has declined substantially to 488 percent by end March 2004. Domestic debt is estimated at Rs 2028.4 billion by the end of 2003-04, against Rs 1879.2 billion in 2002-03 (an increase of Rs 149.2 billion or 7.9%). However, during the first nine months (July-March) of the current fiscal year, domestic debt grew by 3.4 percent or Rs.64 billion in absolute terms. There are indications that domestic debt may remain below the budget estimates. As percent of GDP, domestic debt is expected to decline from 39 percent to 37 percent this year. By the end of 2003-04 the share of unfunded debt in domestic debt is likely to decline to 44.1 percent from 48 percent last year, mainly because of the rationalization of interest rates in various instruments of the national savings schemes. The share of floating debt comprised of short-term instruments has declined sharply from 39 percent to 27 percent over the last five years. The share of permanent debt (mostly medium to long-run), increased by almost 10 percentage points — rising from 20 percent to 29 percent in the last five years. The share of short-term debt has declined by almost 11 percentage points — from 45 percent to 34 percent. Accordingly, the share of long-term debt has increased by the same margins.

During the last five years, the debt servicing liabilities have declined sharply from 64 percent of revenue to 35.4 percent of revenue and 54.4 percent to 34.8 percent of current expenditure. Interest payments as a percentage of revenue have been reduced to one-half (41 percent to 20 percent) over the last five years. Similarly, their share in total expenditure declined from 30 percent to 17 percent during the same period. Most importantly as a spercentage of GDP interest payments declined from 6 percent to 3.0 percent in the last six years.

Money and Credit

Pakistan's banking and financial sector is much stronger today compared to the recent past and also in comparison to other countries in the Asian Region. The State Bank of Pakistan now conducts monetary policy through market-based monetary and credit management, strong corporate governance has been introduced, the foreign exchange regime has been liberalized and the SBP's capacity for supervision and prudential regulations has been strengthened. The major challenge for the country's monetary authority is to build a robust financial system in an environment of gloal financial restrcturing. Further reforms in he banking and firancial sctor overhe medim term mus: includepromoting transprency and accountability, oservance of intenational andardsstrengthning the financial syste through better fiancial supervision, further)rivatization of puilic sectoanks a well as divesting their shaes through stock xchanges to retail investors.

The State Bank o Pakistan continud with its easy monetary poicy stance during he curre fiscal yar with aview to reinforcing the rong growth momentum. As a result, the inteest rate environment remaed invement-frindly not only for businesses but also for te middle class borrowers. Accordingly, the SBP set thtarget fr monetay expansion to the ne of Rs 230 billn or 11.1 percent higher than last year. The net foreigassets NFA) of e banking system wre targeted to incease by Rs 130 billion and net domestic asses (NDA)ere set increae by Rs 100 blion. Wiin the NDA, cred to the private sector was pojected to expanc by Rs 8billion vile Rs 6billion was earmarked fcpublic sector entrprises (PSEs). The goverment sector was expected remairiscally pudent and therefore a mager amount of R 15 billion was earmarked or net budgetary borrowing and a rtirementf Rs 6 billion was projeted for commodit operations. The overall monetary expansion arget waconsistnt with areal GDP growth of 5.percent, inflationf 4 percent, and an export arget of $ 12.1 bilon for 2l3-04.

The monetary expnsion during JulyMarch 2003-04 amounted o Rs 254.8 billion 12.26 pcent) compared t an expansion of Rs 21.2 billion (11.99percent) in the same periodof last year. During July-Mch 2003-04, the DA of the banking syste increased by Rs204.4 billion (13.28 percent) against a declineof Rs 4? billion 2.98 peent) in the correspondg period of last yar. The increase in NDA has resulted mainly due to a assive epansiorof private sector cret which had an unprecedented increase of Rs 244.6 billion in the first nirmonthsof the curent fiscal year againsRs 106.6 billion inthe corresponding period of last year..This upward grcth reflects renewd private sector cordence in the bas: macroeconomic fundamentals and is thus a source occelerang econmic growth inthe couny. However, theaccumulation in NFA was reatively subdued a Rs 50.4illion compared t an accumulation of F 256.9 billion in te corresponding period of last year.

Capital Market

The capial marke in Pakistan hav witnessed a substantial improvement since 1999-200with thespectacuar performance of th KSE 100 index, which crossed 5600 points in April 2004, (doubing the nuary 203 leveland market capitalizaton increasing fror Rs 555 billion ($ 9.5 billion in January 2003 to Rs 14:0 billior($ 25.0 illion) in April 2004, (ancrease of 159 pecent). The KSE 100 index tuched an all timehigh of 520.7 poits on Aril 19, 2004. A record tuover of over a bion shares was also seen twice in the year, first on Augst 8, 203 and thn on April 15, 2004. Th fiscal year 2003-04 has been a record year for the stock marke in Pakisan, with n-preceented growth in market ctivity.

The land-mark peormance of the sock market during the curret fiscal year can be attribud to a nmber of positive factors inuding; a continuaion of pro-growth macro-economic policies; a stable mroeconmic environment; strcg economic grown; a stable exchange rate; a positive privatizaton proces throug the caital markets; a visiblemprovement in th Pakistan-India relationship; appropriate refoms initiad by theSecuritie and Exchange Commsion of Pakistan SEC); the availability of adequate liquidity in the markegood oprating ad financialresults fim the majority ofblue chip companies and the enhancement of nvestor nfidenc, etc.

Over the past fewyears, the Securies & Exchange Commission of Pakistan (SEC has tak measies to reiore confidence of bot foreign and domstic investors by endeavorig to ensure that the markeunction in a smoth and transparent manner. The SEC has actively pursued a capita market reform program gered towrds the development of amodern and efficint corporate sector and capial market, based on sounregulator principes that provide the impes for high econonc growth.

During the first ten months of the current fiscal year the KSE share index has increased by 59.6 percent (from 3402.5 points on June 30, 2003 to 5430.4 points on April 30, 2004). Similarly market capitalization has increased by 92.4 percent or from Rs 746.4 billion on June 30, 2003 to Rs 1436.0 billion on April 30, 2004. In terms of US dollars the market capitalization of the Karachi Stock Exchange was about $ 25.0 billion on April 30, 2004 increasing from $ 6.78 billion in the end of June 2002 and $ 12.92 billion in the end of June 2003. Out of the 15 leading stock markets in the world, the KSE share index increased by 61 percent in terms of US dollar during July-April 2003-04, surpassed only by India. The other 13 leading world stock markets recorded growths ranging from 7.0 percent (China) to 48 percent (Thailand) . It is pertinent to mention here that unlike the previous year, all the leading stock markets of the world posted positive growth in the current fiscal year, which may be an encouraging indication of the world economic recovery.

Inflation

Price stability has always remained high on the policy agenda of the government because of the cost of inflation and its socio-economic consequences. The Inflation rate as measured by the change in the Consumer Price Index (CPI), averaged 3.9 percent during the first ten months (July-April) 2003-04 against 3.3 percent in the same period last year. Food and non-food inflation have been estimated at 4.9 percent and 3.3 percent against 3.1 percent and 3.4 percent in the same period of last year. The increase in headline inflation during 2003 -04 is largely attributable to a significant rise in food price inflation in consumable items such as wheat, wheat flour, rice irri-6, meat, edible oil and fresh vegetables due to a supply shortage. However, the core inflation (non-food non-energy) remained quite subdued owing to the pursuance of prudent fiscal, monetary and exchange rate policies. The shortage of wheat was the result of below targeted production, a delay in import and the effect of a 16.7% increase in its support price .The demand-supply gap in the case of meat occurred on account of the bird flu virus. The extreme shortage of onion in the market was a consequence of damage by heavy rains in Sindh. Based on the trend in the prices of these items, the contribution of food inflation to the overall inflation has increased to 50% against 38% in the same period last year while a slower increase in non-food inflation over the last year has been due to a moderate variation in energy prices.

To contain inflation within limits, the government has taken various measures such as curtailing government expenditure through stringent fiscal discipline, supply arrangements through imports and a smooth distribution network for essential commodities. Throughout the year, the Committee on Kitchen Items now called the Sensitive Items Price Committee (SIPC) kept a constant watch over prices and the supply of essential commodities in its weekly meetings.

Trade And Payments

The growth in the external sector of Pakistan gained further momentum during the outgoing fiscal year 2003-04. This buoyant trend was broad based and can be attributed to an improved macroeconomic environment within the country on the one hand and an acceleration in world economic growth on the other. During July-April 2003-04, exports showed a double digit growth of 13.1 percent to $ 10,001.0 million against $ 8846.3 million over the same period last year, thereby achieving 82.7 percent of the export target set for the current fiscal year. Imports during this period grew by 19.0 percent – rising to $ 12,012.4 million from $ 10,097.8 million for the comparable period last year, causing the trade balance to expand by $ 759.9 million. The increase in imports was attributed to higher machinery imports of 22.5 percent, as well as, non-food non-oil imports which witnessed an exceptionally strong growth rate of 31.7 percent and can be considered a leading indicator of a surge in economic activity.

Notwithstanding a slow-down in the flow of remittances, the current account balance *(excluding official transfers)* during July – March 2003-04, remained in surplus for the 3rd year in a row at $ 1369 million against $ 2706 million for the same period last year. The surplus with official transfers was higher at $ 1859 million but lower compared to $ 3507 million over the same period last year. The net out-flow under the services account surged to $ 2260 million and ɔrivate transfers irhis period were o by $ 62 million. The forei(n exchange reser'es cros:d $ 12. billion ad were suffcient to ıance about one ear of imports giving much ıeeded stability tc the excınge ral. Thus, ıe Pak-rupes versus ıe US dollar app:ciated nominally by 0.5 pecent from the beg nning ofhe curret fiscal yar until Apri, 2004.

External Debt An Liabilities

Over the last four ears and in particlar with the establishment of the Debt Office n the Mistry of Fiance, a concerted effort hs been made to ahieve debt sustainability in the country. As a esult Pastan's eternal dot and liabilities have decned by $ 2.072 blion – down from $ 37.918 billion in 1999-200 to $ 3546 billic as of ed March, 2004. The ebt and liabilities when adjusted for SBP liqud reserves, have been recced fro $ 36.92 billion *(erd June, 200)* to $ 24.845 illion as of end March, 200 – a reduction of $ 12.084 llion. Hwever, eternal debt and liabilities during July – Marn, 2003-04 increased by about one percent o'er the lel of en June, 203 mainly on accoun of currency revalution. Likewise the amount paid on account of debt seicing of xternal ebt and liabilties has eclined to $ 4059 million *(end March, 2004)* fom $ 4349 million n end Jıe, 200 Similarl the rollover amount of ebt servicing als declined from $ 1908 millin to $ 1100 millio.

Pakistan has witnssed two extraornary events during the currnt year. First, on January 1, 2004 akistan repaid $ 1.17 billion f high cost externl debt to the Asian Develo ment Bank. The second mor ever was the strategic re-entry Pakistan into th international capital markets through the floatition of 500 milln Eurobnd on February 12, 200 at a fixed rate cooon of 6.75 percent. The orler book swelled to $ 2.0 bion (a for times versubscripton) and ence the tightest ossible pricing was achieved for the bond. Ths reflecta vote c confidece by the interrational irestor community on Pakistan's economic polcies and reform agenda. Te re-ent into the internaticnal capit markets will helprepare Pakistan for a smooth graduation fron the IM prograr and thu reduce its depencnce on multilater institutions. As part of a dynamic debt management pcess, Pakistan transacted an intest rate swap to lwer the interest cost of its Eurobond with Stardard Chtered Bnk at a rte of 3.2275 percent ovr 6-month LIBOR This transaction should thus lower the cost of borrowi of the urobond ssue by as much as tw percentage point given a tame rate outlook.

Education

The education is bcoming one of th defining enterprises of the 21st century with the emergnce of globalizatin and increasing global mpetition. In this fast changing and competitve world, educatio and teınology re the mster keys for espectab survival and prgress of Pakistan. Pakistan needs to respond positivelto emerng opportunties and hallenges of globlization. Education is a key o change and prcgress.

Total nunber of Fblic and Private Istitutions at primary level is 156,100, middle level is 2816 and high scool level is 15059 in te financial year 203-04. Over the last five yers, primary, middle and hi school institution increased by 5.7 prcent, 12.7 percnt and 8.6 percent respectively. Similarly, total enrolme at pub and priate institutions, as dormented in table 1.2, registered an increase of 4.7 percent, 7.3 percent nd 6.0 ercent in primary, middle ad high school levs, respectively. It is encourging to note that enrolmen of girls cild incresed by 6.4 percent whe boys enrolmen increased by 3.5 percent ov.r the last four yes.

Literacy rate for both sexes is estimed at 54.0 percent in the current year. Literac rate fonale andfemale re estimated at 66.2 percent and 41.7 percent in the current year respectively and up from 548 percnt and 3.59 percent in 1998. Under the Educatio Sector Reforms, the Natioal Literacy Campagn enviges mang 13.5 million people liteıte to enhance th literacy rate to 60% by 200.

The Higher Education Commission (HEC) was established in September 2002 with a view to guiding higher education policy and assisting universities and degree awarding institutes in the pursuit of quality education at the seat of higher learning, both public and private. Its objective is to work with the academic community for qualitative and quantitative improvement of higher education and to aid in the socio-economic development of Pakistan.

We should stand committed to quality improvement in public service delivery at all levels in which civil society and private sector are our valuable partners so that we can move towards becoming a knowledge-based society spurring human development and economic growth. Private and public sector hand in hand can make great difference.

Health & Nutrition

The government attaches a very high priority to the improvement of health facilities so as to translate the economic success into social benefits. In Pakistan, the coverage of health facilities has improved over the years. The existing network of medical services consists of 906 hospitals, 4554 dispensaries, 5290 basic health units (BHUs), 552 rural health centres (RHCs) and the availability of 98684 hospital beds. Besides, there are 108062 doctors, 5530 dentists and 46331 nurses in the country. During the calendar year 2003, the population medical facilities ratio in terms of doctors works out to be 1404 persons per doctor, 27414 persons per dentist, 3296 persons per nurse and the availability of one hospital bed for 1536 persons.

The total outlay on health during 2003-04 is estimated at Rs.32.8 billion which shows an increase of 13.8 percent over last year and works out to 0.8 percent of GNP. The new health facilities added to the overall health services system during 2003-04, include the construction of 30 new facilities (25 BHUs and 5 RHCs), up-gradation of 35 existing facilities (25 BHUs and 10 RHCs), addition of 1600 hospital beds and training of 3500 doctors, 200 dentists, 2000 nurses and 4500 paramedics besides the recruitment of 17000 LHVs. To control the common diseases and to alleviate their pain and suffering, various health programmes like TB, Malaria and AIDS Control Programmes were also carried out.

The caloric intake per person has been estimated as 2529 per day in 2003-04 showing an increase of 2.6 percent over the previous year and per capita protein availability has increased from 64.3 grams last year to 65.8 grams in the 2003-04.

Population & Labour Force And Employment

Pakistan's population in mid-2004 is estimated at 148.72 million - 1.9 percent higher than last year. Pakistan's population has been growing at a decelerating pace. On the basis of the estimated population of 148.72 million and the participation rate of 29.61 percent, as per the Labour Force Survey 2001-02, the total labour force is estimated at 45.05 million. Of this, 30.19 million or 67.03 percent is in the rural areas and 14.85 million or 32.97 percent is in the urban areas.

A comparison of rural and urban participation rates reveals that the labour force participation rates are higher in rural areas as Pakistan's economy is mainly agrarian and agriculture is a family occupation there. The female labour force participation rate is far less compared to the male participation rate and as such their participation in economic activities is also low. The total number of the employed labour force in 2004 is estimated at 41.32 million compared to 40.48 million in 2003. The total number of employed persons in urban areas has increased from 13.12 million in 2003 to 13.4 million in 2004. Similarly, rural employment increased from 27.36 million in 2003 to 27.91 million in 2004.

The agriculture sector absorbs 17.4 million or 42.1 percent of the total workforce in 2004. This sector employed 18.09 million people in 2000 with a relative share of 48.4 percent. The share of the employed labour force in the community and social services sector, which was 14.2 percent in 2000, has increased in 15.5 percent in 2004. The share of the trade sector hε also increased fom 13.5 percent in 2000 to 14.8 percent whilethat of t manufcturing ector ha increased from 1.6 percent to 1:8 percent in the same perid. The constructio and trsport sctors acounted fc 6.1 percent an 5.9 percent workorce respectively in 2004. /bout 3.72 million people ime labor force wre estimated to b unemployed in 204 compared to 3.65 millio in 2003. The unemploymt has inreased om 7.82 percent in 200 to 8.27 percent ii 2004.

Transport An Communication

A good qualityransport and comunication system is an intgral part of a strog infrasicture. Ifrastrucire contributes to romoting growth, reating employment opporunities, and hence reducinpovertyThere ae large gaps n the avlability and qualit of the key infrastructure sevices in developing countrs, particlarly in lw incom develping coitries. Within coutries, coverage rates are lover in rural areas, where t majorit of the ppulation lives. But covëge in other area is also under pressure fron rapid rural-to-urban migran in may countes. Narrowing gap in access and qality will require sizeable increases in investmnt and sociate spending on operation and aintenance.

As of March 204, the total lengt of roads in the country wa 255,856 km, inclding 15975 of igh type 62 percent) and ?,881 km of low tye roads (38 percent). During the outgoing fiscal year, e lengthof high tpe road has increaseoy 3.1 percent ovr the last year but the lengt of low type roadshas deced by 1 percer. The total number motor vehicles o road stood at 5 million. Paistan Railways mjor asse include592 locmotives, 1882 passengr coaches and 22052 freight wagons. Duringthe first nine months of theurrent fcal yea it carrie 52.9 nillion pssengers and 4.6 nillion tons freight with gros earnings of Rs. 10.5 billic

The Pakistan iternational Airlins covers 38 international destinations and 24 lomestictations,ervicingalmost a partsof the cuntry. Its fleet conists of 47 aircrafts of various types. Beside thi, two prate airlies are ao operating on cal and internatioal routes. As a part of the feet replacement pan, PIA ceived tree widebody aircrafts 777-00ER upto March2004. The country has two najor seaports nanely, Kachi Sea ort and ort Qasim. The cuntry's biggest seport of Karachi has handlel 20,500 thousandtons of rgo durig July-March 2003-04, corrared with 20,011 housand tons of cargo durig the correspondig perioast yea which higher b 2.4 percent. Prt Qasim has harlled 11.2 million tones of cargo during July-March 20004. TheGwadar ort is being built wi Chinese assistance and its first phase will be completed by Mach 2005

The governmt is also according higher priority to the Infomation Technology(IT) secr. For pmotion f Information Tchnology, 1812 cies/towns/villages have been provided Interne facilitieas of Mrch 2004compare to 1350 citiesowns/ villages in une 2003 showing an increse of 34 percent. Total telhone lins instalid by March 2004 vre 5.0 million aginst 4.9 million up to June 2003 last year, shoving an irease c2.0 perent. Similarly withe launching of th prepaid connection of

U-Fne, mob phones have reched 3.7 million in numbers of March 2004 gainst 2 million p to Jun, 2003 showing a grwth of 54.2 percet. There are 0.191 million PCOs and 288 telegaph offis workig in the ountry.

Enegy

In Pakistan, rimary commerciaenergy supplies increased y 4.0 percent durng 20023 compred to 1. percent in the pervio year reaching 41 million tonnes of oil equivalent mainly due t an incrse in naral gashydel power and col at rates of 1.4, 18 and 0.3 million tonnes reipectively. However, the suly of oidecreasd by 0.4 million tonneof oil equivalent i 2002-03 due to a decline i the import of furnace and gh spee diesel l. The cement indusy has started usig coal, both local, as well a, imported to replce natu gas an furnaceoil. Ther is a need to eate an environmnt for the improvement of the energy sector ir Pakistain ordero introdce competition, that energy came made accessible, affordable, and reliable t the pece.

During July-March 2003-04 the production of crude oil per day has decreased to 62,139 barrels, from 64,905 barrels per day during the same period of last year, showing decline of 4 percent. The overall production of crude oil has also decreased to 17.1 million barrels during July-March, 2003-04, from 17.8 million barrels during the same period last year. Sector-wise consumption of petroleum products reveals that on average, the transport sector consumed 47.6 percent of the petroleum products followed by the power sector (31.9 %), industry (12.2 %), households (3.9 %), other government (2.5 %), and agriculture (1.8 %) over the last thirteen years i.e. 1990-91 to 2002-03.

The production of natural gas during July-March, 2003-04 was 3,173 million cubic feet per day against 2,648 mmcfd during the same period last year, showing an increase of 525 mmcfd or almost 20 percent. However, the overall production of gas has increased to 882,684 million cubic feet during July-March 2003-04 compared to 724,602 million cubic feet during the same period last year. On average the power sector consumed 34.8 percent of the gas, followed by fertilizer (23.9 %), industrial (18.9 %), household (17.7%), commercial sector (2.9 %), and cement (1.6 %) over the last thirteen years, i.e. 1990-91 to 2002-03.

The total installed capacity of electricity (hydel and thermal) has shown a significant increase of 9.6 percent over the first nine months of the current fiscal year and 19,478 MW. During July-March, 2003-04, 56,641 Gwh electricity has been generated against 54,426 Gwh in the same period last year, showing an increase of 4.1 percent. The total installed capacity of WAPDA stood at 11,436 MW during July-March 2003-04. Of which, hydel accounts for 58.6 percent or 6,696 MW, thermal accounts for 41.4 percent or 4,740 MW. The number of villages electrified has increased to 78,820 during July-March, 2003-04 from 73,807 in 2002-03 showing an increase of 6.8 percent.

More than 1,300 licences for the installation of CNG stations have been issued of which 500 CNG (38.5 %) stations have been actually established in different parts of the country compared to 362 in 2002-03, an increase of 38 percent upto March 2004. 450,000 vehicles have also been converted to CNG, compared to 300,000 vehicles last year (an increase of 50 percent)

Environment And Housing

I. Environment

The environmental crisis in the world has been caused by the over exploitation of its renewable as well as non-renewable resources. Developing nations are especially affected due to institutional failures as well as a paucity of resources. Of these, the former is particularly critical because with an adequate institutional network and its synergistic functioning, it is possible to make optimum use of whatever resources are available. Even where communities are aware of the dire consequences of environmental pollution and resource degradation, they may be unable to take adequate remedial action due to lack of options, knowledge, social mobilization and institutional support.

During the last decade, Pakistan has made diligent progress in the institutional strengthening and capacity building of policy and planning institutions, environmental awareness, and the promulgation of environmental legislation, National Environment Quality Standards (NEQS), and the establishment of environmental tribunals. The energy sector introduced lead-free petrol and since July 2002, all refineries in the country are supplying lead-free petrol and promoting clean fuels including CNG.

Air pollution levels in Pakistan's most populated cities are among the highest in the world and climbing, causing serious health issues. The levels of ambient particulates – smoke particles and dust, which cause respiratory disease – are generally twice the world average and more than five times as high as in industrial countries and Latin America. The Government offered numerous incentives to private investors to invest in CNG over the last decade with the result that today Pakistan is the largest user of CNG in Asia. Currently, 500 CNG stations are providing CNG to more than 450,000 vhicles all over thecountry. This has helped alot in lowering thepollutionoad in rany urba centers After the succesful CNG programme for petrol replacement,the government isnow emarking uon a prgramme to repace the ore polluting diesel fuel in the road transport sector. The goverment haplannedto offer icentives to investors to troduce CNG bues in the major cities of thecountry.

The combustic of coal is anothe main contributor to air pollition. The three main uses coal ai power, rick-kiln and fcr domes; purposes. Howver, since 1998-99, coal use has been decreasing graally in a the thre sectors and is being rdaced by natural as. During July – March 2(03-04, 3173 millio cubic ft of natral gas as supplied per d/ as against 2648million cubic feet per day dring the same peiod last ar, shoing an irrease o almost 20 percnt.

During the fisc year 2003-04, mjor projects under implemeniation with the ervironmeal sectc were Institutional Strengthening,Capacity BuildingMass Awareness, Forestryand Watershed Managemt, Fuel fficiencyn Road Transport andidustrial Efficienc and Environmental Management Sector DevelopmenProgran

II. **Hcusing Sctor**

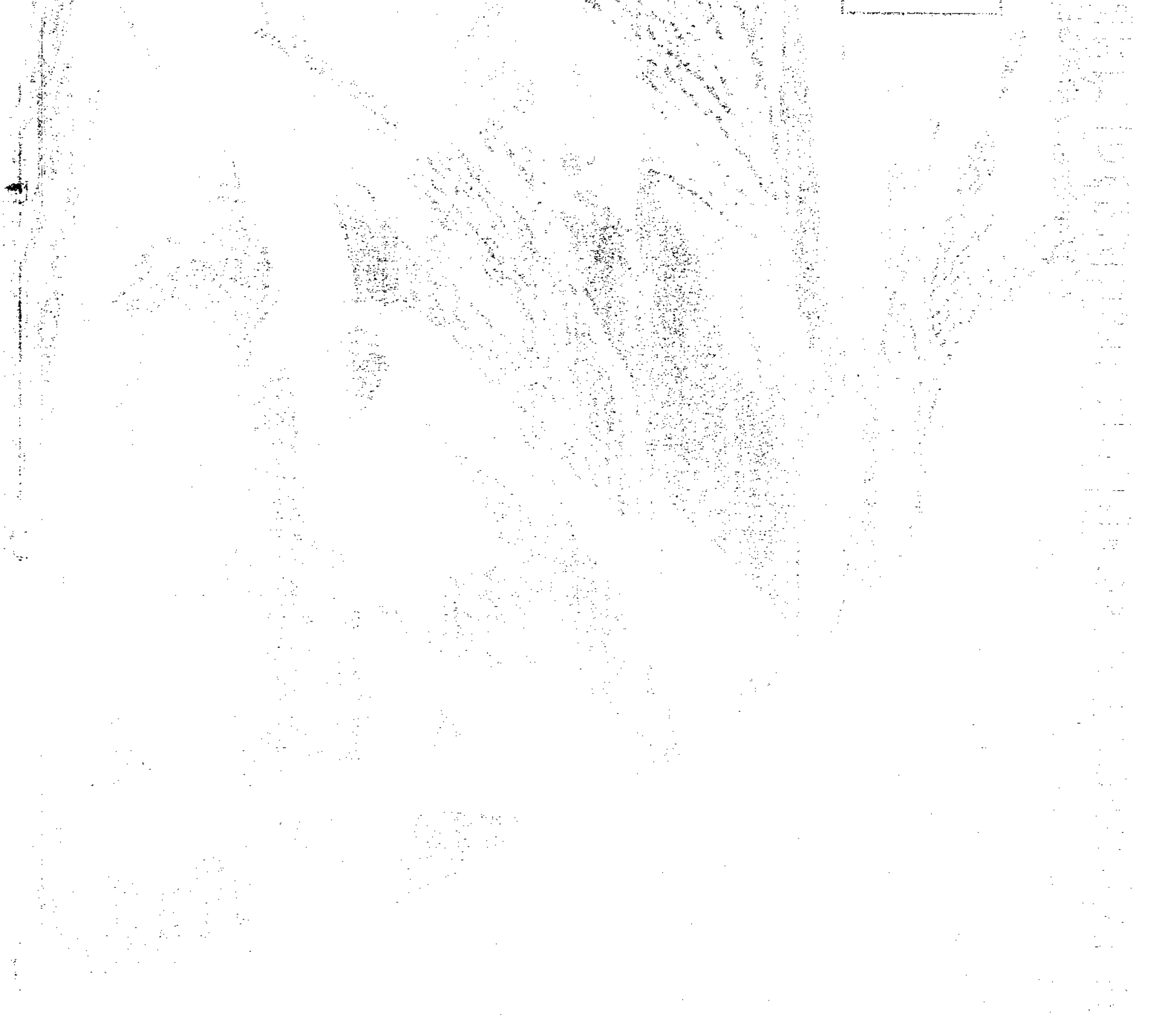
Globally, the cnstruction and hosing industry account for 1-12% of GDP and 7% of eploymet. The hosing an constuction irustry has enormus forward and backward likages and accordng to a odest eimate, 3-40 industries mo in tandem with tis sector. Therefore, the industry has the greaest empyment generatioipotentia (Empoyment lasticity is 0.8). It an also create low-paid jobs of Chowkidars aid ordina constrction woxers to medium-paid jos of Masons, Carpenters, Electricians, Painters, Plumber etc; and highpaid job for archects, engineers, degners, decorators contractors etc. It is for this reason that the gvernme has idetified thi sector as one of the te major drivers c growth. As is reflected in tle National Housinj Policy-)01 andhe Prim Minister's Initiives under the "Husing for All" program.

Pakistan has er 19.3 million Husing units in the country. About 24.8 million housing uits for aopulatio of 148. millio peoplere required. Hene, a shortfall of 5.5 million homes is estimatedas of enJune 204. On a annual basis we nee570,000 units aginst the actual supply of 30),000. Thus, there s an anal shortall of 27(000 unit and the backlq is rising. A numer of measures have been aken by the Govenment forevivinghe housig and construction sctor, which has ben declared a priority indusry. The governmeit has al annouced varius incertives in te National Housirj Policy for providing affordible housing for the poor. Aapid grcvth in hosing finance will sigificantly contribue to the economy in the forn of additional empoyment d suppt a variey of allie industries.

These measus include; the imrovement in the availability of housing financeby encoaging cmmercia banks t exterd housir loans, the reducon in interest rates from 17-18% to 7.5 to 8.5%, streaming of le legal fame wor for loan recovy of financial instutions, and the enhancement of bank exposue to houng finare from % to 10% of ne advancs. The maximum ousing loans per party limithas been increased from F.5 millio to Rs.1.0 millio and the maxirum debt-equity inreased from 70:30 to 85:15 The maximum loan tenureor housig financ has been increase from 15 to 20 yers and the maximum limit of lending for HBFC has bee increasd from Rs.20 millicn to Rs.5 million.

In the fiscal aa, the measuresaken include the enhancement of Tax credits on borrovg unde housingoans fromfinanciahstitutions from Rs.100,000/- or 25% of the inome of the mortgger, to F.500,00/- or 40% of the income of themortgager, whichver is less. The limit of property income for withholdingx has ben raise from Rs.100,000/- Rs.200,000/-. Te rate of withholding tax onproperty income his been duced fm 7.5%o 5%. CEDon wireand cables has ben withdrawn and excise dity on cement has een redied by 5% to lesen the cost of constiction.

1. Growth and Investment
2. Agriculture
3. Manufacturing, Mining and Investment Policies
4. Income Distribution and Poverty



GROWTH AND INVESTMENT

After a period of slack growth in the 1990s, the resurgent Pakistani conomy has shwn an impressive growth tijectory for the scond year in a row. Real GDP grewby 6.4 percent uring the current fiscal year aainst 5.1 percer last year. This higher growth is unerpinned by a buoyant industrial sector, which grew by a record 13.1 ercent, and a services sector whic grew by 5.2 pecent. The agriculture sector laged a bit by groing at 2.6 percent whie the sevices sector kep its growth momentumjust ove5 percent for th second year in a row. Lower intere rates and the esy availability of consumer financig helped keep onsumers' demand forindustri goods strong wile a relatively beter monsoon held the agricultue sector to grow at a modes: 2.6 perent.

Agiculturalproductn will benefit frm a return to more normal weathr patterns in Pakstan, and will thus contribute to th recovery of doestic output and expencitre. Hiher prices for agicultural goods translate into higherural incomes wich feed through to stronger rivate consumpon growth and future prospects forvestment. Theagriculture sector marginally uder-paced real GDP growth, with the services and inustrial sectors cntinuing to prcvide themain ner-term contributn to growth.

The distinct featuref the growth paterns had more to do with the relati strength of doestic factors in diferent areas thanhe impact of gloal developments. Theavailable evidene suggests that these trends contined in 2003-04. On the internal front, fiscalstimulusand monetary esing have supported the growh of domestic deand. The

Table 11: Regional Growth Performnce RealGDP Groth (%)

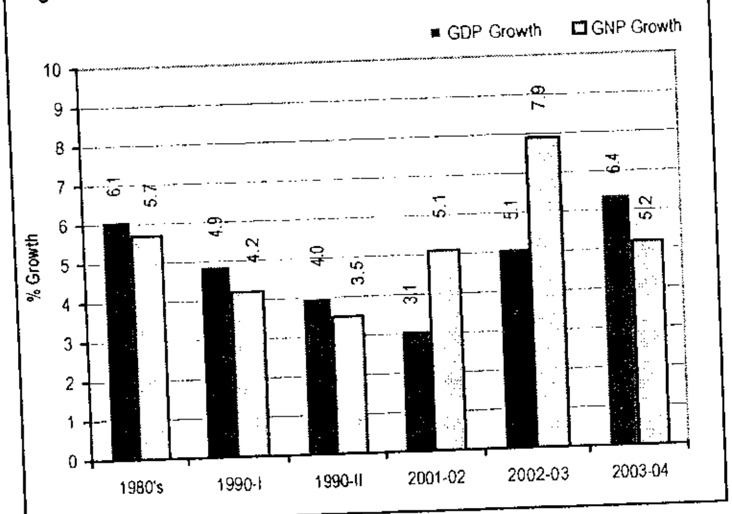
RegionCountry	2C1-02	2002-03	2003-4
World GDP	.4	3.0	3.
Euro Aea	.6	0.9	0.
United States	.5	2.2	3.
Japan	.4	-0.3	2.
Germany	.8	0.2	-0.
Canadı	.9	3.3	1.
Developing Countries	.1	4.6	6.1
China	.5	8.0	9.1
Hong Kong SAR	.5	2.3	3.
Korea	.8	7.0	3.1
Singapore	1.9	2.2	1.1
ASEA			
Indonesia	.5	3.7	4.1
Malaysa	.3	4.1	5.
Thailard	.1	5.4	6.7
Philippnes	.0	4.4	4.
South sia			
India	.0	4.7	7.4
Bangladesh	.8	4.9	5.4
Sri Lanka	1.5	3.9	5.
Pakistan	.1	5.1	6.4
Middle ast			
Saudi Arabia	.3	1.0	6.4
Kuwait	.6	-0.4	9.
Iran	.4	7.2	5.
Egypt	.5	3.2	3.1
Afric			
Algeria	.6	4.1	6.7
Morocco	.3	3.2	5.
Tunisia	.9	1.7	6.1
Nigeria	.0	1.5	10.
Kenya	.2	1.0	1.
South Africa	.7	3.6	1.

Source: Wrld Ecomic Outok (IMF April 204.

driving force behind the initial phase of the recovery was the strong domestic demand for industrial goods and services.

The growth performance was quite impressive and mainly emanated from the industrial sector reflecting an enhanced productive, as well as, job creating capacity of the economy. Table 1.1 documents the growth performance of selected regional economies in 2003-04. The performance of the major growth poles of the world economy (US and Japan) is likely to bounce back from a two year trough but the growth performance of the Euro Area economies continued to exhibit a declining trend. The major driver of growth in the Euro area, Germany, witnessed a marginally negative growth rate. Developing countries as a whole are expected to grow by 6.1 percent compared to 4.6 last year. China maintained an ever improving growth record as did the ASEAN countries with the exception of Korea. South Asia for the first time became competitive in this area as did countries in the Middle East. Africa, barring Kenya and South Africa, also showed above 5.0 percent growth. In South Asia, Pakistan was the second best performer after India but qualitatively Pakistan's growth was second to none as its growth was broad-based and touched almost all sectors of the economy.

Fig-1: Real GDP/GNP Growth



The real GDP at factor cost was originally targeted at 5.3 percent in 2003-04, with agriculture and manufacturing growing by 4.2 percent and 7.8 percent, respectively. The growth target was largely dependent on a recovery in agriculture, manufacturing, and a higher level of investment. Two major sectors of the economy, namely, manufacturing and services met expectations while the agricultural sector witnessed a slippage from the target mainly due to a pest problem in cotton, almost no rain in the month of March when it was needed most for good formation of wheat grain and a poor show from the minor crops. The real GDP *at factor cost* grew by 6.4 percent and was supported by 2.6 percent, 13.4 percent and 5.2 percent growth rates in agriculture, manufacturing and services, respectively.

During the first four years (2000-04) of the new decade, real GNP grew at an average rate of 5.4 percent. It exhibited a deceleration in growth from 7.9 percent in 2002-03 to 5.2 percent in 2003-04 mainly due to a decline of 30.5 percent in net factor income from abroad. Net factor income from abroad had increased by 460.7 percent during 2002-03. The defining factor between the two years was the slowdown in the inflow of workers' remittances during 2003-04 [See Fig-1.1]. With population growing at a rate of 1.9 percent, the real per capita GNP at market prices increased by 4.9 percent in 2003-04 against an increase of 7.7 percent last year.

Tremendous growth in real GDP and increased economic activity in the country has led to a reversal in the savings and investment gap. National Savings touched 20 percent of GDP for two years in a row while investment reached 18.1 percent of GDP during 2003-04. National savings as a percent of GDP witnessed considerable improvement over the last four years (2000-04) and averaged 18.9 percent of GDP. The rise in national savings can be attributed mainly to a significant turnaround in the current account balance which moved into surplus trajectory from an historical deficit.

Having discussedhe overall growi and investment scenarics, it is imperative to lookto the rowth prformace of the variots compnents of gross ntional product for the outgoing fiscal year 2003-04The peormane of the various componets of national inome over the last two decades is summarized in Tle 1.2.

A. Commodity Pducing Sector

The impetus for gowth has been oming from the services sector in recent years. Hoever, inhe curent yearhe commodity-produing sector is themain contributor with a gowth rate touching 7.7 pcent in 003-04against .9 percent last year nd has mainly ben spearheaded by a buyant large-scalemanufaturing sctor [Se Table .2].

Table 1.2: GrowtlPerformance of omponents of Gross National Product (% Growth AConstat FactoCost)

	1980's	1990's	2001-02	202-03	20034
Commodity Procing Sector	**6.5**	**4.6**	**1.3**	**4.9**	**.7**
1. Agriculture	5.4	4.4	0.1	4.1	.6
- Major Crcs	3.4	3.5	-2.5	6.9	.8
- Minor Crcs	4.1	4.6	-3.7	0.4	.7
- Livestock	5.3	6.4	3.7	2.8	.6
- Fishing	7.3	3.6	-12.3	3.4	.0
- Forestry	6.4	-5.2	-4.4	11.1	.9
2. Minng & Quarying	9.5	2.7	7.3	16.1	.0
3. Marufacturir	8.2	4.8	4.5	6.9	1.4
- Large Sca	8.2	3.6	3.5	7.2	1.1
- Small Sca	8.4	7.8	7.5	7.5	.5
- Slaughteng	-	-	3.0	3.0	.8
4. Corstruction	4.7	2.6	1.6	3.1	.9
5. Electricity & as Distribution	10.1	7.4	-7.0	-2.6	2.5
Services Sector	**6.6**	**4.6**	**4.8**	**5.3**	**.2**
6. Transport, Srage and Commuications	6.2	5.1	1.2	4.0	.9
7. Wholesale &Retail Trade	7.2	3.7	2.8	5.9	.0
8. Finance & Irurance	6.0	5.8	17.2	-3.2	.7
9. Ownership cDwellings	7.9	5.3	3.5	3.5	.5
10.Public Admistration & Defenc	5.4	2.8	6.9	10.1	.9
11.Services	6.5	6.5	7.9	6.3	.8
12.GDP (Consnt Factor Cost)	6.1	4.6	3.1	5.1	.4
13.GNP (Consnt Factor Cost)	5.5	4.0	5.1	7.9	.2

Soure: Federal Bureat of Statiscs and EonomicAdviser'sWing

i) Agriculture

The agrcultural ector has benefed from a return to more normal weather patterns is year,hus cotributingo a recovery in domstic output. Theagriculture sector was notperforming up tothe marin the rcent pat owingo a catastrohic droght which affectd the country for almost three years. The tavails owater sortageshave nw bottomed out to large extent dung 2003-04. However, a nodest growth rae of 2.6ercents not truy reflecng the contribution f agriculture towrds real GDP growth as higher prices of agricultur produc duringhe curmt year have fueleeconomic activi. The agriculture sector grew by 2.6 percent in 20(-04 whh is lover than ctual growth of 4.1 pcent last year ard a target of 4.2 percent. The slippage below the gwth taret is attbutableo a pest attack on th cotton crop in outhern Punjab, almost no rain in the month of Mah in what growng area affecting the fonation of wheat rain, and a poor show fron the minor cropsand a stisfacto performance c livestocc.

Major crops, accounting for 34 percent of agricultural value added, grew by 2.8 percent against a 6.9 percent rise in value addition for last year and a target of 5.5 percent for 2003-04. Major crops including wheat, sugarcane, and rice witnessed an increase in production of 3.0 percent, 2.6 percent, and 8.3 percent, respectively. However, the production of cotton witnessed a decline of 1.6 percent during 2003-04— the fourth year in a row that the production of cotton crop has declined. [See Chapter-2 for details]

Minor crops, which contribute 12 percent of value addition in agriculture, grew by 1.7 percent in 2003-04 against a growth target of 3.5 percent and a slight increase of 0.4 percent last year. The minor crops include; cereals, vegetables, fruits, condiments, oil seeds, fodder and others. The production of the two major pulses namely masoor and mung was up by 2.7 percent and 1.7 percent while the production of mash witnessed a decline of 13.7 percent. The production of chillies and potato registered declines of 29.5 percent and 4.7 percent respectively while that of edible oil witnessed an increase of 9.5 percent during the year under review.

The Livestock sub-sector, which accounts for almost one half of overall value addition in the agricultural sector (49 percent), has witnessed a modest growth of 2.6 percent in 2003-04 against the target of 3.0 percent and an actual achievement of 2.8 percent last year. The production of milk, eggs and mutton are estimated to have gone up by 2.9, 4.9 and 3.0 percent, respectively. The fisheries sector witnessed a growth of 2.0 percent against 3.4 percent last year and a yearly target of 4.5 percent. Components of fisheries such as marine fishing and inland fishing, contributed to an overall increase in value added in the *fisheries* sub-sector. The value addition in the *forestry* sub-sector increased by 2.9 percent against 11.1 percent last year.

ii) Mining & Quarrying

The output of the mining and quarrying sector has remained flat against 16.1 percent growth last year. The value added in crude oil decreased by 1.0 percent while in the case of natural gas it rose by 16.2 percent. However, the value addition in coal decreased by 2.0 percent, inspite of the fact that the cement industry has started using coal as a major source of energy. The principal minerals which have shown positive growth include; barite (3.5 percent), limestone (1.4 percent), fire clay (21.0 percent), rock salt (14.9 percent), sulpher (7.5 percent) and silica sand (34.7 percent). While negative growth was exhibited by soap stone (3.9 percent), dolomite (1.0 percent), and china clay (20.0 percent).

iii) Manufacturing

The growth performance of the overall manufacturing sector was spearheaded by unprecedented growth in the large-scale manufacturing sector which grew by 17.1 percent as against the target of 8.8 percent and last year's actual rate of 7.2 percent. The large-scale manufacturing sector, accounting for 68 percent of overall manufacturing, recorded an impressive and broad based growth and helped overall manufacturing to grow by 13.4 percent, against a target of 7.8 percent and last year's growth of 6.9 percent. This is the highest ever growth recorded in our recent economic history and has resulted from improvements in the macroeconomic environment, a general feel good mood in the economy, and the availability of consumer financing for durables at reasonable interest rates. Over the last four years (2000-04), large-scale manufacturing has registered an average growth rate of 9.7 percent per annum.

Major industries that registered positive growth include; sugar (14.8 percent), cement (13.7 percent), petroleum products (1.7 percent), cooking oil (22.9 percent), jeeps and cars (63.5 percent), LCV's (5.6 percent), cotton yarn (1.9 percent), paper and board (7.9 percent), soda ash (3.1 percent), motorcycles (71.0 percent), nitrogenous fertilizer (3.3 percent) and motor tyres (18.9 percent). The individual industries that depicted negative growth include; T.V sets (3.7 percent), electric motors (10.6 percent), sugarcane machine (19.0 percent), motor tubes (10.0 percent), buses (2.0 percent), H.R sheets (3.7 percent), plywood (21.4 percent), and glenicals (30.0 percent). *Small-scale manufacturing* continued to grow at an estimated 7.5 percent rate in 2003-04.

The Construction sector grew by 7. percent against 3.1 percent last year and a yearly target o5.4 perent. The government has identified housing nd construction as one o the major driver of groth and anouncd variou measures to boosthis sector in the Federal Budget 2003-04 Housing and cotstructio has reponded positivel to the incentves inspe of higher inpu prices and evidence suggests that there has beenn enonous rie in the demand for constiction related ra material. The *Electricity and gas distributin sect* registered a massive increase of 22.5 prcent against a ecline of 2.6 percent last year and a yearly target of 5.3 perent.

E. Services Sectr

The Services Secor has been grovng at a faster pace than the commodity producing sector of the economy for quite sometime but afer many years. This role has beerreversed. The srvices sector grew by 5.2 percet against 5.3 pecent last year. The *wholesale & retail trade* and *trnsport, storage & communication* su-sectors grow b 8.0 percent and 3.9 percent, respetively against 5. percent and 4.0 percent of last yea.

Table-1.3: Sectoral Contributio to the GDP growth (% Points)				
Sector	2001-01	01-02	2002-0	200-04
Agriculture	-06	0.0	1.0	06
Industry	08	0.6	1.3	30
- Manufacturing	14	0.7	1.1	22
Services	16	2.5	2.8	28
Real GDP (Fc)	18	3.1	5.1	64

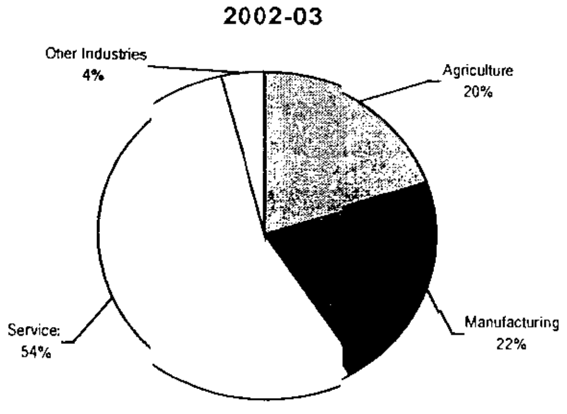
Soce: Fedral Bureu of Stattics.

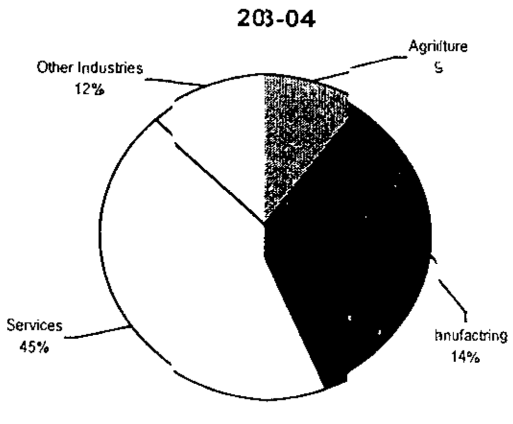
The Finance and Insurance sub-setor remained depressed as far as value addition isconcernd, decliing by 37 percent during 2003-04 against a target of 5.0 percent positive growth amidst last year declinof 3.2 prcent. *Public administratn and defence* grew by 5.9 percent against 10.1 percent last year. Two minr sector namely *ownership of dwengs and social srvices,* have maintained estimated growthrates of.5 percnt and .9 percnt, respectively.

Sectoral Contribution to Real GDP Growth

The largest contribution to the real GDP growth rate of 6.4 pecent came from he comodity producing sector (3.6 percentage points Within this secor, the industrial sector alone contributed 3.0 perceage poits with major share coming fronthe manufacturig sector (2.2). As eviden from Table 1.3, almost 5 percent of the growth (3.6 percentage points out of 6.4 percer of real GDP growth) cane from the commodity seor. The service sector contributed 2.8 pecentage points or 43 percent to real GDP growth. It is encoraging tat a maor contrbution is coming from the industrial sector wich shows that the job creation capacity ofthe ecomy is expanding. The contribution of eac sector to growt is summarized in Table-1.3:

Fig-2: Contribution to the Real GDP Growh

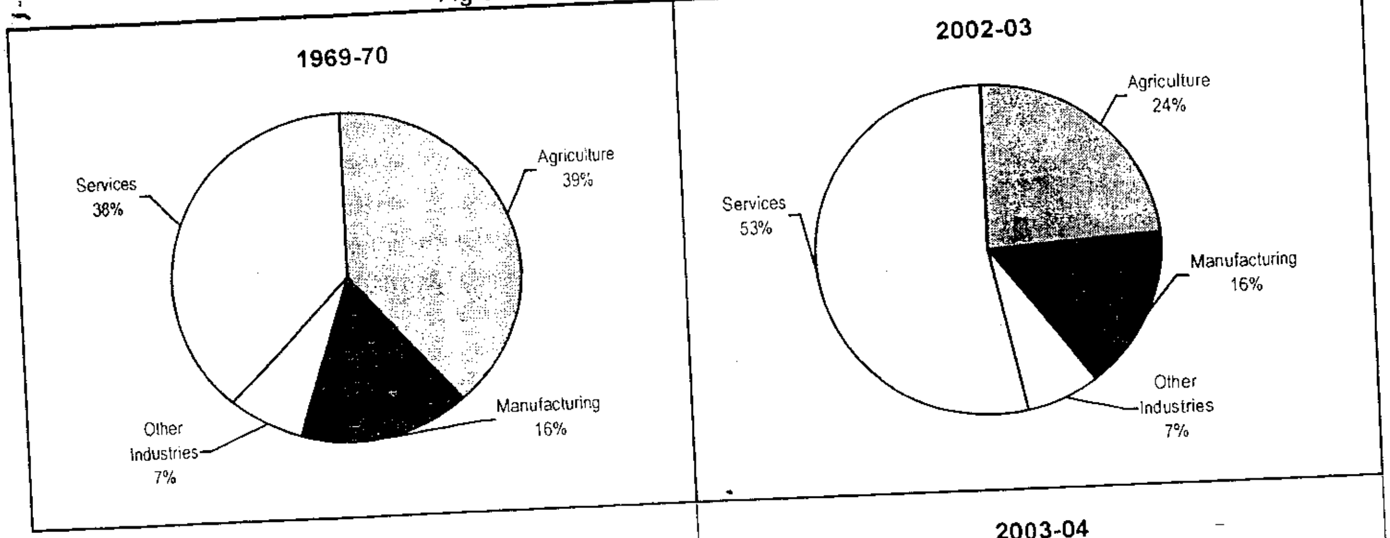


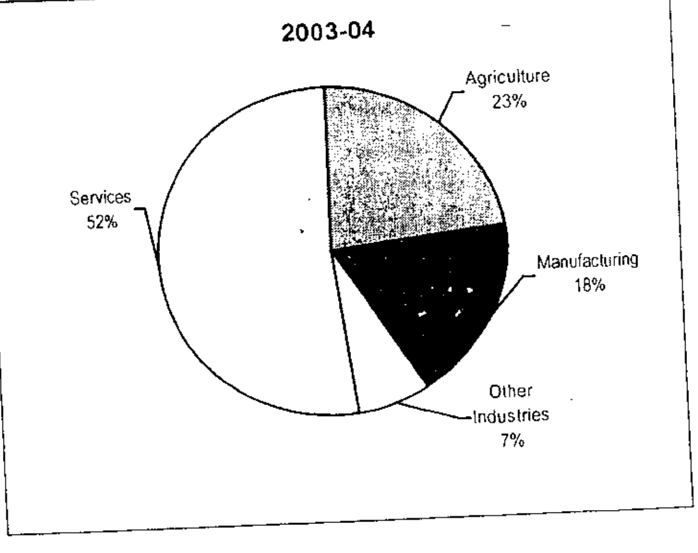


Composition of Gross Domestic Product (GDP)

The composition of the Gross Domestic Product has remained more or less unchanged during the decade of the 1990s. During the last five years the sectoral share of the services sector has hovered around 52 percent, while there has been a slight adjustment in the shares of the industrial and agriculture sectors with the industrial sector gaining the share lost by the agriculture sector. The industrial sector improved its share from 22.6 percent to 24.5 percent whereas; agriculture declined from 26.2 percent to 23.3 percent between 1999-2000 and 2003-04. Due to tremendous growth in the recent past the share of the manufacturing sector has increased from 14.8 percent in 1999-2000 to 17.5 percent in 2003-04.

Fig-3: Contribution to the Real GDP Growth





If viewed in the historical context, the share of the commodity-producing sector declined from 61.6 percent in 1969-70 to 47.8 percent in 2003-04 while the share of the services sector increased from 38.4 percent to 52.2 percent during the same period. Within the commodity-producing sector, the share of agriculture has declined substantially from 38.9 percent in 1969-70 to 23.3 percent—a decline of almost 15.6 percentage points in three decades. On the other hand the share of manufacturing has remained more or less stagnant in the vicinity of 17 to 18 percent. [See Table 1.4] Within the services sector the pattern has remained more or less the same for the last three decades with the exception of changes in the share of transport, storage and communication which expanded from 6.3 percent in 1969-70 to 11.1 percent in 2003-04.

Per Capita Income

Per capita income in dollar terms grew at a modest rate of 1.4 percent per annum in the 1990s because of relatively slower economic growth. A sharp acceleration in per capita income was witnessed during the last two years in dollar terms mainly because of a stable exchange rate and higher real GDP growth. Against an annual average rate of 1.4

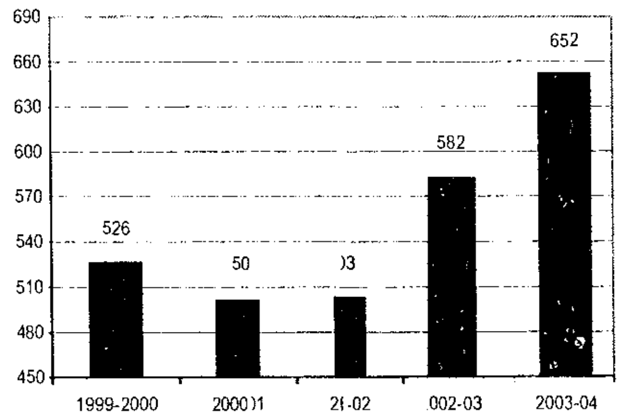
pe'cent in the 1990, per capita incoe grew at an average rae of 13.9 percen per anım durig the lat two yers (2002-04) and 12.0)ercent during 203-04. The per capita income in dollar terns incresed froı $ 526 ı 1999-2000 to $652 in 208-04 — an increse of 24.0 percent in the ast four years. Tle devebmentsn per cpita incme are depicted in Fig2.

Table 1.4: SectoraShare of VariouSectors in Gross Domesti: Product (At Constant Faor Cos (Percer)	1969-70	2000-01	2001-02	202-03	2003-4
Commodty Produing Sector	**61.6**	**48.2**	**47.3**	**7.2**	**47.**
1. Agriculture	38.9	25.1	24.4	4.2	23.
- Major Crops	23.4	8.6	8.1	8.3	8.
- Minor Crops	4.2	3.4	3.2	3.0	2
- Livestock	10.6	12.0	12.1	1.8	11.
- Fishing	0.5	0.4	0.3	0.3	0.
- Forestry	0.1	0.7	0.7	0.7	0
2. Minirg & Quarring	0.5	1.3	1.4	1.5	1
3. Manufacturing	16.0	15.9	16.1	6.4	17.
- Large Scale	12.5	10.5	10.5	0.7	11.
- Snall Scale	3.5	4.0	4.1	4.2	4.
4. Construction	4.2	2.4	2.4	2.4	2.
5. Electicity & Gs Distribution	2.0	3.4	3.0	2.8	3
Services Sector	**38.4**	**51.8**	**52.7**	**2.8**	**52**
6. Transport, Stcage and Commurcation	6.3	11.7	11.5	1.4	11
7. Whoesale anRetail Trade	13.8	18.1	18.0	8.1	18.
8. Finance and Isurance	1.8	3.1	3.6	3.3	3
9. Ownership of wellings	3.4	3.2	3.2	3.2	3
10. Putlic Admn& Defence	6.4	6.3	6.5	6.8	6
11. Other Servics	6.7	9.4	9.9	0.0	9
12.GDP (Constat Factor Cost)	100.0	100.0	100.0	)0.0	100)

P) Stands for provional. Source: Ecnomic Aviser's Vng, Finace Divisn

Savings and Invstment

Fig-4 Per Capita Income($)



Total investment pked up sharplyo 18.1 percent of GDP in 2003-0 against 16.7 pe:ent last year. Fixed capital formtion also rose sharply to 16.4 percent o GDP aainst 14.8 percet last year. The upward trend in irestment was sparheaded by the public sector whe the improvemnt is significant and moving from 6 percent of GP last year to 4.6 percent o GDP th year. This shows that the public sector is trying to rowd in private ector by creating spillovers to capitize upon. Privat sector investment also irreased form 11 percent to 11.7 percent of GDP. I an environmenof unutilized capacity within direrent industries,nvestment by the private sector carise only graduay. The temendcus grow in credit to therivate sector disbursed b banks and the additiondeman availabe in the market has giveni boost to investhent in the current fiscal year.

The private sector has been the engine of growth with the level and composition of public sector investment changing drastically over the past two decades. Real Gross fixed capital formation has increased by 7.9 percent during 2003-04 against 5.2 percent last year which means private sector investment is growing at a faster pace than the real GDP growth. Private sector real fixed investment also grew by 7.9 percent as against an increase of 5.2 percent last year – showing acceleration in investment. Public sector investment also accelerated by growing 40.8 percent in 2003-04. Most importantly, private sector real investment in large-scale manufacturing registered an extra-ordinary growth of 25.4 percent in 2003-04 – indicating a sharp rise in private sector confidence on the economy. Three other sectors registered stellar increase in overall investment. These include construction (15%), transport and communication (32.7%) and ownership of dwellings (25%).

Fig-5: Savings Investment Gap (As % of GDP)

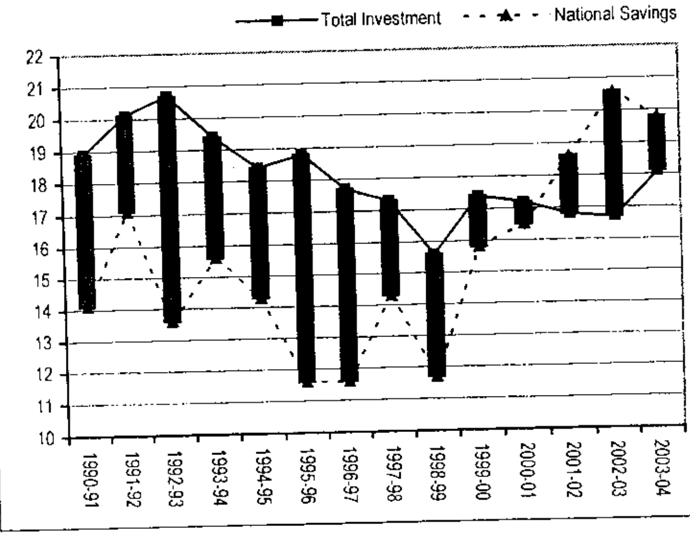


Table 1.5: Structure of Savings and Investment (As Percent of GDP)

Description	1999-2000	2000-01	2001-02	2002-03	2003-04 (P)
Total Investment	17.4	17.2	16.8	16.7	18.1
Changes in Stock	1.4	1.4	1.3	1.9	1.7
Gross Fixed Investment	16.0	15.8	15.5	14.8	16.4
- Public Investment	5.6	5.7	4.2	3.6	4.7
- Private Investment	10.4	10.2	11.3	11.2	11.7
Foreign Savings	1.6	0.7	-1.9	-3.8	-1.7
National Savings	15.8	16.5	18.6	20.6	19.8
Domestic Savings	17.1	17.8	18.1	17.4	17.6

P: Provisional

Source: Economic Adviser's Wing

Box-1: Re-Basing the National Accounts from 1980-81 to 1999-2000

It is a matter of fact that structural change takes place in production and the relative prices of various products in any economy over a period of time. On account of continuous developments and innovations a lot of new products appear in the market and while at the same time due to obsolescence many products disappear. Larger quality changes also result in the non-comparability of goods and services between periods. Furthermore, on the demand side consumption and investment patterns also experience structural changes. All these factors dictate a necessity to rebase the National Accounts series periodically. Rebasing the National Accounts series captures structural changes in the economy and thus gives a more accurate description. An important question is how often the base period should be changed. International practices of rebasing National Accounts vary considerably across countries with some rebasing after 5 years, others after 10 and some even changing the base every year. In the Asian region, the majority of countries, namely Bangladesh, Hong Kong, China, India, Nepal, Philippines, Sri Lanka and Thailand undertake the rebasing exercise every 10 years while Macau, Malaysia, the Republic of Korea and Singapore have undertaken their rebasing exercise at every 5 years.

As opposed to international practice, as well as that followed in the Asian region, Pakistan has delayed rebasing of its National Accounts for over two decades. As such, many structural changes which have taken place since 1980-81 until 1999-2000 in production and consumption have not been captured. The first estimates of the National Accounts were prepared in 1949 with 1949-50 as the base year. Following international practices, Pakistan's National Accounts were rebased after ten years with 1959-60 as the new base year. In 1972-73, the Federal Bureau of Statistics undertook the rebasing exercise to change the base from 1959-60 to 1969-70. Estimates were presented before the National Accounts Committee (NAC) but could not be finalized due to technical reasons. Another attempt was made to change the base of the National Accounts from 1959-60 to 1975-76 but this effort did not reach fruition. Yet another attempt was made in 1984-85 to change the base and after extensive deliberations the National Accounts Committee approved the change of base from 1959-60 to 1980-81. This exercise was completed in 1988.

Efforts have been made from time to time to change the base of 1980-81, first to 1990-91 and later to 1995-96 but they all failed. The result was that the National Accounts estimates based on the benchmark of 1980-81 became antiquated and did not capture structural changes that occurred over the last 20 years. As such, a number of economic areas remained either uncovered or under-reported and thus underestimated national income. The Annual Plan Coordination Committee (APCC) in March 1997 considered this issue and recommended to improve and rebase the National Accounts of Pakistan to make the GDP and investment figures more realistic.

Accordingly, a Technical Committee on National Accounts (TCNA) was constituted in the Federal Bureau of Statistics (FBS) for the improvement and rebasing of the National Accounts of Pakistan. The Committee set up eight technical sub-committees to assist the TCNA to look into the sectoral issues individually. The Committee examined inadequacies of existing practices and suggested an action plan in August 1997 to bring National Accounts estimates in line with the UN System of National Accounts (SNA 1993). The FBS accordingly launched a Research & Case Studies (RCS) project to undertake 23 studies covering various sectors of the economy for the purpose of providing an empirical and methodological framework to change the base to 1999-2000.

The RCS project started in July 2000 and all 23 studies were completed by June 2002. The Technical Committee evaluated these studies. Once they approved, the results were presented twice before special meetings of the National Accounts Committee (NAC) held on April 24, 2003 and July 1, 2003. Having gone through the original studies and the data, the NAC advised to verify and re-authenticate the data used and methodology developed by the above studies. Statistics experts from IMF and economists from PIDE vetted these studies and provided useful comments. As a result of the above efforts, the coverage of data and its consistency and credibility have been improved significantly. The National Accounts Committee in its meeting held in December 2003 approved the rebasing exercise and the National Accounts were rebased from 1980-81 to 1999-2000.

As a result of re-basing, the coverage of data has engulfed a new range of products, enterprises and economic activities (like IT, courier services, travel agencies, mobile phones, etc. For instance, large-scale manufacturing has now been estimated according to the Census of Manufacturing Industries of 2000-01 instead of 1980-81 and the number of manufacturing items has been increased from 91 to 128. As a result of re-basing, Gross Domestic Product (GDP) estimates for 1999-2000 have improved from Rs. 2952 billion to Rs 3529 billion showing an increase of 19.5% over the old base estimates. Estimates of the agriculture sector improved by 18.5%, the industrial sector by 18.0 % and the services sector by 23% over the old base. Per capita income has been estimated at Rs 27234 ($526) for the re-based year 1999-2000 compared to Rs.

22811 ($ 441) on the basis of the 1980-81 base. Similarly, estimates of fixed investment have improved by 34.3% to Rs 607 billion over 1980-81 based estimates of Rs 452 billion, mainly due to improved coverage.

Comparative Statement of GDP & GCFC Estimates for the Period 1999-2000 (Rs. Billion)

	1999-2000 Base	1980-81 Base	% Change
GDP	**3529**	**2952**	**19.5**
Agriculture	924	676	18.5
Industry	798	1496	18.0
Services	1807	1496	20.8
GCFC	**607**	**452**	**34.3**
Agriculture	75	34	120.6
Industry	241	176	36.9
Services	225	178	26.7
General Government	66	65	1.7

Note: GCFC is Gross Fixed Capital Formation

The gigantic task of rebasing the National Accounts from 1980-81 to 1999-2000 is the third rebasing in the country's history. There are many economic activities which are still to be covered in these accounts in the wake of rapid economic development and scientific and technological (especially IT related) changes taking place. Newly emerging activities pose yet another challenge to National Accounts. The National Accounts Committee (NAC) has already decided that the National Accounts should be regularly rebased after every five years and the next rebasing should now be carried out in 2004-05.

The contribution of national savings to the domestic investment is indirectly the mirror image of foreign savings required to meet investment demand. National savings as a percentage of GDP hovered around 20.0 percent over the last two years mainly on account of a significant improvement in the current account balance which eliminated the need for recourse to foreign savings to finance domestic investment. It is note worthy that the national savings rate has increased by 8.3 percentage points since 1998-99. National savings, when adjusted for net income from abroad, gives us domestic savings which stood at 17.8 percent of GDP in 2003-04 against 16.8 percent of GDP last year. This is because of a massive increase in net factor income from abroad during the last two years. During the last four years (2000-04) domestic savings as a percent of GDP averaged 17.6 percent against an average of 14.0 percent in the 1990s.

AGRICULTURE

CHAPTER– 2

Pakistan's econoiy has undergon considerable diversificaton over the year;, yet thagricultral secor is stillhe argest sector of te economy. Witl its present contribution t(GDP at 23.3 pecent it acounts or 42.1 ercent f the otal empoyed laour force and is e largest source of foreign exchange earrings byerving a the bae secto for he county's majr industries like extile and sugar. It also contributes to growh by pviding rw mateials as well as being a markefor industrial prducts. What happens, theefore, to agricultre is bund to hve a sustantial mpact on the groth of overall GDP. Over the last one decale i.e. 1990s(Tabe 2.1) aricultur grew a an annal average ate of 4 percent per anum but was quite volatile,rising as high as11.7 peent andeclinig by as uch as 5.3 percent. Te overall performance of agriculture during (2000-01 and 2001-02) as advesely affcted byhe unprececented drought situation. Agricultural growth showec a negative trendfor thes two yers (SeeTable 2.1). However during 2002-03, the extet of water shortage was elatively less anc Agriculre grevby 4.1 ercent See Table 2.1). Durin 2003-04, the wde spread rains and increased snowfall in he catchent aras contbuted an mprovenent in te water situatioras agriculture grew by 2.(percent (See Taole 2.1)

Slower growth inagriculture during 2003-04 is mainly attributed to a deline in productio of cotton followed by the sower growth in livestock, the largest contributor to agcultural growth. Furthermore, shifting of slaughering from livestck to manufacturing ao slowed livestok growth and hence agricultur growth. Likewis, 2 percent growth of fisheris against the 3.4percent growth of last year is due t oil spill of Tasmn Spirit at the Karachi Port killig million of fish aso contributed in the slower growt of agriculture.

Tabe 2.1: Agriculture GrowthPercent

Year	Agriculture	Major Crops	Minor Crops
1990-91	4.96	5.69	3.1
1991-92	9.50	5.48	2.7
1992-93	-5.29	-5.60	3.5
1993-94	5.23	1.24	12.2
1994-95	6.57	3.69	6.1
1995-96	11.72	5.96	4.9
1996-97	0.12	4.33	0.4
1997-98	4.52	3.27	8.3
1998-99	1.95	0.02	4.3
1999-00	6.09	5.42	-9.0
Average of 1990s	**4.54**	**4.08**	**3.4**
2000-01	-2.2	-9.9	-.2
2001-02	-0.1	-2.5	-.7
2002-03	4.1	6.9	.4
2003-04 (P)	2.6	2.8	.7

P=Provisional.

As stated earlierthe shortage of water is receding. The canal head withdrawal in the Kharif 2003 and Rabi 2003-04 sesons increasedby 4.96 percent and 26.76 percet, respectively oer the Kharif 2002 and Rabi 2002-03. Moreover, with heavy snowfall on the mountains dring Winter 2004 would help fill the country's water reservoirs and allviate water shortages to a greater extent for the Kharif Crops 2004. Onthe whole, the water situaton in the currer fiscal yar appears better than last year but still lesser than normal supplies.

The agriculture growth is estimated at 2.6 percent during 2003-04. Major crops, accounting for 34.2 percent of agriculture value added, grew by 2.8 percent against 6.9 percent last year. Minor crops, contributing 12.4 percent to agricultural value added, registered a weaker growth of 1.7 percent against 0.4 percent last year. Livestock, the largest contributor to overall agriculture value added (contributing 49.1 percent), grew by 2.6 percent in 2003-04 as against 2.8 percent in 2002-03. Fisheries accounting for 1.4 percent of agriculture value added has shown a growth of 2 percent against a growth of 3.4 percent last year. On the other hand, forestry contributing 2.9 percent to agricultural value added, grew by 2.9 percent as against growth of 11.1 percent last year. The situation of major crops for the last five years is presented inTable-2.2.

I. Crop Situation

There are two principal crop seasons in Pakistan, namely the "Kharif" the sowing season of which begins in April-June and harvesting during October-December; and the "Rabi", which begins in October-December and ends in April-May. Rice, sugarcane, cotton, maize, bajra and jowar are "Kharif" crops while wheat, gram, tobacco, rapeseed, barley and mustard are "Rabi" crops. Major crops, such as, wheat, rice, cotton and sugarcane account for 91 percent of the value added in major crops. The value added in major crops accounts for 34.2 percent of the value added in overall agriculture. Thus, the four major crops (wheat, rice, cotton, and sugarcane), on average, contribute 31.7 percent to the value added in overall agriculture. The minor crops account for 12.4 percent of the value added in overall agriculture. The performance of the "Kharif" and "Rabi" crops is discussed in the ensuing pages.

Table 2.2: Production of Major Crops (000 Tonnes)

Year	Cotton (000 bales)	Sugarcane	Rice	Maize	Wheat
1999-00	11240	46333	5156	1652	21079
	(27.9)	(-16.0)	(10.3)	(-0.8)	(18.0)
2000-01	10732	43606	4803	1643	19024
	(-4.5)	(-5.9)	(-6.8)	(-0.5)	(-9.7)
2001-02	10613	48042	3882	1664	18227
	(-1.1)	(10.2)	(-19.2)	(1.3)	(-4.2)
2002-03	10211	52056	4478	1737	19183
	(-3.8)	(8.3)	(15.3)	(4.4)	(5.2)
2003-04(P)	10048	53419	4848	1771	19767
	(-1.6)	(2.6)	(8.3)	(2.0)	(3.0)

P: Provisional.(July-March)
*: Figures in parentheses are growth rates

Source: Ministry of Food, Agriculture and Livestock. Federal Bureau of Statistics.

a) Major Crops:

i) Cotton:

Table 2.3: Cotton, Area, Production and Yield

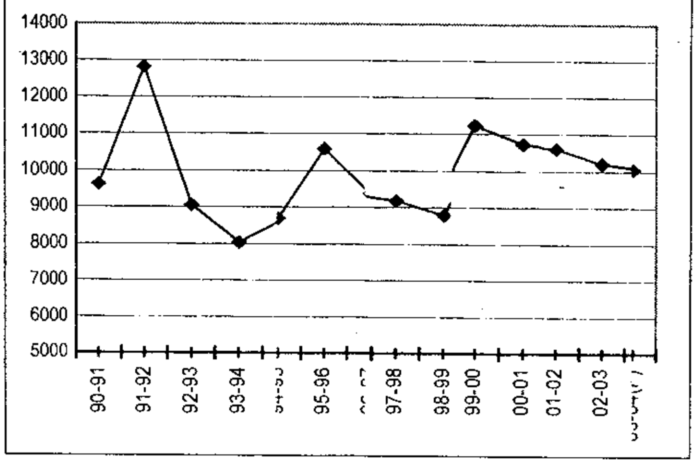
Year	Area (000 Hectare)	Area % Change	Production (000 Bales)	Production % Change	Yield (Kgs/Hec)	Yield % Change
1999-00	2983	2.0	11240	27.9	641	25.4
2000-01	2927	-1.9	10732	-4.5	623	-2.8
2001-02	3116	6.5	10613	-1.1	579	-7.1
2002-03	2794	-10.3	10211	-3.8	621	7.2
2003-04 (P)	2989	7.0	10048	-1.6	571	-8.0

P=Provisional (July-March).

Source: Ministry of Food, Agriculture and Livestock Federal Bureau of Statistics.

Cotton is not only an export earning crop but it also provides raw material to the local textile industry. It accounts for 8.2 percent of the value added in agriculture and about 2 percent to GDP. In addition to providing raw material to the local textile industry, the surplus lint cotton is exported. The production of cotton is provisionally estimated at 10048 thousand bales for 2003-04, which is 1.6 percent lower than last year. The pest attack in the early Kharif season is mainly responsible fbr the lower prodction. Cotton wa cultivated on an area of 2989 thouand hectares, wich was 7.0 percent hgher tha last year (2794housand hectares) Area, pduction and yied of cotton for the last five yearsire given in Tabl 2.3.

Fg-1: Cotton production (0(bales)



i) Rice:

Rice is ahighly vlued cash crop tat earns substantial foreigiexchange for th country. It accounts for 5.4 prcent of value aded in agriculture and 1. percent of GDP Production of rce durinj 2003-(is provisionallyestimated at 4848 thousand tones, which is 8.(percent higher than last year. Ric was cultivated n an area of 2461 thousand hetares, showingn increase of 10.6 percent ovelast year. The hiher production is due to improved vater availability. Area, production and yield of rice fr the last five yers are given in Table 2.4

Tabl(2.4: Area, Production nd Yield Rice

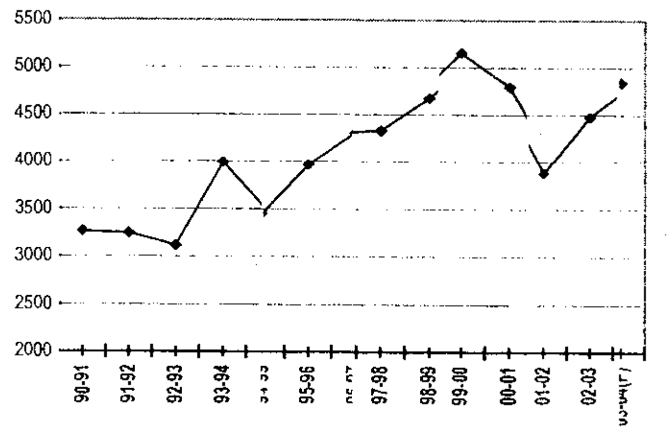
Year	Area		Production		Yield	
	(000 Hectare)	% Chage	(0 Toes)	% Clnge	(Kg/Hec)	% Canges
99-0C	2515	33	56	.3	050	6.3
00-01	2377	-55	43	.8	021	1.4
01-02	2114	-1.1	32	-.2	136	9.1
02-03	2225	53	48	.3	013	9.6
03-04P)	2461	106	48	3	070	2.1

P: Prvisional (July-March). Sourcelinistry of Fod, Agricuure and Livstock. Federal Breau of Statics.

ii) Sugarcane:

Sugarcare is a cah crop and servs as a major raw material for the piduction of whitesugar and gur. A small quantity of sgar is also prodced from sugarbee. Its sha in value addeof agriculture and GDP are 4.2 ercent and 1 pecent, respectively. Sugrcane was cultivted on an area of 1074 thousand hetares during thecurrent fiscal year, which is a dcline of 2.4 percnt from last year. The size of the suarcane crop is provisionally estimatec at 5341 thousand tonns which is higher by 2.6 pecent, ccpared to last yer. The higher production is due sufficient availbility of water which heped in iproving the yielc The area, production and yid per hectare fc the last five years are given irTable 2.5.

Fig-2 Rice production ((00 Tonne



iv) Wheat:

Wheat is the stap food of the peole and thus occupies a centraposition in formig agricultural policies. It contributes 13.8 percent tche valu addedn agricture and 3.4 percent t GDP. Wheat wa cultivated on an area of 8176 thousand hectares, howing 1.8 pecent increase over lasyear. The size othe wheat crop is provisionally estimated a 19767 busandonnes which is .0 percent higher thn last year. The ield per hectare also incrased by 1.2 percent. What prodction is ess thar target (20 million)by 1.2 percent bcause it was affected by lttle rain in the mcnth of Mrch. Th area, roductio and yield for the lst five years arejiven in Table 2.6.

v) Other Major Crops

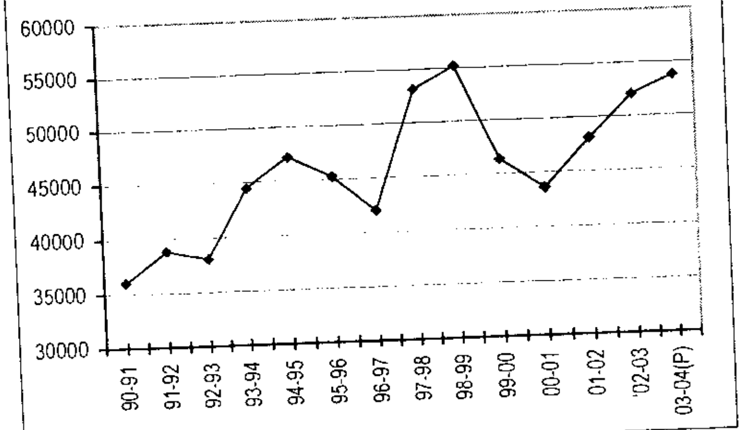
Except gram, tobacco and rapeseed & mustard all other major crops have registered increase over the last year's production. The production of gram, tobacco and rapeseed & mustard is provisionally estimated to decrease by 18.8 percent, 4.5 percent and 2.8 percent respectively. The production of bajra, jowar, maize and barley grew by 45 percent, 17.8 percent, 2 percent and 1 percent, respectively. The details are given in Table 2.7.

Table 2.5: Area, Production and Yield of Sugarcane

Year	Area		Production		Yield	
	(000 Hectare	% Change	(000 Tonnes)	% Change	(Kgs/Hec.)	% Change
1999-00	1010	-12.6	46333	-16.0	45874	-3.9
2000-01	961	-4.9	43606	-5.9	45376	-1.1
2001-02	1000	-4.1	48042	10.2	48042	5.9
2002-03	1100	10.0	52056	8.3	47324	-1.5
2003-04(P)	1074	-2.4	53419	2.6	49738	[illegible]

P: Provisional. (July-March) Source: Ministry of Food, Agriculture and Livestock. Federal Bureau of Statistics.

Fig-3: Sugarcane Production (000 Tonnes)



b) Minor Crops

i) Oilseed:

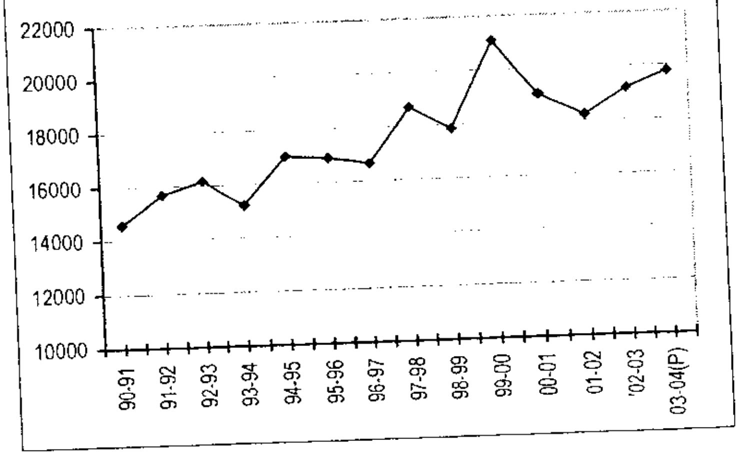
The major oilseed crops include cottonseed, rapeseed/mustard, sunflower and canola etc. The total availability of edible oils in 2002-03 was 2.199 million tonnes. Local production stood at 0.641 million tonnes which accounted for 29.15 percent of the total availability while the remaining 70.85 percent was made available through imports. During 2003-04 (July-March), local production of edible oil is provisionally estimated at 0.702 million tonnes which is higher by 9.5 percent than last year. During this period, 0.863 million tonnes of edible oil was imported and 0.198 million tonnes of edible oil was recovered from imported oilseeds. The total availability of edible oil from all sources amounted to 1.763 million tones during July-March (2003-04). The production of oilseed crops during 2002-03 and 2003-04 is given in Table 2.8.

Table 2.6: Area, Production and Yield of Wheat

Year	Area		Production		Yield	
	(000 hectares)	% Change	(000 tonnes)	% Change	(Kgs/Hec.)	% Changes
99-00	8463	2.8	21079	18.0	2491	14.8
00-01	8181	-3.3	19024	-9.7	2325	-6.7
01-02	8058	-1.5	18227	-4.2	2262	-2.7
02-03	8034	-0.3	19183	5.2	2388	5.6
03-04(P)	8176	1.8	19767	3.0	2418	1.2

P= Provisional.(July-March). Source: Ministry of Food, Agriculture and Livestock. Federal Bureau of Statistics

Fig-4: Wheat Production (000 Tonnes)



ii) Other Minor Crops:

The production of two major pulses, namely, masoor and mung are up by 2.7 percent and 1.7 percent respectively during 2003-04. The production of mash declined by 13.7 percent. Production of chillies and potato also decreased by 29.5 percent and 4.7 percent respectively due to decrease in area under these crops. Production of onion is estimated to increase by 16.1 percent over the last year. Details are given in Table 2.9.

I. Farm nputs

) Fertilier:

Fertilizer is one cthe key inputs t agricultural production. The omestic productin of fertilizer during the first nine mons (July-March 003-04) of the current fscal yeahas depicted ailncrease of 8.8 percent. On the her hand, the imort of fertilizer decreased by 24 percent, therefre, the total availabilty of ferzer is less by 1 percent in the current year. Theoff take of fertilir was however higher b/ 9.5 peent. The detailare given in Table 2.10.

ii) Impoved Sed:

Quality seed plas a pivotal role i boosting agricultral prodtion both in maet – oriented and subsistence farrng. The FederaSeed Certification & Registration Deprtment regulate quality during the flow of seed frorthe breeder to te growers. The Department perirms its functionthrough seventeen Seed Testing Laoratories and Fld Offices, establised in vaious ecological ones of the country.

To provde certid crop seeds tdhe growers in the public sector, th Seed Corporatin in the Punjab and Sindh and the Cpartments of Agiculture in Baluchistan andNWFP have bee entrusted the task of seedproductn, processing ad marketing. In the private sector 45 seed companis including five multinaionals hve been allowecfor certified seed producion, proessing and markting.

During July-Mah) 2003-04, 20.7 thousand tonnes of improved sed was procured hile 150.4 thousand tonnes of improed seed was disibuted. The distribuion of iroved seeds ws higher by 1.9 percen over thsame period of 002-03.

Tible 2.7: Area and Poductionf Other hjor Khaf and RatCrops

Cros	2012-03 Area (000 hectares)	2012-03 Producti (000 tonne)	003-04(P) Are (0C hectas)	003-04(P) Prouction (00 tones)	%hange in pduction
KHARIF:					
Maze	935	173	[illegible]1	771	2.0
Bara	349	18	[illegible]9	274	45.0
Jovar	338	20	[illegible]1	238	17.8
RABI:					
Grm	963	67	[illegible]6	548	-18.8
Baley	108	10	9	101	1.0
Raeseed & Mustard	256	21	[illegible]6	209	-2.8
Toacco	47	8	7	84	-4.5

P: Provisional (July-Marc). Sour: Ministry cFood, Agrulture and Ivestock. FederaBureau of tatistics.

Tible 2.8: Area and Poductionf Major Oseed Crps

Crps	2002-03 Area (000 Acres)	2002-03 Produon Seed (000 Tonnes)	2002-03 Produon Oil (000 onnes)	203-04 (P) Area (000 cres)	203-04 (P) Producon Seed (000 onnes)	203-04 (P) Producon Oil (000 onnes)
Cctonseed	6669	3451	414	7386	3430	412
Raeseed/ Mustard	649	217	69	690	242	77
Sunflower	398	278	106	577	404	153
Caola	223	136	52	265	159	60
Others	-	-	-	-		-
Total Oil			641			702

P= Provisional Sourc Pakistan Oilseed Dvelopmer Board.

Tible 2.9: Area and Pnductionf Other Inor Cros

Cops	200-03 Area (000 hectares)	200-03 Producti (000 tonn)	003-04(P) Ara (00 hectas)	003-04(P) Prduction 000 tnnes)	%hange in oduction
Misoor	49.0	22	51.0	30.0	2.7
Mung	257.7	134	256.0	140.8	1.7
Mash	55.4	21	48.7	25.1	-13.7
Pitato	115.8	1943	12.7	1854.7	-4.7
Oiion	108.1	1425	06.3	1657.9	16.1
Cillies	56.5	99	48.8	69.7	-29.5

P: Provisional (July-March. Sourcelinistry of ood, Agricuure and Listock. Federal ureau of Stistics.

iii) Mechanizaon:

Pakistan food security and surplses for export at competitve prices requirethe effient deviopmen and utiization of agricultural rsources. Costs c production of various crops are not compttitive dt to low roductiity mairy because of inecient farming prctices. The future challenges of the free market ancaster gbalisatn haveurther necessitated mdernization of aricultural machinery throujh the transfer ofthe late, most ficient nd cost effective technogy to the farmig system. The efficient use of scarce agriclture reurces nd accerated agriculture mecanization is, thefore, vital and demands comprehensive srategic anningor the fture.

Table 2.10:Production and Off-take of Fertilizer ('000' N/tonnes)

Year	Domestic Production	% Change	Import	% Change	Total	% Change	Offtake	% Change
1999-00	2263.0	20.0	662.8	-22.9	2925.8	6.5	2833.4	9.7
2000-01	2298.0	1.5	579.0	-12.6	2877.0	-1.7	2966.0	4.7
2001-02	2286.0	-0.5	626.0	8.1	2912.0	1.2	2929.0	-1.2
2002-03	2315.0	1.3	766.0	22.4	3081.0	5.8	3020.0	-
2002-03 (P)	**1694.0**	-	**729.0**	-	**2423.0**	-	**2291.0**	-
2003-04 (P)	**1843.0**	8.8	**552.0**	**-24.3**	**2395.0**	**-1.2**	**2508.0**	**9.5**

Source: National Fertilizer Development Centre.

P= Provisional (July-March).

In consideration of the role of precision in farm operations, the use of machinery has been encouraged through the provision of credit availability. No increase in the prices of locally manufactured tractors compared to previous year has been noticed. However, the number of tractor sales has increased substantially by 44.3 percent during July-March 2003-04 (25417) as compared to the same period of July-March 2002-03 (17617).

iv) Plant Protection:

Plant protection measures help in increasing per hectare yield by protecting crops from damages because, without effective protection against the attack of pests and diseases, the beneficial outcome of other inputs may not be realized. In this connection, the Department of Plant Protection provides facilities, such as, Locust Survey and Control, Aerial pest Control, Pesticide Registration and Testing etc. while the private sector carries plant protection measures including ground sprays. During July-March 2003-04, 21.9 and 33.2 thousand tonnes of agricultural pesticides were imported and locally formulated.

Table 2.11:Price of Locally Manufactured Tractors (In Rs.)

Tractor Model	2002-03	2003-04	% Change
MF-240 (50-H.P)	320,000	320,000	0.0
MF-260 (60 H.P)	399,000	399,000	0.0
MF-375E(75 H.P)	499,000	499,000	0.0
MF-385(85 H.P)	599,000	599,000	0.0
FIAT-480 (55-H.P)	320,000	320,000	0.0
FIAT-640 (75-H.P)	459,000	459,000	0.0
KOREAN LT-400D	435,000	435,000	0.0
UNIVERSAL U-640(65 HP)	436,800	436,800	0.0
UNIVERSAL U-530 (53-H.P)	317,000	317,000	0.0

Source: Ministry of Food, Agriculture and Livestock.

v) Irrigation:

Pakistan agriculture is almost completely dependent on irrigation. It is well known that an efficient irrigation system is a pre-requisite for increasing agriculture production. It provides food security against the vagaries of nature and enables the cropping intensity to be increased. Despite having a very good irrigation canal net work, Pakistan still suffers from the wastage of a large amount of water in the irrigation process.

The total inflow of irrigated water averaged 131.185 million acre feet (M.A.F.) during the last 26 years (1977-78 to 2003-04). Against this level of average inflow, the flows in major rivers were 131.062 MAF in 2003-04 or less by merely 0.1 percent. The canal head withdrawals averaged 98.603 MAF during 1977-78 to 2003-04, but declined to 97.501 MAF in 2003-04, thus registering a decline of 1.1 percent. During the monsoon season (July-September), the normal rainfall has been 137.5 mm while during the monsoon season of 2003, the rainfall received stood at 211 mm, suggesting a substantial increase of 53.4 percent. However, during winter (January to March 2004), the actual rainfall received was 42 mm while the normal rainfall during this period has been 70.5 mm indicating a decline of 40.4 percent over the normal rainfall. The details are in Table 2.12 (a&b).

Table 2.12 (a): Irrigation Water Situation (Million Acre Feet)

	Average 77-78 to 03-04	2003-04	Shortage	% Shortage
Inflow	131.185	131.062	0.123	-0.%
Canal withdrawals	98.603	97.501	1.102	-1.%

Source: Indus River System Authority

Table 2.12 (b): Rainfall Recorded During 03-04 (In Millimeter)

	Monsoon Rainfall (Jul-Sep)	Winter Rainfall (Jan-Mar)
Normal	137.5	70.5
Actual	211.0	42.0
Shortage (-)/excess (+)	+73.5	-28.5
% Shortage (-)/excess (+)	+53.4	-40.4

Source: Pakistan Meteorological Department

Due to the above normal monsoon rainfalls of 2003, the water availability situation for Kharif 200 crops have improved. The canal head withdrawals in kharif 2003 (April-September) has increased by 4.96 percent and stood at 65.95 million acre feet (MAF), as compared to 62.83 MAF during the same period last year. During the Rabi season 2003-04 (Oct-March), the canal head withdrawals increased significantly by 26.3 percent, as it went up to 31.55 MAF compared to 25.01 MAF during the same period last year. Province wise details are given in Table 2.3.

Table 2.13: Canal Head Withdrawals (Below Rim Station) (Million Acre Feet (MAF)

Provinces	Kharif (Apr-Sep) 2002	Kharif (Apr-Sep) 2003	% Change in Kharif 2003 over 2002	Rabi (Oct-Mar) 2002-03	Rabi (Oct-Mar) 2003-04	% Change in Rabi 2003-04 over 2002-03
Punjab	32.12	35.80	11.46	13.87	1?17	2.181
Sindh	27.63	27.34	-1.05	9.72	137	2.40
Baluchistan	2.20	1.92	-12.95	0.93	07	3.45
NWFP (CRBC)	0.88	0.89	1.36	0.49	04	1.02
Total	62.83	65.95	4.96	25.01	355	3.16

Source: Indus River System Authority.

Government has given top priority to the development of water resources in order to uplift the agro-based economy at the national level which will be achieved by maximizing crop production, through progressively increasing surface water supplies and conserving them using the latest technologies available and protecting land and infrastructure from waterlogging, salinity, floods and soil erosion. The main objectives are overcoming the scarcity of water through augmentation and conservation means i.e. by construction of medium and large dams and by efficient utilization of irrigation water, restoring the productivity of agricultural land through control of water logging, salinity and floods, managing quantity and quality of drainage effluent in an environmentally safe manner and managing groundwater (both quantitative and qualitative) through tubewell transition.

Strategies

The strategies being adopted in achieving the objectives are:

a) implementation of high priority projects like Gomal Zam Dam, Mirani Dam, Sat Pa Dam, Sabakzai Dam, Raising of Mangla Dam and other small and medium reservoirs;

b) efficient use of stored water through construction of new irrigation canals like Greater Thal Canal, Rainee Canl, Karachi Canal, Irrigation System Rehabilitation in Punjab & Sindh and modemization of Barrages in Punjab etc

c) Implementation of the National Drainage Strategy aiming at adoption of effective management measures to reduce effluent generation at source and to dispose off the generated effluent outside the Indus Basin preferably to the sea in an environmentally safe manner. RBOD-I,II & III are being constructed to drain the effluent generated from waterlogged areas directly into the sea;

d) Transitioning of public tubewells in various SCARPs will continue to ease the burden on the public sector and to encourage private ownership;

e) Ground water table monitoring/recharge will be done;

f) On-farm drainage system is being constructed by the Farmers' Organizations (FOs) with the government sharing a part of the expenditure;

g) An integrated programme approach is being adopted and programs like the National Drainage Programme, On-farm Water Management and Flood Control Programme are being implemented;

h) Water conservation is being ensured through rehabilitation, remodeling and lining of canals and watercourses.

i) Institutional reforms will be introduced in all irrigation and drainage-related agencies dealing with the planning, designing and Monitoring & Evaluation to make them more effective and responsive;

j) Watershed management through satellite imagery will be undertaken;

k) To ensure equitable distribution of water and for real time information on flows in various channels, telemetering and flow gauging systems will be further strengthened;

l) Priority will be given to the completion of ongoing schemes at advance stage of construction. Major water sector projects under implementation are given in Table-2.14 .

Table-2.14: Water Sector Projects under Implementation

Project	Location	Cost (US$M)	Storage ((MAF)	Area Under Irrigation (Acres)	Completion Date
Gomal Zam Dam	NWFP	214	1.14	163,086	June 2006
Greater Thal Canal	Punjab	500	-	1,534,000	June 2007
Rainee Flood Water Canal	Sindh	229	-	412,000	Dec 2007
Kachhi Canal/Taunsa Barrage	Baluchistan	538	-	713,000	June 2007
Mirani Dam	Baluchistan	98	0.30	33,200	June 2006
Sabakzai Dam	Baluchistan	17	0.02	6,680	Dec 2005
Raising Mangla Dam (30ft)	AJ&K	1000	2.90	-	June 2007
Satpara Dam Multipurpose Project	Skardu	35	0.08	15,536	Dec 2006
Total:	-	2701	4.44	2,877,502	-

Upon completion of the above mentioned projects, 2.9 million acres of land will be irrigated and 4.44 million feet of additional water would also be stored for irrigation purpose. This will provide a quantum jump in agricultural growth, necessary to sustain an overall real GDP growth of 7-8 percent in the next few years. Higher agricultural growth would also help rural poverty to decline.

vi) Agricultural redit:

- Credit recuiremeis of the farmingsector have been increasng over the year with thrise in ie use c fertilize, pesticides and mchanization andiike in their prices. In ordr to cope with the increang demnd for gricultunl credit, InstitutionsCredit to the faners is being provided thnugh Zarai Taraoate Bar Limite (ZTBL) Commrcial Banks, Cooperates and Domesti Private Banks. The agricultural loans extended toie farmig comrunity dring (July-March), 20C-04, are discused below:

a) Production ad Development.oans

Agricultural loansamounting to Rs47.9 billion were disbursed during July-Mach, 20004, as gainst ls.37.6 illion during the corresponding period lat year, thereby registering an impressive increase 27.3 prcent. The shan of ZTBL in supply of otal agricultural credit by institutions decreased and was 4(.5 percet during July – March, 204 while it was 51.4 ercent during th same period last year. However, the share of Comercial Banks irproved nd was 46.1 percentluring July – Mach, 2003-04 whereas it was 38.2 percent curing thsame priod las year. The share of Cooperaves and Domesc Private Bank also imprved and it was 1) percerand 3. percenrespectvely during July – Mah, 2003-04 as aainst 8.6 percent and 1.8Percent respectively durig the sme perid last yar. Supply o agriculiral credit by vanus institutions since 1991-99 to 2003–04 (July-Mah) is gien in Table 2.15

b) Purpose-Wis Disbursementof Loans

Disbursement urer short-term/sesonal loans of ZTBL amounted to Rs.15494 millior(79.8%)f total disburseient) during July – Mah 2004. Major sare amounting to Rs.708) million (36.4%) was chneled or chemcal fertikers followed by Rs.447 million (25%)for improved seeds and Rs.2944 million (15%) for psticide.

Disbursement urer medium andong term development puposes amountec to Rs.324 millin (20.2%) of tota oans) during Jul - March 2003-04. Out of total disbursement, the bank advanced lons amonting toRs.1559 million (8%) for prchase of tractos and Rs.266 million (1.4%) were advanced for farrimplemnts. Aramountbf Rs.615 nillion (3.2%) was disbured for installation of tube-vells. Along with icreasefarm mchanizaion, attntion was alsc given topromote dairy, pultry and livestock sectors. Accordingly, Rs.992 mon wasdisbursd for day farming, Rs.133 iillion for livestoc and Rs.152 million for poultry and Rs.8.7million f fisheris loans

ZTBL recoveredRs.23.9 billion dting the period (July-March) 2003-04 as conpared trecovey of Rs21.3 billin during the corresonding period olast year registering growh of 12%. The povince wse grovh in reovery indicates that NWFP has achieve the highest growth of 16.5% followed by Punjab acieving 3.6% gowth whe Balochistan coul attain growth o9.1%. Recovery performance of Sindh province wamarginlly low due to calamity

c) Credit to Women Programm

The main objecte of this prograrme of ZTBL is to make credit more accessble to rul womn throug femal Mobile Credit Ofcer (MCOs) by roviding them financially vable activities to ncreasetheir faiily incoie. Undr Credit to WomenProgramme, woien can meet their credit ieeds through boh Microcredit ad Geneal Credi Schemes.

Under Credit to Women Programie credit facilities may be availed for all possible ites/purpces against movble as well as immovable securities, prsonnel surety of one peson up to the solvency of10% of ie assesed vale of propertyowned y guarantor. Dung the period under reviev loans of Rs.20.225 milli have een disursed in684 cases under thisprogramme.

d) Micro Credit Scheme

ZTBL has launched Micro Credit Scheme since 1st July, 2000 to engage rural poor in income generating activities/cottage industries. The scheme is operative in all the branches. Similarly all the Mobile Credit Officers may process micro credit cases both for men and women. A maximum of Rs.25,000/- can be advanced against both security & surety. Financing under this programme covers 136 loan-able items. All loans are recoverable within 18 months of their advancement. During the period under review loans of Rs.67.425 million have been disbursed in 2830 cases under Micro Credit Scheme.

Table 2.15: Supply of Agricultural Credit by Institutions (Rs. in million)

Year	ZTBL*	Commercial Banks	Cooperatives	Domestic Private Bank	Total	
					Rs. Million	%Change
1998-99	30176.0	7236.0	5440.0	-	42852.0	28.3
1999-00	24423.9	9312.5	5951.2	-	39687.6	-7.4
2000-01	27610.0	12055.0	5124.2	-	44789.2	12.8
2001-02	29108.0	17486.1	5273.7	578.5	52446.3	17.1
2002-03	29270.2	22738.6	5485.4	1424.5	58918.7	12.3
2002-03 (Jul-Mar)	**19346.5**	**14375.9**	**3217.8**	**692.1**	**37632.3**	-
2003-04 (Jul-Mar)	**19418.5**	**22065.1**	**4798.8**	**1642.4**	**47924.8**	**27.3**

Source: Ministry of Food, Agriculture and Livestock. State Bank of Pakistan.

* ZTBL formerly ADBP.

III. Forestry

Forests are an essential part of our economy through their significant role in land conservation, regulation of flow of water for irrigation and power generation, reduction of sedimentation in water channels and reservoirs, and maintenance of ecological balance. Pakistan is a land of great diversity which has yielded a variety of vegetation type. However, only 4.8 percent of its total land area is under forest. The recommended level for forest cover is 20-25 percent of land area. Although Pakistan's forest cover is not high but the land area protected as national parks, wildlife sanctuaries or game reserves is nearly 11.3 percent of the total land area which is close to the recommended rough estimate of 12 percent. Out of 4.8 percent forest cover of total land mass, eighty five percent of this is public forests which includes 40 percent coniferous and scrub forests on the northern hills and mountains. The balance is made up of irrigated plantations and Riverain forests along major rivers on the Indus plains, mangrove forests on the Indus delta and trees planted on farmlands. Total forests area of Punjab, NWFP, Sindh, Baluchistan, Azad Kashmir and Northern areas is 0.69, 1.21, 0.92, 0.33, 0.42 and 0.66 million hectares respectively. This meager resource is insufficient to meet the wood requirements of the country for a growing population. Environment has also been deteriorating at an alarming rate due to rapid increase in human population and over exploitation of natural resources. This environmental degradation has been accelerated due to high biotic pressure on vegetation cover. It is estimated that state forests contribute only 14% of timber and 10% of fuel wood whereas 46% of timber and 90% of fuel wood requirements are being met from farmlands. During the year 2003-04, forests have contributed 315.71 thousand cubic meters of timber and 514.80 thousand cubic meters of firewood as compared to 324.30 thousand cubic meters timber and 499.08 thousand cubic meters firewood in 2002-03. In order to enhance tree cover in the country, tree planting campaigns are held each year. During spring and monsoon season year 2003, 94.02 million saplings (spring 55.02 and monsoon 39 million) were planted.

Details ofthe finacial allocation, ulization and achievementof major projects are as llows:-

The implementatin of "Rachna Dob Afforestation Project" vas started in July 1995 a cost of Rs.48.4 millio. The main objectiv of this project is afforestation for the purpose of camouflage and conceealment which is very importantfor stratgic point of view An expenditure of Rs.54.976 million against an allocation of Rs.78.37 millin has been incurredduring July – March 2003-04 on plantationon 3988 acres of land against the target of 4208 acres, which gives an acievement of nearly 95 percent.

The objectives of the Mangla Wateshed Management Project include; watershed management measures such as afforestaton, soil conservation mesures including engineering structures, etc over a area of 819 sq. miles. Major Components include; soil survey & planning, afforestation, soil conservation works in forest/pasture lands, improvement of cultivated lands, improvement of range lands construction of engineering structures such as siltrap storages, spillway, wire crates, spurs, etc. An expenditure of Rs.23.145 million has been incurred during the period of July - March, 204 for afforestation on 1730 acres of land, and soil survey and planning ovean area of 65 sq miles.

IV. Livestock and Poultry

a) Livestock

Livestock is an important sector of agriculture in Pakistan, which accounts for 49.1 percent of agricultural value added and about 1.4 percent of the GDP. The role of livestock in rural economy may be realized from the fact that 30-35 million rural population is enaged in livestock raising, having household holdings of 2-3 cattle/buffalo and 5-6 sheep/goat per family which help them to derive 30-40 percent of their income from it. The livestock include: cattle, buffalos, sheep, goats, camels, horses, asses and mules. Population of livestock for the last five years is given in Table 2.16.

Table 2.16: Livestock Population (Million No's.)

Species	1999-00	2000-01	2001-02	2002-03	2003-04(E
Cattle	22.0	22.4	22.8	23.3	23.8
Buffalo	22.7	23.3	24.0	24.8	25.5
Sheep	24.1	24.2	24.4	24.6	24.7
Goat	47.4	49.2	50.9	52.8	54.7
Cames	0.8	0.8	0.8	0.8	0.8
Horses	0.3	0.3	0.3	0.3	0.3
Asses	3.8	3.9	3.9	4.1	4.1
Mules	-	-	0.2	0.2	0.2

E: Estimated. Source: Ministry of Food, Agriculture and Livestock (Livestock Wing)

Table 2.17: Livestock Products

Products	Units	1999-00	2000-01	2001-02	2002-0	2003-04()
Milk	(000 Tonnes)	25566.0	26284.(	27031.0	7811.0	8624.0
Beef	"	986.0	1010.(	1034.0	1060.0	1087.0
Mutton	"	649.0	666.(	683.0	702.0	723.0
Poultry Meat	"	327.1	339.(	355.0	370.0	402.0
Wool	"	38.9	39.:	39.4	39.7	39.9
Hair	"	17.9	18.(	19.3	19.9	20.7
Bones	"	324.0	331.4	339.4	347.6	356.2
Fats	"	120.6	123.!	126.5	129.7	132.9
Blood	"	40.9	41.8	42.9	44.0	45.2
Eggs	Million No's.	7321.0	7505.(	7679.0	7860.0	8247.0
Hides	"	7.6	7.8	7.9	8.2	8.4
Skins	"	37.2	38.:	39.2	40.3	41.4

E= Estimated Source: Ministry of Food, Agriculture & Livestock (Livestock Wing).

b) Poultry

Poultry production has emerged as a good substitute of beef and mutton. Its importance can be judged from the fact that according to Livestock Wing of Ministry of Food, Agriculture and Livestock almost every family in rural areas and every fifth family in urban areas is associated with poultry production activities in one way or the other. Government is providing all possible incentives to develop it at an accelerated pace. The production of commercial and rural poultry is given in Table 2.18.

The production of rural poultry for 2002-03 and 2003-04 are given in Table 2.19.

Table 2.18:Production of Commercial Poultry and Poultry Products

Production	Units	2002-03	2003-04(E)
Day Old Chick	Million No's	350.5	356.0
Layers	"	19.3	22.1
Broilers	"	227.2	280.1
Breeding Stock	"	6.5	6.5
Poultry Meat	(000 Tonnes)	279.5	303.0
Eggs	Million No's	4632.0	4850.0

E: Estimated Source: Ministry of Food, Agriculture & Livestock (Livestock Wing).

Table 2.19: Rural Poultry (Million Nos.)

Production	2002-03	2003-04(E)
Day Old Chick	33.5	33.9
Cocks & Cockribs	9.4	9.9
Layers	33.6	34.0

E: Estimated Source: Ministry of Food, Agricul -ture & Livestock (Livestock Wing).

For promotion of livestock and poultry, the government has provided the following incentives:-

- Imported plant and equipment not manufactured locally shall be subject to custom duty of 10 percent, with complete exemption from sales tax.
- Capital structure of projects in agro-food industry will be entitled to debt-equity ratio of 70:30.
- Projects will be entitled for financing by all banks and development finance institutions.
- Expatriate personnel of the Units will be allowed to import food items and other consumable without any duty/taxes, subject to maximum limit of $2,000 per person per year.
- Import of breeding stock will be allowed subject to the import duty of 10 percent.
- Locally manufactured machinery will be provided credit.
- Parts and Components upto 5 percent of initial C&F value of imported plant and equipment shall be imported at 10 percent duty, if imported together with the plant. The export of livestock & livestock products has been allowed.
- The imported plant and equipment not manufactured locally, shall be subject to custom duty of 10 percent with complete exemption from sales tax.

Following measures have also been taken to meet Sanitary and Phytosanitary (SPS) requirements under WTO for quality assurance and to improve exports of livestock and livestock products:

- Establishment of abattoirs are encouraged in the private sector;
- The National Veterinary Laboratory is under construction for drug residue testing in the livestock products. This will ensure quality in exported products;

- Ste)s have)een taken to imrove sanitary and hygien: conditions of arimal cang procssing ınits in th country;

V. Fisheries

Fishery plays an imprtant role in Pakstan's economy and is cnsidered to be ar importit sourc of livehood fo thecoastal inhabitars. Apart from mrine fisheries, inland fisheies (based in rivrs, lake, pondsdams ec) is alo very importnt activi throughout the:ountry. Fisheries' share i GDP, though vry little)ntributs subsantially t the national income irough export ernings. During the period July-March 2003-)4, 10136 m. tnnes vaued at Rs.7.9 billion fish an fishery product were estimated to be exorted to Japan, JSA, UIGermay, Midce East, Sri Latka, China etc. Dring the same priod, the total fish producton is estimated at 630,0(m. tones. Of which, shre of maine secr is 452,000 m.)nnes and inland contribtion is 178,000 n. tonne

The Government is ıking a number (steps to improve fisheries sector. A numbr of initives ae also bing takn by the Fedeal and rovincial Fisheris Departments which, intr-alia, include strengtheng of exension ervices intoductionof new ishing methodolqies, development of valu: added products enhan:ment c per caita consumption and ugradation of soo-economic condition of he fishermen's communi. Marin Fisheris Department(MFD) i executing four evelopment projects i.e. "Monitoring of Decp Sea Fshing Vssels Trough Esablishment of 03Base Stations ard Deputation of MFD Repesentative on ech vess" whichs aime for controlling poachingand managemer of deep sea fishing vessels. Another project entitll "Strenthenin of Qualy Control Laboratorie is being implemnted to improve quality control system in PakistarWhereas undei "Acquisition of a Fiseries Research Vessel for Marine Fisherie Department', Marine Fiseries Dpartmet intenc to acquires a vessethrough Japanee grant for carrying out stck assessment in coastand offnore wers of Pakistan. Whereas project entitled Additional Improvement ir MFD Labs in view of WD Requements is being implemented to furter upgrade laboatories of Marine Fisherie Department to cope withrequireients uder WT regime.

The total nımber ofersons engagein fisheries sector during2003-04 is estimated at 35,000. Out of which, 125,000 pesons (3.6 percent) wereengaged in marine sectoı and 270,000 pesons (64 percet) in inknd fisheries, whereas te persons engaed in fisheries sector in 2002-03 were 365,000 persns—138000 (3.8 percet) in narine and 227,00 (62.2 percentin inland fisheries.

•••••••••••••••••••••

MANUFACTURING, MINING AND INVESTMENT POLICIES

CHAPTER – 3

The overall manufacturing sector continued to maintain its growth *momentum* with more vigour during the current fiscal year. Measured from a very high base last year the growth in the mining and quarrying sector remained flat during 2003-04. Foreign direct investment (FDI) continued its surge on the back of strong macroeconomic fundamentals. The privatization program maintained its pace during 2003-04 and succeeded in privatizing some high ticket items despite an inhospitable global environment. The overall manufacturing sector registered a stellar growth of 13.4 percent in 2003-04 against the target of 7.8 percent and last year's achievement of 6.9 percent. Such impressive growth in manufacturing has never been witnessed for three decades. The challenge now is to sustain this growth momentum.

Table 3.1: Group-Wise Growth Performance (Percent)			
Group	2001-0	2002-03	2003-04*
Food, Beverages & Tobacco	4.	1.5	13.7
Textile and Apparel	7.	3.6	7.0
Leather Products	-4.	2.5	39.0
Paper & Board	-38.	5.6	7.9
Pharmaceutical	2.	3.0	21.1
Chemicals	-15	5.9	33.4
Petroleum Group	14	2.8	1.7
Tyres & Tubes	9	5.7	2.7
Non-Metallic Mineral Products	2	9.8	13.7
Basic Metal Industries	-2	9.8	7.0
Light Engineering Goods	1	9.5	6.6
Electricals	37	7.3	45.8
Automobile	0	9.5	52.7
Overall Growth	3	7.2	17.1

* July-March Source: Economic Adviser Wing, Finance Division

Large-scale manufacturing, accounting for 67.5 percent of overall manufacturing, registered an impressive growth of 17.1 percent in the current fiscal year (2003-04) against a target of 8.8 percent and last year's achievement of 7.2 percent. This is the highest growth in large-scale manufacturing ever achieved in the country's history. Several factors have played a role in this accelerating growth momentum most important among which is the considerably improved macroeconomic environment injecting confidence in the private sector. Ample liquidity in the banking system, a highly investment friendly interest rate environment, a stable exchange rate, low inflation, comfortable foreign exchange reserves, stronger domestic demand for consumer durables, and a general feel good mood have been responsible for extra-ordinary surge in industrial production. The government did its part and maintained financial discipline, pursued consistent and transparent policies, and allocated more resources to public sector development plan. These policies enhanced private sector's confidence with investment in large-scale manufacturing registering a 17.1 percent increase over last year. A few industries like automobile, leather, steel and cement contributed handsomely to this outstanding performance but even without their growth in large-scale manufacturing remained in double digits. The growth performance of various industrial groups is shown in Table 3.1.

The main contributors to this impressive growth of 17.1 percent in July- March, 2003-04 over last year are the automobile group (52.7 percent), the food, beverage & tobacco group (13.7 percent), the textiles & apparel group

(7.0 percent), paper & board (7.9 percent), pharmaceuticals, (21.1 percent), and electricals (45.8 percent). The items that registered positive growth were cotton cloth (15.6 percent), and cotton yarn (1.9 percent) in the textiles group; vegetable ghee (13.6 percent); cooking oil (22.9 percent) and sugar (14.8 percent) in the food, beverages and tobacco groups; nitrogenous fertilizer (3.3 percent) and soda ash (3.1 percent) in the chemical group, cement (13.7 percent) in the non-metallic mineral products group and Jeeps & Cars (63.5 percent) and LCV's (5.6 percent) in the automobile group. The individual items exhibiting negative growth include; motor tubes (10.0 percent), buses (2.0 percent), wheat thresher (21.1 percent), electric motors (10.6 percent) and H. sheets (3.7 percent). The production performance of selected items is given in Table 3.2.

Table 3.2: Production of Selected Industrial Items of Large-scale

Item	Units	2001-02	2002-03	July-March 2002-03	July-March 2003-04	% Change
Cotton Yarn	000 tonnes	1805.6	1920.3	1429.1	1456.4	1.91
Cotton Cloth	Mln.Sq. Mtr	568.4	577.9	419.9	485.4	15.6
Sugar	000 tonnes	3248.1	3685.9	3263.9	3746.9	14.8
Nitrogenous Fertilizer	000 N. tonnes	2115.3	2199.0	1627.3	1681.1	3.3
Phosphatic Fertilizer	000 N .tonnes	140.5	113.4	81.8	177.8	117.5
Vegetable Ghee	000 tonnes	797.3	743.4	570.1	647.8	13.6
Cooking Oil	000 tonnes	139.2	137.8	101.7	124.9	22.9
Cement	000 tonnes	9830	11020	8153	9272	13.7
Cigarettes	Billion Nos.	55.1	49.4	36.2	39.8	9.9
Jeep& Cars	Nos.	41165	63267	42691	69802	63.5
Tractors	Nos.	24331	26501	17860	25435	42.4
L.C.V	Nos.	8491	12174	8727	9219	5.6
Motorcycles/Scooters	Nos.	133334	176591	125675	214932	71.0
Bicycles	000 Nos.	553.4	629.7	465.6	481.8	3.5
Paper & Paper Board	000 tonnes.	325.4	374.4	280.0	302.2	7.9
T.V Sets	000 Nos.	450.0	757.7	603.9	581.5	-3.7
Motor Tyres	000 Nos.	908	1082	779	926	18.9
Billets	000 tonnes	412.0	408.4	314.7	341.4	8.5
Refrigerators	000 Nos.	311.2	373.0	252.9	426.9	68.8
Caustic Soda	000 tonnes	150.3	164.3	119.4	137.1	14.8

Source: Federal Bureau of Statistics

EVALUATION OF SELECTED LARGE-SCALE MANUFACTURING INDUSTRIES

A. Textile Industry

The textile sector has spearheaded the export bonanza of manufactured goods for some time. Its share in the economy alongwith its contribution to exports, employment, foreign exchange earnings, investment and value added in industry; make it the single largest determinant of the growth in the manufacturing sector. It has a one-fifth weightage in the quantum index of large-scale manufacturing and a 46 percent share in overall manufacturing activity. Pakistan has emerged as one of the major cotton textile product suppliers in the world market with a share in world yarn trade of about 30 percent and 8 percent in cotton cloth. The share of textiles in export earnings is 68 percent with a value of around $ 7 billion. The value addition in the sector accounts for 9 percent of GDP and its share in overall employment is 38 percent. During the last four years, the government in collaboration with the private sector has embarked upon a plan to combat the challenges of opening up to foreign competition in the next calendar year (2005) when all quotas will be abolished. Pakistan has been seeking the removal of these quota barriers for some time and its vertically integrated textile sector is all set to capitalize on this imminent change in quota regime. [See Box-1]

Bx-1: End of Textile Quota:Implications for ?akistar

- The quota syem covering abou2,400 specific products or tvo-thirds of all the 'arieties clothesyarns, forics anc household linn in its current forr was introduced in 1974 anc called the 'Multi-Fber Arrgement'MFA). Oerationdy, it wo'ks by diding textile and ciching products into large groups by basic materals and pe of gcds. The are 14 suchgroups, ach including anyhere from ten to several dozen products. Geographical it extens to 58 ountries, rangng from ary poor nations tdarge middle-income countres but developed ountriesmaineout of th ambit othe quota systemToday 130 countris are producing textiles anc clothing for exportmarketsomprise of abot 30 natins.
- The net impa will be positive fcdeveloping countries as a vhole. This argumeit is bacd by theact thatluring th 20 years since th MFA was establined the Industrialized Counries (ICs) lost as much in mket sha as the sted Developing Cuntries (DCs) gaied (ICs lost 17.7 percentage points.; DCs gained 16.7 pcentagepoints). his shows that a realloc ion took place beveen the listed developed aid developing counries.
- The Uruguay Round finally caminto effect in 1995 in Geneva and decided on tie integrion of th Textile nd Appael into the mainream by the remcal of all quotas over a 10 year phase out. Three stagesave bee alreadycompletd of the btal quotelimination. The furth stage is due on Dec. 3', 2004 where all the populaor 'hot' ategorie will be phased out.
- The abolition f the quota in texte and clothing is a key victoy for efficient expcters of ttile andlothing ke Pakisin. Pakstan andther major develoing countries exporters hav been seeking the abolitionf quota r a longtime. Th MFA guaranted a market for a ride range of poorer countrits even though the were n competve. Thee marginl countries arekely to be squeezd out in the post quota worll.
- Coʋntries likIndia & Pakistan hve a great advantage with a strong base of larje cottoncultivatic & modrn textile mills. Countrs that do not hava fabric base have to secure their requirement of raw aterial. Vithout MFA there ill be a concentation of the indust in countries with inherent advantages:
    - ✓ Availability of fabr
    - ✓ Infrastructure for larketing and Transport
    - ✓ Low Wages
    - ✓ Favorable TradingTerms
    - ✓ Proximity to the Market
- Tarff concesions are instrumetal. Many countries are negotiating Free TradeAgreemts (FTAwith the USA becuse of is huge sare in the textile trde to obtain better market access.
- Palistan is ready in the proces of improving the Enabling Environment by locking intCost of Lities, Tansactior Costs, Regional Cooperation, Market Access, Image Buildinj, Labour Laws etc
- The prospec of a country cruaily depend on continuous inprovement & invetment
    - ✓ At Factory Level
    - ✓ Staff Training
    - ✓ New Machinery &Technology
- Pacistan's Txtile industry has eavily invested in modernization and the improvement ahe procction bae and athe sane time sill development hs increased at a tremendous pace. The textile iidustry hs taken pst 2005as an opportunity nd a challenge reuiring action.

nvestment Tren in the Textile Sector

The yearunder review witnessed a tremendous inflow of invstment in the exjansion value dded ad BMR i the overall textile seor. The Textile Vsion 2005 has set benchnark investment requiremts for te creatn of ne/

capacity and the up-gradation of the existing capacity. The Vision is of the view that in the initial phase heavy investment will be needed to create additional capacity in the apparel industry; however, the textile sector fell short of targeted investment during the last four years. The bulk of the investment to the extent of 47 percent went to the traditional spinning sector which is three times higher than envisaged in the Textile Vision 2005. The textile sector received $ 4 billion worth of investment during the last four years. The sector-wise break-up of this is as shown in Table 3.3.

The encouraging thing about the investment spree is the heavy investment in modernization and higher value addition. This is evident from the fact that the actual disbursement in the weaving air jet sector has already surpassed the target. However, investment inflow in the water jet weaving sector which could boost state of the art high quality synthetic fabrics is below target. The substantial investment for improving production, quality and value addition is evident from the enormous rise in the import of textile machinery as shown in table 3.4.

Table-3.3: Sectoral Shares in Total Investment in the Sector (4.0 Billion $) (1999-2003)

1.	Spinning	47.0%
2.	Weaving	26.3%
3.	Textile Processing	10.5%
4.	Knitwear & Garments	4.8%
5.	Made-Ups	7.7%
6.	Synthetic Textile	5.2%

Source: Textile Commissioner Organization

Table-3.4: Import of Textile Machinery

Year	Million Us $	% Change
1999-2000	210.9	28.6
2000-01	370.2	75.5
2001-02	406.9	9.9
2002-03	531.9	30.7
2003-04 (Jul-Apr)	455.0	7.0

Source: FBS

The inflow of investment in the sector is likely to enable the Pakistan textile industry to face formidable challenges emerging from the elimination of quota restrictions under the Agreement on Textiles and Clothing (ATC) from January 01, 2005. Foreign direct investment (FDI) in the textile sector increased to $26.5 million in Jul-March 2003-04 up from US $ 23.1 million in the corresponding period of last year. During the current fiscal year the textile sector showed great resilience to higher cotton prices and performed well as far as production is concerned, but quantitatively exports remained subdued. Textile exports showed improvement, only because of higher unit prices in the international market.

Reforms in the Textile Sector

Textiles being export based are a major earner of foreign exchange and have always remained a priority. The government has been at the forefront of the formulation of a high powered committee which has already given its deliberations in the form of the "Textile Vision 2005". The Vision is aimed at establishing an open market driven, innovative and dynamic Textile sector which is internationally integrated, globally competitive and fully equipped to exploit the opportunities created by the quota free textile trade beyond January 2005.

Pakistan has also started negotiations for bilateral trade agreements with important trading partners to attain greater market access. The European Union has enhanced market access by 15 percent for all categories and has also extended a zero rate of customs duty policy on Pakistani products barring yarn and fabrics. The government has announced its support for the local production of textile machinery. A wide ranging campaign to produce contamination free cotton in the country to promote value addition has also been started. As a result, the cotton prices are now being quoted on a PSCI grade standard basis. To ensure an abundant supply within the country, cotton was allowed to be imported and exported freely. To stabilize prices in the domestic market, the Trading Corporation of Pakistan (TCP) is being asked to intervene when needed. These policies have led to the level of contamination declining from 26gm to 6 gm on average. The profiles of various components of the textile industry are given in the Table 3.5.

Tεxtile Cit es Projct

Table3.5: Installed Caɾacity of ɜxtile Irıustry			
	July-larch		٬
	;02-03	2003-C	Chage
Numbɜr of Mills	355.0	399.	2.4
Instalıd Capacity (000 Nos)			
- Spindles	173.0	9286.	1.2
- Rotors	144.0	145.	1.1
- Looms	10.3	10.	1.0
Workinq Capacity (000 Nos)			
- Spindles	553.0	7710.	2.1
- Rotors	66.7	67.	).9
- Looms	3.4	4.	3.5

Sɔurce: Tɗile Cormissione Organiztion

Recognizirg the irrortance of textil and to meet thɜ challerges of tɮ post quota regne the gɾvernmerit has foned a company;alled the Pakistan Tɜxtile Ci Limited (PTCLwith a mandate toestablish three tɤtile cities, one ach in Karachi, Lahore, ard Faisalbad. The compny has already bɛen listec with thɛSecurities and ɮchange Cɔmmission of Pastan (SECP) ası limited cɷmpany tɔ make ɜxtile cities a reaty by the end of the curren: fiscal yar. The first sucl city will be set up near Pɛrt Qasir Karachi. The cmpany would acquire 1250 acreːof land from theᵓort Qasim Authority (PQA) and initially 70 acres ˊ land ɯuld be ievelopd in order to facilitate tɛtile manufacturrs and exporters. The rulεs and regulation; of the ‹port prcessinɾzones would alsc be app:able on the proosed "Textile City". Threε Textile Cities arɛ to genɑte 80,00 newobs anı fɛtch abouι $ 1.5 bion additional eport proceeds per annurr. The Textile Cityin Karaıi will hve a nunber of supportinc and anllary industrial uits in the area including knitting, bleachingand dyiȷ units,ıdequaɿ irfrastructɹre facilɜs, like water suply, a better sewerage sʸstem and uninterupted ectricitysupply εc. The tεxtile city will havother supportinɩ services as well like ban;ing and finance,ınsuranɛ and pstal serices anı Irternet and E-comerce.

