



# HIGHLIGHTS

## **Pakistan Economic Survey 2014-15**

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# HIGHLIGHTS OF PAKISTAN ECONOMIC SURVEY 2014-15

## Growth and Investment

- Global economic growth during the outgoing year has witnessed some continuing signs of improvement with a pick-up in high-income economies along with some improvement in developing countries.
- China and Pakistan have made agreements to establish China Pakistan Economic Corridor between the two countries. The corridor will serve as a driver for connectivity, trade in the world is expected to increase and Pakistan will take benefits through multiple dimensions.
- Major trading partners of Pakistan are growing with better outlook, which will certainly have positive impact on the economy of Pakistan and provides an opportunity to uplift socio-economic condition of common man in the country.
- Pakistan is improving quantitatively and qualitatively as growth achieved 4.24 percent is broad based and is the highest achievement since 2008-09.
- Major success of the outgoing fiscal year includes: picking up economic growth, inflation contained at lowest level since 2003, improvement in tax collection, reduction in fiscal deficit, worker remittances touches new height, successful launching of Sukuk, foreign exchange reserves significantly increased and stock market created new history.
- The GDP growth accelerates to 4.24 percent in 2014-15 against the growth of 4.03 percent recorded in the same period last year. The growth momentum is broad based, as all sectors namely agriculture, industry and services have supported economic growth.
- The agriculture sector accounts for 20.9 percent of GDP and 43.5 percent of employment, the sector has strong backward and forward linkages. The agriculture sector has four sub-sectors including: crops, livestock, fisheries and forestry.
- The industrial sector contributes 20.30 percent in GDP; it is also a major source of tax revenues for the government and also contributes significantly in the provision of job opportunities to the labour force.
- Industrial sector continued growth process and recorded growth at 3.62 percent as compared to 4.45 percent last year.
- The manufacturing is the most important sub-sector of the industrial sector comprising 65.4 percent share in the overall industrial sector. Growth of manufacturing is registered at 3.17 percent compared to the growth of 4.46 percent last year.
- Manufacturing has three sub-components; namely the Large-Scale Manufacturing (LSM) with the share of 80 percent, Small Scale Manufacturing with the share of 13 percent and Slaughtering with the share of 7 percent.
- Small scale manufacturing witnessed growth at 8.24 percent against the growth of 8.29 percent last year and slaughtering growth is recorded at 3.32 percent as compared to 3.40 percent last year.
- LSM has registered the growth of 2.38 percent as compared to the growth of 3.99 percent last year.
- The share of construction in industrial sector is 12 percent and is one of the potential components of industries. The construction sector has registered a growth of 7.05 percent against the growth of 7.25 percent of last year.

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- Mining and quarrying sub-sector contains 14.4 percent share of the industrial sector. This sub-sector witnessed a growth of 3.84 percent as compared to 1.65 percent growth of last year.
- Electricity generation & distribution and Gas Distribution is the most essential component of industrial sector. This sub-sector has registered growth at 1.94 percent as compared to 5.57 percent in last year.
- The share of the services sector has reached to 58.8 percent in 2014-15. Services sector contains six sub-sectors including: Transport, Storage and Communication; Wholesale and Retail Trade; Finance and Insurance; Housing Services (Ownership of Dwellings); General Government Services (Public Administration and Defense); and Other Private Services (Social Services).
- The Services sector has witnessed a growth rate of 4.95 percent as compared to 4.37 percent last year. The growth performance in services sector is broad based, all components contributed positively in growth, Finance and Insurance at 6.1 percent, General Government Services at 9.4 percent, Housing Services at 4.0 percent, Other Private Services at 5.9 percent, Transport, Storage and Communication at 4.2 percent and Wholesale and Retail Trade at 3.4 percent.
- Three main drivers of economic growth are consumption, investment and export. Pakistani society like other developing countries is a consumption oriented society, having high marginal propensity to consume.
- The private consumption expenditure in nominal terms reached to 79.20 percent of GDP, whereas public consumption expenditures are 11.84 percent of GDP. Total consumption expenditures have reached to 91.04 percent of GDP in outgoing fiscal year compared to 91.46 percent of last fiscal year.
- Per capita income in dollar terms recorded a significant growth of 9.25 percent in 2014-15 as compared to 3.83 percent last year. The per capita income in dollar terms has reached to \$1,512 in 2014-15.
- Total investment is recorded at 15.12 percent of GDP, Fix investment is registered at 13.52 percent of GDP. Private investment witnessed at 9.66 percent of GDP. Investment has been hard hit by internal and external factors during the last few years but now situation is improving.
- Total investment witnessed a growth of 10.21 percent as compared to 8.4 percent last year. Public investment recorded an impressive growth rate at 25.56 percent as compared to 6.82 percent last year.
- Total investment which was recorded at Rs.3756 billion in 2013-14 increased to Rs.4140 billion for 2014-15.
- Public investment which was recorded at Rs.842 billion in 2013-14 is reported at Rs.1057 billion in 2014-15.
- Public investment as a percent of GDP increased to 3.86 percent against the 3.36 percent last year.
- During July-March, 2014-15 credit to private sector flows increased to Rs.228.2 billion against the expansion of Rs.305 billion in the comparable period last year.
- National savings are 14.5 percent of GDP in 2014-15 compared to 13.7 percent in 2013-14. Domestic savings is witnessed at 8.4 percent of GDP in 2014-15 as compared to 8 percent of GDP in 2013-14. Net foreign resource inflows are financing the saving investment gap.
- Present government has launched comprehensive plan to create investment friendly environment and to attract foreign investors in the country. As is evident, the capital market has reached to new height and emitting positive signals for restoring the investor's confidence.

