



YEAR BOOK

2017-18



**Government of Pakistan
Finance Division
Islamabad**



Year Book 2017–2018

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

PREFACE



The Year Book 2017-18 outlines the actions by the Finance Division towards achieving its Mission Statement through structured activities of its various Wings and Sections. It is a regular feature in pursuance of Rule 25 of the Rules of Business, 1973.

2. The Year Book elaborates the state of governance apparatus of the Division and gives comprehensive description of the role and responsibilities of the entities working under it to achieve harmonized output and outcomes. The Year Book highlights the overall achievements of Finance Division apart from giving performance snapshots of its constituent Attached Departments and sub-ordinate Organizations in the domains of policy, strategy and operations. Finance Division, through committed leadership and dedicated team of professionals, has made best efforts to achieve the targets of sustainable and equitable economic growth including transparent and efficient management of public finances.

3. The Year Book 2017-18 gives a comprehensive overview of internal and external economic challenges for Pakistan and defines interventions to mitigate the risks and pursue the structural reforms agenda to augment the efficiency of the Federal Government entities. It focuses on endeavours which create value by achieving productive and allocative efficiency of financial resources.

4. I hope this Year Book will serve as a useful reference document for the concerned stakeholders, to have a better grasp of the priorities of the Government and its strategy to encounter challenges.

Mohammad Younus Dagha
Finance Secretary

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**VISION STATEMENT
OF THE
FINANCE DIVISION**

*Ensuring prosperous Pakistan with sustainable and
inclusive growth through prudent financial
management of Government Apparatus*

MISSION STATEMENT OF THE FINANCE DIVISION

To pursue sound and equitable economic policies that put Pakistan on the path of sustained economic development and macro-economic 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

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. Monopoly Control and Anti-Cartel Laws.
20. Deregulation policies.¹
21. Administration of Economic Reforms Order, 1978.
22. Negotiations with international organizations and other countries and implementation of agreements thereof.
23. Poverty Reduction²
24. Benazir Income Support Programme³

1. Amended vide Cabinet Division SRO No. 470(I)/2001, (4-24/2000-Min-I), dated 25.06.2001

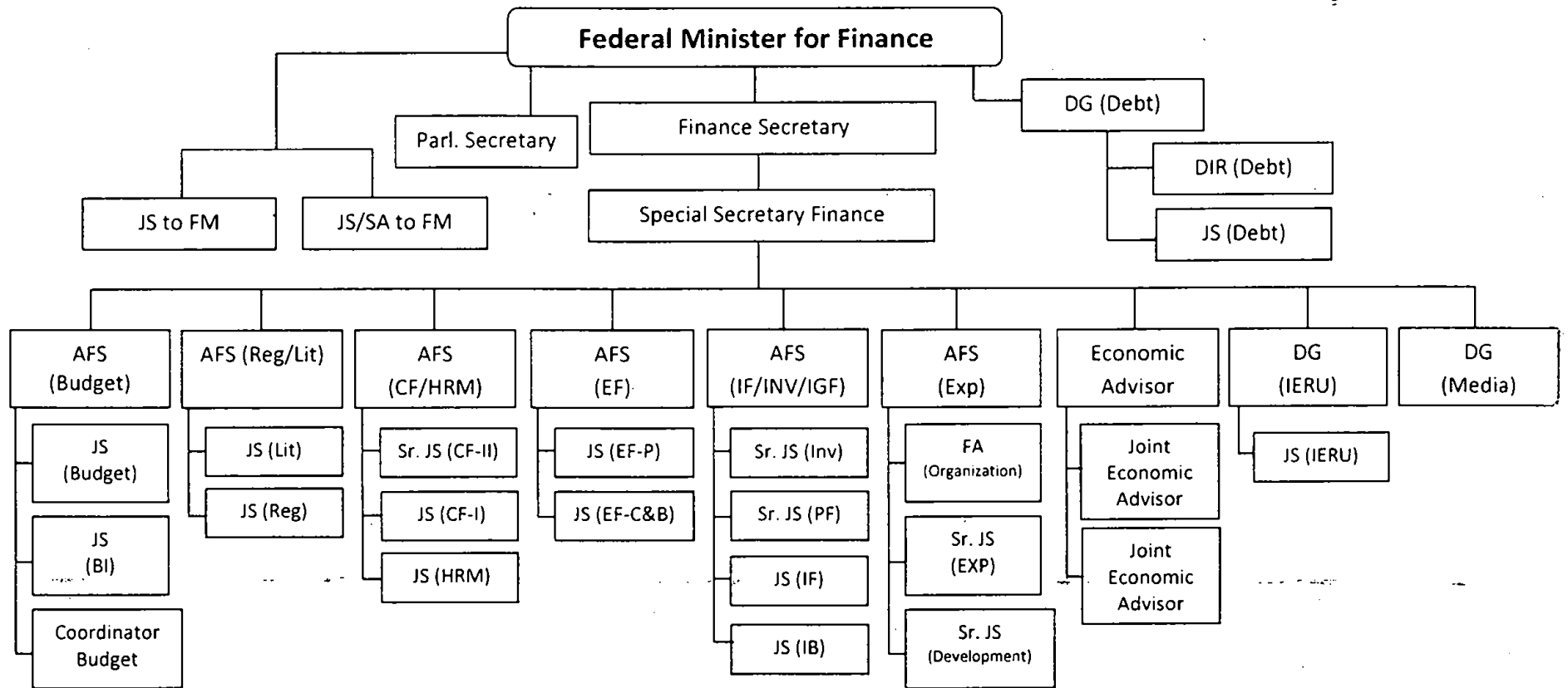
2. Inserted vide S.R.O. No.226(I)/2010 (F.No.4-4/2007-Min-I), dated 02.4.2010.

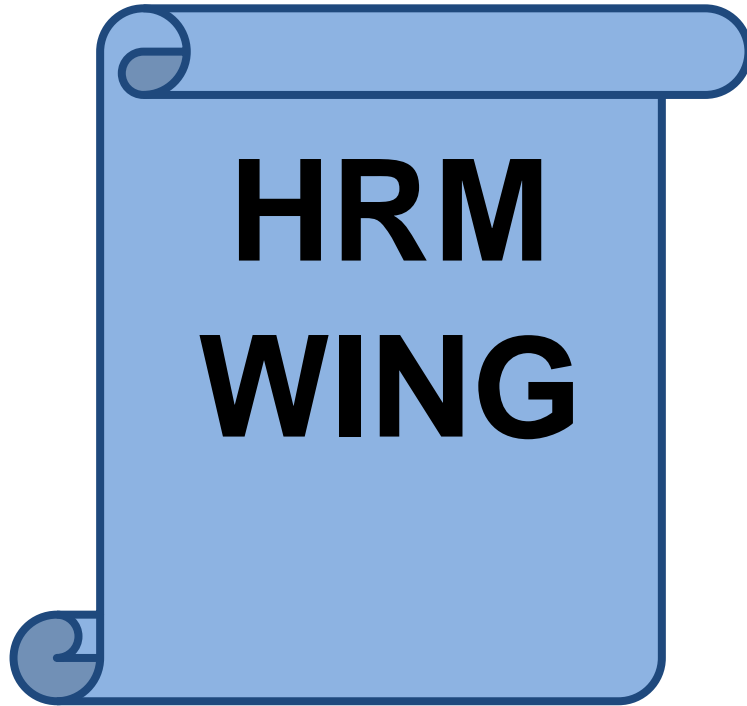
3. Inserted vide S.R.O. No.1048(I)/2015 (F.No.4-5/2013-Min-I), dated 26.10.2015.

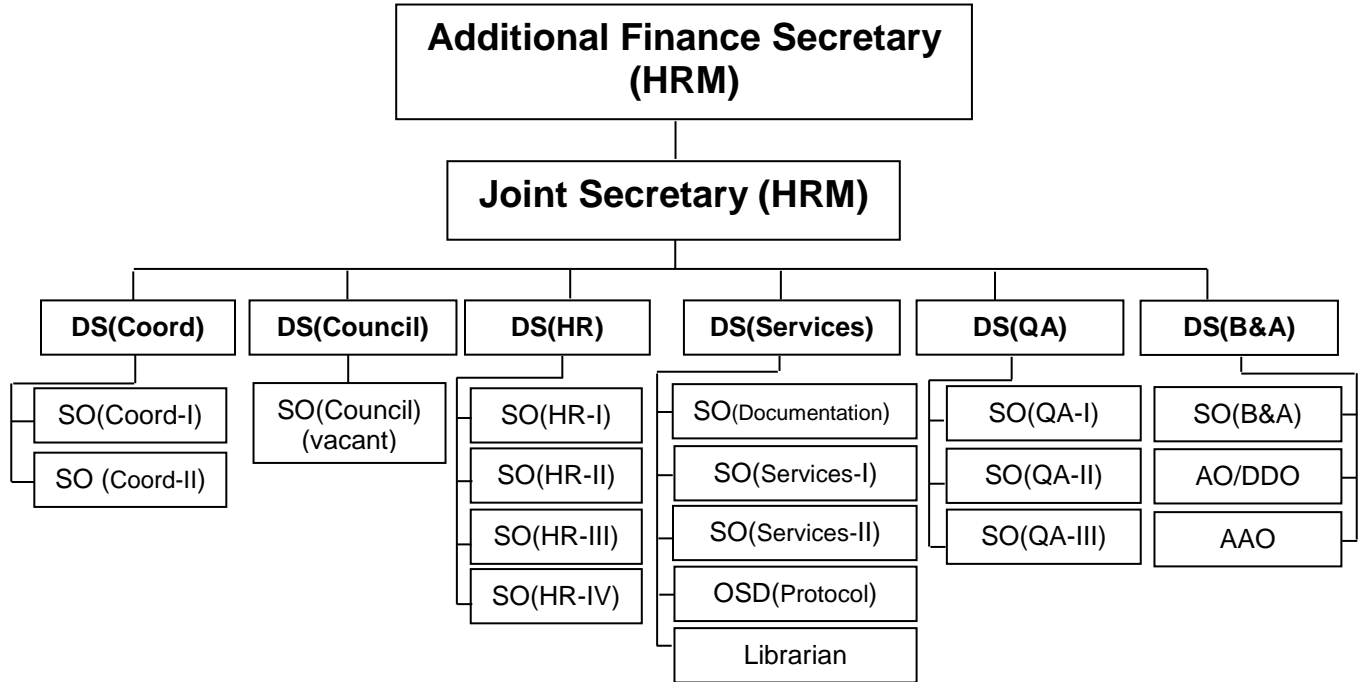
FUTURE GOALS OF FINANCE DIVISION

- Preparation of Annual Budget/Financial Planning and 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/negotiations with IMF.
- Reforms of Public Sector Enterprises.
- Deepen Power Sector Reforms.
- Investment Climate Improvement Reforms.
- Banking Sector Reforms.
- Formulation and Implementation of Austerity Measures.

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NAME AND OFFICIAL TELEPHONE NUMBERS OF OFFICERS OF HRM WING

S#	Name of Officer	Designation	Telephone Number(Off)
1	Dr. Ahmed Mujtaba Memon	AFS(HR/CF)	051-9203373
2	Mr. Khalil Ahmad Chauhdry	Joint Secretary(HRM)	051-9206818
3	Mr. Abdul Waheed Memon	Deputy Secretary(HR)	051-9206361
4	Mr. Muhammad Anwar	Deputy Secretary(Services)	051-9209567
5	Mr. Manzoor Ahmed	Deputy Secretary(Coord)	051-9202172
6	Mr. Khurshid Anwar	Deputy Secretary (QA)	051-9217853
7	Mr. Khurshid Anwar (Add. charge)	Deputy Secretary (Council)	051-9208252
8	Mr. Riaz Ahmad	Deputy Secretary (B&A)	051-9201941
9	Syed Buniad Haider	Section Officer (Doc)	051-9202582
10	Mr. Abdul Jabbar Bhatti	Section Officer (HR-I)	051-9209149
11	Mr. Abdul Jabbar Bhatti (Add. charge)	Section Officer (HR-II)	051-9208287
12	Mr. Ahmad Nawaz Chohan (Add. charge)	Section Officer (HR-III)	051-9208102
13	Mr. Ishtiaq Ahmad	Section Officer (HR-IV)	051-9209930
14	Mr. Ahmad Nawaz Chohan	Section Officer (B&A)	051-9217867
15	Mr. Ghulam Muhammad Mahmoodi	Section Officer (Services-I&II)	051-9208101
16	Mr. Abrar Hussain	OSD (Protocol/B&A)	051-9206363
17	Mrs. Bushra Arshad	Librarian, FBC Building	051-9218254
18	Mr. Ishtiaq Ahmad	Section Officer (QA-I)	051-9208523
19	Mr. Shahzad Zareef	Section Officer (QA-II)	051-9217862
20	Mr. Ishtiaq Ahmad (Add. Charge)	Section Officer (QA-III)	051-9203008
21	Mr. Mr. Abdul Saboor Bhutto	Section Officer (Coord-I)	051-9206382
22	Mr. Muhammad Ali Shahzad Muzaffar	Section Officer (Coord-II)	051-9207329
23	Mr. Imran Ahmad	Asstt. Accounts Officer	051-9208464
24	Mr. Muhammad Zia ul Mustafa	DDO	051-9208114

HUMAN RESOURCE MANAGEMENT (HRM) WING

INTRODUCTION:

HRM Wing of Finance Division performs all the support functions 9001:2008 like recruitment, hiring and capacity building of human resource 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 budget exercise. The Wing formulates 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 that business of Economic Affairs, Revenue, Statistics and Privatization Divisions.

MAIN FUNCTIONS PERFORMED DURING THE YEAR (2017-18)

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

HR-I SECTION:

HR-I Section deals with the cadre posts of BS-17 to 22 i.e. Secretary, Additional Secretary, Senior Joint Secretary, Joint Secretaries, Deputy Secretaries and Section Officers which are 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(BS-16). During the financial year 2017-18, following employees promoted to the post of Private Secretary (BS-17) against the posts falling vacant on retirement of the incumbents in Finance Division:

S.No.	Name	Date of promotion as Private Secretary
1	Mr. Zulfiqar Ahmad	23-10-2017
2	Mr. Saghir Ahmed	28-05-2018
3	Mr. Hadi Bux Qureshi	28-05-2018
4	Mr. Gulzar Ahmad	28-05-2018

HR-II SECTION

Promotion: In order to enhance the quality of work of the officials, this Section promoted (01) Assistant as Superintendent (BS-16), 02 Stenotypists(BS-14) as Assistant Private Secretary (BS-16), 03 UDCs (BS-11) as Assistant (BS-15) and 01 Data Entry Operator(BS-12) as Computer Operator (BS-16).

Selection of Staff For Seasonal Hajj Duty, 2018:

HR-II Section organized balloting for selection of two (02) candidates for Seasonal Hajj Duty 2018 through Ministry of Religious Affairs and Interfaith Harmony during the reference period.

HR-III SECTION

HR-III Section is responsible to manage the administrative matters pertaining to support staff of BPS 01-09 as per standing rules and regulations.

Filling up Vacant Posts

Vacant posts pertaining to HR-III Section were advertised and the same have been filled after meeting codal formalities

Verification of Services Books

- HR-III Section completed about 609 Service Books of BS-01-09 officials in each and every respect.
- In order to enhance the quality of work of the officials, HR-III Section promoted LDC(BS-09) to UDC (BS-11), Naib Qasid (BS-01) to Qasid (BS-02) and Qasid (BS-02) to Daftry(03), Staff Car Driver/Dispatch Rider (BS-04) to Next BPS.

HR-IV SECTION deals with the following matters:

- i. Personnel administration of Ex-cadre Officers of Economist Group posted by Planning & Development Division and Accounts Group posted by CGA/AGPR etc.
- ii. Hiring of Private Residential Accommodation for Officers and staff of Finance Division.
- iii. Medical Re-imburement claims of serving and retired officers/officials of Finance Division.

1. It is within the domain of HR-IV Section to make recruitment of professionals of MP Scales and on fixed pay package meant for Implementation and Economic Reforms Unit (IERU), Actuary Office, Debt Office and Medium Term Budgetary Framework (MTBF) Secretariat.

2. Hiring facilities to more than **500** officers/staff of Finance Division are provided to meet the demand of shelter temporarily. In this regard, **Rs.100,000,000/- (rupees one hundred million)** were allocated for FY 2018-19

3. In order to provide the medical re-imburement facilities to Officers and staff as well as the retired employees of Finance Division an amount of **Rs. 8,000,000/- (rupees eight million)** for retired employees) and **Rs.12,000,000/- (rupees twelve million)** for serving employees) were allocated respectively for FY 2018-19.

PROTOCOL SECTION:

- Protocol services were provided to foreign delegates/guests, Ambassadors, Ministers/MOS etc.
- Protocol services were also provided to the local delegates/guests and Senior Officers of Finance Division.
- 83 official/Gratis passports got renewed/issued from Directorate General of Passports and Immigration to officers of this Division.
- Visa services were provided to the Officer of Finance Division (BPS-17 and above) who proceeded aboard in official meetings/ trainings/ seminars/ workshops etc.
- 75 Note Verbale from M/O Foreign affairs were arranged on request of the concerned Officers.
- 95 No Objection Certificates issued to Officers (BPS-17 and above) proceeding to 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.	22	22
2	Publication of Year Book of Finance Division	01	Year Book (2016-17) 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 345 Temporary 304	345 passes got issued through NADRA 304 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.	49	49 NDCs issued.
6	Online Public Complaints received through Wafaqi Mohtasib's Secretariat Public Complaint Resolution Mechanism.	280 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 also taken to ensure strict security of office buildings of Finance Division through law enforcing agencies from time to time.

- A Reception Desk is functioning round the clock 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.
- Display of official security passes by all the Officers/officials during office 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.
- Annual Inspection of Finance Division for the year 2017 by Intelligence Authorities has been successfully conducted.

QUALITY ASSURANCE SECTIONS:

Sl.#	Main Tasks	Target Achieved during the year 2017-18
1)	Transition to New Management Standards of ISO 9001:2015	<ul style="list-style-type: none"> ➤ Ministry of Finance is the flagship Federal Ministry fully compliant with ISO 9001:2008 Quality Management System. ➤ A new version of Management Standards ISO 9001:2015 is going to replace the existing version (ISO 9001:2008) by the end of 2018. ➤ Transition to New Management Standards 2015 is mandatory to continue ISO Certification and this process entails some additions to the ongoing Quality Management System. ➤ Devising Risk Management Mechanism in respect of each Wing is the most notable feature of the transition process. ➤ Accordingly, two (02) training sessions have been successfully arranged for the Developmental Quality Assurance Coordinators (DQACs) of Finance Division in November, 2017 and April, 2018. ➤ Key objective of both training sessions was to disseminate knowledge, enhance awareness and sensitize the DQACs to the intended changes for smooth switch over to the New Standards. ➤ The exercise to develop Risk Management Mechanism in line with the New Standards has been initiated and would likely to be completed within coming months.
2)	Foreign Training through Economic Affairs Division (EAD) etc.	129 applications of Officers were processed, out of which 75 Officers were nominated and 54 Officers availed the Foreign training facilities.
3)	Local Training	210 applications of officers/officials were processed, out of which 188 Officers/Officials were nominated and 181 availed the inland/local training facilities.

4)	Quality Review Newsletter	14 th & 15 th Quality Review Newsletters for the period July – Dec, 2017 and Jan – June, 2018 were published.
5)	Customer Satisfaction Index (CSI)	Customer Satisfaction Survey for the period July, 2017 to June, 2018 was conducted to ascertain the Customer Satisfaction Index (CSI) of Finance Division, which remained above 80%.
6)	Revision of Job Descriptions (JDs)	<ul style="list-style-type: none"> ➤ The Job Descriptions (JDs) of each post/position from BS-17 to 21 of Finance Division are reviewed and revised in the wake of changing circumstances. ➤ Key purpose of JDs is to bring clarity in duties and responsibilities of a position, defining reporting mechanism and better performance management as well. ➤ During the year 2017-2018, the Job Descriptions (JDs) of ten (10) positions of Expenditure Wing and FA's Organization have been prepared/revised and distributed to all concerned.
7)	DQRC meetings of all Wings	<ul style="list-style-type: none"> ➤ Monthly Departmental Quality Review Committee (DQRDC) Meeting is one of the effective Quality assessment tool, which is meant to review in-house monitoring, strengthen internal systems, address resource needs and to look for opportunity for performance improvements etc. ➤ Seventy (70) DQRC Meetings of different Wings have been held during the year 2017-18. Keen watch is kept to ensure holding of such meetings on regular basis and compliance to the decisions thereon.
8)	Surveillance/ External Quality Audit	<ul style="list-style-type: none"> ➤ During the current Certification period (2016-2019), 2nd and 3rd Surveillance/External Quality Audit have been conducted by ISO Certification Agency in August, 2017 and March, 2018 respectively. ➤ Key objective was to evaluate/check the level of continued compliance and effectiveness of the Quality Management System of Finance Division (Main) against ISO 9001:2008 Standards. ➤ The Audit Report reflected good level of compliance and effectiveness of the Quality Management System and no Major Non-Conformity was identified.

9)	Internal Quality Audit	<ul style="list-style-type: none"> ➤ 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. ➤ Accordingly, 16th Internal Quality Audit has been successfully carried out by our experienced and trained Departmental Quality Assurance Coordinators (DQACs)/ Auditors in July, 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).
10)	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. ➤ Accordingly, 16th and 17th Work Efficiency Survey have been successfully conducted by our experienced Departmental Quality Assurance Coordinators (DQACs) in July, 2017 and February, 2018. ➤ The Survey results are published in Quality Review Newsletter and distributed to all concerned for taking appropriate action(s).

B&A SECTION:

TECHNICAL AND TOKEN SUPPLEMENTARY GRANT UNDER DEMAND NO. 29 FOR FY 2017-18

Sr. No.	Date	Amount(Rs.)	Department
1	25.10.2017	1,000	Finance Division (Main)
2	08.12.2017	2,000	
3	04.06.2018	37,013,000	
Total:		37,016,000	
1	25.10.2017	1,000	Finance Division (Military)
2	08.12.2017	1,000	
3	16.05.2018	1,000	
4	04.06.2018	617,000	

Total:	620,000	
Grand Total:	37,636,000	

**TECHNICAL AND TOKEN SUPPLEMENTARY GRANT UNDER DEMAND NO. 33 FOR
FY 2017-18**

S No.	Date	Amount (Rs.)	Department
1	25.10.2017	1,000	FTO, Islamabad
2	08.12.2017	1,000	
3	15.02.2018	40,373,000	
4.	04.06.2018	5,400,000	
Total:		45,775,000	
1	25.10.2017	1,000	FTO, Karachi
2	08.12.2017	1,000	
3	21.03.2018	4,579,000	
4	04.06.2018	7,000,000	
Total:		11,581,000	
1	10.11.2017	1,128,000,000	Lump provision for Relief
2	06.03.2018	3,207,800,000	
3	16.04.2018	4,311,000,000	
4	05.06.2018	1,500,000,000	
Total:		10,146,800,000	
1	30.05.2018	250,000,000	Grant in Aid to Saleem Memorial Trust Hospital, Lahore
Total:		250,000,000	
1	04.06.2018	100,000,000	Loss by Exchange
Grand Total:		10,454,156,000	

Re-appropriation of Finance Division(Main) under Demand No.29 FY 2017-18

Finalization of Revised Estimates 2017-18 & Budget Estimates For the Financial Year 2018-19 of Finance Division (Main) and its Departments.

Demand No. 29

(Rupees)

S No.	Date	Re-app. (-)	Re-app. (+)	
1	18.07.2017	1,500,000	1,500,000	Finance Division (Main)
2	31.08.2017	5,000,000	5,000,000	
3	26.09.2017	1,800,000	1,800,000	
4	11.10.2017	5,500,000	5,500,000	
5	08.12.2017	500,000	500,000	
6	22.12.2017	0	13,000,000	
7	12.01.2018	410,000	410,000	
8	24.01.2018	2,000,000	2,000,000	
9	16.05.2018	210,349,080	248,635,080	
10	16.05.2018	19,595,000	19,595,000	
11	21.06.2018	5,700,000	5,700,000	
Total:		252,354,080	303,640,080	
1	16.05.2018	45,650,000	63,928,000	Finance Division (Military)
Sub-Total:		45,650,000	63,928,000	
1	31.10.2017	2,484,000	2,484,000	Air Force (Peshawar)
2	15.02.2018	7,000	7,000	
3	13.03.2018	727,000	727,000	
4	05.06.2018	7,851,500	7,851,500	
Sub-Total:		11,069,500	11,069,500	
Grand Total (Military)		56,719,500	74,997,500	
1	22.12.2017 16.05.2018*	5,500,000	130,000*	Emb. Of Pakistan, Tokyo, Japan
2	16.05.2018	15,565,000		
Sub-Total:		21,065,000	130,000	
1	16.05.2018	14,215,000		Emb. Of Pakistan, Washington-DC, USA
2	22.12.2017	3,000,000		
Sub-Total:		17,215,000		
1	22.12.2017	4,500,000	318,000	Emb. Of Pakistan, Beijing, China
2	16.05.2018	8,636,000		
3	16.05.2018	18,596,000		
Sub-Total:		31,732,000	318,000	
Grand Total:		379,085,580	379,085,580	

Sr. No	Demand No.	Budget 2017-18	Budget 2018-19	Department
3	33	646,618,000	672,146,000	Finance Division (Main) Part-I
4	33	651,316,000	767,734,000	Finance Division (Main) Part-II
5	33	201,867,000	223,538,000	Finance Division (Military)
6	33	35,619,000	39,262,000	Economic Minister, Washington –DC, USA

7	33	28,123,000	32,529,000	Economic Minister Tokyo (Japan)
8	33	47,170,000	42,474,000	Economic Minister Beijing (China).
9	33	0	31,317,000	Economic Minister, London, UK
Total:		1,610,713,000	1,809,000,000	

Demand No. 33

Sr. No	Demand No.	Budget 2017-18	Budget 2018-19	Department
1	37	103,028,000	68,460,000	FTO, Islamabad
2	37	57,184,000	64,540,000	FTO, Karachi
3	37	52,000,000	52,000,000	Loss by Exchange
Total:		212,212,000	185,000,000	

Coordination-I Section:

S#	Main Tasks	Course of Action	Cases Received	Target achieved during the year 2017-18
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 / Notification / circulations are immediately forwarded to the attached departments / subordinate offices of Finance Division for further necessary action.	80	Circulated 80 Receipts.
2.	To ensure timely	Notifications received	318	318 Notifications

	publication of Notifications issued by Finance Division in Gazette of Pakistan.	from different Wings of Finance Division are forwarded to the PCPP, Karachi/Islamabad for publication in the Gazette of Pakistan.		forwarded to PCPP Karachi/Islamabad
3.	Obtaining information from Attached Departments/Subordinate Offices desired by following: - i. Establishment Division ii. Cabinet Division iii. Prime Minister's Office iv. Wafaqi Mohtasib v. Other Ministries /Divisions	To obtain information regarding different matters and submit consolidated replies to the concerned quarters.	16	80 cases Disposed Off.
			10	
			10	
			27	
			17	
4.	Provision of information regarding Dual Nationality of Government Servants to Honorable Supreme Court of Pakistan	It was desired by the Honourable Supreme Court of Pakistan that information in respect of all Cadre / Ex-Cadre / Regular / Contract Government Servants / Public Servants (BS-17 and above) be uploaded on the NADRA's Web Portal.	1	Data in respect of 35,000 (approx.) Officers of different Groups / Cadres, serving in this Division, its Attached Departments, Subordinate Offices, Autonomous / Semi-Autonomous Organizations was obtained and uploaded on the NADRA's Web Portal within the stipulated time.

Coordination-II Section:

S#	Main Tasks	Course of action	Cases received	Target achieved during the year 2017-18
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.	61	Disposed off 61 Cabinet 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.	38	Disposed off 38 ECC 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.	09	Disposed off 09 NEC 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.	14	Disposed off 14 ECNEC Decisions.
5.	Council of Common Interests (CCI) decisions received in the Section from Inter Provincial Coordination Division	The said decisions are immediately forwarded to the concerned Wings/ Offices for implementation report.	03	Disposed off 03 CCI 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.	14	Disposed off 14 CCLC Decisions.
7.	Cabinet Committee on China-Pakistan Economic Corridor (CCOPEC) decisions received in this Section from Cabinet Division.	The said decision is immediately forwarded to the concerned Wing/ Office for implementation report.	01	Disposed off 01 CCOPEC Decision.
Total Number of Decisions Disposed Off :				140

SERVICES SECTION:

Purchase of Physical Assets / Computer Accessories.

160 Software (Computers), 02 Colour Printers, 60 Desktop Computers, 60 Black & White Printers, 06 Fax Machines, 07 Laptop Computers, 03 Refrigerators, 30 Bracket Fans, 20 Exhaust Fans, 15 Electric Fan Heaters, 02 AC'S Split, 35 Electric Heaters & 11 Microwave Ovens were purchased after meeting all codal formalities.

Purchase of Furniture & Fixture.

34 Executive/Officer Revolving Chairs, 34 Visitor Chairs, 01 Computer Table, 27 Almira/Cabinet, 01 Sofa Five Seater, 01 Computer chair, 05 Officer Tables & 01 Carpet were purchased alongwith wooden paneling of AC Ducts.

Purchase of Vehicles.

01 Toyota Altis (1600cc), 03 Toyota Corolla (1300cc), 01 Suzuki Cultus (1000cc) & 02 Suzuki Bolan (800cc) were purchased during FY 2017-18.

Condemnation / Auction of Vehicles.

01 Toyota Coaster and 02 Suzuki Bolan were condemned / auctioned after completing codal mechanism.

Purchase of Stationery / Miscellaneous.

Stationery/Miscellaneous items were purchased and provided on requisitions/need basis every month throughout the Financial Year.

Repair of Physical Assets / Machinery & Equipment.

All types of repair of Transport, Computers / Printers / ACs / Refrigerators / Sherrader Machines / Photostat Machines, Telephone and Fax Machines were carried out on receipt of requisitions.

Miscellaneous Work.

Cleanliness in "Q", "S" Block and FBC Building was ensured.

Arrangements for meetings with Officers of the other Ministries and with foreign dignitaries /delegations were made.

All Wings/Offices of Finance Division were facilitated before and during the Budget preparation / presentation in the Parliament till passage of Finance Bill for the Financial Year 2018-19.

Present System of the Quality Assurance Review Committee are supported.

Provision of Meal to the Late Sitting Staff.

Meal was arranged for officials / officers sitting late for official duty.

Logistic Support.

Logistic support was provided to Officials / officers for official duty during and after office hours. Timely despatch and distribution of official dak / letters was also ensured.

Council Section:

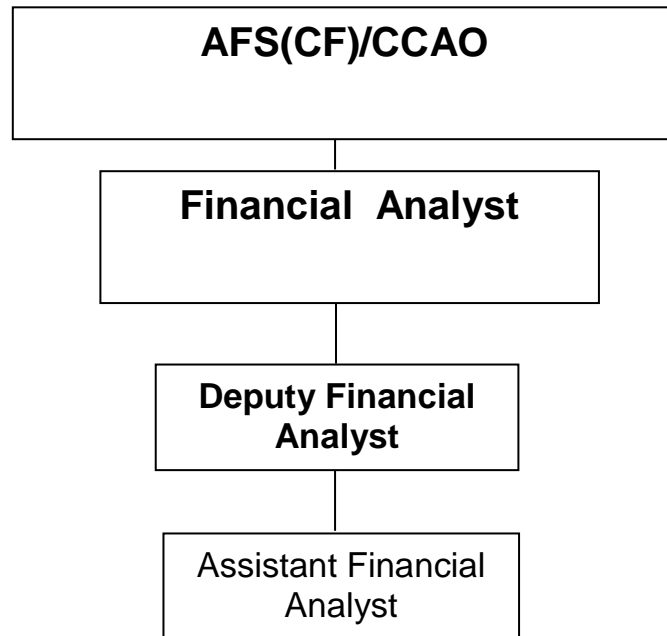
Council Section works directly under DS(Council) and efficiently manages the business of National Assembly and Senate. As the Finance Minister holds the portfolio of Ministry of Finance, Revenue & Economic Affairs, accordingly all the Business/Questions and Replies relating to these three Divisions are dealt in the Council Section. Council Section coordinates with these Divisions. 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 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.

