
HIGHLIGHTS

Growth and Stabilization

- ▶ Real GDP growth for 2011-12 has been estimated at 3.7 percent as compared to 3.0 percent in the previous fiscal year 2011.
- ▶ The commodity producing sector has performed much better in outgoing fiscal year as compared to last year; its growth rate is 3.28 percent against 1.47 percent last year.
- ▶ Agriculture registered the growth of 3.13 percent against 2.38 percent last year.
- ▶ Major Crops registered an accelerating growth of 3.18 percent compared to a negative growth of 0.23 percent last year. The major crops including Cotton, Sugarcane and Rice witnessed growth in production of 18.6 percent, 4.9 percent and 27.7 percent respectively. However, Wheat registered a negative growth of 6.7 percent mainly due to 2.6 percent decline in area under cultivation, sowing was also delayed because of late receding rain water in lower Sindh which resulted in a decline in both the acreage as well as the yields.
- ▶ Minor Crops growth declined by 1.26 percent, due to rains affect in Sindh resulted in destruction of minor crops.
- ▶ Livestock witnessed a marginally higher growth of 4.04 percent against the growth of 3.97 percent last year.
- ▶ Fisheries sector witnessed a growth of 1.78 percent against the growth of 1.94 percent last year.
- ▶ Forestry recorded growth at 0.95 percent as compared to the contraction of 0.40 percent last year.
- ▶ Industrial sector contains 25.4 percent of GDP having sub sectors: manufacturing, construction, mining & quarrying and electricity and gas distribution.
- ▶ Manufacturing Sector registered growth at 3.56 percent compared to the growth of 3.06 percent last year.
- ▶ Small scale manufacturing maintained its growth of last year at 7.51 percent and slaughtering growth is estimated at 4.46 percent against 4.38 percent last year.
- ▶ Large Scale Manufacturing has also witnessed a slight improvement. It has shown a growth 1.05 percent in July-March 2011-12 as against 0.98 percent last year.
- ▶ Construction Sector has shown 6.46 percent growth as compared to negative growth of 7.09 percent in last year.
- ▶ Mining and Quarrying sector recorded positive growth of 4.38 percent during the year 2011-12 against the negative growth of 1.28 percent last year.
- ▶ Electricity and gas distribution witnessed a growth of -1.62 percent against the growth of -7.25 percent last year.
- ▶ The Services sector has registered a growth rate of 4.02 percent in 2011-12 against the growth of 4.45 percent in the last year. This performance is dominated by Finance and

Insurance at 6.53 percent, Social and Community Services 6.77 percent and Wholesale and Retail Trade 3.58 percent. The contribution of transport, storage and communication is estimated at 1.25 percent.

- ▶ Private consumption expenditure has increased to 75 percent of GDP; whereas public consumption expenditures is 13 percent of GDP. Total consumption has reached 88.35 percent of GDP in fiscal year 2011-12 as compared to 83 percent in the last fiscal year.
- ▶ Real private consumption grew at 11.6 percent in 2011-12 as compared to 3.7 percent last year. Whereas, real government consumption grew at 8.2 percent in 2011-12 as compared to 5.2 percent last year.
- ▶ Per capita real income grew at 2.33 percent in 2011-12 as compared to 1.33 percent growth in last year. In dollar term it increased from \$ 1258 to \$ 1372 in 2011-12.
- ▶ Total investment has declined from 13.1 percent of GDP to 12.5 percent of GDP in 2011-12 as compared to last year.
- ▶ Fixed investment has declined to 10.9 percent of GDP in 2011-12 from 11.5 percent of GDP as compared to last year.
- ▶ Private investment witnessed a contraction of 7.9 percent of GDP in 2011-12 as compared to 8.6 percent of GDP last year.
- ▶ Public investment as a percent of GDP increased to 3.0 percent in 2011-12 against the 2.9 percent last year.
- ▶ National Savings are 10.7 percent of GDP in 2011-12 as compared to 13.2 percent in 2010-11.
- ▶ Foreign Direct Investment in Pakistan stood at \$ 666.8 million during July-April 2011-12 as against \$ 1292.9 million last year.
- ▶ Worker's Remittances has increased to \$ 10,876.99 million in July-April of 2011-12, as against \$ 9,046.61 million in the comparable period of last year, posted a positive growth of 20.23 percent.

Agriculture

- ▶ The agriculture growth this year stood at 3.1 percent as compared to 2.4 percent during 2010-11.
- ▶ Cotton production has increased to 13,595 thousand bales in 2011-12 from 11,460 thousand bales in 2010-11 showing an increase of 18.6 percent.
- ▶ Wheat production has decreased to 23,517 thousand tons in 2011-12 from 25,214 thousand tons in 2010-11 showing a decrease of 6.7 percent.
- ▶ Rice production has increased to 6,160 thousand tons in 2011-12 from 4,823 thousand tons in 2010-11 showing an increase of 27.7 percent.
- ▶ Sugarcane production has increased by 4.9 percent to 58.0 million tons in 2011-12 from 55.3 million tons last year.