- Pakistan's policy trends have been consistent, with liberalization, de-regulation, privatization, and facilitation being its foremost cornerstones. Board of Investment (BOI) under the Prime Minister's office has approved investment policy to provide more investment friendly environment to investors.
- Foreign private investment has reached to \$1666.2 million during July-April 2015 as compared to \$1050.3 million showing 58.6 percent higher as compared to last year. Out of total foreign investment, the FDI inflow has reached to \$2057.3 million.
- The major inflow of FDI is from US, Hong Kong, UK, Switzerland and UAE. Oil & gas exploration, financial business, power, communications and Chemicals remained major recipients.
- The government is also aiming to explore new markets to export its manpower as well as incentives for the remittances to further enhance its growth. The available data suggest inflow of the remittances for the period of July-April 2014-15 stood at \$ 14969.66 million compared to \$ 12897.91 million during the corresponding period last year, which is 16.06 percent higher over the previous period.

### **Agriculture**

- The agriculture growth stood at 2.9 percent during July-March, 2014-15 as compared to 2.7 percent during the last year.
- During 2014-15, cotton production stood at 13,983 thousand bales as compared to 12,769 thousand bales in 2013-14 and registered an increase of 9.5 percent.
- Wheat production decreased to 25,478 thousand tonnes in 2014-15 as compared to 25,979 thousand tonnes in 2013-14 showing a decrease of 1.9 percent.
- Rice production has increased to 7,005 thousand tonnes in 2014-15 as compared to 6,798 thousand tonnes in 2013-14 showing an increase of 3.0 percent.
- Sugarcane production has decreased to 62,652 thousand tonnes in 2014-15, as compared to 67,460 thousand tonnes last year, and registered a decrease of 7.1 percent.
- Maize production had decreased to 4,695 thousand tonnes in 2014-15, as compared to 4,944 thousand tonnes in 2013-14 showing a decrease of 5.0 percent.
- Other crops that contributed 11.1 percent value addition in agriculture witnessed a positive growth of 1.1 percent in 2014-15, against negative growth of 5.4 percent during the same period last year.
- Gram production has increased to 484 thousand tonnes in 2014-15 as compared to 399 thousand tonnes in 2014-15, showing an increase of 21.3 percent.
- During July-March 2014-15, the production of Potatoes, Moong, Onions and Chillies increased by 6.3 percent, 6.2 percent, 1.3 percent and 0.3 percent, respectively. While production of other pulses Mash and Masoor (Lentil) decreased by 12.7 and 5.8 percent, respectively.
- During July-March, 2014-15 about 446.1 thousand tonnes of improved seeds of various Kharif/Rabi crops were procured.
- During July- March, 2014-15, the banks have disbursed Rs. 326.0 billion which is 65.2 percent of the overall annual target of Rs. 500 billion and 27.5 percent higher than disbursement of Rs. 255.7 billion made during the corresponding period last year. The banks were able to achieve 65 percent of their annual indicative targets of Rs 500 billion.
- During 2014-15, the availability of water for Kharif 2014 stood at 69.3 MAF showing an increase of 5.8 percent more than Kharif 2013 and 3.3 percent more than the normal supplies of 67.1

MAF. The water availability during Rabi season 2014-15 is estimated at 33.1 MAF, which is 1.8 percent higher than Rabi 2013-14 but 9.1 percent less than the normal availability of 36.4 MAF.

- Kharif 2014 started with inventory of 386 thousand tonnes of urea. Total availability of urea (including 122 thousand tonnes of imported supplies and 2451 thousand tonnes of domestic production) was about 2959 thousand tonnes against the offtake of 2716 thousand tonnes, leaving an inventory of 184 thousand tonnes for Rabi 2014-15.
- Total availability of DAP during Kharif 2014 was 1023 thousand tonnes comprising 99 thousand tonnes of inventory, 524 thousand tonnes of imported supplies and 400 thousand tonnes of local production. DAP offtake was 586 thousand tonnes leaving closing balance of 430 thousand tonnes for coming Rabi 2014-15.

### **Manufacturing and Mining**

- Large Scale Manufacturing (LSM) during July-March 2014-15 registered a growth of 2.5 percent as compared to 4.6 percent in the same period last year. The Year on Year (YoY) growth for March 2015 stood at 4.5 percent as against negative growth of 1.0 percent in March 2014.
- The sub sectors recorded negative growth during the period July-March FY 2014-15 over corresponding period of last year includes Wood Product declined by 78.46 percent, Engineering Products 10.68 percent, Paper and Board 7.26 percent, Food Beverage and Tobacco 1.03 percent and Rubber products 0.56 percent.
- The sector showing growth during July-March 2014-15 such as Iron and Steel Products 35.63 percent, Automobiles 17.02 percent, Leather Products 9.62 percent, Electronics 8.21 percent, Pharmaceuticals 6.38 percent, Chemicals 5.94 percent, Non Metallic mineral products 2.56 percent, Coke & Petroleum Products 4.73 percent, Fertilizers 0.95 percent and Textile 0.50 percent.
- Automobile sector such as trucks, tractors, cars & jeeps and LCVs registered growth of 53.9 percent, 44.6 percent, 23.1 percent and 31.2 percent, respectively.
- Mining and Quarrying sector grew by 3.8 percent in 2014-15 as against 1.6 percent last year. Soap stone, Crude oil, Gypsum, Coal and Lime Stone posted a positive growth rate of 41.68 percent, 14.03 percent, 8.11 percent, 4.12 percent and 3.73 percent. However, some witnessed negative growth rate during the period under review such as Phosphate 47.75 percent, Dolomite 46.87 percent, Sulphur 42.06 percent, Bauxite 25.69 percent and Magnesite 7.44 percent.