LIBRARY:

- Following activities have been performed by Library of Finance Division during FY 2017-18:

S. No.	Nature of Cases	Number of Cases received (from July, 2017 to June, 2018)	Number of Cases Disposed Off
1.	Purchase of Books	2 cases (23 books)	2
2.	Technical processing of Books i.e. accessioning, cataloging, classification and computerization of books	1200 books	1200
3.	Issuance of Books	60 cases	60
4.	Receiving of Books	35 cases	35
5.	Issuance of NOC/NDC	35 cases	35
6.	Provision of Newspapers	120 cases	120
7.	Maintenance of record regarding Circulars, Office Orders & Notifications	320	320





NAME AND OFFICIAL TELEPHONE NUMBERS OF FINANCIAL ANALYST WING:

S#	Name of Officer	Designation	Telephone Number(Off)
1	Dr. Ahmed Mujtaba Memon	AFS(CF)/Chief Cost Accounts Officer	051-9203373
2	Ms. Sumaira K. Aslam	Financial Analyst	
3	Deputy Financial Analyst	Vacant	051-9202801
4	Assistant Financial Analyst	Vacant	

Introduction:

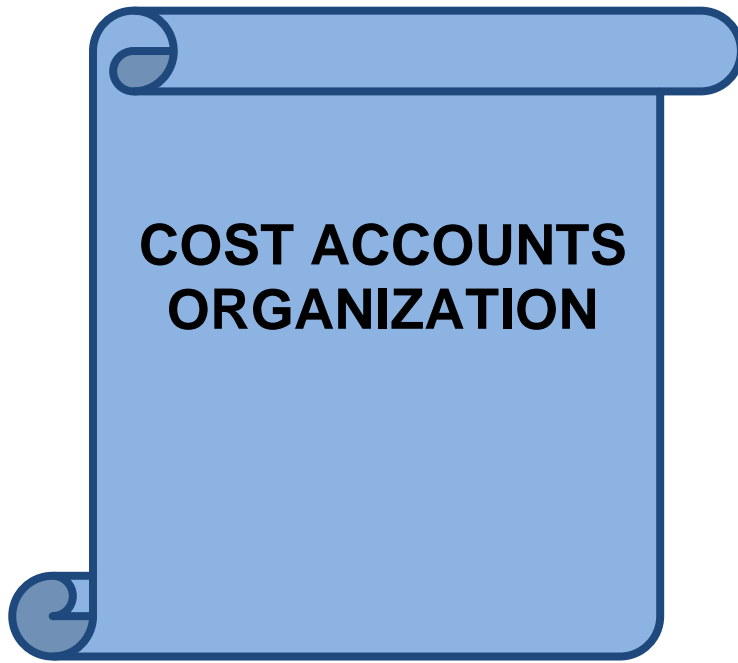
The Financial Analyst looks after the Government of Pakistan's interest by providing Financial and Cost Analysis of the Institutions where GoP's money is at stake. It further provides financial analysis to help the Government in placement of GoP funds by way of pointing out the risks involved on financial analysis and cost basis and perform the risk management for Government by analyzing complex financial data and extract relevant information for the purpose of determining financial performance.

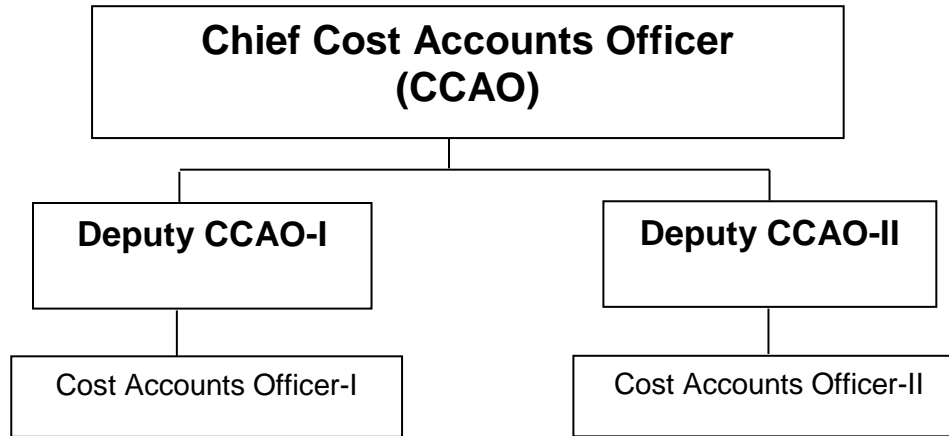
The Financial Analyst help improving laws to implement Fiscal Policy, review costs and perform cost benefit analysis where Government funds are involved, perform complex statistical, cost and financial analysis for data reported in the various accounting systems develops financial reports for forecasting, trending and result analysis.

Functions

Some major functions of this office are as follow:

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





NAME AND OFFICIAL TELEPHONE NUMBERS OF OFFICERS OF CCAO WING:

S#	Name of Officer	Designation	Telephone Number(Off)
1	Dr. Ahmed Mujtaba Memon	Chief Cost Accounts Officer	051-9203373
2	Ms. Sumaira K. Aslam	Deputy Chief Cost Accounts Officer-I	051-9202801
3	Vacant	Deputy Chief Cost Accounts Officer-II	
4	Mr. Irfan Saleem Chaudhry	Cost Accounts Officer-I	051-9203155
5	Vacant	Cost Accounts Officer-II	

Introduction:

Cost Accounts Organization (CAO) is an integral part of Finance Division. This Organization consists of Chief Cost Accounts Officer (CCAO), Deputy Chief Cost Accounts Officer (DCCAO) and Cost Accounts Officer (CAO) who are involved in cost analysis of all proposals referred by Cabinet, ECC, Federal Ministries, Divisions and 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.

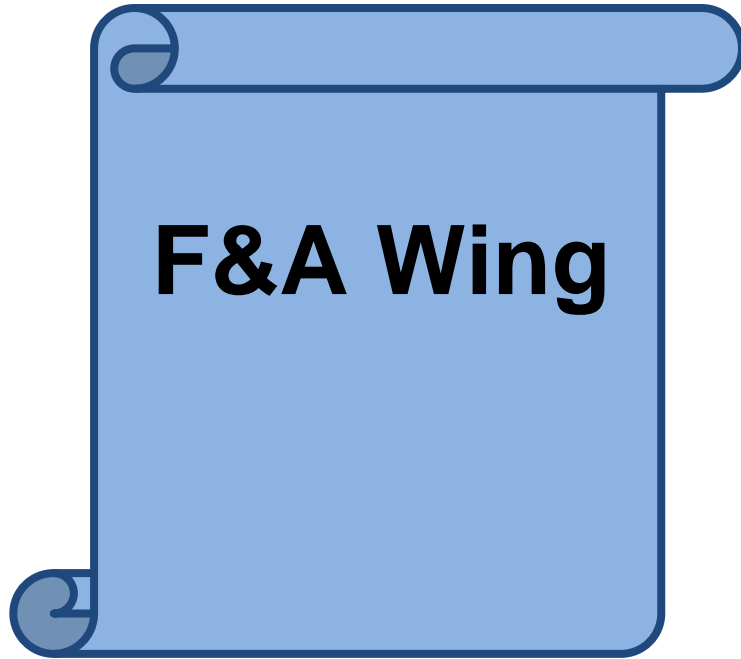
Functions

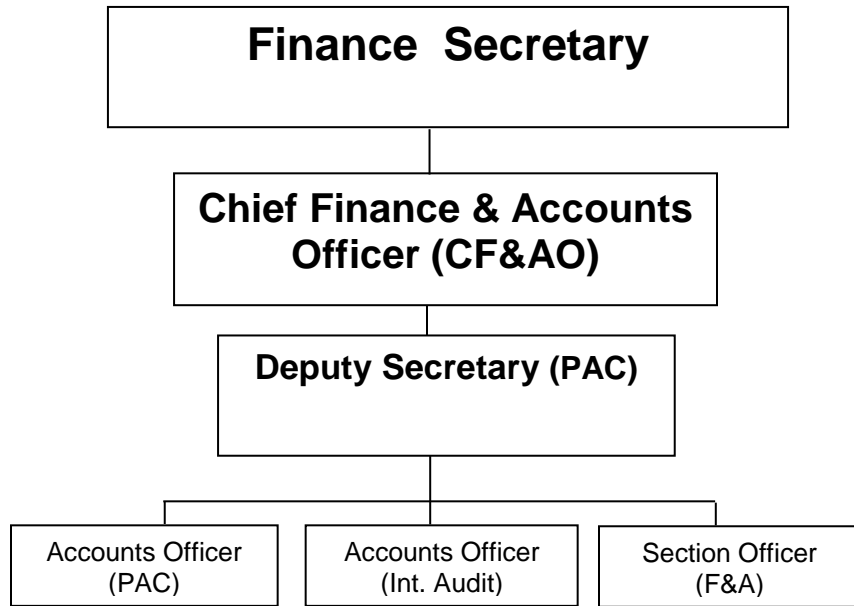
It performs the following functions: -

1. Review and analysis of annual Accounts of gas producing companies.
2. Determination of well-head gas.
3. 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.
4. 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.
5. Coordination of the activities of Institute of Cost and Management Accountants of Pakistan (ICMAP) by acting as member of the Council through Government nomination. Functional matters of the ICMAP such as grant-in-aid, seminars.
6. Subsidy/Losses verification of cases of NFC units, PSPC, PASSCO and other Organizations.
7. Cases referred for advice by Financial Adviser (Industries & Production), Financial Adviser (Food & Agriculture, Health, Information & Broadcasting and

Religious Affairs), Financial Adviser (Education, Culture, Sports Tourism, Commerce).

8. Acts as Member/Chairman of various Committees/Groups etc. constituted by Government from time to time.





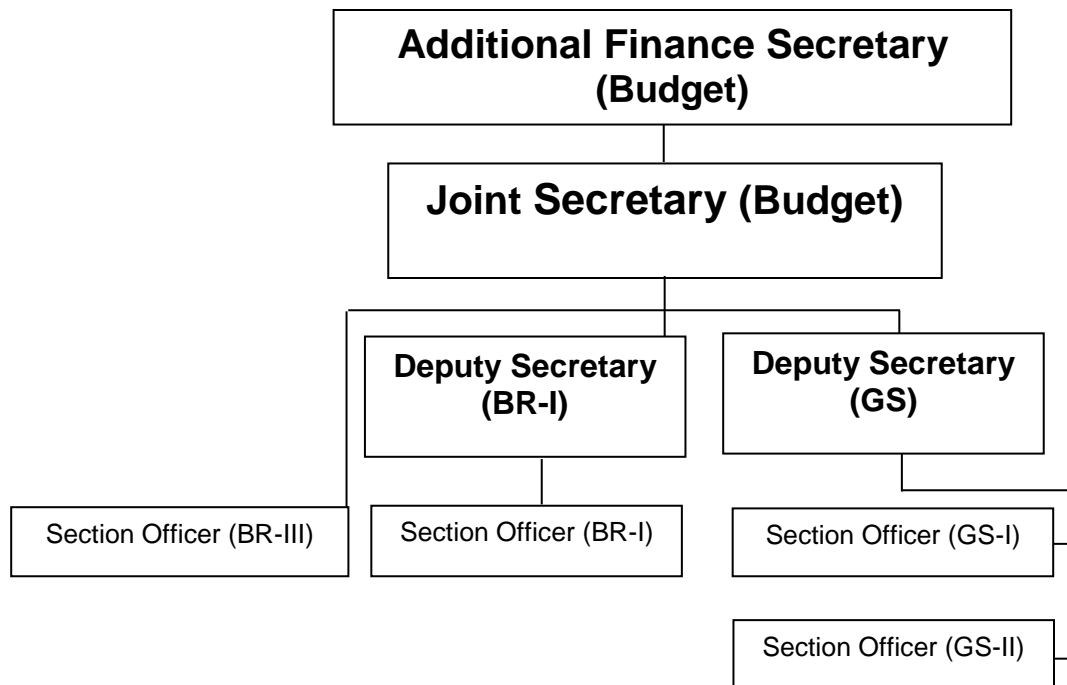
NAME AND OFFICIAL TELEPHONE NUMBERS OF OFFICERS OF CF&AO WING:

S#	Name of Officer	Designation	Telephone number(Off)
1	Mr. Mohammad Younus Dagha	Finance Secretary	051-9202373
2	Mr. Shahzad Iqbal Rana	Chief Finance & Accounts Officer	051-9209281
3	Mr. Muhammad Saleem	Deputy Secretary (PAC)	051-9209285
4	Mr. Shafqat Mahmood	Accounts Officer (PAC)	051-9209663
5	Mr. Ansar Mehmood	Section Officer (F&A)	051-9202877
6	Mr. Ghaffar ul Haq	Accounts Officer (Internal Audit)	051-9209672

Finance and Accounts Wing

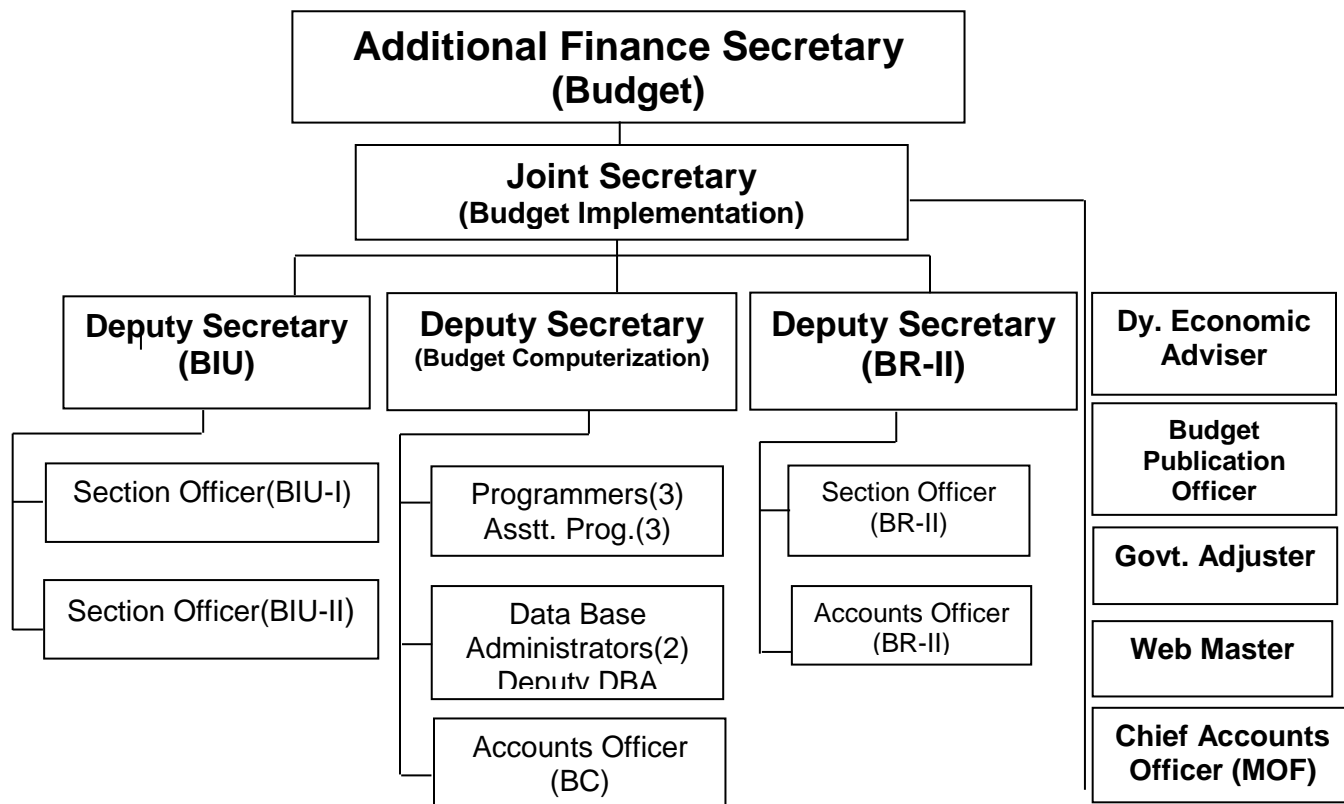
S#	Detail of Activities	Achievements and Progress
1	Coordination/Compilation of reconciliation statement of accounts in respect of Demand for Grants of Finance Division during the Financial Year 2017-18	Successfully coordinated/compiled and submitted to concerned quarters
2	Performance Monitoring for the financial year 2016-17 regarding actual expenditure for the year 2016-17 and Goals and Targets achieved by the Finance Division during the Financial Year 2017-18	Target was successfully achieved and submitted to the Budget Wing for discussion in Priorities Committee Meetings.
3	Collection of Data and compilation Green Book (2018-21)	Target was achieved successfully
4	Scrutiny of budgetary proposals including BOs/NISs (2018-19) in respect of Demands for Grants relating to Finance Division	Successfully achieved the targets and submitted to the concerned quarters
5	Arrangements of DAC meetings to discuss the Audit Reports/Special Audit Reports and Appropriation of Accounts of Finance Division and its Organizations.	Successfully conducted 22 DAC meetings during the Financial Year 2017-18, issued minutes for taking corrective measures in the light of DAC Directives.
6	Conducting of Internal Audit of Finance Division Main/Military and its attached entities during the Financial Year 2017-18	Successfully conducted internal Audit of 21 entities and issued Final Internal Audit Reports for taking necessary corrective measures during the year 2017-18.





NAME AND OFFICIAL TELEPHONE NUMBERS OF OFFICERS OF BUDGET WING:

S#	Name of Officer	Designation	Telephone Number(Off)
1	Mr. Naveed Alauddin	Additional Finance Secretary (Budget)	051-9202083
2	Mr. Abrar Ahmad Mirza	Joint Secretary (Budget)	051-9201854
3	Mr. Nayyar Nadeem	Deputy Secretary (GS)	051-9209318
4	Mr. Shamim ur Rehman	Deputy Secretary (BR-I)	051-9209221
5	Mr. Ali Idrees	Section Officer (GS-I)	051-9204700
6	Mr. Fahad Ahmed	Section Officer (GS-II)	051-9204799
7	Mr. Anwal-ul-Haq Satti	Section Officer (BR-II)	051-9209221
8	Ms. Ayezza Sattar	Section Officer (BR-III)	051-9209209



NAME AND OFFICIAL TELEPHONE NUMBERS OF OFFICERS OF BUDGET IMPLEMENTATION WING:

S#	Name of Officer	Designation	Telephone number(Off)
1	Mr. Naveed Alauddin	Additional Finance Secretary (Budget)	051-9202083
2	Mr. Javed Iqbal Khan	Joint Secretary (Budget Imp)	051-9218838
3	Mr. Sajjad Azhar	Deputy Secretary (BR-II)	051-9209346
4	Ch. Saad Ghani	SO(BR-II)	051-9217852
5	Ms. Noor ul Ain Aftab	SO(MTBF)	051-9217852
6	Mr. Atta Ullah Khattak	DEA(BIU)	051-9217881
7	Mr. Rashid Ahmed	SO(BIU-I) A.D	051-9202910
8	Mr. Naimatullah Khan	SO(BIU-II)	051-9204675
9	Mr. Muhammad Tariq	SO(Adjuster)	051-9208135
10	Mr. Waheed Ahmad	Chief Accounts Officer	051-9209778
11	Dr. Syed Nayyar Shah	BPO	051-9210012
12	Ms. Asma Malik	Director/Programmer(BC) current charge	051-9209587
13	Mr. Gul Muhammad Shah	Programmer(BC)	051-9218834
14	Vacant	Database Administrator	051-9209347
15	Mr. Arfan Ali Soomro	Assistant Programmer	051-9209572
16	Mr. Ahmad Shah	Assistant Programmer	051-9209572
17	Mr. M Arshad Majeed	Programmer (IT)	051-9203405
18	Mr. Ahsen Azim	System Network Administrator	051-9058318
19	Mr. Adnan Muazzam	Asstt. Network Administrator	051-9058318
20	Syed Sagir-ud-Din	St. Network Administrator	051-9058618
21	Mr. Rana Muzaffar Ahmad	AO(BC)	051-9218834
22	Mr. Atiq ur Rehman	AAO(BC)	051-9209203
23	Mr. Zahid Rashid	SAPS Basic Expert	051-9221963
24	Mrs. Nadra Perveen	Superintendent (BC)	051-9209203

Budget and its Functions:

Budget is a document which, once approved by the Parliament, authorizes the Government to raise revenues, incur debts and effect expenditure 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 individual 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 Public Sector Development Program (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 its 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, 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 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 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, 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. The non tax receipt is submitted to the Budget Wing by the various Ministries/Divisions and Departments where as the external receipts 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 time table for the consideration of the Annual Budget by the National

Assembly. The Secretary of the Assembly shall intimate the time-table 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 extend 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 2017-18

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 2017-18 is given below:

(Rs. In Billion)

Description	Budget Estimates 2017-18	Actual Jul-June 2017-18
Total Revenue	6,167.2	5,228.0
Tax Revenue	4,912.5	4,467.2
Federal	4,330.5	4,065.8
Provincial	582.0	401.4
Non-Tax Revenue	1,254.7	760.9
Federal	965.7	614.2
Provincial	289.0	146.7
Total Expenditure	7,646.8	7,488.4
Current	5,393.9	5,854.3
Out of which		
Mark-up Payments	1,363.0	1,499.9
Defence	920.2	1,030.4
Development & Net Lending	2,252.8	1,621.7
Statistical Discrepancy	0.0	12.4
BUDGET DEFICIT	1,479.6	2,260.4
As % of GDP	4.1%	6.6%
FINANCING	1,479.6	2,260.4
External	511.4	785.2
Domestic	968.1	1,475.2
Non-Bank	528.0	352.7
Bank	390.1	1,120.5
Privatization Proceeds	50.0	
		2.0
As % of GDP		
Total Revenue	17.2%	15.2%
Tax Revenue	13.7%	13.0%
Federal	12.1%	11.8%

Provincial	1.6%	1.2%
Non-Tax Revenue	3.5%	2.2%
Federal	2.7%	1.8%
Provincial	0.8%	0.4%
Total Expenditure	21.3%	21.8%
Current Expenditure	15.0%	17.0%
Out of which		
Mark-up payments	3.8%	4.4%
Defence	2.6%	3.0%
Development and Net Lending	6.3%	4.7%
GDP	35919	34396
Budget Deficit (As % of GDP)	4.1%	6.6%

CENTRAL DIRECTORATE OF NATIONAL SAVINGS

Central Directorate of National Savings (CDNS) is an Attached Department of the Finance Division, with a vision to “Promote and Inculcate the value of thrift for Mobilization of Savings” and a mission to “be the preferred institution for small savers to facilitate objective of financial inclusion”.

Over a period of last one decade, National Savings has transformed itself from a mere debt raising arm of the Government of Pakistan to a vibrant organization promoting Financial Inclusion and ensuring Social Safety Net for the most deserving segments of the society. This has recently been recognized in the form of an award for being the Best Financial Inclusion Organization, 2017 by the CFI. Co UK. National Savings manages schemes for almost every segment of the society including widows, senior citizens, retired persons, students, and recently has included disable persons and family persons of the civilians and armed forces martyrs. National Savings is also in the process of providing Overseas Pakistan a safest mode of investment in their home country and launch a Sharia-compliant Islamic Window for those Investors who seek to invest in the non-conventional investment schemes.

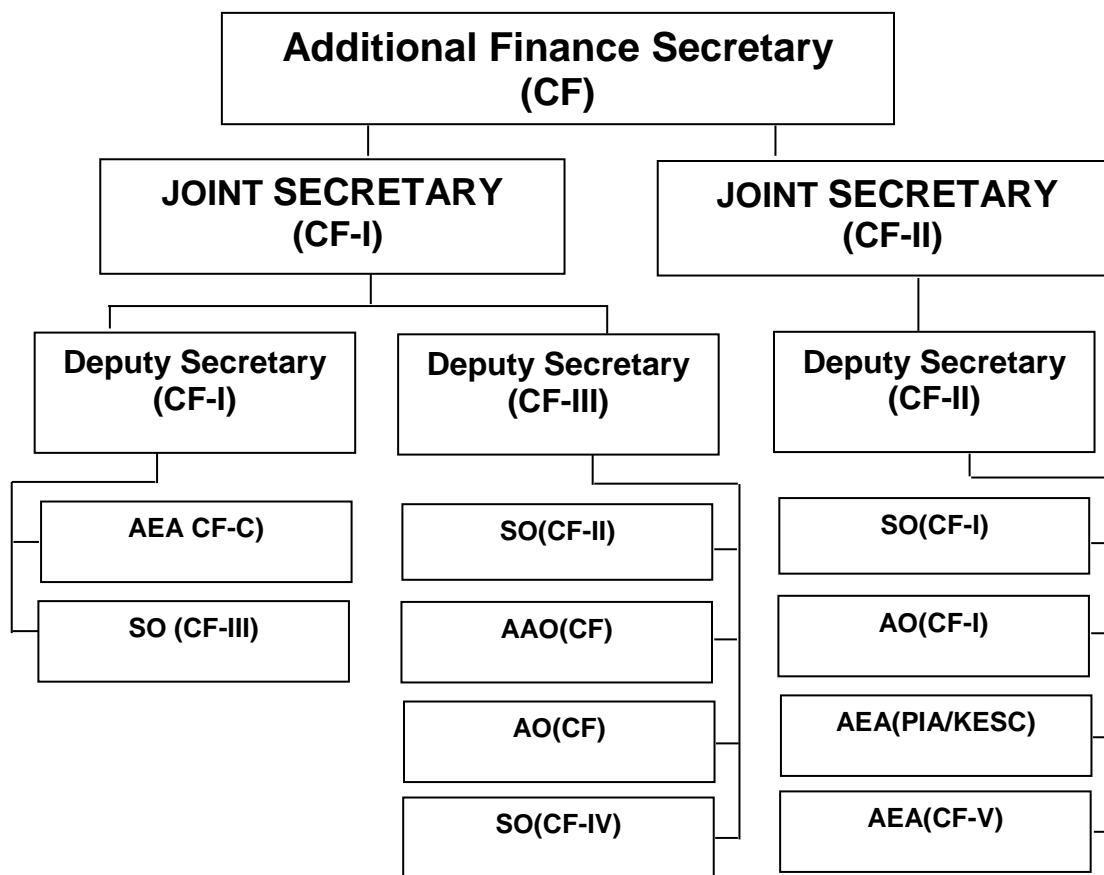
National Savings has a network of 427 offices comprising 12 Regional Directorates, 16 National Savings Treasuries, 376 National Savings Centers, 01 Directorate of Inspection and Audit, 07 Zonal Inspection and Accounts Offices, 12 Regional Accounts Offices and 02 Training Institutes. Details of the existing National Savings Schemes are tabled below:

Name of Scheme	Mark-up/Profit Rate effective from 01-11-18	Maturity Period	Tax Status
Defence Savings Certificates	10.03% p.a.(m)	10 Years	Taxable
Special Savings Certificates (Regd.)	8.83% p.a	3 Years	Taxable
Regular Income Certificates	9.72% p.a	5 Years	Taxable
Savings Account	7.00% p.a	Running Account	Taxable
Pensioners' Benefit Account	11.88% p.a.	10 Years	Tax exempt
Bahbood Savings Certificates	11.88% p.a.	10 Years	Tax exempt
Shuhada's Family Welfare Account	11.88% p.a	10 Years	Tax exempt
Prize Bonds	10.00% p.a		Taxable
National Savings Bonds	12.60% p.a	10 Years	Taxable
Short Term Savings Certificate			
STSC 3 Months	8.28% p.a(m)	3 Months	Taxable
STSC 6 Months	8.38p.a.(m)	6 Months	Taxable
STSC 12 Months	8.48% p.a.(m)	12 Months	Taxable

Investment Performance During F.Y 2017-18

The revised gross and net investment targets of National Savings Schemes for FY 2017-18 were pitched by the Finance Division at Rs. 1,046,151 million & Rs. 154,834 million respectively. Despite of the stiff competition being faced in the wake of vibrant financial sector, the CDNS has successfully mobilizing gross receipts of Rs. 1,368,226 million and net receipts of Rs. 202,762 million during FY 2017-18 against the set target. National Savings net stocks stands at Rs. 3,6267.33 billion as of June 30, 2018.





NAME AND OFFICIAL TELEPHONE NUMBERS OF OFFICERS OF CF WING:

S#	Name of Officer	Designation	Telephone Number(Off)
	Dr. Ahmad Mujtaba Memon	Additional Finance Secretary (CF)	051-9203373
1	Dr. Imranullah (Look after)	Joint Secretary (CF-I)	051-9203929
2	Mr. M. Anwar Sheikh	Joint Secretary (CF-II)	051-9211971
3	Dr. Imranullah	Deputy Secretary (CF-I)	051-9203929
4	Mr. Shahnaz Akhtar	Deputy Secretary (CF-II)	051-9202063
5	Mr. M. Pervaiz Alam	Deputy Secretary (CF-III)	051-9201998
6	Mr. Muhammad Bilal	Section Officer (CF-I)	051-9205976
7	Mr. Rameez Azam	Section Officer (CF-II)	051-9209462
8	Ms. Misbah ur Rehman	Section Officer (CF-III)	051-9209465
9	Mr. Arshad Mehmood Mirza	Section Officer (CF-IV)	051-9214557
10	Mr. Allah Nawaz	Section Officer (CF-V)	051-9208221
11	Mrs. Zobia Neelum	Research Officer (CF-C)	051-9208219
12	Mrs. Benish Rehman	Research Officer (PIA/KESC)	051-9217859
13	Mr. Muhammad Asghar	AO(CF)	051-9203008
14	Mr. Fazal Kareem Babu	AAO(CF)	051-9058611

CF-I Wing

The Corporate Finance Wing looks after the economic, financial and corporate affairs of various Public Sector Entities (PSEs). The financial support is provided to the PSEs for their financial and operational restructuring to make them sustainable entities. In this connection, GOP grants, loans and equity investment are provided for their financial requirements as well as to meet any shortfall. The PSEs are also allowed to avail Bank Credit to meet their financial requirements under GOP guarantees.