Performaıce of tɛ Ancillary Texle Industry

Tɜxtile prɾduction; comprised of otton ginning, cotton yarn cotton fabric, fatric procɛsing (ɕey-dyeɾprinted hɔme textles, towls, hosiery & kniwear and readymade garnents. These conponentare beig produced botlin the large-scale organized sector aswell as in unorganized cotage / small & mɛdium urs. The erformnce of tese various arcillary tɛtile industries isevaluated below:-

i. Cotton ƷinningSector

Ihere are 1221 G ning factories irPakistan of which 1075 ae in the Punjab ɛnd the mainin‹146 arɛin Sindl The total capacityɜ approximately20 million bales per year (assuming a 100 ‹ay ginng seasn). Agaıst capaity, tie total productic of ginned cotto is 10.0 million bales sugɾesting an excesɛ capacitof ginnɪg in thɛcountrɣ Ginning iɛ the seor which is first i the process of value addtion leading to readymadgarmets or otbr textilɛ products. Unfortuatelу, the ginninɩ sector is out-dated and rɛeds modernizatɔn.

i. Cotton Spinnig Sector

ˉhe spinring sectr is the most imortant segment in the hiearchy of textile pɒductiorAt present, it is:omprisd of ˂53 textile units (0 composite unit and 403 spinning units) vith 7.7 Million spndles al 67 thusand rtors in ɾperationwith capcity utilizations ıf 83 percent and 47 percɛnt respectively, ɾuring Jɾ- Marc, 2003-4.

ˉhe production ofɔtton yarn has icreased to 1456.4 thousɛnd tonnes in July-March)03-04 gainst 429.1 thousandtonnes st year thus, reɾstering a growth of 1.9 percent. The expor of cottoyarn wnessedɜ slight inprovement in tɦ quantity exportd but a tremendous increase in terms of vɪlue duriȷ July-Ɒril 200-04 owig to a 23.9 peɾcent inɛase in the unit alue of the product. The ɾuantity and valuɛ of yarnxporteɾincreased by 0. percent and 24.3 ercent, respectiely.

iii. Weaving & Made-up Sector

The patterns in the weaving and made-up sector which is comprised of hosiery, garments, towels, canvas, and bedwear are different from those of the spinning sector. The weaving and made-up sector has three different sub-sectors i.e. integrated textile units, independent weaving units, and power loom units. The installed and effective capacities in the sector are given in Table 3.6.

Problems facing power looms encompass poor technology, scarcity of quality yarn and the lack of institutional financing for their development from an unorganized to an organized sector. The government under the Textile Vision 2005 has focused more on providing credit and other facilitative support to diversify the products, especially to cater to the needs of the high value added sector like the garment industry.

Table 3.6: Installed and Capacity Worked in Weaving Sector (Nos.)

Category	Installed Capacity	Effective/ Capacity Worked
a) Integrated Textile Units	10214	4356
b) Independent Weaving Units	23652	22000
c) Power Loom Sector	225258	190000
Total	259159	216947

Source: Textile Commissioner Organization.

iv. Cotton Cloth

The production of cotton cloth in the mill sector has increased at a tremendous pace by 15.6 percent during July-March 2003-04 while the non-mill sector has registered a modest growth of 5.9 percent in the same period. The export of cotton cloth witnessed an increase of 28.5 percent during July-April 2003-04 in value terms and 18.7 percent in quantitative terms. The unit value of cotton cloth increased by 8.3 percent, which is partly compensation for a higher input cost during the year under review. This sector served as the main engine for downstream industries like bedwear, made-ups and garments.

V. Textile Down-Stream Industry

The down-stream industry spearheaded the activities in the textile sector. Major products are hosiery, towels, canvas and bedwear, tents, cotton bags, readymade garments and fashion apparels. The government has already declared down-stream industry as a priority sector in the Textile Vision 2005. The performance of the down stream sectors is analyzed below:

a) ***Knitwear Industry:*** **-** There are about 10,000 knitting machines working in the country with approximately 60 percent capacity utilization. The sector is not only catering to domestic demand, but also has export potential. There is a greater reliance on the development of this industry because of the high value addition content of knitwear. Exports from this sector have witnessed a tremendous increase of 28 percent in value terms and 26 percent in quantity terms and added $ 1132 million to foreign exchange earnings during July-April 2003-04 compared to $ 882 million during the same period last year.

b) **Readymade Garments.** The garment industry provides the highest value addition in the textile sector and is distributed into small, medium and large-scale units, most of them, having 50 machines or less. This sector is attracting considerable investment and many new units are coming up in the organized sector every year. This sub-sector is facing multi-dimensional problems like high value addition in competing countries and its inelasticity in shifting the burden of increased prices of yarn, cotton cloth or other inputs to the end user. The sector performed poorly during July-April 2003-04 because its exports declined both in terms of quantity and value by 24.1 percent and 7.5 percent respectively inspite of a 22 percent increase in unit value in the international market. The value of exports declined from $ 891.2 million last year to $ 824.1 million this year.

c) **Towel industry.** This industry is comprised of about 6500 towel looms in the country in both the organized and uncganized sectorsand is export based. It has a low demand vithin th countr but exprts incrased by 3.3 prcent in quantit terms and by 10.1 perceit in value terms,during ily-Apri2003-0.

d) **Tarpaun & Canvas.** Th production capacity of this highest raw cotton-cosuming ector is100 milon sq. meters.t is a low value dded sub-sector and recorded a 2.9 percent decrese in th value of expon and a 3.0 prcent decline in uantity terms. This sectoris mainly export based vh 90 prcent ofts prodction exporte.

vi. Filament Yar ManufacturinIndustry

There are 25 unis engaged in themanufacturing of three kinds of filament yarn, narrly, acette rayo yarn (oe unit with a capacity tmanufacture 3 housand tonnes), nylon fiament yarn (3 unts with 1 installd capaity of 2 thousand tonnes and polyester fament yarn (21 units withan installed capacity of 9 thousad tonnes). The otal installec capacitof all these unit is 100 thousand tonnes, against which it produceapproxinately 73 thousad tonnes per annun. Recently, the osiery sector has startedconsuming synthetic Yar for theexport c knitted garmens which re contributing t a high value addition, as well as, diversification inexportale prodcts.

vii. ArtSilk andthe Synthetic Weaving Industry

The art silk and ynthetic weavingindustry is mostly concentrated in the infomal seor and generallyis opered in the form of famil owned power lom units comprising 8 to 10 looms. There are apprximately90,000 power loms in operation that ppare synthetic yrn in the country and about 30,000 looms are engged in te production of blendec yarn whe 60,000 produe filament yarn. The export of synthetic textiles deeased y 11.4 prcent interms of quanity and 5 percent in terns of value during July-Apil 2003-04 compared to lst year. The imprtance accorded to SMs by the government would go a long wayin promoting thisindustry

B. TheFertilizer Industry

Fertilizer is one f the key inputs used in agricultural production. There are 1 fertiliz units oeratingn the cuntry (six units in the unjab, three in Sindh and two in NWFP) wth an installed capacity c6.0 milln tonns, out owhich nitrogerous fertzer has a capacy of 4.9 million tonnes ard phosphatic fertiizer a pductiocapaciy of 1.0 million tonnes. The prouction of fertilizr has witnessed an increase of 8.4 percentand stals at 4. milliononnes a against 3.9 milln tonnes in the orresponding period last year. The producton of alcomponnts of frtilizer, rea, ammonum nitra, nitro phosphae, super phosphate and NPK witnessed ar increas in prooction. Ntrogenus fertilizer witnessd an increase o3.3 percent in July-March 2003-04 while the produion of posphat fertilizr increased by 11.5 percent mainy because of the introducion of a new variety of Dimoniui Phospate.

C. Vegetable Ghee

The production ctivity in ghee ad cooking oil is now entirely concentrated in the prate secor and is compried of 155 units both inthe organized ad unorganized sectors. The overall installed capacy of theghee ard cookin oil industry is estimted at 3.0 millio tonnes and the productin of both vegetalle gheeand cooing oil has witnssed tremendous incases of 13.6 pecent and 22.9 percent, respectively in Jul-March 2(3-04.

D. Sugar Industry

There are 77 ms in the countryvith the ability to produce 5.5 million tonnes of refind sugar Out ofhese 38are locatedin the Pnjab, 32 in Sind, 6 in NWFP, and one in AJK. The industryis confrnted wit inefficincy in producton; therfore sugar is noviable for export with the government interening fm time to time t protecthe interests of the ane growers. Lasst estimates show a production of 4.0 millon tonns again 3.7 miion tonns last year, showing a increase of 7.8percent. The sugar industy is confronted wth a lovecover rate ard an ineicient cost structure and there is a dire need to improve these by adopting modern techniques for the cultivation of sugarcane.

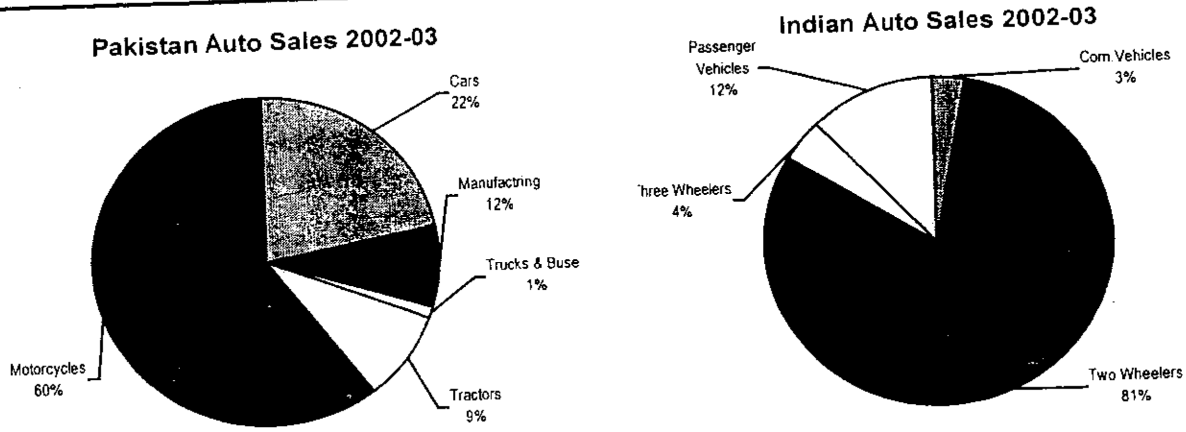
E. Cement Industry

The year under review is truly monumental for the 24 cement units in the country with a total installed capacity of 17.6 million tonnes. At one time of the year the capacity utilization nearly touched 100 percent as demand has increased at tremendous pace. The rise in construction activity is equally shared by the private construction sector as well as the Public Sector Development Program (PSDP). Production capacity has doubled from 8.9 million tonnes to 17.6 million tonnes during the last 6 to 7 years while demand increased by only 27 percent from 7.7 million tonnes to 9.8 million tonnes. High prices owing to inefficiencies in production and a cartel formation by the manufacturers, a substantial decline in PSDP during the 1990s and a slowdown in economic activity were the major factors which impeded growth in demand for cement over the years. The government's serious efforts to bring down the cost of construction have started paying dividends. The total production of cement was recorded at 9.3 million tonnes during July-March 2003-04 compared to 8.1 million tonnes last year, showing an increase of 13.7 percent. The boost in cement production is because of the enormous construction activity in the country and the increased development expenditure by the government.

F. Automobile Industry

At present 18 automobile manufacturing units are involved in the assembling /manufacturing business with the support of downstream industry comprising 850 units of auto parts manufacturers. The composition of auto demand in Pakistan is dominated by motorcycles (60%), with cars at 22 percent. It may be pointed out that two wheelers are more popular accounting for 91 percent of auto demand in India [Fig-1]

Fig-1: Structure of Demand for Automobiles:- Comparison of Pakistan and India



The increasing trend touched almost every segment of the auto industry. During the current fiscal year the automobile industry has continued its growth momentum for the third consecutive year. The demand in the auto sector has been spurred, by low interest rates in the financial markets, a persistent inflow of home remittances, cheaper and easy availability of car financing and frequent model changes induced by furious competition in the car industry. The production of cars registered a growth of 63.0 percent during July-March 2003-04, followed by trucks

(1.)%), LC\'s (5.6%, tractors (42.2%) and motorcycles (71.0%). The installed capacityf the mjor comonents f automobile sector ad production aregiven in Table 3.7.

Table 3.7: Installed nd Operational Cpacity of Automobile Industry (Numbers)

Item	Inst. Capcity (Single Sift)	2002-03	July-March 2002-03	July-March 003-04	% Change
Cars	13400	62893	42436	69177	63.0
Tucks	1500	1950	1371	1385	1.0
Buses	900	1340	1047	1026	-2.0
LCV's	2000	12174	8727	9219	5.6
Tactors	4000	26501	17860	25435	42.4
Motorcycles	34000	176591	125675	14932	71.0

Sour: Federa Bureau f Statistic.

G. Paints and Vaiish Industry

There are around 2 units in the orgnized and over 400 units n the unorganized sectoor the ranufacure of pants and varnishe. Around 50 perent of the domestic demand for paints andvarnishs is methrougtproductn in the organized setor while the remaining comes from the unorganized sector.The pecapita onsumpon of paints in Pakistan i very low at 0.8 kg per annum compared to 4 kgs in the South Eastsian naions, 2 kgs in te developed world and 15 kgs per capa for the overall world. The demand for pants andarnishe is risin due to e resurgence of the husing and consuction sector. During July-March, 2003-04, the pruction f paintsand varnishes both soli and liquid grewy 53.7 percent and 36.5 percent, respectively.

H. Bottled Water ndustry

The world bottled market is considerd to be the smallest and yet fastest growing indus with a organied sectr representing an anual volume of 8 billion liters with a value addition of $ 22 bilion. Wetern Eope wit a per capita consumptioof 85 liters is thelargest market for bottledwater. However,the mospromisig and emerging markets are in Asiand the Pacific, with demand growing at 1 percent per annum. Paktan's bttled waer markt israpidly growing vth annual demad increasing at a rate of 40 percent. Thereare aroud 26 bdled waer industries in the contry in the orgarzed sector but the total nmber of suppliers in the arket isestimatd at arond 70.

PUBLIC SECTOR NDUSTRIES

As a resultof consous efforts of th government, the size ofthe Pubc sector industris has been gradually reduced om twelve holdig corporations wth 116 manufactring units beforehe start of Privatization in 199-91, to seven corporations with 22 units including two joint venturesunder the administraive conol of the Ministryof Industries in 2003. During the crrent fiscal year,public sector industries continue to operate withi the general economic policy frmework of focusig on the optimal utiization existing capacies and adhering to cost efficiency. Key performancendicators of these units are documented in Tabl 3.8.

Table3.8: Performanceof PubliSector Industrie (Excluing Pak Seel) (Rs. In Million)

Item	2002-3	2C3-04 **	% Chane
Prodution Value*	20	7222	2.0
Net Sales	42	12321	3.5
Pre-Tax Profit	57	839	0.6
Taxes and Duties	32	2955	5.3
No. ofEmployees	10	7307	1.4

Source: E/, Ministryof Industr & Produion

* At constant prices of 199293.

** Actual for 8 months (July-Feb) and pected f 4 month (Mar-Jur

Production Value

Production value (at constant prices of 1992-93) of all operational units (excluding Pakistan Steel) is expected to increase by 22.0 percent over last year. This increase is mainly due to the rise in production value of all units of the National Fertilizer Corporation (NFC) by 7.9 percent and the State Cement Corporation (SCCP) by 83.5 percent. The State Engineering Corporation (SEC) witnessed a slight decline in production value by 1.6 percent followed by a significant decline in the value of production of 9.4 percent in the Heavy Mechanical Complex (HMC) and 39.4 percent in Pakistan Electrical Company (PECO). The Pakistan Automobile Corporation (PACO) is projected to register a decline in production value because of the emergence of a new rival company Dong Feng Motor (DFM) of China. The remaining two small public sector companies namely, the Pakistan Machine Tool Factory (PMTF) and the Heavy Electrical Complex (HEC) also witnessed 45.4 percent and 7.8 percent declines in the values of production during the year under review.

Net Sales_

Net sales (excluding Pakistan Steel) of the 14 operational units are estimated at Rs. 12.3 billion for 2003-2004 against Rs. 9.7 billion last year, showing an increase of 26.5 percent. NFC, SEC, PACO and SCCP have all shown increases in net sales value.

Pre- Tax Profit/ (Loss)

During 2003-04, an aggregate profit of Rs.839 million (excluding Pakistan Steel) is expected compared to Rs.557 million reported last year. Only two corporations namely, NFC & SCCP have projected a profit during the current year, whereas SEC & PACO are estimated to have suffered losses. NFC has improved its profit performance from Rs.522 million last year to Rs.1025 million this year, an improvement of 96.6 percent and is attributed to an increase in the price of NP and CAN, low financial costs due to an improvement in liquidity and a decline in the losses of Pak American. SCCP has projected an improvement in pre-tax profits of 80 percent.

Employment

The total number of employees enrolled in all the units (excluding Pak Steel), by end June, 2004 is estimated at 7,307 compared to 7,410 as of end June 2003 with headcount dropping in the SEC and SCCP.

Overall Performance of Public Sector Industries (Including Pakistan Steel)

The overall performance of public sector industries (including Pakistan Steel) has shown some improvement as summarized in Table 3.9.

Table 3.9: Performance of Public Sector Industries (Overall) Rs. In Million)

Description	2002-03	2003-04**	% Change
Production Value*	15877	17339	9.2
Net Sales	32054	37510	17.0
Pre-Tax Profit	1796	5710	217.9
Taxes and Duties	7903	8233	4.2
No. of Employees	20593	20456	-0.7

Source: Expert Advisory Cell,

* At constant prices of 1992-93.
** Actual for 8 months (July- Feb.) and estimated for 4 months (Mar-June)

Performance of Pakistan Steel

Pakistan Steel is the first integrated iron & steel works project in Pakistan. It was established with the objective of enhancing the domestic availability of basic raw material for the engineering and construction industries. It has also facilitated the establishment of downstream steel industries in the country. The production capacity of Pakistan Steel is 1.1 million tonnes of raw steel per annum with a built-in potential to expand capacity to over 3 illion tonnes pe annum. The Steel Mill produce coke, pig iron, illets, hot rolled coils/sheets, cold olled coils/sheet, and formed sections lke chanels, angles, galvanized sheets etc.

Tabl: 3.10: Performance of Pastan Stel (Rs. Nillion)			
Item	2002-03	203-04 Proj.)	% Chage
Prodiction Value *	995	10117	1.6
Net Sales	2231	25190	?.9
Pre-tax profit	123	4871	28.1
Taxes & duties	534	5278	1.2
No. of employees	1318	13149	).3

Soirce: Expt Advisry Cell, No Ind. &Prod.
*At constant prices of 92-93.

The current year i the best perforring year in the chequered historyof Pak Steel amlst an internatioal crisisof steel supply. Pak Steel is set to touch a hghest ever net sales marin of Rs.25 billion which will be 35 prcent higher tha budgeted and 13 percent higherhan last year's ales. The profitability of Pak Steel will alsowitnessn increse of 384 percet over last year and419 percent ove that budgeted for the year. Pakistan Steel due to its financal healt was abe to retire Rs.10.4 billin of debt owed to a Consortium of Banks during the curren year. The perfonance of 2003-04 is an indication of the revival of Pakisan Steel and is summarized in the Table 3.10 for the period 2003-04.

SMALL AND MEIUM ENTERPRSES (SMEs)

The SME sector has great potential for generating employment especially for he low-come groups. Thus, creting a business envircment that is suportive of SMEs is an important part of the Governent's pverty reuction strategy. This secor contributes 3 percent to GDP with value addition to the manufauring inustry of around 5 percent and geneating 25 percent of manufacturing sector export earnings ($2.5 billion). It also provides 99 pecent of non-agricultural jobs. The develpment of the agro-procesing sector (mainly for fruits, vegeables, dairy, and livestock and iniatives for fair marketing, transportation, and handling of agricultural produce represent a wide range of opportunities for private sector growth in the agro-based rural economy. The micro enterprise develoment initiatives throughthe provision of credit through Banks are expected to spur economic activity mainly i the self-employed segmet of the populatin. Over a period, this secor will transform into formal SME enterprises.

The Government recognizes that SME-led private sector development needs further strengthening of the regulatory environment, adjstment in prudetial policies, and the provsion of support services for enterprise estalishmet, development, qulity improvement and export /local marketing in the short to medium term. The Small and Medium Enterprises Devlopment Authority (SMEDA) is actively developing programs for margerial skill devepment, technical and informative support to SMEs. SMEDA has also developed strategies for a large number of sector and facilitates SMEs in the documentation for financial institutions, providing free technical managerial and marketig advice.

The Government has devised a mechanism and regulatory environment to provide fincial assistance and business support services to SMEs. It is seking assistance from the Asian Development Bank for supprt in (a) formulang and impementing SME Policy and Regulatory Policy develoment; (b) providng SME with direct access to sevices for enhancing competitiveness and employment generation; (iii) improving SMEs' access to finnce thrugh an SME Business Support Fund; and (d) disengaging the Government from activities that could be better provied by the private sector. SME led economic growth is expected to significantly impact poverty through: (i) income generating activities in the rural and urban economy; (ii) creating employment opportunites; and (iii) providing forward linkges to the micro-enterprises benefitin from the availability of micro-credit.

FOREIGN INVETMENT

Cross-border trade and direct investment have expanded rapidly over the past three decades. The surge in global FDI flows accelerated in the late 1990s, rising from $331 billon in 1995 to $1.3 trillion in 2000, before falling off to an estimated $725 billion in 2001. Most of these flows are destined for rich countries with developing nations' share being just about $160 billion in 2003. The FDI inflows to developing countries peaked in 1999 at $184 billion but this is still relatively small compared to all the domestic investment in developing countries which adds up to about $1 trillion. Notwithstanding the recent downturn in FDI it is still a driving force for globalization in every region. The rise of foreign investment in services is creating a new source of competition— and potential productivity gains—in developing countries, where state companies have often monopolized production for decades. Recent efforts to privatize these companies and to open industries to competition have allowed some developing countries to harness this competition for gains. In many developing countries, restrictions on services still remain high, which are restricting the inflow of FDI.

Foreign direct investment (FDI) being the single largest component of private capital flows has contributed to investment and growth in developing countries, leading to technological improvements, the reduction in poverty and the improvement in living standards. The distribution of these flows has, however, remained uneven. The countries that lagged behind in attracting FDI are the ones that faced macroeconomic instability, pursued inconsistent economic policies, had relatively poor physical and human infrastructure, and had bureaucracies that did not pursue initiatives with conviction. Pakistan has been introducing reforms to attract the inflow of foreign investment since the early 1980s but FDI has crossed the one billion dollar mark only once in 1995-96. During the last two years, FDI is striving to approach the one billion dollar mark and this year is likely to cross that magic number.

The improvement in the country's macroeconomic performance and the upward revision of the economy's credit ratings can help attract large inflow of foreign investment. Over the last three years the government has succeeded in removing various irritants which affect the business and investment climate.

Table 3.11: Inflow of Net Foreign Private Investment (FPI) (Million US $)

Country	2002-03			2002-03 (July-April)			2003-04 (July-April)		
	Direct	Port folio	Total	Direct	Portfolio	Total	Direct	Portfolio	Total
USA	211.5	15.1	226.6	174.2	3.6	177.8	191.7	18.1	209.8
UK	219.4	34.6	184.8	208.0	-22.0	186.0	84.0	-53.8	30.2
UAE	119.7	0.7	120.4	113.7	1.9	115.6	76.7	-49.4	27.3
Germany	3.7	0.1	3.8	3.3	0.1	3.4	4.9	-3.0	1.9
France	2.6	-	2.6	2.5	0.1	2.6	-5.5	-	-5.5
Hong Kong	5.6	-0.4	5.2	4.9	-5.1	-0.2	5.4	-2.8	2.6
Italy	0.2	0.2	0.4	0.2	0.4	0.6	0.2	-1.9	-1.7
Japan	14.1	-	14.1	13.1	0.6	13.7	13.4	-3.3	10.1
Saudi Arabia	43.5	0.1	43.6	36.2	-0.4	35.8	3.5	-1.9	1.6
Canada	0.5	-	0.5	0.4	0.3	0.7	0.3	-	0.3
Netherlands	3.0	-	3.0	2.8	0.9	3.7	11.5	-2.0	9.5
Switzerland	3.1	2.6	5.7	2.6	30.9	33.5	201.9	8.8	210.7
Others	170.7	51.9	222.6	134.0	-12.7	121.3	172.4	-31.3	141.1
Total	798.0	22.1	820.1	695.9	-1.4	694.5	760.4	-131.3	629.1

Source: State Bank of Pakistan

Foreign direct investment has witnessed an increase of 9.3 percent in the first ten months (July-April, 2003-04) rising from $ 695.9 million to $ 760.4 million. However, portfolio investment registered an outflow of $ 131.3 million during the same period as against an outflow of $ 1.4 million in the corresponding period of last year [See Table 3.11]. By the end of the current fiscal year, FDI is expected to cross $ 1.0 billion as a result of the issuance of two cellular phone licenses amounting to $ 291 million each, half of them is expected to be received before the end of the fiscal year.

Table 3.12: Inflowf (FDI) Foreign Drect Investment (In Main Economic Group) (MillionUS $)

Economic Group	2000-01	2001-02	2002-03	July-April 202-03	July-April 2003-4
1. Power	40.3	36.4	32.8	0.1	* 14.!
2. Chemical, Pharmaceutical & Fertilizr	26.3	17.8	92.4	6.9	23.:
3. Construction	12.5	12.8	17.6	3.2	24.·
4. Mining & Quarmg, Oil and Gas	84.7	274.8	188.2	17.0	169.(
5. Food, Beverages& Tobacco	45.1	-5.1	7.0	6.2	4.·
6. Textile	4.6	18.4	26.1	4.0	26.{
7. Trade, Transpor Storage & Comm	94.7	68.3	66.4	0.1	134.(
8. Machinery otherıan electrical	2.5	10.5	0.4	0.4	0.(
9. Electronics	2.8	15.9	6.7	5.1	5.!
10. Financial Businss	-34.9	3.6	207.5	23.8	238.:
11. Petro-Chemical: Refining	8.7	5.0	3.0	2.8	60.7
12. Cement	15.2	0.4	-0.4	0.5	1.!
13. Others	20.0	25.9	150.3	15.8	55.(
Total	322.4	484.7	798.0	65.9	760.:

ource: Site Bankof Pakistn

The rise of 9.3 perent in Foreign Dect Investment (FDI) is atributed to inflows in thresectorsnamely mining quarrying and oil &gas; transport &communication and finance. Inflows from Switzerlad accouted for31.9 perent followed by the Uned States (27.2 ercent), the U.K (12.0 pecent), the U.A.E 8.6 pernt) andSaudi Arabia (5) percent). FDI inflowfrom Switzerland is extra-ordinarily high because of the purchase ca 15 pecent stke in Haib Bank by a Swiss gpup for $ 208 miion. The remaining inflows are unevenly distributeamong arious ountries The group-wise brak-up shows the the financial business has accounted for the large slice oFDI at 1.3 perent followed by 22.3 prcent in Mining (Oil and gas exploration. Power sector accounted f a mer 2.0 perent in FDI. Trade, transport, srage and commnication group received 7.7 percent while the chmical, parmaceutical & fertilizer group accunted for a 3.1 prcent share. Petro-chemcals and refining accound for 8. percer while construction improed from 1.9 perent to 3.2 percent in total FDI. The textile industry reeived 5 percnt. The break-up of FDI inflw is given in Tale 3.12.

THE PRIVATIZATION PROGRAMME

Pivatization revenes in developin(and economies in transition increased fron almosnothing the ely 1980 to more than$60 billin in 1997, befor decreasing somewhat to$50 billion in 1993. It waestimatd that by 2000, cumulative privatiztion revenues wrldwide would exceed $1trillion. This implies that te progrm for the transfe of ownership of publicassets is unamlguously predicated on the principle of reducing thestate's rect paiicipatioin commercial activitis. The minimizaon of the government's rde in economic activity reforces e needfor regulation n strateic areas and thedesign of appropriate policies in order to ersure th the funtioningof the economy is not disorted and those enefits are distributed in an equitable maner.

Pakistan like otherountries startedts program in the early 1990s. In its early pase, pratizatin was vry fast but the momentum waed because of most of unresolved issues The main reasos for thslow prgress i privatization duringhe second half f the 1990s included an inhospitable exterral envirnment, egal chalenges privatization, publicopposition to priatization, and lack of adequate regulatory ramewcs for th privatiation of utlities. Recognizin this, governmets over the last four years focused on the removal irritanl which amperd progress ir privatiztion.

The existing Privatization Program is progressing at a reasonable pace. By end March 2004, Pakistan had completed or approved 139 transactions at gross proceeds of Rs 134.4 billion. Of this, an amount of Rs. 33.1 billion was received during the period July-March, 2003-04 from the sale of the Government's shareholding in OGDCL, NBP, POL, ARL, DG Khan Cement, SSGC, Thatta Cement, 51% GOP stake in HBL, Associated Cement, Rohri and 10% shares of Kurram Chemicals. About 70% of the gross proceeds received so far were transferred to the Federal Government, 18% were returned to companies on whose behalf shares were sold, 6% were used for restructuring expenses associated largely with golden handshakes and rehabilitation, and 5% were used for PC's privatization-related expenditures. Progress on privatization is documented in Table-3.13:

Table 3.13: Number of Privatized transactions (Rupees in Million)

Sector	1991 to 2002		2002-03		2003-04 (Jul-March)		To Date	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Banking	4	5,644	2	12,970	1	22,409	7	41,023
Capital Market Trans.	3	1300	8	8,421	3	9,759	14	19,480
Energy	12	20,898		5			12	20,903
Telecom	2	30,558					2	30,558
Automobile	7	1,102					7	1,102
Cement	11	7,790			2	969	13	8,759
Chemical / Fertilizer	16	9,383	1	815	1	6	18	10,204
Engineering	7	187					7	187
Ghee Mills	21	768					21	768
Rice / Roti Plants	23	326					23	326
Textile	2	87					2	87
Newspapers	5	270					5	270
Tourism	3	594					3	594
Others	5	154					5	154
Total	121	79,061	11	22,211	7	33,143	139	134,415

Source: Privatization Commission

Up-Coming Transactions for Privatization

The government has planned to privatize following entities in the short to medium-term.

Telecommunications
Pakistan Telecom Co Ltd (PTCL)
Telephone Industries of Pakistan
Carrier Telephone Industries
Oil and Gas
Oil and Gas Dev Corp Ltd (OGDCL), Pirkoh Gas Company Limited. (PGCL)
Pakistan State Oil (PSO)
Sui Southern Gas Corp Ltd (SSGCL)
Sui Northern Gas Pipelines Ltd
Pakistan Petroleum Ltd (PPL)
National Refinery Ltd (NRL)
Banking and Finance
National Investment Trust (NIT)
Investment Corporation of Pakistan (ICP)

Power
Faisalabad Ectric Supply Co (ESCO)
Karachi Elecc Supply Corp (KSC)
Pesnawar Elctric Supply Co.
Insurance
State Life Insrance Corporatioi
Pakstan Reinsurance Co. Ltd.
Capital Marbt (Public Offer of various entities)
(a) PIAC
(b) PPL
(c) KAPCO

A new feature of th privatization prgram is the offering of shares to the generl publicroughne stoc market wich has been enusiastically recved by the people. For example, in the case of OOCL, 97000 aplicants purchased shares hose subsequet value increased by overRs 8 billion. Therespons in SSC offerig has ben even greater with cer a quarter milbn small applicants receiing share offering througa transarent blloting.

MNING 8 QUARYING

The value additiom the mining anquarrying sector remained almost flat durig the yar 2003)4 agaist 16.1 percent growth lasyear. Various reional geological surveys,conducted in therecent pst, hav confirred the great potential of Pakista in metallic minrals like copper, gold, silver, platinum, chrcmites, in, leadand zinc As regrds irdustrial nineralsnere is a vast pcential of multi-coloured ganite, marble and other mensioal stone of higt quality for export prposes. Its shar in GDP has hovered arond 1.4 percent fcr the lafew yers whicl is not trely representative of te actual potentic of the sector. Presently about 50 mineralsare uncr exploation wh the mjor one being coal, roc salt, other indutrial and construction mireral.

The production of atural gas grew by 16.1 percent while cruce oil and coal withessed eclines extracion by 11 percent ard 3.8 pecent respectivel. The decline in extractioi of coal is surprising becuse all ement manufacturers hav started using cal to cater to their fuel reuirement. The extractionf somimportat minerls is given in Table-3.14:

Table-3.14 : Extraction of Principal Minerals

Minerals	nits of the quantit	2001-02	2002-03	July-March 2002-03	July-March 2003-C	% Chang
Coal	Million tonnes	3.5	3.6	2.6	25	-3.8
Natural Gas	00 MMCFT	26.2	28.1	20.5	23	16.
Crude Oil	Mn. Barrels	23.2	23.5	17.8	17	-1.
Chromites	00 tonnes	16	31	19	3	-5.
Dolomite	00 tonnes	312.9	340.9	211.9	214	1.(
Gypsum	00 tonnes	328	424	328	25	-13.
Limestone	00 tonnes	9.8	11.9	9.2	9	1.
Magnetite	00 tonnes	4.6	2.6	2.5	2	28.
Rock Salt	00 tonnes	1359	1426	1027	110	14.
Sulphur	00 tonnes	22.6	19.4	15.4	16	7.
Baryte	00 tonnes	21	41	29	3	3.

Soue: Fedeal Burea of Statiics

The value addition in the mineral sector is mainly concentrated in five principal minerals, namely, coal, gypsum, sulpher, crude oil, and natural gas. The value addition in gypsum registered a decline of 13.1 percent, while the extraction of sulpher increased by 7.1 percent. From Table 3.12, it is evident that during the year under review, the overall growth of the mineral sector depicts a mixed trend.

In order to accelerate the development of mineral resources in the country, various clauses of National Mineral Policy are being implemented over the last four years. The fiscal incentives and regulatory framework have been modified to attract foreign investment as the government has accorded priority to the implementation of the National Mineral Policy. The FDI inflow in the Mining and Quarrying Sector is given in Table 3.15.

Table 3.15: FDI Inflow in Mining and Quarrying

Year	US $ million	% Share FDI
1997-98	99.1	16.5
1998-99	112.8	23.9
1999-2000	79.7	17.0
2000-01	84.7	26.3
2001-02	274.8	54.7
2002-03	188.2	23.6
2003-04*	169.6	22.3

* (July - April) Source: Economic Advisor Wing

Foreign Direct Investment (FDI) in the Mining and Quarrying sectors was 17.0 percent in 1999-2000, exhibited rising trend thereafter. Its share in total FDI inflow however peaked at 54.7 percent in 2001-02, against 26.3 percent in 2000-01. During July-April 2003-04, though its share has declined yet it is still one of the major recipients of FDI accounting for 22.3 percent in overall FDI.

....

POVERTY

CHAPTER – 4

Poverty has many dimensions in Pakistan. The poor have not only low incomes but also lack access to basic needs such as education, health, clean drinking water and proper sanitation. The latter undermines their capabilities, limits their opportunities to secure employment, results in their social exclusion and exposes them to exogenous shocks. The vicious cycle of poverty is accentuated when the governance structures exclude the most vulnerable from the decision making process. The most widely used macro-indicator of resource deprivation is that of income or consumption poverty. The data on which the analysis is based is derived from the Household Income and Expenditure Survey (HIES). The last round was conducted in 2001, which suggested rise in the poverty head-count ratio from 1998-99.

Poverty Line and Trends in Poverty

Pakistan did not have an official poverty line until recently. In the absence of this various researchers used their own methods to arrive at different poverty lines to measure the incidence of poverty. Accordingly, a large number of estimates were available which made analysis difficult.

Poverty estimates are highly sensitive to a variety of factors. The very basis of drawing the poverty line may differ across researchers. Some may use specific calorific requirements to draw their poverty lines at income levels sufficient to meet the food and non-food requirements. Some may use a basic needs approach which will include income as well as access to various services. Even in caloric requirement, some researchers may use 2550 calories per adult equivalent; while others use 2350 calories and still others may use 2250 calories per adult equivalent. Some may use market prices to convert the expenditure into caloric intake while others may use prices as reported by the respondents during the Survey. To draw a poverty line, some use consumption as the basis; while others use income of the households as the basis. Some researchers may use the same poverty line for rural and urban areas while others use different poverty lines for the two. Furthermore, even if the caloric requirements of all the researchers are the same, the poverty line will differ depending upon the methods applied to estimate these lines.

It is no wonder that Pakistan has seen a proliferation of poverty estimates over the last four decades. Even in recent years many poverty estimates have been floated because of the reasons stated above. It has neither helped in understanding changes in the standards of living of the common man nor has it facilitated in assessing how to reduce poverty through various policy changes. It was, therefore, considered essential to have an official poverty line with a standardized methodology to measure poverty in Pakistan.

The Planning Commission, after extensive deliberations, adopted an official poverty line based on a caloric norm of 2350 calories per adult equivalent per day. This poverty line approximates to Rs 745.6 per month per adult equivalence in 2000-01. It may be pointed out that the 1998-99 Survey marked a significant restructuring of the Pakistan Integrated Household Survey (PIHS) --- wherein the Household Income Expenditure Survey (HIES) and the

PIHS were combined for the first time. On the basis of the poverty line stated above the Planning Commission has worked out the incidence of poverty in Pakistan during 1998-99 and 2000-01. It suggests that the incidence of poverty in Pakistan has increased from 30.6 percent in 1998-99 to 32.1 percent in 2000-01 – the last estimates available in the country. It may also be noted that the 2000-01 Survey was preceded by a drought that severely impacted the rural economy of Pakistan. The rise in the incidence of poverty in 2000-01 as against 1998-99 may have reflected the effects of this catastrophic drought.

A recent study conducted at the Centre for Research on Poverty Reduction and Income Distribution (CRPRID) suggests that poverty in Pakistan is highly concentrated in a small range around the poverty line. The study divides the whole population represented in the HIES/PHIS in to six quartiles. These quartiles are based around the poverty lines in such a way that the condition called 'poverty' is not confined to the population below the poverty line, but goes beyond it and includes the people residing above the poverty line as well. These quartiles were classified under three headings: a) the absolute poor, b) the transitory poor and c) the non-poor (see figure 4.1 for the distribution of poor according to the quartiles). If the per capita per month consumption of the Household is less than 75 percent of the poverty line it is characterized as an absolutely poor Household. If the per capita per month consumption expenditure of the Household is less than 1.25 percent of the poverty line and more than or equal to 75 percent of the poverty line, it is characterized as a transitory poor Household. If the per capita per month consumption expenditure Household is more than or equal to 1.25 percent of the poverty line it is characterized as a non-poor Household. It is under these quartiles that the dynamics of poverty were analyzed by the study for the period 1998-99 and 2000-01 using the HIES/PHIS data set.

Fig-1: Population Quartiles/Poverty Band

Non-Poor (15.3%)	**Rs. 1497.1/-**
Transitory Non-Poor (32.2%)	**Rs. 935.7/-**
Transitory Vulnerable (20.4%)	**Rs. 748.56/-**
Transitory Poor (20.1%)	**Rs. 561.4/- (10.4%)**
Chronically Poor (10.4%)	**Rs. 374.3/-**
Extremely Poor (1.6%)	

Source: Center for Research on Poverty Reduction & Income Distribution (CRPRID)

The result of the study suggests that out of 32.1 percent of the population living below the poverty line in Pakistan in 2000-01, 63 percent of them were at the border line and were characterized as transitory poor. Therefore, taking this 63 percent of the poor out of poverty is a relatively easier task while taking the remaining 37 percent of the total poor a:ove the poverty ne on a permannt basis is more challenging. This suggess that hving th poverty as per ne o the Millennium Development Go:s (MDG) seems to be anachievable targe but mar effort will be ieeded) take the remaining37 percent of th poor Households in Pakstan above the poverty li throug different socio economic pro-poo policies.

Foverty in 2004

Encourag:d by tw years of strong growth (5.1% in 2002-03 and 6.4% in 200:-04) anover Rs860 bilbn of cumulative spendig on the social ector and poverty – relatd programs overthe lastve year, the Gvernmet of Pakistan asked th Federal Bureaof Statistics (FBS) to conluct a sample Survey of ousehol Consmption Expenditure (HCB) with a view to auging the impact of soco-economic and macroeonomic olicies on the ling conditions of the pople of Pakistai The Survey, covering 5(46 rural and urbn housiolds (oe-third of the sample covered in PIHS 200-01) from all e four provinces of Pakistan, was conduced fromApril 192004 toMay 6, 004. The size adopted or the Survey ws representative and suffcient to provide estimateat the ntional lvel.

The findirgs of th Survey are higly encouraging. Not only tas the incidenceof povey showa signicant deline but other social inicators as well a indicators that represen the living conditons of t peoplalso shw a mrked improvement sinc 2000-01. As reards the estimates of poverty, the Centre or Resech on overty Reductio and Income Distributio (CRPRID) conucted the exercise by using the latest Suney. In oer to mke the esults comparable, povdty estimates fore period of April 19 to May 6, 2000-01 were comred witlthose of the cuent (April 19-May 6, 204) Survey, bacd on the ***Official Povert/ Line of Rs 74856 per dult eqivalentper moth at the prices of 200-01.*** After takin into consideration the infationary changes betwee the sai period, the pcerty ine at the prices f 2004 is estimaed at **Rs 848.798 per adult equivalent pe montl**Using tese lins, the pverty estimates becom technically comarable. The relevant poverty estimates forthe twoeriods re givei in Tabl-4.1.

Tabe 4.1: Estimates of Natioil, Ruraland Urbn pover/ in Pakistan (Percent)

	Head Cnt Inde (April 1 to May 6	
Items	2(0-01	2004
Natonal	:.30	23.10
Urbn	:.10	13.60
Rural	:.60	28.35

Source: Centre for Researchn Pover Reducon and Icome Distribtion (CPRID)

The table shows iat the incidenceof poverty at the iational level hasdeclined by 4.2 ercentage points during the periodovered in the eimate with both urban and rural pverty also showng significant declines. These esults are not surising as there has been a 35 prcent increase inthe average monthly consumtion expenditureof households (see Table-4.3). otwithstanding decline in the incidence of povdy, these resultshould be taken as indicative, as ey do not covethe entire period of 2004. The purpose of te exerce was gaugethe impct of the government's macroeconomicand social sector policieson the living conlitions dhe peole. Theesults tat pertain to povert simply suggest iat the rising trends in poverty have been arrestednd that reversl has bgun to take shape.

Other scial indiators and living onditions, have also exhibited sinificant improveients over 2000-01. Table 4.2 coipares living corditions of the people since 191. The results ofhe Household Consumption Exenditure Survey(HCES) 2004 are compared with te Census of 198 and 1998. A cursory look at Table-4.2 is sufficent to see that a marked improveient in living corditions has taken place. The numbr of householdsliving in one room homes shows aignificant declin and that of

Table-4.2: Comparison of Livg Condions, Cnsus 98- HCES 200-

	CENSIS		ICES
Major Indicators	981	998	2004
Hoising units with oneroom (%	1.5	38.1	25.0
Hoising units with 2 – 4 rooms)	4.8	55.0	68.3
Owned Housing Units	8.4	31.2	84.8
Electricity (as source of lighting%)	1.0	70.5	83.7
Gas (as cooking fuel) %)	5.0	20.2	26.1

Surce: Feeral Bueau of Stlistics

households living in two to four room homes has increased significantly. The number of households using electricity as a source of lighting and gas as cooking fuel also shows a marked improvement.

A comparison of various social indicators for the period since 1998-99 are reported in Table 4.3.

Table-4.3: A Comparison of Selected Social Indicators (Percent)

Indicators	1998-99 PIHS	2000-01 PIHS	2004 HCES
Major Source of Drinking Water (Piped Water)	26.0	25.0	35.0
Type of Toilet Used by Household			
- Flush	41.0	45.0	57.0
- Non-Flush	12.0	12.0	12.0
- No Toilet	46.0	43.0	32.0
Type of Sanitation System Used			
- Underground	14.0	14.0	23.0
Population Ever Attended School	50.0	51.0	57.0
Gross Enrolment at Primary Level (5 to 9 Years)	71.0	72.0	87.0
Net Enrolment at Primary Level (5 to 9 Years)	42.0	42.0	56.0
Gross Enrolment at Middle Level (10 to 12 Years)	40.0	41.0	47.0
Net Enrolment at Middle Level (10 to 12 Years)	16.0	16.0	20.0
Gross Enrolment at Matric Level (13 to 14 Years)	40.0	42.0	57.0
Net Enrolment at Matric Level (13 to 14 Years)	9.0	9.0	12.0
Average Monthly Consumption Expenditure (Rs/Month)	-	6714	9065

Source: Federal Bureau of Statistics

A cursory look at the table is sufficient to see that indicators like the major source of drinking water, the type of toilet used, and sanitation ---- all representing living conditions, show a significant improvement over the last three years. All education-related statistics also show significant improvements. In particular, the gross enrolment at the primary level increased from 72 percent to 87 percent ---- a 15 percentage point increase in enrolment. Similarly, gross enrolment at the matric level also shows a 15 percentage point increase over the last three years.

The results as discussed above, are highly encouraging as they show that strong economic growth along with massive spending on the social sector and poverty-related programs is now beginning to yield dividends in terms of a decline in poverty, an improvement in living conditions, and an improvement in social indicators.

Poverty Reduction Strategy

It has been widely acknowledged and empirically proven that economic growth is central to reducing poverty in developing countries. At the macro level, economic growth implies greater availability of public resources to improve the quantity and quality of education, health and other services. At the micro level economic growth creates employment opportunities, increases the income of the people and therefore reduces poverty. Realising the importance of economic growth the government is now setting a target of 7-8 percent growth in over the next 3-4 years. The stage is now set for an acceleration in economic growth from 6.4 percent this year to 7-8 percent over the next 3 to 4 years. With the country's population growing at less than 2 percent per annum over the next 3-4 years the real per capita income has accordingly been targeted to grow at an average rate of 5.5 percent to 6.0 percent per annum. This is the growth in per capita income which will be required to substantially reduce poverty and unemployment in the country.

I: is well-known tht capital accumuation by the private sectcr complementedby high public ector irestmer crives grcwth. Thrfore a key objctive of the country's povrty reduction strategy is establh condions tha facilitate private sctor investment.Sustaining a stable macroeconomic envircnment iluding nancialdisciplin, consistency and ontinuity in policis will be the cornerstoneof any successfu effort tincreas privatesector investmert and hnce higher econmic growth.

While higher econmic growth is absolutely necessary for reducing poverty it is not justhe sped of grwth whih is important but thequality or type ofgrowth. In other words, it s not growth *perse* whicis impoant; what is importantis that te growth shouldbe *pro-poor* --- growth in sectors where the poor beefit themost. Acordingy, the government hs identified five key sectors which will play an important role in achiving andsustaimg a 7-8 percent growth ra with the poor benefiting the most. Thesesectors include agricultur housing and construction, small and mediumenterprises (SMEs), information technology, and the oil and gas seor. Amng thes the firs three secors hav the potential to enerate pro-poor growth.This does not mean thatie govenment will ignor other secors of th economy. In fat, a more diversified ecoromy with a vibrant manucturingand serices secor offer the best chace of achieving igher economic growth on a sustained bass.

Agriculture is still the single largestsector in Pakistan's economy employing nearly 42percent of the contry's wrk force. More than two-thirds of the ountry's population lives in rural areas and the overhelming majorit of thenare dependert, direct or indirectly, oragriculture for their livelihood. The major constrainn Pakisan's agculture as been the ack of availability of suffiient irrigation water. The other issues in agricultureclude:the avaability ad cost of agriculturecredit, the availbility of inputs, the availability of tractors and otherimplemets, andhe issue of marketing, storag and distributionAs far as irrigation water s concerned the governmnt has aunched over Rs300 billion worth of water-related projects, most of which are likely to be completed within the next 23 years The water-related projects irlude various dams, the improvement in water courses, the ining of anals ad the reampingof the irrigaton and rainage system.After the completion of these projects, 2.83 millioncres ofand wilbe irrigaed and 4.44 million fet of additional water will also be stored for irrigation purposes. This ill provie a quatum jurp to agricultural growth increasing the income of the farmers, providing more jobs o the ral worlforce, ad alleviting poverty inthe rural areas.

The housng and construction sectr is highly labour intensive. It has enormous forwarand bakward likages s about 35-40 induries are linked wh this sector which has the potential to create low paid as well as mdium tohigh paid jobs. In the last federal budge the government has taken several budgetary and non-budetary masures,he impact of which are visible during te current fiscal year. Construction activities has gaed momentum nd the production of construction-related items has surged. The federal budget 2004-05 is expected toake mce measres to further accelerate the momentur in the housing and constuction sector.

SMEs represent significant compnent of Pakistan's economy in terms of vaue addin and mployment generation. They re highly labour intensive and provide employment to the bulk of thenon-agricultural labour foce. The growth of SMs has mainly ben hampered by the non-availability of credt in the past. Realising ths constrint, the government hs opened two specialized micro-credit banks namely, the SME Bankand Khshali Bak (KB).The Small and Medium Enterprises Development Authority (SMEDA) is actively developingrogrammes for manageal skill devebpmentnd technical and informative support to the SMEs. The SBP has issed a searate st of Prudentia Regulaons with a view to encouraging banks/DFIs to develop newfinancintechniques andnnovative products to meet the financial requement of the SMEs.

Information technology is yet another sector which has enornous potential to create jos for theeducatd unemployed youtlin the country. This sector has witnessed unprecedented gowth dug the lst four and a ha years. The extra-ordinary growth inthe IT and telecom sectors has created enormous mploymnt oppcunities directly and indiretly, for educatedunemployed youths in a vide range of areas like ca center, telecon engineering, telecom sales customer services, finance and accounting etc. This is one of the fastest growing sectors of the economy and the pace is likely to accelerate even further in the next couple of years, creating more jobs, raising the income levels of people and hence, reducing poverty.

Although growth is critical for poverty reduction, focus on growth alone is not enough. A higher economic growth policy must be accompanied by other poverty alleviation measures such as investment in human capital, like education, health and other human development activities and integrated small public works programmes in both urban and rural areas and other social safety net measures.

Besides taking the economy on a higher growth path, the second pillar of the poverty reduction strategy concerns increasing the capabilities of poor people by widening their access to key services and fostering social inclusion. This calls for allocating adequate public resources to spending on human capital development and also improving public sector management and governance including building the capacity of related institutions to ensure the effective delivery of these services. Good governance is key to the effectiveness of public services.

Also important is tne poors' access to social protection --- well-targeted safety nets that protect poor and vulnerable people from unforeseen shocks. The social safety net programmes enable poor families to continue financing critical input, such as schooling and health clinic visits. Such programmes can also help poor families keep their children in school. Creative measures to compensate poor families through conditional cash transfers linked to schooling and health center visits have raised attendance at school and induced a more regular use of preventive health care services. The effectiveness of any strategy to empower and invest in the poor will depend to a great degree on a mechanism that fosters their participation in decision-making that affects them. Enabling the poor to have an increased voice needs to be an integral element of the poverty reduction strategy.

Another important feature of this strategy is the empowerment of women by removing barriers to their fuller participation in the development process. Promoting gender equality is not only an important social goal itself, but is also essential for the achievement of the more broader development goals.

The integrated small public works programme is a social intervention aimed at generating economic activity through public works in the country. Creating employment opportunities and providing essential infrastructure in rural and low income urban areas is the central objective of this programme. This is expected to be achieved by building farm-to-market roads, rehabilating water supply schemes, repairing existing schools, small rural roads and storm channels in villages, lining water courses, de-silting canals, and providing civic amenities in towns, municipal committees, and metropolitan corporations and have been undertaken in the Khushal Pakistan Programme.

The policies of targeted intervention to address the problems of poverty, income and employment generation have been in place for the last four years. The government has been allocating substantial amounts of resources under social sector and poverty related programmes to create jobs, raise incomes and improve social indicators. The details of budgetary allocations and actual expenditure of these programmes are documented in table 4.4.

There has been a continuous surge in poverty and social sector related expenditures in the country, rising from Rs 114.4 billion in 1999-00 to Rs 208.8 billion in 2002-03. The expenditure is targeted at Rs 238.8 billion for the current fiscal year --- showing an increase of more than 100 percent over 5 years. During July-March 2003-04 a sum of Rs 156.4 billion has been spent. Sectoral and sub-sectoral pro-poor budgetary expenditures and their positive impact are discussed below.

Community Services: Expenditures on community services include the construction of roads, highways, buildings, water supply and sanitation. Actual expenses on these services have increased from Rs 11.0 billion in 2001-02 to Rs 16.6 billion in 2002-03. The budgeted expenditure for the current year is Rs 18.6 billion, which is 12.0 percent higher

Table 4.4 SociaSector and povety Related Expenditures (Rs billion)

	2001-02 Actual	2002-03 Adual	2003-04 Budet	2004-5 Projecd
Commjnity Seiices	**10.98**	**16.57**	**8.57**	**2 46**
i. Roads, Highways & Buildings (AP)	6.34	13.15	4.59	1.58
ii. Water Supp and Sanitation	4.64	3.42	3.98	.88
Humar Develoment	**90.67**	**105.81**	**16.56**	**14.73**
i. Education	66.29	78.61	8.84	10.38
ii. Health	19.21	22.37	9.17	3.08
iii. Population Panning	1.33	3.12	4.60	.88
iv. Social Secuy & Welfare	3.66	1.30	3.68	.90
v. Natural Calmities	0.19	0.41	0.27	.49
Rural Developrent	**24.30**	**34.18**	**4.15**	**4.04**
i. Irrgation	10.13	15.54	5.19	3.37
ii. Land Reclaation	1.84	1.76	1.77	.44
iii. Rural Devepment	12.33	16.88	6.19	23
iv. Rural Electication			1.00	00
Safety Nets	**8.33**	**13.75**	**7.67**	**1.03**
i. Food Subsies	5.51	10.86	3.26	1.63
ii. Food Suppo Program	2.02	2.24	3.54	.90
iii. Tavwana Pkistan	0.80	0.59	0.70	.50
iv. Low Cost Husing		0.06	0.17	
Goverance	**32.98**	**38.54**	**1.86**	**4.80**
i. Acministratn of Justice	1.98	2.25	2.65	.41
ii. Law and Oier	31.00	36.29	9.21	4.39
Total	167.25	208.84	28.80	27.02

Source: PRSP, Fiance Dision

than the actual f 2002-03. Amog the community services roads and highvays hav the larest shae, whichave increased fromRs 6.34 billion in2001-02 to Rs 14.59 billion in 2003-04. As he consuction f roads is labour intensive the sctor helps createhuge employment opportnnities and suppcts otheeconom activites as wel.

Humar Develoment: Few poliies have promoted socio-economic develoment apowerfily as eective investment in hman capital. Invstment in this area will be as essential as sound mcroeccomic pocies in achieving the ojective of higheeconomic growth. PRSP assigns the highest budgery alloation tohe humn development pogramme of whin education has the lions share. During thecurrentscal yer the eucation udget was Rs 88.84 blion, which was'0.2 percent of the total hman development allocaon and 7.2 perent of the total budgetof Rs 23.8 billion for 203-04. Higher expenditure on education willhelp effctively rduce th povert level in the country a illiteracy is diretly linked to poverty. The government has assignea high riority tovarious ocial and economic rogrammes exclsively for women. An increase in the literacy rate aong wmen wilincreas their significance in the nation's devepment and prosperity. Health care is anotler impcant are and the government has assigned pority where agaist an actual expenditure of Rs 22.37 billion during 2002-03he budet for th current fiscal yar is Rs 29.17 biion ---- 30.4 percent higher than last year.

Rural Develoment: About 68 prcent of the population o Pakistan live in ural ares. This ast majrity canot be neglected if thepoverty level ha to be reduced in the coutry. A budget expenditurof Rs 3.15 billin has ben earmarked for ural developmer activities exclusively for; rrigation (Rs 25.'9 billion land relamatio (Rs 1.7 billion) rural development (Rs 619 billion) and rural electrification (Rs 1 billin) durin 2003-4.

Safety Nets: The government's safety net programmes includes food subsidies, food support programmes, tawana Pakistan, and low cost housing, etc. These programmes are directly related to the poorest section of society. Hence the government is continuously increasing their budgetary allocations every year, for example, against an expenditure of Rs 13.75 billion in 2002-03 the current fiscal year budget allocation is Rs 17.67 billion including Rs 13.26 billion for food subsidies alone.

Good governance: It is generally believed that poor governance is one of the factors causing poverty to rise. It is argued that the same economic policies and institutions that have led to high growth and poverty reduction in other countries have failed in Pakistan because of poor governance. Rising poverty enables the value system to decline sharply and allows the elite to exploit and manipulate more easily. Good governance will ensure that the benefits of growth are more equitably distributed. In view of this, the government has been increasing the allocation to this sector. The budget for good governance is Rs 41.86 billion in the current fiscal year compared to actual expenditure of Rs 38.54 billion last year.

No efforts to revive the economy will be complete unless the macroeconomic gains are transferred to the common man. The best way to transfer such gains is to provide them gainful employment, scaling up investment in human capital and maximizing the impact of existing public spending on education and health. Central to achieving the objectives is the promotion of stronger economic growth, targeted intervention, and improvement in governance.

• •

B

5. Fiscal Development
6. Money & Credit
7. Capital Market
8. Inflation

MONETARY &

FISCAL DEVELOPMENT

ntroduction

A Prudent fiscal pccy is the foundatn of a stable macroecononic environment a: it affec private ector savings and investment ar therefore the priate sector's contribution to growth. Fiscal varables aect priva economic decisions both dirctly through taxatn and public spending anc indirectly by affecing oth macroeconomic variables. Dependig on how deficits are financed, they can lea to inflation, the cowding t of privte invesment, he worsening of te current accountbalance, or problems of exernal credit worthness. A untry's verall fical deficit is correlate with a range of mcroeconomic variables, inluding GDP growth, real ierest rais, money creation, nvestmet and consumptio, the real exchange rate, and the current account bance. Acleving fical balance is therefo central to a stab macroeconomic environnent.

While the level of e fiscal deficit is good indicator of the neec for fiscal restraint the siz of the reuired fical adjustment is usuay a matter of debte. What level of the fiscaldeficit is sustainalle? A sitainabldeficit des not necessarly imply scal balance. Defits are sustainable if they are consistent witha feasib level o other macroeconomic iricators such as te balance of payments, forign exchange reserves, polic debt interest ates, and money creatic and inflation. Esmates of sustainable defcts help determine what lev of defic is apprpriate, what pattrns of fiancing are feasib, and what path adjustmert should take. Suc estimas requir the anaysis of alternative scenars that spell out th tradeoffs between fiscal and other macroeconomic viables.

Pakistan's macroeconomic environmnt deteriorated in the 1990s because of fisca profligay. A larg budget deficit resulted in unsustnable levels of pulic debt, double-digit inflaton, significant losses fromix-inducd resource misallocaion, and rosion of taxpayr confidence.

The tax system in akistan shares crtain common characteristics of other developing couries facig simila fiscal crises. First, the ta-to-GDP ratio is lw *(13-14 % of GDP)* compared to 17 percent or deveping contries ard 30 percent for industrl countries. Secnd, reliance on trade taxes as been high as almost o half of e taxes collected in the eay 1990s came frm trade taxes. Many low income developing countries llect mre than alf of their tax revenue tough trade taxe alone. Third, the share of direct taxes has ben abysmlly low ot only i Pakistan ut in othr developing coutries as well, most of whic come from business taxes Fourth, oth the irect and indirect tax sytem has a highly ifferentiated rate structure, narrow tax base, and exteive exeptions nd incentives. A narrw tax base with hihly differentiated tax rates ends to result in hgh and riable eective ta rates and low collection ates. Fifth, tax compliance has been a serious issue not only in Pakistan ut in oter develping countries as well.

t is not surprising at Pakistan like any other developing counries faced serious difficultis on the scal sid and relied heavily on borrowing from both domestic and extemal souces to fill the reveue-expnditure gp. The combined effect of these weaknesses resulted in low and stagnant tax to-GDP ratio on the one hand and low tax elasticity and buoyancy on the other in Pakistan. This state of affair compelled successive governments in the past to rely heavily on surcharges and non-tax revenue to augment overall revenue *(see Table 5.1)*.

Table 5.1: Fiscal Indicators as Percent of GDP

Year	GDP Real Growth	Overall Fiscal Deficit	Expenditure			Revenue		
			Total	Current	Development	Total Rev.	Tax	Non-Tax
1990-91	5.4	8.8	25.7	19.3	6.4	16.9	12.7	4.2
1991-92	7.6	7.5	26.7	19.1	7.6	19.2	13.7	5.5
1992-93	2.1	8.1	26.2	20.5	5.7	18.1	13.4	4.7
1993-94	4.4	5.9	23.4	18.8	4.6	17.5	13.4	4.1
1994-95	5.1	5.6	22.9	18.5	4.4	17.3	13.8	3.5
1995-96	6.6	6.5	24.4	20.0	4.4	17.9	14.4	3.5
1996-97	1.7	6.4	22.3	18.8	3.5	15.8	13.4	2.4
1997-98	3.5	7.7	23.7	19.8	3.9	16.0	13.2	2.8
1998-99	4.2	6.1	22.0	18.6	3.4	15.9	13.3	2.7
1999-00	3.9	5.4	18.7	16.5	2.2	13.5	10.7	2.8
2000-01	1.8	4.3	17.2	15.5	1.7	13.3	10.6	2.7
2001-02	3.1	4.3	18.8	15.9	2.9	14.2	10.9	3.3
2002-03	5.1	3.7	18.6	16.4	2.2	15.0	11.5	3.4
2003-04 (MBE)	6.4	3.3	17.5	14.5	3.0	14.3	11.0	3.3

Note: The base of Pakistan's GDP has been changed from 1980-81 to 1999-2000, therefore, wherever GDP appears in denominator the numbers prior to 1999-2000 are not comparable.

A sound tax principle is important for fiscal consolidation. The principle includes the following;

- The primary function of the tax system is to generate revenue. Where tax increases are not an explicit objective, reform efforts usually seek revenue neutrality, that is, improve the structure of taxes without changing revenues.
- A major goal of tax reform is to reduce the efficiency costs of the tax system.
- Tax reforms espouse more broad-based taxation at lower and more uniform rates with fewer incentives. Such rules simplify the determination of the tax base and tax liability, increase efficiency, offer fewer incentives to evasion, make evasion more difficult, strengthen the ability of the tax administration to collect taxes, and make the tax system politically more acceptable.
- Lift the tax burden off the poorest household and ensure that the tax structure promotes both vertical equity *(distributing the tax burden according to ability to pay)* and horizontal equity *(treating tax payers with the same amount of income equally)* irrespective of the source of income. A broad-based tax system promotes vertical equity by carefully targeting exemptions to the poor, by relying on a tax base that applies largely to the rich, and by generating enough revenue to prevent expenditure cuts or increases in inflation, which harm the poor. A broad-based tax system promotes horizontal equity by extending the tax net to cover the informal sector and the hard-to-tax formal activities.

II. Tax and Tariff Reform

Realizing the weaknesses of Pakistan's tax structure a concerted reform-effort was launched some four and a half years ago. The government began wide-ranging tax and tariff reforms and worked on fiscal transparency, aimed at reducing tax rates, broadening the tax base to hitherto untaxed or under taxed sectors, and shifting the incidence of taxes from imports and investment to consumption and incomes. The reduction in tax rates was intended to stimulate investment and poduction and pronote voluntary tax compliaice. Broadening o the tax ase wasntendedto ensure the fair dtribution of the ta burden among various seitors of the econony. Dets of refams are 'ell-documented in Ex-I.

Box-I: FISCAL EFORMS INTRODICED DURING THE LAST THREE YEARS

TAX REFORMS

- Al tax whiher schemes elimintd.
- Tax surveynd documentationxercise undertaken.
- This exerce added 234,189 nw income tax payers and 34000 sales tax payers o the taxase.
- Wealth taxbolished.
- To put an ed to the multiplicityof taxes, the number of taxes at the federal and povincial lels has een redued.
- Grass rootreforms in tax admistration started.
- A two-tier gricultural income tx introduced.
- GST broacned and streamlind.
- In order to nsure expeditious ales Tax refund payments, wile ensuring no inacmissible ayments, he Sales Tax AutomateRefund Repository STARR) has been set up. Thi: will help in the devlopment paper lss (Electrnic) receipt, pressing and sanctio of refund claims. The seconr phase of the projec (STREA) will benplemered by June 2004
- To create taxpayer friendly evironment a new *income tax ordinance* on a univesal self-aessmerbasis wi system-sected audits, minim exemptions, and more equitale rates have beenintroduc.
- For an effetive dispute resoluon mechanism, tax ombudsman's office has been established.
- Developinan automated assesment and valuation system
- The Largeaxpayer unit has ben established in Karachi
- A model mdium taxpayer unitias started working in Lahore o test the re-engineered incoe tax sysem
- A Univers Self Assessment Sstem has been introduced fron 1st July 2002. Unler USAll taxpayrs automtically qualify for elf-assessment.
- The positiv results experiencd in MTU Lahore and LTU Karachi have given the CBR the nfidenceo setup ne more LTU Lahore and 6 MTs in Karachi, Quetta, Rawalpindi, Faisalabad and Peshawa
- Taxpayer acilitation Centers (FCs) will be setup at various ocations across the country ts year.
- The CBR as developed a Cuom Administration Reform Plan (CARE), which wil test the plementtion of re engineere automated procedres for the clearance of impors and exports.

TARIFF REFORS

- Public anrouncement of tariff rtionalization, spread over 2001-03:
- Maximum riff brought down t 25 percent in 2002-03 from 92 percent a decade ago.
- Number oariff slabs reducedrom 13 to 4 in the same periol.
- Minimizinthe use of excise dties in tariffs.
- Promulgan of anti-dumping aw consistent with WTO.
- Inport libelization measuresadopted for agricultural and peroleum products.
- Restrictior on agriculture exprts removed.
- A Pilot Cuoms Administratio Reform Project would be estalished by August 2004.

FISCAL TRANSPARENCY

- The govemment is already on he road to an Accountable Fiscal Management Framework FMF) th specifie the accountatity and transparenr of fiscal management.

Pakistan has been introducing tax and tariff reforms since the early 1990s to address the structural weaknesses in its tax system. As a result of these reforms the structure of taxation began improving in the right direction but it did not yield sufficient revenue. The reason why the reforms were not revenue yielding was that tax administration reforms were either not preceded by or was not accompanied the reforms in tax system. It is well-known that most tax administration systems are influenced by the structure of taxation in developing countries. In other words, the tax structure and tax administration are interdependent in developing countries, incl ding Pakistan. Introducing reforms to improve the tax structure without addressing the weaknesses of the tax admini tration was bound to yield a sub-optimal result.

III. Tax Administration Reform

The tax administration plays a vital role in the success or failure of any attempt to reform the tax system and in developing countries must focus on three main objectives. First, that it must reduce the costs of taxpayer compliance. Second, it must raise the costs of taxpayer non-compliance and third, it must improve the efficiency with which tax laws are enforced. To achieve these broad objectives tax administration reforms must articulate a strategy that includes a comprehensive plan that assigns clear priorities to the task that must be performed and tailored to the available resources. The reforms must also focus on some key functional areas and supporting measures including; taxpayer compliance, the enumeration of taxpayers, the estimation of taxable income, the collection of taxes, the enforcement of tax regulations, and the organization of the tax authority. A brief discussion on these six key areas is documented below.

Taxpayer Compliance: Tax administration reform usually aims to simplify the tax system so that it can be applied effectively. Moderating tax rates reduces compliance costs, while reducing the number of exemptions and discretionary elements in the tax code eliminates opportunities for tax evasion and thus increases compliance. Eliminating opportunities for collusion between taxpayers and tax collectors by switching from an official assessment system to a self-assessment may increase compliance. Compliance can also be less burdensome if tax laws are simple and taxpayers do not need the help of tax specialists to file returns. Simplifying tax laws, forms, and procedures make tax administration simpler and more efficient. Compliance can also be increased by improving the taxpayer environment: treating the taxpayers as clients, becoming more service-oriented, providing amenities in tax offices, accelerating refunds, and providing easy access to the tax authorities for tax laws and advanced rulings on ambiguous regulations. A related area is taxpayer education: taxpayers need to be convinced that their taxes are being used effectively.

Enumeration of Taxpayers: Entities and individuals about whom the tax authorities have no information are unlikely to pay taxes. The first requirement of a good tax administration is thus to identify all those required to pay taxes and issue unique tax identification numbers (TINs) which can serve as the building blocks for the taxpayer master file. Self assessment is one way to increase taxpayer enumeration and may results in an increase in the number of taxpayers but chances are that under assessment is high and it is therefore necessary to undertake selective checks, audits, and penalties.

Tax Collection: Improving tax collection requires providing numerous and easily accessible facilities where taxes can be voluntarily paid. It also requires an appropriate penalty structure which is rigorously enforced. Critical, too, is the record keeping capability of the tax authorities.

Enforcement of Tax Regulations: The first step in enforcement is identifying gaps between potential and declared taxes, declared and paid taxes, and taxes paid and payment received by the treasury. These gaps result from lapses in identification, filing, reporting of current income, payment, and the transfer of tax payments to the treasury.

Organization of le Tax Authority In most developing countrеs, tax agencies are charaerized y poor trining, poor equpment, lw salaries, and aow status. The developmet of a better management formatin syster through computeration can help ta authorities identify the best uses of adminisrative reources.

Notwithsanding te above listed funtional areas, no single approach can be appied evewhere sccessfuy. Each country requires unique strategy tat fits its circumstances and makes the best use of its availabl adminisrative resources to miniize noncompliane.

Fully cognizant of e fact that the sucess of tax reform will depend on the effectiveness/effiency of e tax administration, the Govemment of Pkistan approved a medium-term program for reforming e tax aministratin in November 2001. Sice then, major eorts have been made to improve the tax administration the ke six funconal areas discussed abve. Some of the milestones already achieved under tax administation refm are smmarizd below:

i) Re-organizatio of CBR Headqurters on functional lines

The CBR was admistrated on a cylidrical basis in the past whee policy and operational futions wre perfoned by the same Membe Five new Membes from the private sector have been recruited to look aft speciazed skill like taxpayer educatio audit, informatio technology, fiscal policy, and human resource manageent.

ii) Establishmenof a Large Taxpyer Unit

A Large Taxpayer Unit (LTU) has ben established from July 1, 2002 at Karachi, encompassg all thre domesc taxes i.e. sales tax, cental excise duty, an income tax. The unit has been expanded to cover 600 Karachi bsed larg taxpayers and covrs more than 50% of the revenue of the county's largest city. Its performace has o far bee impressive and has encouraged the ovemment to set up another LTU in Lahore in July 2004 This will mirror the Karachi LTU to cover 300 main corporate taxayers.

iii) Medium Taxpyer Unit

A model Medium Taxpayer Unit (MTU) has started working in Lahore w.e.f. October 1, 2002 facilita taxpayrs. The positive experienc of MTU Lahore hs given confidence to senior management in the CBR move aead with the establishment of other MTUs acros the country. The CBR has decided to setup five MTUs Karaci, Rawalpndi, Quetta, Faisalaba and Peshawar.

iv) Universal Se Assessment Sytem

Universal Self-Assessment System (USAS) is the comer stone of the reform strateg of the CR. Whil the sale tax is already on a self assessment basis, income tax has also been brought under the USAS throuh the Inome Tax Ordinance 2001. USAS all taxpayrs automatically qualify for self assessment. The returns received will not b examined in detaat the time they ae received. A certain percenage of cases would be seleed for adit base on risk assessments for various classes of txpayers. The govemment is currently examinig the pcess of ringing cstom collection also uner self assessmer coupled with an audit basel risk assessment or various classes of taxpayrs.

v) Customs Adrnistration Refon (CARE)

The exising cumrsome manual sstem is higly personalized, nvolving 34 verificitions ar 62 step. There i face to face contact betwen taxpayer and ix collector and the taxpayer has to bear extra cost on acount of e inefficency of the system. The CBR has developed a Custom Administration Rform Plan (CARE) and has decided t start a plot project to test the new approach for imports and exports. The Karachi International Container Terminal (KICT) which clears 35% of the imports through the Karachi seaport has been selected as the pilot site.

vi) Sales Tax Automated Refund Repository (STARR) Project

The reengineering and automation of the sales tax refund system has been identified as an essential component of the reform of the sales tax. The software has been developed and a central data base office has been established. The implementation of the first phase has been completed and the system is being evaluated and reviewed for the development and implementation of the second phase of the project STREAMS will be implemented by June 2004. This system will handle all kinds of refund cases and will maintain taxpayers profiles based on multi tax data of the regular refund claimant and their suppliers.

vii) Taxpayers Facilitation Centers

With a view to promoting voluntary tax compliance in a self assessment system of tax administration, taxpayer education and facilitation has been given a priority. All the laws, rules, and circulars have been placed on the website and the CBR is in the process of setting up of 7 Taxpayer Facilitation Centers (TFCs) at various locations across the country to address the queries/routine questions of the taxpayers.

viii) Income Tax Organization Structure

The existing structure of income tax, which is circle based where all administrative, judicial, legal and enforcement powers are exercised by one person is being replaced by a functional system. A new income tax organizational structure containing functions of taxpayer service, information processing, audit, enforcement, collection, legal, information technology, HRM and internal control has been developed and is being presently tested at MTU in Lahore. A home grown automated reengineered Tax Management System has also been developed which will drastically reduce the locations as well as the personnel in the income tax organization.

The strategy revolves around information technology based processes. The implementation of IT software and hardware, and the efficient use of technology is aimed at achieving the objective of minimum taxpayer interface and to allow the tax administration to be taxpayer friendly while reducing compliance costs. The reform of the tax administration is not only focusing on a change in skills but major efforts are underway to transform the organizational culture. Significant improvements in human resource management functions are on hand including; (i) HR audit, (ii) Implementing new and effective decision making processes, (iii) Competency /Skill enhancing training programs, (iv) Improved compensation packages, and (v) Redundancy planning and sequencing.

IV. OUTCOMES OF REFORMS

The wide-ranging tax and tariff reforms as well as reforms in the tax administration have started paying dividends. Tax collection by the Central Board of Revenue (CBR) has picked up, the overall budget deficit as percentage of GDP has declined, the revenue deficit has been narrowed, and the primary surplus has increased. Consequently, public debt as a percentage of GDP has declined and Pakistan is now moving towards fiscal consolidation.

During the last five years, tax collection has increased by 65 percent and the overall fiscal deficit which averaged almost 7.0 percent of GDP during the 1990s has been reduced to 3.3 percent in 2003-04 (of new GDP). The revenue deficit (the difference between total revenue and total current expenditure), has been narrowed from 3.0 percent of GDP to 0.2 percent which will increase national savings, and thus reduce the country's dependence on foreign savings to finance domestic investment. The primary balance (total revenue minus non-interest total expenditure) remained in surplus. An improved tax structure will reduce the dead weight loss associated with raising a given amount of revenue and a reduction in the relave share of trade ıxes and increases in the rlative shares of ta:es on irome an consumtion could be taken as edence of an imprvement in the tax system.

Eecause of reforms the structure of txes has undergone considerable changes sice the '90s. Firtly, the sare of cirect taxes in totalaxes (collected b the CBR) has increased fom 18 percent to 32.0 pernt in 203-04 (Se Table 5.2) Accordigly, the share of idirect taxes declined from82 percent to 68 percent ring theame peiod. Even withn the indect taxes, dramac changes have taken place. The collection fom cusm duty sed to acount for 45 percent of toal tax collection ad 55 percent of indirect taxes in 1990-91. Its share ha now ben reducd to 17 percen and 25 ercent, respectivy. This is the consequence of the tariff reforn implennted bysuccessve covemments since1990-91. The shae of sales tax increased dramatically from 144 perce to 43 prcent ofotal taxes and from 17. percent to 62.5 prcent of indirect taxes dumg the same pericl. Centr excise s a tax i losing itsimportane and gradually eing faded out. Its shares in total taxes and idirect tes were22.5 perent and 27.5 percent, ispectively in 199-91. These have now beer reduced to 8.6 percent ar 12.6 pecent, respectively duringhe same period (see Table 5.2 and Fig-2).

Table 5.2 Structui of Federal Tax Reenue (Rs. Billion)

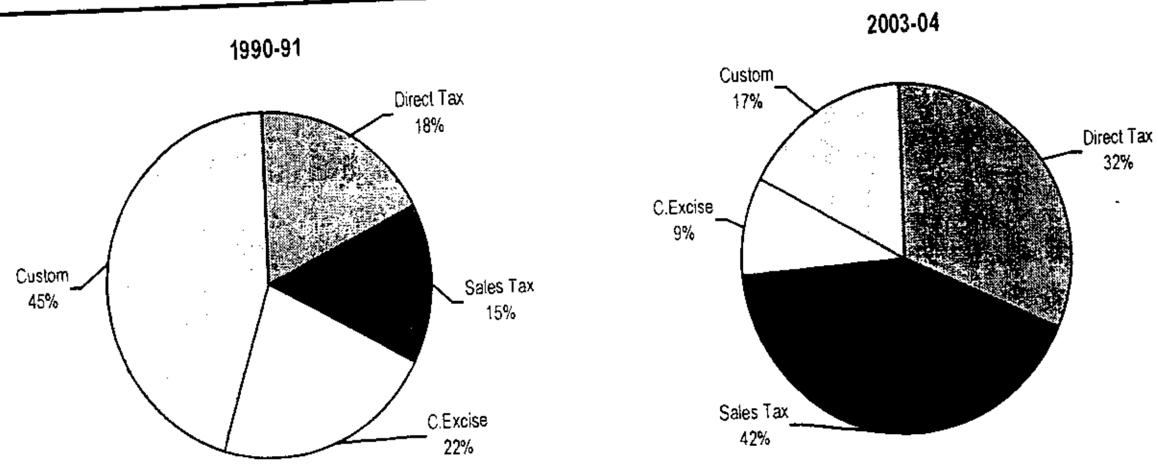
Year	Tax Revenue				Break-ı of Indire Taxes		
	Total (CBR)	As % of GDP	Direct Taxes	Indirect Taxes	Cusom	Sales	Cetral Exse
1990-91	111.0	11.0	20.0	91.0	50.0	16.0	25.0
			[18.0]	[82.0]	(54.9)	(17.6)	(7.5)
1991-92	142.0	12.0	29.0	113.0	62.0	21.0	30.0
			[20.4]	[79.6]	(54.9)	(18.6)	(6.5)
1992-93	153.2	11.0	36.7	116.5	61.5	23.5	31.5
			[24.0]	[76.0]	(52.7)	(20.2)	(7.1)
1993-94	172.5	11.0	43.4	129.1	64.2	30.4	34.5
			[25.1]	[74.9]	(49.7)	(23.5)	(6.9)
1994-95	226.0	12.0	62.0	164.0	77.0	43.0	44.0
			[27.4]	[72.6]	(47.0)	(26.2)	(6.8)
1995-96	268.0	13.0	78.0	190.0	89.0	50.0	51.0
			[29.1]	[70.9]	(46.8)	(26.3)	(6.9)
1996-97	282.0	12.0	85.0	197.0	86.0	56.0	55.0
			[30.1]	[69.9]	(43.7)	(28.4)	(7.9)
1997-98	293.7	11.0	103.3	190.4	74.5	53.9	52.0
			[35.0]	[65.0]	(39.1)	(28.3)	(2.6)
1998-99	308.5	10.0	110.4	198.1	65.3	72.0	60.8
			[35.8]	[64.2]	(33.0)	(36.3)	(0.7)
1999-2000	346.6	9.1	112.6	234.0	61.6	116.7	55.6
			[32.5]	[67.5]	(26.4)	(49.9)	(3.7)
2000-01	392.3	9.4	124.6	267.7	65.0	153.6	49.1
			[31.8]	[68.2]	(24.3)	(57.4)	(8.3)
2001-02	403.9	9.2	142.5	261.6	47.8	166.6	47.2
			[35.3]	[64.7]	(8.3)	(63.7)	(8.0)
2002-03	460.6	9.6	148.5	312.2	59.0	205.7	47.5
			[32.2]	[67.8]	(8.9)	(65.9)	(5.2)
2003-04(BE)	510.1	9.3	161.1	349.0	87.1	218.1	43.8
			[31.6]	[68.4]	(25.0)	(62.5)	(2.6)

Source:Central Eard of Revenue

* Eeginning om 1999-2000, Pastan's GDP was re-based at 1999-2000 from a two decade old base f 1980-8. Therefore wherever GDP appars in denominator the numbers prior to 1999-2000 are not mparabl

Note: Figures in scare bracket are as ercentage of tax revenue. Figues in parentheses are as percentage of idirect taxes.

Fig-1: Federal Tax Collection (1990-91 & 2003-04 (% Share)



The pace of change in the tax structure, particularly in indirect taxes has gained considerable momentum over the last five years. The share of custom collection has declined from 33 percent to 25 percent while the share of central excise has declined from 31 percent to 13 percent since 1998-99. The share of sales tax increased from 36 percent to 62.5 percent. The basic philosophy of tax and tariff reform has been to move away from investment and production based taxes (indirect taxes) to income (direct taxes) and consumption (sales tax) based taxes. Pakistan has succeeded in changing the composition of its taxes but much more effort will be needed to enhance the share of direct taxes in total taxes.

Tax reform and reforms in the tax administration have started paying dividends in terms of higher tax collection and, fiscal consolidation. A prolonged commitment to fiscal discipline can only come from a rule-based fiscal policy which basically prevents the government from taking the fiscally irresponsible route. For a country like Pakistan which remained fiscally irresponsible for a very long period of time, a rule-based fiscal policy is absolutely necessary for achieving long-run fiscal sustainability. Pakistan has already drafted a rule-based fiscal policy, enshrined in the Fiscal Responsibility Law, which has been approved by the Cabinet and has been sent to the Parliament for legislation.

V. CONSOLIDATED BUDGETS (FEDERAL & PROVINCIAL) IN 2003-04

As a result of sustained efforts, the fiscal deficit has been on a declining trend since 1999-2000. It declined to 4.3 percent in 2000-01 and remained at that level in 2001-02 but declined again to 3.7 percent of GDP in 2002-03 and 3.3 percent in 2003-04. As a result of prudent fiscal management and better tax enforcement, Pakistan succeeded in achieving this level of fiscal deficit [Table 5.3].

Total revenue is estimated at Rs.780.3 billion in 2003-04 as against Rs.720.8 billion last year—an increase of 8.3 percent. This increase is due to the substantial increase in federal and provincial tax revenues which grew by 6.7 percent and 20.2 percent, respectively. The consolidated tax receipts grew by 8.1 percent while non-tax revenue increased by 8.7 percent.

V.1: Analysis of CBR Tax Collection

The Central Board of Revenue (CBR) has successfully achieved the revenue target of the first ten months of the current fiscal year (CFY) and the achievement of the year-end target is now a real possibility. This success has been

Table 53: Considated Budget (Fderal and Provincial) (Billioi Rs.)

	2001-02 (P.A.)	2002-03 (R.E)	20034 (B.	Chnge
A. Tota Revenu	**624.1**	**720.8**	**80.3**	**8.3**
a) Ta) Revenu	**478.1**	**555.8**	**00.9**	**8.1**
i) Federal	**459.3**	**534**	**74.7**	**7.6**
- CBR	403.9	461.6	10.1	10.5
- Surcharge	54.8	68.2	62.1	-8.9
- Other	0.6	4.2	2.5	
ii) Provincial	**19.1**	**21.8**	**26.2**	**20.2**
b) Non-Tax Revnue	**146**	**165**	**79.4**	**8.7**
B. Tota Expendure	**826.2**	**898.2**	**57.7**	**6.6**
a) Current Expnditure	**700.2**	**791.7**	**93.6**	**0.2**
i) Federal	**524.6**	**599.8**	**89.2**	**-1.8**
- Interes	245.3	209.7	02.5	-3.4
- Defens	149	159.7	180	12.7
- Civil Gvt.	56.3	60.9	70.5	15.8
- All Oths	74	169.5	36.2	19.6
ii) Provincial	**175.6**	**191.9**	**04.4**	**6.5**
b) Developmet Expenditure	**126**	**106.5**	**64.1**	**54.1**
PSDP**	126.2	129.2	152	17.6
	-0.2	-22.7	12.1	
c) Statisticaliscrepancy	**-11.7**	**3.2**	**-**	**-**
C. Overall FiscaDeficit	**-190.4**	**-180.6**	**77.4**	**-**
Financing	**190.4**	**180.6**	**77.4**	**-**
i) Exernal	83.1	113	14.4	-
ii) Donestic	107.3	67.6	163	-
- Bank	14	-55.6	82	-
- Non-Bar	85	119.5	70	-
- Privatizan Proceeds	8.3	3.7	11	-
	As % of GDF			
Tota Revenu	**14.2**	**15.0**	**14.3**	**-**
- Tax Revene	10.9	11.5	11.0	-
- Non-Tax Revenue	3.3	3.4	3.3	-
Total Expendure	**18.8**	**18.6**	**17.5**	**-**
Curent Expeiture	15.9	16.4	14.5	-
- Irterest Pment	5.6	4.3	3.7	-
- Defense	3.4	3.3	3.3	-
PSDP	2.9	2.7	2.8	-
C. Overall FiscDeficit	**4.3**	**3.7**	**3.3**	**-**
GDP at Market rice (Rs Bln)	**4402.0**	**4821.0**	**58.0**	**13.2**

PA: Provisional tual, RE: Revised stimate, BE: Budget Estimate — Source: n. Div. (udget Wg)

* The differenceetween developmnt expenditure and Public Sctor development Program (SDP) is e net leding to PSEs.

possible for mar reasons includin the improvement in the macroeconomic envronmentnd the strengtheing of economic fundaentals. The contuation of tax and administrative reforms has also playd an imprtant ro in the improvement ofax collection. It isanticipated that the functional re-organization of the CR at the eld leve supported by aomation will furthr boost tax compliance as well as the tax effor.

Overall Gross and Net Collection

Overall net collection has surpassed the July-April target of Rs. 388.8 billion by Rs.8.4 billion or 2.2%. The *gross* and *net* (provisional) collections during the first ten months of the CFY stood at Rs.466.5 billion and Rs.397.2 billion, respectively, registering growth of 11.0% and 12.8% over the corresponding period of last year. The overall refund/rebate payments during the first ten months of the CFY have been Rs. 69.3 billion [see Table 5.4]. This broad-based growth of the leading federal taxes is consistent with the performance of the economy, especially the growth of GDP, domestic industrial production and sales, and the level of total and dutiable imports.

Detailed Analysis of Individual Taxes

Direct Taxes: The gross and net collection of direct taxes during July-April 2004 has been Rs.131.3 billion and Rs.118.7 billion, respectively, indicating that gross collection grew by 6.7% during the first ten months of the CFY over the corresponding period of last year. Similarly, the net collection also increased by 8.4%. The major contributors to the growth of direct taxes were: a 50% growth in payments with returns, 15.8% through advance payments, and a 5.9% growth in withholding taxes. On the other hand, a 6.5% decline in collection on demand has been due to the adoption of the Universal Self-Assessment scheme in income tax whereby submitted returns have been considered as final assessments. The month-wise growth in direct tax receipts is given in Table 5.5.

Table 5.4: Federal Gross and Net Revenue Receipts: A Comparison (Billion Rs.)

	FY 02-03		FY 03-04		Growth (%)	
	Gross	Net	Gross	Net	Gross	Net
July	33.1	23.6	31.0	23.4	-6.3	-0.8
August	36.5	29.6	36.1	30.1	-1.1	1.7
September	43.0	37.2	45.8	40.6	6.5	9.1
October	40.4	34.6	47.9	42.0	18.6	21.4
November	37.3	31.8	39.8	33.7	6.7	6.0
December	49.8	44.6	66.9	60.6	34.3	35.9
January	45.8	37.2	52.0	43.7	13.5	17.5
February	40.1	33.1	46.7	39.3	16.5	18.7
March	44.7	38.6	48.7	40.0	8.9	3.6
April	49.7	41.8	51.7	43.9	3.9	4.9
July-April	420.4	352.1	466.5	397.2	11.0	12.8

Note: Figures are rounded to one decimal place

Table 5.5: Gross and Net Revenue Receipts of Direct Taxes: A Comparison (Billion Rs.)

	FY 02-03		FY 03-04		Growth (%)	
	Gross	Net	Gross	Net	Gross	Net
July	6.2	4.8	7.1	6.2	14.5	29.2
August	7.6	7.0	7.4	6.8	-2.6	-2.9
September	13.4	11.8	12.9	12.6	-3.7	6.8
October	12.4	11.5	13.4	12.3	8.1	7.0
November	9.1	7.9	9.9	8.5	8.8	7.6
December	19.5	18.7	24.2	23.6	24.1	26.2
January	12.5	10.8	13.9	12.2	11.2	13.0
February	12.1	10.6	13.9	10.2	14.9	-3.8
March	12.2	11.5	13.3	12.0	9.0	4.4
April	18.1	14.9	15.3	14.3	-15.5	-3.8
July-April	123.1	109.5	131.3	118.7	6.7	8.4

Note: Figures are rounded

Sales Tax: The second major source of federal receipts is the sales tax. The gross and net sales tax collection has been Rs. 217.9 billion and Rs.173.0 billion during July-April 2003-04, respectively showing a growth of 12.8% and 12.3% over the corresponding period of last year. The refund payments have increased by 15.1% during this period, and have been paid out almost completely from domestic sales tax receipts. Of the two components of sales tax, the domestic sales tax collection has increased by 8.9% in gross terms and 5.1% in net terms. The main sources of growth during July-March 2003-04 in the collection are cotton not carded or combed (18.7%), telephone/fax services (12%), natural gas (6.9%), cement (10.2%), fertilizer (17%), and cigarettes (2.3%). However, the overall gross collection has been adversely affected by a decline in collection of POL products, sugar and mild steel products. The growth in gross and net sales tax collection from imports has been 17.5% and 17.7%, respectively, which is consistent with a 13% growth in imports during the first ten months of the CFY. The month-wise growth in sales tax collection is highlighted in Table 5.6.

Customs Duties:The gross and nε collection from cusoms duts have exhibited emarkable increases of 19.5 and 32.5%, resectively during July-Apri 2003-0over the correspnding period of last year In absote terms, Rs.70.:billion have been colected on net basis durin the CFY against Rs.53.0 bion in the same eriod last year — thus rgisterinan increase of 3.5 percent. The growth in collectio is attributable to a 24% growth in dutiabe import In particular, thecollection on vehicles iron ancteel, machinerypaper and paperboard, and dible oil has witnssed significant increases. The mthly collection ccustoms is reportedin Table.7.

Central Excise: ne net collection f CED during July-Aprl 2004 hs been Rs. 35.3 llion against Rs. 35.5 billion ding the correspoding period of the PFY depictir a decline of 0.5'. A 12% growth in beverages, 11% in natural gasnd 9.6% in cigarettes have icreased revenue ubstantially but did not compense for the drastic ffects of the shrinking base ohe CED. The mothly performance is rorted in Table 5.

TOTAL EXPENDITURE:

Total expenditures estimated at R957.7 billion in 2003-04 which is.6 percent higherhan last year. Out of this currerexpenditure is esmated at Rs.793.6 billion (2.9 percent of totexpenditure) while developme expenditure amunted to Rs.164.1 billion (7.1 percent of tot outlay). As shown in Table-8, the current expnditure which was 16.4 percenof GDP last year hs declined to 14.5 percent in th current year. Thre are three major componen of current expeniture, namely, interest payment defense, and exenditure on civil adminisration.

a) Interest Payments

Interestpayment comprise the sinle largest item of total, as well as, urrent expenditurs. Their share in total expenditurdeclined from 32.percent in 2000-01 to 2'.1 per cet in 2003-04 whilthat in current expendture droped from 36.3 perent in 2000-01 to 35.0 pe cent in 201-02 and furtheto 25.5 percent

Table 5.6:Gross and Net Revenue Rieipts ofSales Ta: A Comparison (Bilion Rs.

	FY 02-03		FY3-04		Grown (%)	
	Gross	Net	Gross	Net	Gross	Net
July	18.4	12.4	15.:	10.2	-15.8	-17.7
August	18.8	14.5	18.'	14.8	-0.5	2.1
Septembe	19.5	16.9	20.,	16.6	4.6	-1.8
October	17.6	15.(	22.·	18.9	27.3	26.0
November	18.9	16.2	20.:	16.6	7.4	2.5
December	20.3	17.:	28.·	23.6	39.9	36.4
January	22.2	16.(	25.(	19.7	12.6	18.7
February	18.0	13.(	22.:	19.6	25.(	44.1
March	20.5	16.(	22.(	15.7	7.3	-5.9
April	18.9	15.(	22.;	17.3	20.6	15.3
July-April	193.1	154.'	217.!	173.0	12.6	12.3

Note: Figures are rounded

Table 5.7 Gross and Net Revenue Rieipts ofCustomsA Comparison (Rs. Billion)

	FY 02-03		FY3-04		Grown (%)	
	Gross	Net	Gross	Net	Gross	Net
July	5.9	3.9	6.·	4.9	8.5	25.6
August	6.5	4.5	6.,	5.3	4.6	17.8
Septembe	6.5	4.9	8.'	7.6	33.8	55.1
October	6.9	4.'	8.	6.9	17.4	46.8
Novembe	6.0	4.:	6.'	5.6	11.7	30.2
Decembe	6.6	5.:	10.·	9.9	63.6	86.8
January	7.3	6.(	9.	8.2	30.1	36.7
February	6.4	5.:	7.·	6.3	9.4	18.9
March	7.9	6.:	9.	8.1	17.7	28.6
April	8.6	7.8	8.	7.4	1.7	-5.2
July-April	68.6	53.(	82.·	70.2	19.5	32.5

Note: Figures are rounded

Table 5.8 Net Revenue Recipts of Cntral Exise: A Comparison(Rs. Billion)

	Collectio		
	FY 02-03	Y 03-04	Groth (%)
July	23	2.0	23.1
August	35	3.2	-8.6
Septembr	35	3.8	5.6
October	34	3.9	4.7
Novembe	33	3.0	-9.1
Decembe	34	3.6	5.9
January	33	3.6	-5.3
February	35	3.2	-1.1
March	41	4.2	2.4
April	41	4.9	7.1
July-April	355	35.3	-0.5

Note: Figures are rounded

in 2003-2004. In absolute terms, interest payments which were at Rs.243.3 billion in 2001-02 declined to Rs. 202.5 billion in 2003-04— a reduction of 17.4 percent [See Table 5.3]. This decrease can be attributed to prudent debt management and a sharp decline in interest rates.

b) Defense expenditure

Defense expenditure in 2003-04 was budgeted at Rs.160.0 billion – almost no change from last year. However, because of increased activity along the country's western border the defense spending is estimated at Rs.180 billion. As a percentage of GDP, defense spending remained at last year's level of 3.3 percent. As percentage of total outlay, defense spending is 18.8 percent.

c) General Administration

The third major component of current expenditure is expenditure on General Administration. Expenditure under this item stands at Rs.70.5 billion which is 15.8 percent higher than last year. It accounted for 8.9 percent of current expenditure and 1.3 percent of GDP during 2003-04 as against 7.7 percent of current expenditure and 1.3 percent of GDP last year.

d) Provincial current expenditure

Provincial current expenditure grew by 6.5 percent in 2003-04—increasing from Rs.191.9 billion to Rs.204.4 billion. However, provincial current expenditure as a percentage of total expenditure declined from 21.4 percent in 2002-03 to 20.3 percent in 2003-04. As a percentage of GDP, provincial current expenditure has declined from 4.0 percent in 2001-02 to 3.7 per cent in 2003-04.

Public Sector Development Programme (PSDP)

The size of the Public Sector Development Programme (PSDP) during the current fiscal year is projected to increase by 17.6 percent compared to last year. The approved size of the current year's PSDP is projected at Rs.152.0 billion as against Rs.129.2 billion for 2002-03. At least 40 per cent of the resources have been provided for social sectors. PSDP also supports the governance reforms and reforms intended to improve public expenditure management in the social sectors.

V.3: FEDERAL BUDGET 2003-04

The budgeted federal gross revenue receipts of Rs.753.0 billion for 2003-04 are 7.7 percent higher than the revised estimates of Rs.673.6 billion for 2002-03. These revenue receipts comprise tax revenue (Rs.573.6 billion) and non-tax revenue (Rs.152.2 billion). Tax revenue is to increase by 7.4 percent mainly on account of better tax administration and reforms in the CBR. CBR revenue is estimated to grow by 10.5 percent (net basis). Total expenditure of Rs.753.3 billion is estimated to be 6.7 per cent higher than last year. The Public Sector Development Program (PSDP) is estimated at Rs.152.0 billion which is 17.6 per cent higher than that of the previous year. The notable development in the federal budget has been that revenue was set to increase at a faster pace than expenditure and interest payments have declined substantially [See Table 5.9]. It is to be noted that the federal government distributes specified share of tax revenues to provinces and the remaining (net) revenue is being utilized by a the federal government.Net revenues of the federal government increased by 11.9 percent, rising from Rs.480.8 billion to Rs.538.2 billion. The transfer to provinces increased by 11.4 percent to Rs.214.8 billion in 2003-04 from Rs.192.8 billion last year [See Table 5.9].

Table 5.9: Federal Government Budet 2002-03 and 2003-04

Item	2002-03 (R.E)		2003-04 (M.B.E)		% Chage 2003-4/ 2002-3
	s. Billion	% Share	Rs. Billion	% Sfre	
A. Tax Revenue	**534.0**	**79.3**	**573.6**	.0	.4
- CBR Revenue	461.6	68.5	510.1	.3	1.5
- Surcharges	68.2	10.1	61.0	.4	-1.6
- Others	4.2	0.6	2.5	.3	-4.5
B. Non-Tax Reveue	**139.6**	**20.7**	**152.2**	.0	.0
C. Total Revenue(A+B)	**673.6**	**100.0**	**753.0**	100	.7
Less Transfer to Provinces	192.8		214.8		1.4
Net Revenues	480.8		538.2		1.9
Current Expenditure	599.8	84.9	589.2	.2	.8
- Interest Payments	209.7	29.7	202.5	.9	-.4
- Defence	159.7	22.6	180.0	.9	1.7
- Civil Administrion	60.9	8.6	70.5	.4	1.8
E. Development Expenditure	**106.5**	**15.1**	**164.1**	.8	**5.1**
- PSDP	129.2	18.3	152.0	.2	1.6
- Net Lending	-22.7	-3.2	12.1	6	-15.3
F. Total Expendiure (D+E)	**706.3**	**100.0**	**753.3**	100	.7

R.E: Revised Estiates

M.B.E: Modified Budget Estimates.

Source: Finance Divisin, (Budget Wing)

VI.4: PROVINCIAL BUDGETS

The total outlay of the four provincial budgets for 2003-04 stood at Rs.356.4 billion, which 12.7 percent higher than the outlay for last year (Rs.316.2 billion). NWFP witnessed the highest increase of 29.3 peent in budgetary outlay followed by the Punjab (14.8%), Sindh (5.2%) and Baluchistan 3.1%). The overall provincial revenue receipts for 2003-04 are estimated at Rs. 294.6 billion, which is 6.1 percent higher than last year. Tax revenue accounted for 86 percent of overall revenue receipts and amounted to Rs.254.7 billion which is 0.6 percent lower than last year and non-tax revenue estimated at Rs.39.9 billion which is 87 percent higher than last year. The total budget outlay of Rs. 356.4 billion is shared in the ratio of 80 percent and 20 percent between current and development expenditures, respectively. The allocations for development expenditure are 22 percent higher than last year and for current expenditure, they are higher by 7 percent. The main components of the Provincial budgets 2003-04 in comparison with revised estimates of last year are presented in Table-5.10.

Table.5.10: Overview of Provincial Budgets (Rs. billion)

Item	Sindh		N.W.F.P		Punjab		Baluchistan		Total	
	02-03 (R.E)	03-04 (B.E)	02-03 (R.E)	03-04 (B.E)	02-03 (R.E)	03-04 (B.E)	02-03 (R.E)	03-04 (B.E)	02-03 (R.E)	03-04 (B.E)
Provincal Taxes	7.9	9.3	2.1	2.1	12.6	14.1	0.7	0.7	23.3	26.2
Share in Federal Taxes	57.3	65.9	22.3	25.1	96.4	106.7	17.1	17.2	193.1	214.9
All Others	11.8	9.6	8.3	8.9	12.8	13.7	7.0	7.6	39.9	39.8
Total Tax Revenues	77.0	84.8	32.7	36.1	121.8	134.5	24.8	25.5	256.3	254.7
Non-Tax Revenues	3.4	4.8	7.9	19.6	9.3	14.6	0.7	0.9	21.3	39.9
Total Revenues	80.4	89.6	40.6	55.7	131.1	149.1	25.5	26.4	277.6	294.6
a) Current Exp.	86.7	89.5	34.2	44.5	115.0	129.2	23.4	24.0	259.3	287.2
b) Development Exp.	12.3	14.7	11.6	14.7	24.1	30.5	8.9	9.3	56.9	69.2
i) Rev.Account	7.9	9.1	2.9	2.1	17.9	17.1	0.1	0.1	28.8	28.4
ii) Cap.Account	4.4	5.6	8.7	12.6	6.2	13.4	8.8	9.2	28.1	40.8
Total Exp. (a+b)	99.0	104.2	45.8	59.2	139.1	159.7	32.3	33.3	316.2	356.4

Source: Finance Division, (PI Wing)

TRENDS IN PUBLIC DEBT

Pakistan's public debt grew at an average rate of 18 percent and 15 percent per annum during the 1980s and 1990s, respectively – much faster than the growth in nominal GDP (11.9% and 13.9% respectively). Resultantly, public debt rose from 56 percent of GDP in 1979-80 to 92 percent by the end of the 1980s. In other words, it increased by 36 percentage points of GDP during the 1980s [See Table-5.11 and Figure-2]. Public debt stood at 85 percent of the GDP (on the basis of the new GDP series with the 1999-2000 base) by the end of the 1990s. A concerted effort was launched some five years ago to bring the country's public debt to a sustainable level. Reduction in the fiscal and current account deficits, lowering the cost of borrowing, raising revenue and foreign exchange earnings, and debt re-profiling from the Paris Club have been the key features of the debt reduction strategy. The Public debt to GDP ratio, after reaching 89 percent in 2000-01 mainly on account of an 18 percent depreciation in the exchange rate vis-a-viz the US dollar has declined substantially to 70 percent as of end March 2004 — a decline of 19 percentage points of GDP in five years. In absolute terms, public debt grew by 2.8 percent during the first nine months (July-March) of the current fiscal year. The rupee component of the debt grew by 3.6 percent while the foreign exchange component rose by 1.9 percent. It is important to note that the growth in public debt has slowed considerably in recent years because of prudent debt management.

It may be pointed out that Public Debt is a charge on the budget and therefore must be viewed in relation to government revenue. Public Debt was 317 percent of total revenue in 1979-80, increased to 505 percent by the end of the 1980s and further to 627 percent by the end of the 1990s. Following the debt reduction strategy in which raising revenue was one of the key elements, the public debt burden in relation to total revenue has declined substantially to 488 percent as of end March 2004. Although Public debt is now on a solid downward footing, sustaining the momentum will be a continuing challenge.

Public debt consists of debt payable in rupees and debt payable in dollars. Over the last two decades, the share of public debt payable in rupees increased from 38.5 percent in 1980 to 48.5 percent by mid-2000. Accordingly, public debt payable in dollars declined from 61.3 percent to 51.5 percent during the same period [See Table-5.11].

Table-5.11: Trends In Public Debt (Rs Billion)

	End June							
	1980	1990	1995	2000	2001	2002	2003	2004*
Debt Payable in Rupees	59.8	373.6	789.7	1575.9	1728.0	1715.2	1853.7	1921.4
As % of i) Public Debt	(38.5)	(46.6)	(47.5)	(48.5)	(46.0)	(46.4)	(49.5)	(49.9)
ii) GDP	[21.5]	[42.8]	[42.3]	[41.5]	[41.5]	[39.1]	[38.4]	[35.2]
Debt Payable in F.Exchg.	95.6	427.6	872.5	1670.4	2025.8	1984.1	1891.3	1927.1
As % of i) Public Debt	(61.3)	(53.4)	(52.5)	(51.5)	(54.0)	(53.6)	(50.5)	(50.1)
ii)GDP	[34.0]	[48.9	[46.8]	[44.0]	[48.6]	[45.1]	[39.2]	[35.3]
Total Public Debt	155.4	801.2	1662.2	3246.4	3753.8	3699.3	3745.0	3848.5
Grants				33.4	40.5	83.1	114.2	42.6
Net Public Debt				3213.0	3713.3	3616.2	3630.8	3805.9
GDP (MP)	278.2	873.8	1865.9	3793.4	4164.6	4401.7	4821.3	5458.0
Total Revenue	49.0	158.8	322.9	512.5	553.0	624.1	720.8	780.3
Public Debt (Net)								
As % of i) GDP (MP)	55.9	91.7	89.1	84.7	89.2	82.2	75.3	69.7
ii) Total Revenue	317.1	504.6	514.7	626.9	671.5	579.4	503.7	487.7

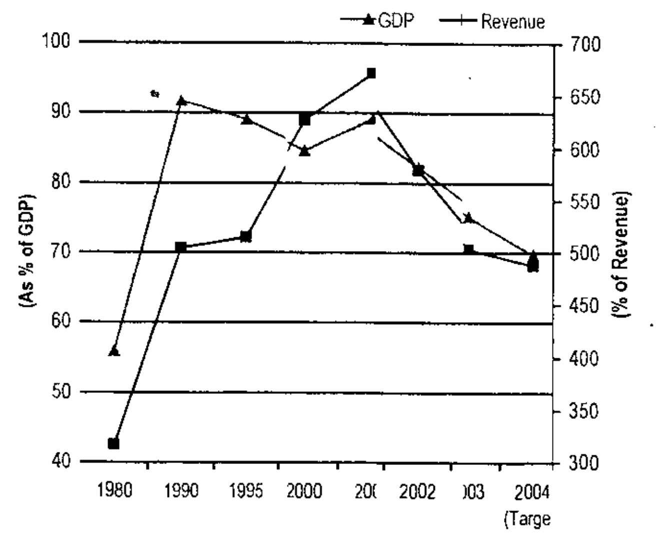
Source: Debt Office, Ministry of Finance

* July-March

Note: Beginning from 1999-2000, Pakistan's GDP was rebased at 1999-2000 Prices from two decades old base of 1980-81.Therefore, wherever, GDP appears in denominator the number prior to 1999-2000 are not comparable.

VI.1: Dynamics f the Public Debt Burden

Fig-2: Trends in Public Debt



What are the ma factors behind te increase in public debt over ie last two decads? The rise appears to be laiely accounted fc by the high real cost of borrowing and stagnant goernment revenue. As statd earlier, public cbt consists of debt payable in ipees and debt pyable in foreign exchange. The ral cost of borrowig for these two compoents of pblic debt is measred differently. As shown in Tab-5.12, the real cst of Pakistan's domestc debt hs varied greatly oer the last two decades. During the 1980s, the rei cost of domestc public debt was only 1.0 ercent. The premature financal sector liberaliztion under the assistance of the World Bank in 199 caused the interest rate on omestic debt to rie sharply to 11.4 percent in 1993-4. However, the iuch higher interest rate to a large extent was wiped ct by the harp aceleratior in inflation in the 990s. The averae real cost of borrowing fo the domestic conponent the pulic debt as 3.2 percent because of double digit inftion for most of the 1990s Further dis-aggregation ohe 1990s suggests that the real cost of cmestic borrowing was negative (1.9%) in the first half of the 1990s but se sharly (5.7% in the second half, maly because of a ecline in inflation.

Table5.12: Real Cost of Borrowing Public ebt

	Real Cost of Borrowing or		
	External Debt	Domestic Debt	Pulic Debt
1980s	3.4	1.0	2.3
1990s	2.7	3.2	2.9
1990-	-3.0	-1.9	-2.4
1990-I	5.5	5.7	5.6
2000-04	0.7	5.8	3.2

The issue of mesuring the real cct of foreign borrowing (debt ayable in foreign exchange) is complex. In the ase of the rupee omponent of debt only the interest ost is taken into ccount but in the case of foreign borrowing, interest cost as well as the cost emanating om the depreciatn of the rupee (or capital loss c foreign exchang) are taken into account. Thus, te capital loss on foreign exchange is added to the ral interest cost.

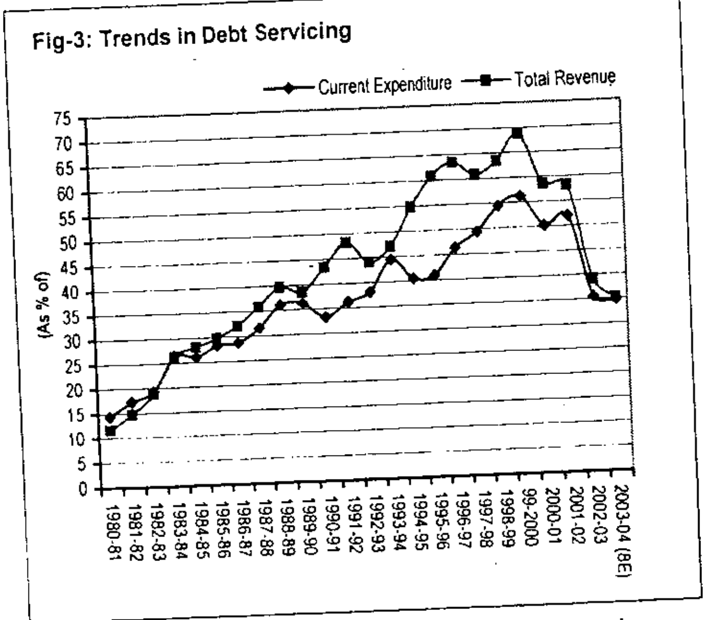
The average reacost of foreign borrowing was 3.4 percent and 2.7 ercent per annum in the 1980s and 1990s respectivy [See Table-5.1]. Further dis-aggregation revals that the real cst of borrowing was mtch highe (5.5%) in the seond half of the 1990s mainly onaccount of a sha depreciation of the rupee viz the US dollar. Interestingly, the real costs of both the domestic and forign debt averaged more r less the same in the second half of the 1990s.

Table5.13: Dynamics of Public Dbt Burde

	Primary Fiscal Balance	Real Cost of Borroving	Real Grwth of Debt	Real Growth of Revenues	Real Growth of Debt Burden
	As % of GDP	% Per Annum	% Per Annum	% Per Annum	% Per Annum
1980s	-3.7	23	3.6	7.6	3.0
1990s	-0.3	29	4.9	2.9	2.0
1990-I	-1.8	-24	3.6	3.2	0.4
1990-II	1.1	56	3.2	2.5	3.7
2000-0	0.9	32	3.8	5.6	-6.4

As a result of th sharp fluctuation in the real cost of borrowing for both domestic and forgn debt, he dynamics of the growth in pulic debt also chaged over the last two decades. The changing dynamic of publi debt is well-documented in able-5.13. The growth in the public debt burden averaged 3.0 percent ar 2.0 peient per nnum during the 1980 and 1990s. Although, public debt grew in real terms at a very hgh rate (almost 1 percet per annum in the 1980s; it did not immediately lead to a sharp rise in debt burden because th debt carying caacity (real growth in revenues) of the country was rising by around 8.0 percent per annum. However, it sowed the seeds for future difficulties because real growth in revenue continued to decelerate in the 1990s. Interestingly, the rate of real growth in public debt decelerated to 4.9 percent but the decline in the public debt burden was not substantial because of a slowdown in the real growth of revenues. Real public debt grew at a faster pace of 6.2 percent during the second half of the 1990s as did the public debt burden which rose by 3.7 percent against a marginal rise of 0.4 percent during the first half of the 1990s. The Real cost of borrowing was highest at 5.6 percent per annum, on average, during the second half of the 1990s. A sharp real depreciation in the exchange rate causing real cost of borrowing to rise, slower real growth in revenue and a low level of international as well as domestic inflation have been responsible for the rise in the public debt burden in the second half of the 1990s.

The pendulum swung to other extreme during 2000-04 when the real cost of foreign borrowing declined to an average of 0.7 per annum on account of the benign interest and inflation rate environment along with the appreciation of exchange rate. The real cost of borrowing for domestic debt increased marginally to 5.8 percent on average against 5.7 percent in the second half of 1990, mainly on account of a sharp deceleration in inflation. Accordingly the real cost of borrowing for public debt averaged 3.2 percent during 2000-04. The improvement in the real cost of borrowing on the one hand and fiscal consolidation effort on the other resulted in a sharp decline in the debt burden during 2000-04. As shown in Table 5.13 the primary fiscal balance remained in surplus to the extent of almost one percent of the GDP. The real growth of debt also registered a decline of almost 0.8 percent and at the same time revenue grew at an average rate of 5.6 percent per annum. The combined effect of growth in revenue and debt resulted in a sharp decline (6.4% per annum) in the country's debt burden. An analysis of the dynamics of the public debt burden provides useful lessons for policy-makers to manage the country's public debt. First, every effort should be made to maintain a primary surplus in the budget. Second, the interest rate and inflation environment should remain benign. Third, the pace of revenue growth must continue to rise to increase the debt carrying capacity of the country. Center to all these lessons is the pursuance of prudent monetary, fiscal and exchange rate policies.



The rising stock of public debt has had serious implications for debt service obligations. In 1980-81, almost 12 percent of total revenues were consumed by debt servicing and by 1989-90 this increased to almost 39 percent. By 1998-99, almost 64 percent of total revenues were being consumed by one budgetary item, namely, debt servicing, leaving only 36 percent to be spent on development programs, the social sector, civil administration, defence etc [See Fig-3]. Quite naturally, it was highly inadequate to finance these budgetary items. The development budget faced the burden of adjustment as it continued to shrink from over 9.0 percent of GDP in 1980-81 to 6.5 percent in 1990-91 and further to less than 3.0 percent by the end of the 1990s. During the last five years, the debt servicing liabilities have declined sharply from 64 percent of revenue to 35.4 percent of revenue and from 54.4 percent to 34.8 percent of current expenditure.

DOMESTIC DEBT

The domestic debt in Pakistan consists of permanent debt (medium and long-term), floating debt (short-term) and un-funded debt (medium and long-term, mostly national saving scheme-related). During the decade of the 1990s, domestic debt grw at an average rte of more than 16 percent per anum. Considerabl improvement on the fiscal side uring the last fiveyears has succeeded in arrsting the rising trnd in domestic debt. As shown iiTable 5.14, domstic debt is estimated at Rs 228.4 billion by th end of 2003-04, against Rs 1879. billion in 2002-0 (an increase of Rs 149.2 billion c7.9%). However during the first nine months (JulMarch) of the cuent fiscal year, domestic debt grw by 3.4 percent r Rs.64 billion. There ae indicatns that domesticlebt may remain below budget estiates. As a percnt of GDP, domestic debt is xpected to declin from 39 percent to 37 pecent thisyear.

The structure of omestic debt has ndergone considerable chages during the lat five years. The share of unfunde debt in domesticlebt has increased from 47 percent in 1992000 to 48.4 percent n 2002-0. By the end of 203-04 its share is likely b decline 44.1 percent, rainly because of the rationalizatioof interest rates i various instruments of thnational savings chemes. The share of floating ebt has declined narply from 39 percent o 27 perent over the last ve years and mostly consistingf short-term instuments. The share of permanet debt, mostly mdium to long-run, increased almost 0 percentage poits — from 20 percent to 29 percent in the las five yes [Table5.14].

Table 5.14: Domestic Delt (Rs biln)

	1999-00	2000-01	2001-02	2002-03	2003-04*
Total Dmestic Debt*	1641.4	1799.2	1757.6	1879.2	2028.4
- Permanent @	324.6	349.4	407.6	453.9	595.3
	(19.8)	(19.4	(23.2	(24.1	(29.4
- Floatng	647.4	737.8	557.8	516.3	538.8
	(39.4)	(41.0	(31.7	(27.5	(26.6
- Unfuded	669.4	712.0	792.1	909.5	893.8
	(40.7)	(39.5	45.1	(48.4	(44.1
Total Dbt as % of GDP	43.3	43.2	39.9	39.0	37.2

Sourcinance Dvision, (D.I Section)

- Figurs in parentheses ( ) ae percent ares in tal debt.

@ Incldng FEBC, FCBC, US dollar brer certifiates and pecial US dollar bnds.

Table 5.15: Maturity Profil of Domtic Debt% Share Total)

	Short-term (Oneear or Less)	Lng-TermGreater than OneYear)
1991-92	43.7	56.
1994-95	43.9	56.
1999-2000	44.9	45.
2001-02	38.0	62.
2002-03	34.9	65.
2003-04	34.5	65.

Surce: Buet WingMinistry Finance

Table 5.16: Domstic Debt & Interet Payment

Year	Domestic Outstanding Debt (Rs.bln)	Interest Payment (Rs.bln)	Interest Payment (As of) Tax Revenue	Total Revenue	Total Expediture	Currer Expendire	GP (mp)
1990-91	448.2	35.7	27.5	20.8	13.7	18.2	3.5
1991-92	531.5	50.3	30.6	21.7	15.6	21.9	4.2
1992-93	615.3	62.7	35.2	26.0	18.0	23.0	4.7
1993-94	711.0	77.5	37.2	28.4	21.3	26.4	5.0
1994-95	807.7	77.9	30.2	24.1	18.2	22.5	4.2
1995-96	920.3	104.5	34.2	27.5	20.2	24.7	4.9
1996-97	1056.1	126.5	39.0	32.9	23.4	27.3	5.2
1997-98	1199.7	167.5	47.2	39.0	23.4	31.6	5.3
1998-99	1452.9	175.3	44.9	37.4	27.1	32.0	5.0
1999-00	1642.4	210.2	51.8	41.0	28.6	33.5	5.5
2000-01	1799.2	183.5	41.6	33.2	25.6	28.4	4.4
2001-02	1757.6	184.6	38.6	29.6	22.3	26.4	4.2
2002-03*	1879.2	160.5	28.9	22.3	17.9	20.3	3.3
2003-04**	2028.4	161.5	26.9	20.4	15.9	20.4	3.0

* Provsional Acal

** Budjet Estimes.

Surce: Fince Divisn (Budg wing)

The maturity profile of domestic debt has also undergone considerable changes over the last five years. The share of short-term debt has declined by almost 11 percentage points — from 45 percent to 34 percent. Accordingly, the share of long-term debt has increased by the same margin. More importantly the maturity profile of domestic debt has shifted sharply from short term (less than one year) to longer term (greater than one year) during the last five years [See Table 5.15]. Changing the profile of debt from shorter-end maturity to longer-end has been the critical element of the debt reduction strategy. As stated above, Pakistan has made considerable progress towards this end.

As a result of prudent fiscal management over the last 5 years, the burden of interest payments on the domestic budget has declined sharply, thereby, releasing resources for development and social sector programs. The burden of interest payments is well documented in Table 5.16.

A cursory look at the table is sufficient to see that interest payments as a percentage of revenue have been reduced to one-half (41 percent to 20 percent) over the last five years. Similarly, share in total expenditure declined from 30 percent to 17 percent during the same period. Most importantly as percentage of GDP interest payments declined from 6 percent to 3.0 percent in the last six years.

Pakistan has made considerable gain on fiscal side. The overall budget deficit has been narrowed, the revenue deficit has almost been eliminated and a primary surplus has been maintained. Resultantly, Public debt is fast moving towards a sustainable level. However, much more remains to be done, and this is that critical juncture when maintaining the momentum is both vital and challenging. Reforms in the tax administration and efforts to broaden the tax base must be accelerated.

MCNEY AND CREDIT

CHAPTER – 6

Keeping abreast ofevelopments in roney, banking, and financiil markets is challenging al excitin. In the ast few years hese de:lopments have ben rapid and important. A vast array of new inancial strumets has appeared; deregulzon of financial inditutions has dramatically increased manageral latituc and blured tradional dstinction betweenstitutions; the thust of monetary policy and even its basic uncerpinninhave shted in th last few years; and finacial markets havebecome increasingly globaised.

Pakistan's bankingnd financial sectr is much stronger today ccmpared to ten years ago on comprison toother countries in the Asin Regions. The State Bank of Pakistan now conducts its moneary polics throun marke based monetary ar credit managemnt. Strong corporate govenance has been introducedforeign xchange regime has been libralized, the SBP capacity for supervision and prudential reguations hve beentrengthned, computerized reporing system (CRShas been put in place in the exchange and debt manaement epartmet of the SBP tc monitorpreign exchangeind money market; internatonally accepted CAMELS amewoi for on-se evaluationand off-se surveillance ar fully operational; separatin of core central tank funons of ronetary olicy, banking regulation nd supervision, ad foreign exchange managemment with the non-core aivities oretail an ancillary fnctions; ie quality of infonation disclosure has been mproved and the standarc of accenting and auditing have beenenhanced, and toay almost 80 percent of the banking activities are withe prive sector

Notwithstanding thse developments n money, banking, and finacial markets the najor chienge fc the coutry's monetary authoritys to how to build robust financial system in in environment of global fincial retructurin. Further reforms in e banking and finncial sector over the medim term must inclde: pronting trasparenc and accountablity, obsvance of internatnal standards and strengtlening financial system thrgh bettr financi supervision; furtheprivatization of pulic sector banks as well asdivesting their shares throih stockexchangs to retail investors; furer restructuring c non-bank financial institutins (NBFIs) to redice the nltiplicityof such institutions; undertaing voluntary megers and consolidation of snall private banksto becon effectie player in the marke; putting place a depositnsurance scheme to protec the small deposiors; pronting pocies anc strategies to exporinancial servicesand further liberalization of inancial services in the conext of Tide Relaed Investmert Measuis (TRIMs). The wrld is highly integrated today. Trade and inveitment isne of th key eleients cf the integration pocess. A strong ad vibrant banking and finarcial system is absolutely esential fc Pakista to participate effectivy in the process c globalization through the lnkages of trade ard investent.

Credit Plan, 2003-4

The State Bank of akistan continuewith easy monetary policy stance during the current fial year ith a view to reinforcing the groth momentum thahad picked up last year. As a result of easy nonetarypolicy stace the interest rate environent remained irestment-friendly not only fir businesses and ndustriats but aso for th middle class borroers. Accordingly, he SBP set the target for monetary expansionto the tie of Rs230 billion or

11.1 percent higher than last year. The net foreign assets (NFA) of the banking system were targeted to increase by Rs 130 billion and net domestic assets (NDA) were set to increase by Rs 100 billion. Within the NDA, credit to the private sector was projected to expand by Rs 85 billion while Rs 6 billion was earmarked for the public sector enterprises (PSEs). The government sector was expected to remain fiscally prudent and therefore a meager amount of Rs 15 billion was earmarked for net budgetary borrowings and a retirement of Rs 6 billion was projected for commodity operations. The overall monetary expansion target was consistent with a real GDP growth of 5.3 percent, inflation at 4 percent, and exports target of $ 12.1 billion for 2003-04.

Monetary and Credit Development

The monetary expansion during July-March 2003-04 amounted to Rs 254.8 billion (12.26 percent) compared with an expansion of Rs 211.2 billion (11.99 percent) in the same period of last year. Unlike previous two years, when the bulk of monetary expansion resulted from buildup in NFA of the banking system, this year, so far, larger increase in monetary assets has taken place due to sharp increase in NDA of the banking system. During July-March 2003-04, the NDA of the banking system has increased by Rs 204.4 billion (13.28 percent) against a decline of Rs 45.7 billion (-2.98 percent) in the corresponding period of last year. The increase in NDA has resulted mainly due to massive expansion of private sector credit. The credit to private sector amounted to an unprecedented increase of Rs 244.6 billion in the first nine months of the current fiscal year as against Rs 106.6 billion in the corresponding period of last year. However, accumulation in NFA was relatively subdued at Rs 50.4 billion compared to an accumulation of Rs 256.9 billion in the corresponding period of last year.