### **Fiscal development**

- During July-March of 2014-15, fiscal deficit as percent of GDP was contained at 3.8 percent against 3.9 percent in the same period of fiscal year 2013-14.
- Total expenditure of Rs.5, 642.4 billion was estimated for the full year, comprising of Rs.4, 462.3 billion of current expenditure and Rs.1, 180.1 billion of development expenditure and net lending.
- During July-March, 2014-15, total expenditures stood at Rs.3731.6 billion against Rs.3, 446.2 billion in the same period of fiscal year 2013-14, thus posted a growth of 8.3 percent. Of which, current expenditure grew at 10.1 percent and amounted to Rs.3,199.1 billion against Rs.2,904.6 billion in the comparable period last year.
- Development expenditure and net lending grew by 6.9 percent during July-March, 2014-15 and reached to Rs.594.0 billion against Rs.555.8 billion in the same period last year.
- PSDP has witnessed a growth of 27.1 percent and reached at Rs.499.4 billion against Rs.393.0 billion in the comparable period of fiscal year 2013-14. Overall development expenditures registered a remarkable growth of 23.4 percent during the same period. Within PSDP, Federal and

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Provincial PSDP grew by 7.6 and 46.0 percent, respectively, during first nine months of current fiscal year against.

- Total revenue increased by 8.3 percent during July-March, 2014-15 and stood at Rs. 2,682.6 billion as compared to Rs. 2,477.4 billion in the same period of 2013-14.
- Tax revenues amounted to Rs. 2,063.2 billion against Rs. 1,786.2 billion in the same period last year, thus posted a growth of 15.5 percent. Significant growth in tax revenues was mainly on account of considerable rise in federal tax collection of 16.2 percent.
- Non tax revenues posted a negative growth of 10.4 percent during July-March, 2014-15, and amounted to Rs. 619.5 billion against Rs. 691.2 billion in the same period last year.
- Fiscal accounts witnessed respite on account of reduced subsidies, which remained lower than last year as it stood at Rs. 185.9 billion during July-March, 2014-15 against Rs. 201.8 billion in the same period of fiscal year 2013-14.
- Following a growth of 8.6 percent in provincial taxes and 8.8 percent in federal transfers, provincial surplus amounted to Rs. 194.0 billion.
- During July-April, 2014-15, FBR has collected Rs. 1972.4 billion as provisional tax revenues against Rs. 1744.9 billion reflecting a growth of 13.0 percent.
- During July-April, 2014-15, Direct taxes remained a major source of FBR tax revenue collection, contributing 39.3 percent of total FBR revenues. Net collection was estimated at Rs. 775.9 billion against Rs. 658.1 billion in the comparable period of fiscal year 2013-14.
- Indirect taxes increased 10.1 percent in first ten months of current fiscal year and accounted for 61.0 percent of total FBR collection. Net collection was estimated at Rs. 1,196.5 billion against Rs. 1,086.9 billion in the same period last year.

### **Money and Credit**

- During the current fiscal year, SBP reduced the policy rate by a cumulative 300 bps to 7.0 percent w.e.f 25<sup>th</sup> May, 2015 which is the lowest rate in last 42 years reflecting improved macroeconomic conditions towards the end of fiscal year 2014-15.
- Broad Money (M2) witnessed an increase of 7.33 percent during July-8<sup>th</sup> May, 2014-15 against the expansion of 7.05 percent in the comparable period last year.
- Reserve Money grew at 11.51 percent during July-8<sup>th</sup> May, 2014-15 against the growth of 9.84 percent in the comparable period last year. Net Foreign Assets (NFA) of SBP remained the main driver of reserve money growth during the current fiscal year.
- Within Broad Money, Net Foreign Assets (NFA) of the banking sector witnessed an increase and reached to Rs. 220.1 billion during July-8<sup>th</sup> May, 2014-15 as against the net expansion of Rs. 243.7 billion in the comparable period of fiscal year 2013-14.
- NDA of the banking sector grew at 5.45 percent (Rs. 510.5 billion) during July-8<sup>th</sup> May, 2014-15 as compared to net expansion of 4.43 percent (Rs. 380.6 billion) in the same period last year.
- The government borrowing from the banking system for budgetary support and commodity operations stood at Rs. 579.7 billion during July-8<sup>th</sup> May, 2014-15 as compared to Rs. 175.1 billion in the comparable period last year.
- Within the banking system, government has retired Rs. 532.4 billion to SBP during July-8<sup>th</sup> May, 2014-15 against the retirement of Rs. 10.5 billion in the same period last year.
- On the other hand government has borrowed Rs. 1,133.6 billion during July-8<sup>th</sup> May, 2014-15 as compared to Rs. 250.6 billion in the same period last year. Significant borrowing from scheduled

banks for budgetary support during the current fiscal year reflects a major shift from the central bank to scheduled banks because of State Bank of Pakistan (SBP) Amendment Act 2012, which required net zero government borrowing from the SBP at the end of each quarter.

- During July-8<sup>th</sup> May,2014-15, loans for commodity operations witnessed a net retirement of Rs.20.8 billion against the retirement of Rs.65.0 billion witnessed in the same period last year.
- Credit to private sector increased to Rs.161.7 billion during July- 8<sup>th</sup> May, 2014-15 against the expansion of Rs.292.9 billion in the same period of last year, thus posted a growth of 4.3 percent as compared to 8.7 percent in the comparable period of last year. However, despite low expansion, credit to private sector posted a growth of 6.6 percent on year on year basis as on 8<sup>th</sup> May,2014-15 against the growth of 5.2 percent recorded in the same period last year.
- Following a decline in policy rate, weighted average lending rate on fresh disbursements has also reduced from 10.53 percent in March, 2014 to 9.31 percent in March,2015. Similarly, weighted average deposit rate offered on fresh deposits also reduced from 5.80 percent in March, 2014 to 5.22 percent in March, 2015.