- ▶ Gram production has decreased to 291 thousand tons in 2011-12, from 496 thousand tons in 2010-11 showing a decrease of 41.3 percent.
- ▶ Maize production has increased to 4,271 thousand tons in 2011-12 from 3,707 thousand tons in 2010-11, showing an increase of 15.2 percent.
- ▶ In minor crops, the production of mung and potatoes increased by 22.0 percent and 17.5 percent, respectively. However, the production of chillies, onion and masoor decreased by 78.3 percent, 15.4 percent and 12.8 percent, respectively.
- ▶ Agriculture credit disbursement of Rs. 197.4 billion during July-March 2011-12 is higher by 17.0 percent, as compared to Rs. 168.7 billion over the same period last year.
- ▶ The total availability of urea during Rabi 2011-12 was 3,526 thousand tonnes comprising of domestic production 2,160 thousand tonnes and imported supplies of 1,202 thousand tonnes. The total offtake was 2,710 thousand tonnes, leaving a stock of 800 thousand tonnes for next season. Likewise the total estimated availability of urea during Kharif 2012 will be around 3487 thousand tonnes comprising 800 thousand tonnes of opening stock, 2280 thousand tonnes of domestic production and 407 thousand tonnes of imported supplies. The total offtake is estimated around 3200 thousand tonnes during Kharif 2012 leaving a stock around 287 thousand tonnes.
- ▶ The Rabi 2011-12 started with 224 thousand tonnes of DAP as opening stock. The total availability of DAP was 758 thousand tonnes including 271 thousand tonnes of imported supplies and 263 thousand tonnes of domestic production. The offtake of DAP during Rabi 2011-12 was about 572 thousand tonnes leaving behind 177 thousand tonnes of opening stock for Kharif 2012. Likewise estimated DAP availability during Kharif 2012 will be around 838 thousand tonnes comprising 177 thousand tonnes of opening stock, 361 thousand tonnes of domestic production and 300 thousand tonnes of imported supplies. The estimated demand is around 620 thousand tonnes during Kharif 2012, which reflects comfortable situation.

Large Scale Manufacturing

- ▶ During the first nine months of the current fiscal year 2011-12, Large Scale Manufacturing (LSM) posted a growth of 1.05 percent as compared to growth of 0.98 percent during the same period last year.
- ▶ The groups wise showing increase included: Pharmaceutical (10.9 percent), Paper and Board (8.4 percent), Wood Product (7.4 percent), Food Beverages and Tobacco (6.5 percent), Non-metallic mineral Products (2.9 percent), Leather Product (1.8 percent) and Textile (0.8 percent).
- ▶ Items wise contribution in Large Scale Manufacturing indicates growth in Generating Sets (143.9 percent), Blankets (109.9 percent), Electric Transformer (31.2 percent), Heavy Machinery & equipments (21.0 percent), Sugarcane Machine (19.2 percent), Sugar (15.3 percent), Liquids/Syrups (14.1 percent), Tea blended (13.3 percent), Tablets (10.7 percent), Jeeps & Cars (8.8 percent), Footwear (6.2 percent), LPG (3.4 percent), Cement (2.9 percent) and Sugar (15.3 percent).

- ▶ Automotive Industry such as Buses, Cars, LCVs and two/three wheelers managed significant growth at 23 percent, 9.1 percent, 5.7 percent and 3.1 percent respectively as compared to -24.7 percent, 16.4 percent, 23.3 percent and 12.6 percent during the same period last year.
- ▶ Mining and quarrying sector 4.4 percent in 2011-12 as against -1.3 percent last year. The main contribution to this modest performance came from Chromite, Fluorite, Bauxite, Chalk and Natural gas which posted a positive growth of 591.5 percent, 111.3 percent, 82.2 percent, 82.2 percent and 4.0 percent respectively during the current financial year.

Fiscal Development

- ▶ Fiscal deficit is recorded at 5.0 percent during July-March 2011-12 as compared to 5.5 percent last year.
- ▶ The government is focused on prudent expenditure management and better resource mobilization to create fiscal space for providing support to growth. Additional efforts are being made to manage the fiscal deficit within the acceptable level through austerity measures and reforms in public sector enterprises.
- ▶ The government has also announced various tax policy measures through Presidential Ordinance to generate additional revenues. Through a combination of Presidential Ordinance and withdrawal of SRO base exemptions, amendments have been made in the Sales Tax Act 1990, Income Tax Ordinance 2001 and Federal Excise Act 2005.

The following tax measures have been taken through these amendments:-

- i. Levy of 15 percent surcharge on income and advance taxes
 - ii. Increase the rate of special excise duty from 1 percent to 2.5 percent, however Special excise duty was abolished in 2011-12.
 - iii. Withdrawal of special regime of assessable price for levy of GST at 8 percent on actual value of sugar.
 - iv. Removal of SRO based exemptions from fertilizer, pesticides, tractor and elimination of zero rating from plants, machinery and equipment.
 - v. Restriction of zero rating to registered person for export of textile, leather, carpets, sports goods and surgical goods.
 - vi. The withdrawal of exemptions and the left over amount of 15 percent flood relief surcharge contributed an additional amount of around Rs 50 billion during July-March, 2011-12.
- ▶ Tax collection by the FBR was targeted at Rs 1952.3 billion for fiscal year 2011-12. Revenue collections of FBR stood at Rs 1426.0 billion during July-April 2011-12, thereby reflecting 24.0 percent growth over Rs 1149.8 billion collected during the corresponding period last year. Among the four federal taxes, the highest growth 33.7 percent has been recorded in sales tax receipts, followed by customs 17.7 percent, and direct tax 22.6 percent. It does not include Rs. 19 billion collected by Sindh province on GST on Services.

- ▶ For July-April, 2012, direct taxes have been a major source of FBR tax revenue collection, contributing 37.0 percent of total receipts. Net collection was estimated at Rs. 528.9 billion.
- ▶ Indirect taxes grew by 24.9 percent during July-April, 2012 and accounted for 62.9 percent of the total FBR tax revenue. Net collection was estimated at Rs.897.2 billion.
- ▶ Total expenditure of Rs. 3721.2 billion was estimated for the full year, comprising of Rs. 2976.3 billion of current expenditure (80% of total), and Rs. 744.9 billion of development expenditure and net lending (20 % of total).
- ▶ During July-March, 2011-12 total expenditures amounted to Rs 2641.9 billion against Rs 2262.6 billion in the same period last year. Current expenditures stood at Rs 2154.1 billion and development expenditures and net lending recorded at Rs 428 billion during July-March, 2011-12.
- ▶ Total revenues reached to Rs 1747.0 billion during July-March, 2011-12 against Rs 1495.3 billion in the same period of last year. Within Revenues tax revenues stood at Rs 1379.2 billion including Rs. 1,321.5 billion of Federal and Rs 57.6 billion of provinces, and non tax revenues remained at Rs. 367.9 billion during the same period of fiscal year 2011-12.