Credit to Government

The overall government borrowings including commodity operations registered an increase of Rs 17.5 billion during July-March 2003-04 against a retirement of Rs 89.4 billion in the corresponding period of last year. Within the overall borrowings from the banking system, government borrowed Rs 53.6 billion for budgetary support against a retirement of Rs 52.5 billion in the same period last year. Three factors are mainly responsible for the surge in government borrowing for budgetary support. First, the government had to borrow heavily from the banking system to finance the pre-payment of $ 1.17 billion high cost external debt to the Asian Development Bank. Second, government borrowing from non-banking sources declined sharply because of lower investment in the national savings schemes (NSS). The federal government suspended the sale of two important instruments of NSS (Defence Saving Certificates and Special Savings Certificates) through the outlets of all scheduled banks with effect from June 15, 2003. Accordingly, investment in these instruments declined substantially. Third, institutional investors were debarred from investment in NSS instruments with effect from March 25, 2000. As their investments in various instruments are maturing they are not allowed to reinvest in these instruments.

Government's net borrowing for commodity operations continued to slide as Rs 36.8 billion were retired during July-March 2003-04 compared with a net retirement of Rs 39.4 billion during the same period last year. Factors contributing to retirement by government under this head are the improved availability of commodities and an increased participation by the private sector in these operations.

Credit to Private Sector

One of the significant outcomes potentially of the on-going reform process is the lowest level of interest rates corresponding to the highest level of private sector credit off-take. This clearly shows the increased effectiveness of monetary policy transmission mechanism and rising efficiency of the financial system.

The private sector took full advantage of ample liquidity; historically low interest rate environment and favourable economic conditions, which is reflected by an unprecedented growth of credit to this sector. Credit utilization by the private sector during July-March 2003-04 witnessed a spectacular growth as it touched the historic peak at Rs 244.6 billion compared with an increase of Rs 106.6 billion in the corresponding period of last year. This upward growth reflects a renewed private sector's confidence in the basic macroeconomic fundamentals and thereby a source of accelerating economic growth in the country. Sub-sectoral credit flow to the private sector is given in Table-6.1

Table-6.1 Scheduled Banks' Credit to the private Sector (Rs million)		
Sector	July-March 2002-03	July-March 2003-04
Overall Advances	10029	24456
A. Advances to Private Sector Business		
1. Agriculture	302	1147
2. Mining and Quarrying	01	616
3. Manufacturing	6141	12635
a) Manufacturing of Textiles and Textile Products	4310	6437
b) Manufacturing of Leather	230	635
c) Non metallic mineral Manufactures	20	605
- Manufacturing of Cement	-194	504
d) Miscellaneous	1531	4957
4. Commerce	183	825
a) Wholesale and retail trade	1541	205
b) Exporters	230	411
c) Importers	33	559
5. Transport, storage and communication	-131	514
6. Services	39	2813
7. Other private business	529	386
B. Credit to trust and NPOs	-05	510
C. Personal loan	1900	5008
		Source: SBP

The distribution of credit to private sector during July-March 2003-04 showed that scheduled banks' credit to manufacturing sector recorded a significant increase of Rs 126.4 billion (51.7% of total advances) compared with an increase of Rs 61.7 billion in the same period of last year. Out of total manufacturing sector credit, Rs 4.4 billion went to textile sector against a credit of Rs 43.2 billion during the same period of last year. Sign of positive turnaround was witnessed in the case of cement manufacturing as this sub-sector borrowed Rs 5 billion against a retirement of Rs 1.7 billion in the corresponding period of last year. There was a paradigm shift in the distribution of credit to the private sector as substantial increase in personal loans amounting to Rs 50.1 billion was recorded. Net credit to commerce totaled Rs 8.3 billion. Banks' credit under export finance amounted to Rs 1.2 billion against a net retirement of Rs 8.5 billion last year.

Another important feature during July-March 2003-04 was the active participation of commercial banks in disbursement of credit to agriculture sector. Besides five major commercial banks, other commercial banks also provided credit to this vital sector of the economy. Total disbursement of credit to agriculture sector amounted to Rs 4?.9 billion against full year target of Rs 65.5 billion. The State Bank also introduced a three-year revolving credit scheme with automatic renewal and one-time documentation to facilitate the farming community. The revolving credit is being disbursed by domestic commercial banks and specialized banks.

Credit to PSEs contracted by Rs 32.8 billion during July-March 2003-04 compared to a contraction of Rs 5.9 billion in the same period of last year. The major retirement came from Paksteel (Rs 7.7 billion) followed by WAPDA (Rs 7.0 billion) and KESC (Rs 4.3 billion). On the other hand, SNGPL, PTCL and PIA borrowed Rs 1.?billion, Rs 0.7 billion and Rs 0.2 billion, respectively.

The main factors causing changes in monetary assets are given in Table-6.2.

Table-6.2: Factors Causing Changes in Monetary Assets (Rs billion)

Sector/Factor	Credit Plan Target 2003-04	Actual 2003-04 (July-March)	Actual 2002-03 (July-March)
Domestic Credit	100.0	204.4	-45.7
i) Government Sector Borrowing(Net)	10.6	17.5	-89.4
- Net Budgetary Support	15.0	53.6	-52.5
- Commodity Operations	-6.0	-36.8	-39.4
- Effect of Zakat Fund	1.6	0.7	2.5
ii) Non-Government Sector	91.0	207.4	95.4
- Net credit to Private Sector & PSCEs	91.0	226.2	89.4
a) Private Sector	85.0	244.6	106.6
b) PSCEs	6.0	-31.1	-2.8
c) PSEs SP. A/C debt repayment with SBP	0.0	-1.8	-3.2
d) Other financial institutions (SBP credit to NBFIs)	0.0	-4.3	-5.3
iii)Other Items (net)	-1.6	-20.4	-51.7
Foreign Assets (net)	130.0	50.4	256.9
Total Monetary Expansion (M2) - (A+B)	230.0	254.8	211.2
(Growth Rate %)	(11.1)	(12.3)	(12.0)

Source: State Bank of Pakistan.

Components of Monetary Assets (M2)

The components of monetary assets (M2) include: (i) currency in circulation, (ii) demand deposits, (iii) time deposits, (iv) other deposits (excluding IMF A/C, counterpart), and (v) residents' foreign currency deposits. The developments in these components during the first nine months of the current fiscal year are presented below (Table-6.3, Fig:1).

Currency in Circulation: In the first nine months of the current fiscal year, currency in circulation increased by 16.8 percent (Rs 83.3 billion), against 13.4 percent (Rs 58.0 billion) in the same period last year. As of 31st March 2004, currency in circulation constituted 24.8 percent of the money supply (M2), compared to 24.9 percent in the same period of last year (Table-6.2). The currency in circulation follows a seasonal pattern determined jointly by the interaction of the calendar and the Islamic Hijra months. The steady decline in the currency to deposit ratio (CDR) in recent years was jolted in November 2003 by a surprisingly large rise in currency in circulation, which pushed the ratio to 0.36, up sharply, from the 0.34 recorded in the preceding month. This unusually strong rise was due to the coincidence of cash withdrawals from banks associated with the Eid and the last weekend of the month. This hypothesis is supported by the fact that the CDR again declined to 0.33 in March 2004. However, the cash holding preference in the economy has not changed significantly and the strong rise in the currency in circulation from Rs 375.4 billion in June 2001 to Rs 577.9 billion (54%) in March 2004 is directly proportional to the growth in money supply (53%) during these periods. The growth in currency in circulation was thus quite compatible with the currency requirement of the economy.

Demand Deposits with Scheduled Banks: Scheduled banks' demand deposits increased by 18.3 percent (Rs 111.5 billion) during July-March 2003-04, compared to 25.8 percent (Rs 110.6 billion) in the comparable period of last year. M1/M2 has increased from 53.2 percent in June 2003 to 55.7 percent in March 2004, which clearly suggests an increase in depositors' preference for demand deposits. The main reasons for this phenomenon appear to be: (1) the conversion of the resident foreign currency deposits into demand deposits, (2) the temporary parking of corporate deposits due to the unwillingness of institutions to lock in their funds at the prevailing low-returns (this was particularly evident during first quarter of 2003-04). The October 2003 rise in M1/M2 also incorporated the Ramadan effect. The outstancing stoclof demand depots was Rs 719.7 billion as)f end March 200¿, represıting 30} percer of the M2 stocl compaıd to 27.4 percenlast year.

Table-6.:: Stock (Components of lonetary Assets (M2) (Rs bilion)

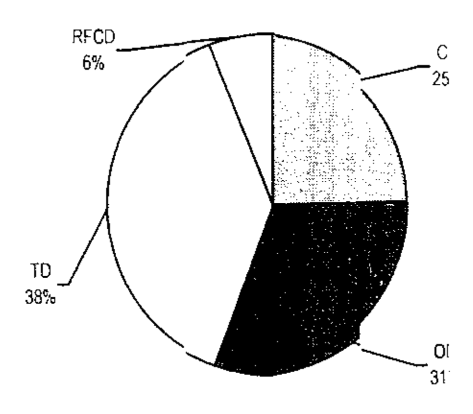
Items	Eıd June			Ed March	
	2001	2002	2003	200	2004
Currencyin Circulıon	375.5	433.8	494.6	49 8	577.9
	(5.6)	(15.5)	14.0)	(13)	(16.8)
DemandDeposits ith banks(a)	374.7	429.2	608.2	53 7	719.7
	(-0.2)	(14.5)	41.7)	(25)	(18.3)
Other Deposits(b) ith SBP	11.3	13.8	3.5	5	2.1
	(41.9)	(22.6)	(-74.7)	(-76)	(-40.3)
Time Deposits witbanks(a)	610.5	727.1	846.3	81 7	895.2
	(11.2)	(19.1)	16.4)	(19)	(5.8)
Residents ForeignCurrency Deposit	154.2	157.4	126.1	12 8	138.6
	(37.1)	(2.1)	(-19.9)	(-24)	(9.9)
Money Supply (M:	1526.0	1761.4	2078.8	197 6	2333.5
	(9.0)	(15.4)	18.0)	(12)	(12.3)
As Percent of M2					
Currency in Circulion	24.6	24.6	23.8	2 9	24.8
DemandDeposits	24.6	24.4	29.3	2 4	30.8
Other Deposits	0.7	0.8	0.2	.2	0.1
Time Deposits	40.0	41.3	40.7	4 3	38.4
Residen's ForeignCurrency AccountsRFCD)	10.1	8.9	6.1	.3	5.9
M2/GNF (MP)	37.1	39.8	41.8	3 7	41.8

ource: Ste Bank f Pakista

Note: Figuresı parentheses reprsent growth in percent.
a) Excludiŋ inter-bank deposi, deposits of government andforeign constituents
b) Excludiŋ IMF A/C No. 1 & and SAF Loan Account, Courterpart Funds and Deposit of reign goernment central banks, ternational organiziions and deposits of money bank.

Time Ceposits The time deposit of scheduled banks increased by 16 percent in 2002-03 against 19.1 percen in 2001-02. Time depositshowed subdued growthin the curent fiscal year inreasing only by 5.8 percen (Rs 48. billion) compareto 12 percent (Rs 86.6 bilion) in te same period las year. This may be due to the markd decline in fixedleposit rates. Many deposiors now refer to keep the money in liquid form, as well ascurrent accountsAs of end March 2004, tme depsits constituted 3(4 percent of M2, compared to 43 percent last yea.

Fig-1: Composition ofM2 in Mch 2004



CC= Currency in Circulaton DD= Dıand Depsits
TD= Time Deposits RFC)= Reside Foreign Crrency Doosits

The liquid reseres to money suply ratio (LRM) is another measur of monetary staility and is used to assess the vulnrability of domesc interest rates to fluctuations in te country's exteral account. The LRM has been incresing since June 200, which is an indication of a stable financialsector. was onl 5 percet in Jun 2000, ncrease to 29.9 percent iJune 2003 and is now at an all time high of 3 .0 percet as of larch 204. (Table 6.4)

While there is no standard method to measure financial depth the most widely used indicator is the ratio of M2 to GDP. This ratio indicates how monetized an economy is and the importance of its banks. The M2/GDP ratio has increased significantly over the last 24 years – rising from 37.6 percent in 1980-81 to 39.2 percent in 1990-91. With the introduction of financial sector reforms in the early 1990s, the ratio has continued to increase every year, rising to 43.1 percent in 2002-03. As of 31st March 2004, the M2/GDP ratio was 42.8 percent. This clearly indicates that Pakistan's economy is more monetized and the banking sector is more important today than two decades ago. Other indicators of financial depth, such as, the ratio of total deposits to M2, and time deposits to M2, have also improved over this period. (Table-6.4)

Table-6.4: Key Indicators of Pakistan's Financial Development (Percent)

Years	M2/GDP	M1/M2	DD+TD/M2	TD/M2	LRM
1980-81	37.6	70.3	66.2	29.7	9.5
1981-82	35.9	69.5	67.2	30.5	7.1
1982-83	40.1	66.1	68.3	33.9	15.1
1983-84	38.9	63.4	67.7	36.6	12.6
1984-85	39.0	64.7	68.9	35.3	4.6
1985-86	41.0	63.9	69.6	36.1	6.6
1986-87	41.9	66.5	68.4	33.5	5.7
1987-88	33.7	68.7	67.0	31.3	3.0
1988-89	37.7	72.6	65.3	29.0	2.6
1989-90	39.9	70.0	65.6	29.6	3.3
1990-91	39.2	70.4	65.1	31.5	3.3
1991-92	41.7	66.2	69.3	31.6	5.0
1992-93	44.4	59.9	71.2	34.6	1.8
1993-94	44.7	55.1	73.0	35.9	9.9
1994-95	43.8	51.0	73.3	36.0	10.2
1995-96	43.3	51.3	74.3	36.7	7.4
1996-97	43.8	42.1	76.8	36.7	4.5
1997-98	45.1	39.8	77.4	37.1	3.3
1998-99	43.6	50.2	77.5	40.3	6.3
1999-00*	36.9	52.8	74.6	39.2	5.0
2000-01	36.7	49.9	75.4	40.0	7.9
2001-02	40.0	49.8	75.4	41.3	16.8
2002-03	43.1	53.2	76.2	40.7	29.9
2002-03 +	40.9	52.5	75.1	41.2	30.2
2003-04 +	42.8	55.7	75.2	38.4	31.0

+ July-March Source: State Bank of Pakistan.

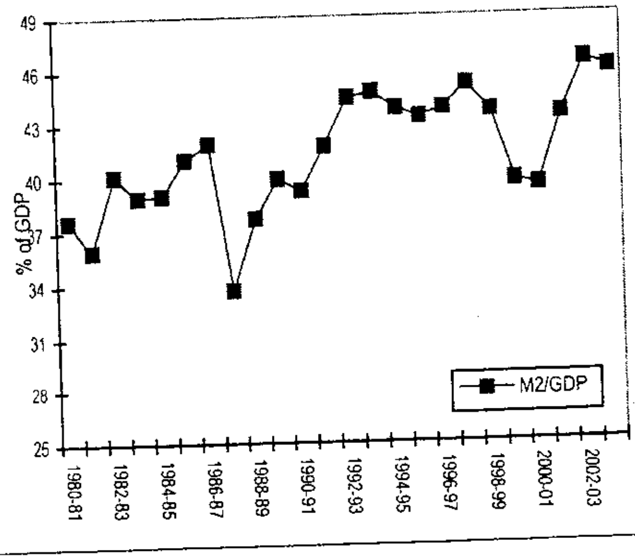
* It may be noted that from 1999-2000 onward, GDP at new base (1999-2000) is used in the denominator, therefore, the earlier numbers are not comparable as they are based on 1980-81.

Measures of Money Supply and their Behaviour

The annual trends of M1, M2 and M3 since June 1991 to March 2004 are given in Table-6.5, Fig:4.

M1 consists of the outstanding stock of currency in circulation, the demand deposits of scheduled banks and the other deposits with the State Bank of Pakistan. M2 is M1 plus the outstanding stock of time deposits of scheduled banks and the outstanding stock of the RFCDs. M3 includes: the outstanding stock of the M2, outstanding deposits of the national saving schemes (NSS), and outstanding deposits of the provincial cooperative banks of the Punjab, Sindh, NWFP, Baluchistan, AJK and the Northern Areas.

Fig-2: Trends in Money Supply



During the first nine months of the current fiscal year, M1 increased by 17.5 percent (Rs 193.4 billion), against 18.0 percent (Rs 158.3 billion) last year and M2 has recorded a growth of 12.3 percent compared to 12.0 percent last year. The broadest monetary aggregate, M3, has increased by 8.4 percent during the first 3 quarters of 2003-04, compared to 10.8 percent in the comparable period last year. During the outgoing fiscal year the higher growth in M3 was due to a rise in M2 as growth in the net accrual of national saving schemes (NSS), which is the second largest component of M3 was quite low at Rs 5.7 billion as of March 2004 compared Rs 143.2 billion in 2002-03. In June 2003, the shares of M2 and the NSS in M3 were 67.0 percent and 32.9 percent respectively, while the share of the provincial cooperative banks was

Fig-3:Trencs in Liqu Reserves to M2

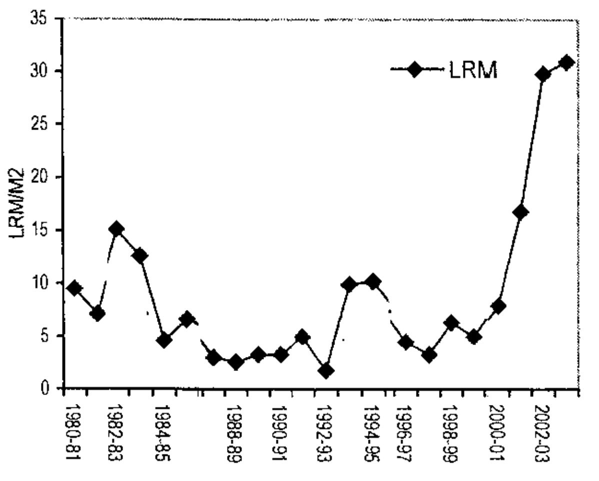


Fig-4 Stock of Monetary Aggregate

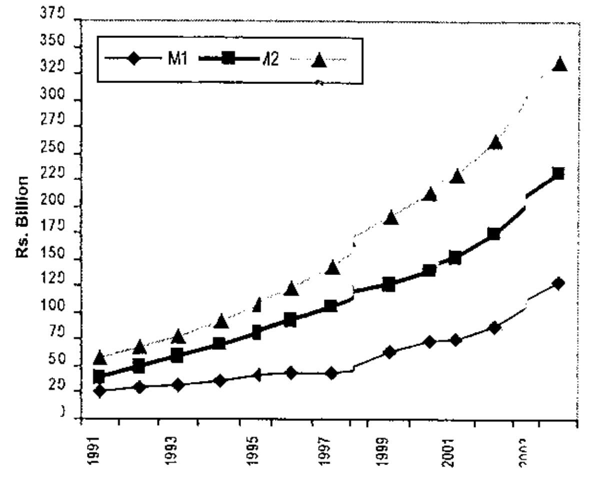


Table-6.5: Stocks Monetary Aggregtes (Rs billion)

End Perioc Stock	Money Supply & Monetay Assets (11)	(M2)	(M3)	Percentae Chang (M1)	(M2)	(M3)
June 1991	35.1	400.6	569.40	0.4	17.4	12.9
June 1992	32.9	505.6	679.2	4.2	26.2	19.3
June 1993	27.8	595.4	777.3	8.2	17.8	14.4
June 1994	58.8	703.4	923.4	9.4	18.1	18.8
June 1995	43.1	824.7	1083.6	7.9	17.2	17.3
June 1996	48.0	938.7	1246.3	5.9	13.8	15.0
June 1997	43.6	1053.2	1430.1	1.0	12.2	14.8
June 1998	40.3	1206.3	1696.8	8.3	14.5	18.6
June 1999	63.0	1280.5	1913.4	3.9	6.2	12.8
June 2000	39.0	1400.6	2137.2	4.9	9.4	11.7
Average 1990s	-	-	-	2.2	15.3	15.6
2000-01	31.4	1526.0	2313.9	3.0	9.0	8.3
2001-02	76.8	1761.4	2640.9	5.2	15.4	14.1
2002-03	1?6.3	2078.8	3102.1	26.2	18.0	17.5
2003 *	185.1	1972.6	2926.0	8.0	12.0	10.8
2004 *	129.7	2333.5	3362.4	7.5	12.3	8.4

* End March — Souce: State Bank of Pakistan & A. Wing Finance Division.

only 0.1 percent. March 2004 the hare of the NSS in M3 care down to 30.5 pecent, whe that othe M2 as gone up to 69.4 pcent. Higher groth in M2 in the first nine mnths of the curren fiscal yer was aributed mainly to a higher than tageted growth in te NDA, caused by a larger low of credit to the private sector.

BOX-1: MonetarPolicy ,Monetar and Credit Control Measires, 2003-04

The SBP has take a number of proctive and forward looking seps to strengthenthe pruchtial reglations nd monitoring frameork. These measres are also meant to facilitte the farming conmunity,nsure prticipatin of non-banks in the secondary market or government papers/bonds, induce private sector to vest in te infrasucture development projcts, promote conumer and housing finance, SME sector and fo improve governnce of te financial system. mportant policy masures taken by the State Bank during July-March 20(-04 are iven beow;

1. A "Resolution Committee" was constituted by the SBP on July 4, 2003 to resolve the disputes between the borrowers and the banks over the compounding of the mark up charged by the banks. The director of the banking policy department of the SBP, will head the committee. The committee is empowered to examine and decide the issues in terms of guidelines issued by the SBP from time to time. The decision of the committee will be binding on the banks and the complainants/borrowers.

2. Keeping in view the importance of infrastructure development in economic growth and employment generation, the State Bank of Pakistan on July 4, 2003 amended the relevant prudential regulations for infrastructure project financing.

3. On July 5, 2003 the State Bank of Pakistan issued fresh rules paving the way for brokerage houses and investment banks to become primary dealers (PDs).

4. In order to effectively monitor and analyse the financing given to different sectors, the format of the quarterly report of the balance sheet, the profit and loss account and notes of all the banks/DFIs was revised. All banks/DFIs were advised to submit to the SBP sector-wise break up of their total advances on quarterly basis.

5. On August 4, 2003 the State Bank advised listed as well as non-listed financial institutions to publish and circulate printed copies of their un-audited financial statements along with the directors' review on the affairs of the company on a quarterly basis to the SBP.

6. In order to facilitate the farming community and to implement the "revolving credit scheme" smoothly and uniformly, the State Bank issued a set of revised/standardized/simplified documents in August 2003, for the financing of different categories of agriculture loans as recommended by the committee constituted for the standardization/simplification of agriculture credit documents.

7. In order to maintain uniformity and to facilitate the farming community, all the major commercial banks and the domestic private commercial banks were advised in August 2003 to adopt revised simplified agricultural credit documents as recommended by the SBP.

8. In view of the global thrust towards the need for an effective risk management and control system, the SBP issued detailed guidelines on risk management for banks/DFIs in August 2003. Those guidelines contained risk identification, assessment, measurement, monitoring and mitigating/controlling all types of risks, inherent in the banking business.

9. In order to facilitate the development and growth of the commercial papers (CPs) in Pakistan and to encourage the active participation of the banks/DFIs in the area, the State Bank, issued guidelines in August 2003, which were framed in consultation with all the stakeholders.

10. To facilitate the borrowers and to provide the latest positions of their indebtedness in the credit information bureau (CIB) report, it was decided by the SBP in September 2003, that the banks/DFIs/ NBFCs would invariably report in writing to the CIB the clearance of overdue/default within three working days from the date of such repayment/settlement.

11. The Government of Pakistan, on 1st October 2003, amended the special U.S. dollar bonds (SUSDBs) rules, 1998 thereby allowing the encashment of SUSDBs in U.S. dollars or Pakistan rupees prior to maturity. Previously SUSDB holders were allowed premature encashment of the bonds in Pak. rupees only.

12. In October 003 commercial anks were allowed to estalish subsidiaries or the ppose ofisset maagemet ard financl & investment avisory services under the nn-bank finance companierules, 203 notifd by the federal govrnment in April 203.

13. In October 003 it was decidd by the SBP that banks would submit their ninimumapital rquiremet (MCR) statement a quarterly basi instead of a semiannual basis.

14. In Novemtr 2003 the State ank decided to extend the time for the publication/cirlation c quartey financil statementoy all the banks/FIs from 30 to 45 days. All banks/DFIs, listedas well non-lied incluing branches foreign banks, were advised to ensure this.

15. Ir order toacilitate the non-banking financial companies(NBFCs) to obtair funds fm bank DFIs an financig from the mltinational agencs on the guarantee of banks/DFIs, the State Bank on 9th Decmber 203 amended prudential regultions.

16. Ir order toacilitate the bank/DFIs to ensure compliance of the statutory/regulatorequirements regrding thir financial dclosure, the Stat Bank issued a master circlar containing coisolidate instrucbns on te subjec on Januar7, 2004.

17. To strengten the interactiorbetween the SBP and the banks/DFIs and tokeep the State Bak abreast of the developmnts taking place i the banking sector, it will te mandatory for al the bais/DFIs inform e SBP promptly aout any substanve change in their activitiesor any materially adverse evelopments inclding the breach of gal and prudentil requirements.

18. To encouge transparency nd promote consistency inthe market basedpricing d to imrove the managemnt of market risk it was decided that from February 2004, the Karachi ierbank ffered rae (KIBO) of one, thre & six month teor, and other longer tenors shall be used as a benchnrk rate r determning the pricing of e rupee corpora/commercial banking lendig of banks & DFI in termof prudntial regiations fr corporate nd commercial bnking.

19. The State Bank of Pakistan ncouraged the banks/DFIsto diversify their activities,ring innvative fiancial products the market and roaden the product offerings. Therefore on 10th Februy 2004 allowedhe intendinganks/DFIs to conuct brokerage businesses hrough their sepaately sep subsiaries.

Money Marke

Since the intrduction of marketoriented monetary policies n the late 1980s, tie SBP has been ursuing open market operaons (OMOs) in orer to manage government debt and reserve money. In June 199, the SBP introduced mket treasury bills T. Bills) of 3- 6 and 12-monh maturity. The T.bills areow the main instuments f the OMOs. The fixed schedule fortnightly OMOs was disnantled in July 2001 to give e SBP more flexibility in managing maet liquidity. The move underlined the OMOs primary role as a liquidity nnagemnt tool raher thar an irdicator the SBP's monetry stance.

To inprove th investment envionment in a tangible manne and attract foreign invests, the gvernmer decide to gradually ad effectively redue T.bills rates in 2001-02, along with a rationalization the ratof returron the naticnal savirs schemes (NSS. Accordingly, 6 and 12-moth T. bill rates stated comg downharply b 645 bais poins and 59 basis points resectively in 2001-02. During 2002-03 they witnessed fuer decles of 45 basis points and 463 basis points respectively. During the outgoing fiscal year up to April 2004, the T. bill rates remained almost static as the weighted average rates of the 6 months and the 12-months T. bills inched up only by 18 basis points and 29 basis points respectively. The yields of T. bills are given in Table 6.6 and Fig-5.

Like the previous year a strong demand for T. bills continued unabated during the current fiscal year. This enabled the SBP to mobilize Rs 416.7 billion from the primary market of T. bills during the first nine months of the current fiscal year compared to Rs 508.2 billion in the same period last year. During July-March 2003-04, about 52 percent of the bid amount (Rs 804 billion) was accepted by the SBP, compared to 42.2 percent of the bid amount in the same period last year. A total of Rs 940.8 billion was offered including Rs 804 billion under the T. bills of 3-6 and 12-month maturities and Rs 136.8 billion under the Pakistan investment bonds (PIBs). Out of this, an amount of Rs 475.2 billion was accepted including Rs 58.5 billion under the PIBs. Both offered and accepted amounts were lower in the first nine months of the current fiscal year compared to the same period last year. (Table-6.7). During the first nine months of 2003-04 there were 20 auctions of T. bills and only 3 auctions of Pakistan investment bonds (PIBs). In the current fiscal year the SBP has launched two additional PIBs of 15 and 20-year maturities with weighted average rates of return of 9.0 percent and 10.0 percent respectively.

Table-6.6: Auction of Market Treasury Bills (W.A. Yield) 1998-04 (Percent)

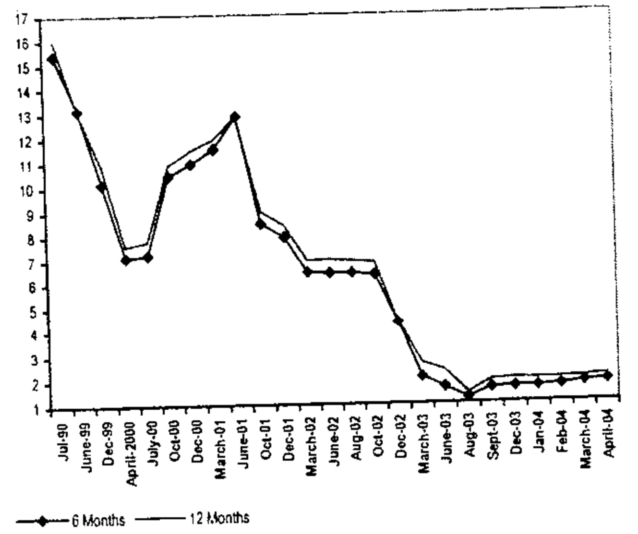
Month	6 Months	12 Months
July 1998	15.41	16.00
June 1999	13.17	13.08
December 1999	10.16	10.89
April 2000	7.13	7.59
July 2000	7.23	7.78
October 2000	10.47	10.91
December 2000	10.96	11.49
March 2001	11.55	11.95
June 2001	12.88	12.93
October 2001	8.50	9.00
December 2001	7.93	8.40
March 2002	6.44	6.95
June 2002	6.41	6.99
August 2002	6.40	6.94
October 2002	6.34	6.87
December 2002	4.32	4.36
March 2003	2.09	2.66
June 2003	1.66	2.36
August 2003	1.21	1.40
September 2003	1.61	1.93
December 2003	1.64	1.99
January 2004	1.64	1.96
February 2004	1.68	1.98
March 2004	1.80	2.00
April 2004	1.84	2.07

Source: State Bank of Pakistan

Interest Rate Environment

The gradual discount rate cuts by the SBP from 14.0 percent in June 2001 to 7.5 percent in November 2002 and a relatively easy monetary policy were aimed at inducing banks to reduce their lending rates in order to provide low-cost credit to the private sector thus giving a real boost to the economy. Initially, banks responded slowly with rates starting to decline in June 2001. However, the lending rate decline accelerated following the cuts in the benchmark rate in November 2002 and subsequent drop in the rates on government securities. The weighted average lending rate, which was 13.74 percent in June 2001, dropped down to 7.58 percent in June 2003 and further to 4.69 percent in March 2004. The weighted average deposit rate of the banks, which was 5.0 percent in June 2001 dropped to 1.90 percent in June 2003 and further to 1.30 percent in March 2004. Therefore, the banking

Fig 5: Rate of Return on T.Bills (1998-04)



spread (averag lending rate – avrage deposit rates) also dtcreased to 3.39 ii March)04 fron8.74 in une 200. The exoort refirnce rate, which i linked to the six month T.)ill rate, declined fom 11.)ercent ı July 201 to 1.5 percen at end-Iarch 2004.

Table-6.7: Purrase and Sale of TBills (Rs billion)

	2002-03 (July-March)			)03-04 (Jly-Marct		
1. Market Treasry Bills (MTBs)	Offered	Acceptec	W.A. Rate	Offered	Accoted	/.A. Rate
a) 3 Months	69.7	28.7	3.9	156.	35.1	1.3
b) 6 Months	624.3	307.5	4.2	247.	35.1	1.5
c) 12 Months	510.1	172.'	4.8	400.	36.5	1.8
Total MTBs	1204.1	508.2		804.	16.7	
2. Pakstan Invstment Bonds(PIBs)						
a) 3 Years Mturity	20.1	7.7	5.4	27.	9.4	4.0
b) 5 Years Mturity	37.7	11.2	6.0	38.	16.2	5.0
c) 10 Years aturity	64.6	24.7	6.8	58.	26.4	6.2
d) 15 YearsMaturity*				5.	3.3	9.0
e) 20 YearsMaturity*				6.	3.2	10.0
Total (PIBs)	122.3	43.6		136.	58.5	
Grand Total	1326.4	551.9		940.	75.2	

* PIBs of 15 yes & 20 years matuty were introduced in 2003-04. Scce: StatBank of akistan

The spread beteen the lending rtes and the deposi rates isne of the best yadsticks to measure the efiency of the baning sector. This spread had, in ct, increased in Pakistan in the past, from 55 percei in 1994-95 to 8.4percent in June 2002. It is, nevrtheless, encouraing to note that the banking spiad has consideraly declined from 8.4 percent in une 2002 to 5.7 prcent in June 2003. During tr first nine monthsof the current fiscal year the sread has further ome down to 3.4 percent (Table-.8, Fig:6).

Table-6.8: Interest Rate Structurin the Cuntry (Pcent) (July2000 to March 2004) (Weighd Averge Rate)

Month	Lending Rate	Depos Rate	Spead	T. Bills (6 Months)
Jul 2000	13.30	6.8	.50	7.23
Sep 2000	13.22	6.5	.64	8.14
Dec 2000	13.88	6.5	.36	10.96
Jun 2001	13.74	5.0	.74	12.88
Dec 2001	13.45	5.6	.83	7.93
Mar 2002	11.97	5.3	.67	6.44
Jun 2002	13.12	4.7	.39	6.44
Sep 2002	11.96	3.9	.03	6.37
Dec 2002	10.31	3.6	.71	3.84
Mar 2003	8.26	2.8	.45	1.64
Jun 2003	7.58	1.9	.68	1.66
Jul 2003	5.12	1.7	.42	1.21
Aug 2003	5.02	1.6	.42	1.21
Sep 2003	5.20	1.5	.70	1.61
Oct 2003	5.32	1.4	.87	1.66
Nov 2003	5.29	1.4	.84	1.66
Dec 2003	5.68	1.4	.26	1.64
Jan 2004	5.04	1.3	.70	1.64
Feb 2004	5.30	1.3	98	1.68
March 2004	4.69	1.3	.39	1.84*

* Apri 2004 Srce: Sta Bank oPakistan

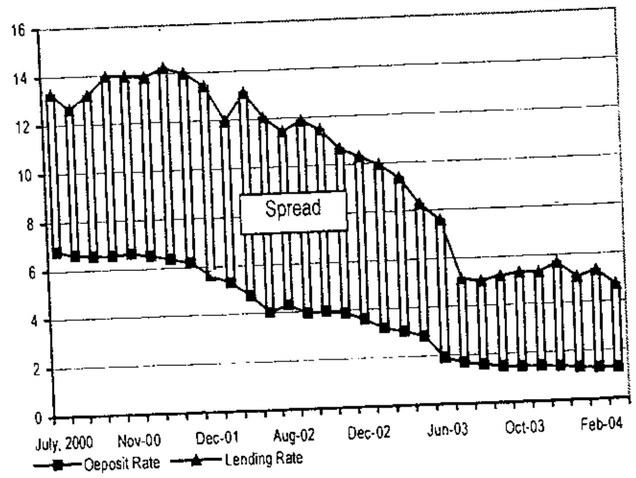
Performance of Banks

As a corollary creforms in the baking sector, the number of loss making domestic bank branches continued to dcline in the currenfiscal year. The number of domstic bank branchs which was 7280 in June 2002, ws reduced to 681 in June 2003 and further to 6796 ı March 2004. Th number of foreign bank branches lso came down fm 78 in June 2002, to 69 in March 2004 (Table6.9 and Fig: 7).

During the first ine months of theoutgoing fiscal year, total asse of all the schedied banks increased by R186.8 billion (8.5%) from Rs 2204.0 billion in June 2003 to Rs 2390.8 bi)n in Mach 2004 During the first nine mnths of 2003-04, tere was also an increase of Rs 175.6 billion (19.3%) ithe net dvanceof the scheduled banl, from Rs 908.5 illion in June 2003 to Rs 1034.1 billion in March 2004. the corparable eriod last year, net advances of scheduled banks increased by 3.7 percent only. Net advances showed a decline in the case of nationalized banks, specialized banks and foreign banks during the first nine months of 2003-04.

Aggressive marketing, coupled with rising demand emanating from increasing economic activity, helped banks to sharply raise net credit expansion during the current fiscal year to a remarkable level. Banks funded this surge in credit demand through: (1) a continuing strong deposit growth; (2) higher borrowings; as well as (3) depleting a portion of excess liquidity held in the form of low yielding government securities. The exceptional rise in advances within credit growth together with the declining burden of NPLs, a big jump in fee based income, the greater contribution of capital gains and the reduction in the tax rate helped banks maintain profitability, despite the decline in interest rates.

Figure-6: Weighted Average Monthly Lending and Deposit Rates (July 2000 to March, 2004)



Scheduled banks' deposits have increased by Rs 170.4 billion (10.0%) during July-March 2003-04 from Rs 1712.6 in June 2003 to Rs 1883.0 billion in March 2004. Total investments of all the scheduled banks have shown subdued growth, as increasing by only Rs 13.8 billion during the first nine months of 2003-04. During the corresponding period of the last fiscal year, banks' total investment increased by Rs 252.3 billion. Except denationalized commercial banks net investment declined in the case of all other banks during July-March 2003-04.

The SBP has focused on banking sector reforms aimed at strengthening supervision capabilities, improving the soundness of the banking system and facilitating the enhancement of banking services. Two important milestones were achieved during the first half of 2003-04, which included the privatization of one of the biggest public sector banks and the issuance of new business specific prudential regulations to facilitate lending to non-corporate borrowers. The government off-loaded its 51 percent stake in Habib Bank Limited, through a competitive bidding process (December 29, 2003). Thus lowering the share of public sector commercial banks in the asset holdings of the banking sector to almost 20 percent.

Table-6.9: Branches of Domestic & Foreign Banks (Numbers)

	June 99	June 2000	June 2001	June 2002	June 2003	March 2004
i) Domestic Banks	7973	7871	7272	7280	6819	6796
ii) Foreign Banks	85	78	80	78	70	69
iii) Total	8,058	7,949	7352	7358	6889	6865

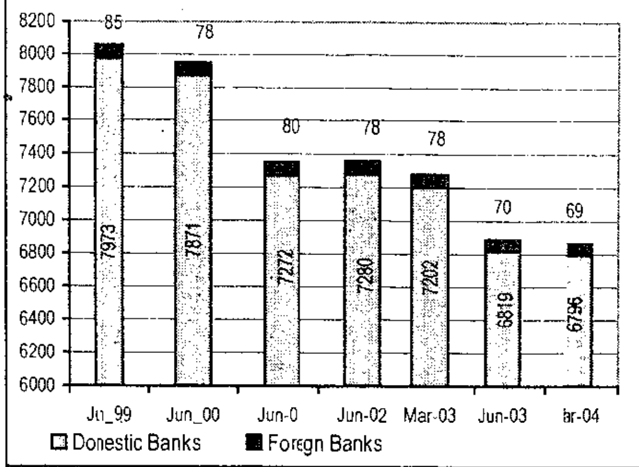
Source: State Bank of Pakistan.

Non-Performing Loans (NPLs)

The non-performing loans (NPLs) of commercial banks, specialized banks, and DFIs have declined during the last one year, and stood at Rs 222.66 billion in December 2003, against Rs 247.07 billion in December 2002. The NPLs of commercial banks have declined from Rs 170.30 billion in December 2002 to Rs 156.02 billion in December 2003. While those of the public sector commercial banks have come down from Rs 95.52 billion to Rs 85.90 billion. The NPLs of the specialized banks and foreign banks have declined from Rs 63.94 billion in December 2002 to Rs 54.07 billion in 2003 and Rs 5.20 billion to Rs 3.74 billion respectively. The NPLs of the DFIs have marginally declined by

Rs 0.26 bllion frorDecember 2002ɔ December :003. From Deceber 31, 2003 to larch 31, 2004 NPLS of all banksnd DFIs have funer declined by Rs. 3.0 bilion.

Fig-7: Brnches of domestic & foreign lnks



The State Bank of'akistan has revised and updated ts methodology fcrecording the clasification and dissemination of m-performing loas (NPLs) of banks and develoment finance instutions (DFIs) in order to incorpora the results of acons taken so ar to clean up theortfolios of the bnks. This will give an accurate ad true picture of ie NPLs, in line with the best interational practices,ind provide clear guicelines fcbanks to adopt uiform procedures in strirconsonance witlSBP egulatiors, and Spreme Court Rulgs. The State Bank of Pakstan, undertook adetailedxerciseo ascertin the banks' methods a practices for threcording and reporting of oans & advances accruemark-upand non performing loans. he State Bank hs issued guidelines for repcrting the NPLs of he bankand DFs under te evised methodolcy. The actions tken so far by the SBP to clan up the portfolis of theanks erompased (a) acceleratng the pce of recovery (bincreased loan loss provisins (c) realizing the forcedale valu of circumstantial defulted loans in theoss category for the last thee years and waiing off tl differece if any,d) selling scme or thirrecoverable loas to the CIRC at a discoun, and (e) referringthe case of willfi defaultrs to NAB for prosecutin.

Micro Finance (MF) and Khushali (KB) Banks

The Government ɔntinues to suppot financial service access t the majority of the populaɔn to acance ard provide economiopportunity and acess for the poor, especiall, those who workin micronterpriss. The uimate objective is the reɹction of the povrty level among the micro enterprise owners, vorkers id their amilies ad access tc credit isequired to enabl them to achieve this.

The government ɔnsiders microfinnce as an important compnent of the countr/'s finanal systei and recognizes the prate sector's role i the poverty reduction straegy. The sustainel commient exlbited byhe governmnt to erure a conducive plicy environment for the development and gnwth of t sectonas startd yielding results ine form of gradualy increasing outreach and the increased investor intest in thesector.

The micro-financesector developmnt programme (MSDP) of tle government cortinues toxpand i terms c its territorialas well a client service oureach. The Khushhali Bank (KB) is the lead irstitution ithin theMSDP framework and cctinues to play anmportant role in the develoment of the sectc. The gcernmer has als created a microfinnce social develpment fund (MSDF). The MSDF of US $ 40 mllion ancommuity invesnent fund (CIF) of US 20 million, remais Khushali Bank specific. Tie current fiscal year witne:ed a cotinued otreach drive as well as greater focus on measures of institutional streıgthening. The KE expandl its outbach vercally as well as horizorally across all theprovinces of Pakistan & AJK. KB's network consists o10 branoes and 0 service Centers aross 41 districts. 'o date it has extended loais amounting to Rs 2.3 billic to neay 150,00 clients. Ey the enof the calendar yar 2003 active clients neary doubled over the previouyear's number.

To encourage anattract private inestment in the sector, the gvernment, in addiion to thcreatio of the MSDP support funds, ha established a ner bank fund (NBF) of US $ 5 million at the SBP undene rural nancial ector development programme (RFSDP) for capacity building. The fund is likely to be operational by June 2004 and will be instrumental in fueling growth in the sector.

Another positive development was the three year grant assistance agreement signed with USAID for improving the accessibility of poor households to microfinance services in fourteen of the most marginalized districts of the country. In terms of strategic business plans, KB will reach over half a million households by the end of the year 2006, with at least one third of its members being women.

SME Bank

The SME bank is playing its role as a pioneering bank for the development and promotion of small and medium enterprises in the country. The bank and its subsidiary, SME Leasing Ltd. (SMEL), have financed 2,610 SMEs by extending to them credit of Rs 1.3 billion. This takes the total SMEs financed over the last two years, (i.e. since inception of the bank) to 3,618 clients, disbursing over Rs 2.1 billion in more than 20 sectors of the economy. The bank made an operating profit of Rs 289 million for the year 2003.

The Government and the SBP have come up with a comprehensive strategy to restructure the SME bank. The restructuring of SME bank will go a long way in promoting the SME sector, so as to enable the bank to significantly contribute towards achieving higher GDP growth and supplement the SME sector development programme of the government aimed at economic empowerment and providing opportunities towards gainful employment, increasing exports and reducing dependency upon imports.

The first micro finance bank ltd (FMFBL) has established a network of 20 branches in 12 districts, and disbursed Rs 308 million to about 10,000 borrowers and mobilized more than Rs 416 million from 12,057 savers/depositors.

Housing Finance

At the policy level, the lack of direction has been one of the major impediments in the institution of a market-based housing finance system. Therefore, the role of the SBP is to facilitate and provide a level playing field to the stakeholders for the development of the housing finance sector. The SBP has further liberalized the credit regime for housing loans. The banks' exposure to housing finance has been enhanced from 5% to 10% of their net advances. The maximum per party limit has been increased from Rs 5 million to Rs 10 million. The maximum debt equity for housing loans has been increased from 70:30 to 85:15. The maximum loan tenure for housing finance has been increased from 15 years to 20 years.

....

CAPITAL MARKETS

CIAPTIR – 7

The capital marks in Pakistan hav witnessed a substantial inprovement since 999-20(. With te spectcular performaice of th KSE 100 index, /hich crossed 5600 points n April 2004, (doubling theanuary 003 leve) and market capitalizatn increasing fror Rs 555 billion ($ 9.5 billior) in January 2003 o Rs 145.0 billio ($ 25.(billion) in April 2004, (an icrease of 159 prcent). The KSE 100 index ouched an all time high at620.7 pints on pril 19, 2004. A record tuiover cf over a biion shares was also seen tvice in the year, fist on Auust 8, 203 and ten on April 15, 2004. Th fiscal year 2003)4 has been a record year or the stock markt in Paktan, witlun-precdented growth in market ctivity.

Pakistan has expienced substantil economic changes since 2001-02, supported by strg sectoil growth The stock exchange hs shown foresighin whole-heartedly acceptig and successfuly implennting rorms asa result of which he Pakiani market was rnked as one of the best peforming markets i the wol. The KSE is implementing furter measures to inrease the retail investor bse in the country.

The land-mark peormance of the sock market during the current fiscal year can be attribed to a umber c positive factors inuding; a continuion of pro-growth macro-economic policies; a stable ncroecoomic environrent; strog economic grown; stable exchange rate; a positive privatizatin proce: throug the capal markets; a visiblemprovement in th Pakistan-India relationshi; appropriate refoms initied by th Securits and Exchange Commsion of Pakistan SEC); the availability of adequate liquidity in he mark good oerating nd financial results fm the majority oblue chip companies and tte enhancement o investoronfidere, etc. This exceptional perfonance of the capal markets was also suppoted by the growth n rupeequidity nd the consequent availbility of cheap crdit to the private sector. In addition, the last foir years ive witnssed a recovery in the ecnomy, nich has helped iprove corporate profitabilit and investor conidence. iese faors hav continued to drivthe equity markein the current fiscal year aswell.

Over the past fewyears, the Securies & Exchange Commissin of Pakistan (SEC) has tan measures to rstore confidence of bo foreign and domstic investors by endeavomg to ensure that he markfunctios in a sroth and transparent ranner. Its regulatry mechanisms are aimed at minimizing the eements system risk onhe one hand and promotg institutional strngthening/capacity building of various segments of thcapital rarkets o the other. The SEC hs actively pursud a capital market reform pogram geared towrds the development of a iodern and efficient corprate sector and cpital market, based on soud regulatory princples thaprovide ie impeis for high ecnomic gwth.

During the first te months of the crent fiscal year the KSE share index has incrased by9.6 perent (fron3402.5 points on June 3 2003 to 5430.4 oints on April 30, 2004). Sinilarly market capializationas incrased by 2.4 percent or from Rs 746.4 billion on une 30, 2003 to Rs 1436.0billion on April 30,2004. Irerms ofJS dollas the market capitalizeon of the KarachStock Exchange was about$ 25.0 billion on Abril 30, 204 incresing froi USD

6.78 billion in the end of June 2002 and USD 12.92 billion in the end of June 2003. The unprecedented boom in the stock market in the current fiscal year has been brought primarily by some heavy weight blue chip companies in the power and communication sectors, although other trading groups also remained buoyant in the market. The share of the top ten scrips in total market turnover increased significantly from 67.2 percent in October 2003 to 71.1 percent in December 2003, reflecting a strong co-movement of trading in these scrips (the total market turnover increased from 4934.3 million shares to 6088.0 million shares in the respective months). Interest in the energy sector stocks was also an important factor in the movement of the KSE-100 index.

The monthly trends of the leading stock market indicators are given in Table 7.1 and Fig: 1 (a) and (b).

Table-7.1: Leading Stock Market Indicators on KSE (KSE Index: November 1991=1000)

Months	2002-03			2003-04 (July-April)		
	KSE Index (end month)	Market Capitalization (Rs billion) (end month)	Turnover of Shares (billion)	KSE Index (end month)	Market Capitalization (Rs billion) (end month)	Turnover of Share (billion)
July	1787.6	412.5	1.6	3933.4	836.2	10.3
August	1974.6	450.8	3.1	4461.5	972.5	12.2
September	2018.8	458.3	2.7	4027.3	907.3	9.8
October	2278.5	535.4	4.3	3781.0	794.3	5.0
November	2285.9	513.6	3.9	4068.3	837.2	2.1
December	2701.4	588.4	6.8	4471.6	922.0	6.2
January	2545.1	554.8	9.1	4841.3	1254.8	7.0
February	2509.4	542.2	2.1	4840.4	1245.6	4.8
March	2715.7	589.7	2.7	5106.7	1346.1	7.8
April	2902.4	618.8	4.4	5430.4	1436.0	16.1
May	3099.0	675.3	4.5			
June	3402.5	746.4	8.0			

Source: Karachi Stock Exchange

Fig-1(a): Trends in KSE Index

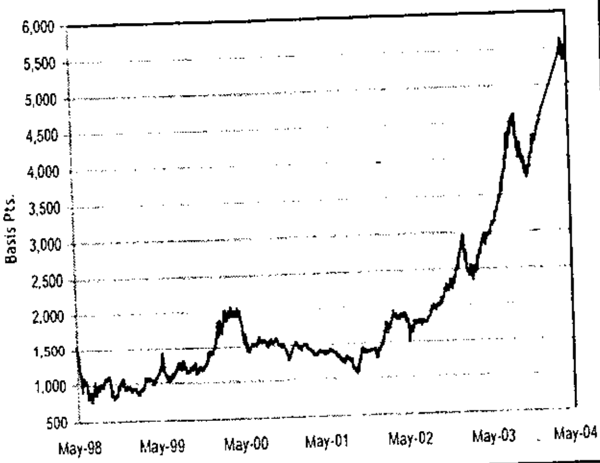
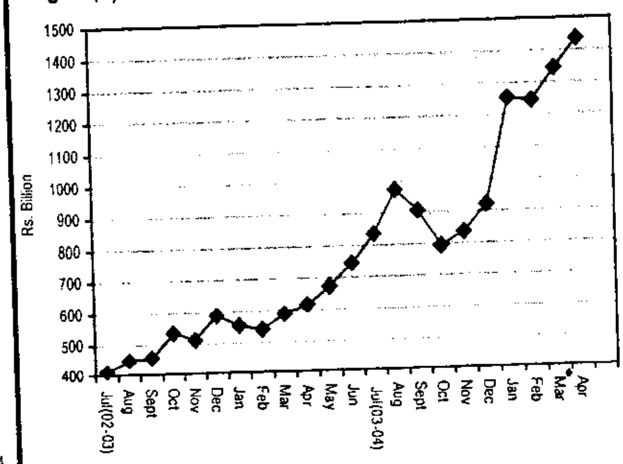


Fig 1. (b) Market Capitalization in KSE



As documented belw, (Table 7.2 an(Fig: 2), out of the 15 leadirg stock markets ir the wol, the KE share idex ircreased by 61 pe ent in terms of U dollar during July-April 2003-04, surpassed only by dia. Theother 13 leading world stock markets recorded growth ranging from 7.0 pecent (China) to 48 percen Thailan) . It is pertinent to mentionere that unlike te previous year, all the leaing stock market of the wrld posd positie gowth in the currer fiscal year, whic may be an encouraging inlication of the wold econoic recoery.

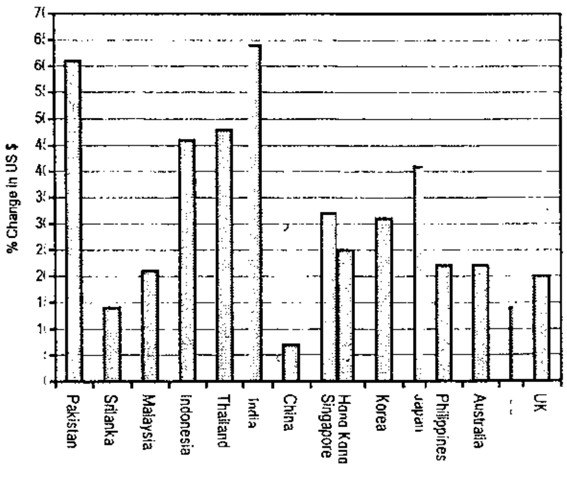
The SEC has introcced a number ofsignificant reforms in the field f risk managemet. It has already constitutec an expe committee comrising national and international mrket experts with the objective of formulating a comprehensive plan forhe demutualization an integration of thestock exchanges. The recommendations othe committee on the de-modularization of the stock exchanges will be implemented byhe end of the yer as part of an ongoing capital maet reform proces. Carryover transactions (COT)will also be phasd out by the end of the current fiscalyear. For the devlopment of cross border scrp listing ie SEC consultewith SAARC corporate egulator and a memoranum of understanding hasIready been signd with Sri Lanka's corporate atchdog.

Table-7.2:Performance o Global Sock Marets durin July-April 2003-04

Countr	Closing Index in espectiv Currencs		% Cange in USD
	April 2004	une 200	
Pakistan	5,4:0	3,402	1
India	5,6:5	3,607	4
Indonesia	78	506	6
Thailand	64	462	8
South Korea	86	670	1
Hong Kong	11,9 3	9,577	5
Malaysa	83	692	1
Japan	11,72	9,083	1
Singapre	1,8 2	1,448	2
Sri Lanka	1,2 2	1,049	4
China	1,5 6	1,486	7
Philippnes	1,5 5	1,223	2
Austraa	3,4 8	2,999	2
US	1,1 7	975	4
UK	4,4 0	4,031	0

Sourc: Global ecurities Pakistan Imited.

Fig-2:Performance of Global Mants durin July-Apr 2003-04



A number of other ructural reforms re also underway in the KE and other stock exchanges which include: the introdution of trading in dd-lots; the development of an T. infrastructure or a backup system ard the upgrading/expansion of the existing I.T. systems; the strenthening of the market monitoring and survellance wg; the commencment of internet trading; the introdution of an over th counter (OTC) market; index tradg; margin tradingules; and cross-border listng. A fure reforms agena will also include a code of corporat governance for ulisted public companies and statory corporation, an enhancement of mnitoring and survillance to prevent market abuse, ana corporate socieresponsibility (CSR) sector. The SEC has addressd numerous distortions in the cpital markets andhe corporate sector with a view evolving a fair, ansparent and efficient system th engenders inveor confidence. At the same time, the SEC has ensurestringent enforcement to cu market abuses, particularly, in the securities market. number of new roducts are also being envisaged wich include the irroduction of index and optin trading. To cate to the eected icrease i trading activities, especially through iternet trading, the up-gradition and provisior of back trading and clering systems is also in rocess. During th outgoing year, the KSE has further strengthened its iernational relatios and continuec to play a active role throgh the platform of the Fedeation of the Euro-Asian Stck Exchages (FEAS) and the South Asia Federation of Echanges (SAFE).

BOX: Policy Measures and Progress

The Securities and Exchange Commission of Pakistan (SEC) has actively pursued a capital market reform program geared towards the development of a modern and efficient corporate sector and capital market, based on sound regulatory principles that provide an impetus for high economic growth. Provided below are the various reform initiatives introduced during the year under review:

a) Improvements in Governance

- In order to prohibit unfair trade practices, ensure a level playing field, inculcate good governance in business conduct and promote transparency in the securities market, a clause 187 (i) was inserted in the Companies Ordinance, 1984 which places a prohibition on any person from being appointed as a director of a listed company if he is a member of a stock exchange, engaged in the business of brokerage or a spouse of such a member.

- In order to safeguard public interest and improve governance and transparency in the business conduct of brokers, the Commission, issued a directive to brokers in February 2004. Pursuant to the said directive, brokers shall provide brokerage services to an investor only after ensuring that an account has been opened in the investor's name using a standardized account opening form. In addition, a broker shall not recommend to an investor the purchase or sale of any security that is unsuitable for the investor with due regard to his/her age, financial situation and investment objectives.

- The Commission formulated a standardized account opening form in consultation with the stock exchanges and directed the exchanges to adopt/implement the standardized account opening form with effect from January 15, 2004. The standardized account opening form contains the standard terms and conditions which shall govern the broker-investor relationship at all the three stock exchanges. The form strikes a balance between the rights and obligations of both investors as well as brokers.

- The Commission issued a directive in August 2003 directing the exchanges to insert appropriate clauses in their listing regulations in order to establish the necessary framework for transfer pricing whereby transactions between related parties are measured at an arm's length price and adequate records and disclosures are maintained in respect thereof.

- In terms of the amendments in the Listing regulations of the stock exchanges, companies must now seek the approval of the Audit Committees and the Board of Directors for the transfer pricing policy. They are also required to prepare and maintain complete records in respect of transactions with related parties.

- After considering the amendments as proposed by the stock ex changes, the Commission accorded approval to the regulations for the system audit of brokers of the exchange, 2004 under section 34(1) of the Securities and Exchange Ordinance, 1969.

b) Risk Management Measures

- In order to strengthen market integrity and to reduce the incidence of systemic risk, the Commission has introduced a number of significant reforms in the field of risk management as provided below:

- Unlike other countries, COT/Badla financing is available only in Pakistan. While the system of Badla financing has added liquidity to the market, it has been one of the major causes of market crises experienced over the last few years. In order to avoid systemic risk associated with Badla financing, the SEC has finalized the

MarginTrading :ules, 2004 to repace Badla financing in consultation with the stock excanges a well th Centra Depositry Company (CD). The Margin Trading Ruls, 2004 have been sent tche Minitry of Financ for appval by the feder Government. As a measure to gradually phse-out OT facili, the SE has restricted th COT facility to te shares of 30 eligible compoanies only with efect frorDecemer 15, 203.

- The National Claring Company c Pakistan Limited (NCCPL, which is fully operationaled as oJanuary19, 2004 with 474 securities inductedn the system, will improve he efficiency of the settlemnt procss, redue systemic risk othe current clearace and settlement procedures and improve tie invesr confidnce leve in the integrity of le securities markt. The integrated national dearing system wuld provle for th settlemnt of trades execud in respect of cmpanies in the Central Depository System (CDS) on l three echange, under one systm as opposed to ie past practice of separate clearing houses of the exange.

New Procucts/Deelopments

- The Commissic had approved th regulations governing theover the counter narket iDecembr 2002 or establishing a cote-driven OTC larket for smaller capitalized companies and lebt secities. Te OTC marke, which i expected to staroperation by June 2004, would also serve asa secontier maiet for gren field/illquid scris currently listedn the exchange.
- Appropriate amndments have ben made in the Securities and Exchange Ordnance, 169 and new section 32D habeen inserted exlusively for the regulation of business of the iational ommodi exchane limitec (NCEL)The emergence c trading in futures contracts in commodities would prcde inveors and stakeholders wh basic hedging istruments as well as enabing economic players to lo in cost. The NEL is expcted to e operational by une 2004.
- The Commissin on February 172004 constituted an expertcommittee comprsing natnal and iternatinal market expertswith the objectiveof formulating a comprehensive plan for demutualizati and ingration f the stock exchges. The expertommittee shall submit its report and recommndatior to the Ommissin within 120 dayof its first meetin or June 15, 2004, whichever is earlier. An interim rept is to b submittd to theCommison within 60 dayof its first meeting. The Conmission has fornulated detailed rms of reference (TOI for the expert cmmittee to examine the feasibility of the integation of ock excanges ad to provide spefic recommendatns on demutualization of exchanges such as an appriate modestructurefor the demutualied exchanges and a plan o action for its impementatn.

Sectoral Performace

During the first ninmonths of the oujoing fiscal year, the KSE share index and agregate arket caitalizatin of 12 differert sector have increased b 50.1 percent and 80.3 percent respectively, as again their inrease o53.4 percent ard 44.7 prcent in the samperiod last year. [1]Total turrover of shares on he KSEas 65.2billion inhe frst nine ronths o2003-04 as compred to 36.2 billion in the sane period last yea. Fundsnobilizeby the KSE curing this period aounted to Rs 617 billion as compared to Rs23.8 billion in the same ped last yar. All te 12 major tradng group on the KSE (coon and other textiles, pharnaceuticals & chenicals, egineerin, auto &allied, cables and electricoods, sugar andillied, paper and board, cenent, fuel and enegy, transort and communiation, tanks anc other finncial institutions and miscellaneous) witnessed record growth n their sire indics, rangig

[1] Sectoral nformatio are available only r nine months of the fiscal yer.

from 15.7 percent (sugar & allied) to 65.2 percent (cement). During the calendar year 2003, total profit before taxation of the 12 trading groups amounted to Rs 136.8 billion as compared to their before taxation profit of Rs 90.9 billion in 2002. The performance of leading trading groups and companies for the first nine months of the outgoing fiscal year is discussed below (Table 7.3-7.5).

Table-7.3: Sectoral Performance on Karachi Stock Exchange (Percent)

Sector	General Index July-March (Growth%)		Market Capitalization July-March (Growth %)		AMC (Rs billion)*	
	2002-03	2003-04	2002-03	2003-04	2003*	2004*
1. Cotton and other Textiles	5.0	37.4	16.6	28.8	47.9	84.6
2. Chemicals & Pharmaceuticals	27.0	54.3	81.7	48.1	92.2	160.2
3. Engineering	34.2	56.5	47.6	45.4	3.0	6.2
4. Auto & Allied	82.3	51.1	108.0	42.8	21.2	43.6
5. Cables and Electrical Goods	20.9	50.4	31.8	28.5	3.1	5.7
6. Sugar & Allied	24.7	15.7	12.4	18.4	5.1	8.6
7. Paper & Board	32.1	16.2	26.3	29.6	8.3	15.5
8. Cement	1.9	65.2	15.6	70.7	18.2	57.2
9. Fuel & Energy	45.0	24.5	56.4	164.2	163.4	506.0
10. Transport & Communication	58.5	37.2	43.5	47.9	100.6	182.4
11. Banks other Financial Institutions	28.6	55.1	35.1	85.8	74.3	185.2
12. Miscellaneous	23.1	33.5	16.9	37.6	52.4	90.8
13. Overall/Total	33.0	40.5	44.7	80.3	589.7	1346.1
14. KSE Index	53.4	0	53.4	50.1	0	0

Source: State Bank of Pakistan

* End March 2003 and 2004.

- **Cotton and Other Textiles:** In this group, there are three sub-groups: (a) textile spinning, (b) textile weaving & composite, and (c) other textiles. There were 229 companies listed with the KSE under this group in December 2003. The share index of cotton and other textiles recorded a growth of 37.4 percent during the first nine months of the current fiscal year as compared to a growth of 5.0 percent in the same period last year. Its market capitalization increased by 28.8 percent or by Rs 19 billion during July-March 2003-04 as compared to a rise of 16.6 percent (Rs 6.8 billion) in the same period last year.

- **Chemicals & Pharmaceuticals:** A total of 38 companies were listed with the KSE under this group at the end of December 2003. During the first nine months of the current fiscal year, its share index increased by a record 54.3 percent as compared to an increase of 27.0 percent in the comparable period of last year. Its market capitalization stood at Rs 160.2 billion on 31st March 2004, showing an increase of 48.1 percent over June 2003 and 73.7 percent over March 2003.

- **Auto and Allied:** A total of 25 companies were listed with the KSE under this group at the end of December 2003. Its share index increased by 50.1 percent, while its market capitalization increased by 42.8 percent.

- **Sugar and Allied:** Under this group, a total of 38 companies were listed with the KSE with a market capitalization of Rs 8.6 billion. The sugar and allied group is a minor player in the stock market although it has a weight of 8.6 percent in the production index of major industries. During the first three quarters of the current fiscal year, the share index of sugar and allied posted a growth of 15.7 percent as compared to a rise of 24.9 percent in the comparable period last year.

- **Cement:** t the end of 2003there were 22 cement conpanies listed withthe KSEThe cerent indutry was one (the best performig sectors in the stock maret. During July-March 20(-04 its hare indx grew by 65.2 prcent, which was ie highest among the 12 trding groups. Its narket cаitalizatin increaed to Rs 57.2 bion on March 31,2004 from Rs 33.5 billion ir June 2003, recoding a gwth of Rs 23.7 bion or 70.7 percnt.

- **Fuel & Engy:** A total of 2(companies were listed witl the KSE. It is themost doinant group in th stock market. While its share inde grew by 24.5 percent durig the first nine months of e currer fiscal yar, its market ceitalization increaed by a huge Rs 314.4 billion to Rs 506.0 billon in Mch 2004rom Rs 91.5 bllion in .ne 2003. Its maret capitalization constitute(37.6 percent of tle aggreite marbt capitazation in March 004. A swelling fel and energy sector is oneof the major market playein the crrent yer along witltransport and comunication, banking and fiance and cemen. The engy sectr has ben identifieds an engine of grwth along with 3 other secors, (agriculture, small anmediumnterpriss and informatio technology) by te government and its unprcedented growth s expecd to funer promte investme activities in the ountry.

- **Transpo & Communicatin:** At the end of 2003, then were 11 companies of thgroup lted withhe KSE. Its sare index and mrket capitalization increasel by 37.2 percent and 47.9ercent spectivly curing Ju-March 2003-04 s compared to their rises o 58.5 percent and43.5 peent in th same priod last year. s market capitaliation at Rs 182.4 billion coistituted 13.5 percent of thaggregie marke capitalizon (AMC) in Marn 2004 making it a major payer on the KSE. The comned maet capitalizon of fuel and enrgy, and transport & commnication was Rs (88.3 billn on Mrch 31, 204, which costituted 51.1 percnt of the AMC as comparel to their share of 44.8 pernt on th correspnding cate of la year.

- **Banks & Other Financial Istitutions:** In December 2003, a total of 184compans were sted wit the KSE. The are 4 sub group in this group: banks & invstment companie, modaoas, leaing comanies, and insunce. During the crrent fiscal year, the shareindex and market capitalizion of th group as increaseby 55.1 percent ad 85.8 percent respectivel. Its market capitalization creasedfrom Rs 9.7 billion in une 2003 to Rs 15.2 billion in March 2004.

- **Miscellaeous:** The misceaneous group includes fivesub-groups: jute, ood & ald, glas & cerarics, vanaspa& allied, and othes. In December 2002, a total of 98 companie were lied with te KSE, which came don to 92 companis at end December 2003. It share index and narket citalizatn poste growth o33.5 percent and 7.6 percent respectively inthe first nine monhs of theurrent fcal yea as compare to their growth o23.1 percent and 16.9 percent respectively, ir the sam period st year.

n December 200 a total of 701 copanies were listed on the Karachi Stock Exclange, inuding 29 compnies in cotton and other ttile, 184 in bank and financial institutions, 92 in miscellaneous group e. In the alendar ear 2003, the numberf dividend payincompanies increased to 312, from 307 companies in 02. As omparedto 429 companies in 200 431 companies were profit making in 2003. During 2003, 170 compani were sown as ss making as compad to 195 in 2002In 2002, the total before taation profit of the 2 tradingroups listed wih the KSE, amounted tRs 90.9 billion, wich increased to Rs 136.8 billion in 2003, shoving a gwth of 5.5 percnt. Transpor and comunication, whiclwas the most profitable incustry during 2003 eamed pre-taxion prof of Rs 41.4 billicn compad to its pre-taxaon profit of Rs 33.9 billion ii 2002. Banking ad other ancial istitution recordedthe seccd highest pre-taxtion profit of Rs 37.1 billionin 2003 as compaed to R20.1 billn in 200. Other sectors whih earned higher pe-taxation during 2003 proits were; fuel and energy (R 20.5 bion); chmical & pharmaceutical(Rs 10 billion); ato and allied (Rs 9.2 billion)and cotton and tetiles (Rs.8 billio). The goup-wise number of companies and theiperformance is given in Table 7.4.

Table-7.4: Companies Listed on KSE and their Before Tax Profits

S.#	Name of Sector	No. of Companies		Before Tax-ation Profit (Rs billion)		Dividend Paying Companies		Profit Making Companies		Loss making Companies	
		2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
1.	Cotton & other Textile	231	229	6.9	6.8	82	78	127	118	70	73
2.	Chemical & Pharmaceutical	37	38	9.2	10.0	24	23	27	27	09	09
3.	Engineering	13	13	0.01	0.9	05	04	07	08	03	02
4.	Auto & Allied	25	25	4.6	9.2	13	15	15	21	07	01
5,	Cables & Electric Goods	12	11	0.6	0.9	04	04	05	05	03	02
6.	Sugar & Allied	38	38	-0.5	-0.2	14	10	17	15	20	22
7.	Paper & Board	14	13	1.7	2.2	07	07	10	08	02	03
8.	Cement	22	22	0.4	-0.6	09	08	12	12	08	08
9.	Fuel & Energy	25	25	7.4	20.5	16	18	18	20	06	03
10.	Transport & Communication	09	11	33.9	41.4	03	04	06	07	01	02
11.	Bank & Financial Institutions	187	184	20.1	37.1	93	111	134	144	37	22
12.	Miscellaneous	98	92	6.6	8.7	37	30	51	46	29	23
	Total	711	701	90.9	136.8	307	312	429	431	195	170

Source: Karachi Stock Exchange

The KSE is primarily influenced by some big blue chip companies including; Hub Power, PTCL, Pakistan State Oil etc. During the first three quarters of the current fiscal year, the combined turnover of shares of ten big companies (OGDC, Hub Power, PTCL, Sui Northern Gas, FF Bin Qasim, D.G. Khan cement, Dewan Salman, PIAC, Fauji Cement and Lucy Cement) was 12.44 billion, which constituted 19.1 percent of the total turnover of the KSE. These ten companies eamed a profit after taxation of Rs 55.1 billion in the current fiscal year up to March 2004. Out of Rs 55.1 billion after taxation profit, the share of PTCL and OGDC was Rs 43.8 billion representing 79.4 percent of the ten big companies. In the first nine months of 2003-04, PTCL's after taxation profit was (Rs 23.1 billion). The price-earning ratio of the ten big companies ranged from 6.62 in the case of PTCL to 325.64 in respect of Dewan Salman. This indicates that the business environment in the current fiscal year has improved appreciably. (Details in Table 7.5), a profile of the KSE is shown on Table 7.6).

Table-7.5: Price Earning Ratio July 2003 – March 2004

Company	No.of Shares (in billion)	Profit After Tax (Rs billion)	EPS	Rate	P/E Ratio
Oil & Gas Dev. Company	4.30	20.67	4.81	60.90	12.67
P.T.C.L.	3.77	23.08	6.12	40.50	6.62
D.G. Khan Cement	0.17	0.47	2.78	52.60	18.94
Dewan Salman	0.34	0.01	0.08	27.10	325.64
P.I.A.C.	0.67	1.87	2.81	24.95	8.87
Fauji Cement	0.37	-0.53	-1.43	14.35	-10.01
Sui Northern Gas	0.50	2.01	4.03	59.40	14.72
Lucky Cement	0.25	0.23	0.93	33.35	35.84
Fauji Fertilizer Bin Qasim	0.91	1.20	1.32	21.50	16.29
Hub Power	1.16	6.10	5.27	38.45	7.29
Total/Average	12.44	55.11	4.45	37.31	43.69

Source: Karachi Stock Exchange

Table-7.6: Profilef Karachi Stock kchange

	2000-01	2001-02	2(2-03	200-04 (July-larch)
Numberof Listed ɔmpanies	747	712	)2	69
New Conpanies bted	4	4	?	
Fund Mobilized (F Billion)	3.6	15.2	:.8	6.7
Listed Capital (Rsillion)	235.7	291.2	:0.9	36.0
Turnover of Share Billion Nos)	29.2	29.1	:.1	6:2
Average daily Tunver of Share (in mlion)	122.5	158.6	27.0	33.8
Aggregate MarkeCapitalisation (Rs Illion)	339.2	407.6	75.8	13(.8

Soun: KaractStock Exhange.

The Lahɔre and lamabad Stock Echanges also showed a reord performance luring tl outgoin year. The turnoverof shareon the Lahore Sick Exchange (LSE) duringJuly-March 2003-)4 was :.5 billio compard to 19.5 billon sharein the same perid last year. Total paid up capital with the LSEincreasl from Rs 280.1 Illion in June 2003 to Rs 47.6 billion in Mach 2004. The LSE index, wich was 2034.6 pints in ,ne 200 increasd to 2840.1 points in larch 2004. The rarket capitalization of the LSE has increased rom Rs51.2 biln in Jue 2003 to Rs 1345.6 billio in March 2004. en new companies were lited with the LSE luring Jv-March2003-04as compared to onlyne in the same priod last year. The amoun of funds mobilizel at the SE by wy of subcription was Rs 55.4 milli in the first ninemonths of the outgoing fiscl year. A profile oLSE is ven in Tble-7.7.

Table-7.7: Profilof Lahore Stock xchange

	2000-01	2001-02	2(2-03	200-04 (July-larch)
Numbe of Listedompanies	614	581	561	51
New Ccmpanies sted	3	3	2	10
Fund Mobilized (Rs Billion)	2.5	14.2	4.1	.5.4
Listed Capital (RBillion)	226.2	246.3	30.1	3/.6
Turnover of Shar(Billion Nos)	7.8	18.3	?8.2	:1.5
Average daily shes (in mln)	32.2	74.3	5.5	12.1
LSE Index	273.5	297.5	2(4.6*	284.1*
MarketCapitalizon (Rs bln)	325.7	393.3	51.2	135.6

* The LSE Launced the new LSE-2index in December 2002 — Soun: LahorStock Exnange

The turnover of sares on the Islarabad Stock Exchange (ISE was 1.11 billion curing Ju-March 003-04 s compared to 1.3billion during thesame period last year. The SE share index hs increed from210.6 pints in June 2003 to 1040.0 points in Mach 2004, recording a growtl of 32.0 percent. Six new mpanie were lised and Rs 51.9billion ws mobilized on th ISE during the first nine months of the currert fiscal yar. The SE startd functioring in Aust 1992 and witin 13 years, it has developd into a vibrant, eficient al stable market. Today, the ISE is one ohe premier stockexchanges of the country known for the highet standd of trarparencyin its operations, excent risk managerent, dynamic market technlogy and lowest oerall cos of listig. A prole of the ISE is given in Tble 7.8.

Table-7.8: Profile of Islamabad Stock Exchange	2000-01	2001-02	2002-03	2003-04 (July-March)
Number of Listed Companies	281	267	260	251
New Companies Listed	5	3	1	6
Fund Mobilized (Rs billion)	0.8	3.7	11.5	51.9
Listed Capital (Rs billion)	183.3	199.0	233.0	287.4
Turnover of Share (In Billion Nos)	1.4	2.7	2.1	1.11
Average Daily Turnover of Share (in million)	6.0	11.0	8.4	6.8
ISE Index	4374.2	4684.0	8210.0	10840.6
Market Capitalization (bln)	249.0	292.0	547.0	1082.9

Source: Islamabad Stock Exchange

The total funds mobilized during July-March 2003-04 in the three stock exchanges (KSE, LSE & ISE) amounted to Rs 169 billion, as compared to Rs 39.4 billion in the last fiscal year. The total turnover of shares in the three stock exchanges during the first three-quarters of the current fiscal year was 100.8 billion, compared to 56.9 billion shares in the same period last year, recording an increase of 77.2 percent.

During the period under review (July-March 2003-04) TFCs by 8 companies, amounting to Rs 3.90 billion were listed on the stock exchanges (5 on the Karachi Stock Exchange and 3 on Lahore Stock Exchange). Further more, during the period under review, 8 companies with a paid-up capital of Rs 49.44 billion, 9 companies with a capital of Rs 51.30 billion and 5 companies with a capital of Rs 47.47 billion were listed on the Karachi, Lahore and Islamabad Stock Exchanges respectively.

Mutual Funds

Millions of investors put their money in mutual funds around the world to get higher returns on their capital. Globally, mutual funds are considered an appropriate investment vehicle for small investors. More than 50 million people in the US invest in mutual funds. Where over four trillion dollars is invested in the industry. The Indian mutual funds sector has grown by more than 5 percent per annum over the last five years, and now stands at US $ 22 billion. Compared to the developed markets the mutual funds industry in Pakistan is still in its nascent stage, albeit growing in size. Until the beginning of the 1990s mutual funds were the exclusive domain of the public sector. The NIT was floated in 1962 and the ICP was established in 1966. The NIT remained the only open-end fund for more than three decades. Over the years, the ICP has floated only 26 closed end funds. During the 1991-96 period 12 funds were floated by the private sector but all of them were closed-end funds.

Mutual funds provide an attractive and cost effective alternative to direct purchases of stocks or bonds for investors, particularly small investors. Mutual funds assets are typically invested in a diversified portfolio of securities. The Government of Pakistan also provides safety nets to the investors by regulating the mutual fund business. At the end of December 2003, there were 37 closed-end mutual fund companies, with listed capital of Rs 6.8 billion. Mutual funds in Pakistan are showing a higher growth rate compared to other stock markets. Between February and September 2003 the market capitalization of the KSE rose by 89 percent but that of the mutual funds sector increased by 118 percent.

The closed-end mutual funds performed exceptionally well during 2003. Out of 37 companies 34 companies announced dividends during 2003, 36 companies were profit making whereas no company incurred any losses during the year.ı 2002 out of 37 ompanies 33 were profit mıking and 4 were bss makg. Mutul funds re-taxation profit dting 2003 was Rs).6 billion as compared to Rs 0.5 billion only n 2002.

Anothe encouraing sign in the mtual funds sector is that the number of *Sharit* complit funds on thencrease The Meezan Islanic Fund was floted recently and Arif Habit Investment has aso signe an Mo with the Bank of Khyberto floatnother *Sharia* cmpliant fund. A *Sharia* compliant fund is a funl that dcs not inest in shres of compaiies dravng the bulk of the income from *Riba*-based operations and/or undertaks activits prohilted by *Sharia.*

Develcpment Fiance Institutios (DFIs)

During2002-03he DFIs sanctiond total loans of Rs 12.37 bllion against whici they dibursed Rs 8.67 blion. In the firs half of te current fiscal yar, the DFIs disbursed an anount of Rs 7.11 billion. Te loans anctiond and disbursed by thspecial banks dting 2002-03 amounted to Rs 25.70 billion and Rs 25.' billion,while, dting the first sixmonths f the current fiscı year, their disbursements amounted to Rs 1(.7 billiorIn 2002)3, the ivestmer banks'total sanions and disbursments were Rs 8.2 billion and Rs 7.6 billion. n the fir nine mnths of te currer financial year, their sanctions andlisbursements were recordd at Rs 5.1 billior and Rs.5 billfor The Islmic banks sanctiond and disbursed Rs 6.2 billion and Rs 11.1 bilion during 2002-03 while thir disbsementwere Rs 7.8 billon durinthe first half of 203-04. Total sanctions and lisbursements of he housg finane compaies (HFCs amountd to Rs 1.2 billiorand Rs 0.84 billion respectively in 2002-03. During thirst ninemonths f 2003-04, these were s 2.0 billion and Rs 1.8 billion respectively. Tle leasing companies sanoned anamount f Rs 14. billion out of whh they disbursedRs 14.2 billion while the molarabas sanctioned Rs 6.6illion and disbured Rs 6. billion, respectivly in the first ninmonths of 2003-04.

Natioral Savins Schemes (NS)

The Central Dirctorate of Nationı Savings (CDNS) is an attached department of the Fiınce Division andperform: depost bank fuctions by selling overnment securities throuch a network of 36(savingcenters,spread a over th countr. Till 19', the activities othe National Savings Deparment were merely promotinal in nure whil post offices and comercial banks' wee operative agents for investment purposes. From 19' onwarthe NSSis engaged in the perations of varius savings schemes throug its own branche network

Presently, therare about 4.3 miln investors with National Saving Schemes (NSS). Thongoinsaving schemes currently in opeation are DefenceSavings Certificates, Specil Savings Certificates/Accnts, Naonal Deosit Certificates, Sangs Accounts, Rgular Income Certificates, Mahana Amdani Acounts,nd prizeBonds. wo new saving schemeentitled "Pensioners' Benefit Account" and Bhbood Savings Crtificatewere alo launchd recenty. Somesalient of popularschemes in 2003-04 are discussed below.

Defence Savins Certificates: Defence Savings Certificateswere introduced by the Gcrnmenof Pakisan in the year 1966 andre available in deominations ranging from Rs 500 to Rs 1,000,000/-. Thse certcates ar issued for 10years butencashanble anyime after one month. The crtificates purchased on orfter 01-1-2004 am a profit @ 7.96 pcent per annum,compounded on maturity. Tie profits on the deposits eceedingRs 150,00/- are subject to a witholding tax @ 10percent. Zakat is collected cnly once at the tine of actıl encasment. Tese certificates areavailable at Natioal Savings Centres, Pakistan Post Offices anc the Sta Bank oPakistaı The outstanding stck of the scheme was Rs 313 billion on March31, 2004.

Bahbood Savig Certificates: This is a new scheme with 10years maturity anl was exusivelylaunchedfor widows. The sceme was later extended to senior citizens (above 60 years) anc offers arofit panent facity on a montrly basis.Presently on an irestment of Rs 100,000/- the investor gets a nonthly pfit of Rs840/-. The profit i subject to a 10 percent withholding tax at source where the deposits exceed Rs 150,000/-. However, the profit earned through this scheme is exempt from the compulsory deduction of Zakat. Premature encashment before completion of one, two, three, and four years entails service charges. These certificates are available at National Saving Centers only.

Pensioners' Benefit Account: This new savings scheme was exclusively launched for retired government employees and offers a profit payment facility on a monthly basis. Presently on an investment of Rs 100,000/- the investor gets a monthly profit of Rs 840/-. The profit is subject to a 10 percent withholding tax at source on the deposits exceeding Rs 150,000/-. However, the profit earned through this scheme is exempt from a compulsory deduction of Zakat. Premature encashment before completion of one, two, three, and four years entails service charges.

Prize Bonds: This is a bearer security available in denominations of Rs 200, Rs 750, Rs 500, Rs 7,500, Rs 15,000 and 40,000. No fixed return is paid but prize draws are held on a quarterly basis. Tax at the rate of 10 percent of the prize money is deducted at source. The outstanding stock of the scheme was Rs 149 billion on March 31, 2004.

During the fiscal year 2002-03, net deposits with National Saving Schemes increased by Rs 143.2 billion compared to Rs 91.4 billion in 2001-02. Out of Rs 143.2 billion, Rs 84.9 billion, (59.3%) were mobilized by Special Saving Certificates (Registered), alone, while, Rs 22.0 billion, (15.4%) was mobilized by Defence Saving Certificates, Rs 10.2 billion, (7.1%) by Pensioner's Benefit Accounts, and Rs 26.8 billion, (18.7%) by Prize Bonds (Table 7.9).

Table-7.9: Net Accruals by National Saving Schemes (Rs Billion)

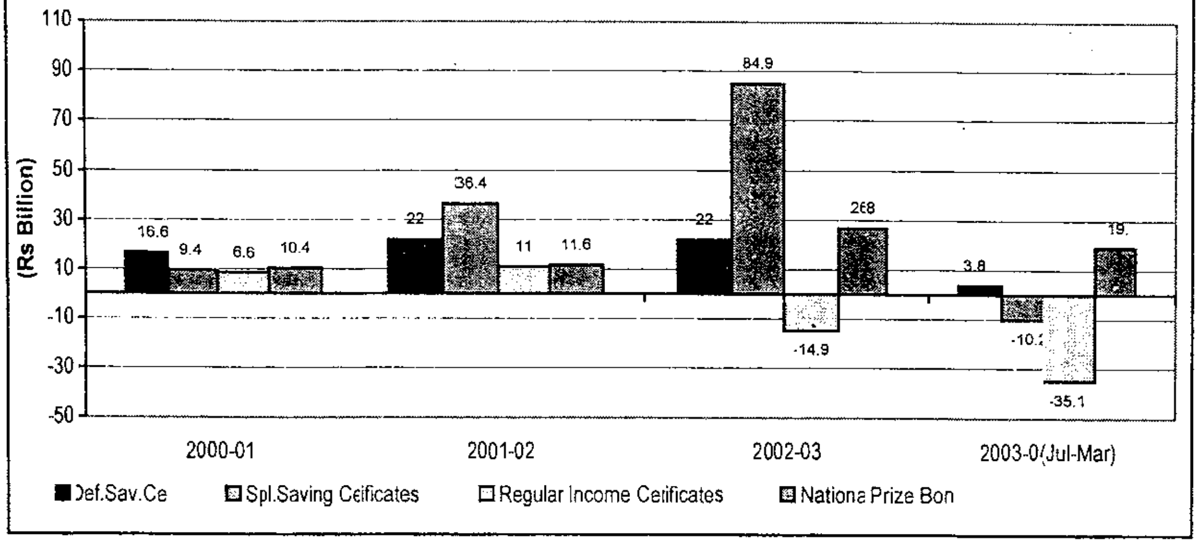
	2000-01	2001-02	2002-03	July-March 2002-03	July-March 2003-04
Defence Saving Certificates	16.6 (32.5)	22.0 (24.1)	22.0 (15.4)	14.7 (19.9)	3.8 (66.7)
Special Saving Certificates Registered	9.4 (18.4)	36.4 (39.8)	84.9 (59.3)	41.3 (55.8)	-10.2 (-178.9)
Special Saving Accounts	3.6 (7.0)	4.3 (4.7)	5.1 (3.6)	2.9 (3.9)	0.4 (7.0)
Regular Income Certificates	8.6	11.0	-14.9 (-10.4)	-11.9 (-16.1)	-35.1 (-615.8)
Pensioner's Benefit Accounts	-	-	10.2 (7.1)	4.7 (6.4)	11.2 (196.5)
Bahbood Savings Certificates	-	-	-	-	13.3 (233.3)
National Prize Bonds	10.4 (20.3)	11.6 (12.7)	26.8 (18.7)	18.0 (24.3)	19.1 (335.1)
Others	2.5 (4.9)	6.1 (6.7)	9.1 (6.4)	4.3 (5.8)	3.2 (56.1)
Grand Total	51.1 (100)	91.4 (100)	143.2 (100)	74.0 (100)	5.7 (100)

Source: Directorate of National Savings.

Note: Figures within brackets represent share to total.

During the first nine months of the current fiscal year, total net accruals under the NSS amounted to Rs 5.7 billion only as against the net receipts of Rs 74.0 billion in the same period last year. The schemes which showed negative net receipts are; Regular Income Certificates (Rs –35.1 billion), Special Saving Certificates (Rs –10.2 billion), and Saving Accounts (Rs –1.7 billion). The schemes, which recorded positive growth, during the period under review, were; Bahbood Savings Certificates (Rs 13.3 billion), Pensioner's Benefit Accounts (Rs 11.2 billion) and Prize Bonds (Rs 19.1 billion) and Defence Savings Certificates (3.8 billion). Massive withdrawals of funds from some of the

Fig-: Net Acual of NSS



prominent savirs schemes durin the current fiscal year wer apparently due t availatty of beer invesment opportunities elewhere, includinga booming stock market and real estate busiress.

The Gcvernmei of Pakistan has eviewed the rate of return on National Saving Schems in July2003 an Januar 2004. The returon Defence Savigs Certificates has been fied at 7.96 percen per anrm (on maturity). he nominal depositates for saving snemes, which are presentl in operation with he NSSinged btween 4) percer (Savings Accout) to 10.41 percer, (Mahana Amdani) with a veighted average ate of 7 percen With aiinflation rate of nly 3.7 ercent, the real dposit rates during July-March 2003-04, rangel betwe 1.3 peent (Prie Bonds to 6.38percent ensioners Benet Accounts) with a weightec average real rateof 3.5 pcent. Th real deosit rat on Pensioner's enefit Accounts ad Bahbood Savings Certificates, which were he mosopular chemesduring 2003-04, was agood as 6.38 perent.

In the current yar, the real rates return under the NSS wer still attractive if compareo the wghted aerage deposi rate of heduled banks (3 %). Since the weighted average real depost rates obanks rmained egative by 2.4 ercent, e NSS still offersthe most attractive rate of rtum to depositor

Reforms of theNSS

The raes offere on the instrumets of the NSS are increasingly becoming market baseas thesare reviwed bi-annualy and ar being aligned toards the yield on Pakistan nvestment Bonds PIBs) oelevantnaturitie. The linkage is beingarried out in oneorm or another since January 2001 and the rtes havalmost ben slased by half conpared those offered prir to May 1999. However, tle government hasdecideo launcthe speial schemes targetg the deserving egments of the society to potect them agains the decing retn on thNSS. The Pensioner' Benefit Account as been launched exclusively for retired government/sni goveiment erployees wherees, the Babood Savings Crtificates have been launched for widows andsenior czens (abve the ge of 6C years). Thus th NSS are becomig more of a social safety nt in the absence o a propsocial scurity sstem in the coutry. Th government is alo considering launching a fxed income mutual fund, wich woul be avaable to ordinary citizenthrough the courers of the CDNS all over th country.

Table-7.10: Nominal and Real Deposit Rates on Savings Schemes During 2000-2004

Scheme (Maturity)	2000-01		2001-02		2002-03		2003-04	
	Nominal Rate (p.a.)	Real Rate	Nominal Rate (p.a.)	Real Rate	Nominal Rate (p.a.)	Real Rate	Nominal Rate (p.a.)	Real Rate
Defence Saving Certificates(10 Years)	15.0	10.6	14.1	10.6	10.03	6.93	7.96	4.26
Special Savings Certificate, Registered (3 Years)	12.7	8.3	12.7	9.2	8.67	5.70	7.27	3.57
Regular Income Certificates (5 Years)	12.5	8.1	12.5	9.0	9.12	6.02	6.96	3.26
Mahana Amdani Accounts (7 Years)	12.3	7.9	12.3	8.8	10.41	7.31	10.41	6.71
Saving Accounts (Running Accounts)	7.8	3.4	7.8	4.3	5.00	1.90	4.00	0.3
Pensioners' Benefit Accounts (10 Years)	-	-	-	-	11.04	7.94	10.08	6.38
Bahbood Saving Certificates	-	-	-	-	-	-	10.08	6.38
Prize Bonds (Running Account)	6.0	1.6	6.0	2.5	6.00	2.90	5.0	1.3
Weighted Average	**12.6**	**8.2**	**12.3**	**8.8**	**8.8**	**5.7**	**7.2**	**3.5**

Source: Directorate of National Savings, Finance Division.

Average inflation was 4.4% during 2000-01; 3.5% during 2001-02; 3.1% during 2002-03 and 3.7 percent during July-March 2003-04.

•••••••••••••••••

INFLATION

Introduction

Price stability has always been of primary importance in formulating and devising macro economic goals. With this in view, fiscal and monetary policies are designed to ensure stable prices and to maintain a high growth rate. The most visible impact of inflation in recent times is its effect on real output, relative prices taxes and interest rates. It also discourages saving and promotes consumption. The effect of inflation severity is more social than economic due to the uncertainty of losing the real value of money.

Because of the cost of inflation, several policy measures such as the control of the budget deficit through appropriate fiscal and monetary policies, the improvement of agricultural productivity, the fostering of investment to stimulate output and the constant vigilance on the market situation to ensure the adequate availability of consumer goods to the common man at a reasonable price have been taken to bring inflation down to a tolerable level. As result, there has been considerable price stability in the country over the years 1999–2004. The inflation rate during the period averaged 3.7 percent with the lowest 3.1 percent in 2002-03. The recent strategy of containing inflation intends to alleviate poverty on the one hand and safeguard the average consumer against the hardships of rising prices on the other.

Price Indices

Four different price indices are published in Pakistan: the consumer price index (CPI), the wholesale price index (WPI), the sensitive price index (SPI) and the GDP deflator. The CPI covers the retail prices of 375 items in 35 major cities and reflects roughly the cost of living in the urban areas. The WPI is used to measure the price movement of selected items in the primary and wholesale markets. The items covered under the WPI are those which are offered in lots for sale. The WPI covers the wholesale price of 425 items prevailing in the city of origin of the commodities. The SPI covers price of 53 essential items consumed by those households whose monthly income ranges from Rs.3000 to Rs.12000 per month. In most countries the main focus for assessing inflationary trends is placed on the CPI, because it most closely represents the cost of living. In Pakistan, the main focus is placed on the CPI as a measure of inflation as it is more representative with a wider coverage of 375 items in 71 markets of 35 cities around the country. The details are documented in Table-8.1.

Table – 8.1: Price Indices in Pakistan (Base Year 2000-01=100)

Features	CPI	SPI	WPI
Cities covered	35	17	18
Markets covered	71	51	16
Items covered	375	53	425
Number of Commodity Groups	10	-	5
Number of Quotations	106,500	1,404	1550
Income Groups	Four	Rs.3000/ Month	-
Occupational Groups	All Category combined	3 (Urban)	-
Reporting Frequency	Monthly	Weekly	Monthly

Source: Federal Bureau of Statistics

Inflation during the 1990s

Prices remained volatile during the decade of the 1990s, ranging between 5.7 percent and 13.0 percent mainly because of decelerating economic growth, expansionary monetary policies, output set-backs, higher duties and taxes, a depreciating Pak Rupee, frequent adjustments in the administered prices of gas, electricity and POL products, etc. The changes introduced in the economy added a major element of distortion in economic relations with an inevitable pressure on prices, GDP growth and the performance of the large-scale industrial sector. The pressure on prices intensified in 1994-95 when inflation went up to 13 percent. Both the food and non-food inflation contributed to the persistence of double digit inflation, averaging 12.2 and 10.7 percent respectively against the overall CPI inflation of 11.4 percent during 1990-97. However, the inflation rate has started to decline over the last three years (1998-2000) because of an improved supply position, strict budgetary measures and depressed international market prices. The inflation rate which was at 5.7 percent in 1998-99, has been reduced to 3.6 percent in 1999-2000 and further to 3.1 percent in 2002-03 (the lowest in the last three decades). This low level of inflation has been achieved as a result of strict fiscal discipline, the lower monetization of the budget deficit, an output recovery, a reduction in duties and taxes, and appreciation of exchange rate.

Table – 8.2: Inflationary Trends* (% Change)

Year	CPI					
	Overall Inflation (Headline Inflation)	Food Inflation	Non-Food Inflation	Non-Food Non-Energy (Core Inflation)	WPI	SPI
1990-91	12.7	12.9	12.4	12.6	11.7	12.6
1991-92	10.6	10.6	10.5	10.5	9.8	10.5
1992-93	9.8	11.9	8.6	9.0	7.4	10.7
1993-94	11.3	11.3	11.2	10.6	16.4	11.1
1994-95	13.0	16.5	10.2	11.1	16.0	15.0
1995-96	10.8	10.1	11.3	10.8	11.1	10.7
1996-97	11.8	11.9	11.7	11.7	13.0	12.5
1997-98	7.8	7.7	8.0	7.1	6.6	7.4
1998-99	5.7	5.9	5.6	6.2	6.4	6.4
1999-00	3.6	2.2	4.7	4.4	1.8	1.8
2000-01	4.4	3.6	5.1	4.2	6.2	4.8
2001-02	3.5	2.5	4.3	3.6	2.1	3.4
2002-03	3.1	2.9	3.2	2.6	5.9	3.6
2003-04 (July-April)	3.9	4.9	3.3	3.3	7.1	5.8
Average of 1990s	9.7	10.1	9.3	8.4	10.0	9.9
Average of 1990-97	11.4	12.2	10.7	9.5	12.2	12.0
Average of 1998-2000	5.7	5.3	6.1	6.0	4.9	5.2
Average of 2000-2004	3.7	3.5	4.0	3.4	5.1	4.3

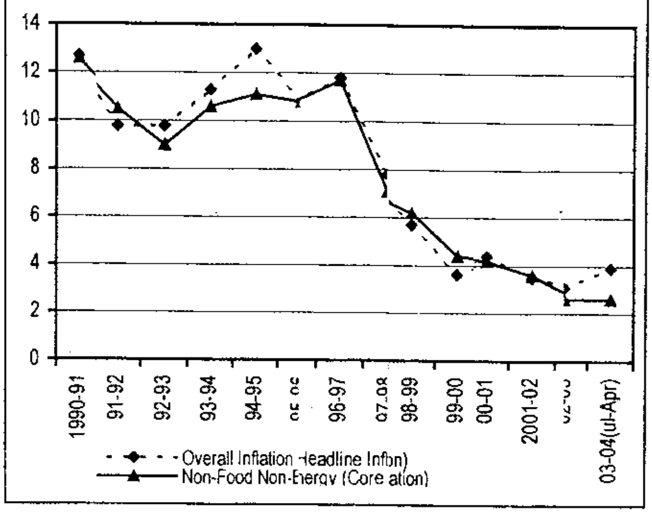
Source: Federal Bureau of Statistics

* Inflation based on CPI, WPI and SPI are at 2000-01 base

Inflation during 2003-04

The inflation rate based on the Consumer Price Index (CPI) for the first ten months of the current fiscal year (July-April) 2003-04 has averaged 3.9 percent against 3.3 percent for a comparable period last year. The food price inflation has increased by 4.9% and non-food by 3.3% as against 3.1 percent and 3.4 percent during same period last year. The analysis of headline inflation (overall increase in CPI) bifurcated into food, non-food and non-food non-energy indicates that the overall inflation is still low but a significant increase in food inflation is the major factor that has forced headlir inflation to movup. The non-food non-energy ilation which is alo known as core inflation remned quite subdud owing to the pursuance of prucnt fiscal, moneta/ and exchange rate polices. The entral Banks arond the world tend to fcus on c'e inflation that eclude the impact of food and energprices. Core inflaon basically represents policy iscal, monetary, cchange rate polices) induced ilation. They do tls, not because food and energy a not important, lut to extract a better predictor ofhe underlining tedency of inflation. Food anenergy price chages are subject to considerable radom noise. For eample, tomatoes crop wa damaged by excssive rains in Sindh causing its rice to rise substntially. An initial spike in tomatoes rices were revered when the new crop came tohe market. Similly, oil prices in internationa market is unusully high because f the wirer demands and a reounding global eonomy, particularly in United States and Asia. The oilrice is lely to revert back towards OPC's target range ($24-30 per barrel from the current level of o'er $40 pr barrelWith reversal of oil pricesto the OEC's price targetthe energy prices will come down. The centra banks,iereforefocuseson core inflation rather tha overall inflation.

Fig-1: Trends in Headlie & Co Inflatin



Much of he surgen food price inflaon over the last year hasbeen theesult of an increse in the price of wheat wheat flur, rice, meat, edile oil and onions. The increse in the prices othese items has beer due to several factors, sore of which are discussed below. he supply shortae of wheat in the market causeby: (i) a 16.7 perent increase in support price of weat for the Year 004 crop; (ii) below taget prodction in the Year 003; (iii) delay in importof whea(iv) depletion of socks due to exports in the preeding two years; nd (v) withholding wheasupply by hoardes and speculators. The crease in edible il prices in the local market can b linked to a 31 prcent increase in palm cil prices the world markedue to tight global supply. Thdamages to the oion crop in Sindh byheavy rns and supply gas pushed onion prices up in the lcal market. The pres of mutton and beefincrease owing to their grater demand on account o the bird flu virus. The iterr contributing to a increasein food ilation have been sted in Table-8.4. As seenin the table, the prces of 1items hve incresed in the range of 0.7%chicken farm) to 8.7% (onions). At the same time the prices of6 items cluding ugar, te, eggs, potatoes moong nd gram pulses hve decreased in the rangeof 3.5%(gram pulse) to 20' (potato Based n the trend of the priceof these items, th contribution of food inflation to the overall infation habeen esimated a 50% against 38% for th same period lasyear [Table-8.3].

Table – 83: Changes in CPI According Commcity Group (% Change)

Commcity Groups	Weight	ly-April		% age Point Conibution (Jl-Apr)	
		20(-0	2003-04	2002-03	2003-04
CPI	1000	3.	3.9	3.3 -	3.9
Food	40.	3.	4.9	38.4	50.2
Non-Fooc	59.'	3.	3.3	61.5	50.0
N-Food NEnergy	52.	2.	3.3	42.1	44.1
Apparel, Textile	6.'	3.	3.1	6.1	4.8
House Rent	23.	0.	3.8	4.7	22.7
Fuel & Lighting	7.	8.	3.2	18.9	6.0
Househol	3.	3.	3.0	3.2	2.7
Transport	7.	5.	2.6	12.2	4.8
Recreatio	0.{	0.	-1.1	0.1	-0.2
Educatior	3.{	4.	4.2	4.9	3.7
Cleaning	5.{	4.	3.5	8.7	5.2
Medicare	2.'	3.	1.1	2.4	0.6

Soue: FederaBureau ofStatistics

The analysis of tl inflation rate on month-to-month basis for he period July-April 2003-([see Tale-8.6] indicates that bang February, the verall inflation continued torise. This was manly drive by the icrease i food

Table – 8.4: Prices of Essential Commodities (Rs.)

Items	Unit	2001-02	2002-03	July 2003	April 2004	% Change Apr 04/Jul 03
Wheat	Kg	8.3	8.7	8.7	10.3	18.5
Wheat Flour	Kg	9.7	10.1	10.2	12.8	18.0
Rice Irri-6	Kg	11.6	12.2	12.4	14.1	13.2
Masur Pulse	Kg	38.4	35.4	34.3	35.9	4.4
Moong Pulse	Kg	34.4	30.5	29.1	27.3	-6.1
Mash Pulse	Kg	44.3	37.6	34.8	35.6	2.2
Gram Pulse	Kg	34.9	31.2	25.1	24.2	-3.5
Beef	Kg	55.2	61.2	68.3	81.6	19.5
Mutton	Kg	111.5	124.9	135.8	174.9	28.9
Sugar	Kg	22.9	20.0	19.3	18.4	-6.4
Milk Fresh	Ltr	17.9	18.4	18.7	19.9	6.9
Milk Powder	400 Gm	116.1	95.9	88.2	99.0	12.2
Veg. Ghee (Loose)	Kg	49.2	55.2	55.6	62.7	12.8
Cooking Oil	2.5Ltr	171.0	199.6	202.6	205.0	1.2
Tea	250Gm	57.0	61.5	66.0	62.7	-5.0
Chicken (Farm)	Kg	52.0	54.0	56.7	57.1	0.7
Eggs (Farm)	Dozen	28.9	30.6	28.8	24.2	-15.7
Red Chilies	Kg	78.3	75.9	68.0	75.4	10.9
Onion	Kg	9.6	8.7	6.5	9.0	38.6
Potatoes	Kg	11.4	9.5	9.3	7.5	-19.6

Source: Federal Bureau of Statistics

Table – 8.5: Prices of Various POL Products (Rs./Litre)

Effective from	HOBC	Kerosene	HSD *	LDO
1-Jul-03	34.87	18.76	-	16.45
16-Jul-03	31.52	18.87	19.92	16.09
1-Aug-03	31.52	19.54	20.04	16.22
16-Aug-03	31.61	20.15	20.55	16.70
1-Sep-03	31.80	20.71	21.32	16.99
16-Sep-03	31.33	20.07	21.74	17.10
1-Oct-03	30.73	19.52	21.00	16.45
16-Oct-03	32.03	20.54	21.09	17.34
1-Nov-03	32.59	21.41	21.98	17.89
16-Nov-03	32.90	21.47	22.21	17.87
1-Dec-03	33.58	22.16	22.90	18.37
16-Dec-03	33.78	22.38	22.78	18.63
1-Jan-04	33.78	22.38	22.78	18.63
16-Jan-04	35.48	23.22	23.85	19.62
1-Feb-04	35.33	23.55	23.85	20.29
16-Feb-04	34.47	22.18	23.77	19.84
1-Mar-04	34.80	22.41	23.77	19.91
16-Mar-04	34.75	21.98	23.77	19.75
1-Apr-04	34.57	21.98	23.44	19.45
16-Apr-04	39.39	23.00	24.00	20.02
1-May-04	40.87	24.00	24.37	21.05

Source: Oil Companies Advisory Committee
Hydrocarbon Development Institute of Pakistan

price inflation. Thfood inflation sinc October 2003 till April 200increased at a mch higher rate against non-fod and overall CF inflation because of an unsual rise in the pres of the principal food iten like wheat flour,neat and fresh vegetables. he moderation inhe non-food inflation curing th period was the rsult of a lower incease in ie price of fuel, eergy and transportation.

Inflation by Incoie Groups

The study of the icome and consuıption behaviour of diffeınt parts of societ and their abilities to afford e consequencess of great importance as inftion effects the prchasing power of differenncome groups dierently. An analysis of the te month (July-Apri inflationary trend acıoss the ur income group indicates that people in the low income group, uto Rs.3000, have experiencea relatively highe inflation (4.5%) comparec those in higherncome groups (3.7%). Ts is because of hgher food inflation as the por spend a largerart of their income on food ims.

Wholesale Pricendex (WPI)

The WP has recrded an upward tend during 2003-04. It increed at a rate of 7. percent during (Jul-Apr) 003-04 against aiincrease of 5.8 percent in thsame period of lst year. Significant featuıs of wholesale pce behaviour indicate that pris of building matrials, raw materias and mufacturing itemsave increased substtially while price of fuel, lighting and lubrants have decreaed over the last year. The hiier increase in bılding materias (21.9% against 1.4% la year was due to an inrease irhe prices of iron ar and sheet and cenent owi to the greater dmand because of incresed constructionactivities. The increase in raw aterials (17.6%) ver an increase of 13.1 last year was minly due to an increase in the omestic and interational market prices of cotton nd cotton relatedtems. The increase in marfacturing items pces (8.0%) over ar increas of 1.4% was dueo an increase in the prices of otton yarn, nylon arn, fertilizer

Fig-2: Pıces of Petroleum Prodıcts

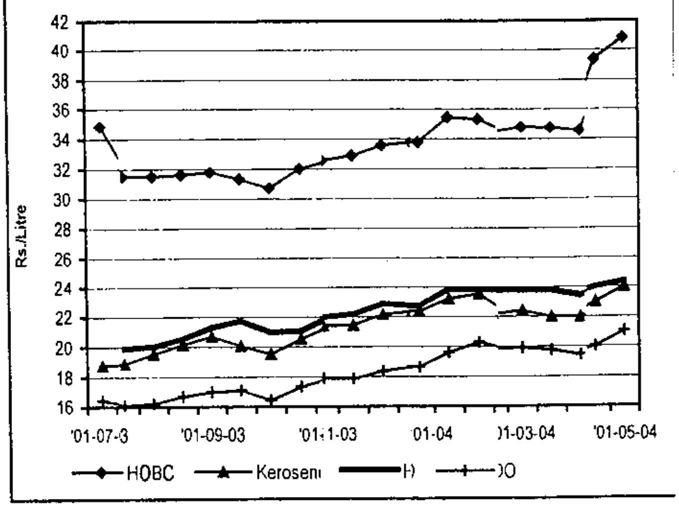
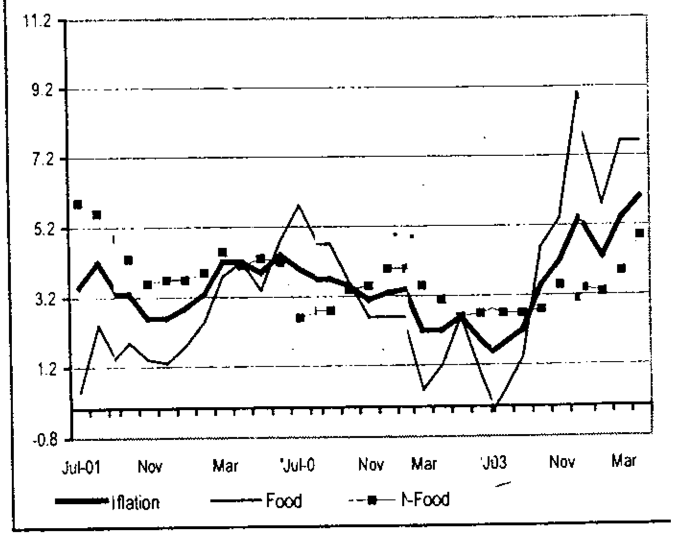


Table – 8.: Monthly Inflation Rte (% Chge)

Period	2001-02 CP	Food	Non Food	2002- C?I	Food	Non Food	20004 PI	Foo	Non Food
Jul	3.	0.5	5.9	40	5.8	2.6	.4	-0.	2.9
Aug	4.	2.4	5.6	37	4.7	2.8	.8	0.4	2.7
Sep	3.	1.3	4.9	37	4.7	2.8	.2	1.4	2.7
Oct	3.	1.9	4.3	35	3.6	3.4	.5	4.	2.8
Nov	2.	1.4	3.6	31	2.6	3.5	.2	5.4	3.5
Dec	2.	1.3	3.7	33	2.6	4.0	.3	9.	3.1
Jan	2.	1.8	3.7	34	2.6	4.0	.3	7.	3.4
Feb	3.	2.5	3.9	35	2.6	4.1	.3	5.	3.3
Mar	4.	3.8	4.5	22	0.5	3.5	.4	7.	3.9
Apr	4.	4.2	4.1	22	1.2	3.1	.0	-7.	4.9
May	3.	3.4	4.3	26	2.6	2.6	-	-	-
Jun	4.	4.8	4.2	19	0.9	2.7	-	-	-

Scce: Fedeıl Bureau Statistics

Fig-3: Moıthly Inflation Rate (PI)



and chemicals. The trend in WPI and the contribution of individual groups toward the overall increase in the index are given in Table-8.8.

Sensitive Price Indicator (SPI)

The SPI is based on the prices of 53 essential items has increased by 5.8 percent during the first ten months of the current fiscal year (July-April) 2003-04 over 3.7 percent in the comparable period last year. During this period the prices of 21 items in the food group have increased with significant rises in price of wheat (18.5%), wheat flour (18.0%), rice irri-6 (13.2%), beef (19.5%), mutton (28.9%), onion (38.6%), vegetable ghee loose (12.8%), red chillies (10.9%), cooking oil (1.2%) and milk fresh (6.9%). At the same time, the prices of some basic items like sugar, tea, moong and gram pulse and eggs have declined because of sufficient supply and easy availability of these items in the market. However, most of the items under the non-food group of the SPI with the exception of a few either declined or remained unchanged (Table 8.4).

Table – 8.7: Inflation Rate by Income Groups

Period	Overall CPI	Upto Rs.3000	Upto Rs.3001-5000	Upto Rs.5001-12000	Above 12000
1995-96	10.8	10.6	10.7	10.8	11.3
1996-97	11.8	11.7	11.9	11.8	11.6
1997-98	7.8	7.9	7.8	7.9	8.0
1998-99	5.7	5.6	5.6	5.9	6.2
1999-00	3.6	3.2	3.4	3.8	4.5
2000-01	4.4	4.5	4.3	4.5	4.7
2001-02	3.5	3.0	4.9	3.4	3.6
2002-03	3.1	2.9	1.8	3.1	3.1
2003-04 (Jul-April)	3.9	4.5	4.4	4.1	3.7

Source: Federal Bureau of Statistics

Table – 8.8: Components of WPI (% Change)

Commodity Groups	Weight	July-April 2002-03	July-April 2003-04	%age Point Contribution (July-April) 2002-03	%age Point Contribution (July-April) 2003-04
WPI	100.0	5.8	7.1	5.8	7.1
Food	45.8	3.6	6.0	27.1	35.6
Non-Food	54.2	7.4	7.8	75.7	67.7
Raw Material	8.8	13.1	17.6	18.6	21.1
Fuel & Lubricants	15.3	14.6	1.0	50.2	3.0
Manufacturers	25.5	1.4	7.7	6.4	29.7
Building Materials	4.6	1.4	21.9	1.0	15.5

Source: Federal Bureau of Statistics

Price Stabilization Measures

Containing prices within limits is a prime target of the government's economic policy. However, due to economic integration and the free interplay of market dynamics, the safeguard and protection of the poor segments of society from the hardship of rising prices and the burden of poverty has become increasingly important. Through a series of policy measures, the Government has succeeded in keeping inflation low. These include the creation of a stable macro-economic environment by keeping a check on budgetary expenditure and the stimulation of growth in the commodity producing sector. Some major steps taken to bring stability in prices are as follows:

i. The Import policy of essential items has continued to build up stock to meet the dearth of essential items to prevent a price hike.

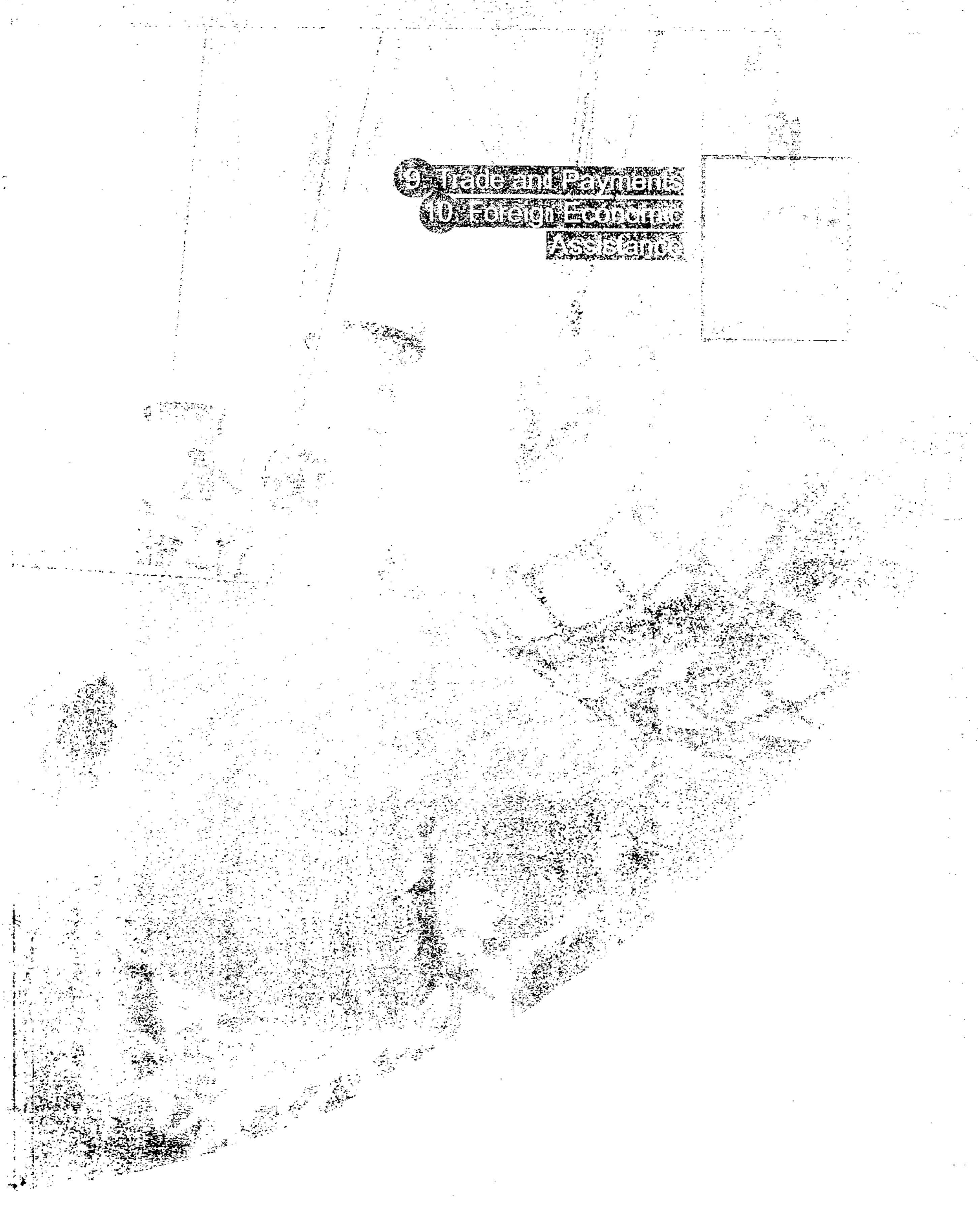
ii. The Cabinet Committee now called Sensitive Items Prices Committee (SIPC) keeps a close watch on the price situation of essential items through its weekly meetings.

iii. Efforts have been made to counter the impact of the easy monetary stance on prices.

iv. The functioning of the USC has been strengthened qualitatively through the timely distribution of essential items.

v. Wheat export has been disallowed to meet the domestic requirement, import of 1.0 million tons of wheat to build strategic reserves has been announced, and to discourage private sector to hoard wheat the SBP has imposed cash margin of 50 percent for borrowing for the wheat procurement and retire the borrowed amount by September 30, 2004. These measures are likely to reduce the prices of wheat and flour in the country.

•••••••••••••••••



9. Trade and Payments

10. Foreign Economic Assistance

TRADE AND PAYMENTS

The growth in the eternal sector of Pakistan gained further momentum during fiscal year 2(03-04. This buoyant trend was broad-based and can be attributed to an improved macroeconomic environment within the country on the one hand and an acceleration in world economic growth on the other. Pakistan witnessed robust export and import growth during this the period coupled with a healthy increase in foreign exchange reserves. Notwithstanding an anticipated marginal decline in the flow of remittances alongwith a double-digit rise in import the current account balance continued its positive trajectory. The increase in imports was the direct outcome of higher machinery purchases – thus giving credence to the argument of a resurgence in the manufacturing sector. On the external front, a strong rebound in the global economy has firmed up demand for Pakistani exportable goods.

Trends in Exports

Exports are targeted to increase by 8 percent to $ 12.1 billion in the fiscal year 2003-0 – indicating a net increase of $ 40 million over last year's export earnings of 11.160 billion. During July-April 2003-04 this number grew by 1:1 percent and stood at $ 1001.0 million as against $ 8846.3 million for the same period last year. Given this trend in export growth the target set for the current year is likely to surpass. Some of the main factors contributing to this resurgent export growth include higher unit values export, deeper penetration into the European and S markets, a sharp reduction in the refinance rate in accordance with the Export Finance Scheme and a stable currency environment.

The export performance (July-April) reveals that the textile manufactures, covering 6:4 percent of total exports, registered a significant growth of 14.3 percent amounting to $ 6535.4 million. All the major textile items with the exception of readymade garments and synthetic textiles showed increases ranging from 9.9 percent (bed

Table 9.1: Structure of Exports ($ Million)

Particulars *	JULY-APRIL 2003-0	JULY-APRIL 202-03	% change
A. Primary Commodities	**818.**	**83.9**	**-1.5**
Rice	508.	45.7	11.8
Raw Cotton	40.	4.3	11.7
Fish & Fish Preparation	126.	1C.2	15.7
Fruits	82.	6.8	19.5
Tobacco	10.	.5	33.3
Wheat	6.	11.5	94.6
B. Textile Manufactures	**6535.**	**5711.3**	**14.3**
Cotton Yarn	964.	77.1	24.3
Cotton Cloth	1370.	106.5	28.5
Knitwear	1132.	88.7	28.4
Bedwear	1136.	103.6	9.9
Towels	312.	28.9	10.1
Readymade Garments	824.	89.2	-7.5
Synthetic Textiles	396.	43.3	-9.8
C. Other Manufactures	**1730.**	**168.3**	**2.9**
Carpets, Rugs & Mats	184.	17.5	5.4
Petroleum Crude	27.	3.8	20.4
Petroleum Products	181.	15.7	16.1
Sports Goods	257.	26.4	-1.8
Leather Tanned	192.	18.5	2.3
Leather Manufactures	340.	31.9	8.4
- Leather Garments	268.	17.4	52.0
Chemicals & Pharmaceutical Products	204.	21.1	-2.6
Engineering Goods	73.	5.1	33.4
D. Others	**916.**	**61.8**	**48.6**
Total	10001.	884.3	13.1

* Provisional Source: Federal Bureau of Statistics.

wear) to 28.5 percent (cotton cloth). This could be attributed to higher average unit prices and a substantial increase in quantity ranging from 3.3 percent (towels) to 26.3 percent (knitwear). The other manufactures exports (17.3% of total exports) registered a moderate growth rate of 2.9 percent with petroleum products, leather garments and engineering goods showing healthy increases. On the other hand the exports of petroleum crude, sports goods and surgical instruments declined. Primary commodities, with an 8.2 percent share in total exports, declined by 1.5 percent due to a steep fall in the export of wheat which fell from $ 110.5 million to $ 6.0 million. This was due to the depletion in the carryover exportable stock of crop. However, within this group the export value of rice, fish & fish preparation, fruits and tobacco was significantly higher, showing a cumulative increase of $ 90.1 million but this was completely offset by a decline of $ 104.5 million in the export value of wheat alone. [See Table 9.1].

Exports during the first ten months (July-April) of the current fiscal year have increased by $ 1154.7 million in absolute terms over the previous year with the major contributors being textile manufactures ($ 818.2 million or 70.9%), Other Exports ($ 300.0 million or 26.0%) and Other Manufactures ($ 49.0 million or 4.2%). Primary Commodities have declined by $ 12.5 million leading to a drag of 1.1 percent on export earnings. [See Table 9.2].

Table 9.2: Major Contributors to Export Earnings (July-April 2003-04 *)

Exports	Net Increase $ Million	% Contribution
Additional Export Earnings	**1154.7**	**100.0**
-Primary Commodities	-12.5	-1.1
- Textile Manufactures	818.2	70.9
- Other Manufactures	49.0	4.2
- Others	300.0	26.0

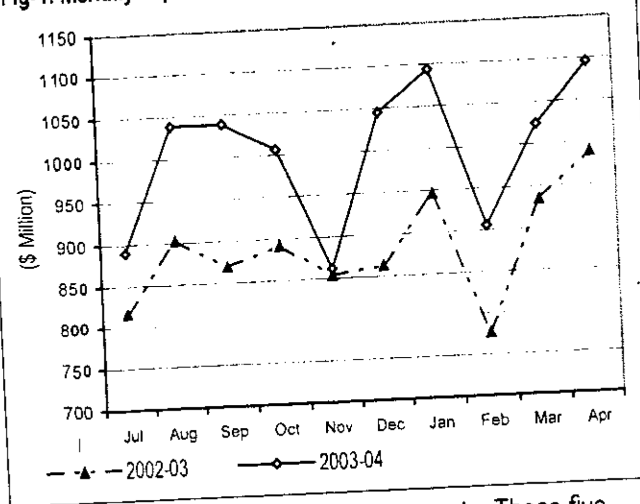
* Provisional Source: FBS & E.A.Wing, Finance Division

Table 9.3: Monthly Exports

Month	2002-03 ($ Million)	2003-04
July	816.7	890.2
August	902.8	1038.7
September	869.0	1038.8
October	891.8	1006.6
November	854.1	861.6
December	863.2	1045.1
January	946.5	1094.0
February	776.4	906.2
March	935.6	1024.0
April *	990.2	1095.8
Monthly Average	884.6	1000.1

* Provisional Source: Federal Bureau of Statistics

Fig-1: Monthly Exports



Monthly Exports

The monthly exports for the period July-April 2003-04 remained consistently above the corresponding months from the previous year averaging $ 1000.1 million per month during this period compared to $ 884.6 million last year [See Table 9.3 and fig.1].