### Capital Market

- Pakistan ranked third in calendar year 2014 amongst the top ten best performing markets in the world. Pakistan was able to secure a place in the top ten for the third consecutive year now.
- In 2014, the KSE-100 Index gained 6,870 points from 25,261 to 32,131 level, generating a handsome return of 27 percent (31 percent return in US\$ terms) for the investors.
- During the first ten months (Jul-Apr, 2014-15) of current fiscal year, the Karachi Stock Exchange (KSE) benchmark-100 Index increased by 4,077 points and closed at 33,730 points on 30<sup>th</sup> April against 29,653 on June 30, 2014 showing a gain of 13.75 percent during first ten months of current fiscal year despite political turmoil during first half of the current year.
- The significant performance of the stock market during current fiscal year can be attributed to a number of positive factors including a stable macroeconomic environment, relative stable exchange rate, acceleration in the privatization process, downward inflationary trend, prudent monetary policies and strengthened economic growth.
- Market capitalization has increased by 4.03 percent or from Rs.7,022.70 billion on June 30, 2014 to Rs.7,305.81 billion on April 30, 2015.
- During the first three quarters of the current fiscal year 2014-15, the combined paid-up capital of fifteen big companies was Rs.190.24 billion, which constituted 16.15 percent of the total listed capital at KSE.
- China Shanghai Composite index showed a robust growth of 117 percent, Japan Nikkei improved by 28.7 percent while Hong Kong Hang Seng increased by 21.3 percent during the period under review. Whereas, India's Sensex increased only by 6.3 percent, US S&P by 6.4 percent and UK FTSE by 3.2 percent during July-April 2014-15. KSE growth of 13.75 percent during this period remained better than the some of the regional and international markets.
- During the period July 2014 to December 2014, five debt securities were issued which include two domestic Sukuk amounting to Rs. 26 billion, one international Sukuk of Rs. 100 billion (US\$ one billion) and two Privately placed Term Finance Certificates amounting Rs. 6 billion.
- The SECP has issued Sukuk Regulation, 2015 under Section 506A of the Companies Ordinance, 1984 which require appointment of Shariah Advisor and Investment Agent. An efficient, broad-based and well-regulated Sukuk market will greatly help in the development of capital market. The purpose of making the Sukuk regulations is to facilitate the issuers for fund raising from the capital market.



### **Inflation**

- The inflation rate measured by the changes in CPI, averaged at 4.8 percent during July-April, 2014-15 against 8.7 percent in the comparable period last year, which is lowest since 2003.
- The food inflation on average basis in July-April, 2014-15, is estimated at 3.6 percent and non-food 5.7 percent, as against 9.3 percent and 8.2 percent in the corresponding period last year.
- CPI food items have declining trend in prices of potatoes, vegetable ghee, cooking oil, wheat, rice and eggs.
- Core inflation on average basis during July-April, 2014-15, stood at 6.9 percent against 8.3 percent last year.
- WPI during July-April, 2014-15, on annual average basis has recorded an increase of 0.03 percent against 8.3 percent last year.
- The wholesale prices of non-food items, whose prices decreased from previous year are furnace oil, kerosene oil, diesel, cotton yarn, soap, printing paper and cement.
- SPI recorded an increase of 1.9 percent during July-April, 2014-15 against 9.8 percent last year.
- Inflation has been contained during current fiscal year due to better supply position of major and minor crops, and regular monitoring of prices and supply chain by the National Price Monitoring Committee.
- National Price Monitoring Committee chair by Federal Finance Minister, monitor prices of essential commodities in consultation with provincial governments and concerned Federal Ministries/Divisions and organization.

### **Trade and Payments**

- Pakistan's overall external account balance posted a surplus of US \$ 2.12 billion during Jul-Apr 2014-15 against US \$ 1.95 billion in the corresponding period last year due to marked improvement in the current account and substantial foreign exchange inflows.
- The current account deficit stood at US\$1.4 billion during Jul-Apr 2014-15, which was 53.5 percent less than the deficit of US \$ 2.9 billion in Jul-Apr 2013-14.
- Services account deficit remained lower and stood at \$1,632 million during July-April 2014-15 as compared to \$ 2,349 million during the same period last year. Lower services account deficit was due to inflows of US \$ 1.5 billion under CSF. Lower freight expense (as shipping companies have apparently started passing on the impact of cheaper oil) also provided some relief.
- Capital and Financial account recorded a lower surplus of US \$ 3.2 billion during Jul-Apr 2014-15 compared to US \$ 5.3 billion during the same period last financial year.
- Worker's remittances recorded an increase of 16.1 percent during Jul-Apr 2014-15 and reached to \$ 14,969.7 million as against \$ 12,897.9 million in the comparable period of last year.
- Foreign exchange reserves improved substantially and reached US \$ 17.8 billion by end of April 2015, from US \$ 14.2 billion at end June 2014.
- Pak Rupee recorded a depreciation of 2.9 percent in Jul-April FY 15. The Exchange rate which at the end of June 2014 was RS 98.80/\$ went up by the end of April 2015 to Rs 101.75/\$.
- As a result of GSP Plus, Pakistan's exports to EU have increased from US \$ 6.21 billion during 2013 to US \$ 7.54 billion in 2014. Thus as a result of GSP Plus, Pakistan's exports to EU registered an increase of US \$ 1.32 billion in one year. This represents an increase of 21 percent.

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- As per SBP data exports during the first ten month (July-April) of the current year stood at US\$ 20,176 million against US \$ 20,834 million during corresponding period last year.
- Imports during the first ten months (July-April) declined by 1.6 percent compared with the same period last year and stood at \$ 34,086 million against \$34,645 million same period last year.
- Based on SBP data, trade deficit posted marginal increase of around 0.7 percent during Jul-Apr FY15 primarily due to decline in Exports. Trade account balance recorded deficit of US \$ 13,910 million during Jul-April FY15 as against US \$ 13,811 million corresponding period last year.