2. The CF-C Section provides funds in the form of subsidy to the PSEs i.e. TCP, USC and PASSCO on account of price difference due to subsidized sale of commodities under GoP decisions. In addition to this, cash credit limits are allowed in favor of these entities to finance their procurement of different food and crop items. Brief position of the financial support provided to the corporate sector during the FY 2017-18 is as under:-

(Amount in Rupees)

S#	Particulars	Released 2017-18
1.	ID-9318 Reimbursement to PASSCO on account of donation of wheat by the Government of Pakistan	1,299,944,961
2.	ID-0946 Reimbursement of Subsidy to PASSCO on account of Wheat Operations	100,055,039
3.	ID-5419 Wheat Reserve Stock	2,000,000,000
4.	ID-8882 Payment of subsidy to PASSCO on account of wheat supplied to Gilgit Baltistan (arrears)	5,631,500,000
5.	ID-3081 Subsidy to USC for Ramzan Package	1,813,393,642
6.	ID-5248 Subsidy to USC for payment of sugar arrears	2,000,000,000
7.	ID-3848 Subsidy to USC on account of sale of Pulses, Rice, Tea etc at subsidized rates	500,000,000
8.	KA-1267 Support for Wheat/Flour Export	2,000,000,000
9.	KA-1268 Support for Sugar Export	3,000,000,000

3. The CF-III Section implements the Government's decisions in respect of duty drawback support to Textile and Non-Textile Sector. The Prime Minister's Exports Package was announced in January 2017 in view of exports stagnation due to multiple reasons such as overvalued exchange rate, structural barriers like power shortages, irrational tariff structures etc. Keeping in view the positive impact of the Prime Minister's Exports Package, the terms of the Package were revised from July, 2017 to June, 2018 for further facilitation of exporters. Moreover, an additional duty drawback of 2% was

also provided for non-traditional markets to give boost to exports. The releases made during FY 2017-18 and allocation for FY 2018-19 for the PM's Package is as under: -

(Rs in Million)		
Particulars	Releases 2017-18	Budget 2018-19
Duty Drawback of Taxes Order, 2016-17 (PM's Package)	22,500	10,000
Duty Drawback of Taxes Order, 2017-18 (Revise- PM's Package)	2,600	
Drawback of Local Taxes and Levies (Non Textile) Order, 2017 (PM's Package)	2,627	4,000

4. The ECC of the Cabinet approved Textile Policy 2014-19 on 04.02.2015. The Drawback of Local Taxes and Levies (DLTL) was major part of this Policy according to which the DLTL would be given to exporters of textile products on FOB values of their enhanced exports and on an incremental basis if increased beyond 10% over previous years exports at the following rates:-

- Garments 4%
- Made ups 2% and
- Processed Fabric 1%

The releases made during FY 2017-18 and allocation for FY 2018-19 for the Textile Policy 2014-19 are as under: -

(Rs in Million)		
Particulars	Releases 2017-18	Budget 2018-19
Textile Policy 2014-19	2,373	6,000

5. In order to achieve macro-economic stability, the Commerce Division formulated Strategic Trade Policy Framework, 2015-18 with the aim to achieve US\$ 35 billion annual exports, which was approved by the Prime Minister in March, 2016. The releases made during FY 2017-18 and allocation for FY 2018-19 for the Strategic Trade Policy Framework 2015-18 are as under: -

(Rs in Million)		
Particulars	Releases 2017-18	Budget 2018-19
Strategic Trade Policy Framework	500	4,000

6. The CF-III Section also implemented Government decisions to provide financial support to various Corporations / Entities under the administrative control of Ministry of Industries & Production during FY 2017-18 and allocated funds for FY 2018-19 as under: -

(Rs in Million)		
Particulars	Releases	Budget

	2017-18	2018-19
Loan to Pakistan Steel Mills	4,560	4,000
State Engineering Corporation	38.150	20
Loan to Printing Corporation of Pakistan	1,576.5	-
Loan to Pakistan Machine Tool Factory	300	-

7. The Federal government has been injecting investment in the Share Capital of Financial / Non financial institutions for broadening the GoP network of non tax receipts. On account of non tax receipts, the GoP has received dividends on its investment during last two years which are given as under:-

(Rs.in Million)

Description	Budget FY 2017-18	Receipt FY 2017-18
Financial Institution	795.000	847.651
Non-Financial Institutions	92,487.500	56,606.170
Total:	93,282.500	57,453.821

8. Additionally, the Federal Government has also been granting interest bearing loans to various institutions to finance their projects. The details of these loans provided during last year are as under:-

Organization	Budget FY 2017-18	Receipt FY 2017-18
WAPDA (Power Wing)	11,872.958	0
DISCO's	2,499.086	231.123
GENCO's	6,015.610	37.224
WAPDA (Water Wing)	318.583	318.583
Pakistan Broadcasting Corp.	268.583	58.000
National Highway Authority	43,7040215	58,803.274
CDA	350.00	0
Heavy Mechanical Corporation	38.069	0
State Engineering Corporation	18.464	0
Lahore Garment City	673.173	0
PTV	58.753	0
Total	65,817.399	59,448.204

9. Main achievements of CF-II section in financial year 2017-18 are as under:-

- i. Last fiscal year witnessed surge in non-tax revenue collection from NHA which was around Rs.71.080 billion compared to Rs.50.552 billion in financial year 2016-17.

- ii. PSDP amounting to Rs.199.130 billion was released to NHA in the form of Cash Development Loan in financial year 2017-18.
- iii. Rs.300.00 million were collected on account of interest liabilities of Pakistan Railways, and Rs.38.5 billion were provided to the PR as subsidy to meet its losses

CF-II WING

Power and Water Sector

Energy supply is life line of the country's economy. To overcome electricity crisis, the Government is working on multi-pronged strategy including development of Power Projects based on indigenous resources both in public and private sector. The planned expansion in the generation capacity also requires matching transmission infrastructure. Hence the Government has also initiated development of new transmission lines through NTDC.

2. The Government has accorded due attention to develop mega Hydel power projects including DASU and Neelum Jhelum and also supporting renewable energy projects under Power Policy 2015. Besides, the Government is closely monitoring power projects' which are expected to **add cumulative capacity of over 10,000 MW.**

3. The Power Policy 2015 also encourages Provincial Governments, AJK and GB to prepare their own policies for development of power projects. Accordingly, respective federating units are also making meaningful strides for development of power projects and Federal Government is providing them all out support.

4. A brief account of financial support to power sector provided by the Government during FY 2017-18 is as under:-

- **Rs.84 billion** has been released on account of tariff differential subsidy to power sector as of 30th June, 2018.
- Due to financial crunch in Power Sector, equity of **Rs.20 billion** was injected in DISCOs through CPPA-G as approved by the ECC.
- **Rs.2.1 billion** has been released as Cash Development Loans (CDL) for the projects RBOD-I & RBOD-III through WAPDA (Water).
- In addition to above, the following support has been extended to PSEs working in Power Sector in the shape of issuing sovereign guarantees/Letter of Comfort against commercial financing from local banks:
 - i. GoP guarantee for financing of **Rs.180 billion** to Power Holding (Pvt.) Limited.
 - ii. Revised GoP guarantee for **Rs.30.950 billion** to PHPL.
 - iii. GoP guarantees for commercial financing of **Rs.38.12 Billion**, to WAPDA.
 - iv. Letter of Comfort for financing of **Rs.42.032 Billion**, to WAPDA for payment of Net Hydel Profit (NHP) to the Governments of KPK and Punjab.

5. The financial support provided by Ministry of Finance to distribution companies and new power projects is thereby helping to reduce the power outages in the country by adding up additional power in the national grid. Not only that the same has also enabled the power sector companies in ensuring incessant power supplies to the industrial sector.

Energy Sector:

Following Financing Facilities were provided in Energy Sector:

- 1) Rs. 52.0 billion GoP Guarantee for Thar Coal Mining and Power Project was issued in January, 2016.
- 2) Rs. 10.1 billion financing with GoP Guarantee has been provided for North South Gas pipeline project.
- 3) Rs. 54.670 billion GoP Guarantee for the Infrastructure Development Pipeline Project of M/s SNGPL has been issued.
- 4) Rs. 39.800 billion GoP Guarantee for the Infrastructure Development Pipeline Project of M/s SSGCL has been issued.

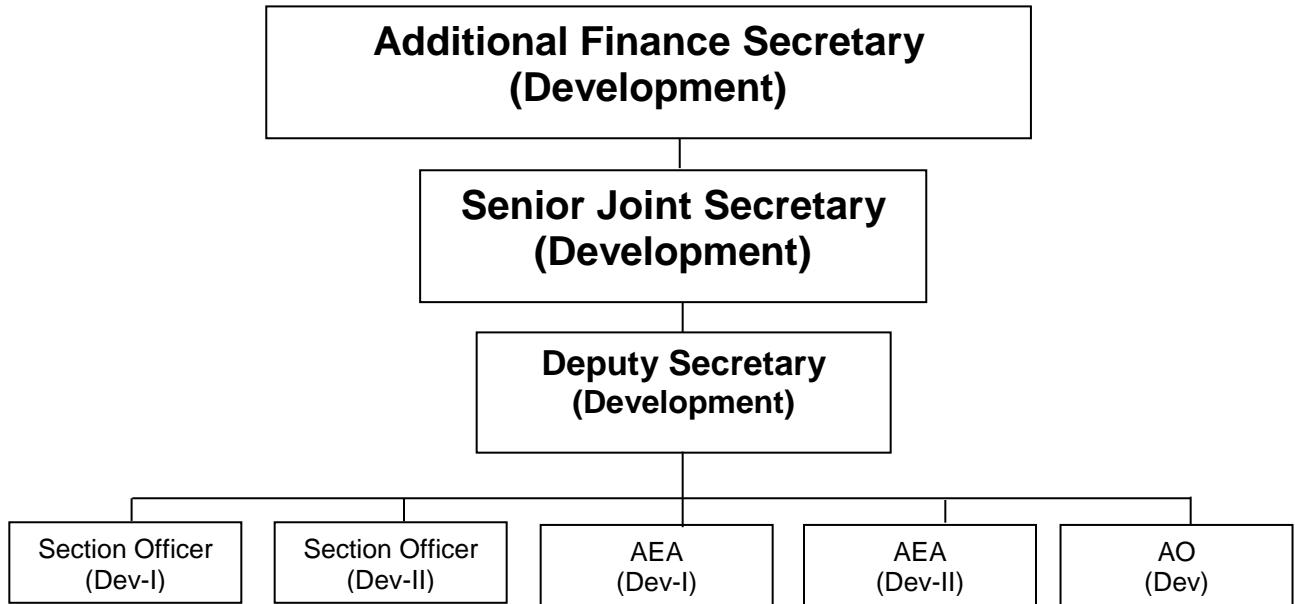
2. Rs. 25 billion was earmarked for FY 2016-17 for TAPI/IP projects through GIDC. In CFY, Rs. 5.0 billion has been allocated for the purpose.

3. Policy measures and necessary actions taken by the Government have visibly improved the performance of Energy Sector. The Government aims to take further initiatives for maintenance of sustainable energy level on long term basis.

PIAC

PIA is a national flag carrier of Pakistan. The airline has been recurring liquidity crises for last several years. Finance Division is providing financial support to PIA to meet their financial requirement. This support mainly includes provision of GoP guarantees for local and foreign currency loans from financial institutions. The guarantees are provided after getting the approval of ECC of the Cabinet. ECC in its meeting dated 11-5-2018 has approved the increase in GoP guaranteed limit upto PKR 20 billion from PKR 175.085 billion to PKR 195.085 billion to cater for immediate financial needs of PIACL.





NAME AND OFFICIAL TELEPHONE NUMBERS OF OFFICERS OF DEVELOPMENT WING:

S#	Name of Officer	Designation	Telephone Number(Off)
1	Dr. Arshad Mahmood	Additional Finance Secretary (Dev)	051-9202576
2	Dr. Nawaz Ahmad	Sr. Joint Secretary(Development)	051-9208066
3	Mr. Ghulam Farooq	Deputy Secretary (Dev)	051-9213764
4	Dr. G.M Mahmoodi	Section Officer (Dev-I)	051-9204512
5	Mr. Nisar Ahmed Panezai	Section Officer (Dev-II)	051-9203592
6	Mr. Muhammad Shahzad Rafiq	Asstt. Eco. Adviser(Dev-I)	051-9213760
7	Mr. Zulfiqar Ali Kehar	Asstt. Eco. Adviser(Dev-II)	051-9217799
8	Mr. Muhammad Bashir	Accounts Officer (Dev)	051-9202336

Development Wing of Finance Division is responsible for following:

- a. Coordination with regards to Public Sector Development Programme (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).

2. During the FY 2017-18, the Development Wing represented Finance Division in one hundred thirty three (133) Pre-CDWP and twenty six (26) Post-CDWP meetings held by PD&R Division to discuss / recommend / rationalize the cost of the PSDP projects.

3. During the period fourteen (14) CDWP, and ten (10) ECNEC meetings were held. The Development Wing examined / prepared briefs for the aforementioned meetings.

4. The Project Directors of respective Projects are responsible for the expenditure incurred on the PSDP projects. The Development Wing coordinates / facilitates in the allocation and release of funds to the projects. The project wise allocation and release of funds during FY 2017-18 is as follows:-

(Rs. In million)

Sr. No.	Name of the Project	PSDP Allocation 2017-18	Amount released FY 2017-18
1.	Automation Project of CDNS (Phase-II)	202.106	79.396
2.	U-gradation of Finance Division's IT Infrastructure for Secure E-Governance Islamabad	59.633	41.740
3.	Institutional Strengthening Finance Division (ISFD)	24.000	22.056
4.	Debt Management Strengthening Programme (WB Grant)	100.000	33.32
5.	Assessing & Strengthening the Competition Regime in Pakistan	173.189	0.000

6.	Construction of Federal Audit Complex, Islamabad	100.000	9.000
7.	Construction of National Academy of Public Finance and Accountancy of Public Finance and Accountancy (NAPFA)	50.000	2.000
8.	Energization of Functionality of Construction / Extension of Audit House, Islamabad.	150.000	150.000
9.	Financial Inclusion & Infrastructure Project	50.000	9,107.049*
10	Modernization and Up-gradation of Pakistan Mint Lahore (PC-II Feasibility Study)	50.000	8.000

*\$75 million disbursed by World Bank for line of credit on 26.06.2018.

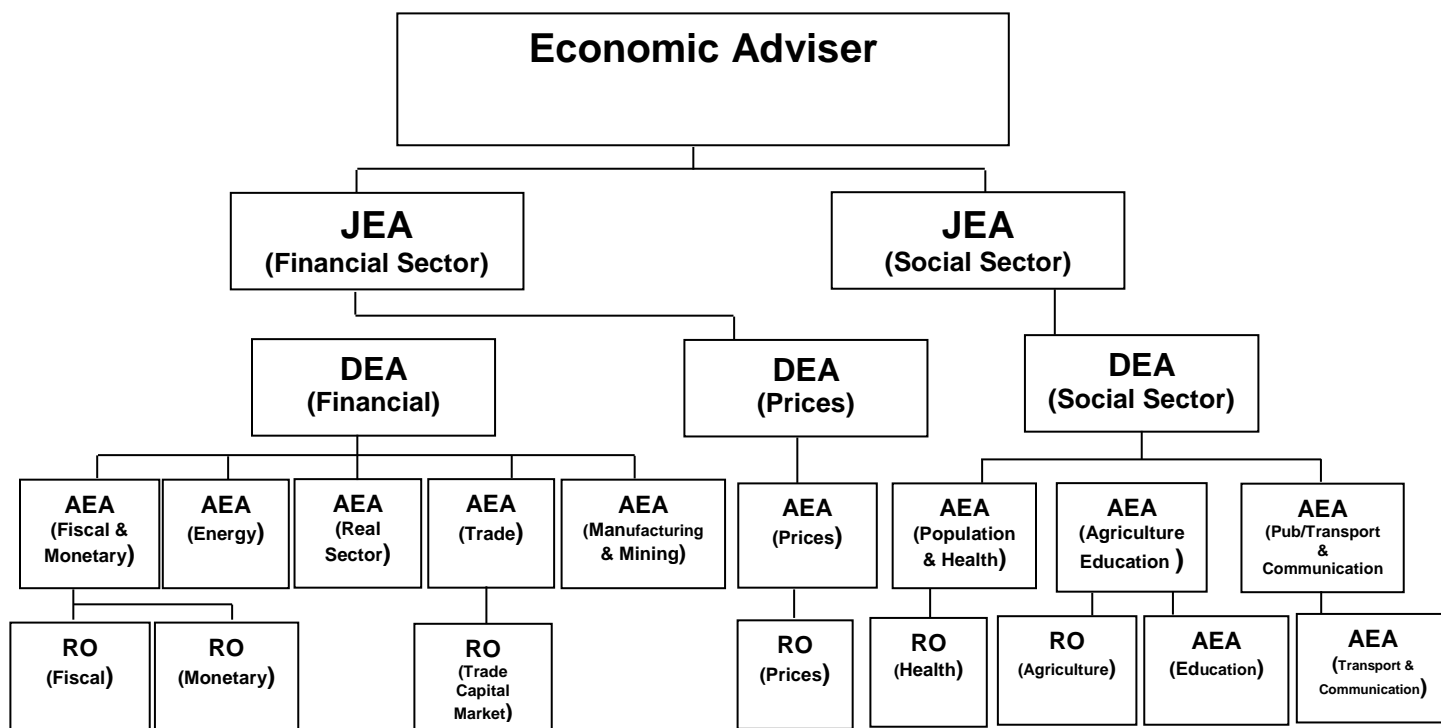
5. The Development budget of Higher Education Commission is kept in the Demand of Finance Division. The Development Wing is also responsible to facilitate release of PSDP fund of the Higher Education Commission (HEC).

(Rs. In million)

Sr. No.	Project Name	PSDP Allocation 2017-18	Total released FY 2017-18
1.	Higher Education Commission (HEC) Projects.	35,662.801	16,388.396



**ECONOMIC ADVISERS
WING**



NAME AND OFFICIAL TELEPHONE NUMBERS OF ECONOMIC ADVISER WING:

S#	Name of Officer	Designation	Telephone Number(Off)
1	Vacant	Economic Adviser	051-9202023 051-9203388
2	Mr. Sohail Hanif	Joint Economic Adviser	9209506
3	Mr. Muhammad Asif	Deputy Economic Adviser	9208217
4	Mr. Muhammad Shuaib	Assistant Economic Adviser	9209369
5	Mr. Attaullah Shah	Assistant Economic Adviser	9217866
6	Ms. Nazia Gul	Assistant Economic Adviser	9207377
7	Mr. Omer Farooq	Assistant Economic Adviser	9209235
8	Ms. Nargis Bano	Assistant Economic Adviser	9209547
9	Mr. Zilla Husnain	Assistant Economic Adviser	9201276
10	Mr. Muhammad Ashfaq	Assistant Economic Adviser	9220789
11	Ms. Tahira Islam	Assistant Economic Adviser	9209327
12	Ms. Samina Khatoon	Assistant Economic Adviser	9204056
13	Ms. Rabia Akbar	Research Officer	9217883
14	Ms. Sidra Saddiq	Research Officer	9217883
15	Mr. Asadullah Qureshi	Research Officer	9204916
16	Hafiz Syed Muhammad Azeem	Research Officer	9204916
17	Mr. Faheem Anwar	Web Master	9223998

Economic Advisers (EA) Wing is responsible for analysing and reporting economic situation of the country. The functions of EA Wing are as follows:

- Publication of annual Economic Survey of Pakistan and Statistical Supplement.
- Preparation of briefs/replies 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.
- 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 the Finance Minister and Finance Secretary on various economic issues.
- Submit position of Consumer Price Index (CPI) and price situation regularly to ECC of the Cabinet Division as and when it is demanded.
- Presentation to the ECC on Key Economic Indicators of the economy.

Performance during 2017-18

Economic Adviser's Wing during 2017-18 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 dimension of the economy during the year.

Economic Advisers 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.

Publication – Pakistan Economic Survey

Economic Adviser'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 2017-18, Pakistan Economic Survey and its highlights both in English and Urdu were published on 26th April, 2018 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](http://www.finance.gov.pk)). So far over 42,000 visitors accessed the document and around 3900 copies of Pakistan Economic Survey 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. Statistical Supplement of Pakistan Economic Survey consists the extensive data for the entire fiscal year, July-June along with data series of

several preceding years is also included. 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. This is a complete document on the economic data of the country that presents historical prospects of all the economic indicators. Data on each sector is received from the concerned organizations like State Bank of Pakistan, Pakistan Bureau of Statistics, Federal Board of Revenue and various Ministries/Divisions/Agencies & Departments. Statistical Supplement of the Pakistan Economic Survey 2016-17 was published on 26th December, 2017.

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, analysis of regional prices of consumer items.

National Price Monitoring Committee (NPMC) meetings

This committee is constituted under the Chairmanship of Secretary Finance since January 2011 to ensure stability in the prices of essential commodities. 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 monitor supply situation of essential food items on monthly basis. The committee is assigned to improve mechanism to mitigate the price pressure and to smooth demand supply position. This year, NPMC meetings were also held and the decisions taken therein were conveyed to the provincial governments, ministries and departments for their implementation.

Monetary and Fiscal Coordination Board meetings

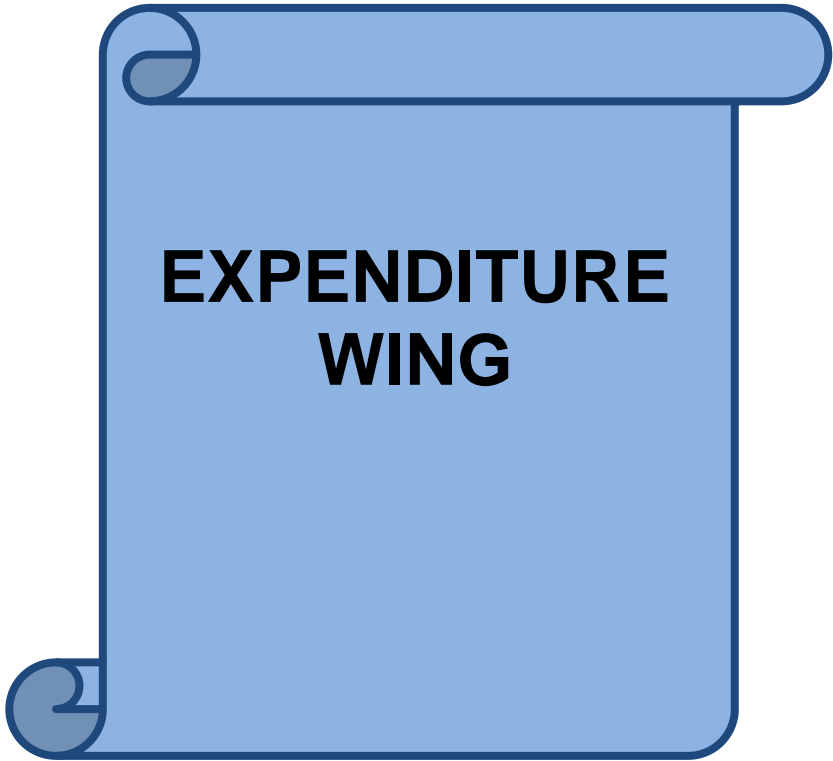
Economic Adviser's Wing also convened and act as secretariat of the Monetary and Fiscal Policies Coordination Board meetings to bring all the key decisions makers on same page and bring coordination between monetary, fiscal, growth and trade policies. Monetary and Fiscal Coordination Board meeting is 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 economist.

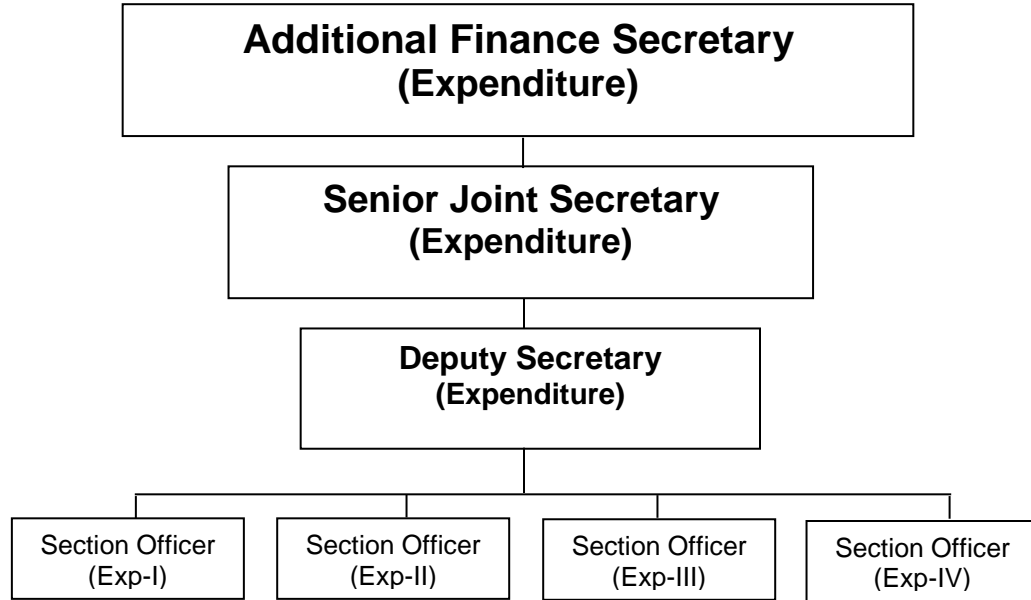
Parliament Business

A number of replies to the National Assembly and Senate Questions, Resolutions and Replies to the Motions were prepared for the Finance Minister/Parliamentary Secretary for Finance. Similarly, briefs and speeches for Finance Minister for different economic forum were also prepared.

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 FY2017 and FY2018. These estimates have been published in Pakistan Economic Survey 2017-18.





NAME AND OFFICIAL TELEPHONE NUMBERS OF OFFICERS OF EXPENDITURE WING:

S#	Name of Officer	Designation	Telephone Number(Off)
1	Dr. Arshad Mahmood	Additional Finance Secretary (Dev)	051-9202576
2	Mr. Aamer Mahmood Hussain	Sr. Joint Secretary (Exp)	051-9213690
3	Mr. Shahzad Ahmad	Deputy Secretary (Exp)	051-9208056
4	Mr. Imran Rashid Butt (Look after)	Section Officer (Exp-I)	051-9205364
5	Mr. Imran Rashid Butt	Section Officer (Exp-II)	051-9213930
6	Mr. Nadeem Arshad	Section Officer (Exp-III)	051-9201005
7	Ms. Shaista Jabeen	Section Officer (Exp-IV)	051-9208034

Expenditure Wing is playing a pivotal role in ensuring financial discipline in the Ministries/Divisions/Departments. Expenditure Wing mainly consists of the following and works under Additional Finance Secretary (Expenditure):-

- (a) Financial Adviser's Organization (F.A's Organization)
- (b) Office of Senior Joint Secretary (Expenditure)

2. F.A's Organization is an important organ of Expenditure Wing. FA's organization is an interface of Finance Division with all the Ministries/Divisions. Their job is to advise Principal Accounts Officers (PAOs) on financial matters and to act as a focal point in financial management. In 1947, Pakistan inherited a centralized system with inadequate delegation of powers to Ministries/Divisions/Departments. System of Financial Control & Budgeting was introduced in 1960. Under this system FAs/DFAs were placed under the administrative control of respective Ministries/Divisions and paid out of their budget. The System of Financial Control & Budgeting was amended from time to time and in 2006, last revision of System of Financial Control & Budgeting was made in consultation with all Ministries/Divisions. In present form, FA's organization was introduced in 1963 through System of Financial Control and Budgeting and placed under Finance Division. The role of Financial Adviser is covered under para-13 of Secretariat Instructions. Secretariat Instructions have been issued in pursuance of Rule 5(15) of the Rules of Business 1973 for the disposal of business in the Federal Secretariat. The Rules of Business 1973 are issued in exercise of powers conferred by Article 90 and 99 of the Constitution of Islamic Republic of Pakistan.

3. Primary functions of the office of Senior Joint Secretary (Expenditure) includes control over public spending and issuance of policy directions relating to expenditure to Financial Advisors or Ministries/Division, if required. Budgetary, financial and some of the administrative matters relating to the offices of the Auditor General of Pakistan(AGP), Controller General of Accounts (CGA) and Benazir Income Support Programme (BISP) are also dealt in the office of SJS(Expenditure). Besides, updating the System of

Financial Control and Budgeting-2006, and interpretation of relevant rules/instructions thereof is the responsibility of office of SJS (Expenditure).

4. Performance, activities and achievements in respect of following offices, working under the administrative control of office of SJS(Expenditure), are as follows:-

- (a) Auditor General of Pakistan (AGP)
- (b) Controller General of Pakistan(CGA)
- (c) Benazir Income Support Programme (BISP)

(a) Auditor General of Pakistan

The budget of the AGP's Department is charged upon the Federal Consolidated Fund and is not required to be voted in the Parliament. During the FY 2017-18, Rs.4,463.651 million was provided to meet the expenditure of the Department.

(Rs. in Millions)

Sr. #	Description	Total
1	Employee related expenses	3,114.946
2	Operating expenses	1,033.863
3	Employee retirement benefits	145.519
4	Financial Assistance to Deceased Civil servants	54.194
5	Transfer (Entertainment & Gifts)	3.067
6	Physical Assets	75.224
7	Repair and Maintenance	36.838
Total		4,463.651

Table below provides nation-wide figures of the total amounts audited, recoveries made on the basis of the audit findings and values of transactions placed under audit observations.

(Rs. in millions)

Sr. No.	Description	Total
1	Total amount audited	99,468,151.687
2	Recovery made at the instance of audit	160,198.38
3	Amount placed under audit observations	68,698,298.626

REGULATION SECTION **PERFORMANCE REPORT FOR THE FY-2017-18**

The details of activities, achievements and progress of Regulation section during the preceding financial year giving only the un-classified information which can be used for reference purposes is as follows:

Activities.

- To interpret the Rules & Regulations on cases referred by:
 - Ministries/Divisions/Departments of the Federal Government.
 - DAGP Offices.
- Interpretation of Rules, Regulations and rendered advises on the cases pertaining to:
 1. Pay related matter.
 2. Pension (pension contribution/restoration of pension matters).
 3. TA/DA.
 4. GP Fund.
 5. Leave Rules.
 6. House Rent including Hiring/requisitions/retention matters.
 7. Deputation matters.
 8. Seniority matters.
 9. Vetting of Draft rules received from Finance Division.
 10. Assistance Package for deceased Govt. Employees.
 11. Leave Encashment.
 12. Additional Charge/Current Charge Allowance.
 13. Qualification Allowances.
 14. HBA/MCA advances.
 15. Removal of anomalies in different Cases.

The **progress** of Regulation section in terms of number of cases dealt in Regulation Section in FY-2017-18 and action taken on them is briefed in the table below:

Statistics about Regulation Section 2017-18	
Total number of cases received	113
Cases pertaining to Finance Division, GoP	19
Cases pertaining to CGA/MAG/AGs/DAOs	10
Cases pertaining to FAOs	08
Other Cases	76
Cases Finalized	113

VIGILANCE SECTION

Performance Report for the Year 2017-18

The detail of activities, achievements and progress of Vigilance Section during the preceding financial year giving only the un-classified information which can be used for reference purposes is as follows:

Activities

1. Receive/process/pursue all types of complaints from any Auditee formation/Person or Department against the DAGP or any other Government organizations e.g. excesses by Field Audit Teams, bribe/corruption in Government entities, issues related to pension etc.
2. Handle matters related to Misuse / overpayment of budget in Field Audit Offices.
3. Conduct fact finding inquiries, where necessary, before formal inquiries.
4. Conduct formal inquiries on complaints of frauds/embezzlements and losses in FAOs, whenever required, after approval of worthy AGP, pursued till their finalization.
5. Submit Inquiry Reports to AGP/others concerned for further necessary action.
6. Follow up recoveries pointed out during the Administrative Inspections.
7. Entertain personal issues of PA&AS officers.

The progress of vigilance section in terms of number of complaints dealt in Vigilance Section during the year 2017-18 and action taken on them is placed in the table below:

Statistics about Vigilance Section for the Year 2017-18	
Total number of complainants received	211
Cases pertaining to Field Audit Offices	37
Cases pertaining to CGA/AGPR	45
Cases pertaining to Accountant Generals (Provincial)	11
Cases pertaining to MAG/CMA (P)	10
Cases pertaining to DG Pak Rangers	02
Cases pertaining to Finance	04
Cases pertaining to EOBI/FIA	05
Cases pertaining to O/o the AGP (HQ)	08
Cases finalized in this office	89

Additional activities and progress of vigilance section is as under:

1. Deals with matters related to Implementation of Audit Reforms under Terms of Reference – 5 (TOR-5).
2. Responsible for handling and processing of any complaints received under 'Whistle Blowing Policy' which has been devised by this office keeping in view the instructions of Wafaqi Mohtasib Secretariat and installation of Toll-Free Number (0800-22999) in Vigilance Section accordingly.

3. Establishment of Joint Committee headed by the DAG (IRV), OAGP with members from OCGA and OAGP to address the complaints received by the PA&AS officers.
4. As per the requirements of 68th& 69th Governing Board Meetings of INTOSAI and XXII INCOSAI, this office has formed Ethics Committees in HQ and from Provinces for awareness of ethical values and principles.
5. Issued Standard Operating Procedures (SOPs) for Ethics Committees of Field Audit Offices established by OAGP.
6. Periodically informs the Finance Division regarding implementation of Standard Operating Procedures (SOPs) for public complaints resolution mechanism and appointment of focal persons, as and when needed.

Inspection Wing

- i. Conduct Inspection of Pakistan Audit & Accounts Field Offices including main AGP office
- ii. Issuance of Mandatory Clearance Certificates (MCC) to officers and officials of Pakistan Audit Department before their retirement

The progress of Inspection Wing in terms of conduct of administrative inspection of FAO's and issuance of mandatory clearance certificates is as follows: -

Total No. of FAO's	Inspection Conducted during the year	MCC received	MCC issued
61	59	56	56

DAG (Central) , Lahore

Detail of Activities:

- Scrutiny of Audit Plans of the designated FAOs before finalization by the worthy Auditor General of Pakistan
- Monitoring & Evaluation of monthly, quarterly and half yearly Audit activities and Audit Plans of the designated FAOs
- Internal QCC of Audit Reports and Certification Accounts of FAOs under supervision before submission for External QCC
- External QCC of Audit Reports of the Directorate General of Audit Railways, Power, Water Resources, CA&E (North) and CA&E (South)
- Monitoring of recoveries pointed out during the audit by the designated FAOs
- Technical supervision of the designated FAOs
- Any other task assigned by higher authorities

Achievements and Progress:

- All compliance Audit Reports for the Audit Year 2017-18 of the FAOs under supervision have been timely finalized as per the given schedule.
- Scrutinized/finalized the Audit Plans for the Audit Year 2017-18 of the FAOs under supervision
- Conducted Internal QCC review meetings of 116 Audit Reports of all Types as following:

Sr. No.	Name of FAO	No. of Reports
1	Director General Audit (Punjab) Lahore	21
2	Director General Audit Works (Provincial) Lahore	29
3	Director General Audit District Governments Punjab (North) Lahore	30
4	Director General Audit District Governments Punjab (South) Multan	36
Total		116

- Conducted External QCC review meetings of 101 Audit Reports of all types as following:

Sr. No.	Name of FAO	No. of Reports
1	Director General Audit Railways Lahore	14
2	Director General Audit WAPDA Lahore	49
3	Director General Audit Power Lahore	06
4	Director General Audit Water Resources Lahore	05
5	Director General Audit CA&E (North) Lahore	14
6	Director General Audit CA&E (South) Lahore	13
Total		101

DAG (CA&E), Local**DG Audit (PT&T), Lahore**

a) Details of Audit Reports

Particulars	No. of Chapters	No. of Paras
Audit Report		
Pakistan Post office Department	03	49
Telecom Sector	07	82
MFDAC Report		
Pakistan Post office Department	-	146
Telecom Sector	08*	136
Certification Audit Report		
Pakistan Post office Department	-	Containing 14 qualifications.