Concentration of Exports

Pakistan's exports are highly concentrated in cotton, leather, rice, synthetic textiles and sports goods. These five categories accounted for 82.6 percent of total exports during 2002-03 with Cotton alone contributing 63.3 percent followed by leather (6.2%), rice (5.0%) and synthetic textiles (5.1%). The degree of concentration of these items/groups during 2002-03 remained close to last year's level with the exception of cotton whose share increased by 3.9 percentage points due to a large increase in its quantity and unit price. The same degree of concentration, more or less, persisted during 2003-04. Such a high degree of concentration of exports in a few items is a major source of instability in export earnings. A poor cotton crop would thus seriously affect total export proceeds as has been the case in th past. The annuapercentage shares of the najor export commodities a given Table 9.4 as well as in fig-2 & 3

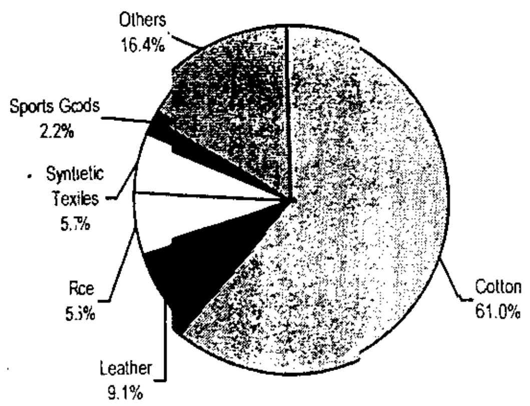
Table 9.4: Pakistas Major Exports Percentage Share)

Commodity	90-91	92-93	94-95	96-97	98-99	99-00	00-01	0102	0:03	0:04 *
Cotton	61.0	59.8	58.7	61.3	59.	61.0	589	54	6.3	2.5
Leather	9.1	9.3	8.0	7.7	6.9	6.3	7.	8	2	.3
Rice	5.6	4.7	5.6	5.6	6.9	6.3	5.	4	0	.2
Synthetic Textiles	5.7	7.4	7.1	6.1	5.1	5.3	5.	6	1	.2
Sports Goods	2.2	1.9	3.2	3.7	3.3	3.3	2.	3	0	.6
Sub-Total	**83.6**	**83.1**	**82.6**	**84.4**	**81.**	**82.2**	**809**	**79**	**8.6**	**9.8**
Others	16.4	16.9	17.4	15.6	18.	17.8	191	21	.4	0.2
Total	100.0	100.	100.0	100.0	1000	100.0	10.0	1.0	10.0	00.0

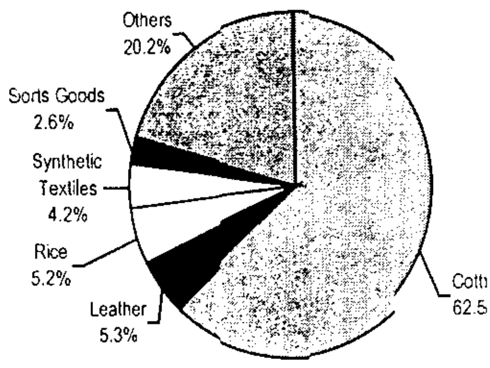
* July-March

Soue: Minist of Comrerce

Fig-2:Pakistan's Mjor Exports (1990-91) % Share]



Fg-3:Pakistan's Major Eports (20004)
(July-March) [% Shae]



Exports of textile manufactures are also undergoing structural transformation from low to hher valu added ems. Within the expor of Textile Manufctures, the share of cotton yarn and cotton cloh, repreenting raw materil exports has decied from 19.0 pecent to 14.8 percent and 224 percent to 20.9 percent respective during the last six years. On the other hand the shres of knitwear, bedwear and towels, represeiting valu added exports, howed a significant incrase from 14.9 peent to 17.3 percent, 12.3 percent to 17.4 percent and 3 percet to 4.8 percent respectvely. The remaining items of exports (readymade garments, made-up articals) did not show ny apprciable improvement. However, the export hare of synthetic textiles showed a decline fron 8.0 pcent to 61 percer during this perod [See able 9.5]

Compcsition of Exports

The compositionof Pakistan's exprts has changed significanty over the years. The princal variations encmpass a steep fall in th shares of Primar and Semi-manufactured exports with a correspondingicrease the shre of

Manufactured Goods. During July-March of the current fiscal year (2003-04), the share of Primary Commodities fell from 12 percent to 10 percent, Semi-Manufactures increased by one percentage point and settled at 12 percent and the share of Manufactured Goods moved upward from 77 percent to 78 percent over the same period last year [See Table 9.6].

Table 9.5: Export of Textile Manufactures (% Share)

Item	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04 *
Cotton Yarn	19.0	19.2	18.7	16.1	12.9	14.8
Cotton Cloth	22.4	19.6	17.9	19.6	18.6	20.9
Knitwear	14.9	15.9	15.8	14.6	15.9	17.3
Bedwear	12.3	12.7	12.9	15.9	18.4	17.4
Towels	3.6	3.5	4.2	4.6	5.2	4.8
Tents, Canvas & Tarpulin	0.8	0.9	0.9	0.9	1.0	0.9
Readymade Garments	13.1	13.8	14.4	15.1	15.1	12.6
Synthetic Textiles	8.0	8.2	9.5	7.1	7.9	6.1
Madeup Articals	5.1	5.5	5.7	6.1	5.0	5.2
Others	0.8	0.7	-	-	-	-
	100.0	100.0	100.0	100.0	100.0	100.0

Source: FBS & Finance Division

* July-April

Table 9.6: Composition of Exports (% Share)

Year	Primary Commodities	Semi-Manufactures	Manufactured Goods	Total
1990-91	19	24	57	100.0
1992-93	15	21	64	100.0
1994-95	11	25	64	100.0
1996-97	11	21	68	100.0
1998-99	12	18	70	100.0
99-2000	12	15	73	100.0
2000-01	13	15	72	100.0
2001-02	11	14	75	100.0
2002-03	11	11	78	100.0
July-March				
2002-03	12	11	77	100.0
2003-04 *	10	12	78	100.0

Source: Federal Bureau of Statistics

* Provisional

If Semi-Manufactures and Manufactured Goods are taken together, 90 percent of export earnings during July-March 2003-04 originated from Manufactured Exports and only 10 percent from Primary Commodities. This changing composition of exports suggests that Pakistan is no longer a country that relies heavily on the Primary Commodities exports for foreign exchange earnings.

Direction of Exports

Pakistan trades with a large number of countries but its exports are highly concentrated in just a few, of them namely, the USA, Germany, Japan, the UK, Hong Kong, Dubai and Saudi Arabia. Among these countries, the maximum export proceeds are from the USA making up approximately 24 percent of the total. Japan's share has exhibited a continuous decline on account of a protracted recession in the Japanese economy. The share of exports to Germany, the UK and Hong Kong remained relatively constant while that to Dubai and Saudi Arabia has risen mainly due to textile manufactures. With some fluctuations the same trend has persisted for 2003-04 (July-March) [See Table 9.7].

Table 9.7: Major kport Markets (Petentage Share)

Country	90-91	92-3	94-95	96-97	9899	99-00	01-01	(-02	0-03	3-04 *
USA	10.8	1.9	16.2	17.7	21.8	24.8	24.4	24.7	23.5	23.6
Germany	8.9	'.8	7.0	7.5	6.6	6.0	5.3	4.9	5.2	5.0
Japan	8.3	;.8	6.7	5.7	3.5	3.1	2.1	1.8	1.3	1.1
UK	7.3	'.1	7.1	7.2	6.6	6.8	6.3	7.2	7.1	7.5
Hong Kong	6.0	;.6	6.6	9.4	7.1	6.1	5.5	4.8	4.6	4.9
Dubai	2.8	;.9	4.0	4.6	5.4	5.7	5.3	7.9	9.0	7.7
Saudi Arabia	3.6	.7	2.7	2.6	2.4	2.5	2.9	3.6	4.3	3.0
Sub-Total	**47.7**	**5.8**	**50.3**	**54.7**	**;3.4**	**55.0**	**51.8**	**;4.9**	**55.0**	**52.8**
Other Countries	52.3	4.2	49.7	45.3	46.6	45.0	48.2	15.1	45.0	47.2
Total	100.0	10.0	100.0	100.0	100.0	100.0	100.0	)0.0	00.0	100.0

* July-March

Srce: Mintry of Commerce

Trends in Import

Imports are targetd to increase by 8 percent to $ 12.8 bilion in thfiscal year 2003-4 – indicating a net increase of 580 million over lst year's import bil of $ 1220 billion. Duringluly-April, 2003-04 this figurgrew by 19.0 perent and stood at $ 12012.million as agains$ 10097.8 million during the ame period last yar.

Further analysis rveals that the Fod Group components, whic accounts for 7.2percent of total imports, grewby 4.5 percent – rimarily on account of a comned increase of $78.8 million imports in palm oand tea for dometic consumption. Mainery, with a 23.percent share of otal impts, was up by 22 percent to $ 2820.7 million, incating a further pik up in domestic econom activity. Despiteigher internaticnal POLrices, the importunder the Petroleum Groupeclined by 7.7 pecent due to a substantal fall of2.2 percent in thequantity of imports of Petrolem Products, theroy saving $ 208.0 milion. A ctinuing surge in OL output by local refineries, aincreased use ofgas in industries and eletricity generationnd lesser reliance on fuel obased thermal elctricity owing to higherelectrici generation throuh hydel helped Pakistan ly on lesser impos of POL products The higer unit values togther with the increased domes demand for insecticides

Table 9.8: Stucture of Imports ($ Million)

Particulars	J.Y-APRIL 2003-24*	2002003	% Cange
A. Food Group	**85**	**82.6**	**4.5**
Wheat Unmilled	2	2.7	22.6
Tea	16	15.5	11.7
Soyabean Oil	4	4.9	1.2
Palm Oi	50	44.6	13.7
Pulses	5	10.6	43.9
B. Machinery Group	**282**	**230.4**	**22.5**
Power Generating Machinery	21	22.5	-2.9
Textile Machinery	45	42.1	7.0
Const. & Mining Machinery	7	7.3	-0.4
Electrical Mach. & Apparatus	19	17.2	11.9
Road Motor Vehicles	52	40.3	30.4
C. Petroleum Group	**248**	**268.1**	**-7.7**
Petroleum Products	107	147.0	27.4
Petroleum Crude	140	121.1	16.2
D. Textile Group	**20**	**18.7**	**12.3**
Synthetc Fibre	8	7.8	5.9
E. Agri/Other Chemicals Group	**219**	**177.9**	**23.7**
Fertilize	20	21.1	-5.0
Insecticides	8	4.2	71.7
Plastic Material	43	34.3	25.9
Medicinal Products	21	17.9	23.7
F. Metal Group	**53**	**40.3**	**33.3**
Iron & Seel	39	32.0	23.9
G. Miscellaneous & Others	**291**	**192.8**	**51.4**
Total	1201	1009.8	19.0
Excluding Peroleum Group	953	740.7	28.6
Excluding Peroleum & Food Groups	867	658.1	31.7

* Provisional

Sourceederal Bеau of Stastics

(53.9%), Plastic Material (15.2%) and Medicinal Products (9.6%) pushed the imports of the Agricultural/Other Chemicals group up by 23.7 percent thus causing the overall import bill to rise by $ 421.5 million. The Metal Group imports increased by 33.3 percent or $ 133.8 million while the non-food and non-oil imports, representing the imports of machinery, raw materials and capital goods registered an increase of 31.7 percent during this period. The exceptionally strong growth in non-food non-oil imports is typically a leading indicator of surge in economic activity. [See Table 9.8].

Imports during the first ten months (July-April) of the current fiscal year increased in absolute terms by $ 1914.6 million over the same period last year. The major contributors to this additional import bill have been the Machinery group ($ 518.3 million or 27.1%) followed by the Agricultural/Chemicals Group ($ 421.5 million or 22.0%) and the Metal Group ($ 133.8 million or 7.0%). The imports under the Petroleum group have declined by $ 208.0 million resulting in a negative contribution of 10.9 percent to the increased import bill. The details are given in Table 9.9.

Table 9.9: Major Contributors to Additional Import Bill (July-April, 2003-2004 *)

Imports	Net Increase $ Million	% Contribution
Additional Import Bill	**1914.6**	**100.0**
- Food	36.7	1.9
- Machinery	518.3	27.1
- Petroleum	-208.0	-10.9
- Textile	22.7	1.2
- Agricultural/Chemicals	421.5	22.0
- Metal	133.8	7.0
- Miscellaneous & Others	989.6	51.7

* Provisional Source: FBS & EA.Wing, Finance Division

Table 9.10: Monthly Imports

Month	($ Million) 2002-03	2003-04
July	927.2	999.8
August	969.3	1035.1
September	880.3	1077.6
October	1018.0	1176.5
November	960.2	991.6
December	1032.6	1323.7
January	1053.1	1345.6
February	918.6	1139.4
March	1270.5	1408.1
April *	1068.0	1515.0
Monthly Average	1009.8	1201.2

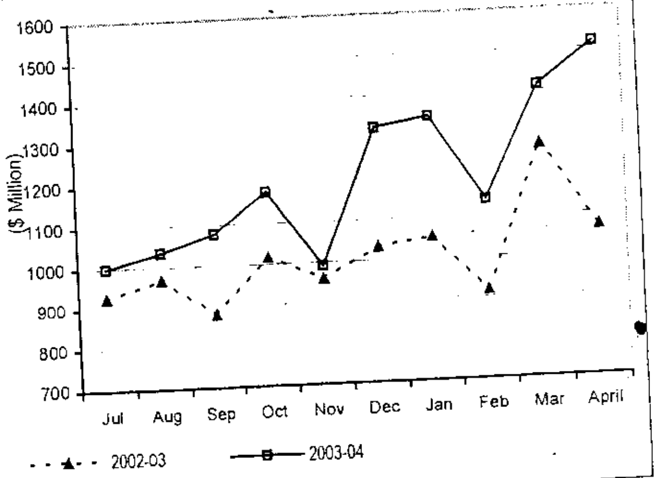
* Provisional Source: Federal Bureau of Statistics

Monthly Imports

The monthly imports during July-April 2003-04 remained consistently higher compared to similar periods last year. Imports averaged $ 1201.2 million per month during this period as against $ 1009.8 million for the same period last year. Thus, on average, imports have risen by $ 191.4 million per month during this period. The monthly imports are tabulated in Table 9.10 and fig-4.

Pakistan spent $ 446.7 million more on the import of major items during July-April 2003-04 due to higher import prices prevailing in the international market [See Table 9.11]. Had the unit values of these import items remained at the previous year's level, the imports would have been lower by $ 446.7 million resulting in import growth of 14.5 percent as against 19.0 percent for this year.

Fig-4: Monthly Imports



Concentration of Imports

Like exports, Pakistan's imports are also highly concentrated in a few items namely, machinery, petroleum & petroleum products, chemicals, transport equipments, edible oil, iron & steel, fertilizer and tea. These eight categories of imports accoured for 75.9 percet of total imports during 2002-03. Aiong these categries, machiney, petrolum and petroleur products and chemicas accoured for 58.7 percet of total imports. Consideible structural chages have also taken place in soe subsets of thes imports over the years. The shre of machinery hs declined on account of a decrase in investmenbut this trend seems to be reveing due to a revial in the domestic econorr. The share of chmicals depicted a gradual rising tnd till 2000-01 afr which it tapered off but ineased again durig the current fiscal year due toigher imports of isecticides and medicinal produc. Petroleum and Petroleum Products share hs started to declie while that of edible oil ha picked up – mainy on acunt of hjher domestic productbn in thease of former ari rising domestic demand aid higher internatinal prici in casof latter See Table 9.12].

Table 911: Additional Import Bill as Resultof the Rise in mport Prices. JulyApril 20-04 * ($lillion)

Commodity	Actual Inports	Importat Las Year's Pces	Aditional Bill
Palm O	506.8	32.3	24.5
Petroleim Products	1073.6	53.9	219.7
Petroleim Crude	1406.5	117.5	89.0
Fertilize	201.5	32.0	19.5
Plastic Aaterial	434.9	37.7	37.2
Medicinal Products	218.8	93.8	25.0
Iron & Steel	399.0	57.2	31.8
Total	4241.1	394.4	446.7

* Provisonal — Source: FBS & A.Wing, inance Dision

Table 9.12: Pakian's Major Impon (Percentage Share)

Commcdities	90-91	92-93	94-95	96-97	98-99	99-00	00-01	01-02	02-03	03-04
Machirery * *	20.5	24.3	22.8	23.1	17.9	13.9	19.	17.	18.	18.
Petroleum & Proicts	22.2	15.5	15.3	19.0	15.5	27.2	31.	27.	25.	20.
Chemicals @	12.8	12.5	14.0	13.4	16.6	17.5	20.	15.	15.	16.
Transport Equipmnts	6.7	12.5	5.9	4.7	5.7	5.5	4.	4.	5.	5.
Edible Oil	5.3	5.9	9.6	5.1	8.7	4.0	3.	3.	4.	4.
Iron & Steel	3.3	3.2	3.6	3.9	3.1	3.0	2.	3.	3.	3.
Fertilizer	3.5	2.5	1.2	3.2	2.8	1.9	1.	1.	2.	1.
Tea	2.2	2.1	1.8	1.1	2.4	2.0	1.	1.	1.	1.
Sub-Total	**76.5**	**78.5**	**74.2**	**73.5**	**72.7**	**75.0**	**83.**	**75.**	**75.**	**71.**
Others	23.5	21.5	25.8	26.5	27.3	25.0	16.	24.	24.	28.
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.	100.	100.	100

* July-March

** Excluding Trasport Equipments

@ Exduding Felizer

Source: linistry oCommerc

Composition olmports

The compositioof Pakistan's imprts has not witnessed any appreciable change over thyears. The sharef raw materials for cosumer goods in th total imports continued to be high while that or capitgoods rmained low. The share of capital oods exhibited a leclining trend — mainly becauśe of a slow down in instment i the coutry. However, it hasow started to pic up as a result of a revival ii the domestic ecnomy. Th consuier good have remaired flat or this time. Durin the current fiscal year (July-March, 2003-04) he sharof consiner goos did not show any cange and remaind at 10 percent while that oiraw materials for consumegoods cme to 5 percent from 55 percen However, due toigher imports of machinery the share of capital goodsicrease from 29 percent to 32 percent. The share of raw mterial for capital goods shoved an improvement of oneercentae point uring this period andtood at 7 percent The details are given in Talle 9.13 .

Direction of Imports

Pakistan's major imports come from a select few countries. About one-half of them continue to originate from just seven nations namely, the USA, Japan, Kuwait, Saudi Arabia, Germany, the UK and Malaysia. By and large, the relative shares of imports have remained almost the same during 2002-03. The shares of the USA and Japan, with some fluctuations, exhibited a declining trend because of the shift in the import of machinery/capital goods and raw materials to other sources. On the other hand, the share of Pakistan's imports from Saudi Arabia has been rising due to higher imports of POL products. Malaysia's share has shown rising, as well as, falling trends over the years mainly on account of fluctuations in palm oil prices. The same trends with some fluctuations continued during 2003-04 (July-March) [See Table 9.14].

Table 9.13: Composition of Imports (% Share)

Year	Capital Goods	Raw Material for Capital Goods	Raw Material for Consumer Goods	Consumer Goods	Total
1990-91	33	7	44	16	100.0
1992-93	42	6	38	14	100.0
1994-95	35	5	46	14	100.0
1996-97	37	5	43	15	100.0
1998-99	31	6	47	16	100.0
99-2000	26	6	54	14	100.0
2000-01	25	6	55	14	100.0
2001-02	28	6	55	11	100.0
2002-03	31	6	53	10	100.0
July-March					
2002-03	29	6	55	10	100.0
2003-04 *	32	7	51	10	100.0

* Provisional

Source: Federal Bureau of Statistics

Table 9.14: Major Sources of Imports (Percentage Share)

Country	90-91	92-93	94-95	96-97	98-99	99-00	00-01	01-02	02-03	03-04 *
U.S.A.	11.8	9.4	9.4	12.0	7.7	6.3	5.3	6.7	6.0	6.3
Japan	13.0	15.9	9.6	8.6	8.3	6.3	5.3	5.0	6.6	6.4
Kuwait	0.7	3.3	5.8	6.9	5.9	12.0	8.9	7.1	6.6	6.7
Saudi Arabia	6.2	5.4	4.9	6.0	6.8	9.0	11.7	11.6	10.7	11.5
Germany	7.3	7.4	6.8	5.6	4.1	4.1	3.5	4.3	4.6	4.0
U.K.	4.9	5.2	5.1	5.0	4.3	3.4	3.2	3.4	2.9	3.1
Malaysia	4.0	5.1	8.8	4.7	6.7	4.3	3.9	4.4	4.6	4.2
Sub-Total	**47.9**	**51.7**	**50.4**	**48.8**	**43.8**	**45.4**	**41.8**	**42.5**	**42.0**	**42.2**
Other Countries	52.1	48.3	49.6	51.2	56.2	54.6	58.2	57.5	58.0	57.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

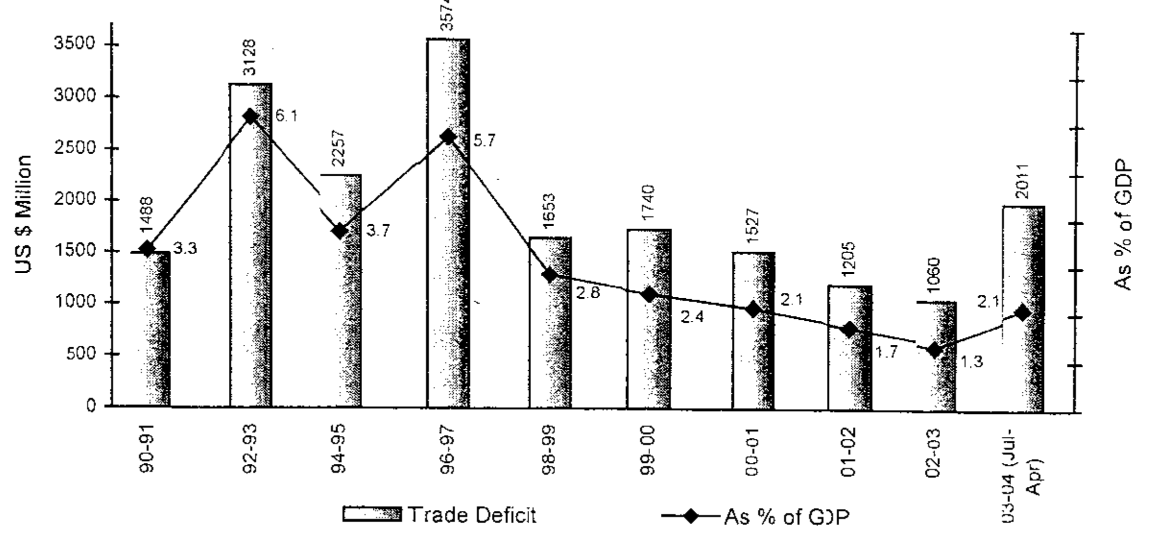
* July-March

Source: Ministry of Commerce

Trade Balance

The deficit in the trade balance during 2002-03 narrowed by 12.0 percent – declining from $ 1205 million or 1.7 percent of GDP (2001-02) to $ 1060 million or 1.3 percent of GDP. This improvement could be attributed to an impressive increase in exports of 22.2 percent over an 18.2 percent rise in imports during this time period. The trade deficit for fiscal year 2003-04 is targeted at $ 700 million as against $ 1060 million last year (2002-03). During July-April 2003-04 the trade deficit was $ 2011.4 million (or 2.1% of GDP) against $ 1251.5 million for the comparable period last year, showing a deterioration of 60.7 percent. An exceptionally strong growth of 31.7 percent in non-food non-oil imports caused a relatively larger increase in over all imports (19.0%) compared to exports (13.1%) – making the trade deficit expand by $ 759.9 million. Given the buoyant nature of domestic economic activity a higher than targeted increase in the trade deficit is quite normal. Trends in the trade deficit are illustrated in fig.5.

Fig-5: 'rends in Trad Deficit



Terms of Trad

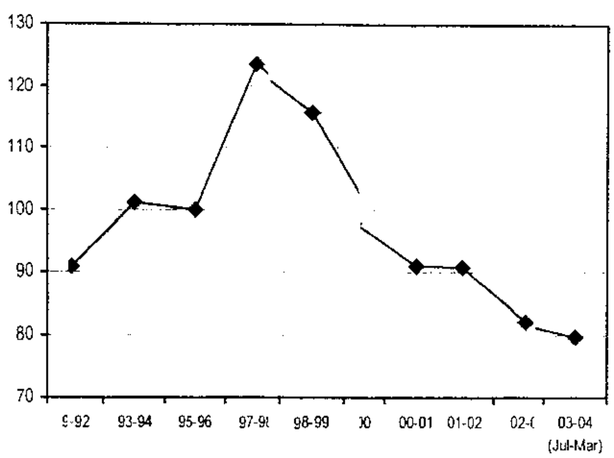
The te ms of tre with base year 990-91 (1990-91=10)) aggregted to 82.1 durin 2002-03 as compared to 9C of 2001-02 showing a deterioration of 9.6 percent. his declining tren has persisted and the terms ctrade during July-March 2003-04 worsened by 1. percent down to 9.5 over the level of 81.C recorde in the same perid last year. The increases in un prices of major irport items, especially palmoil, chemicals and iron & steel, in the international market has adversel impacted the terms of trade. he export unit vale index during this period was p by 10.9 percen while the import unit value index showed a rise of 3.0 percent. [See Table 9.15]. Th trend depicted b the terms of trade is also shown in fig.6.

Table 9.15: Unit Value Indices an Terms c Trade
(Base year 1990-91 = 10)

Year	Unit Val Indices		Terms of Trade
	Exports	Impos	
1991-92	119.9	131.	90.9
1993-94	142.9	141.	101.2
1995-96	185.4	185.	99.9
1997-98	245.6	198.	123.5
1998-99	258.4	223.	115.7
99-2000	253.8	259.	98.0
2000-01	271.5	298.	91.0
2001-02	271.2	298.	90.8
2002-03	254.0	309.	82.1
July-March			
2002-03	249.1	307.	81.0
2003-04 *	276.2	347.	79.5

* Provsional. Scce: Feder Bureau c Statistics

Fig-6: Terms of Trade (base year 90-=100)



Trade Policy

The trade polic for the outgoing fical year 2003-04 has many forw d-looking feature. On the one hand i strives t reduce the cost c doing business for attaining co petitiveness globlly while on the other i endeavrs to increase wrldwide, as well as, regional mket access for Paistani goods. It also fccuses on enlarging the exprt-financing base besides encouiging export-oriented foreign investment in th country. The pocy has given due consideration t the capacity builng of exporters and seeks to upgrade productive capacity, as well as, the degree of products for sustained growth in export earnings. This policy framework has created a conducive environment for all the stakeholders to meet future world competition as envisaged in the WTO regime. Some salient features of the current trade policy are summarized below:

- It has been decided to hire retail outlets in Dubai, London and New York for promoting the image and exports of Pakistani products. Furthermore, services of reputable international Public Relation companies are being acquired in order to launch a campaign for image building.
- A scheme has been launched to enable exporters to acquire/franchise foreign brand names. The Export Promotion Bureau will help exporters obtain bank finance at economical markup rates to pay for the cost of the acquisition/franchise.
- To encourage exports of non-traditional products and export to new markets the government is providing a 25 percent freight subsidy on exports.
- Two Special Export Zones, one in Karachi and the other in the Punjab will be established with modern infrastructure. These will cater primarily to the textile sector.
- Three Garment Cities have been proposed to be built in Karachi, Lahore and Faisalabad for providing one window facility for the SMEs which would only be for value added textile products.
- It has been decided to do away with the monetary ceiling of $ 5000 for import by actual users as part of the foreign exchange liberalization policy.
- The import of goods for repairs and re-export by engineering firms irrespective of their import status will be allowed subject to the submission of an indemnity bond or bank guarantee to the Customs Authorities so as to ensure the re-export of the same within a specified period.
- The import of used/secondhand machinery will be allowed, irrespective of its import status on completion of an overseas project by Pakistani companies (excluding super saloon cars, luxury vehicles and station wagons etc.) provided such machinery has actually been purchased from their own foreign exchange earnings abroad, used on the foreign project and the profit earned from the project repatriated to Pakistan through official channels.
- Overseas Pakistanis are allowed to send goods which are permitted for import from their own foreign exchange earnings abroad without any involvement of Letters of Credit. In order to facilitate the clearance of goods in Pakistan, the consignees will be given an exemption from the Sales Tax Registration.
- It has been decided to allow the import of second hand or used medical equipment, dialysis machines, reverse osmosis equipment and other similar electro medical equipment without any age restriction. This facility will be extended to the Overseas returning Pakistani doctors under the Transfer of Residence Scheme.
- The import of used fork-lift trucks above a capacity of 5 tons has been allowed.
- It has been decided to allow the import of boilers not older than 5 years subject to the prior approval of the Chief Inspector of Boilers to ensure that the said boiler is fit for industrial use and is not hazardous to life.
- A ban has been imposed on the import of CFC based refrigerators and deep freezers and other refrigerating equipment.

Balance of Payments

The current account balance, excluding official transfers, during July-March, 2003-04 remained in surplus at 1369 million or 1.4 percent of GDP. However, during the same period last year (2002-03) the surplus was $ 2706 million. The surplus with official transfers was higher at $ 1859 million but lower compared to $ 35' million for the same period last year. This contraction in the magnitude of the surplus during July-March, 2003-04 was the outcome of a higher deficit in the services account and a fall in Workers Remittances. The net out flow under the services account surged to $ 2260 million, showing an expansion of 119.2 percent or $ 1229 million – the larger increase of $ 166 million in payments and decrease of $ 63 million in receipts was the contributing factors. The trade deficit (exchange record basis) in this period worsened by 29.0 percent to $ 757 million vs. $ 587 million for the same period. The private transfers in this period were up by $ 62 million but the flow of Workers Remittance declined by 11.0 percent. The flow under long-term capital (net) was negative at $ 154 million compared to $ 727 million for the same period last year. The foreign exchange reserves position remained comfortable and the first three quarters (July-March) ended with a build up of $ 920 million in reserves [See Table 9.16].

Table 9.16: Balance of Payments ($ Million)

Components	2001-02	2002-03 (P)	July-March	
			2002-03	2003-04 (P)
Trade balance	-294	-444	-587	-757
Exports (fob)	9140	10889	7779	9175
Imports (fob)	-9434	-11333	-8366	-9932
Services (net)	-2617	-2128	-1031	-2260
Private transfers (net)	4249	5737	4324	4386
Workers remittances	2389	4237	3231	2875
Current account balance				
Excluding official transfers	1338	3165	2706	1369
Including official transfers	2723	4070	3507	1859
Long term capital (net)	1280	1035	727	-154
Changes in reserves (- = Increase)	-2792	-5209	-4313	-920

P: Provisional Source: State Bank of Pakistan

Workers' Remittances

Workers' remittances, after attaining a peak ($ 4236.9 million) during 2002-03, have declined during the current fiscal year [See fig-7]. The flow during July-April, 2003-04 was $ 3210.6 million compared to $ 3536.9 million for the same period last year, thereby registering a decline of 9.2 percent. In other words remittances averaged $ 321.1 million per month against a monthly average of $ 348 million, showing a shortfall of $ 2.7 million every month. However, when viewed against the target of 3.6 billion or $ 300 million per month, the performance is more than satisfactory [See Table 9.17]. Assuming an inflow of $ 320 million per month for the remaining two months remittances are likely to be $ 3.8 billion for the fiscal year 2003-04. Further analysis reveals that with a 31.5 percent share, the United States remained the

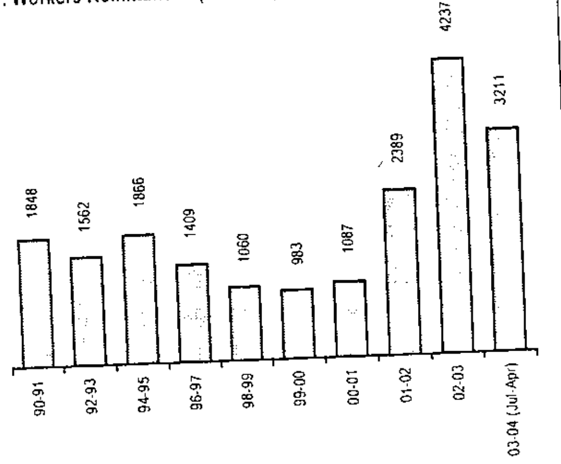
Table 9.17: Workers Remittances $ million

Months	2003-04	2002-03	% Change
July	307.2	3041	-0.06
August	280.8	2810	-1.14
September	318.3	3309	-4.99
October	328.5	3718	-12.90
November	253.0	3574	-28.05
December	385.7	3619	6.20
January	382.3	3822	-0.24
February	289.4	3477	-15.54
March	329.6	3541	-7.50
April	335.3	3085	9.27
July-April	3210.5	34096	-5.79
Monthly average	*321.0*	*3480*	-5.79
Total remittances including Hajj and War compensation (July-April)	**3210.5**	**35393**	**-9.23**

Source: State Bank of Pakistan

single largest source of cash remittances, followed by the UAE with 15.8 percent share and Saudi Arabia with a 14.8 percent share.

Fig-7: Workers Remittances ($ Million)

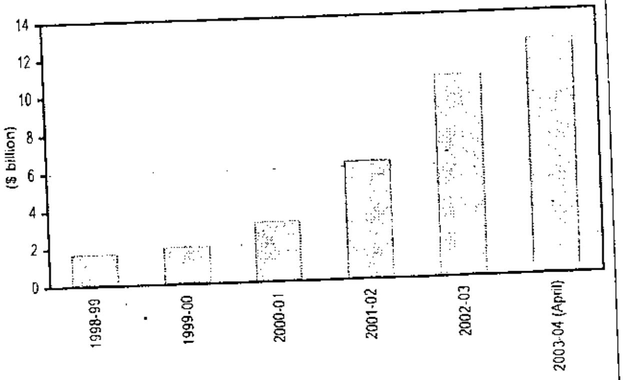


Foreign Exchange Reserves

The rising trend in Pakistan's foreign exchange reserves continued during the current fiscal year and reserves stood at $ 12.505 billion towards the end of April 2004 – sufficient to finance about one year of imports. Of which, reserves held by the State Bank of Pakistan amounted to $ 10.889 billion and by banks stood at $ 1.616 billion. From end July, 2003 until end April, 2004 Pakistan added $ 1.420 billion in its foreign exchange reserves, against an accumulation of $ 3.352 billion in the same period last year. [See Table 9.18 and fig.8].

With this impressive build up in reserves, Pakistan is in a position to meet any abnormal shock on the external front. Many factors contributed towards this comfortable reserve position. The most prominent being higher export proceeds, substantially large private inflows, grants assistance provided by development partners, stability in the exchange rate, enhanced investor's confidence leading to higher FDI flows and reduced external vulnerability.

Fig-8: Foreign Exchange Reserves - End Period



Exchange Rate

The continued build up in foreign exchange reserves, a surplus in the current account balance, a sufficient inflow of remittances through official banking channels, an improved credit rating and the establishment of exchange companies has strengthened the Pakistani rupee vis-a-vis the US dollar both in the inter-bank foreign exchange market, as well as, the open market. The inter-bank exchange rate per US dollar averaged Rs. 57.4616 during April 2004, as against Rs. 57.7432 averaged during July 2003 [See Table 9.19 & fig.9], showing a nominal appreciation of 0.5 percent. In the open market, the Pak rupee also gained strength and appreciated by about one percent. Thus, in general, the average exchange rate of the Pak-rupee versus the US dollar remained almost stable.

The exchange rate of the Euro against the Rupee continued to gain strength. The Pak-rupee exchange rate in terms of one unit of Euro during July, 2003 averaged

Table 9.18: Foreign Exchange Reserves – End Period ($ Million)

Month	Reserves
January, 03	9503.9
February	9625.4
March	10307.0
April	10377.2
May	10512.7
June	10728.6
July	11085.2
August	11145.9
September	11386.1
October	11474.7
November	11872.9
December	12137.4
January, 04	12006.5
February	12586.2
March	12581.1
April	12504.7

Source: State Bank of Pakistan

at Rs. 65.3627 whh rose to an averge of Rs. 68.9665 n April, 2004. Thu, the Pak-rupee dpreciated vis-a-vis the Euro rom the eginning of the curent fiscal year till April, 2004 by 4.8 ercent – mainly bcause the single Euro zone currenc (Euro) dominate the international market against thdollar and causethe average parity rate of the Pak-rupe to lose ground n terms of the Euro. The movemnt of the Pak-rupe exchange rate versus ore unit ofhe US dollar and he Euro is given in Table 9.19 and fig9].

Real Effective Exhange Rate

The Real EffectivExchange Rate (REER) which is an indicator of trade ompetitiveness and captures the behaviour of the Pak-rupee against abasket of currencies, showe a depreciation o3.9 percent during July, 2003 – Marc, 2004. This occured mainly because the Pak-rupee deeciated in nomina terms against most of the baskecurrencies particiarly, the Japanese Yen, the Australia dollar, the PounSterling and the Euro. Though theRupee has been apreciating against the US dollar, it d not adversely imact the export market as Pakista's export competiveness showed an improvement as rlected by the depreciation of the REER.

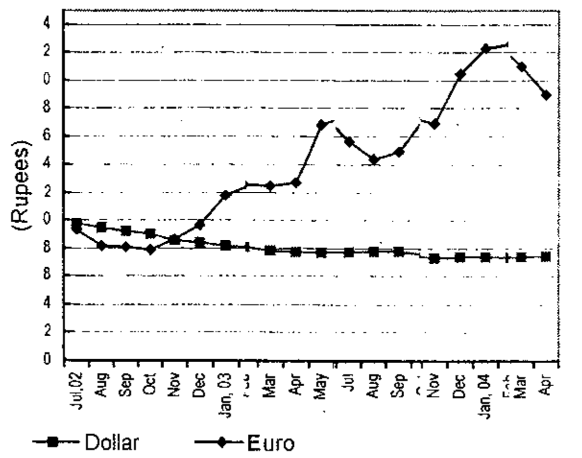
Despite couble dit growth, the exprts of Pakistan remainec concenated in few itemsvith heavy reliance on low value addd agro-based proucts. The further enhancenent in eport earnings larely depend on diversification of eports, both commodity-wise and destination-wise, ith fast moving towards higher value addition. The curnt account balane remained in surplus for the thil year in a row. Te high level of foreign exchangeeserves providedmuch needed stability in exchane rate. The worldeconomy is, by and large, in the sprintime recovery theefore, the developing countes are likely to beefit in terms of their higher export earngs next year.

Tabl 9.19: Average Exchnge Rat$/Rs and uro/Rs)

Monh	$/i	EurRs
July,02	59.37	59.382
Augst	59.02	58.181
Septmber	59.78	58.151
Octoer	59.60	57.903
Novmber	58.52	58.665
Decmber	58.62	59.608
January, 03	58.28	61.854
Febrary	58.11	62.591
Marc	57.75	62.454
April	57.37	62.777
May	57.11	66.841
June	57.29	67.384
July	57.32	65.627
Augst	57.77	64.351
Septmber	57.83	64.977
Octoer	57.09	67.332
Novmber	57.42	66.956
Decmber	57.30	70.448
January, 04	57.93	72.323
Febuary	57.01	72.685
March	57.94	70.309
April	57.46	68.965

ource: Sta Bank of akistan

Fig9: Average Exchange Rate ($/Rs and Euro/Rs)



•••••••••••••••••••••

E)TERNAL DEBT AND LIABILITIES

CIAPTER – 1)

By the end of the1990s, Pakistan'sexternal debt and liabilities had reached unsustainablevels, psing a srious danger to the economic future of th country. The causes of the rapid growth in the extern debt wre multifaceted and included: i) te persistence of large current account defict (almost 5% of GDP) for aextendd period f one decade; ii) the imrudent use of boowed resources; iii) the rising real cost of governmentorrowin; and iv) stagnart exportsnd a declining flw of foreign exchange. Anoher source of rising debt ws the chnging nature of the deb, from bng grant and softerm assistance oriented to hard term loans. Pessure on the exnange rae as a result of the weaexternal sector frther accentuated the problems of rising debt.

Over the last fouyears and in partular with the establishmenof the Debt Officein the Mistry of inance, concerted effort as been made toachieve debt sustainability in the country. Ecoiomic pocies wer directed towards reducinthe current accout deficit and increasing forign exchange flows. As a rsult, Pakstan has witnessed a curmt account surplu over the last three years in a row. Due to higier expos, a larg increas in the inflow of remittaces, the receipt ograni assistance and inflowof foreign direct investmenforeign xchange reserves have risn to over $ 12.5 illion and the government has been able to pre-pay soe of theexpensiv externa debt ($.17 billion). Thesdevelopments helped Pakitan enter into the capital mrket by suing Erobond worth $500 milln.

Trends in Exteal Debt and Forign Exchange Liabilities

Pakistan's total ock of external dbt and foreign exchange liabilities grew at an average te of 6.percent er annum during 190-99 – rising froi $ 21.9 billion in 1990 to $ 37.6 billion by end June, 19) and fuher to $ 7.9 billion (1999-200) but thereafter itexhibited a declining trend [See Table 10.1]. Foreign echange arnings n the other hand eitheremained stagnat or increased at a snails pace during the same period Despite ie accurulation of almost $ 16 bion debt in the 190s, foreign exchange earnngs rose by only $4.0 billio. Conseuently th debt burden (externadebt and foreign xchange liabilities as a percentage of foreign exchangearnings rose froi 256.6 percen in 1989-0 to 335.4 percet in 1998-99.

Followig a creole strategy of dst reduction, Pakistan has succeeded in reducng the risg trendn externl debt and foreign excange liabilities. Pakistan's external debt and liibilities have declied by $ 072 billn – dow from $ 37.918billion in 999-00 to $ 35.86 billion by end-March 200. Pakistan has notonly suceeded inreducing external debt bt at the same timebuilt-up substantial foreign exchange reserves Total exrnal det and forign excharge liabilies when adjustedor SBP liquid reserves stod at $ 36.929 billion by endune 200. The net debt and liabilities hae further been reuced to $ 25.945 billion by end-June, 2003 and furthen $ 24.85 billion y end-March 2004 – aeduction of $ 12.84 billion since end-June 2000 [See Table 10.l and fig]. The srplus in urrent accourt couplewith a continued uild up in foreign exchangereserves and the ligher foign exchnge earings, the pre-payment of expensive debt and debt write-off are the major factors responsible for the reduction in the total stock of debt.

Table 10.1: External Debt and Foreign Exchange Liabilities ($ Billion)

Item	End June						Mar 2004 *
	1990	1999	2000	2001	2002	2003*	
1.Public & Publicly Guaranteed Debt	18.2	28.3	27.862	28.145	29.235	29.232	30.185
A. Medium & long term (Paris Club, Multilateral & other Bilateral)	14.7	25.4	25.359	25.586	27.276	28.069	28.899
B. Other medium & long term (Bonds, Military & Commercial)	2.7	1.6	2.373	2.302	1.776	0.976	1.233
C. Short term (IDB)	0.8	1.3	0.130	0.257	0.183	0.187	0.053
2. Private Non-guaranteed Debt	0.3	3.4	2.842	2.450	2.226	2.028	1.731
3. IMF	0.7	1.8	1.550	1.529	1.939	2.092	1.912
Total External Debt (1 through 3)	19.2	33.5	32.254	32.124	33.400	33.352	33.828
4. Foreign Exchange Liabilities	2.7	4.1	5.664	5.015	3.132	2.122	2.018
- Foreign Currency Accounts	(2.1)	(1.4)	(1.7)	(1.1)	(0.4)	(0.0)	(0.0)
5.Total Debt and Liabilities (1 through 4)	21.9	37.6	37.918	37.139	36.532	35.474	35.846
Official Liquid Reserves	-	-	0.989	1.679	4.329	9.529	11.001
6. Net Debt and Liabilities	.	.	36.929	35.460	32.203	25.945	24.845

* Provisional

Source: Debt Management Committee Report & State Bank of Pakistan

As percentage of GDP, external debt and liabilities stood at 51.7 percent in end-June 2000 and declined to 43.0 percent in end-June 2003 and further to 37.8 percent by end-March 2003-04. Likewise, the net external debt and liabilities have declined from 50.4 percent of GDP in end-June 2000 to 31.5 percent in end-June 2003 and further to 26.2 percent by end-March 2003-04. Similarly, external debt and liabilities as a percentage of foreign exchange earnings was 297.3 percent in 1999-2000 but declined to 181.1 percent in 2002-03 and further to168.7 percent by end-March 2003-04 [See Table 10.2].

The external debt and liabilities during July-March, 2003-04 amounted to $ 35.846 billion showing an increase of about one percent over the level of $ 35.474 billion recorded on end-June, 2003. The total stock of medium & long term debt, largely covering Paris Club countries and multilateral debt, increased by $ 1087 million where as the stock of other debt witnessed a decline of $ 715 million [See Table 10.1]. The rise in the stock of debt ($ 372 million) during this period mainly came through a currency revaluation as the US dollar depreciated against other major currencies (Euro and Yen).

Fig-1: External Debt and Foreign Exchange Liabilities (End-June)

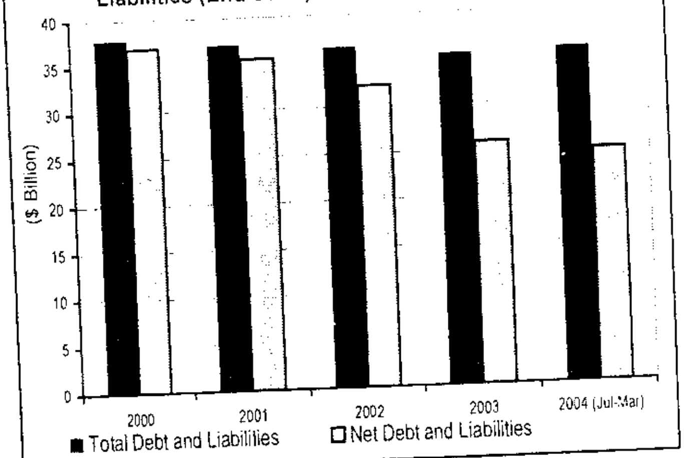


Table 10.2: Trends in External Debt Burden

Year	External Debt & Liabilities as % of GDP	Net External Debt & Liabilities as % of GDP	External Debt & Liabilities as % of FEE *
1999-00	51.7	50.4	297.3
2000-01	52.1	49.8	259.8
2001-02	51.0	44.9	237.0
2002-03	43.0	31.5	181.1
2003-04 +	37.8	26.2	168.7

* Foreign Exchange Earnings
\+ July-March

Source: SBP and Finance Division

ƆebtServicing ofExternal Debt ari Liabilities

The continuous bud up in foreign exhange 'eserves ɿelped Pkistan retires its kpensive Jebt. In 1999-200(Pakistan paid $ .756 billion on account of debservicing and $ 4)81 billion worth of paymentswere rolled over. Vith the gradual inprovemnt in external liqulity position eading tc build upn foreign exchane reserves the actua paid amunt continued to se while the rolled over amounconitnued to deche. By 2001-02, the actual paiamount on accout of debt servicingreacheds high as $ 6.327billion and the rolledover amunt declined to $2.243 billion. In 2002-03, the anount paid on accunt of debt servicingdeclinedo $ 4.349 billion nd the rolled over amcunt shrak to $ 1.908 billio. This trend persisted and durg the current fiscl year (July-March) both the aual paid amount s well as rolled over amourfurther declined t $ 4.059 billion and $ 1.10billion respective' [See Table-10.3 & fig-2].

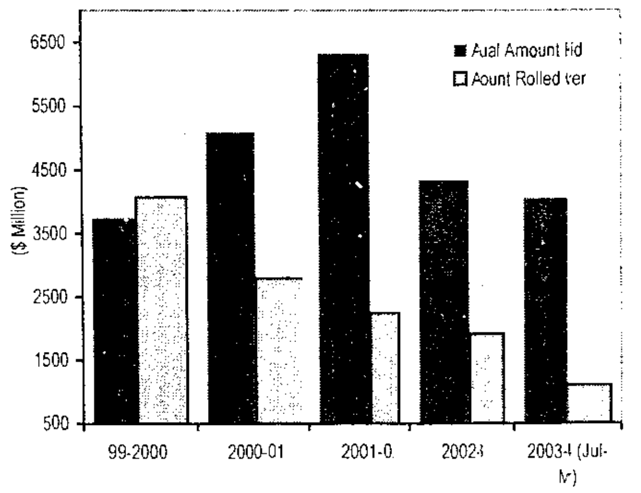
Table-10.3 Pakistan's External Debt al Liabilits Servicng ($ Million)

Years	Actual Amount Paid	Anunt Rolld Over	Total
1999-00	3756	4081	737
2000-01	5101	2795	796
2001-02	6327	2243	870
2002-03 (P	4349	1908	257
2003-04 *(F)	4059	1100	559

P: Provisioral
* July-Marci

Soue: State ank of Pkistan

Fig-2: Pakisan's External Debt and Liabilis Servicig



Dynamics of Extrnal Debt Burde

The dynamics of xternal debt burdn is well-documented in Tale 10.4. The realost of foreign borrowing which iclude interest co as well as the cost emanatir from the deprecition of the Pak-rupee *(or capital loss on foreigexchange)* was on average 3.4 percent and 2.7 perce per anum in th 1980s and 1990sespectively. Furtr disaggregation however eveals that the real cost ofborrowin decline, on average by 3.0 prcent per annum uring the first half of 1990smainly on accountof relatily lowenominal nplied interest rate (9.2%) and higher inflaon rate (11.8%) leading to a negative real inteest rate2.6%). Hwever, uring the second half ofhe 1990s real inrest rate turned a high postive (5.5%) and alng with iarp depreciationof exchange rate, le to a substantial se in real cost of borrowing Pendulum swung to other xtreme uring 200-04 when real cost oforrowing decline to an average of 0.7 percent per annum on account oenign iterest ari inflation rates envronment along wh the appreciation of exchaige rate.

Table 10.4: Dynaics of External Dbt Burden

Perod	Non-Interest Current Account Deficit/Surplus (% of GDP)	Real Cost of Borrowing (%)	Real Grovth of External Debt (%)	Real Gowth in Foreign Exchange Earnings (%)	Real rowth of xternal ebt Burdn (%)
1980s	-1.2	3.4	6.4	43	2.1
1990s	-2.7	2.7	6.5	46	1.9
1990s-	-2.7	-3.0	7.1	81	-1.0
1990s-I	-2.8	5.5	6.0	11	4.9
2000-2004	3.6	0.7	0.8	1.9	-13.1

Source: SBP & ebt Office Finance Division

As a result of the sharp fluctuation in the real cost of borrowing, the dynamics of external debt burden also changed over the last two decades. The changing dynamics of external debt burden as documented in Table 10.4 shows that external debt burden grew at average rates of 2.1 percent and 1.9 percent respectively during the 1980s and 1990s. Further disaggregation reveals that during the first half of 1990s, although external debt in real term grew by 7.1 percent per annum it did not immediately lead to a sharp increase in external debt burden because the debt carrying capacity *(real growth in foreign exchange earnings)* of the country was rising by more than 8 percent per annum. Therefore, the real growth of external debt burden declined on average by one percent per annum in the first half of 1990s. However, it sowed the seeds of future difficulties because real growth in foreign exchange earnings slowed substantially to an average of 1.1 percent per annum in the second half of the 1990s causing debt burden to rise sharply to almost 5 percent per annum during the same period. Sharp real depreciation in exchange rate causing real cost of borrowing to rise and slower real growth in foreign exchange earnings have therefore been mainly responsible for the rise in real debt burden in the second half of the 1990s. As stated earlier pendulum swung to other extreme during 2000-04 when real growth of external debt burden witnessed massive declined *(13.1% per annum)* on account of almost 14 percent real growth in foreign exchange earnings, negligible *(0.7 %)* increase in real cost of borrowing and equally negligible *(0.8 %)* rise in real growth of external debt.

The analysis of dynamics of the external debt burden provides useful lesson for the policy-makers to manage country's external debt. First, the gap in current account should be minimal so as to limit external borrowing. Second, stability in exchange rate is critical for prudent debt management. Third, if there is need to borrow, the interest cost should be minimal. One way to keep interest rate low is to avoid going to bilateral and multilateral donors for large scale borrowing. Finally, the pace of foreign exchange earnings must continue to rise to increase the debt carrying capacity of the country. Centre to all these lessons is the pursuance of prudent monetary, fiscal and exchange rate policies.

Prepayment of Expensive Debt

In this backdrop of a strong build up in foreign exchange reserves (over $ 12.5 billion) associated with rising foreign exchange earnings, Pakistan considered it appropriate to pre-pay some of its expensive debt to improve the debt profile of the country. Thus, the government identified around $ 4.5 billion of high cost debt to the multilateral institutions for early payment. The prepayment schedule is spread over a four year period with around one billion US dollar to be pre-paid annually over and above the normal debt servicing liabilities. Accordingly Pakistan has pre-paid $ 1.17 billion worth of expensive loans to the ADB on January 29, 2004. These loans carried interest rates ranging from 6.3 percent to 11.0 percent, with maturities between FY 05 and FY 19. The remaining expensive debt will be pre-paid over the next couple of years and will reduce the debt burden further thereby creating more fiscal space.

Pakistan's Eurobond

On February 12, 2004 Pakistan made a successful return to the international capital markets for the first time in more than five years. Pakistan issued $ 500 million 5 year Regulation-S Eurobond due 2009, lead managed by JP Morgan, Deutsche Bank and ABN Amro Bank. This transaction attracted strong demand from high quality and diversified international investors resulting in four times over subscription and consequent tightest possible pricing of the bond in comparison to similar rated sovereign offering for 5 year new issues. The success of this transaction reflects a vote of confidence by the international investor community on Pakistan's economic policies and reform agenda.

The objectives of Pakistan re-entering the international capital market were manifold. First, to put Pakistan's name on the radar screen of the international capital market by making a strategic re-entry. This would enable international investors, credit rating agencies, research analysts etc. to observe Pakistan's economic performance on a permanent basis and allow its collective success to be effectively projected to global investors. The favourable dynamics generated by the strong economic rebound provided an ideal opportunity to greatly expand international awareness

›f Pakistan's progiss and improvingredit fundamentals. The vide disseminationof Pakian's creit story trough he radar screen ohe international apital market is of particulai importance giventhe inteıption tcountry' access tointernatiial private capitathat occurred in the late 1990s as a result of severe eernal pament pressures.

The secoıd objecte of going to the iternational bond market was to establish a picing bechmark A benchmark of global bond sens as a gauge of conomic and financial healh of the country fc a rangof inveors. Thi can also be a *'beacon* or other investmet into the country. The third objective was to capitalizon a ccfluence of favourable developments and smootly prepare Pakistan to graduate from the IMFProgran Of the 7 countes on a PRGF Program s of end February2004, most are economicaly fragile and graduation fm the IMF Progran would reinforce thpositive internatinal perception regarding Pakistan. Furthermcre, Pakian has een termed as one of the few pronged user of the IMF resources, therefore, gaduation from the IMF Proam wod remov Pakistan's name fm such list.

Pakistani bond wa priced at 370 bp above US Treasury *(3.046%)* to yield 6.75 percent wth looke very tigt when conpared wh emerging markt peers. Pakistani bond was priced some 50 bps insic the Phppines, espite the fact that it is red three notches ower. It also looked tight against Turkey (B_1/B$^+$) which rated ne notcrabove Pakistan Turkey bond was quotecat a yield of 6.72 percent, suggesting that Pakistan's jcing caie 3 bpswider than Turkey. Giva Turkey's rating, Pakistani bond should havebeen priced 30 bps — 40 bs widennd not merely 3 bps. Pakistani pper was tightly pced when it is also compand with the weightd avera spreaof 435 bs for the Emerging Maiet Bonds at the tiie of Pakistani deal [See Table 10.5].

Thus, frcm the emrging markets pct of view, Pakistans bond ws very tightly pricd. The reason for tight pricing ws the rapidly imprving Pakiistan's economic story. Accordingly, the orer book swelled to $2.0 billion resting in four times oversubscription and hence, tighte pricing possible t par. Pakistan also acheved thobjectives of invetor diversification thrugh broad and diversified distributon of theffering, whereby 4 percent of the bonds were place into Europe, 24 ercent into Asia and 11 percent ech into offshore U and the Middle East. The high qality order book cmprised investors ranging fom Fund Managers, Bank retail plyers, hdge funds ard other ivestor types.

Table 10.5: Comparative Pricing of Pastani Paer With Chers

Issue	Ratings	Spread Cer 5 Yrs. UST as of February 12, 2004	Yieldas on February 12, 2004
Brazil	B_2/B	494bps	7.2%
Pakistan	B_2/B	370bps	6.5%
Philippines	Ba_2/BB	420bps	7.3%
Colombia	Ba_2/BB	402bps	7.4%
Turkey	B_1/B$^+$	372bps	6.2%
Ukraine	B_1/B	469bps	7.8%

Surce: JPMorgan

Pakistani paper, nce February 12,2004 has been trading in secondary market or premiu. By Apı 23, 200 the spread further tigtened to T + 276 basis points – an improvemnt of 94 basis poirts and yld to maırity decned to 6.26 percent from6.75 percent [SeeFig.3]. This is an indicationof the persistenceof invesrs' interst in Palstani paper. Table 10.6 provides a comprative position of Pakistani paper in secondary market z other competitcs.

As part of a dynaic debt managerent process, Pakistan transacted an interest rate swap lower ie interet cost of its Eurobond. The deal was donewith Standard Chartered Bank at a rate of 3.2775 percit over 6month LIBOR with proection aainst a sharp unepected rise in interest rates This transaction should thi lower ie cost c borrowing of the urobond issue bas much as 2 percentage points if the global iterest ra outloo remainstame. As a result of thelotation of the Eurobond and the execution ofthe interest rate svap, Paktan hase-emergd on the radar screenf the internationacapital markets. For the firs time in the county's histo the Goernmenhas undertaken suchn exercise to reace the country's debt burdin and as such is building ain-hous capacit to monitor global mrkets.

Fig-3: Historical Yield of Pakistani Bond and UST Spread

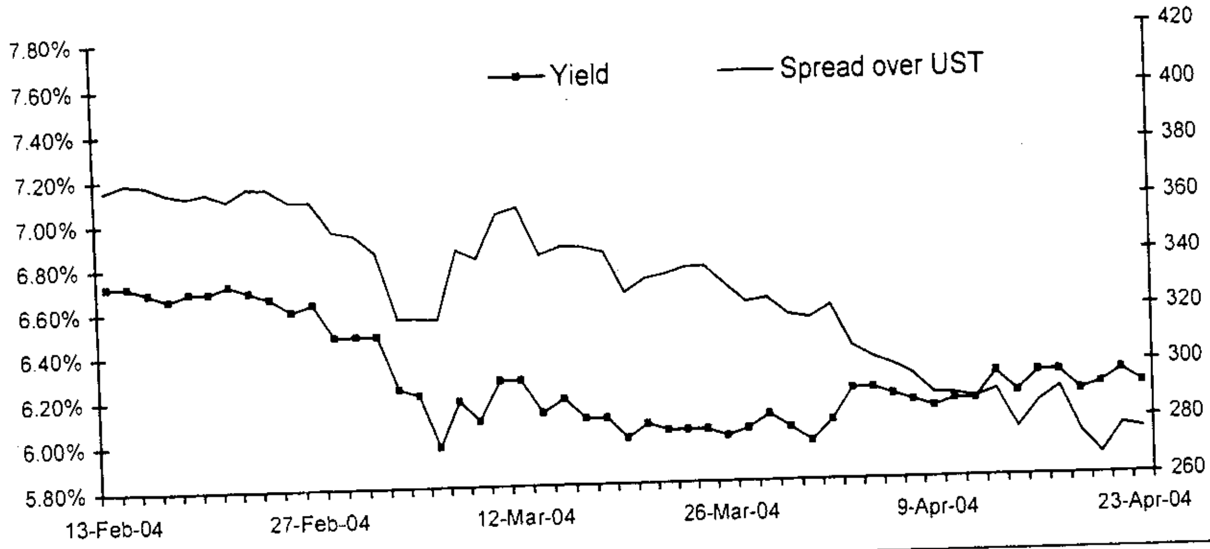


Table 10.6: Selected Secondary Market Benchmarks

Issuer	Ratings (Moody's/S&P)	Details (Coupon/Maturity)	YTM (%)	Current Spreads (bps)
Pakistan	B2/B	6.750%/Feb 2009	6.26%	T + 276
Brazil	B2/B	14.500%/Oct 2009	10.02%	T + 652
Philippines	Ba2/BB	8.375%/Mar 2009	7.14%	T + 364
Columbia	Ba2/BB	9.750%/Apr 2009	6.87%	T + 337
Turkey	B1/B+	12.375%/Jun 2009	6.72%	T + 352
Ukraine	B1/B+	8.000%/Feb 2009	8.25%	T + 475

Source: JP Morgan

D

SOCIAL SECTOR

11. Education
12. Health & Nutrition
13. Popuation Labour Force & Employment

EDUCATION

The education ibecoming one ofhe defining enterprises of the 21st century with the emgence cglobaliztion and increasing glob competition. In tis fast changing and competitive world, educaion andechnoloy are themaster keys for respecble survival and rogress of Pakistan. This cn only be due to diversity id flexibty that can be built or a cohent policy and func base that recognizes a new priority particulaly for hiter eduction in te country. The fudamental reality ithat Pakistani educational nstitutions are uncer-resoued. Pakstan ned a pool of high quality hman capital capale of innovation, forward thnking and professonal quty management. he qualityeducatic system is very iportant to ensure an adeqtate supply of qualified, higy skilledand wellrained manpcwer to agment the proces of economic development.The whole educaton systa— fror pre-schol till tertiary level mut be reviewed proerly and restructured, for neeting the workfoce requiments a knowdge-basedeconom. For a nation asping to achieve sustainable growth and maintan its conetitivenss, empasis must be placedin creating a knoledge-based environment to attain this goal. Local staards of ducatiomust be brought at par ith that of foreign ducation systems.

Pakistan needso respond positivly to emerging opportunities and challenges of globaliation. Th is possole only if the constituery of the educatio, which is the sacred homeground of the knovledge, igiven itdue imprtance. The world comunity has realizethe importance of knowledge based economyand hasoncludd that deree of success is direly proportional tostrategic investment in education. Knowledge and peop with knwledgeare the key factors of dvelopment, mainirivers of growth and major determinants of ccmpetitivess in te global economy. Knowedge, both an input and output, is seen a keysource of long-tern growthnd job eation. akistan needs to prome industrializatiorbecause industry is the man source of creatic of natial weal. Variou goverments irhe past have fonulated an assortment of poicies and plans to ulfill theonstitutinal comitment of providing edation to the peoje and removing inequalities with limited success. The vel of pulic sperling is an important incator of governmnt's commitment to the catse of education. During thiast fouvears the integrated appiach has produce good results but much mone needs to be done for the ountry tachievets due economic stanng in comity of nions. This will lead Pakistai on road to rapid and sustaable ecnomic develcpment. The Government acepts education as one of tie fundamental rigts of a czen ands comntted to providng acces to education to very citizen. The challenge s to implement the Educath Policyrough reative and efficient us of all available rsources. These resources nay come from thegovernnnt, prive sectoicivil societ groupsnd development artners. Education is a key o change and progress. Tl emergnt consesus is that Pakistan'ssustained econonc growth can be achieved vith emphasis on the qualityf its huran capitl.

Primary Education

Primay educaon is the foundatin on which all subsequent stages of educatior are builnd the ery basi ingrecient for hman resource deelopment. Concern over the state of primary educatioarticulaly the isue of low enrolment nd high dropout rtes, has been duly expressd in all education policies d five yar Plans Low enrolment and high dropout rates are serious issues. The tables given below show the number of institutions, enrolment by state and gender and teachers by level and gender.)

Table 11.1 shows that total number of Public and Private Institutions at primary level is 156,100, at middle level is 28716 and at high school level is 16059 in the financial year 2003-04. Over the last five years, primary, middle and high school institutions increased by 5.7 percent, 12.7 percent and 8.6 percent respectively. Similarly, total enrolment at public and private institutions, as documented in table 11.2, registered an increase of 4.7 percent, 7.3 percent, and 6.0 percent respectively in primary, middle and high school levels. It is encouraging to note that enrolment of girls child increased by 6.4 percent while boys enrolment increased by 3.5 percent over the last four years. Accordingly the share of girls child enrolment in primary school registered marginal improvement from 40.5 percent to 41.1 percent in the same period. Under Federal Educational Institutions (Cantt and Garrisons), the total enrolment at primary level in the financial year2003-04 is 94705, at secondary level is 53390 and at college level is 15990.

Table – 11.1: Total Public & Private Institutions

	Primary				Middle				High			
Years/Level	Boys	Girls	Mixed	Total	Boys	Girls	Mixed	Total	Boys	Girls	Mixed	Total
2000-2001	73796	42870	31070	147736	6551	5875	13046	25472	6201	2773	5812	14786
2001-2002	73788	43525	31773	149085	6834	6257	13699	26790	6198	2762	6091	15051
2002-2003	75272	44411	32864	152546	6978	6385	14370	27734	6333	2823	6388	15545
2003-2004	76785	46315	34000	156100	7125	6516	15075	28716	6472	2886	6700	16059

Source: - Ministry of Education

Table – 11.2: Total Public & Private Enrolment by Gender

	Primary			Middle			High		
Years/Stage	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
2000-2001	9898232	6735775	16634007	2053767	1705558	3759325	889459	675466	1564925
2001-2002	9962751	6968109	16930860	2315127	1506088	3821215	929821	644343	1574164
2002-2003	10105266	7065387	17170652	2377011	1549347	3926359	953789	661781	1615569
2003-2004	10250631	7164609	17415240	2440912	1594129	4035040	978505	679794	1658299

Source: - Ministry of Education

Table – 11.3 Total Public & Private Teachers by Level & Gender

	Primary			Middle			High		
Years/Level	Male	Female	Total	Male	Female	Total	Male	Female	Total
2000-2001	225298	183573	408871	81850	127841	209691	134946	125347	260293
2001-2002	227446	186474	413920	88922	141171	230093	141559	128662	270222
2002-2003	232547	192115	424662	91634	146513	238147	145272	133425	278696
2003-2004	237778	197964	435742	94446	152089	246535	149102	138391	287494

Source: - Ministry of Education

Literacy

Basic education is a fundamental human right. Literacy being a key learning tool is the first step towards basic education. Illiteracy breeds a vicious cycle i.e., the illiterate are poor, the poor are powerless and the powerless are illiterate. Literacy is not just attaining the skills of reading and writing but providing people with the skills to learn, protect and empower themselves in society and effectively contribute to decision-making at various levels. The

United Nations Leracy Decade (203-12) is focusing on the pmotion of literac, especially for the poorest and iost marginalized roups. As follow-up of its inrnational comminents, the Government of Fkistan is placing mphasis on literacy n its recnt education polices, well-documented in th Poverty Reductin Strategy Paper.

Literacy rate for oth sexes is estimated at 54.0 percent in the cuent year. Literac rates for male and female are etimated at 66.25 ercent and 41.75 percent in the cuent year respectiely and up from 56.48 percent ar 32.59 percent in 1998. Under the Education SectoReforms, the Nabnal Literacy Campagn envisges making 13.5 iillion people literate o enhane the literacy rateo 60% by 2006. In this connectio around 270,000adult literacy centers will be oened for this purpse. Table 11.5 reports statisticsn literacy rate ard population growth.

Gender Educatn and Disparity

Gender disparityn primary and seondary education exists in low-incme countries. Thegender gap, on average, stood 11 percentage pints at the priman level an 19 percentage pints at the secondary levelThe gap is widesIn Asian and the Middle Eastern ountries. Eliminatig gender gaps in basic educationi the cornerstoneof the government's pocy for social devlopment in genera and edtation in particula The government has a policy frarework in place toidvance gender equality in educion through Eduation Sector Reforms (ESR) nd Education FoAll (EFA) Programmes. Derse programme and strategies have been deveped. Pakistan ha made considerable prgress in achievinga more equitable distribution of oportunities betwen women and men.

Science and Tchnology Educaon

A major effort fcimprovement of chnical education is being made. he cost of the Asn Development Bank essisted tchnical educatioproject is placed at Rs 2727 millin with a focus onmprovement of physical facilitie, standardizationof labs, provision

Table - 11.4 Federal Government stitution in Cantnments & Garrisons

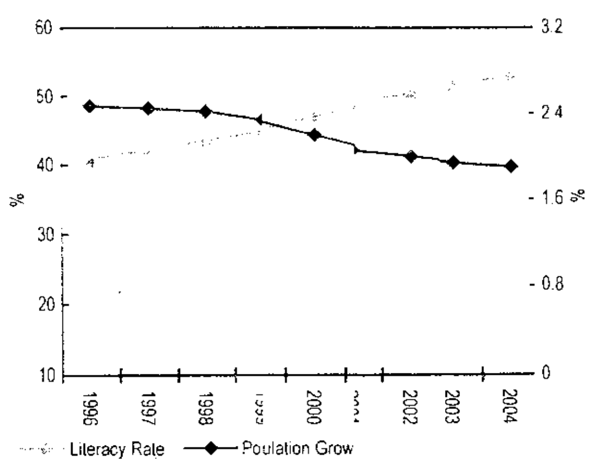
	200-01	2i1-02	02-03	2003-04
Primary otal	93819	94035	94401	94705
Mile	51600	51719	51920	52110
Female	42219	42316	42481	42595
Middle ttal	54618	55226	55305	53390
Mile	30039	30374	30418	30501
Female	24579	24852	24887	22889
Secondary total	33056	33178	33606	33644
Mile	18180	8247	18302	18335
Female	11876	4931	15304	15309
Higher Secondary total	-	-	-	-
Mile				
Female				
College Education	13077	3598	15961	15990
Total	1865	4977	6032	6058
Mile	3212	8621	9929	9932
Female				

Table 1.5 Literacy Rate - Populatn and GP Growt

Yea	Literacy Rate	Chnge by Pernt-age oint	Poplation Grwth*
1996	40.9	.3	:47
1997	42.2	.3	:45
1998	43.6	.4	:42
1999	45.0	.4	:34
2000	47.1	:.1	:40
2001	49.0	.9	:06
2002	50.5	.5	:00
2003	51.6	.1	94
2004	54.0	.5	90

Source: Federal Bureau of Statistics The popation groth is for fiscal year

Fig-1: literacy Rate and Population Gwth



of equipment, human resource development and introduction of new technologies. Civil work has been completed at 47 out of 51 sites. A three-year B.Ed technology degree programme has been launched at the National Institute of Science and Technical Education, Islamabad. Recognizing the importance of technical education, the Ministry is proceeding with the establishment of one quality polytechnic institute initially at the District level. The cost of the scheme is placed at Rs 7190 million. The Saudi Fund for Development and the Islamic Development Bank have expressed interest in financing the project. The Gwadar Institute of Technical Education is being established at a cost of Rs 1989 million in collaboration with the People's Republic of China, Islamic Development Bank, and Saudi Fund for Development and Japan International Co-operation Agency.

Public - Private Partnership in Education Sector

Starting in the mid-1990s, a major shift has occurred in the government's approach to the country's education sector. The government has formally acknowledged that the public sector on its own lacks the necessary resources and expertise to effectively address and rectify low education indicators. Moreover, public policy has been amended to mobilize private sector and civil society organizations (CSOs) in the financing, management and delivery of education services in Pakistan. Among other initiatives, the GOP has undertaken policy reforms and provided incentives for Public Private Partnerships (PPPs) to flourish in the education sector. The government has also stepped up its efforts to include the NGOs and various other stakeholders in the delivery of education.

Education Sector Reforms have developed a conceptual framework for public private partnership. The strategies in the current model under implementation include: engaging the private sector for improving access and quality of education; enhancing managerial performance, entrepreneurial spirit through capacity building; access to proven leading knowledge technologies, and support to local knowledge and employment generation at local levels. Private institutions and individuals have traditionally played an important role in the delivery of education in Pakistan.

In order to create a conducive environment for private sector involvement in the education sector, the cabinet has passed a decision to facilitate the entry and participation of non-governmental entities in the sector. These concessions are in addition to several existing incentives, which are detailed below:

Existing Educational Incentives

1.	Income Tax Exemption for teaching faculty and researchers are in place on a sliding scale whereby income higher than Rs 1,000,000 receives a tax reduction of 5% all the way down to annual income of Rs 60,000 receiving a tax reduction of 80%.
2.	Exemption of custom duties and other taxes on import of education equipment/material is granted to institutions, which are recognized, aided or run by the government.

New Concessions

1.	Provision of land free or on concessional rates in rural areas and urban areas, respective departments/ organizations shall undertake appropriate zoning for educational institutions in residential areas.
2.	Electricity shall be provided on domestic tariff rates.
3.	Provision of concessional financing for establishing rural schools through respective Education Foundations and credit through Khushali Bank and other such financial institutions.

Highe Educatn Commission (IEC)

The Hi;her Edtation Commissio (HEC) was established in September 2002 with a vie to guidig highe educaton polic and assisting uniersities and degree awardig institutes in the pursuit quality ducatior at the seat of higher lerning, both publi and private. Its objective i to work with the academic commurty for qulitative and quantitative mprovement of her education and to aid i the socio-econonic deveoment c Pakista.

In allocating puic funds and deviopng policies, the Higher Education Commision airr to:

1. encouge institutions to ursue continuous quality inprovement and bild on tlir existin strengts in teachi and research, pomote diversity of provisior and beneficial colaboratic.
2. help th sector to addres the needs of student's emloyers and societ across cal, natnal and interneonal communitie.
3. work twards equal oppctunity of access to high quality higher educatin and
4. achiev value for public oney by seeking to make te best use of avalable reurces ad securig accouability while reconizing institutional autonony.

The HEC has lanched a researc grant programme under wich creative researchers ohe coury, workig in various fields o Science and Tecnology and Social Science are awarded research gras for R&D in prioty areas The HEC is als encouraging all niversities to introduce a stident evaluation mechanis so that ontinuous feedback on th performance of tachers is available.

Foreign Ph.D. cholarship programes have been developed to enhance the research be in ares of key social and economic evelopment in Paistan and in areas in which the relevant facilites are n availab inside e country. Speci care is being takn to ensure that the Ph.D. scholars have guannteed eploymer on thei return tc Pakistan and s'ficient startup furls to setup programmes of esearch and deveopment their repective reas of specialization.

An inrovative ogramme for suport and encouragement of collaborative reseach betwn facul at Pakitan institu ions anc hose abroad has een introduced by the HEC. Under this programme, t expatrie comminity of scholars will be encouraged to bch develop joint research programmes with locl facultynd also rovide xpertise for the overall evelopment of the concerned departments. The development exenditur of the urversities as alsc been allocated n performance ad need, where the need is lefined both in terns of the articular equirements of the institution a well as the needfor improvement in the higher education secto at a meo level. he alloation of funds has alsottempted to corret historical imbalances whie providing for the uplift of ss deve ped uniersities. There are 45 uiversities in publi sector having total number of 388668 students. Numb of male student 22062(and female 16)48. There are 3(universities/degree awardirg institutions in private secr having enrolmet of 1641((male ad female) in the fiancial year 2003-04

Educaton Seor Reforms (ES)

Education Seor Reforms (ESR) programme is designed in te long term perspective of ational ducatio Policy (1998-2010) ad Ten Year Perspctive Development Plan (2001-2011). ESR is a comprehensive ector-wie programme fo ncreased access enhanced equity and imprved quality at all levels of eication. he qualy aspects of edtation are addressed through modernization o curricula, up gradition of tcher traing and reforms of examinatior. A National Eduation Assessment System vithin the school system is bng estalished to carry ou assessment of students' achievement to be used as a basis for improvement of policy planning, and teacher training. A comprehensive package of education sector reforms (ESR) with medium-term targets (2001-05), as reported in table 11.6, has been finalized through a consultative process with over six hundred partners. ESR has linked with four concurrent macro level initiatives such as Devolution, the Poverty Reduction Strategy Paper, SAP II and the National Commission on Human Development (NCHD).

The original ESR package was of Rs 55.5 billion. The duration of the package has been extended to 2001-05 to accommodate President's Programmes viz Mainstreaming Madaris and setting up Mono-technics/Polytechnics at Tehsil level. Therefore, the cost estimates have increased to Rs 100 billion (Table 11.7).

Table 11.6 Education Sector Reform Targets (2001-2005)

Sub-Sector	2001	Targets 2005
Literacy	49%	60%
Gross Primary Enrolment	83%	100%
Net Primary Enrolment	66%	76%
Middle School Enrolment	47.5%	55%
Secondary School Enrolment	29.5%	40%
Higher Education Enrolment	2.6%	05%
Technical Steam Schools (Nos)	100	1100
Polytechnics/Mono-technics (Nos)	77	160
Madaris Mainstreaming (Nos)	148	8000
Public private Partnerships (Nos)	200	26000

Table 11.7: Financial Requirements for Education Sector Reforms Action Plan 2001-05* (Rs in billion)

Programmes	2001-02	2002-03	2003-04	2004-05	Total	%
Literacy Campaign	0.8	2.0	2.5	3.0	8.3	8.3
Elementary Education	4.0	9.0	10.0	11.0	34.0	34
Secondary Education	1.0	3.0	3.0	3.0	10.0	10
Technical Education	0	3.0	5.0	7.0	15.0	15
College/Higher Education	1.0	3.0	3.0	3.0	10.0	10
Mainstreaming Madaris	0	5.0	5.0	4.0	14.0	14
Public-Private partnership	0.1	0.2	0.2	0.2	0.7	0.7
Quality Assurance	1.0	2.0	2.0	3.0	8.0	8
Total	7.9	27.2	30.7	34.2	100	100

Source: Ministry of Education

* Education Sector Reforms, Action Plan 2001-05.

Education For All (EFA)

Education For All refers to the global commitment to ensure that by 2015 all children would complete primary education of good quality and that gender disparity would be eliminated in primary and secondary education preferably by 2005 and not later than 2015. Sector-wide development approach covering all the sectors of education has been adopted under the Perspective Plan.

National Commission on Human Development (NCHD)

Founded in June 2002, NCHD is itself a public - private partnership formed under the directive of the President with a mission to promote development in the fields of health, education and micro finance. It is funded through the Pakistan Human Development Fund (PHDF) registered under the Company's Act 1984. It has mobilized $ 5.5 million (Rs 319 million) from private donors and $ 34 million from government resources (Rs 2 billion). NCHD was set up to act as a government sponsored autonomous agency to implement a variety of human development objectives. In education, NCHD aims to help the government achieve its EFA objective of 86% literacy by 2015 and 100% enrolment of children aged 5-7 years. In the current financial year 512,500 previously out-of-school children, between the age of 5 and 7 years have been enrolled in formal schools in the 16 districts. Under the literacy programme, a total of 1,915 Adult Literacy Centers (15-39 years) have been established in 34 districts, where 51,800 adults have been provided functional literacy skills. Under the new formal education programme for the target group of 8 to 14 years of age, 481 Non formal Education Centers have been established where 12,900 children have been made literate.

Financing of Education

Table 11.8 contains the resources allocated in the current financial year for education by the Federal and Provincial Governments including resources devoted to education by public sector organizations under the administrative control of Federal Ministries/ Divisions.

Table – 11.8: ummary of Publicsector budgetary allocationfor education 2003-04 (Rs iMillion)	Current	Developent	Ttal
Ministry of Edcation	1408.537	310702	455.639
Higher Educan Commission	5305.647	447713	973.260
Federal Govement Education Initution in Cantonments Garrisons.	788.267	5958	87.525
Federally Admistered Tribal Ares	1595.722	51833	214.255
Federally Admistered Northern /eas	464.135	30404	78.639
Federal Govement Special Eduotion Institutions	189.825	10525	25.750
Cabnet Divisn	14.960	--	1.960
EstablishmenDivision	49.728	--	9.728
Youh Affairs ivision	--	14512	15.412
IT & TelecomDivision	--	57618	53.818
Ministry of Scntific & Technologial Research	--	6592	6.892
Ministry of Woen Development (lutrition Support Programme ftGirls in Primary Snools)	--	70000	70.00
Other FederaMinistries/DivisionsOrganizations	3891.615	--	3891.615
Government (Punjab	38387.289	762037	46077.876
Government (Sindh	7337.124	167737	1901.991
Government (NWFP	1361.138	268032	1402.070
Government (Balochistan	4297.588	145737	575.585
Government (Azad Jammu & Kshmir	2510.000	37500	285.000
Grand Total	**37601.575**	**2387330**	**11143.015**

ource: - linistry ofEducation

Table 11.9 cctains the actual crrent and development expenditure on educaion by tr Provincs for theyears 1997-98 to 2001-02 duly auditeby the Auditor General of Pakistan. The auditd accouts for th year 2002-03 are under compilion by the AuditoGeneral of Pakistan.

Table – 11.9 Provincial actual urrent and development expnditure on educatn (Rs inMillion)	1997-98	1998-99	1999-00	2000-01	2001-02
Purjab					
A. Current	21513	21709	23049	2467:	26686
B. Developmt	1407	954	402	26(	644
Total	22920	22663	23451	2494	27330
Sindh					
A. Current	10253	10323	11424	1218(	14119
B. Developmt	64	77	178	15:	324
Total	10317	10400	11602	1233:	14443
NWFP					
A. Current	6230	5648	7729	821!	8804
B. Developmt	415	258	57	57	86
Total	6645	5906	8286	879:	8890
Baluchistan					
A. Current	2806	3175	3511	402	3773
B. Developmt	231	302	200	26(	117
Total	3037	3477	3711	428	3890
Grant Total Il Provinces	**42919**	**43446**	**47120**	**5034**	**54553**

Source: Gornment of Punjab,Sindh, NWFP, Baluchistan, Finnce Accounts (1997-98-2001and Civilccounts 2001-02 Auditor General of Pakistan, Islamabad.

Table 11.10 contains the audited Federal current and development expenditure on education for 1997-98 through 2001-02.

The following table contains the audited national expenditure on education as of GDP for the years 1997-98 to 2001-02 (Table 11.11).

Table - 11.10: Federal actual current and development expenditure on education (Rs in million)

	1997-98	1998-99	1999-00	2000-01	2001-02
Current Expenditure	5298	5125	5829	5851	7094
Development Expenditure	866	836	1053	855	4375
Total	6164	5961	6882	6706	11469

Source: Government of Pakistan, Finance Accounts (1997-98 – 2000-01) and Civil Accounts (2001-02) Auditor General of Pakistan, Islamabad.

Note: Audited Accounts for 2002-03 are under compilation in the Auditor General 's Office

Table – 11.11: National actual expenditure on education as a % of GDP (Rs in million)

Actual Expenditure	1997-98	1998-99	1999-00	2000-01	2001-02
	49083	49407	54002	57053	66022
% of GDP	1.83	1.68	1.71	1.66	1.80

Source: Ministry of Education

The focus of education reforms have emphasized at meeting challenges confronted at all sub-sector of education. These programmes reflect our national education agenda and provide a basis for national progrmame within the devolution framework. Incremental financial resources are being allocated by the Federal and Provincial Governments but the education reforms have proved to be slower than anticipated especially in the area of technical education and literacy. Complex decision-making processes, multi-level coordination and communication problems are constraining implementation efforts. Reliable and up-to-date statistics on education are the need of the hour. Extra-ordinary efforts are required to improve education statistics in Pakistan. Substantial managerial leadership and political skills are needed to accelerate the implementation of programmes. Community involvement in the design of education services is particularly important to the goal of reducing gender disparities in education. Girls' attendance at schools can be influenced strongly by socio-cultural factors, and community involvement can help ensure that services respond to those factors. The financial flows and outcome should vigorously be monitored by responsible body. We should stand committed to quality improvement in public service delivery at all levels in which civil society and private sector are our valuable partners so that we can move towards becoming a knowledge-based society spurring human development and economic growth. Private and public sector hand in hand can make great difference.

•••••••••••••••••

HEALTH & NUTRITION

h Pakistan, the coerage of health failities has improved over th years and is comparable ith othecountrie of the regionwith simır socio-economi conditions. However, health coverage still sufers fromconsideable inadequacies and eficiencies, name', unhealthy environment, irsufficient resources, ignorice, lackof awareess and inaccessibility health services.mproving health requires addressing poverty, lliteracyack of acess to afe crinking water, inacquate sanitation nd limited access to healthcare. The analysis of the bden of seases shows a vry closeelationship betwen the dimensions of healthand poverty. Impared phycal capcity resuing fom unhealthy envonments, malnuttion etc. limits the earning ptential of laboures. Most e-matu deaths among the poor seenents of society nd vulnerable groups are because of poverty elated cnmunicole diseses such as childhood hess and malnutrion. The current gaps and complexities in the health sctor are threat to poverty reduction ad high growth. Th government has attached priority to improvirg healthcilities ecause f the high cost cf health id its socio-econmic consequences. The nev health strategy fcuses chealth sector investmen in ordero translate econmic success into social benefits.

Table –12.1: SocilIndicators

Country	Life Expectancy Year 2002	Infant Mortality Rate per 1000 Year 2002	Morality Rate under 5 per 1000 Year 2002	Populatn Avg. Anual (%) Grdh Year 2002 *
Pakistan	64	82	105	2.2
India	63	67	93	1.7
Sri Lanka	74	16	19	1.4
Bangladesh	62	52	77	1.7
Nepal	60	60	91	2.2
China	71	30	39	0.8
Bhutan	63	54	92	2.9
Thailand	69	24	28	0.7
Philippines	70	29	38	2.2
Malaysia	73	8	8	2.3
Indonesia	67	34	45	1.3

*Populatio growth f 2003-04 is 1.9 peent for Pakistan. Source: Word Develcnent Reprt 2003

The humar developent indicators foPakistan particularly healthare still low despite the fachat process has been made in receryears. The inter-ountry comparison of health indicators given ir Table-11 show that the national health statı is characterizedy high population growth (2.2%), low life expectancy (6.0), higlinfant mortality rate (82/1000) and child morlity under 5 (105/1000). This is due to the shorage of ealth car personnel, uneven disribution health facilities i the country, lack of medicies, regional dispaities in t health are servces and scarcity of administrative health care capabilities. This underlines the need for further expansion in health facilities.

Health facilities

Medical facilities in the country have improved significantly over the years. However, there still remains a very large gap between the availability and requirements. At present, there are 108,062 registered doctors, 5530 dentists and 46331 nurses in the country which comes to a population doctor ratio of 1404 persons per doctor, 27414 persons per dentist and the availability of one nurse for 3296 persons*. There are about 906 hospitals, 4554 Dispensaries, 5290 Basic Health Units and 552 Rural Health Centres. The availability of hospital beds in all medical facilities has been estimated at 98,684 which comes to a population bed ratio of 1,536 persons per bed**. The figures available about the medical facilities clearly indicate the need for a further expansion in health facilities.

Table -12.2: Health Facilities

Health Manpower	Upto 2001-02	Upto 2002-03	Upto 2003-04
Registered doctors	96,248	101,635	108,062
Registered dentists	4,622	5,068	5,530
Registered nurses	40,114	44,520	46,331
Population per Doctor	1516	1,466	1,404
Population per Dentist	31579	29,405	27,414
Population per Nurse	3639	3,347	3,296

Source: Ministry of Health

Physical Targets and Achievements During 2003-04

The physical targets of development programmes during 2003-04 include construction of 40 BHUs and 8 RHCs, upgradation of 15 RHCs, 35 BHUs and extension of 1800 beds in RHCs/BHUs and hospitals, training of 3700 doctors, 250 dentists, 2300 nurses, 5000 paramedics and 500 traditional birth attendants (TBAs), immunization of 8.0 million children and distribution of 19.0 million packets of oral rehydration salt (ORS). The achievements of these physical targets have varied between the minimum of 63 percent (new RHCs) and the maximum of 100% (training of LHWs). The overall success rate averaged 85.4 percent including the construction of 30 new facilities (25 BHUs and 5 RHCs), upgradation of 35 existing facilities (25 BHUs and 10 RHCs) and the addition of 1600 hospital beds. In health manpower development 3500 doctors, 200 dentists, 2000 nurses, 4500 paramedics and 480 birth attendants have been trained. On the preventive side, 7.5 million children have been immunized from six killer diseases (polio, measles, whooping cough, tetanus, doiphtheria and tuberculosis) and 18.0 million ORS packets administered to children below 5 years of age against diarrhoeal diseases. Physical targets and achievements during 2003-04 are given in Table-12.3.

Table–12.3: Physical Targets and Achievements During 2003-04

Sub-Sector	Targets (Nos)	Estimated Achieve-ments (Nos)	Achieve-ments (%)
A. Rural Health Programme			
i. New Basic Health Units (BHUs)	40	25	63
ii. New Rural Health Centres (RHCs)	8	5	63
iii. Upgradation of existing RHCs	15	10	75
iv. Upgradation of existing BHUs	35	25	83
B. Beds in Hospitals/RHCs/BHUs	1800	1600	88
C. Health Manpower Development			
i. Doctors	3700	3500	95
ii. Dentists	250	200	80
iii. Nurses	2300	2000	89
iv. Paramedics	5000	4500	90
v. Training of TBAs	500	480	96
vi. Training of LHWs	17000	17000	100
D. Preventive Programme			
i. Immunization (Million Nos)	8.0	7.5	93
ii. Oral Rehyderation Salt (ORS) (Million Packets)	19.00	18.00	95

Source: Planning & Development Division

* These numbers should be taken with great caution as there are many bonafide doctors, dentists and nurses who are not registered with Pakistan Medical & Dental Council (PMDC) and yet practicing in hospitals and clinics.

** Once again, one should take these numbers with great caution as little information are available from private hospitals and clinics

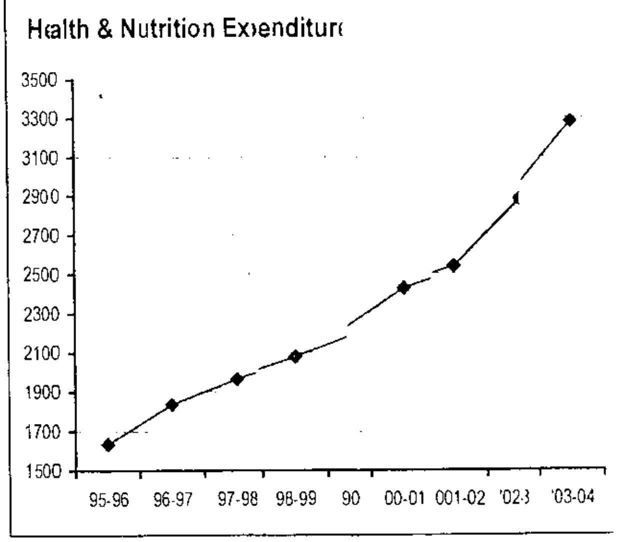
Health Expencure

In Pakstan bot public and privat spending on health is verylow. However, over the yes it has teadily been increased. Durig the years undereview (2003-04), the total expenditure on health is esnated aRs.32.85 billion (Rs.8.500 billio development ancRs.24.305 billion as recurring) which is 0.84% of GNPand shos an inceease of 13.8 percent ovr last year.

Table – 12.4: Health and Nutrition Expenditure (Million Rs.)

Fiscal Year	Publi Sector Expenditure (Federal Plus Provincial)			Change (%)	A% of GNP
	Development Expenditre	Current Expenditure	Total Expenditure		
1995-96	5741	10614	16355	35.3	).8
1996-97	6485	11857	18342	12.2	).8
1997-98	6077	13587	19664	7.2	).7
1998-99	5492	15316	20808	5.8	).7
1999-00	5887	16190	22077	6.1	).7
2000-01	5944	18337	24281	9.9	).7
2001-02	6688	18717	25405	4.7	).7
2002-03	6609	22205	28814	13.4	).8
2003-04	8500	24305	32805	13.8	.84

Source: Plaing & DeelopmenDivision



Health Programmes

To improve theealth status of th people and to reduce the burden of diseases, a eries of programmes ad projects are on track. These include the programmefor Family Planning & Primary Health Care, the Exteded Programme c Immunization, the National AIDS ontrol Programm, the Malaria Control Programme, th T.B Control Procamme and Drug Abuse. Brief decriptions of theseare given below:

a) Natioal Programme fc Family Planning & Primay Health Care

The Progamme is designedto target about 85 million peple mostly living i rural areas of which the prima/ beneficiaries ar women of reproductive age and children belov 5 yearof age. The programme presentlymploys about 71000 LHWs nationwide, reacling about 63 million peoplor 45% the poplation in almost alldistricts of Pakistn. This programme is now providing access tobasic hlth serves to lo income and poor ouseholds in urbn and rural population. Theprogramme have significarimpact n health outcomeof the population erved, such as immunizatin coverage, prenaal care, tendane at delivry and contracepive prevalence ræ. Immunization coverage of children 12-23 months wamuch hiher in LHW covered areas as comparedto others. The proportion ofwomen attending at least oe Antental Carevisit was 53% in LW covered areasas compared to 34% in other areas.

b) Expanded Programme of Immunization

The Programme aims at the reduction of mortality and morbidity from seven EPI target diseases by immunizing children of 0-11 months of age and women of childbearing age. Hepatitis-B Vaccination also became a part of the normal EPI Programme. Nation-wide polio eradication efforts intensified through the introduction of a house-to-house strategy leading to a reduction in the number of cases to 103 in the 2003. A project assisted by the Global Alliance for Vaccine Initative (GAVI) costing Rs.2478 million has been approved in 2003, to improve routine EPI over 5 years. GAVI support had led to the introduction of Hepatitis-B for infants, infrastructure support to immunization programme and support for injection safety. Three rounds of High Risk Areas Approach have been launched in 65 districts of the country where more than 5 million Child Bearing Age (CBA) Ladies have been immunized against Tetanus. These activities were implemented in addition to the normal EPI Programme.

c) National Aids Control Programme

Although the incidence of HIV/AIDS is minimal in Pakistan, the government has been pro-active in creating awareness about the disease. The Government is implementing the HIV/AIDS Control Program since 2003 at a cost of Rs.2.8 billion, with major focus on creating awareness, services for vulnerable population, strengthening of public and private sector for effectively providing HIV/AIDS related services and promoting blood safety by strengthening safe blood transfusion services. During 2003, cases of HIV and AIDS stood at 2,197 and 246 respectively. The national goal is to prevent HIV from becoming established in high-risk populations and spreading to the general adult population. The programme has developed guidelines for working with private sector and NGOs for delivery of services to the high-risk population.

d) Malaria Control Programme

The eradication of malaria has been undertaken under the malaria control programme. A project costing Rs.253.0 million based on Roll Back Malaria Strategy has been approved under which 43 malaria high-risk districts in the country have been identified and strengthened to provide better Malaria Care services to the communities with suitable supplies including anti-malarial drugs, insecticides, larvicides, diagnostic equipment and vehicles. Expansion of RBM intervention in all target districts will be achieved by 2006. One of the major strategies of Rollback malaria is to educate the community for use of Impregnated bed nets. About 20,000 bed nets have been purchased through the World Health Organization (WHO) and 10,000 bed nets through the Programme budget for undertaking pilot trials in the high-risk district through Public-Private partnership involving NGOs.

e) T.B. Control Programme

People do die every year due to tuberculoses in Pakistan. Malnutrition, over crowding and un-airy living conditions are the main factors. The T.B. Control Programme has made substantial progress. T.B DOTS was integrated in the district health system. Under the DOTS programme medicines are administered to ailing persons at their doorsteps. Seventy-nine districts have been covered, so far raising DOTs coverage to 66% at present. The Government has taken several steps from time to time to prevent tuberculoses. These include the mass B.C.G vaccination.

f) Women Health Project

The project aims at improving the health nutrition and social status of women and girls by developing Women-Friendly Health Systems in 20 districts of Pakistan. Its specific objectives are to expand basic women's health interventions to the under-served population, develop women friendly district health systems provide quality women's health care from the community to first referral level including emergency obstetric care and develop human resources to improve women's health in the long term. The main achievements include recruitment and training of 3,000 Lady Health Workers in 20 districts, the procurement of Tetanus toxoid vaccine for 7 districts numbering 208,000 vials of 0 doses, advocacy seminars for Nazims and EDOs on Reproductive Health, and the purchase of equipment worth Rs.20.0 million.

Cancer Treatment Programme

At present 13 nuclear medical centres are providing diagnosis and treatment facilities to 8% of the population of cancer patients. These medical centres are equipped with modern facilities. The major disciplines available in these centres are (a) nuclear medicines and radioimmunoassay and (b) oncology and radiotherapy. The nuclear medicine discipline deals with the diagnosis and treatment of various diseases while the oncology and radiotherapy discipline deals with the treatment of cancer. More than 328,000 patients were attended at these centres during the year 2003-04 and about 13,500 patients were provided proper treatment as well as follow-up.

Drug Abuse

Drug abuse is a global problem, affecting the very fabric of the socio economic structure of the country. According to the National Assessment Study on Drug Abuse in Pakistan-2000 there are about 500,000 chronic heroin users including 60,000 drug injectors in the age bracket of 15-45 years. 40% of the total heroin users fall in the age bracket of 25-34 years, which is an alarmingly high rate by international standards. Drug abuse is a problem of deep magnitude and with multiple dimensions with serious implications for the socio-economic well being of the individual, family and society at large. The efforts in this area are highlighted below.

A massive drive against drug trafficking is in operation which has resulted in the dismantling of heroine laboratories all over the country, the seizure of 25,535 kg of drugs (opium 5,380 kg, heroine 13,006 kg and hashish 87,19 kg), the freezing of 215 million assets procured through the proceeds of illicit trade and the elimination of poppy crop cultivation in NWFP. Besides this a number of administrative measures have been taken to curb the menace of drugs like the constitution of six special courts under the control of the Narcotics Substance Act '97 and the regulation of Drug Abuse Rules 2001.

Food and Nutrition

The prevalence of malnutrition is a serious concern in Pakistan which is significantly high among mothers and children with no improvement over the years. About 38% of the children under-5 are underweight, 13% of the children are wasted and 12% of the mothers are malnourished. Besides inadequate intake of energy and protein, low bio-availability of certain micronutrients, particularly iron and iodine, are important issues. The main causative factors for malnutrition are inadequate food intake and poor health status which are influenced by poverty and lack of access to food, feeding practices, and family size. Malnutrition is high among pregnant and lactating women and responsible for low birth weight and an increased risk of complications during childbirth.

During the year, special programmes with specific aims to control micronutrient deficiencies, infant mortality, low birth weights, iron deficiency anemia, as well as iodine deficiency diseases remained under implementation. Improving the coverage and effectiveness of nutrition education involving the primary health care system was also implemented.

a) Control of Iodine Deficiency Disorder

The project aims to eliminate Iodine Deficiency Disorders (IDD) through universalizing Iodized Salt by promoting its use among the population.

b) Control of Iron Deficiency

To overcome the iron deficiency anemia, a feasibility study for wheat flour fortification with iron for the roller mills is under way. The study has four trials viz. production, stability and acceptability, bio-availability and community-based efficacy trials.

Nutrition in Primary Health Care (PHC)

The objective of improvement of nutrition through Primary Health Care is to improve in qualitative terms the nutritional status of women, girls and infants by providing and expanding more PHC nutritional services. Lady health workers working at the village level provide services for micronutrient supplementation.

School Nutrition Package for Girls

A national program to supplement food and micronutrients to school-girls in 5300 schools of 29 districts across the country remained in progress to address the nutritional needs of the girls. This programme addresses widespread malnutrition in girls which will pay dividends in the short and long term.

Food Availability

Availability of the major food items remained satisfactory and registered a marginal increase in supply over the previous year. Caloric availability increased from 2466 to 2529 and protein availability increased from 64.3 gm/capita per day to 65.8 gm/capita per day. The supply of calories and protein is well above the average Recommended Daily Allowance (RDA).

Table -12.5: Food Availability Per Capita

Items	Year/ Units	49-50	79-80	89-90	98-99	99-2000	2000-01 (E)	2001-02 (T)	2002-03*	2003-04*
Cereals	Kg	139.3	147.1	164.7	171.0	163.5	164.9	149.3	-	-
Pulses	Kg	13.9	6.3	5.4	6.8	7.2	7.0	6.1	-	-
Sugar	Kg	17.1	28.7	27.0	31.2	26.4	30.8	26.1	-	-
Milk	Ltr	107.0	94.8	107.6	148.0	148.8	149.6	150.8	-	-
Meat	Kg	9.8	13.7	17.3	18.2	18.7	18.8	18.9	-	-
Eggs	Dozen	0.2	1.2	2.1	5.1	5.1	5.2	5.2	-	-
Edible Oil	Ltr	2.3	6.3	10.3	12.3	11.1	11.2	11.3	-	-
Caloric & Protein Availability (Per Capita)										
Calories per day (No.)		2078	2301	2534	2728	2625	2706	2306	2466	2529
Protein per day (Gms)		62.8	61.5	65.47	71.85	70.00	71.74	67.00	64.3	65.8

Source: Planning & Development Division

E. Estimated

* The information for updating the above table for 2002-03 and 2003-04 has not been provided by the P&D Division.

....

POPULATION, LABOUR FORCE & ENPLOYMENT

Population

Knowing the sizef a country's poplation, its growth rate, anc its age stribution is impoant for evaluatirg the weare of its citizensassessing the productive capac/ of its economy,ınd estimating the quartity of gcds and services tat will be needed o meet fure needs. Thusjovernments, businesses, and ıyone interested ı analyzing economic perforance must have ccurate population estimaes

Mid Year	Total Population (Million)	Growth Rate (%)
1983	90.30	2.99
1984	92.96	2.95
1985	95.67	2.90
1986	98.41	2.86
1987	01.18	2.82
1988	03.99	2.77
1989	06.84	2.73
1990	09.71	2.69
1991	12.61	2.63
1992	15.54	2.60
1993	18.50	2.56
1994	21.48	2.51
1995	24.49	2.47
1996	23.87	2.47
1997	26.90	2.45
1998	29.97	2.42
1999	33.01	2.34
2000	35.90	2.20
2001	40.36	2.06
2002	43.17	2.00
2003	45.95	1.94
2004 (E)	48.72	1.90

Table 13.1 Population Growth (198 to 2004)

E. Estimates Source: Population Census Organization & M/O Planning Dev. Divion

Pakistar's populion in mid-2004 i:estimated at 148.72 nillion - 19 percent higher tan last year. It was onl) 32.5 mion at the time of ıdependence but we added 116 mion more people uring the last 57 years. Pakistan'population has ben growing at a decelerting pac Population grovh has decelerated from.06 percent in 191 to 1.9 percent in 2004 See Tab 13.1 and fig.1).: took almost 23 years fo populatn growth to declie by almost 1.2 percentge point Decline in mortaty rate owing to the elimnation o epidemic disease, improvement in medical servicesnd the invention f good medicines on thone hand and a rodest –decline in fertility rate until e end of the 1986 on the other resultedin negligle decline in poplation growth. Recent nfluentiastudy on fertility i Pakistan suggestthat a dcline in fertility bean to be witnessed by the fig end of the 1980 and proeeded aace thrugh 2000. The total ftility rate (TFR) rmained constant at 6.8 chilren per woman sirce early960s an until thend of 1980s. The TFRegan to decline tereafter and during 1996-2000 it was estimated at 4.8 ildren pr woma. The same study sugests that at a ratef 1.8 children per woman pr decade, fertility n Pakisti has delined mre rapidly than in many countries in East and Southeast Asia, and much faster than in other countries in South Asia[*]. It is for this reason that we have witnessed a relatively sharper decline in population growth during 2000-2004

Fertility and Mortality

While mortality has been decreasing and fertility has shown a significant decline over the recent years, the crude death rate (CDR) of Pakistan is estimated at 8.1 (per thousand) in 2003-04. Maternal mortality ranges from 350-400 per hundred thousand, per year leading to about seventeen thousand newborn babies being born motherless. The life expectancy in Pakistan for the year 2003-04 is estimated at 64.10 for males and 63.80 for females. The decline in mortality rate has been slowed, when compared with those of many other developing countries.

Despite a considerable decline in the total mortality in Pakistan, infant mortality has remained still high at 82 per thousand live births in 2004. The major reasons for this high rate of infant and child mortality are diarrhea and pneumonia. The Reproductive Health (RH) indicators i.e. Total Fertility Rate (TFR), Crude Birth Rate, (CBR), Crude Death Rate (CDR), Infant Mortality Rate (IMR) and Maternal Mortality rate (MMR), and life expectancy at birth are reported in table 13.2.

Population Welfare Programme

During the period under review, service delivery remained satisfactory. The programme involved 2306 family welfare centers (FWCs), 132 Reproductive Health (RHS) "A" centers, 223 Mobile Service Units, 7274 service outlets of health and other provincial line departments. For these 25,165 Registered Medical Practitioners, 26025 Hakeems and Homeopaths, 57 Village Based Family Planning Workers (Female) and 4056 Male Mobilizers were involved.

Fig-1: Trends in Population Growth (%)

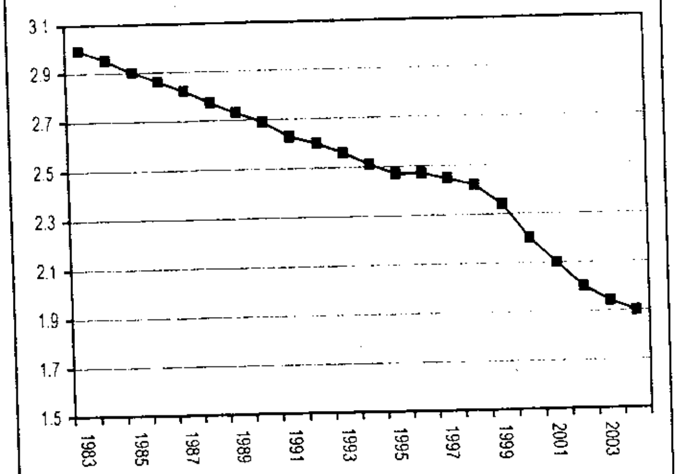


Table No. 13.2 Selected Demographic Indicators

Indicators		Year (2003-04
Total fertility (TFR)		4.07
Crude Birth Rate (CBR)		28.00
Crude Death Rate (CDR)		8.10
Growth Rate		1.9
Infant Mortality rate (MMR)		82
Maternal Mortality rate (MMR)		350.400
Life Expectancy:	Male	64.00
	Female	63.80

Source: Population Welfare Organization, Population Census Growth

Table 13.3: Physical Infrastructure of Population Welfare Programme Envisaged During 2003-04 Implementation status as on 31st December 2003 Proposed for the Year 2004-05

Service Delivery Outlets	Planned 2003-2004	Achieved 31-12-2003	Proposed 2004-05
Family Welfare Centres	2053	1777	2306
Mobile Service Units	175	146	223
Reproductive Health Services "A" Centres	120	108	132

[*] See Griffith Feeney and Iqbal Alam, "New Estimates and Projection of Population Growth in Pakistan" Population and Deveopment Review, Vol.29, No.3, September 2003, PP 483-492

Majcr activits Pursued Durig 2002-03 Service Deliver Infrastructure:

The service divery comprises rogramme outlets and servce units of Provincial Line epartmnts (PLD), Publi Corporate Seor institutions, pirate sector undertakings, aid civil society initatives. Te Progrmme nevork consists of 2(3 family welfare enters (FWCs), 130 Reprocuctive Health Serices (RH) "A" Cntres, 15 Mobile Units (MSUs) nd 6849 outlets f Provincial Line Departmeits (PLDs) includirg those Provinal Depaments.

Social Markeng Contracepties:

The populatic Welfare Programe is implemented by Socal Welfare activities providig convetional hcmonal contraceptiveto the low and midle groups of population irthe urban and pei-urban eas of te countr througt about 76,700utlets. The Privat Sector has dispensed all types of contracepives to cnts dung the Jly-December 203 period.

National Tru: for Population /elfare (NATPOW)

NGCs are recgnized partners i the effort for community uplift and socio-ecoiomic delopmei with adantages like, autonom flexibility, voluntry contributions and standiig in the communiy. They lvocate nd lobb for a cause and peuade the societyo move into unexplored anl sensitive areas. Commury BaseOrganiztions als have a betternderstanding anenjoy the trust/confidence of the community, vhich is itical whn dealin with difficult and sasitive subjects. he first attempt by the Minisry of Population Velfare (DPW) tdnstitutioalize th involvement cNGOs in supplerenting the population prognmme was made hrough t: creatia of a No-GovemmentaOrganization Cocdinating Council (NGOCC) n 1985. It, howevr, encoitered sme admiistrative and operation snags, which le to its replacement by the National Trust for PopulatiorWelfare NATPOV) in 199. An iritial govenment endowmei of Rs 114 million was givei to NATPOW.

Though the aareness about Fmily Planning is about 97 percent the rate of contracepe use i only 37 ercent. There is still avide gap betweeknowledge and practice wih an unmet need or familylanningof 33 peent. The majo challeng is to address th unmet need. A comprehersive campaign is ieing matained ith the pevailing cultural valueand using multipl media channels with specil attention to advcacy. T focus i on reginal and local programes to present nes in a local context.

Capacity Builing

For effective iplementation andispensation of quality servces, the capacity building managrs and srvice providers is bng focused on. Cpacity building activities coer clinical and nor-clinical aining avarious evels. Th clinical activitis include 24 monts of basic training for 315 Family Welfare Wokers; 3 16 monts of advnced training for fie technical officerand Assistant sister tutors and Pre-service traning for5 FWAs3 month), refresher traing for 450 para - iedics (1-2 & 4 weeks) and raining of 800 nonprograme personel. Sinlarly, Non-Clinical trning activities ar geared towards the updateof knowledge, unerstandg and slls of the programme pesonnel at the distct level, as well as, those working in the field.

Monitoring ad Evaluation

Monitoring of e programme activities is undertaken throughfield monitoring ard holdinreview essions. This has further been irensified through urprise visits by officers fron the Ministry and ly teamsf provinial monibring an evaluation cel to various areas f the service delivery outlet. An elaborate prgrammeanageient infonation systen has ben designed at thefederal level to support moiitoring these activties. Durg 2003, Federal eams visited 31 distrts to undertake te monitoring of inputs and outputs at various service pots. The Federal lonitorin

Teams focused mainly on the availability of contraceptives and medicines, the maintenance of recording and reporting systems, environmental conditions of the outlets and furniture's & fixtures and sales proceeds etc.

LABOUR FORCE AND EMPLOYMENT

On the basis of the estimated population of 148.72 million and the participation rate of 29.61 percent, as per the Labour Force Survey 2001-02, the total labour force is estimated at 45.05 million. Of this, 30.19 million or 67.03 percent is in the rural areas and 14.85 million or 32.97 percent is in the urban areas. The distribution of the labour force from 1995 to 2004 by rural and urban areas is given in Table-13.4 and Fig – 2.

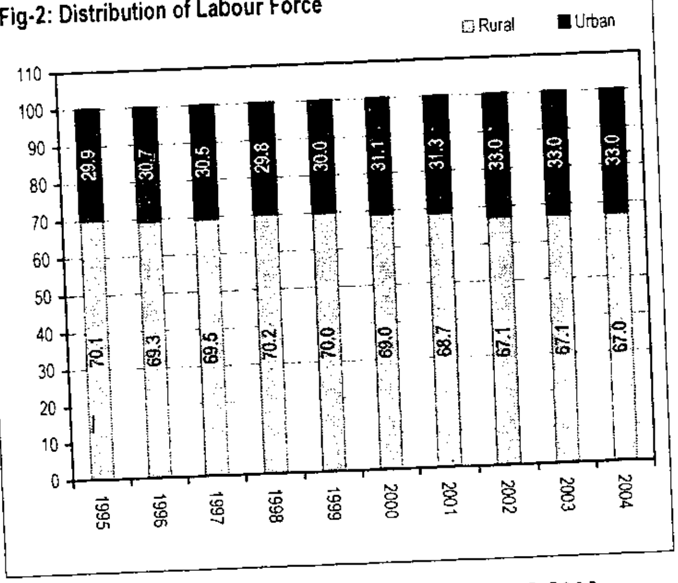
Table-13.4 Rural-Urban Labour Force

Year	Labour Force		Rural		Urban	
	Million No.	Annual Growth	Million No.	% Share	Million No.	% Share
1995	34.18	-	23.96	70.09	1022.	29.90
1996	35.01	2.43	24.27	69.32	10.74	30.68
1997	37.46	7.0	26.02	69.46	11.44	30.54
1998	39.25	4.78	27.57	70.24	11.68	29.76
1999	40.16	2.32	28.11	70.00	12.05	30.00
2000	40.55	0.97	27.96	68.95	12.59	31.05
2001	41.39	2.07	28.44	68.71	12.95	31.29
2002	43.22	4.42	28.98	67.05	14.24	32.95
2003 (E)	44.13	2.00	29.59	67.05	14.54	32.95
2004 (E)	45.04	2.06	30.19	67.03	14.85	32.97

E: Estimated Source: Labour Force and its rural-urban distribution calculated on the basis of Labour Force Surveys of respective years.

Labour Force Participation rate

Fig-2: Distribution of Labour Force



In Pakistan, labour force participation is estimated on the basis of the Crude Activity Rate (CAR) and the Refined Activity Rate (RAR). The CAR is the percentage of the labour force in the total population while the RAR is the percentage of the labour force in the population of persons 10 years of age and above. According to the Labour Force Survey 2001-02 the overall labour force participation rate (CAR) is 29.6 percent (29.9 percent in rural areas and 29.1 percent in urban areas). CAR was 28.7 percent in 1996-97 increased to 29.4 percent in 1997-98 but later declined to 29 percent in 1999-2000. It has increased to 29.61 percent in 2001-02. Similarly RAR was 43 percent in 1996-97, increased to 43.3 percent in 1997-98, decreased to 42.8 percent in 1999-2000 and has increased to 43.3 percent in 2002-2003.

A comparison of rural and urban participation rates reveals that the labour force participation rates are higher in rural areas as Pakistan's economy is mainly agrarian and agriculture is a family occupation there. The female labour force participation rate is far less compared to the male participation rate and as such their participation in economic activities is also low. The crude and refined labour force participation rates by area and sex for 1996-97, 1997-98, 1999-2000 and 2001-2002 are given in Table –13.5.

Employment Suation

The enployed lbour force is defind as all persons of ten years anabove who worke at least one hour during he refernce period and wre either "paid employees" or 'elf-employed". Bsed on this definition, the tal number of the mployed labour force ir 2004 isstimated at 41.3 million compared to 40.48 million 2003. The total umber of employed persns in urban areas as increased from 13.12 milln in 2003 to 13.4 million in 2004. Similary, rural mployment increaed from 27.36 million in 2003 27.91 million in 204. The distribtion of th employed labouforce in urban/rural ares from 1995 to 204 is given in Table-13.6.

Employed Labur Force by Secors

The agricultureector absorbs 17 million or 42.1 percert of the tal workforce in 204. This sector employed 18.0 million people in 000 with a relative share of 48.4 prcent. The share f the employed labourforce in e community ancsocial services sector which ws 14.2 percent in 000, has increased to 15 percent in 2004 The share of the trade sector haalso increased frm 13.5 percent in 2000 to 14.8 pcent while that ofhe manufacturing sector has incrased from 11.6 pcent to 13.8 percent in the sme period. The cnstruction and transport secto accounled for 6. percent and 5.9 percert workfoe respectively in 004.

The enployed ıbour force by secor for 2000 and 2004 alongwiththeir percent shar is presented in Table-13.7 an Fig – 3.

Table13.5: Labour Forc Particiion Rats by Are and Sex

Year	Crude (CAR)	Acivity	te	Refied (RA)	Activy	Rate
2001-0						
Both Sx	29.6	29.9	.1	43	45	39.
Male	48.0	47.6	.9	73	72	66.
Femal	9.9	11.1	.3	13	16	10.
1999-0						
Both Sxes	29.0	29.8	.1	48	45	38.
Male	47.6	48.2	.5	74	73	65.
Femal	9.3	10.7	.3	17	16	8.
1997-9						
Both Sxes	29.4	30.6	.0	43	46	37.
Male	48.0	48.4	.1	75	73	66.
Femal	9.4	11.5	.3	19	17	7.
1996-9						
Both Sxes	28.7	29.4	.1	40	45	38.
Male	47.0	47.2	.5	70	71	66.
Femal	9.0	10.5	.9	16	16	8.

Surce: Lour Forc Survey 201-2002

Table13.6 Employed Laour For by are

Year	Employed Labour Force (million)	Annal Grovth (%	Rural		rban	
			Milh.	% Shre	Millio	% Sha
1995	32.34	-	22.	70.5	9.53	29.47
1996	33.13	2.4	23.	69.7	10.0	30.24
1997	36.17	6.7	24.	69.8	10.6	30.20
1998	36.94	2.1	26.	70.9	10.7	29.07
1999	37.80	2.3	26.	70.6	11.0	29.34
2000	37.38	-1.	26.	69.6	11.3	30.39
2001	38.15	2.1	26.	69.3	11.6	30.62
2002	39.65	3.9	26.	67.5	12.8	32.43
2003	40.48	2.1	27.	67.5	13.1	32.42
2004	41.32	2.1	27.	67.5	13.4	32.45

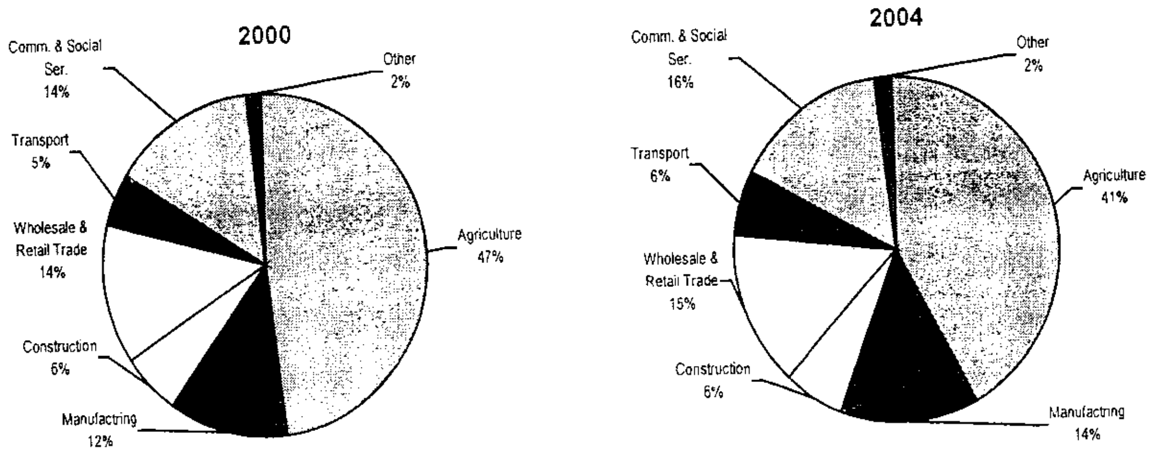
Sourc: Calculation of Emloyed Laur Forceand its ural/Urbar breakup on the Labour Forc Surveys the respeive years

Table-13.7 Emloyed Labour Fore by Sectors (No. in Million)

Sector	200		204	
	No.	% Share	No.	% Shre
Agriculture	18.09	48.4	17.40	42.1
Manufacturing Mining	4.34	11.6	5.70	13.8
Consruction	2.17	5.8	2.52	6.1
Wholsale & Rail trade	5.05	13.5	6.11	14.8
Transport	1.87	5.0	2.44	5.9
Community & ocial Services	5.31	14.2	6.40	15.5
Othes	0.55	1.5	0.75	1.8
Total	37.38	100.00	41.32	10.00

Source: Calcultions for 2000 on th basis of Labour Force Survey 1999-00, and for 2004 on Laur ForcSurvey 200-2002.

Fig-3: Distribution of Labour Force



Employment by Occupation

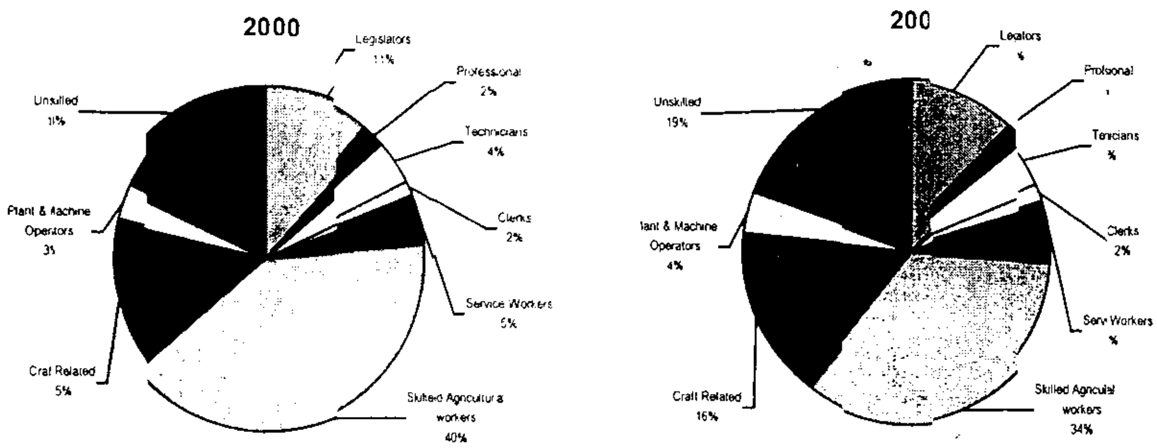
Looking at employment by major occupational groups, the agricultural sector's role is again conspicuous. The data given in Table - 13.8 for 2000 reveals that a major portion of employed people consists of skilled agricultural and fisheries workers. The share of this occupational group was 40 percent in 2000 but has declined to 34.7 percent in 2004. The next occupational group is elementary unskilled occupations. Its share was 18 percent in 2000 and has increased to 19.4 percent in 2004. The share of craft and related trades workers group was 15.1 percent in 2000 but has increased to 16.2 percent in 2004. The plant and machine operators group comprised 3.3 percent of employment in 2000 but its share in the total employed has increased to 3.9 percent in 2004. The share of the service and sales workers group has increased from 4.6 percent to 5.7 percent in the same period. The share of the professionals group has remained more or less stagnant at 2.1 percent in the same period. The share of the legislators and managers groups has increased from 11 percent to 11.6 percent and the share of technicians group has increased from 4.2 percent to 4.7 percent. Table 13.8 and fig -4.

Table-13.8 Employed Persons By Major Occupational Groups (No.in million)

Sector	2000		2004	
	No.	% Share	No.	% Share
Legislators, senior officials and managers	4.11	11.0	4.80	11.6
Professional	0.82	2.2	0.87	2.1
Technicians &associate professionals	1.57	4.2	1.94	4.7
Clerks	0.60	1.6	0.70	1.7
Service workers and shop & market sales workers	1.72	4.6	2.36	5.7
Skilled agricultural & fishery workers	14.95	40.0	14.33	34.7
Craft and related trades workers	5.64	15.1	6.69	16.2
Plant & Machine operators & Assemblers	1.23	3.3	1.61	3.9
Elementary (unskilled) occupations	6.73	18.0	8.02	19.4
Total:	37.38	100.0	41.32	100.0

Source: Calculations for 2000 based on Labour Force Surveys 1999-2000 and for 2004 on Labour Force Survey 2001-2002

Fig-4: Labour Forc by Groups



Unemp oyment

Unemplbyment idefined as all pesons ten years of age and aove who during tie perioander rerence vere, (a) without work i.e. ere not in paid eiployment or self-employed (b) currently avaiable for ork i.e. ere avaible for paid employmenor self-employmet and (c) seeking work i.e. iad taken specific steps in specifie period seek paid employmenor self-employmet. According to this definitin, about 3.72 millin peoplin the laour forc were estimated to be uemployed in 200 compared to 3.65 million i 2003. The unemloyed laur forc by urba/rural areas from 1995 2004 is given irTable 13.9.

Total-13.9 Unemloyment Labour Frce By Rural/Urban Areas (No. In Million)

Year	Unemplcment Labour Force			Unemployent rate (%)		
	Total	Rural	Urban	Total	Rul	Urbn
1995	1.84	1.14	0.70	5.37	4.)	6.9
1996	1.88	1.16	0.72	5.37	4.)	6.9
1997	2.29	1.47	0.82	6.12	5.)	7.1
1998	2.31	1.37	0.94	5.89	4.	7.9
1999	2.36	1.40	0.96	5.89	4.	7.9
2000	3.17	1.94	1.23	7.82	6.	9.9
2001	3.24	1.97	1.27	7.82	6.	9.9
2002	3.57	2.19	1.38	8.27	7.	9.8(
2003	3.65	2.23	1.42	8.27	7.	9.8(
2004	3.72	2.28	1.44	8.27	7.	9.8(

Source: Calculatior of Unemployment abour Force and is Rural/Urban Distribution are basei on the bour Fore Surveysof the respective years anthe population estimes on the basis of Economic Survey, 2002-2003 (Table 2.12)

The table revealshat unemploymet has increased from 7.82 percent in 2000 to 8.27 percit in 200. Similay unemplcyment irural areas, whichwas 6.94 percent in 2000, has risen to 7.55 pecent in 204 whil urban unemplcyment hs decreased from9.92 percent in 2000 to 9.8(percent in 2004.