### **Public Debt**

- Public debt was recorded at Rs.16,936 billion or 61.8 percent of GDP as at end-March 2015 compared with 62 percent during the same period last year.
- Public debt recorded an increase of Rs.940 billion during first nine months of current fiscal year as compared with Rs.1,272 billion during the same period last year.
- The primary source of increase in public debt was in domestic debt that positioned at Rs.11,932 billion representing an increase of Rs.1,012 billion, whereas, external debt posed at Rs.5,004 billion representing a decrease of Rs.72 billion as compared to end June 2014.
- Government made progress in achieving the targets set under Pakistan's first Medium Term Debt Management Strategy (2013/14 - 2017/18) as the government was able to reduce its refinancing risk by re-profiling its domestic debt and increasing the external inflows.
- Pakistan successfully returned to the International Islamic Bond market in November 2014 with the issuance of US\$ 1 billion Pakistan International Sukuk.
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- Pakistan has become eligible for concessional IBRD funding which will be used to fund priority infrastructure / development projects.
- During July-March, 2014-15, public debt servicing was recorded at Rs.1,193 billion against the annual budgeted estimate of Rs.1,686 billion. Public debt servicing consumed nearly 44.5 percent of total revenues during first nine months of current fiscal year against a ratio of 47 percent during the same period last year.
- EDL stock was recorded at US\$ 62.6 billion as at end March 2015 out of which external public debt was US\$ 49.1 billion. Public external debt witnessed a decline of US\$ 2.3 billion during first nine months of current fiscal year.
- During first nine months of 2014-15, disbursements including loans and grants stood at US\$ 4,001 million compared with US\$ 2,301 million during the same period last year.
- Pakistan also received US\$ 2,106 million from the IMF. Importantly, net inflows from the IMF stood at US\$ 1,041 million during first nine months of current fiscal year compared with net outflow of US\$ 861 million during the same period last year.
- Servicing of EDL fell by US\$ 1,282 million in first nine months of current fiscal year as compared to the same period last year and recorded at US\$ 5,303 million. Out of this total, principal repayments were US\$ 3,291 million and interest payments were US\$ 812 million, whereas an amount of US\$ 1,200 million was rolled over. Among the principal repayments, US\$ 935 million of multilateral debt and US\$ 1040 million of IMF accounted for most of the share.

### Education

- According to the latest Pakistan Social and Living Standards Measurement (PSLM) Survey 2013-14, literacy remains higher in urban areas (74 percent) than in rural areas (49 percent), and is more prevalent for men (81.0 percent) compared to women (66.0 percent) in urban areas.
- Province wise data suggests that Punjab leads with 61 percent followed by Sindh with 56 percent, Khyber Pakhtunkhwa with 53 percent and Balochistan with 43 percent.
- Government of Pakistan is currently spending 2.1 percent of its GDP on education sector and is fully committed to enhance education spending from 2.1 percent of GDP to 4.0 percent of GDP by 2018.
- GER at the primary level excluding Katchi (prep) for the age group 5-9 years at national level during 2013-14 recorded at 90.0 percent as compared to 91 percent in 2012-13.
- Amongst the provinces, Punjab has shown significant performance by achieving Primary level GER at 100.0 percent against 98 percent in 2012-13 while other provinces have performed negatively i.e. Sindh GER declined to 76 percent in 2013-14 against 81 percent in 2012-13 and Khyber Pakhtunkhwa also declined to 89 percent in 2013-14 against 91 percent in 2012-13 while Balochistan GER also declined to 67 percent in 2013-14 as compared to 73 percent in 2012-13.
- Net Enrolment Rates (NER) at the national level during 2013-14 remained at 57 percent.
- Province wise comparison reveals that Punjab NER slightly improved to 64 percent in 2013-14 as compared to 62 percent in 2012-13 while NER of Khyber Pakhtunkhwa remained at 54 percent. Sindh NER declined to 48 percent in 2013-14 as compared to 52 percent in 2012-13; while Balochistan witnessed declined to 39 percent in 2013-14 as compared to 45 percent in 2012-13.
- At national level, the total number of enrolments during 2013-14 was recorded at 42.1 million as compared to 41.1 million during the same period last year. This indicates an increase of 2.4 percent and it is estimated to increase to 43.4 million during 2014-15.
- The number of institutes which stood at 240.9 thousands during 2013-14 as compared to 241.5 thousands during last year. This shows a slightly decline of 0.2 percent. However, the number of institutes is estimated to increase to 244.9 thousands during 2014-15.
- The number of teachers during 2013-14 was recorded at 1.53 million as compared to 1.55 million during last year showing a decline of 1.2 percent. This number of teachers is estimated to increase further to 1.57 million during the year 2014-15.
- Under Prime Minister's "Hunarmand Pakistan Program" short-term skill development training up to six-month duration courses was conducted in collaboration with public and private sector training institutes. It covers four priority sectors including: Construction, Agriculture (Dairy & Livestock), IT & Telecommunication and Skills for Women. So far, 116,776 trainees have been trained.
- HEC is also contributing to play its role in running different scholarship programmes to enhance academic qualification at various levels on merit basis in line with specified criteria. During the period 2008-14, a total number of 10,376 Scholarships were awarded under different programmes of HEC.
- Under Prime Minister's Fee Reimbursement Scheme for less developed areas, Reimbursement to around 50,000 students of less developed areas is being carried out during 2014-15.
- The Government of Pakistan has allocated Rs.20.021 billion in PSDP 2014-15 for 191 development projects (136 ongoing and 55 new ) of HEC with main focus on Human Resource Development through merit and Need based scholarships.