*04 APs of previous years were developed as MFDAC paras on account of TIP

(i) **Activities and targets set out and realized during 2017-18**

Audit Activity	Planned Target	Realized	Remarks
Audit Plan 2017-18	01	01	Approved by the worthy Auditor General of Pakistan
Certification Audit	01	01	14 qualifications have been approved by the worthy AGP on 28.12.2017.
Compliance Audit	02	02	Both reports signed by the worthy AGP.
a) PPOD	01	01	
b) Telecom	01	01	
Performance Audit / Studies 2017-18	03	01	Two performance Audits* have been carried forward to Audit Plan 2018-19 for organization issues in PTA and shortage of funds under the head TA/DA

*PTA as Regulator & Study on Management and Receivable in Telecom Sector

ii) **Status of Recovery during 2017-18**

(Amount in Millions)

Pointed out	Effectuated
31,724.313	3,917,129

DG Audit (Water Resources), Lahore

A) Achievements and progress for financial year 2017-18 are as under

Sr. No	Audit Categories	Audit Executed / Progress	Achievements
1	Compliance Audit	102	Rs. 920.29 millions were recovered during the financial year 2017-18 from audited formations
2	FAP Audit	11	
3	Performance Audit	2	
	Total	115	

A) Activities and targets set out for the financial year 2017-18 are as under

Sr. No	Audit Categories	Planned / targeted Audit
1	Compliance Audit	102
2	FAP Audit	11
3	Performance Audit	2
4	Special Study	1
	Total	116

DG Audit (PNR), Lahore

During Audit Year 2017-18, the name of the O/o the DG Audit PNR, was Director General Audit, Customs & Petroleum with a mandate to conduct audit of revenue receipt and expenditure of Customs Wing (FBR), receipt of Islamabad Capital Territory and the Ministry of Energy (Petroleum Division). It is restructured as DG Audit Petroleum & Natural Resources with the mandate to conduct audit of revenue receipt and expenditure of Ministry of Energy (Petroleum Division) and Public Sector Entities under the ministry as well as ORGA under the Cabinet Division. The desired information on the above referred matter is as under:

- a) During Audit Year 2017-18, 147 formations of FBR (Customs-Receipt) were audited. Similarly, 12 formations of Ministry of energy (Petroleum Division) and 7 formations of Islamabad Capital Territory were audited on receipt side. Whereas, 47 formations of FBR (Customs) were audited on expenditure side. 12 formations of performance evaluation of FBR-Customs were also planned and audited.
- b) During 2017-18 an amount of Rs. 15,577.720 million has been recovered at the instance of audit.
- c) As far as audit impact is concerned, a reference was made to Law Division regarding indexation of rates of rent on license and lease as the issue was raised by Audit. Law Division had upheld the viewpoint of Audit which is likely to enhance revenue substantially. Amendment in E&P rules regarding penalty on late payment of royalty was also made at the recommendation of Audit.

a) PAC Directives and compliance.

Formations	Audit Reports	PAC / DAC Directives	Nil Compliance	Partial Compliance	Full Compliance
FBR	1985-86 to 2010-11 & 2013-14	2736	115	720	1779
MOP	1985-86 to 2010-11 & 2013-14	306	110	55	141
ICT	1985-86 to 2010-11	56	7	5	44

DG (Commercial Audit & Evaluation) Lahore.

DG Audit CA&E conducted audit of Federal Government, Provincial Government (Punjab & KPK) and Public Sector Companies established under Federal and Provincial Government. The detail of activities, achievements and progress is as under:

Sr. No.	Description	Total Entity audited	Monitory Value of auditee institutions	Recoveries realized at the instance of
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			(Rs in million)	audit (Rs in millions)
1	ARPSE (Federal)	37	3,389,130.54	6,424.636
2	ARPSE (Punjab Public Sector Companies)	40	214,809.85	141.04
3	ARPSE (Punjab Public Sector Enterprises)	07	3,369.90	47.45
4	ARPSE (KPK)	05	2,016.52	0.86

DG Audit Power, Lahore

A) Achievements and progress for financial year 2017-18 are as under

Sr. No	Audit Categories	Audit Executed / Progress	Achievements
1	Compliance Audit	151	Rs.7551.50 million were recovered during the financial year 2017-18 from auditee formations
2	FAP Audit	35	
3	Performance Audit	-	
	Special Study/Special Audit	06	

A) Activities and targets set out for the financial year 2017-18 are as under

Sr. No	Audit Categories	Planned / targeted Audit
1	Compliance Audit	151
2	FAP Audit	35
3	Performance Audit	-
4	Special Study	06

DG Audit Railways, Lahore

- a) The DG Audit has no unclassified information for Financial Year 2017-18.
b) (i) Achievement of planned targets for the FY 2017-18

Sr. No	Description	Formations / PAC / (Rs. in millions)
1	Total Number of Formations audited	107
2	Financial Attest	28
3	Regulatory & Compliance Audit	73
4	Performance Audit/Projects	04
5	Special Audit/ Studies	02
6	Meetings of the PAC held	Nil
7	Meetings of the sub-committees of the PAC held	Nil

8	Amount Recovered	2071.305 (M)
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ii) Cost Benefit Ratio:

Period	Expenditure (Rs. in millions)	Cash recoveries made at the instance of audit (Rs. in millions)	Cost benefit ratio (Exp. Recovery)
From July 2017 to June 2018	154.929	2071.305	1:13.369

DG (Commercial Audit & Evaluation), Karachi

The Primary activity of DG Audit CA&E Karachi this office is to conduct statutory regulatory/compliance audit of the Public Sector Organizations of the Federal and Provinces (Sindh and Balochistan). The detail of total audit planned and executed during the year 2017-18 are as under;

Compliance Audit	Planned	Executed
Federal Entities	26	23
Entities under Govt. of Sindh	03	03
Entities under Govt. of Balochistan	06	06
Total	35	32

In addition, 05 Special Audits 02 Performance Audits and 03 Special Studies were also carried out during the year 2017-18 as per detail as under;

a) Special Audit

- i) Korangi Fisheries Harbor Authority for the years 2012-13 to 2016-17
- ii) Analysis of figures of Financial Statements of PIAC
- iii) Pakistan Real Estate & Investment Co. (major projects of EOBI)
- iv) PIAC London Station
- v) National Insurance Corporation Ltd. for the year 2011-15.

b) Performance Audit.

- i) Pricing Mechanism of Oil Procurement by PSO for the years 2014-15 to 2016-17
- ii) Procurement and Laying of gas pipelines by SSGCL for the years 2012-13 to 2016-17.

c) Special Studies.

- i) Engineering & Maintenance Department of PIAC for the years 2014 to 2017.

- ii) Sindh Employees Social Securities Institution for the years 2012-13 to 2016-17.
- iii) Sindh Seed Corporation for the years 2012-13 to 2016-17.

The following annual regulatory/Compliance audit reports are approved by the Auditor General of Pakistan and submitted to the President of Islamic Republic of Pakistan and the Governor of respective provinces for onward submission to respective Parliament.

- Audit Report Public Sector Enterprises Govt of Pakistan for the year 2017-18.
- Audit Report Public Sector Enterprises Govt of Sindh for the year 2017-18
- Audit Report Public Sector Enterprises Govt. of Balochistan for the year 2017-18

HRM WING

A. Details of Activities of HRM Wing

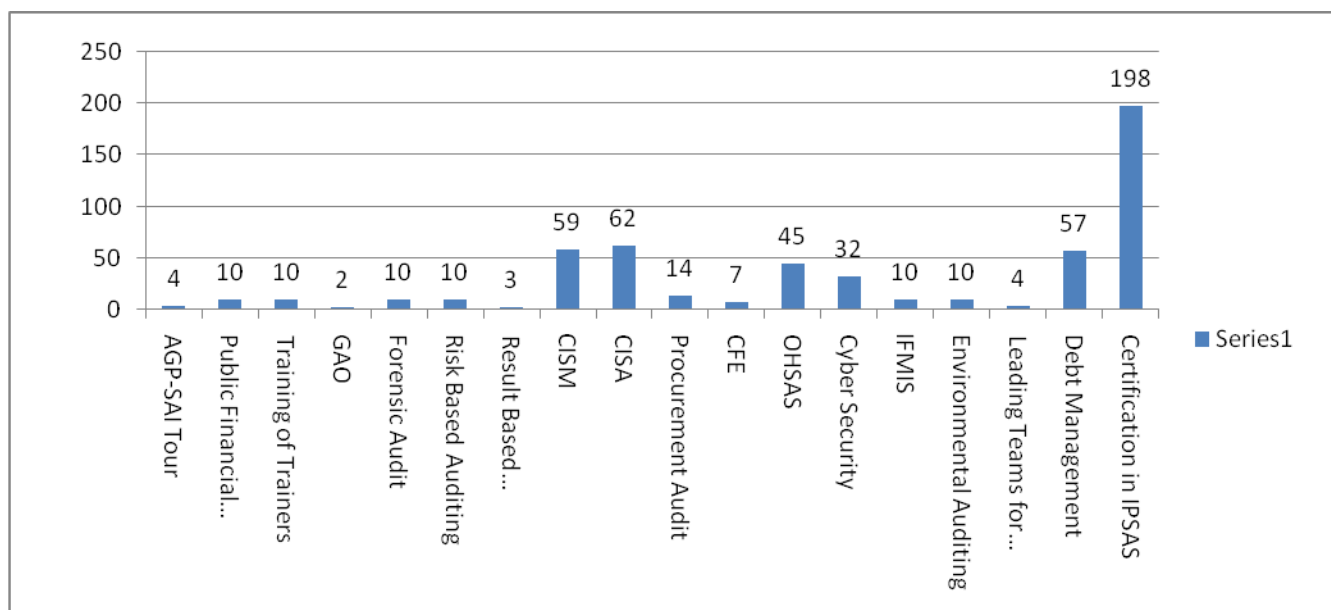
1. Processing of Incentive Scheme of Studies
Without time constraint:
 - CMA-Pakistan, CIMA-UK, CMA-Canada
 Time bound:
 - CIA-USA, CISA-USA, CFE-USA, CGAP-USA, ACCA-UK
2. Processing for Scholarships
 - Hubert Humphrey / Fulbright, Aus-Aid, British Chevening
 - Processing of Nominations for EAD Courses/Seminars/Trainings
3. Coordination with other wings
4. Arrangement of workshops/local trainings
5. Responsible for coordination with International Organization
6. PA&AS Officers Data Updation
7. Report Generation (Academic Qualification Reports, Training Reports, Posting & Transfer Reports)
8. Updating Seniority Number of PA&AS Officers quarterly and their current postings.
9. Coordination with consultant regarding any issues occurs in HRMIS system
10. Nomination for PIPFA (Public Sector) Training.
11. Revision of PIPFA (Public Sector) Syllabus.
12. Cases of PA&AS Officers for PIPFA Membership
13. Other Routine Work

B) Targets and Achievement **DAGP collaboration with USAID**

During the year 2017-2018, **18** courses were introduced by the DAGP with the collaboration of USAID in light of Goal 02: Development of Professional Capacity

Institution as mentioned in Strategic plan 2015-19 to train **547** officers of Department of the Auditor General of Pakistan, Controller General of Accounts & Military Accountant General either locally or at selected premier institutions abroad under the USAID, Training for Pakistan Project/Pakistan.

Number of Officers trained during the year 2017-2018



Number of officers got certified in above mentioned courses during the year 2017-2018

S. No	Name of Course	Number of officers Certified
1	Certification in International Public Sector Accounting Standards (IPSAS)	178
2	Forensic Audit	10
3	Certified Fraud Examiner (CFE)	07
4	Occupational Health and Safety Management System (OHSMS) 180001:2007 Lead Auditors	20
5	Certified Information Security Manager (CISM)	06
6	Certified Information System Auditor (CISA)	03

Foreign training offered by EAD & other sponsoring agencies

Following Training/Scholarship opportunities have been offered:

Scholarship	No. of Nominations
Hubert Humphary / Fulbright Scholarships	06

Ausaid Scholarships	22
Chevening Scholarships	24
EAD Trainings	No. of Nominations
Malaysia	05
Korea, Japan, Thailand	10
China	42

Local Trainings

During the year 2017-18, Officers/officials who have been pursuing PIPFA at its different levels are detailed below:

Levels	Winter-2017	Summer-2018
Foundation	105	96
Intermediate	38	34
Final	14	12

Details of officers/officials pursuing ACCA-UK, CMA from ICMAP and CISA are as under:

Discipline	No. of officers/officials
ACCA-UK	09
CMA	02
CISA	04

Human Resource Management Information System (HRMIS) is an online centralized database for Department of Auditor General of Pakistan that is used for data entry, data tracking and the information required for DAGP. HRMIS Module-I (IDC) is **79%** completed. HRMIS Module-II (DC) has been launched. Letters issued to all FAOs for collection of data. HRMIS Module-III, email is being used. It may take one year or so to complete whole HRMIS exercise due to large number of Departmental Cadre (DC) officers/officials (3736 approximately).

DAG (SSA)

Sr. #	FAO	FAPS Planned according to dead line				Total FAPS planned	FAPS Reports completed	Nil Exp. Reports	Others
		31.12.17	31.03.18	30.04.18	31.05.18				

						2016-17			
1	DGA (FG), Islamabad	20	16	20	4	60	40	2	18
2	DGAW (F), Islamabad	17	2	0	0	19	16	3	0
3	DGA (DM), Islamabad	10	2	0	0	12	4	2	6
4	DGA (KP), Peshawar	12	16	0	3	31	17	8	6
5	DGA (Pb.), Lahore	16	0	0	0	16	14	0	2
6	DGAW (P), Lahore	20	2	0	0	22	19	2	1
7	DGA (WAPDA), LHR	40	8	0	0	48	41	6	1
8	DGA (S), Karachi	20	6	0	0	26	19	2	5
9	DGA (AJK), Muzaff.	5	0	0	0	5	5	0	0
10	DGA (GB), Gilgit	1	0	0	0	1	1	0	0
11	DGA (Bal) Quetta	9	1	0	0	10	8	0	2
		170	53	20	7	250	184	25	41

DAG (FAO)

1. Audit Activity

- i. **Certification Audit:** DG Audit (FG) planned 04 Financial Attest Audit during 2017-18 and executed all within the given period. DG Audit (DM) and DG Audit (F&I) planned one Certification Audit each and completed it accordingly.
- ii. **Compliance Audit:** DG Audit (FG) planned 283 compliance audit during 2017-18 and carried out all within the given period. DG Audit (F&I) planned and completed 58, DG Audit (DM) planned and completed 37, and Director Zakat Audit planned 140 and completed 136. Two formations of Baluchistan could not be conducted due to law and situation. Besides, PTCL and Attock refinery that comes the audit jurisdiction of Director Zakat Audit refused audit by the Auditor General of Pakistan
- iii. **Performance Audit:** DG Audit (FG) planned and executed 5 performance audits during 2017-18 while DG Audit (DM) planned one performance which could not be completed and is still under process
- iv. **FAP Audit:** DG Audit (FG) planned 53 FAP Audit and completed 47 while DG Audit (DM) planned and executed 04.

- v. **Special Audit:** DG Audit (FG) planned and completed 17 special assignments during 2017-18 while DG (F&I) planned and executed 02 special audit.
- vi. **Special Studies:** DG (F&I) planned and executed 02 special studies while DG Audit (DM) planned 01 special study which is under process

2. Recoveries Effected:

The four FAOs, namely DG Audit (FG), DG Audit (DM), DG Audit (F&I) and Director Zakat Audit, Islamabad, under the jurisdiction of the FAO wing, made recoveries of Rs.70,722.880 million during 2017-18.

3. PAC Meeting held during 2017-18:

The FAO Wing coordinated a total number of 105 meetings to be held by the Public Accounts Committee out of which 61 meetings were held by Main Public Accounts Committee, 32 meetings were held by PAC subcommittee and 12 meetings held by Monitoring and Implementation Committee. The directives / minutes issued by PAC were provided to all concerned during that course of time for implementation and follow up.

4. Internal QCC meeting held:

The FAO Wing held a total number of 26 Internal QCC meetings during 2017-18 on different Audit Reports received from the FAOs and ensured the quality of Audit reports in terms of standard format, structure and grammatical mistakes and content of the report.

**DAG (South)
DG Audit Sindh Karachi**

Name of office	Activities	Achievements			
	Type of Audit	No. of Formations Planned	No. of formations Audited	No. of PDPs issued	Recovery effected
DG Audit Sindh, Karachi	Compliance Audit	1100	1069	1,040	12.114 (M)
	Financial Audit	02	02		
	Special Audit	06	05		
	Special Studies	05	03		
	Performance Audit	04	02		
	Foreign Aided Project	17	15		
	Environments Audit	01	01		
	Information System Audit	01	00		

DG Audit Balochistan, Quetta

There are 41 Departments with 3148 Drawing & Disbursing Officer working in the jurisdiction of Director General Audit Balochistan.

Types of Audit

1. Certification of Appropriation accounts and IPSAS complaints Financial Statement
2. Compliance with Authority Audit
3. Financial Attest of Foreign Aided project
4. Performance Audit
5. Special Audit
6. Special Studies

Progress so far made: Planned VS Actual

Sr. #	Certification Audit	Planned	Actual
1	Accountant General Balochistan	1	Completed
2	Foreign Aided Projects	8	Completed

Position of AIR & PDPs issued to the Auditee

No. of AIRs issued	No. of PDPs issued
138	896

Compliance Audit

Planned	Actual
574	138

Sr. No.	Year of Audit Plan	Field Audit Office	Total No. of formations under Jurisdiction	No. of formations planned for audit	No. of formations audited
1	2017-18	DG Audit Balochistan, Quetta	3148	630	451

Recovery Status

Audit Year	Recovery Pointed Out	Recovery accepted	Amount Realized	Cost benefit ratio
2017-18	3405.800	2559.733	1590.045	1:22.6

DG Audit (LC) Balochistan, Quetta

Sr. No.	Year of Audit Plan	Field Audit Office	Total No. of formations under Jurisdiction	No. of formations planned for audit	No. of formations audited
1	2017-18	DG Audit (LC) Balochistan, Quetta	834	502	502

DG Audit (LC) Sindh, Karachi

Name of office	Activities	Achievements			
	Type of Audit	No. of	No. of	No. of	Recovery

		Formations Planned	formations Audited	PDPs issued	effectuated
DG Audit (LC) Sindh, Karachi	Compliance Audit	595	591	1,136	41.139 (M)
	Performance Audit	4	2		
	Special Studies	6	5		

DAG (North)

Office	Audit Reports	Planned Audits	Executed Audits	Executed Outside Plan either at request or at AGP Direction	Reports prepared	QCCs held	Recovery effectuated
DG Audit KPK, Peshawar	Financial Attest Audit	02	02	00	02	02	276.954 (M)
	Compliance Audit expenditure	155	155	01	01	02	
	Revenue Receipt Audit	53	53	00	01	02	
	Performance Audit	04	04	01	01	02	
	FAP Audit	31	31	00	17	Internal and External QCCs held on 17 FAPs while 14 NIL Reports has been communicated to Quarters concerned	
	Special Assignment / Study	00	00	01	01	00	

FAO	Particular	Audit Reports		Remarks	Recovery pointed out	Recovery effectuated
		Planned	Executed			
DG Audit (DG) KPK, Peshawar	Compliance with Authority Audit • District Govt • TMAs • AD LG & RDD	74	25 25 24	<ul style="list-style-type: none"> Finalized & Submitted to Governor Finalized & Submitted to Governor Finalized & Submitted to Governor 	7029.176	135.775
	Financial Attest Audit	25	25	<ul style="list-style-type: none"> Finalized & Submitted to Governor 	•	•

	Performance Audit	08	07	<ul style="list-style-type: none"> • BDA did not produce record • Under submission for Internal QCC 	•	•
	Special Audit / Study	02	02	<ul style="list-style-type: none"> • Under submission for Internal QCC 	•	•

a) **DG Audit (AJ&K)**
Audits Performed

Audit Activity	Planned Audits	Executed outside plan either at Requestor at AGP Directions	Executed Audit	Reports Prepared	QCCs Held
Financial Attest Audits	2	-	2	2	2
Compliance Audit (Expenditure + Receipts)	462	-	456*	1	1
Performance Audits	2**	-	-	-	-
FAP Audits	5	-	5	5	5
Special Audit/Study	3	1	4	-	-***

* 04 formations requested to conduct audit in next year and audit of 02 formations was being conducted as Special Audit.

** Field audit is under process.

*** Internal QCCs on 2 Special Audit has been held and external QCCs are under process. Field work of remaining 02 special Audit has been completed and Draft Audit Report are under process.

b). Recovery affected for the audit year 2017-18 Rs.185.442 Million.

Particulars	Audit Reports		Remarks
	Planned	Executed	
Compliance Audit (Expenditure + Receipts)	462	456	i. 04 formations requested to conduct audit in next year and audit of 02 formations was being conducted as Special Audit. ii. Audit Report has been finalized and submitted to President of Azad Jammu and Kashmir
Financial Attest Audits	2	2	Report finalized and submitted to quarter concerned
Performance Audits	2	0	Field audit is under process
FAP Audits	5	5	Report finalized and submitted to quarter concerned.
Special Audit/Study	3	4	Internal QCCs on 2 special Audit has been held and external QCCs are under process.

			Field work of remaining 02 Special Audits has been completed and Draft Audit Reports are under process.
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Recovery status for the year 2017-18

Recovery effected
Rs.185.442 Million

DG Audit (GB)

Audit Activity	Planned Audit	Audit Executed	Reports prepared	QCC held	Recovery effected
Compliance Audit	141	116	1	1	3.249 (M)
Financial / Certification Audit	2	2	2	2	
Special Audit	2	2	2	2	
FAP Audit	1	1	1	1	

*Audit of 25 formations could not be conducted due to shortage of staff

DAG (DSA)

DG Audit (DS) South, Karachi

a) **Achievements**

Sr. #	Year	Total Amount Recovery (Rs. in Million)
1	2017-18	601.308

b) **Audit Activities & Targets**

Sr. #	Year	No. of Regularity Audit Units Planned for Audit	No. of Units audited as per audit plan	Achievements percentage
1	2017-18	92	92	100%

c) **Special Studies**

Sr. #	Year	Topic of Special Studies
1	2017-18	i. Chief of Naval Staff Deposit Account Fund Pakistan Navy 2010-16 ii. Refurbishment of Naval Berth 5-14 at Pakistan Navy Dockyard Karachi

DG Audit (DS) North, Rawalpindi

Description of Activity	Targets	Achievements	Remarks
No. of Units Audited	366	281	
No. of Special Audit / Studies Conducted	5	4	
No. of Performance Audit Conducted	1	1	
Financial Attest / Certification audit conducted	2	2	
Regulatory & compliance audit	358	274	

conducted			
Recoveries on instance of audit (in Million)	0	Rs.1128.346 US\$ 0.087 Euro 0.290	
No. of DACs held during the year	0	13	
No. of Paras discussed in DACs during the year	0	501	

DG Audit Works (F), Islamabad

Sr. #	Description	Numbers
1	Compliance Audit – Total number of formations audited	108 (12 Departments under 8 PAOs)
2	Financial Attest Audit <ul style="list-style-type: none"> • Pakistan Public Works Department • Foreign Aided Project 	01 10
3	Performance Audits	9
4	Additional Special Audit Assignments	5
5	Meetings of the PAC held	18
6	Meetings of the Sub-Committees of PAC held	21
7	Recovery effected and verified	Rs.1935.577 million

(b) 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:

- i. AGPR, Islamabad and its sub offices.
- ii. MAG, Rawalpindi and its sub offices.
- iii. Provincial AG offices.
- iv. CAOs of Departmental Accounting Offices.
- v. DBA, Pak PWD, Islamabad.
- vi. Director Accounts Pakistan Post Office Department.

KEY ACTIVITIES AND ACHIEVEMENTS OF THE OFFICE DURING THE PERIOD 2017-18:

Following are some of the major activities under taken by office of the Controller General of Accounts during the F.Y 2017-18 to achieve its goals and objectives stated above.

1. Automated deduction of withholding of Sales Tax in coordination with PRAL is working smoothly and contributed significantly in Sales Tax collection. The same solution for Provincial Sales Tax on services has been developed which is working smoothly. Development and configuration for Balochistan Revenue Authority is in progress.

2. Dashboard for Secretary Finance has been developed to show Receipts and Payments from all reporting entities such as SBP/NBP, FBR AGPR, Economic Affairs Division and Self Accounting Entities on daily/weekly/monthly basis.
3. E – reconciliation solution with SBP and NBP branches have been developed. 16 SBP branches are now using SAP for encashment of Government cheques. 50 NBP branches has started using SAP in first phase and remaining NBP branches will be completed in next financial year.
4. 1,167,663 employees and pensioners have been shifted on email solution for their salary and pension slips.
5. 929,727 pensioners have been on Direct Credit System (DCS) for the payments of their monthly pension.
6. Organizational Management (OM) Module has been implemented in KP and rolling out in AG Baluchistan is in progress.
7. Performance Monitoring system for evaluation of medium term targets of Ministries has been implemented at eight Ministries. It will be rolled out in remaining Ministries in next fiscal year.
8. Web based reports have been developed for DDOs for Federal, Provincial and Districts Governments. These reports include Budget and Expenditure Report, Bill Tracking Report online email registration and Vendor Search. These reports can be assessed through FABS Directorate website: www.fabs.gov.pk
9. Dashboards for AGPR and Provincial Accountant Generals have been developed. Dashboard for Planning and Development Department Sindh has been developed for monitoring of ADP schemes.
10. Loan 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, Peshawar in next financial year.
11. Changes Tracking System (CTS) for Payroll, Pension, GPF and off Cycle has been developed and implementation in AG Punjab is in Progress. Training has been imparted to AG employees.

12. Roles rationalization according to Job Description has been developed and implemented in AGPR & AGPR Sub Offices. It will be replicated in Provincial Accountant Generals and District Accounts Offices within 12 months.
13. Preparation of the Manual of Standing Order (MSO) is at its completion stage that will bring operational efficiency.
14. Revision and updation of the Books of New Accounting Model (NAM) is in progress in order to bring clarity and simplification in business processes.
15. Annual Accounts including Appropriation Accounts and Financial Statements of the Federal, Provincial and District Governments for the Financial Year 2016-17 were prepared. The manuscripts of Appropriation Accounts and Financial Statements for the Financial Year 2016-17 were submitted to Audit for examination within the timeline i.e. 2 months after closing of Financial Year.
16. The computerization of accounts in Azad Jammu & Kashmir is in progress.
17. Efforts are underway to capture donors' direct payments relating to the Federal/Provincial Governments in the accounts through SAP system.

(C) BENAZIR INCOME SUPPORT PROGRAMME (BISP)

Overview

BISP has completed the decade of its existence. Created with an objective to cushion negative effects of food and fuel triggered inflation on the ultra poor through provision of unconditional cash transfers (UCT), BISP today is the flagship program helping the government to achieving targets set under the Sustainable Development Goals (SDGs). BISP's vision is eradication of poverty and elevating the status of marginalized and under privileged sections of society, especially women, through establishment of comprehensive Social Protection. BISP over the last one decade of its existence has dented abject and intergenerational poverty. It has helped the poor to mitigate impact of inflation and sudden economic shocks preventing them from falling into deeper poverty.

Rationale

There is growing consensus in development circles that social protection is an effective policy choice for addressing poverty and vulnerability in the developing countries. As a corollary, in recent years social protection has featured prominently on the agendas of most of the developing economies. Historically, social protection schemes in Pakistan have been implemented as adhoc reactions to circumstances rather than as

part of a structured social protection framework. Initiatives like Workers Welfare Fund and Employees Old-Age Benefit Institutions (EOBI) covered a narrow scope based on a non-scientific data. Zakat and Bait-ul-Mal had interventions at large scale but not leveling up with the expected outcomes.

Ending poverty in all forms and dimension by 2030 is the first goal of Sustainable Development Goals (SDGs). To achieve “No Poverty” by 2030, establishment of scientific and objective social protection Program was a key. Social protection interventions have been launched by developing countries to eradicate poverty and increase welfare of those who were left out of the mainstream of education and health etc sectors. Social safety nets (SSNs) are the core components of social protection which have emerged as an important policy option for reducing poverty. In the last two decades, the number of developing countries having SSNs doubled from 72 to 149. Cash transfers programs are key tools of SSNs for social protection. According to the World Bank Report on Social Safety Nets, more than 77% countries have opted UCT programs while 42% have implemented CCT programs.

BISP – An Introduction

Benazir Income Support Programme was launched in July, 2008 with an immediate objective to cushion negative effects of slow economic growth, food crisis and inflation on the poor particularly women through provision of cash transfers. Its long term objectives include meeting targets set by Sustainable Development Goals (SDGs) to eradicate extreme and chronic poverty and empowerment of women. The quarterly cash grant has gradually been enhanced by the successive Governments which currently stand at Rs. 5000/- per quarter per eligible beneficiary.

Benazir Income Support Programme has a nationwide presence with Headquarter in Federal Capital Islamabad and 6 Regional Offices at provincial capitals, Azad Jammu & Kashmir and Gilgit- Baltistan. There are 34 Divisional Offices and 385 Tehsil offices all across the country.

BISP and Poverty Reduction

An Impact Evaluation Study conducted by Oxford Policy Management in 2016 assessed outcomes for beneficiaries against key objectives including poverty reduction, women’s empowerment, improved household and child nutrition. According to the Report,

- BISP cash transfers were estimated to have contributed to reduce poverty among beneficiaries by 7 percentage points relative to non-beneficiaries having similar characteristics.
- BISP continued to have an impact on increasing per adult equivalent monthly level of consumption expenditure of beneficiary households reporting an increase of Rs 187. Evidences showed that BISP led to an increase in per adult equivalent

monthly food consumption (Rs 69) driven by high quality protein which can be expected to lead to significant improvements in the quality of diet.

- In terms of child nutrition report indicated that BISP led to a reduction in the proportion of girls but not boys that are wasted.
- BISP led to a decrease in deprivations particularly in terms of quality of flooring in their households and quality of cooking fuel used.
- For the first time, it is observed that a statistically significant effect on the mobility of beneficiary women with more women being allowed to freely travel to various locales in their community alone.
- The Report noted a direct relationship between increased acceptance of mobility and the collection of transfer from BISP collection points.

Scientific & Transparent Targeting

BISP started in 2008 with its main initiative of Unconditional Cash Transfer (UCT), aiming to provide support through a monthly cash transfer, to the 'ever-married women' holding a valid CNIC, identified as BISP beneficiaries from the eligible households. In the first phase, identification of the poor families was entrusted to the Parliamentarians. In 2010-11 PMT based Poverty Score Card (PSC) was adopted and a house to house survey was conducted. As a result, 7.7 million potential beneficiaries were identified falling within the eligible households i.e. a household with PMT score ranging from 0 to 16.17. Many of the beneficiaries were declared as pending for want of their CNIC numbers and other data deficiencies mainly relating to the household roster. The cut off score and the level of benefits paid in the form of quarterly cash grants were largely based on resource availability. However, as more and more resources became available due to increased budgetary allocations, more pending beneficiaries were enrolled through resolution of their data issues in a Case Management System.

