



YEAR BOOK

2016-17



**Government of Pakistan
Finance Division
Islamabad**



Year Book

2016–2017

Government of Pakistan
Finance Division
Islamabad
www.finance.gov.pk

PREFACE



In pursuance of Rule 25 of the Rules of Business 1973 and as per practice, the Yearbook of Finance Division for fiscal year (FY) 2016-17, delineates activities undertaken, functions performed by the various Wings / Sections of the Finance Division and its constituent organizations during the year under preview. The Yearbook explains functions, organizational set up, area of responsibility and working set up which is largely embedded in the activities pursued and accomplished during FY 2016-17. The Yearbook serves as a source of information to the functions and achievements of Finance Division and its attached departments / organization in the process of policy making for economic development.

The Finance Division is committed to pursuing pragmatic economic policies for sustained and equitable economic growth through transparent and efficient financial management.

Pakistan's economy has witnessed an upward growth trend since FY 2013-14. Real GDP maintained its growth rate above four percent three years in a row with highest in ten year at 5.28 percent in FY 2016-17. The accommodative monetary policy stance, increase in development spending, substantial growth in private sector credit, inspired activities in the power sector, friendly and pro-growth policies across the board remained instrumental in achieving the impressive growth performance. The country's outlook looks promising based on agricultural recovery, rebound in industrial activities and inflows of investment under China-Pak Economic Corridor (CPEC) which is not only a short term economic growth booster, but far reaching consequences which will continue to accrue in the future. The development of infrastructure, energy and communication sector will provide much needed impetus to the growth of capital formation, productivity and employment.

I hope this book will serve as a useful reference document. I appreciate the work done by the staff and the officers of the Finance Division in preparation of this Year Book. Soft version of this Year Book 2016-17 can be downloaded from the website www.finance.gov.pk. We would appreciate suggestions / comments and feedback to improve the quality of this book in future.

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***VISION STATEMENT
OF THE
FINANCE DIVISION***

*To manage the national economy in the most efficient
and effective manner both at the Macro
and Micro levels.*

MISSION STATEMENT OF THE FINANCE DIVISION

To pursue sound and equitable economic policies that put Pakistan on the path of sustained economic development and macroeconomic stability with a view to continuously and significantly improving the quality of life of all citizens through prudent and transparent public financial management carried out by dedicated professionals.

Functions of Finance Division

The following functions are allocated to the Finance Division under the Rules of Business, 1973:

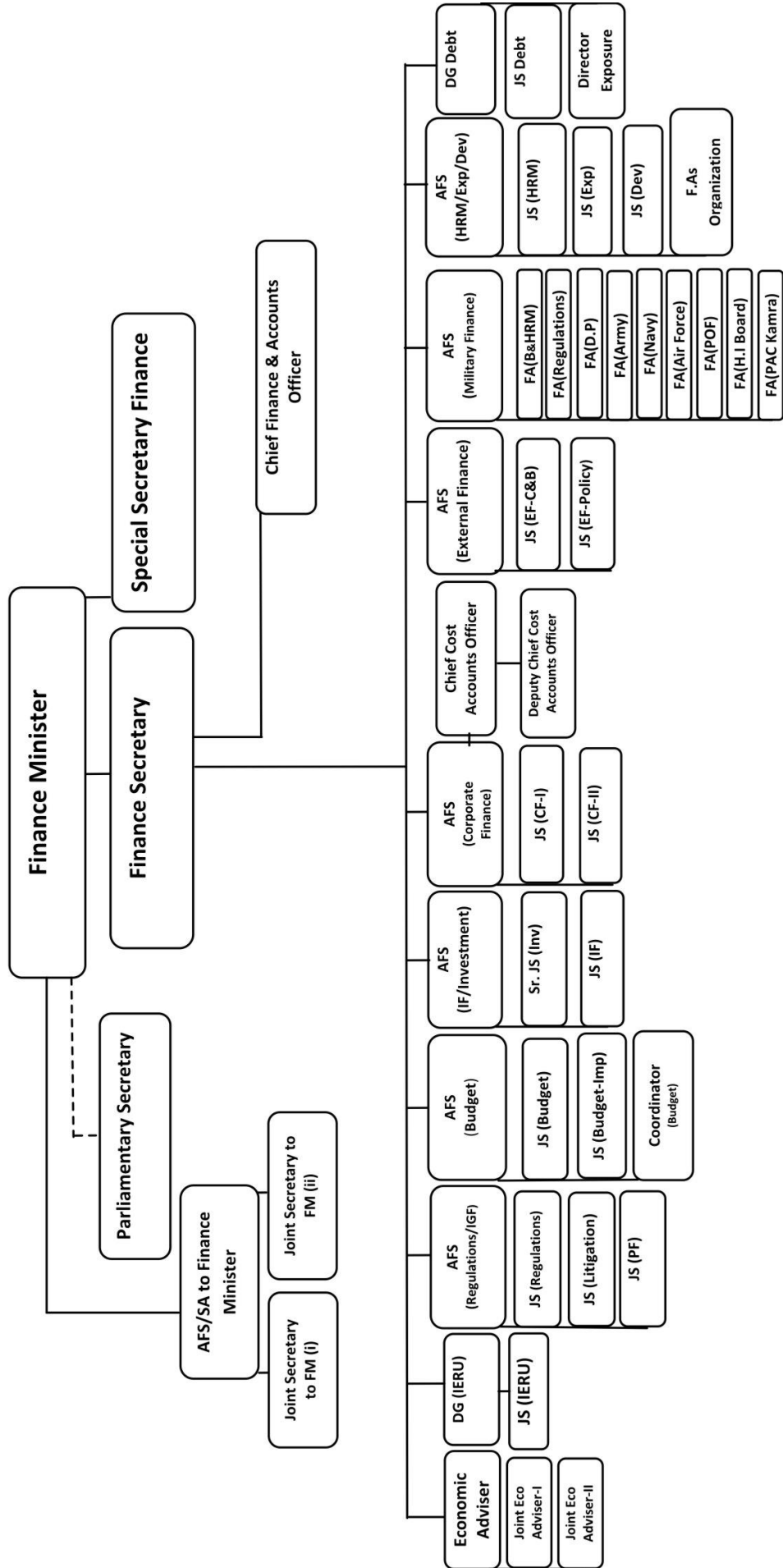
1. Finances of the Federal government and financial matters affecting the country as a whole.
2. The Annual Budget Statement and the Supplementary and Excess Budget Statements to be laid before the National Assembly; the schedules of authorized expenditure.
3. Accounts and Audit.
4. Allocation of share of each Provincial government in the proceeds of divisible Federal Taxes; National Finance Commission.
5. Public debt of the Federation both internal and external; borrowing money on the security of the Federal Consolidated Fund.
6. Loans and advances by the Federal Government.
7. Sanctions of internal and external expenditure requiring concurrence of the Finance Division.
8. Advice on economic and financial policies; promotion of economic research.
9. Proper utilization of the country's foreign exchange resources.
10. Currency, coinage and legal tender, Pakistan Security Printing Corporation and Pakistan Mint.
11. Banking, investment, financial and other corporations, that is to say:
 - (i) Central Banking; State Bank of Pakistan;
 - (ii) Other banking (not including co-operative banking) and investment and financial corporations with objects and business not confined to one Province; and
 - (iii) Incorporation, regulation and winding up of corporations including banking insurance and financial corporations not confined to or controlled by or carrying on business in one Province.
12. Company Law: Accountancy, Matters relating to the Partnership Act, 1932.
13. Investment policies; Capital issues (Continuance of Control) Act, 1947; statistics and research work pertaining to investment and capital.
14. Stock exchanges and future markets with objects and business not confined to one Province; Securities Regulations.
15. Financial settlement between Pakistan and India and division of assets and liabilities of the pre-independence Government of India.
16. Framing of rules on pay and allowances, retirement benefits, leave benefits and other financial terms and conditions of service.
17. Cost Accountancy.
18. International Monetary Fund.
19. State lotteries.
20. Monopoly Control and Anti-Cartel Laws.
21. Deregulation policies.
22. Administration of Economic Reforms Order, 1978.
23. Negotiations with international organizations and other countries and implementation of agreements thereof.

FUTURE GOALS OF FINANCE DIVISION

- Preparation of Annual Budget/Financial Planning & Budgeting.
- Publishing Pakistan Economic Survey Statistical Supplement of Pakistan Economic Survey and Year Book annually.
- Proper utilization of country's Foreign Exchange resources.
- Proper application of share of each Provincial government in the proceeds of divisible Federal Taxes, National Finance Commission.
- Framing of Investment Policies.
- Issues with IMF and negotiations Economic Affairs Division (EAD) job.
- Reforms of Public Sector Enterprises.
- Deepen Power Sector Reforms.
- Investment Climate Improvement Reforms.
- Banking Sector Reforms.
- Formulation and Implementation of Austerity measure.

ORGANIZATION CHART OF FINANCE DIVISION

ORGANIZATION CHART OF FINANCE DIVISION



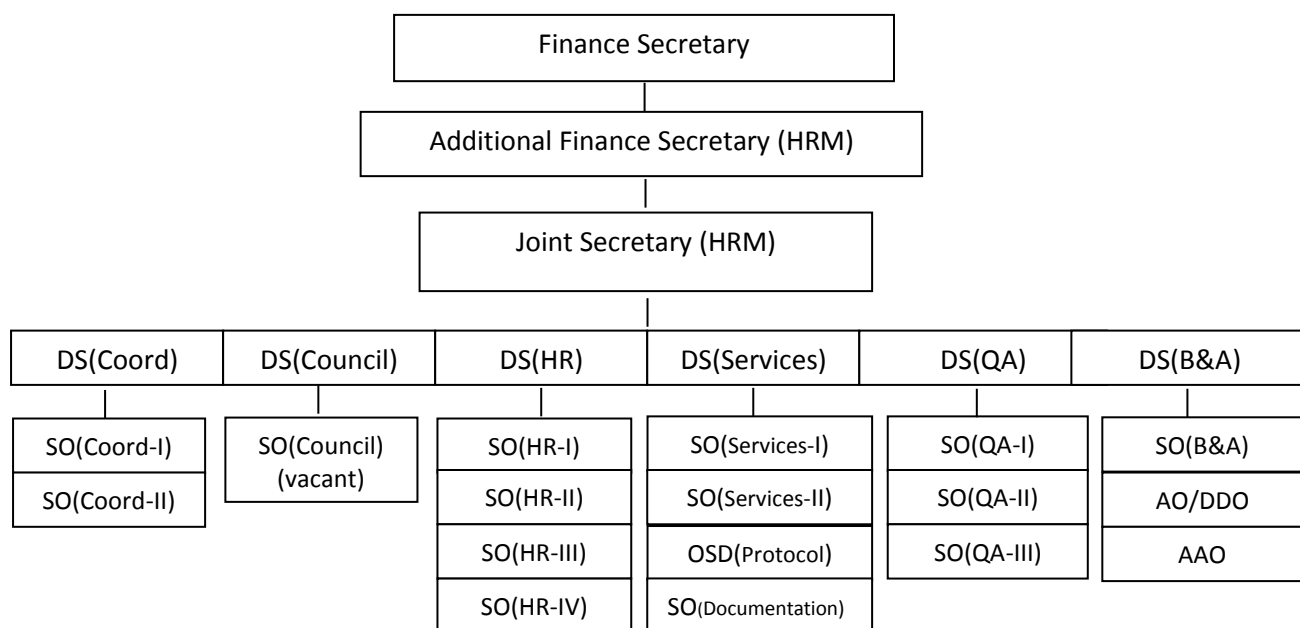
HUMAN RESOURCE MANAGEMENT (HRM) WING

INTRODUCTION:

HRM Wing in Finance Division performs all the core functions like hiring/recruitment and developing skills of the employees to add value. Being ISO certified Division, the Wing performs job analysis, planning, managing salaries, providing benefits incentives, evaluating performance, resolving disputes and communicating with all employees at all levels to facilitate them in their service delivery. It also focuses on governance and analysis of quality output of all Wings of Finance Division. Besides, imparting knowledge of Rules of Business, Financial Rules, Esta Code and other instructions issued by the Government from time to time to the employees and their compliance to ensure better performance is also taken care of in different ways.

The workload of HRM Wing increases manifold with the start of the process of preparation of budget. The Wing prepares strategy to ensure smooth flow of services during the process followed by printing of budget books, presenting of budget before the Parliament, and passage of the Finance Bill. In addition, the wing handles normal parliamentary business not only on behalf of Finance Division, but also caters to the parliamentary business of Economic Affairs, Revenue, Statistics and Privatization Divisions.

A dedicated team comprising the following officers and their staff accomplishes all the above functions:



MAIN FUNCTIONS PERFORMED DURING THE YEAR (2016-17)

During the year, all the officers and staff worked as a team to run the affairs of the Ministry/Division in a smooth & transparent manner. It is an arduous job to satisfy each and every employee remaining within the framework of rules and policy, however, it is the policy of the wing to listen to the employee's complaints patiently, meet their needs and demands, as early as possible remaining within the allocated resources. This in view, every officer and staff member of the Wing continues to extend his/her services in a more efficient manner than before. Brief job description of various Sections of HRM Wing and activities performed by them are as below:

HR-I SECTION

- ✓ The HR-I Section of Finance Division deals with the cadre posts of BS-17 to 22 i.e. Secretary, Additional Secretaries, Sr. Joint Secretaries, Joint Secretariat, Deputy Secretaries and Section Officers, which is administratively controlled by the Establishment Division.
- ✓ The post of Private Secretary (BS-17) is a 100% promotion post and is required to be filled in through promotion from amongst the senior-most Assistant Private Secretaries. During the Financial year 2016-17, Three (03) Assistant Private Secretaries (BS-16) were promoted as Private Secretary (BS-17) in Finance Division.

HR-II & HR-III SECTION

- ✓ HR-II & HR-III Sections are responsible to deal with matters pertaining to support staff i.e. BPS-01 to 16. Their management is very important for efficient conduct of official business in any department/office. HR-II & HR-III Sections always try to make best combinations of staff in all sections under the given rules as prescribed by the Government to ensure effective and efficient management of employees. Following are the main functions: -

PROMOTIONS

- ✓ In order to enhance the quality of work of the officials this Section promoted 02 Assistants as Superintendents (BS-16), 08 Stenotypists as APS (BS-16), 04 Qasids to the post of Daftary, 05 Naib Qasids to the post of Qasid and 15 Naib Qasids/ Regular Farashs were granted one step promotion on completion of 20 years service.

SELECTION OF STAFF FOR SEASONAL HAJJ DUTY, 2017: -

- ✓ HR-II Section has also organized a balloting for selection of two candidates for seasonal hajj duty-2017 through M/o Religious Affairs and Interfaith Harmony during the reference period.

HR-IV SECTION

- i) Personal administration of ex-cadre officers, officers of Economist Group posted by Planning & Development Division and Accounts group posted by MAG/CGA/AGPR etc.
 - ii) Hiring of Private Residential Accommodation for officers and staff of Finance Division.
 - iii) Medical Re-Imbursement to serving and retired officers/officials of Finance Division.
- ✓ It is in the domain of HR-IV Section to make recruitment of professionals of MP-I, II, III Scales and on fixed pay package meant for IERU, Actuary office, Debt office and MTBF secretariat.
 - ✓ Hiring facilities to more than 450 officers/staff of Finance Division are provided to meet the demand of shelter temporarily. In this regard Rs. 80,000,000/- were allocated during FY 2016-17.
 - ✓ In order to provide the medical re-imburement facilities to officers and staff of Finance Division as well as the retired employees of Finance Division an amount of Rs. 6,000,000/-

(retired employees) and Rs. 10,000,000/- (In-service employees) were allocated respectively during FY 2016-17

QUALITY ASSURANCE:

| Sl.# | Main Tasks | Target Achieved during the year 2016-17 |
|------|--|---|
| 1) | Renewal of ISO Certification | ISO Certification has been renewed for ISO 9001 : 2008 Standards by Lloyd's Register EMEA (LRQA), Karachi in September, 2017 for further 03 years |
| 2) | Foreign Training through EAD | 142 nominations were processed out of which 110 officers were nominated and 51 Officers availed the Foreign training facility. |
| 3) | Local Training | 239 nominations of officers/officials were processed out of which 126 officers/officials were nominated and 112 availed inland/local trainings. |
| 4) | Quality Review Newsletter | 11th & 12th issues of Quality Review Newsletter (January to December, 2016) got published and circulated. The 13th issue for the period January – June 2017 is under process for publication. |
| 5) | Customer Satisfaction Index (CSI) | Customer Satisfaction Survey for the period July 2015 to June, 2016 was conducted to ascertain the Customer Satisfaction Index (CSI) of Finance Division, which was 75.41%. Further, CSI for the period July, 2016 to 30 th June, 2017 is under process. |
| 6) | Revision of Quality Assurance Procedure (QAP) | The Quality Assurance Procedure (QAP) of Expenditure Wing including FA's Organization has been revised on 18-10-2017 with the approval of Finance Secretary and distributed to all concerned. |
| 7) | Revision of Job Descriptions (JDs) | The Job Descriptions (JDs) in respect of the Officers of various Wings are kept upto date by incorporating all the changes occurred from time to time. During the year 2016-2017, the JDs of Nineteen (19) Officers of various Offices have been prepared/revised and distributed to all concerned with the approval of Finance Secretary. |
| 8) | Development of Major Functions and Key Performance Indicators (KPIs) | <ul style="list-style-type: none"> ➤ The Establishment Division initiated New Assessment Report Form (NARF) for the Officers of BS-17 & 18 (as a start) in June, 2015 as a part of civil service reforms and the NARF was planned to be introduced from 1st January, 2016 (due in 2017). ➤ The very purpose of this initiative was to shift the traditional subjective performance appraisal to objective assessment, enhance Officers' performance and improve public service delivery. ➤ However, Establishment Division initially asked to develop KPIs of BS-17 & 18 Officers in the backdrop of NARF. ➤ Finally, a Booklet comprising 159 KPIs of BS-17 & 18 positions of Finance Division was approved by the Finance |

| | | |
|-----|--|--|
| | | <p>Secretary and sent to the Establishment Division on 14-11-2016.</p> <ul style="list-style-type: none"> ➤ Thus, Phase-I i.e. KPIs of BS-17 & 18 positions has been successfully accomplished. |
| 9) | DQRC meetings of all Wings | <ul style="list-style-type: none"> ➤ Departmental Quality Review Committee (DQRC) Meetings of each Wing are required to be held on monthly basis to review the performance, achievements and improvement in processes to ensure quality. Accordingly, sixty-eight (68) DQRC meetings of different Wings have been held during the year 2016-17. |
| 10) | Certificate Renewal Audit | <ul style="list-style-type: none"> ➤ The ISO Certification Agency i.e. M/s Lloyd's Register EMEA (LRQA), Karachi carried out Certificate Renewal Audit of Finance Division (Main) in September, 2016 against ISO 9001:2008 standards. ➤ The basic objective of this Audit was to assess the level of compliance and effectiveness of Quality Management System of Finance Division and to review its system and performance during the previous certification cycle. |
| 11) | 1 st Surveillance/ External Audit | <ul style="list-style-type: none"> ➤ Subsequent to ISO Certification for next three years, 1st Surveillance Audit has been successfully conducted by the aforesaid ISO Certification Agency/External Auditor w.e.f 21st – 22nd February 2017. ➤ Key objective was to assess the level of continued compliance and effectiveness of Quality Assurance Programme of Finance Division. ➤ The Audit Report reflected good level of compliance and effectiveness of the Quality Management System and no Major Non-Conformity was identified. |
| 12) | Internal Quality Audit | <ul style="list-style-type: none"> ➤ This is a bi-annual activity and the prime focus of this exercise is to assess the conformance of quality activities carried out in respective Wings with the established Quality Assurance Programme of Finance Division. ➤ 13th and 14th Audit have been successfully conducted by our experienced and trained Departmental Quality Assurance Coordinators (DQACs)/Auditors in July, 2016 and January, 2017. ➤ The Audit Findings comprising Major or Minor Non-Conformities (NCs)/observations have been subsequently conveyed to the Heads of respective Wings for initiating appropriate/corrective action(s). |
| 13) | Work Efficiency Survey | <ul style="list-style-type: none"> ➤ This Survey is carried out twice a year with the objective to measure and monitor performance of all Wings of Finance Division in order to continually improve work efficiency. ➤ 14th and 15th Survey have been successfully conducted by our experienced Departmental Quality Assurance Coordinators (DQACs) during the reporting period 2016-17. |

| | | |
|--|--|--|
| | | ➤ The Survey results are published in Quality Review Newsletter and distributed to all concerned for taking appropriate action(s). |
|--|--|--|

SERVICES SECTION- I&II

The Services Sections of HRM Wing provide logistic support to the officers and officials of Finance Division. In order to make the office environment friendly, all possible measures were taken for cleanliness of the premises. To meet the emergent demands and improvement of E-office programme in various Wings/Sections of Finance Division, 160 Computers were procured and provided in various offices beside other equipments to improve the work environment. During FY 2016-17, 01 Toyota Coaster 4164 cc and 02 Suzuki Bolan 800 cc vehicles were purchased as replacement of the condemned/auctioned vehicles. Stationery/Miscellaneous items were purchased and provided on requisition/need basis throughout the financial year. Adequate arrangements for holding official meetings were made. Logistic support was also provided during the budget preparation, its presentation in the Parliament till finalization of Finance Bill. System of Quality Assurance Review Committee also exists and quality procedures are complied with to improve the services satisfactorily.

PROTOCOL SECTION

- Protocol services were provided to the foreign as well as local delegates/guests and senior officers of Finance Division.
- 50 official passports were renewed/issued from Directorate General of Passports and Immigration to officers of this Division.
- Visa services were provided to the Officers of Finance Division (BS-17 and above) who proceeded abroad for attending official meetings/ training/ seminars/ workshops etc.
- 52 Note Verbale from M/O Foreign affairs were arranged on request of the concerned officers.
- 90 NOCs (No Objection Certificates) were issued to Officers in BS-17 and above who proceeded abroad for attending official meetings/training courses/ seminars/workshops etc.

DOCUMENTATION SECTION

| S# | NATURE OF CASES/ACTIVITIES | CASES RECEIVED | CASES DISPOSED OFF |
|----|---|----------------|---|
| 1 | Public grievances/ petitions received from President's/ Prime Minister's Office, Parliamentary Affairs Division and Secretary Finance Division. | 25 | 25 |
| 2 | Publication of Year Book of Finance Division | 01 | Year Book (2015-16) was got printed from PCPP, Islamabad and distributed to Cabinet Division, concerned departments and officers of Finance Division. |
| 3 | Verification and Safe Custody Certificates, Security Booklet and War Book. | 08 | All Safe Custody Certificates were got verified from the concerned officers and report submitted to the concerned organization/ department. |

| | | | |
|----------|---|---|--|
| 4 | Preparation of Permanent and Temporary Security Passes of Officers/Officials of Finance Division | Permanent 257 Temporary 300 | 257 passes got issued through NADRA 300 temporary passes issued by Documentation Section locally. |
| 5 | Issuance of No Demand Certificates (NDC) in respect of officers/officials on their retirement and transfer from Finance Division. | 50 | 50 NDCs issued. |
| 6 | Online Public Complaints received through Wafaqi Mohtasib's Secretariat Public Complaint resolution mechanism. | 38 Complaints received through online system. | All complaints were forwarded to concerned quarters for final disposal under intimation to Wafaqi Mohtasib Ombudsman's Secretariat and the complainants as well. |

- Measures were taken to ensure strict security of office buildings of Finance Division through law enforcing agencies from time to time.
- A full time Reception Desk is working at the entry of Q-Block to enlist the visitors in a register and a daily visitors report is also submitted to the higher officers of the HRM Wing for their information.
- Displaying of official security passes by all the officers/officials during duty hours has also been ensured.
- Duty Roaster of officers/officials of Finance Division is regularly maintained to ensure security of Finance Division, Q-Block to avoid occurrence of any untoward incident.

Coordination-I Section:

| S# | Main Tasks | Course of action | Cases received | Target achieved during the year 2016-16 |
|-----------|--|--|-----------------------|---|
| 1. | Circulation of Instructions/ Orders/ Notifications/ Circulars in Finance Division, its Attached Departments, Corporations, Autonomous/ Semi-Autonomous Bodies received from Prime Minister's Office, Finance Ministers Office, Cabinet Division, Establishment Division/ Interior Division and other Ministries/Divisions. | The said instructions/ Orders/ Notifications/ circulations are immediately forwarded to the attached departments/subordinate offices of Finance Division for further necessary action. | 70 | Circulated 70 receipts. |
| 2. | To ensure timely publication of Notifications issued by Finance Division in Gazette of Pakistan. | Notifications received from different wings of Finance Division are forwarded to the PCPP, Karachi/Islamabad for publication in the Gazette of Pakistan. | 311 | 311 notifications forwarded to PCPP Karachi/Islamabad |
| 3. | Obtaining information from Attached Departments/Sub-Ordinate Offices requested by following: - | To obtain information regarding different matters and submit consolidated replies to the concerned quarters. | | 55 cases disposed off. |

| | | |
|---|----|--|
| i. Establishment Division ii. Cabinet Division iii. Prime Minister's Office iv. Wafaqi Mohtasib v. Other Ministries /Divisions vi. Council Section Finance Division (Main) | 13 | |
| | 04 | |
| | 04 | |
| | 07 | |
| | 12 | |
| | 15 | |

Coordination-II Section:

| S# | Main Tasks | Course of action | Cases received | Target achieved during the year 2016-17 |
|----|--|--|----------------|---|
| 1. | Cabinet decisions received in the Section from the Cabinet Division | The said decisions are immediately forwarded to the concerned Wings/ Offices for implementation report. | 57 | Disposed off 57 decisions. |
| 2. | Economic Coordination Committee (ECC) of the Cabinet decisions received in the Section from Cabinet Division | The said decisions are immediately forwarded to the concerned Wings/ Offices for implementation report. | 17 | Disposed off 17 decisions. |
| 3. | National Economic Council (NEC) decisions received in the Section from Cabinet Division | The said decisions are immediately forwarded to the concerned Wings/ Offices for implementation report. | 04 | Disposed off 04 decisions. |
| 4. | Executive Committee of National Economic Council (ECNEC) decisions received in the Section from Cabinet Division | The said decisions are immediately forwarded to the concerned Wings/ Offices for implementation report. | 06 | Disposed off 06 decisions. |
| 5. | Cabinet Committee on Energy (CCE) decisions received in the Section from Cabinet Division | The said decisions are immediately forwarded to the concerned Wings/ Offices for implementation report. | 05 | Disposed off 05 decisions. |
| 6. | Cabinet Committee for Legislative Cases (CCLC) decisions received in the Section from Cabinet Division | The said decisions are immediately forwarded to the concerned Wings/ Offices for implementation report. | 15 | Disposed off 15 decisions. |
| 7. | Prime Minister's directives received in the Section from P.M's Office | The P.M's directive is immediately forwarded to the concerned Wings/F.A Organization for implementation report | 01 | Disposed off 01 decisions. |

B&A SECTION:

The B&A Section of HRM Wing deals with following work:-

- Preparation and processing of Budget of Finance Division (Main) and its attached Departments under Demand No. 29 & 33.
- Re-appropriation of funds, SG / TSG and other Financial Matter are also being dealt in this section.
- Creation of posts.
- Cases related to pension.
- Cases related to TA/DA.

Council Section:

Council Section works under the HRM Wing and DS(Council) handles the business of National Assembly/Senate. As the Finance Minister holds the portfolio of Ministry of Finance, Revenue, & Economic Affairs, accordingly all the Business/Questions and replies relating to these three Divisions are dealt in the Council Section. Council Section coordinates with these Division's

which include Finance Division, FBR, EAD as well as all questions about the Attached Departments of these Divisions are consolidated. Briefing to the Finance Minister well before time i.e. Rota Day is also arranged. Moreover, the work relating to the meetings of Standing Committees of both Houses is coordinated and its briefs are sent to concerned quarters. All the Senior Officers who attend, these meetings are facilitated by the Council Section in terms of entry passes for Parliament House and conducting of officers to these meetings. Moreover the Council Section also establishes the Camp Office in the Parliament House to liaison with other Ministries/Divisions, till the finalization of the Federal Budget. The Council Section also assists the Launching Ceremony of Economic Survey and Press Briefing by the Finance Minister.

F&A Wing (CFAO):

1. Twelve (12) reconciliation statements of expenditure in respect of thirteen (18) Demands were completed.
2. Material for Green Book (2017-20) in respect of Finance Division was collected, drafted and compiled by F&A Wing.
3. 153 BOs / NISs (2017-18) in respect of all wings of Finance Division were scrutinized.
4. 54 cases of Re-appropriation of funds, 117 cases of surrenders, 21 cases of Supplementary/ Technical Supplementary Grants, 25 cases like tendering of advice and creation of posts were scrutinized.
5. During FY 2016-17, F&A Wing conducted 17 DAC meetings wherein audit reports of Finance Division, HBFC, SME Bank, ZTBL, SBP, PSPC, CDNS and Pak Mint were discussed and the minutes were issued to all concerned. Appropriation accounts were also discussed.
6. During the FY 2016-17, two (02) PAC meetings were held wherein Audit Reports for FY 2009-10 & 2013-14/ Appropriation Accounts for FY 2008-09 & 2012-13 of Finance Division were discussed.
7. During the FY 2016-17, Internal Audit of fourteen(14) offices/entities of Finance Division were conducted and preliminary Internal Audit Reports were issued asking the concerned departments for parawise replies. After receipt of parawise replies, final internal audit reports alongwith views / comments of F&A Wing were issued to the concerned departments with the observations to get the irregularities regularized from the Principal Accounting Officer / Finance Secretary. On the directions of PAO / FS, all audit offices were directed to get the irregularities brought into the notice of PAO/FS as pointed out by Internal Audit Team and follow the PPRA Rules, GFR and System of Financial Control and Budgeting, 2006.

LIBRARY

The following activities performed by Library of Finance Division during FY 2016-17:

| S.No. | Nature of Cases | Number of Cases received (from July, 2016 to June, 2017) | Number of cases disposed off |
|-------|--|--|------------------------------|
| 1. | Purchase of Books | 8 cases (100 books) | 8 |
| 2. | Technical processing of Books i.e. accessioning, cataloging, classification and computerization of books | 1000 books | 1000 |
| 3. | Issuance of Books | 48 cases | 46 |
| 4. | Receiving of books | 40 cases | 40 |
| 5. | Issuance of NOC/NDC | 30 cases | 30 |
| 6. | Provision of Newspapers | 130 cases | 130 |
| 7. | Maintenance of record regarding circulars, office orders & notifications | 300 | 300 |

Financial Analyst

The Financial Analyst Looks after the Government of Pakistan interest by providing Financial & Cost Analysis of the institutions where Government of Pakistan money is at stake. It further, provide financial analysis to help the government in placement of Government of Pakistan funds by way of pointing out the risks involved on Financial Analysis and cost basis and does the risk management for Government by analyze complex financial data and extract relevant information for the purpose of determining financial performance.

The Financial Analysts help improving laws to implement Fiscal Policy, review costs and perform cost benefit analysis of where Government funds are involved, perform complex statistical, cost and financial analysis for data reported in the various accounting systems. Develops financial reports for forecasting, trending and result analysis. Some other activities are as follows:-

- To take part in the formulation of fiscal policy of the country.
- To oversees matters regarding Anti-Money laundering.
- Functional Capabilities of a Chief Financial Officer.
- Establishing authenticity of data/information provided by other institutions.
- Analysis of banks/schemes where GOP's contribution is involved.
- Observance Rules and Regulations under which a reference is to be proposed.
- Investment Banking
- Development financing
- Leading change in complex organization.
- Money Laundering its techniques and controls.

COST ACCOUNTS ORGANIZATION

Cost Accounts Organization (CAO) is functioning in Finance Division. CCAO and Dy. CCAO are involved in cost analysis of all proposals referred by Cabinet/ECC, Federal Ministries, Divisions & Attached Departments to provide advice on financial and costing matters, review the subsidy proposals submitted by various Ministries, advise on financial and management issues relating to capital structure, investment and financial performance of public sector. Advise on sale price of controlled items and to submit recommendations regarding reimbursement of various subsidy claims. It performs the following functions:-

- Review and analysis of annual Accounts of gas producing companies.
- Determination of wellhead gas.
- Award of decisions/reconciliation of accounts in cases of financial disputes among different Government agencies/corporations/ autonomous bodies as the cases referred by ECC/Cabinet/ Competent authority.
- Acts as Member of the Drug Appellate Board for hearing the appeals regarding prices of Drugs/Medicines etc., to recommend price of drugs, (under appeal) the Drug Appellate Board to assist the Government in decision-making.
- Coordination of the activities of Institute of Cost and Management Accountants of Pakistan by acting as member of the council through Government nomination. Functional matter of the Institute of Cost and Management Accountants of Pakistan such as grant-in-aid, seminars.
- Subsidy/Losses verification of cases of NFC units, PSPC, PASSCO and other organization
- Cases referred for advice by F.A. (Industries & Production), FA (Food & Ariculture, Health, Information & Broadcasting and Religious Affairs), FA (Education, Culture, Sports Tourism, Commerce).
- Acts as Member/Chairman of various Committees/Groups etc. constituted by Government from time to time.

BUDGET WING

Budget and its Functions

Budget is a document, which, once approved by Parliament, authorizes the government to raise revenues, incur debts and effect expenditures in order to achieve certain goals. It reflects the Government's determination to maintain a responsible and realistic attitude towards overall economic management in the country. Budget is an instrument by which the government expresses its priorities and allocates resources to implement its policies. Since the budget determines the origin and application of public financial resources, it plays a pivotal role in the processes of government, performing economic, political, legal and managerial functions:

- **Economic**

The budget is the state's financial plan. As a tool of economic policy, the budget provides the means by which the government seeks to achieve three key economic policy goals: firstly, fiscal discipline, by controlling aggregate expenditure in line with macroeconomic constraints; secondly, the allocation of resources in line with the government's policy priorities; and thirdly, the economic, efficient and effective use of resources in achieving its policy goals.

- **Political**

The budget process ensures that the people's representatives scrutinize and approve the raising of taxes, the contracting of debts and the application of public funds by government. This is achieved through a formal separation of powers; the government proposes the budget, which is approved by the Parliament. Subsequently, it is executed by the government, subject to monitoring and appraisal by Parliament to ensure compliance.

- **Legal**

Enactment of the budget by the Parliament limits the powers of government, so that the government may not raise taxes that have not been approved by Parliament and may not exceed Parliament's expenditure appropriations. An auditor, usually accountable to the Parliament, scrutinizes the budget to ensure compliance with Parliamentary authorizations. Institutions and individuals managers who fail to comply, by, for instance, spending in excess of parliamentary appropriations, are accountable before the law.

- **Managerial**

The budget communicates government policy to public institutions that how much may be spent for which purpose, thereby ensuring policy implementation. In some budgeting systems, this function may be reinforced by the inclusion of specific service performance targets within the budget document.

These functions are interdependent: the government is unlikely to implement successful economic policies (economic function) as approved by Parliament (political function) if the budget does not effectively communicate its policies to public agencies (managerial function) and compliance with approved policy is not verified (legal function).

BUDGET WING'S PROFILE

The basic functions of the Budget Wing are to coordinate, prepare, print and publish the budget of the federal government. Moreover, Budget Wing is also responsible to implement the budgetary targets and prepare a monthly report thereon.

The budget making process comprises the following stages;

- Preparation
- Coding/ formulation

- Compilation
- Printing
- Authentication
- Execution
- Monitoring and coordinating implementation of budgetary targets.
- Liaison with all relevant Ministries/ Divisions/ Organizations for feedback on implementation status of the targets given in the budget, indicating various budgetary measures.

Functions of various Sections of Budget Wing

Budget Resources-I

- Coordination with FBR in relation to tax receipts
- Preparation and compilation of the Budget document "Budget-In-Brief".
- Scrutiny of the proposals and suggestions for increase in tax receipts and improvement of federal resources.
- Examination of Budgetary Proposals.

Budget Resources-II

- Examination/processing of cases pertaining to permission for opening of Assignment Accounts/Revolving Fund Accounts Account (Foreign Currency Assignment Accounts) in the light of procedure devised/issued by Finance Division from time to time.
- Vetting of Endowment Fund Rules/Financial Rules, Regulations and Accounting Procedures of Ministries/Divisions/Departments, Public Organizations and Self-Accounting Entities.
- Compilation of the budget document "Explanatory Memorandum on Federal Receipts and Estimates of Foreign Assistance".
- Processing releases of foreign aid (Cash Grant) Cheques (in foreign currency as well as in Pak: rupee) from the donor Governments/agencies etc. for depositing in Government Account and subsequent transfer thereof to the beneficiaries concerned.
- Review of proposals for investment of surplus fund/working balances of government institutions.
- General Coordination within the Budget Wing and various wings of Finance Division.
- Examination of Foreign Aid Agreements with foreign Governments/Agencies and subsequent amendments, revisions and extension thereof to evaluate the impact on Budget.
- Regulation of flow of budgetary funds through various channels i.e. Assignment Account.

Budget Resources-III

- Examination of recommendations of Planning Division for formulation of Development Budget.
- Implementation/Incorporation of decisions of the Annual Plan Coordination Committee/ NEC and implementation/ Incorporation of decisions of the NEC.
- Scrutiny of Budget Orders/new item statements and their reconciliation with the allocations agreed by the NEC.
- Compilation of details of demands for grants and appropriations relating to Development expenditure.

- Examination and Issuance of Federal Government Guarantees in respect of Loans provided by Commercial Banks/State Bank of Pakistan and Development Financial Institutions to the Public Sector Enterprises.
- Coordination with P&D Division and EAD in respect of foreign aid provision for the Annual PSDP.

Government Securities-I

- Preparation of Budget Estimates, Re-appropriations and Supplementary Grants in respect of "Servicing of Domestic Debt", and "Repayment of Domestic Debt".
- Maintenance of Security wise Domestic Debt Stock.
- Framing of rules of various government securities.
- Determination of rate of mark up of GPF and Cash Development Loans.
- Finalize the rates of markup on National Saving Schemes.

Government Securities-II

- Processing of cases regarding appointment/ promotion/ disciplinary cases of officers for CDNS in BS-17 and above.
- Processing of appeal cases of National Savings Organization.
- Nomination of Government counsel in court cases through Law & Justice Division.
- Miscellaneous cases relating to administrative and financial matters of CDNS.
- Restructuring of National Savings Organization.
- Budgetary matters of CDNS.

Section Officer (Government Adjuster)

- Adjustment of Inter Govt. agencies claims with each other through deduction at source.
- In case of disputed claims, convening meetings for settlement of outstanding dues.
- Processing of the claims in accordance with standing procedure.
- Analysis and submission of claims to Govt. Adjuster with views of the defaulting Govt. agencies/agencies for an appropriate order.
- Implementation of Govt. Adjuster's decision regarding deduction at source by pursuing the offices/agencies concerned.

Budget Publication Officer

- Coordination of manuscript/materials of Budget Documents, summaries/reports of the Budget Wing for printing purposes.
- Supply of Budget Documents to the Cabinet/ Senate/ National Assembly during the Budget Session, Press Information Department/ all Federal and Provincial Government's Offices.
- Record and maintenance of Budget Documents.
- Supervision of Photocopying and composing section of the Budget Wing and.
- Urdu translation of the Budget Documents, Schedules, Finance Minister's Press Brief/Press Release.

Budget & Accounts Section

- Compilation of Annual Budget Statement to be laid down in the National Assembly at the time of presentation of Budget.

- Preparation of data of "Deficit Financing". Monitoring of Cash Balance of the Federal and Provincial Governments.
- **Calculations of daily flash estimates of deficit financing and it's monitoring with State Bank of Pakistan estimates and its analysis and other ancillary work thereto.**
- Clearance of Release of individual payments in accordance with the limits prescribed by the competent authority from time to time.
- Preparation and compilation of quarterly fiscal data.
- Submission of monthly/ quarterly/ annual actuals in respect of Tax, Non-tax Revenues, Capital Receipts, External Assistance, and Development Expenditure of the Federal Government.

Budget Implementation Unit-I

- Pursuing and prompting collection of non-tax revenue from Public Sector Enterprises (PSEs)
- Monitoring and coordinating implementation of overall budgetary targets and to prepare analytical reports on monthly basis.
- Monitoring, evaluation, reconciliation and reporting on Revenue Receipts of the Federal Government being collected other than by FBR.
- To deal with the miscellaneous/policy matters related to BI side.

Budget Implementation Unit-II

- Monitoring and follow up the implementation of announcement made in Budget speech by the Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization.
- Monitoring & follow up the implementation status of the decision made by Cabinet on the Summary for the Cabinet regarding Revised Estimates and Budget estimates of the year concerned.
- Collection of Non-tax revenue from Public Sector Enterprises (PSEs).
- Correspond with the organizations from where above said report organizes for identifying the areas of concern and initiate action for taking corrective measures.

Budget Computerization

- Issuance of Budget Call Circular.
- Receipt of Budget Orders/New Item Statements (BOs/NISs) from all Ministries and Departments.
- Data Entry of received BOs/NISs into computer system.
- Supervising the work relating to reconciliation of Demands for Grants.
- To prepare summaries and schedule for submission to Prime Minister for approval and authentication of Federal Government's Budget.
- Work relating to processing the Budget in Cabinet, National Assembly and the Senate.
- To monitor and supervise the activities being performed for smooth functioning of installed Computer system.
- Liaison and coordination with PIFRA Directorate/Auditor General Office/CGA etc. for successful implementation of PIFRA Project regarding Annual Federal Government Budget Computerization.