Employment Promotion Policies

Cognizant of the situation arising from the increasing unemployment in the country, the Government has taken several steps to create job opportunities. Some of the measures are given below:

Realizing that a sound base for the economy and faster growth has a direct bearing on employment, the Government has taken various steps to accelerate the pace of economic growth. The development budget was raised by more than 30 percent by making an allocation of Rs 160 billion in the Public Sector Development Programme 2003-04 with the following three major thrusts:

a) a sustained application of new resources to attack the root causes of poverty.

b) A significant expansion in the agricultural potential of the country through the provision of additional storage capacity, the building of new canals and the rehabilitation of irrigation assets.

c) A radical improvement in the physical infrastructure of the country i.e. roads, highways, ports, power and gas supplies:

In each of these areas, a number of projects are being undertaken which will have a positive impact on new job creation.

The "Tameer-e-Pakistan Programme" was initiated as a poverty reduction measure for augmenting sources of income for the poor and creating employment opportunities in the country. Under this programme small public works schemes, such as the development of farm to market roads, water supply, sewerage, garbage collection, spurs, and village electrification were undertaken through an allocation of Rs 3.6 billion for the year 2003-04.

The SMEs are labour intensive and play a vital role in creating job opportunities in the country. The SME Bank was established on 1st January 2002 with the primary objective of providing financial assistance and business support to small and medium enterprises. Specialized lending schemes were implemented under the name of "Hunarmand Pakistani" for the meeting of the credit needs of the SMEs. A large number of SMEs were financed under this programme including fan manufacturing, cutlery manufacturing, surgical instruments, doctor & dentist clinic, women entrepreneurs, CNG stations, auto looms (up-gradation of power looms), furniture manufacturing, motorcycle rickshaws, fruits and vegetables, and fisheries (boats & processing) etc. During the calendar year 2003, the Bank provided assistance to 3593 small and medium enterprises with an aggregate financial assistance of Rs 2045 million. As a result of its activities, 14,372 employment opportunities were generated in the country. The Bank envisages financing of over 2500 SMEs involving a financial assistance of Rs 1250 million during the year ending December 2004. It is expected that the lending activities initiated by the bank will go a long way in promoting the SME sector so as to enable it to significantly contribute towards achieving economic growth and creating substantial employment opportunities in the country.

Micro finance has emerged as one of the most effective instruments for fighting poverty and unemployment. Emphasis is being placed on income generation activities through the promotion of self-employment at the grass root level. The Khushali Bank was established on 11th August 2000 to provide loans upto Rs 30,000/- each to poor people to set up businesses. The bank's social sector services package includes women development, capacity building services for skill development and the provision of basic infrastructure services as health, education, drinking water, sanitation and communication etc. Up to March 2004, the bank had disbursed loans amounting to Rs 2.135 billion to 210,784 people. Women constitute 35 percent of the Bank's clients. Nearly 80 percent of the lending activity remains in the rural areas and 20 percent in urban areas. The Bank plans to access over 56,000 people by the year 2006.

Technical voctional training enances the employability of he work force. At present training apacity f 28,05C trainees is avlable under the Tchnical Education & Vocatonal training Authrity (TETA) andhe Direcorates c Manpower & aining. Another 807 apprentices are being tained under the Aprenticship traiing Progamme i the country.

On the speciarecommendatiorof the Federal Minister for Labour, Manpowerand Oveseas Paistanis, ie Prime Minister has aocated a specialrant of Rs 20 million for the training of 1824 youths inarious gisciplinesto fill the gap of skilled ibour and manpower 961 trainees have bee trained in two baches whe 757 trnees hae been enroled for th third batch, whic has commenced w.e.f. 16t February, 2004.

In order to deelop a skilled labur force on modern lines, the Ministry of Labor Manpwer & Oerseas Pakistanis has established five Skill Develoment Councils (SDCs); one each in Islamabad, Karaci, Lahor, Peshawar and Queta. The SDCs assess the triing needs of their geograhical areas, priorize theron the bsis of mrket demand and cilitate the trainin of workers through trainin providers in the public anprivate ectors. These Councils havmet the diversifie training needs of the industrial and commercal secto and hae traine 48, 486 trainees so fa

Signficant prgress has been mde in the export of manpover from Pakistan. During te year 203, 215.43 peope were sent abiad for employmet compared to 149,125 persons sent during the year 202 showng an inrease o 44.5percent the export of mapower. Keeping in view the increasing trend i manpcer expc, the taret for th year2004 habeen fixed at 35000 workers. A Memorandm of Understandig (MOLon the rcruitmer of Pakistani worers to Malaysia ws signed on 20th October 2003, which will open new jc opportnities fora large-number of unilled and semi-silled workers in Malaysia.

Oneof the resons for the signicance of the Information Technology industry s its pottial to generate enployment for educated anpower in the cuntry. A large number of pnjects aimed at prmoting and its ducatioare beiq implemented y the Ministry of cience and Technology thrugh an allocation of Rs 2 llion for ie year 003-04

Witha view tcessening the sufring of the poorest segmets of the populatio, the Pistan Poerty Alleviation Func (PPAF)as set up in Apri 2000 with an endowment of $ 100 million, asa wholeile lende to NGO engagd in providing mro financing .Upo 31st December 2003, the PPAF had provided loans aountinto Rs 3,19 millio to 312.357 browers.

E

PHYSICAL INFRASTRUCTURE

14. Transport & Communications
15. Energy
16. Environment & Housing

CHAPTER – 14

TRANSPORT AND CCMMUNICATIONS

A good quality of tansport and comrunication system is the integral part of strong infrastruure. It isan impoant element cf the enaling environmentor economic growth necesary to reduce povrty. Infrstructurtherefor contributes to proting growth, creting employment opportunites, and hence reducing prty. Thre are lage gapes in the availbility and quality c the key infrastructure servces in the developng counes, partularly irlow ncome developincountries. Within ountries, coverage rates ae definitely much ower in ral area where majority cf the poplation of low incoe lives. But coverage in otier areas is also uder preure fror rapid rual-to-urban migration imany countries. Nrrowing gapes in access ad quality will requre sizeae increse in nvestment and asociated spendingn operation and maintenace. Efforts must continue timprovthe enaling environment for prate sector investient in infrastructure. At thesame time public nvestmet in infrstructurewill need to reverse itdecline of the pas.

n Pakistan, the trasport and commnication system broadly coisists of roads, railways, airanspo and ports/shipping serces. All these basc modes of transportation are available but road transprtation not onlythe most popular and idely used, it is ao the onlly mode which is available to most ofthe popution. Cnsequeny, roads arethe mosreferred mode ctransportation in Pakistan carrying 91 percen of passger trafc and 96 percent o goods tffic. Pakistan's edeavor is therefore to atleat double the presnt road nsity to0.64 KM/Sq KM.

Regions with adecate means of cormunication and transportaton have grown ecnomical and thce lackin in these vita fields hve historically laged behind. For meaningful economic cooperaion amost natios, particlarly n the areas of trac and tourism for ttracting foreign investmentand realizing the potential ins fror an outwrd oriented tade stragy, besides natioal integration, the availabiliy of efficient transort and mmuniations nework at a relatively low ost is essential.

Traffic linls and nworks are a manistation of the human desir to live in a community ano interat with oter people. Aong suc links/networks, cmmercial and cultural activiies develop and various reons are onnectd. Traffic rotes servto transport persns and goods. They are thus a connecting link for the cisions c labor in social, technical ad economic sensand create essential prerequisites in that regard. Transortationf passegers and goods createsnd secures jobs.The number of jobs dependent on a good transport infrstructuris much higher than the nuber of jobs direct linked to the provision of tansport services. This signes the iportanc of the transport infrastucture and netwrk. Transport encourages inlividual and socialprosperi. Socio-conomic benefits provided l roads and highway projects include all-weatler reliability, reduced transrtation osts anc ncreased access markets for locaproduce and products, access to new employnent cenrs, empyment c bcal workers on t project itself, beer access to health care anl other social services, strethenincof local economies and wht not.

Pakistan has signed an agreement with the Asian Road Network for constructing an international road network, connecting Pakistan with 26 other countries. This will help transform the country into a developed state. The project will also result in construction of internal links from one part of the country which will later be extended to the international network.

I. TRANSPORT

a) Road Network

Pakistan has a road network covering 255,856 kilometers including 157,975 km high type roads and 97,881 km low type roads. The total roads, which were 170,823 KM in 1990-91, increased to 252,168 km in 2002-03 and further to 255,856 KM in 2003-04. During the out going fiscal year, the length of the high typed road network increased by 3.1 percent but the length of the low type road network declined by 1.1 percent. In other words, low type roads have been converted into high type roads. This has been made possible under the Khushal Pakistan Program and also reflects the success of the devolution program. The annual growth of roads in Pakistan between 1990-91 and 2003-04 is given in Table-14.1 and Fig-1

Table 14.1 Length of Roads (Kilometers)

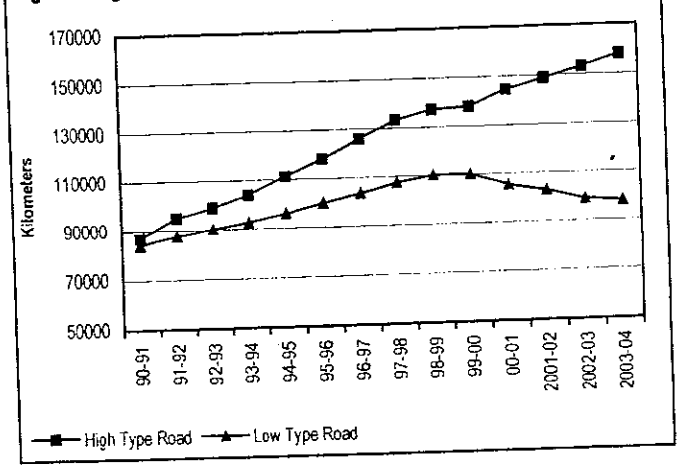
Fiscal Year	High Type		Low Type		Total	
	Length	%Change	Length	%Change	Length	% Change
1990-91	86,839	-	83,984	-	170,823	-
1991-92	95,374	9.8	87,335	4.0	182,709	7.0
1992-93	99,083	3.9	90,238	3.3	189,321	3.6
1993-94	104,001	5.0	92,816	2.9	196,817	4.0
1994-95	111,307	7.0	96,338	3.8	207,645	5.5
1995-96	118,428	6.4	99,917	3.7	218,345	5.2
1996-97	126,117	6.5	103,478	3.6	229,595	5.2
1997-98	133,462	5.8	107,423	3.8	240,885	4.9
1998-99	137,352	2.9	110,132	2.5	247,484	2.7
1999-2000	138,200	0.6	110,140	0	248,340	0.3
2000-01	144,652	4.7	105,320	-4.4	249,972	0.7
2001-02	148,877	2.9	102,784	-2.4	251,661	0.7
2002-03*	153,225	2.9	98,943	-3.7	252,168	0.2
2003-04*	157,975	3.1	97,881	-1.1	255,856	1.4

Source: Ministry of Communications

* Estimated

The total length of paved roads in Pakistan is now in excess of 255,856 KM and current national average road density stands at 0.32 Km/Sq KM. The road density comparison among different countries is given in Table-14.2 & Fig-2.

Fig-1: Length of Roads



National Highway Authority

NHA is currently the custodian of 18 of Pakistan's major inter-provincial links called the national highways, including the motorways. Total length of roads, under NH, now stands at 8885 KM. These roads account fo only 3.5 percent of Pakistan's entire road netwrk but cater to 90 percent of the commercial roac traffic in the counry.

The success of e Gwadar Deep ea Port is related to its direct conrection with the nohern parts of the country. NHA is lso according pririty to the linkage of Gwadar with e upcountry throgh Khuzdar and with Afghanistan via Chaman. With the planned and ongoing program, it is envisioned that by the year 2007 the major road trade links wil be in a respectable contion and by 2010 he East-West as well as the North South trade routs will be of an international stadard. Major on going-road development prects undertaken given in Table-14.3.

b) Pakistan Raiways

Pakistan Railwas is playing an imortant economic role by facilitatin the large scale movement of freight and passenger affic. Recently, seeral new train services were lanched on different routes. This resulted in an inrease in revenue as the number of passengers and freight transport increased. The government is tring to reduce the osses of the Railways throug the rectification of faults and leakages. Efforts have been made to construct a railway track up to Gwadar. This trck is essential for the success of the Gwadar deep-sa port as it will play a major role in linking Pakista with the Central Asian Countries The ticketing sysm is being computerized and the reservation ystem is being improved. The computerized system has curtailed the black markeng of tickets. In adition, a one window ticketing system has been introduced to facilitate the rail users.

Table 14.2 Comparison of Road Dnsity KM/Sq.KM

Name	Density	Name	Density	Name	Density
Argentina	0.08	Malaysia	0.29	UK	1.52
China	0.12	Spain	0.68	Hungary	1.70
Indonesia	0.14	USA	0.69	France	1.77
Brazil	0.23	India	1.00	Japan	3.07
Pakistan	0.32	Itay	1.04		

Sour: Ministr of Commnication.

Fig-2 Comparison of Road Density

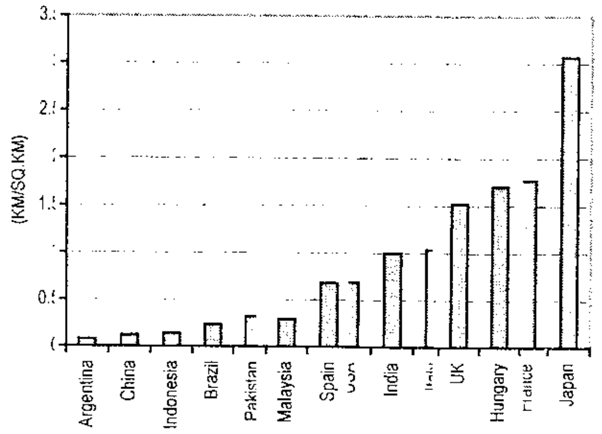


Table 14.3 On Going Road Develoment Prjects

Name of Project	Length (km)	Name of Project	Length (km)
Makran Coastal Highway	531	FK-Bahawalpur	170
Islamabad-Pesh. Motorway	155	Islamabad-Lwertopa	43
Karachi Northern Bypass	57	Kjuri-Bewata	68
Lyari Expressway	32	Nal- Sibi	81
Mansehra- Naran-Jalkhal	75		

Sourc Ministry of Commnication.

An amount of R 8.09 billion was rovided for the Railway Sector development pogramm for the ear 2003-04. Major activities clude rail renewal (220 KM) and sleeper reneval (288 KM), procurement f 7 locomotives in CBU and 8 locomotivs in SKD conditio and 68 coaches in SKD condition from China A surve has ben conduced regarding rail lirs from Gwader to Tafton, Chaman to Qandhar and Badin to the Thar coalfields. The perforance of the Pakistan ailways over the ast decade is given in Table 14.4.

The incuction of new and rehabilitaed passenger coaches has considerably imprved pasenger sevices. Eiht new train services hae also been introuced on different routes. On the freight side, 65 high caacity freight wagns recently receive from China will b inducted in the fleet by June 2004. The inducion of 1000 high apacity wagons, planned by 2006 is expected to improve freight sector capacity and revenue.

Table 14.4: Performance of Pakistan Railways

Fiscal Year	Route Kilometers	Number of passengers carried (Million)	Freight carried (Million tones)	Freight Tones Km (Million)	Locomotives (No.)	Freight wagons (No)
1990-91	8,775	84.9	7.7	5,709	753	34,851
1991-92	8,775	73.3	7.6	5,962	752	30,369
1992-93	8,775	59.0	7.8	6,180	703	29,451
1993-94	8,775	61.7	8.0	5,938	676	29,228
1994-95	8,775	67.7	8.1	6,711	678	30,117
1995-96	8,775	73.6	6.8	5,077	622	26,755
1996-97	8,775	68.8	6.4	4,607	633	25,213
1997-98	8,775	64.9	6.0	4,447	611	24,275
1998-99	7,791	64.9	5.4	4,330	596	24,456
1999-00	7,791	68.0	4.8	3,612	597	23,906
2000-01	7,791	68.8	5.9	4,520	610	23,893
2001-02	7,791	69.0	5.9	4,573	577	23,460
2002-03	7,791	72.4	6.2	4,820	577	23,722
July-March						
2002-03*	7,791	52.0	4.4	3,397	577	23,939
2003-04*	7,791	52.9	4.6	3,348	592	22,052

Source: Ministry of Railways

*Provisional

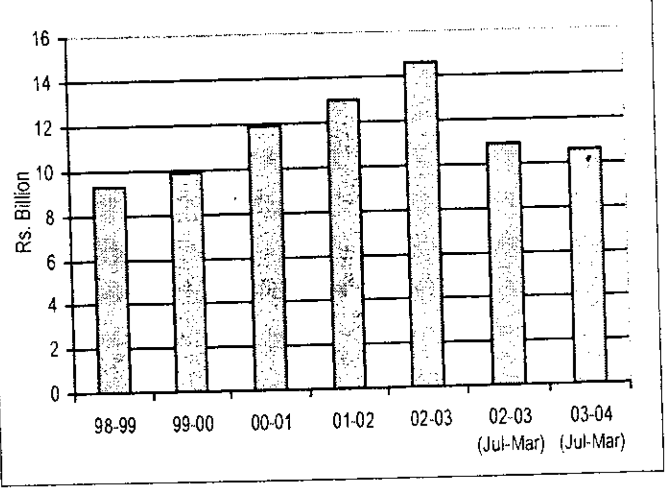
Pakistan Railways has improved its services both for passengers and luggage handling. As a result, Railway earnings increased by 56.6 percent between 1998-99 and 2002-03, However, during July- March 2003-04, the gross earnings declined by 4.2 percent compared to the same period last year. This drop in freight revenue was mainly because of the conversion of cement plants from furnace oil to coal, the reduction in furnace oil consumption in the power sector and the transportation of furnace oil through other means besides rail. The reduction in freight rates of goods to Afghanistan, is also affecting freight revenue. Details of earnings are given in Table-14.5 and Fig-3.

Table-14.5 Earnings of Pakistan Railways (Rs. Million)

Year	Earnings	% Change
1998-99	9,310	-
1999-2000	9,889	6.2
2000-01	11,938	20.1
2001-02	13,046	9.3
2002-03	14,575	11.7
July-March		
2002-03	11,000	-
2003-04	10,532	-4.2

Source: Ministry of Railways.

Fig-3: Earnings of Pakistan Railways



During 1990-2003, the share of Railways, both in respect to passenger traffic and freight traffic has declined from 13.5 percent to 9.4 percent and from 14 percent to 4.2 percent, respectively. However, Pakistan Railways did register an impressive recovery in 2000-01 when its freight traffic grew by over 20 percent, as against an average decline of 4.4 percent per annum in the 1990s. During the last three years (2000-2003), Pakistan Railways has been showing an increasing trend in both passenger and freight traffic, registering an average increase of 6.4 percent and 9 percent per annum respectively. A positive growth f 10.7 percent ha been recorded in passenger traffic during Juy-March2003-04Howeve, freight traffic declined y 1.4 percent dung July-March 2003-04. The positive growth tend for ree sucessive yars (2000-2003) ca be attributed to te wide range of improvements made by the Pakistan ailways i the qulity of services, timeliess and cleanlines. This trend is reported in Table-14.6 and Fig-4 & Fig.

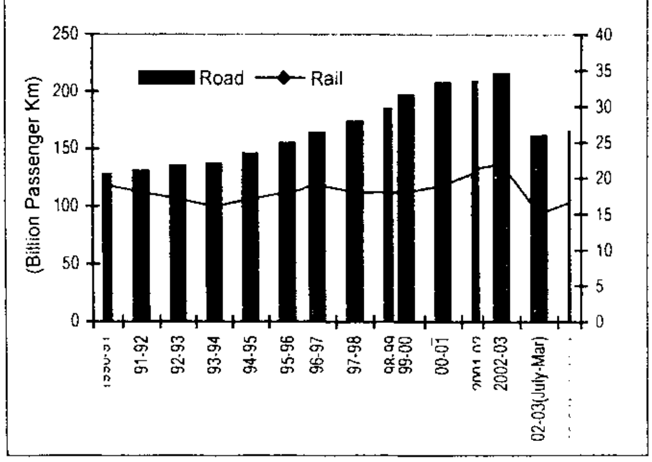
Table 14.6 Tred of Passengers Taffic and Freight Traffic (Road vs Rail)

	Passenger Taffic (Million passenger Km)				Freight (Mion Ton.M)			
Fiscal Year	Road	%Chnge	Rail	%Change	Road	% Chang	Rl	%hange
1990-91	128,000		19,964	-	35,211	-	5,79	-
1991-92	131,352	[illegible]	18,158	-9.0	41,536	18.0	5,92	4.4
1992-93	135,000	[illegible]	17,082	-5.9	53,719	29.3	6,10	3.7
1993-94	137,037	[illegible]	16,385	-4.1	71,596	33.3	5,98	3.9
1994-95	146,132	[illegible]	17,545	7.1	75,770	5.8	5,61	4.7
1995-96	154,566	[illegible]	18,905	7.8	79,900	5.5	5,07	10.3
1996-97	163,751	[illegible]	19,114	1.1	84,345	5.6	4,67	9.3
1997-98	173,857	[illegible]	18,774	-1.8	89,527	6.1	4,47	3.5
1998-99	185,236	[illegible]	18,980	1.1	95,246	6.4	3,97	-0.8
1999-00	196,692	[illegible]	18,495	-2.6	101,261	6.3	3,73	5.4
2000-01	208,370	[illegible]	19,590	5.9	107,085	5.7	4,50	0.4
2001-02	209,381	[illegible]	20,783	6.1	108,818	0.2	4,53	.2
2002-03	215,872	[illegible]	22,306	7.3	110,172	1.2	4,80	.4
July-March								
2002-03*	161,919		15,071		81,843		3,37	
2003-04*	166,761	[illegible]	16,692	10.7	85,025	3.9	3,33	1.4

*Provsional   Source: Minisry of Railways & Miristry of Cmmunicaons

c) Civil Aviatio Authority (CCA

Fig-4: Trend of Passenger Taffic

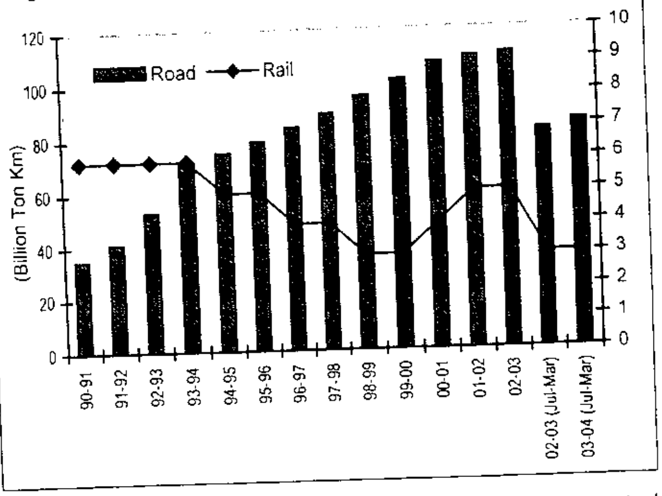


The new air terinal complex, capble of handling upto 6 5 million assengers per anum, has been commissioned Lahore. This stae of the art terminal now pivides modern an spacious facilities to the rlines, passenger and other users of the airort. The constructon of the New Islamaad Intelational Airport (NA) is currently under considerion for which the CAA has already acquired over 300 acres of land.

The Gvadar Inrmational Airport i being upgraced for th operation of Boeig 737 aircrafts and work is beig undertaken in cllaboration with and wih financl assistance fromhe Government of Oman a a total cost of US$ 6.6 mion. The urbat Aport will also be upgradd for wide-bodied ircraft operations. The airside facilities at Pesiawar InrnationaAirport have also been upgraded or heavy aircraft ith financial assistance fron the UAE Governnent. Thconstrudion of a ew airport for cargo operations by the private sector has been initated at Sialkot for vhich thearth wck for ruiway & allied facilities hs been complete and cargo operations to ad from this airport are expected to cmmence by the end of 2004.

Pakistan International Airlines (PIA)

Fig-5: Trend of Freight



Passenger capacity and traffic of the PIA increased by 9.8 percent and 12.2 percent respectively during July-March 2003-04 compared to the same period last year. The airline achieved 9,829 million revenue passenger kilometers (RPKs) as against 8,764 million in the corresponding period of last year showing an increase of 12 percent. International and domestic traffic in terms of revenue passenger kilometers (RPKs) increased by 14.7 percent and 6.3 percent respectively in 2003-04. Aggressive marketing and pricing adopted during the period assisted the airline in achieving a healthy seat factor of 71 percent. A total of 3.6 million passengers were carried as compared to 3.4 million passengers in the preceding year registering an increase of 5.9 percent. During the period July-March 2003-04, freight traffic generated 273 million revenue freight tonnes kilometers (RFTKs). The freight load factor was 53 percent. As part of the fleet replacement plan, PIA received its first 777-200ER aircraft in January 2004, second aircraft in February 2004 and the third aircraft in March 2004.Two more 777-200ER aircrafts will be delivered in January and February 2006 and three 777-300ER aircrafts will be delivered in the first quarter of 2008. The corporation initiated a long-term fleet modernization plan by inducting eight Boeing B-777-200ER wide body aircraft, with a view to replacing and renewing the aging fleet. The replacement for Fokker-27 aircraft will be made by the end of the current year.

There will be an offer for sale of 5 percent of the government's shares in PIA through the stock exchange. In the case of over subscription, the government will offer 5 percent additional shares of PIAC. The financial performance of PIA is reported in Table-14.7.

Table 14.7 Financial Performance of PIA (Rs. Million)

Items/Year	2003	2002
Revenue	47,952	43,674
Cost & Expenditure	44,252	41,563
Profit/Loss Before Tax	3,700	2,111

Source: PIA

d) Ports & Shipping

i) Karachi Port Trust

The Karachi Port is the principal seaport of Pakistan which handles approximately 75 percent of the entire national trade. The Port handled 18.7 million tonnes of cargo in 1990-91 which increased to 25.8 million tonnes in 2002-03 — thus, grew at an average rate of 2.8 percent per annum. During the first nine months of 2003-04, the Karachi Port handled a cargo volume of 20.5 million tons as against 20.0 million in the same period last year (an increase of 2.4 percent).

Keeping in view the port facilities, changes in maritime transport, and future requirements of trade & commerce, the Karachi Port Trust has launched a number of projects, which are in different stages of planning, tendering & execution. The implementation of these projects will increase the liquid cargo handling capacity by about 8 million tons per annum, provide deeper depths to accommodate deep draft vessels, enhance dredging capacity to improve and ensure harbor depth and handle container expeditiously. To keep pace with various advanced facilities, old crafts are being replaced with modern and efficient equipment ensuring agile operations. Besides infrastructure development projects, KPT has revised its tariff structure and computerized its day to day documentation to facilitate port users. Table-14.8 provides data on the total cargo handled at the Karachi Port from 1990-91 to 2003-04(July-March).

i) Port Qasim

Table 14.8 Cargo Handledat KaracPort (000'onnes)						
Yea	Imports	% Change	Expo	% Chang	Total	% Change
1990-9	14,714	-	3,9	-	18,709	-
1991-9	15,266	3.8	5,1	29.8	20,453	9.3
1992-9	17,256	13.	4,9	-5.2	22,170	8.4
1993-9	17,610	2.1	4,9	0.9	22,566	1.8
1994-9	17,526	-0.	5,5	12.4	23,098	2.3
1995-9	18,719	6.8	4,8	-12.	23,581	2.1
1996-9	18,362	-1.	5,1	5.2	23,475	-0.4
1997-9	17,114	-6.	5,5	8.9	22,684	-3.4
1998-9	18,318	7.0	5,7	3.0	24,053	6.0
1999-0	18,149	-0.	5,6	-2.1	23,762	-1.2
2000-01	20,064	10.	5,9	5.4	25,981	9.3
2001-02	20,330	1.	6,3	7.5	26,692	2.7
2002-03	19,609	-3.	6,2	-1.4	25,852	-3.1
2002-03 *	15,380	0.8	4,6		20,011	
2003-04 *	16,000	4.0	4,5	-2.8	20,500	2.4

* July-March — SourceKarachi Pt Trust

A cargo volume of 1.2 million tonne was handled at the Port during Ju-March 2003-04 ompared to 12.3 million tonnes durg July-March 200-03, a decrease of 9 percent. This derease is mainly de to the ban imposed on the imort of furnace oilendering a POL traffic shcrtfall of) percent at the Prt. A noteworthy feature is the 41 prcent increase inox trade over last year. Shi-callingat the Port also rgistered an increase of more an 13 percent ari stood at 590 during July-March2003-04 compard to 521 over the correspoding ped the previous yar. The increase in box trade and shibing highlight theransformation of the port fom a reonal hub to an inrnational one. During the periodnder review totalperating income of the Port stood at s. 1,615.7 millionOwing to good governarce and sict financial contl the expenditure was limitd to Rs. 911.5 milion shong a nesurplus f Rs. 704.2 milion. Eqully important is th fact that the net surplus o 704.2 million is 8 percent gher tha the buget projections durinche same period lst year.

iii) Gwadar Port

Development of te Gwadar Port is strategic as well as an imnediate commercil need tnandle ational tde. The portoffers mti-dimensional adantages and will influence he geo-strategic and politi-militarenvironient of the regior. The pject, which startd on 22nd March 2002, is ona fast track and wll be conleted o schedu in March 2005. The ort started receivg ships in Jan 2003 and hs been able to offload huireds ofons of cgo imported for the pject.

The Gwadar PortProject will be corpleted in two phases. Phae-I will comprise te buildi of thre multipupose berths o 200 mers length each wh 350 meters of backup area and related ancilary facies, a 5 m approch channel dredged accommodate vssels up to 50,000 dwt drawing 11.5 meters rafts, cao handg equipment and operational afts. The cost of hase-I is estimated at Rs. 14.9 billion (US $ 2.8 millior The Clnese Government hasledged an amour of US $ 198 million for this phase and the Gcvernmerof Pakian will povide the balance.

Phase-I envisags the constructio of 7 additional berths of 300 meters and two Oil Piers will prcide facilies to accommodate; (iOil tankers up to 00,000 tonnes dwt, (ii) Bulkcarriers up to 100000 tons, (iii) Gneral cgo vessels up to 10000 tonnes dwt ad (iv) Fourth generation cntainer ships drawng 15.6 20 mers draft The cost of Phase-II iestimated a US 524 million. Phase-II is proosed to be built on a BOT.OO bas.

Ports are window of economic opprtunity. After it is fully deveoped with all suppprting faities reqired to hndle huge trasit trad Gwadar will becme an important gateway to prosperity for Pakistan ants peop. The prt may serve as a bridgefor direct links beveen Afghanistan, the Cental Asian states ard the Wtern pas of Chin and the rest of the wdd via Pakistan. Te SAARC countries may alo reap huge ecoromic beifits. A rodern dep-sea port like Gwadarwith adequate comunication links and ancillry facilities would be a prerred trasit destintion for Asian, Africarand Pacific regiocountries. The developmert of infrastructure is expectl to resu in the development of mall businesses, et agriculture to better tradiig centers, boost small inditry, incrase proprty values and creat thousands of job opportunities. All this will have a direct impac on povy alleviion in th country. The Tourism industry is also expected to develop around the port. Shipyards, Dockyards, oil refineries and oil related industries are another identified area for development.

iv) Pakistan National Shipping Corporation (PNSC)

PNSC is the National flag carrier of Pakistan. Its main objective is to serve as an operating link with the major trading partners of the country, maintain and stabilize the freight rates and serve as a strategic link in case of emergencies.

During July-March 2003-04, PNSC acquired three oil tankers for the transportation of crude oil to the country's refineries. During the same period a small container vessel, the Swat was sold. PNSC's fleet totaled 14 vessels with a dead weight capacity of 470,326 tonnes compared to 13 vessels and a dead weight capacity of 229,579 tonnes on 30th June-2003.

The estimated revenue during July-March 2003-04 has been Rs. 4,602 million. The Corporation's ships handle all types of cargoes including rice, fertilizer, steel, coal, iron ore, machinery and general cargo. A total of 6.72 million tons of cargo has been transported during the first nine months of the current financial year of 2003-04.

II. COMMUNICATION

a) Information Technology (IT)

In the 21st century, the importance of the use of information and communication technologies (ICT's) cannot be overstated. As a primary initiative the government decided to spread IT literacy throughout Pakistan by equipping schools, colleges and universities with computer labs and by initiating training programs for teachers in IT. An indicator of the government's success in spreading the use of IT is the Internet. The spreading of Internet access in Pakistan has been phenomenal, and internet has spread to more than 1812 cities, towns and villages across Pakistan. IT charges have also come down to an affordable level. More than 700 IT companies had been established by 2003, generating an estimated revenue of US $ 20 million during 2002-03. Local software companies participated in 7 international exhibitions through a project approved by the Ministry of IT which resulted in MOU's worth US $ 16.3 million being signed between the software companies and international clients. Contracts worth US $ 4 million have materialized so far.

The first ever citizens portal of the Government of Pakistan has been launched under the e-government program and 34 division web sites and 3 special purpose web sites have been developed and connected with the portal system. A project for the automation of the Export Promotion Bureau has been launched and ATM network has been provided to facilitate low-income federal government employees.

Pakistan Software Export Board (PSEB):

PSEB provided opportunities to local IT companies to participate in international exhibitions in the year 2002-03. Apart from international exhibitions, domestic exhibitions along with focused conferences of international standards were arranged in Karachi resulting in the awarding of contracts worth more than Rs. 38 Million.

The Pakistan Software Export Board Ltd. has a membership base of more than 750 companies. These companies deal in various areas ranging from software development services to IT enabled services. Software exports from Pakistan for the last five years, reported by State Bank of Pakistan, are tabulated below Table-14.9.

b. Telecom Sctor

Table 14.9 Export of Software	
Fiscal Year	MillionUS $
1999-2000	182
2000-01	201
2001-02	203
2002-03	225
July-Mar 2003-04	220

Source: State Ban of Pakisin

The promulgaon of the Telecor (Re-Organization) Act ir 1996 la the foundation fr the rapid deveopment f the Telecom secor in Pakistan. The Act paved theway for private investors to participate in the provisic of new telecom services to the peope of Paktan through the istallation of new telecom systems. Recently the Govenment of Pakistan hasannounced both fixed linend mobe deregiation polices to intiduce competitionand attract private investment under the auspces of t Pakista Telecon Authoiy (PTA).

i) Fixed Line elecom Deregultion Policy

The Governmnt of Pakistan anounced a fixed line telecon deregulation poliy in Jul2003. Uder this deregulation plicy an open licesing regime is being followed with no restrictin on thnumber f license and the license will beept technology nutral. Two license categories have been formed, namy, the lcal loop (L) and te Long DistancInternational (LD. The license term will be o 20 years. PTA has inviteexpressin of intersts for fixed lines uner a policy wherey the authority is expectingto receive a good espons

ii) Cellular Moile Policy

The frst ever ellular mobile poly was formally approved on 28th January 2004 to opethe wayor the liensing c new cellular cerators through a open and competitive aucion process. The icense tm will be 15 year and the polic will be eviewed every 5 yars.

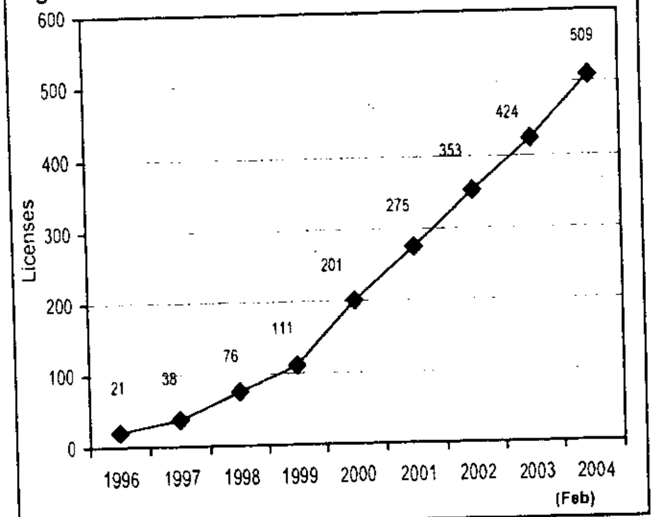
Pakistan Telcommunication Authority (PTA)

PTA was estalished in January 1997 under the Pakistan Teecommunication (Re-orgazation) Act, 1996o regula the establishment, operation anmaintenance of telecomminication systems. The prootion of competitin to ensure a leveplaying field for ain the telecom sector is theprime concern of he PTA. has pun place n efficiet licensing mecanism and less singent regulations to assistthe operation of the indust. PTA hs issued3 license for basic teleyony to PTCL, NT & SCO to provide fixed lire services in their designatd areas long wit 5 Mobil licenses. Undr the Policy annonced by the Government, tle PTA had invitedExpresons of Inrest an receive 33 applicatior from potential oprators for the award of twonew cellular licenses. Thedding ws condcted by PTA on 14th Aril 2004 in which companies participated. Two licenses were awarded the highst bidders who bl US $291 Millin for each license The companies who quoted this amount thrugh opebidding were M/SSpace Communicatin Pakistan & M/S Telenor Norway. Both are foreign-based companies. The later, ue to Spce telecom not meting the paymet requirements the second lcense was awarded to theiarid grup whichmatched the US $ 291 million original bidlt is expected that new andexisting operatorswill makan invement ofUS $ 2 billion in the Pakistan Mobile Setor in the next few years.

So far a total f 509 licenses hae been issued to various teecom service companies o of whic 250 licenses hav beer issued f Card PayphoneServices, 142 for Electroniclnformation Services and tl remainig for oter services. From June 2002 to 204 the PTA issued 113 licenses for the telecom sector. the yea2002, PTA issue the frst licens for the operationof Video Conferencing Servces. Similarly, 22 HF/VHF/HF Private Land Mobie/Fixed, Inmarsat/Satellit Phones, 12 amateur licenses were issued during the irrent fisal year. Six satelite compnies have also reistered themselves with the PTA. The Fig-6 slows the number clicensesissued b PTA.

PTA has extended a number of incentives for the growth of the telecom sector in Pakistan. Royalty on Mobile operators has been reduced from 4 percent to 1.5 percent of gross revenue. For ISP's and card payphone operators the royalty has been reduced from 4 percent to 0.66 percent and 2 percent respectively. License fees for ISPs in Balchistan have been reduced by 50 percent. Royalty on telecom equipment sale has been abolished from 5 percent. For satellite services the licensing fee has been abolished and only registration is required. Type approval fee has also been reduced by 50 percent to 39 percent on locally and foreign manufactured telecom equipment.

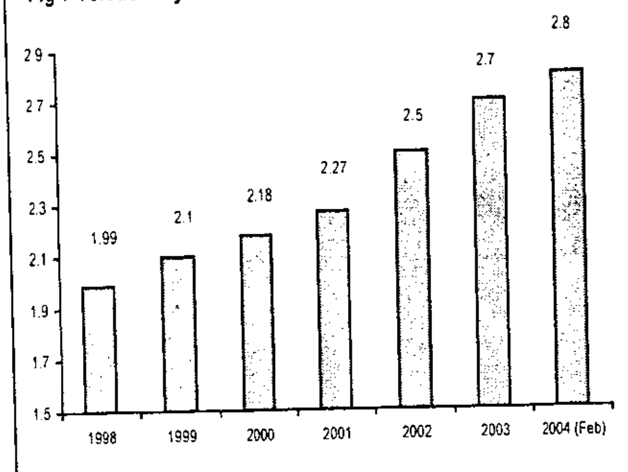
Fig-6 No. of Licenses Issued by PTA



Growth of the Basic Telecom Sector

Pakistan has observed a stable growth in teledensity over the past few years. In 1996, there were only 2.4 million fixed working connections but by the end of February 2004 these had reached 4.2 million. Hence, the teledensity increased from 1.85 percent in 1996 to 2.8 percent by the end of February 2004, an improvement of 51.35 percent. Growth in teledensity is shown in the Fig-7.

Fig-7 Teledensity Trend of Basic Telephony



Currently there are three basic telephone service providers namely Pakistan Telecommunication Company Limited (PTCL), Special Communication Organization (SCO) & National Telecommunication Corporation (NTC). The performance of these fixed line companies is given in the following paragraphs:

i) Pakistan Telecommunication Company Limited (PTCL)

Pakistan Telecommunication Company Limited (PTCL) was incorporated in December 31, 1995. It has a virtual monopoly in providing fixed line telecom services across the country and has the largest telecom infrastructure as well. However, the Govemment abolished its monopoly in the year 2003 by announcing its De-Regulation Policy. By the end of Feb 2004, PTCL had deployed 5.054 million lines out of which 4.219 million were in service (a capacity utilization ratio of 84 percent). Table-14.10 shows the growth of working connections and installed capacity.

The PTCL network has a 99.5 percent digital switching system exchanges, an optical fiber cable backbone, subsidiary routes, long distance media, digital radio systems, satellite communications and alternate arrangements with international gateway exchanges at Karachi and Islamabad. Besides, a total of 1,812 cities/towns/villages have so far been provided with Internet access. PTCL also provides infrastructure for connectivity to Internet Service Providers (ISPs), data network operators (DNOPs), software exporters, educational institutions, universities, corporate customers, card pay-phone licensees and other users. The past year has seen the telephone consumers (both residential and corporate) in Pakistan, enjoying an influx of cheaper, and newer, services on a regular basis.

The installationharges were redced by almost 400 percent or the rural areas— from s. 1850 ɔ Rs. 50. Such measu'es may ɔsitively contribu: towards stimulating the reach of telephone connectics in thear-flung reas of Pakistan, thus icreasing the teleensity.

Table-14.10 Wrking Connection:Vs Installed Capacity

Year	Working Connectios	Installed Capacity	Growth Rite Working Connecions (%)	rowth Rte Instaed Capaity (%)
1997	2,557,61!	3,159,447	--	--
1998	2,660,89	3,405,968	4.03	7.80
1999	2,874,23	3,687,610	8.01	8.26
2000	3,053,46	3,883,086	6.23	5.30
2001	3,252,51	4,080,552	6.51	5.08
2002	3,655,47	4,388,478	12.38	7.54
2003	3,982,78	4,940,154	8.95	12.57
2(04 (Feb)	4,213,83	5,054,254	--	--

Source: ITA 2004

The installatiorharges for the uɔan areas have also been rduced from Rs. 1350 to R 1350. I additior call charges were opped; (the domstic by 15 percent, internatinal by 23 percent and of e duratin for off eak locε calls was doubd. The line rent so went down by 33 percert, from Rs. 300 to Rs. 200.uch a dp in muiple service costs the same time, ws aimed at providing an anual relief of arourd Rs. 6 17 billiorto the uers of fixed lne teleponne services in Pkistan. PTCL has been corstantly endeavorirg to enhce the xisting cstomer service facilitie A one window cntact facility was established in the shape of CorporatCustomrs Centes in Karachi, Lahorand Islamabad.

ii).National TecommunicatiorCorporation (NTC)

Natioral Telecnmunication Cororation (NTC) was establisled in 1996 under he Pakisn Teleommuniotion (Re organzation) /t, 1996. NTC cares a definite mandate to prvide basic teleconmunicaɔn servies to its designated cuomers, i.e., Fedeal and Provincial Governmets, their departmnts, autiomous rganizaɔns and Deferce servics throughout the:ountry. During 2003-04 theNTC is also in theprocessf estabbhing anptical fiber tackbonon the Makran cost to bring the people of ara into the nationa mainstrm of deelopmet. NTC now has an inslled capacity of bout 82,412 and working cınnections of abou 69,832 2004) wh a Swithing Network of 66 xchanges spreadn 36 cities of Pakistan. Thetotal working conections the NT grew b about 140 percent al the installed capcity increased by 81 percent during the last sx years.able-14l 1.

Growth of Celar Mobile Sectr

The Mobile seor has shown treıendous growth in Pakisan over ıe years. Current, 4 companies are pıoviding ellular mobile serces in Pakistan namely Mobilk, Paktel, Insta ad U-fone. As shown in Fig-(in 1999 there wee only 0.2 million subscribers aoss the country bt with the introcuction o:he CPP regime ad U-fane entry into the cellul market, a sharp icrease in the numter of sutcribers has beenbserved resulting in a rse to 1.2nillion in 2002. Crrently there are a total of 3.7 mion subscribers (March 2004) in Pakistan.

Table-14.11 NTC—Statistics

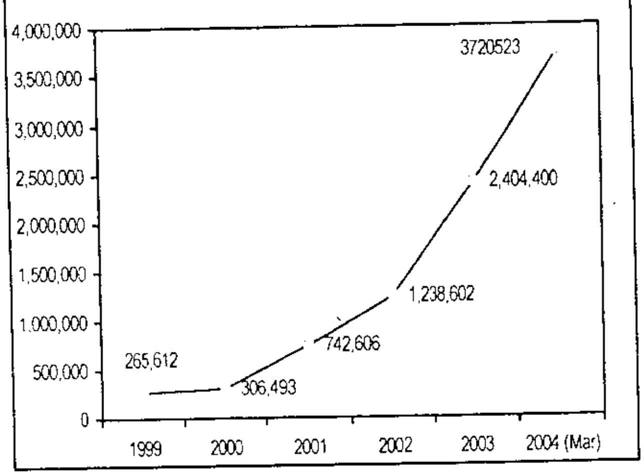
Year	Working Connecions Billed	nstalled Capacity	b. Of Exnanges
1996-97	16355	--	--
1997-98	19538	--	--
1998-99	29044	45506	--
1999-00	33482	45866	20
2000-01	41637	64770	20
2001-02	54309	73656	39
2002-03	64640	81036	54
2003-04	69832	82412	66

Surce: NT

Fig-9 depicts the market share of the four mobile operators in the Pakistan mobile market. Mobilink being the market leader has 62 percent market share, U-fone has 15 percent and rest of the market is divided between Instaphone and Paktel.

It is expected that the Cellular Mobile sector will experience a wave of change with two new mobile operators. According to an estimate a potential demand of around 25 million subscribers till 2018 is required to be satisfied in Pakistan.

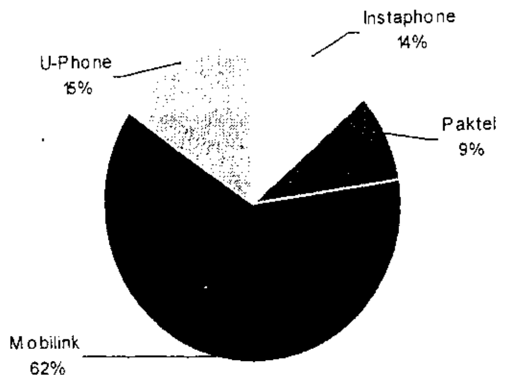
Fig-8 Growth of Mobile Subscribers in Pakistan



Internet

The Internet industry is also showing high growth pattern and Internet Access is now available in 1812 cities & towns of Pakistan compared to only 29 in the year 2000. Today there are more than 1.6 million Internet users across the country Fig-10.

Fig-9 Market Share of Mobile Operators in Pakistan Feb 2004

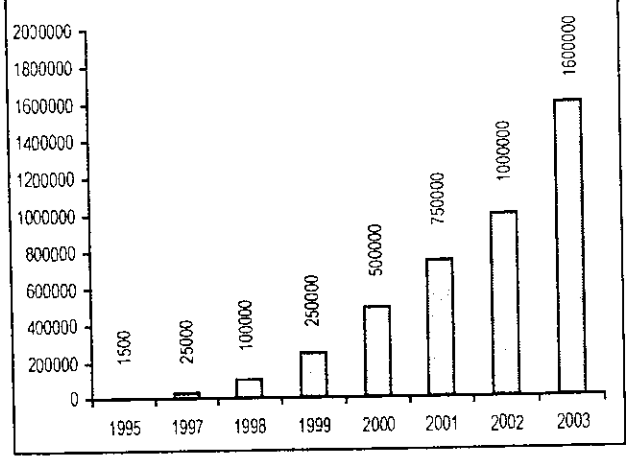


c) Electronic Media

i) Pakistan Television Corporation Limited (PTV)

PTV was operating with three Channels in the country, namely PTV-I, PTV-2 (PTV-World) and PTV-3 by the end of 2002-03. During 2003-04 another TV Channel (PTV-National) has been established which has commenced its operation. The rebroadcast centres, extending the TV signal to remote areas, are 49 for PTV-1, 29 for PTV-2 and 13 for PTV-3. The present Government is giving priority towards socio-economic up-lift to lesser-developed areas and has planned to extend the TV signal by setting up additional rebroadcast centres at Shakargarh in the Punjab and Pooran and Bisham in the NWFP. A Television center at Muzaffarabad and three rebroadcast centers at Kotli, Bagh and Rawala Kot have been established as of February, 2004. These stations are transmitting various programme daily. It is further planned to set up four more rebroadcast centres at Palandir, Bhimber, Neela Butt and Mirpur in AJK by the end of 2004-05. The old electronic equipment of one studio each at TV Centers in Karachi, Lahore, Islamabad, Peshawar and Quetta have been replaced with state of the art and equipment. The establishment of a Direct to Home (DTH) service during 2004-05 is also under consideration.

Fig-10: Number of Internet Users



ii) Pakistan Brodcasting Corportion (PBC)

The Patistan Bradcasting Corportion (PBC) has been playing a very importantrole in pmoting ational integraton, projeting Governmenbolicies at home and abroal, and providing informatio educatn & entertainment tone people. The RC has a total of 25 broadcisting stations in al parts oPakista. broadcsts programmes fors listeners at hore and abroad round the clock in Urdu and 18)ther laruages c Pakista as well as 15 fcreign laruages in its hom, world and external servicts. PBC programmes can t heard i various countries of AsiaAfrica and Europ. Two 100 KW medium ware solid state transmitters :Rawalpdi and Iirpur (AJK) have also een added durin new millennium, and a proect for the installaion of aither 10 KW meium wave solid state ansmitter at Turbt is in progress. A 100 KWSW solid state transmitteras beernstalledn Islamatad whicts likely to be comissioned shortly. Up-gradition/computerizaton of stiios acrcs the cantry is in progress. PBChas made great :rides in the indigenous fabication of capital eectronicquipmet by its own engineers and hs so far producemedium wave transmitters)f 10 KW to 300 KW powe)esides M transiitters and other audio quipment. The wrld is moving towards a digtal audio broadcast systemnd as sch a 10 KW medium wave scd state transmittr is in the process of being nstalled each in Lahore, Qetta andPeshawr. These are capable of imediate conversin to a digital audio broadcast system when required.

d) Pakistan Po: Office

The Pakistan Pct Office is a statenterprise dedicated to proiding a wide range of post service to the pople. It provides postal cilities through aet work of 12,254 post offices across the country. It isie premer nationl postal communication ervice bringing toether a vast country with a arge population. The Pakian Post)ffice ha settled accounts with th foreign postal aministrations as per Universal Postal Union rejulationsAs a realt Pakisan received Rs.1451 million in forein exchange on account of terminal dues during July-Mrch 200-04 and aid Rs.5.9' million i foreign exchangito the other foreign administration during this)eriod. Hnce theiet earnig of the Pakistan Post Ooce Department i Foreign exchange during tiis period was Rs. 35.6 mion. Durig July-March 2003-04 Pakista received Rs.12.I million as remittances throigh Pakistan Post Office. Itas introuced a roney transfer system ith the collaboratn of Western Union, in major GPOs of the cointry. Onccountf moneytransfer projectPakistanPost Office receivd an amount of US $ 34 milion, during July-March 201-04. A ew concpt of a moderr ultra po office i.e. "Post Ialf" has been introduced inthe country. This state of tl art posoffice is functioning presntly in Islamabadnd Lahore and very shortly will be establishel in Peslwar, Kachi andQuetta. All major post oces in the countrhave been computerized with tracking and tracing sysms in pice.

• •

ENERGY

Energy is the most important input for economic development and national prosperity. Primary energy consists of petroleum, natural gas, coal, hydroelectric power, nuclear electric power and electricity generated from geothermal, solar, wind and waste sources. The past decade has witnessed a worldwide revival of interest in renewable energy technologies. The importance of this resource as clean, abundant, and competitive fuel has now been established. Renewable energy sources include small hydel energy, solar energy, wind energy, biomass energy and geo-thermal energy, etc. Between 1992 and 2001 the world's total output of primary energy increased at an average annual rate of 1.5 percent. World primary energy production increased from 351 quadrillion British thermal units (Btu) in 1992 to 403 quadrillion Btu in 2001. The share of the Organization for Economic Cooperation and Development (OECD) countries in production of primary energy was estimated at 40 percent in 2001.

In Pakistan, primary commercial energy supplies increased by 4.0 percent during 2002-03 compared to 13 percent in the previous year and reached 47.1 million tonnes of oil equivalent mainly due to an increase in natural gas, hydel power and coal at rates of 1.4, 18 and 0.3 million tonnes respectively. However, the supply of oil decreased by 0.4 million tonnes of oil equivalent in 2002-03 due to a decline in the import of furnace and high speed diesel oil. The cement industry has started using coal, both local, as well as, imported to replace natural gas and furnace oil. There is a need to create an environment for the improvement of the energy sector in Pakistan in order to introduce competition, so that energy can be made accessible, affordable, and reliable to the people. The available geological data shows adequate mineral potential in Pakistan for the conversion of some of the identified mineral deposits into resources. This provides an impetus to utilize these endowments for national economic revival, and socioeconomic uplift, especially in the far-flung rural areas of the country.

The government is providing an investment-friendly environment for the energy sector to attract local and foreign investors and as a result of these financial and structural reforms, the energy sector has already emerged as one of the most attractive sectors in the country.

I. Energy Consumption

During the last thirteen years (1990-91 to 2002-03), the average consumption of the petroleum products showed an upward trend increasing by 4.7 percent per annum. The consumption of gas, was up by 3.7 percent per annum, electricity by 8 percent, and coal by 2.2 percent. The annual trend of energy consumption since 1990-91 to 2002-3 is given in Table (15.1). The consumption of gas, electricity and coal during the first nine months (July-March) of the current fiscal year increased by 14.9 percent, 8.6 percent and 15.6 percent, respectively over the corresponding period last year. However the consumption of petroleum products has registered a decline of 23.3 percent. Table-15.1). The acceleration in growth of energy consumption during 2003-04 is no surprising when seen against a 17 percent increase in large scale manufacturing and 6.4 percent growth in real GDP. Higher consumption of energy simply reflected the rising level of economic activity in the country.

Table 15.1 Annual Energy Consumption

Fiscal Year	Petroleum Products (000 tones)	Change %	Gas (mmcft)	Change %	Electricity (Gwh)	Change %	Coal (000 M.T)	Change %
1990-91	9,961	-0.1	465,338	-17.6	31,534	9.6	3,054	
1991-92	10,983	10.3	486,631	4.6	33,878	7.4	3,099	1.5
1992-93	12,012	9.4	511,526	5.1	36,493	7.7	3,267	5.4
1993-94	13,225	10.1	550,769	7.7	37,381	2.4	3,534	8.2
1994-95	13,960	5.6	546,788	-0.7	39,619	6.0	3,043	-13.9
1995-96	15,601	11.8	582,868	6.6	41,924	5.8	3,638	19.6
1996-97	15,606	0.0	597,799	2.6	42,914	3.4	3,553	-2.3
1997-98	16,624	6.5	607,890	1.7	44,572	3.9	3,159	-11.1
1998-99	16,647	0.1	635,832	4.6	43,296	-2.9	3,461	9.6
1999-00	17,768	6.7	714,744	12.4	45,586	5.3	3,168	-8.5
2000-01	17,648	-0.7	774,410	8.3	48,584	6.6	3,095	-2.3
2001-02	16,960	-3.9	824,604	6.0	50,622	4.2	3,492	12.8
2002-03	16,452	-3.0	872,264	5.8	52,656	4.0	3,768	7.9
Avg. 13 years		4.1		3.7		4.8		2.2
July-Mar								
2002-03	12,406		673,034		38,508		2,807	
2003-04	9,512	-23.3	773,457	14.9	41,836	8.6	3,244	15.6

Source: Hydrocarbon Development Institute of Pakistan & D.G Oil

A. Petroleum Products

During the first three quarters of the current fiscal year the consumption of petroleum products by household, industry, agriculture, and power sector exhibited sharp declines to the extent of 19.3 percent, 14.2 percent, 5.6 percent and 62.4 percent, respectively. The decline in the use of petroleum products was mainly on account of the availability of alternative and relatively cheaper fuels in the form of natural gas and LPG and the replacement of fuel oil with coal and gas in the cement industries and power genetration. Availability of sufficient water in reservoirs helped generate more hydel electricity and as such the reliance on fuel oil based thermal electricity declined. Accordingly, the imports of fuel oil also declined. However, transport and other government sectors have recorded an increase in the consumption of diesel and JP-1. The annual growth in the consumption of petroleum products by major sectors and their relative shares since 1990-91 to 2003-04 are given in Table (15.2) and Table (15.3), respectively. The transport sector was the largest user of petroleum products accounting for 47.6 percent, followed by the power sector (31.9 percent), industry (12.2 percent), households (3.9 percent), other Govt. (2.5 percent) and agriculture (1.8 percent).

B. Consumption of Gas

Table 15.4 gives the annual change in the consumption of gas by various users since 1990-91 to 2003-04. Household, commercial and power sector registered a sharp rise in the consumption of gas. The consumption of gas by power sector increased by 20.2 percent while households' consumption grew by 11.8 percent followed by the commercial sector 11.8 percent, fertilizer 6.1 percent and industrial sector 5.2 percent (Table 15.4). The relative shares of gas consumption by various users during the last thirteen years are documented in Table 15.5. The Power sector has emerged as the largest consumer of gas (34.8 percent), followed by fertilizer (23.9 percent), industries (18.9 percent), households (17.7 percent), commercial (2.9 percent) and cement (1.6 percent). It may be noted that the share of the power sector in consuming gas has been rising continuously since 1998-99. The power sector is gradually reducing its dependency on imported fuel oil because of escalating prices.

Table 15.2: Consmption of Petrolem Products (000 tones)												(Pe:entage change)
Year	House holds	% Change	Industry	% Change	Agri-culture	% Change	Trans-port	% Change	Power	% Change	Other Govt.	% Change
1990-91	944	-15.4	1,148	-11.5	265	-7.6	4,841	3.4	2,434	11.2	328	-17.7
1991-92	614	-35.0	1,369	19.3	281	6.0	5,619	16.1	2,775	14.0	323	-1.5
1992-93	622	1.3	1,480	8.1	287	2.1	6,107	8.7	3,158	13.8	357	10.5
1993-94	590	-5.1	1,653	11.7	308	7.3	6,414	5.0	3,902	23.6	357	0
1994-95	585	-0.8	1,889	14.3	269	-12.7	6,646	3.6	4,215	8.0	355	-0.6
1995-96	596	1.9	2,416	27.9	250	-7.0	7,136	7.4	4,786	13.5	417	17.5
1996-97	510	-14.4	2,141	-11.4	269	7.6	7,172	0.5	5,110	6.8	404	-3.2
1997-98	499	-2.2	2,081	-2.8	245	-8.9	7,364	2.7	6,054	18.5	381	-5.7
1998-99	493	-1.2	2,140	2.8	249	1.6	7,864	6.8	5,526	-8.7	376	-1.3
1999-00	477	-3.2	2,116	-1.1	293	17.8	8,308	5.6	6,228	12.7	346	-8.0
2000-01	451	-5.5	1,924	-9.1	255	-13.0	8,158	-1.8	6,488	4.2	372	7.5
2001-02	335	-25.7	1,612	-16.2	226	-11.4	8,019	-1.7	6,305	-2.8	464	24.7
2002-03	283	-15.5	1,604	-0.5	197	-12.8	8,082	0.8	6,020	-4.5	266	-42.7
Jul-Mar												
2002-03	228		1,265		144		5,842		4,731		196	
2003-04	184	-19.3	1,086	-14.2	136	-5.6	6,111	4.6	1,781	-62.4	214	9.2

Source: Hydrocarbon Develpment Iritute of Pakistan &).G. Oil

Table 15.3: Consmption of Petrolem Products						(Perentage Sare)
Year	House holds	Industry	Agriculture	Transport	Fver	OtherGovt.
1990-91	9.5	11.5	2.7	48.6	.4	3)
1991-92	5.6	12.5	2.6	51.2	.3	2)
1992-93	5.2	12.3	2.4	50.8	.3	2)
1993-94	4.5	12.5	2.3	48.5	.5	2'
1994-95	4.2	13.5	1.9	47.6	.2	2)
1995-96	3.8	15.5	1.6	45.7	.7	2'
1996-97	3.3	13.7	1.7	45.9	.7	2)
1997-98	3.0	12.5	1.5	44.3	.4	2)
1998-99	2.9	12.9	1.5	47.2	.2	2)
1999-00	2.7	11.9	1.6	46.8	.0	1)
2000-01	2.6	10.9	1.4	46.2	.8	2
2001-02	2.0	9.5	1.3	47.3	.2	2'
2002-03	1.7	9.7	1.2	49.1	.5	1
Avg.13 years	3.9	12.2	1.8	47.6	.9	2
Jul-Mar						
2002-03	1.8	10.4	1.2	46.6	.4	1
2003-04	1.9	13.2	1.4	63.0	.2	2

Source: Hydrocarbon Deveopment Iritute of Pakistan &).G Oil

C. Electricity Cnsumption

Tables 15.6 and 5.7 show the posiion of electricity consumptin from 1990-91 to 2003-04 On aveage, the household sectc has been the largest consumer of electricity, accounting for 41.1 percent f total eectricity consumption, fowed by industrie (31.1 percent), agriculture 14.3 percent), other governent seor (7.4 prcent), commecial (5.5 ercent), and stret lights (0.7 percent). A subtantial increase in the consmption electricy has been witnessed uring the first 9 mnths of the current financia year (Fig-1 and Fig-2).

(Percentage Change)

Table 15.4: Consumption of Gas (Billion cft)

Year	House-Hold	% Change	Comm-ercial	% Change	Cem-ent	% Change	Fertili-zer	% Change	Power	% Change	Indus-trial	% Change
1990-91	67	11.1	12	10.4	13	62.9	108	-0.6	176	4.3	89	2.9
1991-92	71	6.0	13	8.3	12	--7.7	101	-6.5	194	10.2	96	7.9
1992-93	76	7.0	14	7.7	12	0.0	119	17.8	187	-3.6	103	7.3
1993-94	82	7.9	15	7.1	10	-16.7	144	21.0	198	5.9	101	-1.9
1994-95	97	18.3	16	6.7	7	-30.0	142	-1.4	181	-8.6	104	3.0
1995-96	110	13.4	17	6.3	8	14.3	150	5.6	186	2.8	111	6.7
1996-97	115	4.5	18	5.9	9	12.5	150	0.0	194	4.3	110	-0.9
1997-98	134	16.5	19	5.6	12	33.3	148	-1.3	179	-7.7	115	4.5
1998-99	131	-2.2	21	10.5	8	-33.3	167	12.8	184	2.8	121	5.2
1999-00	139	6.1	22	4.6	9	12.6	177	6.0	230	25.0	135	11.6
2000-01	141	1.4	21	-4.5	7	-22.2	175	-1.1	288	25.0	139	3.0
2001-02	144	2.1	22	4.8	7	0.0	178	1.1	315	9.4	151	8.6
2002-03	154	6.9	23	4.5	3	-57.1	181	1.7	336	6.7	165	9.3
Jul-Mar												
2002-03	127		17				131		263		135	
2003-04	142	11.8	19	11.8	4		139	6.1	316	20.2	142	5.2

Source: Hydrocarbon Development Institute of Pakistan

(Percentage Share)

Table 15.5: Consumption of Gas

Year	Households	Commercial	Cement	Fertilizer	Power	Industrial
1990-91	14.3	2.6	2.8	23.2	37.9	19.1
1991-92	14.5	2.7	2.4	20.8	39.8	19.7
1992-93	14.8	2.8	2.3	23.4	36.5	20.1
1993-94	14.9	2.8	1.8	26.2	35.9	18.3
1994-95	17.8	2.9	1.2	25.9	33.1	19.0
1995-96	18.9	2.9	1.3	25.8	32.0	19.1
1996-97	19.3	3.1	1.5	25.2	32.4	18.4
1997-98	22.1	3.1	2.0	24.3	29.4	18.9
1998-99	20.7	3.4	1.3	26.3	28.9	19.1
1999-00	19.6	3.0	1.2	24.8	32.2	18.9
2000-01	18.2	2.7	0.9	22.6	37.0	17.8
2001-02	17.5	2.7	0.9	21.6	38.2	18.5
2002-03	17.6	2.6	0.4	20.7	38.5	16.9
Average (13 years)	17.7	2.9	1.6	23.9	34.8	18.9
Jul-Mar						
2002-03	16.8	2.6		19.4	39.0	20.1
2003-04	18.4	2.4	0.51	17.9	40.9	18.4

Source: Hydrocarbon Development Institute of Pakistan.

Table 15.6: Consuption of Electricit By Sectors (000 GWH)												(Percntage Cange)
	Houshold		Commrcial		Industrial		Agriculture		Street Lig (Total)		OtherGovt.	
Year	Gwh	% Change	Gwh	% Change	Gwh	% Change	Gwh	% Change	Gwh	% nange	Gwh	% Change
'990-91	10.4	11.2	2.1	5.5	11.2	8.8	5.6	11.8	-	-	2.1	19.2
'991-92	11.4	9.6	2.1	0	12.3	9.8	5.8	3.6	-	-	2.1	00
'992-93	13.2	15.8	1.7	-19.0	13.0	5.7	5.6	-3.4	297	-	2.6	23.8
'993-94	14.0	6.1	1.8	5.9	12.6	-3.1	5.8	3.6	298	0.3	2.8	7.7
'994-95	15.6	11.4	1.9	5.6	12.5	-0.8	6.2	6.9	324	8.7	3.0	7.1
'995-96	17.1	9.6	2.2	15.8	12.1	-3.2	6.7	8.1	378	16.7	3.3	10.0
'996-97	17.8	4.1	2.2	0	11.9	-1.7	7.0	4.5	390	3.2	3.4	3.0
'997-98	18.8	5.6	2.3	4.5	12.3	3.4	6.9	-1.4	387	-0.8	3.9	14.7
'998-99	19.4	3.2	2.4	4.3	12.0	-2.4	5.6	-18.8	224	42.1	3.6	-7.7
'999-00	21.4	10.3	2.5	5.2	13.2	10.0	4.5	-19.9	239	6.7	3.6	0
2000-01	22.8	6.5	2.8	12.0	14.3	8.3	4.9	8.9	213	10.9	3.5	-2.8
2001-02	23.2	1.8	3.0	7.1	15.1	5.6	5.6	14.3	212	-0.5	3.5	0.0
2002-03	23.7	2.2	3.2	6.7	16.1	6.6	6.0	7.1	244	15.1	3.4	-2.9
.uly-Mar												
2002-03	17.1		2.3		12.0		4.4		121*		2.6	
2003-04	18.5	8.2	2.7	17.4	12.8	6.7	4.9	11.4	361	98.3	2.6	0.0

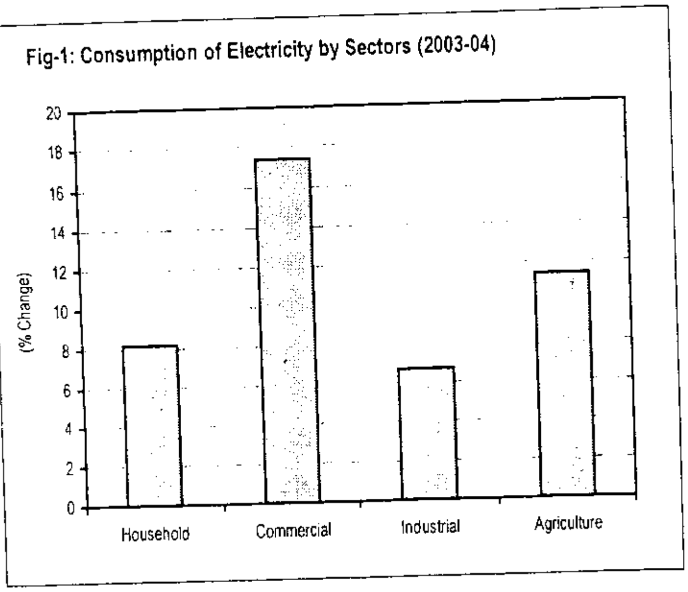
- not avalable
*KESC's igure not cluded.

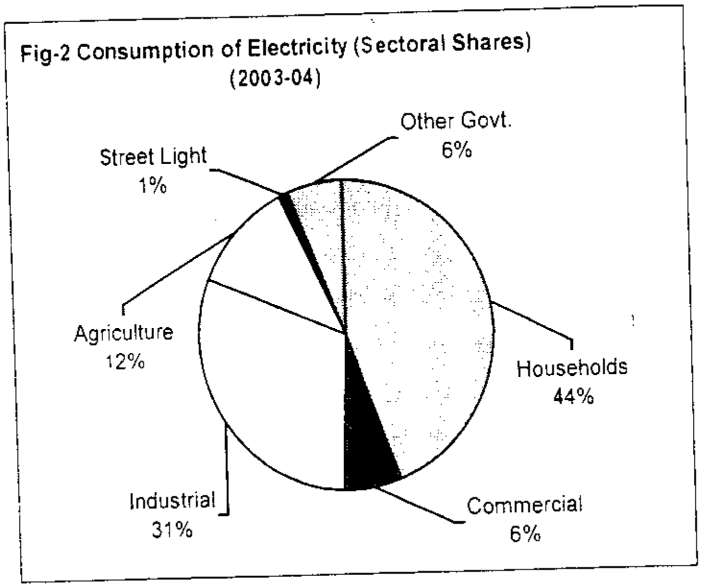
Source: Hydrocabon Devopment Istitute of 'akistan

Table 15.7: Consuption of Electricit (Sectoral Shares)						(Peentage hare)
Year	Households	Commercial	Industrial	Agriculture	Stre Light	OtherGovt.
1990-91	33.0	6.6	35.6	17.8		6)
1991-92	33.8	6.3	36.3	17.3		6!
1992-93	36.1	4.7	35.7	15.4	8	7
1993-94	37.7	4.8	33.8	15.4	8	7.
1994-95	39.3	4.9	31.6	15.8	8	7)
1995-96	40.9	5.2	29.1	15.9	9	7)
1996-97	41.4	5.2	27.9	16.5	9	8)
1997-98	42.1	5.2	27.6	15.5	9	8)
1998-99	44.8	5.5	27.9	12.9	5	8!
1999-2000	47.1	5.6	28.9	9.9	5	7)
2000-01	46.9	5.7	29.5	10.1	4	7)
2001-02	45.9	5.8	29.9	11.1	4	6)
2002-03	44.9	6.1	30.7	11.4	5	6.
Average (13 Years)	41.1	5.5	31.1	14.3	7	7.
Jul-Mar						
2002-03	44.4	6.1	30.9	11.4	3	6)
2003-04	44.2	6.3	30.7	11.7	9	6!

Source: Hydrocarlon Deveoment Initute of Rkistan.

II. Energy Supply





The annual trends of primary energy supplies and their per capita availability, measured in tons of oil equivalent (TOE) from 1990-91 to 2003-04 are given in Table (15.8) and Fig-3 & Fig-4. The supply of primary energy increased from 28.469 million TOE in 1990-91 to 47.061 million TOE in 2002-03, thus registering an increase of 65 percent in 13 years. The percent per capita availability rose from 0.253 TOE to 0.322 TOE--an increase of 27.3 percent over the same period. Because of the increase of primary energy supplies, per capita availability recorded a rising trend over the decade of the 1990s, which greatly helped consumers meet their ever-growing annual demand for energy. The energy supplies during the first 9 months of the current fiscal year increased from 34.412 million TOE to 36.732 million TOE or by 6.7 percent. However, the per capita availability has increased by 4.8 percent. The supply of primary energy by various sources of energy as well as their rates of increases are given in Table (15.9).

a) Crude Oil

The remaining recoverable reserves of crude oil as of April 1st 2004 were estimated at 288 million barrels in the country. The average crude oil production during July-March 2003-04 was 62,139 barrels per day against 64,905 barrels per day during the same period last year, (a decrease of 4 percent). During the period under review, 23,295 (37%) barrels per day were produced in the northern region and 38,844 (63%) barrels per day in the southern region as against 22,439 (35%) barrels per day and 42,466 (65%) barrels per day respectively last year. The Production of crude oil has declined by 2,766 barrels per day during the first nine months of the current financial year compared to last year due to a natural decline in the production of some fields of BP (Pakistan), OGDCL, and OPI. To control the declining trend it is necessary to explore new fields or adopt secondary recovery devices. In this regard the private sector is being encouraged to play a significant role. Production of crude oil for the last two years is reported in Table (15.10).

b) Natural Gas

As of April 1st 2004, the recoverable reserves of natural gas were estimated at 28 trillion cubic feet. The average production of natural gas during July-March, 2003-04 was 3,173 million cubic feet per day (mmcfd) against 2,648 mmcfd during the same period last year, showing an increase of 525 mmcfd or almost 20 percent due to government's investment friendly policy. The main companies currently engaged in oil and gas production activities are OGDCL, PPL, POL, OPI, ENI (Pakistan), BHP, OMV, MGCL, BP(Pakistan),PEL and TULLOW. Table (15.11) shows the production of natural gas for the last two years.

Table 158: Prima/ Energy Supply ad Per Capita Availability

Year	Energy Supply MillionTOE	%Change	Per Capia Availability (TOE)	% Change
1990-91	28.169		0.253	
1991-92	30.175	7.0	0.264	4.4
1992-93	32.953	8.1	0.278	5.4
1993-94	34.778	5.5	0.286	2.9
1994-95	36.062	3.7	0.290	1.2
1995-96	38.746	7.4	0.304	4.9
1996-97	38.515	-0.6	0.295	(3.0)
1997-98	40.403	4.9	0.302	2.5
1998-99	41.721	3.3	0.305	1.0
1999-00	43.223	3.6	0.314	2.9
2000-01	44.456	2.9	0.317	0.9
2001-02	45.237	1.8	0.316	(0.3)
2002-03	47.061	4.0	0.322	1.9
July-March		-		
2002-03	34.412		0.236	-
2003-04	36.732	6.7	0.247	4.7

TOE- Tons of oil euivalent

Source: Hydrocarbon Development Institite of Pakistan.

Fig-3: Energy Soply (Million TOE)

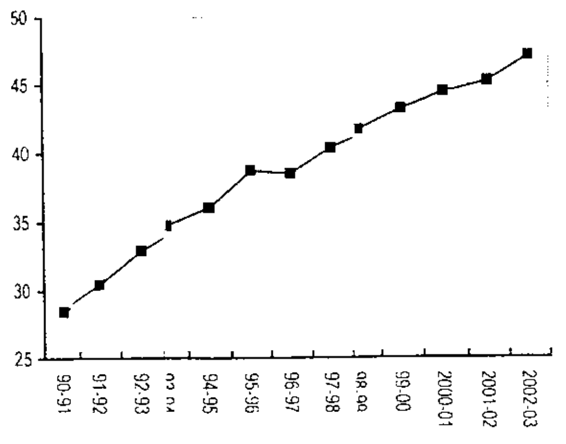


Fig-4: Per Capita Avalability (TOE)

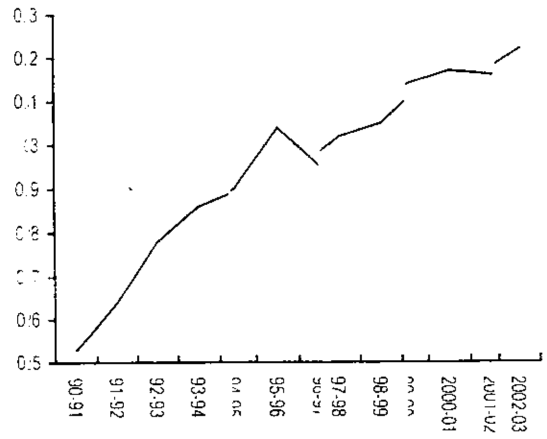


Table 159: Compsition of Energy upplies

Year	Crde Oil Million Barrels	% Change	Gas (bcf)*	% Change	Petroleum Poducts (Mln. T.)	% Change	Coal Mln.T)	% Change	Electricity (000Gw)(a)	% Cange
1990-91	51.7	13.3	518.5	4.1	10.3	6.3	3.9	8.9	41.	).1
1991-92	52.5	1.8	550.7	6.2	11.2	8.7	4.6	17.9	45.	0.7
1992-93	51.3	-2.3	583.5	6.0	12.3	9.8	4.3	-6.5	48.	7.3
1993-94	51.4	0.3	624.2	7.0	13.7	11.4	4.6	7.0	50.	3.9
1994-95	48.2	-6.2	628.2	0.6	14.2	3.6	4.1	-10.9	53.	5.7
1995-96	52.1	8.0	666.6	6.1	16.0	12.7	4.7	14.6	56.	5.4
1996-97	49.9	-4.3	697.8	4.7	15.9	-0.6	4.4	-6.4	59.	3.9
1997-98	50.4	1.2	700.0	0.3	16.9	6.3	4.1	-6.8	62.	5.1
1998-99	52.6	4.5	744.9	6.4	16.8	-0.6	4.4	7.3	65.	5.3

(Contd..)

Table 15.9: Composition of Energy Supplies

Year	Crude Oil Million Barrels	Crude Oil % Change	Gas (bcf)*	Gas % Change	Petroleum Products (Mln. T.)	Petroleum Products % Change	Coal Mln.T)	Coal % Change	Electricity (000Gwh)(a)	Electricity % Change
1999-00	53.3	1.3	818.3	9.9	17.9	6.5	4.1	-6.8	65.7	0.5
2000-01	73.6	38.0	875.4	7.0	18.7	4.5	4.0	-2.4	68.1	3.7
2001-02	75.1	2.0	923.8	5.5	18.4	-1.6	4.4	10.0	72.4	6.3
2002-03	76.0	1.2	968.6	4.8	17.7	-3.8	4.9	11.4	75.3	4.0
Jul-Mar										
2002-03	57.1		724.6		13.6		3.6		54.4	
2003-04	58.7	2.8	882.7	21.8	10.8	-20.6	4.0	11.1	56.6 (P)	4.0

Source: Hydrocarbon Development Institute of Pakistan.

*: Billion cubic feet

a: Gega Walt hour

(P)Provisional

c) Drilling Activities

During July-March 2003-04 a total of 34 wells were drilled as against 52 wells drilled in the same period last year thus registering a decline of 35 percent. In the public sector, OGDCL drilled 9 wells compared to13 wells in the corresponding period last year. The private sector drilled 25 wells as against 39 wells in the same period last year. Table 15.12 illustrates the number of wells drilled during July-March 2003-04 compared to last year.

d) Liquefied Petroleum Gas (LPG)

Use of LPG as a domestic fuel is being encouraged to stop deforestation in areas where the supply of natural gas is technically or operationally not feasible. Presently about 1000 tons per day of LPG is being produced locally, which is being marketed by 22 companies. Work on the Jamshoro LPG Extraction Project has been initiated involving an investment of US $ 31 million and is expected to be completed by October 2004 where about 450 metric tonnes of LPG will be produced and employment opportunities for about 2000 people will be made available. The production of LPG will therefore, increase by 45 percent, which will meet the energy needs of about 500,000 households.

e) Compressed Natural Gas (CNG)

The use of CNG in the automotive sector is being

Table – 15.10: Production of Crude Oil (Barrels per day)

Region	2002-03	Jul-Mar 2002-03	Jul-Mar 2003-04	% Change
Northern Region	22,227	22,439	23,295	3.8
OGDCL	8102	8281	7474	-9.7
OPI	1527	1621	1111	-31.5
POL	9411	9323	10552	13.2
PPL	3187	3214	4158	29.4
Southern Region	42,041	42,466	38,844	-8.5
OGDCL	13526	13,341	13514	1.3
BP(Pakistan)	27821	28,407	22976	-19.1
PPL	81	90	128	42.2
BHP	533	554	1666	200.7
OMV/ENI	80	74	280	278.4
OPI			280	
Total:	64,268	64,905	62,139	-4.3

Source: Ministry of Petroleum and Natural Resources:

Table-15.11: Production of Natural Gas (mmcfd)

Company	2002-03	July-March 2002-03	July-March 2003-04	% Change
ENI	77	76	339	346.0
MGCL	428	427	440	3.0
OGDCL	748	731	654	-10.5
OPI	08	07	16	128.6
POL	40	40	42	5.0
PPL	879	888	803	-9.5
BP(Pakistan)	227	226	209	-7.5
BHP	86	89	250	180.9
TULLOW	28	28	15	-46.4
OMV	196	136	388	185.3
PEL	02		17	
Total:	2,719	2,648	3,173	19.8

Source: Ministry of Petroleum and Natural Resources:

Table 15.12: Drilling Activities (Aiievemets)				
Sector	2002-03	Jul-ar 20003	Jl-Mar 203-04	% Change
Public Sector (OGDCL)	7	13	9	-30.8
Explontory	4	11	4	-63.6
Apprailal/Dev	(3	2	5	150
Private Sector	10	39	25	-35.9
Explontory	8	12	14	16.7
Apprasal/Dev	-2	27	11	-59.3
Total:	7	52	34	-34.6

Source: Minisry of Petieum an Natural Resources

encouraged to reuce the pressure on petroleum imports and to imrove the environment. These efforts have resued in the issuanc of more than 1,300 licenses fcthe installation oCNG stations. During the perioduly-March 2003)4 over 200 provisional permsions/licenses fosetting up CNG stations have ben issued and approximately 500 stations have ben established in dfferent parts of the country, proding 4000 jobs. A investment of about Rs.10 billin has already ben made in the CNG sector andnore than 250 staions are under construction in th private sector. By March 2004, over 450,000 vecles were conveed from petrol to CNG compared to 300,000 vehicle last year, showing an incrase of 50 percent The usof this idigenou fuel will help in saving foign exchange ard reducing the pollution levl.

Performance omajor oil and ga companies

The operationalerformance of th three major oil and gas conpanies in the pullic sectos revieed in the following paragphs.

a. Oil and Gas evelopment Corpany Limited (OGDCL)

The OGDCL waentrusted with th responsibility of a compreiensive explorator programe, to pmote th oil and gas sector. By March 2004 OGDC had drilled 183 explorator wells and 235 developme wells ad had pduced about 141.45 mion barrels of oil nd about 2.77 trillion cubic eet of gas. OGDCL was lisd on th Stock Excharges in Ocober 2003 and sare trading started w.e.f. 1[st] January 2004 on all the ree stoc exchanes of the country. Thecompany holds 14 million barrels of oil and 1.74 TCF of gas ofrecoverle reseres as of 1[st] January 2004. These constitute 4(percent and 35 percent respectively of the toal oil angas resrves of th country.

The average prduction of oil andgas for the period July-March 2003-04 from itsown opated fiels was 2,988 barrels per daynd 662 MMcfd pe day respectively as against 21,613 barrels per day ar 731 MMcfd resptively last year. OGDCL's average oil prduction including non-operted JV's was 30,108 barrelof oil pe day ancgas 873 MMcfd which cnstitutes 48 percnt and 28 percent each of the country's total productioof oil an gas. Th average LPG pduction during th current financial year uptcMarch 2004 was 212 metritonnes er day cmpared to 186 Metric Tns per day duringhe corresponding period last year, showing an increas of 14 prcent.

New Discoveris

The Oi and Ga Development Cmpany Limited has discoveed oil and gas in its explorary well Dars-1 in Sindh. The well has thcapacity to prodce 850 barrels of oil per day and 14.14 millioncubic feof gas er day. The production frorthe new discover by OGDCL will result in animport substitutior of US $4 millioper annm. The oil and Gas Delopment Compay Limited (OGDCL) has also discovered anotler huge deposit coil and gas at Lala Jamali, in Sindh. With this dicovery, Pakistan would have an additional 560 barrels per day c oil and 1.2 MMcfc of gas.

b. Sui Northern Gas Pipelines Limited

Sui Northern has so far supplied gas to 469 towns/villages of the Punjab and NWFP. During the period July-March 2003-04 they connected 186 industrial, 1,794 commercial and 84,842 domestic consumers bringing the total number of consumers to 2.267 million as of 31st March 2004 (2,820 industrial, 38,945 commercial and 2.225 million domestic consumers). The target for 2004-05 is 150 industrial, 3,000 commercial and 150,000 domestic consumers.

c. Sui Southern Gas Company Limited

As of 31st March 2004 the Sui Southern Gas Company limited had supplied gas to 785 towns/villages of Sindh and Baluchistan. During the period July-March 2003-04 it connected 192 industrial, 804 commercial and 41, 301 domestic consumers bringing the total number of consumers 1.69 million as of 31st March 2004 (2,595 industrial, 17,853 commercial and 1.67 million domestic consumers). The target for 2004-05 is 180 industrial, 730 commercial and 65,000 domestic consumers.

III. Power Sector

a. Private Power & Infrastructure Board

To meet the energy demand of the country, a Policy for Power Generation Projects 2002 (Policy), was announced. The main objectives and salient features of the policy are presented in Box.-1

Box-1

Main Objectives

- To provide sufficient capacity for power generation at the least cost and to avoid capacity shortfalls.
- To encourage and ensure the exploitation of indigenous resources which include renewable energy resources, human resources, and the participation of local engineering and manufacturing capabilities.
- To ensure that all stakeholders are looked after in the process, i.e. a win-win situation for all
- To be attuned to safeguarding the environment.

Salient features

- Applicable for projects in the private sector, public sector and through public-private partnership.
- Utilization of indigenous resources for power generation i.e. gas, hydel, coal, wind etc.
- The Private Power & Infrastructure Board (PPIB) provides a One Window facility, for projects above 50 MW for private power investors.
- Provinces/AJK to provide One Window facility for projects up to 50 MW.
- Implementation of hydel projects on Build-Own-Operate-Transfer (BOOT) and thermal projects on Build-On-Operate (BOO) or (BOOT) basis.
- Implementation of projects through solicited and unsolicited proposals.
- For hydel and indigenous fuels and renewable projects, unsolicited proposals to be permitted from sponsors in the absence of feasibility studies for the project.
- Special incentives to coal/gas and hydel projects.
- Government will guarantee the terms of the executed agreements including the payment terms.
- Concessionary duties and tax regime.

Domestic as we as foreign invesors have shown a keen interest in developingpower pjects irhe privae sector and thrty five (5) proposals for pwer generation projects, wth a cumulative capacity caround ,900 MV, have been received.

b) Electricity Gneration

Installed Capaity

The toal installd capacity of elecricity generation stood at 19,478 MW in 200304 as aainst 1776 MW the same period la year, showing a ignificant increase of 9.6 percent. The Waterand Povr Develoment Athority (WAPDA), Karchi Electric Suppl Corporation (KESC), Karachi Nuclear PowerPlant (KNUPP) nd Chasma Nuclear Power lant are the four main public sector organizaions, involved in power generation, ansmisson and distribition of ectricity in the contry. The Independent powr projects (IPPs) are also ivolved i power generatio

The toal installd capacity of WAPDA stood at 11,436 MW dung July-March 203-04. Of which, hydel accountsor 58.6 percent o6,696 MW, thermal accouns for 41.4 percenor 4,740 MW, followed by theIPPs (5,824 MW) r 29.9 percent, KESCs (1,756 MW) or 9 percent nd nuclear 462 MW. In the totanstalled capacitythe share of WAPDA systerstood at 58.7 perent followed by the IPPs at 29.9percent, KESC a9 percent, and nuclear at 2.4 prcent. The detailare givein in Table 15.13.

Table 15.13: Total Instaled Genation Caacity (MW)

Nameof Powe Company	Installed Capacity 2002-03	% Share	Installed Capacity 2003-04	% Share	% Chang
WAPDA	9744	56.1	11436	58.7	17.4
Hyde	5009	50.4*	6696	58.6*	33.7
Thernal	4735	49.6*	4740	41.4*	0.1
IPPs	5815	31.4	5824	29.9	0.2
Nuclear	462	2.6	462	2.4	0
KESC	1756	9.9	1756	9.0	0
Total	17776	100	19478	100	9.6

Source: Hydrocarbon Delopmentnstitute cPakistan
* Share in WAPDA systen

c) WAPDA

The trend in thecomposition of elctricity generation by WAPDA beteen hydel and thrmal since 1992-93 is given in Table-15.14. It can e seen that the share of hydel irising steadily ovr the last four years and accclingly the share c thermal is declining in theame period. It my be noted that in 1960 the sharef hydel was 70 prcent while that of thermal was on 30 percent. Theatio changed to 58 percent (hycl) and 42 percen(thermal) by 1980. It was 58 percet (hydel) and 42 prcent (thermal) in 1992-93. The 194 Energy Policychanged the ratio in favcur of thenal because of th induction of the IPPs. Thermal ectricity generatin was based on imported fuel o By 2000-01 ovei70 percent electricity was bsed on thermal wile 30 percent was generated hrough hydel. It isfor this reason that the price oelectricity is high i Pakistan. It will take time to revrse the share in fvour of hydel. Over the last fcr years, the sharof hydel has increased fron 29.5 percent to 42 percerand accrdingly te share of themal has eclined from 70.5percent to 58.0 percent.

Table 15.14: Electricity Generatic by WAPDA (Millin kWh)

Year	Hydel	Pecent-ageshare	Thermal	Percent-age shar	Total
1992-93	21,111	51.8	9,680	48.2	40,791
1993-94	19,436	45.8	22,960	54.2	42,396
1994-95	22,858	49.6	23,268	50.4	46,126
1995-96	23,206	47.5	25,653	52.8	48,859
1996-97	20,858	41.1	29,924	58.9	50,782
1997-98	22,060	41.4	31,199	58.6	53,259
1998-99	22,448	41.8	31,235	58.2	53,683
1999-2000	19,287	34.3	36,585	65.7	55872
2000-01	17,259	29.5	41,196	70.5	58,455
2001-02	19,056	31.3	41,804	68.7	60,860
2002-03	22,348	34.9	41,690	65.1	64,040
(Jul-Mar)					
2003-04	20,873	42.0	28,792	57.9	49,665

Source: Water andower DelopmentAuthority
Includes purchase from IPPs.

i) Growth in Electricity Consumers

The number of consumers has increased due to rapid urbanization, extension of electricity grid supply to un-electrified areas and village electrification. The number of consumers has increased from 8.2 million to 13.9 million between 1992-93 to 2003-04 registering a growth of 70 percent in the last thirteen years. Table-15.15 indicates the trend since 1992-93.

ii) Village Electrification

The rural/village electrification programme is an integral component of total power sector development for the purpose of increasing productive capacity and the socio-economic standard of 68 percent of population living in the rural areas. The number of villages electrified has increased to 78,820 as of March 2004 or 6.8 percent over 2002-03 as indicated in Table-15.16 & Fig-7.

iii) Electricity Consumption by Economic Groups

The sectoral consumption of electricity by economic groups identifies the domestic group as the largest consumer of electricity during July-March 2003-04 accounting for 43.6 percent of total consumption; followed by industry (28.7 percent), agriculture (13.0 percent), bulk supply & public lighting (9.1 percent), commercial (5.6 percent) and traction (0.02 percent). Table-15.17 & Fig-8 show electricity consumption by economic groups since 1992-93.

iv) Power Losses

WAPDA has undertaken various technical and administrative measures to improve operational and management efficiency to reduce power losses and theft. These measures have resulted in the increase in revenue and some reduction in the overall losses of power. The programme of renovation, rehabilitation, installing capacitors and strengthening the consumer-end of the supply network will further reduce power losses. The

Fig-5: Electricity Generation by WAPDA

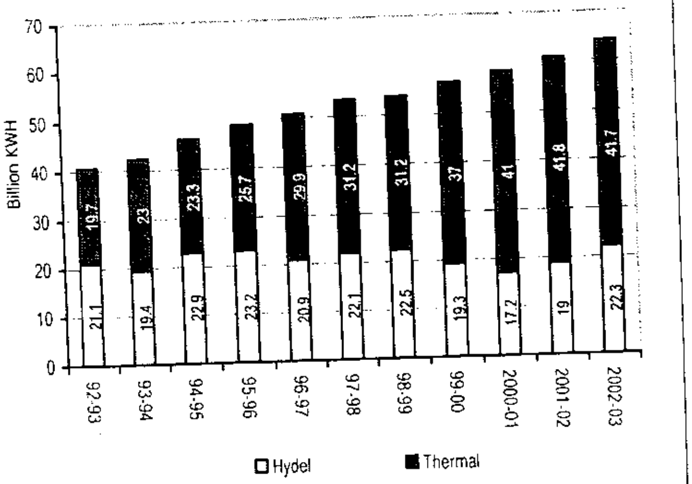
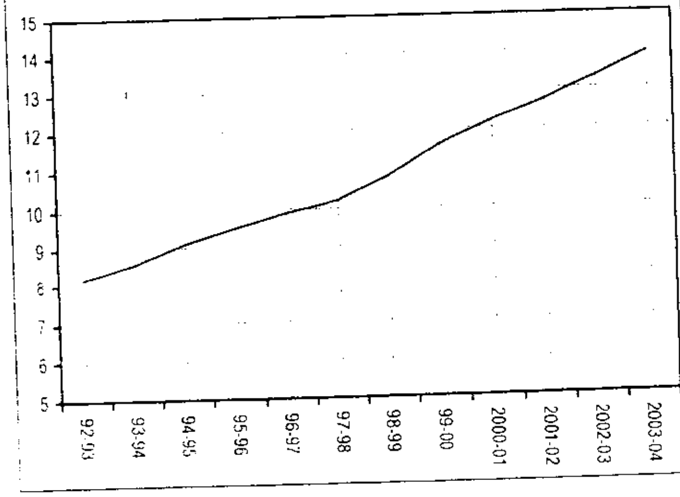


Table 15.15 Consumers by Economic Groups (Million)

Year	General	Industrial	Agriculture	Total
1992-93	7.9	0.2	0.1	8.2
1993-94	8.3	0.2	0.1	8.6
1994-95	8.7	0.2	0.2	9.1
1995-96	9.1	0.2	0.2	9.5
1996-67	9.5	0.2	0.2	9.9
1997-98	9.9	0.2	0.2	10.2
1998-99	10.4	0.2	0.2	10.8
1999-00	11.2	0.2	0.2	11.6
2000-01	11.8	0.2	0.2	12.2
2001-02	12.3	0.2	0.2	12.7
2002-03	12.9	0.2	0.2	13.3
July-March 2003-04	13.5	0.2	0.2	13.9

Source: Water and Power Development Authority

Fig-6: Total Electricity Consumers (Nos. Million)



transmission ad distribution (T &D) losses were 25.1 percent (cnet generation) dring July-March 2003-(4, compred to 25.9 percet for the year 2002-(3. Tablel5.18 & Fig-9 shcv the trend in WAPEA powerosses since 199293.

v) Power Devopment Programe

The optimal utzation of the hydrelectric potential has been accoled priority in the ower development programme. Makand-III, 81 MWand Pehur 18 MW are planned toe commissioned 2007. Khan Khwar 72 MW,Allai Khwar 121 MW, Duber Khwar 130 MW and Kyal Khwar 130 MW are expected to be completed i 2008 alongwith lolan Gol 106 MW and Jinnah 96 MW. Matiltan 84 MW, New Bong Escape 79 MWand Rajdhani 13 MW are expected by 2009 while aunsa 120 MW isexpected to be completed by 010. In order to met the power demand in theoming years, WPDA plans to install a high efficienr combined cycle ower plant on natural gas of 50 MW at Ballokivhich is expected to be complete by financial yea2010. The power plant I & 2 of 00 MW each at Tar coal with the assistance of e Peoples' Repulic of China are also planned f commissioning i 2009.

vi) WAPDA's estructuring an Privatization

In order to brir improvement in nances, operations and managemnt in all tiers of WAPDA on a sustaned bas the Area Electricy Boards have been structure into independenpower companies, i.e. eight DISOs, three power gneration companies wi independent maagement (GENCOs), ad a national transiission and dispatch company (NTC). Presently, thee entities are incorporated uder the managerent of PEPCO but ultimately the ISCOs and GENOs will be privatized.

d. Karachi Elctric Supply Cororation Ltd.

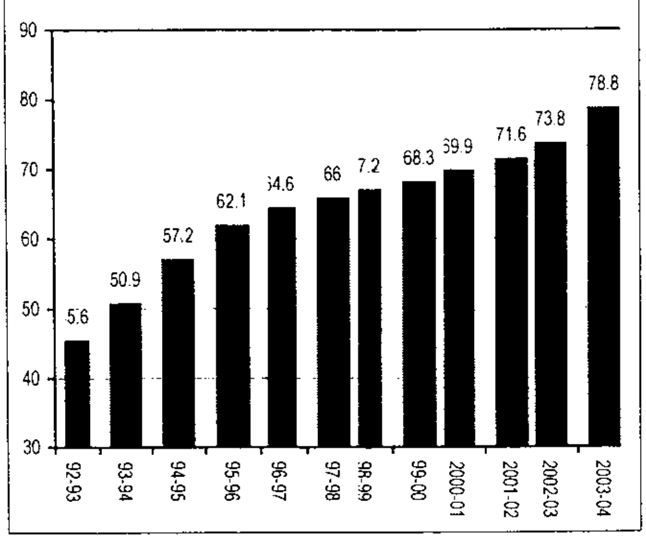
The Karachi Ectric Supply Cororation is respcnsible fc generating, transmitting and distributing elctric power underhe jurisdiction of Karachi & its iburban area ana small part of Balochistan. he installed capady of KESC's various generting stations remaned at 1,756 MW

Tabl 15.16: Village Ele:trificatic (Numbr)

Year	Target	Realiztion	Prqressive Total	% Growtl
1992-93	2,070	4,82	5,644	-
1993-94	4,500	5,28	0,927	11.6
1994-95	2,000	6,24	7,170	12.3
1995-96	5,000	4,95	2,127	8.7
1996-97	4,000	2,44	4,568	3.9
1997-98	4,000	1,38	5,951	2.1
1998-99	4,000	1,23	7,183	1.9
1999-2000	1,852	1,10	8,292	1.6
2000-01	-	1,59	9,887	2.3
2001-02	-	1,67	1,561	2.4
2002-03	-	2,24	3,807	3.1
Jul-Mar 2003-04	-	5,01	3,820	6.8

*Including FATA Source: Vater anPower Dvelopmer Authorit

Fi.7 Village Electrificatio (000 Nos



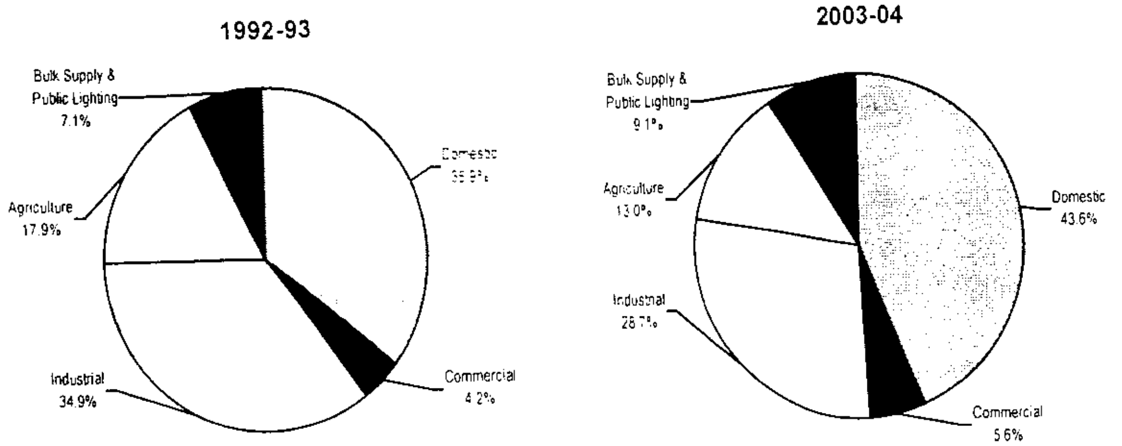
Tabl 15.17: Electricity Consumpticby Econmic Grous (% hare)

Year	Domestic	Commercial	Indusl	Agricure	Bulk Sply & Pulic Lighg	Tractn
1992-93	35.9	4.	34	17	7.	0.
1993-94	37.2	4.	32	17	7.	0.
1994-95	38.4	4.	30	17	9.	0.
1995-96	40.8	4.	28	18	7.	0.
1996-97	40.5	4.	26	18	10	0.
1997-98	41.5	4.	26	17	10	0.C
1998-99	43.6	4.	25	14	11	0.C
1999-00	46.4	4.	26	11	11	0.C
2000-01	46.1	4.	27	11	11	0.C
2001-02	45.5	5.	28	12	9.	0.C
2002-03	44.0	5.	28	12	9.	0.C
Jul-Mar 2003-04	43.6	5.	28	13	9.	0.C

Source Water a Power Developmnt Authory

during July-March of 2003-04 as against a demand of electricity forecasted at 1,972 MW resulting in a 216 MW gap. During the first nine months (July-March) of the current fiscal year, the KESC generated 7,130 million kWh from its own sources, compared to 6,381 million kWh in the same period last year, showing an increase of 11.7 percent resulting from overhauling/rehabilitation work on some of the KESC's units. The Korangi town gas turbines showed an impressive 138.7 percent growth.

Fig-8: Electricity Consumption by Economic Groups (% Share) (WAPDA)



The total energy made available to the KESC system, after taking into account the imports from various agencies, stood at 9,113 million kWh during July-March 2003-04 as against 8,580 million kWh in the same period last year, thus registering a growth of 6.2 percent excluding auxiliary consumption of 478.27 MWh which contributed 6.7 percent to the total generation of the KESC. The Bin Qasim Power station, the largest power plant of the KESC, has been converted to gas resulting in 4,484 million kWh being generated on gas at this station, as compared to 1502 million kWh during the same period last year, (an increase of 198.6 percent). KESC's overall generation on gas also increased to 5,762 million kWh during the period July-March 2003-04 compared to 2,486 million kWh during the same period of previous year (an increase of 131.8 percent).

Table 15.18: WAPDA Power Losses (Percent)

Year	Auxiliary Consumption	T&D Losses*	Total
1992-93	2.3	21.1	23.4
1993-94	2.6	21.6	24.2
1994-95	2.6	21.4	24.0
1995-96	2.9	21.5	24.4
1996-97	2.4	21.7	24.1
1997-98	2.0	23.9	25.9
1998-99	1.7	25.8	27.5
1999-00	2.1	25.1	27.2
2000-01	2.0	23.8	25.8
2001-02	2.2	23.6	25.8
2002-03	2.1	23.8	25.9
Jul- Mar 2003-04	2.0	23.1	25.1

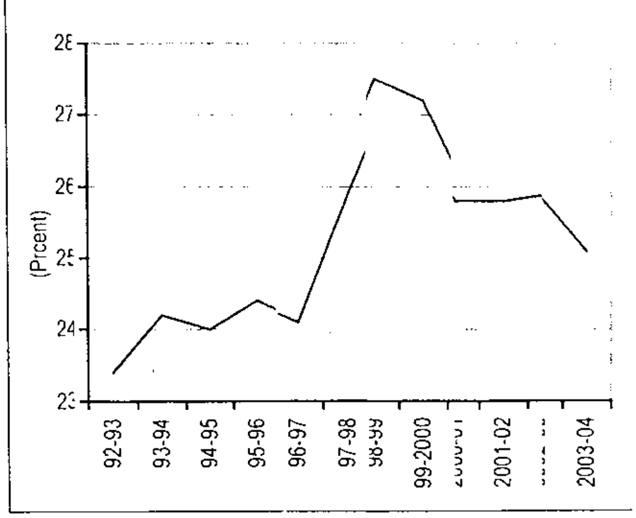
Source: Water and Power Development Authority

* T&D = Transmission and Distribution

Tapal Energy Limited and Gul Ahmed Energy Limited are the two independent power projects (IPPs) which are hooked to the KESC system, with an aggregate capacity of 262.17 MW. The energy contributed by these two IPPs, during the period under review, was 1,206 million kWh, representing 49 percent of the total energy supplied to the KESC system.

e. Nuclear Power Energy

Fig-I WAPDA Power Losses



In Pakistan, nuear power technology was introduced in 171 when a nucle power plant of 137 MW grossapacity, namely te Karachi Nuclear Power Plant (KNUPP) was comissioned. Despite various restrictns and embargos, KANUPP operaed safelfor its designed li and generated 10.7 billion kW of electricity uptoDecember 2002. From December 2002 to January2004, the refurbshment KANUPP was caried out for extending its li by 15 years. Afte getting the necessary appvals from the Paistan Nuclear Regulatory Autority (PNRA) and concerned Environmental rotection Agency KANUPP restared in Jauary 2004. At preent it is operating at a reduced pwer level and hasgenerated 37.3 million kWh of electricity during the peod Janury 2004 March 2004. PAEC bilt its second nuclar power plant at Chashmawith the help of the China ational Nuclear Crporatio (CNNC). The Cashma Nuclear Power Plant (CHASNUPP), having a gross capacity of 5 MW, enerated 1,571.3 millior kWh of ectricity during the period July-March 2003-04, raising the life-tine genation to 58 billio kWh. Efforts are undrway with CNNC r the construction of a third nuclear power plant a gro capaci of 325 MW at Chashma.

f. Natonal Eletric Power Regulatory Authority

NEPRA has gnted generation censes to twelve Independent Power Projects(IPP's) ho had itially aplied. With the granti of these license, the IPP's also entered the regulatory regimefor contlling of te powemarket c the country. Gneration licenses ten SPP's (small power producers) were als granteduring Jly-March2003-04 Tariffs for the these SPPs wer also determined along with the license and agenerat licens was als grantec to the Chashm Nuclear Power Fant (Chasmupp). During the current fiscal yea genera tariffs the the generation conpanies carved ouof WAPDA, namely, Jamshoro Power Compay, Northrn Powe Compay & the Southern Pow Company were so granted. In addition a determination in the matter of reviewmotion fed by M/s. Jamshoro Power Company was also decided by the Authority through a hearing on3-3-04. addition, NEPRA determined on Ex-WAPDA relatd and one KESC related rae of adjustment uder the utomatic Tariff Acustment formua (ATA).

IV. Coal

Owing to the dcovery of a large coal field having 175 billion tonnes of reserves at Thar, he Govenment hs decided to enhnce the share of oal in the overall energy mix from 5 percent to 20 percnt by the end of nxt decade. The cment industry is so in the process of switching over to indigenous coal om furnce oil tha would save 50 perce of foreign exchage being spent on the impot of coal. It would also gerrate derand for about 2.5 millio tonnes oal per annum by2010. Most of the energy consumed in the cenent inditry is no being enerated by coal. In view of the anticipated shortfall in electricity and oher energy resoures durir the nex10 year the maxinum utiliation of this coal would be required in power generation and gasification. he Chinse compny is in the process ofommissioning a easibility study of a 600 MW power plant in thefirst stag. On copletion f the studythe bloc will be offered fo international investment. On another evaluated coal blk, the Gvt. of Sidh has entered into a agreement with a Australian company to develop insitu gasification and the comrssioning of a 1200MW powr generation plan

- Coal briquettes are one of the cheapest source of fuel and Thar coal can also be utilized for making coal briquettes on a commercial scale to supply to industries as well as for domestic consumption. There is sufficient demand in the country for coal briquettes given the existing high prices of other conventional fuels. The total national coal production from existing coal mines varies from 3.5 to 4 million per annum and about 90 percent of this production is consumed in the brick kiln industry. Its demand is expected to grow 4 to 5 percent per annum which can be conveniently met by the existing small scale mining. Utilization of coal is being considered for the production of Town Gas to areas having coal deposits and presently using LPG. In pursuance of a Presidential directive, the SNGPL is in the process of preparing the feasibility for the commissioning of a Town Gasification Plant at Bakhar (Punjab)

ENVIRONMENT AND HOUSING

I. ENVIRONMENT

The environmetal crisis in the wrld has been caused by the over exploitation of its renwable aswell as non-renewable resurces. Developing nations are especially affected due to institutional failus as we as a pacity of resouces. Of ese, the former is particularly critical because with an adequate institutioal netwox and its synergistic funioning, it is possile to make optimum use of whatever resources are aviable. Een when communities a aware of the dir consequences of environnental pollution anc resourcdegradion, the may be unable to take dequate remediaaction due to lack of options, knowledge, socal mobiliition an institutional suppcrt.

A decade ago environmental instutions in Pakistan at the federal and provincil levels are too eak to eforce laws. Environmntal awareness as non-existent and whateer efforts were exerted ma little chnge duto a low literacy rate. In 1983, the first enronmental ordinance was frmulated.

Durirg the lasdecade, Pakistanhas made diligent progressin the institutionalstrengthing ancapacitybuilding of polcy and pnning institutions environmental awareness,and the promulgaion of erronmeral legislaon, National Envirnment Quality Stadards (NEQS), and the esablishment of environment tribunal. The enrgy secto introducd lead-free petroand since July 2002, all refneries in the counry are suplying led-free ptrol and promoting clea fuels including CNG.

After he apprval of the Pakistan Environment Protection Council in 2001, the National nvironmnt Actio Plan (NEAP) has strted various smaand large programmes for mproving the state of the eironmet in Pakistan. The major objectivs of NEAP are to chieve a healthy environmnt, and a sustainable livelilod by iroroving te qualit of air water ad land with civil sciety cooperation. In this regard, the Initial Envronment Examintion (IE) and the Environment Ipact Assessmen(EIA) have also been made mandatory for pulic sectdevelopent projcts. To implement NEP, the Governmet of Pakistan signed a NEAP Support (NEAP-SP) with e UNDP in Octobr 2001. Under NEAP-SP, the Ministry of Environment, Local Governnent and Rural Developmeihave strted varius projects in theollowing six sub-sectors:

i. Polic coordination and environmental governance;
ii. Polluon control;
iii. Ecosstems managemnt and natural resources coservation;
iv. Enery conservation ard renewable;
v. Dry lnd management nd water conservation;
vi. Grasroots initiatives.

Pakistan has also revived its environmental commitments during the World Summit on Sustainable Development (WSSD: August 26 to September 4, 2002). The country assessment report for WSSD focused on the protection of the atmosphere; an integrated approach to the planning and management of land resources; combating deforestation and drought; sustainable mountain development; promoting sustainable agriculture; conservation of biological diversity; environmentally sound management of biotechnology and protection of the oceans.

Impact of Pollution

a. Air

Air pollution is mainly caused by fuel combustion in various sectors including domestic use, power generation, transport and industry and causes several problems, such as health hazards, especially for women and children, adverse effects on agriculture, livestock, building material and structures and cultural and archaeological monuments. While air pollution is considered generally to be an urban phenomenon, it is becoming a rural problem as well with the penetration of transport and the expansion of industry and growth of brick kilns.

The key factors contributing to air pollution in Pakistan are: a) rapidly growing energy demand; and b) a fast growing transport sector.

Air pollution levels in Pakistan's most populated cities are among the highest in the world and climbing, causing serious health issues. The levels of ambient particulates – smoke particles and dust, which cause respiratory disease – are generally twice the world average and more than five times as high as in industrial countries and Latin America (See Asian Environmental Outlook, 2001).

Auto and industrial emissions are the main source of dirty air. The average compounded growth of vehicles in Pakistan is about 12% per annum and over the last two decades, the total number of motor vehicles on the road has jumped from 0.8 million to almost 5.0 million (an overall increase of more than 600 %). Motorcycles and rickshaws, due to their two-stroke engines, are the most to inefficient in burning fuel and contribute most to emissions. Rickshaws have more than doubled in number, while motorcycles and scooters have increased seven fold over the past twenty years. (Table 16.1).

Pakistan took the initiative of introducing CNG as an alternate transport fuel in the public sector in Karachi in 1982 to replace gasoline in the road transport sector. The Government offered numerous incentives to private investors to invest in CNG over the last decade with the result that today Pakistan is the largest user of CNG in Asia.

Table 16.1: Index of Motor Vehicles on the Road (1980=100)

Year	Motor Cycles/Scooters	Rickshaws	Total
1981	113	105	111
1982	131	108	124
1983	147	113	138
1984	180	116	167
1985	202	118	189
1986	228	120	211
1987	243	121	227
1988	261	123	245
1989	284	126	270
1990	311	129	292
1991-92	338	135	307
1992-93	405	146	361
1993-94	448	158	394
1994-95	515	167	432
1995-96	515	183	439
1996-97	548	205	468
1997-98	588	233	499
1998-99	638	177	535
1999-00	698	187	586
2000-01	772	191	654
2001-02	791	195	670
2002-03 (E)	829	256	719

(E) Estimated. Source: SDPI

Note: Base year numbers of motorcycles, scooters, rickshaws and total vehicles on the road in thousands were 287.6, 32.0 and 682.2 (Data from 1980 to 1990 is in the calendar year and 1991-92 onward is in the fiscal year).

Currently, 500 CN stations are proiding CNG to more than 45),000 vehicles all ver the untry. his has elped a lot in lowering t pollution load inmany urban centers. After te successful CNG programe for ptrol replacerent, the vernment is novembarking upon a programme to replace the nore poting dieel fuel inthe road trarsport seor. The governmnt has planned to offer incentives to investors to introcce CNGuses inhe major cites of theountry (Ministry f Environment, 2003).

The combustion coal is another iain contributor to air pollutin. The three main uses of al are pwer, brik-kilns and for comestic rposes. Howeve, since 1998-99, coal use has been decreasirg gradu y in all e three ectors and is being repled by natural ga During July – March 2003-04, 3173 million cubic feef natur gas wa supplied per day against 2648 mlion cubic feet per day durig the same perio last ye showir an incrase of almost 20 percen The coal consumption in the power sector wis steady from 1991-92 to 94-95 ut it incresed almost ten fold in 995-96 and reaced a maximum in 1998-99 or thermal electricty genetion. However, fothe last four years, t use of coal in th power sector has been decreasing. It may b due to e fact tht a numer of plants have now een converted to atural gas. Likewise, for domestic consumptin, coal e incresed by 21 percent n 1996-9 over 1995-96 bt after 1996-97, there has been a considerabl reducti in its uage for domestic purposs (table 16.2).

Year	Power	Brick Kilns	Domestic
1991-92	160	101	30
1992-93	190	106	5
1993-94	177	115	7
1994-95	165	99	5
1995-96	1621	107	2
1996-97	1430	105	55
1997-98	1408	93	3
1998-99	1688	101	4
1999-00	1415	93	6
2000-01	837	95	6
2001-02	773	70	6
2002-03 (E)	732	75.8	1.1

Table 16.2: Index of Consumption indigenus coal y sector (1990-91=100)

E: Estinated. Sourc: (SDPI)

(Note: Base Year Consumpion valueas 24,60; 3,025,80; and 3785 tonnes for power brick-kilns & dnestic reectively

The trarsport an energy sector cotributes nearly one half of the Nx, two-thirds of C, and about one half of hydrocarbn emissions as dscribed by a World Bank repo. It has been notd in the last 2 decades that Air ollution (AP) from vehicles exceeds the ma mum limits set by various organizations inuding WHO, US-PA, WB, ADB and is likely to be a major cause of espiratory diseases. The W's estimation reprts that AP causes 168,000 remature deaths nnually in Pakistan of whic 60 percent of then are attributable to Indoor Air Poltion (IAP). Accorng to another WB report, Urba Air Pollution caues average annual damages n the range of US$ 369 million to the Pakstani exequer and is raned as the second most imprtant contributor fter Municipal Solid and Liquid astes. These loses to the nationa exchequer are colossal wen compared to the coss of polltion abatement. Filures in the incorporation o these factors in economic olicies ontribute o significant losse to GDP and crea many health / environmental problems. According to study cried out n the Ministry of Envirnment, Governmnt of Pakistan, about 16.28 million people (40% of the tal urba populabn) of Pakistan are uner risk of air polluon which is costing Rs.25.7billion every year n accout of hea merely by not complyng with e WHO Ambient ir Quality Standards.

b. Water

Increased popution, urbanizatio and the continued industria development hav placed mense stress o the water resources of the country. Th extended drought and the non-development f additical water esource have aggravated the ater scarcity sitution with the water level deceasing in the urban cities. According to a reprt per capita water avlability has decresed from 5650 m3 in 1951 to 1000 m3/annum n 2001-0. Therefore, the rovision of safe fresh wer supplies is at rk in many parts of the counry. Various estimates have een mde over te years in conrection wn water quality. National Environmental Qualiy Standards (NEQS) are ud as a eference oint to compare how the average quality of water fares on various parameters. On most counts (including temperature, total dissolved solids and biological Oxygen demand), the water is safe.

However, the pollution levels are higher in and around the big cities. In general the physical quality of the water is good in the country. As far as chemical characteristics are concerned, according to the report, the value of turbidity in some areas such as Rawalpindi, Bahawalpur, Gujrat, Hyderabad, Sukkar and Ziarat exceeds the WHO standard value of 5 NTU. The value of Electrical Conductivity, in all the 21cities ranged from 170-930 uS/cm. Similarly the pH value of all the collected samples ranged from 6.1-9.0 against the WHO recommended guideline range of 6.5-8.5for drinking water (PCRWR 2002).

The chemical quality of the water was found to be within recommended levels with respect to calcium and chromium. However, higher Arsenic contents were found in samples collected from eight of the sites namely Lahore, Multan, Bahawalpur, Gujranwala, Kasur, Sheikhopura and Hyderabad. According to WHO, the groundwater of Lahore up to 700-ft deep has been seriously contaminated and should not be used for human consumption. In 1989, pollution was found to a depth of 300-ft, and to 500-ft in 1992.

As far as Bacterial contamination is concerned, more than 50 percent of all the samples collected from 17 locations were found unfit for human consumption. All the samples collected from Gujrat, Khuzdar, Lorali and Ziarat were found to be contaminated with bacteria and totally unfit for human consumption.

The overall deteriorating quality of water can be attributed to a continuous drop in the water table due to high industrial and agricultural demands. It has been observed that the water table has been decreasing at a rate of 10 feet every year.

c. Land

Pakistan encompasses of 79.61 million hectares (ha) of land. Of the total reported area of 59.47 million hectares, 21.85 million (ha) is total cropped area, 24.32 million (ha) is not available for cultivation and 9 million (ha) is culturable waste. The cropped area has increased by 19 percent from 1980-81 till 1998-99, i.e., about one percent each year. It reached its maximum in 1998-99 (23.07 million hectares) and since then has been decreasing gradually indicating that Pakistan is reaching its physical limits. The indiscriminate and imbalanced use of chemicals inputs has contributed to declining soil fertility. Most of the fertilizer, in Pakistan is applied without any soil analysis and such indiscriminate use has had an adverse effect on soil nutrient balance and soil fertility. The problem is compounded by the use of heavy machinery and intensive tillage. It is important to mention that the loss of valuable topsoil has resulted in reduced levels of soil fertility. It is estimated that a loss of soil at rate of 5 tonnes/ha is equivalent to the loss of 75 kg/ha of organic matter, 3.8 kg/ha of nitrogen, 10 kg/ha of potassium, and 5 kg/ha of phosphorus (Carson, 1992). The loss of organic matter and soil nutrients in turn lowers the quality of fodder and agricultural produce.

Table 16.3: Forest Area

Year	Forest Area (Ml. Hec.)	% Increase/Decrease
1990-91	3.46	-
1991-92	3.47	0.3
1992-93	3.48	0.3
1993-94	3.45	-0..9
1994-95	3.60	4.3
1995-96	3.61	0.3
1996-97	3.58	-0.8
1997-98	3.60	0.6
1998-99	3.60	-
1999-00	3.78	5.0
2000-01	3.77	-0..3
2001-02	3.80	1.1
2002-03	4.04	6.3

Source: Ministry of Food, Agriculture and Livestock.

* % Increase in area under forest is 16.8 % in 2002-03 to the area in 1990-91.

Forests play an imortant role in landconservation, a regulated fow of water for irrigation ar power eneratio, a reduction in sedimntation in water cannels and reservoirs and the maintenance of an ecogical blance. The area under forests as increased stedily since 1990-91. The overall increase in the forestsrea in 202-03 isl6.8 percent over 1990-1 (Table-16.3). The Area under forests has increased from 3.81 millionectare i 2001-02to 4.04 millicn hectars in 2002-03. Althugh Pakistan has limited aea under forest cover, 115 percet of the ttal land area s proteced as national pars, wild life sanctuaries or game reserves.

Status of Pakista in the global an regional partnership on environment

Pakistan has becoie a signatory to many international conventions/Protocols/ Agreementsand is meting vaious obligations with thtechnical and fincial assistance of developed countries. Under the Moreal Procol, the Ozone Depleting Sbstances (ODS) ased industry such as Chlcro Floro Carbons CFC)) isnder reovation nd the consumption oODS will eventuey be phased out by the year 2005. The Govenment hs imposd a ban n the mport of used OD-based equipmer, and maximum duties have bee levied on theimport cnew CF based equipment.

Pakistan has also ubmitted its InitiaNational Communication or Climate Change to the UNFramewrk Convntion on Climate Changby preparing natinal Green Houses Gases (GHG) inventories. Several ojects aned at te 'mitigatior of clima change" and "th adaptation to changing clinate" are in the pipeline, wch will b implemnted with the technical ad financial assistnce of developed countries who are parties to the Corention. ome inititives have been launchd under the UN Cnvention on Biological Diversity and the UN Conventicon Desrtificatioisuch as the preparationof a Biodiversity Ation Plan (BAP) and the Desertification Combat ActiorPlan.

Major Environmntal Catastrophein 2003-04 Tasman Spirit Oil Spill

The oil tanker Taman Spirit grounced in the channel of the por of Karachi, on 27th July 203. The essel ws carryinga cargo of 67,535 tonnes clranian Light crude oil for delivery to the Pakistan Refiry Limild (PRL)n Karachi. Approxiiately 27,000 tonns of oil was spilled when it broke during Augist, 2003The Envronmentl Impact Evaluatio Committee (EIEC formed by the Pakistan Environmental Protection Agcy in itseport emphaszed the eed for carrying ut a Natural Resource Damage Assessment (NRDA) to determe the precise extent ar severity of ecoloical injury from the spill; ii) provide detailed information upon wch to bae claims; ii) develc and implement arestoration programme. The experts suggested that th NaturaResourc Damage Assessient may be carrid out in three phases. These are short, mid anl long ten Assesments. The Minstry of Evironment has aproved a budget of US $ 151,000 for conducting the sht term asessmet.

Environment Secor Programmes/rojects

An allocation of R642.006 million ws made for environment sector projects during the fisc year 203-04 an an expenditure of Rs 92.43 million wasncurred uptill March, 2004. During the fiscal year 20034 majoprojectsre under implementaon in the followin areas;

i) Institutional Stngthening, Capcity Building, Mass Awareness

nstitutioral strengening is a continous process and has been made an integral compone of all delopmet projects in the envonment sector. Te capacity building of the poject implementing agencie and othr functionaies invoed in policy makig, planning, law enforcemet, and monitoring of environental ativities hs been an important area of interest of different donor agencies. A project "Strengthening of the Forestry Wing at the Federal Level for sustained monitoring of the implementation of " the Forestry Sector Master Plan", is also under implementation.

ii) Forestry and Watershed Management

a) Rachna Doab Afforestation Project.

This project encompasses the enhancement of the afforestation area by 30000 acres/Avenue Miles.

The implementation of this project was started in July 1995 at a cost of Rs.485.382 million. An expenditure of Rs.54.976 million against an allocation of Rs.78.537 million has been incurred until March 2004 for plantation on 3988 acres of land against the target of 4208 acres, which gives an achievement of nearly 95 percent.

b) Mangla Watershed Management Project

The objectives of the project include; watershed management measures such as afforestation and soil conservation measures including engineering structures, etc. over an area of 319 sq. miles. Major Components include; soil survey & planning, afforestation, soil conservation work in forest/pasture lands, improvement of cultivated lands, improvement of range lands, construction of engineering structures such as silt trap storages, spillways, wire crates, spurs, etc.

