

FOREWORD

The democratically elected government inherited a fragile economy. Over the last four years, it faced many challenges: external and internal. High oil and commodity prices, global down turn and financial crisis had its bearing on the balance of payment. Domestically, the economy endured Great Floods 2010 and unexpected heavy monsoon rains in 2011. These calamities cost over 2 percent of GDP growth and damage of around \$ 14 billion. Managing the security environment posed additional challenge.

Our Government took difficult decisions to maintain macroeconomic stability and bringing prosperity to our citizens; in particular, providing relief to vulnerable segments of the society. Notwithstanding above challenges, economy remained resilient and performed better as compared to global output forecasts for most developed and developing economies. Growth moved higher every year in the last three years. The growth for FY12 is estimated around 3.7 percent over 3.0 percent last year. Exports reached historic peak last year of over \$ 25 billion and this trend has been maintained during July-April 2012. Government's supportive policies have contributed in pushing the agriculture growth to 3.1 percent. Tax measures taken by the Government in the 4th quarter of last year has started yielding dividend. July-April 2012 tax revenue collection has achieved 24 percent growth over the last year. The Government showed austerity and strict financial discipline controlling all discretionary expenditures including reducing civilian government current expenditures. Remittances have performed remarkably well due to government's remittances initiative. We remained proactively focused to reduce fiscal and current account deficit and restoring foreign exchange reserves. Government's efforts to contain inflation also paid off. CPI has shown gradual improvement as rate of inflation declined every year for the last three years. It declined to single digit in December 2011.

The Pakistan Economic Survey 2011-12 presents a detailed account of economic performance in various sectors during the outgoing year. It highlights the major achievements and shortfalls in domestic and international perspective. I am sure that this document will serve as a source of valuable information for all stakeholders including parliamentarians, policy makers, academia and the international development partners.

I wish to complement the Finance Secretary and his team for their diligent efforts in the preparation of this document.

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