Money and Credit

- ▶ SBP lowered the discount rate by cumulative 200 bps points to 12 percent during first half of fiscal year 2011-12, to assist in boosting the private sector credit and investment.
- ▶ Broad Money (M2) witnessed an expansion of 9.09 percent during July-11th May, 2011-12 as compared to 11.47 percent during the same period in 2010-11.
- ▶ Net Domestic Assets (NDA) during July-11thMay, 2012 stood at Rs 880.9 billion against Rs 481.6 billion during the same period last year, reflecting an increase of 14.89 percent over the last year.
- ▶ On the other hand Net Foreign Assets (NFA) of the banking system during the period under review declined to Rs 272.2 billion as compared to an increase of Rs 181.1 billion in the same period of 2010-11.
- ▶ The credit to private sector witnessed a net increase of Rs. 234.8 billion during July 2011-11thMay, 2012 as compared to Rs 107.8 billion in the same period last year.
- ▶ The weighted average lending rate (including zero mark-up) on outstanding loans stood at 12.80 percent while the weighted average deposit rate (including zero mark-up) stood at 6.98 percent in March 2012.
- ▶ Government borrowing from the banking system for budgetary support and commodity operations stood at Rs 1,003.3 billion during July-11thMay, 2011-12 as compared to Rs. 506.5 billion in the comparable period of the last year. Government has borrowed Rs.442.3 billion from the State Bank of Pakistan, while Rs 642.1 billion borrowed from the scheduled banks.
- ▶ During July 2011-11th May, 2012 loans for commodity finance registered a net retirement of Rs 81.6 billion against the retirement of Rs 101.1 billion in the same period of fiscal year 2010-11. The retirement was primarily concentrated in the second quarter of fiscal year

2011-12 as the government released Rs 78 billion to procurement agencies for the settlement of accumulated subsidies.

- ▶ During July 2011-11th May, 2012 credit to public sector enterprises registered a sharp decline from Rs 10.6 billion in 2010-11 to Rs 142.6 billion.

Capital Markets

- ▶ The Pakistan Stock Markets remained range bound during first half with predominately declining trend (9.2 percent). However, the KSE -100 index resumed momentum during the 3rd and 4th quarters of the FY 12.
- ▶ The robust performance of Pakistani stock markets during 2nd half of 2011-12 was due to certain encouraging measures like considerable reduction in discount rate by the central bank during later period of the first half of CFY and increase in foreign exchange reserves. Further, the market sentiment was boosted by the promulgation of the Capital Gain Tax Ordinance.
- ▶ Under the CGT Ordinance the National Clearing Company of Pakistan Limited (NCCPL) has been appointed as an intermediary entity to compute, determine, collect and deposit the CGT on listed securities. In addition, no question relating to the source/nature of money will be asked by the tax authorities if the money remain invested in the stock market for a period of 45 days (till June 30, 2012) and 120 days (till June 30, 2014) before and after the promulgation of CGT Ordinance.
- ▶ The investment by foreign investors in the capital markets during the period from July, 2011 to March, 2012 depicted a net outflow of US\$ 176.303 million. This reflects that present bullish sentiments in the equity markets are due to restoration of the confidence of the local investors.
- ▶ The Pakistani Stock markets performed well during the current fiscal year as compared with the other world indices. This was mainly due to the steps taken by the current government to boost the confidence of the equity market investors which includes reforms in the Capital gains tax, etc.
- ▶ The Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, was promulgated with the signing of the bill by the President of Pakistan on May 7, 2012. The demutualization bill was approved on March 27, 2012, in a joint session of the Parliament.
- ▶ The demutualization law provides a framework for the corporatization, demutualization and integration of the stock exchanges. The law requires the stock exchanges to be demutualized within 119 days of its promulgation in line with pre-defined timelines specified for completion of various milestones involved in the demutualization exercise.
- ▶ The government conducted seven auctions of Pakistan Investment Bonds (PIBs) during 2011-12 (Jul-Mar) raising Rs. 159.246 billion.
- ▶ During the period July - March, 2012 a total of six debt securities were issued through private placement including two Sukuk Issues of Rs.108.393 billion by Pakistan Domestic Sukuk Company Limited.

- ▶ In one of the major moves towards the development of a vibrant debt market in Pakistan, the Securities and Exchange Commission of Pakistan has recently approved notification of the Debt Securities Trustee Regulations (DST Regulations). The main objective of the DST Regulations is to protect the interests of debenture holders.

Inflation

- ▶ The inflation rate as measured by the changes in Consumer Price Index (CPI) stood at 10.8 percent during (July-April) during current fiscal year 2011-12, against 13.8 percent in the comparable period of last year.
- ▶ The food inflation on average basis is estimated at 11.1 percent and non-food 10.7 percent, against 18.8 percent and 10.8 percent in the corresponding period of last year.
- ▶ The rise in non-food inflation has resulted from the upward adjustment in energy, gas, electricity and fuel prices.
- ▶ Core inflation is estimated at 10.4 percent during July-April 2011-12.
- ▶ The Wholesale Price Index (WPI) during July-April, 2011-12 on annual average basis has recorded at 11.2 percent against 21.0 percent last year.
- ▶ The Sensitive Price Indicator (SPI) recorded at 8.5 percent during July-April, 2011-12 against 18.1 percent of last year.
- ▶ The increase in overall inflation has driven by rise in world commodity and fuel prices, disruption in domestic supply chain by the floods.
- ▶ However, inflation has been contained during current fiscal year as compared to last year due to tight monetary policy, better supply management and regular monitoring of prices and supply chain by the Cabinet and National Price Monitoring Committee.