BISP's targeting performance falls in top five social safety nets in the world. Benazir Income Support Programme is now the largest single cash transfer program in Pakistan's history. The number of beneficiaries now stands at 5.7 million. Since inception, BISP has disbursed Rs.613 billion as cash transfers. BISP is following path of automation and 98% of beneficiaries are being paid through technology based payment mechanisms.

National Socio-Economic Registry (NSER)

BISP has embarked upon an ambitious plan of establishing a National Socio Economic Registry (NSER), BISP needs to serve a lead role in the realm of Social Protection throughout Pakistan and must fulfill many and varied requirements of the Federal and Provincial Governments and even the CSOs in terms of presenting Targeting solutions for different types of interventions. Hence, while the national survey rollout is being carried out; best possible data collection strategy has been deployed. On the other hand, better institutional arrangements need to be in place for working on the data up-dation and correction of the entire Registry and not only the BISP beneficiaries. Raising the bar

of expectations from NSER will only ensure its sustainability and make a case for continued investment in the system.

BISP NSER with its decade of learning, Govt. trust and support must fill this gap and present a comprehensive solution for majority of Targeting issues faced by various programs at each level. At the same time, it needs to create linkages and buy-in for its Targeting solution to a variety of programs and stakeholders.

Conditional Cash Transfer (Waseela-e-Taleem)

The Complementary Initiatives aim at creating access of beneficiaries to social and productive services being provided by organizations in both private and public sectors. The conditional cash transfer (CCT also called as Waseela-e-Taleem) program encourages beneficiary families with children in age group of 4 - 12 years to send their out of school children to schools for primary education (and in school children to continue their education) in return for cash transfers with long-term prospects of human capital formation. The CCT involves a cash transfer of Rs. 250 per month paid quarterly (Rs.750 per child) for children of each beneficiary family in age bracket of 4-12 years in return for their compliance with co-responsibilities of school admissions and a minimum of 70% quarterly attendance. The CCT initiative was started in October 2012. 2.7 million (31st December 2018) children have been enrolled and a total of about Rs. 8.2 billion has been disbursed (31st December 2018).

BISP Graduation Program

Based on international best practices, consultation with its development partners and technical input of reputed academia (LSE, Harvard and MIT) BISP developed a model namely BISP Graduation Model (BGM) which aims to provide a low-cost, high impact and sustainable solution for their possible exit from the poverty trap, sensitive to the local context. The Graduation program will enable beneficiaries to earn income, through self-employment, wage employment and Public Works Programs. BISP Graduation Model (BGM) is based on the premise that it would enable cash grants recipients to eventually transform into income earning individuals through self-employment and/or wage employment with skills development and hand holding. The BGM will help to reduce income poverty among beneficiaries and will help weaning off graduated households from unconditional cash grant. Improving or creating income opportunities by developing self-employment and supply chains to private sector through comprehensive coaching and inclusive business approaches. This will include developing productive assets through provision of income generating grants and loans, creating employment opportunities through developing managerial and technical and vocational skills and creating supply chain and market linkages. BGM combines elements of three distinct approaches, social protection, livelihoods development and financial inclusion to move households out of extreme poverty and into sustainable livelihoods. BGM is structured around sequencing of core building blocks of targeting, consumption support, skills enhancement, asset transfer, saving and microfinance. BGM is based on core elements of harvesting local potential, to ensure BISP implements it using its internal resources,

builds on BISP's core competencies to ensure that the largest number of beneficiaries having potential to graduate are given opportunity to do so.

Business Incubation for Self Employment (BISE) Model

The key features of the BISE component of Graduation:

- Profiling targeted households on their potential for self-employment.
- Agreement by the BISP beneficiary that UCT will continue for only 1-2 years to provide protection against risks.
- Giving specific technical skill trainings and business development support to selected programme beneficiaries.
- Transfer of assets to start economic activities;
- Providing income generating grants (working capital) to help the poor set up their business.
- The working capital grants are endorsed with a mandatory 2 year saving scheme and with enrolling for 2 years in health insurance (or other relevant scheme insuring the business against risk such as fire, steeling, etc) insurance
- Support services through linkages to existing microfinance programs (for inputs), and markets and value chains (for sales).
- A Community Investment Fund (CIF) is the part of the Project Implementation with a seed capital grant to be used as a credit revolving fund managed through Community Institutions (CIs)/ BISP Beneficiary Committee (BBC).
- Inclusive Business (IB) development is also a component of BISE, for income generation through linking up the poor to the value chains of at least 3 larger companies.
- The UCT payment will be discontinued after one year.
- If the person fails to graduate, she will be re-entered in BISP UCT system after the expiry of the graduation agreement/contract.
- For implementing BISE component, 5 districts (Bahawalpur, Charsadda, Jacobabad Nasirabad and Ketch) have been selected.

Direct Cash Model

Direct Cash with business coaching for start-up businesses is based on premise that poor people can make economically rational investment decisions if they are provided some small and initial help with business development. Beneficiaries interested in this program will be asked to trade monthly UCT payments they are entitled to in exchange for receiving a one-time lump-sum payment. The activities for implementing this program include pilot by visiting approximately 30,000 beneficiaries in Faisalabad and Chakwal pilot districts.

Key features include:

- The beneficiary selection will be selected by balloting.
- From amongst the participating beneficiaries, approximately half will receive a graduation offer; this will mainly depend on the readiness of the business. The selection is based on the readiness of the small business to achieve sufficient income to graduate out of poverty.
- Detailed selection criteria were prepared, and need to be further fine tuned and then endorsed by BISP management. This system also allows having control groups to measure the impact of the program.
- The amounts of cash grants received will differ depending on the option the BISP beneficiary will chose to graduate out of poverty. She/he will receive either a) PKR 70,000 for voluntarily agreeing to give up UCT for 4 years; or (b) receive PKR 54,000 for voluntarily agreeing to give up UCT for 3 or 4 years, and signing the agreement.
- As such forms of self-employment are more viable in urban areas, the implementation is targeted to urban and semi-urban areas.
- One Third of the participants (1000) will be asked for business plan and will be monitored. One third will be asked for business plan. One third will only be provided cash with no requirements, for the research exercise.
- The costs for DC program will be financed from the remaining funds of the ADB project in support of BISP, which are about US\$ 05 million.
- The implementation progress will be assessed through monitoring visits by BISP's Tehsil offices, and in selected cases also by the business school. The implementation of this program will be closely monitored by the MIT/Harvard/LSE

team, and the research and evaluation and implementation costs will be funded by the Gates Foundation, and BISP will only pay UCT in advance

- After the completion of the designated suspension time (3-4 years), and in case the business is not successful due to external risks (e.g. natural disasters or major unforeseen urgent family expenses for health), or other relevant changing conditions outside of the business, the beneficiaries will be eligible for re-entry into BISP by undergoing a new survey similar to the NSER that can be completed at the Tehsil Office. If they are found to be under the PMT cut-off as assessed by the survey, which may be subjected to an independent check to be determined later, they will be eligible to re-enroll into BISP
- For implementing the DC component, Faisalabad and Chakwal from Punjab and Laki Marwat from KPK were selected.
- Impact Assessment of the DC model will be done by a team from Harvard, LSE and MIT agreed to do on a separately financed basis (not paid by BISP).
- Scaling up: The evaluations results of the pilots will be used to scale up the programs gradually and implement additional graduation programs as proposed under the BGF. Scaling up and broadening will however depend on possible funding options. As BISP intends to develop into a comprehensive federal agency for livelihood promotion and social protection for the poor; the preparation for scaling-up can start immediately and implementation could begin already in end 2018 and go through 2030.

Graduation through Collaboration

18 Private Sector Organizations (including MNCs) are partnered with focus on graduation through linkages tapping CSR potential through 2-3 months product sales. Basic Ingredients are training, employment as agents and percentage in profits. Organizations include:

- (Nestle Pakistan, Louis Berger, Chal Foundation, FINCA, National Disability and Development Forum (NDF), Akhuwat, National Rural Support Program (NRSP), Red Crescent Pakistan, Rural Support Program Network (RSPN), National Disability Forum (NDF), Aman Foundation, Spl. Olympics for differently-abled beneficiaries to graduate physically

BISP's Engagement with Development Partners

The World Bank

The International Development Association (IDA) provided a credit of \$ 60 million to BISP for “Pakistan Social Safety Net TA Project” which was successfully concluded on 30th June 2017. The TA project supported design of poverty scorecard and first ever comprehensive survey of the poor households. BISP received additional financing of \$ 150 million for Pakistan Social Safety Net Project to launch a co-responsibility Cash Transfer (CCT) programme for primary education of children of BISP beneficiaries. The project was aimed to increase coverage of beneficiary families through delivery of cash grants and also initiated co-responsibility Cash Transfers (CCT) attached with Disbursement Linked Indicators (DLIs) for primary education. BISP successfully achieved all 19 Disbursement Linked Indicators (DLIs) under World Bank PSSN project. World Bank has graded BISP progress towards achieving Development Objective as ‘Highly Satisfactory’ while rating of the project management was upgraded as Satisfactory.

Department for International Development (DFID)

DFID is supporting BISP to expand its cash transfers to eligible beneficiaries. Under Pakistan National Cash Transfer Programme (PNCTP), DFID is providing up to GBP 300.3 million over a period of eight years from 2012 to 2020. Up to £279 million was results-based “non-budget support financial aid” to support expansion and systems strengthening of UCT and CCT programs. The first set of DLIs which covered period until 2016/17 incentivized BISP to expand coverage so that more poor families receive basic cash transfer and have support to educate their children. DLIs were linked to strengthening operational performance in areas such as targeting of the poor and payment systems. Overall performance rating of programme was marked as “A”. Most of the milestones have either met or exceeded expectations. Up to £21.3 million comprised of Technical Assistance (TA) intended to strengthen BISP systems and support dialogue on poverty reduction and policy reforms to enhance social protection for poor and vulnerable.

DFID grant was made through a total of 18 DLIs all of which were achieved meeting all the timelines agreed with the donor. The timely achievement of DLIs reflects the synergy between BISP and its development partners. DFID agreed with BISP on a new framework of 11 DLIs amounting to GBP £ 98.4 million to be achieved by March 2021. These DLIs pertain to usage of new NSER data for UCT disbursements, building and availability of dashboard for stakeholders to access NSER data, implementation of Biometric Verification System (BVS), capacity building of Tehsil offices, expansion of Conditional Cash Transfer for primary education and increasing the number of BISP Beneficiary Committees (BBCs) in Union Councils.

Asian Development Bank

BISP and ADB signed a new soft loan project for \$ 430 million titled 'Social Protection Development Project' in November 2013. The project aimed to finance un-conditional cash transfer payments to newly enrolled beneficiaries for 10 quarters. Key Project deliverables include Cash transfer program coverage expanded for new beneficiaries, Health insurance program refined and rolled out Graduation, Skills development program strengthened Programme and Financial management and control systems and policy research supported

Key Achievements

- BISP received consistent political patronage from the successive governments due to its neutral/apolitical data. Starting from an allocation of Rs. 70 billion, BISP today is a 124 billion budget cross-cutting Program.
- Successive governments remained receptive to the role BISP played in denting intergenerational poverty in Pakistan. The quarterly cash grant was gradually enhanced by successive governments which today stand at Rs. 5000/ Qtr.
- BISP is following the path of automation and 98% of beneficiaries are being paid through the Biometric Verification System (BVS).
- DFID conducted Annual Review 2016 of BISP performance under Disbursement Linked Indicators (DLI) regime and awarded an overall grading of A.
- BISP Endowment Fund (BEF) has been approved by BISP Board in its 29th meeting held on 29th January 2018. The core objective of BEF will be to cover BISP's operational cost in periods of budgetary constraints besides financing of additional pro-poor schemes/initiatives as approved by Fund's Board and financing of any other activity decided by BISP Board.
- Center of Excellence (10 years of BISP) Think Tank on social protection serving as knowledge sharing platform; conducting research, scholarship programs, internships etc. preliminary work in collaboration with PIDE/HEC
- BISP has signed a Memorandum of Understanding (MOU) titled "1000 days of Partnership against Malnutrition" with the United Nations World Food Programme (WFP) during the visit of the Executive Director of WFP to Islamabad on 3rd April, 2018.

Future Plans

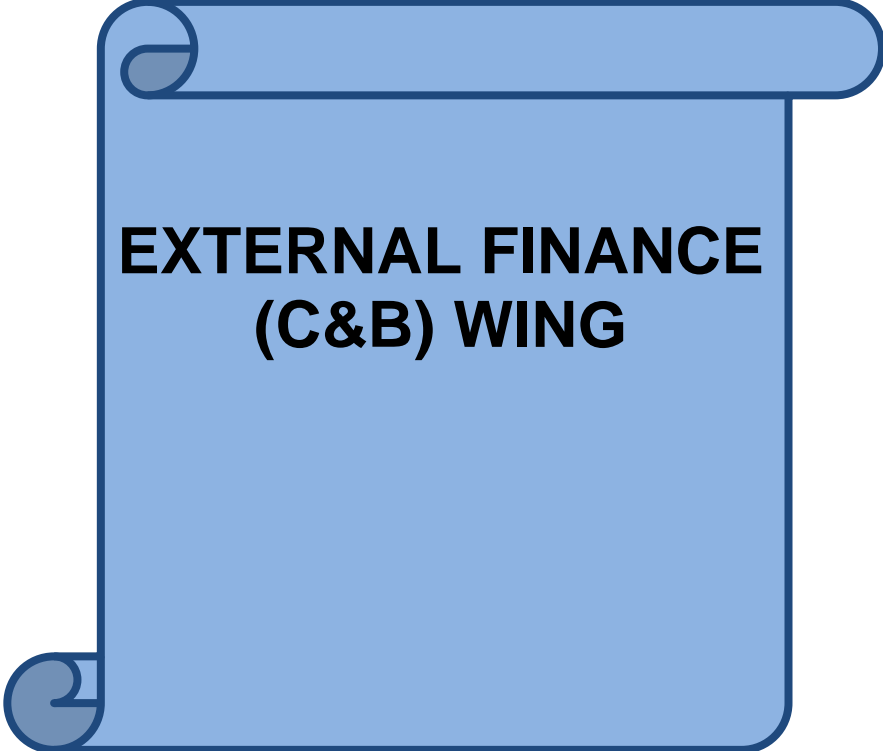
Expanding Un-conditional Cash Transfer

BISP is extending financial assistance of Rs. 5000/- (US \$ 45) quarterly to 5.7 million families. BISP is covering 16% of population and could not extend support to remaining poor due to limited fiscal space. Keeping in view government manifesto of expanding

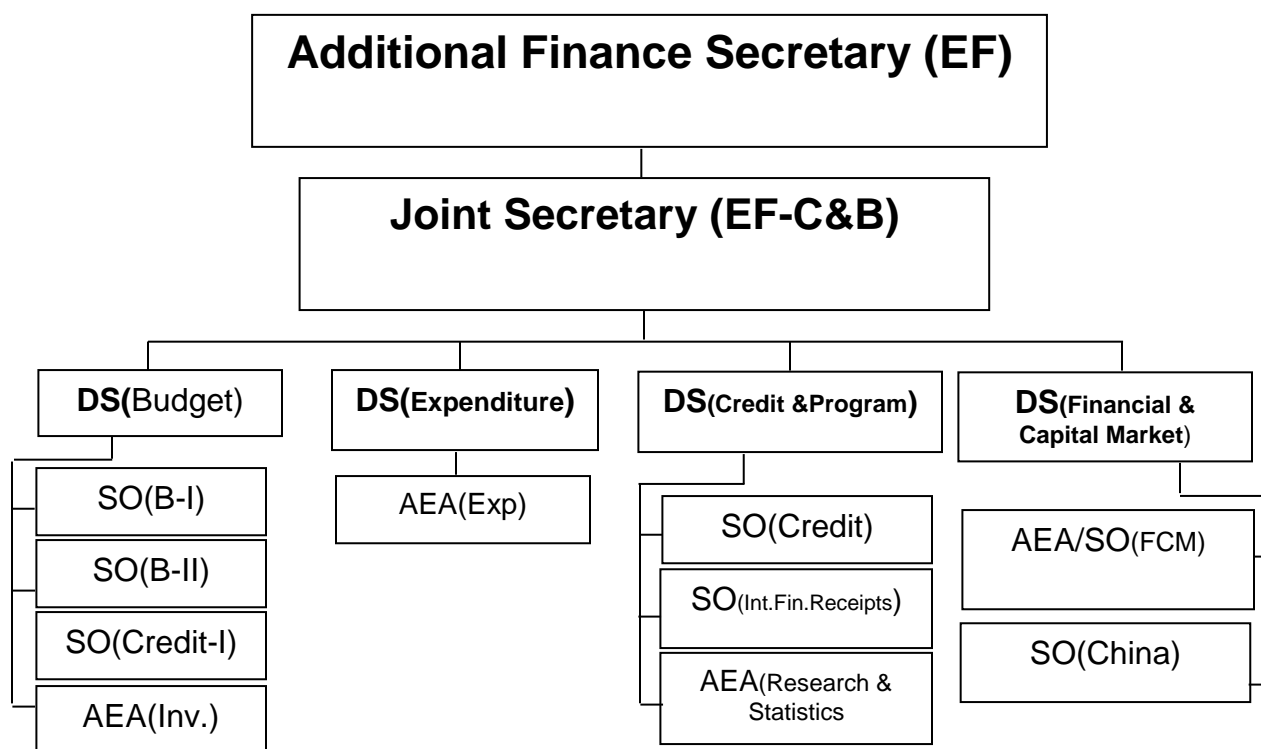
coverage of income support to 8 million, fiscal space will have to be created. Unification of fragmented safety nets at the federal level and elimination of all non-targeted subsidies will result in substantial savings to the federal kitty when overlapping will be rectified. Digital mapping of the recipients under different programs will also end duplications --- a beneficiary receiving cash and other CCT benefits from three programs at the same time needs to be weaned off the UCT.

Expanding Conditional Cash Transfer (Waseela-e-Taleem)

BISP is currently implementing Conditional Cash Transfer Program linking with education in 50 districts. Top up of Rs. 750/- per quarter is distributed to beneficiary children enrolled in primary education on 70% attendance compliance. Expansion could not take place in all districts due to financial constraints. BISP has so far disbursed Rs. 8.2 billion in CCT intervention amongst 2.7 million children of beneficiary families. BISP is optimistic to expand the CCT on education intervention in all districts of the country to cover all out of school children of BISP beneficiary families which is planning in next 3-5 years. There are 9 million children of BISP beneficiary families falling in primary school age as per BISP data. In order to enroll all 9 million children, BISP requires Rs. 34 billion annually. Rs. 750/- stipend per quarter is not substantial incentive to retain children in school as poorest of the poor usually engage their children in child labour.



**EXTERNAL FINANCE
(C&B) WING**

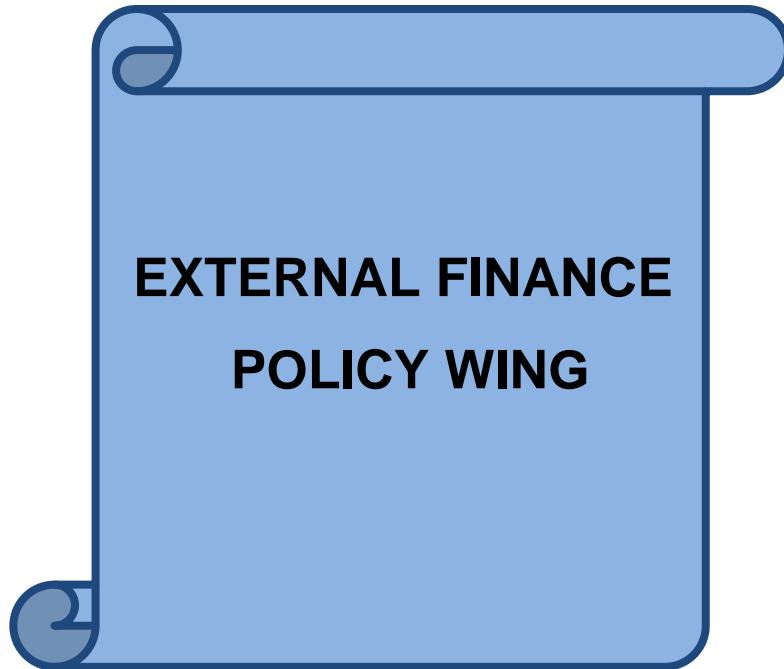


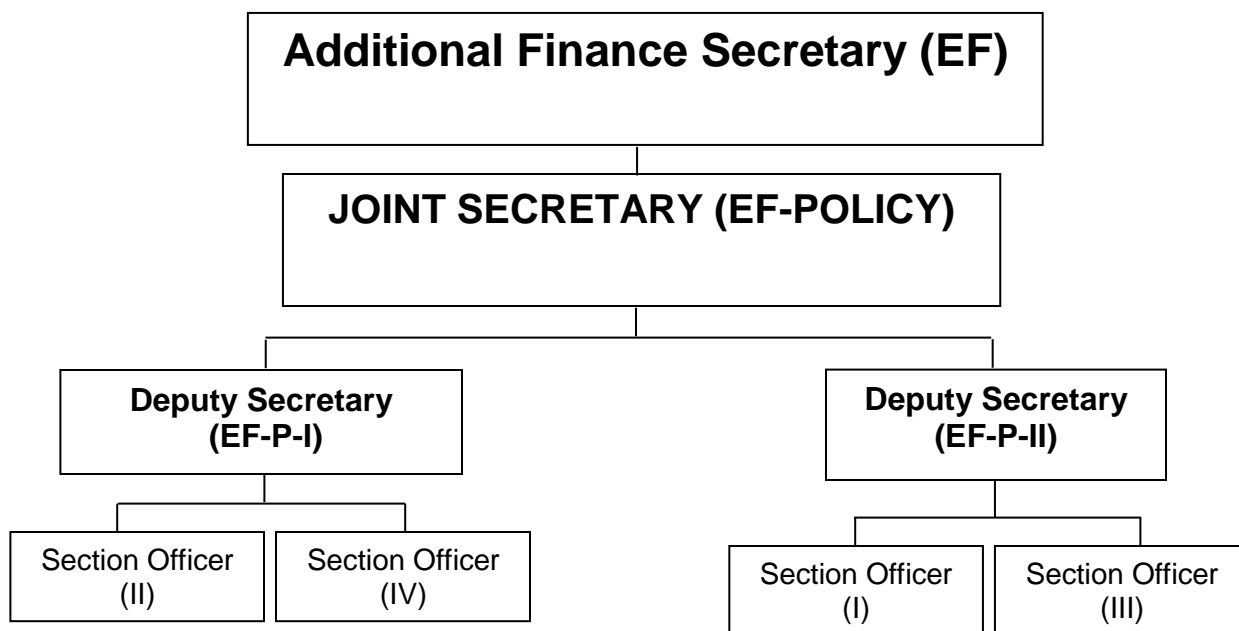
NAME AND OFFICIAL TELEPHONE NUMBERS OF OFFICERS OF EF-C&B WING:

S#	Name of Officer	Designation	Telephone Number(Off)
1	Mr. Kamran Ali Afzal	Additional Finance Secretary(EF)	051-9202584
2	Mr. Saad Fazil Abbasi	Joint Secretary(EF-C&B)	051-9202212
3	Mr. Shahid Raza	Deputy Secretary(EF-Exp)	051-9203237
4	Mr. Shahid Ali	Deputy Secretary(EF-R&S)	051-9209615
5	Mr. Iftikhar Amjad	Deputy Secretary(EF-R&S/FCM)	051-9209174
6	Mr. Shahid Raza	Deputy Secretary(EF-B/EF-Programme)	051-9208212
7	Ms. Ambreen Saadat	SO(EF-IFR)	051-9209583
8	Ms. Itrat Zahara	SO(EF-B-II)	051-9201255
9	Mr. Asrar Ahmad	SO(EF-B-IV)	051-9209583
10	Ms. Anam Jamal	SO(EF-C-I)	051-9209844
11	Mr. Ali Abbas	SO(EF-C-IV)	051-9209573
12	Mr. Abid Akhtar	AEA(EF/Exp)	051-9204228
13	Mr. Muhammad Sarfraz Butt	AEA(EF-R&S)	051-9207240

MAJOR ACHIEVEMENTS DURING 2017-19

- Pakistan successfully re-entered the capital market through issuance of Eurobond of \$ 1.5 billion and international Sukuk worth \$1.0 billion at historically low coupons. This was a validation of the investor's confidence in the country's economy.
- Pakistan hosted first Post Program Monitoring (PPM) discussions with the International Monetary Fund (IMF) in December 2017 after completion of Extended Fund Facility (EFF) program in September 2016. The Executive Board of the IMF approved a 3 year EFF arrangement for an amount equivalent to SDR 4.93 billion for Pakistan in September 2013.
- IMF interacts with member countries through Post Program Monitoring (PPM) which is limited to countries which are in Program Arrangement or have concluded such arrangement in the near past.
- Post-Program Monitoring (PPM) is one of IMF's safeguard frameworks to **ensure repayment to the Fund** by closely monitoring and engaging with member countries that have substantial Fund credit outstanding, but are no longer in a program relationship.





NAME AND OFFICIAL TELEPHONE NUMBERS OF OFFICERS OF EF-P WING:

S#	Name of Officer	Designation	Telephone Number(Off)
1	Mr. Kamran Ali Afzal	Additional Finance Secretary(EF)	051-9202584
2	Mr. Muhammad Tahir Noor	Joint Secretary(EF-P)	051-9222982
3	Syed Ahmad Raza Asif	Deputy Secretary(EF-P-I)	051-9204814
4	Dr. Irfan Abbas Shah	Deputy Secretary(EF-P-II)	051-9204844
5	Malik Ishfaq Khan	Section Officer (EF-P-I) Add. Charge	051-9201853
6	Mr. Khursheed Ahmed	Section Officer (EF-P-II)	051-9201332
7	Malik Ishfaq Khan	Section Officer (EF-P-III)	051-9209665
8	Mr. Ghulam Yaseen Sanghro	Section Officer (EF-P-IV)	051-9208286

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). Performance of the Wing during FY 2017-18 remained as under:

The World Bank

- i. Successful negotiations with the World Bank for \$ 400 million IDA credit for “Public Finance Management and Accountability to Support Service Delivery (Program for Results-PfR) and Disbursement of \$60 million in budgetary support under the Programme.
- ii. In addition, successful negotiations with the Bank for various projects/programs worth around \$2.5 billion in the areas of Economic Growth, Agriculture, Energy, Nutrition, Housing, Temporarily Displaced Persons, Water Infrastructure, Green Development, Urban Development and Weather Forecasting & Disaster Risk Management.

International Finance Corporation (IFC)

Pakistan, a member of IFC since 1956, represents IFC’s largest country exposures in the Middle East and North Africa Region. IFC has committed more than US\$ 8.5 billion of cumulative investments in Pakistan since 2007. IFC’s current committed investment exposure in Pakistan is about US\$1.20 billion in 40 companies [54% in infrastructure, 27% in financial institutions and remaining balance of 19% is in the Manufacturing, Agri-business and Services sectors]. External Finance Policy Wing is the focal point in Finance Division for coordination with IFC.

SAARC Development Fund (SDF)

SAARC Development Fund (SDF) was established in 2008 to offer concessional and non-concessional funds as well as grants to contribute to regional cooperation and integration through project collaboration with an aim to reduce poverty in the SAARC Region through from Social, Economic and Infrastructure Windows. Presently, only Social Window is operational and various projects are under implementation in Pakistan.

The Joint Secretary (EFP) of Finance Division is Director from Pakistan on the SDF Board of Directors and currently the Chairman of the Board. External Finance Policy Wing of Finance Division is also the Counterpart Agency of SDF funded projects in Pakistan.

SDF has so far funded/committed funding 12 development projects under its social Window, which are being implemented in different member states including Pakistan. During FY 2017-18, following two new projects were approved/launched inter alia in Pakistan:

- 1) Networking of women entrepreneurs (SMEs) from SAARC countries. Scientific and technological information Centre (PASTIC), is the implementing agency.
- 2) Strengthening maternal and child health immunization project. Ministry of National Health Services, Regulations and Coordination is the implementing agency in Pakistan.

Protection of Economic Reforms Act, 1992

Protection of Economic Reforms Act (PERA) was promulgated on 23rd July, 1992 for providing a liberal environment for savings and investments in the country and to provide legal protection and regulate authorized foreign currency dealers within and outside Pakistan.

In order to align PERA with the Prime Minister's Tax Reform & Amnesty Scheme 2018 and strengthen the foreign exchange regime in Pakistan, certain amendments were made in PERA, 1992 during FY 2017-18.

Institutional Strengthening of Finance Division Project (ISFDP)

- i. Institutional Strengthening of Finance Division Project was successfully concluded on June 30, 2018. Under the project, 42 training courses were conducted for Officers and 46 for staff. Besides, 14 Research Studies in the areas of economy and finance were conducted. Moreover, Financial experts were hired to provide technical support to different wings of Finance Division
- ii) 9 officers of Finance Division were trained in the areas of debt and capital markets during 5-day in-house training held in Jul-Aug 2017 under a World Bank funded "Pakistan Debt Management Support Program".

Poverty Alleviation in Pakistan:

Pakistan Poverty Alleviation Fund (PPAF) is the lead apex institution for community-driven development in the country. Set up by the Government of Pakistan as an autonomous not-for-profit organization, PPAF is funded by the Government of Pakistan, The World Bank, International Fund for Agricultural Development (IFAD), KfW (Development Bank of Germany), Italian Development Cooperation and other corporate donors.

Since its inception in April 2000 to June 2018, PPAF has disbursed an amount of approximately PKR 195 billion to its Partner Organizations (POs) in 137 districts across the country. During the same period, 8.4 million microcredit loans disbursed with 60% loans to women and 80% financing extended to rural areas. Over 38,000 health, education, water and infrastructure projects completed; 440,000 credit groups and 133,000 community organizations formed, 427,000 individuals received skills/entrepreneurial trainings, 111,5000 productive assets transferred to ultra and vulnerable poor households (46% women), over 449,500 interest free loans (66%

women beneficiaries) disbursed through Prime Minister Interest Free Loan (PMIFL) scheme, 26,000 individuals including women and youth trained on enterprise development under Waseela-e-Haq National & Waseela-e-Haq Sindh programme of BISP and facilitated in establishing their successful ventures, and 30,800 persons with disabilities rehabilitated.

During FY 2017-18, Pakistan Poverty Alleviation Fund (PPAF) has managed to disburse an amount of PKR 1,088 million to its partner organizations (POs) under PPAF core interventions administered under various PPAF supported programmes.

A new program namely National Poverty Graduation Programme (NPGP), to be mainly funded by International Fund for Agriculture Development (IFAD) was launched during FY 2017-18. Moreover, PPAF and KfW signed an agreement of EUR 10 million for implementation of Phase-II of Livelihood Support and Promotion of Small Community Infrastructure Program (LACIP) in KP.

MILITARY FINANCE WING

Rawalpindi

Finance Division (Military Finance Wing) deals with preparation, execution, monitoring of Budget and expenditure relating to Ministry of Defence, M/o Defence Production, Armed Forces, Inter Services Organizations, DP establishments, procurement of all Defence equipments and all other related financial matters pertaining to them. (Military Finance Wing) have performed the assigned jobs in accordance with the laid down procedures / instructions and set targets including Budget Estimates as well as Revised Estimates and expenditure relating to Development Projects and miscellaneous stores during Financial Year 2017-18. It is felt that it would not be appropriate to divulge the nature of all its cases / contracts and activities, being classified in nature and financed from classified Defence Budget. However, it is worth mentioning that while concurring all procurement and development contracts due care has been exercised for optimum utilization of available resources and adherence to rules by applying different financial techniques to get best value for the money. In addition, achievements in other main areas are highlighted as under: -

Budget Allocation/Expenditure

Ministry of Defence demanded supplementary budget worth Rs.119.200 Billion for the Financial Year 2017-18. This proposal was examined in detail and the demand was reduced to Rs.78.200 Billion.

Accounting of Defence Expenditure

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

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 were made by persuading the procurement Agencies to generate healthy competition among the competitors in order to achieve best possible rates, as per instructions of Public

Procurement Rules 2004 (PPRA Rules) for the desired equipments and technologies for Armed Forces of Pakistan.

Indigenization efforts are being supported to provide opportunity to our private sector industry to compete in Defence market.

Development Projects

To bolster our Defence, various projects are prepared by services HQs/DP establishment and submitted to Finance Division (Military Finance Wing) for appraisal. It is highly professional job which requires well trained staff having expertise in a project appraisal field. Financial appraisal of the project is carried out to ensure optimum utilization of resources. Proposals about manpower, equipment and support services requirements are scrutinized on the basis of financial analysis techniques and modern HRM practices.