### Health & Nutrition

- In the whole country, there are 1,142 hospitals, 5,499 dispensaries, 5,438 basic health units and 671 maternity and child health centre as compared to 1,113 hospital, 5,413 dispensaries, 5,571 basic health units and 687 maternity and child health centre's in the same period of last year.
- The number of doctors has increased to 17,5223, dentists 15,106, nurses 90,276 and hospital beds 118,041 in the country during 2014-15 compared to 167,759 doctors, 13,716 dentists, 86,183 nurses and 118,378 hospital beds last year. The population and health facilities ratio worked out 1,073 persons per doctors, 12,447 persons per dentist and 1,593 persons per hospital bed. It was 1,099 persons per doctor, 13,441 per dentist and availability of one bed for 1,557 persons in 2013-14.
- During nine months of 2014-15, 3,500 doctors, 350 dentists, 3,300 nurses and 4,500 paramedics have completed their academic courses and 3,900 new beds have been added in the hospitals compared to 5,000 doctors, 500 dentists, 3,150 nurses, 4,500 paramedics and 3,600 beds in last year.
- Moreover, some 6 million children have been immunized and 20 million packets of ORS have been distributed.
- A number of health program are implemented, which include Malaria, TB, AIDs and Food and Nutrition programs.
- For the current year a total outlay for health sector is budgeted at Rs.114.2 billion which included Rs.31.9 billion for development and Rs.82.3 billion for current expenditure which is equivalent to 0.42 percent of GDP during 2014-15.

### Population, Labour force and Employment

- Pakistan's estimated population is 191.71 million in 2015 however; population was 188.0 million in 2014.
- Population Growth Rate has shown improvement and it decreased from 1.95 percent in 2014 to 1.92 percent in 2015.
- Total Fertility Rate (TFR) is 3.2 children per women in 2015.
- Life expectancy for female has improved from 66.9 year to 67.3 years in 2015 and life expectancy for male has increased from 64.9 years to 65.2 years in 2015.
- Crude Birth Rate has improved from 26.4 per thousand to 26.1 per thousand and Crude Death Rate has decreased from 6.90 per thousand to 6.80 per thousand in 2015.
- Urban population has increased from 72.50 million in 2014 to 75.19 million in 2015 while rural population has increased to 116.5 million from 115.5 million in 2015.
- The total labour force has reached at 60.09 million in 2013-14.
- The total number of people employed during 2013-14 was 56.52 million,
- Unemployment rate has decreased from 6.24 percent in 2012-13 to 6.0 percent in 2013-14.
- The share of employment in agriculture sector has decreased to 43.5 percent in 2013-14 as compared to 43.7 percent in 2012-13.
- The share of employment in transport sector has increased to 5.4 percent in 2013-14 as compared to 4.98 percent in 2012-13.
- The share of employment in trade sector has increased to 14.58 percent in 2013-14 from 14.39 percent in 2012-13.

## Highlights of the Pakistan Economic Survey 2014-15

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- The government has provided an option to the youth to set up their own enterprises through Prime Minister's Small Business and Interest Free loan Schemes and disbursed Rs. 4408.094 million and Rs. 729.37 million respectively.
- The government has distributed 55,697 laptops as of April 2015 among students studying in public sector universities to enhance their research capabilities.
- 21934 trainees have completed their training under the Youth Skill Development Scheme.
- The government has allocated Rs.70 million for National Internship Programme and an amount of Rs 3,146,710 expenditure incurred as of April 2015.
- The number of emigrant has increased from 0.622 million in 2013 to 0.75 million in 2014 which include 0.32 million unskilled, 0.28 million skilled, 0.12 million semi skilled workers.

### **Transport and Communications**

- Pakistan's total road network is around 263,942 Kms which carries over 96 percent of inland freight and 92 percent of passenger traffic.
- Length of NHA road network is around 12,131 kms comprises of 39 national highways, motorways, expressway and strategic roads.
- During 2014-15, NHA executed 72 development projects costing Rs. 1,342 billion. Government of Pakistan has allocated Rs. 111.56 billion in the Federal PSDP 2014-15 for NHAs development projects.
- Government of Punjab and the Federal government have jointly completed twin cities Rawalpindi-Islamabad Metro-Bus service project with a total cost of Rs. 44.21 billion. Metro bus project will be fully functional after May 30, 2015.
- The entire length of 8.6 Km of Metro Bus corridor in Rawalpindi area shall be of elevated structure where as 14 Km in Islamabad shall be at-grade.
- The network of Pakistan Railway comprises of 7,791 route kilometres, 452 Locomotives, 1,732 passenger coaches and 15,948 freight wagons.
- The government is taking new initiatives to improve the performance of Pakistan Railways by repairing/purchasing of locomotives, enhanced HSD oil reserves up to 12 days to streamline the train operation.
- During financial year 2014-15, 90 Kms of track has been rehabilitated besides doubling of 57 kms track.
- During 2014-15, Pakistan Railways procured and assembled 202 passenger coaches, rehabilitate 27 locomotives and repaired 150 locomotives at the cost of Rs.11.289 billion.
- During 2014, PIA management embarked upon a mission of "Revival of PIA" under new initiatives/steps to improve the performance of PIA by contracts re-negotiation, route rationalization, re-deploying aircrafts on more profitable domestic and international routes. Due to these steps PIA expenditure decreased by 38 percent and its operating revenue increased from Rs. 95.771 billion to Rs. 99.519 billion in 2014.
- Pakistan National Shipping Corporation (PNSC) provides transportation services for crude oil requirements of the country comprises of nine vessels of various types/size with a total deadweight capacity of 681,806 tonnes.
- During July-March, 2014-15, PNSC companies earned revenue of Rs.12.20 billion as against Rs. 11.37 billion over the corresponding period of last year.

## Highlights of the Pakistan Economic Survey 2014-15

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- During July-March 2014-15, Port Qasim Authority handled 21.618 million TEUs (Twenty Equal Units) of container traffic which is 14.0 percent higher over the corresponding period of last year.
- At Gwadar Port, 5,315.5 million tons Urea import was handled during July-March 2014-15.
- During July-March 2014-15, the total cargo handled at Gwadar Port stood at 6.279 million tons against 5.764 million tons over the corresponding period of last year showing a growth of 8.9 percent.
- Telecom revenues during Jul-Dec 2014-15, amounted to Rs.299.0 billion which made this sector very attractive for further investment.
- Teledensity has been improved and facilities have reached to 75.2 percent of population.
- The introduction of 3G/4G spectrum would help in expediting socio-economic progress of the country. Auction of 3G /4G spectrum is the major achievement of the government in Telecom Sector and has brought an investment of US\$ 1790 million.
- During July-Dec, 2014-15, Telecom sector contributed 73.22 billion to the national exchequer in terms of taxes etc.
- Cellular Mobile subscribers reached to 134.9 million at the end of March, 2015.
- During the period July-March 2014-15, an amount of Rs. 126 billion has been collected through National saving Schemes and Pakistan post has earned commission amounting to Rs.630 million.