The total cost of the project is Rs.168.993 million. An expenditure of Rs.23.145 million has been incurred during the period of July – March 2004 for afforestation on 1730 acres of land, and soil survey and planning over an area of 65 sq. miles.

c) Fuel Efficiency in Road Transport

The objectives of the project include the setting up and operation of tune-up training and demonstration centers of gasoline engines, for diesel engines and the establishment of a Revolving Loan Fund worth US$ 3.0 million for financing the purchase of tune-up equipment. The Ministry of Environment/ENERCON is implementing a "Fuel Efficiency in Road Transport Sector (FERTS) Project at a total cost Rs.230.382 million. The UNDP is providing grant assistance worth Rs.220.500 million to this project. The project aims at improving fuel efficiency and curtailing noxious emissions from the Transport Sector through the digital tuning of gasoline and diesel vehicles. The utilization during the period of July – March 2004 stood at Rs.10.507 million against an allocation of Rs.13.909 million including a foreign aid component of Rs.11.434 million.

II. HOUSING SECTOR

Globally, the construction and housing industry account for 10-12% of GDP and 7% of employment. The housing and construction industry has enormous forward and backward linkages and according to a modest estimate, 35-40 industries move in tandem with this sector. Therefore, the industry has greatest employment generation potential (Employment Elasticity is 0.8). It can create low-paid jobs of Chowkidars and ordinary construction workers to medium-paid jobs of Mason, Carpenter, Electrician, Painter, Plumber etc; and highly-paid jobs for architects, engineers, designers, decorators, contractors etc. It is for this reason that the government has identified this sector as one of the five major drivers of growth. The present government has given high priority to the housing and construction sector as is reflected in the National Housing Policy-2001 and the Prime Minister's Initiatives under the "Housing for All" program.

A number of easures have ben taken by the Governmen for reviving the husing al constrction setor, whic has been decred as a priority idustry. The government hs also announced various centives in the Ntional Housng Policfor providing affodable housing for the poor. A rapid growth in ousing iance wl signifiontly contrbute to te economy in the orm of additional employmnt and support a ariety ollied inustries.

According to e 1998 Populatin and Housing Census of Pakistan, there were over 19 millio housing units in te country as copared to 12.6 milon in 1980, showing an incease of 53.2 percnt. Of tl total (1.3 millio) housin units 67.7 peent were in rural reas and 32.3 percent in uban areas, nearly 15.6 miln or 80 percen were owned, 1.7 mion or 9.0 percen rented, and 2.0 million or 1).2 percent were rnt free. he percntage oowned housng units ere higher in the ural areas compared to the urban areas. However, the ercentge of rered houss was significary higher at 23.2 i urban as compared to oly 2.3 percent in he rural areas, as reflected in Tale 16.4.

Tabe 16.4: Housing Uiits by Teure (In illion)

Tenure	Census 1998		
	All Areas	Rural	Urban
All types	193	13	6.2
	(100)	(100)	(100)
Owned	156	114	4.2
	(80.3)	(87.)	(67.6)
Rented	17	03	1.4
	(9.0)	(2.)	(23.2)
Rent Free	20	14	0.6
	(10.2)	(10.)	(9.2)

Source: Pulation Housing ensus 198

Note: The figures in parnthesis a percen shares

Pakistan has ver 19.3 million husing units in the country. Abo 24.8 million Houng units for a popuation of 148.7 million peop are required. Hence, a shoriall of 5.5 million ouses is estimated as of end Jun 2004. On an anual basis, we need 570,000 units against the actua supply of 300,000. Thus, there is an annual shortfa of 270,000 units and he backg is rising.

Several facto have contributed to this enormous shorage of husing units in the country. One of the factors esponsible is Hoıing Finnce- a crical inpt of the housing sect and is too little in Pakistan with close to 1.0 percent of GDP or Rs.3-4 bion as aainst the demand for aout Rs.) billion. In develoed countries the outstandig stock of housin finance over 2 percen of GDP while in deveping countries, it aries between 10-15 percent.

The sector h enormous poterial for poverty reduction an employment genration. e goveiment hs taken various steps o improve the enironment for investment in his sector. These neasure include; the impovement n the availabilit of housing finane by encouraging commercal banks to extend housing nance; iterest re has been reduce from 17-18% to 75 to 8.5%, legal frame work for the loan recovry of fincial instution steamline banl's expos re to housing finace has been enhanced fron 5% to 10% of their net acances. he maxium housing loan per party limit ha been increased from Rs.5 nillion to Rs.10.0 nillion ar maximm debt-quity increased fro 70:30 to 85:15. akistan steel has been pemitted to import bilets and e duty hs been educed t 10 percent frm 20 percent. Th maximum loan tenure for busing finance ha been ineased bm 15 years to 2(years and mimum limit of lening for HBFC has been increased from Rs.20 nillion t Rs.50 mlion. Baks and DFIs are exteding credit facilits for Balancing, Modernizaion and Replacement (BM of macinery usd for housing and onstruction indusy. Banks have been allowe to deduct upto 3% of the come asing out f consumer loas for creation of eserve to off-set bad debts n this segment. HFC has troduce bridge nancing and bulk finacing for housing rojects through escrow accunting together wih approiate safguard. Huse Building Finace Corporation (HBFC) and other financial institutions have fornulated pkages f preferential/ncessional rates with affordable system of instalments for repayment to pvide abrdable redit to lw income grous.

In the fiscal ea, the measure taken include the enhancenent of Tax credit n borrovg unde housing loans frm finaicial instutions from Rs.10,000/- or 25% of the incom of the mortgagor to Rs.50,000/- c 40% of he incore of the mortgaor, whichever is ss. The limit of property income for withholdig tax haeen raed from

Rs.100,000/- to Rs.200,000/- .The rate of withholding tax on property income has been reduced from 7.5% to 5%. CED on wires and cables has been withdrawn and excise duty on cement has been reduced by 25% to lessen the cost of construction. Stamp duties and registration fees, which were exceptionally high as compared to other countries have been rationalized in the Punjab and Sindh Provinces to enhance registration, improve documentation and increase revenue receipts. Property tax on rented property and for self- occupancy has been rationalized in Sindh Provinces. All new construction of housing on plots, measuring upto 150 sq. yds and flats/apartments having an area of 1000 sft, have been exempted from all types of taxes for period of 5 years.

In the light of National Housing Policy (NHP), the other Provincial Governments/ Organisation have taken the steps relating to land and institutional framework. Government of Punjab has established Punjab Housing and Town Planning Agency for effective implementation of NHP-2001 in the province. It is also creating New Town Development Department for development of intermediate and secondary towns. In Punjab, amendments in the Land Acquisition Act 1894 and Land Acquisition Rules 1995 are under process. Process for development of a Comprehensive Land Information System has been initiated in Punjab. Disposal of Land by Development Authorities (Regulation) Act 1998 has been amended to the extent of providing ¾ merla plots by ballot instead of auction. The Provincial Governments in collaboration with other departments and bodies have initiated the process for identifying and providing land to development agencies and the private sector builders and developers on concessionary rates for housing development for low income groups and the rural population. Non-utilisation fee is being charged on annual incremental basis only after notified handing over of the development scheme by the development agency to the municipality. Financial Institutions (Recovery of Finances) Ordinance has been promulgated on 30-08-2001 to ensure effective recovery of loans from defaulters.

The Prime Minister on 17-01-2004 has issued a number of policy guidelines under Prime Minister's initiatives for "HOUSING FOR ALL" program for launching housing schemes for government employees, provision of infrastructure to the housing development schemes, submission of proposals by the federal/provincial governments for consideration for grant of proprietary rights to dwellers of Kachi Abadis located on the federal government land, effective implementation of foreclosure laws etc. The Ministry of Housing and Works has taken the following steps in this regard.

Chief Commissioner, Islamabad Capital Territory has been requested to allocate 100 acres of land to the Ministry for construction of houses for government employees on ownership basis.

Provincial governments have been requested to reserve a quota out of 100 acres in each district for federal government employees. Alternatively, provincial govemments should allocate land over and above 100 acres in each district specifically for construction of houses for federal government employees on ownership basis.

Ministry of Housing and Works has also submitted a proposal to the PM Secretariat on 2-4-2003 for launching a housing scheme in Islamabad for providing constructed houses to Federal Government employees on retirement.

1. Contingent Liabilities
2. Tax Expenditure

F

CONTINGENT LIABILITIES

Contingent lialities are costs wich the government will have to pay if a particilar eveioccurs.These ae obligations tricered by a discret but uncertain event. Relatve to government policies,ie probbility of a contirgency ocurring and the mgnitude of the required pullic outlays are excgenous uch as atural diasters) or endogenous (uch as implication of market institutions and government programs for oral hazrd in themarkets Contingent lialities are therefor not recognized as direct liabilities. However, contingent goverment liabities are associated wit major hidden fisal risks. A common example of a contingent liability is goverment-guaanteed loan. At the time a guarantee is ntered into there is no liabiliy for the government, sincthis is cntingenupon the borrower failin to repay the loaras contracted. However, inthe event of defaut, the leier can ivoke the guarantee anche government vll be obliged to repay the anount of the loan still outstiding. Athat poir, the contirgent liatity will become a actual liability of the goverment, and a payrent muse made These abilities support specif policy objectivesby creating financial incentves, without an imnediate iancial utlay. Hwever, whenthese cctractual guarantes or non-contractual commtments are realized, the gcernmenfaces sinificant fiscalcosts at ie expense of othr outlays. Thus an analysis of the country's fical posin is incmplete iit skips over obligatior made by the govrnment outside the budget

The following amework highligts the two types of contingent liabilities. Contingent liabties gro with waknesses in thefinanciasector, macroecoomic policies, regulatory ard supervisory systm, andiformatin discloure.

Expicit Conngent Liabilities These are spcific governmentbligations defined by a contract or law. The goverment is legally mandated toettle such an obliation when it becomes due	• Guarantees for borrowingnd obligtions of provincial govennents ar public or privateentities. • Umbrella guarantes for vious loas (SMEoans, agriculture loans) • Guarantees for trde & exange rae risks • Guarantees for pivate invstments • State insurance shemes.
Impicit Conngent Liabilities These represnt a moral obligaon or expected burcen for thgovernment not i the legal sense, but based on putc expectations ad political pressures.	• Defaults of provincial govnments ad publi or private entities onnon-guanteed ebt and ther obligations. • Liability clean-up n entitieseing pvatized • Bank failures • Disaster and relie financir. • Failure on other non-guarateed funds.

Explicit Contingent Liabilities:

Explicit contingent liabilities legally oblige the government to make a payment if a specific event occurs. Because their fiscal cost is invisible until they are triggered, contingent explicit liabilities represent a hidden subsidy, blur fiscal analysis, and can drain future government finances. Nevertheless, government guarantees and financing through government guaranteed institutions are more politically attractive than budget support even if they are more expensive later. The budgetary cost of these legal obligations during FY 2001-02 amounted to Rs. 20.88 billion, in FY 2002-03 Rs. 24.12 billion and are estimated at Rs. 18.71 billion during FY 2003-04. These comprise payments made on account of contractual guarantees issued on Ghee Corporation of Pakistan (GCP), Rice Export Corporation of Pakistan (RECP), Trading Corporation of Pakistan (TCP), Cotton Export Corporation (CEC) and Saindak bonds; Pakistan Steel Mills Corporation's liability payments contractually assumed by the Government; payments to oil refineries on account of guaranteed rates of return; and payments to Fouji Fertilizer Company Bin Qasim on account of 1989 Investment Policy pertaining to the fertilizer industry. Key organizations with explicit and implicit guarantee structures have been discussed below. The following table analyses the trend.

PIA: During FY 2003-04, an amount of Rs 1.4 billion was paid out as interest (equity) to the restructured loans and Term Finance Certificates to PIA. GOP has guaranteed interest payments (restructured loans and TFCs) for five years starting in FY 2001-02.

Railways: During FY 2003-04, an amount of Rs. 3.25 billion has been paid on account of debt servicing liability (Government guaranteed loans).

Explicit Liabilities (Cash outflow streams from federal budget) (Rs in Billion)	2001-02	2002-03	2003-04
Enterprise			
GCP, RECP, TCP & CEC (GOP guaranteed)	4.70	5.20	4.70
Saindak Metal Limited (GOP guaranteed)	2.00	2.30	1.68
Pakistan Steel Mills (GOP guaranteed)	0.90	0.80	0.35
PIA (Interest on GOP guaranteed TFCs and loans)	-	1.70	1.44
Oil Refineries (GOP guaranteed)	9.00	8.50	6.00
FFC Jordan (GOP guaranteed)	1.00	0.70	1.05
SOPREST/GIK Institute	-	-	0.08
Pakistan Engineering Company (GOP guaranteed)	-	0.02	0.02
Peoples Steel Mill (GOP guaranteed)	0.75	0.31	0.05
Pakistan Railways (GOP guaranteed debt servicing)	2.53	4.59	3.25
National Construction Ltd.	-	-	0.10
TOTAL	**20.88**	**24.12**	**18.71**

Source: Ministry of Finance. Figures for FY 2004 are budget estimates

In consonance with the Macroeconomic and the Medium Term Budgetary Framework adopted by the Government and containing risk exposure, a policy of limiting guarantees and the risk analysis of contingent liabilities has been institutionalized. During FY 2003-04, the Government has issued guarantees equivalent to Rs.18.71 billion that is 22.4% lower than FY 2002-03. Additionally, the Government's Fiscal Responsibility Law, pending in the national assembly, proposes specific limits on contractually binding guarantees (i.e. explicit contingent liabilities) including those in rupee lending, bonds, rates of return, output purchase agreements and other claims that may threaten the future fiscal stance of the Government.

Implicit Contingent Liabilities:

Implicit contingent liabilities are not officially recognized until a failure occurs. The triggering event, the amount at risk, and the required government outlay are uncertain. In most countries the financial system is the most serious contingent implicit government liability.

Markets expectovernment suppct far beyond its legal obligation if financial stability is risk. Thse inclue the government's qasi-fiscal activitiesincluding mainly the bail-oits of strategically mportarState Oned Enerprises and the non-penrming loans of th banking sector. Through obust financial sector refots, prudnt moneary management and the strengthenin of the State Bank of Pakistan's regulatory rce, the ni–perfoning loas of the banking sector and at Rs.220 bilon as of March 2004. These were Rs. 258 bilion as oJune 3(2002 ad Rs. 279 billon as oJune 30, 2001 reoectively.

It can be inferre from the above tble that the Water and Pover Development Athority (APDA)the Karchi. Electric Supply orporation (KES(, and Pakistan Railways hive been the largest drain (the buget. Finacial Improvement Pns of the two power utilities are currently under implementation o curtaihese oulows. The privatization of ESC and the sucessful corporatization of WAPDA in the yearsahead w eventully plug iese financial leakags.

Impact of implit contingent liabities on the federal budget (Rs in Billion)			
Enterprise	2001-02	2002-C	2003)4
WAPDA subsid	13.9	28.	1.6
WAPDA non reevery of loans	22.0	21.	2.0
WAPDA new lors	2.7	3.	.6
KESC Equity (inction of fresh equit)	83.2	6.	-
KESC Subsidy ;ainst an adjustmer of additional surcharge against GST	1.4	1.	.5
KESC Loans	-	9.	-
KESC Subsidy (ash shortfall)	-		.6
Utility Stores Cooration	0.15	0.1	0)1
Karachi Shipyai (GOP investment)	0.30		-
Pakistan Railwa (Other operations shortfalls)	-	3.1	3)1
Equity in Goverment Holdings Prive Ltd	-	4.	-
PIA (Feet Reneal)	-	1.	.5
TOTAL	123.7	79.	5.2

Source: Minstry of Finance. Figures for F'2004 areudget eimates.

Guarantees Issed (Explicit and Iiplicit liabillties)		
Fiscal Year	Rs in billion	As % of GDP
2001-02	144.56	3.2%
2002-03	103.52	2.1%
2003-04 (P)	75.93	1.3%

Anexue-2

TAX EXPENDITURES

Tax expenditureare provisions inhe tax code, such as exclu:ions, deductions,credits, d defenls that e designed to encurage certain kins of activities or to aid taxpayers in special cirumstans. Whe such prvisions are enacted intohe tax code, theyeduce the amount of tax revenues that may le collecd. In thi sense, te fiscal effects of tax exenditure are just ke those of direct government expenditure. Some tax eendituns involv a permarent loss f revenue, and ths are comparable to a paynent by the goverment; otrs caus a deferal of revenue to the fure, and thus arecomparable to an interest-fee loan to the taxpayer. Taexpencures incde exempfons fronthe tax base, allowances deducted from gros: income, tax credis deducd from x liabilit, tax rate recuctions,nd tax deferrals (uch as accelerated deprecation). Since tax expenditus are deigned t accomplish certn public goals th otherwise might be met though direct expenditures, iseems rasonabl to apply to tax expnditures the samkind of analysis and reviewthat the budget apropriatn receivs.

It is essential toistinguish betwen those provisions of the tax code that represent tax exenditurs and thoe that are par of the "basic structure" of given tax. The basic structire is the set of rules that dines thetax; tax expenciture is aexception to thoe rules. In general, most taxes have a series of featurethat dehe their basic structure. Theseeatures are a bae on which the tax is levied such as net incone, or a prticular ass of transactions; a taxable unit, such a a person or a corporation;a rate, to be applied to thease; a efinition f the geograhic limitof the state's excise of its tax jurisdiction; aid provisions for tle adminiration the tax.

The esimates ctotal tax expendires in Pakistan for FY 200-04 come around Rs. 19.6 llion. Th figure gnifies a vast mprovernt over the previus year when the total tax expenditures stoodat Rs. 23 billionduring F 2002-03. Deails for th FY 2003-04 areliscussed below:

Income Tax

Sectior 53 of thIncome Tax Ordiance, 2001 empowers the ederal Govemmet to exept fromx any inome or classes of incon, or persons. Hoever, these powers have nt been exercised ly the Gernmeras it emarks on a polic of phasg out the existinexemptions. As a result, 51exemptions from Part-1 ofe Secod Schedle and four rebates avable under the fist schedule were withdrawn hrough budget 2002. Similly 20 emptionswere withdrawn in buget, 2003. The Ctegories of exemptions listed in Part-I of the second Scdule tche Incoe Tax Ordinance, 200are as follows:-

i. Exeptions related to ensions, provident funds ard superannuation unds.
ii. Exeption on interest n borrowings from external sources;
iii. Exeptions for non-prit charitable, religious and velfare activities;
iv. Exeption to non-profieducational institutions;

v. Exemption relating to electric power generation; and

vi. Un-expired period to tax holidays for industrial undertaking.

The total number of exemptions under the aforesaid categories contained in Part-I of the Second Schedule to the Ordinance, 2001 is around 100. The Cost of these exemptions amounts to Rs.6.15 billion. It may be noted that exemption expenditure mainly relates to National Saving Schemes, pensions, provident funds and superannuation funds. Furthermore, exemptions related to charitable activities and non-profit educational institutes are common in both developed and developing countries. The position with regard to the basic threshold of income for charging taxes is similar.

The following is the estimated cost of exemptions in fiscal year, 2003-04 compared to fiscal year 2002-03:

Table 1: Income Tax Expenditure (Rs billion)

No.	Major Income Tax Expenditure Items	Estimated Revenue loss	
		2002-03	2003-04
1.	Pensions	0.70	0.70
2.	Allowances	1.10	1.10
3.	Income from funds (e.g.NIT units)	0.60	0.60
4.	NSS interest income	2.70	2.00
5.	Other interest income	0.10	0.10
6.	Capital gains	0.90	0.95
7.	Sector and enterprise specific Exemptions.	0.70	0.70
	TOTAL	6.80	6.15

Sales Tax

Key sales tax exemptions are food items (wheat, grain, pulses, and edible oils excluding palm oil and soybean oil). In addition to food items, the exemptions also apply to phosphatic fertilizer, information technology equipment, and pharmaceutical products. As per international practices, the bulk of such items cannot be taxed, for example food grains etc. The cost of the Sales Tax exemption is estimated at about Rs.9.25 billion for the fiscal year 2003-04.

The following are the main exemptions in Sales Tax allowable in fiscal year 2003-04 compared to fiscal year 2002-03 [Table 2].

Table 2: Sales Tax Expenditure (Rs. billion)

NO.	Major Sales Tax Expenditure Items.	Estimated Revenue Loss	
		2002-03	2003-04
1	Retailers (including those in turnover scheme).	0.55	0.20
2	Turnover Manufacturers.	0.35	0.35
3	Edible oils.	2.30	0.85
4	Pharmaceutical (excluding life saving drugs).	4.60	4.60
5	Tractors and other agriculture machinery.	1.75	1.75
6	Fertilizers.	0.69	0.69
7	Pesticides.	0.00	0.50
8	Others (e.g. agri seeds, cattle feed).	0.10	0.10
9.	Exemption on machinery.	0.05	0.21
	TOTAL	10.39	9.25

Central Excise

Tax expenditure on account of Central Excise is minimal compared to other taxes being administered by the CBR. The cost of Central Excise duty exemptions for the fiscal year 2003-04 is around Rs. 2.25 million. This exemption was granted to the Agha Khan Development Network for the Agha Khan Hospital and Medical College, Karachi on the purchase of cement for the construction of the oncology and Laboratory Building.

Customs

Customs exemptions are mainly given on raw materials and components; plant, machinery and equipment imported by the high-tech sector, priority and value added industries; imports for energy sector projects; exploration and production companies including OGDC, equipment for WAPDA; and imports by CNG companies. Some of these exemptions are due to international contractual obligations.

The following is te break-up of thenain exemption in customsduties allowable ii fiscal yar 2003)4 compred to fiscal year 2002-3 [Table-3].

Table :: Exempbns in Customs Dties (Rs. Million)				
S.No.	;RO No. & Date	Description	Esmate Re:nue Los	
			)02-03	200-03
1.	387(l)/9dated 09-05-1994	Exemption of customsduty in excess of 1C% ad val. On machinery,equipment materialsetc import for the project d petroleum sector.	2,667	1,25
2.	438(1)/201, dated 18-06-201	Conditional exemptionof customs duty on machinery and equipnent and constructioi materials for power geieration.	318	18
3.	439(1)/201, dated 18-06-201.	Conditional exemptionof customs duty on import of plant, machirery and equipment iot manufactured locally fir export industries, ii-tech industries etc.	462	51
4.	357 (1)/)02, dated 15.06. 202.	Partial exemption of cistoms duty on raw materials sub-componints and componens not manufactured localy of specified good:.	385	38
5.	358 (1)/)02, dated 15-06- 202.	General Conditional eemption of customs duty.	1,771	2,11
		Total	5,603	4,11

The follbwing is ie consolidated smmary of tax expenditures ;howing the perceitage inease/derease fc the fiscal year 2003-4 compared to F 2002-03.

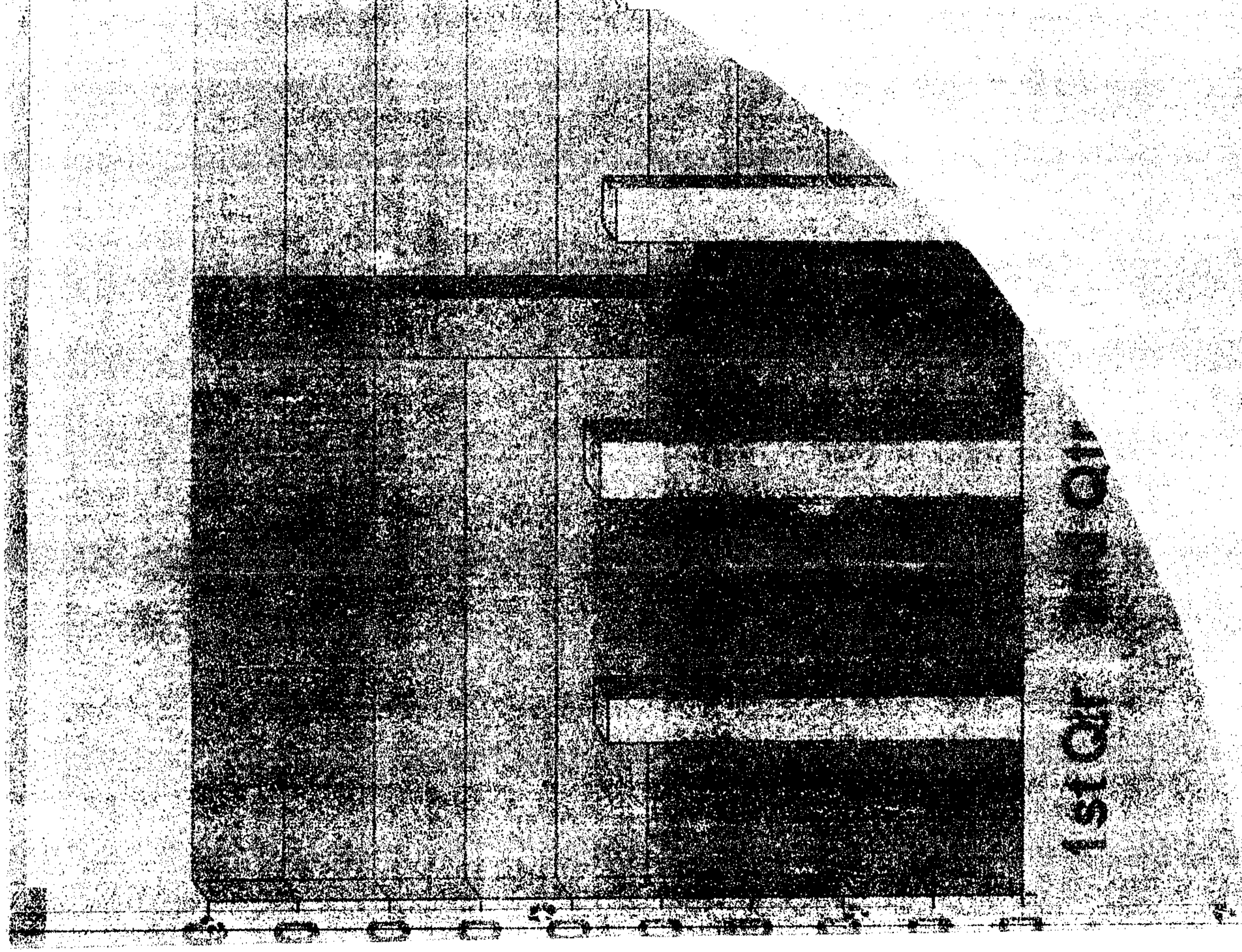
Table 4: Summy of Tax Expenditres (Rs. in billion)			
	Cost of Exemtions		%Change
Type cf Tax	2002-03	2003-04	
1. Income Tax	6.80	6.15	9.56
2. Sales.	10.39	9.25	10.97
3. Cusoms Dutis	5.60	4.21	!4.82
4. Central Excisi	0.50	0.002	)9.60
Total	23.29	19.61	5.80

A sumnary of th projected majorax expenditure items for the fiscal year 2003-(4 is as ider [Tab 5]:

Table 5: Summy of Major Tax Exenditures for 2003-04 (Rs. ir billion)	
Major Tax eenditure items	Esimated Renue Los 2004.
1. Pharmaceulal (excluding life sing drugs)	.60
2. NSS interesincome	!.00
3. General contional exemption oCustoms Duty.	!.00
4. Tractors anothers Agriculture machinery.	.75
5. Import of Mhinery, equipment iaterials etc.	.23
6. Alowances	.10
7. Capital Gair.	).95
8. Ecible Oils.	).85
9. Pensions.	).70
Total	5.18

• • • • • • • • • • • • • • • • • • •

STATISTICAL APPENDIX



CONTENTS

Economic and Social Indicators

ECONOMIC AND

Indicators	1960's	1970's	1980's	1990's	1980-81	1984-85	1988-89	1990-91
	Average (Annual)							
GROWTH RATE (%) (Constant fc)								
GDP	6.8	4.8	6.5	4.6	6.4	8.7	4.8	5.6
- Agriculture	5.1	2.4	5.4	4.4	3.7	10.9	6.9	5.0
- Manufacturing	9.9	5.5	8.2	4.8	10.6	8.1	4.0	6.3
- Commodity Producing Sector	6.8	3.9	6.5	4.6	6.3	9.5	5.8	5.9
- Services Sector	6.7	6.3	6.7	4.6	6.6	8.2	3.8	5.2
GROWTH RATES (%)(Current MP)								
Total Investment		21.8	4.2	12.5	9.8	12.8	19.7	19.4
- Fixed Investment	14.8	20.5	3.7	12.4	4.8	12.6	19.7	20.0
- Public Investment	14.0	25.3	2.6	11.5	-1.2	11.4	16.0	20.9
- Private Investment	20.9	17.0	5.1	13.7	13.1	14.1	23.9	19.2
As % of Total Investment								
- National Savings		67.5	22.6	74.3	80.6	70.6	74.5	74.8
- Foreign Savings		32.5	7.4	25.7	19.4	29.4	25.5	25.2
As % of GDP (Current MP)								
Total Investment		17.1	18.7	18.3	18.8	18.3	18.9	19.0
- Fixed Investment		15.9	17.0	16.6	17.2	16.5	17.3	17.4
- Public Investmnet		10.3	9.2	7.5	9.4	8.9	9.0	8.5
- Private Investment		5.6	7.8	9.1	7.8	7.6	8.3	8.5
National Savings		11.2	14.8	13.8	15.1	12.9	14.1	14.2
Foreign Savings		5.8	3.9	4.5	3.6	5.4	4.8	4.8
Domestic Savings		7.4	7.7	14.0	7.0	4.8	10.4	9.9
GDP DEFLATOR (GROWTH %)			2.3	10.4	10.4	4.5	8.6	13.1
CONSUMER PRICE INDEX (CPI) (Growth %)	3.2	12.5	7.2	9.7	13.9	5.7	10.4	12.7
FISCAL POLICY								
As % of GOP (MP)								
Total Revenue	13.1	16.8	17.3	17.1	16.9	16.4	18.1	16.9
- Tax Revenue	-	-	13.8	13.4	14.0	11.9	14.3	12.7
- Non-Tax Revenue	-	-	3.5	3.7	2.9	4.5	3.7	4.2
Total Expenditure	11.6	21.5	24.9	24.1	22.9	24.7	26.1	25.7
- Current Expenditure	-	-	17.6	19.4	13.6	17.7	19.9	19.3
Defence	-	-	6.5	5.6	5.5	6.7	6.6	6.4
Interest Payment	-	-	3.8	6.8	2.1	3.5	5.0	4.9
General Admn	-	-	1.3	1.9	1.0	1.4	1.3	1.3
- Development Expenditure#	-	-	7.3	4.7	9.3	7.0	6.3	6.4
Overall Deficit	2.1	5.3	7.1	6.9	5.3	7.8	7.4	8.8
MONEY & CREDIT (Growth Rates %)								
- Monetary Assets (M2)	16.3	21.0	13.2	21.7	13.2	12.6	7.8	17.4
- Domestic Assets	15.0	20.5	15.4	16.9	16.5	25.0	9.7	16.8
STOCK EXCHANGE MARKET								
(Growth rates)								
- General Index for Share Prices	-	-	0.1	12.37	-1.0	-3.3	4.9	42.6
- Aggregate Market Capitalization	-	-	2.5	37.54	-1.9	11.7	15.2	40.7

P Provisional

M.B.E. Modified Budget Estimates.

*: Also include Federal Law & Order, Social, Economic and Community Services.

#: From 1998-99 onward also include net lending to PSEs.

SOCIALINDICAT)RS

1991-92	1992-9	1993-94	1994-9.	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	001-02	'002-03 (P)	003-04
7.7	2.	4.4	5.	6.6	1.7	3.5	4.2	3.9	1.8	3.1	5.1	6.4
9.5	-5.	5.2	6.(	11.7	0.1	4.5	1.9	6.1	-2.2	0.1	4.1	2.6
8.1	4.	4.5	2.	3.7	-0.1	6.9	4.1	1.5	9.3	4.5	6.9	13.4
8.6	0.	4.8	5.	8.5	0.4	5.3	3.4	3.0	0.5	1.3	4.9	7.7
6.8	4.	4.2	4.	5.0	3.6	1.6	5.0	4.8	3.1	4.8	5.3	5.2
26.2	13.	10.0	13.	16.4	8.0	9.0	-3.6	10.2	8.6	3.7	9.3	22.3
26.9	13.	9.4	13.	16.9	7.7	1.5	1.6	10.5	8.5	3.2	4.9	25.0
23.2	14.	7.1	18.	13.0	-5.3	-14.9	25.8	5.5	11.1	-22.2	-6.6	47.5
30.3	13.	11.6	8.	18.7	19.6	13.3	-11.4	14.3	7.2	17.3	9.2	17.9
84.	65.	80.6	77.	61.9	65.7	82.7	75.2	91.0	95.8	111.1	122.9	108.0
15.	34.	19.4	22.	38.1	34.3	17.3	24.8	9.0	4.2	-11.1	-22.9	-8.0
20.	20	19.4	18.	18.8	17.7	17.3	15.6	17.4	17.2	16.8	16.7	18.1
18.5	19	17.9	16.	17.2	16.2	14.7	13.9	16.0	15.8	15.5	14.8	16.4
8.	9	8.3	8.	8.2	6.8	5.2	6.1	5.6	5.7	4.2	3.6	4.6
9.8	10	9.6	8.	9.0	9.4	9.6	7.9	10.4	10.2	11.3	11.2	11.7
17.0	13	15.7	14.	11.6	11.6	14.3	11.7	15.8	16.5	18.6	20.6	19.5
3.	7	3.8	4.	7.2	6.1	3.0	3.9	1.6	0.7	-1.9	-3.8	-1.7
11.3	12	15.4	13.	12.0	12.8	15.7	12.9	17.1	17.8	18.1	17.4	17.4
10.	8	12.5	13.	8.3	14.6	6.6	5.9	2.8	7.8	2.5	4.1	6.8
10.5	9	11.3	13.	10.8	11.8	7.8	5.7	3.6	4.4	3.5	3.1	3.9
19.2	18.	17.5	17.	17.9	15.8	16.0	15.9	13.5	13.3	14.2	15.0	14.3
13.7	13.	13.4	13.	14.4	13.4	13.2	13.2	10.7	10.6	10.9	11.5	11.0
5.5	4.	4.1	3.	3.5	2.4	2.8	2.6	2.8	2.7	3.3	3.4	3.3
26.7	26.	23.4	22.	24.4	22.3	23.7	22.0	18.7	17.2	18.8	18.6	17.5
19.	20.	18.8	18.	20.0	18.8	19.8	18.6	16.5	15.5	15.9	16.4	14.5
6.	6.	5.9	5.	5.6	5.2	5.1	4.9	4.0	3.2	3.4	3.3	3.0
5.	5.	5.8	5.	6.3	6.6	7.6	7.5	6.9	6.0	6.2	4.9	4.1
1.	1.	1.6	1.	2.3	1.9	2.3	2.3	2.4	2.4	2.1	2.1	2.1
7.	5.	4.6	4.	4.4	3.5	3.9	3.4	2.2	1.7	2.9	2.2	3.0
7.	8.	5.9	5.	6.5	6.4	7.7	6.1	5.4	4.3	4.3	3.7	3.3
262	17	18.1	17	13.8	12.2	14.	6.2	9.4	9.0	15.4	18.0	12.3
226	23	11.6	13	18.8	15.3	15.	3.5	9.0	3.7	2.2	-3.0	13.3
88.	-14	79.5	-35.	-8.9	-15.9	-30.5	5.8	22.4	-7.9	6.7	91.2	40.5
219.	-1	88.7	-27.	24.5	28.5	-44.7	10.4	36.9	-13.4	20.2	83.1	80.3

ECONOMIC AND

Indicators		1960's	1970's	1980's	1990's	1980-81	1984-85	1989-90	1990-91
		Average (Annual)							
BALANCE OF PAYMENTS (Growth rates %)									
- Exports (fob)		-	13.5	8.5	5.6	19.6	-7.9	6.3	19.8
- Imports (fob)		-	16.6	4.5	3.2	14.5	0.3	2.8	13.1
- Trade Deficit		-	20.5	0.9	-0.6	9.9	6.9	-3.4	-0.1
- Private Transfers (net)		-	-	2.3	5.9	18.3	-11.7	5.2	-4.9
- Workers Remittances		-	-	1.9	-5.3	21.3	-10.6	2.4	-4.8
- Current Account Deficit		-	-	21.2	12.2	-9.0	68.5	-2.2	14.8
As % of GDP (MP)									
- Exports(fob)		-	-	9.8	13.0	10.0	7.9	12.4	13.0
- Imports(fob)		-	-	18.7	17.4	19.8	19.3	18.6	18.5
- Trade Deficit		-	-	8.9	4.4	9.8	11.4	6.2	5.5
- Current Account Deficit		-	-	3.9	4.5	3.7	5.4	4.7	4.8
COMMODITY SECTDRS									
Agriculture									
Total Cropped Area	Mln. Hectares	-	-	20.3	22.4	19.3	19.9	21.5	21.8
Wheat Production	Mln. Tonnes	-	-	12.5	17.0	11.5	11.7	14.3	14.6
Rice "	"	-	-	3.3	3.9	3.1	3.3	3.2	3.3
Sugarcane "	"	-	-	33.1	44.6	32.4	32.1	35.5	36.0
Cotton "	Mln.Bales	-	-	6.31	9.7	4.2	5.9	8.6	9.6
Fertilizer Offtake	Mln.N/Tonnes	-	-	1.4	2.3	1.1	1.3	1.9	1.9
Credit Disbursed	8ln. Rs	-	-	11.2	23.8	4.0	10.3	13.8	14.9
Manufacturing									
Cotton Yarn	Mln. Kg.	5.6	3.4	10.0	2,151	375	432	912	1,041
Cotton Cloth	Mln.Sq.Mtr.	3.1	(5.2)	(1.1)	558	308	272	295	293
Fertilizer	Mln. Tonnes	27.5	13.2	10.7	5.6	1.6	2.7	3.0	3.0
Sugar	"	34.3	2.2	14.4	4.1	0.9	1.3	1.9	1.9
Cement	"	10.7	2.5	8.6	13.1	3.5	4.7	7.5	7.8
Soda Ash	000 Tonnes	12.0	2.6	6.7	313.1	96.0	122.0	150.0	147.0
Caustic Soda	000 Tonnes	24.4	5.0	6.6	165.3	39.0	46.0	74.0	79.0
Cigarettes	Bln.Nos.	10.7	4.9	(0.4)	62.0	36.0	39.0	32.0	30.0
Jute Goods	000 Tonnes	-	3.4	9.5	123.2	50.0	78.0	96.0	97.0
INFRASTRUCTURE									
Energy									
Crude Oil Extraction	Mln. Barrels	-	2.8	10.9	31.0	3.6	9.5	19.5	23.5
Gas (supply)	Bln.CF	-	165.4	385.2	1,031.3	299.8	361.9	498.1	518.5
Electricity (Installed Capacity)	000 MW	-	1.3	3.1	20.1	4.1	5.6	7.4	8.7
Transport & Communications									
Roads	000 Km	70.5	74.1	123.8	320.7	94.0	118.5	162.4	170.8
Motor Vehicles on Road	Mln.Nos.	-	0.4	1.4	5.1	0.8	1.3	2.0	2.1
Post Offices	000 Nos.	7.1	9.0	11.8	18.8	11.2	11.9	12.2	13.4
Telephones	Mln.Nos.	0.1	0.2	0.6	3.7	0.4	0.6	0.9	1.2

Not available

SOCIAL NDICATORS

1991-92	1992-9	1993-94	1994-9	1995-96	1996-97	1997-98	1998-99	1999-00	2000-	2001-2	2002-03 (P)	2003-04 (July-Mch)
14.5	0	1.4	16	1	2.6	4	10.7	83	[illegible]	3	1.1	1.9
7.3	11	13.6	18	16.7	6.4	8	-6.7	-01	8	-7	2.1	1.7
-9.9	46	38.8	76	46.0	15.1	40	11.7	-323	-1	-78	5.0	2.0
48.1	25.	7.7	7	7.4	74.4	8	-29.2	347	2	9	3.0	.4
-20.5	6	7.5	29	21.7	3.5	5	-28.8	-72	1	119	7.3	-.0
-38.0	174	46.7	26	84.2	15.9	50	26.4	-529	-5	360	13.5	-4.4
13.9	13	12.9	12.	13.2	13.0	13	12.8	112	1	12	1.2	-
18.6	15	16.8	17	19.0	18.0	16	16.4	131	14	13	1.7	-
4.6	8	3.9	4	5.9	5.0	3	3.5	19	1	0	.5	-
2.8	7	3.8	4	7.2	6.7	3	4.1	16	[illegible]	+1	+.8	-
21.7	22	21.9	22	22.6	22.7	23.	23.1	22.	22	22	23	.8
15.7	16	15.7	17	16.9	16.7	18	17.9	21.	19	18	19	1.8
3.2	3	4.0	3	4.0	4.3	4.	4.7	5.	4	3	45	.8
38.9	38	44.4	47	45.2	47.0	53.	55.2	46.	43	48	521	9.4
12.8	9	8.0	8	10.6	9.4	9.	8.8	11.	10	10	10	1.0
1.9	2	2.1	2.	2.5	2.4	2.	2.6	2.	2	2	3	.5
14.5	16	15.7	22	19.7	19.5	33.	42.8	39.	44	52	58	.9
1,1'1	1,2	1,310	1,40	1,495	1,521	1,53	1,540	1,67	1,7	1,80	1,90	,156
308	3	315	32	327	334	34	385	43	4	53	8	85
2.8	3	3.9	3	4.2	4.0	3.	4.2	4.	3	3	3	.2
2.3	2	2.9	3	2.5	2.4	3.	3.5	2.	2	3	3	.7
8.3	6	8.2	8.	9.5	9.5	9.	9.6	9	9	8	10	.3
186.0	180	187.0	185	214.0	247.0	239.	239.4	248	218	255	265	21.3
82.0	80	89.0	92	109.0	118.2	115.	120.4	141	145	150	164	17.1
30.0	30	36.0	30	45.5	46.1	48.	51.6	47	58	55	49	3.8
10.0	90	76.4	67	70.6	68.7	92.	85.5	85	89	81	95	3.6
22.5	23	20.7	19	21.1	21.3	20.	19.7	20	2	22	2.5	.1
550.7	585	624.2	628	666.6	697.6	699.	744.9	818.3	851	923	96.4	82.7
9.4	16	11.3	12	13.0	14.7	15	15.6	1.4	1	17	1.7	.5
182.7	18.3	196.8	20.7	218.3	229.6	240.9	247.5	248.3	25	251	25.2	25.9
2.5	.7	2.8	.0	3.3	3.5	37	4.0	.0	5	4.	.9	.0
3.4	.2	13.3	1.3	13.4	13.4	1.2	12.8	1.8	12	12	1.3	2.3
1.5	.6	1.8	.1	2.4	2.6	28	2.9	.1	3	3	.9	.0

ECONOMIC AND

Indicators		1960's	1970's	1980's	1990's	1980-81	1984-85	1988-89	1989-90	1990-91
		Average (Annual)								
HUMAN RESOURCES										
Population(End June)										
Population	Million	-	-	96.32	122.49	84.87	94.93	105.35	108.04	110.79
Labour Force	Million	-	-	11.59	34.49	26.33	28.06	30.37	31.15	31.53
Employed Labour Force	Million	-	-	11.20	32.54	25.40	27.02	29.42	30.18	29.57
Un-employed Labour Force	Million	-	-	0.39	1.95	0.93	1.04	0.95	0.97	1.96
Un-employment Rate	% per annum	-	-	1.35	5.65	3.55	3.72	3.13	3.13	6.22
Crude Birth Rate	Per 1000 Persons	-	-	-	-	-	43.30	40.50	-	-
Crude Death Rate	Per 1000 Persons	-	-	-	-	-	11.80	10.80	-	-
Infant Mortality Rate	Per 1000 Persons	-	-	-	-	-	126.70	107.70	107.70	107.70
SOCIAL DEVELOPMENT										
Education										
Primary Schools	000 Nos.	-	-	34.7	137.7	59.2	73.8	103.7	110.5	114.1
Male	"	-	-	25.0	96.0	40.6	52.3	76.2	80.5	84.0
Female	"	-	-	9.8	41.8	18.6	21.5	27.4	30.0	31.1
Middle Schools	"	-	-	2.7	13.1	5.3	6.1	7.8	8.1	8.8
Male	"	-	-	1.8	7.6	3.9	4.3	4.9	5.0	5.4
Female	"	-	-	0.9	5.5	1.4	1.8	2.9	3.1	3.4
High Schools	"	-	-	2.2	9.6	3.5	4.6	6.6	7.2	8.2
Male	"	-	-	1.6	6.6	2.5	3.3	4.8	5.3	6.2
Female	"	-	-	0.6	3.0	1.0	1.3	1.8	1.9	2.0
Secondary/Vocational Institutions	Nos.	-	-	245	543	231	290	999	929	725
Male		-	-	138	285	143	186	544	510	380
Female		-	-	107	257	88	104	455	419	345
Expenditure as % of GNP		-	-	0.8	2.3	1.4	1.8	2.4	2.2	2.1
Literacy Rate	Percent	-	-	29.5	39.8	26.2	28.8	32.7	33.8	34.9
Male		-	-	39.0	50.6	35.0	38.1	42.6	43.9	45.1
Female		-	-	18.7	27.8	16.0	18.1	21.5	22.4	23.3
Health										
Registered Doctors	(000 Nos.)	2.0	6.3	28.1	68.9	10.8	25.6	42.9	47.3	51.9
Registered Nurses	"	-	2.9	9.9	24.1	5.3	8.3	14.0	15.9	16.9
Registered Dentists	"	0.2	0.7	1.4	2.8	0.9	1.3	1.8	1.9	2.1
Hospitals	Numbers	380	521	651.0	823.0	602	633	710	719	756
Dispensaries	(000 Nos.)	1.7	2.8	3.5	4.3	3.5	3.4	3.6	3.7	3.8
Rural Health Centres	"	-	0.1	0.3	0.5	0.2	0.3	0.4	0.4	0.5
TB Centres	Numbers	-	90	122.0	245.0	98	96	211	211	220
Beds in Hospitals and Dispensaries	000 Nos.	25.5	38.4	55.6	83.8	47.4	53.6	64.5	66.4	73.0
Expenditure on Health as % of GNP		-	0.6	0.8	0.7	0.6	0.7	0.9	0.8	0.7

\- Not available

E Estimated

Note: Population have been estimated as on 30th June of the year

SOICₐL INDICₐTORS

19?1-92	19?-93	1993-94	1994'5	1995-96	1996-97	1997-98	1998-99	1999-00	?000-01	'01-02	)02-03	)03-04
113.61	1147	119.39	122.5	125.38	128.42	131.51	134.51	137.51	140.47	145.96	149.03	148.72
:1.94	345	33.29	33.0	34.42	36.84	37.73	38.59	40.40 E	41.20	41.84	43.18	45.04
:0.07	:92	31.68	31.8	32.56	34.59	35.42	36.23	38.02	38.80	38.57	39.80	41.32
1.87	.53	1.61	1.2	1.86	2.25	2.31	2.36	2.35	-2.4	3.27	3.38	3.72
5.85	.73	4.84	5.1	5.41	6.12	6.12	6.12	6.00 E	6.0	7.8	7.8	8.27
-		-	-	35.10	-	32.70	-	32.70	-	28.70	27.3	28.00
-		-	-	8.70	-	9.10	-	9.10	-	8.20	8.0	8.10
1(8.00	1(.90	-	-	85.50	-	85.00	-	85.00	-	85.00	83.0	82.00
12.4	'0.6	134.0	13.6	143.1.	149.7	156.3	159.3	162.5	165.7	165.7	250.8	-
80.8	2.5	94.0	9 6	99.7	107.7	105.1	102.8	104.9	106.9	105.7	-	-
31.6	8.1	40.0	4.0	43.4	42.0	51.2	56.5	57.6	58.8	60.0	-	-
9.0	1.8	12.1	1.6	13.3	14.5	17.4	18.0	18.4	18.8	18.8	82.0	-
5.5	6.7	6.9	.0	7.6	8.7	10.2	10.1	10.3	10.5	10.5	-	-
3.5	5.1	5.2	.6	5.7	5.8	7.2	7.9	8.1	8.3	8.3	-	-
8.4	8.7	9.2	.5	9.5	9.9	11.1	12.3	12.6	12.8	12.9	49.6	-
6.3	6.0	6.3	.4	6.4	6.7	7.3	7.8	8.0	8.2	8.2	-	-
2.1	2.7	2.9	.1	3.1	3.2	3.8	4.5	4.6	4.6	4.7	-	-
608	602	474	;7	497	496	498	498	498	612.0	643	-	-
297	286	256	;3	273	270	272	272	275	379.0	405	-	-
311	316	218	21	224	226	226	226	223	233.0	238	-	
2.2	2.2	2.2	.4	2.4	2.5	2.3	2.2	2.1	1.6	1.9	1.7	-
36.0	;7.2	38.4	3.6	40.9	42.2	43.6	45.0	47.1	49.0	50.5	51.6	54.00
46.4	17.7	49.1	5.5	51.9	53.4	54.9	56.5	59.0	- - -		-	66.25
24.3	?5.4	26.5	7.6	28.8	30.0	31.3	32.6	35.4	-		-	41.75
55.6	;0.0	63.0	6.2	69.7	74.2	78.5	82.7	87.1	91.8	96.2	101.7	108.1
18.2	19.4	20.2	:.4	22.3	24.8	28.7	32.9	36.0	37.6.	'40.0	44.5	46.3
2.2	2.3	2.4	:.6	2.8	2.9	3.2	3.4	3.9	4.2	4.6	5.0	5.5
776	778	799	22	827	858	865	872	879	876	907	906.0	906.0
3.9	4.1	4.2	1.3	4.3	4.5	4.5	4.6	4.6	4.6	4.6	4.6	4.6
0.5	0.5	0.5	).5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6
219	228	233	42	260	262	262	263	264	274.0	272	285.0	289.0
75.8	76.9	80.0	4.9	85.8	88.5	89.9	90.7	92.2	93.9	97.9	98.3	98.7
0.7	0.7	0.7	).6	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8

TABLE '.1

GROSS NATIONA. PRODUCT
A' CONSTANT FACTOR :OST OF 1999-:000

(s millior

Sectors	199-00	2000-01	200 -02	2002-03 R	2003-. P	% Chage 2(2-03/ 201-02	% Chage 2003-04/ 2002-03
COMMODITY PRD. SECTOR	1,71,799	1,730,728	1,75:,572	1,839,644	1,981,12	.9	7.7
1. Ag'iculture	93,609	903,499	904433	941,275	965,3	.1	2.6
Major Crop	32,200	308,474	300911	321,548	330,4	.9	2.8
Minor Crop	15,679	121,673	117217	117,723	119,7.	.4	1.7
Lvestock	47,120	433,066	448968	461,509	473,6	.8	2.6
Fshing	1,163	14,715	12,101	13,346	13,61	.4	2.0
Forestry	2,447	25,571	24,36	27,149	27,92	1.1	2.9
A1. INDUSTRIAL ECTOR	*73,190*	*827,229*	*849139*	*898,369*	*1,015,0*	*.8*	*13.1*
2. Mining & Qurrying	4,377	47,561	51,131	59,266	59,27	5.1	0.0
3. Manfacturin	52,801	571,357	596841	637,964	723,3	.9	13.4
Large Scal	38,602	375,687	388859	416,843	488,2	.2	17.1
Small & Hcsehold	12,369	142,310	152997	164,487	176,8	.5	7.5
Saughteri	1,830	53,360	54,185	56,634	58,20	.0	2.8
4. Constructio	7,386	87,846	89,141	91,976	99,28	.1	7.9
5. Electricity ad Gas Distruution	19,626	120,465	112026	109,163	133,7	1.6	22.5
SERVICES SECOR	1,07,546	1,863,396	1,95:,146	2,055,608	2,163,:7	.3	5.2
6. Transport, torage & Commucation	40,983	422,195	427296	444,256	461,3	.0	3.9
7. Wholesale Re-tail Trade	61,842	649,564	667615	706,813	763,5	.9	8.0
8. Finance & Isurance	12,454	112,455	131761	127,604	122,9	1.2	-3.7
9. Ownership Dwellings	10,425	114,593	118604	122,755	127,0	.5	3.5
10. Public Adm & Defence	20,291	225,152	240585	264,997	280,5	).1	5.9
11. Services	31,551	339,437	366285	389,183	407,8	.3	4.8
12. GDP (fc)	3,29,345	3,594,124	3,70!,718	3,895,252	4,144,3	.1	6.4
13. Indirect Taxs	25,815	301,920	312886	352,528	361,5	1.7	2.6
14. Subsidies	1,724	32,050	30,:27	54,023	60,08	3.7	11.2
15. GDP(mp)	3,93,436	3,863,994	3,981,377	4,193,757	4,445,8	.1	6.0
16. Net Factor come from abrol	-7,956	-47,285	22,94	126,689	87,98	40.7	-30.5
17. GNP(fc)	3,81,389	3,546,839	3,721,312	4,021,941	4,232,7	.9	5.2
18. GNP (mp)	3,45,480	3,816,709	4,011,971	4,320,446	4,533,7	.7	4.9
19. Population (n million	37.5	140.4	14.2	146.0	148.	.9	1.9
20. Per Capita Income(fcts)	5,314	25,270	26,141	27,557	28,45	.8	3.3
21. Per Capita Income(m-Rs)	7,234	27,192	28,115	29,602	30,48	.7	3.0

Sourc: Feder. Bureau of Statistic

R: Revised

P: Provisional

1.2

SECTORAL SHARE IN GDP

(%)

Sector	1999-2000	2000-01	2001-02	2002-03 R	2003-04 P
COMMODITY PROD. SECTOR	48.8	48.2	47.3	47.2	47.8
1. Agriculture	26.2	25.1	24.4	24.2	23.3
Major Crops	9.7	8.6	8.1	8.3	8.0
Minor Crops	3.6	3.4	3.2	3.0	2.9
Livestock	11.8	12.0	12.1	11.8	11.4
Fishing	0.4	0.4	0.3	0.3	0.3
Forestry	0.7	0.7	0.7	0.7	0.7
A1. INDUSTRIAL SECTOR	22.6	*23.0*	22.9	*23.1*	*24.5*
2. Mining & Quarrying	1.4	1.3	1.4	1.5	1.4
3. Manfacturing	14.8	15.9	16.1	16.4	17.5
Large Scale	9.6	10.5	10.5	10.7	11.8
Small & Household	3.8	4.0	4.1	4.2	4.3
Slaughtering	1.5	1.5	1.5	1.5	1.4
4. Construction	2.5	2.4	2.4	2.4	2.4
5. Electricity and Gas Distrubution	4.0	3.4	3.0	2.8	3.2
SERVICES SECTOR	51.2	51.8	52.7	52.8	52.2
6. Transport, Storage & Communication	11.4	11.7	11.5	11.4	11.1
7. Wholesale & Retail Trade	17.6	18.1	18.0	18.1	18.4
8. Finance & Insurance	3.8	3.1	3.6	3.3	3.0
9. Ownership of Dwellings	3.1	3.2	3.2	3.2	3.1
10. Public Admn. & Defence	6.2	6.3	6.5	6.8	6.8
11. Services	9.1	9.4	9.9	10.0	9.8
12. GDP (fc)	100.0	100.0	100.0	100.0	100.0

Source: Federal Bureau of Statistics.

R: Revised

P: Provisional

1.3
REAL GDP/GNP GR?WTH RATES

(%)

Secr	2000-01	2001-02	2002-03 R	20?-04
COMODITY PROD. SETOR	0.5	1.3	4.9	7
1. Agriculture	-2.2	0.1	4.1	.6
Major Crops	-9.9	-2.5	6.9	.8
Minor Crops	-3.2	-3.7	0.4	7
Livestock	3.8	3.7	2.8	.6
Fishing	-3.0	-12.3	3.4	.0
Forestry	9.1	-4.4	11.1	.9
A1. IDUSTRIAL SECTR	*3.6*	*2.6*	*5.8*	*11*
2. Mining & Quarryig	-1.7	7.3	16.1	0
3. Manfacturing	9.3	4.5	6.9	1.4
Large Scale	11.0	3.5	7.2	1.1
Small & Househld	7.5	7.5	7.5	5
Slaughtering	3.0	3.0	3.0	8
4. Construction	0.5	1.6	3.1	9
5. Electricity and Gas Distrubutio	-13.7	-7.0	-2.6	25
SEI/ICES SECTOR	3.1	4.8	5.3	2
6. Transport, Storae & Communicatin	5.3	1.2	4.0	9
7. Wholesale & Retail Trade	4.5	2.8	5.9	0
8. Finance & Insurace	-15.1	17.2	-3.2	-7
9. Ownership of Dwellings	3.8	3.5	3.5	5
10. Public Admn. & Defence	2.2	6.9	10.1	9
11. Services	5.6	7.9	6.3	8
12. GDP (fc)	1.8	3.1	5.1	4

R: evised

P: ovisional

Source: Fderal Buau of Stistics.

TABLE 1.4

EXPENDITURE ON GROSS NATIONAL PRODUCT AT CONSTANT PRICES OF 1999-2000

(Rs million)

Flows	1999-2000	2000-01	2001-02	2002-03 R	2003-04 P	% Change 2002-03/ 2001-02	% Change 2003-04/ 2002-03
Private Consumption Expenditure	2,791,346	2,856,556	2,891,057	2,927,900	2,759,399	1.3	-5.8
General Govt. Current Consumption Expenditure	390,691	312,070	358,968	389,646	421,600	8.5	8.2
Gross Domestic Fixed Capital Formation	607,410	634,423	632,134	638,580	732,190	1.0	14.7
Change in Stocks	51,700	58,138	62,515	81,308	76,973	30.1	-5.3
Export of Goods and Non-Factor Services	514,280	576,936	634,399	814,425	991,843	28.4	21.8
Less Imports of Goods and Non-Factor Services	561,990	574,130	591,602	657,983	536,200	11.2	-18.5
Expenditure on GDP at Market Prices	3,793,437	3,863,993	3,987,471	4,193,876	4,445,805	5.2	6.0
Plus Net Factor Income from the Rest of the World	-47,957	-47,284	23,500	126,570	87,988	438.6	-30.5
Expenditure on GNP at at Market Prices .	3,745,480	3,816,709	4,010,971	4,320,446	4,533,793	7.7	4.9
Less Indirect Taxes	295,815	301,920	312,886	352,528	361,570	12.7	2.6
Plus Subsidies	31,724	32,050	30,227	54,023	60,084	78.7	11.2
GNP at Factor Cost	3,481,389	3,546,839	3,728,312	4,021,941	4,232,307	7.9	5.2

Source: Federal Bureau of Statistics.

R: Revised

P: Provisional

TABLE 15

GROSS NATIONAl PRODUCT
AT CURRENT FACTOR COST

(Rsnillion)

Sectors	199-00	2000-01	20i1-02	2002-03	2003-0	% Chang 200203/ 200 02	203-04/ 202-03
1. Acriculture	92,609	945,301	96,291	1,046,007	1,174,5	8.	2.3
Major Cros	34,200	325,579	31,857	369,217	461,99	16	5.1
Minor Cros	12,679	130,679	13,136	127,728	131,79	-4	3.2
Livestock	41,120	446,058	47,310	504,303	533,15	5.	5.7
Fishing	1:163	16,546	16377	15,651	16,20	-4	3.5
Forestry	2:447	26,439	25611	29,108	31,43	13	3.0
2. Mning & Carrying	4:377	59,151	6997	84,238	84,53	27	).4
3. Manfacturi	52,801	608,132	64,850	726,576	869,89	13	9.7
Large Sca	33,602	410,879	42,089	481,224	585,80	13	1.7
Small & Husehold	13,369	143,463	16,734	180,558	199,28	11	0.4
Slaughterg	5 830	53,790	5,027	64,794	84,80	13	0.9
4. Constructi	8 386	94,670	9,197	97,097	129,99	2.	3.9
5. Electricity d Gas Distrution	13,626	133,091	13,350	133,287	166,35	-0	4.8
6. Transport, torage & Commucation	40,983	512,997	54,828	609,929	656,95	12	7.7
7. Wholesale Re-tail Trade	6,842	691,854	72,812	782,079	897,09	8.	4.7
8. Finance & surance	12,454	116,997	14,424	142,037	142,53	-0	).3
9. Ownershipf Dwellings	11,425	124,359	12,454	129,632	172,39	2.	3.0
10. Public Adm. & Defence	2,291	235,039	26,042	295,222	325,30	13	0.2
11. Services	3,551	354,434	39,967	433,769	468,65	9.	3.0
12. GDP (fc)	3,59,345	3,876,025	4,05,212	4,479,873	5,088,3	9.	3.6
13. Indirect Taes	29,815	320,669	33,262	403,221	443,42	18	0.0
14. Subsidies	3,724	34,040	3,775	61,791	73,687	88	9.3
15. GDP(mp)	3,73,436	4,162,654	4,41,699	4,821,303	5,458,0	9.	3.2
16. Net Factorcome rom abred	-4,956	-54,482	2,665	151,812	118,24	545	2.1
17. GNP(fc)	3,41,389	3,821,543	4,18,877	4,631,685	5,206,5	12	2.4
18. GNP (mp)	3,75,480	4,108,172	4,45,364	4,973,115	5,576,3	12	2.1
19. Populatior in millior	38	140	43	146	149	1.	.9
20. Per Capita ncome(fcRs)	2,314	27,227	2,769	31,735	35,00	10	0.3
21. Per Capita ncome(m-Rs)	2,234	29,269	3,910	34,074	37,49	10	0.0
22. Per Capita ncome(m-US $)	26	501	03	582	652	15	2.0
23. GDP Deflar ndex	10.00	107.84	10.51	115.01	122.7		
Growth		7.84	.47	4.07	6.76		

R: Revised

P: Provisional

Source: ederal Breau of Satistics

TABLE 1.6

EXPENDITURE ON GROSS NATIONAL PRODUCT AT CURRENT PRICES

(Rs million)

Flows	1999-2000	2000-01	2001-02	2002-03 R	2003-04 P	% Change 2002-03/ 2001-02	% Change 2003-04/ 2002-03
Private Consumption Expenditure	2,851,346	3,163,874	3,278,905	3,547,453	3,656,195	8.2	3.1
General Government Current Consumption Expenditure	330,691	327,562	388,446	438,057	493,975	12.8	12.8
Gross Domestic Fixed Capital Formation	607,410	659,325	680,373	713,859	892,513	4.9	25.0
Change in Stocks	51,700	56,200	58,000	93,000	94,400	60.3	1.5
Export of Goods and Non-Factor Services	514,280	617,148	677,855	815,158	1,041,633	20.3	27.8
Less Imports of Goods and Non-Factor Services	561,990	661,455	681,880	786,224	720,653	15.3	-8.3
Expenditure on GDP at Market Prices	3,793,437	4,162,654	4,401,699	4,821,303	5,458,063	9.5	13.2
Plus Net Factor Income from the rest of the world	-47,957	-54,482	23,665	151,812	118,244	541.5	-22.1
Expenditure on GNP at Market Prices	3,745,480	4,108,172	4,425,364	4,973,115	5,576,307	12.4	12.1
Less Indirect Taxes	295,815	320,669	339,262	403,221	443,429	18.9	10.0
Plus Subsidies	31,724	34,040	32,775	61,791	73,687	88.5	19.3
GNP at Factor Cost	3,481,389	3,821,543	4,118,877	4,631,685	5,206,565	12.5	12.4

Source: Federal Bureau of Statistics.

R: Revised

P: Provisional

Note: Private Consumption Expenditure has been taken as residual

TABLE 1.7

GROSS FIED CAPITAL FORMATION ((FCF) IN PRIVATE, PUBLIC, AND GENRAL GOVERNMENT SECTOFS BY ECONOMIC ACTIVITY AT CURRENT MARKET PRICES

Rs millio)

Sector	199-2000	2000-01	2001-02	2002-03 R	2013-04 P	% Chnge 02-03/ 01-02	% Chnge 2003-04 2002-03
GFCF (A+B+C	60,410	659,325	680,373	713,859	89:,513	4.9	25.0
A. Private Seor	39,749	423,097	496,464	542,096	63!,154	9.2	17.9
B. Public Secr	14,912	169,242	113,523	84,485	12!,706	-25.6	53.5
C. General Gct.	6!749	66,986	70,386	87,278	12:,653	24.0	41.7
Private & Pub: (A+B)	54,661	592,339	609,987	626,581	761,860	2.7	22.7
SECTOR-WIS:							
1. Agriculture	7!434	67,147	69,604	76,416	79072	9.8	3.5
2. Mining and Quarrying	1!221	33,694	48,996	66,399	65395	35.5	-1.5
3. Manfacturin (A+B)	14,345	151,020	168,055	167,740	23:,962	-0.2	39.5
A. Large Sde	12,532	128,826	143,005	138,887	19!,486	-2.9	43.6
B. Small Sde	1!732	22,191	25,047	28,850	34472	15.2	19.5
C. Slaughteng	1	3	3	3	4	0.0	33.3
4. Constructic	1!117	13,589	15,163	7,130	9,:21	53.0	30.7
5. Eectricity &Gas	67354	67,628	56,865	42,680	40017	24.9	-6.2
6. Transport ad Communicion	8(081	104,679	86,360	77,011	111407	10.8	44.7
7. Wholesale ad Retail Trad	7 11	8,589	10,375	12,533	14517	20.8	15.8
8. Finance & Insurance	9!92	5,104	10,158	25,600	28754	52.0	12.3
9. Ownership f Dwellings	77973	87,448	87,833	91,260	121461	3.9	33.1
9. Services	5(033	53,441	56,579	59,812	64354	5.7	8.6

P: Provisiona

R: Revised

(..Contd

TABLE 1.7

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

(Rs million)

Sector	1999-2000	2000-01	2001-02 R	2002-03 P	2003-04 P	% Change 2002-03/ 2001-02	% Change 2003-04/ 2002-03
PRIVATE	394,749	423,097	496,464	542,096	639,154	9.2	17.9
SECTORS							
1. Agriculture	72,513	66,468	65,636	75,028	77,272	14.3	3.0
2. Mining and Quarrying	13,108	13,230	26,710	40,961	39,468	53.4	-3.6
3. Manufacturing	119,158	137,127	166,657	166,904	228,152	0.1	36.7
Large Scale	99,345	114,933	141,607	138,051	193,676	-2.5	40.3
Small Scale	19,732	22,191	25,047	28,850	34,472	15.2	19.5
Slaughtering	81	3	3	3	4	0.0	33.3
4. Construction	12,373	11,360	11,689	4,178	5,862	-64.3	40.3
5. Electricity & Gas	15,169	15,258	35,141	26,417	18,239	-24.8	-31.0
6. Transport & Communication	23,868	31,697	31,476	45,930	48,535	45.9	5.7
7. Wholesale and Retail Trade	7,111	8,589	10,375	12,533	14,517	20.8	15.8
8. Ownership of Dwellings	77,973	87,448	87,833	91,260	121,461	3.9	33.1
9. Finance & Insurance	6,312	2,827	7,996	23,109	26,896	189.0	16.4
10.Services	47,164	49,093	52,951	55,776	58,752	5.3	5.3

(..Contd.)

R: Revised

P: Provisional

TABLE 1.7

GROS FIXED CAPITAL FORMATI)N (GFCF) IN PUBlIC

AND GENEAL GOVERNMENT SECTORS BY ECONOMIC ACTIVITY

AT CURRENT MARKE' PRICES

(Rs millio)

Sectr	199-2000	2000-01	2001-02	2002-03 R	20(3-04 P	% Chnge 02-03/)01-02	% Chnge 2003-04 2002-03
Pubic Sectornd General Gov(A+B)	21,661	236,228	183,909	171,763	25:,359	-6.6	47.5
A. Public Secr	14,912	169,242	113,523	84,485	12!,706	-25.6	53.5
1. Agriculture	2)21	680	3,968	1,388	1,)00	-65.0	29.7
2. Mning and Quarrying	5!13	20,463	22,285	25,438	25927	14.1	1.9
3. Manufactung	2'187	13,893	1,398	836	5,)10	-40.2	595.0
Large Scal	2'187	13,893	1,398	836	5,)10	-40.2	595.0
Small Scal	-	-	-	-			
4. Constructio	2'44	2,229	3,474	2,952	3,)59	-15.0	17.2
5. Eectricity ,Gas	5:185	52,370	21,724	16,263	21778	-25.1	33.9
6. Transport ad Communicaon	5:213	72,982	54,884	31,081	62872	-43.4	102.3
Railways	69	2,473	5,376	3,133	158	-41.7	-95.0
Post Offic& PTC	2'438	31,239	26,440	6,699	9,)36	-74.7	43.8
Others	2.406	39,270	23,068	21,249	53078	-7.9	149.8
7. Wholesale nd Retail Trad	-	-	-	-	-	-	-
8. Fnance & Insurance	:680	2,277	2,162	2,491	1,)58	15.2	-25.4
9. Services	:869	4,348	3,628	4,036	6)02	11.2	53.7
B. General Gvt.	6,749	66,986	70,386	87,278	12:,653	24.0	41.7
Federal	2,980	24,029	29,657	31,581	41510	6.5	31.4
Provincial	3,763	31,371	17,729	26,689	41097	50.5	54.0
Local Bods	!006	11,586	23,000	29,008	41046	26.1	41.5

Sourc: Federa)ureau cStatistic.

R: Revised

P: Provisiol

- Nil

.. Not availble

TABLE 1.8

GROSS FIXED CAPITAL FORMATION (GFCF) IN PRIVATE, PUBLIC AND GENERAL GOVERNMENT SECTORS BY ECONOMIC ACTIVITY AT CONSTANT FACTOR COST OF 1999-2000

(Rs million)

Sector	1999-2000	2000-01	2001-02	2002-03 R	2003-04 P	% Change 2002-03/ 2001-02	% Change 2003-04/ 2002-03
GFCF (A+B+C)	607,410	634,422	632,133	638,580	732,190	1.0	14.7
A. Private Sector	394,749	406,003	459,634	483,381	521,492	5.2	7.9
B. Public Sector	146,912	163,175	105,388	74,454	104,803	-29.4	40.8
C. General Govt.	65,749	65,244	67,111	80,745	105,895	20.3	31.1
Private & Public (A+B)	541,661	569,178	565,022	557,835	626,295	-1.3	12.3
SECTOR-WISE:							
1. Agriculture	75,434	64,965	64,953	67,410	63,268	3.8	-6.1
2. Mining and Quarrying	18,221	32,610	45,169	57,231	51,395	26.7	-10.2
3. Manfacturing	140,345	142,550	153,417	149,344	186,870	-2.7	25.1
Large Scale	120,532	120,952	129,781	123,477	158,561	-4.9	28.4
Small Scale	19,732	21,595	23,633	25,864	28,306	9.4	9.4
Slaughtering	81	3	3	3	3	0.0	0.0
4. Construction	15,117	12,283	13,347	6,606	7,598	-50.5	15.0
5. Electricity & Gas	67,354	65,582	52,804	37,162	31,767	-29.6	-14.5
6. Transport and Communication	80,081	101,023	80,582	68,915	91,460	-14.5	32.7
7. Wholesale and Retail Trade	7,111	8,369	9,925	11,692	12,561	17.8	7.4
8. Finance & Insurance	9,992	4,957	9,552	23,298	24,578	143.9	5.5
9.Ownerships of Dwellings	77,973	84,926	82,596	83,054	103,822	0.6	25.0
10. Services	50,033	51,915	53,006	53,124	52,976	0.2	-0.3

(..Contd.)

R: Revised

P: Provisional

- Not available

TABLE 1.3

GROSS IXED CAPITAL FORMATION GFCF) IN PRIVATE SECTO

AT CONSTANT FACTOR COST OF 1999-2000

(Rs miion)

Sector	1999-200	2000-01 •	2001-02	2002-03 R	2003-04 P	% hange 2002-03/ 2001-02	% hange 2003-4/ 2002-3
PRVATE SETOR	394,39	406,003	459,634	483,381	521,492	5.2	7.9
1. Agricultur	72,53	64,307	61,250	66,186	6 ,827	8.1	-6.
2. Mining an Quarrying	13,18	12,805	24,624	35,305	3 ,019	43.4	-12.
3. Manufactiing	119,58	129,506	151,822	148,601	182,252	-2.1	22.
Large Sde	99,35	107,908	128,186	122,734	153,943	-4.3	25.
Small Sde	19,72	21,595	23,633	25,864	2,306	9.4	9.4
Slaughteng	81	3	3	3	3	0.0	0.0
4. Constructn	12,33	10,268	10,289	3,871	4779	-62.4	23.
5. Electricity & Gas	15,19	14,796	32,632	23,001	1-,479	-29.5	-37.
6. Transport Communiation	23,88	30,590	29,370	41,101	3',845	39.9	-3.
7. Wholesaland Retail Tre	7,11	8,369	9,925	11,692	1:,561	17.8	7.4
8.Cwnershipf Dwellirs	77,93	84,926	82,596	83,054	103,822	0.6	25.
9. Finance & Insuranc	6,32	2,745	7,519	21,031	2:,990	179.7	9.3
10Services	47,14	47,691	49,607	49,539	4',918	-0.1	-3.

R: Revised

P: Provisiorl

- Nil

(..Cotd.)

TABLE 1.8

GROSS FIXED CAPITAL FORMATION (GFCF) IN PUBLIC AND GENERAL GOVERNMENT SECTORS AT CONSTANT FACTOR COST OF 1999-2000

(Rs million)

Sector	1999-2000	2000-01	2001-02	2002-03 R	2003-04 P	% Change 2002-03/ 2001-02	% Change 2003-04/ 2002-03
Public and General Government (A+B)	212,661	228,419	172,499	155,199	210,698	-10.0	35.8
A. Public Sector	146,912	163,175	105,388	74,454	104,803	-29.4	40.8
1. Agriculture	2,921	658	3,703	1,224	1,440	-66.9	17.6
2. Mining and Quarrying	5,113	19,805	20,545	21,926	20,376	6.7	-7.1
3. Manufacturing	21,187	13,044	1,265	743	4,618	-41.3	521.5
4. Construction	2,744	2,015	3,058	2,735	2,820	-10.6	3.1
5. Electricity & Gas	52,185	50,785	20,173	14,160	17,288	-29.8	22.1
6. Transport and Communication	56,213	70,433	51,212	27,814	51,615	-45.7	85.6
Railways	369	2,387	5,016	2,804	130	-44.1	-95.4
Post Office & T&T	27,438	30,148	24,671	5,995	7,911	-75.7	32.0
Others	28,406	37,898	21,525	19,015	43,574	-11.7	129.2
7. Wholesale and Retail Trade	-	-	-	-	-	-	-
8. Finance & Insurance	3,680	2,211	2,033	2,267	1,588	11.5	-30.0
9. Services	2,869	4,224	3,399	3,585	5,058	5.5	41.1
B. General Govt.	65,749	65,244	67,111	80,745	105,895	20.3	31.1
Federal	24,980	23,404	28,277	29,217	35,549	3.3	21.7
Provincial	31,763	30,555	16,904	24,691	35,195	46.1	42.5
Local Bodies	9,006	11,285	21,930	26,837	35,151	22.4	31.0

Source: Federal Bureau of Statistics.

R: Revised

P: Provisional

TABLE 2.1(A)

NDEX OF AGRICULTURAL PRODUCTION

cal ar	1980-81 Base				19992000 Bas			
	All major crops*	Food crops	Fibre crops	Other crops	All major crops	Food crops	Fibre crop	Other crops
91-92	143.7	122.5	305.9	120.5	-	-	-	-
92-93	141.0	124.0	216.0	118.0	-	-	-	-
93-94	155.0	123.6	191.8	137.5	-	-	-	-
94-95	165.4	133.1	207.5	146.0	-	-	-	-
95-96	163.3	137.0	252.8	140.1	-	-	-	-
96-97	155.3	136.5	223.6	130.3	-	-	-	-
97-98	186.2	150.2	219.1	164.5	-	-	-	-
98-99	189.8	147.6	209.7	170.9	-	-	-	-
99-00	178.4	167.7	268.2	143.7	-	-	-	-
00-01	165.9	152.8	256.0	135.1	93.0	91.2	95.5	94.0
01-02	172.1	142.9	253.2	148.7	96.5	85.2	94.4	103.5
02-03	185.4	153.9	243.6	160.9	103.9	91.8	90.8	112.0
03-04 P	190.7	159.6	239.7	165.1	106.9	95.2	89.4	114.9

P Jul-Mar

Source: Federal 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 off-take (000 N/T)	Credit disbursed (Rs million)
1990-91	21.82	83.27	119.62	1892.90	14,915.29
1991-92	21.72	65.93	122.05	1,884.00	14,479.31
1992-93	22.44	63.93	125.12	2,147.61	16,198.11
1993-94	21.87	63.27	128.01	2,146.50	15,674.05
1994-95	22.14	76.87	129.65	2,183.06	22,373.27
1995-96	22.59	145.10	130.85	2,515.05	19,187.31
1996-97	22.73	137.67	132.05	2,413.01	19,547.67
1997-98	23.04	130.50	122.15	2,646.00	33,392.30
1998-99	23.07	167.38	133.78	2,583.00	42,852.00
1999-00	22.74	194.30	133.28	2,833.50	39,687.60
2000-01	22.04	233.05	134.77	2,966.03	44,789.20
2001-02	22.12	182.60	134.63	2,196.40	52,446.30
2002-03	21.85	190.21	134.48	3,019.76	58,918.70
2003-04 P	21.85	150.44	-	2,507.60	47,924.80

(Contd.)

.. not available
P: Provisional, Jul-Mar
*: At farm gate

TABLE 2.1 (B)

BASIC DATA ON AGRICULTURE

Fiscal Year	Number of Tubewells (a)	Production of Tractors (Nos)	Production of meat (000 Tonnes)	Milk Production (000 Tonnes)	Fish Production (000 Tonnes)	Total Forest Production (000 cu.mtr.)
1990-91	339,840	13,841	1,581	15,481	483.0	1,072
1991-92	355,840	10,077	1,685	16,280	518.7	491
1992-93	374,099	16,628	1,872	17,120	553.1	691
1993-94	389,493	15,129	2,000	18,006	621.7	703
1994-95	463,463	17,063	2,114	18,966	558.1	684
1995-96	485,050	16,218	1,841	22,970	541.9	720
1996-97	489,601	10,417	1,908	23,580	555.5	557
1997-98	531,699	14,144	1,841	24,215	589.7	490
1998-99	531,692	26,885	1,906	24,876	597.0	383
1999-00	541,839	35,038	1,957	25,566	654.5	670
2000-01	545,569	32,553	2,015	26,284	629.0	736
2001-02	680,473	24,311	2,072	27,031	654.5	726
2002-03	680,484	17,617	2,132	27,811	665.8	823
2003-04 P	..	25,417	2,212	28,624	630.0	830

.. not available
P: Provisional (July-March)
(a) Public and private tubewells.

Source: 1. Federal Bureau of Statistics.
2. Ministry of Food, Agriculture and Livestock.

TABLE 2.2

LAND UTILZATION

(Milon hectaes)

Fiscal Year	Total Area	Reportec Area	Forest Area	Not Available for Cultivation	Culturable Waste	Cultivated Area: Current Fallow	Net Area Sown	Total Are Cultivate (7+8)	Area Sow more tha once	Tota Croppd Area (8+10)
1	2	3	4	5	6	7	8	9	10	11
1990-9	79.61	57.61	3.46	24.34	8.85	4.85	16.11	20.96	5.7	21.2
1991-9	79.61	57.87	3.47	24.48	8.86	4.87	16.19	21.06	5.5	21.2
1992-9	79.61	58.06	3.48	24.35	8.83	4.95	16.45	21.40	5.9	22.4
1993-9	79.61	58.13	3.45	24.43	8.74	5.29	16.22	21.51	5.6	21.7
1994-9	79.61	58.50	3.60	24.44	8.91	5.42	16.13	21.55	6.0	22.4
1995-9	79.61	58.51	3.61	24.35	8.87	5.18	16.49	21.68	6.1	22.9
1996-9	79.61	59.23	3.58	24.61	9.06	5.48	16.50	21.98	6.2	22.3
1997-9	79.61	59.32	3.60	24.61	9.15	5.48	16.48	21.96	6.5	23.4
1998-9	79.61	59.27	3.60	24.52	9.23	5.35	16.58	21.93	6.4	23.7
1999-0	79.61	59.28	3.78	24.45	9.09	5.67	16.29	21.96	6.4	22.4
2000-0	79.61	59.44	3.77	24.37	9.17	6.73	15.40	22.13	6.6	22.4
2001-0	79.61	59.33	3.80	24.31	8.95	6.60	15.67	22.27	6.4	22.2
2002-0	79.61	59.47	4.04	24.32	9.00	6.53	15.58	22.11	6.2	21.5
2003-0P)	79.61	59.47	4.04	24.32	9.00	6.53	15.58	22.11	6.2	21.5

P: Provional

Source: Ministryof Food, jricultur & Livestck

Note:

TOTAL REA REPORTED i the total physical area of the illages/deh, tehsilsor distric etc.

FORES AREA is the area f any land administered as forest under any legal nactmenlealing wh forest: Ar cultivad area which may xist within such forest is shown under heading cutivated aa.

AREA DT AVAILABLE FO CULTIVATION is that uncultiated area of the farn which iunder fan home s:ad other cnnected purposes nd not available for cultivatior.

CULTLABLE WASTE is tht uncultivated farm area whici is fit for cultivatioi but was t croppd during le y *referere nor in the year biore that.*

CURRET FALLOW (plouged but uncropped) is that are which is vacant duing the yr under eference ut duringie previous year

CULTIATED AREA is that rea which was sown at least uring the year unde referencor durinthe previus Cultivad Area = Net Area own + Current Fallow.

*NET AEA SOWN i*s that aa which is sown at least onceduring (Kharif & Rai) the yeunder rerence.

AREA OWN MORE THAN NCE is the difference betwee the total croped ara and theet area own.

TOTALROPPED AREA mans the aggregate area of crops raised in a farm dring the ar undereferencenc under ut 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
1990-91	7,911	2,113	491	417	845	157	11,934	1,092	884	304	53	2,662	44
1991-92	7,878	2,097	313	383	848	149	11,667	997	896	287	70	2,836	54
1992-93	8,300	1,973	487	403	868	160	12,191	1,008	885	285	82	2,836	58
1993-94	8,034	2,187	303	365	879	151	11,919	1,045	963	269	73	2,805	57
1994-95	8,170	2,125	509	438	890	165	12,297	1,065	1,009	301	80	2,653	47
1995-96	8,376	2,162	407	418	939	171	12,473	1,119	963	320	90	2,997	46
1996-97	8,109	2,251	303	370	928	152	12,113	1,100	965	354	100	3,149	49
1997-98	8,355	2,317	460	390	933	163	12,618	1,102	1,056	340	96	2,960	53
1998-99	8,230	2,424	463	383	962	137	12,599	1,077	1,155	327	71	2,923	57
1999-00	8,463	2,515	313	357	962	124	12,734	972	1,010	321	72	2,983	56
2000-01	8,181	2,377	390	354	944	113	12,359	905	961	273	101	2,927	46.0
2001-02	8,058	2,114	417	358	942	111	12,000	934	1,000	269	136	3,116	49.3
2002-03	8,034	2,225	349	338	935	108	11,989	963	1,100	256	88	2,794	46.6
2003-04 P	8,176	2,461	539	391	941	99	12,607	986	1,074	236	60	2,989	46.8

Note 1 ha = 2.47 acres

(P) Provisional (Jul-Mar).

Source 1. Ministry of Food, Agriculture and Livest

2. Federal Bureau of Statistics

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)	Tobacc
1990-91	14,565	3,261	196	239	1,185	142	19,588	531	35,989	228	21.4	1,637	9,628	75
1991-92	15,684	3,243	139	225	1,203	140	20,634	513	38,865	220	28.7	2,181	12,822	97
1992-93	16,157	3,116	203	238	1,184	158	21,056	347	38,059	207	34.0	1,540	9,054	102
1993-94	15,213	3,995	138	212	1,213	146	20,917	411	44,427	197	32.3	1,368	8,041	100
1994-95	17,002	3,447	228	263	1,318	164	22,422	559	47,168	229	36.2	1,479	8,697	81
1995-96	16,907	3,966	162	255	1,504	174	22,968	680	45,230	255	39.5	1,802	10,595	80
1996-97	16,651	4,305	146	219	1,491	150	22,962	594	41,998	286	44.9	1,594	9,374	92
1997-98	18,694	4,333	211	231	1,517	174	25,160	767	53,104	292	42.5	1,562	9,184	99
1998-99	17,858	4,674	213	228	1,665	137	24,773	698	55,191	279	32.1	1,495	8,790	109
1999-00	21,079	5,156	156	220	1,652	118	28,380	565	46,333	297	35.4	1,912	11,240	108
2000-01	19,024	4,803	199	219	1,643	99	25,987	397	43,606	230	50.7	1,826	10,732	85.1
2001-02	18,227	3,882	216	222	1,664	100	24,311	362	48,042	221	69.6	1,805	10,613	94.5
2002-03	19,183	4,478	189	202	1,737	100	25,889	675	52,056	215	19.3	1,736	10,211	88.2
2003-04 I	19,767	4,848	274	238	1,771	101	26,999	548	53,419	209	24.7	1,708	10,048	83.7

P: Provisional (Jul-Mar)

Source: 1. Ministry of Food, Agriculture and Livestc

2. Federal Bureau of Statistics

TABLE2.5

YIELD 'ER HECTARE OF MAJOR AGRICULTUFAL CROPS

(K-Hectare)

Fiscal Year	Wheat	Rice	Sugarcane	Maize	Gram	Cotton
1990-91	1,841	1,543	4(,720	1,401	486	615
1991-92	1,990	1,546	4:,371	1,419	514	769
1992-93	1,946	1,579	4:,024	1,364	344	543
1993-94	1,893	1,826	4(,144	1,380	393	488
1994-95	2,081	1,622	4(,747	1,481	524	557
1995-96	2,018	1,835	4(,968	1,602	607	601
1996-97	2,053	1,912	4:,521	1,607	540	506
1997-98	2,238	1,870	5(,288	1,626	696	528
1998-99	2,170	1,928	4:,784	1,731	648	511
1999-00	2,491	2,050	4:,874	1,717	581	641
2000-01	2,325	2,021	4:,376	1,741	439	623
2001-02	2,262	1,836	4(,042	1,766	388	579
2002-03	2,388	2,013	4:,324	1,858	701	621
2003-04 P	2,418	1,970	4:,738	1,882	556	571

P: Provision:

Source: Ministry of Food & Agricuture andvestock
Federal Eureau of atistics.

TABLE 2.6

PRODUCTION AND EXPORT OF FRUT

scal	Production of Important Fruit (000 tonnes)								Exprt	
'ar	Citrus	lango	Apple	Banana	Apricot	Almonds	Grapes	Guava	(000 onnes)	Value Mln. Rs)
'90-91	1,609	776	243	202	11	32	33	355	112	935
'91-92	1,630	787	295	44	1(9	38	36	373	125	966
'92-93	1,665	794	339	52	1:2	40	38	384	121	1,179
'93-94	1,849	839	442	53	1:3	45	40	402	127	1,324
'94-95	1,933	884	533	80	1'8	49	43	420	139	1,256
'95-96	1,960	908	554	82	1:1	49	72	442	135	1,487
'96-97	2,003	915	568	83	1:8	49	74	448	219	2,776
'97.98	2,037	917	573	94	1:9	49	74	455	202	2,793
'98.99	1,861	916	589	95	1:1	50	76	468	181	2,773
'99.00	1,943	938	377	125	1:0	32	40	494	240	4,130
)00-01	1,865	990	439	139	1:6	33	51	526	260	4,586
)01-02	1,830	1,037	367	150	1:5	26	53	538	290	5,097
)02-03	1,702	1,035	315	143	1:0	24	52	532	263	4,861
)03-04 P	1,612	1,072	273	153	1:5	22	51	524	261	4,486

: Provisional (Jul-Mr)

Source: Ministry of Food, griculture and Livestc
FederalBureau oftatistics

TABLE 2.7

CROPWISE COMPOSITION OF VALUE ADDED OF MAJOR AGRICULTURAL CROPS (AT CONSTANT FACTOR COST-BASE 1999-2000)

(%age share)

Fiscal Year/ Crops	1999-00	2000-01	2001-02	2002-03	2003-04
All Major Crops	100.00	100.00	100.00	100.00	100.00
Food Crops	63.30	62.32	60.34	62.66	63.57
Rice	15.40	15.62	14.54	15.85	16.94
Wheat	41.30	40.39	39.48	39.26	39.55
Barley	0.20	0.20	0.21	0.19	0.19
Jowar	0.40	0.44	0.46	0.39	0.46
Bajra	0.30	0.45	0.50	0.41	0.59
Maize	2.80	3.10	3.21	3.13	3.12
Gram	2.80	2.11	1.95	3.41	2.73
Fibre Crops	24.00	24.89	25.26	22.98	22.06
Cotton	24.00	24.89	25.26	22.98	22.06
Cash Crops	11.00	11.27	12.63	12.95	13.00
Sugarcane	11.00	11.27	12.63	12.95	13.00
Other Crops	1.60	1.52	1.77	1.41	1.36
Sesamum	0.20	0.34	0.47	0.12	0.15
Rape Seed & mustard	0.80	0.70	0.75	0.81	0.77
Tobacco	0.60	0.48	0.55	0.48	0.44

Source: Federal Bureau of Statistics

TABLE 2.8

CREDIT DISBURSED BY AGENCIES

(Rs million)

Fiscal Year	ZTBL(a)*	Taccavi	Domestic Private Banks	Cooper-tives	Commercial Banks (b)	Total
1990-91	8,323.95	56.30		3,017.45	3,517.59	14,915.29
1991-92	6,996.44	56.80		3,247.01	4,179.56	14,479.31
1992-93	8,643.40	50.80		2,978.00	4,525.91	16,198.11
1993-94	8,989.26	..		2,621.49	4,063.30	15,674.05
1994-95	14,575.74	..		3,756.74	4,040.79	22,373.27
1995-96	10,339.27	..		3,803.38	5,044.66	19,187.31
1996-97	11,687.11	..		3,431.13	4,429.43	19,547.67
1997-98	22,353.60	..		4,928.93	6,109.70	33,392.30
1998-99	30,175.96	..		5,439.97	7,236.00	42,852.00
1999-00	24,423.89	..		5,951.23	9,312.50	39,687.60
2000-01	27,610.00	..		5,124.20	12,055.00	44,789.20
2001-02	29,108.00	..	578.50	5,273.70	17,486.10	52,446.30
2002-03	29,270.10	..	1,424.50	5,485.40	22,738.80	58,918.80
2003-04P	19,418.50	..	1,642.40	4,798.80	22,065.10	47,924.80

.. not Available

a: Including Agribusiness

b: including Tobacco Marketing

P: Provisional(Jul-Mar)

*: Zarai Taraqiate Bank Limited, formerly Agriculture Development Bank of Pakistan

Source i) State Bank of Pakistan
ii) Ministry of Food, Agriculture & Livestock

TABLE 29

FERTIIZER OFFTAKE AND IMPORTS OF PES'ICIDES

scal	Fertizer off-take (000 N/Tonnes)				Import of	mport of esticides	
ar	N	P	K	Total	fertilizers 000 N/T	Quantity Tonnes)	Value (Mln Rs
90-91	1,471.3	388.50	32.75	1,892.8	685.0	13,030.1	1,489.
91-92	1,462.0	398.02	23.30	1,883.9	632.0	15,258.3	1,945.
92-93	1,635.4	488.20	24.07	2,147.6	759.1	14,434.8	1,730.
93-94	1,659.6	464.24	23.17	2,146.7	903.0	12,100.4	1,706.
94-95	1,738.2	428.40	16.54	2,183.0	261.0	21,776.1	2,978.
95-96	1,990.0	494.45	29.70	2,515.0	581.0	30,479.0	5,080.
96-97	1,985.0	419.51	8.40	2,413.0	878.1	30,855.9	5,272.
97-98	2,075.0	551.00	20.00	2,646.0	714.0	29,224.9	4,801.
98-99	2,097.0	465.00	21.00	2,583.0	866.0	31,893.4	5,515.
99-00	2,217.0	597.16	18.50	2,833.5	662.8	26,123.9	4,691.
00-01	2,264.9	676.73	22.75	2,966.0	579.1	21,255.0	3,476.
01-02	2,285.0	624.54	18.75	2,196.4	625.7	31,783.2	5,320.
02-03	2,349.1	650.17	20.49	3,019.7	766.1	22,242.0	3,420.
03-04 P	1,927.8	561.86	17.77	2,507.6	552.2	25,928.0	4,476.

Provisional, (Jul-Mar)

Source: 1. Federal Bureau of Statisti

2. National Fertilizer Develop ent Cen

TABLE 210

AV:RAGE RETAIL SALE PRCE OF FERTILIZERS

(Rs per bag of 5Kgs/110s)

scal Year	Urea (46%)	AN/CAN (26% N)	AS (21% N)	NP (23:23)	SSP(G) (18%)	DAP (18:4)	SOP (50%	NPK (10:200)
90-91	195.	90.0	85.0	13.0	93.0	2490	15	170
91-92	195.	95.0	90.0	13.0	93.0	2720	15	170
92-93	205.	109.0	96.0	16.0	93.0	2640	19	240
93-94	210.	..	125.3	22.6	95.8	2690	19	240
94-95	235.	150.0	164.0	20.0	150.0	3790	19	240
95-96	267.	172.0	172.0	30.0	183.0	4790	33	..
96-97	340.	209.0	197.0	34.0	211.0	5530	53	..
97-98	341.	223.6	232.5	36.6	200.0	5646	54	..
98-99	346.	231.0	275.0	47.0	234.0	6650	54	..
99-00	327.	231.0	286.0	44.0	298.0	6490	54	..
00-01	363.	233.0	300.0	48.0	253.0	6700	68	..
01-02	394.	268.0	308.0	59.0	280.0	7100	76	..
002-03	411.	282.0	344.0	59.0	287.0	7650	78	..
003-04 P	419.	294.0	376.0	62.0	275.0	9120	78	..

Not avaible

Provisical (Jul-Apr)

Source: Federal Buearu of Statistics

National Fertilize Dev. Cent

N/CAN Ammonm nitrate/calcium ammonium nitrae.

SN Ammonm super nitrate.

S Ammonm sulphate.

P Nitrophsphate.

SSP: single superosphate.

DAP: Dammoniunhosphate

SOP: Sulphate of tash.

NPK: Ntrogen phohate andota

TABLE 2.11

AREA IRRIGATED BY DIFFERENT SOURCES

(Million hectares)

Fiscal Year	Canals	Wells	Canal Wells	Tubewells	Canal Tubewells	Others	Total
1990-91	7.89	0.13	0.08	2.56	5.87	0.22	16.75
1991-92	7.85	0.16	0.11	2.59	5.93	0.21	16.85
1992-93	7.91	0.18	0.10	2.67	6.23	0.24	17.33
1993-94	7.73	0.14	0.09	2.78	6.22	0.17	17.13
1994-95	7.51	0.17	0.10	2.83	6.41	0.18	17.20
1995-96	7.60	0.18	0.11	2.89	6.58	0.22	17.58
1996-97	7.81	0.18	0.11	2.88	6.61	0.26	17.85
1997-98	7.79	0.16	0.13	3.00	6.74	0.18	18.00
1998-99	7.67	0.17	0.09	2.98	6.88	0.16	17.95
1999-00	7.56	0.18	0.09	3.11	6.99	0.18	18.11
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 P	7.06	0.21	0.17	3.37	7.21	0.20	18.22

P: Provisional

Source: Ministry of Food, Agroculture and Livestock

TABLE 2.1:(A)

PROCUREMEN/SUPPORT PRICES OF AGRICULTURAL COMMDITES

(Rs per 4 kg)

Fisca Year	Wheat	Rice Basmti 385	Irri-6 (F.A.Q)	Paddy Basmati 385	Irri-6 (FA.Q)	Sugarcane NWFP	Punjab	Sind	Bach-ian
19901	112	283.0	127.00	143.50	73.00	15.25	15.25	5.75	.
19912	124	308.0	140.00	155.00	78.00	16.75	16.75	7.75	1.00
19923	130	340.0	150.00	175.00	35.00	17.50	17.50	7.50	1.75
19934	160	360.0	157.00	185.00	90.00	18.00	18.00	3.25	125
19945	160	389.0	170.00	210.90	102.60	20.50	20.50	0.75	275
19956	173	419.8	183.00	222.00	112.00	21.50	21.50	.75	275
19967**	240	461.7	210.45	255.30	128.80	24.00	24.00	1.50	250
19978	240	..	..	310.00	153.00	35.00	35.00	.00	300
19989	240	..	..	330.00	175.00	35.00	35.00	.00	300
19990	300	..	..	350.00	185.00	35.00	35.00	.00	300
20001	300	..	..	385.00	205.00	35.00	36.00	.00	300
20012	300	..	..	385.00	205.00	42.00	42.00	.00	400
20023	300	..	..	385.00	205.00	42.00	42.00 !	.00 !	400
20034	350	..	..	400.00 #	2 5.00 #	42.00	42.00 !	.00 !	

(Cntd.)

FAQ Fair Average Quality

.. Not applicable

** Rs.240/- w.e.f. April 1997.

Indicative Prices announced by the Government for2003-04 crop.

! Prices of sugarcane for 2002-03 has been repeated,since the Federal Governmenhas not fixed i these years. However, Government of the Punjaband sindh had fixed he minimum Priceof s Rs. 40 and Rs. 41 per 40 Kgs for 2001-02, the same are being continued so far.

TABLE 2.12(B)

PROCUREMENT/SUPPORT PRICES OF AGRICULTURAL COMMODITES

(Rs per 40 Kg)

(..Contd.)

	Cotton Lint				Seed Cotton (Phutti)					
Fiscal 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	Potato	Onion
1990-91	550	615	645	690	220	235	245	260	55	52
1991-92	662	685	715	745	255	270	280	290	65	60
1992-93	695	..	770	* 800	275	..	300 *	310	67	65
1993-94	726	..	801	* 831	290	..	315 *	325	77	78
1994-95	795	..	986	* 1055	340	..	400 *	423	84	78
1995-96	795	..	986	* 1055	340	..	400 *	423	84	85
1996-97	..	..	..	..	440	..	500 *	540	115	100
1997-98	..	..	..	..	440	..	500 *	620	145	112
1998-99	..	..	..	..	..	..	825 *	..	145	140
1999-00	..	..	..	..	..	..	725 *	..	145	..
2000-01	..	..	..	..	..	..	725 *	..	145	..
2001-02	..	..	..	..	..	..	780 **	..		..
2002-03	..	..	..	..	..	..	800 **	..		..
2003-04	..	..	..	..	..	..	850 **	..		..

Source: Ministry of Food, Agriculture & Livestock (APCOM)

.. not applicable

* Niab-78, CIM-109

** An intervention price of seed cotton (Phutti Crop) for the base grade 3 with staple length 1-1/3: micronaire range of 3.8 - 4.9 NCL fixed.

TABLE 2.13

PROCUREMEIT, RELEASES AND STCCKS OF WHEAT AND RICE

(000 tnnes)

Fiscal Year	Whet(May-April) Procure-ment	eleases	Stocks (on 1st May)	Rice Procured Baimati	Others	Stocks Bance (onst July) Basmi	Oiers
1990-91	4,412.4	5,417.0	1,492	142.7	673:8	719	17.5
1991-92	3,159.0	5,293.0	969	121.6	370.3	486	14.7
1992-93	3,249.0	5,044.0	504	500.5	454.0	285	40.5
1993-94	4,120.0	5,809.0	1,007	144.9	681.4	224	41.2
1994-95	3,644.0	6,004.0	776	284.0	..	236	48.5
1995-96	3,740.0	5,434.0	385	50.8	154.6	494	17.7
1996-97	3,448.0	6,006.0	396	..	..	159	87.9
1997-98	2,725.0	6,212.0	327	..	..	..	.
1998-99	3,984.0	6,165.0	841	..	..	..	.
1999-00	4,070.0	6,131.0	1,174	..	..	..	.
2000-01	8,582.0	5,537.0	702	..	..	..	.
2001-02	4,081.0	3,376.0	3,552	..	..	..	.
2002-03	5,300.0	5,137.8	1,006	..	..	..	.
2003-04	5,700.0	4,103.7	157	..	..	..	..

.. not avlable

' Stockss on 1st May 2004.

Soirce: Ministry of Focd, Agricuire and Lestock.

TABLE 2.14

LIVESTOCK POPULATION

(million numbers)

Fiscal Year	Buffaloes	Cattle	Goats	Sheep	Poultry	Camels	Asses	Horses	Mules
1990-91	17.8	17.7	37.0	26.3	146.9	1.1	3.5	0.4	0.1
1991-92	18.3	17.7	38.7	27.4	156.2	1.1	3.8	0.5	0.1
1992-93	18.7	17.8	40.2	27.7	182.6	1.1	3.8	0.4	0.1
1993-94	19.2	17.8	42.0	28.3	250.0	1.1	3.9	0.4	0.1
1994-95	19.7	17.8	43.8	29.1	318.8	1.1	4.0	0.4	0.1
1995-96	20.3	20.4	41.2	23.5	350.0	0.8	3.6	0.3	0.1
1996-97	20.8	20.8	42.6	23.7	382.0	0.8	3.6	0.3	0.1
1997-98	21.4	21.2	44.2	23.8	276.0,	0.8	3.2	0.3	0.1
1998-99	22.0	21.6	45.8	23.9	278.0	0.8	3.8	0.3	0.1
1999-00	22.7	22.0	47.4	24.1	282.0	0.8	3.8	0.3	0.2
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 (P)	25.5	23.8	54.7	24.7	352.6	0.8	4.1	0.3	0.2

Source: Livestock Division

P Estimated (Jul-Mar)

TABLE 2.15

LIVESTOCK PRODUCTS

(000 tonnes)

Fiscal Year	Milk	Beef	Mutton	Poultry Meat	Wool	Hair	Bones	Fat	Blood	Eggs (Mln.Nos.)	Hides (Mln.Nos.)	Skins (Mln.Nos.)
1990-91	15481	765	665	151	48.1	7.9	259.0	101.8	40.1	4,490	5.9	32.7
1991-92	16,280	803	713	169	49.3	8.3	265.0	104.5	42.5	4,914	6.0	33.9
1992-93	17,120	844	763	265	50.5	8.1	271.0	107.2	45.1	5,164	6.1	36.0
1993-94	18,006	887	817	296	51.7	9.0	277.0	110.0	47.3	5,740	6.2	37.8
1994-95	18,986	931	875	308	53.1	9.4	283.0	113.0	50.7	5,927	6.3	39.3
1995-96	22,970	898	587	355	38.1	15.6	295.7	110.1	32.0	5,757	7.0	32.7
1996-97	23,580	919	602	387	38.3	16.2	302.3	112.6	32.8	6,015	7.1	34.5
1997-98	24,215	940	617	284	38.5	16.7	309.2	115.2	33.6	5,737	7.3	35.3
1998-99	24,876	963	633	310	38.7	17.3	316.3	117.8	34.4	8,261	7.5	36.3
1999-00	25,566	986	649	322	38.9	17.9	324.0	120.6	40.9	7,321	7.6	37.2
2000-01	26,284	1010	666	339	39.2	18.6	331.4	123.5	41.8	7,505	7.8	38.2
2001-02	27,031	1034	683	355	39.4	19.3	339.4	126.5	42.9	7,679	7.9	39.2
2002-03	27,811	1060	702	370	39.7	19.9	347.6	129.7	44.0	7,860	8.2	40.3
2003-04 P	28,624	1087	723	402	39.9	20.7	356.2	132.9	45.2	8,247	8.4	41.4

Source: Livestock Division

P: Provisional (Jul-Mar)

Note: Livestock Population and Products have been revised from 1995-96 onwards due to livestock census held ir

TABLE 3.1

RESERVB AND EXTRACTION OFPRINCIPAL MINERALS

(000 tonns)

Reserves/ Years	Ant mor (tonrs)	Argonite/ Marble	Chia Cl	Celestite (tonnes)	Chromite	Coa	Dolomite (tonnes)	Fire Cay	Fulle Eart	Gypsm Anhydte	Lim Stoe
		Very large Deposits	4. millin tor	..	fairly large Deposits	185 billion tonnes	Very large Deposits	Over 100 millin tons	fairl larg Depos	35 millin ton	Ver larg Depoits
1990-9	12	281	4	1773	24	305	154591	120	23	46	909
1991-9	-	321	4	1069	28	362	180987	139	21	47	828
1992-9	5	388	3	1682	23	325	220241	132	23	53	915
1993-9	3	460	4	4398	11	353	228090	116	17	66	925
1994-9	-	467	3	1403	13	304	227079	152	15	62	982
1995-9	-	458	4	762	27	346	185115	112	18	42	940
1996-9	-	459	6	812	35	349	215556	110	12	52	991
1997-9	-	345	6	961	35	314	116046	94	18	307	1166
1998-9	-	403	6	642	18	337	198831	153	16	24	967
1999-0	-	579	6	802	26	316	347583	139	19	35	989
2000-0	9	620	4	807	22	328	352689	164	13	36	1070
2001-0	3	685	5	382	24	351	312886	171	16	40	1020
2002-0	-	1066	4	402	31	360	340864	117	15	42	1180
Jul-Mar											
2002-0	-	719	3	211	19	256	211901	81	11	32	954
2003-04 P	-	648	2	137	18	251	214057	98	11	28	935

\- Nil or Insignilant (Cont.)

P Provisional

TABLE 3.1

RESERVES AND EXTRACTION OF PRINCIPAL MINERALS

(000 tonnes)

Reserves/ Years	Magnesite (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.)
		Over 100 million tons	Very large deposits	..	0.8 million tons	0.6 million tons	5 million tons	Over 74 million tons	Over 430 million tons	184 million US barrels	492 billion cu. metre
1990-91	4,242	736	143	1,285	295	32	26	24,644	318	23.49	14.66
1991-92	6,333	833	132	1,001	215	37	30	21,818	937	22.47	15.57
1992-93	5,047	895	158	1,000	510	48	26	18,682	1,922	21.90	16.50
1993-94	7,000	916	169	745	715	44	18	34,984	3,792	20.68	17.65
1994-95	5,227	890	152	4,623	510	34	20	32,214	8,103	19.86	17.77
1995-96	14,981	958	184	8,081	20	40	14	19,554	6,046	21.05	18.85
1996-97	6,679	1,066	154	2,047	640	45	30	33,583	4,575	21.27	19.76
1997-98	3,397	971	135	3,147	22,458	49	30	28,366	5,500	20.54	19.82
1998-99	3,455	1,190	158	4,080	19,103	61	18	41,362	38,151	19.95	20.92
1999-00	4,513	1,358	167	4,793	22,812	48	26	48,237	45,980	20.40	23.17
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
Jul-Mar											
2002-03	2,525	1,027	124	3,849	15,374	51	29	49,459	6,421	17.78	20.52
2003-04 P	3,164	1,180	167	5,184	16,528	49	30	45,874	27,659	17.60	23.84

Source: 1. Federal Bureau of Statistics.

TABLE 32

PRODU:TION INDEX OF MINING AND MANUFACTURIN(

Year	Mining			lanufactiing
	199-70=100	1975-76=10(	1980-81=1i0	1980-81=00
19901	468	410.3	275.:	203
19912	472.1	412.8	277.:	216
19923	478	420.6	278.:	227
19934	483.4	427.1	275.:	237
19945	461.8	417.6	270.:	240
19956	504.8	445.3	296.'	248
19967	520.1	456.3	305.;	241
19978	512.3	449.5	302.;	266
19989	509.1	448.7	283.1	270
			'999-200000	
19900	545.6	468.8	100)	100
20001	576.7	497.8	983	100
20002	611.3	532.8	1055	116
20003	655.7	572.4	1225	121
JulMar				
20003	..	..	1055	124
20004 P	..	..	1225	142

.. Not available

P Provisonal

Source: Fedeal Bureaof Statists

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.)
1990-91	247	5,493	15	4,754	8	39,542	60.2	1,197.5	1,041.2	1,001.0	292.9
1991-92	271	6,141	15	5,260	8	43,606	58.8	1,342.8	1,170.7	1,134.7	307.9
1992-93	284	6,768	14	5,433	6	46,364	55.5	1,427.0	1,219.0	1,148.6	325.4
1993-94	320	8,182	14	5,886	6	47,221	44.0	1,483.4	1,309.6	1,272.8	314.9
1994-95	334	8,307	14	5,991	5	49,734	41.8	1,558.9	1,369.7	1,340.6	321.8
1995-96	349	8,493	13	6,356	5	52,239	37.1	1,661.9	1,495.1	1,434.7	327.0
1996-97	357	8,137	10	6,465	5	53,625	36.4	1,670.1	1,520.8	1,473.9	333.5
1997-98	353	8,274	10	6,556	4	55,005	37.7	1,751.0	1,532.3	1,478.9	340.3
1998-99	348	8,298	10	6,594	5	55,802	35.2	1,839.6	1,540.3	1,482.4	384.6
1999-00	351	8,383	10	6,750	4	57,205	34.3	1,961.6	1,669.9	1,604.4	437.2
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
Jul-Mar											
2002-03	361	9,173	10	7,578	5	47,743	28.6	1,787.9	1,435.8	1,400.5	419.9
2003-04 P	399	9,337	10	7,765	4	47,743	28.6	1,815.2	1,463.8	1,425.2	485.4

P: Provisional

Source: Federal Bureau of Statistics
Textile Commissioner Organization

TABLE :.4

RODUCTION O FERTILIZERS, VEGET/BLE GHEE, SUCAR AN CEME T

(000 tones)

Year	Fertilizers: Urea	Supr Phe-phie	Ammo-nium Nitrate	Ammo-nium Sulphat	Nitro Phos-phate	Vejetable Ghee	Sugar	Cemnt
1990-91	2050.3	'5.1	318.8	92.3	321.0	656	1,93	,762
1991-92	1,898.0	14.0	300.0	92.)	309.8	639	2,32	,321
1992-93	2,306.1	)5.0	302.2	92.)	297.3	725	2,38	,668
1993-94	3,103.8	15.1	242.7	82.)	251.4	671	2,84	,100
1994-95	3,000.2	17.0	313.9	79.5	285.0	711	2,96	,913
1995-96	3,260.1	13.7	383.5	83.'	336.5	733	2,42€	,667
1996-97	3,258.7	0.1	330.2	80.)	350.3	714	2,383	,636
1997-98	3,284.2	0.0	316.3	-	293.2	719	3,55£	1364
1998-99	3,521.7	21.6	338.8	-	285.0	773	3,542	1636
1999-00	3,785.0	15.6	386.5	-	261.3	695	2,429	1314
2000-01	4,005.1	59.6	374.4	-	282.5	835	2,95€	1874
2001-02	4,259.6	51.0	329.4	-	305.7	797	3,247	1936
2002-03	4,401.9	17.2	335.3		304.9	743	3,686	1020
July-March								
2001-02	3,264.6	)9.0	243.9	-	213.7	601	3,264	1163
2002-03 P	3,336.8	25.0	263.9	-	269.7	559	3,747	1272

\- Nil

P Provisiori

Source: Feral Bureu of Statitics

TABLE 3.5

PRIDUCTION OF SELECTE) INDUSTRIAL ITEMS

Year	Food and Tobacco: Beverages (000 doz. bottles)	Cigarettes (Million Nos)	Jute Textiles (000 tonnes)	Moor Tyes (000 Nos)	Rubber: Motor Tubes (000 Nos)	Cle Tss (000Nos)	Cycle Tubes (000 Nos
1990-91	67,607	29,887	96.9	9:2	646	3:8	5,468
1991-92	85,266	29,673	100.9	7:4	616	3:1	5,757
1992-93	139,823	29,947	97.5	7:2	550	3:6	5,612
1993-94	113,704	35,895	76.4	7:3	706	3:2	6,191
1994-95	143,019	32,747	68.5	9:2	833	3:3	5,146
1995-96	131,114	45,506	70.6	10:3	909	3:8	5,594
1996-97	115,817	46,101	68.7	5:5	643	4:2	5,205
1997-98	149,848	48,215	95.4	7:7	665	1:5	4,978
1998-99	185,014	51,578	85.5	8:5	586	3:5	5,529
1999-00	194,336	46,976	85.5	8:6	490	3:7	5,937
2000-01	211,798	58,259	89.4	8:4	520	4:1	5,891
2001-02	207,646	55,318	81.7	9:8	555	4:9	6,938
2002-03	190,741	49,365	93.8	10:2	616	5:1	8,952
Jul-Mar							
2002-03	121,522	36,199	64.1	7:9	406	3:7	6,167
2003-04 P	147,259	39,771	78.6	9:6	451	3:5	5,929

P Provisinal

(Cotd.)

TABLE 3.5

PRODUCTION OF SELECTED 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.)
1990-91	147.2	93.5	78.5	6.7	14,308	651.1	428.8	81.3	181.7
1991-92	185.9	97.6	82.0	6.1	18,950	682.5	478.4	85.1	145.5
1992-93	196.2	99.8	81.5	5.9	16,626	638.1	588.6	72.3	162.2
1993-94	197.0	102.3	89.0	5.8	9,373	602.8	563.7	76.7	112.5
1994-95	196.1	80.4	92.7	7.8	6,865	719.5	473.4	68.1	101.1
1995-96	221.2	69.2	109.0	9.1	8,030	836.8	545.1	84.1	277.6
1996-97	247.0	30.8	118.2	9.4	8,005	861.1	432.4	61.1	185.6
1997-98	240.3	28.1	115.7	9.7	5,917	869.7	452.1	36.2	107.4
1998-99	239.4	27.0	120.4	11.3	6,500	888.8	504.0	29.7	128.3
1999-00	245.7	57.7	141.3	14.2	7,347	897.7	534.1	27.6	121.3
2000-01	217.9	57.1	145.5	14.5	10,922	877.4	569.6	28.9	97.4
2001-02	215.2	59.4	150.3	15.1	10,341	920.9	553.4	24.0	460.0
2002-03	281.1	56.1	164.4	15.9	3,899	935.3	629.7	30.0	768.0
Jul-Mar									
2002-03	211.8	41.4	119.4	11.9	2,831	671.2	465.6	22.0	603.9
2003-04 P	218.3	50.1	137.1	12.8	4,352	707.6	491.2	27.5	581.5

Contd

TABLE 3.5

P:ODUCTION OF SELECTED INDUSTRIAL ITEMS

Year	Electrical Apliances		Papers &Board		Sel Produts		
	Electric Bulbs (Mln.Nos)	Electric Tubes (000 metres)	Paper Board (000 tonnes)	Paper (All Types) (000 tonnes)	Cke (000 onnes)	Pig Iron)00 tonne	Bilts (000 tnnes)
1990-91	49.3	7,728	88.6	64.2	723.6	1073	330.0
1991-92	43.2	4,460	111.0	66.0	737.2	1041	306.7
1992-93	41.3	4,205	154.8	109.0	716.4	1092	338.4
1993-94	42.7	5,307	133.2	129.3	771.6	1257	403.9
1994-95	41.6	5,352	106.2	208.4	701.5	1047	343.5
1995-96	45.8	5,417	110.0	193.4	685.6	1002	332.7
1996-97	56.4	7,598	197.6	149.0	663.0	1066	378.5
1997-98	62.5	8,354	166.5	178.3	667.7	1019	350.1
1998-99	66.8	7,991	173.6	186.8	588.7	983	276.1
1999-00	63.2	7,137	228.0	206.2	675.5	1106	345.2
2000-01	55.2	10,542	246.3	254.8	717.3	1072	414.7
2001-02	52.8	10,441	325.4	291.8	694.6	1043	412.0
2002-03	58.3	10,844	205.2	154.3	775.2	1142	408.4
Jul-Mar							
2002-03	41.1	7,889	153.1	109.6	556.8	819	314.7
2003-04 P	62.5	9,253	167.4	117.8	589.9	889	341.4

P Provisnal

Source: Feral Bureu of Statitics
Mistry of Irustries

TABLE 3.6

PERCENT GROWTH OF SELECTED INDUSTRIAL ITEMS

	Cotton Yarn	Cotton Cloth	Jute Goods	Veg.Ghee	Cigarettes	Fertilizers	Cement	Soda Ash	Caustic Soda	Sugar
1990-91	14.22	(0.65)	1.15	(3.93)	(7.41)	(2.66)	3.66	1.53	6.01	4.15
1991-92	12.44	5.12	4.13	(2.59)	(0.72)	(5.52)	7.20	26.29	4.49	20.06
1992-93	4.13	5.68	(3.37)	13.46	(0.92)	14.65	2.84	5.54	(0.61)	2.67
1993-94	7.43	(3.23)	(21.64)	(7.45)	19.86	20.96	(5.35)	(0.41)	9.20	19.17
1994-95	4.59	2.19	(10.34)	5.96	(8.77)	(1.27)	(2.31)	(0.46)	4.16	4.33
1995-96	9.16	1.62	3.07	3.09	38.96	8.89	20.90	12.80	17.58	(18.15)
1996-97	1.72	1.99	(2.69)	(2.59)	1.31	(3.53)	(0.32)	11.66	8.44	(1.77)
1997-98	0.76	2.04	38.86	0.70	4.54	(3.15)	(1.80)	(2.71)	(2.12)	49.18
1998-99	0.52	13.02	(10.38)	7.95	6.98	6.67	2.30	(0.37)	4.06	(0.48)
1999-00	8.41	13.73	(1.87)	(9.65)	(8.92)	4.62	(3.33)	2.63	17.36	(31.41)
2000-01	3.06	12.12	4.56	19.59	24.02	9.21	3.87	(11.30)	2.97	21.70
2001-02	5.09	20.09	(8.61)	7.24	(5.05)	(0.38)	2.70	(1.23)	3.85	9.84
2002-03	6.18	1.66	14.03	(6.75)	(10.42)	12.11	12.11	10.09	9.34	13.48
2003-04 *	1.91	15.60	22.64	13.62	9.87	8.38	13.73	3.05	14.84	14.80

Source: Federal Bureau of Statistics

* July-March

Note: Figures in parenthesis represent negative growth.

TAB_E 3.7

FOREIGN NVESTMENT

(Mil

Fiscal ear		USA	UK	JAE	Germany	Frare	HojKong
1990-!	Direct	130.0	33.8	9.0	12.5	1	3.3
	Portfolio	5.0	-0.3	1.6	2.3	..	0.1
	Total	135.0	33.5	10.6	14.8	1	3.4
1991-!	Direct	213.4	20.8	10.5	21.4	5	..
	Portfolio	50.9	-1.2	47.6	0.5	..	83.7
	Total	264.3	19.6	58.1	21.9	5	83.7
1992-!	Direct	136.9	25.7	9.5	36.2	7	12.4
	Portfolio	25.7	19.7	0.9	..	-	48.8
	Total	162.6	45.4	10.4	36.2	7	61.2
1993-!	Direct	114.5	32.0	7.5	92.6	1	11.1
	Portfolio	34.0	50.0	2.6	..	3	
	Total	148.5	82.0	10.1	92.6	1!	11.1
1994-!	Direct	176.4	38.7	46.8	17.6	15	2.2
	Portfolio*	370.2	243.9	34.9	11.2	31	73.1
	Total	546.6	282.6	81.7	28.8	5!	75.3
1995-!	Direct	319.8	331.7	52.8	26.0	1)	33.9
	Portfolio	35.9	68.1	-22.3	3.3	..	-4.3
	Total	355.7	399.8	30.5	29.3	1)	29.6
1996-'	Direct	246.2	240.1	54.9	17.6	12	7.5
	Portfolio	111.3	77.9	-5.2	19.7	..	20.6
	Total	357.5	318.0	49.7	37.3	12	13.1
1997-!	Direct	256.6	135.3	19.2	24.0	)	2.1
	Portfolio	64.2	-106.2	22.1	0.3	4	29.6
	Total	320.8	29.1	41.3	24.3	3	!31.7
1998-)	Direct	16.4	81.6	6.9	19.3	)	1.0
	Portfolio	11.4	-30.5	25.4	0.0	3	0.5
	Total	175.3	51.1	32.3	19.3	3	1.5
1999-)	Direct	166.9	169.0	5.7	10.5	5	0.8
	Portfolio	-20.0	28.7	25.2	0.0	2	9.7
	Total	146.9	197.7	30.9	10.5	8	10.5
2000-I	Direct	92.7	90.5	5.2	15.5	7	3.6
	Portfolio	-37.8	-33.8	-10.9	-	-	16.3
	Total	54.9	56.7	-5.7	15.5	7	-12.7
2001-2	Direct	326.4	30.3	21.5	11.2	-)	2.8
	Portfolio	-1.7	-32.4	-4.2	-	3	20.6
	Total	324.7	-2.1	17.3	11.2	6	23.4
2002-3	Direct	211.5	219.4	119.7	3.7	6	5.6
	Portfolio	15.1	-34.6	0.7	0.1	-	-0.4
	Total	226.6	184.8	120.4	3.8	6	5.2
2003-4*	Direct	191.7	84.0	76.7	4.9	5	5.4
	Portfolio	18.1	-53.8	-49.4	-3.0	0	-2.8
	Total	209.8	30.2	27.3	1.9	5	2.6

* JulyMarch

TABLE 3.7
FOREIGN INVESTMENT

(Cond..) (Million US $)

Fiscal Year		Japan	Saudi Arabia	Canada	Netherland	Korea	Others	Total
1990-91	Direct	26.2	0.9	1.9	2.3	-	16.1	246.0
	Portfolio	-5.3	-0.2	0.2	..	-	-12.4	-9.0
	Total	20.9	0.7	2.1	2.3	-	3.7	237
1991-92	Direct	17.7	0.1	3.0	0.8	-	36.9	335.1
	Portfolio	..	1.1		1.3	-	34.3	218.5
	Total	17.7	1.2	3.0	2.1	-	71.2	553.6
1992-93	Direct	22	8.2	0.3	5.6	-	43.3	306.4
	Portfolio	6.3	0.4	4.0	5.3	-	25.7	136.8
	Total	28.3	8.6	4.3	10.9	-	69.0	443.2
1993-94	Direct	0.3	29.7	1.9	1.2	-0.1	53.1	354.1
	Portfolio		0.8		8.8	0.1	208.2	288.6
	Total	0.3	30.5	1.9	10	0	261.3	642.7
1994-95	Direct	16.3	0.9	0.4	4.5	40.8	84.0	442.4
	Portfolio	4.6	1.2	-17.2	11.5	-	210.7	1089.9
	Total	20.9	2.1	-16.8	16	40.8	294.7	1532.3
1995-96	Direct	82.1	26.9	0.8	11.9	31.5	169.8	1101.7
	Portfolio	13.1	-1.1	..	..	..	112.3	205.0
	Total	95.2	25.8	0.8	11.9	31.5	282.1	1306.7
1996-97	Direct	36.6	-17	1.7	7.7	7.3	67.5	682.1
	Portfolio	6.9	..	0.8	3.5	-	73.1	267.7
	Total	43.5	-17	2.5	11.2	7.3	140.6	949.5
1997-98	Direct	17.8	1.2	0.5	26.9	5.9	106.0	601.3
	Portfolio	-1.2	1.3	-	-	-	10.7	221.3
	Total	16.6	2.5	0.5	26.9	5.9	116.7	822.6
1998-99	Direct	57.4	1.1	0.3	5.7	4.6	27.0	376.0
	Portfolio	0.0	0.0	0.0	0.6	0.0	12.4	27.3
	Total	57.4	1.1	0.3	6.3	4.6	39.4	403.3
1999-00	Direct	17.7	28.6	0.2	10.7	9.3	48.4	469.9
	Portfolio	0.2	-5.9	0.0	9.4	0.0	26.0	73.5
	Total	17.9	22.7	0.2	20.1	9.3	74.4	543.4
2000-01	Direct	9.1	56.6	0.1	4.8	3.7	38.6	322.4
	Portfolio	-	-1.7	0.5	-1.3	-	-39.1	-140.4
	Total	9.1	54.9	0.6	3.5	3.7	-0.5	182.0
2001-02	Direct	6.5	1.3	3.5	-5.1	0.5	92.6	484.7
	Portfolio	0.2	0.1	2.7	-0.8	-	5.2	-10
	Total	6.7	1.4	6.2	-5.9	0.5	97.8	474.7
2002-03	Direct	14.1	43.5	0.5	3.0	0.2	174.0	798.0
	Portfolio	-	0.1	-	-	-6.8	47.7	22.1
	Total	14.1	43.6	0.5	3.0	-6.6	221.7	820.1
2003-04*	Direct	13.4	3.5	0.3	11.5	0.9	373.4	760.4
	Portfolio	-3.3	-1.9	0.0	-2.0	-9.4	-21.9	-131.3
	Total	10.1	1.6	0.3	9.5	-8.5	351.5	629.1

Source: State Bank of Pakistan

.. Stands for amount less than $ 0.05 million

\- Not Available

Direct investment consists of cash, capital equipment brought in and reinvested earnings.