Special Packages

To meet the requirement of mega Defence projects, internal security and execute the future plan to modernize our Defence forces, funds are allocated with thorough scrutiny. It is strictly watched that funds are utilized according to the laid down procedure with proper accounting.

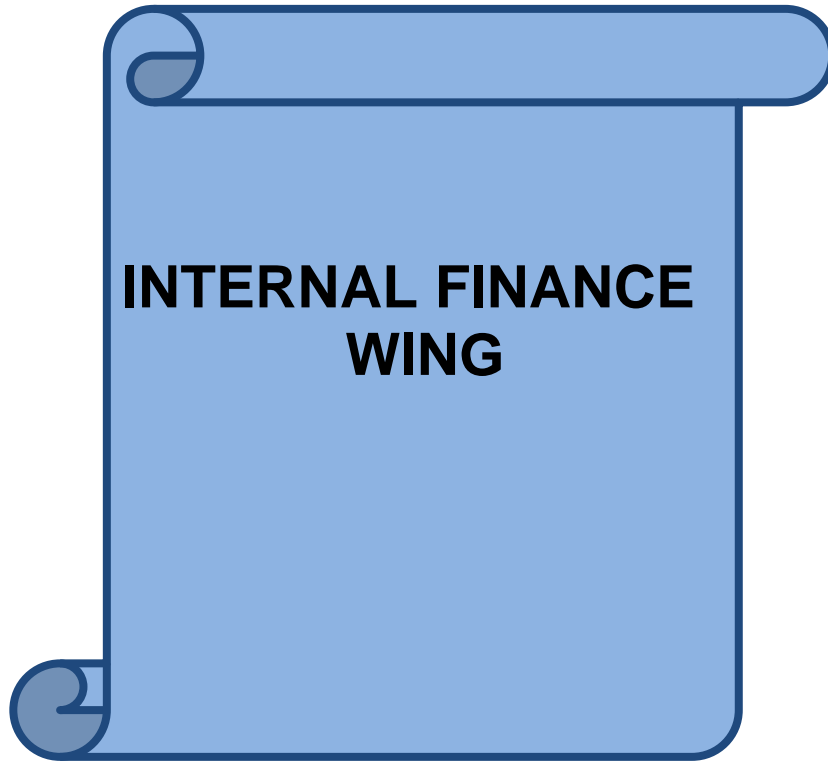
Miscellaneous Activities and Achievements

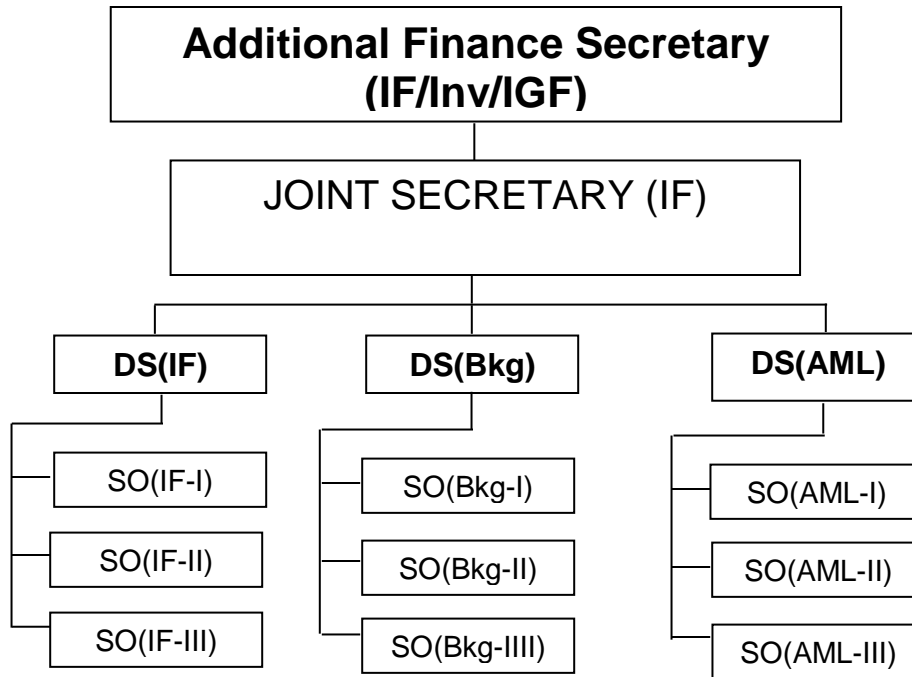
- Optimum efforts have been made to facilitate Armed Forces and Attached Departments of Defence Division for timely flow of finances, strictly within the parameters of existing rules and regulations.
- The trend of expenditure were closely monitored throughout the year to pre-empt over expenditure by the Departments/Services.
- In cases where public interests are involved, efforts were made to hold the tenets of natural justice, without compromising the interests of the state.
- To enhance the performance of this Division, most of the Wings/Sections have been provided/equipped with latest equipment.

Program of Activities/Targets.

- Timely disposal of all cases.
- Strict adherence to relevant financial regulations and procedures in finalization of cases including financial concurrence.

- Finalization of Revised Estimates 2017-2018 and Budget Estimates 2018-2019 with due regard to economy in expenditure.
- All the targets assigned to this Division have been achieved well in time and within the stipulated period with no pendency at the end of last financial year i.e. 30th June, 2018.





NAME AND OFFICIAL TELEPHONE NUMBERS OF OFFICERS OF IF WING:

S#	Name of Officer	Designation	Telephone Number(Off)
1	Mr. Mohammad Sohail Rajput	Additional Finance Secretary(IF/IGF)	051-9211168
2	Mr. Amir Nazir Gondal	Joint Secretary (IF)	051-9205331
3	Mr. Suhbat Ali Talpur	Deputy Secretary (Bkg)	051-9209497
4	Mr. Athar Sajid Khan	Deputy Secretary (AML)	051-9209795
5	Mr. Rauf Ahmad	Deputy Secretary (IF)	051-9204482
6	Mr. Muhammad Ayaz	Section Officer (Bkg-I)	051-9209475
7	Ms. Mubeen Saeed	Section Officer (Bkg-II)	051-9209504
8	Ms. Sonia Nawaz	Section Officer (Bkg-III)	051-9208225
9	Sardar Shehazad Khan	Section Officer (AML-I)	051-9207080
10	Sardar Shehazad Khan	Section Officer (AML-II)	051-9209241
11	Sardar Shehazad Khan (Look after charge)	Section Officer (AML-III)	051-9207080
12	Ms. Sara Jawad	Section Officer (IF-I)	051-9209556
13	Ms. Tasnim Bajwa	Section Officer (IF-II)	051-9211518
14	Rana M. Sajjad Anwar	Section Officer (IF-III)	051-9209568

ZARAI TARAQIATI BANK LIMITED (ZTBL)

Zarai Taraqiati Bank Limited (ZTBL) being the successor of Agricultural Development Bank of Pakistan (ADBP) is the single largest financial institution of Agri. Financing. ADBP was established through the promulgation of ADB Ordinance, 1961 on February 18, 1961 by merging Agricultural Development Finance Corporation (1952) and Agricultural Bank of Pakistan (1957) to provide better credit facilities to the agriculturists for development and modernization of agriculture and for small cottage industries in the rural areas. "Technology for Agriculture" is the main motto of the Bank which is being practiced by the Bank since its inception. In the year 2002 responding to the market aspirations, ADBP was converted into a company limited as ZTBL, for providing better services to the target clients.

Hence ZTBL, being the major financial service provider to agriculture sector persistently augments efforts of Government to achieve self-sufficiency in food and marketable surplus. Despite unfavorable scenario the Bank has maintained its lead in institutional agriculture credit lending, as ZTBL alone disbursed an amount of Rs.83.187 billion out of total country's agricultural disbursement of Rs. 972.606 billion, having a share of 8.5 percent in the total institutional agricultural credit during the FY 2017-18.

Performance/Credit Disbursement in the Financial Year 2017-18 :

The Bank maintained its position as the main source of institutional financing in the agriculture sector. During the fiscal year 2017-18, a lending target of Rs.125 billion was assigned to ZTBL by State Bank of Pakistan against which Rs. 83.187 billion have been disbursed with a pace of 67%. During the said period 402,174 farmers took benefits from the Bank in shape of loans.

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

26% 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. 58.493 billion and Rs.24.693 billion respectively in these categories.

The Bank channelized bulk of its credit to **small farmers** who constitute backbone of the agriculture sector of the country. 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.78.598 billion to small farmers constituting 94.4% of total agriculture credit.

During the fiscal year 2017-18, the Bank disbursed an amount of Rs. 20 million in 125 number of loan cases under **Khawateen Rozgar Scheme**. While the Bank also advanced an amount of Rs. 5,485 million to 21,496 number of borrowers for this purpose during the calendar year 2017.

During the fiscal year 2017-18, ZTBL has **recovered** an amount of Rs. 96.369 billion as against the credit disbursement i.e. 83.187 billion made during the same period.

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 pretax profit of Rs. (6.149) billion and earnings per share remained at Rs. (1.40) as on December 31st, 2017.

Earnings per Share (EPS)

During 2017-18, the loss earnings per share remained Rs. (1.40) as compared to Rs. 0.72 in year 2016-17 (restated). The Group posted an EPS of Rs. (1.38) as compared to Rs. 0.74 (restated) last year. However, during the period, January to June, 2018 Earning per Share remained (0.72).

INITIATIVES DURING THE YEAR 2017-18

With an objective to diversify its lending and to tap value added potential, the Bank has recently developed and launched the following products:

i. Digitalization of Customer Loan Management Project Phase –I Deliverables:

In order to make ZTBL Operations on digital platform, customer loan management system has been strengthened by way of automation of following processes of loaning procedure as Project Phase – I deliverables: -

- i) NDC – No Demand Certificate
- ii) Charge Creation
- iii) Redemption of Charge
- iv) Biometric Customer Profile Management in CBAS

This will not only reduce the transitional and operating costs of the Bank but will also facilitate farmers with efficient and financially competitive services and products.

ii) Disbursement in Agri. Credit Scheme through Mobile Wallet in Punjab:

Since Inception of the Agri. E-Credit Scheme, the disbursement under the scheme was being made through borrower's Assan/Current Account. However, in order to achieve the main objective of digital inclusion, an agreement has been executed between ZTBL & Telenor Bank in which the loan disbursement to the respective borrowers will now be done through a mode of e-Banking i.e. mobile wallet of Telenor Bank.

iii) Ostrich Farming

In order to promote ostrich farming in the country, maximum loan limit per borrower/party has been increased from 0.2 million to 1.5 million under General Lending. Formerly, it's lending was specifically admissible under Asan Qarza Scheme and Khawateen Rozgar Scheme at aforementioned limit.

iv) Revival of Sada Bahar Scheme (SBS)

In order to facilitate the farmers, Bank has revived Sada Bahar Scheme. The main objective of the revival of the Sada Bahar Scheme is to provide adequate & timely financial support to the farmers for their input & working capital credit requirements in more flexible & cost effective manner on revolving-finance based mechanism. The maximum loan limit on seasonal basis (Rabi & Kharif crops) is Rs. 0.700/- million per borrower/party.

KEY PERFORMANCE INDICATORS (CY-2017-18)

PERFORMANCE OF ZTBL		
(During July 2017 to June 2018)		
(Rupees Million)		
CREDIT OPERATIONS		
Total Disbursement		83,186.631
Borrowers served (No.)		402,174
Category-wise disbursement		
Production Loans		61,746.563
Development Loans		21,440.068
Farm Credit		58,493.212
Non-Farm Credit		24,693.419
Economic Group wise disbursement		
Subsistence		41,894.628
Economic		16,079.846
Large		518.738
Disbursement to Small Farmers		
Disbursement to Small Farmers		78,597.526
Small Farmers as % of total loans		94.4
Scheme wise Credit Disbursement		
Awami Zarai Scheme		7,303.728
Sadda Bahar Scheme		2,2370.147
Tractors/ Tube wells Financed		
Tractors financed	Number	5,062
	Amount	3,236.275
Tube wells financed	Number	588
	Amount	81.793
Recovery Operations		
Total Amount Recovered		96,368.502
Network of Operations		
Number of Zones		32
Number of Branches		488
Number of MCOs		1342

House Building Finance Company Limited (HBFC)

House Building Finance Company Limited (HBFC) is the only housing finance institution in Pakistan, established in 1952 by the Government of Pakistan. It was corporatized in 2007 and is now an unlisted public limited company. State Bank of Pakistan (SBP) and Government of Pakistan (GoP) jointly hold the capital of HBFC with 90.31% and 9.69% shareholding respectively. HBFC provides financing facilities for construction and purchase of houses through its deep rooted and national footprint of 51 Branches, 3 Regional Offices and the Head Office based in Karachi.

Achievements

- **Disbursement:** During the period under review (2017-2018) **PKR 1.631 billion** was disbursed for construction and purchase of housing units. The maximum limit for construction/purchase loan was PKR 10 million.
- **Recovery:** During the review period **PKR 4.155 billion** was recovered from the borrowers.
- **Outstanding Loan Portfolio: PKR 14.320billion** (as of June 30, 2018)
- **Existing Number of Borrowers: 46,354** (as of June 30, 2018)

Other Achievements

- HBFC earned a profit of **PKR 1.62 billion*** in 2017 against a loss of **PKR 866 million**** in 2016. The turnaround was due to no mark-up expense incurred during the year as compared to PKR 1.07 billion in 2016 and reversal of provision against advances amounting to PKR 655 million during the year as opposed to an expense of PKR 869 million during the prior year. The reversal of provision against advances led from offering incentive scheme to customers of Ghar Aasan Scheme (GAS).
- Further, the turnaround was accompanied by conversion of debt along with outstanding mark-up in respect of SBP into equity amounting to **PKR 16.343 billion**. This injection of capital has also stabilized the financial position of HBFC

specifically in terms of improvement in capital adequacy ratios as there was a negative Tier-1 capital during 2016. The conversion also increased the stake of SBP in HBFC to **90%** at the end of 2017 as compared to **37%** in previous years.

- In order to reduce the administrative expense of the Company, Voluntary Separation Scheme (VSS) was offered in late 2016 and continued till early 2017. A total of **179 employees** opted VSS during the year, which helped HBFC reduce its HR cost by **43%** approximately.
- One of the initiatives taken by the Company during the year 2017 was the introduction of Ghar Aasan Scheme (GAS) Incentive Scheme. Major purposes of the scheme include improvement in recovery and alignment of GAS to standard mortgage finance practice.
- The Widow Remission scheme was also launched by the GoP during the year. The scheme plans to provide relief to the widow customers of HBFC by writing off the loans of widows having principal outstanding of **less than PKR 500,000**. The scheme is financed by Government of Pakistan and is likely to reduce the classified portfolio of the Company.

SMALL AND MEDIUM ENTERPRISES 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 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 trading, furniture manufacturing, surgical & cosmetics, cutlery items, fans manufacturing, schools, clinics/hospitals, construction, textile, cold storage, garments, electronics etc.

Bank's performance during July 01, 2017 to June 30, 2018

	Rs. In million
Disbursement from July 01, 2017 to June 30, 2018	2,074.04

Loan Recovery from July 01, 2017 to June 30, 2018	675.28
Deposits as on 30-06-2018	6,084.45
Loans outstanding as on 30-06-2018	2,571.33

Consistent growth in advances to different sectors has not only contributed to GDP, rather created job opportunities/self-employment for number of unemployed educated youth and developed socio-economic conditions of the masses.

PAKISTAN MINT

Pakistan Mint is subordinate office of Finance Division. It is declared as a Security Key Point category 1-A which is highest in the country. It comprises of a Factory and offices. It is engaged in the following types of work: -

- a) Production of Currency coins and commemorative coins against the demand from the State Bank of Pakistan
- b) Production of Civil & Military Awards and Medals of all kinds.
- c) Production of Postal Stamps & Seals, Year Punches, Embossing Machines, Shields, Tokens, Lapel Pins, Badges, Title Shoulders, Key Chain and other items of decorations & Souvenirs
- d) Melting, Refining and conversion into standard bars of gold and silver confiscated by different agencies.

Performance in 2017-18

A) Production of Currency coins and commemorative coins

S#	Denomination	Weight	Composition	Intrinsic Value	Remarks	Demand from SBP for 2017-18 (in million pieces)	Production during 2017-18 (in million pieces)
1	Re.1	1.75 grams	Pure Aluminum	Rs.0.54	0.2% Copper is added in the Aluminum for improving metallurgical/mechanical properties.	104	52.46
2	Rs.2	2.6 grams	Pure Aluminum	Rs.0.80		149	32.43

3	Rs.5	3 grams	Copper 79% Nickel 1% Zinc 20%	Rs.2.90	-	245	122.785
4	Rs.10	5.5 grams	Copper 79% Nickel 1% Zinc 20%	Rs.5.31	-	48	41.928
5	Rs. 50 (Commemorative Coin Dr. Ruth Pfau)	13.5 grams	Copper 75% Nickel 25%	Rs. 7.20	-	0.05	0.05

B) Non-coinage Production and Revenue received

Months	Amount of Revenue Received (Rupees)
July-2017	445,690
August, 2017	716,660
September, 2017	831,770
October, 2017	548,460
November, 2017	496,145
December, 2017	2,706,050
January, 2018	4,982,340
February, 2018	1,631,855
March, 2018	3,623,215
April, 2018	895,415
May, 2018	643,845
June, 2018	21,057,218
Total:	38,578,663

C) Budget 2017-18 and Actual Utilization

Major Heads		Original Grant	Re-appropriation (+)	Re-appropriation (-)	Technical Surrender (-)	Final Grant	Actual Expenditure
A01	Employee Related Exp.	350,793,000	41,166,000	35,776,000	-	356,183,000	355,613,296
A02	Preinvestment Project Analysis	1,000	-	-	-	1,000	-
A03	Operating Expenses	166,061,000	8,250,000	8,250,000	10,388,900	155,672,100	152,257,099

A04	Employee Retirement Benefit	2,000,000	400,000	-	-	2,400,000	2,398,904
A05	Grants, Subsidies and write off Loans/ Advances/ Others	6,000,000	-	-	-	6,000,000	6,000,000
A06	Transfer	250,000	-	-	-	250,000	249,983
A09	Physical Assets	15,930,000	-	-	925,000	15,005,000	14,821,922
A12	Civil Works	1,000	-	-	-	1,000	-
A13	Repair & Maintenance	16,825,000	-	5,790,000	5,715,000	5,320,000	5,263,053
Total		557,861,000	49,816,000	49,816,000	17,028,900	540,832,100	536,604,257

Consolidated Fund

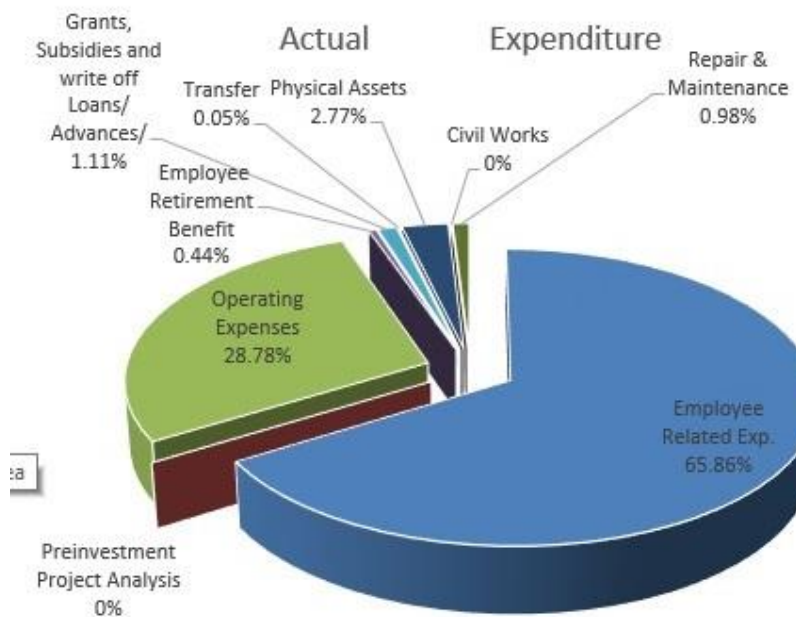
Final Grant 540,832,100
 Total Expenditure 536,604,257
Balance 4,227,843

2017-18

Public Account

Total Released 740,760,000
 Total Expenditure 738,221,795
Balance 2,538,205

2017-18



National Security Printing Company

INTRODUCTION:

The Government of Pakistan established National Security Printing Company (NSPC) under Companies Ordinance, 1984 (now Companies Act, 2017) on 18th April 2017 for printing of all strategically important documents other than banknotes and prize bonds.

Printing of all types of security documents in Pakistan is sole mandate of NSPC. All security documents, revenue generating documents, ID documents, Smart Cards, Passports, Tax Stamps, postal and non-postal stamps, Motor Vehicle Registration document/ card, Arm Licence, Driving Licences, Domicile Certificates, Permanent Residence Certificates (PRC), Pension & Service Books, Real Estate Documents, Dividends, Warrants Educational Certificates, Degrees and Transcripts, Personalized Cheques, Travellers Cheques, Demand Drafts, Pay Orders, Bankers Cheques must be printed at NSPC.

OBJECTIVE OF NSPC:

NSPC is the only security printer in Pakistan. Our objective is to print strategically important security documents on behalf of the Government of Pakistan, Government agencies and private institutions to safe guard the Government revenue, sanctity of documents and interest of General Public.

ACHIEVEMENT AGAINST REVENUE BUDGET 2017-18:

Sales Analysis 2017-18:

Rs. in Million

Annual Target 2017-18	Actual Sales As 2017-2018	Variance	
		Rs.	%
2834	3205	+317	11%

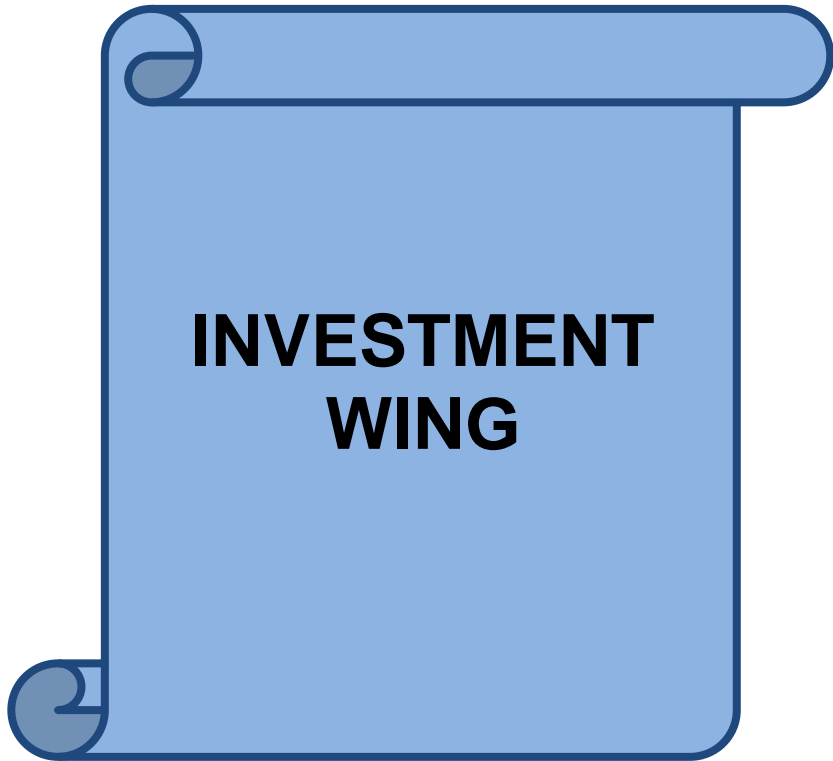
Financial Analysis 2017-18:

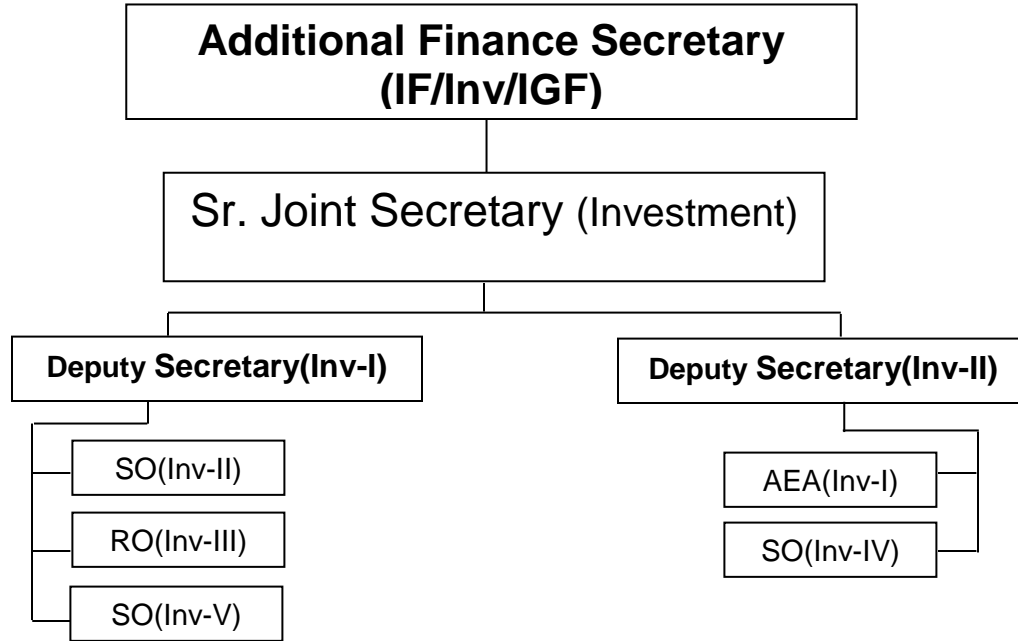
Rs. in Million

Description	Revenue Budget 2017-18
Net Sales	3,205
Gross Profit	1,473
Net profit after tax	1,045

State Bank of Pakistan:

A booklet containing Annual Performance Review 2018 of State Bank of Pakistan is available at www.sbp.org.pk/reports/annual





NAME AND OFFICIAL TELEPHONE NUMBERS OF OFFICERS OF INVESTMENT WING:

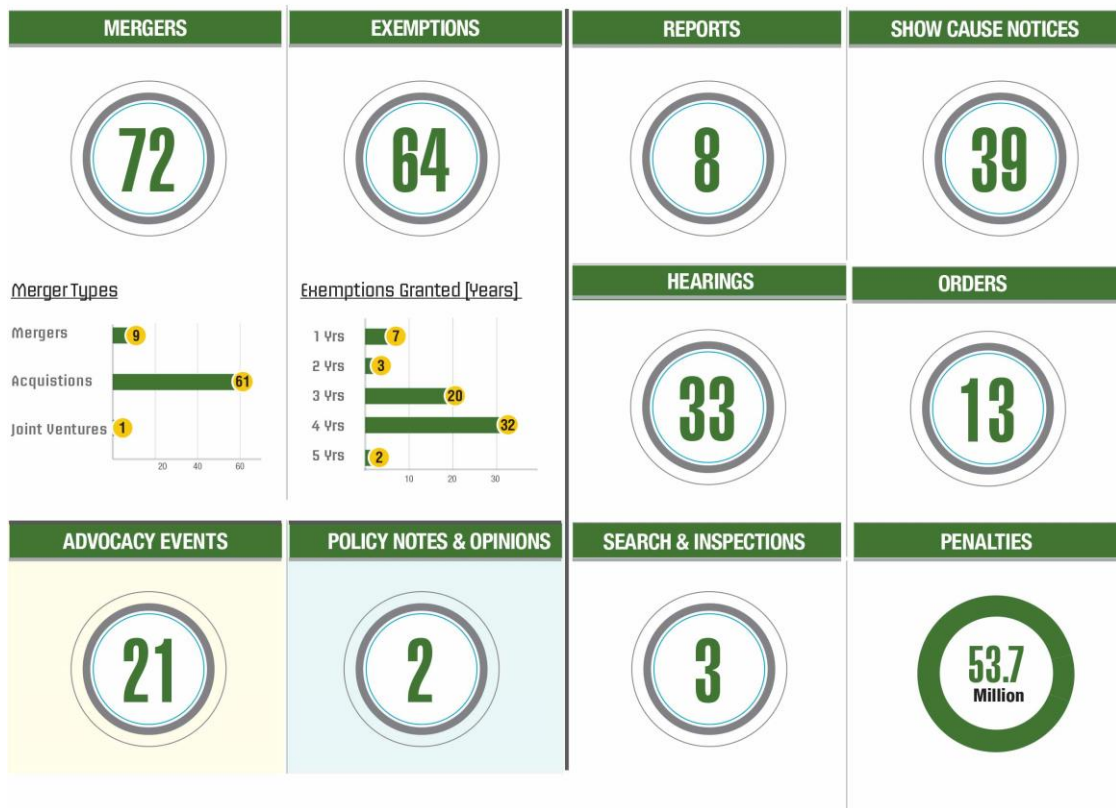
S#	Name of Officer	Designation	Telephone Number(Off)
1	Mr. Mohammad Sohail Rajput	Additional Finance Secretary(Inv)	051-9211168
2	Mr. Tanveer Butt	Senior Joint Secretary(Inv)	051-9201962
3	Mr. Farooq Ghani (Add. Charge)	Deputy Secretary (Inv-I)	051-9203244
4	Mr. Abdul Jabbar	Deputy Secretary (Inv-II)	051-9202113
5	Mr. Farooq Ghani	Section Officer (Inv-II)	051-9209732
6	Mr. Zulfiqar Ali	Research Officer (Inv-III)	051-9209473
7	Miss Rida Noor	Section Officer (Inv-V)	051-9209774
8	Mr. Mushtaque Ahmed	Asstt. Economic Adviser (Inv-I)	051-9209758
8	Mr. Jameel Ahmed Shaikh	Section Officer (Inv-IV)	051-9209841

Competition Commission of Pakistan (CCP):

The Competition Commission of Pakistan (CCP) is an independent quasi-regulatory, quasi-judicial body, entrusted to promote competition by enforcement of Competition Act, 2010 (the Act). This Act provides for a legal framework to create a business environment based on healthy competition for improving economic efficiency, enhancing competitiveness and protecting consumers from anti-competitive practices.

The enforcement provisions in the Act are bifurcated into an ex post review of prohibited practices and ex ante assessment of proposed mergers. Prohibited practices include vertical and/or horizontal agreements, which have the object or effect of reducing competition, abuse of dominant position, and deceptive trading practices. Under the law, reviewable transactions include approval of mergers and acquisitions as these can reduce competition by creating a dominant position. Advocacy and research are other core functions, which support promotion of competition.

In the paragraphs to follow, an overview of the activities is provided.



I. Cartels & Trade Abuse

As part of its enforcement mandate under Section 3 & 4 of the Competition Act, 2010, the Commission formally processed 59 complaints, entered & searched 3 premises, initiated 10 inquiries, concluded 10 inquiries, passed 2 orders, imposed PKR 5 million in fines, and issued 1 opinion and policy note each. Some of the sectors in which the Commission took enforcement actions are as under:

a. Aviation: The Commission initiated 5 inquiries in this sector relating to various alleged or suspected anti-competitive activities by various stakeholders in the market. In the same time it closed 1 enquiry relating to the sector.

b. Telecommunication & IT: 1 inquiry in this sector was initiated while 4 were concluded during the financial year. The Commission passed an order requiring Utility Stores Corporation to amend terms and conditions of its tender for procuring a cloud based ERP and POS solution to make the process more competitive. The Commission also issued a policy note to the Federal Board of Revenue to amend its tender for procuring a Track & Trace system to make it more competitive.

c. Media: An inquiry into the role of Pakistan Broadcasters Association found that the trade body had enacted rules and regulations which prima facie amounted to taking business decisions on behalf of its members in violation of Section 4 of the Competition Act, 2010 with respect to the advertising industry.

d. Paints: An enquiry was initiated into possible resale price maintenance by a leading paint manufacturing company. An order was issued against another company Reliance Paints for resale price maintenance and a fine of PKR 5 million was imposed.

e. Agriculture: An enquiry against the Pakistan Floor Mills Association found that the trade body was prima facie involved in collusive behavior in violation of Section 3 of the Competition Act, 2010. Another inquiry was initiated against a broiler farmers' association on the suspicion of price fixing. The Commission issued a detailed opinion on the competition issues in the sugar industry while giving its recommendations to improve the level of competition therein.

f. Automobile: A detailed inquiry was conducted into allegations of abuse of dominance by car manufacturers in the country. The inquiry did not find any evidence that the manufacturers were involved in abusing their dominant positions.