Trade and Payments

- ▶ In absolute terms, exports have increased from \$20460 million in July-April 2010-11 to \$ 20474 million in the period thereby witnessing a growth of 0.1 percent during the first ten months (July-April) of the fiscal year 2011-12.
- ▶ Imports during the first ten months (July-April) of the fiscal year 2011-12 increased by 14.5 percent compared with the same period of last year, reaching to \$33.15 billion.
- ▶ Worker's Remittances reached to \$ 10877 million during July-April 2011-12 as against \$ 9046 million in the comparable period of last year, depicting an increase of 20.2 percent.
- ▶ Current Account Deficit stood to \$ 3394 million in July-April 2011-12.
- ▶ Services account deficit reached to \$ 2,347 million during July-April 2011-12 as compared to \$ 1,225 million during the same period last year.
- ▶ Financial Account surplus during July-April 2011-12 stood at \$ 1200 million as compared to \$ 690 million in corresponding period last year.
- ▶ Exchange rate of Pak Rupee depreciated by 3.4 percent during July-April 2011-12.

- ▶ Foreign Exchange Reserves stood at \$ 16.5 billion at the end of April, 2012. Of which, reserves held with the State Bank of Pakistan stood at \$ 12.04 billion and by banks \$ 4.45 billion.

Public Debt

- ▶ During first nine months of current fiscal year (2011-12), total public debt registered an increase of Rs.1,315 billion and stood at Rs.12,024 billion.
- ▶ Public debt as a percent of GDP stood at 58.2 percent by end-March 2012 as compared to 55.5 percent of GDP during the same period last year.
- ▶ The bulk of the increase in public debt in the first nine months of 2011-12 has been recorded under domestic debt that accounted for 91 percent of the total increase.
- ▶ The total domestic debt is posted at Rs 7,206.9 billion at the end-March 2012; representing an increase of Rs.1,190.5 billion in the first nine months of the current fiscal year.
- ▶ The domestic debt grew by 19.8 percent in first nine months of current fiscal year. The focus on deficit financing through internal sources owing to lower external receipts has been the major cause.
- ▶ As at the end of March 2012, servicing of the public debt stood at Rs.719 billion against the budget amount of Rs.1034.2 billion.
- ▶ Domestic debt comprises permanent debt, floating debt and unfunded debt having shares of 21.6 percent, 54.5 percent and 23.9 percent respectively in total domestic debt.
- ▶ Pakistan External Debt and Liabilities (EDL) stock was recorded at \$60.3 billion as of March 2012. During July-March 2012, \$179 million was added to the EDL stock.
- ▶ As a percentage of GDP in dollar terms, the EDL was down by 200 basis points in July-March, 2012 compared to fiscal year 2010-11 (28.5 percent) and approximately to 26.5 percent.

Education

- ▶ According to the Pakistan Social and Living Standard Measurement (PSLM) Survey 2010-11 and last PSLM 2008-09, the literacy rate for the population (10 years and above) is 58 percent during 2010-11, as compared to 57 percent in 2008-09 . Literacy remains much higher in urban areas than in rural areas and much higher for men than for women. Province wise data suggest that Punjab leads with 60 percent literacy followed by Sindh with 59 percent, Khyber Pakhtunkhwa with 50 percent and Balochistan with 41 percent.
- ▶ The Gross Enrolment Rates (GER) at the primary level excluding katchi (prep) for the age group 5-9 years at National level during 2010-11 increased slightly to 92 percent from 91 percent in 2008-09. Amongst the provinces, Punjab shows a marginal increase from 97 percent in 2008-09 to 98 percent in 2010-11. Sindh remained stable with 84 percent, Khyber Pakhtunkhwa improved from 87 percent to 89 percent and Balochistan declined slightly from 75 percent to 74 percent in 2010-11

- ▶ The Net primary level enrolment rates at the National/Provincial (excluding katchi abadies) level for the age group 5-9 years. The NER at the National level during 2010-11 slightly decreased to 56 percent from 57 percent in 2008-09. Punjab shows a decrease from 62 percent in 2008-09 to 61 percent in 2010-11. Sindh also shows decrease from 54 percent to 53 percent in 2010-2011, Khyber Pakhtunkhwa witnessed a decrease from 52 percent to 51 percent and Balochistan improved from 44 percent in 2008-9 to 47 percent in 2010-11
- ▶ The overall number of enrolments during 2010-11 were 39900.3 thousands as compared to 38202.0 thousands during the same period last year. This shows an increase of 4.4 percent. It is estimated to increase to 41596.5 thousands during 2011-12. The number of institutes stood at 227.8 thousand during 2010-11 as compared to 228.4 thousand during the same period 2009-10. However, the number is estimated to increase to 228.3 thousand during 2011-12. The number of teachers during 2010-11 were 1409.4 thousand as compared to 1386.1 thousand during the same period 2009-10 showing an increase of 1.7 percent. This number is estimated to increase further to 1445.0 thousand during the year 2011-12.
- ▶ A total of 134,118 youth received vocational and technical training under the President's Funni Maharat Programme and Prime Minister's Hunermand Pakistan Programme.
- ▶ HEC is also playing its role in running different scholarship programmes to enhance the academic qualification at various levels on merit basis in line with requirement. During the period 2008-12 a number of 3996 scholarships were awarded under different programmes, 3572 scholars proceeded to avail these programmes on merit basis and a number of 1650 scholars completed their studies.