Chief Accounts Officer

- General Coordination of Public Accounts Committee work with Ministries/Divisions/Departments and with National Assembly Secretariat, PAC Wing, including the work relating to Pac Coordination for finance Division Accounts and Report – compliance etc.
- Preparation and finalization of Schedule of Authorized expenditure for Budget and Supplementary Grants and Notice of intention (Urdu/English) for Budget and Supplementary Grants.
- Issue of Corrigendum to the book of Details of Demands for Grants and Appropriations (Vol-I and II)

MEDIUM TERM BUDGETARY FRAMEWORK (MTBF)

Introduction

Medium Term Budgetary Framework (MTBF) is a budget reform program of Ministry of Finance aimed at enhancing fiscal discipline, improving linkages of Government's priorities with the budget and improving efficiency and effectiveness in Government's spending. Under the programme, the following instruments have been put in place in the Federal Government:-

- Include a medium-term horizon (3 years – where-in year-1 becomes the budget and the outer 2 years are used for planning purposes),
- Medium-Term Fiscal Framework – keeping in view the macro implications to guide budget preparation process.
- An annual pre-budget analytical 'Budget Strategy Paper' - which includes 3-year Macro-fiscal framework, budget policies and indicative budget ceilings for Ministries/Division.
- Performance Budgeting - Output Based Budget. The output orientation of the budget allows a linkage of the budget with the policy references that leads to alignment of resources with services delivered by the respective ministry.
- The output orientation of MTBF budgeting provides a basis for defining and measuring performance through mutually agrees indicators and targets. In this way performance of each PAO is evaluated in terms of outputs generated from the utilization of budgetary resources appropriated by the Parliament.
- Performance monitoring – This system has been piloted for the past 3 years. Under this system, annual financial and non-financial performance is being monitored for each PAO.

Public Financial Management Reform

An initiative called Public Financial Management – support programme for Pakistan started in the Budget Wing in September 2014. The programme aims at 1) Strengthening and further embedding Medium-Term Budgetary Framework (MTBF) reforms, 2) Developing a PFM Reforms Strategy and an Action Plan, and 3) Enhancing macro-fiscal projection capability of the Government. The team of Consultants supporting this reforms initiative has provided technical assistance in the following key areas:-

- Preparation of a PFM Reform Strategy – draft of which is currently being discussed in the Finance Division.
- Development of Medium-Term Macroeconomic and Macro Fiscal Frameworks, and Budget Strategy Papers.
- Finalization of annual MTBF Green Book (performance based budgets – also known as 'Federal Medium-Term Budget Estimates for Service Delivery').
- Compilation of annual Federal Government Performance Monitoring Reports.
- Enhancement of macro-fiscal capacity of the Economic Adviser's Wing.
- Training and capacity building of Ministries/Divisions.

Way Forward

Efforts are being taken to institutionalize the reform initiative. In this regard, the following activities are planned to be undertaken:-

- Continuation of the MTBF and the performance based budgeting and monitoring system.

- Provision of legal requirement for the reform.
- Capacity building of Finance Division and line Ministries/Divisions.
- Development of a macro forecasting model to help improve forecasting capacity.

TYPES OF BUDGET

According to the conventional classification, the budget is divided into two main sections namely:

- a) Revenue Budget
- b) Capital Budget

The revenue budget presents the current or day to day non-development expenditure i.e., defence, debt, repayments, running of civil government, subsidies and grants which are financed from revenues derived through taxes, duties and other miscellaneous receipts. The difference between revenue receipts and current/non-development expenditure results in revenue surplus/deficit for the fiscal year, which is transferred to the capital budget. The deficit of capital, revenue or both/expenditure is met out of borrowings.

The capital budget is designed to create material assets, which add to the economic potential of the country. Its main features are that it must involve construction of work or acquisition of permanent assets of public utility such as irrigation and industrial projects. With ever increasing investment to promote economic development, the capital budget is assuming increasing importance. The capital expenditure is generally met from the revenue surplus, revenue funds borrowing for specific or general purpose.

Budget Process

a. Budget Call Circular

The Process of budget formulation starts in October each year on issuance of a Budget Call Circular (BCC) by the Budget Wing at the Ministry of Finance. The procedure applicable to the preparation of the budget estimates for a financial year is indicated by the Ministry of Finance every year in a "Budget Call Circular" issued to the administrative Ministries/Divisions and Departments of the Federal Government. The circular contains comprehensive instructions for the preparation and scrutiny of the budget estimates. It also sets out the target dates by which the various stages of budget formulation are to be completed. Since time factor is important, emphasis is laid, among other things, on the strict observance of the budget time table at all stages of budget making.

b. Preparation of Estimates

- i. **Expenditure:** The budget estimates for the ensuing year are formulated separately in respect of current expenditure and development expenditure. The estimates are supported by complete details.

The revised estimates for the current year, prepared simultaneously, include provision for such expenditure as has been duly authorized and for which there is reasonable expectation that it will be incurred before the close of year. In all cases where revised estimates for the year exceed the authorized grants, these have to be supported by documentary evidence to show that the increase has been duly authorized by the competent authority, and also the manner in which this excess is to be met, i.e., whether

by re-appropriation from other items or a supplementary grant. In case the revised estimates are less than the authorized grants, the reasons for short utilization of the grants are to be invariably stated alongwith surrender order.

ii. **Revenues:** The revenue receipts estimates are submitted to the Budget Wing by the FBR. Various Ministries/Divisions and Departments submit the non-tax receipts to the Budget Wing, where as the external receipt estimates are submitted to the Budget Wing by Economic Affairs Division.

After the finalization of the budget estimates in respect of receipt and expenditure, an Annual Budget Statement of the federal government in respect of every financial year along with other budget publication is laid down in the National Assembly. After the approval of the budget by the National Assembly the budget publications are released to the various ministries/divisions and departments with the authorization to utilize the budget allocations from the 1st July of each financial year.

Financial Procedure

I. Submission of Budget Proposals (Books) to the Federal Cabinet

The Budget proposals prepared by the Ministry of Finance is considered by the Federal Cabinet and approved for presentation to the Parliament.

II. Submission of Budget/Finance Bill to the National Assembly

The Minister of Finance shall, in consultation with Prime Minister and the Speaker, prepare a schedule for the consideration of the Annual Budget by the National Assembly. The Secretary of the Assembly shall intimate the schedule so decided upon to all concerned.

III. Submission of Budget to the Senate

Prior to the introduction of Legal Framework Order, there was no provision for the Senate to consider the Money bill (Budget). As per the current provision, budgetary documents are transmitted to the Senate at the same time when it is submitted to the National Assembly. The Senate may, within fourteen days, make recommendations thereon to the National Assembly. The National Assembly shall, consider the recommendations of the Senate and may pass the Budget with or without incorporating the recommendations of the Senate.

IV. Authentication of the Schedule of Authorized Expenditure

After the Budget is passed by the National Assembly, the schedule of authorized expenditure is authenticated by the Prime Minister. The schedule so authenticated shall be laid before the National Assembly, but shall not be open to discussion or vote thereon.

V. Schedule of Authorized Expenditure

After the budget has been approved by National Assembly, an authenticated Schedule of Authorized Expenditure is drawn up in the same form as the Annual Budget Statement, in so far as it relates to expenditure. This schedule approved and signed by Prime Minister constitutes the sole authority for withdrawal of money from the Federal Consolidated Fund. The Schedule reflects the extent of expenditure to be made under a specific grant/appropriation. It also specify the expenditure Charged upon Federal Consolidated Fund and otherwise.

Article 82 of the Constitution provides that the expenditure 'charge' upon the Federal Consolidated Fund may be discussed in, but shall not be submitted to the vote of, the National Assembly.

Article 81, of the Constitution provides that following expenditures shall be charged upon the Federal Consolidated Fund:-

- a. The remuneration payable to the President and other expenditure relating to his office, and the remuneration payable to:-
- b. The judges of the Supreme Court;
- c. The Chief Election Commission;
- d. The Chairman and Deputy Chairman (of the Senate);
- e. The Speaker and the Deputy Speaker of the National Assembly;
- f. The Auditor General;
- g. Federal Ombudsman
- h. The administrative expenses, including the remuneration payable to officers and servants of the Supreme Court, the department of the auditor General and the office of the Election Commission and the Secretariat of the Senate and the National Assembly;
- i. All debt charges for which the Federal Government is liable, including interest, sinking fund charges, the repayment or amortization of capital, and other expenditure in connection with the raising of loans, and the services and redemption of debt on the security of the Federal Consolidated Fund;
- j. Any sums required to satisfy any adjustment, degree or award against Pakistan by any court or tribunal and;
- k. Any other sums declared by the Constitution or by Act of (Majlis-e-Shoora) (Parliament) to be so charged.

Budget Documents

Following budget documents are prepared/presented by the Budget Wing:-

- i. Finance Minister Budget Speech.
- ii. Annual Budget Statement.
- iii. Budget in Brief.
- iv. Budget at a Glance.
- v. Explanatory Memorandum on Federal Receipts.
- vi. Estimates of Foreign Assistance.
- vii. Demands for Grants and Appropriation- (Including Schedule I, II & III).
- viii. Details of Demands for Grants and Appropriation - Pink Book (Volume I, II & III).
- ix. Medium Term Budgetary Statement
- x. Supplementary Demands for Grants and Appropriations.
- xi. Medium Term Budgetary Estimates for Service Delivery.
- xii. Finance Minister Winding-up Speech.
- xiii. Schedule of Authorized Expenditure.

Pakistan – Consolidated Fiscal Operations 2016-17

Budget Wing is also responsible to disseminate quarterly data in respect of Fiscal Operations, Federal, and Provincial as well as Consolidated, on the web-site of the Finance Division. www.finance.gov.pk. The Summary of Fiscal Operations for the year 2016-17 is given below:

(RS. in billion)

| Description | B.E. 2016-17 | Actual * 2016-17 |
|------------------------------------|-----------------|---------------------|
| Total Revenue | 5,347.1 | 4,936.7 |
| Tax Revenue | 4,306.1 | 3,969.2 |
| Federal | 3,956.1 | 3,647.5 |
| Provincial | 350.0 | 321.8 |
| Non-Tax Revenue | 1,041.0 | 967.5 |
| Federal | 946.0 | 888. |
| Provincial | 95.0 | 79.5 |
| Total Expenditure | 6,623.1 | 6,800.5 |
| Current Expenditure | 5,041.1 | 5,197.9 |
| <i>Out of which</i> | | |
| <i>Markup payments</i> | 1,360.0 | 1,348.4 |
| <i>Defence</i> | 860.2 | 888.1 |
| Development and Net Lending | 1,582.0 | 1,680.7 |
| Statistical discrepancy | - | (78.0) |
| Budget Deficit | 1,276.0 | 1,863.8 |
| As % of GDP | 3.8% | 5.8% |
| Financing of budget deficit | 1,276.0 | 1,863.8 |
| External (Net) Financing | 234.4 | 541.4 |
| Domestic Financing | 1,041.6 | 1,322.4 |
| Non-Bank | 538.7 | 276.6 |
| Bank | 452.9 | 1,045.8 |
| Privatization Proceeds | 50.0 | - |
| As % of GDP | | |
| Total Revenue | 16.0% | 15.5% |
| Tax Revenue | 12.9% | 12.5% |
| Federal | 11.8% | 11.4% |
| Provincial | 1.0% | 1.0% |
| Non-Tax Revenue | 3.1% | 3.0% |
| Federal | 2.8% | 2.8% |
| Provincial | 0.3% | 0.2% |
| Total Expenditure | 19.8% | 21.3% |
| Current Expenditure | 15.0% | 16.3% |
| <i>Out of which</i> | | |
| <i>Mark-up payments</i> | 4.1% | 4.2% |

| | | |
|-------------------------------------|--------------|--------------|
| <i>Defence</i> | 2.6% | 2.8% |
| Development and Net Lending | 4.7% | 5.3% |
| GDP | 33509 | 31862 |
| Budget Deficit (As % of GDP) | 3.8% | 5.8% |

***Provisional**

Central Directorate of National Savings

Central Directorate of National Savings is an Attach Department of Ministry Of Finance and is responsible for mobilization of domestic savings through sale of various government securities with a network of 426 offices comprising 12 Regional Directorates, 16 National Savings Treasuries, 376 National Savings Centers, 01 Directorate of Inspection and Accounts, 07 Zonal Inspection and Accounts Offices, 12 Regional Accounts Offices and 02 Training Institutes. Currently, CDNS is offering the following National Savings Schemes to the public.

| S. No. | Name of Scheme |
|--------|-------------------------------------|
| 1 | Defence Savings Certificates |
| 2 | Special Savings Certificates (Regd) |
| 3 | Regular Income Certificates |
| 4 | Savings Account |
| 5 | Pensioners' Benefit Account |
| 6 | Bahbood Savings Certificates |
| 7 | Prize Bonds |
| 8 | National Savings Bonds |
| 9 | Short Term Savings Certificate |
| | STSC 3 Months |
| | STSC 6 Months |
| | STSC 12 Months |

Investment Performance during 2016-17

The Scheme-wise details of assigned targets viz a viz the achievements during FY 2016-17 are as follows.

(Rs. in million)

| Name of Scheme | Maturity Period | Revised Targets for FY 2016-17 | | Achievements during FY 2016-17 | |
|------------------------------|-----------------|--------------------------------|-----------|--------------------------------|-----------|
| | | Gross | Net | Gross | Net |
| Savings Bank Accounts | Running Account | 224,247.00 | 2,231.10 | 237,307.56 | 4,684.42 |
| Pensioners' Benefit Accounts | 10 Years | 48,160.00 | 21,507.40 | 47,499.93 | 18,716.71 |
| Defence Savings Certificates | 10 Years | 48,972.00 | 22,719.10 | 48,307.42 | 16,620.00 |
| Bahbood Savings Certificates | 10 Years | 154,631.00 | 59,648.30 | 151,359.17 | 57,432.10 |

| | | | | | |
|---|---------------------|------------|------------|--------------|------------|
| Special Savings Certificates (Regd) | 03 Years | 121,233.00 | 15,728.70 | 147,173.86 | -39,344.59 |
| Special Saving Accounts | 03 Years | 127,196.00 | 16,502.30 | 161,711.56 | 65,246.58 |
| Regular Income Certificates | 05 Years | 52,533.00 | -26,856.60 | 57,992.95 | -20,950.65 |
| Short Term Savings Certificates | 3, 6 & 12 Months | 1,128.00 | 455.10 | 9,212.04 | 2,077.37 |
| Prize Bonds | | 171,715.00 | 115,831.00 | 145,943.16 | 97,791.58 |
| Postal Life Insurance | | 8,000.00 | 2,800.00 | 7,379.86 | 2,529.79 |
| Premium Prize Bonds | 03 Months | 4,000.00 | 3,900.00 | 3,001.84 | 2,921.72 |
| Grand Total | | 961,815.00 | 234,369.00 | 1,016,893.78 | 207,616.95 |

CORPORATE FINANCE WING (I & II)

Corporate Finance Wing of Finance Division looks after the economic, financial and corporate affairs of all Public Sector Entities (PSEs), which are working under the administrative control of Federal Ministries/Divisions. The financial support is provided to the PSEs for their financial and operational restructuring programme, in the shape of equity injection, Cash Development Loans and provision of subsidy as per government policy from time to time. The PSEs are also allowed to avail Credit Ceilings from Banks to meet their financial requirements. Ministry of Finance also provides GoP guarantees for market financing by PSEs with approval of ECC of the Cabinet.

Corporate Finance Wing has two sub wings; the CF-I wing looks after the economic, financial and corporate affairs of Public Sector Entities (PSEs) dealing with commodity operations. While, Corporate Finance Wing (CF-II) looks after the economic, financial and corporate affairs of public sector entities (PSEs) dealing in Energy sector. In addition CF-II wing also look after the financial affairs of PIA. Major achievements made by these two wings are highlighted as under:

Major Achievements of CF-I Wing:

Prime Minister Package of Incentives for Exporters

In January 2017, Government of Pakistan introduced “Prime Minister Package of Incentives for Exporters” to mitigate declining trend of exports with the financial outlay of Rs. 180 billion. The incentives were offered at various duty drawback rates for the exporters of key sectors including textiles, sports goods, leather goods, footwear, surgical goods, carpets and cutlery. CF Wing ensured that the various schemes under the PM Package for Exporters are implemented at the earliest and that funds for the payments to exporters are timely released. During FY 2016-17, Finance Division released an amount of Rs. 3.5 billion for payments of initial claims against PM Package.

Textile Policy 2014-19

Textile Policy 2014-19 was formulated to enhance the textile value chain and exports through strategic interventions, marketing initiatives followed and capacity building. A number of schemes under Textile Policy 2014-19 have been introduced by the Ministry of Textile Industry like Drawback of Local Taxes and Levies, 2014-15, 2015-16, 2016-17 and Technology Upgradation Fund. During the last FY, Finance Division released a total of Rs. 1.693 billion for various schemes under Textile Policy.

| Cost Centre | Scheme | Released |
|-------------|--|-----------|
| KA3013 | Duty Drawback of Local Taxes and Levies, 2014-15 | 693.000 |
| KA3041 | Drawback of Local Taxes and Levies, 2015-16 | 1,000.000 |

Agriculture Subsidy

Federal Government undertook a number of steps to enhance agriculture productivity and profitability through reducing cost of inputs, expanding credit availability to small farmers and provision of marketing support for major crops. In this regard, following policy measures were supported under CF-I Wing:

- i. Significant reduction in fertilizer prices was achieved during the last one year. The price of bag of urea was Rs. 2,100 in February 2013 which is presently Rs.1,350/bag. Similarly, the price of bag of DAP was more than Rs.4, 000 in February 2013 while DAP is now available at Rs.2, 550.
- ii. The fertilizer industry, which had been enjoying concessional gas tariff and high level of profits, was induced to share gains with the farmers.

- iii. Similarly, GST on sale of urea was reduced from 17% to 5%. Manufacturers of other brands of fertilizer including DAP, NP and CAN etc also ensured reduction in sales price. Resultantly the farmer community annually saved approximately Rs. 21.0 billion on account of cost of fertilizer.

Other Financial Support to PSE's

CF-I Wing also provides financial support to the Public Sector Entities (PSEs) in the form of Cash Development Loans, grants and subsidies. During 2016-17, financial support provided to various Corporation/ Entities under the administrative control of different administrative ministries is as under:-

(Rs in million)

| Particulars | Releases 2016-17 | Budget 2017-18 |
|---|---------------------|-------------------|
| Subsidies and Miscellaneous Expenditure | | |
| GOP Equity Investment in capital of Pakistan Textile City | 12.000 | - |
| Loan to Pakistan Steel Mills | 3,932.021 | 4,000.000 |
| State Engineering Corporation | 45.150 | 54.500 |
| Loan to Heavy Mechanical Complex | 247.000 | - |
| Strategic Trade Policy Framework | - | 5,000.000 |
| Textile Policy Initiatives | - | 5,000.000 |
| Drawback of Local Taxes and Levies (Non Textile) Order, 2017 (<i>PM's Package</i>) | 500.000 | 1,500.000 |
| Duty Drawback of Taxes Order, 2016-17 (<i>PM's Package</i>) | 3,000.000 | 4,000.000 |
| Duty Drawback of Local Taxes and Levies, 2014-15 | 364.018 | - |
| Drawback of Local Taxes and Levies, 2015-16 | 999.363 | - |
| PASSCO-Wheat Operations | 2,786.497 | 2,000.000 |
| PASSCO-Wheat Reserve Stock | 5,000.000 | 5,000.000 |
| TCP-Urea | - | 5,000.000 |
| USC-Ramzan Package | 700.000 | 1,500.000 |
| USC-Sugar | 3,000.000 | 2,000.000 |
| SBP-Sugar Export | 1,598.971 | - |
| SBP-Wheat Export | 1,627.264 | 1,500.000 |
| Subsidy To USC on Account of Sale of Pulses, Rice, Tea etc at Subsidized Rates | - | 500.000 |
| Payment of Subsidy to PASSCO on Account of Wheat Supplied to GB (Arrears) | - | 8,045.000 |
| Pay and Pension Subsidy Account of Railways | 37,000.000 | 40,000.000 |
| PSDP Account of Railways | 43,040.143 | 42,900.000 |
| NHA (PSDP) | 124,847.800 | 233,570.337 |
| Drawback of Local Taxes & Levies (Non Textile) Order, 2016 | 13.234 | |

| | | |
|---|--------|-----------|
| PBC | 33.804 | 267.000 |
| Duty Drawback of Local Taxes and Levies (Non Textile) Order, 2017 | | 1,500.000 |
| Peoples Steel Mills Karachi | | 5.000 |

Non Tax Receipt (Dividend)

In the account of non tax receipt, the details of dividend received by GOP or its investments is as under:-

(Rs. in Million)

| Description | Budget FY 2016-17 | Receipt FY 2016-17 |
|----------------------------|-------------------|--------------------|
| Financial Institutions | 1,202.500 | 799.212 |
| Non-Financial Institutions | 83,924.700 | 68,904.504 |
| Total: | 85,127.200 | 69,703.716 |

Recovery of Debt Service Liability (Principal + Interest)

Federal Government has also been granting interest-bearing loans to various institutions for financing of their projects, restructuring, and to meet their temporary financial needs. The details of GoP granted interest bearing loan to Government organization/institution during FY 2016-17 is as under:-

(Rs. in Million)

| Organization | Revised Budget FY 2016-17 | Receipt / Recovery FY 2016-17 |
|--------------------|---------------------------|-------------------------------|
| WAPDA (Power Wing) | 7,773.847 | 1,039.433 |
| GENCO's (LNG) | 5,988.250 | 5,988.248 |
| WAPDA (Water Wing) | 302.371 | 0 |
| NHA | 40,519.328 | 47,552.430 |
| Wah Brass | 316.648 | 316.648 |
| CDA | 350.000 | 0 |
| PIA | 1,537.500 | 0 |
| PTV | 58.753 | 0 |
| PBC | 269.886 | 0 |
| Total: | 57,116.583 | 54,896.759 |

Major Achievements of CF-II Wing:

Financial Support To Public Sector Entities.

During the FY 2016-17 financial support provided to the Energy sectors in pursuance to government policy decisions was as under:-

Power Sector

Rs.118.00 billion as Tariff Differential Subsidy to Power Sector

- Re-financing of **Rs.136.454 billion** of Power Division/PHPL through Syndicated Term Finance Facility from consortium of local commercial banks.

- **Rs.71.00 billion** commercial financing against GoP guarantee on behalf of power distribution companies through Power Holding (Pvt.) Limited.
- **Rs.1.6 billion** has been released to Power Holding (Pvt.) Limited for payment on account of Debt Servicing against bank borrowing charged as Equity in Distribution Companies (DISCOs).
- 2nd Revised GoP guarantees against Syndicated Term Finance Facility STFF-I & STFF-III amounting to **Rs.30.6 billion** for 425-MW, Nandipur Power Project with the approval of ECC of the Cabinet.
- **Rs.18.00 billion** market financing for National Transmission & Despatch Company Limited (NTDC) for construction of Interconnection of Thar Coal based 1200 MW Power Plants with NTDC system.
- **Rs.10.40 billion** loan for National Transmission & Despatch Company Limited (NTDC) regarding construction Interconnection of Imported Coal Based 1320 MW Power Plants at Bin Qasim (near Karachi).
- **Rs.38.12 billion** for WAPDA, in connection to the partial payment of Net Hydel Profit (NHP) backing GoP guarantee against Promissory Note issued by WAPDA in favour of the Government of Punjab.
- **Rs.60.00 billion** has been released as Cash Development Loans (CDL) for the two LNG projects Balloki and Haveli Bahadur Shah through National Power Parks Management Limited under CPEC.
- In pursuance of approval of the Federal Cabinet in June, 2017, CDLs granted during 2015-16 and 2016-17 amounting to **Rs.114 billion** to two LNG projects Balloki and Haveli Bahadur Shah through National Power Parks Management Limited have been converted into GOP Equity. Accordingly has acquired the entire GoP equity in NPMMCL and paid an amount of Rs.64 (b) as first instalment to GoP while remaining amount of **Rs.50 billion** will transfer upto 30th September, 2017.
- **Rs.0.346 billion** released to QESCO as cash development loan for the transmission lines project.

Oil & Gas Sector

- i) Rs. 25 billion has been earmarked in the PSDP under GIDC for financing of LNG infrastructure and development projects.

Pakistan International Airline (PIA)

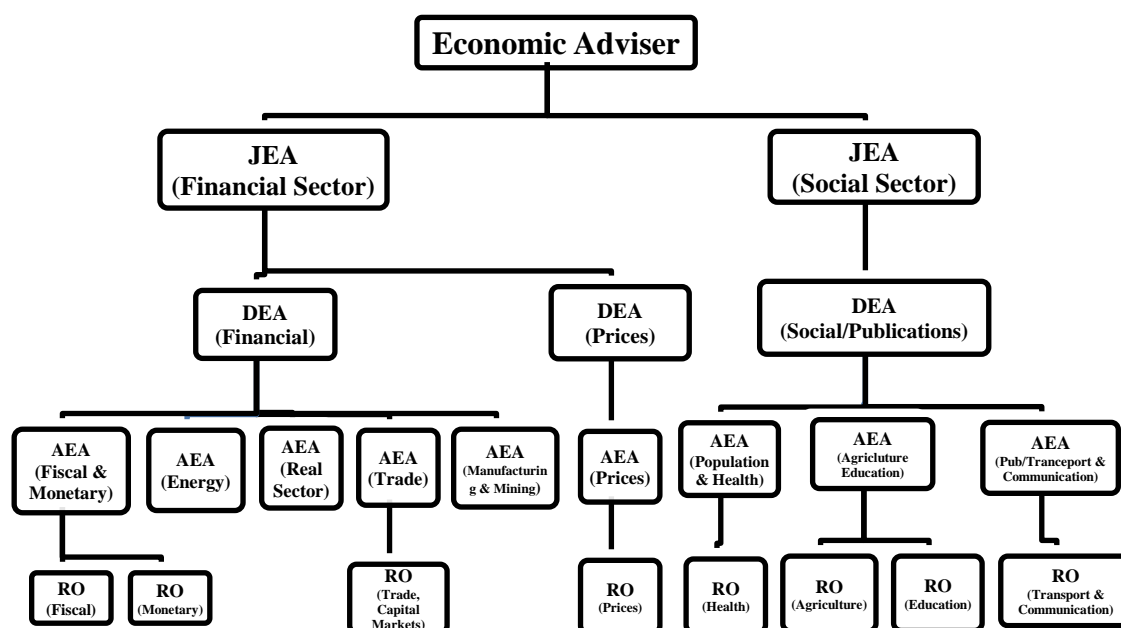
PIA is a national flag carrier. The airline has been recurring liquidity crises for last several years. Finance Division is providing financial support to PIA to meet their financial requirements. This support mainly includes provision of GoP guarantees for local and foreign currency loans from financial institutions. The guarantees are provided after getting approval of ECC of the Cabinet. ECC in its meeting dated 18-1-2017 has approved the increase in GoP guaranteed limit by Rs.10.5 from Rs. 151 billion to Rs. 161.5 billion to cater for immediate financial needs of PIA.

ECONOMIC ADVISER'S WING

Economic Adviser's Wing (EAW) is responsible for analysing and reporting economic situation of the country. To this end, it undertakes the following activities.

- Publication of annual Economic Survey of Pakistan and Statistical Supplement.
- Preparation of Briefs/Answer for the Finance Minister on various economic issues including current economic situation/National Assembly/Senate questions, resolutions and motions.
- Act as a repository of knowledge of current economic development, both internal and international.
- Assist in formulating as well as to keep a watch and prepare periodic reviews on fiscal, monetary, trade, and various other economic policies of the Government.
- Provision of input to the concerned Wings of Finance Division on various economic issues.
- Represent the Ministry on various Committees and economic Groups.
- Serve as a Secretariat to the National Price Monitoring Committee.
- Serve as Secretariat for Fiscal Monetary Policies Coordination Board.
- Work of special nature assigned by the Finance Secretary and the Finance Minister.
- Brief Finance Minister and the Finance Secretary on various economic issues.
- Submit position of CPI and price situation regularly to ECC of the Cabinet Division.
- Presentation to the ECC on Key economic indicators of the economy.

**ECONOMIC ADVISER'S WING
ORGANIZATION CHART**



JEA: Joint Economic Adviser

DEA: Deputy Economic Adviser

DFA: Deputy Financial Adviser

AEA: Assistant Economic Adviser

RO: Research Officer

Performance during 2016-17

The Economic Adviser's Wing during 2016-17 provided technical and professional inputs on all relevant economic and financial matters to the Finance Division. Economic Adviser's Wing, represented Finance Division in meetings with IMF, World Bank, Asian Development Bank and other high level committees like; National Accounts Committee, Standing Committee on Balance of Payments, Economic Advisory Council, Technical Committee for New Base Year, Data Producer Council and Federal Committee on Agriculture. A number of other tasks were also performed like assessment of socio-economic situation of the country along with reflection of government's initiatives on various dimensions of the economy during the year.

Economic Adviser's Wing regularly prepares and updates Macro Economic Framework to forecast economic condition. The wing also provides input/comments on State Bank of Pakistan Quarterly & Annual reports.

Economic Adviser's Wing regularly reviewed and engaged in preparing rebuttals/rejoinders to counter the negative media campaign against concocted stories and commentaries which were published in newspapers with a view to offset negative propaganda against the government.

Publication – Pakistan Economic Survey

Economic Advisor's Wing prepares and publishes the annual document 'Pakistan Economic Survey' which evaluates the overall economic performance of the country, government's policies and implementation status in all sectors.

During 2016-17, Pakistan Economic Survey and its highlights both in English and Urdu were published on 25th, May 2017 prior to the announcement of Federal Budget. Pakistan Economic Survey is formally launched every year by the Federal Finance Minister in a ceremony for the print and electronic media and is also placed before the Parliament for perusal of the members for discussion during the Budget Session. Pakistan Economic Survey is widely distributed complementary during the year on demand amongst the students, academia, research organization, institutions, departments in public and private sectors, ministries and embassies etc. Soft copies on CD format are also prepared for the users. Soft version of Pakistan Economic Surveys published during the last eleven years can also be accessed on (www.finance.gov.pk). So far over 18,000 visitors accessed the document and around 4000 copies of Pakistan Economic Survey were distributed during the said period.

Publication-Statistical Supplement of Pakistan Economic Survey

Economic Adviser's Wing also publishes the Supplement of the currently published Pakistan Economic Survey. Supplement comprises the extensive data for the entire fiscal year, July-June along with data series of several preceding years. This Statistical Supplement of Pakistan Economic Survey is compiled to present accurate time series data on fiscal, economic and social sectors for the convenience of policy makers, researchers, academia and other users. Statistical Supplement of the Pakistan Economic Survey 2015-16 was published on 12th, December 2016.

Review and Reporting Economic Situation

Economic Coordination Committee (ECC) of the Cabinet is regularly apprised when agenda item is taken on key economic indicators, commodities stock position and analysis of regional prices of consumer items. This practice continued during 2016-17 and summaries/presentation were timely prepared and submitted.

National Price Monitoring Committee (NPMC) meetings

This committee has been constituted since January 2011 under the Chairmanship of Secretary Finance to ensure stability in the prices of essential commodities with the coordination of provincial governments and other stakeholders. EA Wing is the secretariat of this committee with representatives from provincial governments and relevant federal ministries are the members of the committee. NPMC reviews and monitors supply situation of essential food items on monthly basis. The committee is assigned to improve mechanism to mitigate the price pressure and to streamline the demand and supply position in facilitating the general public through price stability and to ensure the availability of essential food items. Finance Minister chairs the meeting since inception of the present government.

Monetary and Fiscal Coordination Board meetings

Economic Adviser's Wing also convenes and act as secretariat of the Monetary and Fiscal Policies Coordination Board meetings to bring all the key decisions makers on same page and bring coordination between monetary, fiscal, growth and trade policies. Monetary and Fiscal Coordination Board meeting is chaired by Finance Minister and represented by Federal Minister for Commerce, Planning, Development & Reforms, Secretary Finance Division, Governor State Bank of Pakistan and two eminent economists.

Impact of the Incident of Terrorism

In order to assess the impact of the incidents of terrorism on the economy of Pakistan during the past several years, Economic Adviser's Wing coordinated with all relevant departments/organization and estimated the impact of conflict in Afghanistan and the ensuing terrorism on exports, foreign investment, privatization, industrial output, tax collection etc. and updated the estimates for 2016 and 2017. These estimates have been published in Pakistan Economic Survey 2016-17.

Project – Digitalization of Pakistan Economic Survey

In order to provide easy access the historical data contained in the Pakistan Economic Surveys, the Pakistan Economic Surveys from 1960-61 to 2015-16 has been digitized. Presently validation, testing and fine-tuning of whole system is in progress. This will facilitate policy planners, academia, researchers and other concerned to access the information through instant retrieval of requisite data.

EXPENDITURE WING

BENAZIR INCOME SUPPORT PROGRAMME, ISLAMABAD

The Government of Pakistan launched the Benazir Income Support Programme (BISP) – the National Cash Transfer Programme (NCTP) – in July 2008, as the social safety net (SSN) programme. BISP originally came into being in the face of rapid food price inflation, which saw food, grain and fuel prices reaching a 30-year highest in 2008 and the global economic downturn in 2009 which further decreased the welfare of already vulnerable households. BISP is among the world best SSN programme that provides support to the vulnerable segments of the society.

Present Government has expressed a strong resolve to reform the social protection mechanism in line with its manifesto. In the last four years, the government has placed special emphasis on the expansion of BISP and improvement of its delivery mechanism. The budgetary allocation has increased Rs. 75 billion in 2013-14 to Rs. 121 billion in 2017-18. The quarterly installment was enhanced by the present government to Rs. 3000 per family w.e.f. 1st, July 2014 which has subsequently been increased to Rs. 4700 per family effective 1st, July 2015 and for current fiscal years this amount has increased to 4834/- per quarter

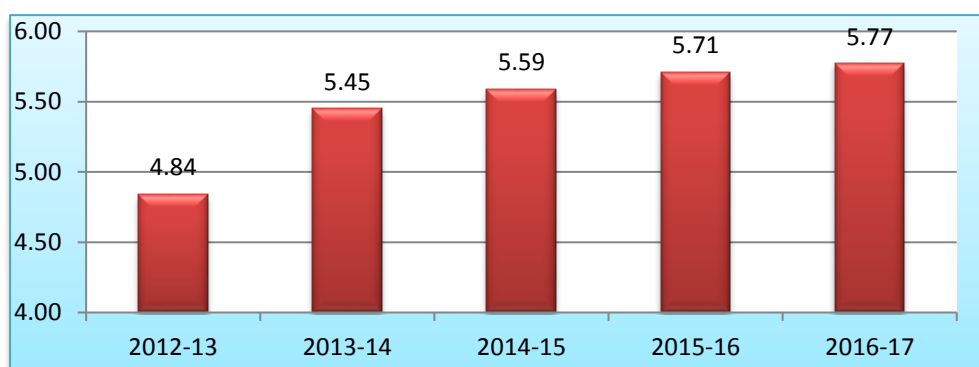
BISP, so far, has made tremendous progress by increasing its beneficiaries and improving targeting and disbursement mechanisms. Over the last 3 years, BISP has successfully achieved all Disbursement Linked Indicators (DLIs) under World Bank, DFID and ADB projects. International agencies have upgraded BISP ranking such as

- World Bank ranked [BISP Moderately Satisfactory to Satisfactory](#) in Overall Implementation Progress in 2016
- Overall performance rating of programme has increased from “A” to “A+” ([DFID Annual Review Report of 2015](#))
- Internationally acclaimed as [number 5 in the world](#) in targeting performance of SSNs (State of Social Safety Net, World Bank, 2015)

Unconditional Cash Transfer (UCT) Programme

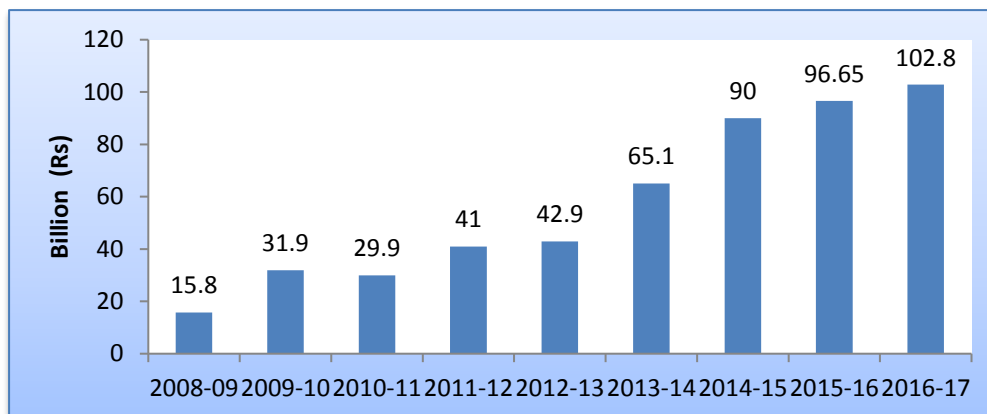
The Unconditional Cash Transfers (UCT) Programme, the core programme of BISP, was initiated in 2008. The short term objective of the programme was to cushion the adverse impacts of the food, fuel and financial crisis on the poor, but its broader objective is to meet the redistributive goals of the country by providing a minimum income support package to the chronically poor and those who are more likely to be affected negatively by future economic shocks. Since its inception in 2008, UCT programme has grown rapidly; it is now the largest single cash transfer program in Pakistan’s history. The number of active beneficiaries has increased from 1.7 million households in 2008-09 to more than 5.77 million June 2017.

Number of Beneficiaries during 2012-16 (Million)



BISP's annual disbursement rose from 16 billion in FY 2008-09 to Rs.96.65 billion in 2015-16 and Rs. 102.8 Billion in 2016-17. Since 2008, Rs. 515 billion has been disbursed to beneficiaries. BISP is making payments to more than 94% of its beneficiaries through technology based payment mechanisms like Smart/Debit cards and mobile phone banking.

Year Wise Cash Disbursement (Rs. Billion)



Waseela-e-Taleem (WeT) Programme

There is an increasing role of complementary interventions in ensuring sustainable impact of cash transfer on uptake of education and health services, nutrition outcomes, and for improving livelihoods to increase the potential of graduation of BISP beneficiaries from poverty. The major complementary programme of BISP is WeT. WeT was developed by BISP in consultation with all the programme stakeholders. WeT Programme was initiated to financially support the primary education of 5 to 12 years old children of BISP beneficiary families for their enrolments and retention. Each beneficiary child receives a cash transfer of PKR 750 per quarter upon meeting the admission verification in 1st quarter and attendance requirement of 70% in subsequent quarters till completion of the primary education. It is part of the graduation strategy aiming to link the UCT to attainment of human development goals. WeT programme is currently implemented in 32 districts across the country. The key achievements are

- **Enrollment:** As of June 30, 2017, 1.673 million children have been admitted under WeT and the ratio between male and female children stands 52% and 48% respectively.
- **Retention:** The programme is going well with retention rate of 98%. This means that 98% of the WeT children admitted in primary schools are attending the schools. The percentage of children having more than 70% attendance compliance is 80%.
- **Funds Transfer:** Around PKR. 4.69 billion have been disbursed as stipends to the children of the poorest of the poor till June 2017..

BISP plans to further extend the WET Programme into additional districts upon mutual consent with the provincial authorities. Discussions with Development partners and provincial education departments are underway to finalize the number of districts for extending the programme.

National Socio-Economic Registry (NSER)

At the start of the program in July 2008, reliable data was not available for the identification of the underprivileged and vulnerable persons in the country. The task of identification of the potential beneficiaries of BISP was, therefore, entrusted to the Parliamentarians in what was the Phase-I of targeting. Application Forms were distributed among the Parliamentarians in equal number (800 forms to each member of the National Assembly and Senate and 1000 forms to each member of the Provincial Assemblies), irrespective of party affiliation. The forms received were verified through NADRA database and out of 4.2 million received forms 2.2 million

families were found eligible for cash transfers. Later, a transition in terms of objective and scientific mode of targeting i.e. Poverty Scorecard (Phase-II) was launched. The nationwide Poverty Scorecard Survey, the first of its kind in South Asia, enables BISP to identify eligible households through the application of a Proxy Means Test (PMT) that determines the welfare status of the households on a scale between 0-100. The survey was started in October 2010 (which was conducted by the independent firms hired through a competitive bidding process) and has been completed across Pakistan except two agencies of FATA. The survey has the following features:

- 7.7 million families are identified as living below the cutoff score of 16.17
- Creation of a large and reliable national registry of the socioeconomic status of almost 27.36 million households and approximately 155 million individuals across Pakistan.
- It was not a random survey; approximately 90% of the households were covered. The gap was due to the fact that the survey was an optional exercise and remaining either refused or did not participate in the survey.

Following the international best practices, update process of NSER has been initiated. NSER update will take place in two phases, i.e. Phase-I and National rollout. In phase I, 15 districts and 1 agency of FATA have been shortlisted. Twelve districts are covered through a 'Door to Door' approach. BISP has established registration centers in four of these districts (through NADRA) to collect data through 'self-registration' approach. Pakistan is the first country where a social safety net programme is using CAPI approach (Computer Based Personal Interviewing) for collection of data. The data collection has been completed in twelve districts.

| No. | Region/Province | District/Area | No. | Region/Province | District/Area |
|-----|-----------------|----------------|-----|-----------------|----------------|
| 1 | AJK | Mirpur | 2 | GilgitBaltistan | Gilgit |
| 3 | KP | Charsadda | 4 | KP | LakkiMarwat |
| 5 | KP | Haripur | 6 | Punjab | Chakwal |
| 7 | Punjab | Faisalabad | 8 | Punjab | Layyah |
| 9 | Punjab | Bahawalpur | 10 | Sindh | Sukkur |
| 11 | Sindh | Jacobabad | 12 | Sindh | Thatta |
| 13 | Balochistan | KillaSaifullah | 14 | Balochistan | Nasirabad |
| 15 | Balochistan | Kech | 16 | FATA | Mohmand Agency |

Impact Evaluations Results

Rigorous evaluations are built into the design of BISP. There is a dedicated unit of Monitoring and Evaluation at BISP. These evaluations are also conducted by external organizations to ensure credibility. The evaluations provide invaluable insight into the incentive structure and processes of an intervention, and as such form an essential part of policy design. To obtain a more rounded and balanced perspective of the programme, particularly in the case of impact evaluations, both quantitative and qualitative analysis has been performed. The former provides evidence on variables amenable to measurement and systematic statistical analysis; the latter provides evidence of attitudes, perceptions, and impacts derived from interviews, focus groups, and other methods of analysis. Both types are useful and contribute to understanding the full dimensions of such complex programme.