In addition to the above, enquiries were initiated in the Oil & Gas, Electronics, and Electric Power sectors.

II. Office of Fair Trade (OFT)

The Commission as part of its enforcement mandate under Section 10 of the Competition Act, 2010 took actions against various undertakings who were engaged in

deceptive marketing practices. The Commission during the period Completed 4 enquires, issued show Cause notices to 5 undertaking, passed 10 Orders and imposed penalties amounting to Rs 48.7 Million. The Commission during the said period also initiated 15 enquires. Sectors in which Commission took actions against various undertaking are stated as under:

a. Real Estate Sector: The Commission took actions action three different real estate developers for deceptive marketing practices. These undertaking were distributing false and misleading in their marketing material. There were false claims regarding location of project, stage of completion and total cost of plot. The Commission imposed penalty of Rs 10 Million on M/S Vision Developers, Rs 2.5 Million on Green Field Developers and Rs 2.5 Million on M/S Eden Builders.

b. Fast Moving Consumer Goods: The Commission took actions against various undertaking engaged in selling and distribution of FMCG's. These undertaking includes M/S Shainal Al-Syed Foods Limited, Kitchen stone M/S Colgate-Palmolive, M/S Proctor & Gamble Pakistan (Pvt) Limited. These undertaking were distributing false and misleading information regarding various attributes of their products i.e. price, place of production, character, properties, suitability for use, and quality of goods. The Commission imposed penalties amounting to Rs 26 Million on these Undertakings.

c. Battery Manufactures: Five battery manufacturers were penalized by the Commission and were imposed upon a penalty of PKR 1 million each for non-disclosure of material information such as battery capacity on the product body and other marketing material while simultaneously printing random numbers on them.

d. Agricultural Products: Nine animal feed manufacturers were penalized for fraudulently using the registered trademark, distinctive logo and overall trade dress of a product of M/s Al – Rahman Oil Mills, Taizgaam, in violation of Section 10(1) of the Act, in terms of Section 10(2)(a), (b) and (d) of the Act. A penalty of PKR 300,000 was imposed on each undertaking.

e. Fraudulent use of Starbucks trade mark in Pakistan: The Commission issued show cause notice to M/S Options (Pvt) Limited for fraudulent use of Starbucks International trade mark and labelling in Pakistan.

f. Fraudulent use of PC mark in Pakistan: Show Cause Notices were issued to two undertakings for fraudulent use of the registered trademark of the well-known franchises, i.e., Pearl Continental (PC).

g. E-Commerce: An enquiry was concluded against M/s Kaymu.pk for violation of Section 10(1) in terms of 10(2)(a) and (b) of the Act for using false pictures to sell low

quality products on its website and for failing to fulfil its commitments regarding return policies marketed by it

h. Open hearing on Competition Issues on Real Estate issues in Pakistan: Open hearings on Competition issues in the real estate sector of Pakistan were held in Islamabad, Lahore and Karachi. Various Stakeholders of the Real Estate Sector took part in these hearing. As a result of these hearings the Commission will be issuing opinion on shortly.

III. Mergers and Acquisitions

Section 11 of the Competition Act and the pre-merger notification requirements of Section 4 of the Competition (Merger Control) Regulations, 2007, make pre-merger notifications mandatory for transactions that are above certain thresholds based on the size of the transaction and the parties.

During the period, 72 transactions were approved by the Commission. Of the 72 transactions approved by the Commission, some of the important ones were the acquisition of Daraz.com by Alibaba Singapore Holding, the acquisition of OMV (Pakistan) Exploration GMBH by Dragon Prime Hong Kong Limited, and the acquisition of Apollo Aviation Holdings Limited by TC Group, L.L.C., a member of The Carlyle Group L.P. A breakdown of the 72 orders issued by the Department of Mergers & Acquisitions, by industry, is as follows:

Sector/Industry	Transactions	Sector/Industry	Transactions
Oil & Gas	9	Cement	3
Energy	8	Entertainment	3
Financial Institutions & Insurance	8	Textile	3
IT & Telecommunication	6	Electrical & Home Appliances	3
Automotive	5	Packaging	2
Food & Beverages	5	Healthcare	1
Sugar	5	Hospitality	1
Chemicals	4	Pharmaceutical	1
Real Estate	4	Communications	1

Merger Awareness Program 2017-18

The Commission successfully concluded a Merger Process Awareness Program, in three different cities, as a part of its advocacy efforts in order to spread awareness of Pakistan's merger review regime under the Competition Act, 2010.

IV. Advocacy Activities

a. Guidance on Competition Compliance

The Commission launched ‘The Guidance on Competition Compliance,’ an-easy-to-understand guide on the Competition Act, 2010, to promote voluntary compliance of the law. The Guidance explains and provides a roadmap for mainstreaming a voluntary competition compliance programme to assist businesses and other stakeholders to promote an internal culture of compliance. Guidance session with following organizations took place:

- Pakistan Business Council
- Reckitt Benckiser Pakistan Limited
- CITI Bank Pakistan
- ICI Pakistan Limited
- UniLever Pakistan Limited
- Engro Corporation
- Nestle’ Pakistan
- Pakistan Advertising Society

b. Competition Advocacy with Academia

The Drive was initiated to create awareness on competition law among students and faculty members of academic institutions of Pakistan. The Drive was planned to target major universities of four provinces starting from Islamabad. During the first leg of awareness campaign, 24 seminars were held in cities ranging from Rawalpindi, Islamabad, Peshawar to Multan, Sargodha, Lahore, and Karachi.

During the seminars, other than presentations on basic provisions of Competition Law, the 16-week Module on ‘Economics and Competition Law’ was also discussed with concerned faculty members. The Module was developed in collaboration with King’s College London

c. Support to Pakistan’s National E-Commerce Policy

The Commission held a “Multi-stakeholder event on Consumer Protection Issues in E-Commerce” on 14 September 2017 in Islamabad. The event saw the participation of the government, i.e., the Ministries of Commerce and Information Technology, other regulatory bodies, i.e., The State Bank of Pakistan and the Pakistan Telecommunications Authority, the private sector, media, and the Sustainable Development Policy Institute, a globally-recognized think tank

d. Disseminating Information for Escalating Awareness and Compliance

i. Newsletters: A newsletter Ceteris Paribus containing information about the actions and initiatives undertaken by the Commission is published. (Vol 3 Issue 1)

ii. Radio Interview - In order to spread awareness among the general masses of Pakistan Radio, an essential medium was utilized. The CCP's senior officials participated in two episodes of a live current affairs show of the Pakistan Broadcasting Corporation (PBC), 'Rabta,' aired on 6 November 2017 and 9 May 2018.

V. Competition Policy and Research

a. Study on the Competition Assessment of the Road Construction sector in Pakistan

The Competition Commission of Pakistan (the Commission) carried out the study 'Competition Assessment of the Road Construction Sector in Pakistan' under Section 28(1)(b) of the Competition Act (the Act), which mandates the Commission to carry out market studies to promote competition in all spheres of commercial economic activity. The objectives of the study were to examine and evaluate the road construction sector in Pakistan, examine the market players including private firms and State Owned Enterprise (SOEs), regulatory framework, role of implementing agencies, barriers to entry, and to assess whether there is a level playing field in the sector. Based on the analysis the study proposes recommendations to foster competition in the sector. The competition assessment of the sector reveals various barriers to competition which are structural, regulatory and strategic in nature. On the basis of the competition assessment of the road construction sector in Pakistan the study proposes recommendations to enhance competition, efficiency and quality in the sector.

b. Policy Note: Amendments in request for proposals for Tax Stamps, Monitoring & Tracking System issued by Federal Board of Revenue.

The commission issued this policy note to the Federal Board of Revenue wherein it recommended that some unfair conditions in tender be amended to allow for greater participation.

NATIONAL INVESTMENT TRUST LIMITED

National Investment Trust Limited (NITL) declared results along with payouts for Funds under its management for the year ended 30th June 2018.

NI(U)T Fund

NIT has declared a cash dividend @ Rs. 2.33 per unit for unit holders of NI(U)T Fund for the fiscal year FY2018 despite difficult stock market conditions. The payment of dividend @ Rs. 2.33 per unit involved a huge cash payout of Rs. 2,199 million among its unit holders.

For the period under review, NI(U)T earned a net income of Rs. 2.5 billion.

During FY18, the dividend income earned by the Fund stood at Rs. 3.2 billion as compared to Rs. 3.0 billion in FY17 showing an increase of 4.9% YoY. Despite significant decline of 10% in the benchmark KSE-100 Index, NI(U)T Fund managed to realize capital gains of Rs. 2.07 billion in FY18. However, NAV of NI(U)T Fund declined 11.8% during the year.

Performance Highlights of NI(U)T Fund

<i>(Rs in million)</i>	FY18	FY17	FY16	FY15	FY14
Dividend Income	3,219	3,067	3,177	2,473	2,329
Capital Gains	2,078	5,012	5,264	3,713	3,504
Net Income	2,534	8,751	7,658	6,167	5,431
Dividend/ Unit (Rs.)	2.33	4.50	4.50	4.25	4.10
NAV/Unit Rs. (30 th June)	73.85	83.74	65.15	63.75	56.59

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

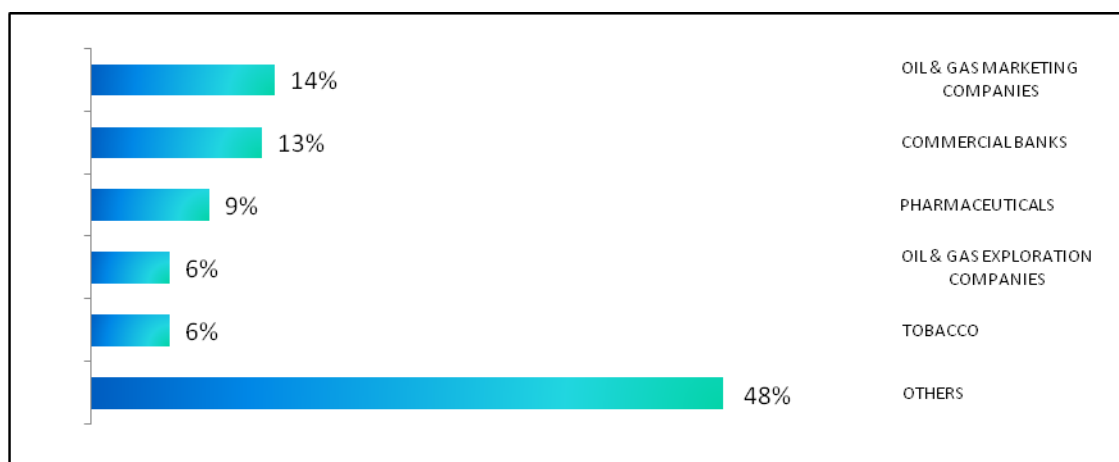
TOP 10 HOLDINGS

As on 30th June, 2018

NAME	% of NI(U)T's PORTFOLIO
PAKISTAN STATE OIL CO. LTD.	11.0%
BANK ALHABIB LIMITED	7.0%
PAKISTAN TOBACCO CO. LTD.	6.0%
MARI PETROLEUM COMPANY LTD.	5.0%
FAUJI FERTILIZER CO. LTD.	3.0%
BATA PAKISTAN LTD.	3.0%
SUI NORTHERN GAS PIPELINES LTD.	3.0%
PACKAGES LIMITED	3.0%
HABIB METROPOLITAN BANK LTD.	2.0%
ABBOT LABOATORIES (PAKISTAN) LTD.	2.0%
Total	45.0%

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

As on 30th June, 2018



NIT State Enterprise Fund (NIT-SEF)

NITL declared a cash dividend of Rs 1.0 per unit for unit holders of NIT-SEF for the year ended June 30, 2018 despite difficult stock market conditions. During the year under review, NIT-SEF earned a net income of Rs. 196 million.

During FY18, the dividend income earned by the Fund stood at around Rs. 130 million as compared to Rs. 110 million in FY17 showing an increase of 18.2% YoY. NIT-SEF managed to realize capital gains of about Rs. 135 million in FY18 as compared to Rs. 52 million in FY17, exhibiting a substantial growth of 157.2% YoY in capital gains.

Moreover, during the year ended on 30th June 2018 against a decrease of 10% in the benchmark KSE-100 Index, Fund's NAV decreased by only 4.68%.

NIT Equity Market Opportunity Fund (NIT-EMOF)

NITL declared a cash dividend of Rs. 10.0 per unit for unit holders of NIT-EMOF for the year ended June 30, 2018 despite difficult stock market conditions.

During the year under review, the NIT-EMOF earned a net income of Rs. 584 million compared to Rs. 521 million in FY17 a YoY growth of 12% in net income. During FY18, the dividend income earned by the Fund stood at around Rs. 403 million as compared to Rs. 385 million in FY17 showing a YoY increase of 4.7% in dividend income.

During the year ended on 30th June 2018, the Fund's NAV decreased by 15.21% against a decrease of 10.00% in the benchmark KSE-100 Index.

NIT Islamic Equity Fund (NIT-IEF)

During the year under review, the NIT-IEF showed a net loss of Rs. 86.3 million mainly due to impairment losses, compared to net income of Rs. 230.48 million during FY17. However, net income excluding impairment losses stood at Rs. 282.36 million in FY18.

During FY18, the Fund realized capital gains of Rs. 171.51 million despite difficult stock market conditions. The dividend income earned by the Fund stood at Rs. 198.87 million as compared to Rs. 171.51 million in FY17 indicating a YoY growth of 15.9% in dividend income.

During the year ended on 30th June 2018, the Fund's NAV decreased by 16.37% against a decline of 9.59% in the benchmark KMI-30 Index.

INCOME FUNDS

NIT Government Bond Fund (NIT GBF)

NITL declared a distribution of Rs. 0.5348 per unit for unit holders of NIT GBF for the year ended June 30, 2018. During FY18, NIT GBF earned a net income of Rs. 206 million.

The NAV of NIT GBF increased from Rs. 9.9623 as on June 30, 2017 to Rs. 10.4665 as on June 30, 2018, thus yielded a return of 5.06% p.a. compared to the benchmark return of 6.20% p.a.

The net assets of NIT Government Bond Fund witnessed an increase of 7% over the year and stood at Rs. 4,041 million as on June 30, 2018.

NIT Income Fund (NIT IF)

NITL declared a distribution of Rs. 0.5746 per unit for unit holders of NIT IF for the year ending June 30, 2018.

NAV of NIT Income Fund increased from Rs.10.2998 as on June 30, 2017 to Rs. 10.8371 as on June 30, 2018, thus, yielded an annualized return of 5.22% whereas the benchmark return stood at 6.35%. The net income of the Fund stood at Rs. 263 million in FY18.

The net asset of NIT Income Fund grew by 43% over the year and stood at Rs. 5,574 million as on June 30, 2018.

NIT Money Market Fund (NIT MMF) (Formerly NIT Government Treasury Fund)

NIT declared a per unit distribution of Rs. 0.6693 for unit holders of NIT MMF for the year ended June 30, 2018. During FY18, NIT MMF earned a net income of Rs. 73 million.

Assets under management of NIT Money Market Fund increased from Rs. 981 million as on 30 June 2017 to Rs. 1,322 million as on June 30, 2018, an increase of about 35% year on year.

The NAV of NIT MMF increased from Rs. 10.0469 as on June 30, 2017 to Rs.10.5675 as on June 30, 2018, thus yielded a return of 5.18% p.a. compared to the benchmark return of 5.36% p.a.

NIT Islamic Income Fund (NIT IIF)

NIT declared a distribution of Rs. 0.5810 per unit for unit holders of NIT IIF for the year ended June 30, 2018. During FY18, NIT IIF earned a net income of Rs. 26 million.

NIT IIF yielded a return of 4.41% p.a. compared to the benchmark return of 2.44% p.a. while its NAV increased from Rs. 10.0259 as on June 30, 2017 to Rs.10.4679 as on June 30, 2018.

As of June 30, 2018 the net assets of NIT Islamic Income Fund stood at Rs. 549 million.

IMPORTANT ACHIEVEMENTS

- NIT had completed fifty six years of its establishment. Few important achievements made during this period of 56 years are highlighted below:
- NIT is the oldest asset management company of Pakistan. 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 around Rs. 98 billion as on June 30, 2018 which is 16% of the entire mutual funds industry. 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 stood at more than 54,000 as on June 30, 2018.
- 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.
- 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 a significant 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) became operational on January 1, 1999. As a successor to the Corporate Law Authority (CLA), it was established under the SECP Act, 1997. It was initially mandated to regulate the corporate sector and capital market. However, after the promulgation of the Insurance Ordinance, 2000, matters relating to the supervision and regulation of the insurance sector were also transferred to the SECP. Now the 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 SECP's jurisdiction.

Consisting of five Commissioners, including the Chairman, the SECP operates under the guidance of the Policy Board. According to the 1997 Act, the Policy Board consist of a maximum of eleven Members appointed by the Federal Government, including five ex officio Members and six from the private sector.

The major developments in the fields within the SECP's jurisdiction, from July 1, 2017 to June 30, 2018, are summarized below:

CAPITAL MARKETS

Market overview

The year started with a decline in the market, but it largely recovered. On July 1, 2017, the KSE 100 index was at 44,665.41 points and closed at 41,910.90 on June 30, 2018, almost 7% down from its starting point. KSE 100 touched its lowest, i.e. 37,919.42 on December 19, 2017 and its highest level was 47,084.34 points on August 3, 2017. The average daily turnover was 174.532 million shares. A total of 558 companies, with accumulated paid-up capital of Rs1,297.375 billion are listed on the Pakistan Stock Exchange (PSX). By end of financial year, the total market capitalization stood at Rs8,665.045 billion, about 9% down as compare to the last year. During the year, a net outflow of \$288.56 million foreign investment was witnessed from the stock market, reflecting a negative 56% over the last year. However, despite turbulence, all settlements were executed in a timely manner, demonstrating strength of the capital market.

Developmental activities in capital markets

e-IPO

In order to facilitate the public during initial public offerings (IPOs) and to make the IPO process efficient, the SECP introduced and implemented the concept of e-IPO. The e-IPO enable investors to submit application for subscription of securities electronically using the internet, ATMs and mobile phones. The following two systems made available for e-IPOs:

Centralized e-IPO System (CES)

The CES has been developed by the CDC in collaboration with 1Link (G) Limited (1Link). Nine banks, i.e. Allied Bank Limited, Askari Bank Limited, Bank Alfalah Limited, Bank Islami Limited, Faysal Bank Limited, Habib Bank Limited, JS Bank Limited, MCB Bank Limited and Meezan Bank Limited, have been integrated with the CES through 1-Link. Some other leading banks would also be included in the system shortly. The CES has been used in all the eight IPOs since its launch in May 2017, including one debt issue.

e-Dividend

In order to facilitate listed companies in smooth and efficient distribution of cash dividends directly into the designated bank accounts of entitled shareholders, certain amendments were made to the CDC regulations. The amendments require participants to obtain information pertaining to international bank account number (IBAN) from their respective sub-account holders. The SECP has also advised all share registrars to collect IBAN-related information from shareholders who hold shares of listed companies in physical form. This is to ensure the availability of IBAN of all shareholders of the listed companies and enable companies to directly credit cash dividend into IBANs of their respective shareholders.

Corporate Debt Market Reporting System (CDMRS)

In order to promote ease of doing business, the SECP has developed and implemented a system called CDMRS for online reporting of issues of sukuk and debt securities and their redemption by the debt securities trustees (DSTs) on behalf of their clients/issuers. It is an efficient and cost-effective system for reporting issues of sukuk and debt securities and redemption thereof.

Promotion of listing of privately placed debt securities

Companies can issue sukuk and debt securities either by way of public offering or by way of private placement under section 66 of the Companies Act, 2017. In order to encourage and facilitate listing of privately placed debt securities (PPDS), the SECP has approved PSX's regulations for listing of privately placed debt securities.

Promotion of listing of small and medium enterprises (SMEs)

In order to facilitate and encourage listing of SMEs, the SECP has advised PSX to run an awareness campaign and consult the business associations and SMEDA. Accordingly, the PSX has held various awareness sessions and meetings with SMEDA, business associations and USAID team and finalized certain recommendations. These proposals for listing of SMEs at stock exchange are being reviewed by the SECP and PSX for implementation.

Developmental reforms

Centralized Customer Protection and Compensation Fund (CCP&CF)

Pursuant to the promulgation of rules and regulations for establishment and operation of a CCP&CF under the Securities Act, 2015, the new fund successfully replaced the Investor Protection Fund of the PSX. The fund is operational, offering adequate safety net to capital market investors against a possible broker's default.

Governance reforms at PSX

Following the completion of 20% offer of shares of PSX to the public and self-listing of PSX, the certain reforms in the governance structure of PSX were introduced to ensure that the public as minority shareholders should be given their legally entitled representation on the PSX BODs. On the SECP's directions, PSX held fresh election of directors and independent directors were duly appointed to ensure due independence and neutrality on the PSX board.

Improved compliance with the IOSCO Principles

Significant improvement was achieved to the level of compliance with the IOSCO Principles of securities regulation. Furthermore, in the follow-up review, the IOSCO upgraded Pakistan's compliance rating in 10 out of 14 principles and Pakistan's compliance went up from 62% in 2015 to 83% in FY-2018.

License to PSX as futures exchange

Under the Futures Exchanges (Licensing and Operations) Regulations, 2017, the SECP granted PSX a license to operate as a futures exchange. The license enabled PSX to continue offering equity derivatives products, i.e. deliverable futures contracts, cash settled futures contracts, index options contracts and stock index futures contracts under the Futures Market Act, 2016.

Reforms in the negotiated deal market (NDM)

In order to curtail unauthorized use of client assets and other possible malpractices associated with the NDM, certain reforms have been introduced. Now, the NDM transaction between the clients of the same broker are only allowed if one party to the transaction is a local financial institution using institutional delivery system facility of NCCPL or a foreigner.

Liquid capital requirement for securities brokers

Liquid capital requirements for securities brokers specified under the Securities Brokers (Licensing and Operations) Regulations, 2016, were notified for implementation in April 2017. In light of amendments to these regulations, a revised notification, specifying liquid capital requirements for single category of securities brokers were issued. Securities brokers were granted an extension up to December 31, 2018, to meet the said requirements in a phased manner. Liquid capital presents a more accurate picture of the liquidity level of the broker and following its implementation. It is envisaged to be linked to the exposure taking capacity of a broker. Securities brokers are mandated to meet the minimum liquid capital requirements in a phased manner.

NCCPL awarded license as centralized KYC organization

In line with the Centralized KYC Organization Rules, 2017, license of a centralized KYC organization (CKO) granted to the NCCPL and subsequently related amendments to its regulations were approved. The concept of CKO envisages centralized KYC information source to avoid multiple submissions.

Category B for eligible securities in MTS and DFM

With the aim of increasing liquidity and activity in the margin trading system (MTS) and deliverable futures market (DFM), a new category B of eligible securities introduced for trade. Required relevant regulatory amendments for the purpose have also been made. After incorporating relevant system changes, category B securities for DFM and MTS are now available for trading.

Commodity murabaha product

In order to meet the financing needs of Islamic financial institutions (IFIs) through Shariah modes, the SECP, in collaboration with SBP, approved a product on commodity murabaha and launched a pilot project while using the PMEX platform. During the pilot phase, a number of transactions were executed by the IFIs with other IFIs and corporates to meet their financing needs.

Futures commodity contracts

The SECP approved futures commodity contracts that include Brent crude, crude oil (1,000 barrels), copper (25,000 pounds), silver (5,000 oz) and international cotton (50,000 pounds). The new contracts have been successfully launched at PMEX.

Futures currency contracts

The contracts relating to cross currency pairs, i.e. Eur/Yen, GBP/Eur, GBP/Yen, CHF/Yen, AUD/Yen, Eur/AUD, Eur/CHF & AUD/CAD, as well as US equity Indices – S & P, Dow and Nasdaq were also approved and successfully launched at the exchange platform.

Revamp of custody model – direct payment system

The Commission approved a concept paper envisaging a system to minimize custody-related risks. The proposed system shall have the functionality of direct credit to customers' bank account in case of sale of securities, among other salient features, enabling an enhanced investor protection environment. The NCCPL will implement the system after necessary system development and regulatory changes.

De-notification of collateral management services

Collateral management services have been de-notified as a form of business under section 282A of Companies Ordinance, 1984, due to introduction of section 457 of the Companies Act, 2017.

Regulatory reforms

E-dividend mechanism for companies

As per the requirements stipulated under sections 242 and 243 of the Companies Act, 2017, the SECP promulgated and implemented the Companies (Distribution of Dividends) Regulations, 2017, with effect from November 6, 2017. Under these regulations, provisions were specified with respect to time for payment of cash dividends, manner of payment of cash dividends through electronic mode directly into bank accounts designated by the entitled shareholders and manner of withholding dividends. To facilitate listed companies, the CDC Regulations were also appropriately amended, requiring every participant to obtain information of bank mandates with IBAN from all their sub-account holders.

Revamp of the PSX penalty regime

The SECP approved amendments to the PSX rulebook to strengthen PSX's enforcement capacity. The roles and responsibilities of its chief regulatory officer and the Regulatory Affairs Department have been improved and strengthened. The amendments also reduced the role of Board/Regulatory Affairs Committee in day-to-day regulatory affairs of the exchange. The penalties prescribed under the PSX Regulations were also increased to create a credible deterrence, in line with the best international practices.

Framework for companies in violation of PSX regulations

Amendments were made to the PSX Regulations for a major overhaul of the regulatory framework that governs the companies in violation/non-compliance of applicable laws. The revised regime enables earlier warning to investors, wider dissemination of defaults of such companies, stronger enforcement actions against such companies and their sponsors, directors and management, and earliest possible relief to the investors. Various additional grounds for placement of a company on the PSX defaulters' segment have been introduced. The approved amendments also address issues posed due to immediate suspension of companies' consequent to action by PSX under its regulations.

Promulgation/ Amendments to rules and regulations

Rules for establishment of a bond pricing agency (BPA)

The rules to enable establishment of a BPA were promulgated upon approval by the federal government after public consultation and the SECP's approval. BPA is envisaged to provide fair valuations of debt securities based on comprehensive data collection, validation, pricing, and dissemination to the stakeholders.

Sukuk (Privately Placed) Regulations, 2017

In order to facilitate the issuance of sukuk through private placement, the SECP notified the Sukuk (Privately Placed) Regulations, 2017, replacing the Issue of Sukuk Regulations, 2015. Part of Sukuk Regulations 2015, relating to public offerings was covered in the SECP's Public Offering Regulations, 2017, through amendments therein.

Amendments to the Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012

The Amendments were approved to allow foreign investors, other than foreign strategic investors, to acquire up to 10% shares of PSX, which can be increased by another 10% by the SECP.

Amendments to the NCCPL schedule of fee, charges and security deposits

Changes were made to the schedule of fee introduced regarding capital gains tax (CGT) tariff applicable to local and foreign institutional investors of futures commodity contracts according to value of trades and transactions executed at PMEX.

Amendments to Clearing Houses (Licensing and Operations) Regulations, 2016

These regulations were reviewed to harmonize them with the Futures Market Act, 2016, and amendments were made therein to incorporate provisions pertaining to licensing of a futures clearing house. Consultation was conducted with all stakeholders and opinion was elicited from public on draft of proposed amendments to Clearing Houses (Licensing and Operations) Regulations, 2016. Subsequently, the final amended regulations were notified.

Amendments to Public Offering Regulations, 2017

The amendments include operational track record of the issuer for at least three years with two years profitability from its core business activities. The per share book value of the issuer shall not be less than its face value per share. Furthermore, the sponsors of the issuer shall be the same for last two years. These conditions, however, shall not apply in case of a green field project.

Amendments to Securities Broker (Licensing and Operations) Regulations, 2016

After completion of the screening out and filtering process of the securities broker through stringent regulatory requirements, the SECP, with the objective of promoting ease of doing business for the brokerage industry without compromising the regulatory objectives, amended the Securities Broker (Licensing and Operations) Regulations, 2016, rationalizing the licensing regime for securities brokers. For example

- Single licensing was introduced for the brokerage activity. This reduced the regulatory burden as a securities broker now required to obtain a single license instead of multiple mandatory licenses for undertaking brokerage activity in the capital market.
- A single cut-off date concept for expiry of licenses for entire brokerage industry was introduced.
- The existing procedure of annual renewal of the securities broker was simplified, requiring only PSX recommendation, an undertaking from securities broker and depositing of regulatory fee.

Amendments to the Securities and Futures Advisers (Licensing & Operations) Regulations, 2017

The SECP amended the Securities and Futures Advisers (Licensing and Operations) Regulations, 2017, making the advisory regulatory regime more practicable and conducive. The following concepts were introduced through amendments:

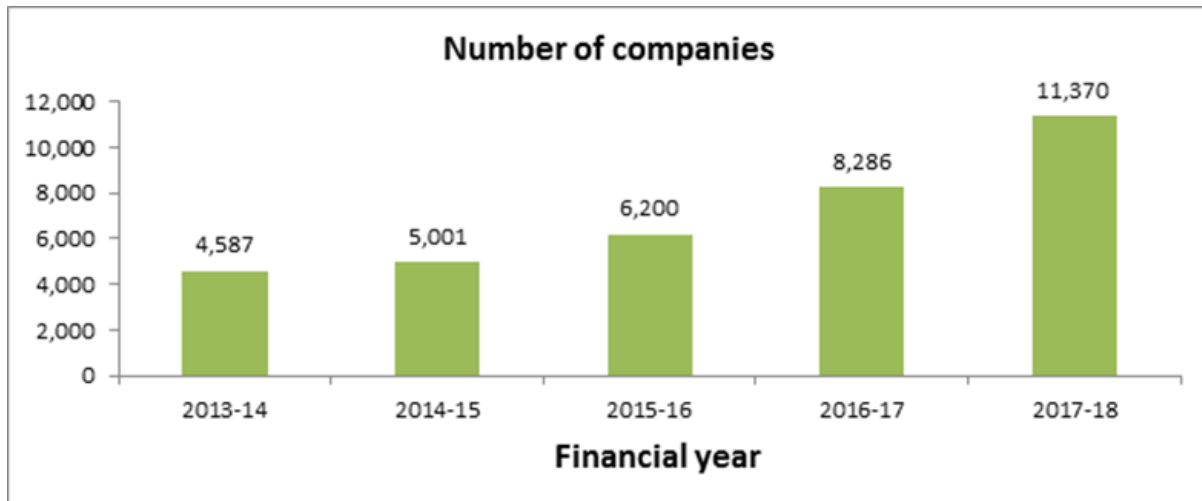
- The mandatory advisory licensing requirement for securities brokers was withdrawn, and the securities brokers have been allowed to provide securities advisory to their brokerage customers, being incidental to the conduct of their business without receiving any separate compensation thereof.
- The securities brokers were allowed to distribute units of mutual funds and voluntary pension funds of multiple assets management companies (AMCs).
- Considering the dynamics of local capital markets, the SECP has decided to grant license to only corporate entities to undertake any regulated activity in the capital markets. Licenses will not be issued to any individual.
- In order to broaden the investor base, banks were allowed to distribute units of mutual funds and voluntary pension funds of multiple AMCs, subject to certain regulatory requirements.

The rationalized licensing regime for securities brokers and securities advisors coupled with other measures introduced by the SECP would definitely reduce regulatory burden and cost of doing business for capital market participants and provide ease of doing business.

Corporate Sector

Incorporation of companies

During FY-2017-18, the SECP registered a total of 11,370 new companies, 37% more as compared to the corresponding period of last fiscal. The total number of registered companies reached 87,620. About 80% of companies were registered as private limited companies, 18% as single-member companies and two percent got registered as public unlisted, association's not-for-profit, trade organizations, foreign companies and limited liability partnerships.



The trading sector took a lead with the incorporation of 1,688 companies, followed by services with 1,632, information technology with 1,375, construction with 1310, tourism with 571, food and beverages 401, engineering with 373, corporate agricultural farming with 340, education with 330, real estate development with 311, transport with 215, pharmaceutical with 203, textile with 186, communication with 173, healthcare with 172, auto and allied with 161, fuel and energy 160, broadcasting and telecasting with 135, mining and quarrying 124, chemical with 113, cable and electric goods with 107, logging with 105 power generation, paper and board with 102 each, and 981 companies in other sectors.