### Energy

- During the recent visit of President of China, Pakistan and China signed 51 Memorandums of Understanding (MoUs) relating to diverse aspects of bilateral relations, including the Pakistan China Economic Corridor and series of energy projects. Thus almost \$15.5 billion worth of coal, wind, solar and hydro energy projects will come online by 2017 and when mature will add 10,400 megawatts of energy to Pakistan's national grid.
- Asian Development Bank has approved assistance packages to help Pakistan to undertake key reforms in the power sector. This included funding to ensure energy delivery to industrial and private consumers. The Jamshoro Power Generation Project, which on completion in 2018, will add 1,300 megawatts (MW) to the country's electricity grid. Reliability of the power distribution network is also being enhanced through the investment of \$167.2 million to upgrade 284 grid stations.
- The World Bank also approved a financing package from the International Development Association (IDA) to help expand hydro-electricity generation in Pakistan through the development of the Dasu Hydropower Stage-I Project (DHP-I). The package consists of an IDA Credit of \$588.4 million and an IDA Partial Credit Guarantee (PCG) of \$460 million to help mobilize commercial financing for the project. DHP-I would have 2,160 megawatt (MW) hydropower plant on the main Indus River, which can be expanded to 4,320 MW in future with less additional cost.
- During July-March FY 2015, primary energy supplied increased to 50.9 million TOE compared to 48.8 million TOE showing a growth of 4.4 percent while energy consumption increased to 25.1 million TOE compared to 24.6 million TOE in same period last year showing a growth of 2.0 percent

### Pakistan Energy Sources:

- Transport and power sectors remained the highest sector in the usage of oil / petroleum products.

- The longer term trend suggests that composition of energy consumption, the composition is changing by substituting the gas as cheaper source compared to oil being expensive. However due to gas load management, share of oil has again started rising.

### **Natural Gas**

- With respect to gas, Pakistan has one of the most developed gas transmission and distribution network in the region but on account of its increased share in energy consumption, the gap between its demand and supply is widening.
- The gas load management is mostly restricted to Punjab Province as its share in gas supply is about 5 percent while it has a share of almost 46 percent of national gas consumption.
- SNGPL is meeting the requirement of more than 4.8 million consumers of domestic, commercial, CNG and industrial categories through its distribution network. All categories of consumers are fed through a common distribution network. There is a continuous extension in SNGPL's network. On an average, there has been an increase in gas demand by 40-50 MMCFD (based on average consumption during summer months) and 80-100 MMCFD (based on average consumption during winter months) each year.
- Government of Pakistan is taking following steps to overcome the shortage of natural gas in the country:
  - Contain the natural gas demand at current level
  - Increase indigenous gas supplies
  - Promotion of LPG air mix
  - Import of LNG
  - Import of Gas from Iran
  - Import of Gas from Turkmenistan
- Today Pakistan is the world leading CNG user country with more than 3 million NGVs (Natural Gas Vehicles) plying on the roads. The choice of conversion is mainly due to the fact that prices of CNG is significantly less than petrol price. Currently there are more than 3,414 CNG stations in the country fulfilling the fuel need of the NGVs.
- The Government of Pakistan is now successful to import 500 million cubic feet per day (mmcf) of LNG from Qatar. As per LNG Policy in 2006/2011 the project structures can be (i) integrated, in which the terminal developer arranges LNG imports as well as its buyers and (ii) unbundled, in which the terminal developer, LNG importer and LNG buyers are different
- The current 400 MMCFD of Regasified LNG (RLNG) will be provided to the power sector including Nine (9) gas-based Independent Power Plants (IPP) - KAPCO, FaujiKabirwala, Rouche, Halmore, Orient, Saif Energy, Sapphire, Altern Energy, and Davis Energen for replacement of Diesel or LSFO consumption. This RLNG will allow these power plants to generate an additional 9 Billion KWh per annum, equivalent to an additional 10 percent of total current annual power generation, without investment in any new generation capacity.

### **Coal**

- The Government considers Thar coal development as a flagship project. Thar Coal Projects have been enlisted as early harvest projects by the CPEC (China-Pakistan Economic Corridor), Sindh Engro Coal Mining Company (SECMS) and Sino Sindh Resources (Pvt.) Limited (SSRL) have been prioritized as top priority projects to be financed by Chinese institutions. There is a complete synergy between the Federal and the Provincial Government of Sindh. Total power generation anticipated from these three projects is 2400 MW by 2018.

## Electricity

- The installed capacity of PEPCO system was 20,850 MW at the end of June 2013 which has gone up to 22,104 MW by the end of June 2014 with hydro and thermal capacities occupying 7,097 MW and 15,007 MW respectively. Out of aforementioned thermal capacity, 5,458 MW is owned by ex-WAPDA GENCOs, 650 by PAEC and rest by IPPs/Rentals. There is also 55 MW of isolated generation capacity at Pasni&Punjgoor areas in Baluchistan. The installed capacity of PEPCO system has gone up to 22,577 MW by the end of March 2015 with hydro and thermal capacities occupying 7,097 MW and 15,480 MW respectively.
- It is also mentionable that the village electrification program is an integral part of the total power sector development program. It is important for not only to raise the productivity but also to raise socio-economic standards of the population living in rural areas. The progressive number of villages electrified has increased from 1, 89,018 on 30th June 2014 to 1, 93,511 at the end of March 2015 while As of March 2015, the number of consumers has risen to 23.258 million.
- To mitigate the impact of rising cost of thermal power and narrow down the demand-supply gap, the work on mega projects like Neelum-Jhelum (969 MW) and DiamirBasha (4500 MW) hydropower projects is under way.:

## Alternative Energy Sources

### Wind

- There are almost thirty one (31) wind power IPPs (1810 MW) holding LOIs issued by AEDB are at various stages of project development while following projects are under construction:
  - 50 MW Three Gorges First Wind Farm Pakistan (Pvt.) Ltd., Jhampir Sindh
  - 50 MW Foundation Wind Power-I Ltd. Khuttikun, Gharo, Sindh
  - 50 MW Foundation Wind Power-II (Pvt.) Ltd., Khuttikun, Gharo, Sindh

### Solar

- On May 5, 2015, the Prime Minister inaugurated 100MW solar energy project which will generate 100 MW electricity. In Solar Energy, 33 LOIs for cumulative capacity of approximately 888.1 MW On-Grid Solar PV power plants have been issued

### Biomass / Waste-to-energy

- Following Biomass/ Waste-to-Energy projects are in various stages of implementation under IPP mode:
  - M/s SSJD (12 MW) Sindh
  - M/s Lumen Energia (12 MW Shahkot) Punjab
  - M/s Biomass Power Generation Limited (12 MW), Faisalabad
  - M/s Green Sure Environmental Solutions (12 MW), Mardan, KPK

## Social Safety Nets

- The government is fully committed to follow a sustained poverty reduction strategy and allocate a minimum of 4.5 percent of GDP to social and poverty related expenditures. The government prioritized 17 pro-poor sectors through the Medium Term Expenditure Framework (MTEF) in the PRSP-II.
- Expenditure on pro-poor sectors in 2010-11 stood at 13.24 percent of GDP. In 2011-12, these were 11.55 percent of GDP and in 2012-13, 13.10 percent of GDP. During 2013-14, total



expenditures for these sectors were slightly increased and amounted to Rs 1,934.095 billion, which was 14.16 percent of GDP.

- During July-December 2014-15, Rs. 667.47 billion expenditures have been made in these sectors.
- BISP is continuing to eradicate extreme poverty through provision of cash transfers. The present government increased the cash benefit for the poorest of the poor up to 25 percent from Rs 1200/- to Rs 1500/- per month.
- The present government increased BISP budgetary allocation to Rs. 97 billion in 2014-15 from Rs.75 billion in 2013-14. Total expenditure of BISP during the current fiscal year is projected to cross Rs. 90 billion.
- The number of BISP beneficiaries is expected to increase from 4.6 million in 2013-14 to 5.0 million by the end of this financial year.
- BISP is expected to enroll 500,000 children in school during the current financial year under its Waseela-e-Taleem initiative. The government has increased the monthly stipend under the Waseela-e-Taleem initiative to Rs. 250 per month per child from Rs. 200.
- Pakistan Poverty Alleviation Fund (PPAF) also provides assistance in microcredit, water and infrastructure, drought mitigation, education, health and emergency response interventions. During the period of July 2014 to March 2015, Pakistan Poverty Alleviation Fund has managed to disburse an amount of Rs 9.8 billion to its various on-going projects.
- Under the 18<sup>th</sup> Constitutional Amendment, the subject of Zakat has been devolved to the Provinces/Federal Areas. A total amount of Rs. 4778.18 million is distributed in bulk amongst the provinces and other administrative areas for the year 2014-15.
- Pakistan Bait-ul-Mal (PBM) is also making efforts for eradication of poverty by providing assistance to destitute, widows, orphans, invalid, infirm and other needy persons through different initiatives. During July 2014 to March 2015, Pakistan Bait-ul-Mal (PBM) has managed to disburse an amount of Rs. 2.28 billion to its core projects.

### **Environment**

- An action plan for implementation of National Climate Change Policy has been finalized and requires adequate sharing of responsibilities at all levels for its implementation.
- National Impact Assessment Program (NIAP) conducted by Pakistan Environment Protection Agency is aimed to contribute to sustainable development in Pakistan through strengthening the environmental impact assessment process introducing Strategic Environmental Assessment (SEA) in national development planning.
- Access to an adequate supply of water for all (agriculture, industry and domestic users) is one of the absolute priorities of Vision 2025. Top five goals for water security are:-
  - Increase water storage capacity, applicable to the requirements of each province in line with defined strategic needs and international benchmarks: from currently 30 days to 45 days by 2018 and 90 days by 2025.
  - Invest in proven methods and technologies to minimize wastage (e.g. in the agriculture sector), promote conservation and gain efficiencies through rationalization of pricing.
  - Enable more effective allocation with direct reference to national & provincial priorities and related social and economic considerations.
  - Establish institutional mechanisms e.g. a National Water Commission to effectively manage all resources of water (surface, subsurface ,rain) and their sectoral and regional allocations

- Provision of access to a minimum baseline of suitable water to every person in Pakistan.
  - The recommendations that can be considered for the improvement of solid waste management in Pakistan include:-
    - Raising awareness about consequences caused by solid waste pollution.
    - Collective role of government sector, NGO's, Private sector for solid waste management.
    - Legislation should be done which would be effective and find ways to implement its effectively application of 3 R's (Reduce, Recycle and Reuse) concept in solid waste management system.
    - House to house collection of solid waste should be organized.
    - Littering of solid waste should be prohibited in cities, towns and urban areas. Proper segregation would be vital for scientific disposal of waste.
    - Developing legal framework and national guidelines for solid waste management that includes waste management and basic recycling rules.
  - In order to build the momentum and accelerate the progress on sanitation and hygiene in the country, Pakistan Conference on Sanitation (PACOSAN) was held in February, 2015 in collaboration with the key development partners working in the country. Pakistan government is committed to save its children from death, living with disabilities or not achieving their potential physical and mental growth to compete with other nations in the world.
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