Keeping in view the importance of impact evaluation, the Government of Pakistan has contracted Oxford Policy Management (OPM) to undertake a rigorous evaluation of the programme's impact. The final report was launched by the Honorable President of Islamic Republic of Pakistan on January 17, 2017. Followings are the key findings of impact evaluation;

- a. BISP is having an impact on increasing consumption expenditure and reducing poverty. The evaluation indicates that per adult equivalent monthly consumption expenditure, both food and non-food has induced to increase.
- b. BISP has induced a fall in the depth of poverty.
- c. BISP has reduced rates of malnutrition amongst children aged 0-59 months.
- d. BISP has enhanced women empowerment as 76% of female beneficiaries reported that they retain control over the cash transfer.
- e. BISP is associated with increased proportions of women in beneficiary households voting.
- f. BISP has caused a change in the livelihood strategies adopted in beneficiary households through a shift from casual labor to self-employment activities.
- g. BISP WeT Programme has caused an increase in enrolment of BISP beneficiary children (aged between 5 to 12 years) by 10 percent.

Social Mobilization through BISP Beneficiary Committees (BBC)

Social Mobilization is one of the key elements of WeT programme, envisaged to play a key role in inculcating the co-responsibility of the beneficiaries in the success and take-up of the programme. Through social mobilization, the beneficiary mothers have been organized in groups/committees at the village level. The experience of social mobilization clearly reveals that BISP's performance has improved in the context of the comprehension of beneficiaries about BISP and its programmes, case management, transparency, accountability and connectivity between the beneficiaries and BISP field staff, resulting in empowered women beneficiaries at large. As per design and workload of the beneficiaries, target of 60,000 BBCs formation was set by BISP, out of which 62,657 BBCs have so far been formed in 32 districts of the country. These BBCs are being extended to play a role in understanding of core UCT product as well. It is hoped that through them, women will be in charge in the real sense.

EXTERNAL FINANCE POLICY (EF-P) WING

External Finance Policy (EFP) Wing deals with multilateral and bilateral intuitions like the World Bank Group (IDA, IBRD, IFC and MIGA), International Fund for Agricultural Development (IFAD), SAARC Development Fund (SDF) and ECO Trade and Development Bank. It is the focal point for Pakistan Poverty Alleviation Fund (PPAF), Institutional Strengthening of Finance Division Project (ISFDP), Joint Ministerial Commissions (JMCs) and Joint Economic Commission (JECs).

Major activities/achievements of EFP Wing during Financial Year 2016-17 are highlighted as under:

The World Bank

- Successful execution of the World Bank's Finance for Growth Development Policy Credit (DPC-IV) resulting in disbursement of \$301 million
- Formulation of Pakistan's Infrastructure Finance Policy and approval of the same by the ECC
- Successfully negotiated and got approved various projects and programs of the Bank in the areas of Energy, Infrastructure, Social Protection, Financial Inclusion, Disaster Resilience, Tourism, Health, Water, Agriculture, worth \$1,258 million

Poverty Reduction Strategy Papers (PRSP)

The PRSP Secretariat housed in EF Policy Wing monitors / tracks pro-poor expenditure according to targets fixed in the Medium Term Expenditure Framework (MTEF). A results-based M&E framework designed under the PRSP-II monitors output and outcome indicators in the pro-poor sectors, which not only strengthens the existing monitoring mechanism to assess the impact of public sector investment in the country but also serves as input for future policy formulation to improve well-being of the people. Quarterly/annual progress reports are accordingly compiled and uploaded on Finance Division's website on a regular basis.

Institutional Strengthening of Finance Division (ISFD)

The ISFD Project envisages overall professional development, knowledge/information sharing and institutional capacity building to facilitate and strengthen fiscal and economic policy formulation and management across various delivery units of Finance Division. This capacity enhancement is necessary to tackle the day-to-day economic and financial management issues. The main objectives of the project's are:

- a. Bridge the skill gaps by provision of consultant's services
- b. Conduct research studies
- c. Provide on the Job/function-based local trainings
- d. Digitalization of Economic Surveys of Pakistan

During the FY 2016-17, following 05 training courses, for officers (2-3 days duration) were conducted under the project.

| Sr. No. | Course Name | No. of Trainings |
|----------------|-----------------------------------|-------------------------|
| 1 | PSDP Allocations and Disbursement | 01 |
| 2 | Financial Management Issues | 01 |
| 3 | Understanding the Budget | 01 |
| 4 | Economic Data Analysis | 01 |
| 5 | Monitory Policy and inflation | 01 |

Moreover, ten (10) Economic Surveys (2007-08 2016-17) have been digitized during FY 2016-17.

8th Meeting of SAARC Inter-Governmental Expert Group (IGEG)

On Financial Issues

13th SAARC Summit held on November 12-13, 2005 in Dhaka, Bangladesh had decided that Finance Ministers of SAARC countries will meet regularly to discuss economic situation in the region and further resolved to make vision of South Asian Economic Union a reality. Subsequently, on the recommendation of 1st meeting of SAARC Finance Secretaries held on July 10, 2006, Islamabad, an Inter-Governmental Expert Group (IGEG) on Financial Issues comprising experts from governments of SAARC countries was established to implement the decisions of SAARC Summit. Government of Pakistan, Finance Division hosted Eighth Meeting of Inter-Governmental Expert Group (IGEG) on Financial Issues at Islamabad on 20-21 July 2016 in which financial experts from 8 SAARC member states along with officials of SAARC Secretariat participated in the meeting and discussed various options for economic and financial cooperation amongst the SAARC member states.

8th Meeting of SAARC Finance Ministers and Finance Secretaries

Ministry of Finance, Government of Pakistan hosted the 8th meeting of SAARC Finance Ministers on 26th August 2016 preceded by the 8th meeting of SAARC Finance Secretaries on August 25, 2016 at Islamabad. The meetings were inter alia attended by the Finance Ministers from Bangladesh, Bhutan, Nepal, Sri Lanka, Pakistan, Deputy Finance Minister of Maldives, Ambassadors of India and Afghanistan, Secretary General of SAARC, Finance Secretaries and financial experts from the SAARC member states and officials of SAARC Secretariat. The Minister of Finance, Revenue, Economic Affairs, Statistics and Privatization, Government of Pakistan chaired the meeting of SAARC Finance Ministers and Finance Secretary chaired the meeting of SAARC Finance Secretaries.

The meetings reviewed the progress on the decisions taken by the Finance Minister during its earlier meetings and issued further guidelines for boosting up the economic and financial cooperation among the member states.

SAARC Development Fund (SDF)

SAARC Development Fund (SDF) was established in 2008 to offer concessional and non-concessional loans as well as grants to contribute to regional cooperation and integration through project collaboration with an aim to reduce poverty in the SAARC Region emanating from Social, Economic and Infrastructure Windows. Presently, Social Window is operational and various projects are under implementation in member states including Pakistan. External Finance Policy Wing of Finance Division is also the Counterpart Agency of SDF in Pakistan. Ministry of Finance, Government of Pakistan hosted the 25th meeting of SDF on 24th August 2016 and 5th meeting of Governing Council of SDF, comprising the Finance Ministers of SAARC Member states, on August 26, 2016.

International Finance Corporation (IFC)

Pakistan is an important IDA country and represents IFC's largest country exposures in the Middle East and North Africa Region. External Finance Policy Wing is the focal point of IFC in Finance Division and coordinate with IFC for its activities in Pakistan.

IFC has committed more than US\$ 8.5 billion (including US\$ 1.2 billion mobilization) of cumulative investments in Pakistan since 2007. This is one of the largest portfolios of IFC in its member countries. Current committed investment exposure in Pakistan is about US\$1.32 billion in 44 companies [54% in infrastructure, 26% financial market and remaining 20% in general manufacturing and services sectors].

Eco Trade and Development Bank

ECO Trade and Development Bank (ETDB) was establishment in 2005 to mobilize resources for the purpose of initiating, promoting and providing financial facilities to expand inter-region

trade and accelerate economic development of ECO countries. EFP Wing of Finance Division is the focal point of ETDB in Pakistan.

ETDB extended trade finance facility amounting to US\$ 40 million for the financing of import of oil of Government of Pakistan for Energy Production. A project finance facility amounting to US\$ 8.35 million was provided to Harappa Solar (Private) Limited for establishment of 18 MW Soar Power Farm near Harappa Punjab, Pakistan. Furthermore, Short Term Trade Finance Facility And Non-Cash Financing Facilities and Treasury Limits were approved for various banks based in Pakistan.

Pakistan Poverty Alleviation Fund

Pakistan Poverty Alleviation Fund (PPAF) was set up under section 42 of the Companies Ordinance 1984 as a “not for profit” apex institution dedicated to reducing poverty at the grass root level. The aim of PPAF is to help the poor in order to enable them to gain access to resources for their productive self-employment, to encourage them undertake activities of income generation and poverty alleviation for enhancing their quality of life.

Being the administrative Ministry, Finance Division (EFP Wing) channelizes funds provided by the development partners to PPAF. The Wing arranges annual budget allocation for PPAF to provide rupees cover to the grant portion of funds. During the Financial Year 2016-17 an amount of Rs. 2000 million was allocated to PPAF. Due to lesser disbursement by development partners PPAF could utilize Rs. 1675 million and the rest Rs. 325 million were surrendered.

Through its ongoing programs such as Livelihood Support and Promotion of Small Community Infrastructure Program (LACIP), Program for Poverty Reduction (PPR), Hydropower and Renewable Energy program (HRE), Prime Minister’s Interest Free Loans scheme (PMIFL) and a range of other projects, PPAF spread its cherished values and approaches of building institutions, developing social capital, ensuring equality and inclusion and propelling economic sustainability. During the FY 2016-17, major activities/achievements of PPAF are highlighted as under:

- Incorporation of Pakistan Microfinance Investment Company (PMIC) in August 2016 (with 49% share of PPAF) a big step forward for financial inclusion.
- Enumerated a record spread of 8 million microcredit loans, of which 4.8 million (60%) were to women with 80% of the financing extended in rural areas.
- Disbursed Rs. 2,160 million for its grant based interventions.
- With this financing, 601 water and infrastructure schemes were completed; 122 educational facilities and 38 health centers were supported; 369 community level, 142 village level and 4 union council level institutions were formed;
- 3,369 productive assets were provided to poor households; 4,063 livelihood investments plans were developed; 23 common interest groups were formed; and 7,445 training events were arranged.

Joint Ministerial/Economic Commissions (JMCs/JECs)

Government of Pakistan has established Joint Ministerial/Economic Commission with different friendly countries to enhance bilateral cooperation in areas such as Banking, Finance, Trade, Investment, Culture, etc. EFP Wing is focal point in Finance Division to provide feedback to EAD and Ministry of Foreign Affairs on the issues of cooperation relating to financial/banking sector. During FY 2016-16, EFP Wing participated in various meetings of JMCs/JECs and inter-ministerial meetings to present the view point of Finance Division on various issues relating to financial/banking sector and the latest implementation status of decisions taken during earlier meetings.

IMPLEMENTATION AND ECONOMIC REFORMS UNIT (IERU)

Implementation and Economic Reforms Unit (IERU) provides policy/ coordination support to Finance Division and other Ministries/ Divisions with respect to the design and implementation of economic reforms, in the three areas of public sector enterprise, power sector and investment climate. During the year under review, IERU also provided support to Finance Division in negotiations with multilateral development partners regarding policy and structural benchmarks with respect to the above-mentioned three areas. Details of important reform initiatives coordinated by IERU are outlined below:

1. Public Sector Enterprise Reforms

Implementation of Government's multi-faceted reforms for revival of Public Sector Enterprises (PSEs) is based on a number of pillars, which include divestment through strategic partnership and public offerings, strengthening enforcement of corporate governance rules, implementation of restructuring plans and regulatory reforms.

The divestment program, which was resumed after a significant gap has helped raise Rs. 173 billion, includes over US\$ 1.1 billion from foreign investors. Transactions included the sale of minority stakes in United Bank Limited (UBL), Allied Bank Limited (ABL), Habib Bank Limited (HBL) and Pakistan Petroleum Limited (PPL), and the strategic sale of National Power Construction Co. (NPCC). The government is currently working on nine transactions that include PSM, PIAC, GEPCO, KAPCO, SLIC, SME Bank, HEC and MPCL. Additionally, due diligence of nine DISCOs and five GENCOs has been conducted through international financial advisors.

Pakistan Railways

Railway Revitalization Strategy is being implemented, which envisages improvements in business processes and the institutional framework, financial stability, and service delivery. As a result, Pakistan Railways (PR) has been making progress since FY2013-14 as reflected in its operational and financial data for FY2014, FY2015 and FY2016. Revenue in FY 2014-15 and FY 2015-16 has improved by 45 and 15 percent, respectively, through rationalization of tariffs, expenditure controls, and improved occupancy rates. Revenues during first half of FY 2016-17 were 5 percent higher at Rs. 18.46 billion compared to Rs. 17.58 billion during the same period last year. During FY 2015-16, PR added 39 new locomotives for freight service and is in the process of procuring 55 locomotives for coal transportation for Sahiwal and Jamshoro coal power plants, delivery of which has started from December 2016.

Pakistan International Airlines

PIAC has been converted into a company under Companies Ordinance 1984 in order to improve corporate governance and help in attracting strategic private sector partnership in the core airline operations, and move PIA under a more efficient and up to date legal framework. The government will attract private sector participation, while maintaining majority shares and management control, for which the process of separation of PIA's core and noncore activities is ongoing. The transaction is expected to be completed by March 2018. The PIA management is working to further limit financial losses by: (i) increasing performance by route rationalization and fleet modernization and expansion, (ii) reducing financial and operational costs, and (iii) providing better services to gain customers' confidence.

Pakistan Steel Mills

A comprehensive restructuring plan has been implemented for Pakistan Steel Mills to prepare for potential strategic private sector participation in the company. Financial advisors were hired in April 2015 and completed the due diligence process in August 2015. The government has decided to offer acquisition of PSM to the Government of Sindh, for which discussions are underway. In the interim, PSM management and the government is working to ensure that financial losses remain contained.

Power Sector Reforms

The government has undertaken broad based power sector reforms under the framework of the National Power Policy 2013. Implementation of these reforms has pushed forward the structural reforms agenda, with the power sector distribution companies showing improvement both in terms of reduction in line losses and collection from consumers. As a result of signing of performance contracts, setting of quarterly performance targets, improved monitoring and enforcement, strengthening of legislations to pursue electricity thefts, up-gradation of electricity transmission and distribution network, and the provisions of incentives to collectors, introduction of mechanism of at-source deduction; the power sector line losses have reduced to 17.9 percent during FY 2015-16 from 18.7 percent during FY 2014-15 and collection from consumers have improved to 94.6 percent during FY 2015-16 as compared to 89.2 percent in FY 2014-15. During the first half of FY 2016-17, the line losses have declined further to 17.2 percent.

The government has also substantially brought down power subsidies and has significantly contained the accumulation of new payable arrears in the power sector by (i) improving DISCOs' performance, (ii) rationalizing tariffs, and (iii) reducing delays in tariff determination. A Circular Debt Capping Plan has been finalized to effectively manage the power sector financial flows, stocks and subsidy budget.

Operationalization of Central Power Purchase Authority (CPPA) as an effective financial manager of the system is a significant step in power sector reforms. Overhaul of financial and management system in Distribution Companies (DISCOs) and Generation Companies (GENCOs) is being carried out to improve their performance to sustainable levels. The government has rehabilitated the existing generating plants and has thus reduced the cost.

Efforts are underway to improve power sector fuel mix in the country to reduce price of power basket and improve financial viability. Under the reforms, large capacity addition is ongoing from wind, solar, nuclear, hydel and coal power projects in the medium term, for ensuring sustainable and affordable energy supply.

Investment Climate

The government's efforts to improve Pakistan's business climate to attract higher investment inflows have been underpinned by the National Doing Business Reform Strategy 2016 that was finalized in February 2016. The Strategy – the first national roadmap for improving Pakistan's investment climate, was developed as a result of inclusive consultations with all relevant public sector agencies at the federal and provincial level as well as the private sector in the country. The Strategy outlines key reform actions under each of the ten DB indicators. The reforms focus on regulatory changes, improving technology and building capacity of implementing agencies for simplification of procedures involved in making businesses operational. They have been designed to effectively address critical bottlenecks faced by a small and medium business during all stages of its life cycle. As a result of the successful implementation of key short term reform measures, Pakistan's ranking on the World Bank's Ease of Doing Business index has improved by four points to 144 out of 190 economies in Doing Business Report 2017 and the country's has been recognized as one of the top ten reformers globally in the area of business regulation.

Going forward, the medium term reforms under the Strategy would focus on facilitating business startup through enactment of new Companies Act, streamlining construction permitting system in Karachi and Lahore, electronic payment systems for Customs related fees and taxes, improving access to finance for SMEs through establishment of moveable assets collateral registry, introduction of modern bankruptcy framework through enactment of Corporate Rehabilitation Law and improving enforcing contracts through by giving legal cover to the practice of alternate dispute resolution mechanisms through the Alternate Dispute Resolution Law.

Policy Support to Finance Division and other Ministries/ Divisions

During the year under review, IERU provided policy support to Finance Division and other Ministries/ Divisions as and when required and requested. This includes preparation of policy briefs, comments on policy frameworks developed by other Ministries and undertaking analytical work on various aspects of the government's reform agenda, including work for office of the Finance Minister. IERU also manages the working of the secretariat of the Economic Advisory Council (EAC). During the year under review, the IERU provided technical support to the EAC. IERU provided support to the Finance Division regarding negotiations and review of assistance programs with multilateral agencies, including programs with the IMF, World Bank and Asian Development Bank.

MILITARY FINANCE WING

The Budget Wing of Finance Division (Military Finance Wing) is assigned with the job of tendering advice to Ministry of Defence on Financial/Budgetary matters. An overall coordination of Budget allocation to Defence Services/Organizations and monitoring of expenditure incurred out of said allocation is also carried out by Military Finance (Budget Wing).

BUDGET ALLOCATION/EXPENDITURE FOR THE FY 2016-17

During Financial Year 2016-17, Indicative Budget Ceiling was issued by Finance Division worth Rs. 860.00 billion. Ministry of Defence also catered for their demands for the said financial year within the IBC. In addition, Rs.39.820 billion were also approved by Finance Division over and above the normal Defence Budget as supplementary/Technical Supplementary Grant. The total Defence Grant comes to Rs.899.820 billion. Service-wise/head-wise expenditure was also monitored carefully and necessary instructions were also issued, where necessary, to keep the expenditure within sanctioned grant. Besides, Budget Estimates for the FY 2017-18 were also scrutinized in detail and Ministry of Defence was advised to accommodate all the demands within Indicative Budget Ceiling approved for the FY 2017-18 i.e Rs. 920.000 billion. The same advice was also passed on to the services/organizations, by the Ministry of Defence at the time of further allocation to services/organizations, accordingly.

ACCOUNTING OF DEFENCE EXPENDITURE

Defence expenditure is classified into 30 main heads and a large number of sub heads, minor heads and detail heads. To cope with the regular requirements, necessary changes are carried out in the classification handbook. All proposals on this account have been examined carefully to ensure transparency in reporting/booking of expenditure.

DEVELOPMENT PROJECTS

Financial scrutinization of cases pertaining to development projects, purchase of weapons and equipment of the Armed Forces of Pakistan and to deal with regularization of service/administrative matters of MoDP and its attached Departments. It is apprised that it would not be appropriate to disclose the nature of cases/contracts/activities, being classified in nature and financed from classified Defence Budget. However, it is assured that all procurement/development cases were thoroughly examined in the light of relevant rules/regulations and instructions for ensuring compliance besides applying different analytical & financial techniques in order to get best value of money, efficient & effective utilization of public resources.

PURCHASE OF STORES

Endeavor has always been made to meet the operational requirements of the Armed Forces within the allocated resources. In this regard, extra efforts are made by persuading the procurement agencies to generate healthy competition among the competitors in order to ensure transparency and best value of money, as per instructions of Public Procurement Rules 2004 (PPRA Rules).

Hectic efforts are being made to provide opportunity to our private sector industries to compete in Defence market.

MISCELLANEOUS ACTIVITIES AND ACHIEVEMENTS OF MILITARY FINANCE WING

Budgetary matters pertaining to Survey of Pakistan (SOP). This section also deals with Pensionary matters of Armed Forces and Civilians, paid out of Defence Budget, Counting of former military services towards pension, Condonation of deficiency/interruption in service/rank of armed forces personnels, Pension to widows or dependents, children allowances of military personnels, Pension appeal committee cases, Ex-gratia award cases of military personnels, Write off outstanding advances against the widows of deceased, regulation

of over payment to civilian paid out of Defence estimates, constant attendance allowance to Military Personnels, over time allowances to lower formation employees of Pak Armed Forces, EOP cases of civilians working in Services HQ, Up- gradation/re-designation of civilian working in services HQs, Medical facilities for Retd civilians paid out of Defence Estimates, Grant of ex-gratia compensation cases and matters pertaining to Military Medals and Awards and any other task assigned from time to time. Accommodation, Ration, Clothing, MT & other Stores of three Services. Acquisition & lease of land. Hiring/de-hiring of residential Bungalows, Capital Works Programe. Delegation of financial powers to commissioned officers, all financial and budgetary matters of FGEI (C/G), amendment in the Rules and Regulations and issuance of JSI/AI/AFI/NI etc, Deployment of Armed Forces Officers with UN Mission/ISAF/T-JIOC and incoming visits of foreign dignitaries.

All the financial matters of ISOs, DG ISI, PMSA, Defence, Army, Air and Naval Attaches of Pakistan, UN Missions Abroad, Deployment of Military Officers abroad. Regularization/Write off cases of tri services. NESCOM (NECOP) Project BOs/NISs etc.

Activities/Target/Achievements

- (i) To ensure the disposal of all cases well in time under financial rules/regulations and procedure.
- (ii) Strict Compliance of all financial measures issued by Govt of Pakistan regarding budget/expenditure etc.
- (iii) Finalization of REs 2016-2017 and BEs 2017-2018 with due regard to economy in expenditure.
- (iv) All the targets assigned to this Division were achieved well in time and within the stipulated period with no pendency at the end of last financial year i.e. 30th, June 2017.

DEVELOPMENT WING

PERFORMANCE OF DEVELOPMENT WING:

Development Wing of Finance Division is responsible for following:

- a. Coordination with regards to PSDP of Finance Division
- b. Examination/preparation of briefs for CDWP/ECNEC/NEC meetings.
- c. Representation of Finance Division in quarterly review of Federal PSDP projects held in P, D & R Division
- d. Coordination with respective F.A's Organization on PC-Is placed before CDWP & ECNEC meetings.
- e. PSDP releases for development projects of Finance Division (Main)
- f. Monitoring & Evaluation of development projects of Finance Division (main)

The Development Wing prepared briefs for 15 CDWP and 09 ECNEC meetings held during FY 2016-17. The Wing also represented Finance Division in 102 Pre-CDWP and 52 Post-CDWP meetings.

The Development Wing is also responsible for release of funds of development schemes of the Higher Education Commission (HEC). During the FY 2016-17, an amount of Rs. 21, 486.487 million was allocated for HEC, which was revised/enhanced upto Rs. 27, 504.953 million, while Rs. 14,443.446 million was released.

Development Wing released funds for the following schemes during FY 2016-17:

(Rs. In million)

| S/NO. | NAME OF THE PROJECT | PSDP ALLOCATION 2016-17 | TOTAL RELEASES |
|-------|--|----------------------------|----------------|
| 1 | Automation Project of CDNS (Phase-II) (Islamabad) | 250.000 | 222.700 |
| 2 | Institutional Strengthening of Finance Division (Islamabad) | 46.000 | 36.426 |
| 3 | Up-gradation & modernization of Pakistan Mint Lahore | 59.000 | 54.00 |
| | Total | 355.000 | 313.126 |

Inter-Wing Coordination/Consultation:

- a. On receipt of PC-I the view of F.A's Organization were sought particularly on the cost estimates provided in the PC-I.
- b. The Wing made necessary coordination with PF Wing in matters related to Provincial Projects in the Federal PSDP.

Internal Finance Division

State Bank of Pakistan (SBP)

Enhancing Effectiveness of Monetary Policy

During FY17, the growth momentum strengthened during the year with the growth rate surpassing 5 percent mark (5.3 percent) for the first time in last 10 years. The investment to GDP ratio improved to 15.8 percent; the credit off take by the private sector registered strong growth of over 67 percent, inflation at 4.2 percent remained well below the target of 6 percent. The external sector however remained under stress with imports surpassing USD 50 billion for the first time, exports and remittances registering negative growth and trade and current account deficit increasing to USD 32 billion and USD 12 billion respectively. The SBP kept a close watch on these developments and took measures and policy actions to help the economy maintain the growth momentum while ensuring price stability.

The low inflation environment enabled SBP to continue with the accommodative monetary policy stance and keep the policy rate unchanged at 5.75 percent. The country's financial markets also exhibited stability during the year with the overnight interest rate hovering around the policy rate and KIBOR averaging around 6.1 percent. The SBP closely monitored the liquidity and interest rate movements in the market and intervened as and when needed to implement its monetary policy stance. The constitution of an independent Monetary Policy Committee (MPC) in 2015 has enhanced the independence and credibility of the monetary policy formulation process. During the year, SBP also started publishing the minutes of the MPC meetings, which has further improved transparency and credibility of the process besides enabling the market to better appreciate SBP's stance on the country's overall economic conditions generally and the monetary policy particularly.

Strengthening Financial System Stability and Effectiveness

The *SBP vision 2020* envisages strengthening of the financial stability regime and improving the efficiency and effectiveness of the financial system. The passage of the Deposit Protection Act by Parliament during the year plugged a major gap in our financial stability framework. This has paved the way for the establishment of a Deposit Protection Corporation (DPC) as an SBP subsidiary. The SBP Board has also approved an initial investment of Rs500 million in the DPC equity. The DPC will commence its operations in FY18 after constitution of its Board by the Federal Government.

To further strengthen the financial stability regime, the SBP signed a Letter of Understanding (LoU) with the Securities and Exchange Commission of Pakistan (SECP) to establish a council of Regulators to mitigate systemic risk covering the broader spectrum of the financial sector. The Council will provide a forum for deliberating issues related to systemic risk, particularly those having cross market and stability implications, and will suggest arrangements necessary for a coordinated response against the crisis. Besides the Council of Regulators, work is also underway for the establishment of an overarching National Financial Stability Council (NFSC) comprising SBP, SECP and Ministry of Finance to discuss and resolve systemic issues.

Broadening Access to Financial Services

Improving financial inclusion has been the hallmark of the SBP's financial system deepening and broadening strategy. Under the National Financial Inclusion Strategy (NFIS) launched in 2015, the *Asaan* Mobile Account (AMA) Scheme was initiated which provides an integrated platform to digital financial service providers to open digital transaction account of any person having a basic mobile phone. The Branchless Banking (BB) regulations were also amended allowing opening of accounts through biometric devices. The initiative has

been a huge success with over 87 percent increase in Branchless Banking Accounts during the year. We also launched *the National Financial Literacy Program (NFLP)* to enhance financial literacy of the target groups i.e. farmers, MSEs (Micro and Small Enterprises), students, etc. Agriculture Finance, which is the major pillar of SBP's financial inclusion strategy, continued expanding with disbursements to the sector crossing Rs 700 billion mark for the first time in the country's history. Encouragingly, the outreach of agricultural finance also increased to 3.27 million farmers during the year from 2.40 million last year. The expansion of agriculture finance outreach during the year could among others also be attributed to Government of Punjab E-Credit scheme for the farmers, which was designed and implemented with our active support and facilitation.

Islamic Banking

The SBP has been playing a leading role in the promotion and development of the Islamic finance industry in the country. The Bank's efforts and contributions in the development of the industry have national and international recognition. In a major development during the year, the Federal Government accepted SBP's long outstanding recommendation and provided tax neutrality to Islamic banking institutions (IBIs) and their customers through finance bill 2017. This will ensure a level playing field for both conventional and Islamic finance banks and their clients; earlier it was skewed more in favor of conventional finance, which was one of the key issues that had constrained its growth in the past. The Bank is also working with the industry and the Government to ensure regular issuance of *Sukuks*. It has also been absorbing some of the liquidity of IBIs through *Bai Muajjal (credit sale) of Government Ijarah Sukuk*; during the year Rs 24.6 billion was absorbed through this mode. Further, to encourage risk-sharing modes of financing (*Musharakah, Mudarabah and Wakalah*), the Bank during the year exempted IBIs from the requirement of using KIBOR as a benchmark rate in the pricing of such products.

Payments System

The development of a robust Payments System is amongst the strategic objectives envisaged in the SBP vision 2020. While the work is underway for the development of a National Payment System Strategy, the Bank during the year signed an agreement with the World Bank to seek its technical and financial support for the development of a National Payments Gateway (NPG). The Bank is also working actively with Federal and Provincial Governments to automate Government payments and receipts, which constitute a significant part of the country's payment system. Last year, the Bank had facilitated the Punjab Government in launching its flagship E-Stamping project, whereas during the current year necessary support was extended to the Sindh Revenue Board to initiate online collection of taxes. Similarly, the Bank has partnered with the FBR to initiate online collection of FBR taxes and customs duty. The project is at an advanced stage and is most likely to be operational by December 2017. Further to automate the Government payments and gradually eliminate cheques from the government payments, the Bank is working with AGPR and CGA to directly credit funds in the beneficiaries' accounts through RTGS. The pilot for this project is expected to be completed during FY18 in Islamabad after which it will be gradually rolled out across the country.

Institutional Strengthening

SBP is also investing heavily in HR and IT systems to enhance the HR skills mix and improve the technological infrastructure as envisaged in *Vision 2020*. Training and development has been a key element of our strategy to hire and maintain a suitably trained and motivated

workforce. During the year, over 1000 officers were imparted training in functional, managerial and leadership areas at NIBAF and reputed training institutes and business schools in the country including LUMS, IBA, and PIMS. SBP has also started sending their middle and senior management officials to Federal Government Training Programs for civil servants in Lahore and Karachi. Further, 224 officers were sent on foreign training in different funded and unfunded programs to give them exposure to the developments being made in central banking policies, practices, systems, etc. The workforce rationalization project has also been initiated to objectively assess the manpower needs for undertaking the assigned functions and strategic goals.

Zarai Taraqati Bank Limited (ZTBL)

ZTBL, being the major financial service provider to agriculture sector persistently augments Government efforts to achieve self-sufficiency in food and marketable surplus. Despite unfavorable scenario the Bank has remained the lead banker in institutional agriculture credit lending as ZTBL alone disbursed an amount of Rs 90.977 billion out of total country's agricultural disbursement of Rs 598.287 billion, having a share of around 15.2% in the total institutional agricultural credit during the FY 2015-16.

Performance/Credit Disbursement in the Financial Year 2016-17

During the fiscal year 2016-17, a lending target of Rs.102.5 billion was assigned to ZTBL by State Bank of Pakistan against which Rs. 92.5 billion have been disbursed with a pace of 90.2%. Disbursements have increased by Rs. 1.474 billion (1.6%) as compared to loans of Rs. 90.977 billion disbursed during year 2015-16. During the said period 442,775 farmers took benefits from the Bank in shape of loans as compared to 425,287 borrowers served during last year 2015-16 which shows an increase of 4%.

The Bank focused on increase in farm production. This is evident from the disbursement of Rs.71.015 billion made for **production purpose** out of total lending of Rs. 92.5 billion representing 76.8% share in over all disbursement.

Development loans were provided to the farmers for medium and long-term investment categories. During the period under review, an amount of Rs. 21.4 billion constituting 23.2% of the total agricultural credit was disbursed under development loans. The development loans were mainly utilized for tractors, farm mechanization, tube-wells, dairy farming and poultry farming etc.

The Bank is also providing loans under two categories of **Farm Credit and Non-Farm Credit**. Bank disbursed an amount of Rs. 67.209 billion and Rs.25.241 billion respectively in these categories. The Bank has provided loans of an amount of Rs.25.169 billion to farmers of Rabi crops and an amount of Rs. 28.842 billion to farmers of Kharif crops. According to holding wise disbursement, subsistent farmers, farmers having land up to economy level and large received loans of an amount of Rs. 68.9 billion, Rs. 22.799 billion and Rs. 0.750 billion respectively from the Bank.

Farmers borrowed under different schemes like Awami Zarai Scheme and Sada Bahar Scheme (Revolving Financing Scheme). Bank has provided loans amounting to Rs. 16.067 billion under Awami Zarai Scheme and Rs. 8.499 billion under Sada Bahar Scheme.

Loan to Small Farmers

The Bank accorded highest priority to fulfill the demand of small farmers with land holding under 25 acres. During the period under review ZTBL disbursed Rs.87.220 billion to small farmers constituting 94.3% of total agriculture credit.

Credit to Women

During the fiscal year 2016-2017, the Bank disbursed an amount of Rs. 0.016 billion in 98 number of loan cases under Khawateen Rozgar Scheme. While the Bank also disbursed an amount of Rs. 5.741 billion in 22,905 number of loan cases under general credit to women.

Recovery Operations

During the fiscal year 2016-2017, ZTBL has recovered an amount of Rs. 101.460 billion as against Rs. 95.230 billion recovered during fiscal year 2015-16 with growth of 6.230 billion.

Financial Performance of the Bank

Despite all constraints, there has been a growing trend in the total assets and net advances of the Bank in the last 3 years. The Bank earned pre tax profit of Rs. 6.546 billion and earnings per share remained at Rs.2.610 as on December 31st, 2016.

New Products/Schemes Launched During the Year 2016

Four credit schemes namely Service Provider/Crop Production Financing Scheme, Warehouse Receipt Financing Scheme and financing to NAVTACC Trained Youth have been launched in the calendar year 2016. The Bank also participated in E-credit scheme of Punjab Government.

Service Provider/Crop Production Financing Scheme

Under this scheme, ZTBL will facilitate the farming community through financing to Service Provider (SP)/Crop Production Companies (CPCs). The Bank will provide production as well as development loans under the scheme to Service Provider/Crop Production Companies up to the tune of Rs. 25 million per borrower/party.

Warehouse Receipt Financing Scheme

Ware House Receipt Financing Scheme can play a pivotal role to protect the farmers' compulsion to sell their product immediately after harvest and collateralized commodity transaction stands itself security for the loan.

In order to address food security challenges & to facilitate the Red Chilli /Hybrid Red Chilli farmers in provision of working capital requirement/needs for production of crops, the Bank has introduced this scheme in Kunri area under ZTBL Samaro Branch of Mirpurkhas Zone.

Financing to NAVTACC Trained Youth

National Vocational and Technical Training Commission (NAVTTTC) arranges training to the rural youth at various centers to enable them to perform various Agri. related activities at their own or to provide services to the farming community.

To provide credit assistance to such NAVTTTC trained rural youth to become a service provider for the farming community, this scheme has been launched by the Bank. Under the scheme, the Bank will provide clean financing/surety loan for gardening & horticulture, tunnel farming, dairy, poultry & veterinary assistance purposes to the NAVTTTC trained rural youth in their respective training field up to Rs. 100,000/- enabling them to start their work as entrepreneurs/service providers. Under the scheme, maximum financing limit for clean financing will be up to Rs. 1.500 million per borrower/party for NAVTTTC trained youth.

Govt. of Punjab Mark-up Free Agri. E-Credit Scheme for Small Farmers

In order to support Punjab Government's efforts to increase agri. produce as well as to alleviate rural poverty among small and poor farming segment of the society, the Bank participated in E-Credit scheme across the Punjab province.

The scheme is unique in terms of provision of subsidy by the Govt. of Punjab up to 5 acres for provision of quality input loans to the farmers by facilitating them free of cost registration at Suhulat Centers to be maintained by the Land Record Management Information System (LRMIS) in collaboration with Punjab Information Technology Board (PITB).

The disbursement of the loan has been made to the farmers through open mobile wallets of telcos linked with Asaan Account. Input loans are provided in three installments on seasonal basis for Rabi crops up to Rs. 25,000/- per acre and for the Kharif crops up to Rs. 40,000/- per acre, translating into a maximum credit of Rs. 65,000 per acre per farmer per year. During the year 2016, the Bank disbursed an amount of Rs. 373.010 million against 4,651 numbers of cases under this scheme.

International Recognition & Appreciation

Awards Won:

ZTBL struck a hat-trick by winning three consecutive "Plaque of Merit" awards of Association of Development Financing Institution in Asia and Pacific (ADFIAP) in different categories on behalf of its performance in Credit Disbursement to Subsistence and Small Farmers, Technology Development and Local Economic Development during the year 2015,2016 and 2017 respectively.

The Bank has been honored with the "*Global Sustainable Finance Award*" for its lending product "*Khawateen Rozgar Scheme*" during the year 2016. The Bank also received an award from European Organization for Sustainable Development in the City of Karlsruhe where delegations from thirty-five countries of the world gathered to participate in this prestigious award ceremony held on 14-15th, July 2016.

Pakistan Mint

Pakistan Mint is a service department under Ministry of Finance and is charged with Minting of coins against demand from the State Bank of Pakistan. Besides minting coins,

Pakistan Mint also manufactures Military and Civil Awards, Medals and Shields, Embossing Machines, Postal Seals & Stamps etc. Pakistan Mint has manufactured **162,783,000** pieces of coins valuing Rs. **1,130,446,000** during the period 2016-17. Detail is as under:

| Sr. No. | Name of Articles | Quantity In Nos. (Millions) | Value In Rupees (Millions) |
|------------------|---|--------------------------------|-------------------------------|
| A - Coins | | | |
| 1 | Re. 1/- | 2,876,000 | 2,876,000 |
| 2 | Rs. 2/- | - | - |
| 3 | Rs. 5/- | 95,700,000 | 478,500,000 |
| 4 | Rs. 10/- | 64,032,000 | 640,320,000 |
| 5 | Rs.50/- Commemorative coin of Abdul Sattar Edhi (late) | 175,000 | 8,750,000 |
| | Total | 162,783,000 | 1,130,446,000 |

In addition to this, revenue worth Rs. 59,661,854 has also been earned against the other jobs executed during 2016-17.

SUMMARY

| | |
|---|------------------------------------|
| Value of the Coins Manufactured | Rs. 1,130,446,000 - 00 |
| Value of the Jobs other than Coins executed | <u>Rs.59,661,854 - 00</u> |
| Total = | <u>Rs.1,190,107,854 - 0</u> |

SME Bank Ltd

SME Bank Ltd, being a Government owned financial institution is extending financial & technical assistance to support & develop SME sector in Pakistan. It is a specialized bank working as leading financial institutions to support and develop SMEs that are considered as main employment generating sector. SME Bank has developed various lending schemes/products to facilitate and enable SMEs in various business sectors including energy, trading, furniture manufacturing, surgical & cosmetics, cutlery items, fans manufacturing, CNG Station, schools, clinics/ hospitals, construction, textile, cold storage, garments, electronics etc.

Bank's performance during the period starting from July 01, 2016 to June 30, 2017 is reproduced hereunder for information please:

| | Rs. In million |
|---|----------------|
| Disbursement from July 01, 2016 to June 30, 2017 | 2,010.23 |
| Loan Recovery from July 01, 2016 to June 30, 2017 | 655.54 |
| Deposits as on 30-06-2017 | 5,203.92 |
| Loans outstanding as on 30-06-2017 | 2,638.61 |

Consistent growth in advances to different sectors has not only contributed to GDP, but also created job opportunities/self-employment for number of unemployed educated youth and developed socio-economic conditions of the masses. During the period under reference, SME Bank got self-employed more than 6,030 people. Bank's operational performance can further be improved, if the existing impediments such as SBP's restrictions on branch expansion, privatization decision of the SME Bank and the above all, equity base are resolved/decided by the Government.

House Building Finance Corporation (HBFC)

House Building Finance Corporation (HBFC) was established under the House Building Finance Corporation Act 1952 with the objective to provide financing for the construction, reconstruction, repair and purchase of houses. Ministry of Finance (MoF) and the State Bank of Pakistan (SBP) are main shareholders of the Company. As a part of reorganization and restructuring, Corporation was converted into a company in the first phase by issuance of vesting order on July 25, 2007 incorporating a new company HBFC Ltd., with a new charter registered under the Companies Ordinance, 1984. The new company has been declared as Development Financial Institution (DFI) under Section 3A of the Banking Companies Ordinance, 1962 by the GOP.

Achievements:

Disbursement during the period under review Rs 1,625 billion were disbursed for construction, purchase and renovation of housing units. The maximum limit for construction /Purchase/Renovation loan was Rs 10 million.

IT department future plan

- Change management strategy, which has the aim to align People, Process and Technology initiatives of a company more closely with its business strategy and vision.
- Enhanced version of Loan management system in accordance with best practices of mortgage financing industry.
- Integrated environment among the General Ledger (especially for **Demand Time Liability**), payroll, etc.
- Purchasing of new server and desktop machines along with latest operating systems.
- Strengthen of Local, wide and global network infrastructure for fast and secure data communication.

National Bank of Pakistan

NBP is one of the largest commercial banks in Pakistan providing universal banking capabilities with large verity of products serving various customers through different business units. NBP is today the market leader across all sectors - debt and equity market, corporate and investment banking, retail and consumer banking, agriculture financing and treasury services.

Achievements/Performance of National bank of Pakistan during FY 2016-17

Financial Performance – Jan-June 2017

- Profit before tax decreased by 17.5% or Rs 2.9 billion from Rs. 16.5 billion in corresponding year 2016 to Rs. 13.6 billion for the period ended June 30, 2017.
- Profit after tax decreased by 8.5% or Rs 0.8 billion from Rs. 9.4 billion for the corresponding period June 30, 2016 to Rs. 8.6 billion for the period ended 30 June, 2017. Earnings per share were Rs. 4.02 as against Rs. 4.44 of corresponding period last year.
- As we continued expanding our market outreach both in domestic and international markets, for the first time balance sheet footing of the bank cross Rs. 2 trillion benchmark
- Total assets increased by 18% from Rs. 1,976 billion at December 2016 to Rs.2, 325 billion at June 30, 2017.
- Total deposits increased by 5% from Rs. 1,657 billion at December 31, 2016 to Rs. 1,740 billion at June 30, 2017.
- Gross advances grew by 7% from Rs. 781 billion at December 31, 2016 to Rs. 836 billion at June 30, 2017.

- The bank continued to expand its branch network in Pakistan, which increased from 1,448 branches at December 31, 2016 to 1,456 branches at June 30, 2017.