Health and Nutrition

- ▶ At present, there are 972 hospitals, 4,842 dispensaries, 5,374 basic health units and 909 maternity and child health centres in Pakistan.
- ▶ With availability of 149,201 doctors, 10,958 dentists, 76,244 nurses and 108,137 hospital beds in the country during 2011-12 compared to 144,901 doctors, 10,508 dentists, 73,244 nurses and 104,137 hospital beds last year, the population and health facilities ratio worked out 1,206 persons per doctors, 16,426 persons per dentist and 1,665 persons per hospital bed.
- ▶ During 2011-12, 30 basic health units and 7 rural health centres have been constructed, while 15 rural health centres and 35 basic health units have been upgraded.
- ▶ 4,300 doctors, 450 dentists, 3,000 nurses and 4,500 paramedics have completed their academic courses and 4,000 new beds have been added in the hospitals.
- ▶ 9,500 Lady Health Workers (LHWs) have been trained and deployed mostly in the rural areas. Moreover, some 7 million children have been immunized and 20 million packets of ORS has been distributed.
- ▶ In addition to ongoing various health programmes such as cancer treatment, AIDS prevention, Malaria Control Programme, this year special focus was given by Federal as well as Provincial Government to "Dengu Epidemic Control Programme".

- ▶ The total outlay of health sector is budgeted Rs.55.1 billion which included Rs.26.2 billion for development and Rs. 28.9 billion for current expenditure which is equivalent to 0.27 percent of GDP during 2011-12 as compared to 0.23 percent in 2010-11.

Population, Labour Force and Employment

- ▶ Population of Pakistan is estimated 180.71 million during the year 2011-12. Population Growth Rate is 2.03 percent in 2011-12 while it was 2.05 percent in 2010-11
- ▶ Urban population has increased to 67.55 million from 65.3 million in 2010-11 while rural population has increased to 113.16 million from 111.82 million in 2010-11
- ▶ Total Fertility Rate (TFR) reported 3.4 children per women in 2011-12 as compared to 3.5 in 2010-11.
- ▶ Contraceptive Prevalence Rate has decreased from 30 percent to 27 percent in 2011.
- ▶ Life Expectancy rate has increased from 65.8 years to 66.1 years for female and 63.9 years to 64.3 years for male in 2011-12
- ▶ Crude Birth Rate has improved from 27.5 per thousand to 27.2 per thousand and Crude Death Rate has decreased from 7.3 per thousand to 7.20 per thousand in 2011-12.
- ▶ Infant Mortality Rate decreased to 69.0 per thousand in 2011-12 from 70.5 per thousand in 2010-11.
- ▶ The total labour force has increased from 56.33 million in 2009-10 to 57.24 million in 2010-11.
- ▶ The minimum wage of labour has been increased to Rs. 8,000 from Rs. 7,000 as announced by the Prime Minister of Pakistan on 1st May, 2012.
- ▶ The total number of people employed during 2010-11 was 53.84 million, 0.63 million more than the preceding year.
- ▶ Total unemployment rate has increased from 5.6 percent in 2009-10 to 6.0 percent in 2010-11.
- ▶ The number of unemployed people increased from 1.94 million to 2.1 million in Punjab, in Sindh from 0.57 million to 0.70 million in 2010-11. In KPK the situation is different the unemployed people decreased from 0.55 million to 0.53 million and in Baluchistan unemployed people also increased from 0.06 million to 0.07 million in 2010-11. The unemployment rate is high in Punjab as compared to other provinces while in KPK unemployment decreased.
- ▶ Agriculture sector is the largest provider of employment to 45 percent of total labour force. The employment share by manufacturing sector has increased from 13.2 percent in 2009-10 to 13.7 percent in 2010-11. The share of wholesale and retail trade has decreased from 16.3 percent to 16.2 percent while, the share of community/social and personal service sector decreased from 11.2 percent to 10.8 percent in 2010-11.

- ▶ Informal sector employs 73.8 percent of total labour force in 2010-11 as compared to 73.3 percent in 2009-10. The employment ratio in rural informal sector is (76.5 percent) is higher as compared to that in the urban sector (71.2 percent) in 2010-11.
- ▶ The Government of Pakistan is making sincere efforts to boost overseas employment. The number of emigrant was 0.36 million in 2010 which has increased to 0.45 million in 2011 which include 0.20 million unskilled, 0.17 million skilled, 0.073 million semi skilled, 0.0030 million highly skilled and 0.0069 million highly qualified workers.

Transport and Communications

- ▶ The roads in Pakistan carry over 96 percent of inland freight and 92 percent of passenger traffic and undoubtedly the backbone of Pakistan's economy.
- ▶ Pakistan's current road network is about 260,000 km which caters services to eleven million vehicles of all type.
- ▶ NHA road network is around 12,000 km, which is merely 4 percent of the overall road network but takes 80 percent of Pakistan's commercial traffic.
- ▶ NHA has completed 12 projects of flyovers, bridges, interchanges and road up gradation during the last one year at a cost of Rs 19.6 billion.
- ▶ At present, 46 development projects having length of 2,985 km are ongoing at a cost Rs 245 billion in different sections/packages. These projects include construction of roads, river bridges, tunnels, flyovers, interchanges.
- ▶ During the current financial year, NHA has launched/ awarded 16 new development projects covering a length of above 500 km inclusive construction of a number of bridges, flyovers and interchanges costing Rs. 70,951 million. NHA is simultaneously constructing 12 Bridges across the rivers. These are; on river Chenab 4, on rivers Sutlej 2, on river Swan 1 and 5 on river Indus.
- ▶ Heavy rains and floods severely damaged the Transport and Communication system during last two years
- ▶ Preliminary estimates indicate that road network approximately 8,385 km and 190 km railway lines were damaged including bridges and allied structures.
- ▶ The telecommunication infrastructure includes damages to cellular sites, exchange centres, equipment, power system and supporting civil works is amounting to \$1.9 million.
- ▶ Ministry of Railways has also adopted a "Track Access Policy" for private sector participation to operate freight and passenger trains on Pakistan Railways infrastructure.
- ▶ Ministry of Railways has created a "Real Estate Development and Marketing Company" as subsidiary of Ministry of Railways.
- ▶ Six factories including Locomotive Factory Risalpur, Carriage Factory Islamabad, and four Concrete Sleeper Factories in Kohat, Khanewal, Sukkur and Kotri, are being corporatized for eventual privatization subject to approval of the government.