* July-March

TABLE 41

FEDERAIGOVERNMENT OVERALL BUDGETARYPOSITIN

(Rs Millin)

Fiscal Yea Item		2012-03 R.E)	2003-4 (M.B:)
A. REVENE			
1.	lrect Taxes	14,000	161,10
2.	ndirect Taxes	31,900	349,00
	Customs	6,600	87,10
	Sales Tax	19',800	218,10
	Federal Excis	4,500	43,80
3.	ital Tax Revenue	45,900	510,10
	+2)	52',100	572,20
4.	ırcharges	6,200	62,10
	Natural Gas	2,300	16,00
	Petroleum	4,900	46,10
5.	on-Tax Revenue	13,600	152,20
6.	ıtal Revenue Receits ross (3+4+5)	66,700	724,40
B. EXPENITURE			
9.	urrent Expenditure	64,007	635,18
	Defence	15,700	180,00
	Debt Servicin	25,907	248,48
	Grants	2,400	29,20
	General Admiistration @	6,900	70,50
	Subsidies	4,780	62,50
	Other	9,320	44,50
10.	evelopment Expenditure(PSDP)	12,200	152,00
11.	otal Expenditure (910)	77,207	787,18

RE- Revisd Estimate

Source: Budget Wng, Finan Divisio, Islamabd

M.B.E.- Mdified Budget Estimte

@ : Inclu Law and Order, Scial, Economic and CommunityServices

TABLE 4.2

SUMMARY OF PUBLIC FINANCE
(CONSOLIDATED FEDERAL AND PROVINCIAL GOVERNMENTS)

(Rs Million)

Fiscal Year/ Item	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03 R.E.	2003-04 (M.B.E)	% Change 2003-04/ 2002-03
Total Revenues (I+ii)	***429,454***	***468,601***	***512,500***	***553,000***	***624,100***	***720,800***	***780,300***	*8.3*
Federal	400,342	429,691	477,600	514,000	584,000	673,600	726,900	*7.9*
Provinical	29,112	38,910	34,900	39,000	40,100	47,200	53,400	*13.1*
I) Tax Revenues	354,754	390,726	405,600	441,600	478,100	555,800	600,900	*8.1*
Federal	338,042	375,078	386,800	422,500	459,300	534,000	574,700	*7.6*
Provinical	16,712	15,648	18,800	19,100	18,800	21,800	26,200	*20.2*
ii) Non-Tax Revenues	74,700	77,875	106,900	111,400	146,000	165,000	179,400	*8.7*
Federal	62,400	54,613	90,800	91,500	124,700	139,600	152,200	*9.0*
Provinical	12,300	23,262	16,100	19,900	21,300	25,400	27,200	*7.1*
Total Expenditures (a+b+c)	***634,014***	***647,778***	***709,100***	***717,900***	***826,250**** *	***898,200***	***957,700***	*6.6*
a) Current	529,919	547,279	626,400	645,700	700,200	791,700	793,600	*0.2*
Federal	407,219	424,443	477,900	479,000	524,600	599,800	589,200	*-1.8*
Provinical	122,700	122,836	148,500	166,700	175,600	191,900.0	204,400	*6.5*
b) Development(PSDP)	104,095	98,286	95,600	89,800	126,250	129,200	152,000	*17.6*
c) Net Lending to PSE's	-	2,213	-12,900	-17,600	-200	-22,700	12,100	
d) Statistical Discripency	-	-	9,700	14,800	-11,700	3,200	-	
Overall Deficit	-204,560	-179,177	-206,300	-179,700	-190,450 *	-180,600	-177,400	
Financing (net)	204,992	179,177	206,300	179,700	190,450	180,600	177,400	
External (Net)	38,761	97,070	69,700	120,700	83,100	113,000	14,400	
Domestic (i+ii)	*166,231*	*82,108*	*136,600*	59,000	107,350	67,600	163,000	
i) Non-Bank	118,202	155,919	*96,700*	*92,000*	85,000	119,500	70,000	
ii) Bank	48,029	-73,811	39,900	-33,000	14,000	-55,600	82,000	
iii) Privatization Proceeds	-	-	-	-	8,350	3,700	11,000	
Memorandum Item								
GDP (mp) in Rs. Billion	2,678	2,938	3,793	4,163	4,402	4,821	5,458	*13.2*
		(As Percent of GDP at Market Price)£						
Total Revenue	16.0	15.9	13.5	13.3	14.2	15.0	14.3	
Tax Revenue	13.2	13.3	10.7	10.6	10.9	11.5	11.0	
Non-Tax Revenue	2.8	2.7	2.8	2.7	3.3	3.4	3.3	
Expenditure	23.7	22.0	18.7	17.2	18.8	18.6	17.5	
Current	19.8	18.6	16.5	15.5	15.9	16.4	14.5	
Development @	3.9	3.4	2.2	1.7	2.9	2.2	3.0	
Overall Deficit	7.7	6.1	5.4	4.3	4.3 *	3.7	3.3	

Source: Budget Wing, Finance Division, Islamabad

M.B.E: Modified Budget Estimates

R.E: Revised Estimates

@ From 1998-99 onward, also include lending to PSEs

* If we include one-off expenditure of Rs. 52 billion incurred on KESC recapitalization (Rs.32 billion) and CBR bonds (Rs.20 billion) the fiscal deficit will be 5.5 percent of GDP.

£ Beginning from 1999-2000, Pakistan's GDP was rebased at 1999-2000 Prices from two decades old base of 1980-81 Therefore, wherever, GDP appears in denominator the number of prior to 1999-2000 are not comparable.

TABLE 4.3

ONSOLIDATED EDERAL AND PROVINCIAL GOVERNMENTS REVENUE

(Rs Milion)

Fiscal Year/ Item	1997-98	1998-99	1999-00	2000-01	2001-02 (P.A)	2002-((R)	2003-4 (M.B.)	% chnge 2003-04/ 2002-03
Total Revenue+II)	429,454	468,601	512,500	553,000	624,10	720,8	78000	8.
Federal	400,442	429,691	477,600	514,000	584,00	673,6	72600	7.
Provincia	29,012	38,910	34,900	39,000	40,10	47,2	5300	13
I. Tax Revenu (A+B)	354,754	390,726	405,600	441,600	479,35	555,8	60000	8.
Federal	338,042	375,078	386,800	422,500	460,24	534,0	57400	7.
Provincia	16,712	15,648	18,800	19,100	19,11	21,8	2600	20
A. Direct Tas (1+2)	105,098	105,588	115,672	128,556	147,40	153,8	16633	8.
Feder	103,182	103,476	112,600	124,585	142,64	148,4	16100	8.
Provinal	1,916	2,112	3,072	3,971	4,75	5,4	533	2.
B. Indirect Taxes (3+4+5+6')	249,656	285,138	289,931	315,732	331,92	400,8	43864	9.
3. Excise uty	62,922	62,691	56,934	50,325	48,57	47,9	4996	3.
Feder	62,011	60,572	55,600	49,000	47,18	46,5	4700	2.
Provinal	911	2,119	1,334	1,325	1,38	1,4	196	17
4. Sales x*	53,942	68,680	116,767	153,500	166,61	195,1	21800	11
5. Taxes Interna-tional ade	74,496	78,654	61,600	65,000	47,81	68,8	8700	26
6. Surchges*	42,911	61,927	38,912	30,200	54,85	68,2	6200	-8
6.1 Ga	6,364	9,855	13,500	12,300	18,86	21,3	1600	-24
6.2 Peoleum	36,547	52,072	25,400	17,900	35,98	46,9	4600	-1
7. Other xes **	15,385	13,186	15,718	16,707	14,07	20,7	2168	2.
7.1 Stnp Duties	4,814	5,287	6,397	5,230	5,72	6,6	764	14
7.2 Mor Vehicle Taxes	2,113	2,368	2,803	3,121	3,19	3,8	438	19
7.3 Foign Travel Tax*	1,464	1,769	1,350	1,048	1,09	4,4	200	-43
7.4 Otrs	6,994	3,762	5,168	7,308	4,05	5,8	666	14
II. Non-Tax Renues	74,700	77,875	106,900	111,400	146,00	165,0	179,00	8.
Federal	62,400	54,613	90,800	91,500	124,70	139,6	152,00	9.
Provinci	12,300	23,262	16,100	19,900	21,30	25,4	27,00	7.

* Revenue under these heads re exclusively Federal.

** Mainly inlude Provincial Revnues.

M.B.E Modifi Budget Estimate

R.E. Revised Estimates.

Source: Budget Wing, Fince Divion, Islambad

TABLE 4.4

CONSOLIDATED FEDERAL AND PROVINCIAL GOVERNMENTS EXPENDITURES

(Rs million)

Fiscal Year/ Item	1997-98	1998-99	1999-00	2000-01	2001-02 (P.A)	2002-03 RE	2003-04 (M.B.E)
Current Expenditure	*529,911*	*547,279*	*626,400*	*645,700*	*700,200*	*791,700*	*793,600*
Federal	407,211	424,443	477,900	479,000	524,600	599,800	589,200
Provincial	122,700	122,836	148,500	166,700	175,600	191,900	204,400
Defence	136,164	143,471	150,400	131,200	149,254	159,700	180,000
Interest	202,356	220,100	262,247	249,252	273,894	235,304	226,256
Federal	196,251	213,259	245,100	234,500	245,300	209,700	202,500
Provincial	6,105	6,841	17,147	14,752	28,594	25,604	23,756
Current Subsidies	8,840	15,035	23,239	29,028	29,221	57,114	21,800
Federal	6,268	9,533	14,700	19,900	25,488	50,000	62,500
Provincial	2,572	5,502	8,539	9,128	3,733	7,114	5,420
Gen. Administration*	61,431	66,950	92,108	100,981	91,024	100,210	115,023
Federal	27,344	26,650	47,500	70,700	56,300	60,900	70,500
Provincial	34,087	40,300	44,608	30,281	34,724	39,310	44,523
All Others**	121,120	101,723	98,406	135,239	156,807	239,372	250,521
Development Expenditure	*104,095*	*98,286*	*95,600*	*89,800*	*126,200*	*129,200*	*152,000*
Net Lending to PSEs	-	2,213	-12,900	-17,600	-200	-22,700	12,100
Total Expenditure	*634,006*	*647,778*	*709,100*	*717,900*	*826,200*	*898,200*	*957,700*
Memorandum Items:	(Percent Growth over Preceeding period)						
Current Expenditure	16.4	3.3	14.5	3.1	8.4	13.1	0.2
Defense	6.8	5.4	4.8	-12.8	13.8	7.0	12.7
Interest	25.6	8.8	19.1	-5.0	9.9	-14.1	-3.8
Current Subsidies	-25.8	70.1	54.6	24.9	0.7	95.5	-61.8
General Administration#	33.8	9.0	37.6	9.6	-9.9	10.1	14.8
All Others	11.2	-16.0	-3.3	37.4	15.9	52.7	4.7
Development Expenditure	21.7	-5.6	-2.7	-6.1	40.5	2.4	17.6
Total Expenditure	17.2	2.2	9.5	1.2	15.1	8.7	6.6
	As Percent of Total Expenditure						
Current Expenditure	83.6	84.5	88.3	89.9	84.7	88.1	82.9
Defense	21.5	22.1	21.2	18.3	18.1	17.8	18.8
Interest	31.9	34.0	37.0	34.7	33.2	26.2	23.6
Current Subsidies	1.4	2.3	3.3	4.0	3.5	6.4	2.3
General Administration	9.7	10.3	13.0	14.1	11.0	11.2	12.0
All Others	19.1	15.7	13.9	18.8	19.0	26.7	26.2
Development Expenditure@	16.4	15.5	11.7	10.1	15.3	11.9	17.1
Total Expenditure	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source; Budget Wing, Finance Division,

- * Include Law & Order.
- ** Include mainly Provincial Expenditures.
- \# Also include law & order, social, Economic and Community Services.
- @ Include net lending

Note: Variation in figures of interest payments of table 4.4 and 4.5 is on account of different methodology and sources of data collection used by Budget Resource Section and Debt Management Section of Finance Division.

MBE: Modified Budget Estimates

RE: Revised Estimates

TABLE 4.5

DEBT SERVICNG

(Rs milon)

Fisca Year/ Item	1997-98	1998-99	1999-0(	2000-01	2001-(2	20023 R.E	200.04 (M.B:)	%Chnge 203-04/ 202-03
A. Interest Payme:s	202,356	220,100	273,90(	249,252	295,9:3	235,.4	230.21	-:2
A.1 Federal	196,251	213,259	256,76:	234,500	245,2(0	209,'0	202:20	-'5
hterest o:Domestic Debt	167,513	175,273	210,15!	183,500	184,6(0	160,:0	161:20	0
nterest oForeign Debt	28,738	37,986	46,60:	51,000	60,6(0	49,'0	41'00	2:9
Foreignoans	24,836	30,335	34,69'	40,355	68,1:4	45,'1	111:58	14.1
IMF Draings	1,555	1,707	2,51:	2,909	2,4:3	)	1:95	00
Food Cdit/Short								
Short T m Borrowings	2,347	3,133	6,16'	4,187	2,4:3	1,.0	'05	-6.7
Euro B(ds	-	2,811	3,23(	4,690	4,8 2	3,)9	242	-3.9
$ Denoination Bonds				-		:9	:65	-3.1
A.2 Provincia	6,105	6,841	17,14'	14,752	28,5)4	25,)4	2356	-'2
B. Repayments/Amortization of Foreign De.	83,961	122,980	97,07	96,160	164,9)5	64,)4	6965	86
Foreign lans	59,327	77,431	78,60)	74,623	68,1)4	46)7	4978	-.5
Food Crets	24,634	45,549	18,46)	21,537	96,7'1	18:27	2787	3.0
C. Total Debt Seicing (A+B)	286,317	343,080	370,98)	345,412	460,88	29938	29986	-1.5
MEMORANDUM EMS			(As Fercent of GDP)£					
Interest on Dnestic Debt (Federa	6.3	6.0	5.:	4.4	42	3	3.0	
Interest on Feign Debt	1.1	1.3	1.:	1.2	14	0	).8	
Repayment oForeign Debt	3.1	4.2	2.(	2.3	:7	3	1.3	
Total Debt Seicing	10.7	11.7	9.:	8.3	1(5	.2	5.5	

Source: D.M. Section, hance Dision,Islaiabad

- nil

B.E: 3udget Estirtes

R.E. Revisedstimates

Note: Variation figures of interest pments of table 4.4 and 4.5 is on acount of different methdology arsources (data colleion use Budget Rource Section and Dt Management Section of FinanceDivision.

£ Bejinning frn 1999-2000, Pakisan's GDP was rebased at 19992000 Prices from two decadeold basof 1980-8 Therefore, wrever, GDP appea in denominator the number d prior to 1999-2000 are not cnparable

TABLE 4.6

INTERNAL DEBT OUTSTANDING
(AT END OF PERIOD)

(Rs million)

Fiscal Year/ Type of Debt	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03 R.E.	2003-04 (M.B.E)	% Change 2003-04/ 2002-03
Permanent Debt	286,637	317,402	325,569	349,212	407,654	453,479	595,823	31.4
Floating Debt	473,850	561,590	647,428	737,776	557,807	516,268	538,783	4.4
Un-funded Debt	439,187	573,945	669,389	712,137	792,137	909,500	893,755	-1.7
Total	1,199,674	1,452,937	1,642,386	1,799,125	1,757,598	1,879,247	2,028,361	7.9
				(Percent Share in Total Debt)				
Memorandum Items:								
Permanent Debt	23.9	21.8	19.8	19.4	23.2	24.1	29.4	
Floating Debt	39.5	38.7	39.4	41.0	31.7	27.5	26.6	
Un-funded Debt	36.6	39.5	40.8	39.6	45.1	48.4	44.1	
Total Debt as % of GDP (mp)	44.8	49.4	43.3	43.2	39.9	39.0	37.2	

Source: D.M. Section, Finance Division,Islamabad

R.E: Revised Estimates

BE: Budget Estimates

TABLE 5.1

COMPONENTS OF MONETARY ASSETS

(Rs million)

Socks at erJune (a)	1993	1994	1995	1996	1997	1998	1999
1. Currency sued	178,933	199,070	232589	253,908	2:2,589	13,263	308,542
2. Currencyald by SBP	768	624	647	470	627	1,572	1,955
3. Currency tills of ScheduleBanks	11,301	13,738	16363	19,328	7,821	8,769	18,870
4. Currency circulation (1-3)	166,864	184,708	215579	234,110	2:4,141	72,922	287,717
5. Schedule Banks demand posits (b)	156,509	168,554	202505	207,108	1:2,275	10,997	349,115
6. Other Depits with SBP (c)	4,449	5,506	5055	6,791	7,135	6,412	6,212
7. M1 (4+5+6)	327,822	358,768	42:,139	448,009	413,551	30,331	543,044
8. Schedule Banks Time Deposits (b)	206,294	252,497	29(,521	344,713	36,801	17,433	516,586
9. Residen'oreign Currency eposits	61,274	92,134	10!,073	145,958	22,882	78,556	20,917
10. Total Mietary Assets (M2) (7+8+9	595,390	703,399	82',733	938,680	1,63,234	116,320	280,547
11. Growthate (%)	17.8	18.1	17.2	13.8	12.2	14.5	6.2

Memorandu Items

	1993	1994	1995	1996	1997	1998	1999
1. CurrencMoney Ratio	28.0	26.3	26.1	24.9	23.2	22.6	22.5
2. Demandeposits/Money Ratio	26.3	24.0	24.6	22.1	18.3	16.7	27.3
3. Time Dosits/Money Ratio	34.6	35.9	36.0	36.7	36.7	37.1	40.3
4. Other Diosits/Money Ratio	0.7	0.8	0.6	0.7	0.7	0.5	0.5
5. RFCD/Mney ratio	10.3	13.1	12.7	15.5	21.2	23.1	9.4
6. Income elocity of Money (d)	2.3	2.4	2.4	2.5	2.4	2.4	2.3

(Contd.)

TABLE 5.1

COMPONENTS OF MONETARY ASSETS

(Rs million)

Stocks at end June (a)	2000	2001	2002	2003(P)	End March 2003	End March 2004
1. Currency Issued	376,997	396,548	462,095	527,557	520,660	612,175
2. Currency held by SBP	1,851	1,905	1,865	2,565	2,367	2,726
3. Currency in tills of Scheduled Banks	19,468	19,178	26,414	30,415	26,475	31,570
4. Currency in circulation (1-2-3)	355,677	375,465	433,816	494,577	491,818	577,879
5. Scheduled Banks demand deposits (b)	375,397	374,675	429,175	608,219	539,745	719,740
6. Other Deposits with SBP (c)	7,959	11,292	13,847	3,499	3,524	2,088
7. M1 (4 + 5 + 6)	739,033	761,432	876,838	1,106,295	1,035,087	1,299,708
8. Scheduled Banks Time Deposits (b)	549,124	610,458	727,076	846,336	813,716	895,243
9. Resident Foreign Currency Deposits	112,475	154,154	157,465	126,138	123,771	138,585
10. Total Monetary Assets(M2) (7 + 8 + 9)	1,400,632	1,526,044	1,761,370	2,078,769	1,972,573	2,333,536
11. Growth Rate (%)	9.4	9.0	15.4	18.0	12.0	12.3
Memorandum Items						
1. Currency/Money Ratio	25.4	24.6	24.6	23.8	24.9	24.8
2. Demand Deposits/Money Ratio	26.8	24.6	24.4	29.3	27.4	30.8
3. Time Deposits/Money Ratio	39.2	40.0	41.3	40.7	41.3	38.4
4. Other Deposits/Money Ratio	0.6	0.7	0.8	0.2	0.2	0.1
5. RFCD/Money ratio	8.0	10.1	8.9	6.1	6.3	5.9
6. Income Velocity of Money (d)	2.4	2.4	2.3	2.1		

Source: State Bank of Pakistan

a. Last working day.

b. Excluding inter-bank deposits and deposists of federal and provincial governments and foreign constituents.

c. Excluding IMF A/C Nos 1&2, SAF Loans, deposits money banks, counter-part funds, deposits of foreign central banks, Foreign governments and International organizations.

d Income velocity of money is defined by the State Bank as GDP at current factor cost/quarterly average of Monetary Asse

P. Provisional

Note: Totals may not tally due to rounding.

TABLE 5.:

CAUSAIVE FACTORS ASSOCIATED WITH MONETARY ASSETS

(; million)

	1992	199	1994	19	1996
			A. Stock End June		
1 Public Stor Borrowing (net) (i + ii + ii iv + v + vi + vii)	270,165	345,67	373,433	426,0	495,047
i Netudgetary Support	257,074	322,72	345,917	382,6	434,062
ii Comodity Operations	22,869	30,04	36,786	41,9	47,377
iii Zak Fund etc.	(9,778)	(7,09)	(9,270)	(11,5)	(12,522)
iv Utilition of privatization proeds by Govt./WAPDA					
v Usef Privatization procee/ ND' Fund for Debt Retireent				1410	26,130
vi Payent to HBL on A/C of C&EB					
vii Oths					
2 Non-Gornment Sector	292,381	352,54	392,820	46257	531,064
i Aunomous Bodies'	10,661	14,94	13,744	1615	20,121
ii Ne:redit to Private Sect & FCEs	281,720	338360	379,076	44512	510,943
a. 'rivate Sector	251,311	309595	352,363	41684	478,701
b. 'ublic Sector Corp. other than 2(i)	30,409	28765	26,713	2908	32,242
3 Counteart Funds	(151)	546)	(388)	54)	(617)
4 Other Ims (Net	(41,500)	(52846)	(46,537)	(7405)	(58,844)
5 Domes Credit (1 + 2 + 3 + 4)	520,895	644729	719,328	81308	966,650
6 ForeigAssets (Net)	(15,326)	(49339)	(15,930)	1127	(27,971)
7 Monety Assets (5 + 6)	505,569	595390	703,398	82435	938,679
			8. Changes over the year (July-June)		
8 Publicsector Borrowing (net) (i + ii + + iv + v + vi + vii)	68,991	75002	28,266	5587	68,527
i N Budgetary Support	62,573	65698	23,145	3819	51,726
ii Cnmodity Dperations	4,194	,335	6,582	/33	5,858
iii Zat Fund etc.	2,224	,969	(1,461)	(195)	(1,057)
iv Uzation of privatization pceeds by Govt./WAPD					
v U of Privatization proceds/ NRP Fund for Debt Retiment				1430	12,000
vi Pment to HBL on A/C cHC&EB					
vii Oers					
9 Non-Ivernment Sector	31,419	61,573	39,866	6537	63,429
i Aonomous Bodies'	1,287	1,933	(850)	211	3,166
ii N Credit to Private Seor &SCEs	30,132	51,640	40,716	6326	60,263
a Private Sector	30,249	51,284	42,768	6731	57,329
b Public Sector Corp. other than 2(i)	(117)	1,644)	(2,052	595	2,934
10 Courrpart Funds	179	(395)	158	(76)	(153)
11 Othetems (Net)	(4,643)	(1,346)	6,309	(2168)	21,139
12 Domtic Credit Expansion (8 + 9 + 10 + 11)	95,946	13,834	74,599	5380	152,942
13 Foren Assets (Net)	8,979	(4,013)	33,409	3957	(38,998)
14 Monary Expansions (13 - 4)	104,925	9,821	108,008	1337	113,944

(Contd.

TABLE 5.2

CAUSATIVE FACTORS ASSOCIATED WITH MONETARY ASSETS

	End June 1997	1998	1999	2000	2001	2002	2003	End March 2003	2004(P)
A. Stock End June									
1 Public Sector Borrowing (net) (i+ii+iii+iv+v+vi+vii)	574,023	630,745	583,598	661,832	601,870	677,054	598,623	587,649	616,074
i Net Budgetary Support	504,562	552,580	505,887 [6]	545,850 [6]	499,888 [6]	567,208 [7]	511,186 [7]	514,696 [7]	564,754
ii Commodity Operations	53,079	63,664	67,309	107,403	95,311	100,642	74,047	61,229	37,223
iii Zakat Fund etc.	(15,392)	(18,518)	(21,793)	(23,616)	(25,524)	(22,991)	(18,805)	(20,470)	(18,098)
iv Utilization of privatization proceeds by Govt./WAPDA	36,434	37,657	37,657	37,657	37,657	37,657	37,657	37,657	37,657
v Use of Privatization proceeds/ NDRP Fund for Debt Retirement	(4,660)	(5,749)	(5,749)	(5,749)	(5,749)	(5,749)	(5,749)	(5,749)	(5,749)
vi Payment to HBL on A/C of HC&EB		287	287	287	287	287	287	287	287
2 Non-Government Sector	602,828	696,672	816,710	842,752	902,603	921,596	1,048,262	1,016,987	1,255,656
i Autonomous Bodies[1]	29,196	28,302	41,351	68,637	75,240	60,159	55,370	66,122	36,518
ii Net Credit to Private Sector & PSCEs	573,632	668,370	775,359	774,115	827,363	861,437	992,892	950,865	1,219,138
a. Private Sector	546,814	632,025	735,887	754,190	750,211	803,180	949,030	909,809	1,193,593
b. Public Sector Corp. other than 2(i)	26,818	36,345	43,124	28,826	37,036	35,563	32,386	26,843	20,161
c. PSEs Special Account Debt Repayment	0	0	(3,652)	(8,901)	(12,241)	(15,183)	(18,802)	(18,340)	(20,574)
d. Other Financial Institutions	0	0	0	0	52,357	37,877	30,278	32,553	25,958
3 Counterpart Funds	(736)	(650)	(589)	(611)	(562)	(536)	(586)	(573)	(618)
4 Other Items (Net	(61,621)	(45,290)	(73,544)	(59,087)	(6,204)	(67,463)	(107,285)	(119,098)	(127,682)
5 Domestic Credit (1+2+3+4)	1,114,494	1,281,477	1,326,175	1,444,886	1,497,707	1,530,651	1,539,041	1,484,966	1,743,430
6 Foreign Assets (Net)	(61,260)	(75,157)	(45,629)	(44,254)	28,338	230,718	539,664	487,608	590,105
7 Monetary Assets (5+6)	1,053,234	1,206,320	1,280,546	1,400,632	1,526,046	1,761,370	2,078,706	1,972,574	2,333,535
B. Changes over the year (July-June)									
8 Public Sector Borrowing (net) (i+ii+iii+iv+v+vi+vii)	80,933	56,722	(74,824)	78,234	(46,731) @	22,177	(78,361)	(89,405)	17,451
i Net Budgetary Support	72,457	48,018	(75,193)	39,963	(32,315) *@	14,313	(55,952)	(52,512)	53,568
ii Commodity Operations	5,702	10,585	3,645	40,094	(12,508)	5,331	(26,595)	(39,413)	(36,824)
iii Zakat Fund etc.	(2,870)	(3,126)	(3,275)	(1,823)	(1,908)	2,533	4,186	2,521	707
iv Utilization of privatization proceeds by Govt./WAPDA	10,304	1,223	0	0	0	0	0	0	0
v Use of Privatization proceeds/ NDRP Fund for Debt Retirement	(4,660)	(1,089)	0	0	0	0	0	0	0
vi Payment to HBL on A/C of HC&EB	0	287	0	0	0	0	0	0	0
9 Non-Government Sector	61,879	83,414	119,214	26,044	69,194 @	18,993	148,539	95,391	207,394
i Autonomous Bodies[1]	(242)	(894)	13,049	3,125	11,573 [5]	(15,081)	(4,789)	5,963	(18,852)
ii Net Credit to Private Sector & PSCEs	62,121	84,308	106,165	22,916	57,620 @	34,074	153,328	89,428	226,246
a. Private Sector	59,907	74,781	103,038	18,303	48,633 @	52,969	167,723	106,629	244,563
b. Public Sector Corp. other than 2(i)	2,214	9,527	6,779	9,862	12,327	(1,473)	(3,177)	(8,720)	(12,225)
c. PSEs Special Account Debt Repayment	0	0	(3,652)	(5,249)	(3,340)	(2,942)	(3,619)	(3,157)	(1,772)
d. Other Financial Institutions	0	0	0	0	0	(14,480)	(7,599)	(5,324)	(4,320)
10 Counterpart Funds	(119)	86	61	(22)	49	26	(50)	(37)	(32)
11 Other Items (Net)	5,152	26,761	246	14,457	30,863	(12,040)	(61,674)	(51,635)	(20,424)
12 Domestic Credit Expansion (8+9+10+11)	147,845	166,983	44,697	118,711	53,374	29,156	8,454	(45,685)	204,389
13 Foreign Assets (Net)	(33,289)	(13,897)	29,529	1,375	72,654	206,168	308,946	256,890	50,441
14 Monetary Expansions (13+14)	114,556	153,086	74,226	120,086	126,028	235,324	317,400	211,204	254,830

Source: State Bank of Pakistan

1 Till end June 1996 autonomous bodies consisted of WAPDA, OGDC, PTC, NFC and PTV, thereafter their composition has been changed as WAPDA, OGDC, PTC, SSGC SNGPL, KESC and Pakistan Railways.
2 Adjusted for SAF loans amounting to Rs 7371 million
3 Adjusted for Rs 5278 million to exclude the impact arising due to mark up debited to the borrowers account.
4 Adjusted for Rs 8207million being mark up debited to the borrowers account
5 The difference in flow data is due to change in the composition of autonomous bodies since June 2001 it includes WAPDA, OGDC, KESC, PTCL, PIA and Pak Steel
6 Adjusted for funds placed in special debt repayment account
7 Adjusted for banking sector restructuring & privatization account etc.
@ The difference in flow data is due to change in the total number of PSEs
2. Figures in the parentheses represent negative signs.

TABLE 5.:

SCHEDULED BANKS POSITION BASED ON WEEKLY RETURNS: LIABILITIES AND ASSETS

(Rs illion)

Outsnding Amount at end une	1992	1993	199	1995
LIABTIES				
1. Capital (paid-up) and eserves	31,227	36,011	43,77(	;,533
Demand liabilities in Fkistan				
2. Inter-banks Demand Lbilities	13,440	12,822	14,53;	1,787
2.1 Borrowing	(5,740	(1,436)	(2,87ε	.104)
2.2 Deposits	(7,700	(11,386)	(11,65⁄	(',683)
3. Deposits (General)	186,353	217,711	256,18ε	2ξ,739
4. Other Liabilities	7,665	9,112	12,57ε	',500
5. Total Demand Liabilits (2 + 3 + 4)	207,458	239,645	283,29ε	3:,026
TIMLIABILITIES IN PAKISTN				
6. Inter-banks Time Liabties	5,059	4,937	7,18'	,059
6.1 Borrowing	(4,695	(3,976)	(3,33:	,998)
6.2 Deposits	(364	(961)	(3,84ε	,061)
7. Time Deposits (Genel)	219,980	270,343	342,36ε	4(,882
8. Other Liabilities	4,348	3,920	4,81;	,388
9. Total Time Libilities (+ 7 + 8)	229,387	279,200	354,36'	4',329
10. Total Demand and Tie Liabilities	436,845	518,845	637,65ξ	7⁄,355
11. Borrowing From SBP	57,267	64,577	70,58:	ε,668
12. Borrowing from BankAbroad	13,471	14,614	14,21;	',280
13. Money at Call and Slrt Notice in Pakistε	6,405	6,584	6,72'	,350
14. Dther Liabilities	418,012	505,570	640,16⁄	7⁄,430
15. Total Liabilities	963,227	1,146,201	1,413,11⁄	1,6⁄,616
16. Total Statutory Resees	22,163	26,271	32,21ξ	:,835
16.' Dn Demand Liabilitie:	(10,693	(12,311)	(14,50'	(',919)
16.; On Time Liabilities Aets	(11,469	(13,960)	(17,71ε	(;,916)
17. Cash in Pakistan	8,962	11,301	13,95ξ	',363
18. Balances with SBP	48,827	48,745	63,74(	;,503
19. Other Balances	5,325	8,920	14,81⁄	',012
20. Money at Call and Slrt Notice in Pakistε	6,719	7,002	7,06;	,814
21. 17 + 18 + 19 + 20 as 'of 10	16.0	14.6	15.ε	15.3
FOPGN CURRENCY				
22. Foreign Currency helin Pakistan	909	2,194	4,26'	,017
23. Balances with Banks.broad	10,844	6,190	7,89ξ	,163
24. Total Foreign Curren(	11,753	8,384	12,16(	',180
BAI CREDIT ADVANCES				
25. To Banks	13,314	7,830	8,61ε	',482
26. To Others	227,00(	308,992	347,86ε	4',811
27. Total Advances	240,314	316,822	356,48⁄	4;,293
28. Bills Purchased and Iscounted	46,631	44,149	52,48:	;,649
29. Total Bank Credit	286,94ξ	360,971	408,96'	4ε,942
30. 29 as % of 10	65.;	69.6	64.'	65.1
INSTMENT IN SECURITIE AND SHARES				
31. Central Government ecurities	102,53ξ	140,124	147,07(	1ε,687
32. Provincial Governme Securities	3,89;	3,727	3,34ξ	,340
33. Treasury Bills	38,76ε	35,660	83,44:	ξ,059
34. Other Investment in ecurities & Sahres	51,87:	31,331	32,63:	:,210
35. Total Investment in ecurities and Shares	197,06ε	210,842	266,49(	2ξ,296
36. 35 as % of 10	45.:	40.6	41.:	39.5
37. Dther Assets	397,62ε	490,036	625,91(	7:,506
38. Total Assets	963,22;	1,146,201	1,413,11⁄	1,6⁄,616
39. Excess Reserves (1116)	26,66ξ	22,474	31,52:	⁄,668

:ontd.

TABLE 5.3

SCHEDULED BANKS POSITION BASED ON WEEKLY RETURNS: LIABILITIES AND ASSETS

Outstanding Amount at end June	1996	1997	1998	1999	2000	2001	2002	2003	End March 2003	End March 2004
LIABILITIES										
1 Capital (paid-up) and Reserves	56,255	60,935	91,060	75,632	79,648	88,581	85,886	112,230	98,169	132,717
Demand liabilities in Pakistan										
2 Inter-banks Demand Liabilities	13,781	13,722	10,991	7,968	8,580	12,282	13,761	9,937	5,285	7,802
2.1 Borrowing	(115)	(407)	(78)	(61)	(43)	(34)	(10)	(1)	(7)	(1)
2.2 Deposits	(13,166)	(13,315)	(10,913)	(7,907)	(8,537)	(12,248)	(13,251)	(9,936)	(5,278)	(7,801)
3 Deposits (General)	339,408	358,457	411,361	454,072	475,281	527,677	609,657	785,333	696,213	923,465
4 Other Liabilities	19,224	21,654	25,120	38,491	47,420	42,870	47,333	53,352	62,248	54,976
5 Total Demand Liabilities (2 + 3 + 4)	371,913	393,833	447,472	500,531	531,781	587,824	670,251	848,672	763,746	986,243
TIME LIABILITIES IN PAKISTAN										
6 Inter-banks Time Liabilities	5,509	5,422	10,658	8,633	6,300	4,705	2,104	3,991	6,665	4,408
6.1 Borrowing	(2,965)	(3,618)	(7,744)	(5,845)	(5,674)	(3,668)	(659)	(671)	(849)	(2,337)
6.2 Deposits	(2,544)	(1,804)	(2,914)	(2,788)	(626)	(1,037)	(1,445)	(3,378)	(5,816)	(2,076)
7 Time Deposits (General)	495,677	571,574	678,076	661,481	652,279	712,978	803,749	903,153	881,217	952,346
8 Other Liabilities	4,737	5,369	7,141	8,329	10,759	9,494	12,808	16,028	14,292	17,934
9 Total Time Libilities (6 + 7 + 8)	505,923	582,365	645,875	678,363	669,338	727,177	818,661	923,164	902,174	974,688
10 Total Demand and Time Liabilities	877,836	976,198	1,093,347	1,178,894	1,200,619	1,310,001	1,488,912	1,771,786	1,665,928	1,960,931
11 Borrowing From SBP	56,914	77,999	113,919	142,147	141,016	139,367	135,556	137,887	128,711	151,772
12 Borrowing from Banks Abroad	13,474	14,622	16,518	22,089	16,657	15,169	12,642	21,243	16,355	5,196
13 Money at Call and Short Notice in Pakista	8,878	5,370	7,768	17,528	42,469	38,293	31,877	28,551	21,426	27,560
14 Other Liabilities	897,892	993,960	264,981	298,019	321,224	400,517	546,159	468,312	617,478	513,012
15 Total Liabilities	1,910,391	2,129,084	1,587,593	1,734,309	1,801,633	1,983,928	2,301,032	2,540,004	2,548,009	2,791,188
16 Total Statutory Reserves	44,295	49,078	55,056	59,821	59,287	64,651	73,677	87,893	82,699	97,436
16.1 On Demand Liabilities	(18,999)	19,960	(22,762)	(25,903)	(26,135)	(28,527)	(32,850)	(41,934)	(37,923)	(48,922)
16.2 On Time Liabilities Assets	(25,296)	(29,118)	(32,294)	(33,918)	(33,157)	(36,124)	(40,828)	(45,959)	(44,775)	(48,514)
ASSETS										
17 Cash in Pakistan	19,328	17,821	18,769	18,870	19,468	19,178	26,414	30,415	26,475	31,570
18 Balances with SBP	63,587	89,756	84,740	180,335	153,371	147,962	124,883	140,077	130,339	160,498
19 Other Balances	14,516	16,864	18,210	19,116	18,250	18,033	27,268	31,306	24,400	25,671
20 Money at Call and Short Notice in Pakista	8,989	5,772	8,903	18,095	43,509	31,179	32,831	78,686	22,214	30,471
21 17 + 18 + 19 + 28 as % of 10	12.1	13.2	11.9	13.3	19.5	16.5	14.2	13.0	12.2	12.7
FOREIGN CURRENCY										
22 Foreign Currency held in Pakistan	3,667	4,647	2,706	2,981	2,222	4,788	5,003	5,435	4,788	5,070
23 Balances with Banks Abroad	16,545	10,918	21,798	39,019	46,619	70,856	89,416	68,578	57,041	60,521
24. Total Foreign Currency	20,217	15,565	24,504	42,000	48,841	75,644	94,419	74,013	61,829	65,591
BANK CREDIT ADVANCES										
25 To Banks	5,449	3,698	5,687	4,402	5,788	3,657	1,626	253	324	175
26 To Others	474,731	552,522	644,049	725,852	801,154	866,490	894,524	988,572	924,602	1,124,861
27 Total Advances	480,180	556,212	649,736	730,254	806,942	870,147	896,150	988,825	925,006	1,125,036
28 Bills Purchased and Discounted	62,511	70,675	63,073	63,774	69,554	75,504	75,588	80,687	77,732	93,081
29 Total Bank Credit	542,691	626,887	712,809	794,028	876,496	945,651	971,738	1,069,512	1,002,738	1,218,117
30. 29 as % of 10	61.8	64.2	65.2	67.4	73.0	72.2	65.3	60.4	60.2	62.1
INVESTMENT IN SECURITIES AND SHARES										
31. Central Government Securities	144,922	134,417	123,647	115,671	115,536	101,161	154,292	191,709	163,247	213,141
32 Provincial Government Securities	3,338	2,399	2,148	1,969	1,738	1,836	1,728	1,234	1,644	182
33. Treasury Bills	137,110	167,945	235,388	204,160	103,790	123,889	231,507	412,449	411,120	413,971
34. Other Investment in Securities & Sahres	42,512	39,023	40,900	69,069	65,993	78,048	83,493	118,234	112,127	128,472
35 Total Investment in Securities and Shares	327,882	343,784	402,119	390,869	287,849	296,934	471,020	723,626	688,138	755,716
36. 35 as % of 10	37.4	35.2	36.8	33.2	23.9	22.7	31.6	40.8	41.3	38.5
37 Other Assets	913771.0	1,012,645	254,970	255,378	252,114	340,220	456,377	353,847	580,204	404,780
38. Advance Tax Paid			49,332	69,564	72,941	78,205	64,270	49,789	55,337	54,087
39 Fixed Assests			13,237	26,854	29,594	30,927	31,817	38,738	36,335	45,187
40 Total Assets	1,910,391	2,129,084	1,587,593	1,734,309	1,801,633	1,983,928	2,301,032	2,540,004	2,548,009	2,791,180
41 Excess Reserves (18-16)	19,207	40,678	29,684	40,514	94,048	83,311	51,206	52,184	47,641	63,062

Source: State Bank of Pakistan

* Excluding Contra Items

Note: Figures in the parentheses represent negative sign.

TABLE 54

INCOME VELOCITYOF MONEY

(Rs mıon)

End June Stock	Money Supply (M1) (Rs million)	Monetary Assets (M2) (Rs million)	Income Vocity of Monary Assets 12)
1980-81	73,560	104,621	2
1981-82	80,926	116,510	2
1982-83	96,542	146,025	2
1983-84	103,445	163,267	2
1984-85	118,968	183,905	2
1985-86	134,831	211,111	2
1986-87	159,625	240,023	2
1987-88	185,080	269,514	2
1988-89	206,359	290,457	2
1989-90	240,157	341,251	2
1990-91	265,141	400,644	[illegible]
1991-92	302,908	5,055,569	[illegible]
1992-93	327,822	595,390	[illegible]
1993-94	358,768	703,399	[illegible]
1994-95	423,139	824,733	[illegible]
1995-96	448,009	938,680	[illegible]
1996-97	443,551	1,053,234	[illegible]
1997-98	480,331	1,206,320	[illegible]
1998-99	643,043	1,280,546	[illegible]
1999-2000	739,033	1,400,632	[illegible]
2000-2001	761,833	1,526,044	[illegible]
2001-2002	876,838	1,761,370	[illegible]
2002-2003	1,106,295	2,078,769	
End March			
2003	1,035,087	1,972,573	[illegible]
2004 (P)	1,299,708	2,333,536	1

P: Provisionε

Source: ːtate Bank Pakistan

TABLE 5.5

MONEY SUPPLY
(M1, M2, M3)

(Rs billion)

End Period Stocks (last working day)	Narrow Money (M1)[a]	% Change	Monetary Assets (M2)[a]	% Change	Broad Money (M3)[a]	% Change
1980-81	73.56	18.7	104.62	13.2	116.80	13.2
1981-82	80.93	10.0	116.51	11.4	133.87	14.4
1982-83	96.54	19.3	146.03	25.3	176.68	32.0
1983-84	103.45	7.2	163.27	11.8	206.90	17.1
1984-85	118.97	15.0	183.91	12.6	238.87	15.5
1985-86	134.83	13.3	211.11	14.8	277.63	16.2
1986-87	159.63	18.4	240.02	13.7	330.87	19.2
1987-88	185.08	15.9	269.51	12.3	392.67	18.7
1988-89	206.36	11.5	290.46	7.8	432.19	10.1
1989-90	240.16	16.4	341.25	17.5	504.16	16.6
1990-91	265.14	10.4	400.64	17.4	569.40	12.9
1991-92	302.91	14.2	505.57	26.2	679.17	19.3
1992-93	327.82	8.2	595.39	17.8	777.37	14.4
1993-94	358.77	9.4	703.4	18.1	922.22	18.6
1994-95	423.14	17.9	824.73	17.2	1083.73	17.5
1995-96	448.01	5.9	938.68	13.8	1254.23	15.7
1996-97	443.55	(1.0)	1053.23	12.2	1435.48	14.5
1997-98	480.33	8.3	1206.32	14.5	1669.23	16.3
1998-99	643.04	33.9	1280.55	6.2	1921.47	15.1
1999-2000	739.03	14.9	1400.63	9.4	2137.19	11.7
2000-2001	761.43	3.0	1526.04	9.0	2313.87	8.3
2001-2002	876.84	15.2	1761.37	15.4	2640.94	14.1
2002-2003	1,106.30	26.2	2078.77	18.0	3102.10	17.5
End March						
2003	1,035.09	18.0	1972.57	12.0	2926.00	10.8
2004 (P)	1,299.71	17.5	2333.54	12.3	3362.40	8.4

Source: Finance Division/SBP

a Definition of M1, M2 and M3 are given in the chapter on Money and Credit of the Economic Survey.

(P) Provisional

TABLE 5.5

DOMESTIC & FOREIGN FINANCIAL INSTITUTIONS
(As on 31-03-2004)

A. PublSectorBanks

1 irst Women Bank Ltd.
2 lational Bank of Pakista
3 he Bank of Khyber
4 he Bank of Punjab

B. Speilized Banks

1 arai Taraqiati Bank Limed
2 ndustrial Development ank of Pakistan
3 unjab Provincial Coopetive Bank Limited

C. Priva Scheduled Banks

1 llied Bank of Pakistan
2 Auslim Commercial Ba Ltd
3 Inited Bank Limited
4 labib Bank Ltd
5 skari Commercial BanLtd.
6 lank Al-Falah Ltd.
7 lolan Bank Ltd.
8 aysal Bank Ltd.
9 lank Al-Habib Ltd.
10 Aetropolitan Bank Ltd.
11 :ASB Bank Ltd
12 'rime Commercial Bank.td
13 'ICIC Commercial Banktd.
14 ioneri Bank Ltd.
15 Jnion Bank Ltd.
16 Aeezan Bank Ltd.
17 iaudi-Pak Commercial ank Ltd.
18 :rescent Bank Ltd.
19)awood Bank Ltd.
20 IDCL - IFIC Bank Ltd.

D. Foren Banks

1 ABN Amro Bank N.V
2 Albaraka Islamic Bank BC(EC)
3 American Express Bank.td.
4 Bank of Tokyo Mitsubis Ltd.
5 Credit Agricole Indosue
6 Citibank N.A.
7 Deutsche Bank A.G.
8 Habib Bank A.G. Zurich
9 Hongkong & Shanghai Enking Corp. Ltd.
10 Oman International Bar S.O.A.G.
11 Rupali Bank Ltd.
12 Standard Chartered Ba Ltd.

E. Development Financia Institutions

1 Pakistan Industial Credit alnvestmeCorp. Ltd.
2 Pak Kuwait Invetment Corany (Pvt) Li
3 Pak Libya Holdin Companyvt) Ltd.
4 Pak-Oman Invesment Comny (Pvt) Lt
5 Saudi Pak Industial and Agricultural Inestment Cipany (Pvt.td
6 SME Banks Limed

F Investment Banks

1 Crescent Investnent Bank L
2 First Internationl InvestmeBank Ltd
3 Atlas Investmer Bank Ltd.
4 Security Investnent Bank L
5 Fidelity Investmnt Bank Lt
6 Prudential Invesment Bankd.
7 Islamic Investmnt Bank Lt
8 Asset Investmet Bank Ltd.
9 Al-Towfeek Invetment Bantd.
10 Jahangir Siddiqu InvestmeBank Ltd.
11 Franklin Investmnt Bank Lt
12 Orix InvestmentBank (Pak) L.
13 Trust Investmen Bank Ltd.
14 Escorts Investmnt Bank Lt

G Discount & Guarantee Houses

1 First Credit & Discount Corp(Pvt) Ltd
2 Prudential Discoint & Guarae House d
3 National Discouting Servic Ltd.
4 Speedway Fordnetall (Pak.ld.

H. Housing Finance Compnies

1 Citibank Housin Finance C.td.
2 House Building inance Corpation
3 Asian Housing Fiance Ltd.
4 International Hoising FinanLtd.

I. Venture Capital Compaies

1 Pakistan Ventun Capital Lt
2 Pakistan Emergig Venturesmited

J. Micro Finance Banks

1 Khushali Bank
2 The First Micro inance Bantd

*: Under Lidation

Sour: State Ba of Pakista

TABLE 5.7
SCHEDULED BANKS IN PAKISTAN
(Weighted Average Rates of Return on Advances)

(Percent)

As at the End of		Precious Metal	Stock Exchange Securities	Merchandise	Machinery	Real Estate	Financial Obligations	Others	Total Advances[1]
I. INTEREST BEARING									
1995	Jun	13.89 (13.99)	12.66 (9.99)	12.23 (12.25)	14.28 (14.39)	13.04 (13.46)	13.30 (13.41)	12.18 (12.74)	13.19 (13.42)
	Dec	13.12 (13.66)	11.58 (11.58)	11.94 (12.00)	14.39 (14.79)	12.91 (13.15)	14.97 (16.11)	13.23 (13.72)	13.39 (13.70)
1996	Jun	12.50 (12.65)	13.58 (13.31)	11.77 (11.89)	14.92 (15.13)	12.16 (12.76)	13.66 (13.90)	11.87 (12.40)	13.04 (13.42)
	Dec	12.26 (11.73)	12.94 (12.29)	13.00 (13.00)	15.07 (15.22)	12.99 (13.45)	13.16 (13.39)	13.67 (14.07)	13.70 (13.96)
1997	Jun	11.55 (11.55)	15.35 (15.43)	13.21 (13.39)	14.44 (14.48)	12.73 (13.11)	13.95 (13.94)	13.15 (13.96)	13.53 (13.85)
	Dec	12.25 (12.85)	13.20 (13.92)	13.79 (13.58)	15.35 (15.42)	13.11 (14.26)	12.35 (12.19)	12.59 (13.39)	13.72 (14.25)
1998	Jun	14.47 (14.77)	16.38 (17.33)	14.84 (14.54)	16.12 (16.15)	16.23 (16.32)	16.32 (16.45)	16.49 (17.79)	16.09 (16.37)
	Dec	13.75 (13.46)	15.17 (17.60)	14.52 (14.60)	15.48 (15.53)	14.19 (13.94)	15.76 (16.75)	15.53 (15.52)	15.00 (15.03)
1999	Jun	13.39 (15.57)	14.15 (14.16)	13.89 (13.91)	15.19 (15.18)	14.08 (14.49)	14.95 (15.13)	14.29 (16.11)	14.47 (14.88)
	Dec	11.41 (16.50)	13.79 (13.44)	14.56 (14.35)	14.17 (14.30)	13.75 (14.78)	13.14 (13.25)	14.07 (16.29)	14.09 (14.75)
2000	Jun	11.10 (11.81)	13.76 (13.45)	13.67 (13.83)	13.15 (13.15)	12.23 (13.73)	13.65 (14.03)	13.34 (13.98)	13.25 (13.77)
	Dec	11.53 (12.73)	13.57 (12.82)	12.88 (13.68)	13.82 (13.74)	12.90 (13.62)	13.49 (13.56)	12.93 (13.36)	13.08 (13.58)
2001	Jun	11.75 (13.87)	13.54 (14.06)	13.69 (13.59)	13.50 (13.55)	12.84 (13.86)	13.07 (13.00)	12.05 (13.87)	13.07 (13.64)
2002	Jun	8.10 (8.14)	11.27 (11.70)	13.12 (13.13)	13.56 (13.67)	12.72 (12.98)	13.88 (13.81)	12.47 (13.39)	13.00 (13.29)
	Dec	8.07 (10.00)	11.12 (9.48)	13.51 (13.51)	13.67 (13.62)	12.58 (13.66)	13.79 (13.80)	12.42 (12.18)	12.99 (13.09)
2003	June	12.01 (12.01)	11.97 (11.82)	9.39 (9.67)	15.66 (15.68)	12.63 (12.86)	7.74 (7.66)	10.66 (11.49)	11.87 (12.35)
II. ISLAMIC MODES OF FINANCING									
1995	Jun	14.24 (14.53)	16.45 (16.41)	14.52 (15.47)	14.68 (14.80)	12.40 (13.29)	14.70 (15.10)	12.95 (14.11)	13.80 (14.62)
	Dec	14.68 (15.06)	16.72 (16.73)	15.19 (15.83)	14.92 (15.01)	10.92 (12.43)	15.35 (15.45)	13.77 (14.88)	13.97 (14.79)
1996	Jun	16.32 (16.64)	16.50 (16.45)	15.21 (16.14)	15.28 (15.49)	13.09 (14.09)	15.76 (16.00)	13.58 (14.51)	14.48 (15.26)
	Dec	13.26 (13.23)	17.24 (17.43)	15.56 (16.30)	14.71 (15.22)	12.92 (14.55)	14.77 (15.22)	13.16 (14.12)	14.32 (15.20)
1997	Jun	11.68 (11.68)	16.57 (16.73)	16.01 (16.27)	13.87 (13.91)	12.42 (14.29)	15.99 (15.98)	13.64 (15.04)	14.65 (15.34)
	Dec	12.47 (12.95)	16.77 (16.95)	15.19 (15.86)	14.58 (14.69)	13.75 (14.78)	15.44 (15.48)	14.68 (15.71)	14.79 (15.43)
1998	Jun	15.87 (16.15)	16.61 (16.49)	15.97 (16.19)	16.39 (16.49)	14.50 (15.16)	15.21 (14.89)	15.45 (16.16)	15.59 (15.91)
	Dec	15.05 (14.85)	16.32 (16.77)	15.94 (16.29)	15.85 (16.10)	14.08 (15.01)	15.20 (15.87)	15.76 (17.21)	15.47 (16.11)
1999	Jun	11.27 (10.01)	15.69 (15.39)	15.12 (15.03)	15.75 (15.92)	13.76 (14.92)	14.49 (14.57)	15.00 (15.87)	14.82 (15.23)
	Dec	10.91 (16.28)	14.42 (14.51)	14.82 (14.68)	15.41 (15.45)	13.57 (14.84)	13.89 (13.86)	14.74 (15.82)	14.49 (14.96)
2000	Jun	10.61 (11.10)	13.12 (13.48)	13.48 (14.07)	14.31 (14.39)	13.08 (14.39)	13.42 (13.40)	13.83 (14.94)	13.54 (14.27)
	Dec	11.24 (11.32)	13.51 (13.68)	13.54 14.01	14.48 (14.53)	12.97 (14.24)	13.15 (13.09)	14.07 (15.09)	13.59 (14.24)
2001	Jun	11.02 (11.28)	13.47 (13.57)	13.39 (13.88)	14.53 (14.42)	13.31 (14.52)	13.84 (13.86)	14.03 (14.78)	13.65 (14.24)
2002	Jun	9.30 (9.50)	13.09 (13.33)	12.85 (12.73)	13.70 (13.81)	13.47 (14.05)	13.32 (13.22)	13.32 (14.00)	13.20 (13.52)
	Dec	29.23 (9.46)	13.05 (12.32)	12.38 (12.51)	13.37 (13.72)	13.15 -13.72	13.29 (13.30)	13.04 (13.73)	12.86 (13.21)
2003	June	11.43 (11.43)	5.92 (5.77)	7.50 (7.95)	9.39 (9.54)	11.47 (12.08)	7.79 (8.62)	10.31 (10.84)	9.19 (9.71)

1: Weighted average rates shown in parentheses represent Private Sector.

Source: State Bank of Pakistan

TABLE 5.8

SAL OF GOVERNMENT SECURITI:S THROUGH AUCTON

(s million)

N). Securities	1991-92	1992-93	•993-94	1994-95	19996	'96-97	1997-98
1 Short Tern Federal Bd							
(Six Monfhs Maturitie							
a) Amount Offered	-	-	-	-		183462	4955!
b) Amount Accepte	-	-	-	-		144757	2466;
c) Weignted Avera(Yield #							
i) Minimum	-	-	-	-		12.98	12.1
ii) Maximum	-	-	-	-		17.42	16.4
2 Six Months Treasury lls							
(Six Months Maturiti)							
a) Amount Offered	122916	200196	272341	250·57	5549	-	3333
b) Amount Accept(	76014	106212	136505	146193	6308	-	2543
c) Weighted Avera Yield #							
i) Minimum	9.3700	11.7681	10.3772	10.5143	'6284	-	15.703
ii) Maximum	13.1500	12.8474	14.3943	12.777	'0296	-	15.703
3 Federal hvestment lnds							
A) Amount Offered all Maturities	56407	77127	63284	47 54	8026.	4,841	4,8E
B) Acceptances	44974	53578	26611	29·88	5965	4,727	3,6E
a) 3 Years Marities							
i) Ammot Accepted	10649	12600	10708	8 85	3877	1101	131
ii) Weightl Average Yield #							
a) Mimum	12.9500	12.9500	12.9845	12.973	.0000	13.00	13.)
b) Mamum	13.7900	13.0400	13.8188	13.087	0000	13.00	13.3
b) 5 Years Marities							
i) Ammot Accepted	3007	5138	4034	2·67	4169	106	17
ii) Weightl Average Yield #							
a) Mimum	14.0000	13.9900	13.9972	13.998	10000	14.0000	14.00(
b) Mimum	14.6900	14.0000	14.4521	14.000	10000	14.0000	14.00(
c) 10 Years Murities							
i) Ammot Accepted	31318	35840	11869	1836	7919	3510	212
ii) Weighd Average Yield #							
a) Mimum	14.9974	15.0000	15.0000	14.975	.0000	15.0000	15.00(
b) Mamum	15.6600	15.1200	16.5097	15.009	.0276	15.0159	15.034

(Cont)

Percent per annum

Note: * Six Month Treasury Bills sold through auctions at discount were replacd by Short Term Federal Bonds (STB) from July, 1996 soldt face value and repaid at maturity with the rate of return fixeat auction.

: Auction oiTFBs was discontinuem end-June 1998 replaced by Government of pakistan market Treasury ls (MTBs) (3,6 and 12 onths maturity). The first auction wa held in July, 1998.

TABLE 5.8
SALE OF GOVERNMENT SECURITIES THROUGH AUCTION

(Rs Million)

Fiscal Year/ Securities	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	(Upto Mar) 2004
MARKET TREASURY BILLS*											
A. 3 Months Maturity											
Amount Offered						147,735	82,245	107,720	128,358	109,106	156,112
i) Face Value	-	-	-	-	-	143,719	80,670	105,147	125,693	108,332	155,562
ii) Discounted Value	-	-	-	-	-						
Amount Accepted						45,985	21,085	72,720	72,862	29,231	85,100
i) Face Value	-	-	-	-	-	44,893	20,725	70,984	71,429	29,042	84,818
ii) Discounted Value	-	-	-	-	-						
Weighted Average Yield Accepted						6.660	6.931	6.849	5.362	1.658	0.995
i) Minimum % p.a.	-	-	-	-	-	14.616	8.958	12.221	12.150	5.812	1.658
ii) Maximum % p.a.	-	-	-	-	-						
B. 6 Months Maturity											
Amount Offered						343,937	205,980	115,753	287,853	747,018	247,570
i) Face Value	-	-	-	-	-	322,564	197,165	109,916	276,882	731,354	245,655
ii) Discounted Value	-	-	-	-	-						
Amount Accepted						102,669	85,515	69,538	163,665	349,009	135,145
i) Face Value	-	-	-	-	-	96,161	81,909	66,066	157,934	341,225	134,180
ii) Discounted Value	-	-	-	-	-						
Weighted Average Yield Accepted						10.599	7.092	7.138	5.645	1.639	1.212
i) Minimum % p.a.	-	-	-	-	-	15.740	10.355	12.876	12.555	6.404	1.736
ii) Maximum % p.a.	-	-	-	-	-						
C. 12 Months Maturity											
Amount Offered						283,038	181,014	75,122	202,984	695,425	400,269
i) Face Value	-	-	-	-	-	247,934	164,416	67,584	187,339	665,337	392,085
ii) Discounted Value	-	-	-	-	-						
Amount Accepted						78,960	51,200	54,017	84,568	264,938	196,469
i) Face Value	-	-	-	-	-	69,148	46,514	48,431	78,444	253,908	192,803
ii) Discounted Value	-	-	-	-	-						
Weighted Average Yield Accepted						10.098	7.584	7.777	6.383	2.356	1.396
i) Minimum % p.a.	-	-	-	-	-	16.000	10.871	12.935	11.984	6.941	2.148
ii) Maximum % p.a.	-	-	-	-	-						
2 Pakistan Investment Bonds(PIBs)**								58,814	238,360	211,936	136,836
A. Amount Offered								8,534	46,124	26,074	27,568
03 Years Maturities	-	-	-	-	-	-	-	6,674	47,346	45,620	38,535
05 Years Maturities	-	-	-	-	-	-	-	43,606	144,890	40,268	58,785
10 Years Maturities	-	-	-	-	-	-	-	-	-	-	5,905
15 Years Maturities	-	-	-	-	-	-	-	-	-	-	6,043
20 Years Maturities	-	-	-	-	-			46,126	107,695	74,846	58528
B. Amount Accepted								4677	24819	9651	9437
03 Years Maturities	-	-	-	-	-	-	-	5317	24682	14369	16160
05 Years Maturities	-	-	-	-	-	-	-	36129	58194	50828	26410
10 Years Maturities	-	-	-	-	-	-	-	-	-	-	3330
15 Years Maturities	-	-	-	-	-	-	-	-	-	-	3,191
20 Years Maturities	-	-	-	-							
C. W.A.Yield Accepted											
03 Years Maturities	-	-	-	-	-	-	-	12.427	8.356	2.792	3.931
i) Minimum	-	-	-	-	-	-	-	12.486	12.475	7.952	4.108
ii) maximum	-	-	-	-	-	-	-				
05 Years Maturities	-	-	-	-	-	-	-	12.946	9.392	3.116	4.979
i) Minimum	-	-	-	-	-	-	-	13.000	12.994	8.887	5.099
ii) maximum	-	-	-	-	-	-	-				
10 Years Maturities	-	-	-	-	-	-	-	13.955	10.420	4.014	6.168
i) Minimum	-	-	-	-	-	-	-	14.004	13.981	9.587	6.222
ii) maximum	-	-	-	-	-	-	-	-	-	-	
15 Years Maturities	-	-	-	-	-	-	-	-	-	-	7.683
i) Minimum	-	-	-	-	-	-	-	-	-	-	7.683
ii) maximum	-	-	-	-	-	-	-	-	-	-	
20 Years Maturities	-	-	-	-	-	-	-	-	-	-	8.706
i) Minimum	-	-	-	-	-	-	-	-	-	-	8.706
ii) maximum	-	-	-	-	-	-	-				

Source: State Bank of Pakistan

Note *: MTBs was introduced in 1998-99
**: PIBs was introduced in 2000-01

TABLE 6.1

SECTOIRAL INDICES DF SHARE PRICES
(2000-01 = 100)

(Indices)

													End Mch	
		1993	1994	1995	1996	1997	199	1999	2000	2001	02	200	2003	2004
1	Cotton ard Other Texes	130 08	188 2	107 70	89.14	84.44	7419	72.80	93 62	89.31	1.45	163	119.1	25.0
2	Pharmaceuticals & Chnicals	236 39	405 5	311.76	311 74	252.20	20834	189.68	213.23	203.68	1.59	207	164.5	19.9
3	Engineerig	147 26	277 9	147.44	144 03	107 52	10139	94 70	116.99	113.34	1.31	248	174.9	89.5
4	Auto & Alied	192 97	272 9	140 56	121 71	104 95	10110	100 00	128.25	123.63	1 52	362	256.2	47.8
5	Cables ard Electric Gds	195 74	314 4	201 12	241 92	142 12	12613	112.13	123.42	116.96	1.22	209	142.9	15.2
6	Sugar anl Allied	121 39	153 5	98.73	86 06	80.27	6913	70.79	69.50	84 45	1 62	181	128 8	10 3
7	Paper anl Board	141 53	219.9	161 17	143.82	125 13	10830	92.77	125.40	114.27	1.99	229	168.0	66 7
8	Cement	382 35	986.4	496.82	220 17	144.71	6727	68.41	106.22	87.17	1.05	217	111.9	59.5
9	Fuel and nergy	201 21	441.	315.77	289.03	266.27	14637	156.01	217.55	190.75	1.23	194	145.3	42 6
10	Transpor and Comminications	183 34	209.1	105.94	96 22	82 40	5316	72.59	68.59	53.04	.17	200	149.3	74.4
11	Banks and Other Financial Institution	134.92	297.1	172.19	104.82	104.97	7810	76.60	84.51	77.56	1.72	217	132.1	37.1
12	Miscellaeous Secto	147 68	204.	159 55	222 29	209 58	19031	191.66	217.88	243.08	1.19	223	150.4	97 9
	General hdex of Sha Prices	161 72	290	186 85	170 19	143.02	9917	105.25	128.83	118.72	1 74	204	142.0	86.8
	Change %)	(14.20)	79	(35.60)	(8 90)	(16 00)	(3050)	5.81	22.40	(7.85)	.74	91	33.00	40.5

igures in theparentheses present negative sign. Source: Ste Bank of Pastan

Base of share index haseen changed from 19901 to 2000-0 1 - and as per old base (91-91) the general index of hare price has icreased by 74% during 2001-02 andy 18 30 percent in July-March 2001-0

TABLE 6.2

MARKET CAPITALIZATION OF ORDINARY SHARES

(billion)

													End Mrch	
		1993	194	1995	1996	1997	199	1999	2000	2001	20	2003	2003	2004
1	Cottonand Other Ttiles	38.91	707	46.24	37 70	35 28	25 3	27 43	43.78	8 40	41	65 6	47 92	84 62
2	Pharmiceuticals	43.76	781	50 86	73.23	75 57	47 3	48 06	56 05	7 97	50	108	92 21	160 19
3	Engineering	1.80	56	2.12	2 34	1.58	1 8	1 34	1 53	1 52	2	4	3 04	6.25
4	Auto & Allied	9.63	107	5.24	8.16	7.59	6 3	6 52	8 02	7 93	10	30 5	21 19	43 61
5	Cables and Electricoods	5.06	23	4.84	5 58	2 68	2 2	1 61	2.10	2 12	2	4 4	3 01	5 72
6	Sugarand Allied	7.59	63	6.12	5.21	4.77	4 9	4.13	3.83	4 53	4	7 2	5 08	8.56
7	Paperand Board	3.97	69	5.00	4 57	3 45	2 0	2 82	3.94	4 54	6	12	8 26	15 55
8	Cemert	11.45	338	22.20	18.23	14.45	6 1	6.11	10 21	0.21	15	33 5	18 22	57 24
9	Fuel and Energy	29.41	618	59.78	111.77	116.62	46 2	51.96	87.45	9.68	104	191 5	163 64	505 95
10	Transport and Corrunications	7.17	72	23.86	29.59	140.47	6430	80.27	106.17	0 77	70	123 2	100 57	182 39
11	Banksand Other Finaicial Institutis	33.02	735	43.51	41.77	41.68	2857	29.26	36.10	8.38	551	99.6	74 3	185 18
12	Miscellaneous Secrs	22.65	398	23.56	27.08	24.99	2474	26.70	32 69	3.20	49	65 9	52 37	90 82
	Aggregate Market Caitalization	214.43	4058	293.33	365.24	469.15	25928	286.22	391.86	379.25	404	746 4	589 72	1346 06
	Change (%)	(1.80)	870	(27.50)	24.50	28.40	(4473)	10.39	36.91	(3.42)	26	83	44.64	80.33

Figure in the parereses represent negativeigns Source: tate Bank oPakistan

TABLE 6.3

NUMBER OF LISTED COMPANIES, FUND MOBILISED AND TOTAL TURNOVER OF SHARES IN VARIOUS STOCK EXCHANGES

	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	July-March 2003-04
KARACHI STOCK EXCHANGE										
i) Total Listed Companies	-	-	-	773	765	762	747	712	702	689
ii) New Companies Listed	65	38	14	2	-	1	4	4	2	9
iii) Fund Mobilized (Rs billion)	37.80	20.77	15.5	2.2	1.6	0.4	3.6	15.2	23.8	61.7
iv) Total Turnover of Shares (In billion)	2.20	5.20	8.1	15.0	25.5	48.1	29.2	29.1	53.1	65.2
LAHORE STOCK EXCHANGE										
i) Total Listed Companies	-	-	-	-	-	-	614	581	561	551
ii) New Companies Listed	47	24	10	2 *	1	2	3	3	2	10
ii) Fund Mobilized (Rs billion)	6.56	19.67	0.7	0.3	-	0.4	2.5	14.2	4.1	55.4
iv) Total Turnover of Shares (In billion)	1.0	2.6	2.8	5.6	9.8	1.6	7.8	18.3	28.2	34.5
ISLAMABAD STOCK EXCHANGE[s]										
i) Total Listed Companies	-	-	-	-	-	-	281	267	260	251
ii) New Companies Listed	43	28	12	2 *	1	0	5	3	1	6
ii) Fund Mobilized (Rs billion)	15.36	11.95	3.3	11.3	5.0	0	0.8	3.7	11.5	51.9
iv) Total Turnover of Shares (In billion)	0.1	0.2	0.1	0.5	3.3	3.1	1.4	2.7	2.1	1.1

Source: SECP, KSE, LSE, ISE.

* Technical listing

\- Nil

TABLE 6.4

N.TIONAL SAVING SCHEMES NET INVESTMENT;

(RsMillion)

Name of Scheme	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	?001-02	)02-03	Ju-March ?003-04
1. Defenc Savings Ctificates	20,654.(	20,143.5	31,405.3	32,271.9	38,349.8	41,212.3	16,580.3	;037.30	2990.40	826.10
2. Nationl Deposit Seme	-949.(	-1,266.8	-932.3	-115.8	-52.4	-17.2	-21.5	-6.30	-5.71	-2.37
3. Khaas Deposit Schne	-428.(	-360.9	-219.8	-48.0	-20.5	-52.9	-51.1	-12.10	-13.54	-1.63
4. Premiun Savings Sieme	(0.00	-0.1	0.0	0.0	0.0	-0.0	0.0	0.00	0.00	0.00
5. SpecialSavings Ceficates (R)	7,422.(	12,344.6	14,902.5	20,194.7	24,956.7	19,395.8	9,431.1	;443.20	8399.10	-1,208.13
6. SpecialSavings Ceficates (B)	1,063.(	-727.8	-1,266.5	-1,670.7	-883.0	-507.3	196.3	-203.30	-11.06	-2.16
7. Regula Income Ceficates	4,023.(	4,732.0	16,472.1	54,408.6	59,099.4	26,111.6	8,643.2	1,046.3	;923.9	-3,106.21
Pensieiers Benefitccount	0.(	0.0	0.0	0.0	0.0	0.0	0.0	0.0	;170.0	1167.00
9. Saving: Accounts	-146.(	4,672.6	-5,588.9	-6,699.7	2,296.6	-196.7	-2,105.0	-329.8	,638.1	-,694.19
10. Special Savings Aounts	2,101.(	2,139.3	3,849.9	2,607.1	5,879.9	5,450.9	3,626.5	4,266.9	,135.0	423.14
11. Bahbod Savings Ctificates										1327.20
12. Mahani Amdani Aounts	205.(	204.9	149.6	48.1	16.5	13.8	52.8.	92.8	129.5	92.32
13. Priza Bnds	5,435.(	6,305.8	9,546.6	10,510.9	10,125.7	-32.3	10,390.6	1,588.0	;840.1	1902.10
14. Postal .ifa Insuran	1,490.(	1,093.3	1,464.0	2,138.9	2,548.1	4,131.0	4,377.4	5,448.3	,367.7	784.00
Grand 'otal	40,873.(	49,280.5	69,782.4	113,647.4	142,241.2	95,508.9	51,120.5	1371.3	1;215.8	584.40

Sourc Directoratof NationaSavings

Table 6.5

Loans Santined and Disbursed by DFIs aid Other Financial In:titutions

(Rs. Billion)

Nime of Institions	2001-02 Sictioned	2001-02 Disbursed	2002-03 Santioned	2002-03 Disbursed	03-04(Jul-lar) Sancned	03-04(Jul-lar) Disbursed
1. D'Is	4.64	2.86	12.37	8.6	N/A	7.11
2. Special Bank:	11.43	11.25	25.7	25.1	N/A	16.74
3. Isamic Bank:	4.00	2.47	6.17	11.0	N/A	7.84
4. Kiushadi Bar	N/A	0.20	N/A	1.5	N/A	0.44
5. Micro Credit ink	N/A	0.002	N/A	0.1	N/A	0.14
6. Leasing Cominies	16.06	15.90	16.19	16.0	14.4	14.20
7. Investment Bks	4.76	4.42	8.23	7.6	5.07	4.50
8. Modarabas	4.90	4.75	6.33	6.0	6.63	6.14
9. Housing Finae	0.23	0.08	1.18	0.8	2.01	1.79
10. Dscount Hous	0.23	0.08	0.2	0.	1.79	1.79

* JulyDecember 103-04

Source: SP & SECP.

TABLE 6.6

MARK UP RATE/PROFIT RATE ON DEBT INSTRUMENTS CURRENTLY AVAILABLE IN THE MARKET

S.No.	Schemes	Markup/Profit Rate	Maturity Period	Tax Status
1.	Bearer National Fund Bond (BNFB) (Roll over)	Outstanding balance against this instrument has already been repaid by Government upto April, 1999.		
2.	Foreign Exchange Bearer Certificate (FEBC)			Sale under this scheme has already been discontinued, from December 1999 however, on outstanding balance till maturity, rate will be applicable
	a. If Certificate of Rs 1000 encashed before 1 year investor will get Rs 1000 (face va			
	b. If Certificate of Rs 1000 encashed after 1 year investor will get Rs 1145			
	c. If Certificate of Rs 1000 encashed after 2 year investor will get Rs 1310			
	d. If Certificate of Rs 1000 encashed after 3 year investor will get Rs 1520			
	e. If Certificate of Rs 1000 encashed after 4 year investor will get Rs 1740			
	f. If Certificate of Rs 1000 encashed after 5 year investor will get Rs 1990			
	g. If Certificate of Rs 1000 encashed after 6 year investor will get Rs 2310			
3.	Foreign Currency Bearer Certificate (FCBC), 5 years	Scheme has already been discontinued w.e.f. February 1999. Only repayment is made		
4	Special US$ Bonds		The rates are effective form Sept. 1999. If bonds are encashed before one year no profit will be paid	
	a) 3 year maturity	LIBOR + 1.00%		
	b) 5 year maturity	LIBOR + 1.50%		
	c) 7 year maturity	LIBOR + 2.00%		
5.	Pakistan Investment Bonds: As on 30th June 2001			
	Tenor	Rate of Profit		
	3-Year	6.0% p.a		
	5-Year	7.0% p.a		
	10-Year	8.0% p.a		
	15-Year	9.0% p.a		
	20-Year	10.0% p.a		
6.	Unfunded Debt			
	Defence Saving Certificates	7.96% p.a (m)	10 Years	Taxable for deposits exceeding Rs.150,000 made on or after 01-07-2002
	National Deposits Schemes	13.00% p.a	7 Years	Taxable and discontinued
	Special Saving Certificates (R)		3 Years	Taxable for deposits exceeding Rs.150,000 made on or after 01-07-2002
	- For each of 1st five profit	7.00% p.a.		
	- For the last one profit	8.00% p.a.		
	Special Saving Certificates (B)	12.36% p.a.(m)	3 Years	Taxable and discontinued
	Regular Income Certificates	6.96% p.a	5 Years	Taxable
	Khas Deposit Scheme	13.42% p.a.	3 Years	Taxable and discontinued
	Mahana Amdani Accounts	10.41% p.a.(m)	7 Years	Taxable on installment exceeding Rs.1000.
	Saving Accounts	4.00% p.a.	Running account	Taxable for deposits exceeding Rs.150,000 made on or after 01-07-2002
	Bahbood Savings Certificate	10.08% p.a.	10 Years	Taxable for deposits exceeding Rs 150,000
	Pensioners' Benefit Account	10.08% p.a.		
	Prize Bonds	5.00% p.a		

Source: SBP and Directorate of National Savings

p.a. Per annum
B Bearer
R Registered
m on maturity

TABLE 7.1 (A

PRICE INDICIES

	\. COMBINED CONSUMER PRICE IIDEX BY GROUPS										
Groups/ Fiscal Year	General	ood Berages &bacco	Apparel Textile & Footwear	ouse Rent	Fuel & Lighting	Household Furniture, Equipments etc.	Transport & Communication	Recreatio Entertainment	Educati	Cleanin Laundry & Psonal Appeance	Mdicare
	(Base: 2000-01 = 100)										
1990-91	43.20	42.14	46.42	45.15	38.95	47.82	41.72	48.6	-	43.54	42.73
1991-92	47.41	46.33	51.97	49.46	43.10	51.97	46.25	51.8	-	47.25	46.77
1992-93	52.07	51.84	56.46	54.60	45.21	55.96	47.80	53.3	-	51.55	49.75
1993-94	57.94	57.72	60.29	59.76	52.64	58.63	53.58	56.4	-	59.25	64.27
1994-95	65.48	67.24	67.64	36.19	55.68	65.25	56.66	61.3	-	35.50	39.61
1995-96	72.55	74.05	75.59	72.37	63.90	73.92	62.20	71.0	-	75.01	76.26
1996-97	81.11	82.86	82.82	79.71	71.75	84.47	71.84	80.4	-	35.38	36.10
1997-98	87.45	89.20	86.50	87.38	82.30	91.22	75.70	88.0	-	37.67	30.57
1998-99	92.46	94.46	92.27	93.21	83.69	94.57	82.00	92.2	-	32.81	32.02
1999-00	95.78	96.56	97.31	97.15	88.69	97.28	89.03	96.4	-	37.79	33.14
2000-01	100.00	100.00	100.00	00.00	100.00	100.00	100.00	100.0	100.	30.00	30.00
2001-02	103.54	102.50	103.23	02.80	109.47	103.93	105.96	106.3	104.	32.50	32.37
2002-03	106.75	105.40	106.75	03.80	117.81	106.90	111.60	107.2	109.7	33.37	35.59
Jul-Apr											
2002-03	106.69	105.58	106.36	03.40	117.44	106.54	111.69	102.2	109.3	37.00	35.58
2003-04	110.89	110.75	109.66	07.34	121.21	110.05	114.57	106.0	113.	10.73	36.77

Note: The CPI 1990-9)ase year series have een converted into series with a bae of 2000-01. (contd.)

(1) The Recrean, Entertainment and ducation Group has been split into two groups namely i) Recreati & Entertainment Grou (ii) Education

(2) The nomenature of Medicine Gro has been changed to Medicare Group.

TABLE 7.1 (I)

Headline & Core Inlation

	Indices				Headne & Core lation			
Year	General	Fooc	Non-Food	Non-Food Non-Energy	General	Fo d	on-od	Non Food Nn-Energy
1991-92	47.41	4·33	48.52	48.84	10.58	0.64	10.52	10.52
1992-93	52.07	584	52.31	53.26	9.83	1.74	7.81	9.05
1993-94	57.94	5 72	58.18	58.97	11.27	1.34	11.22	10.72
1994-95	65.48	624	64.09	65.49	13.02	6.67	10.17	11.06
1995-96	72.55	705	71.36	72.59	10.79	0.13	11.34	10.84
1996-97	81.11	886	79.73	81.07	11.80	1.89	11.73	11.68
1997-98	87.45	8 20	86.07	86.82	7.81	7.65	7.94	7.09
1998-99	92.46	9.46	90.89	92.15	5.74	5.90	5.61	6.14
1999-00	95.78	9.56	95.16	96.16	3.58	2.23	4.69	4.3
2000-01	100.00	10.00	100.00	100.00	4.41	3.56	5.09	3.9
2001-02	103.54	10.50	104.28	103.59	3.54	2.44	4.28	3.5
2002-03	106.75	10.40	107.66	106.25	3.10	2.89	3.24	2.5
Jul-Apr								
2002-03	106.69	10.58	107.44	106.05	3.27	3.11	3.37	2.6
2003-04	110.89	11.75	110.98	109.56	3.93	4.89	3.29	3.31

Note: Source: Feral Bureauf Statistic

1) 1990-91 se year series have ben converted into series with a baseof 2000-01.

2) Overall C Inflation is the Headli Inflation and Non-Food Non-Energy Inflation is referred as Core Inflatic

TABLE 7.1 (C)

PRICES INDICES

Groups/ Fiscal Year	B. Wholesale Price Index by Groups						3. Sensitive Price Indicator	4. GDP Deflator
	General	Food	Raw Materials	Fuel, Lighting & Lubricants	Manufactures	Building Materials		
1991-92	44.84	45.42	43.78	34.09	52.38	56.72	46.26	224.33
1992-93	48.14	50.24	48.67	34.83	54.63	57.97	51.22	244.28
1993-94	56.03	57.23	62.55	40.81	63.67	66.47	57.26	274.73
1994-95	65.00	67.50	72.16	44.90	73.40	81.04	65.85	312.60
1995-96	72.22	75.44	75.95	52.95	79.88	87.33	72.90	338.48
1996-97	81.62	84.37	87.01	62.17	89.41	98.63	81.98	388.00
1997-98	86.99	90.45	93.81	69.65	91.62	98.62	88.01	413.39
1998-99	92.51	96.55	103.21	75.81	94.45	99.62	93.68	437.59
1999-00	94.15	97.09	92.39	83.16	98.76	97.15	95.39	100.00
2000-01	100.00	100.00	100.00	100.00	100.00	100.00	100.00	107.84
2001-02	102.01	101.95	100.31	103.14	101.87	101.10	103.37	110.51
2002-03	107.77	105.62	115.51	115.95	103.67	102.90	107.06	115.01
Jul-Apr								
2002-03	107.64	105.62	114.10	116.70	103.16	102.15	107.18	115.01
2003-04	115.22	111.91	134.21	117.91	111.06	124.56	113.40	122.78

Source: Federal Bureau of Statistics

Note:

1) WPI and SPI 1990-91 base year series have been converted into series with a base of 2000-01

2) GDP Deflator base year 1980-81 = 100 has been changed with 1999-2000 100 as new base year

TABLE 7.2

MONHLY PERCENT CHANGES IN CPI, WPI AND SPI

(Percet)

Months	1992-9	1993-94	1994-95	1995-96	1996-97	1997-98	1198-99	1999-00	2010-01	20:02	20C-03	200:04
A. CONSUMER PRIE INDEX (C.P.I) converted into Bas year 2000-01												
Jul	1.1	1.06	1.59	1.38	1.40	0.62	0.86	0.69	0.56	52	09	07
Aug	1.6	1.79	0.95	2.02	1.30	D.65	0.87	0.47	-0.06	75	31	06
Sep	0.4	0.89	1.49	0.90	1.16	0.63	0.11	0.38	0.98	14	19	00
Oct	0.2	1.30	1.50	0.11	1.20	0.40	0.49	0.92	0.45	53	16	1.7
Nov	0.6	0.55	1.40	1.07	1.21	0.74	0.48	0.09	0.9	32	31	00
Oec	0.1	-0.28	1.00	0.67	0.87	0.11	0.24	-0.11	-0.45	61	-24	00
Jan	0.4	0.88	1.46	0.37	2.17	-0.05	-0.18	0.2	-0.16	06	06	-09
Feb	0.E	1.29	-0.06	0.70	1.09	0.36	0.38	-0.02	-0.08	34	47	-04
Mar	0.:	D.46	D.88	1.35	-D.45	1.77	0.35	0.88	0.48	36	04	1.2
Apr	1.4	2.38	0.12	0.81	2.39	0.45	0.27	0.56	0.34	33	33	06
May	1.:	-0.15	0.59	0.37	-0.20	0.15	-0.07	-0.11	-0.45	67	-29	-
Jun	0.:	1.03	0.55	0.11	-0.31	0.47	-0.16	1.05	0.D1	48	-21	-
B. WHOLESLE PRICE IN DEX (W.P.I.) with Base 990-91												
Jul	1.:	1.39	-1.06	0.99	1.59	0.33	1.14	0.07	-0.08	.78	51	1.1
Aug	0.:	2.28	1.46	1.77	1.82	0.14	1.39	0.18	0.75	.30	66	08
Sep	D.:	1.52	1.15	0.42	-0.05	0.33	-0.13	0.52	1.55	.21	59	04
Oct	0.:	0.62	0.6C	-0.31	0.27	0.42	0.14	-0.29	0.9D	.15	54	2.2
Nov	0.:	0.49	2.4:	0.68	2.38	0.53	0.79	-1.44	1.18	.97	66	10
Dec	0.:	D.35	1.6E	0.35	1.39	0.30	0.03	-D.31	-1.15	.65	7D	1.9
Jan	1.:	4.23	2.0:	1.12	2.30	0.01	0.59	0.30	-0.84	.17	38	01
Feb	D.:	3.08	-0.5:	0.70	0.65	0.34	0.60	1.05	-0.39	.19	39	00
Mar	0.	D.78	1.1:	1.71	-0.29	1.73	0.28	2.12	-0.16	.28	15	1.7
Apr	1.:	4.23	-0.1:	1.65	1.48	0.50	-0.53	0.38	0.66	.35	-17	02
May	-1D.:	D.61	D.8(	-0.19	0.35	0.50	0.21	-0.18	-1.38	.12	-09	-
Jun	2.:	0.51	1.3:	1.17	-0.41	0.08	0.D2	1.01	1.18	.07	-27	-
C. SENSITIVE PRICENDICATOR (S.P.I.) converted into Base year 2000-01												
Jul	1:	1.24	1.5:	1.30	1.72	0.15	D.91	0.33	0.77	.25	.48	34
Aug	1:	1.32	0.7	1.73	0.98	0.14	1.36	0.49	0.70	.23	.09	70
Sep	-01	1.26	1.0	0.02	1.42	0.48	-0.49	0.16	0.99	.91	.04	75
Oct	0:	0.93	1.7	-0.62	0.99	0.36	0.59	-0.45	0.63	.54	-.24	34
Nov	0:	0.47	1.5	0.66	1.46	0.94	1.63	0.13	0.39	.34	.09	64
Dec	07	-0.14	1.1	1.03	0.78	0.08	-0.31	-0.94	-1.16	.73	.64	31
Jan	03	0.72	1.3	-0.12	1.50	-0.24	-0.78	-0.23	0.15	.15	.23	-69
Feb	08	0.77	-0.3	0.65	1.38	0.30	0.55	0.30	-0.55	.29	.42	-61
Mar	-06	0.73	0.8	1.24	-1.36	0.51	-0.25	0.24	0.27	.57	.01	30
Apr	09	3.23	0.7	1.18	3.78	0.69	-0.45	D.77	-0.13	.62	.23	-51
May	12	0.78	1.E	0.59	0.47	0.13	0.73	0.92	-0.75	.69	.61	-
Jun	24	1.85	1.1	0.82	-0.19	2.01	0.57	1.59	0.70	.37	.24	-

Note: CPI and SPI 990-91 base year serie converted into Base Year 2000-01 but WPI's base year s not yet been change.

Source: ederal Buau of Stattic.

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
		Spliced with Base Year 2000-01 100			
1990-91	43.20	42.43	42.85	43.18	43.09
1991-92	47.41	47 03	47.40	47.70	47.51
1992-93	52.07	52.03	52.13	52.11	51.62
1993-94	57.94	57 80	58.00	58.05	57.61
1994-95	65.48	65.86	65.73	65.16	64.18
1995-96	72 55	72.86	72.76	72.22	71.42
1996-97	81.11	81 37	81.41	80.71	79.71
1997-98	87.45	87 81	87.43	87.07	86 05
1998-99	92.46	92.71	92.67	92.18	91.41
1999-00	95.78	95.66	95.85	95.70	95.50
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
Jul-Apr					
2002-03	106.69	106 00	106.72	106.66	106.72
2003-04	110.89	110.79	111.41	110.98	110.66

Source: Federal 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[1]	Wholesale Price Index[2]	Sensitive Price Indicator[3]	Annual GDP Deflator
1990-91	12.66	11.73	12.59	-
1991-92	10.58	9.84	10.54	10.07
1992-93	9.83	7.36	10.71	8.89
1993-94	11.27	16.40	11.79	12.47
1994-95	13.02	16.00	15.01	13.78
1995-96	10.79	11.10	10.71	8.28
1996-97	11.80	13.01	12.45	14.63
1997-98	7.81	6.58	7.35	6.55
1998-99	5.74	6.35	6.44	5.85
1999-00	3.58	1.77	1.83	2.78
2000-01	4.41	6.21	4.84	7.84
2001-02	3.54	2.08	3.37	2.47
2002-03	3.10	5.57	3.58	4.07
Jul-Apr				
2002-03	3.27	5.77	3.75	4.07
2003-04	3.93	7.05	5.80	6.76

Source: Federal Bureau of Statistics

* Provisional

WPI, CPI & SPI Base Year 1990-91 series have been converted into Base Year 2000-01.

3. GDP Deflator Base Year 1980-81 100 has been changed with 1999-2000 100 as new base year.

TABLE 7.i

AVERAGE RETAIL PRICES OI ESSENTIAL ITEMS

(Rs/Unit)

Fiscal Year	Whe (Av.Q') Kg	Wheat Flour (Av.Qlty) Kg	Basma* Rice (Broke Kg	Moong Pulse (Washed) Kg	Gram Pulse (Av.Qlty) Kg	Beef (Cow/ Buffalo with bone) Kg	Chiken (Farm) Kg	Mutton (Goat) (Av.Qlty) Kg	Eggs Hen (Farm) Doz.	Potato Av.Qlty) Kg	Dry Onion v.Qlty) Kg	omato v.Qlty) Kg
1990-91	37	3.66	60	12.64	7.85	25.51	..	50.39	13.28	5.19	7.70	12.52
1991-92	32	4.20	67	16.16	8.70	29.62	..	53.86	15.95	6.32	4.17	8.75
1992-93	35	4.44	86	17.09	11.35	32.49	..	60.09	15.96	5.77	7.16	11.64
1993-94	48	4.93	87	17.09	11.72	35.63	..	69.94	18.69	5.81	6.88	14.64
1994-95	57	5.78	99	20.24	21.77	40.66	..	81.68	20.64	6.32	7.76	18.22
1995-96	54	5.90	117	21.86	21.67	47.29	..	91.71	21.37	10.45	7.65	14.05
1996-97	69	7.32	125	21.80	15.00	54.0	..	99.42	24.90	12.08	9.22	14.35
1997-98	76	8.64	130	28.45	20.22	55.4	57.24	103.37	29.73	9.31	10.45	20.34
1998-99	72	8.35	140	32.95	22.08	55.8	54.20	106.46	25.98	8.74	15.32	19.60
1999-00	69	8.92	151	30.05	25.07	56.7	50.90	108.64	24.27	9.38	6.85	15.25
2000-01	67	9.80	195	30.30	29.52	56.0	50.65	109.38	26.35	9.74	10.72	17.24
2001-02	89	9.67	199	34.36	34.89	55.1	52.04	111.53	28.57	11.43	9.59	17.12
2002-03	83	10.14	187	30.46	31.13	61.2	54.01	124.95	30.69	9.43	8.70	13.30
Jul-Apr												
2002-03	87	10.19	198	30.71	32.23	60.0	52.73	123.07	31.70	9.91	9.18	13.79
2003-04	109	11.53	190	28.05	23.94	73.3	54.69	149.24	30.17	8.11	11.58	20.91

.. Not Available (Contd.)

Note: Data fi Period 1990-91 - 2000-01 is based on 12 centres while data 200102 (July-April) is based on 17 centres

TABLE 7.4

AVERAGE RETAIL PRICES OF ESSENTIAL ITEMS

(Contd.) (Rs/Unit)

Fscal Year	Mustard Oil (Mill) Kg	Vegeta-b Ghee bose) Kg	Rock Salt (Powder) Kg	Red Chillies (Av.Qly) Kg	Sugar (Open Market) Kg	Gur (Sup. Qlty) Kg	Milk Fresh (Ltr)	Tea n Pacet (Sup.lty) 250 tam
1990-91	20.93	19.00	2.00	2438	11.26	8.24	7.71	2.00
1991-92	25.85	20.53	2.17	3105	11.62	8.67	8.82	3.04
1992-93	30.26	24.08	2.22	4108	12.29	10.03	9.90	3.62
1993-94	33.18	29.09	2.25	3933	12.91	10.49	11.07	7.65
1994-95	43.93	38.99	2.40	70.12	13.74	11.07	12.18	3.08
1995-96	46.50	39.38	2.79	82.32	16.76	14.54	13.67	3.33
1996-97	47.27	42.76	3.13	74.15	21.26	18.67	15.12	3.31
1997-98	49.65	45.78	3.17	67.55	19.54	18.91	16.27	3.88
1998-99	63.43	54.00	3.22	89.05	19.09	17.19	17.7	1.89
1999-00	61.13	49.14	3.35	81.72	21.11	19.81	17.9	3.95
2000-01	56.92	44.82	3.43	61.75	27.11	26.31	18.23	3.73
2001-02	59.01	49.20	3.19	71.34	22.87	23.12	17.92	7.00
2002-03	60.80	55.25	3.21	71.87	20.77	20.45	18.39	1.50
Jul-Apr								
2002-03	60.78	55.13	3.21	71.14	21.01	20.57	18.30	0.60
2003-04	63.30	59.23	3.21	71.59	18.99	19.85	18.9	5.29

Note: Data for Period 1990-9- 2000-01 is based on 12 centres whiledata for Period 2001-02 is baseon 17 centres. (Contd.)

TABLE 7.4

AVERAGE RETAIL PRICES OF ESSETIAL ITEMS

(Rs/unit)

(Contd.)

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)
1990-91	3.48	10.71	25.24	429.95	50.07	0.35	2.49	4.02
1991-92	3.56	12.08	27.65	149.95	55.68	0.44	2.72	4.10
1992-93	3.60	13.46	27.18	149.95	62.31	0.49	3.01	4.64
1993-94	3.61	14.14	28.56	185.78	67.51	0.49	3.52	6.00
1994-95	3.75	15.76	29.26	224.95	71.83	0.50	4.14	6.35
1995-96	3.69	18.31	27.90	299.95	78.54	0.50	5.03	7.29
1996-97	3.90	20.89	30.01	337.70	88.88	0.50	5.95	8.53
1997-98	3.79	22.24	31.34	339.00	95.00	0.50	6.18	8.58
1998-99	4.19	23.20	31.63	342.96	97.65	0.50	6.57	9.21
1999-00	5.04	23.76	32.20	381.29	99.93	0.50	6.81	9.50
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
Jul-Apr								
2002-03	6.06	26.72	33.67	414.00	103.23	0.51	7.46	11.00
2003-04	6.06	28.39	34.16	397.50	115.90	0.51	7.51	10.21

(Contd.)

Note: Data for Period 1990-91 - 2000-01 is based on 12 centres while data for 2001-02 is based on 17 centres

TABLE 7.4

AVERAGE RETAIL PRICES OF ESSENTIAL ITEMS

(Rs/unit)

(Contd.)

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
1990-91	11.03	8.22	5.52	4.84	18.77	14.19	36.02	57.71	49.07
1991-92	11.98	9.35	6.08	5.66	23.70	15.75	23.15	62.83	51.74
1992-93	12.00	10.51	6.59	6.41	21.75	14.95	18.01	70.74	62.07
1993-94	12.28	11.59	7.28	6.62	19.87	14.91	27.02	87.22	77.95
1994-95	13.00	13.17	8.36	7.07	20.20	23.93	31.65	116.83	104.62
1995-96	13.29	14.48	9.43	9.09	28.01	32.79	27.14	122.50	109.82
1996-97	14.94	15.84	9.95	9.99	30.79	31.82	34.34	134.64	119.06
1997-98	14.96	16.44	10.40	10.48	34.49	28.59	36.85	148.95	131.98
1998-99	15.42	17.85	11.12	12.09	35.84	30.40	38.67	168.27	157.94
1999-00	16.00	18.30	11.35	12.51	36.03	38.38	30.16	166.93	164.95
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
Jul-Apr									
2002-03	13.43	18.79	13.05	12.22	35.61	38.09	35.12	198.98	196.32
2003-04	12.70	20.51	13.75	12.79	35.21	35.49	31.97	203.79	199.54

(Contd.)

Note: Data for Period: 1990-91 - 2000-01 is based on 12 centres while data for Period 2001-02 is based on 17 centres.

TABLE 7.4

\VERAGE RETAIL PRICES OFESSENTIAL ITEMS

(Contd.) (Rs/Unit)

Fscal Year	Curd Kg	Tea Pre-pared Cup	Banana Doz.	Lawn Hussain Mtr.	Shirtng Hussin Mt.	Shoes Lady Bata	Chppal Gnts Sang	ead lain Size	Nk Pow-er Nido 50 grams
1990-91	9.9B	1.3	11.66	33.65	31.98	156.20	33.97	4.34	217.27
'991-92	11.22	1.5	14.71	37.64	3.79	174.95	36.95	5.01	74.59
'992-93	12.49	1.7	19.06	39.42	31.54	174.95	36.95	5.78	84.96
'993-94	13.86	1.9	19.28	42.38	4 .90	181.68	46.31	6.55	90.40
'994-95	15.25	2.2	21.04	44.63	4.08	191.95	55.95	7.40	105.47
'995-96	17.16	2.5	21.36	46.25	51.59	211.90	63.83	7.99	79.01
996-97	18.74	3.(	20.37	52.03	51.58	248.03	78.70	9.09	91.00
997-98	19.91	3.:	20.18	56.02	5.25	249.00	79.00	10.31	102.40
998-99	21.75	3.(	21.25	72.17	5.85	269.42	79.00	10.39	105.82
999-00	21.87	3.;	20.88	76.27	5.28	319.00	79.00	10.96	110.00
!000-01	22.43	4.(	22.11	77.77	5.10	319.00	79.00	11.17	114.03
!001-02	21.90	4.1	22.14	70.79	5.17	319.00	79.00	11.14	116.00
!002-03	23.35	4.4	21.96	69.92	5.59	342.23	79.00	11.16	88.00
Jul-Apr									
!002-03	22.33	4.(	21.20	69.83	5.56	331.00	79.00	11.17	97.52
!003-04	23.02	4.1	22.17	69.53	5.41	397.00	79.00	11.62	93.79

Note: Data for Period 1990-91 !000-01 is based on 12 centres while dta for 2001-02 is based on 17 cntres.

Soure Federal leau of Statics.

** The unitas changed from 500 M to 400 GM

TABLE 7.4

AVERAGE RETAIL PRICES OFESSENTIAL ITEMS
(Average of 12 Cinters)

(Cntd.)

Fiscal Year	Kerosene (per ltr.)	Gas Charges (100 cf)	Elect Charges (upto 50 units)	Petrc Supe (per lt	Tele Local Ca Charges (per Call
1990-91	2.57	-	-	-	-
1991-92	5.90	-	-	-	-
1992-93	5.96	-	-	-	-
1993-94	7.01	-	-	-	-
1994-95	7.36	-	-	-	-
1995-96	B.27	-	-	-	-
1996-97	10.66	-	-	-	-
1997-9B	11.60	-	-	-	-
1998-99	11.72	-	-	-	-
1999-00	13.00	231.44	1.28	2B.2:	2.10
2000-01	16.84	248.55	1.46	29.3	2.22
2001-02	18.5B	259.26	2.18	31.6(	2.31
2002-03	22.48	-	2.45	-	2.31
Ju-Apr					
2002-03	22.59	242.57	2.44	33.6	2.31
2003-04	24.33	-	2.55	33.0:	2.31

Nete: Date f Period 1990-91 - 20001 is based on 12 centres while da for 2001-02 is basedn 17 centres.

Sourceederal Buru of Statiscs.

-: Not Avable

TABLE 7.5

INDICES OF WHOLESALE PRICES OF SELECTED COMMODITES
(Base Year 1990-91 = 100)

Fiscal Year	Wheat	Rice	Gram (Whole)	Sugar Refined	Vegetable Ghee	Tea	Meat	Vegetables	Fresh Milk	Cotton	Motor Fuels
1991-92	116.48	110.40	116.50	103.64	105.52	100.82	110.71	96.82	110.71	106.04	102.50
1992-93	122.77	122.28	148.18	110.57	123.78	119.10	121.02	107.36	126.15	119.20	103.37
1993-94	136.04	130.94	220.32	115.96	151.04	136.40	140.28	143.43	142.92	168.20	123.39
1994-95	161.26	141.25	313.71	123.67	205.90	148.50	162.40	155.19	163.96	207.62	124.80
1995-96	163.26	167.12	303.57	152.97	208.27	157.91	162.86	173.71	190.39	210.57	139.42
1996-97	206.13	185.50	199.41	192.12	224.41	197.75	201.85	188.93	218.18	242.89	173.35
1997-98	246.80	197.08	260.78	175.98	241.78	255.96	210.00	231.40	216.25	245.84	188.14
1998-99	241.28	239.88	307.41	173.03	285.78	266.35	214.95	196.69	245.85	261.55	204.46
1999-00	258.66	245.11	370.24	191.58	249.13	254.60	218.60	195.92	252.28	213.72	239.48
2000-01	270.76	227.63	430.67	250.69	231.63	270.93	220.17	201.60	252.86	253.59	317.82
					(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	82.86	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
Jul-Apr											
2002-03	102.18	125.82	72.37	76.39	130.04	96.85	109.08	105.21	100.16	107.85	108.21
2003-04	119.36	136.53	73.56	67.48	140.21	97.13	133.51	115.93	104.75	143.09	109.21

(Contd.)

TABLE 7.5

INDICES OF WHOLESALE PRICES OF SELECTED COMMODITIES
Base Year (1990-91 = 100)

Fiscal Year	Other Oils	Fire Wood	Cotton Yarn	Matches	Soaps	Fertilizers	Transport	Leather	Timber	Cement
1991-92	100.39	111.43	105.40	107.59	105.27	109.71	103.24	109.57	114.90	108.00
1992-93	101.23	124.16	103.44	117.63	116.70	113.37	116.55	109.58	130.28	114.13
1993-94	120.72	133.68	137.83	120.69	140.04	153.70	135.89	115.54	144.50	137.61
1994-95	122.47	142.95	173.62	120.73	146.33	178.99	167.72	124.50	161.57	169.92
1995-96	141.59	153.83	184.24	122.99	171.03	198.95	216.71	138.98	175.41	166.18
1996-97	209.46	175.15	201.58	184.13	209.33	247.69	234.60	162.65	202.36	200.32
1997-98	228.68	190.80	199.64	208.14	200.54	256.19	234.81	152.12	220.08	212.05
1998-99	229.82	199.33	203.63	208.14	212.66	277.59	236.57	128.27	227.06	216.99
1999-00	272.45	207.73	200.74	205.67	222.75	316.24	255.29	133.20	239.02	212.65
2000-01	383.08	214.21	207.98	206.29	224.58	302.96	265.68	140.07	253.52	215.14
					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
Jul-Apr										
2002-03	129.36	103.20	96.35	100.55	108.45	113.43	106.82	96.45	100.88	103.19
2003-04	137.34	114.15	120.08	105.27	110.59	122.13	107.99	93.64	117.85	102.04

Source: Federal Bureau of Statistics

TABLE 8.1

BALANCE OF PAYMENTS

US $ Millic)

Itens	1994-5	1995-96	1996-97	1997-98	199-99	1999-00	2000-01	2001-02	22-03	July-March 20C-03	July-March 2003-4 (P)
1 Trade Balan	-25:	-3704	-3145	-1867	-2185	-1412	-1269	-294	-444	87	-75
Exports (fob)	775	8311	8096	8434	728	8190	8933	9140	1889	779	917
Imports (fob)	-1029	-12015	-11241	-10301	-9113	-9602	-10202	-9434	-333	-866	-993
2 Services (N)	-238	-3249	-3659	-3264	-2118	-2794	-3142	-2617	1128	-131	-226
Receipts	210	2100	1840	1708	1-09	1501	1464	2027	2967	239	237
Payments	-454	-5349	-5499	-4972	-027	-4295	-4606	-4644	5095	-170	-463
Shipme	(93)	(1,045)	(978)	(921)	(44)	(802)	(877)	(809)	(951)	94)	(91)
Investmnt Income	(1,93)	(2,137)	(2,322)	(2,454)	(1,103)	(2,135)	(2,274)	(2,430)	,381)	(156)	(1,68)
Others	(1,63)	(2,167)	(2,199)	(1,597)	(1280)	(1,358)	(1,455)	(1,405)	,763)	(120)	(2,03)
3 Private Unquited Transfe (net)	247	2378	2958	3210	274	3063	3898	4249	5737	424	438
(Workersemittances)	(1,86)	(1,461)	(1,409)	(1,490)	(1060)	(983)	(1,087)	(2,389)	237)	(371)	(2875
4 Current Aount Balance	-244	-4575	-3846	-1921	-2429	-1143	-513	1338	3165	206	136
5 Long-termapital (net)	272	2599	2018	1707	836	525	171	1280	1035	27	-15
Privatcapital (net)	160	1534	1293	617	466	277	-68	-177	225	62	39
Officiaapital (net)@	102	1065	725	1090	370	248	239	1457	810	65	-55
6 Basic Balce	28	-1976	-1828	-214	593	-618	-342	2618	4200	233	123
7 Errors andmissions (net)*	0	1096	605	-514	-375	-2282	313	961	909	183	-2:
8. Balance Rquiring Official Financin	38	-880	-1223	728	-968	-2900	-29	3579	5109	416	94
9. Official Asstance & Debt Ref	0	449	191	422	-174	-996	338	-925	-520	189	1
Mediumnd Short-Term Catal	59	341	-446	390	863	-221	431	-334	-180	131	-21
Other Sht-Term Assets/ LiabilitieFEBC, DBC FEBC & ro Bonds (Net)	-59	108	637	32	311	-775	-93	-591	-340	358	32
10 Excepional Financing		0	0	0	3966	3966	692	138	620	386	-5
11. Change Reserves (- = irease)	-38	431	1032	306	-824	-71	-1001	-2792	5209	-313	-90

Soie : State ink of Pakisn

@ IncludeOfficial Unrequited Traners

* IncludePrivate Short-term Capal

(P) Provisiol

TABLE 8.2

COMPONENTS OF BALANCE OF PAYMENTS
(AS PERCENT OF GDP)

Year	Exports ^	Imports ^	Trade Deficit ^	Worker's Remittances #	Current Account Deficit #
1980-81	10.5	19.3	8.7	7.5	3.7
1981-82	8.0	18.3	10.3	7.2	5.0
1982-83	9.4	18.7	9.3	10.1	1.8
1983-84	8.9	18.3	9.4	8.8	3.2
1984-85	8.0	19.0	11.0	7.9	5.4
1985-86	9.6	17.7	8.0	8.1	3.9
1986-87	11.1	16.1	5.1	6.8	2.2
1987-88	11.6	16.7	5.0	5.2	4.4
1988-89	11.7	17.6	5.9	4.7	4.8
1989-90	12.4	17.4	4.9	4.9	4.7
1990-91	13.5	16.7	3.3	4.1	4.8
1991-92	14.2	19.1	4.8	3.0	2.8
1992-93	13.3	19.4	6.1	3.0	7.2
1993-94	13.1	16.6	3.4	2.8	3.8
1994-95	13.5	17.2	3.7	3.1	4.1
1995-96	13.8	18.7	4.9	2.3	7.2
1996-97	13.4	19.1	5.7	2.3	6.2
1997-98	13.9	16.3	2.4	2.4	3.1
1998-99	13.3	16.1	2.8	1.8	4.1
1999-00	11.7	14.1	2.4	1.3	1.6
2000-01	12.9	15.1	2.1	1.5	0.7
2001-02	12.8	14.4	1.7	3.3	+1.9
2002-03	13.5	14.8	1.3	5.1	+3.8

Source: FBS, SBP & E.A Wing, Finance Division.

^ Based on the data compiled by FBS.

Based on the data compiled by SBP.

TABLE 83

EXPORTS, IMPORTS ANDTRADE BALANCE

Year	(Rs million)						(US $ milon)					
	Current Prices			Growth Rate (%)			Current Prces			owth Rate%)		
	Expcs	Imports	Balanc	Exports	Imports	Balanc	Exports	Import	Balance	Export	Imports	Balance
1980-8	29,;0	53,544	-2424	25.07	14.10	3.1'	2,958	5,40	-2451	25.0	14.11	3.20
1981-82	26,'0	59,482	-3322	-10.28	11.09	36.8	2,464	5,62	-3158	-16.	3.94	28.85
1982-83	34,2	68,151	-3379	31.11	14.57	1.0	2,694	5,35	-2663	9.	-4.71	-15.67
1983-84	37,19	76,707	-3938	8.41	12.55	16.9	2,768	5,68	-2917	2.	6.12	9.54
1984-85	37,'9	89,778	-5179	1.71	17.04	31.8	2,491	5,90	-3415	-10.(	3.89	17.07
1985-86	49,12	90,946	-4134	30.58	1.30	-20.6	3,070	5,63	-2564	23.	-4.61	-24.92
1986-87	63,5	92,431	-2916	27.75	1.63	-29.9	3,686	5,38	-1694	20.(	-4.51	-33.93
1987-88	78,15	112,551	-3416	23.82	21.77	17.0	4,455	6,39	-1936	20.8	18.79	14.29
1988-89	90,13	135,841	-4588	14.96	20.69	33.7	4,661	7,03	-2373	4.6	10.06	22.57
1989-90	106,9	148,853	-4234	18.06	9.58	-7.7	4,954	6,93	-1981	6.	-1.41	-16.52
1990-91	138,32	171,114	-3282	29.88	14.96	-22.4	6,131	7,61	-1488	23.7	9.86	-24.89
1991-92	171,28	229,889	-5811	24.19	34.35	77.5	6,904	9,25	-2348	12.8	21.43	57.80
1992-93	177,28	258,643	-8165	3.09	12.51	40.3	6,813	9,94	-3128	-1.	7.45	33.22
1993-94	205,39	258,250	-5271	16.08	-0.15	-35.7	6,803	8,56	-1761	-0.1	-13.85	-43.70
1994-95	25173	320,892	-6979	22.23	24.26	32.7	8,137	10,39	-2257	19.6	21.37	28.17
1995-96	29441	397,575	-10284	17.35	23.90	47.0	8,707	11,80	-3098	7.0	13.58	37.26
1996-97	32513	465,001	-13988	10.37	16.96	35.4	8,320	11,89	-3574	-4.4	0.75	15.36
1997-98	37330	436,338	-63'8	14.71	-6.16	-54.7	8,628	10,11	-1490	3.7	-14.93	-58.31
1998-99	39042	465,964	-7582	4.60	6.79	19.0	7,779	9,43	-1653	-9.8	-6.78	10.94
1999-00	44378	533,792	-90'4	13.66	14.56	19.6	8,569	10,30	-1740	10.1	9.30	5.26
2000-01	53970	627,000	-8730	21.50	17.46	-2.2	9,202	10,72	-1527	7.3	4.07	-12.24
2001-02	56047	634,630	-7383	4.06	1.22	-16.0	9,135	10,34	-1205	-0.7	-3.63	-21.09
2002-03	65294	714,372	-6208	16.28	12.57	-15.5	11,160	12,22	-1060	22.1	18.18	-12.03
July-April (P)												
2002-03	51890	591,828	-7318	14.73	16.34	29.4	8,846	10,09	-1252	20.7	22.48	36.00
2003-04	57574	690,934	-11530	10.93	16.75	58.0	10,001	12,01	-2011	13.0	18.95	60.62

P: Provisional

Source: S & E. A. ing, Financ Division.

TABLE 8.4

UNIT VALUE INDICES AND TERMS OF TRADE (T.O.T)

(1990-91 = 100)

(Indices)

Groups	1998-99	1999-00	2000-01	2001-02	2002-03	July-March 2002-03	July-March 2003-04*
All Groups							
Exports	258.40	253.77	271.47	271.18	254.02	249.06	276.15
Imports	223.32	259.03	298.44	298.56	309.52	307.39	347.29
T.O.T.	115.71	97.97	90.96	90.83	82.07	81.02	79.52
Food & Live Animals							
Exports	221.84	234.95	249.32	260.55	258.11	258.52	262.51
Imports	225.64	248.38	278.82	277.41	259.76	261.77	274.93
T.O.T.	98.32	94.59	89.42	93.92	99.36	98.76	95.48
Beverages & Tobacco							
Exports	106.30	143.34	171.44	169.82	146.52	147.61	165.69
Imports	561.35	532.21	698.92	790.14	598.00	594.97	532.85
T.O.T.	18.94	26.93	24.53	21.49	24.50	24.81	31.10
Crude Materials (inedible except fuels)							
Exports	214.68	169.85	192.12	158.90	171.58	162.21	211.05
Imports	198.56	198.06	218.95	228.14	232.37	231.78	241.70
T.O.T.	108.12	85.76	87.75	69.65	73.84	69.98	87.32
Minerals, Fuels & Lubricants							
Exports	166.47	283.63	373.65	314.40	365.14	371.35	414.06
Imports	108.55	206.30	276.87	249.66	297.20	297.76	291.16
T.O.T.	153.36	137.48	134.96	125.93	122.86	124.71	142.21
Chemicals							
Exports	263.37	276.51	282.36	281.54	270.05	273.94	266.98
Imports	196.20	208.54	228.06	239.29	245.60	239.21	299.73
T.O.T.	134.23	132.59	123.81	117.66	109.96	114.52	89.07
Animal & Vegetable Oils, Fats & Waxes							
Exports	-	-	-	-	-	-	-
Imports	326.86	229.68	195.10	224.82	300.36	288.14	231.17
T.O.T.	-	-	-	-	-	-	-
Manufactured Goods							
Exports	275.59	266.96	279.04	281.83	248.93	244.32	269.92
Imports	226.26	224.61	251.50	244.97	240.82	239.24	292.74
T.O.T.	121.80	118.86	110.95	115.05	103.37	102.12	92.20
Machinery and Transport Equipment							
Exports	291.07	396.34	453.20	579.13	572.31	595.98	416.40
Imports	355.79	417.87	470.20	481.18	450.67	452.88	534.83
T.O.T.	81.81	94.85	96.38	120.36	126.99	131.60	77.86
Miscellaneous Manufactured Articles							
Exports	259.80	263.04	292.47	298.40	294.67	287.60	317.47
Imports	240.08	278.99	323.02	320.35	299.60	301.45	329.43
T.O.T.	108.21	94.28	90.54	93.15	98.35	95.41	96.37

Source: Federal Bureau of Statistics

\- Not applicable

* Provisional

TABLE 8.5

ECDNCMIC CLASSIFICATION OF EXIORTS AND IMPOR'S

A. EXPORTS

(Rs mion)

Year	rimary Commodities		Semi-Manufacturs		Mnufacturedoods		Toil
	Vae	Percentage Share	Value	Percentage Share	Valu	Ptentage hare	Vae
1970-71	650	33	472	?4	'76	44	1198
1971-72	,510	45	914	?7	:47	28	3171
1972-73	,366	39	2,583	30	2,;02	30	8;51
1973-74	,007	39	2,294	?3	3,;60	38	1061
1974-75	,933	48	1,308	13	4,147	39	10'86
1975-76	,902	44	2,068	18	4,83	38	11'53
1976-77	,622	41	1,888	17	4,83	42	11'94
1977-78	,633	36	1,912	15	6,35	50	12'80
1978-79	,475	32	3,489	21	7,;63	47	16'25
1979-80	,838	42	3,519	15	10,;53	43	23 10
1980-81	',824	44	3,320	11	13,'36	45	29 80
1981-82	',112	35	3,507	13	13,;51	52	26'70
1982-83	',326	30	4,618	13	19,98	57	34 42
1983-84	',789	29	5,172	14	21,:78	57	37'39
1984-85	),981	29	6,664	17	20,:34	54	37'79
1985-86	',139	35	7,892	16	24,61	49	49 92
1986-87	;,796	26	13,214	21	33,;45	53	63'55
1987-88	!,163	28	15,268	20	41,112	52	78 45
1988-89	),567	33	16,937	19	43,;79	48	90 83
1989-90	,641	20	25,167	24	59,;61	56	106 69
1990-91	;,820	19	33,799	24	78,;63	57	138 82
1991-92	!,645	19	36,731	21	102,;52	60	171'28
1992-93	;,133	15	36,507	21	114,;88	64	177'28
1993-94	',321	10	48,748	24	135,;30	66	205 99
1994-95	),113	11	62,624	25	160,;36	64	251 73
1995-96	7,852	16	63,802	22	183,187	62	294'41
1996-97	;,452	11	66,889	21	221,172	68	325 13
1997-98	7,357	13	64,683	17	261,20	70	373 60
1998-99	;,143	12	70,288	18	274,111	70	390 42
1999-00	3,833	12	68,208	15	321,;37	73	443 78
2000-01	7,783	13	81,288	15	389,199	72	539 70
2001-02	0,346	11	80,438	14	420,63	75	560 47
2002-03	1,194	11	71,323	11	509,'77	78	652'94
July-March							
2002-03	2,703	12	52,528	11	356,'48	77	461 79
2003-04	2,214	10	61,622	12	398,;71	78	512 07

(Cotd.)

TABLE 8.5

ECONOMIC CLASSIFICATION OF EXPORTS AND IMPORTS

B. IMPORTS

(Rs million)

Year	Capital Goods		Industrial Raw Material For Capital Goods		Industrial Raw Material For Consumer Goods		Consumer Goods		Total
	Value	Percentage Share	Value	Percentage Share	Value	Percentage Share	Value	Percentage Share	Value
1970-71	1,885	52	382	11	950	26	385	11	3,602
1971-72	1,482	42	367	11	851	24	795	23	3,495
1972-73	2,499	30	830	10	2,584	31	2,485	30	8,398
1973-74	3,975	30	904	7	5,386	40	3,214	24	13,479
1974-75	6,152	29	1,802	9	8,257	40	4,714	23	20,925
1975-76	7,158	35	1,261	6	7,709	28	4,337	21	20,465
1976-77	8,750	38	1,463	6	9,148	40	3,651	16	23,012
1977-78	9,316	34	1,921	7	11,023	40	5,555	20	27,815
1978-79	10,970	30	2,160	6	15,416	42	7,842	22	36,388
1979-80	16,679	36	2,916	6	19,834	42	7,500	16	46,929
1980-81	14,882	28	4,055	8	26,832	50	7,775	15	53,544
1981-82	17,504	30	4,861	8	28,710	48	8,407	14	59,482
1982-83	21,135	31	4,040	6	33,383	49	9,593	14	68,151
1983-84	24,419	32	4,525	6	37,017	48	10,746	14	76,707
1984-85	28,968	32	4,859	6	41,579	46	14,372	16	89,778
1985-86	33,195	37	4,966	5	36,353	40	16,432	18	90,946
1986-87	33,841	37	6,150	7	36,227	39	16,213	17	92,431
1987-88	40,350	36	8,021	7	48,153	43	16,027	14	112,551
1988-89	49,498	37	9,929	7	53,055	39	23,359	17	135,841
1989-90	48,420	33	10,439	7	61,562	41	28,432	19	148,853
1990-91	56,303	33	11,621	7	76,290	44	26,900	16	171,114
1991-92	96,453	42	15,167	7	88,791	38	29,478	13	229,889
1992-93	108,993	42	14,304	6	99,290	38	36,056	14	258,643
1993-94	97,301	38	15,692	6	110,291	43	34,966	13	258,250
1994-95	112,305	35	16,754	5	148,419	46	43,414	14	320,892
1995-96	140,405	35	22,541	6	180,539	45	54,090	14	397,575
1996-97	169,774	37	22,259	5	202,379	43	70,589	15	465,001
1997-98	139,618	32	23,344	5	195,528	45	77,848	18	436,338
1998-99	146,450	31	25,646	6	220,563	47	73,305	16	465,964
1999-00	140,045	26	30,712	6	287,801	54	75,234	14	533,792
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
July-March									
2002-03	155,725	29	30,296	6	290,554	55	53,550	10	530,125
2003-04	191,591	32	40,771	7	310,731	51	60,787	10	603,880

Source: Federal Bureau of Statistics.

TABLE 8.6

MAJOR IMPOR'S

(Rs Aillion)

tems	199-98	1998-99	1999-00	2010-01	2001-02	2012-03	July-Mari 22-03	2)3-04
1. Chemics	5747	57,613	72,797	8,106	82,263	0,953	',260	4,182
2. Drugs a								
medicis	1745	13,027	13,429	3,965	13,988	2,964	),189	1,577
3. Dyes a								
colour:	927	6,535	6,950	7,346	7,775	8,419	),219	6,736
4. Chemic								
Fertiliz	,079	13,311	10,227	3,842	10,904	4,068	',452	0,981
5. Electric goods	1,236	7,435	8,026	7,695	7,835	2,661	),198	0,350
6. Machiry								
(nonectrical)	6,341	75,703	66,206	8,551	96,832	19,256	),074	6,350
7. Transpt								
equipmts	2,849	27,208	29,202	4,918	30,587	9,984	),339	7,848
8. Paper, ard and								
statiory	,435	5,880	6,352	7,646	8,608	0,451	',360	8,678
9. Tea	,818	11,150	10,895	2,030	9,611	0,095	',766	8,696
10. Sugar-fined	,686	153	769	4,488	1,485	153	82	124
11. Art-silarn	,656	2,241	2,460	3,509	5,054	5,375	),212	5,258
12. Iron, sel & manu-								
factun thereof	1,003	18,370	18,864	0,267	24,633	8,813	,620	5,014
13. Non-feous metals	,260	4,502	5,016	5,964	6,757	8,430	),007	7,478
14. Petrolm &								
produc	',507	68,896	145,238	15,611	172,578	19,317	1,906	11,294
15. Ediblels	3,304	40,536	21,402	9,045	24,034	4,288	),805	9,130
16. Grainsulses								
& flou	2,697	22,274	19,639	7,987	11,636	9,290	',771	4,421
17. Other ports	8,048	91,130	96,320	18,030	120,050	19,855	),865	15,763
Grandtal	43,338	465,964	533,792	67,000	634,630	74,372	9,125	63,880

Source: Federaureau of Stistics

TABLE 8.7

DESTINATION OF EXPORTS AND ORIGIN OF IMPORTS

(% Share)

REGION	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
1. Developed Countries							
Exports	60.8	56.7	57.1	60.3	58.9	55.6	60.0
Imports	58.3	62.2	58.6	52.6	49.3	49.9	48.7
a. OECD							
Exports	57.2	54.9	56.7	60.0	58.6	55.3	59.7
Imports	55.7	58.7	57.0	52.1	48.5	49.0	48.1
b. Other European Countries							
Exports	0.6	0.3	0.4	0.3	0.3	0.3	0.3
Imports	0.8	0.5	0.3	0.5	0.8	0.9	0.6
2. CMEA*							
Exports	3.0	1.5	1.0	0.5	0.4	0.5	0.7
Imports	1.8	3.0	1.3	1.6	2.1	1.9	1.3
3. Developing Countries							
Exports	39.2	44.3	41.9	39.2	40.7	43.9	39.3
Imports	41.7	37.8	41.4	45.8	48.6	48.2	50.0
a. OIC							
Exports	12.7	14.6	16.0	13.7	12.9	12.9	11.8
Imports	17.9	16.5	16.9	20.9	21.3	22.4	26.0
b. SAARC							
Exports	3.5	4.7	3.8	3.1	3.4	2.7	2.5
Imports	1.5	1.5	1.5	1.6	1.4	1.5	2.4
c. ASEAN							
Exports	5.1	5.6	5.2	3.7	4.0	5.3	2.5
Imports	8.9	7.3	8.5	9.5	12.6	11.2	9.0
d. Central America							
Exports	0.1	0.2	0.3	0.5	0.4	0.3	0.5
Imports	0.2	0.1	0.1	0.1	0.1	0.2	0.2
e. South America							
Exports	0.2	0.5	0.5	0.9	1.0	1.4	1.2
Imports	1.6	1.3	1.6	1.0	1.4	1.2	1.7
f. Other Asian Countries							
Exports	14.6	14.3	13.0	14.0	14.9	17.1	15.6
Imports	9.6	9.5	11.1	10.8	9.5	9.4	8.7
g. Other African Countries							
Exports	3.0	4.4	3.0	2.9	3.6	3.8	4.4
Imports	2.0	1.6	1.7	1.9	2.2	2.3	1.9
h. Central Asian States							
Exports	-	-	0.1	0.4	0.5	0.9	0.8
Imports	-	-	-	-	0.1	..	0.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(Contd..)