Key Initiatives – Business (Jan-June 2017)

- Islamic banking network increased to 134 branches (Dec: 118) becoming the second largest Islamic banking window amongst the conventional banks.
- Bank newly introduced Payment Services & Digital Banking Group is focused to efficiently capture Government business and develop effective alternative delivery channels like phone banking, internet banking, cards services, cash management services etc.
- Better service culture in bank through providing guidelines and training for improvement in Customer Service Quality.
- To promote credit supply for Small & Medium Enterprises in the country, the bank has established 14 Commercial & SME Credit Centres in various large cities. By the end of 2017, 6 more Commercial Centres providing dedicated services to the Small & Medium clients of the Bank.

Financial Performance – Jan-Dec 2016

- Profit before tax increased by 12% or Rs 3.9 billion from Rs. 33.2 billion in 2015 to Rs. 37.1 billion in 2016.
- Profit after tax increased by 18% or Rs 3.6 billion from Rs. 19.2 billion for the year ending December 31, 2015 to Rs. 22.8 billion in December 31, 2016. Earnings per share were Rs. 10.69 in year 2016 as against Rs. 9.03 of last year.
- Total assets increased by 16% from Rs. 1,706 billion at December, 2015 to Rs.1,976 billion at December 31, 2016.
- Total deposits increased by 16% from Rs. 1,431 billion at December 31, 2015 to Rs. 1,657 billion at December 31, 2016.
- Gross advances grew by 13% from Rs. 692 billion at December 31, 2015 to Rs. 781 billion at December 31, 2016.
- The bank continued to expand its branch network in Pakistan, which increased from 1,403 branches at December 31, 2015 to 1,448 branches at December 31, 2016.
- Achieved highest ever disbursement of Rs. 96 Billion in Agriculture Financing , which was the highest by any institution, surpassed SBP targets by 9%.

Key Initiatives – Business (Jan-Dec 2016)

- Strengthening and standardizing the bank's infrastructure in respect of security communication & networking and achieving inter-branch connectivity.
- ATM network expansion from 376 in 2014 to 1,300 in 2016.
- Inaugurated World's highest ATM at Khunjarab pass at 15,400 feet above sea level.
- Expansion of network – 45 new branches opened in 2016.
- Increased overall PMYBL portfolio both in terms of number of borrowers as well as the amount
- Islamic Banking branches increased from 79 to 118 branches. Deposit growth 161% and advances growth 282% in 2016.
- Significant recoveries made in both domestic and international operations.

Credit Rating

JCR-VIS and PACRA credit rating agencies reaffirmed Bank's credit rating at 'AAA/A-1+' (Triple

A/A-One Plus) with a 'Stable' Outlook.

First Women Bank Limited (FWBL)

FWBL is commercial bank however FWBL's unique credit products are customized to the specific business & economic needs of women and the same is its niche market.

Increase in Government of Pakistan share holding through Ministry of Finance:

Increase of shareholding of Government of Pakistan through Ministry of Finance from 80.16% to 82.64% during FY 2016-17. Bank has received a capital tranche of Rs. 500 million from the budgetary allocation made for FY 2016—17 in March 2017.

Credit Rating:

The Bank has a long term rating of "A-" while the short-term entity rating is "A2". Bank's rating denoted that there is currently a low expectation of credit risk and the capacity for timely payment of financial commitments is considered strong.

However, SBP ratings significantly improved due to consistent efforts of the team:

| Particulars | Previous Rating | Current Rating |
|--------------------|------------------------|-----------------------|
| Capital | 5 (Unsatisfactory) | 2 (Satisfactory) |
| Liquidity | 3 (Fair) | 2 (Satisfactory) |

Key Business Initiatives:

- Consumer Portfolio was built from scratch and 584 numbers of loans involving Rs. 290 million has been disbursed with zero default so far.
- Despite major setbacks due to frauds, both Sialkot and Sukkur branches have been revived and contributing to Bank's profitability.
- 470 accounts of unbanked population opened for MINT Lahore and these people are successfully operating their accounts and salaries are distributed through accounts apart from 2,601 other fresh Assan Account opened for the purpose.
- 7 loss making branches as at December 2015 have been converted into profitable branches by the end of June 2017.

Prime Minister Youth Business Loans:

FWBL actively participated in PMYBL Scheme and till 30th June 2017 disbursed 183 loans amounting to Rs. 201 million. Amount outstanding as at 30th June 2017 is Rs. 163.7 million. It is heartening to share that PMYBL portfolio is doing exceptionally well with 98% recovery.

Non-Performing Loans:

The management with their consistent efforts has recovered Rs. 89.8 million during the six months period ending 30th June 2017. Further, an amount of 196.6 million has been recovered during Jan to Dec 2016 on account of Non Performing Loans.

Gender Equity Program Grant:

The First Women Bank Limited was awarded a grant of Rs. 27.5 million for developing three new financial products for Home Based Workers and Small Scale Women Entrepreneurs and Capacity Building of FWBL including Senior Management and core banking staff (348 staff has been trained) on the new financial products, leadership development and service quality under Gender Equity Program (GEP) of Aurat Foundation (AF) by the support of American People through United States Agency for International Development (USAID).

Improvement in Internal Controls:

Beside onsite inspections, initiated Robust Monitoring by offsite audits to reduce time & save cost. Introduced IS Audits for Critical Applications. Took initiative and introduced online testing policies and procedures by ICU to ensure understanding of policies throughout the Bank for minimizing SBP related penalties.

Bank also reclaimed Rs. 10 million from SBP that was charged as penalty for omission of the past which have been addressed by the current management.

Policies and Procedures:

Internal controls implementation within organization is strengthened and the current management has been able to formulate and implement various policies during the year 2016-2017 including policies in the areas of:

- Information Security
- Credit Sanctioning & monitoring
- Risk Management
- Human Resource management

Improved IT Infrastructure:

- Launch of e-banking solutions
- Disaster Recovery Site was commissioned
- Internet Banking solution
- Master card & Paypak branded debit cards

Audit Ratings:

During FY 2016-17, the audit rating of 4 branches has improved from D to C and 5 branches improved from C to B. However, 16 branches retained their audit ratings.

The above are only the key highlights of the progress made during FY 2016-17. A detailed analysis of current management's performance during the past three and a half year is already submitted to your office. We shall be too pleased to address any query that your team might have in this regard.

Financial Monitoring Unit (FMU)

The Financial Monitoring Unit was established in 2007 under the Provisions of the AML Ordinance 2007 (now AML Act 2010). It is the central agency in Pakistan responsible for receiving, analyzing and disseminating to the investigating and regulatory authorities, disclosures of financial information concerning suspected proceeds of crime and apparently linked to money laundering or financing of terrorism.

Performance / achievements during the Year 2016-2017

- Processing of STRs/CTRs (receipt, analysis and dissemination)
- STRs analyzed at FMU and those warranting further action have been disseminated to relevant LEAs and regulators.
- Implementation National Action Plan (NAP) recommendations on Choking financing for terrorists and terrorist organizations, pertaining to FMU.

Completion of National Risk Assessment

- Completion and Inauguration of Data Centre for Financial Monitoring Unit
- DG (I&I)-Inland Revenue added as an Investigating & Prosecuting Agency under AML Act, 2010.
- MoU signed with Turkey for exchange of financial intelligence relating to money laundering
- Electronic receipt of STRs from Banks.
- Electronic receipt of CTRs from Banks and Exchange Companies
- Implementation of National AML/CFT strategy.

- Follow up reporting to APG in January 2017, on residual concerns of FATF Action Plan.
 - Preparation of freezing Rules under the Anti-Terrorism Act, 1997.
 - Coordinated capacity building programs for AML/CFT stakeholders.
- NEC/GC meetings–preparation of agenda, working papers, minutes and follow up actions.
 - Undertaken various IT related projects of FMU.
 - Finalization of recruitment process for IT positions in FMU.
 - Participated in activities of APG & FATF and other AML/CFT related forums.
 - Preparation for Pakistan’s third round of Mutual Evaluation expected in the year 2018.
 - Initiated the process to obtain Egmont Membership.

Future policies, priorities

- Preparation for Pakistan’s Mutual Evaluation expected to be held in 2018
- Review of National Risk Assessment (NRA) completed in the year 2016-2017.
- Updating National AML / CFT Strategy based on the results of NRA.
- Successful implementation of GoAML Analytical tool and corresponding hardware to fully automate the core functions of FMU.
- Promulgation of Mutual Legal Assistance Act-currently pending with M/o Interior.
- MoUs to be signed with other FIUs of other countries.
- To obtain the membership of Egmont Group for FMU.
- Finalization of Freezing Rules under the Anti-Terrorism Act, 1997-currently pending with M/o Interior.
- To arrange AML/CFT awareness raising campaign programs in coordination with regulators and law enforcement agencies.
- To make more effective cooperative framework between FMU and LEAs to get periodic feedback in respect of inquiries / investigations / prosecutions and other statistics.
- To provide feedback reports to reporting entities enabling them to review their AML/CFT measures.
- To provide additional guidance in coordination with regulators to improve compliance of reporting entities.
- To continue working closely with Asia Pacific Group (APG) and other international bodies.
- Besides undertaking the important tasks, FMU plans to bring all Designated Non-Financial Business and Professions (DNFBPs) under the Regulatory regime as per AML/CFT standards and consequently under the umbrella of AML/CFT regime.

INVESTMENT WING

(Prime Minister's Interest Free Loan (PMIFL) Scheme)

Overview:

The present government is determined to provide an array of opportunities to the poor people of Pakistan especially women, youth and marginalized segments of society so that they could play their effective role in national development. For this very purpose, the government has launched the Prime Minister's Interest Free Loan (PMIFL) Scheme to make poor to stand on their feet by offering them a chance to set up their own small enterprises productively.

There is a strong cohesion between the Prime Minister's vision and the Pakistan Poverty Alleviation Fund (PPAF) to strengthen the capacity of civil society organizations to engage in the Government's mandate for poverty alleviation, and equipping them with capacity and resources to extend interest free loans to poor and marginalized households to accelerate socio-economic development. Based on its previous experience, PPAF has been mandated by the Government of Pakistan to mobilize, implement and monitor the PMIFL Scheme. The Scheme has been started in selected priority districts of Pakistan where the financial inclusion is not available to the poorest of the poor.

Objectives of PMIFL Scheme

- Make Interest Free Loans available to men, women and youth from poor, vulnerable and marginalized households categorized under 0-40 on the Poverty Score Card.
- Support female participation and inclusion in economic activities by disbursing at least 50% loans to women.
- Enhance the entrepreneurial competencies by extending capacity building services, e.g. enterprise training & counseling, market linkages, financial literacy and numeracy training.
- Establish and strengthen Rural and Urban Branches, and Union Council based Community Institutions for assessing, distributing and recovering Interest Free Loans.
- Encourage behavioral change by demanding loan beneficiaries to ensure specific health and education practices.

Salient Features:

| | |
|--------------------------|---|
| Name: | Prime Minister's Interest Free Loan (PMIFL) Scheme |
| Funds Allocated: | Rupees 3.5 Billion (Rs.3.1 Billion for on-lending) |
| Type of Loan: | Interest Free Loan for Productive purposes |
| Loan Size: | Up to Rs. 50,000 per borrower |
| Total Beneficiaries: | 70,000 in Year-1. 180,000 in Year-2 and One million in 4 years |
| Beneficiary Eligibility: | Up to 40 on the Poverty Score Card (PSC), who qualify social and technical appraisals and 50% of whom would be women. |

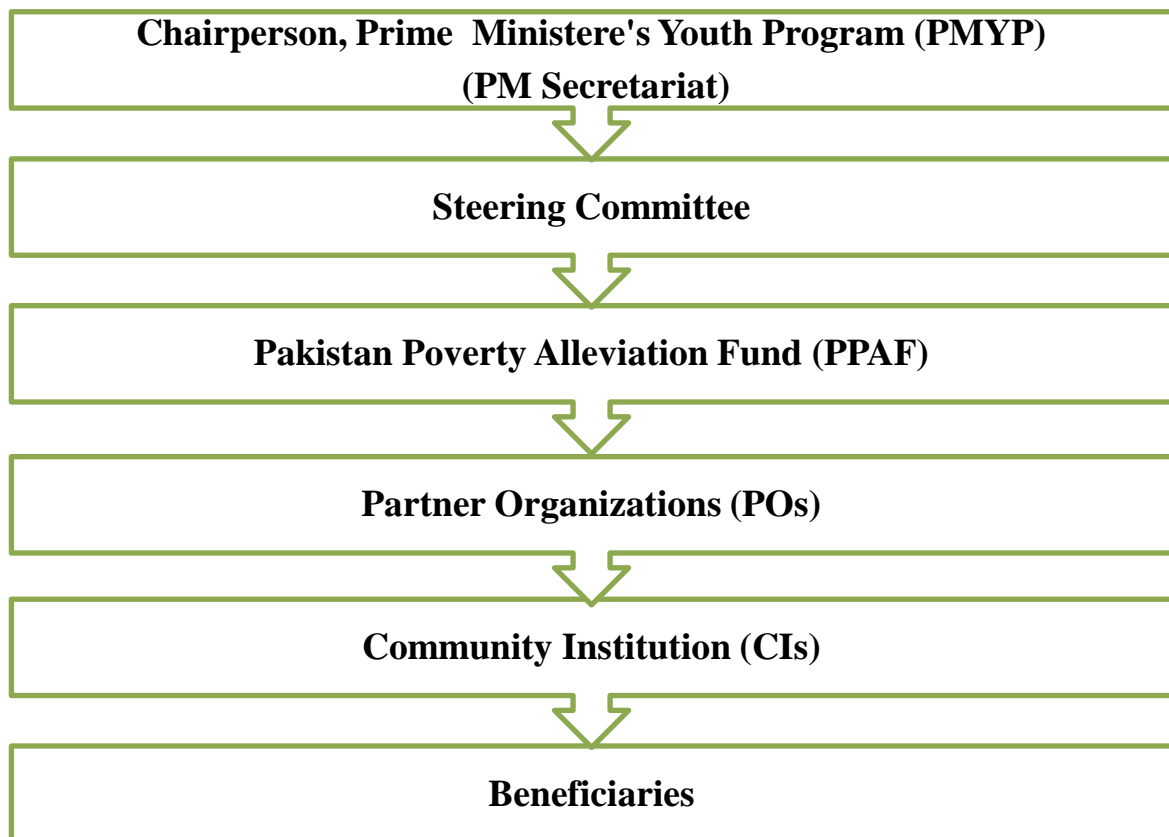
Implementation Arrangement:

The PMIFL Scheme is one of the Six (6) Schemes announced by the Government under the Prime Minister's Youth Programme (PMYP). The implementation of PMIFL Scheme is entrusted with PPAF through an MOU signed between Ministry of Finance (MoF) & PPAF. To oversee the implementation of the Scheme Government of Pakistan has constituted a Steering Committee with representation from Ministry of Finance, Ministry of Food Security & Agriculture, Civil

Society and PPAF. Dr. Amjad Saqib is Chairman of the PMIFL Scheme’s Steering Committee. The tasks of steering committee include;

- a) Overall conceptualization of the Scheme, scope of operations, overall implementations and reporting systems
- b) Putting in place the standardized process for disbursement of funds from PPAF to Partners and beneficiaries
- c) Establishment of robust monitoring mechanism to document and track the implementation process, and
- d) To ensure timely release of funds from Ministry of Finance
- e) The committee will have an authority to access all data, financials or otherwise from PPAF and POs pertaining to PMIFL Scheme.

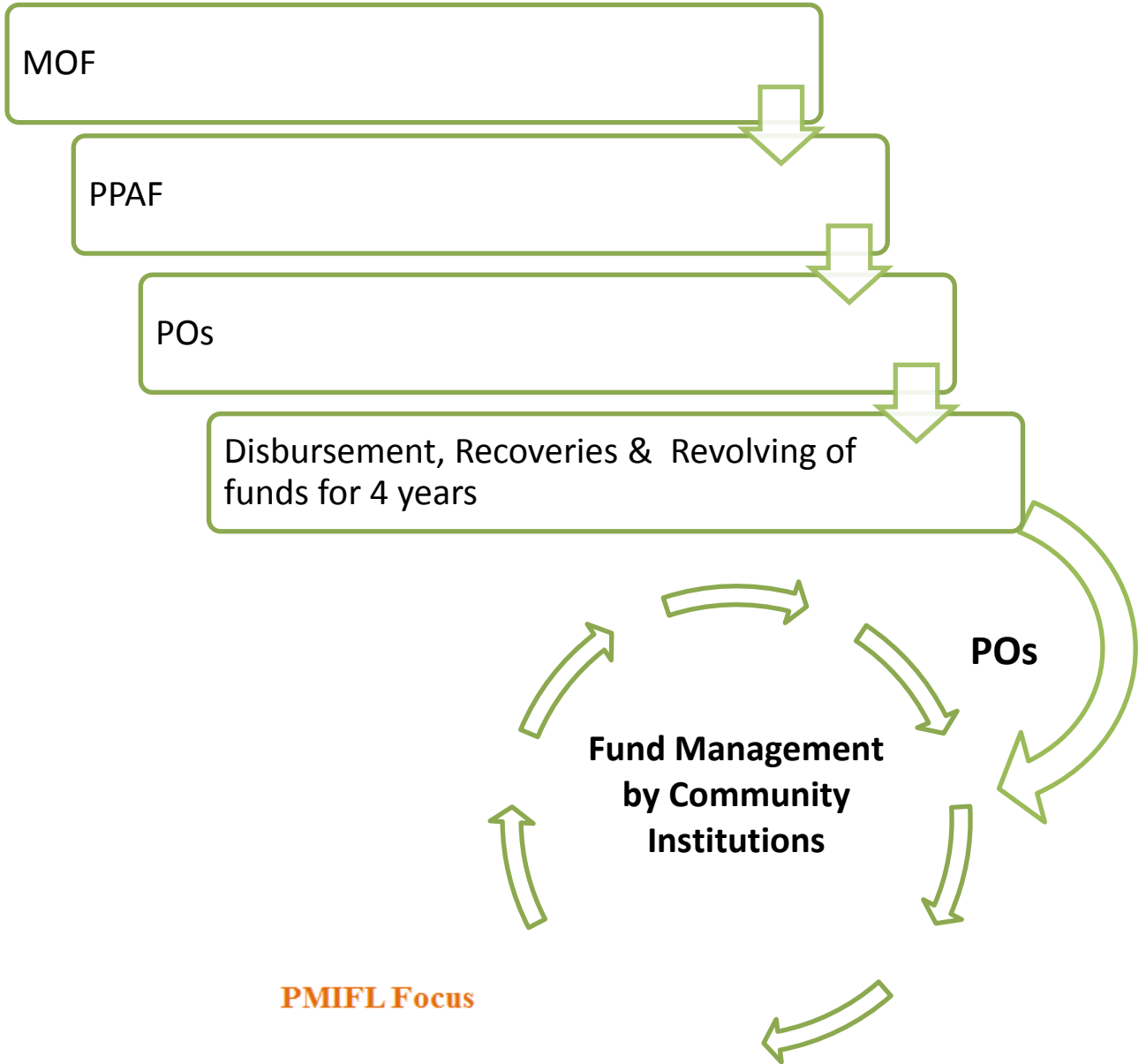
Following diagram shows implementation mechanism of PMIFL Scheme;



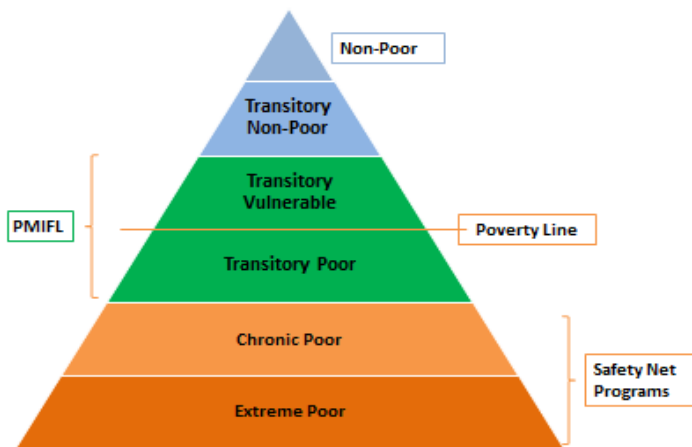
Funds Flow

The funds have been transferred to PPAF by MoF. PPAF is implementing the Scheme through its Partner Organizations (POs). Funds are disbursed to POs by PPAF as per their Implementation Plans (IPs) included in the Financing Agreements. The POs have established Branch offices/loan centers at Union Council (UC) levels and funds are disbursed to beneficiaries as interest free loans as per eligibility criteria of PMIFL Scheme. The POs recover loans from borrowers in easy installments and will revolve them for 4 years. The community institutions are involved in different activities under this model under the supervision of POs.

Fund Flow steps



PMIFL Focus



As of June' 2017, PMIFL Scheme has completed its two & half years of implementation with following key achievements:

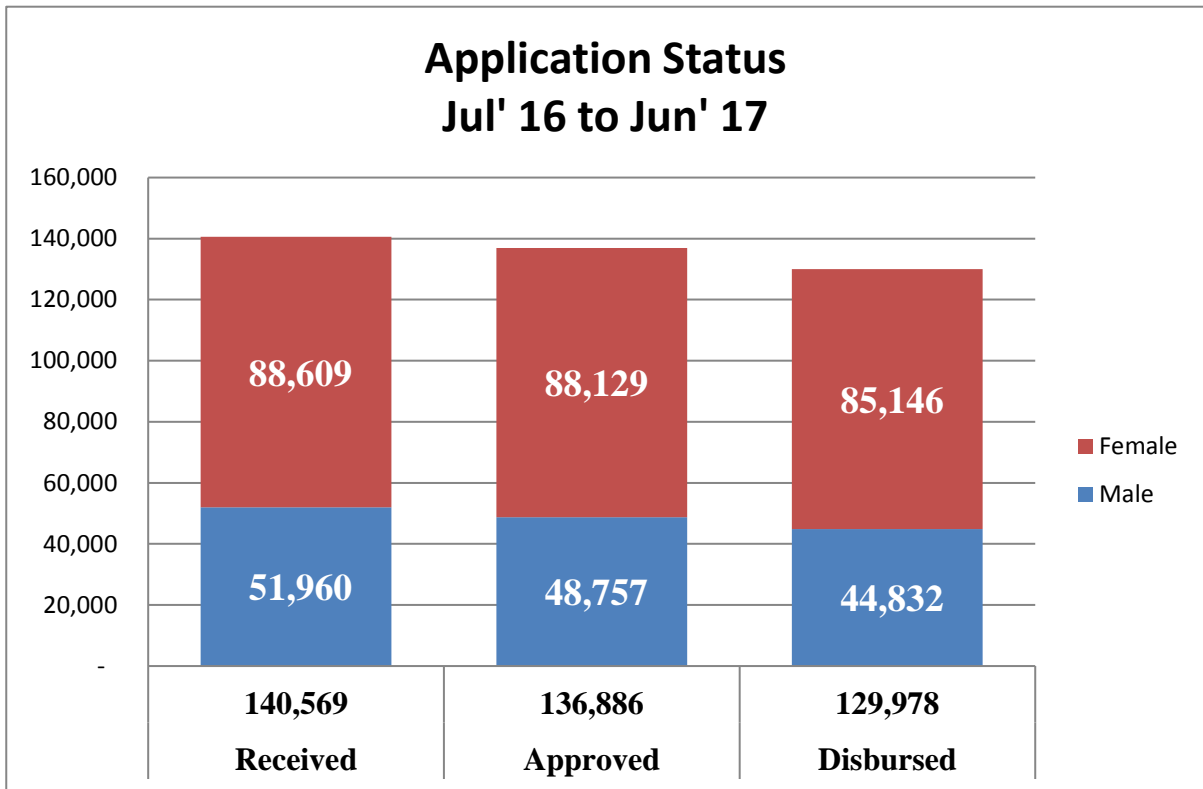
| | July, 2016- June, 2017 | | | Cumulative (Oct, 2014 to June, 2017) | | |
|--|------------------------|----------|----------|---|----------|----------|
| | Male | Female | Total | Male | Female | Total |
| Number of Application Received | 51,960 | 88,609 | 140,569 | 137,771 | 215,807 | 353,578 |
| Number of Application Approved | 48,757 | 88,129 | 136,886 | 127,534 | 206,630 | 334,164 |
| Number of Loans provided to Borrowers | 44,832 | 85,146 | 129,978 | 117,419 | 201,344 | 318,763 |
| Amount Disbursed to Borrowers (Mill. Rs.) | 1,073.75 | 2,172.60 | 3,246.35 | 2,598.64 | 4,716.18 | 7,314.82 |
| Induction of partner organizations | - | | | 26 | | |
| Amount disbursed to POs (Mill. Rs) | - | | | 3,274.6 | | |
| Coverage under PMIFL (District) | - | | | 44 | | |
| UCs/Tehsils Outreach | 149 | | | 436 | | |
| Loan Centers/Branches Established | - | | | 233 | | |
| Implementation support & Monitoring Visits (No.) | 45 | | | 155 | | |

A total amount of Rs. 7,315 million has been disbursed to 318,763 borrowers as of June 30, 2017 by revolving of recoveries. This is almost 4 billion higher than the original amount (Rs. 3.1 bill) provided by MoF for on-lending funds. Out of total beneficiaries, 63% are women against the set target of 50%.

Time- Line Activities:

Honorable Prime Minister of Pakistan inaugurated the PMIFL Scheme in June 2014 and an amount of Rs. 1.75 billion was released by Ministry of Finance as first tranche. The first quarter (July-September 2014) was taken as mobilization period which included short-listing based on an eligibility criteria of Partner Organizations (POs), desk & field appraisals, signing of financing agreements, with qualified partners, development of Operations Manual, Capacity Building Module, and training of Partners' staff on how to setup loan centers & disbursement of loans, development of dedicated MIS, reporting and documentation of all important process. Therefore, the effective implementation started in October 2014. The second tranche of Rs. 1.75 billion (after utilization of already released funds) was released in August 2015. On completion of Year-1, Ministry of Finance released the operational cost of Rs. 155 million for the year -2 in February 2016. Ministry of Finance released 3rd years operational cost of Rs. 310 million in June, 2017.

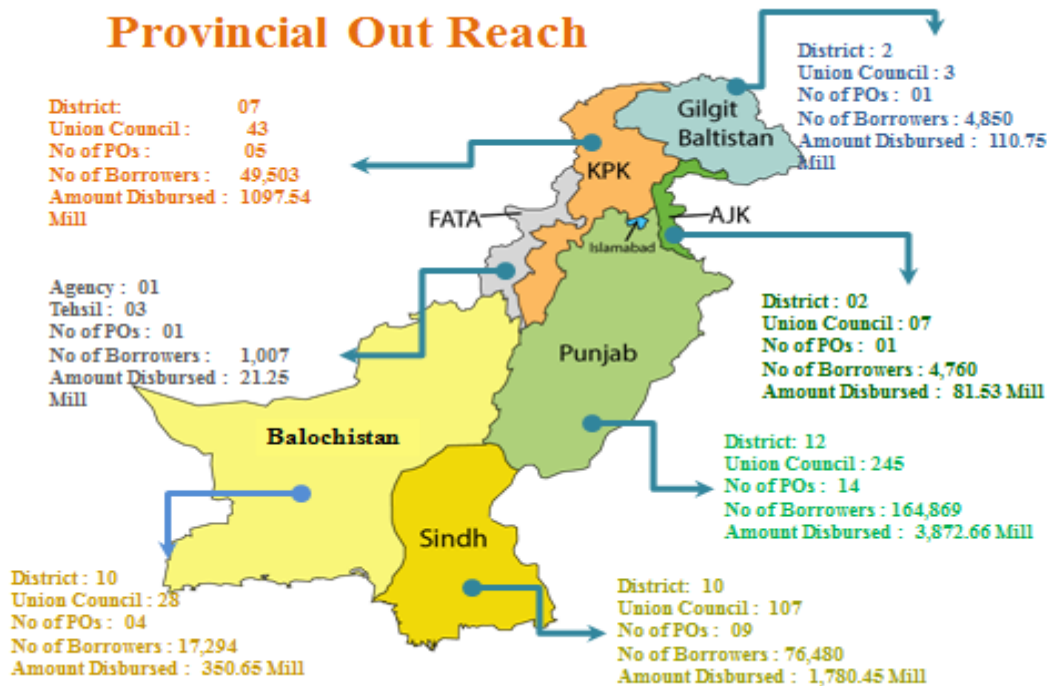
Outreach during the FY 2016-17



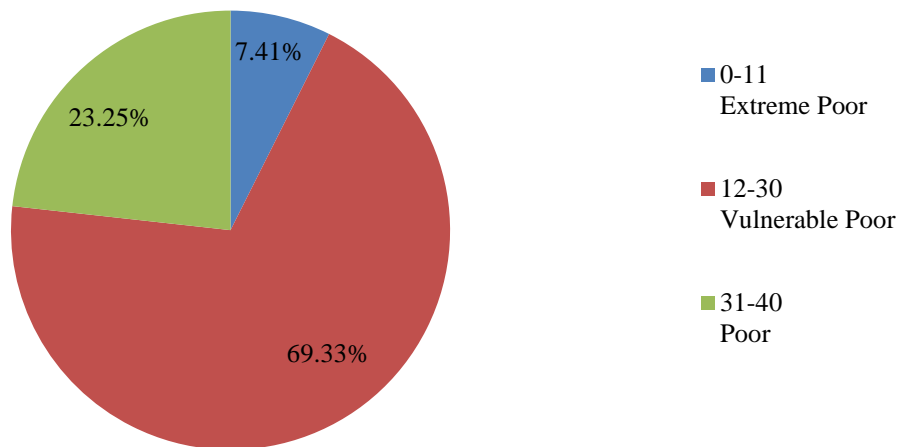
Above figure shows that 129,978 beneficiaries have been disbursed loans during the year Jul'16 to Jun'17.

During the FY 2016-17, out of total 140,569 applications received, 136,886 were approved and 128,978 were disbursed Out of which 66% were females.

Province/Region wise Outreach (As of June 30, 2017)

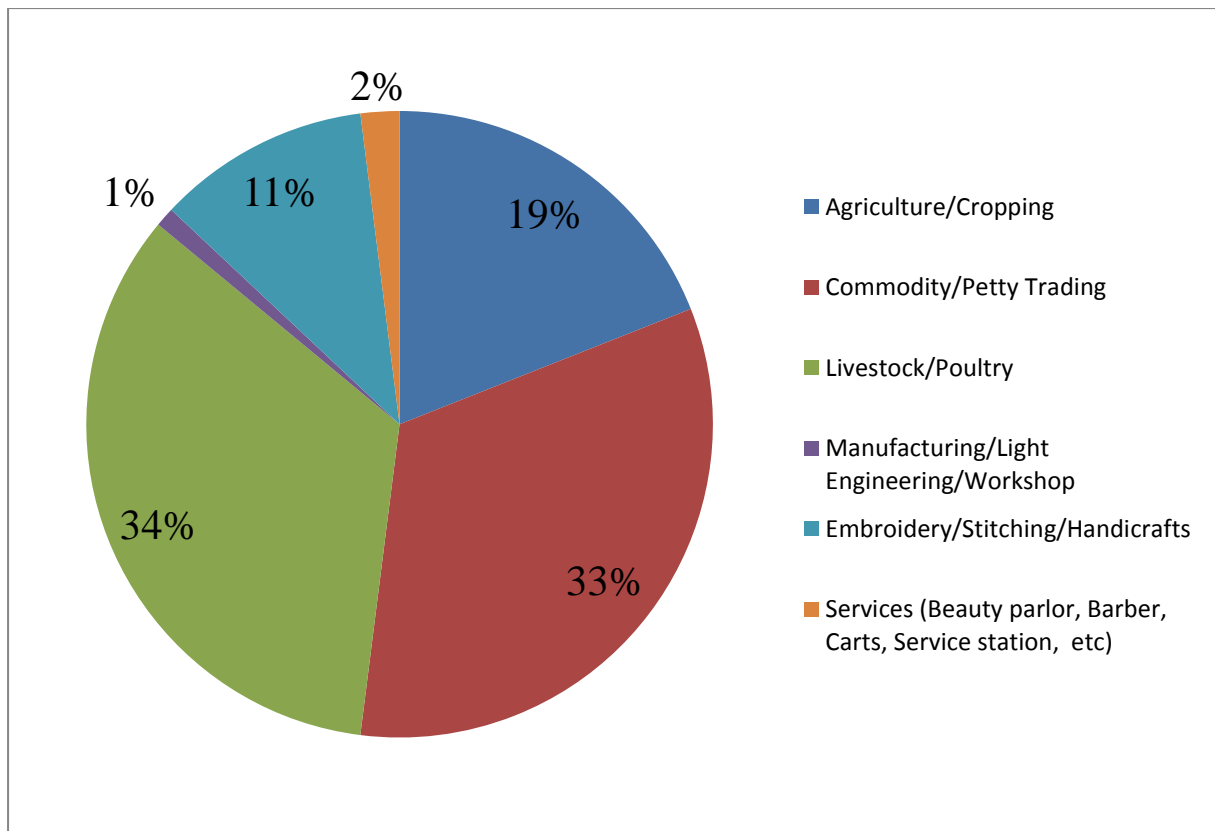


Targeting of PMIFL Scheme



Above figure shows that 77% beneficiaries are extreme and vulnerable poor.

Sector-wise Chart Jul' 16-Jun' 17



According to above diagram, 19% disbursement is made for Agriculture/Cropping, 34% disbursement is made for livestock/Poultry/Fish Farming, 33% Commodity/Petty Trading and remaining 14% for other three sectors.

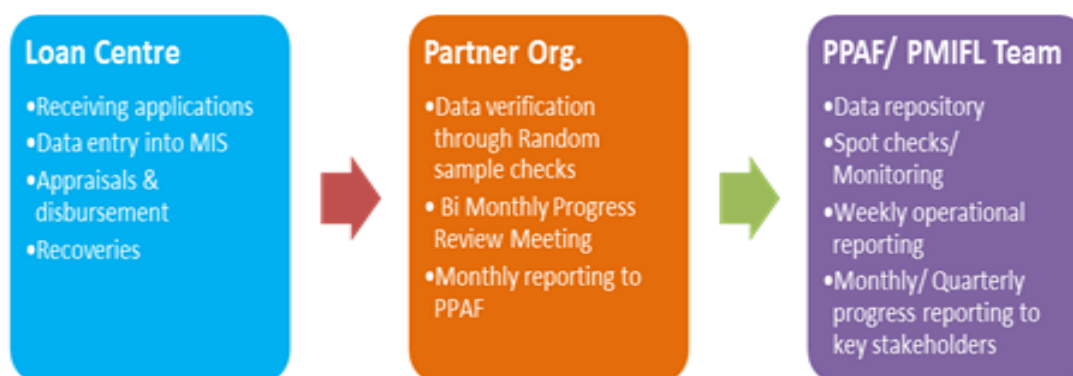
Monitoring & Evaluation System

To ensure the smooth and effective implementation of the Scheme PPAF has developed a robust monitoring and evaluation system

Following units of PPAF are responsible to monitor the activities of PMIFL Scheme at PO, loan centre and field levels in an integrated and coordinated manner;

- Prime Minister’s Interest Free Loan (PMIFL)
- Monitoring, Evaluation & Research (MER)
- Finance Monitoring & Compliance

MIS Flowchart



Grievance Redressal Mechanism (GRM)

- A Call Centre has been established (0800 77000) at the Punjab Information Technology Board (PITB) with designated staff responsible to record complaints, feedback and suggestions on daily basis.
- The PMIFL Team liaise with Call Centre established by the Punjab Government, and in the light of feedback received from the Call Centre; appropriate actions are taken by PMIFL Unit.
- The same mechanism is available through PMIFL website. PPAF already has a well-established Grievance Redressal Mechanism and all grievances are addressed as per pre-defined procedure and standards

Other Activities (July, 2016 to June, 2017)

- Chairperson BISP visited common beneficiaries of BISP and PMIFL in Nankana Sahib and applauded the PPAF/PMIFL Team for providing interest free loans to BISP beneficiaries
- A prize distribution ceremony was held at PM Office in the month of December 2016; Booklets in Urdu & English were printed of 25 top success stories of PMIFL borrowers and these borrowers were invited and awarded cash prizes and shields. Handed over 250,000th cheque to a female borrower from D. G. Khan. Senator Muhammad Ishaq Dar, Federal Minister for Finance who was the chief guest of the ceremony, distributed the Awards and prize cheques.
- Three round table workshops conducted in the month of February and March 2017 of PMIFL POs (1st Punjab in Lahore, 2nd ICT & KP in Islamabad and 3rd Sindh & Balochistan in Hyderabad) for experience sharing and suggestion of way forward of PMIFL Scheme
- Progress review meeting was held at PM Office on May 17, 2016 chaired by Chairperson PMYP. This meeting was covered by Associated Press of Pakistan (APP)

- TVC of success story of Sania Bibi a student of 10th class Riksha driver that provides pick and drop service to 10 other girls for school.
- An exposure visit was arranged for International Fund for Agriculture Development (IFAD) team to Thutha to meet PMIFL Borrowers
- Under the PMIFL Scheme 50,330 BISP beneficiaries were given loan in-order to graduate them from dependency to self-sufficiency.

Way Forward

- Having established an institutional structure at gross-root level and huge unmet demand for PMIFL Scheme across the country, PPAF feels confident that it can implement the Scheme across the country in future (2016-17 to 2018-19 & beyond) subject to the provisioning of funds by Govt. of Pakistan.
- The PPAF has planned to carry out third party outcome assessment at intermediate level after two years.

INFRASTRUCTURE PROJECT DEVELOPMENT FACILITY (IPDF)

PPPs are at the forefront of the Government of Pakistan's agenda for leveraging private sector investment for the infrastructure development in Pakistan. Infrastructure Project Development Facility (IPDF) in this regard is playing an active role in structuring infrastructure transactions under PPP modality attracting private sector financing and expertise. IPDF's role as the Federal PPP unit has been reinforced with the GOP's renewed strategy to catalyze national economic growth through fiscal prudence and private sector participation. IPDF is fully committed to offload the budgetary constraints of the Federal Government from the overall Public Sector Development Program (PSDP).

The performance details of IPDF for the past 12-month period (FY 2016-17) are as follows:

- I. IPDF has been instrumental in facilitating National Highway Authority (NHA), BOT Cell to develop projects under PPP methodology. IPDF's assistance to NHA has come in the form of conducting financial feasibilities, transaction structuring, devising bid documents, financial evaluation of bids received for the projects, development of concession agreements and contract negotiations. Past three years have witnessed unprecedented project development activity in NHA of which IPDF has been an integral part, bringing in approx. US\$ 1b in private sector investment.

To date IPDF has successfully closed projects worth over **US\$ 1.3 billion** in the roads sector. This figure is projected to cross US\$ 2.5 billion in the next 1-2 years once some of the existing projects in its pipeline reach financial close. During this last 12-month period, IPDF has successfully assisted NHA in the following projects:

- i. Lahore-Sialkot Motorway on BOT: Lahore-Sialkot Motorway is a Rs.43 billion 4-lane access controlled motorway with a track length of 91KM. This is a Greenfield project connecting the city of Sialkot and Lahore. IPDF assisted NHA in developing financial feasibility and transaction structure for the Project. Project has been approved by NHA executive board for awarding to FWO/Concessionaire for implementation for a period of 25 years. The concession agreement of the project was signed in February 2017. Financial close for the project will be achieved shortly.
- ii. Multan-Muzaffargarh-DG Khan Road on BOT: This is an 80 km road that serves as East-West linkage across the river Indus. The road needs rehabilitation/up-gradation of the existing facility as well as conversion to dual carriageway to facilitate North-South freight traffic and at the same time open up an East-West economic corridor. The total project cost is estimated at Rs.10 billion. The project concession agreement has been finalized and the project awaits approval of NHA's executive board.
- iii. Sukkur-Hyderabad Motorway (M-6) on BOT Basis: This is a high speed 300 km six lane controlled access motorway with a projected cost of Rs.238 billion. This is a

Greenfield project connecting the city of Sukkur and Hyderabad. NHA wants to implement this project with private sector participation on PPP basis. Letter of intent has been issued to the successful bidder and the negotiations on the project concession agreement will be starting shortly.

- II. Keeping in view its growing fiscal constraints and their increasing burden on public sector financing, Pakistan Post like many of its peers is also looking to attract private sector investment to enable it to better utilize its existing asset and resource base with the underlying objective to increase its revenue streams and improve its service offerings. IPDF is assisting Pakistan Post in developing and implementing projects on PPP mode by providing its expertise in transaction structuring and transaction implementation. Some of the projects that IPDF is working on are:
 - i. Mobile Money Solution on PPP Basis: Pakistan Post is looking to develop a robust and a reliable digital platform to facilitate digital transactional accounts and payment streams of various types in line with national financial inclusion strategy approved by GOP. Project RFP had been approved by the procurement committee and is awaiting approval of the steering committee of Pakistan Post for its floating into the market.
- III. To keep private sector investment flowing into infrastructure, GOP has taken a proactive approach. The Government has passed the Public Private Partnerships Law at the Federal Level, and forming of a Public Private Partnership Authority (PPP Authority) with the objective to provide a regulatory and an enabling environment for private participation in provision of public infrastructure and related services through fair and transparent procurement processes. IPDF has been instrumental in the development of this law and in catering to the views of all the stakeholders. PPP Law would be a testament to the Government's commitment to attracting private sector investment in the country and facilitating economic growth.

COMPETITION COMMISSION OF PAKISTAN (CCP)

Across-the-Board Enforcement, Focused Advocacy, and Sound Research

The **Cartels and Trade Abuse Department**, which handles anti-competitive issues, and the **Office of Fair Trade**, the COMMISSION'S consumer protection arm, remained busy in assessing and addressing deceptive marketing activities by various undertakings. Between **July 2016 and June 2017**, the COMMISSION concluded **14 inquiries (7→§3 & 4, 7 → §10)**, held **52 hearings**, and issued **5 orders** and imposed penalty of **PKR 219.29 million**.

Also between **July 2016 and June 2017**, the **comission cleared 65 merger 65 merger cases** and **48 exemptions** were issued after assessing various agreements to see whether the gains from economic efficiency outweighed possible competition concerns.

After the Roadshow with the business community, the COMMISSION prepared and released the **Guidance on Competition Compliance**¹ in December 2016. The **Guidance on Competition Compliance** explains the dos and don'ts of compliance in an easy to understand manner.