- ▶ Cabinet Committee of Restructuring has approved a restructuring framework for Pakistan Railways.
- ▶ During the last financial year, 16 kms of track was rehabilitated on Pakistan Railways network besides doubling more than 15 kms of track.
- ▶ Renovation of Khudian Khas, Usmanwala, Raiwind and Kanganpur railway stations was carried out at a cost of Rs. 24.0 million to improve facilities for the passengers.
- ▶ 52 new design passenger coaches were imported from China at a cost of Rs. 4.1 billion. Remaining 150 passenger coaches will be manufactured at Pakistan Railway Carriage Factory Islamabad by June 30, 2013. In addition, 22 passenger coaches have been rehabilitated at Pakistan Railway Carriage Factory Islamabad during last year.
- ▶ A new dry port was set up at Prem Nagar near Raiwind industrial area, Lahore through Public Private Partnership at a cost of Rs. 494.0 million.
- ▶ Pakistan International Airlines Corporation earned increased revenue amounting to Rs. 116.02 billion in year 2011 as compared to 107.0 billion last year. A purchase agreement of five Boeings 777 has been signed.
- ▶ Two new destinations have been introduced during the year 2011: Karachi – Madina and Quetta – Zahedan
- ▶ Three new routes were introduced during the year 2011: Peshawar - Kuala Lumpur, Sialkot–Riyadh and Sialkot–Dammam.
- ▶ Karachi Port Trust handled cargo 27.8 million tones during the first 9 months of the current fiscal year.
- ▶ The consolidated revenues of PNSC group during July-March 2011-12 were Rs. 6,640 million as compared to Rs. 6772 million last year.
- ▶ The Corporation intends to acquire four vessels through commercial loan / joint venture-basis. Acquisition of two vessels is in process, while two more vessels will be acquired in next financial year.
- ▶ Total cargo handled on Gawadar port up till now is 4.1 million tones while Gwadar Port earned total revenue since its start of operation amounting to Rs. 53.4 million.
- ▶ Port Qasim Authority handled a cargo volume 19.7 million tones during July-March 2011-12.
- ▶ The volume of import cargo during July-March 2011-12 stood at 14.7 million tones, and exports handled 4.9 million tones during July-March 2011-12.
- ▶ Ministry of Communications has prepared a draft National Transport Policy which covers all modes of transport sectors i.e. (i) Roads, (ii) Railways, (iii) Ports & Shipping and (iv) Aviation. This policy also includes the National Transport Corridor Improvement Program (NTCIP). This programme has been launched in the country to revamp the whole transport sector including ports, roads, railway, aviation etc. and provides a frame work to develop and improve the North South corridor.
- ▶ Teledensity of the country has increased by 68.3percent in April 2012, showing 6.7percent growth as compared to the previous year.

Highlights of the Pakistan Economic Survey 2011-12

- ▶ Mobile penetration rose 64.9 percent in 2011-12 against 60.4 percent in 2010-11 which shows an improvement of 4.3 percentage points in total teledensity.
- ▶ Due to mobile substitution, Fixed Local Loop teledensity has been declining over the years and it stands now at 1.93 percent compared to 2.1 percent last year showing a decrease of 0.17 percent.
- ▶ Total mobile subscribers reached 118.3 million by the end of March 2012 as compared to 108.9 million last year.
- ▶ Subscribers of Local Loop (FLL + WLL) reached at 5.93 million, out of which 3.10 million belong to FLL and 2.83 million belong to WLL.
- ▶ Broadband subscribers reached 1.9 million at the end of February 2012.
- ▶ Revenues of the telecom sector during the 2011-12, standing at Rs. 363 billion compared to the last year 344.2 billion show an increase of 5.4 percent.
- ▶ In 2011, telecom sector invested US\$ 495.8 million with cellular mobile sector being the major contributor.
- ▶ In 2011, telecom sector attracted over US\$ 79 million Foreign Direct Investment (FDI) in the country which is about 5 percent of the total FDI landed in Pakistan in 2011. Auction of 3G licenses is expected which will bring more FDI in the country.
- ▶ The Pakistan Telecommunication Authority and the State Bank of Pakistan have signed a Memorandum of Understanding (MoU) both the institutions have shown their interest and commitment in stimulating mobile banking services in the country.
- ▶ There has been a cumulative investment of approximately US \$ 2.5 billion in the electronic media industry in Pakistan. New jobs to more than 200,000 people of diversified skills and qualifications have been provided. In addition, over seven million people have been accommodated through indirect employment. With the current growth rate of more than seven percent per annum, it is estimated that the cumulative investment in the electronic media industry will reach above \$ 3.0 billion by the end of the current financial year.
- ▶ PBC External Services, broadcast programmes for 08 hrs daily in 11 foreign languages covering Afghanistan, Iran, China, India, Bangladesh, Nepal and Sri Lanka.
- ▶ Central Production Units (CPU) produce music, drama, features, documentaries and programmes for special occasions. CPU has over 2 million minutes recording in its archives which are being digitized.
- ▶ PBC News is putting on air 117 News bulletins daily. These include National, Regional, External and Local News bulletins besides resume of National Assembly and Senate. PBC news launched broadcast FATA News, special news bulletins from PBC Hyderabad on rain/ flood situation and ongoing rescue and relief activities in Urdu and Sindhi languages.
- ▶ Pakistan Post provides services through a network of 12,035 (1,797 urban and 10,238 rural) post offices across the country.
- ▶ Money Orders of Benazir Income Support Programme amounting to Rs.16,642.0 million have been paid within prescribed period of time.
- ▶ 55 Small and Smart Express Centres have been set up in the urban areas.