TABLE 8.7

DETINATIONI OF EXPORTS AND)RIGIN OF IMPDRT!

('Share)

REGION	1997-98	1998-99	1999-00	2000-01	2001-02	200203	July-Marc 20(-03	213-04
1. Developi Countries								
Exports	59.4	59.9	61.0	56.'	58.1	6.1	56.6	57.8
Imports	46.5	42.2	36.7	31.)	34.3	4.4	34.4	35.4
a. OEC								
Eorts	59.5	59.6	60.6	56.:	57.6	5.6	56.1	57.2
Irorts	46.1	41.6	36.1	30.;	33.7	3.5	33.5	34.8
b. OthEuropean Countries								
Eorts	0.3	0.3	0.4	0.	0.5	0.5	0.5	0.6
Irorts	0.4	0.6	0.6	0.;	0.6	0.9	0.9	0.6
2. CMEA*								
Exports	0.6	0.4	0.4	0.	0.5	0.6	0.6	0.8
Imports	0.9	1.0	1.2	0.)	1.1	0.8	0.9	1.1
3. Develorg Countries								
Exports	39.6	39.7	38.6	42.)	41.4	3.3	12.8	41.4
Imports	52.6	56.8	62.1	68.	64.6	4.8	54.7	63.5
a. OIC								
Eorts	12.5	12.7	14.1	16.;	19.2	2.3	21.4	20.5
Inorts	23.3	24.3	35.2	39.)	36.0	5.2	36.4	31.9
b. SA/C								
Eorts	3.5	5.0	3.2	2.)	2.5	2.4	2.4	3.0
Inorts	2.3	2.2	1.9	2.)	2.4	1.9	2.0	3.4
c. ASIN								
Eorts	3.2	3.2	2.8	3.;	2.7	2.9	2.9	3.1
Inorts	12.6	14.1	10.2	10.;	11.7	2.2	1.8	12.3
d. Ceral America								
Eorts	0.7	0.8	0.9	0.;	1.0	0.9	0.9	0.9
Inorts	0.1	0.3	0.2	0.:	0.1	0.1	0.1	0.1
e. Sou America								
Eorts	1.6	1.2	1.1	1.:	0.9	0.7	0.7	0.7
Inorts	1.1	2.1	1.0	1.;	0.7	0.6	0.6	0.7
f. Oth Asian Countries								
Eorts	12.9	12.8	12.4	13.)	11.4	9.9	0.5	9.9
Inorts	10.7	10.3	10.3	10.;	10.9	2.5	1.4	12.7
g. Oth African Countries								
Eorts	4.3	3.5	3.8	4.:	3.5	4.0	3.8	3.1
Inorts	2.5	2.8	3.0	2.;	2.7	2.3	2.4	2.4
h. Ceral Asian States								
Eorts	0.9	0.5	0.3	0.)	0.2	0.2	0.2	0.2
Inorts	..	0.7	0.3	0.	0.1	..	..	..
Tot	100.0	100.0	100.0	100.)	100.0	10.0	0.0	100.0

.. not avable

\- nil.

* Councili Mutual Economic Asstance

Souce: Federaureau of Stistics

TABLE 8.8

WORKERS REMITTANCES

(US$ Million)

COUNTRY	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
I Cash Flow	1,626 92	1,252 45	1,238 51	1,093 36	1,317.73	1,227 28	1,078.05
Bahrain	37 20	27 75	25 42	25 92	35.90	33.23	29 16
Canada	11 26	9 86	7 54	5.65	4.91	5 67	3 59
Germany	32 62	33 12	40 64	28 88	27 71	26 06	18 98
Japan	26 84	12 96	11 62	7 13	6 90	3 65	3 05
Kuwait	15 12	44 24	60 22	47 85	57 86	45 43	38 38
Norway	21.28	16 25	15 18	11 85	13 40	11.72	7.97
Qatar	24.27	12 87	10 91	7 57	11.52	14 08	9.68
Saudi Arabia	681 97	516 16	525.94	493.65	554 08	503.22	418 44
Sultanat-e-Oman	74 98	60.35	51.67	46.07	61.49	64 44	46.11
U.A.E.	172.03	105.07	97.76	99.36	178.26	161.93	164.39
Abu Dhabi	75 71	38.74	32 47	29.32	51.99	48 98	44 91
Dubai	68.72	49.07	47.79	51 12	90 09	81 19	93 07
Sharjah	27 60	17 26	17.50	16.73	28 96	28 95	22 90
Others	-	-	-	2.19	7 22	2 81	3 51
U.K.	180.05	137 02	114.02	101 19	109 96	109.74	97 94
U.S.A	190 23	150.34	157 80	122.49	141 09	141 92	146 25
Other Countries	159.07	126.46	119.79	95.75	114.65	106 19	94.11
II. Encashment*	221.37	215.03	323.73	352.20	548.37	233.89	331.42
Total (I+II)	1,848 29	1,467.48	1,562.24	1,445.56	1,866.10	1,461.17	1,409.47

(Contd.)

* Encashment and Profit in Pak Rs. of Foreign Exchange Bearer Certificates (FEBCs) & Foreign Currency Bearer Certificates (FCBCs)

TABLE 8.8

WORKERS REMITTANCES

(US $ Iillion)

COUNTRY	1997-98	1998-99	1999-00	2001-01	2001-02	2002-03	Jly-April 2002-03	Jly-April 2003-04
I. Cash Flov	1,237.68	875.55	913.49	1,02 .59	2,340.79	4,190.73	3,5033	3,10.43
Bahrain	34.31	33.31	29.36	2:.87	39.58	71.46	599	7.71
Canada	4.14	3.46	3.86	.90	20.52	15.19	123	8.84
Germany	16.62	11.93	10.47	.20	13.44	26.87	207	8.55
Japan	2.65	3.09	1.58	.93	5.97	8.14	74	4.45
Kuwait	52.40	106.36	135.25	12..39	89.66	221.23	1976	14.86
Norway	7.16	5.26	5.60	.74	6.55	8.89	75	8.52
Qatar	12.17	12.94	13.29	1:.38	31.87	87.68	746	4.06
Saudi Araba	474.86	318.49	309.85	30.43	376.34	580.76	4728	48.83
Sultanat-e-Oman	61.97	44.67	46.42	3.11	63.18	93.65	772	7.03
U.A.E.	207.70	125.09	147.79	19.04	469.49	837.87	7177	50.31
Abu Dhabi	75.13	38.07	47.30	4.11	103.72	212.37	1833	7.62
Dubai	101.01	70.57	87.04	12.69	331.47	581.09	4952	3.23
Sharjah	28.54	14.69	12.80	1? 21	34.05	42.60	379	9.04
Others	3.02	1.76	0.65	).03	0.25	1.81	13	0.42
U.K.	98.83	73.59	73.27	8.39	151.93	273.83	2184	3.15
U.S.A	166.29	81.95	79.96	13.81	778.98	1,237.52	1,0266	98.72
Other Coutries	98.58	55.41	56.79	8.40	293.28	727.64	6096	45.40
II. Encashnent*	251.87	184.64	70.24	4.98	48.26	46.12	330	0.14
Total (I+II)	1,489.55	1,060.19	983.73	1,06.57	2,389.05	4236.85	3,5363	3,:0.57

* Encashnent and Prit in Pak Rs. of Foreignxchange Bearer Certificates (FEBCs) Foreign Currency Bear Certificates (FCBCs)

(ontd.)

TABLE 8.8

WORKERS REMITTANCES

(% Share)

COUNTRY	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
Cash Flow							
Bahrain	2.29	2.22	2.05	2.37	2.72	2.71	2.70
Canada	0.69	0.79	0.61	0.52	0.37	0.46	0.33
Germany	2.01	2.64	3.28	2.64	2.10	2.12	1.76
Japan	1.65	1.03	0.94	0.65	0.52	0.30	0.28
Kuwait	0.93	3.53	4.86	4.38	4.39	3.70	3.56
Norway	1.31	1.30	1.23	1.08	1.02	0.95	0.74
Qatar	1.49	1.03	0.88	0.69	0.87	1.15	0.90
Saudi Arabia	41.92	41.21	42.47	45.15	42.05	41.00	38.81
Sultanat-e-							
Oman	4.61	4.82	4.17	4.21	4.67	5.25	4.28
U.A.E.	10.57	8.39	7.89	9.09	13.53	13.19	15.25
Abu Dhabi	4.65	3.09	2.62	2.68	3.95	3.99	4.17
Dubai	4.22	3.92	3.86	4.68	6.84	6.62	8.63
Sharjah	1.70	1.38	1.41	1.53	2.20	2.36	2.12
Others	-	-	-	0.20	0.55	0.23	0.33
U.K.	11.07	10.94	9.21	9.25	8.34	8.94	9.08
U.S.A	11.69	12.00	12.74	11.20	10.71	11.56	13.57
Other Countries	9.78	10.10	9.67	8.76	8.70	8.65	8.73
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

(Contd...)

TABLE 8.1

WORKERS REMITTANCES

(% Sare)

COUNTRY	1997-98	198-99	1999-00	2000-01	2001-02	2002-03	Jy-April 2002-3	Jy-April 203-04
Cast Flow								
Bahrain	2.77	3.80	3.21	2.3	1.69	1.71	1.7	2.14
Canada	0.33	0.40	0.42	0.4	0.88	0.36	0.3	).59
Germany	1.34	1.36	1.15	0.9	0.57	0.64	0.6	1.22
Japan	0.21	0.35	0.17	0.3	0.26	0.19	0.2	).14
Kuwait	4.23	2.15	14.81	12.0	3.83	5.28	5.6	1.57
Norway	0.58	0.60	0.61	0.5	0.28	0.21	0.2	).27
Qatar	0.98	1.48	1.45	1.3	1.36	2.09	2.1	2.34
Saudi Arabia	38.37	6.38	33.92	29.8	16.08	13.86	13.5	1.79
Sultnat-e-								
Oman	5.01	5.10	5.08	3.3	2.70	2.23	2.2	2.74
U.AE.	16.78	4.29	16.18	18.0	20.06	19.99	20.4	5.78
Abu Dhabi	6.07	4.35	5.18	4.7	4.43	5.07	5.2	1.08
Dubai	8.16	8.06	9.53	12.8	14.16	13.87	14.1	1.77
Sharjah	2.31	1.68	1.40	1.2	1.45	1.02	1.0	).92
Others	0.24	0.20	0.07	0.0	0.01	0.04	0.0	).01
U.K	7.99	8.41	8.02	7.9	6.49	6.53	6.2	1.61
U.SA	13.44	9.36	8.75	13.2	33.28	29.53	29.3	1.50
Other Countries	7.96	6.33	6.22	8.6	12.53	17.36	17.3	5.31
Total	100.00	10.00	100.00	100.0	100.00	100.00	100.0	10.00

Sour: State Bnk of Pakstan

TABLE 8.9

GOLD AND CASH FOREIGN EXCHANGE RESERVES HELD AND CONTROLLED BY STATE BANK OF PAKISTAN

(US $ Million)

Period	Total		Cash		Gold	
	Jun*	Dec.*	Jun*	Dec.*	Jun*	Dec.*
1960	246	272	194	220	52	52
1961	257	238	204	185	53	53
1962	237	249	184	196	53	53
1963	302	279	249	226	53	53
1964	259	219	206	166	53	53
1965	200	208	147	155	53	53
1966	265	197	212	144	53	53
1967	167	159	114	106	53	53
1968	182	239	128	185	54	54
1969	299	311	245	257	54	54
1970	287	184	233	130	54	54
1971	199	171	144	116	55	55
1972	285	286	225	226	60	60
1973	463	489	396	422	67	67
1974	403	472	336	405	67	67
1975	486	418	419	351	67	67
1976	614	539	546	471	68	68
1977	431	534	363	466	68	68
1978	1,010	832	696	444	314	388
1979	904	1,210	414	279	490	931
1980	2,019	1,815	831	627	1,188	1,188
1981	1,866	1,589	1,080	803	786	786
1982	1,460	1,527	862	971	598	598
1983	2,758	2,770	1,975	2,010	783	760
1984	2,489	1,715	1,788	1,074	701	641
1985	1,190	1,452	585	847	605	605
1986	1,638	1,446	968	793	670	653
1987	1,784	1,405	919	545	865	860
1988	1,326	1,258	479	440	847	818
1989	1,227	1,419	502	705	725	714
1990	1,451	958	766	277	685	681
1991	1,390	1,208	674	500	716	708
1992	1,761	1,629	1,069	950	692	679
1993	1,369	2,061	604	1,371	765	690
1994	3,337	3,922	2,545	3,132	792	790
1995	3,730	2,758	2,937	2,039	793	719
1996	3,251	1,780	2,465	1,092	786	688
1997	1,977	2,200	1,287	1,567	690	633
1998	1,737	1,737	1,125	1,122	612	615
1999	2,371	2,080	1,828	1,536	543	543
2000	2,149	1,998	1,547	1,396	602	603
2001	2,666	4,161	2,100	3,595	566	566
2002	5,439	8,569	4,772	7,902	667	667
2003	10,700	11,532	9,975	10,807	725	725

* Last day of the month.

.. not available

Source: State Bank of Pakistan

TABLE 8.10

EXCHANGE RATE POSITION
(Pakistan Rupees in Terms of One Unit of Foreign Currency)

		(Average During the Year)							
Country	Currency	1990-91	1991-92	1992-93	1993-94	1994-95	995-96	1996-97	1997-98
Australia	ollar	17.6004	19.1123	18.2623	203851	22.9083	25.4912	30.5300	29.343
Austria	chilling	2.0077	2.1433	3.3550	25433	2.9358	3.2639	3.4694	3.424
Bangladesh	aka	0.6281	0.6518	0.6628	07536	0.7673	0.8204	0.9128	0.953
Belgium	ranc	0.6860	0.7327	0.8061	08559	1.0045	1.1185	1.1854	1.163
Canada	ollar	19.4207	21.3864	20.7982	225554	22.3750	24.6581	28.5449	30.483
China	uan	4.4467	4.5781	4.5996	43316	3.6803	4.0354	4.6988	5.215
Denmark	rone	3.6857	3.8958	4.3059	45298	5.2534	5.9354	6.3775	6.331
France	ranc	4.1819	4.4402	4.8939	52027	5.9623	6.6921	7.2196	7.183
Germany	Mark	14.1241	15.0838	16.5751	179039	20.6804	22.9718	24.4163	24.095
Holland	Guilder	12.533	13.3928	14.7394	159401	18.4547	20.5247	21.7451	21.393
Hong Kong	Dollar	2.882	3.2047	3.3574	39011	3.9902	4.3345	5.0391	5.572
India	Rupee	1.198	0.9611	0.9405	09609	0.9814	0.9783	1.0894	1.125
Iran	Rial	0.335	0.3699	0.3507	00179	0.0176	0.0192	0.0225	0.023
Italy	Lira	0.018	0.0201	0.0190	00185	0.0198	0.0212	0.0250	0.023
Japan	Yen	0.163	0.1896	0.2177	02843	0.3277	0.3281	0.3376	0.341
Kuwait	Dinar	..	86.4030	87.2127	10.5740	104.3749	112.5264	129.6859	141.793
Malaysia	Ringgit	5.246	9.3259	10.1692	1.5288	12.1848	13.2905	15.5861	12.525
Nepal	Rupee	0.714	0.5832	0.5741	06121	0.6178	0.6102	0.6837	0.704
Norway	Krone	3.630	3.8505	4.0096	41305	4.6915	5.3528	6.0509	5.835
Singapore	Dollar	12.784	14.8944	15.9865	190212	21.2485	23.6411	27.4575	27.057
Sri Lanka	Rupee	0.553	0.5831	0.5660	06120	0.6201	0.6281	0.6823	0.703
Sweden	Krona	3.841	4.1506	3.9886	38009	4.1543	5.0484	5.5230	5.520
Switzerland	Franc	16.669	16.9154	18.3825	208077	24.7362	28.0734	28.8164	29.368
S.Arabia	Riyal	5.999	6.6442	6.9407	70642	8.2475	9.0606	10.4440	11.518
Thailand	Baht	0.867	0.9626	1.0028	1567	1.2174	1.2176	1.2170	1.152
UAE	Dirham	6.123	6.7874	7.0923	72415	8.4214	9.2329	10.6639	11.763
UK	Pound	41.573	43.7454	42.0315	461600	48.6951	51.9192	63.068	71.140
USA	Dollar	22.423	24.8441	25.9598	301638	30.8517	33.5684	38.993	43.198
EMU	Euro	-	-	-	-	-	-	-	-
IMF	SDR	31.133	34.1379	35.6217	422162	46.1616	49.6416	55.247	58.464

(Contd.)

TABLE 8.10

EXCHANGE RATE POSITION

(Pakistan Rupees in Terms of One Unit of Foreign Currency)

Country	Currency	(Average during the Year) 1998-99	1999-00	2000-01	2001-02	2002-03	Average July-March 2002-03	2003-04
Australia	Dollar	29.3962	32.5665	31.3747	32.1607	34.2101	33.2782	41.0117
Austria	Schilling	3.8557	3.7715	3.7942	3.9960	na	na	na
Bangladesh	Taka	0.9686	1.0285	1.0794	1.0826	1.0108	1.0153	0.9862
Belgium	Franc	1.2952	1.2866	1.2934	1.3633	na	na	na
Canada	Dollar	31.0445	35.161t	38.4434	39.1719	38.8234	37.9783	42.9945
China	Yuan	5.6548	6.2470	7.0601	7.4149	7.0613	7.0930	6.9445
Denmark	Krone	7.0348	6.9724	6.9916	7.3987	8.2524	8.0566	9.1883
France	Franc	7.9685	7.9156	7.9536	8.3867	na	na	na
Germany	Mark	26.708t	26.5372	26.6543	28.1084	na	na	na
Holland	Guilder	23.7008	23.5571	23.6655	24.9556	na	na	na
Hong Kong	Dollar	6.0440	6.6573	7.4906	7.8720	7.4990	7.5314	7.3971
India	Rupee	1.0935	1.1862	1.2529	1.2787	1.2219	1.2202	1.2621
Iran	Rial	0.0266	0.0295	0.0332	0.0307	0.0073	0.0074	0.0069
Italy	Lira	0.0271	0.0268	0.0269	0.0284	na	na	na
Japan	Yen	0.3797	0.4809	0.5109	0.4884	0.4888	0.4892	0.5183
Kuwait	Dinar	153.8993	169.4791	190.4592	200.7861	194.5677	195.1419	193.9611
Malaysia	Ringgit	12.1327	13.6289	15.3871	16.1621	15.3944	15.4620	15.1432
Nepal	Rupee	0.6858	0.7503	0.7893	0.8033	0.7515	0.7520	0.7760
Norway	Krone	6.1371	6.3421	6.4483	7.0288	8.1021	8.0537	8.1564
Singapore	Dollar	27.6043	30.5305	33.1605	33.9503	33.3406	33.4481	33.3802
Sri Lanka	Rupee	0.6869	0.7144	0.7026	0.6624	0.6057	0.6096	0.5953
Sweden	Krona	5.8006	6.0786	5.9379	5.9117	6.6910	6.5281	7.4946
Switzerland	Franc	32.5174	32.5626	34.1098	37.1824	41.4643	40.86t0	43.9238
S.Arabia	Riyal	12.4882	13.8125	15.5868	16.3792	15.5961	15.6640	15.3390
Thailand	Baht	1.2313	1.3490	1.3438	1.4000	1.3742	1.3766	1.4350
UAE	Dirham	12.7583	14.0979	15.9133	16.7231	15.9261	15.9949	15.6632
UK	Pound	76.8085	82.4937	84.7395	88.5691	92.7433	92.5015	98.7966
USA	Dollar	46.7904 (50.0546) *	51.7709	58.4378	61.4258	58.4995	58.7494	57.5378
EMU	Euro	-	-	-	54.9991	61.3083	59.8599	68.3312
IMF	SDR	63.6850	70.1077	74.7760	78.0627	79.3198	78.8746	82.9213

Source: State Bank of Pakistan

* Composite Rate

na Common currency Euro is in use for these countries

TABLE 9.1

NUMBER OFEDUCATIONAL INSTITUTIONSBY KIND, LEVEL AND SEX

(Numbers)

Fiscal Year	Primary Schools (000) Total	Female	Middle Schools (000) Total	Female	High Schools (000) Total	Female	Secondary Vocational Institutions Total		Female		Art and Science Colleges Total	Female	Professional Colleges Total	Female	Universities Total	Female
1990-91	114	31.1	8 7	3.4	8.2	2 1	725		345		612	222	99	8	22	-
1991-92	112	31.6	9 0	3 5	8 4	2.1	608		311		633	233	139	9	23	-
1992-93	130	38 1	11 8	5 1	8 7	2 7	602		316		649	243	147	9	23	-
1993-94	134	40.0	12 1	5 2	9 2	2.9	474		218		651	248	165	10	25	-
1994-95	139	42.0	12 6	5 6	9 5	3 1	487		221		678	257	167	10	25	-
1995-96	14[illegible]	43.4	13 3	5 7	9 5	3 1	577		224		715	276	260	16	25	-
1996-97	149	42 0	14 5	5 8	9 9	3 2	578		225		737	287	264	16	25	-
1997-98	158	51.2	17.4	7 2	11.1	3.8	574		223		787	309	293	19	26	1
1998-99	159	56.5	18.1	8.0	12.4	4 5	580		228		840	339	308	18	26	1
1999-00	163	58.7	18.4	8 1	12 6	4 6	612		233		889	358	324	15	26	1
2000-01	161	54.4	18.9	8.4	12 9	4.7	630	R	236	R	916	380	352	18	26	1
2001-02(P)	-	-	-	-	-	-	-	-	607		239	939	394	374	20	29	1

P: Provisonal

R: Revised

Source: Federal Bureau of Statistics

TABLE 9.2

ENROLMENT IN EDUCATIONAL INSTITUTIONS BY KIND, LEVEL AND SEX

Fiscal Year	Primary Stage (I-V) (000 No) Total	Female	Middle Stage (VI-VIII) (000 No) Total	Female	High Stage (IX-X) (000 No) Total	Female	Secondary Vocational (000 No) Total		Female	Arts and Science Colleges (000 No) Total	Female	Professional Colleges (Number) Total	Female	Universities (Number) Total	Female
1990-91	10,8[illegible]	3,675	2,821	842	1,004	285	90		19	630	211	75,786	18,902	61,857	11,667
1991-92	10,7[illegible]	3,714	2,981	858	1,079	295	90		21	679	232	76,249	19,003	65,944	12,727
1992-93	12,7[illegible]	4,596	3,040	994	1,168	357	93		24	703	251	76,726	19,125	68,301	14,856
1993-94	13,2[illegible]	5,055	3,305	1,123	1,315	421	84		18	675	249	99,197	25,705	77,119	19,342
1994-95	14,2[illegible]	5,638	3,816	1,347	1,525	514	86		15	704	276	100,969	27,715	80,651	21,174
1995-96	14,5[illegible]	5,702	3,605	1,270	1,447	480	86	R	14	734	299	128,621	33,403	82,955	23,105
1996-97	15,3[illegible]	6,156	3,726	1,357	1,521	520	92	R	15	762	319	140,503	36,082	91,883	25,050
1997-98	17,0[illegible]	6,997	4,032	1,532	1,658	605	90	R	18	796	335	162,239	40,659	93,780	24,848
1998-99	18,1[illegible]	6,450	4,098	1,586	1,702	638	75		17	780	351	163,445	41,078	91,637	25,469
1999-00	19,1[illegible]	7,044	4,112	1,615	1,726	653	91		17	792	372	160,985	41,036	114,010	27,369
2000-01	19,2	8,092	3,938	1,549	1,683	641	83	R	14	763	374	158,828	39,580	124,944	36,699
2001-02(P)	-	-	-	-	-	-	83		15	751	370	161,349	40,540	117,863	39,682

P: Provisional.

R: Revised

Source: Federal Bureau of Statistics

TABLE 9.3

NUMBER OF TEACHERS IN EDUCATIONAL INSTITUTIONS IN PAKISTAN,

BY KIND, LEVEL AND SEX

Fiscal Year	Primary Schools (Thousands)		Middle Schools (Thousands)		High Schools (Thousands)		Secondary Vocational Institutions (Number)		Arts and Science Colleges (Number)		Professional Colleges (Number)		Universities (Number)	
	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female	Total	Female
1990-91	277.8	92.7	84.1	32.0	152.5	43.9	7,402	2,566	20,792	7,277	4,544	907	4,744	640
1991-92	293.5	94.9	87.5	33.7	157.0	45.6	6,703	2,677	20,548	7,447	4,591	913	4,926	674
1992-93	299.0	96.3	71.8	31.8	123.6	38.2	9,153	2,605	20,672	7,644	4,520	927	5,728	747
1993-94	322.0	109.6	80.4	39.9	170.8	55.3	7,965	1,603	21,885	7,945	6,494	1,381	5,217	918
1994-95	334.0	114.5	86.4	38.4	175.8	65.7	6,949	1,708	22,821	8,159	6,650	1,364	5,316	939
1995-96	331.0	109.3	94.3	37.8	160.0	48.8	7,291	1,799	24,923	9,142	7,431	1,529	5,417	927
1996-97	322.9	111.8	84.7	38.9	160.7	53.1	7,422	1,845	24,874	9,151	7,852	1,574	5,162	919
1997-98	339.9	120.5	88.5	42.7	181.8	62.2	6,923	1,870	27,325	10,262	7,989	1,639	5,515	976
1998-99	359.2	124.7	89.7	43.4	152.7	51.2	7,133	1,858	26,942	10,347	8,861	1,771	4,911	837
1999-00	366.4	127.2	91.5	44.3	155.7	52.2	9,253	1,959	27,662	10,553	9,043	1,765	5,914	1,174
2000-01	331.8	124.0	100.2	48.0	163.4	56.4	9,441 R	1,959 R	27,547	10,544	9,131	1,769	5,988	1,302
2001-02(P)	-	-	-	-	-	-	7,192	1,863	26,494	10,411	9,358	2,015	5,160	1,247

P: Provisional.

R: Revised

Source: 1. Central Bureau of Education, Ministry of Education was responsible for data on education system in the country till its abolition in 1993. Therefore the responsibility of data collection of Primary Middle and High Schools was transferred to the Provinces and Academy of Education Planning and Management i.e (Federal Education Management Information System) from 1992-93 onward.

2. The data for Secondary Vocational Institutions, Arts and Science Colleges, Professional Colleges and Universities from 1992-93 onwards has been compiled by the Federal Bureau of Statistics after collection from.

i) Federal directorate of Education

ii) Provincial Bureaus of Statistics

iii) concenred Universities

Note: Mosque Schools are included in Primary Schools

TABLE 10.'

NTIONAL MEDICAL AND HEALTH ESTABLISHMEN'
(Calendar Year Łasis)

ProgressivNumbers)

:alendar Year	lospi- tals	Dispen- saries	BHUs Sub Health Centres	Maternity & Child Health Centres	Rural Health Centres	TB Centres	Tal Bs	opulation per Bed
1990	756	3,795	4,213	1,050	459	220	997	1,480
1991	776	3,993	4,414	1,057	465	219	805	1,461
1992	778	4,095	4,526	1,055	470	228	938	1,476
1993	799	4,206	4,663	849	485	233	047	1,455
1994	822	4,280	4,902	853	496	242	883	1,406
1995	827	4,253	4,986	859	498	260	805	1,426
1996	858	4,513	5,143	853	505	262	454	1,417
1997	865	4,523	5,121	853	513	262	929	1,428
1998	872	4,551	5,155	852	514	263	659	1,450
1999	879	4,583	5,185	855	530	264	174	1,492
2000	876	4,635	5,171	856	531	274	907	1,495
2001	907	4,625	5,230	879	541	272	945	1,490
2002	906	4,590	5,308	862	550	285	264	1,517
2003	906	4,554	5,290	907	552	289	684	1,536

*: The vation in MCH since 1993 ıward as against previous years is due to exclusn/separation of Family Wiare Centres from MCH structure in NWFF

ource. Minry of Health

TABLE 10.2

REGISTERED MEDICAL AND PARAMEDICAL PERSONNELS AND EXPENDITURE ON HEALTH
(Calendar Year Basis)

(Progressive Numbers)

Calendar Year	Registered Doctors **	Registered Dentists **	Registered Nurses **	Registered Midwives	Registered Lady Health Visitors	Population per			Expenditure (Mln Rs) ^	
						Doctor	Dentist	Nurse	Development*	Non-Development
1990	52,794	2,067	16,948	15,009	3,106	2,082	52,017	6,374	2741.00	4997.00
1991	56,478	2,193	18,150	16,299	3,463	1,993	50,519	6,104	2402.00	6129.65
1992	60,949	2,268	19,389	17,678	3,796	1,892	49,850	5,859	2152.31	7452.31
1993	63,908	2,393	20,245	18,641	3,920	1,848	48,508	5,753	2875.00	7680.00
1994	67,099	2,583	21,419	19,759	4,107	1,803	46,114	5,574	3589.73	8501.00
1995	70,602	2,746	22,299	20,910	4,185	1,755	44,478	5,487	5741.07	10613.75
1996	75,132	2,938	24,776	21,662	4,407	1,689	42,675	5,060	6485.40	11857.43
1997	79,368	3,153	28,661	21,840	4,589	1,636	40,652	4,480	6076.60	13586.91
1998	83,592	3,433	32,938	22,103	4,959	1,590	38,185	3,992	5491.81	15315.86
1999	88,014	3,856	35,979	22,401	5,299	1,578	35,557	3,822	5887.00	16190.00
2000	92,734	4,164	37,623	22,525	5,443	1,529	33,629	3,732	5944.00	18337.00
2001	97,156	4,611	40,019	22,711	5,669	1,516	31,579	3,639	6688.00	18717.00
2002	102,541	5,057	44,520	23,084	6,397	1,466	29,405	3,347	6609.00	22205.00
2003	108,062	5,530	46,331	23,318	6,599	1,404	27,414	3,296	8500.00	24305.00

^ Expenditure figures are for respective financial years 2003-04.

** Registered with Pakistan Medical & Dental Council and Pakistan Nursing Council

Source: 1 Ministry of Health

* 2 Planning & Development Division

TABLE 10.3

DATA DNEXPANDED PRDGRAMME DFIMMUNIZATIDN
VACINATION PERFORMANCE ((-4 YEARS)
(Calendar Year Basis)

(000 Nos.

Calendar 'ear/ Vaccine/doz».		1977-91	1993	1994	1995	1996	1997	1998	19'9	20(	2001	2002	2003
I.C.G.		43,919	4,387	4,092	3,448	4,841	·,804	4,804	5,5:2	4,9!	5,070	4,778	5,115
FOLIO	0	-	945	1,151	1,007	1,372	,522	1,522	2,0:1	1,7E	1,735	1,842	2,132
	I	50,120	4,386	4,233	3,675	4,797	·,739	4,739	5,2:4	4,5E	4,584	4,543	4,820
	II	39,600	2,952	3,730	3,141	4,282	·,221	4,221	4,5!9	4,0;	4,079	4,015	4,282
	III	31,405	3,686	3,466	2,845	3,994	:,947	3,947	4,1:1	3,81	4,024	3,780	4,035
	IV	-	-	-	291	-	-	-	-	-	-	-	-
	8F	9,905	916	308	256	143	92	92	!7	4E	227	138	106
I.P.T	I	32,257	4,308	4,091	3,639	4,805	·,740	4,740	5,0'0	4,6!	4,689	4,659	4,769
	II	27,825	3,892	3,647	3,125	4,294	·,213	4,213	4,5:0	4,1<	4,176	4,039	4,228
	III	25,785	369	3,406	2,876	4,012	:,936	3,936	4,2'3	3,91	4,113	3,796	3,983
	BI	6,387	717	265	225	137	89	89	1!9	4	47	22	6
K.B.V	I	-	-	-	-	-	-	-	-	-	-	1,772	4,483
	II	-	-	-	-	-	-	-	-	-	-	1,290	3,892
	III	-	-	-	-	-	-	-	-	-	-	966	3,576
'.T	I	23,112	3,311	3,232	2,871	3,830	:,733	3,733	4,2!2	4,0!	4,179	4,678	3,590
	.II	15,860	2,625	2,510	2,234	3,042	:,912	2,912	3,3:5	3,2;	3,286	3,540	2,970
	III	-	672	714	751	988	,098	1,098	1,0!6	9;	869	1,278	1,423
	IV	-	224	240	240	401	446	446	4!4	31	311	310	338
	V	-	86	97	100	166	251	251	3!8	1!	164	159	164
MEASLES		28,047	3,819	3,690	2,991	4,428	·,242	4,242	4,7!4	4,27	4,547	4,106	4,163

· Nil.

Sourc Ministry (Health

3.C.G = Bacus + Calamus + Guer (0-4 Years).

).P.T = Diperia + Perussis + Tetnus (1-3 Years).

'.T = Tetnus Toxoid (1-5 Years).

3.R = Botter.

TABLE 11.1

POPULATION**

Mid Year (End June)	Population (mln)	Labour Force Participation Rate(%)	Civilian Labour Force (mln)	Employed Total (mln)	Crude Birth Rate (...per 1000 persons)	Crude Death Rate (...per 1000 persons)	Infant Mortality* Rate (...per 1000 persons)
1981	85.09	30.30	25.78	24.70	-	-	..
1991	112.61	27.52	30.99	29.04	39.50	9.80	102.40
1992	115.54	27.64	31.94	30.07	39.30	10.10	100.90
1993	118.50	27.38	32.45	30.92	38.90	10.10	101.80
1994	121.48	27.40	33.29	31.68	37.60	9.90	100.40
1995	124.49	26.99	33.60	31.80	36.60	9.20	94.60
1996	127.51	27.00	34.43	32.58	35.20	8.80	85.50
1997	130.56	28.22	36.84	34.59	33.80	8.90	84.40
1998	133.48	28.92	38.64	36.36	..	..	..
1999	136.69	28.91	39.52	37.19	30.50	8.60	82.90
2000	139.76	28.51	39.84	36.72	..	..	..
2001	142.86	28.48	.. 40.69	37.50	..	..	..
2002	145.96	28.48	.. 40.69	37.50	..	..	..
2003(P)	148.20	29.00	.. 42.75	39.41	27.30	8.00	83.00

.. not available

P: Provisional

*. Census Years.

SOURCES:

(1) Population: Population Census Organisation, Planning Commission and Demographic Survey 1991 and 1996-97.

(2) Labour Force Participation Rate: Labour Force Surveys; Population Census of Pakistan 1998

(3) Infant Mortality Rate/ Life expectancy at birth: Pakistan Demographic Surveys, Federal Bureau of Statistics and Planning Commission

(4) Crude Birth Rate/ Crude Death Rate.
i) Population Census of Pakistan 1981 and 1998.
ii) Pakistan Demographic Survey 1996-97

** Population figures in different tables may not tally due to different sources of data/agences. However, population and growth rates in this table has been estimated on the basis of average annual growth rate during 1981-98.

TABLE 11.2

PPULATION BY SEX AND RURAL/URBAN AREAS

(Population 000)

Mid Yr (End June)	All Areas	Rural areas	Urban areas	Male	Female
1981	85.09	61.01	24.08	44.[illegible]7	40.42
1991	112.61	77.95	34.66	58.[illegible]2	53.79
1992	115.54	79.60	35.79	60.[illegible]1	55.23
1993	118.50	81.45	37.05	61.[illegible]3	56.67
1994	121.48	93.19	28.29	63.[illegible]5	58.13
1995	124.49	94.95	29.54	64.[illegible]8	59.61
1996	127.51	86.69	40.82	66.[illegible]2	61.09
1997	130.56	88.44	42.12	67.[illegible]8	62.58
1998	133.48	89.98	43.52	69.[illegible]5	64.03
1999	136.69	91.91	44.78	71.[illegible]9	65.60
2000	139.96	93.63	46.13	72.[illegible]5	67.11
2001	142.86	95.36	47.50	74.[illegible]3	68.63
2002	145.96	97.06	48.89	75.[illegible]9	70.17
2003	148.28	99.12	49.91	77.[illegible]8	71.65
2004	151.60				

Source 1. Population Census Organization
2. Planning Commission, Islamabad

Note: Population Census were conducted in February 1951, January 1961, September 1972, and March 1981 and 1998.

TABLE 11.3

POPULATION BY SEX, URBAN/RURAL AREAS, 1972,1981 AND 1998 CENSUS

(In thousands)

Region/ Province	Population*									Density (Per sq. km)
	Total			Urban			Rural			
	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female	
1972 CENSUS										
PAKISTAN	65310	34833	30476	16594	9027	7567	48716	25806	22909	82
Islamabad	235	130	105	77	46	31	158	84	74	259
Punjab	37610	20210	17400	9183	4977	4206	28428	15234	13194	183
Sind	14156	7574	6582	5726	3131	2595	8430	4443	3987	100
NWFP	8389	4363	4026	1196	647	549	7193	3716	3477	113
Baluchistan	2429	1290	1139	399	218	181	2029	1071	958	7
FATA	2491	1266	1225	13	8	5	2478	1258	1220	92
1981 CENSUS										
PAKISTAN	84253	44232	40021	23841	12767	11074	60412	31465	28947	106
Islamabad	340	185	155	204	113	91	136	72	64	376
Punjab	47292	24860	22432	13052	6952	6100	34241	17909	16332	230
Sind	19029	9999	9030	8243	4433	3810	10786	5566	5220	135
NWFP	11061	5761	5300	1665	898	767	9396	4863	4533	148
Baluchistan	4332	2284	2048	677	371	306	3655	1913	1742	13
FATA	2199	1143	1056	..	..	..	2199	1143	1056	81
1998 CENSUS										
PAKISTAN*	132352	68874	63478	43036	22752	20284	89316	46122	43194	166
Islamabad	805	434	371	529	291	238	276	143	133	889
Punjab	73621	38094	35527	23019	12071	10948	50602	26023	24579	359
Sind	30440	16098	14342	14840	7905	6935	15600	8193	7407	216
NWFP	17744	9089	8655	2994	1589	1405	14750	7500	7250	238
Baluchistan*	6566	3506	3056	1569	849	719	4997	2657	2340	19
FATA*	3176	1652	1524	85	46	41	3091	1606	1485	117

Source: Population Census Organization.

* This population does not include the population of AJK and Northern Areas.

* The figures are provisional

1998 - Census Report of Pakistan.

TABLE 11.4

POPULATIDN Y AGE, SEX URBAN/RURAL AREAS 1981 AND 198 CENSS

(In thousads)

Age (in years)	Total			Rral			Urba		
	BotSexes	Male	Female	Both Sexes	Mle	Female	Both Sexe	Mal	Feme
1981 Census									
All ages	84,253	44,232	40,021	23,841	12,767	11,074	60,4	31,5	2847
0- 4	12,911	6,365	6,546	3,579	1,813	1,766	9,3	4,2	480
5- 9	13,494	6,992	6,502	3,552	1,839	1,713	9,9	5,3	489
10-14	11,092	6,012	5,080	3,119	1,653	1,466	7,9	4,9	314
15-19	7,971	4,304	3,667	2,540	1,365	1,175	5,4	2,9	292
20-24	6,395	3,356	3,039	2,108	1,159	950	4,2	2,8	289
25-29	5,626	2,968	2,658	1,719	943	776	3,9	2,5	182
30-34	4,741	2,451	2,290	1,391	757	634	3,3	1,4	1.56
35-39	4,309	2,177	2,132	1,276	668	608	3,0	1,9	1.24
40-44	3,969	1,989	1,980	1,132	606	526	2,8	1,3	1.54
45-49	3,158	1,653	1,505	882	490	392	2,2	1,3	113
50-54	3,045	1,681	1,364	796	459	337	2,2	1,2	1027
55-59	1,654	882	772	424	242	182	1,2	10	90
60-64	2,276	1,334	942	549	327	222	1,7	1,7	20
65-69	1,013	570	443	232	135	97	7	35	46
70-74	1,193	696	497	261	152	109	9	4	88
75 and above	1,406	802	604	281	160	121	1,1	2	183
1998 Census*									
All ages	129,176	67,222	61,954	86,225	4,516	41,709	42,9	2205	2045
0- 4	19,118	9,761	9,357	13,534	6,907	6,627	5,8	254	730
5- 9	20,215	10,571	9,644	14,211	7,466	6,745	6,0	305	899
10-1	16,732	8,909	7,822	11,106	5,973	5,132	5,6	235	690
15-1	13,400	6,909	6,490	8,553	4,396	4,157	4,6	213	333
20-2	11,588	5,81	5,773	7,402	3,610	3,791	4,5	205	981
25-2	9,521	4,87	4,643	6,092	3,024	3,067	3,4	154	575
30-3	8,040	4,23	3,808	5,083	2,604	2,479	2,6	128	328
35-3	6,166	3,25	2,913	3,846	1,984	1,862	2,0	170	050
40-4	5,745	2,93	2,814	3,669	1,812	1,848	2,6	119	967
45-4	4,563	2,36	2,203	2,995	1,512	1,483	1,8	48	720
50-5	4,148	2,20	1,948	2,776	1,458	1,318	1,2	42	630
55-5	2,777	1,50	1,272	1,868	1,001	867	9	04	405
60-6	2,637	1,41	1,219	1,838	987	851	9	31	368
65-6	1,554	85	704	1,076	585	491	8	65	213
70-74	1,408	77	631	1,022	564	458	6	14	172
75 and above	1,563	84	714	1,162	632	530	0	17	183

* : Fgures regaing FATA not included.

Source: bulation Cisus Organition.

TABLE 11.5

ENUMERATED POPULATION OF PAKISTAN BY PROVINCE, LAND AREA AND PERCENTAGE DISTRIBUTION 1951-1998

Province	Area Sq km	Population (In thousand) 1951	1961	1972	1981	1998*
PAKISTAN	796,096 (100.0)	33,816 (100.0)	42,978 (100.0)	65,321 (100.0)	84,254 (100.0)	132,352 (100.0)
NWFP	74,521 (9.4)	4,587 (13.6)	5,752 (13.4)	8,392 (12.8)	11,061 (13.1)	17,744 (13.41)
FATA	27,220 (3.4)	1,337 (3.9)	1,847 (4.3)	2,491 (3.8)	2,199 (2.6)	3,176 (2.40)
Punjab	205,345 (25.8)	20,557 (60.8)	25,500 (59.3)	37,612 (57.6)	47,292 (56.1)	73,621 (55.62)
Sind	140,914 (17.7)	6,054 (17.9)	8,374 (19.5)	14,158 (21.7)	19,029 (22.6)	30,440 (23.00)
Baluchistan	347,190 (43.6)	1,187 (3.5)	1,385 (3.2)	2,433 (3.7)	4,332 (5.1)	6,566 (4.96)
Islamabad	906 (0.1)	94 (0.3)	120 (0.3)	235 (0.4)	340 (0.4)	805 (0.61)

Note: Percentage share is given in parentheses.

Source: Population Census Organisation

TABLE 11.6

LITERCY RATIOS OF POPULATION 3Y SEX, REGION AND
UBAN/RURAL AREAS, 1998 AND 1981 CENSUS

Sex	Total			Irban			Rural		
	1998		1981	1998		1981	18		198'
	15 Years & Above	10 Yea & Abo\	10 Years & Above	15 Years & Above	1(Years &Above	10 Years & Above	15 Years & Above	10 Year & Abov	10 Yes & Abo:
PAKISTAN									
Both Sexes	41.5	49	26.2	61.0	63.1	47.1	30.8	33	1.3
Mae	53.4	58	35.0	69.1	70.0	55.3	44.4	4B	2.2
Fenale	28.5	30	16.0	51.6	55.2	37.3	16.7	20	.3
ISLAMABAD									
Both Sexes	70.2	7.4	47.8	75.6	77.2	57.6	58.8	63	3.5
Male	79.8	8.6	59.1	82.6	83.2	65.8	73.6	79	4.1
Fenale	58.3	6.4	33.5	66.6	69.7	46.8	42.7	48	1.7
PUNJAB									
Both Sexes	43.8	4.6	27.4	62.4	64.5	46.7	34.9	30	1.0
Male	55.6	5.2	36.8	70.2	70.9	55.2	48.3	54	1.6
Female	31.2	3.1	16.8	53.5	57.2	36.7	20.9	28	1.4
SIND									
Both Sexes	43.6	3.3	31.5	61.9	63.7	50.8	24.0	27	5.6
Male	53.8	4.5	39.7	68.9	69.8	57.8	36.9	39	1.5
Female	32.0	4.8	21.6	53.6	56.7	42.2	9.9	12	5.2
NWFP									
Both Sexes	32.1	5.4	16.7	51.4	54.3	35.8	27.7	33	3.2
Male	48.7	1.4	25.9	65.9	67.5	47.0	44.8	47	1.7
Female	15.1	8.8	6.5	34.5	39.1	21.9	11.2	17	3.8
BALUCHISTAN									
Both Sexes	30.7	4.8	10.3	43.9	46.9	32.2	16.'	1.5	6.2
Male	33.3	34.0	15.2	56.4	58.1	42.4	25.(	2.8	9.8
Female	11.8	4.1	4.3	28.6	33.1	18.5	6.	.9	1.7
FATA*									
Both Sexes	..	11	6.4	..	39.1	..	..	16.5	6.4
Male	..	29	10.9	..	59.5	..	..	28.2	0.9
Female	..	2	0.8	..	11.9	..	..	2.5	0.8

FATA: Federally Administered Tribal Area.

Source: pulation Cisus Organation

Not availae.

TABLE 11.7

Province-wise Population, Land Area and Percent Distribution

1951, 1981, 1998 and 2003

(Population in Thousand)

Province	Area Sq. Kms	Year 1951	Year 1981	Year 1998	Year -2003
A PAKISTAN	796096 100	33816 100	84254 100	132,352 100	149,030(E) 100
i) PUNJAB	205344 25.8	20557 60.8	47292 56.1	73,621 55.63	82,710(E) 55.5
ii) SINDH	140914 17.7	6054 17.9	19029 22.6	30440 23.00	34,240(E) 22.97
iii) NWFP	74521 9.1	4587 13.6	11061 13.1	17,744 13.41	20,170(E) 13.54
iv) BALUCHISTAN	347190 43.6	1187 3.5	4332 5.1	6,566 4.96	7,450(E) 5
v) FATA	27220 3.4	1337 3.9	2199 2.6	3,176 2.40	3,420(E) 2.3
vi) Islamabad	906 0.1	94 0.3	340 0.4	805 0.61	1,040(E) 0.7

TABLE 118

PERCENTAGE DISRIBUTIONI OF POPULATION O' 10 YEARS AND AEOVE ANCIVILIAN
LABOR FORCE BY SEX AND NATUIE OF ACTIVITY: 19'9-2000

(PercerShare)

	Population			Civilian Labour Force Total			Employed			Unemploy			Not in Civan Labour Fc:e		
	'al	Male	Female	Total	Male	Female	Total	Male	Female	Totl	Male	male	Tol	Male	Female
PAKISTAN	1).00	51.32	48.68	42.80	36.12	6.68	39.45	33.93	5.52	3.5	2.19	.16	570	15.20	42.00
Rural	1.00	50.91	49.09	45.13	37.22	7.90	42.00	35.20	6.79	3.3	2.02	.11	547	13.69	41.18
Urbn	1).00	52.13	47.87	38.14	33.91	4.23	34.35	31.38	2.98	3.'8	2.53	.25	616	18.22	43.64
BALUCHSTAN	1).00	53.32	46.68	39.16	36.80	2.36	36.37	35.00	1.36	2.'9	1.80	).99	604	16.52	44.32
Rural	1).00	53.28	46.72	40.25	37.88	2.37	37.39	36.07	1.32	2.6	1.82	.05	595	15.40	44.35
Urbn	1).00	53.49	46.51	33.95	31.62	1.32	31.49	29.92	1.57	2.6	1.70	).75	665	21.87	44.18
NWFP	1).00	49.49	50.11	38.72	32.64	6.08	34.08	30.04	4.53	0.'1	2.65	'.06	618	17.25	44.03
Rural	1).00	49.55	50.45	39.28	32.69	6.59	34.57	30.04	4.53	4.'1	2.65	'.06	602	16.85	43.87
Urban	1).00	51.56	48.44	35.99	32.39	3.60	31.69	29.28	2.41	4.29	3.11	.18	641	19.17	44.84
PUNJAB	1).00	50.74	49.26	45.15	36.89	8.26	41.31	34.30	7.00	3.34	2.58	.26	545	13.85	41.00
Rural	1).00	50.36	49.64	47.09	37.67	9.42	43.84	35.44	8.44	3.25	2.23	.02	521	12.69	40.22
Urban	1).00	51.57	48.43	40.89	35.17	5.72	35.75	31.81	3.94	5.4	3.36	.78	591	16.40	42.70
SINDH	1).00	53.48	46.52	39.07	35.84	3.23	37.83	35.04	2.79	1.25	0.80	).44	603	17.64	43.29
Rual	1).00	53.85	46.15	44.51	39.80	4.71	43.39	39.20	4.19	1.2	0.60	).52	559	14.05	41.44
Urban	1).00	53.14	46.86	33.94	32.11	1.83	32.58	31.10	1.46	1.36	1.00	).37	666	21.03	45.03

Source: Labour Force Suvey 1999-20 By Fedel Bureau oStatistics

TABLE 11.9

LABOUR FORCE AND EMPLOYMENT

(Million)

Mid Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Population	109.71	112.61	115.54	118.50	121.48	124.49	127.51	130.56	133.61	136.64	139.76	142.86	145.96	149.03
Rural	76.67	77.95	79.98	81.45	93.19	94.95	86.69	88.44	90.17	91.88	93.63	95.36	97.07	99.12
Urban	33.04	34.66	35.56	37.05	28.29	29.54	40.82	42.12	43.44	44.76	46.13	47.50	48.89	49.91
Working Age Population	73.17	74.42	75.68	77.95	80.62	82.86	84.87	86.91	88.92	90.95	94.59	96.69	99.70	101.80
Rural	50.36	51.31	52.27	52.64	54.19	55.12	56.20	57.34	58.43	59.44	61.43	62.38	65.08	66.45
Urban	22.81	23.11	23.41	25.31	26.43	27.74	28.67	29.57	30.49	31.51	33.16	34.31	34.62	35.35
Labour Force	31.63	31.50	32.48	33.01	33.87	34.18	35.01	37.45	39.26	40.15	40.49	41.38	43.21	44.12
Rural	22.92	22.51	23.23	23.50	23.93	23.78	24.24	25.98	27.53	28.00	28.49	29.12	29.40	30.01
Urban	8.71	8.99	9.25	9.51	9.94	10.40	10.77	11.77	11.33	12.15	12.00	12.26	13.81	14.11
Employed Labour Force	30.65	29.52	30.58	31.45	32.23	32.35	33.13	35.16	36.94	37.78	37.32	38.14	39.64	40.47
Rural	22.32	21.27	21.98	22.49	22.92	22.64	23.08	24.51	26.16	26.61	26.51	27.10	27.18	27.74
Urban	8.33	8.25	8.60	8.96	9.31	9.71	10.05	10.65	10.78	11.17	10.81	11.04	12.46	12.73
Unemployed Labour Force	0.98	1.98	1.90	1.56	1.64	1.83	1.88	2.29	2.32	2.37	3.17	3.24	3.57	6.65
Rural	0.60	1.24	1.25	1.01	1.01	1.14	1.16	1.47	1.37	1.39	1.98	2.02	2.22	2.27
Urban	0.38	0.74	0.65	0.55	0.63	0.69	0.72	0.82	0.95	0.98	1.19	1.22	1.35	1.38
Unemployment Rate (%)	3.13	6.28	5.85	4.73	4.84	5.37	5.37	6.12	5.89	5.89	7.82	7.82	8.27	8.27
Rural	2.60	5.48	5.40	4.28	4.22	4.80	4.80	5.65	4.98	4.98	6.94	6.94	7.55	7.55
Urban	4.58	8.19	6.97	5.88	6.51	6.90	6.90	7.17	7.95	7.95	9.92	9.92	9.80	9.80
Labour Force Partici-pation Rates (%)	28.83	27.97	28.11	27.86	27.88	27.46	27.46	28.69	29.38	29.38	28.97	28.97	29.61	29.61
Rural	29.90	28.70	28.99	28.76	28.73	28.00	28.00	29.42	30.58	30.58	29.82	29.82	29.85	29.85
Urban	26.28	26.37	26.08	25.83	25.79	26.12	26.12	27.15	26.98	26.98	27.14	27.14	29.10	29.10

Source: i) Labour Force Surveys By Federal Bureau of Statistics
ii) Planning and Development Division.

TABLE 11.'0

POPULATION AND LAIOUR FORCE

Million)

Mid Year (End June)	Popa-ti	Crude Activity Rate(%)	Labo Forc	Unemp-loyment	Employed Labour Force	Agricul-ture	Mining & Manu-facturing	Construc tion	Electri-city & Gas Distri-bution	Trans-port	Trade	Others
1990	1071	28.83	313	0.98	30.65	15.68	3.93	1.96	0.18	1.50	3.65	3.75
1991	1131	27.97	310	1.98	29.52	14.01	3.66	1.95	0.24	1.55	3.90	4.21
1992	1154	28.11	328	1.90	30.58	14.76	3.83	1.93	0.24	1.69	4.01	4.12
1993	1150	27.86	331	1.56	31.45	14.95	3.46	2.18	0.26	1.74	4.19	4.67
1994	1218	27.88	337	1.64	32.23	16.12	3.26	2.10	0.26	1.60	4.12	4.75
1995	1249	27.46	348	1.83	32.35	15.14	3.40	2.33	0.26	1.64	4.69	4.89
1996	1251	27.46	351	1.88	33.13	15.50	3.48	2.39	0.27	1.68	4.80	5.01
1997	1356	28.69	375	2.29	35.16	15.52	3.93	2.37	0.35	2.01	5.14	5.84
1998	1361	29.38	396	2.32	36.94	17.46	3.75	2.32	0.25	2.02	5.13	6.01
1999	1364	29.38	405	2.37	37.78	17.85	3.84	2.37	0.26	2.07	5.24	6.15
2000	1376	28.97	409	3.17	37.32	18.07	4.31	2.16	0.28	1.88	5.04	5.60
2001	1486	28.97	418	3.24	38.14	18.47	4.40	2.21	0.28	1.92	5.15	5.73
2002	1496	28.97	431	3.57	39.64	16.68	5.51	2.40	0.32	2.34	5.89	6.50
2003(P)	1403	28.97	442	3.65	40.47	17.03	5.63	2.45	0.33	2.39	6.01	6.63

Source: (i) Federal Beau of Statistics

() Planning d Development Divisio

TABLE 11.11

DISTRIBUTION OF EMPLOYED PERSONS OF 10 YEARS AGE AND ABOVE BY MAJOR INDUSTRIES

(Percentage)

Years	Agricul-ture	Mining & Manufac-turing	Construc-tion	Electricity & Gas Distribution	Trans-port	Trade	Others
1990	51.15	12.84	6.38	0.59	4.89	11.93	12.22
1991	47.45	12.38	6.62	0.83	5.24	13.24	14.22
1992	48.27	12.53	6.33	0.79	5.51	13.10	13.48
1993	47.55	11.00	6.93	0.84	5.52	13.32	14.84
1994	50.04	10.12	6.50	0.87	4.95	12.78	14.75
1995	46.79	10.50	7.21	0.82	5.07	14.50	15.12
1996	46.79	10.50	7.21	0.82	5.07	14.50	15.12
1997	44.15	11.20	6.75	0.98	5.71	14.62	16.60
1998	47.25	10.15	6.26	0.70	5.48	13.87	16.28
1999	47.25	10.15	6.26	0.70	5.48	13.87	16.28
2000	48.42	11.55	5.78	0.70	5.03	13.50	15.02
2001	48.42	11.55	5.78	0.70	5.03	13.50	15.02
2002	42.09	13.91	6.05	0.81	5.90	14.85	16.39
2003(P)	42.09	13.91	6.05	0.81	5.90	14.85	16.39

Source: Federal Bureau of Statistics

P: Provisional

TABLE 11.12

PERCENTGE DISTRIBUTION OF EMPLOYED PERSONS OF 10 YARS AGE AND ABOVE BY MAJOR INDUSTRY 2001-2002

(Perceage)

	Major Industry Division	PAKISTAN			BALUCHISTAN			NWFP			PUNJAB			SIND		
		Total	Rural	Urn	Total	Rural	Urban	Total	Rural	Urban	Tota	Rural	Jrban	Td	Rural	Urban
	Total	100.00	68.56	314	100.00	83.11	16.89	100.0C	83.83	16.17	100.0	71.20	28.80	1000	51.34	48.66
1)	Agriculture Forestry, Hunting and Fishing	42 09	40.46	53	50.24	48.75	1.49	44.18	43.08	1.10	42.8	41.19	1.64	379	35.69	1.90
2)	Mining and Quarryin	0.07	0.05	02	0.49	0.37	0.12	0.07	0.06	0.01	0.0	0.01	0.02	C1	0.08	0.03
3)	Manuacturing	13.84	5.95	39	3.39	1.77	1.62	8.01	5.48	2.52	15.7	7.89	7.80	138	1.57	11.80
4)	Electricity, Gas and Vater	0 81	0.39	42	0.91	0.55	0.36	1.1	0.94	0.22	0.5	0.26	0.29	13	0.45	0.88
5)	Construction	6 05	4.27	78	8.67	7.28	1.39	8.3	7.20	1.13	5.9	4.27	1.69	42	2.32	2.40
6)	Wholesale, Retail Tre, Restaurant and Hot	14.85	6.31	55	13.64	9.16	4.48	13.6	8.42	5.18	14.0	6.42	7.66	172	4.48	13.34
7)	Transport, Storage and Communication	5.90	3.30	60	7.39	5.56	1.82	6.7	5.48	1.23	5.4	3.29	2.14	64	1.89	4.65
8)	Financing, Insurance Real state and Business Services	0.89	0.20	69	0.39	0.01	0.37	0.7	0.43	0.27	0.6	0.23	0.42	13	0.05	1.67
9)	Community, Social d Personal Services	15.50	7.63	87	14.88	9.64	5.24	17.2	12.74	4.51	14.7	7.64	7.13	169	4.80	11.99
10)	Activties Not Adequately Define	-	-		-	-	-	-	-	-	-	-	-		-	-

.. not available

Source: Labur Force Surv 2001-2002, deral Bureau Statistics

TABLE 11.13

AGE SPECIFIC LABOUR FORCE PARTICIPATION RATE

(%)

Age Group	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
10 years & over												
Both Sexes	43.16	42.93	42.35	42.01	41.25	41.25	43.01	43.34	43.34	42.80	43.34	43.34
Male	71.27	70.27	69.24	69.07	69.10	69.10	70.01	70.48	70.48	70.39	70.32	70.32
Female	12.76	13.98	13.15	13.32	11.39	11.39	13.63	13.92	13.92	13.72	14.44	14.44
10-14												
Male	19.22	20.14	18.02	16.76	16.55	16.54	17.19	17.95	17.95	18.32	17.18	17.18
Female	6.91	8.06	7.77	6.94	5.70	5.70	7.61	7.40	7.40	2.79	6.28	6.28
15-19												
Male	55.21	53.30	53.13	52.29	51.13	51.13	52.89	52.43	52.43	58.26	57.56	57.56
Female	13.18	13.52	12.46	12.06	9.64	9.64	13.06	13.51	13.51	7.19	13.78	13.78
20-24												
Male	87.72	84.77	83.91	84.91	85.46	85.46	85.05	84.86	84.86	85.24	87.03	87.03
Female	13.96	14.08	13.47	14.02	11.71	11.71	15.08	15.16	15.16	14.14	15.94	15.94
25-34												
Male	97.73	96.96	97.05	97.55	97.22	97.22	97.21	96.96	96.96	96.41	96.57	96.57
Female	13.65	15.80	14.54	15.67	12.85	12.85	13.79	14.80	14.80	18.80	16.07	16.07
35-44												
Male	98.06	98.06	98.27	98.23	97.89	97.89	98.46	97.80	97.80	97.51	97.49	97.49
Female	15.57	18.38	16.43	17.11	15.66	15.66	16.61	17.29	17.29	21.70	19.90	19.90
45-54												
Male	96.05	95.92	95.84	96.00	97.07	97.07	96.54	96.23	96.23	95.90	95.55	95.55
Female	17.23	17.41	16.81	17.50	14.75	14.75	17.51	17.15	17.15	21.27	19.39	19.39
55-59												
Male	90.46	91.75	90.12	91.84	91.50	91.50	90.13	90.63	90.63	90.61	88.19	88.19
Female	13.79	14.55	16.62	15.09	15.23	15.23	19.60	15.84	15.84	17.76	14.50	14.50
60+												
Male	62.04	60.84	60.71	62.02	62.65	62.65	63.41	63.65	63.65	60.68	56.63	56.63
Female	8.69	10.65	9.79	10.01	9.26	9.26	12.34	13.60	13.60	13.04	11.36	11.36

Source: Labour Force Survey. Federal Bureau of Statistics

TABLE 11.11

DAILY WAGES OF CONSTRUCTION WORKERS IN DIFFERENT CITIES*

(In Pak Rupees)

Category of workers and cities	1991	1992	1993	1994	1995	1996*	1997*	1998*	1999*	2000	2001	2002*	2003*
Carpenter													
Islamabad	0.00	145.00	150.0	150.00	175.00	190.00	200.00	200.00	22500	218.	225.00	225.00	250.00
Karachi	1.66	155.00	164.1	178.94	205.00	219.62	231.15	250.00	28557	292.	291.34	298.08	301.92
Lahore	9.28	129.28	150.0	151.42	185.00	195.71	217.50	226.42	26250	262.5	262.50	262.50	262.50
Peshawar	0.00	100.00	115.0	135.00	135.00	150.00	75.00	200.00	20000	200.0	225.00	225.00	225.00
Quetta	6.25	170.00	170.0	180.00	200.00	215.00	230.00	250.00	25000	250.0	250.00	250.00	250.00
Mason (Raj)													
Islamabad	0.00	145.00	150.0	150.00	175.00	190.00	200.00	200.00	22500	218.	225.00	225.00	250.00
Karachi	1.66	150.00	161.2	177.78	205.00	234.61	245.19	250.00	28557	292.	291.34	298.08	301.92
Lahore	8.57	128.57	150.0	151.42	185.00	197.14	217.50	226.42	26250	262.5	262.50	262.50	262.50
Peshawar	00.00	100.00	115.0	135.00	135.00	150.00	75.00	200.00	20000	200.0	225.00	225.00	225.00
Quetta	26.25	147.50	1620	175.00	188.75	210.00	225.00	250.00	25000	250.0	250.00	250.00	250.00
Labourer (Unskilled)													
Islamabad	50.00	65.00	700	77.50	90.00	95.00	00.00	110.00	12000	120.0	120.00	120.00	130.00
Karachi	59.23	65.00	730	80.88	101.80	133.20	56.53	160.00	17211	174.0	176.34	182.11	103.27
Lahore	71.07	71.07	851	85.71	105.00	108.21	17.14	122.50	14500	145.0	145.00	145.00	145.00
Peshawar	47.50	50.00	500	60.00	65.00	70.00	75.00	80.00	8000	80.0	90.00	90.00	90.00
Quetta	51.25	58.75	750	77.50	77.50	95.00	95.00	110.00	11000	100.0	100.00	112.50	111.67

* Data pertains to month of November each year

Source: Federal Bureau of Statistics

TABLE 12.1

TRANSPORT

Fiscal Year	Railways: Route (Kilometres)	Railways: Number of Passengers carried (Million)	Railways: Freight carried (Million Tonnes)	Railways: Freight Tonne (Kilometres Million)	Railways: Locomotives (Nos.)	Railways: Freight Wagons (Nos.)	Length of Roads, Kilometers: Total	Length of Roads, Kilometers: High Type	Length of Roads, Kilometers: Low Type
1990-91	8,775	84.90	7.72	5,709	753	34,851	170,823	86,839	83,984
1991-92	8,775	73.30	7.56	5,962	752	30,369	182,709	95,374	87,335
1992-93	8,775	59.00	7.77	6,180	703	29,451	189,321	99,083	90,238
1993-94	8,775	61.72	8.04	5,938	676	29,228	196,817	104,001	92,816
1994-95	8,775	67.70	8.11	6,711	678	30,117	207,645	111,307	96,338
1995-96	8,775	73.65	6.85	5,077	622	26,755	218,345	118,428	99,917
1996-97	8,775	68.80	6.36	4,607	633	25,213	229,595	126,117	103,478
1997-98	8,775	64.90	5.98	4,447	611	24,275	240,885	133,462	107,423
1998-99	7,791	64.99	5.45	4,330	596	24,456	247,484	137,352	110,132
1999-00	7,791	68.00	4.77	3,612	597	23,906	248,340	138,200	110,140
2000-01	7,791	68.80	5.89	4,520	610	23,893	249,972	144,652	105,320
2001-02	7,791	69.00	5.90	4,573	577	23,460	251,661	148,877	102,784
2002-03	7,791	72.40	5.86	4,820	577	23,722	252,168	153,225	98,943
Jul-Mar 2003-04*	7,791	52.90 *	4.60 *	3,348 *	592	22,052	255,856 *	157,975 *	97,881 *

(Contd.)

* Provisional

TABLE 12.1

TRANSPORT

(Contd.)

Fiscal Year	Cargo Handled at Karachi Port (000 tonnes): Total	Cargo Handled at Karachi Port (000 tonnes): Imports	Cargo Handled at Karachi Port (000 tonnes): Exports	Shipping: No. of Vessels	Shipping: Dead Weight Tonnes	Gross Earnings (Million Rs): Pakistan Railways	Gross Earnings (Million Rs): Pakistan National Shipping Corp.	Gross Earnings (Million Rs): Punjab Urban Transport Corp.	Gross Earnings (Million Rs): Karachi Transport Corp.	Gross Earnings (Million Rs): NWFP Road Transport Board
1990-91	18,709	14,714	3,995	28	494,956	6696	3,865.0	166.6	156.7	266.1
1991-92	20,453	15,267	5,186	28	494,956	8235.9	4,063.0	107.7	182.7	261.2
1992-93	22,170	17,256	4,914	29	518,953	9031	3,137.0	95.3	182.6 **	261.2
1993-94	22,569	17,610	4,959	27	595,836	9134	3,302.0	40.9	..	221.30
1994-95	23,098	17,526	5,572	15	264,410	9224	4,311.0	73.2	..	210.50 **
1995-96	23,581	18,719	4,862	17	290,353	8365	6,962.0	61.6 **	..	..
1996-97	23,475	18,362	5,113	15	261,817	9394.3	7,761.5	..	..	..
1997-98	22,684	17,114	5,570	15	261,836	9805	4,597.0	..	..	..
1998-99	24,053	18,318	5,735	15	261,836	9310	3,707.0			
1999-00	23,761	18,149	5,612	15	261,836	9572	3,483.0	..	..	..
2000-01	25,981	20,063	5,918	14	243,802	11938	5,458.7			
2001-02	26,692	20,330	6,362	14	243,749	13346	4,555.5			
2002-03	25,882	19,609	6,273	13	229,579	14575	5,405.0	.. ..	..	..
Jul-Mar 2003-04	20,500	16,000	4,500.0	14	470,326	10577 *	4,602.0	.. ..	..	..

.. Not available

* Provisional

** *Note:* Punjab Urban Transport Corporation, Karachi Transport Corporation and NWFP Road Transport Board have been closed.

Source: (i): Ministry of Railways
(ii): National Transport Research Center
(iii): Karachi Port Trust
(iv): Pakistan National Shipping Corporation

TABLE 12.2

PAISTAN INTERNATIONAL AIRLNES CORPORATION

Fiscal Year	Route Kilo-metres	Reveue Kilome-tres own (00)	Revenue Hours Flown	Revenue Pasengers Carried (000)	Revenue Passengers Kilome tres (mn)	Available Seat Kilome-tres(mln)	Passnger Lod Facor
1990-91	255,336	6255	116,616	5,033	8,98	13,401	67.1
1991-92	258,558	6570	127,423	5,584	9,25	15,066	65.9
1992-93	270,536	6377	132,775	5,780	10,02	15,733	64.2
1993-94	303,321	6024	131,122	5,645	10,08	15,159	66.7
1994-95	353,221	7544	134,683	5,517	10,32	15,848	65.5
1995-96	310,205	7288	138,014	5,399	10,92	16,573	63.9
1996-97	336,230	7796	143,686	5,883	11,61	17,528	66.5
1997-98	325,744	7663	136,104	5,531	11,47	16,952	65.8
1998-99	335,348	7697	129,379	5,086	10,72	16,752	64.0
1999*	332,417	7483	135,136	4,914	10,63	17,839	59.7
2000*	317,213	7212	134,066	5,297	12,56	18,692	64.5
2001*	324,815	4158	65,615	2,729	6,35	9,885	63.8
2001-02	291,428	6974	110,136	4,290	10,83	15,778	68.7
2002-03	311,152	6863	108,942	4,391	11,76	16,264	69.3
Jul-Mar							
2003-04 **	294,098	5357	89,730	3,646	9,89	13,853	71.0

*: PIA's Financial Year based on Calender Yea (ontd.)

**: Provisional & unaudid

TABLE 12.2

PAKISTAN INTERNATIONAL AIRLINES CORPORATION

Fiscal Year	Revenue Tonne Kilometres (Mln)	Available Tonne Kilometres (Mln)	Revenue Load Factor (%)	Operating Revenue (Million Rupees)	Operating Expenses (Million Ruppes)	PIA Fleet No.of Planes
1990-91	1,228	2,045	60.0	16,849	16,966	44
1991-92	1,304	2,265	57.6	20,441	18,861	45
1992-93	1,333	2,352	56.7	21,970	21,347	45
1993-94	1,365	2,347	58.2	23,631	22,713	47
1994-95	1,408	2,452	57.4	25,417	24,199	47
1995-96	1,402	2,526	55.5	27,505	27,150	47
1996-97	1,495	2,649	56.4	32,732	32,809	47
1997-98	1,425	2,435	58.5	..	..	47
1998-99	1,313	2,403	54.6	..	..	45
1999 *	1,307	2,560	51.0	35,492	36,395	51
2000 *	1,452	2,631	55.2	39,228	42,033	46
2001 *	769	1,438	53.5	21,966	23,296	45
2001-02	1,325	2,270	58.4	42,844	39,377	44
2002-03	1,389	2,401	57.8	45,442	39,125	43
Jul-Mar 2003-04 **	1,116	1,890	59.0	39,127	34,655	47

Source: Pakistan International Airlines Corporation

.. Not available

*: PIA's financial year is based on caleder year

** Provisional & unaudited

TABLE 12.3

NUMBER OF MOTOR VEHICLES REGISTERED

Fiscal Year	Motor Cars Jeeps & Station Wagons	Motor Cabs/ Taxis	Buses	Trucks	Motor Cycle (2 Wheels)	Motor Cycle (3 Wheels)	Others	Total
1990	682,636	32,304	84,016	105,245	1,250,749	50,862	507,025	2,712,837
1991	731,960	33,235	89,094	107,171	1,381,136	52,439	528,878	2,923,913
1992	819,350	41,245	94,988	111,391	1,497,017	56,267	558,926	3,179,184
1993	868,159	47,897	98,681	114,394	1,573,370	59,510	589,281	3,351,292
1994	902,654	52,444	107,440	118,389	1,679,259	62,183	615,497	3,537,866
1995	923,577	53,400	113,516	119,174	1,754,737	63,370	642,174	3,669,948
1996	966,747	54,501	114,415	123,658	1,842,531	69,756	666,549	3,838,157
1997	1,068,116	83,182	119,365	131,322	1,995,421	76,224	700,315	4,173,945
1998	1,085,969	83,687	125,929	132,895	2,068,730	81,777	724,309	4,303,296
1999	1,162,876	83,844	150,108	145,111	2,175,488	95,345	746,718	4,559,490
2000	1,182,307	83,892	154,401	148,569	2,260,772	99,376	772,279	4,701,596
2001	1,201,738	93,940	158,694	157,027	2,346,056	103,407	797,840	4,843,702
2002	1,245,926	90,797	162,672	170,615	2,437,068	115,919	825,552	5,048,549
2003 (P)	1,285,918	91,247	162,957	178,883	2,544,567	122,448	846,017	5,232,037

Source: Federal Bureau of Statistics

(P): Provisional

TABLE 12.4
MOTOR VEHICLES ON ROAD
(000 Number)

Year	Mcy/ Scooter	Mot Car	Jeep	Stn. Wagon	Tractor	Buses	M.Cal Ta	lotor Rck
1991-92	971.8	429	31.6	43.6	275.3	45.0	33.	42.4
1992-93	1,165.5	463	35.6	48.8	353.0	51.7	40.	46.7
1993-94	1,287.3	497	38.0	52.7	376.6	56.4	44.	50.5
1994-95	1,482.0	518	41.3	56	399.8	60.9	47.	53.4
1995-96	1,481.9	538	43.5	29.1	424.8	64.5	51.	58.7
1996-97	1,576.0	565	45.5	62.0	439.8	68.2	54.	55.6
1997-98	1,691.4	590	47.8	65	463.6	72.5	57.	74.6
1998-99	1,833.7	733	16.7	60.6	489.8	84.4	68.	56.7
1999-00	2,010.0	817	17.0	73.9	528.4	92.8	69.	59.9
2000-01	2,218.9	920	18.3	93.8	579.4	94.0	86.	79.8
2001-02 *	2,286.2	981	40.6	99.0	588.1	95.6	86.	79.6
2002-03 *	2,401.8	1034	41.2	100.4	595.3	97.8	87.	79.9
Jul-Mar								
2003-04*	2,499.5	1081	42.9	103.5	605.7	99.3	87.	30.2

* Estimated

(Contd.)

TABLE 12.4
MOTOR VEHICLES ON ROAD
(000 Number)

Year	D.Van	Truis	Pickup	Ambu-lance	Tankers		Other	otal
					Oil	Water		
1991-92	61.4	78	30.2	1.7	4.0	0.6	49.	205.5
1992-93	69.8	82	39.5	2	4.3	0.7	52.	240.0
1993-94	74.0	90	44.1	2.3	4.7	0.7	73.	280.4
1994-95	78.2	93	47.1	2.7	5.1	0.2	60.	299.3
1995-96	81.3	102	50.5	3.3	5.6	0.9	63.	300.2
1996-97	84.3	110	50.2	3.7	6.1	1.1	66.	315.8
1997-98	87.6	111	56.1	4.3	6.8	1.3	69.	345.3
1998-99	51.7	11	56.4	1.5	6.8	0.7	74.	361.7
1999-00	55.5	124	61.6	1.7	7.0	0.7	78.	397.2
2000-01	72.4	133	68.4	1.7	7.2	0.8	89.	444.7
2001-02*	74.2	135	69.4	1.7	7.4	0.8	91.	496.1
2002-03*	75.1	132	71.9	1.7	8.8	0.8	7	493.0
July-March								
2003-04*	75.6	131	75.2	1.7	8.8	0.8	73.	493.6

*Estimated

Source: National Trsport Resech Center

TABLE 12.5

PRODUCTION AND IMPORTS OF MOTOR VEHICLES

Fiscal Year/ Type of Vehicles	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
PRODUCTION (Nos.)						
Trucks	2,059	1,627	2,222	1,394	703	3,030
Buses	826	1,114	1,177	427	312	438
L.C.Vs	11,882	11,411	11,478	5,128	5,154	6,834
4x4 Vehicles	2,796	1,774	1,324	816	1,310	2,274
Tractors	13,753	9,817	17,127	14,907	17,144	16,208
Motor Cycle/Scooters/ Rickshaw	98,647	97,162	95,793	63,958	60,960	121,809
Cars	25,166	28,911	26,945	19,514	20,955	31,079
IMPORTS (Nos.)						
Cars	40,827	42,532	100,188	38,216	31,743	35,100
Jeeps	2,075	t,519	1,484	343	1,535	959
Motor Rickshaw	450	1,053	2,773	548	250	..
Station Wagon	1,179	1,594	746	251	326	265
Buses Including Trolly Buses	594	922	2,247	893	267	344
Lorries/Trucks Including Ambulance	4,623	2,760	4,743	2,673	882	1,948
special Lorries, Trucks & Vans	250	360	535	461	219	102
Motor Cycle	84,893	971,650	119,970	86,349	62,100	115,235
Scooter	7	19	308	3	40	..
Motorised Cycles	510	584	426	26	234	1,305
Passengers M. Cars (n.S)	149	16	212	88	224	919
Road Tractors for Trailers	1	7	10	27	4	193
Tractor Agricultural	408	491	..	952	10,084	6,805
Tractor Caterpiller	1	18	..	3	2	1
Tractor Heavy Duty for const.	1	64	115	14	2	..
Tractor Roads	..	1	..	..	..	..
Tractor (NES)	87	596	78	115	80	323
Car's Chassis with Engine	8	23	11	1	..	..
Bus etc. Chassis		15	102	24	48	
Spl. Truck etc. Chassis	1	..	..	26	..	..
Rickshaw, Chassis with Engine	..	10	..	..	..	..
Pickup	18,300	19,194	17,931	6,099	5,751	5,506
Delivery Van	6,118	5,776	22,343	2,823	1,940	1,831
Chassis Un-Mounted Motor Vehicles No	..	712	457	..	127	1
Bicycle	3	289	468	928	9,916	8,303
Motor Vehicles for Goods	3	75	134	57	43	151
Passenger Vehicles Public No	56	7	17	15	8	27
Tractor Chassis with Engine	..	..	..	..	480	..

(Contd.)

.. not available

TABLE 12.5

PDDUCTION AND IMPORTS OFMOTOR VEHICLES

Fiscal Year/ Type of Vehicles	1996-97	1997-98	1998-99	199900	2000-01	201-02	2002-03	Jul-Dec 2003
PRODUCTION (Nos.								
Trucks	2,916	1,850	1,131	177	952	1,141	1,95(	94
Buses	862	425	1,220	1,108	1,337	1,099	1,34(	64
L.C.Vs	9,817	4,886	8,079	6,156	6,965	8,491	12,17	5,77
4x4 Veiicles	792	651	622	180	459	570	37	38
Tractors	10,417	14,144	26,885	35,138	32,533	24,331	76,501	16,43
Motor Cycle	117,188	96,991	93,167	94,181	117,858	133,334	176,591	137,64
Cars	33,462	33,683	38,682	32,61	39,573	40,601	62,89	44,05
IMPDRTS (Nos.)								
Cars	31,817	36,851	46,363	34,188	51,948	40,079	60,554	34,99
Jeeps	542	1	165	48	0	666	6,010	9,02
Motor Rickshaw	..	900		8	37		101	
Station Wagon	173	143	97	71	93	165	440	2
Buses Including Tro Buses	396	498	603	117	417	700	1,230	1,24
Lorries,Trucks Including Anbulance	2,101	1,034	443	100	334	728	14,036	1,47
special Lorries, Trus & Vans	198	99	152	09	72	157	54	5
Motor Cycle	135,220	90,435	79,738	85,92	75,035	11,711	143,952	68,73
Scoote	..	7	8	45	-	-		
Motorised Cycles	990	925	44	3			509	23
Passengers M. Car.n.S)	338	318	162	61	76	161	194	26
Road Tractors for Trailers	340	38	37	7		18	122	72
Tractor Agricultural	2,020	1,086	3,281	2,469	50	220	14,000	2,656
Tractor Caterpiller	6	..	1	..		44	1	
Tractor Heavy Duty for const.	14	28	..	5	13	4	120	96
Tractor Roads	8	..	..	3		15,174	1,115	1,196
Tractor (NES)	179	113	436	1	15	115	496	538
Car's Classis with Engine	28	2	..	- 0	4	1		
Bus etc Chassis	12	..	..	2'7	36	60	46	64
Spl. Truck etc. Chass	..	..	..	..				
Rickshaw, Chassis th Engine	..	..	..	..		36	10	
Pickup	5,511	6,314	3,734	3,6'2	1,964	3,600	5,162	2,955
Delivery Van	4,851	5,218	3,149	3,3'9	975	2,120	471	4
Chassis Un-Mounte						168		
Motor Vehicles N	194	9	..	..				
Bicycle	3,618	7,844	29,218	22,21	12,992	20,240	37,836	20,437
Motor Vehicles for Goods	22	18	146	1i0	70	2	234	217
Passenger Vehicles Public No	22	4	61	1i3	62	6	473	361
Tractor Chassis witEngin	..	..	..	..	..			

.. not avilable

Source: Feral Bureauf Statistics

TABLE 12.6

POST AND TELECOMMUNICATIONS

Fiscal Year	No of Post Offices			No of Tele-graph Offices			Telephones (000 Nos.)	Internet Connections (Million)	No.of Internet Cities connected	No of PCO	TV Sets (000 Nos.)
	Urban	Rural	Total	Urban	Rural	Total					
1990-91	1867	11546	13413	195	302	497	1188.0	..		3861	1806
1991-92	1909	11471	13380	299	210	509	1460.7	..		4676	1613
1992-93	1983	11213	13196	320	210	530	1547.5	..		5618	1773
1993-94	1970	11315	13285	327	85	412	1801.0	..		6422	1975
1994-95	2026	11294	13320	330	86	416	2126.0	..		4600	2149
1995-96	2092	11327	13419	319	104	423	2375.7	..		9410	2273
1996-97	2024	11192	13216	340	93	433	2557.6	..		10040	2522
1997-98	2044	11250	13294	356	92	448	2756.1	0.01		10071	2736
1998-99	2103	10751	12854	308	93	401	2861.1	0.2		10107	3034
1999-00	2,103	10751	12,854	293	91	384	3124.0	0.5		10400	4015
2000-01	2302	9932	12234	293	91	384	3340.0	0.8		66968	3432
2001-02	1983	10284	12267	258	104	362	3655.5	1.0		97751	3604
2002-03	1808	10446	12254	239	87	326	4940.0	1.6	1350	139493	3604
Jul-Mar 2003-04	1808	10446	12254	215	73	288	5042.0	..	1812	190867	* 3800

.. Not Available

* Included Cardpay Phones

Source: (i): Pakistan Post Office
(ii): Pakistan Telecommunications Company Ltd
(iii): Pakistan Television Corporation
(iv): Pakistan Telecommunication Authority

TABLE 131

COMMERCIAL ENERGY :ONSUMPTION

Fiscal Year	1. Oil/Þetroleum (tonnes)						
	‡ouseholds	Indstry	Agricul-ture(a)	Transport	Power	Otheovt.	Total
1990-91	944,256	1,17,698	265,229	4,84,362	2,434,136	3,592	9,961,2
1991-92	613,706	1,39,525	281,539	5,611,552	2,775,418	3,228	10,982,9
1992-93	622,075	1,49,935	287,181	6,10',416	3,158,124	3,115	12,011,8
1993-94	589,851	1,63,516	307,795	6,411,582	3,902,308	3,529	13,225,5
1994-95	585,173	1,89,443	268,631	6,64,175	4,215,635	3,110	13,960,1
1995-96	596,031	2,46,278	250,031	7,13,631	4,785,856	4,254	15,601,0
1996-97	509,738	2,11,065	268,866	7,17,269	5,110,233	4,795	15,605,9
1997-98	498,949	2,01,172	244,977	7,361,767	6,053,784	3,756	16,624,4
1998-99	492,768	2,19,889	249,229	7,861,063	5,525,669	3,133	16,647,7
1999-00	477,305	2,15,860	293,034	8,30,977	6,227,595	3,050	17,767,8
2000-01	450,960	1,94,048	254,833	8,157,893	6,487,988	3,176	17,647,8
2001-02	334,501	1,61,995	225,742	8,018,777	6,305,419	4,654	16,960,0
2002-03	282,521	1,64,068	196,747	8,082,273	6,019,958	2,387	16,451,9
Jul-Mar							
2002-03	228,481	1,42,196	144,017	5,96,268	4,731,530	2,483	12,664,9
2003-04	184,398	1,25,513	135,942	6,173,623	1,781,959	2,418	9,795,4

(a): HSD consuntion in agricultural sect is not availlable seprately and is incuded under
transport seor. Agricultural sectorepresents LOO only.

Cont.

TABLE 13.1

COMMERCIAL ENERGY CONSUMPTION

(Contd.)

Fiscal Year	2. Gas (mm cft)(b)							
	Households	Commercial	Cement	Fertilizer	Power	Industry	Transport (CNG)*	Total
1990-91	66,797	12,317	13,020	107,954	176,409	88,841	-	465,338
1991-92	70,741	13,057	11,761	101,493	193,893	95,661	25	486,631
1992-93	75,783	14,326	11,914	119,628	186,853	102,991	31	511,526
1993-94	82,461	15,239	10,187	144,514	197,694	100,631	43	550,769
1994-95	97,045	16,064	6,730	141,697	181,107	104,098	47	546,788
1995-96	110,103	16,960	7,569	150,374	186,507	111,202	153	582,868
1996-97	115,488	18,403	8,718	150,483	193,984	110,365	358	597,799
1997-98	134,500	18,764	12,092	147,752	179,042	115,250	490	607,890
1998-99	131,656	21,466	7,988	167,474	183,694	121,431	2,123	635,832
1999-00	139,973	21,712	8,558	177,152	230,040	134,916	2,393	714,744
2000-01	140,899	20,618	6,977	175,393	287,597	138,503	4,423	774,410
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
Jul-Mar								
2002-03	126,500	17,427	-	130,866	262,832	135,409	-	673,034
2003-04	142,135	18,545	3,929	138,798	316,425	142,246	11,379	773,457

(Contd.)

- Not available.

(b): Excluding LPG.

* : (CNG) Compressed Natural Gas.

TABLE 13.l

COMMERCIAL ENERGY (ONSUMPTION

(..Contd.

Fiscal Year	3.lectricity (Gwh)								4. :oal (000 rric tonne)				
	Traction	House-hold	Commer-cial	ldus :rial	Agricul-tural	Street Light	Other Govt.	Total	House-hold	Power	Brick Kilns	Cement	Total
1990-91	33	10,409	2,072	l,229	5,620	..	2,171	31,534	3.8	24.6	3,025.5		3,053.9
1991-92	29	11,458	2,143	2,289	5,847	..	2,112	33,878	6.8	39.5	3,052.4		3,098.7
1992-93	27	13,170	1,726	3,043	5,635	297	2,594	36,493	3.2	46.7	3,216.6		3,266.6
1993-94	27	14,080	1,786	2,637	5,772	298	2,781	37,381	3.3	43.6	3,487.0		3,533.9
1994-95	22	15,579	1,941	2,528	6,251	324	2,974	39,619	3.2	40.7	2,998.9		3,042.8
1995-96	20	17,125	2,190	2,183	6,696	378	3,332	41,924	3.1	398.9	3,235.8		3,637.8
1996-97	18	17,757	2,241	l,982	7,086	390	3,440	42,914	9.7	351.9	3,191.3		3,552.9
1997-98	16	18,750	2,334	2,297	6,937	387	3,851	44,572	2.3	346.5	2,809.9		3,158.7
1998-99	15	19,394	2,409	2,061	5,620	224	3,573	43,296	1.3	415.3	3,044.8		,461.4
1999-00	15	21,455	2,544	3,202	4,540	239	3,591	45,586	1.0	348.1	2,818.8		,167.9
2000-01	13	22,765	2,774	4,348	4,929	213	3,546	48,584	1.0	205.8	2,837.9	50.0	,094.7
2001-02	11	23,210	2,951	5,141	5,907	212	3,490	50,622	1.1	249.4	3,077.5	664.0	,492.0
2002-03	10	23,624	3,218	5,181	6,016	244	3,363	52,656	1.1	203.6	2,606.9	957.2	,768.8
Jul-Mar													
2002-03	7	17,095	2,341	l,909	4,389	121	2,646	38,508	0.8	156.4	2,000.0	* 650.0	,807.2
2003-04	7	18,503	2,652	2,833	4,876	361	2,604	41,836	0.8	143.1	* 2,300.0	* 800.0	,243.9

.. not available.

* Estimated

Source: Ministry of Petroleum & Natural Resrces, Hydrocarbon Developmet Institute Pakistan (HDIP)

TABLE 13.2

COMMERCIAL ENERGY SUPPLIES

Fiscal Year	Oil: Crude Oil Imports (000 barrels)	Oil: Local Crude Extraction (000 barrels)	Gas (mcf) +	Petroleum Products: Imports (000 tonnes)	Petroleum Products: Production (000 tonnes)	Coal: Imports (000 tonnes)	Coal: Production (000 tonnes)	Electricity: Installed Capacity (MW)(a)	Electricity: Generation (Gwh)(b)
1990-91	28,178	23,485	518,483	4,310	6,036	917	3,054	8,356	41,042
1991-92	30,016	22,469	550,715	5,275	5,961	985	3,627	9,369	45,040
1992-93	29,407	21,895	583,545	6,612	5,694	994	3,266	10,586	48,750
1993-94	30,770	20,675	624,229	7,910	5,841	1,094	3,534	11,319	50,640
1994-95	28,386	19,858	628,211	8,737	5,434	1,096	3,043	12,100	53,545
1995-96	31,044	21,063	666,580	10,137	5,874	1,080	3,638	12,969	56,946
1996-97	28,588	21,270	697,763	10,398	5,495	840	3,553	14,818	59,125
1997-98	29,826	20,543	699,709	11,064	5,858	960	3,159	15,659	62,104
1998-99	32,855	19,786	744,942	10,926	5,925	910	3,461	15,663	65,402
1999-00	32,938	20,395	818,342	11,878	6,115	957	3,113	17,399	65,751
2000-01	52,505	21,084	875,433	10,029	8,723	950	3,095	17,458	68,117
2001-02	51,982	23,195	923,758	9,023	9,410	1,081	3,328	17,758	72,405
2002-03	52,512	23,458	968,647	8,437	9,345	1,578	3,312	17,757	75,272
Jul-Mar									
2002-03	39,327	17,780	724,602	6,394	7,272	1,200 *	2,450 *	17,731	54,426
2003-04	41,589	17,089	882,684	3,542	7,314	1,500 *	2,501 *	19,478	56,641

\+ Million cubic feet

(a) MW: Mega Watt

(b) Gwh: Giga Watt Hour

* Estimated

Source: Ministry of Petroleum and Natural Resources, Hydrocarbon Development Institute of Pakistan (HDIP)

TABLE 133

COMMERCIAL ENERGY SUPPLIES

Fiscal Year	Electricity					
	Hydroelectric (Hydel)		Thermal		Nuclear	
	Installed Capacity (MW) (a)	Generation (Gwh) (b)	Installed Capacity (MW)a	Generation (Gwh)b	Installed Capacity (MW)a	Generation (Gwh)[b]
1990-91	298	18,343	5,741	22,354	137	385
1991-92	330	18,247	5,902	26,375	137	418
1992-93	426	21,112	5,823	27,057	137	582
1993-94	426	19,436	6,456	30,707	137	497
1994-95	426	22,858	7,137	30,176	137	511
1995-96	426	23,206	8,006	33,257	137	483
1996-97	426	20,858	9,855	37,921	137	346
1997-98	426	22,060	10,655	39,669	137	375
1998-99	426	22,449	10,699	42,669	137	284
1999-00	425	19,288	12,436	46,064	137	399
2000-01	426	17,194	12,169	48,926	462	1,997
2001-02	509	18,941	12,288	51,174	462	2,291
2002-03	510	22,254	12,285	51,278	462	1,740
Jul-Mar						
2002-03	539	15,999	12,230	37,306	462	1,121
2003-04	626	20,833 *	12,290	34,237 *	462	1,571

(a) MW: Mega Watt
(b) Gwh: Giga Watt hour.
*: Estimated

Source: Ministry of Petroleum and Natural Resources, Hydrocarbon Development Institute of Pakistan (HDIP).

TABLE 13.4

SCHEDULE OF ELECTRICITY TARIFFS

Tariff Category/ Particulars	Effective 10-5-2003				
	Fixed/Min Charges (Rs/KwM)	Energy Charges (Rs/Kwh)	F.A.S. (Rs/Kwh)	Additional Surcharge (Rs/Kwh)	F.A.S Subsidies Rs/kwh
GENERAL SUPPLY TARIFF A-1(including FATA)					
Upto 50 Units	-	0.61		0.73	
For Consumption > 50 units upto 1000 units		-	-	-	
For First 100 units	-	0.41	0.50	1.58	0.44
For next 200 units (101-300)	-	0.58	0.50	2.29	0.44
For next 700 units (301-1000)	-	1.51	0.50	3.55	0.44
Above 1000 units	-	1.88	0.38	4.42	0.32
Minimum Monthly Charges:	a) Single Phase Connections Rs 45/-				
	b) Three Phase Connection: Rs 100/-				
GENERAL SUPPLY TARRIF A-2(including FATA)					
For first 100 units	-	2.77	0	3.82	
Above 100 Units	-	3.01	0	3.92	
For peak load requirment above 20kv	220	1.09	0.19	2.83	
Minimum Monthly Charges:	a) Single Phase Connections Rs 150/-				
	b) Three Phase Connection: Rs 300/-				
INDUSTRIAL SUPPLY					
B-1 upto 40 kw		1.81	0.20	3.07	
There shall be minimum monthly charges of Rs 70/Kw for first 20 Kilowatts of load and Rs 90/Kw for rest load between 21 - 40 kw					
B-2 (>41-500 kw)	300	1.3	0.20	2.09	
B-2 TOD (Peak)	300	1.98	0.20	2.78	
B-2 TOD (Off Peak)	300	1.2	0.20	2.07	
B-3 (Normal) 11&33 kv not exceeding 5000 kw	290	1.29	0.20	2.01	
B-3 TOD (Peak)	290	1.97	0.20	2.26	
B-3 TOD (off Peak)	290	1.15	0.20	1.60	
B-4 Normal 66/132/220 kv - All loads	280	1.24	0.20	1.86	
B-4 TOD (Peak)	280	1.87	0.20	2.20	
B-4 TOD (off Peak)	280	1.11	0.20	1.49	

Contd.....

Note: 1) The above figures cover some portion of the tariffs schedule. For full details, WAPDA may be consulted.

2) In addition to above, the "Surcharge" @ 10.4% of supply charges was also leviable

3) Supply charges include fixed charges, energy charges, FAS and low power factor penalty.

TABLE 134

SCHEDULE OF ELECTRCITY TARIFFS

Tarif Category, Pariculars	Fixed/Min Charges (Rs/KwM)	Energy Charges (Rs/Kwh)	F.A.S. Rs/Kwh)	Addition Surcharı (Rs/Kw	F..S Subdies Rs,wh
	Effective 1-5-2003				
BULK SJPPLY TARiS					
C-1 a) 400 Vol upto 20kw		1.24	0.41	42	
C-1 b) 400 Vo. above 20kw upto 500w	220	1.09	0.41	21	
C-2(a) 11/33Kupto 5000 kw	216	1.06	0.41	36	
C-3 66 / 13/ 220 kv - All loads	214	1.04	0.41	30	
AGRICULTURAL TU-WELL TARIFF-D					
D-1 SCARP	-	1.26	0.50	33	0.37
D-2 (i) Punj& Sindh	82	0.9	0.50	19	0.37
D-2 (ii) NWF Baluchistan	72	0.75	0.50	18	0.37
Districr Mawali,Bhawalpur and Trparkar.					
TEMPORARY SUPP TARIFFS					
E-1 (I) DomestiSupply		2.11	0.50	38	
E-1 (ii) Commeial Supply		3.79	0	44	
Minmum charg E-1(I) and E-1(ii) Rs.4/- per day but not less than Rs.200/-					
E-2(I) IndustriaSupply		2.36	0.20	31	
E-2(II)a Bulk Suly at (400KV)		1.76	0.41	35	
E-2(II)b Bulk Suly at (11KV)		1.64	0.41	32	
E-2(III) Bulk Suly to Other Consumers		1.85	0.41	37	
F-Seasonal Supy to industries		125% of Supply and Additioan chrges" cor. lustrial Tar			
G-1 (I) Public Liting Supply			Unit Chargesas per Tari-1above		
G-1 ii) Other th above in G-1(i)		1.93	0.36	47	
RESDENTIAL C.ONIES OF INDUSTRIES					
H-1 Residential lonies with own transfmer		1.45	0.50	42	
H-2 Residentialolonies (others)		1.46	0.50	44	
OTHERS					
I Ralway Tracti		1.02	0.46	3.[illegible]	
J-1 CogeneratiTariff (Sale by WAPDA		1.74	0.37	3.[illegible]	
J-2 a) CDG. Taf (Purchase by WAPDADec.July		1.03			
J-2 b) COG. Taf (Purchase by WAPDAAug-Nov		0.78			
SPECIAL CONTICT TARIFF					
K-a AJ&K		1.10	0.42	23	
K-b KESC				3.)	
K-c Rawat L.		1.88	0.25	2.[illegible]	

Note: 1) Thabove figures cover sor portion of the tariffs schedule. For ull details, WAPDA may e consu Srce: WAPA.

2) In dition to above, the "Scharge" @ 10.4% of supply chargeswas also leviable

3) Suly charges include fixecharges, energy charges, FAS and low power factor penalty.

TABLE 13.4

SCHEDULE OF ELECTRICITY TARIFFS

Tariff Category/ Particulars	Effective 19-8-2003: Fixed/Min Charges (Rs/KwM)	Energy Charges (Rs/Kwh)	F.A.S. (Rs/Kwh)	Additional Surcharge (Rs/Kwh)	F.A.S Subsidies Rs/kwh
GENERAL SUPPLY TARIFF A-1(including FATA)					
Upto 50 Units	-	0.61		0.73	
For Consumption > 50 units upto 1000 units					
For First 100 units	-	0.41	0.53	1.58	0.47
For next 200 units (101-300)	-	0.58	0.53	2.29	0.47
For next 700 units (301-1000)	-	1.51	0.53	3.55	0.47
Above 1000 units	-	1.88	0.41	4.42	0.35
Minimum Monthly Charges: a) Single Phase Connections Rs 45/- b) Three Phase Connection: Rs 100/-					
GENERAL SUPPLY TARRIF A-2(including FATA)					
For first 100 units	-	2.77	0.03	3.82	
Above 100 Units	-	3.01	0.03	3.92	
For peak load requirment above 20kv	220	1.09	0.22	2.83	
Minimum Monthly Charges: a) Single Phase Connections Rs 150/- b) Three Phase Connection: Rs 300/-					
INDUSTRIAL SUPPLY					
B-1 upto 40 kw	-	1.81	0.23	3.07	
There shall be minimum monthly charges of Rs 70/Kw for first 20 Kilowatts of load and Rs 90/Kw for rest load between 21 - 40 kw					
B-2 (>41-500 kw)	300	1.3	0.23	2.09	
B-2 TOD (Peak)	300	1.98	0.23	2.78	
B-2 TOD (Off Peak)	300	1.2	0.23	2.07	
B-3 (Normal) 11&33 kv not exceeding 5000 kw	290	1.29	0.23	2.01	
B-3 TOD (Peak)	290	1.97	0.23	2.26	
B-3 TOD (off Peak)	290	1.15	0.23	1.60	
B-4 Normal 66/132/220 kv - All loads	280	1.24	0.23	1.86	
B-4 TOD (Peak)	280	1.87	0.23	2.20	
B-4 TDD (off Peak)	280	1.11	0.23	1.49	

Contd.....

Note: 1) The above figures cover some portion of the tariffs schedule. For full details, WAPDA may be consulted.

2) In addition to above, the "Surcharge" @ 10.4% of supply charges was also leviable

3) Supply charges include fixed charges, energy charges, FAS and low power factor penalty.

TABLE 13.4

SCHEDULE OF ELECTRI(I)TY TARIFFS

TariffCategory/ Par:iculars	Fixed/Min Charges (Rs/KwM)	Energy :harges Rs/Kwh)	:A.S. (R/Kwh)	Additiona Surcharge (Rs/Kwh)	F.A: Subsies Rs/kh
	Effective 193-2003				
BULK SU?PLY TARIF;					
C-1 (a) 400 Voltupto 20kw		1.24	0.44	3.2	
C-1 (b) 400 Voltabove 20kw upto 500 k	220	1.09	0.44	3.1	
C-2 (a) 11/33KVto 5000 kw	216	1.06	0.44	2.3	
C-3 66 / 132220 kv - All loads	214	1.04	0.44	2.)	
AGRICUL'URAL TUBWELL TARIFF-D					
D-1 SCARP	-	1.26	0.53	3.'	).40
D-2 i) Punjab Sindh	82	0.9	0.53	1.5	).40
D-2 ii) NWFP Baluchistan	72	0.75	0.53	1.:	).40
)istricr Mawali,Bhawalpur and Thaarkar.					
TEMPORARY SUPPLTARIFFS					
E-1 () Domesticupply		2.11	0.53	3.3	
E-1 (i) Commenl Supply		3.79	0.03	4.1	
Mininum charg E-1(I) and E-1(ii) Rs.46 per day but not less than Rs.200/-.					
E-2 () Industrialupply		2.36	0.23	3.1	
E-2(I)a Bulk Supy at (400KV)		1.76	0.44	3.5	
E-2(I)b Bulk Supy at (11KV)		1.64	0.44	3.2	
E-2 (II) Bulk Supy to Other Consumers		1.85	0.44	3.7	
F-Seasonal Supr to industries		125% of ":upply and Additioan chages" cor. lustrial Tari			
G-1 I) Public Licing Supply		Unit Charges is per Tarif-1above			
G-1(i) Other theabove in G-1(i)		1.93	0.39	4.?	
RESIDENTIAL C(DNIES OF INDUSTRIES					
H-1Fesidential Conies withown transfmer		1.45	0.53	4.2	
H-2 Residential lonies (others)		1.46	0.53	4.1	
OTHERS					
I Raiway Tractic		1.02	0.49	3.5	
J-1 CogeneraticTariff (Sale by WAPDA		1.74	0.4	3.3	
J-2 a) COG. Tar (Purchase by WAPDA ec.July		1.03			
J-2 b) COG. Tar (Purchase by WAPDA.ug-Nov		0.78			
SPECIAL CONTFCT TARIFF					
K-a AJ&K		1.10	0.45	2.3	
K-b KESC				3.)	
K-c Rawat L.		1.88	0.28	2.	

Note: 1) Thabove figures cover sor portion of the tariffs schedule. For ull details, WAPDA may e consu Srce: WAPA.

2) In dition to above, the "Sicharge" @ 10.4% of supply chargeswas also leviable

3) Suly charges include fixecharges, enlergy charges, FAS and low power factor penalty.

TABLE 13.4

SCHEDULE OF ELECTRICITY TARIFFS

Tariff Category/ Particulars	Fixed/Min Charges (Rs/KwM)	Energy Charges (Rs/Kwh)	F.A.S. (Rs/Kwh)	Additional Surcharge (Rs/Kwh)	F.A.S Subsidies Rs/kwh
	Effective 1-11-2003				
GENERAL SUPPLY TARIFF A-1(including FATA)					
Upto 50 Units	-	0.61		0.73	
For Consumption > 50 units upto 1000 units		-	-	-	
For First 100 units	-	0.41	0.49	1.68	0.43
For next 200 units (101-300)	-	0.58	0.49	2.29	0.43
For next 700 units (301-1000)	-	1.51	0.49	3.55	0.43
Above 1000 units	-	1.88	0.37	4.42	0.31
Minimum Monthly Charges:	a) Single Phase Connections Rs 45/- b) Three Phase Connection: Rs 100/-				
GENERAL SUPPLY TARRIF A-2(including FATA)					
For first 100 units	-	2.7	0.0	3.82	
Above 100 Units	-	2.94	0.0	3.92	
For peak load requirment above 20kv	220	1.09	0.12	2.83	
Minimum Monthly Charges:	a) Single Phase Connections Rs 150/- b) Three Phase Connection: Rs 300/-				
INDUSTRIAL SUPPLY					
B-1 upto 40 kw		1.81	0.13	3.07	
There shall be minimum monthly charges of Rs 70/Kw for first 20 Kilowatts of load and Rs 90/Kw for rest load between 21 - 40 kw					
B-2 (>41-500 kw)	300	1.30	0.13	2.09	
B-2 TOD (Peak)	300	1.98	0.13	2.87	
B-2 TOD (Off Peak)	300	1.20	0.13	2.07	
B-3 (Normal) 11/33 kv not exceeding 5000 kw	290	1.29	0.13	2.01	
B-3 TOD (Peak)	290	1.97	0.13	2.26	
B-3 TOD (off Peak)	290	1.15	0.13	1.60	
B-4 Normal 66/132/220 kv - All loads	280	1.24	0.13	1.86	
B-4 TOD (Peak)	280	1.87	0.13	2.20	
B-4 TOD (off Peak)	280	1.11	0.13	1.49	

Contd.....

Note: 1) The above figures cover some portion of the tariffs schedule. For full details, WAPDA may be consulted.

2) In addition to above, the "Surcharge" @ 10.4% of supply charges was also leviable

3) Supply charges include fixed charges, energy charges, FAS and low power factor penalty.

TABLE 13.4

SCHEDULE OF ELECTRICITY TARIFFS

Tariff :ategory/ Particulars	Effective 1-1!2003				
	Fixed/Min Charges (Rs/KwM)	hergy Carges (Rs/Kwh)	F.\.S. (RsKwh)	\dditional ;urcharge (Rs/Kwh)	F.A.S Subsids Rs/kw
BULK SUPPLY TARIFF					
C-1(a 400 Volts to 20kw		1.24	0.34	3.4	
C-1(b 400 Volts iove 20kw upto 500 k\	220	1.09	0.34	3.:	
C-2 (a) 11/33KV uo 5000 kw	216	1.06	0.34	2.9	
C-3 66 / 132 ,20 kv - All loads	214	1.04	0.34	2.9	
AGRICULTURAL TUBEWELL TARIFF-D					
D-1 SCARP		1.26	0.49	3.1	.36
D-2 i) Punjab Sindh	82	0.9	0.49	1.5	.36
D-2 ii) NWFP Baluchistan	72	0.75	0.49	1.3	.36
Districr Mairali,Bhawalpur and Thaarkar.					
TEMPORARY SUPPLY TARIFFS					
E-1 (i) Domestic ;pply		2.11	0.49	3.(	
E-1 (i) Commerc Supply		3.72	0	4.:	
Mininum charge:-1(i) and E-1(ii) Rs.46 per day but not less than Rs.200/-.					
E-2 (i) Industrial ;pply		2.36	0.13	3.5	
E-2(ii)a Bulk Sup/ at (400KV)		1.76	0.34	3.(	
E-2(ii)b Bulk Sup/ at (11KV)		1.64	0.34	3.(	
E-2 (II) Bulk Sup/ to Other Consumers		1.85	0.34	3.(	
F-Seasonal Supp to industries		125% of "Supply and Additioan chages" cor. Instrial Tari(			
G-1 (i) Public Liging Supply			Unit Charges a per Tariff 1above		
G-1(i) Other thanbove in G-1(i)		1.93	0.39	4.5	
RESIDENTIAL COONIES OF INDUSTRIES					
H-1 Residential Conies with own transfcmer		1.45	0.49	4.(	
H-2 Residential Conies (others)		1.46	0.49	4.(	
OTHERS					
I Raiway Tractic		1.02	0.49	3.5	
J-1 Cogeneratiofariff (Sale by WAPDA		1.74	0.40	3.3	
J-2 a) COG. Tar (Purchase by WAPDA ec.July		1.03			
J-2 b) COG. Tar (Purchase by WAPDA ug-Nov		10.78			
SPECIAL CONTRCT TARIFF					
K-a AJ&K		1.10	0.41	2.!	
K-b KESC				3.1	
K-c Rawat L.		1.88	0.28	2.	

Note: 1) Theabove figures cover sore portion of the tariffs schedule. For ill details, WAPDA may ie consu Srce: WAP\.

2) In dition to above, the "Scharge" @ 10.4% of supply charges was also leviable

3) Suly charges include fixecharges, energy charges, FAS and low power factor penalty.

TABLE 13.5
OIL SALE PRICES

Rs/Ltrs

Date	1-1-2003	16-1-2003	1-2-2003	1-3-2003	16-3-2003	1-4-2003	16-4-2003
Ex-Depot Sale Price							
Motor Gasoline							
Premium Motor Gasoline	32.50	32.64	32.96	35.74	37.11	33.27	30.58
HOBC (Automotive 100 Octane)	36.41	36.55	36.83	39.65	41.11	37.32	34.60
Super (90 Octane) Blend of Motor							
Gasoline @ 60% and HOBC 40%)							
Kerosene	20.70	20.62	21.32	23.61	24.62	21.06	19.02
HSD	21.14	21.72	21.72	25.05	25.93	24.53	21.28
LDO	17.60	17.53	18.30	20.47	20.95	18.64	16.69
Aviation gasoline (100LL)							
JP-1:							
i) For sale to PIA Domestic Flight	14.06	13.98	14.58	16.35	17.54	13.86	11.99
ii) For sale to PIA foreign	14.06	13.98	14.58	16.35	17.54	13.86	11.99
flights & foreign airline							
iii) For Cargo & Technical	14.06	13.98	14.58	16.35	17.54	13.86	11.99
Landing Flights	17.78	17.81	18.27	20.82	21.84	17.78	15.49
JP-4							

Source: Ministry of Petroleum & Natural Resources.
Hydrocabon Development Institute of Pakistan

TABLE 13.5
OIL SALE PRICES

Rs/Ltrs

Date	1-5-2003	16-5-2003	1-6-2003	16-6-2003	1-7-2003	16-7-2003	1-8-2003
Ex-Depot Sale Price							
Motor Gasoline							
Premium Motor Gasoline	30.13	28.88	30.12	30.83	31.19	31.52	31.52
HOBC (Automotive 100 Octane)	34.17	32.40	33.65	34.50	34.87	35.77	35.77
Super (90 Octane) Blend of Motor							
Gasoline @ 60% and HOBC 40%)							
Kerosene	19.25	18.53	18.79	18.83	18.76	18.87	19.54
HSD	20.23	19.91	19.91	20.02	-	19.92	20.04
LDO	16.38	16.09	16.26	16.26	16.45	16.09	16.22
Aviation gasoline (100LL)							
JP-1:							
i) For sale to PIA Domestic Flight	12.20	11.94	12.18	12.41	12.35	12.41	13.03
ii) For sale to PIA foreign	12.20	11.94	12.18	12.41	12.35		
flights & foreign airline							
iii) For Cargo & Technical	12.20	11.94	12.18	12.41	12.35		
Landing Flights	15.38	14.82	15.57	16.16	16.30		
JP-4						16.53	16.85

Source: Ministry of Petroleum & Natural Resources.
Hydrocarban Development Institute of Pakistan(HDIP)

TABLE 13.5
OIL SALE PRIC:S

Rs/Ls

Date	16-8-2003	1-9-2003	169-2003	1-10-2003	6-10-2003	1-11-200	16-11-2(3
Ex-Depot Sale P:e							
Motr Gasoline							
Premium Motor isoline	31.61	31.80	31.33	30.73	32.03	32.59	32.)
HOB: (Automot: 100 Octane)	35.82	36.01	35.88	35.29	35.88	36.46	36.:
Supe (90 Octan Blend of Motor Gasoline @0% and HOBC 40%)							
Kercsene	20.15	20.71	20.07	19.52	20.54	21.41	21.7
HSD	20.55	21.32	21.74	21.00	21.09	21.98	22.:
LDO	16.70	16.99	17.10	16.45	17.34	17.89	17.7
Aviaion gasolin(100LL)							
JP-1:							
i) For sale PIA Domestic Flight	13.81	14.28	13.65	13.16	14.12	14.90	14.5
ii) For sale PIA foreign flights & reign airline							
iii) For Carg& Technical Landing ghts							
JP-4	17.42	17.72	17.19	16.65	17.76	18.45	18.0

Source: Ministry of Petrceum & Natural Resources.
Hydrocarban Development Institute of Paistan(HDII

TABLE 13.i
OIL SALE PRICES

Rs/Ltrs

Date	1-12-2003	16-122003	1-1-2004	6--2004	:-2004	1(2-2004
Ex-Dep Sale Price						
Motor isoline						
Premiu Motor Gasoline	33.58	:3.78	33.78	35.48	35.33	34.47
HOBC utomotive 100 Octane)	37.39	:7.67	37.67	39.42	39.42	38.43
Super 0 Octane) Blend of Mor Galine @ 60% and HOB(40%)						
Kerose	22.16	:2.38	22.38	23.22	23.55	22.18
HSD	22.90	:2.78	22.78	23.85	23.85	23.77
LDO	18.37	8.63	18.63	19.62	20.29	19.84
Aviaticgasoline (100LL)						
JP-1:						
i)r sale to PIA Domesticlight	15.59	5.79	15.96	16.72	17.02	15.31
ii)r sale to PIA foreign ghts & foreign airline						
iii or Cargo & Technical anding Flights						
JP-4	19.26	9.32	19.68	20.91	21.00	19.15

Source: Ministr of Petroleum & Natural lesources.
Hydrocarban Development Institite of Pakis(HDIP)

TABLE 13.5
OIL SALE PRICES

Rs/Ltrs

Date	1-3-2004	15-3-2004	1-4-2004
Ex-Depot Sale Price			
Motor Gasoline			
Premium Motor Gasoline	34.80	34.75	34.57
HOBC (Automotive 100 Octane)	38.74	38.97	38.32
Super (90 Octane) Blend of Motor Gasoline @ 60% and HOBC 40%)			
Kerosene	22.41	21.98	21.98
HSD	23.77	23.77	23.44
LDO	19.91	19.75	19.45
Aviation gasoline (100LL)			
JP-1:			
i) For sale to PIA Domestic Flight	15.70	15.41	15.88
ii) For sale to PIA foreign flights & foreign airline			
iii) For Cargo & Technical Landing Flights			
JP-4	16.69	19.75	19.94

Source: Ministry of Petroleum & Natural Resources.
Hydrocarban Development Institute of Pakistan(HDIP

TABLE 13.6

GAS SALE PRICES

(Rs/thousad cu.ft)

Date/ Category	1.12-2002	1-3-2002	23-7-2002	20-8-2002	25-10-2002	21-3-02	20-8002	1-2003
DOMESTC (Slab)								
I Upto 3.55	56.86	66.86	66.86	66.86	67.35	695	7.95	69.31
II 3.55 to 7.1	13.39	100.73	100.73	100.73	102.37	1037	12.37	04.42
III 7.1 to 10.6	38.93	161.16	161.16	161.16	163.78	1678	13.78	37.06
IV 10.64 to 140 (MCFT/M)	68.10	201.45	201.45	201.45	213.06	2106	23.06	17.32
V All over 140	81.54	217.85	217.85	217.85				
COMMERCIAL	86.98	186.98	186.98	186.98	190.02	1902	10.02	33.82
General	66.18	166.18	166.18	166.18	168.88	1688	13.88	72.26
Cement	94.98	194.68	194.68	222.32	222.32	2232	22.32	09.78
CNG Staton	66.18	166.18	166.18	166.18	168.88	1688	13.88	72.26
FERTILIZER								
SNGPL'S SYSTE								
(i)For Feed ock								
Pak.Americ Fertilizer Ltd.PAFL	36.77	36.77	36.77	36.77	36.7	37	3.77	36.77
F.F.C Jorde	36.77	36.77	36.77	36.77	36.7	37	3.77	36.77
Dadoud/ PaArab	32.73	59.59	59.59	62.57	62.7	67	2.57	7.26
Pak china/ izara	33.24	63.24	63.24	66.40	66.0	610	4.40	1.38
(ii)For Fuel neration	36.18	166.18	166.18	166.18	168.8	1688	16.88	72.26
Daood and ik Arab	76.79	166.18	166.18	168.88	168.8	1688		
FOR MARI GAS. SYSTEM								
(i)For Feed ock								
FFC Engro iemical(New)	3.09	13.09	13.09	13.09	13.3	68	1.68	6.31
FFC Engro iemical(Old)	8.74	58.74	61.68	61.68	61.8	68	1.68	6.31
Pak Saudi	8.74	58.74	61.68	61.68	61.8	68	1.68	6.31
(ii)For Fuel neration(Power)	37.85	166.18	166.18	166.18	166.8	1688	16.88	12.26
SNGPL & SSGCI SYSTEM	36.18	166.18	166.18	166.18	168.8	168	16.88	12.26
Liberty Power Ltd.	02.98	202.98	202.98	190.80	190.0	190	22.89	25.77
GAS DIRECTLY SOLD								
WAPDA'S GUDDU POER STATION								
SUI FIELD (917 BTU)	45.51	145.51	145.51	145.51				
KANDHKOT FIELD (818TU)	30.54	160.54	160.54	160.54	163.15	165	1E15	13.41
MARI FIELD (754 BTU	36.14	156.14	156.14	156.14	158.6	158	1568	11.85
SARA/SURI FIELD	36.14	156.14	156.14	156.14	158.6	158	1568	11.85

Billing/pricng system anged from Rs. Per thoand cubic feet to Rs. Per million btu v.e.f.1-1-2002

Source: Ministry of Petroleum Natural Resurces. Hydrocabo Developme Institute Pakistan

One lakh - One hundred thousand - 100,000
Ten lakh - One million - 1,000,000
One crore - Ten million 10,000,000
One billion - One thousand million
One trillion - One thousand billion

WEIGHTS

One seer = 2.057 lbs. = 0.9331 kg
One maund = 82.286 lbas. = 37.324 kg
One CWT = (hundred wights) = 112 lbs. - 50.8011 kg
One long ton = 2240 lbs. = 1.016 metric tons
One cotton bale = 375 lbs. = 170.2 kg
One bushel = 0.73 mds. = 27.25 kg

AREA

One Acre = 4840 sq.yards = 0.4047 hectare
One cubic metre = 35.315 cubic feet

LENGTH

One yard = 36 inches = 0.914 metere
One mile = 1760 yards = 1.709 km

LIQUID MEASURES

One imperial gallon = 4.561 litres = 1.20094 American gallons
One American barrel = 34.9726 imperial gallons = 42 American gallons
One ton of liquified methane = 50,000 cubic feet of natural gas = appl 16 barrels
One tonne of oil = 7.454 barrels

CURRENCY EQUIVALENTS

Prior to 1972
One Rupee = US $ 0.21
One US $ = 4.76

Upto February 1973
One Rupee = $ 0.09
One US $ = Rs 11.00

With effect from 8th January 1982, Rupee is floating against dollar and is linked to a basket of currencies.

YEARS

Fiscal/Trade/Agriculture Year - July 1 to June 30
Before 1959-60, the fiscal year was from April 1 to March 31

CROPPING SEASONS

Kharif - Crops sown in late spring or in the beginning of summer and harvested in autumn.
Rabi - Crops sown in autumn and harvested in the following spring.

ACRONYMS

ADBP	Agriculral Development Bak of Pakistan
ADP	AnnuaDevelopment Programme
AJK	Azad Jnmu and Kashmir
APC	Agriculral Prices Commison
BEL	BankerEquity Limited
BIM	Board Industrial Managemnt
CCC	Commdity Credit Corporatin
CCI	Contror of Capital Issues
CCI&E	Chief Cntroller of Import an Export
CDA	Capitalevelopment Authoy
CDWP	CentraDevelopment Workin Party
CLA	Corpore Law Authority
ECC	Econorc Coordination Comittee (of the (Cinet)
ECNEC	Executie Committee of Natinal Economic Counci
EDC	Export evelopment Corporion
ENERCON	Energy onservation Centre
OEP	Office dEnergy Planning
EOABS	Employes Old Age Benefit cheme
EPB	Export omotion Bureau
EPZ	Export ocessing Zone
FATA	Federa Administered TribaAreas
FDA	Faisalad Development Auiority
FCCCL	FederaChemical Ceramics or.Ltd.
GCP	Ghee Cporation of Pakista
GEMCP	Gemstce Corporation of Pastan
GSP	Geologal Survey of Pakista
GVI	Goverment Vocational Institions
HBFC	House Iilding Finance Corpration
HDA	Hyderald Development Auiority
HIES	Househd Income and Expediture Survey
ICP	Investmt Corporation of Paistan
DBP	IndustriDevelopment Bankof Pakistan
RDP	Integratl Rural Developmer Programme
KANUPP	Karachi uclear Power Plant
KDA	Karachi evelopment Author
KESC	Karachi lectric Supply Corpration
KPT	Karachi ort Trust
KTC	Karachi ransport Corporatio

LDA	Lahore Developme Authorit
MDA	Multan Develope Authorit
NCCC	National Credit Corultative Cuncil
NDFC	National Developmt Financ Corporatn
NDISC	National esign anIndustriaService Corporatin
NEC	National Economic ouncil
NFC	National Fertilizer Cporation
NFML	National Fertilizer Mketing Liited
NT	National Investmenrust
NLC	National Logistics C
NWFP	North Wetern Fronr Provin
OGDC	Oil and Gs Develoent Corpration
OPIC	Overseas Private Instors Cooration
PAC	Pakistan AutomobilCorporatin
PARC	Pakistan AgricultuaResearchCouncil
PASMIC	Pakistan Seel Mills orporatio
PASSCO	Pakistan Agriculturatorage ad Service Corporatio
PBC	Pakistan Broadcastii Corporaon
PCSIR	Pakistan Council of ientific ad Industri Research
PECO	Pakistan EgineerinCompan
PEARC	State Petrdeum Refng and Ptro Chemal Corporatio
PIAC	Pakistan InernationAirlines Crporation
PIC	Pakistan Irsurance Crporatior
PICIC	Pakistan Idustrial Cdit and Irestment Corporatio
PIDC	Pakistan Idustrial DelopmerCorporatin
PMDC	Pakistan Mneral Deopment orporatio
PNSC	Pakistan Ntional Shing Corpration
POL	Pakistan Ofields Lied
PPL	Pakistan Ptroleum Lited
PR	Pakistan Rilways
PSC	Pakistan Snall Induses Corpation
PTVC	Pakistan Tlevision Cporation
PUTC	Punjab Urbn Transpt Corporion
QDA	Quetta Development uthority
RDC	Resource Developme Corporaon

RECP	Rice Export Corporation of Pakistan
SBFC	Small Business Finance Corporation
SBP	State Bank of Pakistan
SCCP	State Cement Corporation of Pakistan
TCP	Trading Corporation of Pakistan
TDF	Tarbela Development Fund
WAPDA	Water and Power Development Authority

International Organizations

ADB	Asian Development Bank
CDFC	Commonwealth Development Finance Corporation
CIDA	Canadian International Development Agency
ECOSOC	Economic and Social Council
ECC	European Economic Community
EFTA	European Free Trade Association
ESCAP	Economic and Social Commission for Asia and Pacific
FAC	Food Aid Convention
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDB	Islamic Development Bank
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
OECD	Organization for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
RCD	Regional Cooperation for Development
UNICEF	United Nations Children Emergency Fund
UNDP	United Nations Development Programme
UNFPA	United Nations Fund for Population Activities

Terms used in Text

BE	Budget Estimates
BHU	Basic Health Units
BMR	Balancing, Modernisation and Replacement
CIF	Cost, Insurance and Freight
CKD	Completely Knocked Down
CLCC	Cash Loan Commodity Credit
CPI	Consumer Price Index
FOB	Free On Board
GDP	Gross Domestic Product
GNP	Gross National Product
LIBOR	London Inter Bank Offer Rate
LPG	Liquefied Petroleum Gas
MAF	Million Acre Feet
MCFT	Million Cubic Feet
MCH	Maternity Child Health Centre
NRI	Non-Repatriable Investment
NWD	Nation Wide Dialing System
O&M	Operations and Maintenance
ORS	Oral Re-hydration Salt
PCO	Public Call Office
PL-480	Public Law-480 (of the United States of America)
PLS	Profit Loss Sharing
POL	Petroleum Oil and Lubricants
PTC	Participation Terms Certificate
PWP	Peoples Works Programme
RE	Revised Estimates
RHC	Rural Health Centre
SCARP	Salinity Control and Reclamation Project
Sq.Ft.	Square Feet
SPI	Sensitive Price Indicator
TOE	Tonne Oil Equivalent
TTC	Technical Training Centre
T&V	Training and Visit
WPI	Whole Price Index

Page-making by Faheem Anwar
webmaster@finance.gov.pk

DATE SLIP

PCPPI—2358(04) Fin. Div—26-5-04—5,000.