The first compliance workshop took place with the members of the **Overseas Investors Chambers of Commerce and Industry (OICCI)** on 23 May 2017. Other workshops will be scheduled between October and December 2017.

The COMMISSION prepared a market study on the **meat sector**² in Pakistan, which was shared with the public for comments and feedback and finalised in December 2016.

Sugar sector: the COMMISSION also examined the matter of late payments by sugar mill owners to cane growers and found that the quantum of late payment was not as prevalent as expected to be.

Brief reports on (i) compressed natural gas (**CNG**) (ii) liquefied petroleum gas (**LPG**), and (iii) liquefied natural gas (**LNG**) have also been drafted.

Development of Formal Institutional Linkages with Sector Regulators

Competition policy is an important instrument to ensure that markets are fundamentally sound and work for the benefits of both businesses and consumers. But it is **not the only one** and, sometimes, is not sufficient to address problems in Pakistan's economy. It is important that the COMMISSION (continue to) reach out to other organisations in Pakistan and create **partnerships** where appropriate.

AnMoU with the STATE BANK OF PAKISTAN for collaboration and exchange of information was signed on 13 JUNE 2017.

AnMoU with the PUBLIC PROCUREMENT REGULATORY AUTHORITY was signed in January 2017.

¹ Available online at http://cc.gov.pk/images/Downloads/research_and_publications/gcc.pdf

² Draft version available online at http://cc.gov.pk/images/Downloads/research_and_publications/meat_industry_report_2016_08_29.pdf

Introduction of Competition Law and Economics Courses in Higher Educational Institutes

The module on **Economics and Competition Law** has been implemented as an elective course for the second year in the NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY (NUST) with one COMMISSION officer sharing teaching duties with NUST faculty.

In November 2016, an academia drive targeting various **universities** started. Phase I focused on institutions in Islamabad and Rawalpindi. **Seven events** took place between 21 November and 21 December 2017. Phase 2 started in January 2017 focusing on institutions in Lahore, Karachi, and Quetta. **17 events** took place in January-April 2017. The module was discussed with these universities and a training programme for focal teachers will take place in the third quarter of 2017 to train faculty.

The Commission's partnership with businesses and academia puts it at two critical junctures in the supply chain of compliance-oriented professionals. The dividends from this partnership should become noticeable in a few years as a critical mass of human resources with familiarity with competition law and compliance enters the workforce. This will benefit the Commission also, allowing it to combine staff from different professional and organisational backgrounds into effective multidisciplinary teams, leading towards institutional development and strengthening the concept of competition and compliance in the economy.

Opinions Relating to Protection of Competition

The COMMISSION issued an opinion³ in December 2016 on the matter of establishment of a **single flight kitchen by the CIVIL AVIATION AUTHORITY (CAA)** on a joint venture basis at the **New Islamabad International Airport**. The opinion was the result of an open hearing on 22 September 2016 in which CAA, domestic and international airlines, and catering companies participated. The Commission said that the establishment of a single flight kitchen in its current form at the New Islamabad International Airport raised competition concerns and that the entry barriers created because of this must be balanced by technical or economic benefit, a fair share of which must be passed on to consumers.

International Evaluation and Global Ranking of the Commission

In 2016's RATING ENFORCEMENT⁴ by the **Global Competition Review**, the Commission's performance was evaluated as 3 stars (out of five). The rating enforcement is the annual ranking of the world's leading competition authorities based on an extensive evaluation of their performance against important criteria.

The Commission's three-star rating brings it at par with the competition authorities of Turkey, Portugal, Switzerland, Sweden, Singapore, Poland, New Zealand, Mexico and Austria, which, too, were awarded a three-star rating. Other three-star competition agencies include those of Canada, Greece, Italy, Norway, Spain and Netherlands. Pakistan and India are the only two countries from South Asia that were evaluated this year, with the COMPETITION COMMISSION OF INDIA (CCI) being downgraded to a two-star rating.

³ Available online at http://cc.gov.pk/images/Downloads/policy_notes/ccp_opinion_on_competition_concerns_regarding_single_flight_kitchen.pdf

⁴ Online at <http://globalcompetitionreview.com/edition/1000401/rating-enforcement-2016> [subscription required]

The RATING ENFORCEMENT 2016: *“There seems to be a consensus that the COMMISSION remains a relatively open and transparent body. Ultimately the CCP has improved in some areas, but it remains constrained by systemic pressures.”*

The situation has improved and the RATING ENFORCEMENT 2017,⁵ in which the Commission retained its 3-star ranking with consistent performance, acknowledges this: *“A bright spot for the commission’s antitrust function in 2016 came in the form of the appellate system in Pakistan. The competition appellate tribunal began hearing appeals against the commission’s orders last year - and much to the delight of the CCP, the tribunal upheld many of its decisions. Of these, the authority scored a particular victory when the tribunal upheld a nearly €1 million fine against the Poultry Association.”* [PARA 0]

The Competition Appellate Tribunal

The Competition Appellate Tribunal, established under §43 of the Competition Act, became operational in January 2015 with all three Members on board. In this period, the CAT heard **41 appeals** including the newly filed Procter and Gamble Pakistan against the Commission’s Orders. One, University of South Asia, was dismissed for non-prosecution. Importantly, **12 Orders** were upheld and **4** of the undertakings have filed appeals in the Supreme Court of Pakistan while 5 orders were passed in the favour of appellant for which the CCP has filed an appeal in the supreme court of Pakistan.

The Tribunal upheld the Commission’s order of 2015 imposing a penalty of **PKR100 million** on the PAKISTAN POULTRY ASSOCIATION for cartelisation. The Tribunal also upheld a consumer protection order in a matter of copycat labelling and packaging, albeit reducing the penalty by 50% to **PKR10 million** on the infringing party. A third Order imposing a penalty on a paint manufacturer was also upheld when their appeal was not filed in the given period but the Tribunal will allow them an opportunity to present their case.

With the Tribunal active, a major “systemic pressure” [PARA 0] has alleviated. Judicial review is an important counterbalance to the Commission’s independence and an accountability instrument to help rationalise decisions about the penalties it imposes. 2016 is the first year since its establishment (2007) where the Commission’s Orders were reviewed on merits of the *particular* case and not on the *constitutionality* of the competition law, the easiest way to delay matters in the Courts. It is a positive development for the Commission’s Orders to be deliberated at the appropriate forum and be upheld on their merits, as there is no better indicator of fairness and transparency.

Improving Human Resource Capacity through Close Linkages with International Agencies and Counterparts

The Commission leveraged its excellent professional relationship with the ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD) and counterpart competition agencies such as the U.S. FEDERAL TRADE COMMISSION for **22 various trainings**⁶ for its officers. These events helped the Commission learn new ideas and allow it to benchmark its work with its peers.

The Commission attended the 2016 GLOBAL FORUM ON COMPETITION in December 2016.

The Commission participated in the **Intergovernmental Group of Experts Meetings on Competition Law and Consumer Protection** in October 2016. The Commission

⁶ Between January 2015 to March 2017.

prepared two written contributions for this event *i.e.*, **Consumer Protection: Trends and Challenges and Strengthening Private Sector Capacities for Competition Compliance.**

In April 2017, a senior officer of the Commission was a US SAFE WEB⁷Fellow with the FTC's **Bureau of Competition** for one month.

NATIONAL INVESTMENT TRUST LIMITED (NITL)

National Investment Trust Limited (NITL) declared outstanding results along with remarkable payouts for all Funds under its management for the year ended 30th June 2017.

NI(U)T Fund

NIT has declared an interim dividend @ Rs. 4.50 per unit for unit holders of NI(U)T for the fiscal year FY2017 as compared to Rs. 4.50 per unit for the year ended on 30th June 2016. The payment of dividend @ Rs. 4.50 per unit involved a huge cash payout of Rs. 4,485 million among its unit holders.

For the year ended 30 June 2017, the Fund earned a healthy total return of 35.44% where its NAV increased from Rs. 65.15 (Ex-Dividend) as on 30.06.16 to Rs. 83.74 (adjusted for payout) as on 30.06.17 against the benchmark KSE-100 index that increased by 23.24%. The net assets of the Fund stood at Rs. 81,794 million as on June 30, 2017.

Further, for the nine months period ended on 31st March 2017, the NI(U)T Fund earned a Net income of Rs. 5,802 million (EPU of Rs. 5.82) against an income of Rs. 6,199 million (EPU of Rs. 6.17) during 9MFY16. During 9MFY17, NI(U)T Fund realized capital gains of Rs. 2,711million against Rs. 4,484 million in the same period last year. During the same period, the dividend income earned by the Fund stood at Rs. 2,187 million as compared to Rs. 2,274 million in 9MFY16.

Performance Highlights of NI(U)T Fund

| <i>(Rs in million)</i> | 9MFY17 | FY16 | FY15 | FY14 | FY13 |
|------------------------|---------------|-------------|-------------|-------------|-------------|
| Dividend Income | 2,187 | 3,177 | 2,473 | 2,329 | 2,822 |
| Capital Gains | 2,711 | 5,264 | 3,713 | 3,504 | 4,448 |
| Net Income | 5,802 | 7,658 | 6,167 | 5,431 | 1,365 |
| Earning/Unit (Rs.) | 5.82 | 7.47 | 5.55 | 5.13 | 1.22 |
| Dividend/ Unit (Rs.) | 4.50 | 4.50 | 4.25 | 4.10 | 3.75 |
| NAV/Unit Rs. (XD)* | 89.60 | 65.15 | 63.75 | 56.59 | 38.66 |

⁷ The SAFE Web Act, amending the FTC Act, provides the FTC with several tools to improve enforcement regarding consumer protection matters, particularly those with an international dimension, including increased co-operation with foreign law enforcement authorities through confidential information sharing and provision of investigative assistance. The Act also allows enhanced staff exchanges and other international co-operative efforts. Congress re-authorized the SAFE Web Act in 2012

**Ex-Dividend NAV's.*

The Top 10 holdings of NI(U)T's portfolio are given below:

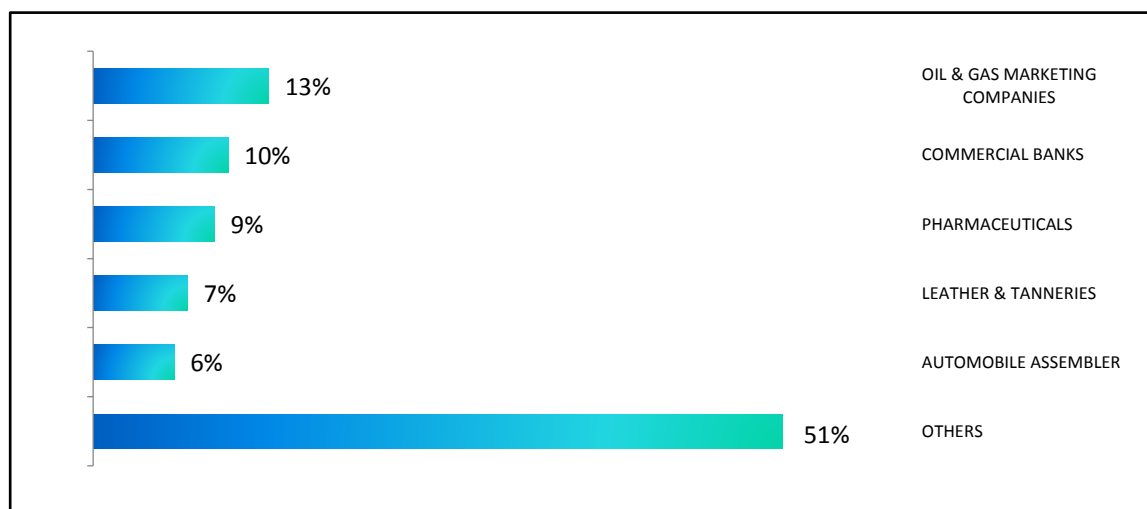
TOP 10 HOLDINGS

As on 30th June, 2017

| NAME | % of NI(U)T's PORTFOLIO |
|-----------------------------------|------------------------------------|
| PAKISTAN STATE OIL CO. LTD. | 9.0% |
| MARI PETROLEUM COMPANY LTD. | 4.7% |
| BANK ALHABIB LIMITED | 4.3% |
| BATA PAKISTAN LTD. | 4.1% |
| PAKISTAN TOBACCO CO. LTD. | 3.6% |
| SUI NORTHERN GAS PIPELINES LTD. | 3.4% |
| PACKAGES LIMITED | 3.2% |
| INTERNATIONAL INDUSTRIES LTD. | 3.1% |
| ABBOT LABOATORIES (PAKISTAN) LTD. | 2.8% |
| SERVICE INDUSTRIES LTD | 2.5% |
| Total | 40.7% |

SECTORAL BREAK-UP OF NI(U)T'S PORTFOLIO

As on 30th June, 2017



NIT State Enterprise Fund (NIT-SEF)

NITL declared an interim cash dividend of Rs 2.75 per unit for the year ending June 30, 2017. For the period ended FY17, the Fund earned a healthy return of 56.04% against the benchmark KSE-100 index that increased by 23.24%. As at June 30, 2017, net assets of NIT-SEF stood at PKR 2,766 million.

During the nine months period ended on 31st March 2017, the Fund reported a net income of Rs. 423 million (EPU of Rs. 2.82) whereby the capital gains realized were Rs. 44 million. The Fund also earned a dividend income of Rs. 45 million in 9MFY17.

As per the instructions of GoP, NIT has repaid the entire loan of Rs. 17.2 billion obtained for SEF along with markup of about Rs. 9 billion thereon. Furthermore, in pursuance to the decision of the Board of Directors of NITL, the Fund has also repaid an amount of Rs. 12.7 billion to the GoP as part of its profit sharing of NIT-SEF to date.

NIT Equity Market Opportunity Fund (NIT-EMOF)

The Board declared an interim dividend of Rs. 12.50 per unit in the form of cash for the year ending June 30, 2017. For the period ended FY17, the Fund earned a healthy return of 27.16% against the benchmark KSE-100 index that increased by 23.24%. The net assets of the Fund stood at Rs. 10,210 million as on June 30, 2017.

During the nine months period ended on 31st March 2017, NIT-EMOF earned a net income of Rs. 467 million (EPU of Rs. 11.94) where as it realized capital gains of Rs. 295 million and earned a dividend income of Rs. 275 million.

It may be noted that four institutions had invested an amount of Rs. 5,100 million in the Fund to support the stock market. To date, the Fund has offered redemption of 100% to its unit holders since inception.

NIT Islamic Equity Fund (NIT-IEF)

The Board declared an interim dividend of Rs. 0.50 per unit in the form of cash for the year ending June 30, 2017. For the period ended FY17, the Fund earned a total return of 18.38%. As at June 30, 2017, net assets of NIT-IEF stood at PKR 4,650 million.

During the nine months period ended on 31st March 2017, NIT-IEF earned a net income of Rs. 243 million (EPU of Rs. 0.67). Further, the Fund realized capital gains of Rs. 266 million and earned a dividend income of Rs. 131 million.

INCOME FUNDS

NIT Government Bond Fund (NIT GBF)

NIT declared an interim distribution of Rs. 0.52 per unit for unit holders of NIT GBF for the year ending June 30, 2017. Net assets of NIT GBF stood at Rs. 3,764 million as on 30th June 2017.

For the period ended FY17, the fund yielded an annualized return of 5.28% compared to the benchmark return of 5.80%. Furthermore, since its inception till 30th June 2017, NIT GBF earned an annualized return of 12.47% against the benchmark return of 8.62%, an outperformance of 385 bps.

During the nine months period ended on 31st March 2017, the Fund has earned a net income of Rs. 167 million.

NIT Income Fund (NIT IF)

NIT declared an interim distribution of Rs. 0.55 per unit for unit holders of NIT IF for the year ending June 30, 2017. Net assets of NIT IF stood at Rs. 3,900 million as on 30th June 2017.

During FY17, the Fund yielded an annualized return of 5.37% compared to the benchmark return of 6.10%. Furthermore, since its inception till 30th June 2017, NIT IF has earned an annualized return of 12.83% against the benchmark return of 9.73%, an outperformance of 310 bps.

During the nine months period ended on 31st March 2017, the Fund earned a net income of Rs. 172 million.

NIT Government Treasury Fund (NIT GTF)

NIT declared an interim distribution of Rs. 0.47 per unit for unit holders of NIT GTF for the year ending June 30, 2017. Net assets of NIT GTF stood at Rs. 981 million as on 30th June 2017. During FY17, the Fund yielded an annualized return of 4.95% compared to the benchmark return of 5.27%.

During the nine months period ended on 31st March 2017, the Fund earned a net income of Rs. 35 million.

NIT Islamic Income Fund (NIT IIF)

NIT declared an interim distribution of Rs. 0.43 per unit for unit holders of NIT IIF for the year ending June 30, 2017. Net assets of NIT IIF stood at Rs. 441 million as on 30th June 2017. During FY17, the Fund yielded an annualized return of 4.61% compared to the benchmark return of 3.11%.

During the nine months period ended on 31st March 2017, the Fund earned a net income of Rs. 25 million.

IMPORTANT ACHIEVEMENTS

NIT had completed fifty-five years of its establishment. Few important achievements made during this period of 55 years are highlighted below:

- NIT is the largest asset management company of Pakistan. With the introduction of one new fund, NIT's family of Funds comprises of ten funds, including three conventional equity, one Islamic equity, two-fixed income, one money market, one Islamic income and two pension category funds (conventional & Islamic). Total funds under management of NIT stood at Rs. 109.2 billion as on June 30, 2017 which is 17% of the entire mutual funds industry and the conventional Equity Funds under management of NITL constitutes around 56% of open-end conventional equity funds of the industry. NIT has the largest number of investors, which stands at more than 54,000 as on June 30, 2017.
- Since its launch in 1962, NIT has never missed a dividend payout for a single year.
- In the Mutual Fund industry, NI(U)T holds and maintains the largest conventional equity portfolio not only in terms of size but also in terms of number of companies.
- The nationwide distribution network of NIT now comprises of 23 branches and a state of the art investors facilitation center and a desk at Sarmayakari Markaz, Abottabad.
- NIT, being pioneer in the mutual fund industry, fully understands its Corporate Social Responsibilities and has been playing its role towards poor/ needy/ neglected people by contributing generously.
- NIT has been playing its role in creating awareness among potential investors about Mutual Fund industry.

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

Introduction

The Securities and Exchange Commission of Pakistan (SECP) was established under the Securities and Exchange Commission of Pakistan Act, 1997 as a successor to the Corporate Law Authority (CLA). SECP, which became operational on January 1, 1999, was initially mandated to regulate the corporate sector and capital market. However, after the promulgation of the Insurance Ordinance, 2000, matters relating to supervision and regulation of the insurance sector were also transferred to SECP. In addition, regulation and supervision of non-banking finance companies and private pensions, oversight of various external service providers to the corporate and financial sectors, including chartered accountants, credit rating agencies, corporate secretaries, brokers, surveyors etc., also fall within the domain of SECP.

The SECP, comprising a Chairman and four Commissioners, operates under the guidance of the Policy Board headed by the Federal Secretary, Ministry of Finance. Its members include Chairman SECP, Deputy Governor of the State Bank of Pakistan, Federal Secretaries for Law and Justice and Commerce. Senator Osman Saifullah Khan, Hafiz Mohammad Yousaf, Mr. Kamal Hassan Siddiqui, Ebrahim Sidat and Javed Aslam Callea represent the private sector. During the financial year July 1, 2016 to June 30, 2017, major developments in the fields within the domain of SECP have been as under:

Capital markets

Stock market overview

The year witnessed a significant and steady rise in the stock market indices with historic and unprecedented levels being reached. The KSE-100 index began the year at 37,966.76 points and reached 46,565.29 on June 30, 2017, i.e., an increase of almost 23% since the beginning of the year. KSE 100 touched its lowest level, i.e. 37,966.76 on July 4, 2016 and reached its highest level of 52,876.46 on May 24, 2017. Average daily turnover of 350.024 million shares was recorded for the period of July 1, 2016 to June 30, 2017. A total of 560 companies with total paid-up capital of Rs1,317.220 billion are listed on the Pakistan Stock Exchange. Market capitalization stood at Rs9,522.358 billion on June 30, 2017, which reflects a significant increase of 24.78% over the last year. Foreign investment in the stock market exhibited a net outflow of \$652.09 million during the year, which reflects a negative 154% over the last year.

Some of the more important developments that have contributed to this exceptional performance of the Pakistani stock market are: induction of Pakistan Stock Exchange into Emerging Market Index (MSCI); book building and IPO of Pakistan Stock Exchange, investment projects backed by China; stable exchange rate against the dollar; improving security and law enforcement situation; steady foreign interest in stocks; increased confidence shown by the multilateral donor agencies such as the IMF, World Bank and Asian Development Bank's allocation for energy sector development, etc.

Commodity Market

During the year, 3.38 million commodity futures contracts with a value of Rs1.3 trillion were traded on Pakistan Mercantile Exchange (PMEX) as compared to 3.69 million contracts with a value of Rs1.29 trillion traded in FY2015-16, marking a decline of 8%. This decline can primarily be attributed to the less number of liquid contracts available for trade on PMEX as well as imposition of capital gains tax on commodity trades. On the other hand, marginal increase in the value of commodities traded was owing to a surge in price of gold during the year. Actively traded commodities in terms of value were gold contributing 41% to the overall traded value at the exchange followed by currencies (36%) and crude oil (18%).

On the agriculture side, trading volume in red chili contracts surged substantially with 2,200 contracts of red chilli valued at over Rs35 million traded through the PMEX as opposed to 605 contracts traded in the FY2015-16. This increase in trading of red chilli was because of awareness campaigns run by the SECP in Kunri, the hub of red chilli production in Pakistan.

Developmental reforms in stock exchange

a) Divestment of 40% shares of PSX to anchor investor

In terms of requirements of demutualization law, the deal for strategic sale of 40% of PSX shares to an anchor investor consortium comprising of leading Chinese exchanges and Pakistani financial institutions was completed. The foreign partnership is expected to benefit the market through introduction of diverse product offering, indigenously developed technology and international experience. The divestment deal will also enhance possibilities for enhancing the PSX outreach in Pakistan and open cross border trading opportunities for Pakistan. Local financial institutions will benefit the PSX through their large branch networks, corporate governance and knowledge of local market laws.

b) Offer for sale of 20% shares and self-listing of PSX

Public subscription of 20% of the PSX shares was successfully completed in accordance with applicable laws. With commencement of formal trading of the PSX shares on its trading platform from June 29, 2017, the PSX has become the first South Asian self-listed stock exchange. Self-listing of PSX is expected to curtail conflict of interest, ensure integrity of trading and compliance of the exchange with legal requirements.

c) Governance reforms at PSX, Central Depository Company of Pakistan Limited (CDC) and National Clearing Company of Pakistan Limited (NCCPL)

Post divestment, governance at the PSX has been strengthened through appointment of independent directors, which now constitute one-half of the board. Further, nominees of the anchor investor have been appointed on the board and PSX's board committees involved in regulatory affairs are now required to ensure inclusion of only independent directors for ensuring their independence.

Governance at the CDC and NCCPL has been enhanced through approval of one-third independent directors on the boards and augmenting the structure of regulatory committees for these institutions to ensure greater independence. Also, manner and criteria for appointment of NCCPL's risk committee has been approved in light of the best international practices.

d) Successful transition to emerging markets

Pursuant to Pakistan's reclassification to Emerging Market by Morgan Stanley Capital Investment, significantly high flow of capital was observed on eve of the effective date of reclassification, i.e. May 31, 2017. Various operational and regulatory measures were therefore undertaken to ensure seamless transition and for the trade and settlement cycle to continue smoothly. The event was successfully completed with settlement of gross foreign trades amounting to over \$900 million on a single day. Various stakeholders applauded the Pakistani market's capacity to handle huge flux of trading in one day and the market's ability to address the issues that were generally observed in other jurisdictions and this transition was internationally acclaimed.

Regulatory reforms

a. New licensing regime for market infrastructure institutions

Under the Securities Act, 2015, new licensing and operations regulations were approved for securities exchange, central depository and clearing house with the objective to enhance their role as frontline regulators. Fresh licenses have been issued to PSX, NCCPL

and CDC under the Act and these regulations, after necessary due diligence. Further, under the Futures Market Act, 2016, the Futures Exchanges (Licensing and Operations) Regulation, 2017 were approved under which licenses will be issued to futures exchanges.

b. New licensing regime for securities and futures advisers

The regulatory framework for securities/futures advisers, including distributors of CIS/VPF units of multiple AMCs, was introduced for promoting transparency, standardization and improved controls for the advisory business enabling individuals and companies with specialized skills, knowledge and infrastructure to deliver targeted investment advice to clients.

c. Rules and regulations for establishment of a customer compensation fund

Rules and regulations for establishment and operation of a centralized customer compensation fund for investors in the capital market were finalized and promulgated after public consultation, and approval by the SECP and the federal government. Under this framework, the fund shall be managed independently under a transparent regime to function effectively for the protection of investors.

d. Rules for establishment of centralized KYC organization (CKO)

For centralization of the KYC process for customers of intermediaries in the securities market, rules for establishment of CKO were finalized and promulgated after public consultation and approval by the SECP and the federal government.

e. Rules for establishment of a bond pricing agency

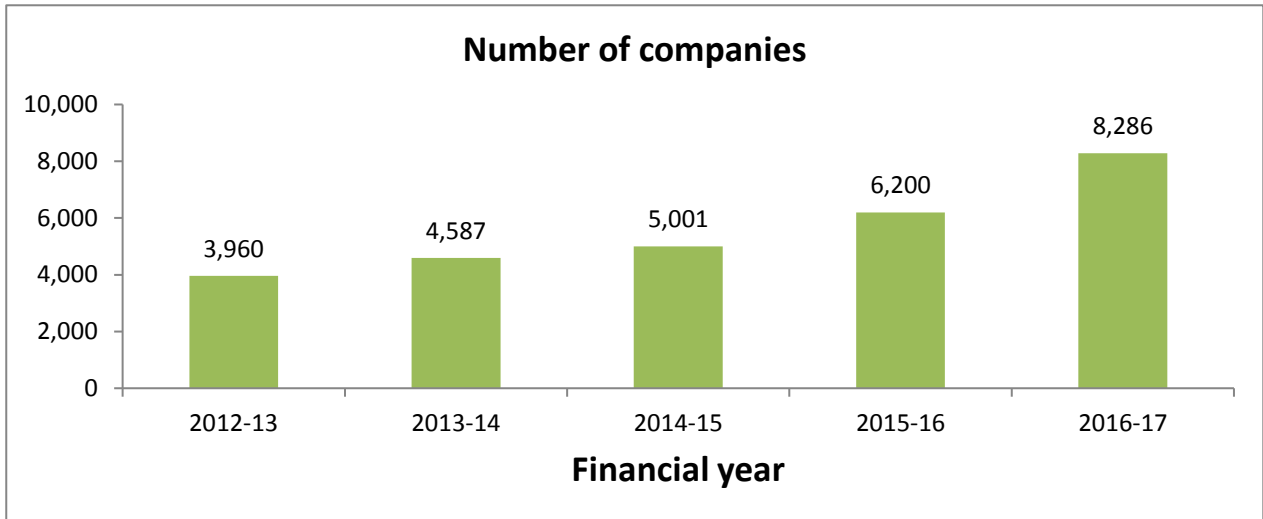
The said rules, which enable establishment of a bond-pricing agency (BPA) were drafted and forwarded to the federal government after public consultation and Commission's approval. BPA will provide fair valuations of debt securities based on comprehensive data collection, validation, pricing, and dissemination to the stakeholders. The Rules are pending Cabinet's approval.

f. Regulatory framework for reverse mergers

After extensive stakeholder consultation, the SECP introduced a framework for reverse mergers to fill gaps in implementation issues posed by backdoor listings through merger of unlisted company with listed shell company. The framework enables the listing and ongoing listing requirements of such mergers to be managed smoothly and effectively under the PSX regulations, with timely disclosures and compliance of all checks and balances imposed through listing regulations on sponsors of listed companies, in the interest of the market and investors.

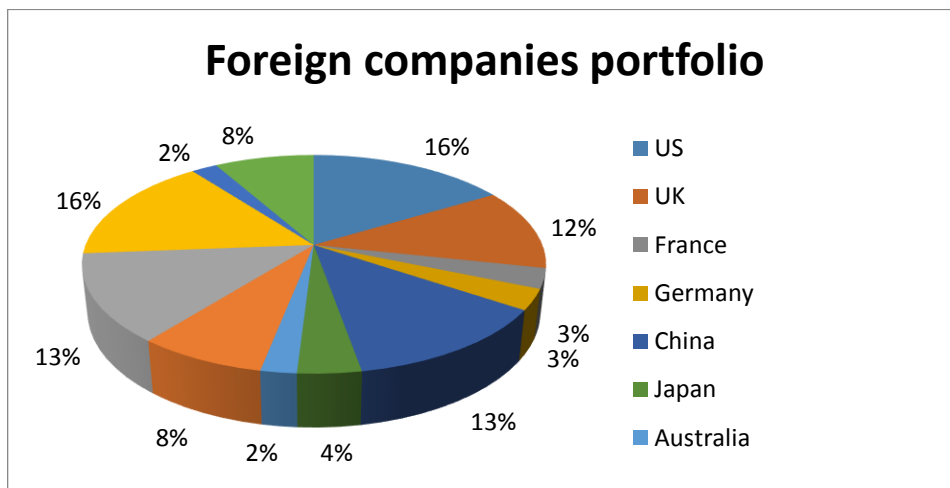
Incorporation of companies

During the year, 8,286 new companies were registered. As compared with the corresponding period of last financial year, a growth of 34% has been witnessed. This has raised the total number of registered companies to 80,700. The trend witnessed in formation of companies was that approximately 86% companies were registered as private limited companies, 11% were registered as single-member companies. Three percent were registered as public unlisted, association's not-for-profit, trade organizations and foreign companies.



The services sector took a lead with the incorporation of 1,303 companies, followed by trading with 1,100, construction with 936, information technology with 773, tourism with 518, education with 254, food and beverages with 252, engineering with 225, real estate development with 224, fuel and energy 211, corporate agricultural farming with 190, textile with 173, pharmaceutical and transport with 166 each, communication with 158, auto and allied with 137, power generation with 123, healthcare with 121, broadcasting and telecasting with 103, paper and board with 101, and 1,052 companies in other sectors.

Foreign investment has been reported in 562 new companies. These companies have foreign investors from Afghanistan, Australia, Austria, Azerbaijan, Bahrain, Bangladesh, Belgium, Canada, Cayman Islands, China, Cyprus, Denmark, Egypt, France, Germany, Iran, Iraq, Ireland, Italy, Japan, Jordan, Kazakhstan, South Korea, Kuwait, Kyrgyzstan, Lebanon, Libya, Malaysia, the Netherlands, New Zealand, Nicaragua, Nigeria, Norway, Oman, Panama, the Philippines, Puerto Rico, Qatar, Russia, Saudi Arabia, Singapore, South Africa, Spain, Srilanka, Sudan, Sweden, Switzerland, Taiwan, Thailand, Turkey, Ukraine, the UAE, the UK and the US.



Moreover, 63 foreign companies from China, Finland, Germany, Hong Kong, South Korea, Malaysia, the Netherlands, Norway, Singapore, Spain, Sweden, Switzerland, Turkey, the UAE, the UK and the US have established places of business in Pakistan during the last fiscal year. These companies are engaged in the fields of auto and allied, cable and electric goods, communication, construction, engineering, food and beverages, healthcare, services, power generation, trading, textile, transport, fuel and energy, information technology, insurance, steel and allied and other sectors.

NBF Sector Sector overview:

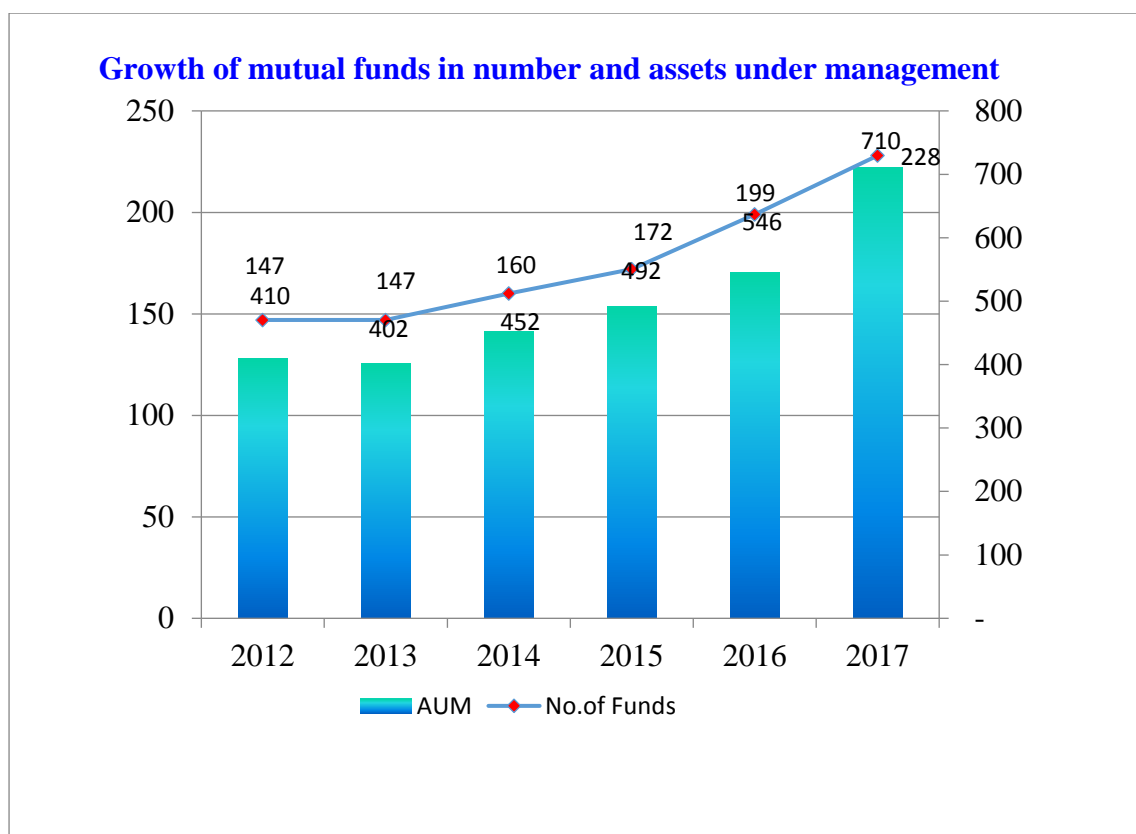
Over the years, the SECP has strived to provide a transparent and robust regulatory framework based on the best international practices for the entire NBF sector. As a result, the asset size of NBF sector has increased at a steady pace during the past few years. As of June 30, 2017, it stood at Rs1,189 billion as compared to Rs.918 billion on June 30, 2016, reflecting an overall increase of 30% during the period under review. The total asset size of the NBF sector as of June 30, 2017 is as follows:

| Sector | Number of entities | Total assets (in million rupees) | As percentage of total assets | Total deposits (in million rupees) |
|---|--------------------|----------------------------------|-------------------------------|------------------------------------|
| Mutual funds/plans | 228 | 710,034 | 59.68% | - |
| AMCs / IAs | 22 | 40,925 | 3.44% | - |
| Discretionary /non-discretionary portfolios | - | 141,123 | 11.86% | - |
| Real estate investment trust (REIT scheme) | 1 | 42,276 | 3.55% | - |
| Investment banks and micro finance institutions | 30 | 142,203 | 11.95% | 1,366 |
| Leasing companies | 8 | 43,324 | 3.64% | 6,402 |
| Modarabas | 25 | 44,082 | 3.71% | 7,333 |
| Pension funds | 19 | 25,770 | 2.17% | - |
| Total | 282 | 1,189,737 | 100% | 15,001 |

Asset management

As of June 30, 2017, the total size of the industry stood at Rs.710 billion as compared to Rs.546 billion on June 30, 2016. The total number of funds /plans stood at 228 as of June 30, 2017, as compared to 199 as of June 30, 2016. The industry was also managing discretionary portfolio of Rs.141 billion as of June 30, 2017.

As of June 30, 2017, equity funds (both conventional and Shariah-compliant) dominated the assets under management of the industry with the largest share of the mutual fund industry, i.e. 48.03%. Income funds (both conventional and Shariah-compliant) held the second largest industry share, i.e. 17.76%, followed by money market funds (both conventional and Shariah-compliant) with industry share of 11.93%.



Investment advisory

At present, 19 NBFCs have licenses to conduct the business of investment advisory in addition to business of asset management services while two NBFCs have an exclusive license for conducting investment advisory services. As of June 30, 2017, the total discretionary/non-discretionary portfolio held by all of the NBFCs was Rs141 million.

Private fund management

During the current year, three NBFCs were granted license to undertake private equity and venture capital fund management services business under the newly promulgated Private Fund Regulations, 2015.

Voluntary Pension System

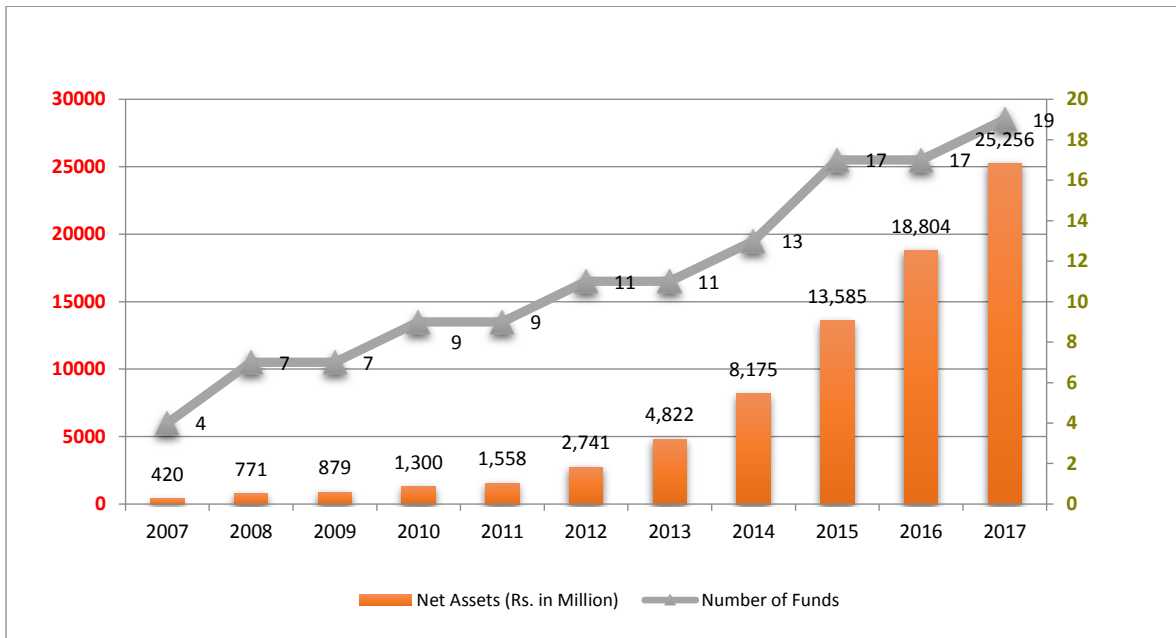
As of June 30, 2017, the assets of the pension schemes stood at Rs25.8 billion, compared to Rs19.3 billion on June 30, 2016, showing a 33% growth in the last one year. Around 60% of the pension assets belonged to equity sub-funds, 25% to debt sub-funds, 14% to money market sub-funds and 1% to commodity sub-funds.

The key statistics in respect of pension fund industry as of June 2017 is as follows:

| | |
|---------------------------------------|-------------------|
| Total assets of pension fund industry | Rs 25,769 million |
| Net Assets | Rs 25,256 million |
| Total number of pension funds | 19 |
| Shariah-compliant pension funds | 10 |

| | |
|---------------------------------|----|
| Conventional pension funds | 9 |
| Number of pension fund managers | 10 |

The graphical position of net assets and number of pension funds is as follows:



Real Estate Investment Trusts (REITs)

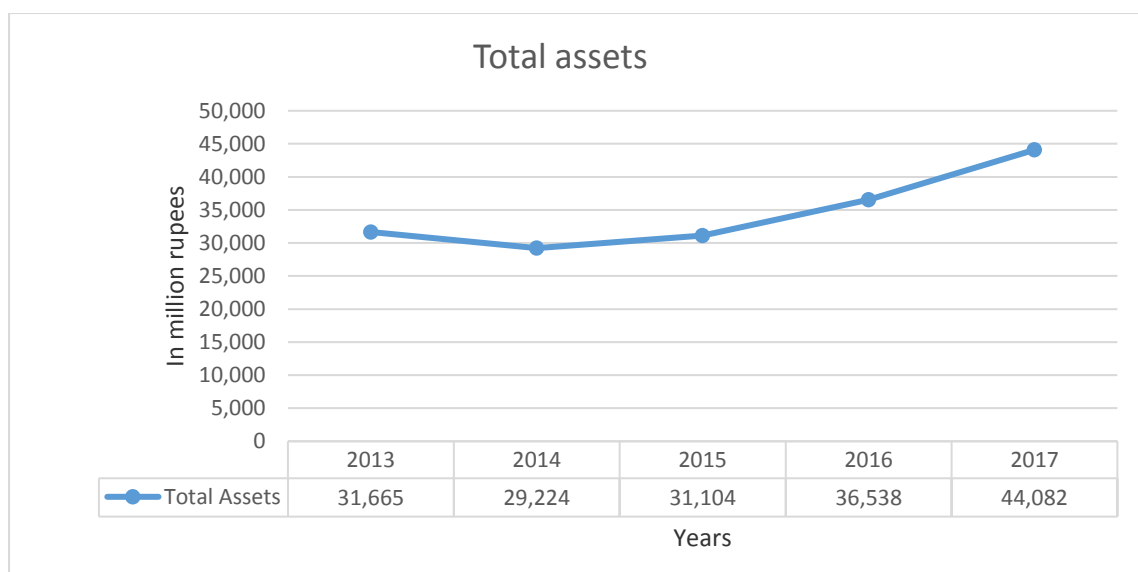
During the period under review, a new REIT management company (RMC) was licensed to undertake REIT management services, raising the number of RMCs to five. Pakistan’s first REIT, successfully completed its second year in June 2017.