- ▶ During the period July-March 2011-12 an amount of Rs. 160,266.9 million has been collected through National Savings Schemes and earned commission amounting to Rs. 801.3 million during this period.

Energy

- ▶ Primary energy supply during current year is 64.52 million TOE compared to 63.09 million TOE last year thus showing an increase of 2.3 percent. The availability of energy per capita in 2011 remained 0.372 Tone Oil Equivalent TOE compared to 0.371 Tone Oil Equivalent (TOE) in 2010 posting a positive growth rate of 0.16 percent.
- ▶ The average crude oil production during July-March 2011-12 remained 66032 barrels per day as against 65997 barrels per day during the corresponding period of last year, showing an increase of 0.05 percent.
- ▶ The industrial sector had shown positive growth of 24.2 percent in the consumption of petroleum products during July-March 2011-12 when compared with last year,.
- ▶ Transport sector surprisingly showed a relative small growth of 3.5 percent in the consumption of petroleum products as consumption of petroleum product in transport sector remained 6,832.9 million tones during July-March 2011-12 compared to 6,599.1 million tones during corresponding period last year.
- ▶ The consumption of petroleum products in the power sector was 8,139 million tones compared to 8,814 million tones last year which hampered the growth in this sector, thus posting negative growth of 5.2 percent in this sector.
- ▶ The gas sector supply increased by 4.9 percent in July-March 2011-12 as the average production of natural gas was 4236.06 million cubic feet per day (mmcf) during this period while it was 4,050.83 million cubic feet per day (mmcf) in corresponding period last year.
- ▶ Natural gas in the form of CNG posted a positive growth 10.8 percent during July-March 2011-12.
- ▶ The contribution of Hydel in electricity generation increased to 33.6 percent in 2010-11. Water and Power Development Authority (WAPDA) remained the main contributor to electricity generation with 48.7 percent coming from this source. Karachi Electricity Supply Corporation (KESC), Pakistan Atomic Energy Commission (PAEC), Kot Addu Power Company (KAPCO) and the Hub Power Company (HUBCO) have 8.3, 3.6, 6.2 and 9.1 percent, respectively. Independent Power Producers (IPPs) have contributed almost 25 percent.
- ▶ WAPDA is executing, on priority basis, the projects such as 969 MW-Neelum Jhelum, 1410 MW-Tarbela 4th Extension, 7100 MW-Bunji, 4320 MW-Dasu, 740-MW Munda Dam and most mentionable 4500 MW-Diamer Bhasha Dam projects, to cope with the increasing demand of power.
- ▶ Almost 96 percent work on the main dam at Mangla, spillway and allied facilities had been completed and resettlement work is in progress. Likewise 99.7 percent work on Satpara and 72.1 percent on Gomal Zam dam has been completed.

- ▶ Pakistan is one of the beneficiaries of Tetra-partner power import project under the head of Central Asia-South Asia (CASA-1000) electricity trade.
- ▶ The household sector consumed 44 percent of the total electricity generated followed by industrial (26 percent), government (12.3 percent), agriculture (10.4 percent) and commercial (6.8 percent) during July-March 2011-12.
- ▶ The major users of coal are the cement sector and brick kilns; about 60 percent of total coal is consumed by cement while 39 percent is consumed by the brick kiln industry during current year as compared to 62 percent consumption of coal in cement industry and 37 percent in brick kiln industry last year.

Alternative Sources of Energy

- National Grid Code for wind power projects has been amended. Grid Integration Plan 2010 -2015 for wind power projects is developed by AEDB to support National Transmission and Dispatch Company (NTDC).
- Productive Use of Renewable Energy (PURE) Project is being implemented to install 103 hydro power plants in Khyber Pakhtunkhwa (KPK) and Gilgit Baltistan (GB), with the total cost of US\$ 19.5 million.
- AEDB has initiated a program with the assistance of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) to assist the provinces to solicit private investments in small hydro sector; under this program pre-feasibility study for 25 hydro sites in AJK, Sindh, Punjab and KPK with the cumulative capacity of 284.14MW has been completed. Public sector Hydro power projects are initiated in (a) KPK (worth US\$ 150.99 Million, of 17.0MW, 36.6MW and 2.6 MW), (b) Punjab (worth US\$ 138.74 Million, of 5.38MW, 4.04MW, 2.82MW, 4.16 MW and 7.64MW) and (c) Gilgit Baltistan (worth US\$ 71.12 Million, of 26MW and 4MW).
- AEDB has issued a LoI to set up a 12MW Biomass to Energy power project in Sindh, based exclusively on Biogas / Agricultural Waste. The project is jointly sponsored by investors from US and local entrepreneurs, the SSJD Bio Energy. Another LoI has been issued to M/s Lumen Energia Pvt Ltd. to set up a 12MW power plant at Jhang based on agricultural waste like cotton stalk, rice husk, sugarcane trash, biogas, wheat chaff and other crops as multi-fuel sources
- Three thousand Solar Home Systems have been installed in 49 villages of district Tharparkar, Sindh. Another 51 villages in Sindh and 300 villages in Balochistan have been approved for electrification using solar energy and will be implemented.

Social Safety Nets

- ▶ Sanitation situation at household level has registered an improvement, in terms of 66 percent of population using flush toilets compared to 63 percent in 2008-09.
- ▶ Benazir Income Support Programme launched by the government with the primary objective of providing immediate relief to poor. It has made remarkable progress by providing much needed relief to over 4 million recipients including Internally Displaced Persons, flood affectees and bomb blast victims all over Pakistan.

- ▶ Rs 122 billion up to March, 2012 have been disbursed to its beneficiaries. BISP has an allocation of Rs 50.00 billion for the fiscal year 2011-12.
- ▶ BISP recipients are expected to be increased to 7 million once the on-going processing of data collection during the “nation-wide poverty scorecard targeting survey” is completed.
- ▶ BISP has launched a number of programmes of society safety including (i) Payment to Recipients, (ii) Graduation Initiatives, (iii) Waseela-e-Haq, (iv) Waseela-e-Rozgar, (v) Waseela-e-Sehat and (vi) Waseela-e-Taleem.
- ▶ Pakistan Poverty Alleviation Fund is dedicated for micro credit, enterprise development, community based infrastructure and energy projects, livelihood enhancement and protection, social mobilization, and capacity building. The overall disbursements for core operations during the period of July- December 2012 are Rs. 8,490 million.
- ▶ Pakistan Bait-ul-Mal is making a significant contribution in poverty reduction by providing assistance to destitute, Widows, Orphans, and other needy. Rs. 1777.5 million has been utilised upto February 2012 on various schemes.
- ▶ Zakat funds have been utilized for assistance to the needy, indigent, poor, orphans, widows, handicapped and disabled. Up to March, 2012 Rs. 7800.268 million have been distributed in bulk amongst the provinces.
- ▶ Peoples Works programme (PWP) I & II are providing electricity, gas, farm to market roads and other services to the rural poor. PWP-I & II incurred expenditures of Rs. 5.0 billion and Rs 21.3 billion during 2010-11 respectively where as Rs 2.2 billion expenditure have been incurred between July-December 2011-12 on PWP-I and Rs 2.9 billion expenditures on PWP-II.
- ▶ Employees Old Age Benefits Institution provided benefits to the old age workers through Old Age Pension, Invalidity Pension, Survivors Pension and Old Age Grants and Rs. 7961.2 million has been utilized during July- March 2011-12.
- ▶ Workers Welfare Fund utilised Rs. 2539 millions during July-March 2011-12 for housing facilities and Marriage Grant, Death Grant and Scholarships etc. for the industrial workers.
- ▶ Government has also taken various micro-finance initiatives in collaboration with all stakeholders to generate employment opportunities and to eliminate poverty.

Environment

- ▶ A number of projects have been funded by the government to deal with increasing environmental degradation. In addition, there are number of projects funded by the donors in which the government is a partner. These are being currently implemented to improve overall environment in the country.
- ▶ Climate change is an area that has become increasingly important in recent years. In this regard, the National Climate Change Policy 2011 provides a framework for addressing the issues that Pakistan faces or will face in future due to the changing climate. The goal of the policy is to ensure that climate change is mainstreamed in the economically and socially vulnerable sectors of the economy and to steer Pakistan towards climate resilient development.

- ▶ Urban air pollution remains one of the most significant environmental problems, facing the cities. A substantial body of research demonstrates that high concentrations of suspended particulate matter adversely affect human health; prolong a wide range of respiratory diseases and increased the probability of heart ailments.
- ▶ The higher concentration of suspended particulate matter (SPM) in the air is a major issue in Pakistan. The main sources of SPM are vehicular emission, industrial emissions, burning of Solid waste, pollens, brick kilns and natural dust. Motorcycles and rickshaws, due to their two stroke (2-strokes) engines, are the most inefficient in burning fuel and contribute most to emissions.
- ▶ The situation of access to drinking water is quite impressive in Pakistan. According to Pakistan Bureau of Statistics report (PBS) Pakistan Social and Living Standards Measurement (PSLM) Survey 2010-11, access to drinking water to urban and rural population of Pakistan is 94 and 84 percent, with an average of 87 percent in 2011. In Pakistan sanitation facilities are improving. However, much improvement is needed for rural areas sanitation facilities. According to PSLM Survey 2007-08, the garbage collection facilities to the population is only 14 percent done through municipalities, 7 percent through privately managed and remaining 79 percent have no system.
- ▶ According to a report released by the WHO/UNICEF Joint Monitoring Program (JMP) 2012, 92 percent people had gained access to drinking water in Pakistan by 2010 while this ratio was 85 percent and 89 percent in 1990 and 2000 respectively. The MDG target is to achieve the ratio of 93 percent by 2015. Moreover, 48 percent people have been using improved sanitation by 2010 while this ratio was 27 percent and 37 percent in 1990 and 2000 respectively. The MDG target for access to sanitation is 90 percent by 2015.
- ▶ Damage and Need Assessment Report jointly prepared by the Asian Development Bank and the World Bank regarding floods 2011, it has been pointed out that in addition to causing loss of life, displacement of millions, and huge losses to the economy, the floods in 2011 have also resulted in environmental damages, heightened environmental health risks and affected forests, wetlands and other natural systems.
- ▶ The Environmental damage caused by floods has been estimated at Rs. 2762.7 million (US \$ 31.8 million) and Environmental recovery/reconstruction needs has been estimated at Rs. 2873.6 million (US \$ 33.02 million).

Flood Impact Assessment

- ▶ Severe monsoon rains triggered floods in Southern Pakistan at an unprecedented scale, both in terms of volume and intensity, engulfing all 23 districts of Sindh Province and adjoining areas of northern Balochistan Province.
- ▶ Approximately, 9.6 million people were affected in Sindh and Balochistan as a result of the floods; 520 people died and more than 1180 people were injured.
- ▶ According to World Bank and Asian Development Bank report, 27,000 sq.Km area damaged in Sindh province out of the total 27,370 sq. Km.
- ▶ The flood caused total or partial damages to an estimated 998,376 housing units in Sindh and Balochistan.

Highlights of the Pakistan Economic Survey 2011-12

- ▶ The highest damage occurred in the agriculture, livestock and fisheries sector, has been estimated at Rs.160 billion (US\$ 1.84 billion).
 - ▶ The total damage caused by 2011 floods has been estimated [direct damage and indirect losses] amounting to Rs.324.5 billion (US\$ 3.7 billion).
 - ▶ The total cost of recovery and reconstruction needs has been estimated at Rs.239 billion (US\$ 2.7 billion).
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