The SECP organized a stakeholders meeting to identify factors inhibiting growth of REITs, which was attended by REIT management companies, businesspersons, lawyers, valuers, etc. Stakeholders identified taxation policies as the major hurdles and contended that REITs end up paying higher taxes as compared to non-REIT real estate entities.

Modarabas

The modarabas are the pioneering Islamic financial institutions in Pakistan. At present, the registered modaraba companies are 37 while 25 modarabas are operational. During 2016-17, a new company was registered as a modaraba company. During the year, the modaraba sector showed growth in terms of total assets. The sector declared dividends up to 90%. As per the online returns of 25 operational modarabas as of June 30, 2017, the aggregate equity of the modaraba was Rs21,317 million and total assets of the modaraba sector stood at Rs44,082 million. For the year ending June 30, 2016, 19 modarabas declared dividend in the form of cash. However, five modarabas were under winding up.

During the last few years, the modaraba sector has shown a steady growth. The total assets of the modaraba sector were Rs36,538 million as of June 30, 2016 as compared with Rs44,082 million as of June 30, 2017, thus showing an increase of 21%.



Lending non-bank finance companies (NBFCs)

Lending NBFCs are NBFCs licensed by the SECP to undertake leasing, investment finance services, housing finance services or discounting services. Companies licensed to carry out investment finance services include (i) investment finance companies (IFCs) and (ii) non-bank microfinance companies (NBMFCs) which are being regulated by the SECP pursuant to amendments to the NBFC regulatory framework in 2015.

Leasing companies

An upward trend has been witnessed in the asset size of leasing companies during the year 2016-17. The asset size of leasing companies has increased from Rs42 billion as of June 30, 2016 to Rs43.3 billion as of June 30, 2017. During the period under review, the Commission has granted permission for formation of two new NBFCs with the main object of undertaking business of leasing after grant of formal license. Licenses of four leasing companies were also renewed during the course of the year.

Investment banks

The number of investment finance companies remained unchanged at 10 since June 30, 2016. However, the asset size of investment banks has increased from Rs77 billion as of June 30, 2016 to Rs80.7 billion as of June 30, 2017.

Non-bank microfinance companies

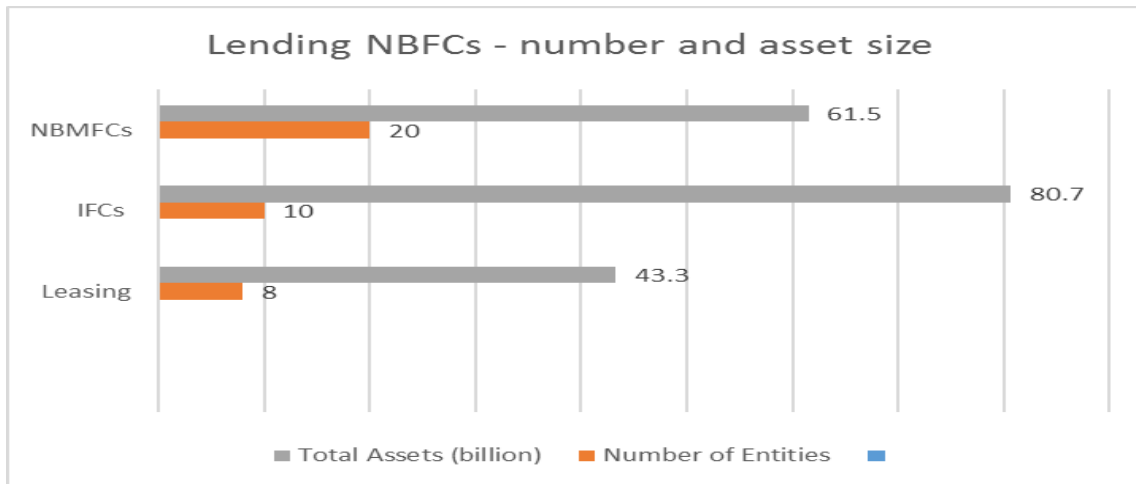
In a bid to facilitate transition of microfinance institutions into NBMFCs, the SECP has remained engaged in constant consultation with the industry association, Pakistan Microfinance Network (PMN), and the premier funding agency of the sector Pakistan Microfinance Investment Company (PMIC). As of June 30, 2017, 20 microfinance institutions were successfully licensed with the total assets of Rs61.5 billion. Moreover, 16 are in the process of completing necessary documentation for licensing.

The assets of companies licensed to carry out investment finance services have thereby grown significantly to a total asset size of Rs142.2 billion. As of June 30, 2017, the total asset size of the lending NBFCs was as follows:

| Sector | Number of entities | Total assets |
|-------------------|--------------------|-------------------|
| Lending NBFC | | In million rupees |
| IFCs | 10 | 80,704.00 |
| NBMFCs | 20 | 61,498.68 |
| Leasing companies | 08 | 43,324.00 |

| | | |
|-------|----|------------|
| Total | 38 | 185,526.68 |
|-------|----|------------|

The graphical position of net assets and number of lending NBFCs is as follows

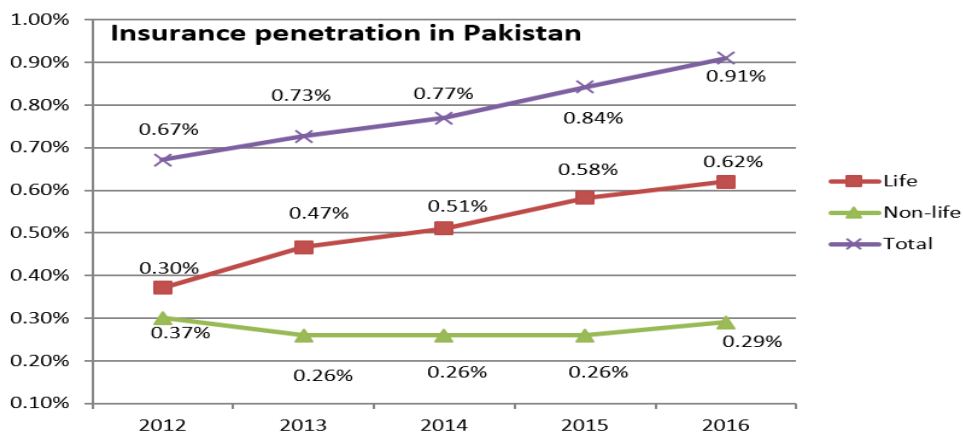


Insurance

Sector overview

The significance of insurance for corporates and individuals cannot be overemphasized, as it is the key financial protection tool against the unfortunate events, which may lead to financial loss. The SECP is the apex regulator of the insurance sector in Pakistan and is fully poised to regulate the insurance sector in-line with best international regulatory practices and develop the insurance industry into mature market, which can meet the financial protection needs of all societal segments in Pakistan.

In the last five years, the insurance sector grew on an average annual rate of around 13% on a compound basis along with minimal, but consistent increase in the insurance penetration and insurance density. With the adoption of modern distribution channels and innovative products, the insurance sector in Pakistan has been growing at a good pace during the previous few years. As of December 2016, the industry's total premium revenue generated stood around at Rs.265 billion (\$2.57 billion), whereas, the industry's total assets stood at Rs.1,165 billion (\$11.3 billion).

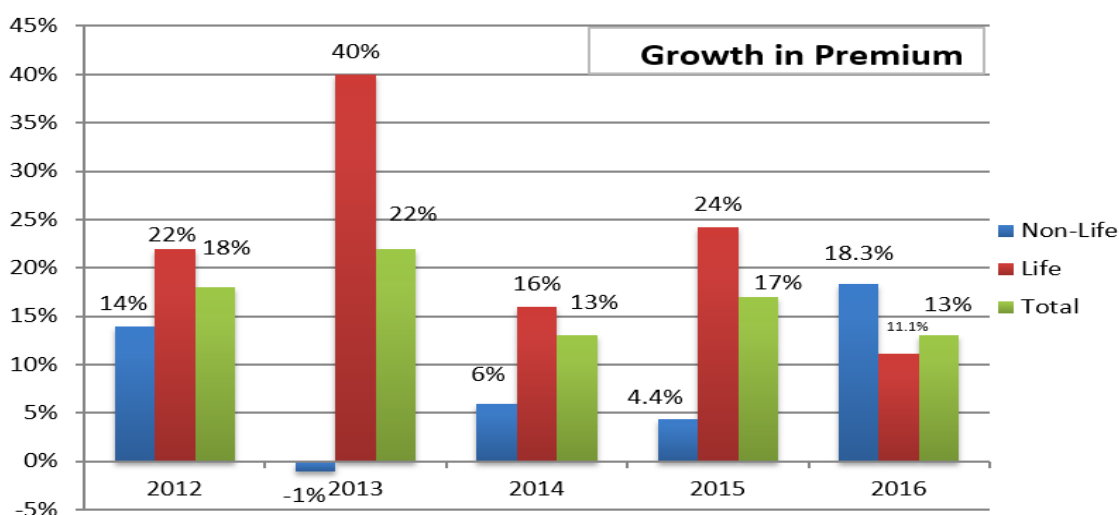


Considering the steady growth in insurance penetration and insurance density figures in the past five years, it can be inferred that the sector on an overall basis has been performing better and the growth in the life insurance sector would further augment the overall sector in the coming years.

The insurance market is fairly liberalized as one hundred percent foreign ownership and control of insurance companies is permitted with the paid-up capital requirement of \$4 million, with the condition of bringing in at least \$2 million in foreign exchange and raising the rest from the local market. As of June 30, 2017, the minimum capital requirements stood at Rs450 million for non-life and Rs650 million for life insurers. The SECP had revised the paid-up capital requirements for the insurers vide SRO 828(I)/2015 dated August 18, 2015 according to which the paid-up capital requirement for life and non-life insurers will be increased to Rs700 million and Rs500 million by December 31, 2017, respectively.

At present, there are 41 non-life insurers operating in the market, including three general takaful operators and one state-owned insurer. There are nine life insurers, including two family takaful operators, and one state-owned insurer in the life insurance sector. The SECP also allowed one life and three non-life insurers to transact window takaful business during the year, after which, the total number of conventional insurers authorized to conduct window takaful operations has reached 21.

In 2016, the life insurance market grew by 11%, whereas the total life insurance premium stood at Rs180 billion. Significant growth of around 20% was observed in non-life insurance whereas the total non-life insurance premium stood at Rs85 billion. The non-life insurance growth is mainly attributed to CPEC and related infrastructure development. The overall insurance sector witnessed the growth of 14% during the year 2016.



Licensing and approvals

During the year, the SECP processed various cases of approvals, extensions and NOCs on applications by the insurance sector under the provisions of the governed laws, which include approvals of Shariah advisors of takaful/ window takaful operators, directors and CEOs as per fit and proper criteria, release of statutory deposits, products approvals and other miscellaneous approvals.

- **Approvals of directors and chief executive officers**

Approvals for appointment of 166 directors and CEOs of insurance companies were issued during the year after scrutinizing in light of the provisions of Insurance Companies (Sound and Prudent Management) Regulations, 2012 and other applicable regulatory provisions.

- **Approvals to insurance brokers**

Upon fulfilling the requirements contained in Section 102 of the Insurance Ordinance, 2000, read with Rule 13 and 14 of Insurance Rules, 2002, the SECP granted fresh license to one insurance broker and renewed licenses of 15 insurance brokers during the year.

- **Licensing of insurance surveying companies and authorized surveying officers**
During the period under review, 500 licenses of insurance surveying companies and authorized surveying officers have been issued, of which, 195 licenses were issued to the surveying companies and 305 licenses were issued to the Authorized Surveying Officers (ASOs).
- **Facultative reinsurance approvals**
During the fiscal year 2016-17, the SECP accorded 1,163 approvals for placement of risks abroad with foreign reinsurers in facultative manner.
- **Authorization as window takaful operator**
During the year, authorization to conduct window takaful operations was granted to one life and three non-life conventional insurers, after which, total number of window takaful operators has reached 21. Five life insurers and 16 non-life Insurers are authorized to conduct window takaful operations In Pakistan.
- **Life insurance products approval**
During the year, 113 new life insurance products and supplementary riders have been approved by the SECP. The necessary guidance was provided to the life insurers and takaful operators on various aspects of life insurance products amidst the expansion of business through technology based distribution channels.
- **Notification of Insurance Rules, 2017**
The two sets of insurance subsidiary legislation have been compiled to issue the Insurance Rules, 2017 with primary aim to bring uniformity in the subsidiary legislation while incorporating all the notifications and amendments made under the aforementioned sets of Rules after initial promulgation in 2002. The SECP has strived to bring substantial reforms in the insurance sector by introducing new accounting formats for life and non-life insurers especially for the purposes of Financial Statements and strengthening of the regulatory regime for insurance brokers and insurance surveyors through enhancing the requirements of paid-up capital, professional indemnity etc.
- **Insurance Accounting Regulations, 2017**
In collaboration with the Subcommittee of the Institute of Chartered Accountants of Pakistan (ICAP) on insurance, the SECP formulated the Insurance Accounting Regulations, 2017, along with the accounting formats, which are part of Insurance Rules, 2017. These regulations aim to develop high quality standards that are comparable, bring in more transparency, and enhanced disclosures. The objective of the regulations is to harmonize the local accounting standards with the international practices (IFRSs and IASs).
- **Amendments to Small Dispute Resolution Committees (Constitution and Procedure) Rules, 2015**
The Small Dispute Resolution Committee (Constitution and Procedure) Rules, 2015 have recently been amended to increase the pecuniary value of sum assured resultantly increasing the jurisdiction of the three SDRCs, which shall bring a greater number of insurance policies/grievances under the ambit of the SDRC's for speedy settlement of complaints. In order to expedite and ensure amicable settlement of grievances of insurance policyholders, the SECP in 2015 had formulated Small Dispute Resolution Committees in three major cities namely Lahore, Karachi and Islamabad, under the subject Rules.
- **Amendments to the Insurance Companies (Sound and Prudent Management) Regulations, 2012**
The fit and proper criteria for CEOs, Directors and Key Officers of insurance companies have further been strengthened through amendments to the Insurance Companies (Sound and

Prudent Management) Regulations, 2012. The major amendments include submission of affidavits related to placement/non-placement of name of the CEO's and Directors on the Exit Control List and also in respect of any overdue payment to any financial institution by the person himself or by the companies, firms etc. where he is a CEO, director, partner or owner. Furthermore, CIB reports shall be called by the SECP in respect of all the newly appointed directors and CEOs of insurers and of the companies, firms etc. of which he is CEO, director, partner or owner.

- **Strengthening Insurance Regulatory Framework - Issuance of draft Insurance Bill, 2017**
As part of the project for strengthening the regulatory framework for insurance sector in Pakistan with the Technical Assistance of the World Bank, significant reforms were proposed to be introduced in the insurance regulatory framework. A concept note elaborating the significant reforms was shared with industry stakeholders in three roundtables conducted in Karachi, Lahore and Islamabad for the purpose of stakeholder consultation. Thereafter the draft insurance bill was prepared, which is proposed to replace the Insurance Ordinance, 2000. The Bill was placed on the SECP's website in December 2016 to elicit public comments. Afterwards, subsequent consultation sessions were held with different stakeholders. Consequently, the draft Bill was finalized and sent to the Ministry of Finance for initiation of formal legislation process.
- **National Financial Inclusion Strategy, Technical Committee on Insurance**
The Government of Pakistan adopted the National Financial Inclusion Strategy after which, several Technical Committees were formed with an objective to enhance financial inclusion in the specialized sectors, i.e. banking, insurance, non-bank finance sector, etc. The NFIS Technical Committee on Insurance (TCI) was formed with special focus on insurance sector, which has conducted multiple meetings whereby specific recommendations and tracking mechanism for activities of TCI have been finalized. The development of insurance curriculum to be incorporated in regular academic curriculum, development of standardized insurance glossary, and reforming the compulsory insurances regime in two areas, are few of the action areas determined by the Committee.
- **Small Disputes Resolution Committees**
Three Small Dispute Resolution Committees (SDRCs) were constituted in Islamabad, Karachi and Lahore for mediation and resolution of disputes arising between the insurers and the policyholders. The committees arbitrate small disputes arising between insurance policyholders and insurance companies. Each committee comprises of a chartered accountant or a management accountant, a lawyer and senior insurance industry professional. Three SECP officials coordinate with the said committees. During the year, the SDRCs provided relief to the tune of Rs9.64 million to the policyholders.

Islamic Finance

The SECP regulates important elements of non-bank Islamic financial services industry. These elements include modarabas, Takaful operators and window Takaful operators, Islamic non-banking financial institutions, Islamic mutual and pension funds, Shariah-compliant real estate investment trust, Shariah screening of equities, and issuance of sukuk.

Amendment to SECP Act for regulation of Shariah-compliant financing

In 2016, the SECP was specifically mandated, through an amendment to the SECP Act, 1997, for regulating and facilitating the growth of Shariah-compliant financial products in the financial services market except the financial services directly regulated by the SBP.

Islamic finance organizational arrangement at SECP

The SECP has a dedicated Islamic Finance Department that coordinates with all the operational departments. It provides technical expertise to operational departments under the guidance of independent Shariah Advisory Board of SECP in matters pertaining to Shariah compliance,

including reviewing offering documents, trust deeds, sukuk prospectus and Shariah governance framework. The Board consists of three renowned scholars namely Justice Khalil Ur Rehman (ret), Mufti Muneeb Ur Rehman and Dr. Tahir Mansoori. The SECP is a member of Islamic Financial Services Board (IFSB) Malaysia, which is an international standard setting body that promotes the soundness and stability of Islamic financial services industry. The SECP also has a joint forum with SBP and a consultative forum on Islamic finance comprising representatives from industry and financial sector.

Share of Shariah-compliant assets steadily rising

Growing at a fast rate, Shariah-compliant assets now represent 34.6% of the total assets of the NBFi industry. The number of Shariah-compliant mutual funds has reached 109 and Shariah-complaint funds have 41% of the assets under management of the mutual fund industry.

Share of Shariah-compliant assets of NBFi industry

| Description | June-10 | June-11 | June-12 | June-13 | June-14 | June-15 | June-16 | June -17 |
|--|---------|---------|---------|---------|---------|---------|---------|----------|
| Share of Shariah compliant assets of NBFi industry * | 12.3% | 14.5% | 14.0% | 17.1% | 17.9% | 26.5% | 27.7% | 34.60% |

*Shariah-compliant assets include assets of Shariah-compliant mutual funds, Shariah-compliant pension funds, Shariah-compliant REIT and modaraba.

Share of Shariah-compliant mutual funds

| Description | June-10 | June-11 | June-12 | June-13 | June-14 | June-15 | June-16 | June-17 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| Share of Shariah compliant mutual funds in the mutual fund industry | 9% | 13% | 12% | 16% | 17% | 27% | 33% | 43% |

Takaful sector

Takaful industry comprises of five dedicated takaful operators and 21 window Takaful operators. Takaful sector assets represent 2.7% of the total assets of the insurance industry. The gross premium of takaful sector represents 6.9% of the total premium of the insurance industry.

| Takaful industry | Number of family takaful operators | Number of general takaful operators | Total |
|-----------------------------|------------------------------------|-------------------------------------|-----------|
| Dedicated takaful operators | 2 | 3 | 5 |
| Window takaful operators | 5 | 16 | 21 |
| Total | 7 | 19 | 26 |

During the year, SECP has taken a number of initiatives for regulation and development of Islamic finance across the sectors it regulates.

Tax neutrality for sukuk

Due to the efforts of SECP and support of FBR, tax neutrality for sukuk vis-a-vis conventional Asset Backed Securitization (ABS) was achieved through an amendment to the Income Tax Ordinance on August 31, 2016.

Two percentage points tax rebate for Shariah-compliant companies

On the recommendation of SECP, a two percentage points tax rebate for Shariah-compliant listed manufacturing companies was introduced through the Finance Act, 2016. The eligible criteria as notified by FBR is as follows:

- a. The business of the company is *halal*;
- b. Financing obtained by the company is Shariah-compliant;
- c. All investments made by the company are Shariah-compliant; and
- d. The company maintains a free float not less than 30% of the outstanding shares.

New concept of Shariah-compliant Company

A new concept of a Shariah-compliant company has been introduced through the newly promulgated Companies Act, 2017. This concept extends the previous paradigm where Islamic finance was largely confined to Islamic financial institutions, sukuk and Shariah screening of listed companies. The new concept provides an opportunity for any company to become Shariah-compliant.

A holistic Shariah governance framework

Shariah Governance Regulations for the sectors regulated by the SECP are being drafted under the enabling provision in the Companies Act, 2017. In this regard, eight consultation sessions with relevant organizations and stakeholders have been held, including SBP, PSX, Modaraba and NBF Association, Shariah scholars, MUFAP, and takaful operators.

Facilitating issuance of sukuk

To facilitate issuance of sukuk, relevant regulations were amended both for public offering and for private placement. These amendments were based on the recommendations received from, the subcommittee on Islamic capital markets, extensive consultations held with stakeholders (issuers and arrangers) and local and international experts. The primary objective of the amendments is to reduce cost and hassle for the issuers.

SECP Shariah Advisory Board Meetings

In its meeting, the SECP's Shariah Advisory Board reviewed and discussed different issues, including concept papers on Islamic redeemable capital instrument and Islamic shares financing product. The Board also gave its recommendations for the development of the fit and proper criteria for Shariah advisors, amendments to Issue of Sukuk Regulations, 2015, and draft Shariah Governance Regulations.

Futures exchanges to promote Shariah-compliant products

The SECP issued Futures Exchanges (Licensing and Operations) Regulations, 2017. Currently, Pakistan Mercantile Exchange (PMEX) is the licensed futures exchange providing for trading of commodity futures. Under the licensing condition, PMEX shall endeavor to promote Shariah-compliant products.

Establishment of financing centers and outreach

An Islamic finance centre was established in Abbottabad to enhance awareness for Islamic financial services and products. To increase outreach of Islamic financial services and to provide a substitute for exploitative financing in the informal sector, a consumer Islamic finance centre was established in Rawalpindi, where a sum of Rs21.5 million was disbursed to 390 borrowers.

Legislation and legal reforms

The SECP remained actively involved in the ongoing exercise to revamp the existing primary as well as secondary legislation. It vigilantly examined laws, rules and regulations, etc. which are administered by it and proposed amendments, wherever necessary. The Companies Act, 2017, Limited Liability Partnership Act, 2017, the SECP (Amendment) Act, 2016, Corporate Restructuring Companies Act, 2016 was the notable statute that was promulgated during the year. The SECP also reviewed and proposed drafts of the relevant laws meant to be enacted by the Parliament. The SECP drafted and reviewed various legislative instruments, including the

following:

Primary legislation

- Companies Act, 2017
- Limited Liability Partnership Act, 2017
- Corporate Restructuring Companies Act, 2016
- Securities and Exchange Commission of Pakistan (Amendment) Act, 2016
- Companies (Appointment of Legal Advisors) (Amendment) Act, 2017
- Draft Corporate Rehabilitation Bill, 2016
- Draft Motor Vehicle Third Party (Amendment) Bill, 2017
- Draft Compulsory Group Life Insurance (Amendment) Bill, 2016
- Draft Modaraba Bill, 2017
- Draft Insurance Bill, 2017

Secondary legislation

- Centralized (Know Your Customer) Organization Rules, 2017;
- Customer Compensation Fund (Establishment and Operation) Rules, 2017;
- Draft Bond Pricing Agency Rules, 2017;
- Private Placement of Securities Rules, 2017;
- Insurance Rules, 2017;
- Draft Corporate Restructuring Companies Rules, 2017;
- Draft Search and Seizure Rules, 2017;
- Draft Appellate Bench Rules, 2017;
- Futures Exchange (Licensing and Operation) Regulations, 2017
- Debt Securities Trustees Regulations, 2017 ;
- Share Registrars & Ballotters Regulations, 2017;
- Underwriter Regulations, 2017;
- Securities Exchanges (Licensing and Operations) Regulations, 2016;
- Listed Companies (Buy-Back of Shares) Regulations, 2016;
- Clearing Houses (Licensing and Operations) Regulations, 2017;
- Credit Rating Companies Regulations, 2016;
- Public Offering (Regulated securities Activities Licensing) Regulations, 2017;
- Public offering Regulations, 2017;
- Securities and Futures Advisers (Licensing and Operations) Regulations, 2017;
- Collateral Management and Warehousing (Establishment & Operations) Regulations, 2016;
- Draft Associations with Charitable and Not for Profit Objects (Licensing & Corporate Governance) Regulations, 2017;
- Listed Companies (Take over) Regulations, 2017;
- Draft Companies (Incorporation) Regulations, 2017;
- Draft Intermediary (Registration) Regulations, 2017;

- Draft Whistle Blowing Regulations, 2017;
- Centralized Customer Protection Compensation Fund Regulations, 2017;
- Securities Brokers (Licensing and Operations) Regulations, 2016
- Access to Inside Information Regulations, 2016
- Insurance Accounting Regulations, 2016
- Draft Credit and Suretyship (Conduct of Business) Rules, 2016
- Draft Employees Provident Fund (Investment in Listed Securities) Rules, 2016
- Draft Limited Liability Partnership Regulations, 2017

Proposed amendments to existing laws

- Amendments to VPS Rules, 2005;
- Amendment to Public Sector Companies (Corporate Governance) Rules, 2013
- Draft Amendment to Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003
- Draft Further Amendment to Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003;
- Amendment to Single Member Companies Rules, 2003;
- Draft Amendments to Insurance Rules, 2017
- Draft Amendment to Companies (Issue of Capital) Rules, 1996;
- Draft Amendment to Companies (General Provisions and Forms) Rules, 1985;
- Draft Amendments to Legal Advisor Rules, 1974;
- Draft Amendments to Modaraba Rules, 1980;
- Amendments to Asset Back Securitization Rules, 1996;
- Amendments to NBFC Regulations, 2008;
- Amendments to Stock Exchange (Corporatization, Demutualization and Integration Regulations, 2012);
- Amendments to Issue of Commercial Paper Regulations, 2013;
- Amendments to Research Analyst Regulations, 2015;
- Amendments to Clearing House (Licensing and Operations) Regulations, 2016;
- Amendments to Securities Broker Regulations, 2016;
- Amendments to Central Depositories (Licensing and Operations) Regulations, 2016;
- Further amendments to Central Depositories (Licensing and Operations) Regulations, 2016
- Amendments to Companies (E-voting) Regulations, 2016;
- Amendments to Companies (Registration Offices) Regulations 2003;
- Amendment to Issue of Sukuk Regulations, 2015
- Further amendments to Stock Exchange Demutualization and Integration Regulations, 2012;
- Amendments to the Insurance Companies (Sound and Prudent Management) Regulations, 2002;
- Amendments to the sixth schedule of the Companies Ordinance, 1984;
- Amendments to the Reporting and Disclosure (of Shareholding by Directors and Executive Officers and substantial shareholders in Listed Companies) Regulations, 2015.

PROVINCIAL FINANCE (PF) WING

Pakistan has a federal democratic form of Government having four provinces viz. Balochistan, Khyber Pakhtunkhwa, Punjab and Sindh as federating units along with special areas which include Gilgit-Baltistan, Federally Administered Tribal Areas (FATA) and Azad Jammu and Kashmir (AJ&K). PF Wing plays a coordinating role between federation and provinces and amongst the provinces. As such PF Wing is considered to be one of the important wings of Finance Division. The main responsibilities of PF Wing consist of the following:-

- *To Provide Secretariat support to National Finance Commission (NFC), a constitutional body responsible to recommend revenue sharing arrangement between the Federation and Provinces.*
- *To arrange meetings of NFC bi-annually as well as to monitor the implementation of NFC award/recommendations as provided in the constitution.*
- *Vertical and horizontal distribution of funds (i.e. Divisible Pool Taxes) between the federation and the provinces and amongst the Provinces in accordance with the NFC award/formula.*
- *Release of funds against the Provincial projects funded through federal PSDP and provision of grants-in-aid to Special Areas i.e GB and AJ&K.*
- *Implementation of President/Prime Minister's Directives relating to Provinces and Special Areas.*
- *To administer and maintain inter-governmental fiscal relationship between Provinces and Special Areas as well as to settle monetary issues raised by the Provinces effectively and efficiently.*
- *To provide loans/advances to government employees for house building /purchase of motor cars/cycles.*
- *To recover Cash Development Loans (CDL) and Foreign Exchange Loans (FEL) from the provinces and to maintain data/record of the recoveries.*
- *To coordinate implementation of the decisions of CCI and IPCC relating to Finance Division.*
- *To carry out periodic reconciliation of the Federal transfers made to Provinces, with AGPR sub offices and offices of the Accountant Generals located at Provincial Headquarters.*
- *To conduct quarterly meetings of Provincial Finance Secretaries, where issues confronting Federal as well as Provincial Governments are discussed to find workable solutions. Through these meetings, PF Wing facilitates the Provincial Governments to discuss issues of common interests, like harmonization of agriculture Income Tax policy, recovery of electricity bills, containment of overall fiscal deficit, enhancement of ways and means limits, efforts to increase provincial own receipts etc.*

National Finance Commission (NFC)

Article 160 of the Constitution of Islamic Republic of Pakistan 1973, provides for setting up National Finance Commission (NFC) to govern inter-governmental fiscal relationship between the Federal Government and the Provinces. New NFC is set up after every five years consisting of the Federal Finance Minister, Provincial Finance Ministers and such other persons as may be appointed by the President after consultation with the Governors of the Provinces.

In Pursuance of the aforesaid constitutional provision, the President of Pakistan was pleased to constitute the 9th National Finance Commission on 24th April, 2015 with following ToRs:-

- a. *Distribution between the Federation and the Provinces of the net proceeds of the following taxes:*

- (1) Taxes on income, including corporation tax, but not including taxes on income consisting of remuneration paid out of the Federal Consolidated Funds;
 - (2) Taxes on the sales and purchases of goods imported, exported, produced, manufactured or consumed;
 - (3) Export duties on cotton, and such other export duties as may be specified by the President;
 - (4) Such duties of excise as may be specified by the President; and
 - (5) Such other taxes as may be specified by the President.
- b. Processing of grants-in-aid by the Federal Government to the Provincial Governments;
 - c. Exercise by the Federal Governments and the Provincial Governments of the borrowing powers conferred by the Constitution; and
 - d. Assessment and allocation of resources to meet expenditures related to Azad Government of the States of Jammu and Kashmir, Gilgit-Baltistan, FATA, Natural Disasters and terrorism etc.
 - e. Any other matter relating to finance referred to the Commission by the President.

In its inaugural meeting held on 28th April, 2015, the 9th NFC decided to constitute four thematic Working Groups in order to make its deliberations meaningful. The Working Groups finalized their reports. So far, the Commission has held three meetings. Inter-governmental resource distribution is a complex and tedious process. It requires consensus among all the stakeholders i.e. Federal and Provincial Governments as well as among Provincial Governments. As such finalization of the report will take time.

Revenue Transfers

Revenue Transfers made to the Provinces consist of following two broad categories:

- a. **Divisible pool transfers:** This includes taxes being collected by Federal Board of Revenue (FBR). These taxes are shared between the Federal Government and Provinces as well as amongst the Provinces in accordance with the NFC Award. Divisible Pool transfers to Provinces are made twice in a month i.e. on 17th and last working day of each month.
- b. **Straight transfers:** These transfers consist of Gas Development Surcharge (GDS), Royalty on Crude Oil & Natural Gas and Excise Duty on Natural Gas. The entire proceeds of these levies, after deducting collection charges @ 2%, are transferred to the respective Provinces, where the wellhead is located. These collections are reported to Finance Division by the Ministry of Petroleum & Natural Recourses with the exception of Excise Duty. The Ministry of Petroleum & Natural Recourses with the exception of Excise Duty reports these collections to Finance Division on Natural Gas, which is reported by the FBR.

A profile of Federal transfers to Provinces during FY 2016-17 is as under:-

(Rs. in billion)

| Components | Punjab | | Sindh | | Khyber Pakhtunkhwa | | Balochistan | |
|---------------------------|-----------------|----------------|----------------|----------------|--------------------|----------------|----------------|----------------|
| | B.E | Release | B.E | Release | B.E | Release | B.E | Release |
| Divisible Pool | 1039.380 | 921.698 | 493.173 | 437.334 | 328.984 | 291.735 | 182.605 | 183.243 |
| Straight Transfers | 5.632 | 7.142 | 54.668 | 80.374 | 17.199 | 23.496 | 14.238 | 21.626 |
| Total | 1045.012 | 928.840 | 547.841 | 517.708 | 346.183 | 315.231 | 196.843 | 204.869 |

In addition to the above revenue transfers, the NFC Award also provides for grant-in-aid to Sindh and Balochistan. Apart from these grants as provided under the NFC Award, PF Wing also transfers funds under grants-in-aid to Provinces, pursuant to the commitments of the Federal Government such as Aghaz-e-Huqooq-e-Balochistan Package (AHBP). A profile of grants-in-aid to the Provinces during FY 2016-17 is as follows:

(Rs. In billion)

| Component | Punjab | Sindh | Khyber Pakhtunkhwa | Balochistan | Total |
|---|--------------|---------------|--------------------|---------------|---------------|
| Conservation & Restoration of Government House, Murree Project (Federal Governments Share) | 0.300 | - | - | - | 0.300 |
| Provision of Mini bus 25-30 Seater (standard/Non-AC) to Pakistan Association of the Blind Children, Sargodha for pick and drop of blind Children. | 0.003 | - | - | - | 0.003 |
| Construction of a park on the available land at Adda Jai along Chiprar road, District Sialkot. | 0.009 | - | - | - | 0.009 |
| Purchase of two normal standard HINO buses for Pakistan society of rehabilitation of Disabled (PSRD) High School | 0.011 | - | - | - | 0.011 |
| Grant-in-aid to Al Mudasir Special Education Complex, Kharian, Gujrat | 0.020 | - | - | - | 0.020 |
| Grant to offset Losses of abolition of OZT (NFC Award) to Sindh. | - | 11.757 | - | - | 11.757 |
| Grant in Aid to Khyber Pakhtunkhwa for the community Development of Islamia College | - | - | 0.050 | - | 0.050 |
| Grant for Cadet College Omara, Balochistan. | - | - | - | 0.015 | 0.015 |
| Grant in lieu of Arrears of GDS prior to 1991-92 under AHBP | - | - | - | 10.000 | 10.000 |
| Total | 0.043 | 11.757 | 0.050 | 10.015 | 21.865 |

Funding for Provincial Projects.

At times, pursuant to the President/Prime Minister's announcements made during the public gatherings, Prime Minister Office issues directives for funding of various projects in the Provinces. Accordingly, such Provincial projects are funded through PSDP allocation of the Finance Division, either on co-sharing or on full funding basis. During FY 2016-17, the position of funds released by the Finance Division to the Provinces, as per authorization of Planning, Development & Reform Division is reflected as under:-

(Rs. In billion)

| Province | No of Projects | PSDP Allocation (Revised) | Releases |
|---------------------------|----------------|---------------------------|--------------|
| Punjab | 14 | 3.485 | 3.385 |
| Sindh | 09 | 1.458 | 1.458 |
| Khyber Pakhtunkhwa | 05 | 0.673 | 0.673 |
| Balochistan | 15 | 2.257 | 2.257 |
| Total | 43 | 7.773 | 7.773 |

Loan and Advance to Federal Government Servants:-

A profile of Loans and Advances to Federal Government Servants during FY 2016-17 is as under:

(Rs. In billion)

| S. No | Name of Offices / Departments | Allocation (Revised) | HBA | Motor Car Advance | Motor Cycle Advance | Cycle Advance | Grant Total Released |
|--------------|-------------------------------|----------------------|--------------|-------------------|---------------------|---------------|----------------------|
| 1 | AGPR, Islamabad. | 3.953 | 3.060 | 0.653 | 0.240 | 0.0005 | 3.953 |
| 2 | AGPR, Sub-Office, Lahore | 1.240 | 1.000 | 0.135 | 0.104 | 0.001 | 1.2392 |
| 3 | AGPR, Sub-Office, Karachi | 1.389 | 1.182 | 0.109 | 0.098 | 0.0004 | 1.389 |
| 4 | AGPR, Sub-Office, Peshawar | 0.600 | 0.500 | 0.061 | 0.038 | 0.0007 | 0.600 |
| 5 | AGPR, Sub-Office, Quetta | 0.312 | 0.250 | 0.055 | 0.006 | 0.0002 | 0.312 |
| 6 | AGPR, Sub-Office, Gilgit | 0.466 | 0.400 | 0.037 | 0.028 | 0.0002 | 0.466 |
| 7 | Others* | 1.951 | 1.628 | 0.168 | 0.148 | 0.007 | 1.951 |
| Total | | 9.910 | 8.020 | 1.219 | 0.661 | 0.010 | 9.910 |

*Represents Organizations having self-accounting system.

Recoveries of Cash Development Loans (CDL) from Provinces

One of the functions of the Wing is to recover loans and to keep a record of such recoveries of principal amount and interest regarding Cash Development Loans granted to the Provinces. Such figures are maintained in consultation with respective Finance Department/Accountant General for local currencies and Economic Affairs Division (EAD) for foreign exchange. A statement of recoveries from Provinces during FY 2016-17 is shown as follows:-

(Rs. in billion)

| Province | Principal | Interest | Total |
|--------------------|---------------|---------------|---------------|
| Punjab | 27.748 | 8.554 | 36.302 |
| Sindh | 8.380 | 4.842 | 13.222 |
| Khyber Pakhtunkhwa | 6.171 | (-) 0.290 | 5.881 |
| Balochistan | 5.033 | 0.490 | 5.523 |
| AJ&K ¹ | 3.442 | 8.586 | 12.028 |
| Total | 50.774 | 22.182 | 72.956 |

¹For the purpose of recovery of loans from AJ&K, allocations are made in the Federal Budget as **Ways and Mean Advances to AJ&K** and book adjustments are made accordingly.

Federal Transfers to AJ&K

Federal Government's financial support to AJ&K is extended under "New Financial Arrangement between the Govt. of Pakistan and AJ&K" which is applicable since 1992-93. Variable grant is being provided as share of AJ&K Government in Federal Taxes. Since own resources of Govt. of AJ&K together with variable grant are insufficient to meet their current expenditure, hence, Federal Government bridges the gap of revenue and current expenditure of AJ&K as Revenue Deficit Grant. Funding to AJ&K during FY 2016-17 is shown as follows:-

(Rs. In billion)

| Component | Allocation 2016-17 (Revised) | Released 2016-17 |
|------------------------------|---|-------------------------|
| Federal Grant (Shared taxes) | 20.500 | 20.500 |
| Revenue Deficit Grant | 11.260 | 11.260 |
| Total | 31.760 | 31.760 |

The Federal Government also funds Annual Development Programme of the Government of AJ&K through block allocation made by the PD&R Division. The Finance Division on authorization of the PD&R Division makes releases. The position of Development funds released to AJ&K Government during F.Y 2016-17 is as follows:-

(Rs. in billion)

| Component | No. of Projects | Allocation 2016-17 | Released 2016-17 |
|-------------------------|------------------------|-------------------------------|-----------------------------|
| ADP (Block Allocation) | --- | 11.500 | 11.500 |
| PSDP (Federal Projects) | 09 | 2.500 | 1.480 |
| Total | 09 | 12.980 | 12.980 |

Federal Transfers to Government of Gilgit-Baltistan

Prior to FY 2011-12, the Kashmir Affairs and G.B Division controlled the current and development expenditures of Gilgit-Baltistan Government. Consequent upon promulgation of "Empowerment and Self-Governance Order 2009", allocation for Current Expenditure was entrusted to PF Wing of Finance Division. Funding for the current expenditure of GB Government during FY 2016-17 is shown as follows:-

(Rs. in billion)

| Component | Allocation 2016-17 | Release 2016-17 |
|-----------------------|---------------------------|------------------------|
| Grant in Aid to G.B. | 24.300 | 25.036 |
| Wheat Subsidy to G.B. | 6.045 | 5.407 |
| Total: | 30.345 | 30.443 |

REGULATIONS WING

Main Functions Of Regulations Wing

As per its job description, Regulations Wing of the Finance Division has been assigned the following main functions:-

- To determine pay package and other financial terms and conditions of service, perquisites and fringe benefits of the Govt. servants.
- Proposals for regulatory matters pertaining to pay, allowances, perquisites, fringe benefits and pensions of civil employees, armed forces personnel, employees of autonomous/semi autonomous and regulatory bodies of the Federal Government.
- Approval of the pay packages of the employees of autonomous bodies, corporations, companies, etc., where public investments have been made in order to safeguard the interests of the Govt. of Pakistan.
- Approval of proposals regarding pay protection and up-gradation of posts.
- Matters related to pay and pension of (a) President of Pakistan (b) Prime Minister of Pakistan (c) Ministers (d) Governors of the provinces (e) Service Chiefs (f) Chief Justice and judges of Supreme Court of Pakistan (g) Members of Parliament (h) Speaker/Deputy Speaker National Assembly (i) Chairman/Deputy Chairman Senate.
- Matters related to deputation allowance, senior post allowance, and additional charge allowance.
- Honorarium policy for civil servants, policy on Management Pay Scales, Management Position Scales, and Leave Rules.
- Determination of foreign allowance and entertainment allowance of the Govt. employees posted in Pakistan Missions abroad.
- Determination of rates of house rent allowance, conveyance allowance, overtime allowances, etc.
- Determination of policy in regard to pension for Govt. servants.
- Counting/regularization of service of civil employees.
- Matters relating to G.P. Funds, pension contribution during deputation of civil employees to autonomous bodies and vice versa.
- Issues relating to house building advance and conveyance advance.
- Terms and conditions of deputation on training within Pakistan and abroad.
- Vetting of financial provisions in the Ordinances, Acts, Resolutions, and Service/Financial rules of autonomous/semi autonomous bodies.
- Drafting of para-wise comments /concise statements in all legal cases where Finance Division (Regulations Wing) is a party in the Supreme Court of Pakistan, High Courts, Federal Service Tribunal, and other courts and tribunals

Strength of Regulations Wing.

| <u>Wing</u> | <u>Joint Secretary</u> | <u>Deputy Secretary</u> | <u>Section Officer</u> |
|-------------|------------------------|-------------------------|------------------------|
| Regulations | 1 | 4 | 9 |

PERFORMANCE OF REGULATIONS WING DURING FINANCIAL YEAR 2016-17.

| <u>ITEMS</u> | <u>Number of cases</u> |
|------------------------------------|------------------------|
| Court Case proceed during the year | 737 |

| | |
|--|-----|
| Service rule/Regulations of different department vetted – Rules Vetted | 142 |
| Major Policy Decisions taken | 28 |
| Cases regarding Up-gradations of posts of different organization | 249 |
| Fixation of Pays | 207 |
| National Assembly/Senate business | 105 |
| FR-17 Cases | 176 |

OTHER ACHIEVEMENTS OF REGULATIONS WING DURING THE FINANCIAL YEAR 2016-17

- Government has revised Basic Pay Scale of all Federal Government employees in BPS 1-22, and introduced Basic Pay Scale 2016 w.e.f 1-7-2016.
- Government has discontinued/ ceased the Adhoc relief allowance 2013, 2014 and 2015, with revision of the Basic Pay Scale 2016.
- Government has granted Adhoc relief Allowance @10% to all Federal Government employees, w.e.f 1-7-2016.
- Government has increased upper limit of Deputation Allowance, Additional Charge Special Allowance of identical and non identical posts and Special Pay on Current Charge from existing Rs. 6000/- per month to Rs. 12000/- per month, w.e.f 1-7-2016.
- Rate of Qualification Pay has been increased by 50% of the existing qualification pay.
- Government has allowed increase in pension @ 10% of net pension w.e.f. 1st July 2016 to all civil pensioners of the Federal Government including civilians paid from Defence Estimates as well as retired Armed Forces personnel and Civil Armed Forces personnel.
- Government has allowed increase in pension @ 25% to those civil pensioners of Federal Government, civilian paid from Defence Estimates and Civil Armed Forces and to the future retirees, who have attained the age of 85 years on 1-7-2016 or who would attain the age of 85 years subsequently.
- Rate of Conveyance charges for late sitting from Rs. 100/- to Rs. 150/- on working days and from Rs. 125/- per day to Rs. 190 on closed holidays, w.e.f 1-7-2015.
- Government has increased the rates of unattractive area allowance admissible to Federal Government employees working in Chitral, Dir, Swat, Malakand and Kohistan, from the rates existing since 1-7-1980 and brought it at par with rates of Provincial Government.
- Government has granted Special Conveyance Allowance @ Rs. 1000/- in addition normal Conveyance Allowance to disabled employees of Federal Government paid out of Defence estimates and civil estimates, w.e.f 1-7-2016.
- Government has decided that the revision of Basic Pay Scale 2016 and grant of Adhoc Relief Allowance 2016 @ 10% will also be applicable to Autonomous/ Semi-autonomous Bodies and Corporations, which have adopted the Federal Governments Basic Pay Scale in totality.
- Rate of Integrated Allowance, Washing Allowance and Dress Allowance has been increased by 50% of the existing rates.
- Government has rationalized revised the pay structure of Parliamentarians / Chairman and Deputy Chairman of Senate, Speaker and Deputy Speaker of National Assembly, Federal Ministers, Minister of States and Members of Parliament, for the first time after 1974.

- Government has decided that the rate of profit applicable to the subscriptions and the balances in the General Provident Fund and the Contributory Provident Fund during the financial year beginning on the 1st July 2015 shall be 11.10% per year.
- Subsequent upon the revision of basic pay scales for the civil employees of the Federal Government, the rates of subscription toward General Provident Fund has been revised at the following percentage:-
- BPS-1 3% of the mean of BPS 2016
- BPS 2-11 5% of the mean of BPS 2016
- BPS 12-22 8% of the mean of BPS 2016.
- Declared "Head of Department" of eight different institutions/ departments for the purpose of exercising administrative/ financial powers.
- Issued NOC for grant of pay of higher post in 89 cases received from Ministries/ Divisions etc.

حکومت پاکستان
خزانہ ڈویژن
(ریگولیشنز ونگ)

خزانہ ڈویژن کے سالنامے کی تیاری۔

شعبہ قواعد (ریگولیشنز ونگ)

شعبہ قواعد کی اہم ذمہ داریاں۔

- بیان کار کے مطابق شعبہ قواعد کی اہم ذمہ داریاں مندرجہ ذیل ہیں۔
- سرکاری ملازمین کے تنخواہوں اور دیگر مالیاتی مفادات اور سہولتوں کے پیکج اور شرائط کار تعین کرنا۔
- سرکاری ملازمین ، مسلح افواج ، خود مختار اور نیم خود مختار اداروں اور ریگولیٹری باڈیز کے ملازمین کی تنخواہوں اور دیگر مالیاتی مفادات اور سہولتوں سے متعلق اصلاحات کی تجاویز پیش کرنا۔
- خود مختار اداروں ، کارپوریشنز اور کمپنیز جن میں حکومت پاکستان کے مفادات کے تحفظ کیلئے پبلک سرمایہ کاری کی گئی ہے ، ان کے ملازمین کی تنخواہوں کے پیکج کی منظوری۔
- پے پروٹیکشن اور پوسٹوں کی اپ گریڈیشن سے متعلق تجاویز کی منظوری۔
- مندرجہ ذیل عہدیداروں کے تنخواہ اور پنشن سے متعلق معاملات۔ ا۔ صدر پاکستان۔ ب۔ وزیر اعظم پاکستان، ج۔ وزراء ، د۔ صوبوں کے گورنر۔ ہ۔ سروس چیفس و۔ سپریم کورٹ کے چیف جسٹس اور دیگر ججز۔ ممبران مجلس شوریٰ۔ ح۔ قومی اسمبلی کے چیئرمین اور ڈپٹی چیئرمین ، ط۔ سپیکر اور نایب سپیکر سینیٹ۔
- ڈیپوٹیشن الاونس، سینئر پوسٹ الاونس اور اڈیشنل چارج الاونس سے متعلق معاملات۔
- سرکاری ملازمین کے لیے اعزازیہ کی پالیسی، مینیجمنٹ پے سکیل، مینیجمنٹ پوزیشن سکیل اور چھٹیوں کے قواعد۔
- پاکستان کے بیرون ملک مشنز میں تعینات ملازمین کے لیے فارن الاونس اور تفریحی الاونس کی شرح کو مقرر کرنا۔
- کرایہ مکان الاونس، آمد و رفت الاونس، زائد وقت (over time) الاونس کی شرح مقرر کرنا۔
- سرکاری ملازمین کی پنشن سے متعلق پالیسی بنانا۔
- ملازمین کی مدت ملازمت شمار کرنے اور باقاعدہ بنانے کے قواعد۔
- جی پی فنڈ ، پنشن کنٹریبیوشن سے متعلق قواعد ، جب کوئی ملازم کسی خود مختار ادارے میں ڈیپوٹیشن پر جائے یا آئے۔
- تعمیر مکان کے لیے قرضہ اور گاڑی خریدنے کیلئے قرضہ سے متعلق معاملات۔
- اندرون ملک اور بیرون ملک ڈیپوٹیشنز پر جانے کے قواعد و شرائط

- خود مختار اور نیم خود مختار اداروں سے متعلق آرڈیننس، ایکٹس، قرارداد اور ملازمتی اور مالیاتی قوانین کی جانچ پڑتال کرنا۔
- سپریم کورٹ، ہائی کورٹ، فیڈرل سروس ٹریبیونل اور دیگر عدالتوں میں وزارت خزانہ کے خلاف تنخواہوں الاونسز اور پنشن سے متعلق ہونے والے کیسوں میں وزارت خزانہ کی طرف سے پیرا وار جوابات اور مختصر رپورٹ مہیا کرنا۔
- شعبہ قواعد کی افرادی قوت۔

| | | |
|---------------------|---------------------------|-------------------------|
| شریک معتمد (جوائنٹ) | نائب معتمد (ڈپٹی سیکرٹری) | افسر صیغہ (سیکشن آفیسر) |
| 1 | 4 | 9 |

مالی سال 2016-17 کے دوران شعبہ قواعد کی کارکردگی۔

| | |
|-----|---|
| 727 | عدالتی مقدمات میں دعویٰ کے پیرا وار تبصرے (جوابات) |
| 142 | ملازمت سے متعلق مختلف اداروں کے قواعد کی جانچ پڑتال |
| 28 | اہم پالیسی فیصلے |
| 249 | مختلف اداروں کے پوسٹوں کی اپ گریڈیشن |
| 207 | تنخواہوں کی تعیناتی (فکسیشن) |
| 105 | قومی اسمبلی اور سینٹ کے سوالات وغیرہ کے جوابات |
| 176 | FR-17 کے کیسیز |

مالی سال 2016-17 کے دوران دیگر کاربائے نمایاں۔

- حکومت پاکستان نے وفاقی حکومت کے ملازمین کے تنخواہوں کے سکیل 2015 پر نظر ثانی کر کے تنخواہوں کا سکیل 2016 متعارف کیا ہے۔ جو 1-7-2017 سے نافذ العمل ہو گیا ہے۔
- حکومت نے تنخواہوں کے سکیل 2016 متعارف ہونے کی بنا پر عارضی اعانہ الاونس (Adhoc Relief Allowance) سال 2013، 2014 اور 2015 کو 1-7-2016 سے ختم کر دیا ہے۔
- حکومت نے عارضی اعانت الاونس بشرح جاری بنیادی تنخواہوں کے 10 فیصد دیا ہے جو 1-7-2016 سے موثر ہو گیا ہے۔
- حکومت نے ڈیپوٹیشن الاونس، ایڈیشنل چارج سپیشل الاونس اور کرنٹ چارج الاونس کی بالائی حد 6000 روپیہ ماہانہ سے بڑھا کر 12000 روپیہ ماہانہ کر دیا ہے۔ جو کہ 1-7-2016 سے موثر ہو گیا ہے۔
- کوالیفیکیشن ہے کی شرح کو موجودہ شرح کے 50 فیصد بڑھا دیا ہے۔
- حکومت نے وفاقی حکومت کے سول اور ڈیفنس بجٹ سے تنخواہ لینے والے اور مسلح افواج اور سول مسلح فورسز کے پنشن یافتگان کو یکم جولائی 2016 سے پنشن میں 10 فیصد اضافہ دیا ہے۔
- جن سرکاری ملازمین، مسلح افواج اور سول مسلح فورسز کے پنشن یافتگان کی عمر یکم جولائی 2017 یا اس کے بعد 85 سال یا اس سے زائد ہو گئے ہیں ان کو پنشن میں بجائے 10 فیصد کے 25 فیصد اضافہ دیا ہے۔ یہ اضافہ یکم جولائی 2017 یا 85 سال عمر ہونے کی تاریخ، جو بعد میں ہو، سے موثر ہوگا۔
- دفتری اوقات کار کے بعد سرکاری کام کیلئے رکنے والے ملازمین کو دیے جانے والے لیٹ سٹنگ کنونس الاونس کو عام دنوں میں 100 سے بڑھا کر 150 روپے فی دن اور چھٹی والے دن 125 روپے سے بڑھا کر 190 روپے کر دیا گیا ہے۔
- حکومت پاکستان نے چترال، دیر، سوات، مالاکنڈ کوہستان میں وفاقی سرکاری ملازمین کو دیے جانے والے پسماندہ علاقہ الاونس (Unattractive area allowance) کی شرح 1980 کے بعد پہلی دفعہ نظر ثانی کر کے 10 سے پندرہ گنا تک بڑھا کر صوبائی حکومت کی شرح کے برابر کر دیا ہے۔ جو یکم جولائی 2016 سے موثر ہو گیا ہے۔
- حکومت نے وفاقی حکومت کے معذور ملازمین کی مشکلات کو مدنظر رکھتے ہوئے کنونس الاونس کے علاوہ خصوصی کنونس الاونس دینے کی منظوری دی ہے۔ جو 1 جولائی 2016 سے موثر ہو گیا ہے۔
- حکومت نے فیصلہ کیا ہے کہ بنیادی تنخواہوں کے سکیل 2016 اور 10 فیصد عارضی اعانہ الاونس (Adhoc Relief Allowance) ان خود مختار اور نیم خود مختار اداروں اور کارپوریشنوں پر بھی نافذ العمل ہونگے جنہوں نے وفاقی حکومت کے بنیادی تنخواہوں کے سکیلوں کو کلی طور پر اختیار کیا ہے۔
- انٹگریٹڈ الاونس، دھلائی الاونس، اور لباس الاونس کی شرح 50 فیصد بڑھا کر بالترتیب 300 سے 450 اور 100 سے 150 روپیہ دینے کی منظوری دی گئی ہے۔

- حکومت نے مجلس شوریٰ کے اراکین، سپیکر، نواب سپیکر قومی اسمبلی، چیرمین اور نواب چیرمین سینیٹ، وفاقی وزراء وزراء مملکت کی تنخواہوں میں 1974 کے بعد نظر ثانی کر کے پہلی دفعہ معقول اضافہ کیا ہے۔
- حکومت نے فیصلہ کیا ہے کہ جی پی فنڈ اور کنٹری بیوٹری پروویڈنٹ فنڈ پر منافع کی شرح 10-11 فیصد سالانہ سے دیا جائے۔ اس کا اطلاق 2015-7-1 سے ہوگا۔
- بنیادی تنخواہوں کے سکیل 2016 کے متعارف ہونے کے بعد جی پی فنڈ کیلئے ملازمین کی تنخواہوں سے کٹوتی کی شرح مندرجہ ذیل مقرر کر دیا ہے۔

| | |
|-----------------------------|-----------------------|
| بنیادی تنخواہ سکیل 1 | اوسط تنخواہ کا 3 فیصد |
| بنیادی تنخواہ کا سکیل 11-2 | اوسط تنخواہ کا 5 فیصد |
| بنیادی تنخواہ کا سکیل 22-12 | اوسط تنخواہ کا 8 فیصد |
- اٹھ مختلف اداروں کے انتظامی اور مالیاتی اختیارات استعمال کرنے کیلئے سربراہان کا تعین کیا گیا ہے۔
- 89 کیسوں میں اعلیٰ عہدے کی تنخواہ دینے کیلئے عدم اعتراض سرٹیفیکیٹ (NOC) جاری کیا ہے۔

LITIGATION WING

Profile of Litigation Wing

Litigation Wing consists of four Legal Sections dealing with all litigation cases in various courts of law and two Regulation Sections dealing with vetting of Acts, Ordinances, Rules, Regulations, Rental Ceiling, Project Allowance, Extra Ordinary Pension, Death Compensation Packages, TADA Allowances and Medical treatment abroad, etc. Litigation Wing stands structured, as below:-

| | | | | | |
|------------------------------|----------------------------|-----------------------------|----------------------------|---------------------------|--------------------------|
| Joint Secretary (Litigation) | | | | | |
| Deputy Secretary (Legal) | | | | Deputy Secretary (Reg-IV) | |
| Section Officer (Legal-I) | Section Officer (Legal-II) | Section Officer (Legal-III) | Section Officer (Legal-IV) | Section Officer (Reg-10) | Section Officer (Reg-14) |

Litigation Sections:

Functions of the four legal sections are, as follows:-

- i. Examining preliminary the court cases received from Supreme Court of Pakistan, Federal Shariat Court, Wafaqi Mohtasib Secretariat, High Courts, Federal Service Tribunals, Civil Courts, National Industrial Relations Commission (NIRC), National Commission for Human Development (NCHD), etc.
- ii. Obtaining paper books from the court (s), where the same are not received.
- iii. Seeking comments from relevant Wing (s)
- iv. Nominating Deputy Attorney Generals (DAGs)/Advocate on Record (AORs)/Assistant Attorney Generals (AAGs) from Law & Justice Division.
- v. Vetting of comments from Law & Justice Division
- vi. Coordinating/briefing to DAGs/AORs/AAGs.
- vii. Submitting of comments before the courts
- viii. Submitting of applications before the court(s) concerned for deletion of the name of Finance Division as proforma party.
- ix. Attending courts
- x. Communicating courts' orders/directives to the quarter(s) concerned

Section Wise Distribution of Work.

| Legal-I | Legal-II | Legal-III | Legal-IV |
|--|--|--|--|
| <ul style="list-style-type: none"> • Islamabad High Court • Lahore High Court (all benches) • Lower courts in Islamabad | <ul style="list-style-type: none"> • Sindh High Court (all benches) • Baluchistan High Court (all benches) • Peshawar High Court (all benches) • All cases in lower courts in Sindh, KPK & Baluchistan | <ul style="list-style-type: none"> • Federal Service Tribunal (FST), Islamabad. • Coordination work amongst Litigation sections. | <ul style="list-style-type: none"> • Supreme Court (all Registries) • All cases in lower courts in Punjab • All cases relating to Federal Shariat Court. • National Industrial Relations Commission • Chief Courts Gilgit-Baltistan & AJK |

Section Wise Distribution of Work.

| Legal-I | Legal-II | Legal-III | Legal-IV |
|---|--|--|---|
| <ul style="list-style-type: none"> • Islamabad High Court • Lahore High Court (all benches) | <ul style="list-style-type: none"> • Sindh High Court (all benches) • Baluchistan High Court (all benches) | <ul style="list-style-type: none"> • Federal Service Tribunal (FST), Islamabad. • Coordination work amongst Litigation | <ul style="list-style-type: none"> • Supreme Court (all Registries) • All cases in lower courts in Punjab |

| | | | |
|---|--|-----------|---|
| <ul style="list-style-type: none"> Lower courts in Islamabad | <ul style="list-style-type: none"> Peshawar High Court (all benches) All cases in lower courts in Sindh, KPK & Baluchistan | sections. | <ul style="list-style-type: none"> All cases relating to Federal Shariat Court. National Industrial Relations Commission Chief Courts Gilgit-Baltistan & AJK |
|---|--|-----------|---|

Performance of Legal sections :

Government employees and other persons filed 1112 cases, where the Finance Division was impleaded as necessary as well as proforma party during the Financial Year 2016-17, which are subjudice in various courts. The break- up is as under:

| Legal-I | | |
|------------------|---|-----------------------|
| S.No | Name of Court | No of cases processed |
| 1. | Lahore High Court | 190 |
| 2. | Rawalpindi Bench | 11 |
| 3. | Multan Bench | 10 |
| 4. | Bahawalpur Bench | 03 |
| 5. | Islamabad High Court | 299 |
| 6. | Civil Court, Islamabad | 07 |
| | Total | 520 |
| Legal-II | | |
| 1. | Sindh High Court Karachi | 175 |
| 2. | Hayderabad Bench | 08 |
| 3. | Larkana Bench | 03 |
| 4. | Sukkur Bench | 10 |
| 5. | Peshawar High Court , Peshawar | 81 |
| 6. | Abbotabad Bench | 09 |
| 7. | Dera Ismail Khan Bench | 02 |
| 8. | Mingora Bench, Swat | 04 |
| 9. | Baluchistan High Court (All Benches) | 15 |
| 10. | Lower courts of Sindh, KPK and Baluchistan | 04 |
| | Total: | 311 |
| Legal-III | | |
| 1. | Federal Service Tribunal (FST), Islamabad | 141 |
| Legal-IV | | |
| 1. | Supreme Court of Pakistan | 80 |
| 2. | Gilgit Baltistan/AJK courts/Civil courts Punjab | 25 |
| 3. | National Industrial Relation Commission (NIRC) | 01 |

| | | |
|----------------------------------|--|-----|
| 4. | Federal Service Tribunal, Lahore/Karachi | 34 |
| | Total: | 140 |
| Grand Total:520+311+141+140=1112 | | |

Achievements of Legal Sections:

Legal-I Section

- Legal-I Section filed parawise comments, reports, concise statements, etc. before hon'ble courts in approximately 370 cases.

From pre-page

- Prompt action was taken in attending/defending cases in which either notices were received or cases appeared on cause lists checked through internet. It was ensured to leave no case unattended.

Legal-II Section

- Despite dearth of human resources/staff in this section, all the 1156 cases were responded/dealt with in an appropriate and timely manner.
- All court cases were communicated to the quarters concerned for preparation of comments and sometimes for compliance of judgment(s).
- Prompt actions were taken to challenge the high courts' judgments before the apex court where it was observed.
- Appeared in all those court hearings when found necessary and where Finance Division appeared as necessary party, otherwise by providing the requisite reply through nominated law officers.
- During the period, no adverse order was received from the courts due to non prosecution.

Legal-III Section

- This Section filed para-wise comments, reports, concise statements, etc. in 141 cases before the honorable Federal Service Tribunal, Islamabad.
- All the cases were defended efficiently and promptly on given dates by the Officer concerned or Assistant Attorney General(s).

Legal-IV Section

- About 30 civil petitions for leave to appeals (CPLAs), 02 civil review petitions (CRPs) and 09 civil misc. appeals (CMAs) have been filed before Supreme Court of Pakistan during the year 2016-17.
- The cases filed in the Supreme Court of Pakistan were contested in efficient and sagacious manner within time.

Regulations Sections: Regulations Sections have the following main functions:-

R-10 Section

- Travelling allowance on transfer abroad
- Daily allowance on duty abroad
- Medical treatment abroad of Government servants/ dependent family members.
- Service Tribunal cases regarding training TA/DA (within country/abroad)
- Revision of rates of Daily Allowance, Mileage Allowance, Travelling Allowance, Messing Allowance, Uniform Allowance, Non-practicing, Transfer Grant and Travel by Air.
- Clarification/Reimbursement of Medical facilities
- Appointment of Authorized Medical Attendants at Pakistan Missions Abroad.

R-14 Section

- i. Vetting of Ordinances, Acts, Rules & Resolutions of newly established Organizations under the Federal Government.
- ii. Vetting of Financial Rules/Regulations made in pursuance of the provisions of Ordinances, Acts and Resolutions.
- iii. Bonus policy and approval for grant of bonus to the officers employed in public sector organizations.

From pre-page

- iv. Examination of proposals received from M/o Housing & Works regarding enhancement of rental ceiling for hiring of houses for Federal Government employees, and its submissions/endorsement to the Prime Minister for approval.
- v. Project allowance/Pay Package for Project staff.
- vi. Extra-Ordinary Pension (EOP) cases.
- vii. Compensation for Civil Armed Forces/ICT/IB who die in service.

Performance of Regulations Sections

R-10 Section: Besides the routine approval, concurrence, NOC and clarification, the following cases received from various Ministries/Divisions/Departments, relating to the job description have been decided during the period from 01-07-2016 to 30-06-2017 :-

| Name of cases | No. of cases |
|---|--------------|
| DA/DA (relaxation of time barred/clarification) | 296 |
| Medical reimbursement/treatment/clarification | 97 |
| Appointment/revision of consultation fees of Authorized Medical Attendants (AMAs) at Missions abroad. | 09 |
| Vetting of TA/DA and Medical Rules of Autonomous bodies | 33 |
| Court/miscellaneous cases | 188 |

The major policy decisions are as under:

➤ Exemption from production of hotel receipt/vouchers was issued on 31-08-2016 as per entitlement of officials/officers while on tour/duty outside Pakistan in final TA adjustment bill **(Annex-I)**.

R-14 Section:The following cases received from various Ministries/Divisions/Departments, relating to the job description have been decided during the period from 01-07-2016 to 30-06-2017:-

| Name of cases | No. of cases |
|---|--------------|
| Vetting of Ordinances Acts Resolutions etc. | 21 |
| Disability Pension/Special family pension cases | 59 |
| Approval for payment of rent of office accommodation received from Ministries/Divisions Departments which are excess of prescribed rental ceiling | 64 |
| Pay Package for Project Staff recruited for development projects funded from PSDP | 12 |
| Project allowance | 10 |
| Court cases | 43 |
| Miss. | 14 |

The major policy decisions are as under:

- Grant of Benefit of BS-19 with nomenclature of Senior Private Secretary vide O.M.No.4(5)R-14/2012, dated 23-08-2016 **(Annex-II)**

Auditor General of Pakistan (AGP)

THESE DATA FIGURES PERTAINS TO THE PERIOD JULY 2016 ONWARDS

No Objection Certificates (NOCs) Granted for Foreign Scholarships: (37)

| | |
|--|----|
| British Chevening Scholarship Program | 14 |
| Australian Awards Scholarship Program | 13 |
| Hubert H. Humphrey Fellowship Program | 04 |
| Fulbright Scholarship Program | 03 |
| Joint Japan World Bank Scholarship Program | 01 |
| 2017-Koicakaist Master's Degree Program in Finance | 01 |
| Common Wealth Scholarship Program | 01 |

NOCs Granted for admission in Foreign Universities: (04)

1. Mr. Muhammad ArslanSahi, (Deputy Accountant General), AG Punjab, Lahore
2. Mr. Dilshad Raza, (Deputy Accountant General), AG Punjab, Lahore
3. Mrs. RaheelaSaad, (Member Finance-NDMA), Islamabad.
4. Muhammad Usman Butt, Director Admn-II, Local

No Objection Certificates Granted For Incentive Study Schemes: (21)

| S. No. | Incentive Scheme | Number of N.O.Cs |
|--------|---|------------------|
| 1 | Certified Internal Auditor (CIA) | 4 |
| 2 | Certified Information System Auditor (CISA) | 13 |
| 3 | Certified Fraud Examiner (CFE) | 3 |
| 4 | Certified Government Auditing Professional (CGAP) | 1 |

Officers proceeded abroad on foreign long courses: (09)

| S. No. | Name | BS | Program / Scholarship | Period |
|--------|----------------------|----|---|----------------------------------|
| 1 | Ch. Nauman Zafar | 18 | Fulbright Scholarship Program | August 2015 to January 2018 |
| 2 | Fahd HaiderBuzdar | 18 | British Chevening Scholarship | September 2016 to September 2017 |
| 3 | Lubna Nawaz | 17 | Scholarship Offered by Chinese Government | September 2016 to August 2017 |
| 4 | MunazaAkram | 18 | Scholarship Offered by Chinese Government | October 2016 to October 2018 |
| 5 | Muhammad Shafiq | 18 | Australian Awards Scholarship Program | January 2017 to December 2018 |
| 6 | AsfaMaqbool | 18 | Australian Awards Scholarship Program | January 2017 to December 2018 |
| 7 | Muhammad Usman Butt* | 18 | Self - Finance / Finish Government | August 2016 to August 2018 |
| 8 | ShahzanaDurrani | 19 | GAO Fellowship, USA | March to July 2017 |
| 9 | Ashfaq Ahmed | 19 | GAO Fellowship, USA | March to July 2017 |

* The Officer has pended the study program and curtailed his study leave w.e.f 23-2-2017 to 30-8-2018. Join the office on 23-2-2017.

Officers proceeding abroad on foreign long courses:**(04)**

| S. No. | Name | BS | Program / Scholarship | Period |
|--------|------------------|----|----------------------------------|----------------------------------|
| 1 | Muhammad Luqman | 19 | British Chevening Scholarship | September 2017 to September 2018 |
| 2 | Attiqueur Rehman | 18 | British Chevening Scholarship | September 2017 to September 2018 |
| 3 | Madeeha Maqbool | 17 | Commonwealth Scholarship Program | September 2017 to September 2018 |
| 4 | Madiha Hassan* | 18 | British Chevening Scholarship | September 2017 to September 2018 |

*Offer letter from the sponsor has been communicated to the officer. Final approval from the AGP to Ms. Madeeha to avail the scholarship is yet to be obtained.

Officers nominated for foreign long courses:**(03)**

| S. No. | Name of the officer | Degree Program | Sponsor |
|--------|--------------------------------------|--|--------------------|
| 1 | Sarfraz Hussain Ansari (PA&AS/BS-18) | 2017 Master of Chinese Economy. | Chinese Government |
| 2 | Sarfraz Hussain Ansari (PA&AS/BS-18) | 2017 Master of Business Administration | Chinese Government |
| 3 | Riaz Hussain (AAO/BS-17) | Master of Public Administration (MPA) | Chinese Government |

Officers proceeded abroad on foreign Short courses**(02)**

- i) Mr. Irshad Ahmed Kaleemi (BS-20, PA&AS) officer has participated in two days IFAD workshop on Financial Management at Bangkok, Thailand during December 2016.
- ii) Mr. Faisal Saeed Cheema (PA&AS/BS-19) has participated in 12 days course on IT Audit at National Audit Academy, Malaysia offered by Malaysian Technical Cooperation Program (MTCP).

Officers nominated for foreign Short Courses:**(29)**

| S. No. | Name of the officer | Seminar / Workshop |
|--------|-----------------------------------|--|
| 1 | Waseem Arshad (PA&AS/BS-18) | 2017 Seminar on Public Administration for civil servants of Asian Countries |
| 2 | Muhammad Sohail Ajmal (AAO/BS-17) | 2017 Seminar on Audit and Accounting Management for Pakistan. |
| 3 | Mazhar Abbas (AO/BS-18) | 2017 seminar on Finance and Economics Administration for Developing countries. |
| 4 | Rukhsana Kausar (AAO/BS-17) | 2017 seminar on capacity building for B & R countries |
| 5 | Rukhsana Kausar. (AAO/BS-17) | 2017 seminar on practical Chinese for Government officials from countries along the belt & road |
| 6 | Rukhsana Kausar (AAO/BS-17) | 2017 Seminar on Audit & Accounting Management for Pakistan |
| 7 | Kamran Abid (AAO/BS-17) | 2017 Seminar on Audit & Accounting Management for Pakistan |
| 8 | Muneeba Ahmed (AAO/BS-17) | 2017 Seminar on Audit & Accounting Management for Pakistan |
| 9 | Sadaf Mehmood Sheikh (PAAS/BS-17) | 2017 seminar on public finance management for Pakistan |

| S. No. | Name of the officer | Seminar / Workshop |
|--------|--|--|
| 10 | Sadaf Mehmood Sheikh(PAAS/BS- 17) | 2017 Seminar on Audit & Accounting Management for Pakistan |
| 11 | Javaid Masood Zahari(PA&AS/BS-18) | Seminar On Public Finance Management For Pakistan |
| 12 | Abid Khan (PAAS/BS-17) | 2017 Seminar on Audit & Accounting Management for Pakistan |
| 13 | Muhammad Aamir Khan (PAAS/BS-18) | 2017 Seminar on Audit & Accounting Management for Pakistan |
| 14 | Mujahid Ali Shaikh (PAAS/BS-18) | 20187Seminar on Audit & Accounting Management for Pakistan |
| 15 | Muhammad Ashfaq Hussain(AO/BS-18) | 2017 Seminar on Audit & Accounting Management for Pakistan |
| 16 | Mukhtar ul. Haq (AAO/BS-17) | 2017Seminar on Audit & Accounting Management for Pakistan |
| 17 | Muhammad SohailAjmal(AAO/BS-17) | 2017Seminar on Audit-& Accounting Management for Pakistan |
| 18 | Imran Shahid (AAO/BS-17) | 2017 Master of Business Administration |
| 19 | Khan Muhammad Baloch(AO/BS-18) | 2017 Seminar on Audit & Accounting Management for Pakistan |
| 20 | Mr. Qudratullah Khan(PAAS/BS-18) | 2017 seminar on public finance management for Pakistan |
| 21 | Mr. Qudratullah Khan(PAAS/BS-18) | 2017 Seminar on Audit & Accounting Management for Pakistan |
| 22 | Muhammad Asif(PAAS/BS-18) | 2017Seminar on Audit & Accounting Management for Pakistan |
| 23 | NousheenAfzaal (PAAS-BS 18) | 2017Seminar on Audit & Accounting Management for Pakistan |
| 24 | TanveerShakoor Rana(PAAS/BS-17) | 2017 seminar on public finance management for Pakistan |
| 25 | TanveerShakoor Rana(PAAS/BS-17) | 2017 Seminar on Audit & Accounting Management for Pakistan |
| 26 | Mr Waseem Arshad(PAAS/BS-18) | 2017 Seminar on Audit and Accounting Management for Pakistan |
| 27 | Mr. Shahbaz. Ahmed(AAO/BS-17) | 2017 Seminar on Audit and Accounting Management for Pakistan |
| 28 | Mirza Muhammad SarfrazBaig(PAAS/BS-19) | 2017 Seminar for Legal Personnel of B&R Countries |
| 29 | Pirbhoo Sochi Lal (PAAS/BS-19) | Environment Audit New Delhi, India |

Foreign Deputations:

(04)

Four cases of foreign deputation of PAAS Officers were successfully processed in which two was for extension and two was fresh foreign deputations as detailed below:

| S. No. | Name of Officer | Organization | Status | Upto |
|--------|-------------------|--|-----------|------------|
| 1 | Mr. Sohail Akhtar | UNHCR Audit Service in UN (OIOS) Amman, Jordan | Extension | 26-04-2018 |

| | | | | |
|---|------------------------|---|------------|---------------|
| 2 | Mr. Wasim Ahmed | South Asian University, New Delhi, India | Extension | 15-07-2018 |
| 3 | Mr. Munawar Hussain | State Audit Institution, United Arab Emirates | Fresh Case | October 2017 |
| 4 | Mr. Khalid Umar Rajoka | CEREC Institute, Urumqi, China | Fresh Case | November 2019 |

**Nominations for Posting of Economic Ministers (BS-20) Embassies of Pakistan (Tokyo) Japan, (Beijing) China, (Washington D.C) USA:
(14 CASES)**

| S. No. | Name | S. No. | Name |
|--------|-------------------------|--------|------------------------------|
| 1 | Mr. Baquee Bin Hanif | 8 | Mr. Manzoor Ahmad Kayani |
| 2 | Mr. Adnan Rafique | 9 | Mrs. RaheelaSaad |
| 3 | Dr. IrumAnjum Khan | 10 | Dr. Mehmood Ahmad |
| 4 | Mr. Kashif Ahmad Noor | 11 | Mr. Sajid Ali Nadeem |
| 5 | Mr. Ahmed Taimoor Nasir | 12 | Mr. Khurram Raza Qureshi |
| 6 | Mr. Muhammad Azhar | 13 | Mr. Muhammad Aslam Chaudhary |
| 7 | Mrs. IzzatJehanAqdus | 14 | Mr. Moeed Ali |

Approved incentive study schemes:

Latest position regarding approved Incentive Study Schemes of Pakistan Audit Department (PAD) are:

- A. Without time constraint operative since from 1967**
- i) Associate Cost and Management Accountant (ACMA) from the Institute of Cost and Management Accountants of Pakistan (ICMAP);
 - ii) Associate Chartered Management Accountant (ACMA) from the Chartered Institute of Management Accountants (CIMA-UK);
 - iii) Certified Management Accountant from the institute; Chartered Professional Accountants of Canada.
- B. Time bound operative incentive study schemes:**
- i) Certified Internal Auditor (CIA) from the Institute of Internal Auditors (IIA), USA extended upto 01-11-2017; **(launched in 2002)**
 - ii) Certified Information System Auditor (CISA) from the Information Systems Audit and Control Association (ISACA), USA; valid upto 28-3-2021; **(launched in 2016)**
 - iii) Certified Fraud Examiner (CFE) from the Association of Certified Fraud Examiner (ACFE), USA; valid upto 18-8-2021; **(launched in 2016)**
 - iv) Certified Government Auditing Professional (CGAP) from the Institute of Internal Auditors (IIA), USA valid upto 16-5-2022. **(launched in 2017)**
- C. Incentive Study Schemes Recommended for induction:**
- i) Associate Chartered Certified Accountant (ACCA), UK. Final proposal along with budget estimates and number of officers to be trained have been sent to Finance Division. Approval from the competent authority is awaited.

THESE DATA FIGURES PERTAINS TO THE PERIOD JULY 2016 ONWARDS

Development of Human Resource Strategy.

As envisaged in **Goal 3** of the DAGP Strategic Plan, devising a well-considered communication strategy is very crucial. It has two aspects; External and Internal Communication. Communication with external **stakeholders** will focus on parliamentarians, media, donors, auditee organizations etc while communication with Internal **Stakeholders** (employees of the department) will be improved through popularization of the DAGP values, code of ethics, methodologies, manuals, strategies etc. Latest bulletins and press / media and DAGP website can be used to disseminate information to various stake holders. Improving bi-lateral cooperation with other SAIs will be addressed through exchanges of delegations on mutual basis and by arranging conferences and workshops etc.

Auditor General of Pakistan has approved the HR Strategy in the month of November 2016 for the Department of the Auditor General of Pakistan which was uploaded on the official website of AGP too.

CAPACITY DEVELOPMENT OF DAGP/CGA OFFICERS THROUGH USAID TRAINING FOR PAKISTAN (TAP) PROJECT (TFP)

In terms of Goal 02 of the Strategic Plan 2015-19, DAGP has been pursuing Development of professional and institutional capacity of the its officers/officials. USAID being a Development Partner showed interest to allocate USD \$ 2 million for Capacity Development of DAGP officers under Technical Assistance “Training for Pakistan (TAP) Project” (TFP) till December 2017. The goal of the TFP project is in line with the DAGP’s efforts to achieve its stated capacity development goals, as outlined in the DAGP’s approved Strategic Plan 2015-2019. The list and updated status are as follows:

DAGP Capacity Building Technical Training with USAID

1. Course Title: **Strategic Tour to other SAIs**

| Serial No | Name of Officers | Decision |
|-----------|---|---------------------------------|
| 1 | Rana Assad Amin, Auditor General of Pakistan and Mr. Imran Iqbal, Rector, PAAA, Lahore. | UK-Jan 17 (In process) |
| 2 | Mr. JavaidJehangir, Addl. AGP-I and Dr. Waheed Ahmed, Deputy Auditor General (A&C) | USA-End Nov –Dec 2016 Completed |

2. Course Title: **Government Accountability Office (GAO) (March-July 2017) (Completed)**

| Serial No. | Name and Designation of Principal Officers |
|------------|---|
| 1 | Mrs. ShazanaDurrani, Director, PAAA, Islamabad |
| 2 | Mr. Ashfaq Ahmad Malik, Director Audit, Punjab, Lahore |

3. Course Title: **Leading Teams for Emerging Leaders (LTEL) (March 2017) (Completed)**

| S. No. | Name and Designation of Principal Officers |
|--------|---|
| 1 | Mr. Sharifullah Khan Wazir, Accountant General Khyber Pakhtunkhawa, Peshawar. |
| 2 | Mr. Mazhar Hussain Zaki, Member Finance, PAEC, Islamabad. |
| 3 | Mrs. Hashmat Iqbal, Deputy Auditor General (District Audit), Islamabad |
| 4 | Mr. Irshad Ahmed Kaleemi , Deputy Auditor General (Special Sector Audit), Islamabad |

4. Course Title: **Results Based Monitoring and Evaluation (August 05-11, 2017)**

| S. No. | Name and Designation of Principal Officers |
|--------|---|
| 1 | Mr. Muhammad AjmalGondal, CCMA (GHQ), Rawalpindi. |
| 2 | Mr. Zia urRehman, Deputy Auditor General (Provincial Audit), Islamabad. |
| 3 | Mrs. SaniaRiffat, DG, Audit, District Government, Punjab (N), Lahore |
| 4 | Syed Ammar Naqvi, Director General (MIS), CGA, Islamabad. |

5. Course Title: Training for Trainers (Feb-March, 2017) (Completed)

| S.No | Name | Designation | BPS | Office Name | Principal/Alternate |
|------|-------------------------|---------------|-----|--|---------------------|
| 1 | Mr. Moeed Ali | Director | 19 | PAAA, Lahore | Principal candidate |
| 2 | Mrs. Rukhsana Rafique | Director | 19 | PAAA, Lahore | Principal candidate |
| 3 | Mrs. Faryal Munir Magsi | Director | 19 | PAAA, Lahore | Principal candidate |
| 4 | Mr. Imran Niamat | Audit Officer | 18 | PAAA, Lahore | Principal candidate |
| 5 | Mr. Muhammad Yousuf | Audit Officer | 18 | PAAA, Karachi | Principal candidate |
| 6 | Mr. Bilal Ahmed | Director | 19 | DG, Defense Service, Rawalpindi | Principal candidate |
| 7 | Mr. Javaid Zia Burney | Director | 19 | Director Audit, District, Government, Bahawalpur | Principal candidate |
| 8 | Mr. Asif Hameed | Director | 19 | DG, PAW, Lahore | Principal candidate |
| 9 | Mr. Khurram Khan | Audit Officer | 18 | Director General (HRM), AGP Office. | Principal candidate |
| 10 | Ms. Sidra Shafique | ACMA | 17 | ACMA (CMA (LC)), Lahore | Principal candidate |

6. Course Title: PFM Reforms: Strategies and Implementation (January 08-13, 2017 (Completed))

| S.No | Name | Designation | BPS | Office Name | Principal/Alternate |
|------|-------------------------|-----------------|-----|--|---------------------|
| 1 | Mr. Ikram Khan | DG | 20 | DG, Audit, PT&T, Lahore | Principal candidate |
| 2 | Mr. Zafraullah Soomro | DG | 20 | CF & AO, M/o National Food Security and Research, Islamabad | Principal candidate |
| 3 | Ghulam Muhammad Memon | DG | 20 | Director General, Commercial Audit, Karachi. | Principal candidate |
| 4 | Ms. Nasira Parveen Khan | Director | 19 | Addl. AG, Sindh, Karachi. | Principal candidate |
| 5 | Mr. Asadullah Khan | Director | 19 | Director Audit, DG, Audit, KP, Peshawar | Principal candidate |
| 6 | Mr. Hassan Masud | Director | 19 | Controller Local Audit (Defense Production), Rawalpindi. | Principal candidate |
| 7 | Mr. Jawad Zaka | Addl AGPR | 19 | Addl AGPR, AGPR, Islamabad. | Principal candidate |
| 8 | Mr. Mahmood Ahmed Khan | Deputy Director | 18 | Director (Admn), CGA, (ABC), Islamabad. | Principal candidate |
| 9 | Mr. Muhammad Umar | Deputy Director | 18 | Deputy Director (Admn), Office of the Director Accounts PPO, Lahore. | Principal candidate |
| 10 | Mr. Masood Ahmed | Deputy Director | 18 | Director Audit, DG, Audit, Inland Revenue, Lahore | Principal Candidate |

7. Course Title: Forensic Audit and Investigation- CIPFA International Certificate in Economic Crime Management (3rd-14th July, 2017) (Completed)

The selection committee selected following officers for the subject course:

| S.No | Name | Designation | BPS | Office Name | Principal/Alternate |
|------|-----------------|-------------|-----|----------------------------|---------------------|
| 1 | Mr. Mohsin Atta | DG | 20 | DG, Accounts Works, Lahore | Principal |

| | | | | | |
|----|-------------------------------|--------------|----|---|-----------|
| 2 | Mr. Ahmed Taimoor Nasir | Director | 19 | DG, HRM, DAGP, Islamabad | Principal |
| 3 | Mr. Zia-ul-Haq | Director | 19 | Director, Finance, Nishtar Medical College, Lahore. | Principal |
| 4 | Mr. Muhammad Bilal Akram Butt | Dy. Director | 18 | Joint Controller Local Audit, Lahore | Principal |
| 5 | Mr. Kamran Hamdi | Director | 19 | Director Audit, Local Councils, Sindh, Karachi ACB | Principal |
| 6 | Ms. Ambreen Fatima Malik | Director | 19 | DG, HRM, Islamabad | Principal |
| 7 | MS. MunazaAyshea | Dy. Director | 18 | DG, Audit, Punjab, Lahore | Principal |
| 8 | Ms. Zillay Fatima | Dy. Director | 18 | | Principal |
| 9 | Ms. SamiyaYounas | DCLA | 18 | DCLA, Lahore | Principal |
| 10 | Mr. FawadAamir | Director | 19 | Director (Budget), DAGP, Local | Principal |

8. Course Title: Procurement Management in the Public Sector (October, 2017)

| S.No | Name | Designation | BPS | Office Name | Principal/Alternate |
|------|--------------------------|-----------------|-----|--|---------------------|
| 1 | Mrs. ShaguftaKhanum | CGA | 22 | CGA, Islamabad | Principal candidate |
| 2 | Mr. Hassan Saqlain | DG | 20 | DG, Commercial Audit, Lahore | Principal candidate |
| 3 | Mr. Baqee-bin-Hanif | Director | 19 | Director, Audit, Defense Service, Lahore | Principal candidate |
| 4 | Mr. Tafakhar Ali Asadi | Director | 19 | Director General (Policy), (ABC) Islamabad | Principal candidate |
| 5 | Mr. Pirbhoo Lal Sochi | Director | 19 | Director, Audit, Inland Revenue, Karachi | Principal candidate |
| 6 | Mr. Shahzad Iqbal Rana | Director | 19 | Dy. CAO/Coord, FA&CAO, Pak Railways, Lahore | Principal candidate |
| 7 | Mr. Kamran Khan | Deputy Director | 18 | Director, Audit, Custom & Petroleum, Karachi | Principal candidate |
| 8 | Mrs. ShahanaBatoool | Deputy Director | 18 | Director, FABS (ABC), CGA, Islamabad. | Principal candidate |
| 9 | Mrs. Seemin Khan | CF&AO | 20 | CF&AO, Housing & Works, Islamabad. | Principal candidate |
| 10 | M. Mazhar Hussain Hashmi | Deputy Director | 18 | Deputy Director, Audit, DG, Audit, Railway, Lahore | Principal candidate |

9. Certified Fraud Examiner (23-26 October, 2017)

| S.No | Name | Designation | BPS | Office Name | Principal/Alternate |
|------|--------------------------|----------------|-----|---|---------------------|
| 1 | Mr. MaqboolGondal | DG | 20 | DG, Audit, Works, Islamabad | Principal |
| 2 | Mrs. Asia Shehryar | Director | 19 | Director, Audit, Railway, Lahore | Principal |
| 3 | Mr. Muhammad Tariq Saeed | Director (ACB) | 19 | Director Audit District Government Faisalabad (ACB) | Principal |

| | | | | | |
|----|----------------------------|------------------------|----|---|-----------|
| 4 | Mr. Muhammad EjazulHaq | CLA (DS) | 19 | CLA (DS), Lahore (OPS) | Principal |
| 5 | Mr. ShahidMehmood | Chief Accounts Officer | 18 | Chief Accounts Officer, Model Custom Collectorate (Appraisalment), Lahore | Principal |
| 6 | Mr. Sheeraz Hussain Waggan | DAG | 18 | DAG, Accountant General Sindh | Principal |
| 7 | Mrs. FarasatZareen | Audit Officer | 18 | Faculty Member/ Audit Officer, PAAA, Lahore | Principal |
| 8 | Mr. Fahad Imran Sabir | Audit Officer | 18 | Audit Officer, DAG (FAO), DAGP, Islamabad. | Principal |
| 9 | Ms. Sadia Zeb | Deputy Director | 18 | Deputy Director Audit, DGA Sindh, Karachi | Principal |
| 10 | Mr. Umar Ali Khan | Director General | 20 | Director General (B&A), Local | Principal |

10. Course Title: Risk Based Auditing (October 7-13, 2017)

The selection committee selected following officers for the subject course:

| S.No | Name | Designation | BPS | Office Name | Principal/Alternate |
|------|---------------------------------|------------------|-----|--|---------------------|
| 1 | Mrs. Tanveer Hamid | Director General | 20 | Director General, Audit, Petroleum & Customs, Lahore | Principal |
| 2 | Mr. Muhammad Tariq SadiqueJoyya | Director General | 20 | Awaiting Posting | Principal |
| 3 | Mr. Ghulam Sarwar | CMA | 19 | CMA (QC), Quetta | Principal |
| 4 | Mr. Naseem Akhtar Gaad | Director | 19 | Director, Audit, Defence Service, Karachi | Principal |
| 5 | Mr. Kamran Hashmi | Additional AG | 19 | Additional AG, Sindh, Karachi | Principal |
| 6 | Mr. Shafeeq-ur-Rehman | Director | 19 | Director Audit, Works, Lahore | Principal |
| 7 | Mrs. Abeera Sadaf | Deputy Director | 18 | Director General, District Audit, Multan | Principal |
| 8 | MianAftab Ali Shah | Director (ACB) | 18 | Director, Establishment, CGA, Islamabad | Principal |
| 9 | Ahmad Afzal Mir | Director (ACB) | 18 | Director Audit, District Government, Rawalpindi | Principal |
| 10 | Mrs. Saima Rana | Deputy Director | 18 | Deputy Director, Audit, ERR, Islamabad | Principal |

11. Course Title: Certified Information System Auditors (July-August, 2017)

The selection committee selected following officers for the subject course:

| S.No | Gender | Name | Designation | BPS | Office Name | Station | Course Applied |
|------|--------|-----------------------|----------------------|-----|--|-----------|----------------|
| 1 | Male | Zia Younas | Audit Officer | 18 | District Audit Wing, AGP, Local | Islamabad | CISA |
| 2 | male | Saeed Ahmed | Asstt. Audit Officer | 17 | Confidentail Section, AGP, Local | Islamabad | CISA |
| 3 | Male | Shakeel Ahmed | Asstt. Audit Officer | 17 | PMDC, Islamabad | Islamabad | CISA |
| 4 | Male | Wajid Ali Shah | Audit Officer | 18 | DG Audit Disaster management Islamabad | Islamabad | CISA |
| 5 | Male | Akram Khan | Audit Officer | 18 | DG Audit Disaster management Islamabad | Islamabad | CISA |
| 6 | Male | Muhammad Zaeem Azhar | Asstt. Audit Officer | 17 | DG Audit Disaster management Islamabad | Islamabad | CISA |
| 7 | Male | Muhammad Asif | Audit Officer | 18 | DG Audit Disaster management Islamabad | Islamabad | CISA |
| 8 | Male | Adnan ZahoorAbbasi | Audit Officer | 18 | DG Audit Disaster management Islamabad | Islamabad | CISA |
| 9 | Male | Muhammad Anees | Asstt. Audit Officer | 17 | PAAS Section, AGP, Local | Islamabad | CISA |
| 10 | Male | Syed Izhar Ali Shah | Asstt. Audit Officer | 17 | Admn-I AGP, Local | Islamabad | CISA |
| 11 | Male | Muhammad Umer Siddiqi | Asstt. Audit Officer | 17 | HR-I Section AGP, Local | Islamabad | CISA |

| | | | | | | | |
|----|------|----------------------------|-------------------------|----|--|-----------|------|
| 12 | Male | Ghulam Nabi | Audit Officer | 18 | Vigilance Section AGP Local | Islamabad | CISA |
| 13 | Male | Syed Muhammad Shoaib Akbar | Asstt. Audit Officer | 17 | DG Audit Federal Govt. Islamabad | Islamabad | CISA |
| 14 | Male | S.H Kabbiruddin Shah | Audit Officer | 18 | Special Sector Audit Wing AGP Local | Islamabad | CISA |
| 15 | Male | Mutabar Shah | Asstt. Audit Officer | 17 | DG Audit KPK Peshawar | Peshawar | CISA |
| 16 | Male | Bibi Zainab | Asstt. Audit Officer | 17 | DG Audit KPK Peshawar | Peshawar | CISA |
| 17 | Male | Muhammad Bilal | Asstt. Audit Officer | 17 | IR & C Wing AGP Local | Islamabad | CISA |
| 18 | Male | Malik Khawar Abbas | Audit Officer | 18 | IRV & MT Local | Islamabad | CISA |
| 19 | Male | Attique Ur Rehman | Assistant Director | 17 | AGPR | Islamabad | CISA |
| 20 | Male | Samiullah Khan | Director | 19 | Directorate of B&A, Pakistan PWD Islamabad | Islamabad | CISA |
| 21 | Male | Aitizaz Ahmed Hashmi | AAG | 17 | AGPR Islamabad | Islamabad | CISA |
| 22 | Male | Muhammad Asif | Audit Officer | 18 | Confidential Section,AGP, Islamabad | Islamabad | CISA |
| 23 | Male | Muhammad Shafique | Director | 19 | O/o AGP, Local | Islamabad | CISA |
| 24 | Male | Shah Faisal Rind | Director | 19 | DG Audit Local Council Sindh Karachi | Islamabad | CISA |
| 25 | Male | Asad Iqbal | Assistant Audit Officer | 17 | Controller General of Accounts | Islamabad | CISA |

Certified Information System Auditors- Karachi

| S.No | Gender | Name | Designation | BPS | Office Name | Station |
|------|--------|------------------------|-------------------------|-----|--|---------|
| 1 | Male | Syed naseebullah | Dy. Director | 18 | DG Audit Balochistan Quetta | Quetta |
| 2 | Male | Ashfaq Hussain | Audit Officer | 18 | DG Audit Defence Services (south), Karachi | Karachi |
| 3 | Male | Javaid Ali Talpur | Audit Officer | 18 | DG Audit Defence Services (south), Karachi | Karachi |
| 4 | Male | Kashif Ali | Dy. Director | 18 | DG Audit Defence Services (south), Karachi | Karachi |
| 5 | Female | Sana Wiqar | Asstt. Director | 17 | DG Audit Defence Services (south), Karachi | Karachi |
| 6 | Male | Mumtaz Ali | Assistant Audit Officer | 17 | Pakistan Audit & Accounts Academy, Karachi | Karachi |
| 7 | Male | Altaf Hussain Mahesar | Dy. Director | 18 | DG CA&E Karachi | Karachi |
| 8 | Male | Rashid Ahmed Shaikh | Audit Officer | 18 | DG CA&E Karachi | Karachi |
| 9 | Female | Tanzila Memon | Asstt. Audit Officer | 17 | DG CA&E Karachi | Karachi |
| 10 | Female | Nazia Yaseen | Asstt. Audit Officer | 17 | DG CA&E Karachi | Karachi |
| 11 | Male | Sheraz Hussain Waggan | DAG | | AG Sindh Karachi | Karachi |
| 12 | Male | Khadim Hussain Mirani | DAG | 18 | AG Sindh Karachi | Karachi |
| 13 | Male | Mohsin Ali Soomro | DAG | | AG Sindh Karachi | Karachi |
| 14 | Male | Amir Ali Shah | DAG | | AG Sindh Karachi | Karachi |
| 15 | Male | Gulzar Ali Abro | DAG | | AG Sindh Karachi | Karachi |
| 16 | Male | Baber Khan | DAG | 18 | AG Sindh Karachi | Karachi |
| 17 | Male | Muhammad Moeen | Audit Officer | 18 | AG Sindh Karachi | Karachi |
| 18 | Female | Sara Shaikh | ACLA | 17 | LAO (B), Office kharian Cantt Punjab | Punjab |
| 19 | Male | Yaseen Qurban | Deputy Director | 18 | DG Audit, Nipa Karachi | Karachi |
| 20 | Male | Rizwan Razaque Qureshi | Deputy Director | 18 | DG Audit Local Council Sindh Karachi | Karachi |
| 21 | Female | Ms. Sadia Abdullah | Asstt. Audit Officer | 17 | DG Audit Sindh, Karachi | Karachi |
| 22 | Male | Gulzar Ali Abro | Deputy Director | 18 | DG CA&E Karachi | Karachi |
| 23 | Male | Syed Munawar Naqvi | Assistant Audit Officer | 17 | Auditor General of Pakistan | Karachi |
| 24 | Female | Lubna Siddiqui | Assistant Audit Officer | 17 | O/o AGP, Local | Karachi |

12. Course Title: Certified Information Security Managers (July-August, 2017)

The selection committee selected following officers for the subject course:

| S.No | Gender | Name | Designation | BPS | Office Name | Station |
|------|--------|-----------------------|----------------------|-----|---------------------------------|-----------|
| 1 | Male | Arshad Khan | Audit Officer | 18 | FAO Wing, AGP, Local | Islamabad |
| 2 | Male | Muhammad Imran Abbasi | Asstt. Audit Officer | 17 | Establishment Section AGP Local | Islamabad |
| 3 | Female | Dalila Kiran | Director | 19 | RRA Wing AGP Local | Islamabad |
| 4 | Male | Mr. Saeed Akhtar | Audit Officer | 18 | Establishment Local | Islamabad |
| 5 | Male | Muhammad Waseem Raja | Audit Officer | 18 | PAAA Islamabad | Islamabad |

| | | | | | | |
|----|--------|------------------------------|----------------|----|-------------------------------|------------|
| 6 | Male | Tanveer Ahmed | DAG (F&P) | 18 | AGPR Islamabad | Islamabad |
| 7 | Male | Moin Iqbal | AAG | 17 | AGPR Islamabad | Islamabad |
| 8 | Male | Aitizaz Ahmed Hashmi | AAG | 17 | AGPR Islamabad | Islamabad |
| 9 | Female | AmmarajabeenYounus | AAG | 18 | AGPR Islamabad | Islamabad |
| 10 | Female | Nadia Usman | AAG | 18 | AGPR Islamabad | Islamabad |
| 11 | Male | Muhamamd Irfan | AAG | 18 | AGPR Islamabad | Islamabad |
| 12 | Female | Mrs. Amara Dilnasheen Fatima | Audit Officer | 18 | CA&E | Islamabad |
| 13 | Female | Mrs. Saiqa Faheem | Audit Officer | 18 | Inspection | Islamabad |
| 14 | Female | Mrs. Rizwana Zeb | Audit Officer | 18 | DAGP | Islamabad |
| 15 | Female | Mrs. AamaraMumtaz | Senior Auditor | 16 | DG, Federal Audit | Islamabad |
| 16 | Female | Mrs. Asmaljaz | Senior Auditor | 16 | AGP, Office | Islamabad |
| 17 | Female | Mrs. Badar-un-Nisa | Senior Auditor | 16 | DG, Defence Audit, Rawalpindi | Rawalpindi |
| 18 | Female | Ms. Farah Mehmood | Senior Auditor | 16 | DG, Defence Audit, Rawalpindi | Rawalpindi |
| 19 | Female | Ms. Zainab Ahmed | Senior Auditor | 16 | DG, Defence Audit, Rawalpindi | Rawalpindi |

CISM-Karachi

| S.No | Gender | Name | Designation | BPS | Office Name | Station |
|------|--------|-----------------------|------------------------|-----|---|---------|
| 1 | Male | Taimur Karim | Dy. Director | 18 | DG CA & E Karachi | Karachi |
| 2 | Male | Saeed Ahmed | Asstt. Director | 17 | DG CA & E Karachi | Karachi |
| 3 | Male | Inamullah Khan | Audit Officer | 18 | DG CA & E Karachi | Karachi |
| 4 | Male | Khadim Hussain Mirani | DAG | 18 | AG Sindh Karachi | Karachi |
| 5 | Male | Mohsin Ali Soomro | DAG | 18 | AG Sindh Karachi | Karachi |
| 6 | Male | Amir Ali Shah | DAG | 18 | AG Sindh Karachi | Karachi |
| 7 | Male | Baber Khan | AAG | 18 | AG Sindh Karachi | Karachi |
| 8 | Male | Muhammad Moeen | Audit Officer | 18 | AG Sindh Karachi | Karachi |
| 9 | Male | Mohsin Ali Soomro | DAG | 18 | AG Sindh Karachi | Karachi |
| 10 | female | Mrs. Mehre-un-Nisa | Audit Officer | 18 | DG, Defence Service (South) | Karachi |
| 11 | female | Mrs. Lubna Siddiqui | Audit Officer | 18 | DG, Commercial Audit & Evaluation | Karachi |
| 12 | female | Mrs. Sumbul Ahmed | Assitant Audit Officer | 17 | O/o DG Audit Defence Services (South) Karachi | Karachi |
| 13 | female | Mrs. Shahnaz Zaidi | Assitant Audit Officer | 17 | O/o DG Audit Defence Services (South) Karachi | Karachi |
| 14 | female | Huma Intizar | Assitant Audit Officer | 17 | O/o DG Audit , PT&T Audit Complex, Lahore | Karachi |
| 15 | female | Nadia Javed | Assitant Audit Officer | 17 | DG Audit Sindh | Karachi |
| 16 | female | ArshiTufail | Assitant Audit Officer | 17 | DG Audit Sindh | Karachi |
| 17 | female | Zulekha | Assitant Audit Officer | 17 | DG Audit Sindh | Karachi |
| 18 | female | Ms. Shamim Fatima | Senior Auditor | 16 | O/o DG Audit Defence Services (South) Karachi | Karachi |
| 19 | female | Ms. Shamim Ara | Senior Auditor | 16 | O/o DG Audit Defence Services (South) Karachi | Karachi |
| 20 | female | Ms. ShaheenSaleem | Senior Auditor | 16 | O/o DG Audit Defence Services (South) Karachi | Karachi |

Officers nominated for foreign short courses (China) by AGP to EAD

| S.No | Sl. # | Name M/S | Domicile | Qualification | Date of birth | Place of Posting | Proposal for Name of Course in China | EAD's Deadline |
|------|-------|-------------------------|----------|---------------|---------------|------------------|---|----------------|
| 1 | 16 | Arshad Khan. | NWFP | MBA | 04.11.1974 | AGP Office | Seminar on Public Financial Management for Pakistan | 31-7-17 |
| 3 | 24 | Amara Dilnasheen Fatima | NWFP | MBA | 30.09.80 | AGP Office | Seminar on Public Financial Management for Pakistan | 31-7-17 |
| 5 | 26 | Abdul Shakoor Chohan. | AJK | MBA | 10.03.1978 | AGP Office | Seminar on Public Financial Management for Pakistan | 31-7-17 |
| 6 | 27 | Muhammad Sajid | Punjab | ICMA P-III | 07.07.1977 | AGP Office | Seminar on Public Financial Management for Pakistan | 31-7-17 |
| 7 | 28 | Rashid Iqbal. | -do- | ICMA Inter | 26.11.1974 | AGP Office | Seminar on Public Financial Management for Pakistan | 31-7-17 |
| 8 | 36 | Naveed Iqbal. | Punjab | MBA | 15.05.1973 | AGP Office | Seminar on Public Financial Management for Pakistan | 31-7-17 |
| 9 | 38 | Saiqa Faheem | Punjab | MBA | 12.01.1980 | AGP Office | Seminar on Public Financial Management for Pakistan | 31-7-17 |
| 10 | 40 | Muhammad Asif | Punjab | B.Com. | 17.12.1979 | AGP Office | Seminar on Public Financial Management for Pakistan | 31-7-17 |
| 11 | 41 | Malik Khawar Abbas | Punjab | MBA | 10.10.1973 | AGP Office | Seminar on Public Financial Management for Pakistan | 31-7-17 |

| | | | | | | | | |
|----|----|------------------------------|-----------|-------|------------|----------------------|---|---------|
| 13 | 43 | Malik Altaf Zafar | Sindh (U) | MBA | 01.05.1973 | AGP Office | Seminar on Public Financial Management for Pakistan | 31-7-17 |
| 14 | 47 | Syed Hussain Kabiruddin Shah | KPK | B.Com | 08.01.1974 | AGP Office | Seminar on Public Financial Management for Pakistan | 31-7-17 |
| 15 | 48 | Zafar Iqbal Siddiqui | MBA | Islam | Punjab | AGP Office Islamabad | Seminar on Public Financial Management for Pakistan | 31-7-17 |
| 16 | 49 | Fahd Rehman Khan. | ICMA P-I | Islam | Punjab | AGP Office Islamabad | Seminar on Public Financial Management for Pakistan | 31-7-17 |
| 17 | 50 | SajidMehmood | B.Com | Islam | Punjab | AGP Office Islamabad | Seminar on Public Financial Management for Pakistan | 31-7-17 |

| Sr. # | Name | Academic Qualification. | Religion | Domicile | Date of birth. | Office/Deptt where posted | Proposal for Course in China | EAD's Deadline |
|-------|---------------|-------------------------|----------|----------|----------------|---------------------------|---|----------------|
| 1 | Shakeel Ahmed | B.Com/IC MA-Inter | Islam | NWFP | 01.02.1981 | AGP Office Islamabad | Seminar on Public Financial Management for Pakistan | 31-7-17 |
| 2 | Abdul Wahab | Msc | Islam | NWFP | 12.07.1975 | AGP Office Islamabad | Seminar on Public Financial Management for Pakistan | 31-7-17 |
| 3 | Bilal Sharif | B.Com | Islam | Punjab | 08.09.1976 | AGP Office Islamabad | Seminar on Public Financial Management for Pakistan | 31-7-17 |

| | | | | | | | | |
|----|-----------------------|-------------------|-------|----------|----------------|-------------------------|--|----------|
| 4 | AmeenaSoomro | M.Com | Islam | Sindh(R) | 06.01.19 77 | AGP Office Islamabad | Seminar on Public Financial Managem nt for Pakistan | 31-7-17 |
| 5 | Muhammad Askeri | ICMA P-III | Islam | NA FATA | 25.05.19 81 | AGP Office Islamabad | Seminar on Public Financial Managem nt for Pakistan | 31-7-17 |
| 6 | Mirza Waseem Ahmad | MA, ICMA P-III | Islam | Punjab | 04.11.19 75 | AGP Office Islamabad | Seminar on Public Financial Managem nt for Pakistan | 31-7-17 |
| 7 | Muhammad Zufan | ACMA (Inter) | Islam | AJK | 15.01.19 84 | AGP Office Islamabad | Seminar on Public Financial Managem nt for Pakistan | 31-7-17 |
| 8 | Farhan Rashid | MBA (Fin) | Islam | Punjab | 03.10.19 82 | AGP Office Islamabad | Seminar on Public Financial Managem nt for Pakistan | 31-7-17 |
| 9 | Umer Siddique | ACMA | Islam | Punjab | 02.01.19 86 | AGP Office Islamabad | Seminar on Public Financial Managem nt for Pakistan | 31-7-17 |
| 10 | Shiekh Farhan | MCOM | Islam | Punjab | 16-10- 1974 | AGP Office Islamabad | Seminar on Public Financial Managem nt for Pakistan | 31-7-17 |
| 11 | Moin-u-Din | MBA | Islam | Punjab | 21-02- 1983 | AGP Office Islamabad | Seminar on Public Financial Managem nt for Pakistan | 31-07-17 |

Seminar on Audit and Accounting Management for Pakistan at China

| Sr. # | Name | Academic Qualification. | Religion | Domicile | Date of birth. | Office/Deptt where posted | Proposal for Course in China | EAD's Deadline |
|--------------|-----------------------|--------------------------------|-----------------|-----------------|-----------------------|----------------------------------|---|-----------------------|
| 1 | Beena Amir | MBA (Fin) | Islam | NA FATA | 15.06.1977 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 2 | Muhammad Ali | MBA | Islam | Punjab | 09.02.1983 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 3 | Muhammad Ashfaq | MBA | Islam | Punjab | 10.01.1983 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 4 | Muhammad Ishfaq | M.Com | Islam | KP | 10.04.1980 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 5 | Atta Ur Rehman | MBA (Mark) | Islam | NA FATA | 06.06.1983 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 6 | Naveed Aslam | MBA | Islam | Punjab | 23.10.1977 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 7 | Muhammad Fayyaz | M.Com | Islam | NWFP | 17.01.1983 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 8 | Syed Muhammad Munawar | MBA | Islam | Punjab | 22.03.1982 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |

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|----|-----------------------|----------|-------|-----------|------------|----------------------|---|----------|
| 9 | Muhammad Anees | MBA | Islam | Punjab | 29.10.1978 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 10 | Saeed Ahmed | MBA (IT) | Islam | Punjab | 01.06.1980 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 11 | Muhammad Azeem Khan | MBA | Islam | AJK | 25.05.1979 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 12 | Rana M. Faisal Majeed | MBA | Islam | Punjab | 08.06.1977 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 13 | Maryam Akbar | MBA (HR) | Islam | Punjab | 24.06.1983 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 14 | Osman Ahmed Mukhtar | MBA | Islam | Punjab | 21.07.1979 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 15 | Muhammad Jalil Khan | B.Com | Islam | AJ&K | 04.04.1979 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 16 | Amjad Farooq | BA | Islam | Punjab | 06.01.1975 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 17 | Asim Naeem | B.Com | Islam | Islamabad | 03.03.1982 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 18 | Syed Asad Ali Shah | B.Com | Islam | NWFP | 02.06.1981 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |

| | | | | | | | | |
|----|---------------------|--------|-------|-----------|------------|----------------------|---|----------|
| 19 | Muhammad Bilal | MBA | Islam | AJ&K | 02.10.1984 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 20 | AmjadMehmood | B.Com | Islam | Punjab | 10.06.1982 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 21 | Naveed Iqbal | MCS | Islam | Punjab | 11.09.1974 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 22 | Saeed Ahmed | B.Com | Islam | Punjab | 06.08.1979 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 23 | Muhammad Awais | MBA | Islam | Punjab | 04.04.1982 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 24 | ShariatUllah | M.Com. | Islam | NWFP | 04.04.1977 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 25 | Fahim Khan | MBA | Islam | Islamabad | 07.08.1979 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |
| 26 | Syed Izhar Ali Shah | MBA | Islam | Punjab | 24.01.1983 | AGP Office Islamabad | Seminar on Audit and Accounting Management for Pakistan | 9/8/2017 |

CONTROLLER GENERAL OF ACCOUNTS (CGA)

INTRODUCTION:

The office of the Controller General of Accounts (CGA) was established under CGA Ordinance No. XXIV of 2001. After its establishment, the accounting functions were transferred to this office from office of the Auditor General of Pakistan. The office of Controller General of Accounts is responsible for maintaining an efficient and effective accounting and financial reporting system of the Government of Pakistan and provincial governments. As per CGA ordinance (2001), some of the major functions of this office are as follow:

- a. Maintenance of accounts of the Federation, Provincial Governments and District Governments and of such organizations and authorities established by these Governments.
 - b. To submit the accounts after the close of financial year to the Auditor General, showing under the respective heads, the annual receipts and disbursements for the purpose of Federation and of each Province within the time-frame prescribed by the Auditor-General.
 - c. Authorizing payments and withdrawals from Consolidated Fund and Public Accounts against approved budgetary provisions and after applying pre-audit checks.
 - d. To render advice on accounting procedures for new schemes, programs or activities undertaken by the Government concerned.
 - e. Develop and maintain an efficient system of Pension, Provident Fund and other retirement benefits in consultation with the concerned Government.
- 2 In order to carry out its functions, the following offices work under the administrative control of Controller General of Accounts:
- a) AGPR, Islamabad and its sub offices.
 - b) MAG, Rawalpindi and its sub offices.
 - c) Provincial AG offices.
 - d) CAOs of Departmental Accounting Offices.
 - e) DBA, Pak PWD, Islamabad.
 - f) Director Accounts Pakistan Post Office Department.

KEY ACTIVITIES AND ACHIEVEMENTS OF THE OFFICE DURING THE PERIOD 2016-17:

Following are some of the major activities under taken by office of the Controller General of Accounts during the F.Y 2016-17 to achieve its goals and objectives stated above.

1. Accountant General's Conference was held in Islamabad, to coordinate ongoing issues with the Accountants General, Finance Division/Departments, Self-Accounting Entities for efficient delivery of service.

2. Preparation of the Manual of Standing Order (MSO) which is at its completion stage for office of the Controller General of Accounts for efficient operations.
3. Revision and updation of New Accounting Model (NAM) which is in progress in order to bring clarity and simplification in business processes.
4. Prepared Annual Accounts including Appropriation Accounts and Financial Statements of the Federal, Provincial and District Governments for the F.Y 2015-16. The manuscripts of Appropriation Accounts and Financial Statements for the Financial Year 2015-16 were submitted to Audit for examination within the timeline i.e. 2 months after closing of Financial year.
5. During the F.Y 2015-16, Monthly Civil Accounts of the Federal Government and Provincial Governments were prepared as per stipulated deadlines and submitted to all concerned stakeholders.
6. The computerization of accounts in Azad Jammu & Kashmir is in progress.
7. Efforts are underway to capture donors' direct payments relating to the Federal/Provincial Governments in the accounts through SAP system.
8. Systematic computation and deduction of sales tax in coordination with PRAL resulting in noticeable rise in Sales Tax collection.
9. E-reconciliation solution with SBP and NBP branches has been developed. 16 SBP branches are now using SAP for encashment of Government cheques. NBP branches will also start using SAP in next financial year.
10. 958,025 employees have been shifted to email solution for their salary and pension slips.
11. 774,401 pensioners have been shifted on Direct Credit System (DCS) for the payment of their monthly pension.
12. Organizational Management (OM) Module has been implemented in Khyber Pakhtunkhwa and rolling out in Accountant General Balochistan is in progress.
13. Performance Monitoring System for evaluation of Medium Term Targets of ministries has been implemented at 8 ministries. It will be rolled out in remaining ministries in this fiscal year.
14. Web based reports (BER) have been developed for DDOs for Federal and Provincial Governments. These reports include Budget and Expenditure Report, Bill Tracking Reports, Online e-mail registration and vendor search. These reports can be accessed through FABS Directorate Website www.fabs.gov.pk.
15. Dashboards for AGPR, Provincial Accountants General and Planning and Development Department Sindh have been developed for monitoring of ADP Schemes.
16. Loans and Advances module of Federal Government employees are now processed through SAP at AGPR Islamabad. It will be rolled out in AGPR Sub Offices Lahore and Peshawar in next financial year.

FEDERAL TREASURY ISLAMABAD

INTRODUCTION:

According to the Treasury Rules, Federal Treasury means and includes any treasury or Sub-Treasury not being a Treasury or sub-treasury under the control of a Province. At present there are two Federal Treasuries Islamabad and Karachi.

Vide notification SRO (1)/79 dated 16th June, 1979 the Federal Government decided to establish Federal Treasuries at Islamabad, Karachi for proper handling of the Federal Government Accounts. In the beginning the Federal Treasuries was under the Administrative Control of Finance Division. In 1981, the Administrative control was transferred to the AGPR Islamabad and the **“Accountant General Pakistan Revenue, Islamabad to discharge the duties of HLA (Head of Local Administrative)”** whereas the **“Additional Accountant General Pakistan Revenue Islamabad to discharge the duties of Collector, Federal Treasury in respect of Federal Treasury offices Islamabad.**

The FTO Accounts for all payments/receipts related to the Federal Government made by State Bank of Pakistan and designated branches of National Bank. It renders account to the Government through Accountant General Pakistan Revenue. It also compiles and maintains accounts of the Federal Government pensioners on civil side and the PLA accounts in respect of Federal Government Organizations.

ORGANIZATIONAL STRUCTURE OF FEDERAL TREASURY ISLAMABAD

| S.No. | Nomenclature of post | BPS | Sanctioned strength | Working strength | No. of vacant posts since |
|--------------|-----------------------------|------------|----------------------------|-------------------------|----------------------------------|
| 1 | Federal Treasury Officer | 18 | 01 | 01 | Nil |
| 2 | Assistant Accounts Officer | 17 | 04 | 04 | Nil |
| 3 | Assistant Accountant | 16 | 04 | 04 | Nil |
| 4 | Sub-Accountant | 14 | 28 | 28 | Nil |
| 5 | Jr. Accounts Clerk | 07 | 06 | 03 | 03 |
| 6 | Record Sorter | 03 | 01 | 01 | Nil |
| 7 | Book Binder | 02 | 01 | 01 | Nil |
| 8 | Naib Qasid | 01/02 | 07 | 03 | 04 |
| 9 | Sweeper | 01 | 01 | 01 | Nil |
| 10 | Chowkidar | 01 | 03 | 03 | Nil |

Treasury Office Islamabad is headed by F.T.P (BPS-18) and he is the permanent Employee of this office. It has the following Sections:

ADMIN SECTION:

Admin Section is headed by AAO and performs routine administrative functions. It maintains the cash book, reconciles accounts with AGPR and Finance Division, prepare budget, maintains Accounts Register of the Budget, prepare Contingent Bills of the office, prepares broad sheets of Balances of GPF, HB A, MCA, Cycle Advance, draws cheques from the State Bank of Pakistan, prepare bills of the Advances for the officials, maintenance of personal files and service books of staff etc.

PENSION SECTION/RECONCILIATION SECTION

The pension section deals with the pension payment of those pensioners who opt to draw their pension from the treasury. It is currently under the control of Admin Section. Moreover, the reconciliation of receipt of different Federal Departments and refund of claims of Court cases etc. are also dealt in this Section.

FEDERAL PAYMENT SECTION:

All payment account relating to the Federal Govt. made by the State Bank of Pakistan Islamabad/Rawalpindi, NBP Islamabad/Rawalpindi and various sub-treasuries are accounted for in the Treasury on SAP and are incorporated in Finance Division through AGPR office Islamabad.

FEDERAL RECEIPT SECTION:

All kind of receipt received on behalf of Federal Govt. by the SBP Islamabad/Rwp Muzaffarabad, NBP Islamabad/Rwp are punched and posted on SAP System online and submitted to the AGPR Islamabad at the end of each month for incorporation in Finance Accounts.

NON TAX RECEIPTS:

Revenue receipts i.e. passport, domicile, FPSC, school and college fee hospital's receipts remittances, loans grants and public receipts etc.

IN DIRECT TAX RECEIPTS:

Professional tax,

Token tax,

Motor vehicle registration

Liquor permit fee, etc.

PLA SECTION:

Personal Ledger Account of Pak PWD and other department are maintained in this Section. More than 70 PLA's are operative at the moment. It deals with the PLA cheque drawn from different departments having PLA in this office. This section pre audits the cheque and affix pay order for payment on the cheques from SBP and reconciliation with the departments having the PLAs.

STRONG ROOM SECTION:

Head Treasurer (Assistant BPS 16) heads this Section. The Strong Room was established in this office in 2002. All kinds of Judicial and Non judicial Stamp papers are being issued to the general public and stamp vendors of Islamabad. Stamp papers are got printed from the Chief Controller of Stamps Karachi on credit basis and the funds is requested from the Finance Division by this office to clear the outstanding dues. The Electoral rolls of two constituencies of Islamabad are also kept here. Besides this valuables received from the Margallah Tower incidence are also kept here by Islamabad Capital Territory. It has assets wroth of billions of rupees. It is pertinent to note that huge amount of revenue is being generating through sale proceeds of Stamp Paper etc by this office.

FUNCTIONS/RESPONSIBILITIES OF THE DEPARTMENT UNDER THE APPROVED ACT/CHARACTER/RESOLUTION ETC.

1. COMPILATION FO FEDERAL PAYMENT ACCOUNT

All payment account relating to the Federal Government made by the SBP Islamabad/Rawalpindi, NBP Islamabad/Rawalpindi and various sub-treasuries are accounted for in the Treasury and are incorporated in Finance Division through AGPR office Islamabad.

2. COMPILATION OF FEDERAL RECEIPT ACCOUNT

Receipt relating to the Federal Government received by the SBP Islamabad/Rwp, NBP Islamabad/Rwp and sub-treasuries are accounted for and submitted to the Federal Government through AGPR Islamabad every month.

3. PAYMENT OF PENSION.

Federal Government pensioners including civilian pensioners receiving pension from defense estimates get pension from this office through SBP and maintenance and compilation of its accounts.

4. Verification of credits deposited in the SBP/NBP relating to the Federal Government and compilation of its accounts.

5. Maintenance of Personal Ledger Accounts.

Personal Ledger deposit accounts in respect of Federal Government organization are maintained by this office.

6. Maintenance of Assignment account for payment through NBP/SBP

7. Issue of Judicial/Non judicial stamps & maintenance of its record/account for submission to AGPR

8. Compilation of Military payment & receipt account payment made by the SBP/NBP & Sub-treasuries relating to Federal Government.

9. Function of Strong Room vending of Stamp Papers, Non Judicial Stamp Papers and court fee etc. revenues Stamp, Service Postage Stamps, Driving License Stamps etc. Moreover importance of Strong Room is examined in FTR 112 and FTR 113

FTO AND SBP'S WORKING:

SBP submits daily Federal payment s and Receipts Accounts to FTO on daily basis for compilation/accounting purpose. Hundreds of the old age pensioners are drawing their pension from this office. After endorsing pension bills from this office they rush to the State Bank Islamabad for their payment from there.

CONCLUSION:

FTO has very important and significant role as it is compiling accounts of Federal Receipts and Payment on SAP System. Two computer labs fully equipped with 29 work stations are functioning there. Strong Room is also facilitating general public, department and resident of the Islamabad as it is generating huge receipts from sale proceeds of Stamp Papers etc. at present stamp papers work billion of rupees are lying in the Strong Room.

DEBT POLICY COORDINATION OFFICE

Functions

As per the FRDL Act 2005, DPCO has been entrusted to perform the following functions:

- Prepare a debt reduction path to achieve the principles of sound fiscal and debt management.
- Monitor and evaluate external and domestic borrowing strategies;
- Analyze the foreign currency exposure of Pakistan's external debt by undertaking market risk management;
- Provide consistent and authenticated information on public and external debt and
- Government guarantees including total guarantees outstanding;
- Provide leadership on debt data questions and ensure compliance with agreed reporting requirements; and
- Maintain a centralized and updated electronic record of the public and external debts.

Publications

As part of its primary responsibilities, the DPCO prepares and presents to the Parliament following documents every year:-

- Debt Policy Statement
- Fiscal Policy Statement
- Medium-Term Budgetary Statement

DPCO presents the above statements to the National Assembly. Debt and Fiscal Policy Statements include a comprehensive review of the dynamics of Pakistan's debt portfolio as well as developments in the fiscal sector. These documents also contain a report on compliance with the provisions of FRDL Act, 2005. Medium-Term Budgetary Statement includes three-year targets for key economic indicators and is presented with the annual budget. The macro-economic framework in MTBS contains the Debt Reduction Path.

List of Activities and Achievements

- IMF program benchmarks related to public debt management were met during the covering period;
- Debt Policy Statement for year 2016-17 was submitted to the National Assembly as per section 7 of Fiscal Responsibility and Debt Limitation Act, 2005. Debt Policy Statement contains assessment of the Government's debt policies against the principles of sound fiscal and debt management during the given period;
- Fiscal Policy Statement for year 2016-17 was submitted to the National Assembly as per section 6 of Fiscal Responsibility and Debt Limitation Act, 2005. Fiscal Policy Statement explains performance of fiscal indicators

against the principles of sound fiscal and debt management. Further, it specifies key measures taken during the given period and gives rationale for any major deviation in fiscal measures pertaining to taxation, subsidy, expenditure, administrated pricing and borrowing;

- Medium Term Budgetary Statement (2017/18-2019/20) was presented with annual budgets (2016-17) to the National Assembly under section 5 of Fiscal Responsibility and Debt Limitation Act, 2005. The statement contains 3 year rolling targets for macroeconomic indicators;
- Medium Term Debt Management Strategy (2015/16 - 2018/19) was updated as the macroeconomic realities have changed since 2012-13. The purpose is to ensure that both the level and rate of growth in public debt is fundamentally sustainable while meeting risks objectives. The updated MTDS introduced risk ranges for various debt indicators for the first time with enhanced coverage of public debt portfolio analysis;
- Due to effective implementation of Medium Term Debt Management Strategy, risks associated with public debt portfolio reduced through re-profiling of domestic debt portfolio, broadening of investor base and mobilization of concessional external inflows;
- Started publishing “bi-annual debt management risk” reports for the first time covering exposure indicators to financial risk (redemption profile of local and foreign currency debt, average life, share of domestic debt falling due in the next 12 months, average time to re-fixing, share of local and foreign currency debt re-fixing its interest rate over the next 12 months, composition of debt stock by currency and share of short term foreign currency debt over net international reserves);
- Provided technical advisory on foreign loan proposals resulted in reduction in cost and risks of external debt portfolio;
- Cost of domestic debt was rationalized by aligning the rates on domestic debt instruments with the market yields. The conducive economic environment coupled with supportive monetary policy provided an ideal opportunity for the government to revise coupon rates on PIBs in April, 2016. Further, timely synchronization of NSS rates with the wholesale debt instruments were carried out for effective interest rate and market management;
- Started publishing rolling quarterly issuance program for domestic debt securities which brought transparency and effective decision-making for government borrowing;
- Technical advisory and assistance was provided in raising financing for the PSEs and costs and risks were reduced through effective negotiations;
- Handled debt-related questions related to Senate/National Assembly;
- Maintained quarterly public debt (domestic & external) and sovereign guarantees stocks;
- Maintained maturity profile of Public Debt;

- Contributed in Economic Survey of Pakistan (2016-17) through publication of “Public Debt” and “Contingent Liabilities” chapters.

Future Policy Priorities

The primary objective of the DPCO is to establish a well-equipped and efficient unit within the government that is responsible for data dissemination, analysis, and policy advice on debt and debt related issues. These include domestic debt, external debt as well as contingent liabilities.

Going forward, the prime objectives of public debt management include: (i) fulfilling the financing needs of the government keeping in view cost-risk tradeoffs; (ii) development of domestic debt capital market (iii) lengthening of maturities of domestic debt instruments at a reasonable cost; and (iv) stimulation of concessional external financing with reference to its impact on macroeconomic stability and debt sustainability. Further, it is important for the government to adopt an integrated approach for economic revival and debt reduction which will require trade-offs in the short-term, thus implementing structural reforms that boost potential growth which is a key to ensure public debt sustainability.

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