Foreign investment was reported in 636 new companies. These companies have foreign investors from Afghanistan, Argentina, Australia, Austria, Azerbaijan, Belarus, Belgium, Canada, Cayman Islands, Chile, China, Czech Republic, Denmark, Egypt, France, Germany, Hong Kong, Indonesia, Iran, Italy, Jamaica, Japan, Jordan, Kenya, Lebanon, Macedonia, Malaysia, Mexico, Nepal, the Netherlands, Nigeria, Norway, Oman, Panama, the Philippines, Poland, Portugal, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sri Lanka, Sweden, Switzerland, Syria, Taiwan, Tajikistan, Tanzania, Turkey, Ukraine, UAE, UK and the United States.

Moreover, 55 foreign companies from Australia, Bahrain, Canada, China, Denmark, France, Germany, Hong Kong, Italy, Malaysia, the Netherlands, Saudi Arabia, Singapore, South Korea, 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 banking and finance, communication, construction, education, engineering, healthcare, services, power generation, trading, transport, fuel and energy, information technology, steel and allied and other sectors.

License under section 42 of the Companies Act

Seventy licenses were issued to non-profit associations under section 42 of the Companies Act. The object-wise details are given below:

Licenses issued to non-profit companies u/s 42 of the Companies Act during 2017–2018

Object-wise breakdown	Number of associations
Art	1
Sports	1
Social services	10
Charity	10
Others	48
Total	70

Licensing of regulated persons

No person can perform the regulated securities activities and other regulated activities defined under the Securities Act, 2015, and the Futures Market Act, 2016, unless he/she is licensed under the Securities Act and Futures Act (as the case may be) read with the regulations made thereunder. Accordingly, the SECP processes and examines applications for licensing of securities brokers, debt securities trustees (DSTs), underwriters, share registrars and balloters, bankers to the issue, consultants to the issue, credit rating companies, securities and futures advisors and futures brokers for commodities etc. The various regulations under which the licenses are issued include the Securities Brokers (Licensing and Operations) Regulations, 2016, Debt Securities Trustee Regulations, 2017, the Public Offering (Regulated Securities Activities licensing) Regulations, 2017, the Share Registrars and Balloters Regulations, 2017, the Credit Rating Companies Regulations, 2016, Securities and Futures Advisors (Licensing and Operation) Regulations, 2017, and Commodity Exchange and Futures Contract Rules, 2005.

Details of the licenses granted in the last one year are as under:

Type of entities	2016-17	2017-18	New registrations	Licenses expired/cancelled
Securities brokers	248	229	0	19
Debt securities trustees	16	12		4
Underwriters	41	44	3	-
Share registrar and balloter	20	20	-	-
Bankers to an issue	-	06	06	-
Consultants to the issue	-	15	15	-
Credit rating companies	02	02	-	-
Securities and future advisers	1	9	8	0
Futures brokers for commodities	139	128	11	22

Measures for Ease of Doing Business

Being an apex regulatory body, the SECP is fully cognizant of the importance of ease of doing business. It has introduced a number of reforms measures to reduce the cost of doing business, leading to a robust corporate growth and documented economy in the country. The following reforms have been introduced to reduce the cost of doing business in Pakistan:

- Company registration within four working hours
- Introduction of single online procedure for name reservation and company incorporation
- Launch of one window facility for company incorporation and NTN registration
Reduction in cost of company registration due to merger of several statutory forms into single application form
- Agreement with 1-link to provide fee payment facility through ATM and internet banking
- Establishment of online service center along with the improvement in the facilitation counters

Promulgation/amendments to rules and regulations

Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

The Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, require listed companies to provide material disclosures to members regarding investment in associated undertaking to facilitate informed decision making in terms of section 199 of the Companies Act. The section requires special resolution of members before making any investment in associated companies or undertakings. Moreover, the exemption from requirement of obtaining members' approval under section 199 to certain classes of companies was also granted through S.R.O. 1239 (I)/2017 dated December 6, 2017. Such exemption has been allowed to facilitate expeditious decision making in cases where probability of conflict of interest to the disadvantage of minority interest is minimal.

Listed Companies (Code of Corporate Governance) Regulations, 2017

The Listed Companies (Code of Corporate Governance) Regulations, 2017 replaced the Code of Corporate Governance, 2012, which was issued under the PSX listing regulations. The regulations are aimed at aligning corporate governance practices with the best international standards, strengthening role and responsibilities of directors, encouraging independent decision making, supporting gender diversity and mechanism for transparency and accountability. The regulations also stipulate basic eligibility criteria for key positions.

Companies (Postal Ballot) Regulations, 2018

The Companies (Postal Ballot) Regulations, 2018, providing simplified mechanism for e-voting provider, conduct of e-voting and postal ballot to encourage shareholders' representation in general meetings in companies having geographically dispersed shareholding. The regulations facilitate participation of members in the decision-making process by allowing them to cast votes through secured electronic means or through ballot papers.

Companies (Manner and Selection of Independent Directors) Regulations, 2018

The regulations are to specify the manner and procedure of selection of independent directors from databank maintained by authorized institute, i.e. Pakistan Institute of Corporate Governance (PICG), who possess requisite qualifications, experience and ancillary requirements. In addition, these regulations provide modus operandi for inclusion of details in databank and access of databank by directors and companies.

Auditors (Reporting Obligations) Regulations, 2018

Auditors (Reporting Obligations) Regulations, 2018, to align audit report formats on annual and half-yearly financial statements of different class of companies in accordance with international standards on auditing. Moreover, regulations also prescribe reporting format for reporting on statement of compliance with code of corporate governance.

Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018

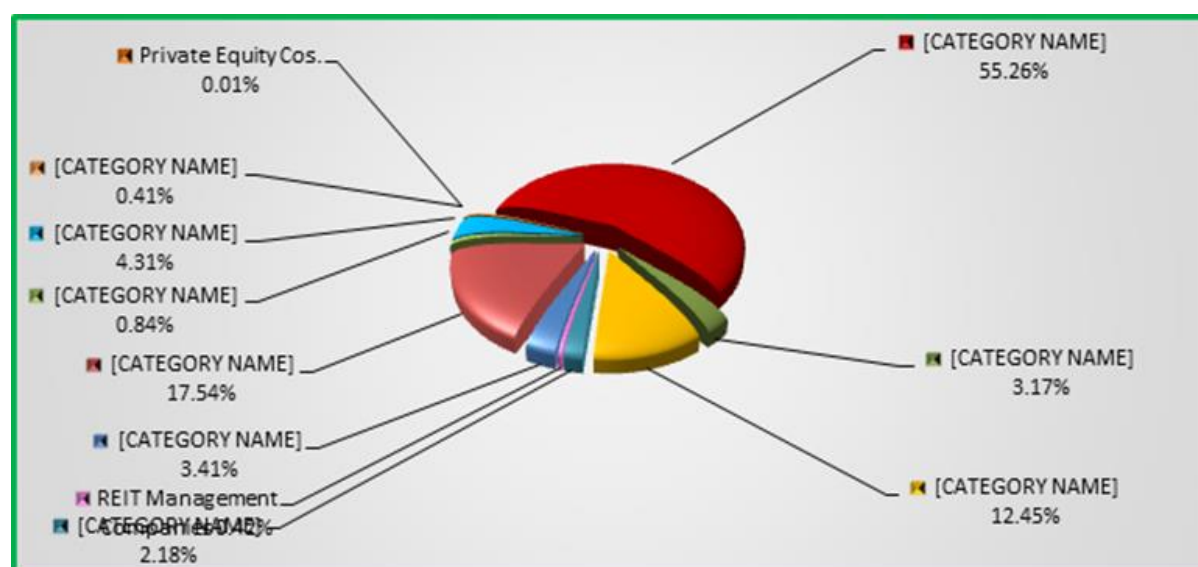
The Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018, replaced the existing rules governing investment of provident funds in listed securities. The new regulations provide additional safeguards to protect investment of contributory funds through introduction of conditions and restrictions on amount of investment in debt and equity securities.

Non-banking financial sector

Non-bank financial institutions include leasing companies, investment finance companies (investment banks), housing finance companies, asset management companies, investment advisors, pension fund managers, real estate investment trusts and modarabas.

Sector overview

The asset size of the NBF sector has been increasing at a steady pace during the past few years. On June 30, 2018, it stood at Rs1,228 billion as compared to Rs1,196 billion on June 30, 2017, reflecting an overall increase of 2.70%. The diagram and table below illustrate the details of the total asset size of the NBF sector as of June 30, 2018:



Asset management

As of June 30, 2018, the total size of the industry stood at Rs678 billion and the total number of funds was 244. As of June 30, 2018, equity funds dominated the AUMs of the industry with the largest share of the mutual fund industry, i.e. 25.56%, while money market funds held the second largest industry share, i.e. 18.88%, followed by Islamic equity funds with industry share of 15.74%.

In order to further foster the growth of mutual fund industry and to safeguard the interests and rights of the investors, the SECP instituted several regulatory reforms.

Product diversification

Focusing on product innovation and the use of technology in the industry, the SECP allowed the following products:

- AMCs have been allowed to re-launch constant proportion portfolio insurance based collective investment schemes to enable the industry to diversify its products and offer investors more options and avenues to invest.
- New sector specific funds were launched covering energy and financial sectors.
- One AMC was allowed to launch daily dividend fund to provide regular stream of income to investors.

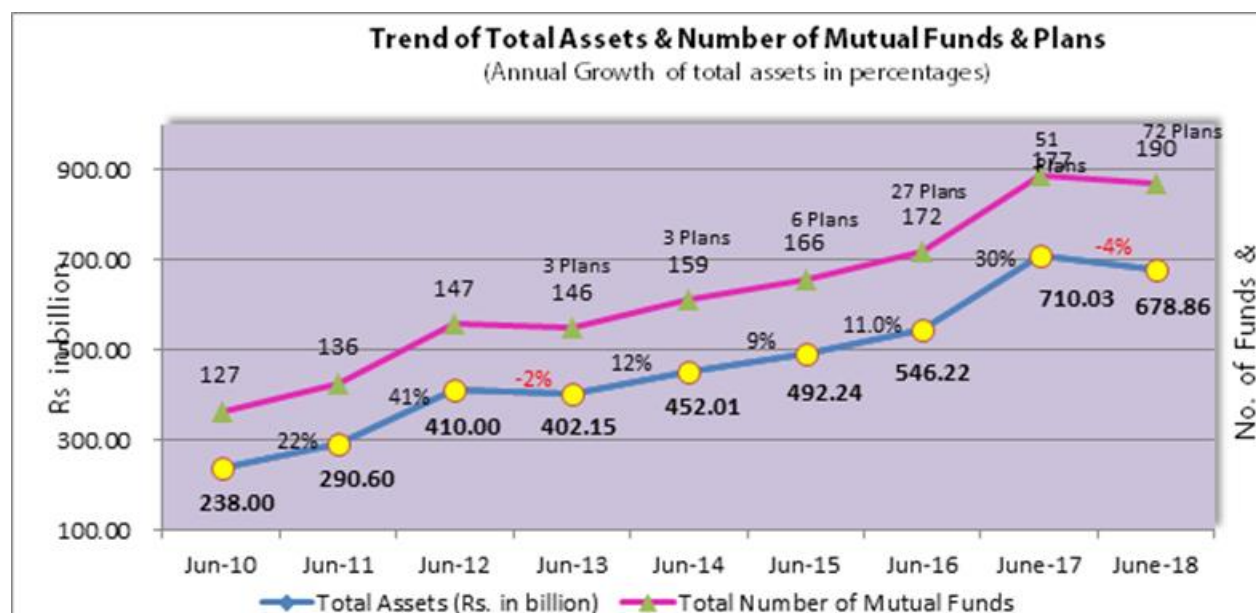
Technological innovation

For expansion of business through technology, AMCs have launched:

- Online investor account opening for low-risk customers
- Online investment, redemption and conversion in mutual funds
- Mobile application for investment in mutual funds

Liquidity management of mutual funds

In order to facilitate the mutual fund industry, the requirement of minimum cash and cash equivalent for equity funds has been revised.



Investment advisory

At present, 19 AMCs have licenses to conduct the business of investment advisory in addition to business of asset management services while two NBFCs have exclusive licenses to offer investment advisory services.

Private fund management

At present, two NBFCs have licenses to undertake private equity and venture capital fund management services. The details of these companies as of June 30, 2018 are as follows:

S. NO	Company Name	Total Assets (Rs in million)
1	PNO Capital Limited	88
2	Ijarah Capital Partners Limited	84
Total		172

Size of the Private Equity Fund as on June 30, 2018

S. NO	PE Fund Name	Total Assets (Rs in million)
1	PNO Pakistan Fund-I (Plan A)	589
2	Pakistan Emerging Market Fund-I	4,393
Total		4,982

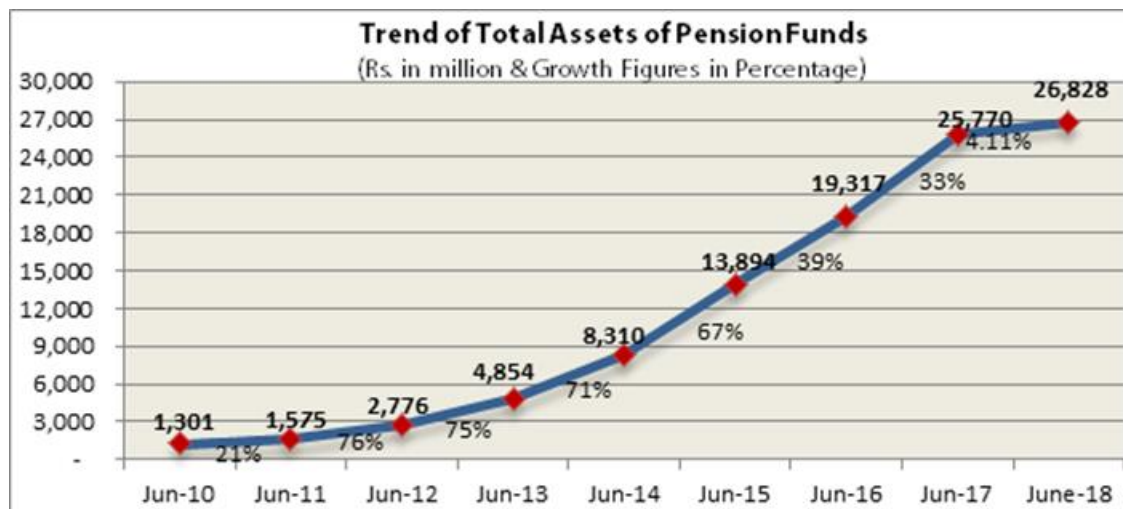
Voluntary pension system

As of June 30, 2018, the total assets of the pension schemes stood at Rs26.8 billion, out of which 64% were invested in Sharia-compliant and 36% in conventional pension funds. The key statistics in respect of pension fund industry as of June 30, 2018, are as follows:

Total assets of pension fund industry	Rs. 26.8 billion
Total number of pension funds	19
Shariah-compliant pension funds	10
Conventional pension funds	9
Number of pension fund managers	10

Amendments to the Voluntary Pension System Rules, 2005, were made and notified, helping the industry function effectively and efficiently. The SECP also rationalized the sales load/front end load charged from participants/investors to facilitate growth of pension funds. The sales load has been capped at 1.5% if the participants approach the fund managers or if the investment is made online. In addition, no sales load will be charged on any subsequent contribution made by a participant directly, through employer or online.

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



Real estate investment trusts (REITs)

In all, five REIT management companies are registered with the SECP, having accumulated asset value of Rs5,106.00 million, as on June 30, 2018. However, there is only one REIT scheme, i.e., Dolmen City REIT (DCR) with a fund size of Rs22.23 billion. The dividend yield by DCR for the year stood at 12%.

On the SECP's proposal, the rate of tax on dividend received by corporate unitholder of a REIT has been reduced from 25% to 15%, vide Finance Act, 2018. In addition, the tax rate applicable to dividend received by an individual unitholder from a rental REIT also reduced to 7.5% to encourage investment in rental REIT schemes. Furthermore, the tax on dividend received by a unitholder from a developmental REIT scheme set up by June 30, 2020, for development and construction of residential buildings will be reduced by 50% for three years from the date of setting up of the scheme.

The SECP held a number of meetings with stakeholders of the REIT industry wherein they highlighted their problems and proposed actionable recommendations for REIT development in Pakistan. As a result of these consultations, it was agreed to address the issue of segregation of documentary requirements with respect to developmental and rental REITs. In order to facilitate RMCs, changes to the requirements related to vacant/partially occupied properties are also being considered. Investment of surplus funds in real estate as well as allowing of borrowing against REIT assets will also boost the market development of the REIT industry in Pakistan.

Lending non-bank finance companies (NBFCs)

Lending NBFCs are licensed to undertake leasing, investment finance services, housing finance services or discounting services. Companies licensed to carry out investment finance services include investment finance companies (IFCs) and non-bank microfinance companies (NBMFCs), which were brought into the SECP's regulatory ambit pursuant to amendments to the NBFC regulatory framework in 2015. During the last few years, the SECP reviewed and reassessed the complete regulatory framework for lending NBFCs for any barriers to growth. Many of the regulatory impediments have been highlighted and removed by making necessary amendments to the law governing NBFCs. The SECP is continuously striving to remove the barriers that may impede their growth. These measures will help alleviate poverty by providing necessary funding support to the most marginalized segments of society.

Leasing companies

A downward trend was witnessed in the asset size of leasing companies in 2017-18, largely attributed to the conversion of one large leasing company to an investment finance company. As a result of this conversion, the asset size of leasing companies decreased from Rs43.3 billion as of June 30, 2017 to Rs10.359 billion on June 30, 2018. A new leasing company was also awarded a license during the year.

Investment finance companies

The number of investment finance companies remained unchanged at 10 since June 30, 2017. During the year, one investment finance company ceased to exist as it merged into a brokerage company whereas one large leasing company was converted into investment finance company. As a result of this conversion, the asset size of investment finance industry increased from Rs81 billion as of June 30, 2017, to Rs118 billion as of June 30, 2018.

Non-bank microfinance companies

The SECP made serious efforts and adopted a number of changes to the regulatory framework to ensure smooth transition of microfinance institutions (MFIs) into non-bank microfinance companies (NBMFCs). 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).

Moreover, the SECP also proposed amendments to the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, pertaining to defining threshold for licensing requirements and for setting up of wholly owned non-financial subsidiaries by an NBMFC. Earlier, an NBMFC could not make investment in a non-financial sector, but the present amendment would allow an NBMFC to invest in its wholly owned nonfinancial subsidiaries for multiple purposes including education, rural development etc.

As of June 30, 2018, 25 microfinance institutions had been successfully licensed with total assets of Rs97.17 billion. The assets of companies licensed to provide investment finance services, including investment banks and non-bank microfinance companies have thereby grown significantly to a total asset size of Rs215.48 billion. As of June 30, 2018 the total asset size of the lending NBFCs is as follows:

Sector	Number of entities	Total assets
Lending NBFC		In billion rupees
IFCs	10	118
NBMFCs	25	97
Leasing companies	07	10
Total	42	225

Modaraba

Due to popularity of Islamic financial products and improved awareness about modaraba institution in the masses, investors have started showing interest in establishing modarabas. During the year, after a long time, two new modarabas, having the equity of around Rs1,050 million were floated and listed on the securities exchange. This shows the overwhelming confidence of the entrepreneur in the Islamic modes of business, especially modarabas. It has been observed that asset rental business is becoming popular among the masses.

Furthermore, the SECP has proposed new Modaraba Bill containing a number of significant changes to the legal framework for modarabas. More than 37-year old, the Modaraba Ordinance, 1980, is being replaced with a modern piece of legislation providing enhanced right to the certificate holders of modaraba and for improving its utility for the business community and the economy as a whole.

The SECP has also completed consultation with stakeholders on the proposed bill and after the approval of the Commission, final Modaraba Bill was sent to the Ministry of Finance for placing the same before the federal cabinet for its approval and subsequent placing in the parliament.

Insurance

Sector Overview

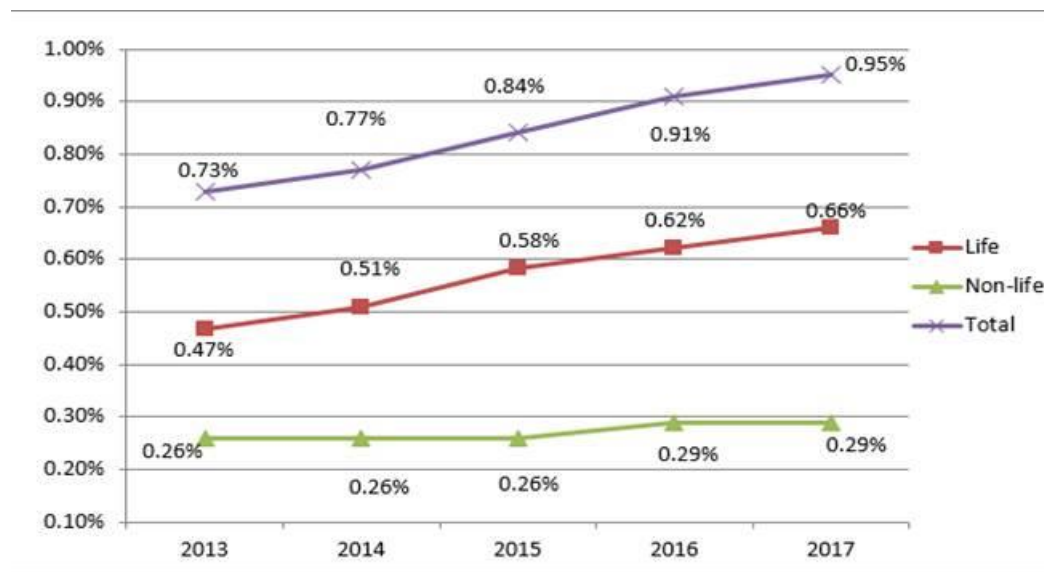
Insurance policies offer indemnity to individuals as well as companies through the mechanism of transfer and pooling of risks. Thus, insurance sector provides financial stability to the economy as public companies and households can insure themselves against financial risks, enhancing the degree of certainty in their planning and lessening uncertainty in their investment behavior. A dynamic and well-regulated insurance sector is not only capable of ensuring that the specific risks are adequately allocated, but it also contributes to economic growth of the country. Being the insurance supervisor, the SECP

is fully committed to pursuing its fundamental objectives of sound and organized development of the insurance sector, effective regulation of insurance business and protection of interests of the policyholders.

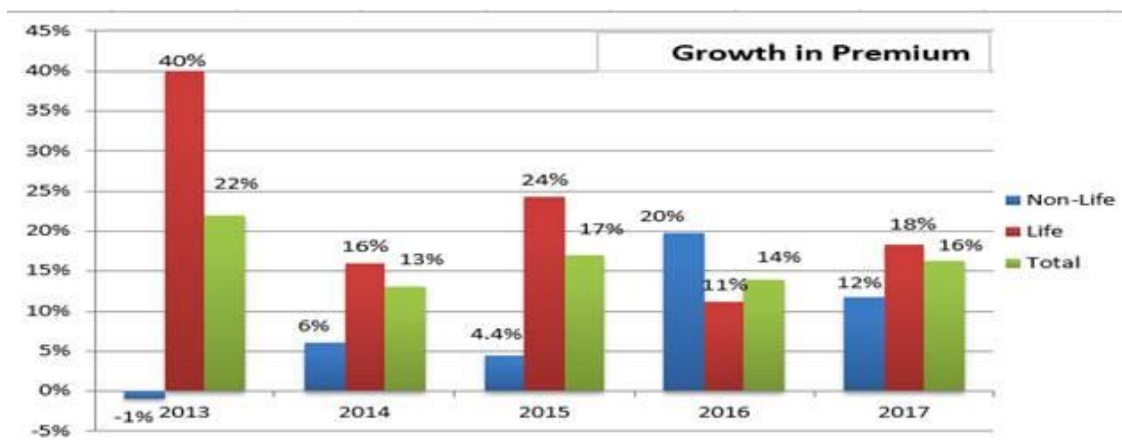
Sector level information

In December 2017, the industry’s total premium revenue stood at Rs308.46 billion (\$2.789 billion), excluding reinsurance, whereas, the industry’s total assets stood at Rs1,298 billion (\$11.74 billion). In 2017, premium revenue of life insurers and non-life insurers grew by 18% and 12% respectively, while the overall growth rate during this period remained 16%. The life insurance sector underwrote premium of Rs213.6 billion, and non-life insurance sector recorded premium of Rs94.8 billion.

Insurance penetration in Pakistan in the last five years



Growth in insurance premium in the last five years



At present, there are 41 non-life insurers operating in the market, including three general takaful operators and two state-owned insurers. There are nine life insurers, including two family takaful operators, and one state-owned insurer in the life insurance sector.

The minimum paid-up capital requirements for life insurers and non-life insurers are Rs700 million and Rs500 million, respectively. The insurance market is fairly liberalized as hundred percent foreign ownership and control of insurance companies are permitted.

MAJOR INITIATIVES

Notification of the Credit and Suretyship (Conduct of Business) Rules, 2018

In order to further strengthen the regulatory framework with respect to insurance guarantees, the SECP notified the Credit and Suretyship (Conduct of Business) Rules, 2018, vide SRO 696(I)/2018 dated June 1, 2018, under section 83 of the Insurance Ordinance, 2000. As per these rules, exposure of the insurer on any type of guarantee to a party or group has been capped at 2.5% of the insurer's shareholders' equity.

The insurer shall, at all times, ensure that the aggregate net retained exposure on all guarantees shall not exceed the greater of 100% or such other percentage of the insurer's shareholders' equity as the SECP may notify from time to time through notification. It has been made mandatory for the insurers to collect collateral equivalent to at least 80% of the sum insured less reinsurance support for all types of guarantees, which means that the insurer shall only be exposed to 20% of the net exposure. The insurers engaged in underwriting guarantee business shall have to file a return on annual basis, on the prescribed format in respect of such business for better monitoring by the SECP.

Amendments to the Insurance Rules, 2017

The SECP notified the Insurance Rules, 2017, through S.R.O. 89(I)/2017 dated February 9, 2017. The rules brought about significant changes to the regulatory framework for insurance surveyors and authorized surveying officers by introducing enhanced paid-up capital requirement, professional indemnity, continuous professional development requirements and licensing fee. In order to make the newly introduced regulatory requirements more conducive and favorable to the regulated persons, certain amendments were made to the Insurance Rules, 2017, through S.R.O. 658(I)/2018 dated May 28, 2018, through which, requirements as to the paid-up capital, professional indemnity, licensing fee, among others, were streamlined in line with stakeholders' comments.

Permission for dollar-denominated insurance policies

The SECP issued a circular, stipulating the documentary requirements for insurers for issuance of dollar-denominated insurance policies. It has been made mandatory for the insurers to obtain recommendation letter from the SECP before submitting an application for issuance of dollar-denominated insurance policy through the authorized dealer.

The circular requires submission of copy of bilateral agreement or any other document as evidence of bilateral agreement, in case of such policies required to be issued for projects undertaken in Pakistan, as part of bilateral agreement between the government of Pakistan and a foreign country/multilateral agency. In case issuance of dollar-denominated policy is required to meet the condition of foreign currency loan, documentary evidence establishing permission given by the SBP in this regard is required. Other requirements include minimum insurer financial strength rating of insurer and coinsurer, proposed reinsurance solution and other details regarding the risk(s) to be insured.

Proposed amendments to Motor Vehicles Act, 1939

Motor third party liability insurance offers insurance protection against death and bodily injury to the victims of the road traffic accidents or their legal heirs. The law provides compensatory remedy for all such accident victims as provisions contained in the saved Chapter VIII of the repealed Motor Vehicles Act, 1939, make it compulsory for all the motor vehicles owners to have the motor third party liability insurance cover. The compensation limit of Rs20,000 prescribed for death or bodily injury under the existing saved Chapter VIII of the repealed Motor Vehicles Act, 1939, is a meager sum of money. It needs to be increased.

Moreover, the existing procedure for determination of the liability through courts is so lengthy, costly and cumbersome, which claimants cannot afford. Therefore, the SECP prepared a proposal to amend the Motor Vehicles Act, 1939, for smooth implementation of the motor third party liability insurance scheme to compensate the road accident victims and forwarded it to all the four provincial governments. These are the major proposed amendments to the said law:

- To introduce “No fault option” whereby the claim for death or bodily injury shall be payable to the victims of the road accidents or their legal heirs without obtaining any court order and irrespective of the fact as to whether or not the insured person was at fault
- To increase compensation limit in case of death from Rs20,000 to Rs500,000
- To introduce compensation limits separately for bodily injuries

After receiving feedback from the Ministry of Law and Justice, IAP was requested to redraft the proposed amendments. IAP submitted a fresh draft of the proposed amendments on November 13, 2017. The proposed amendments to the law have been disseminated for public consultations through posting on the SECP’s website and circulation to the stakeholders.

Islamic finance

Islamic finance has assumed a center stage in the SECP’s policies. The SECP has taken a number of measures on the regulatory front for effective regulation of Islamic financial services. The SECP’s Islamic Finance Department (IFD) is mandated to embed Islamic

finance in the corporate sector and capital markets for the development of vibrant primary and secondary markets for Islamic financial products and services.

It has taken a number of measures to strengthen governance of Islamic finance companies and ensure that their business activities are in accordance with Shariah principles.

Shariah-compliant companies

Landmark provisions have been added to the newly promulgated Companies Act, 2017, for Shariah-compliant companies and Shariah-compliant securities. The concept of Shariah-compliant companies and securities is the first of its kind in the corporate history of Pakistan. This concept extends from 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 to companies or securities, irrespective of their size or line of business, to become Shariah compliant.

Shariah Governance Regulations, 2018

Under the enabling provisions of the Companies Act, the SECP issued Shariah Governance Regulations, 2018 (Shariah governance framework) for the governance of Shariah-compliant companies, Shariah-compliant securities and Islamic financial institutions. The regulations encompass various elements of Shariah governance such as Shariah compliance, internal and external Shariah audit, Shariah screening, Shariah-related disclosures and explicate the responsibilities of Shariah advisors. It also provide a certification mechanism for Shariah-compliant companies and securities.

Shariah Advisors Regulations, 2017

Realizing the need for a robust Shariah advisory function and to improve the quality of Shariah advisors, and to professionalize the Shariah advisory businesses, the SECP notified the Shariah Advisors Regulations, 2017, whereby individuals, firms, LLPs, and companies meeting the fit and proper criteria and registered with the SECP are allowed to provide Shariah advisory services.

Sukuk (Privately Placed) Regulations, 2017

To develop a vibrant sukuk market and to encourage sukuk issuances, Sukuk (Privately Placed) Regulations, 2017, and Public Offering Regulations, 2017, were notified after extensive consultations with the stakeholders. Sukuk issuers have been exempted from the underwriting and rating requirements for privately placed sukuk, minimizing the cost of issue. Tax neutrality has been provided to sukuk vis-à-vis conventional securities through an amendment to the Income Tax Ordinance, 2001.

Shariah-compliant assets of the NBFi industry

The share of Shariah-compliant assets of the NBFi industry is steadily rising. On June 30, 2018, the Shariah-compliant assets accounted for 31.80% of the total assets of the NBFi industry. The Shariah-compliant mutual funds registered a phenomenal growth, the

share of Shariah-compliant funds reached 40% of the assets under management (AUM) of the mutual fund industry as of June 30, 2018.

AAOIFI's accounting and Shariah standards

In order to achieve a high degree of standardization in the operational and business practices of Islamic financial institutions, the SECP is gradually adopting accounting and Shariah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). In February 2018, the SECP adopted three AAOIFI Shariah standards while in April 2018, the SECP issued draft notification for adoption of seven additional AAOIFI Shariah standards.

In addition, the SECP has also implemented standards of Islamic Financial Services Board (IFSB) Malaysia through its Shariah Governance Regulations. The SECP plans to adopt more Shariah and accounting standards of AAOIFI for its stakeholders to benefit from improved Shariah and corporate governance in Pakistan.

Pilot project of commodity murabaha transactions

The SECP approved the Pakistan Mercantile Exchange (PMEX) Shariah-compliant Commodity Murabaha Regulations. The SECP and SBP granted approval for a three-month pilot phase for execution of commodity murabaha transactions. The Shariah compliance status of the transactions executed on the exchange was monitored during the pilot phase and final approval of the product is under consideration.

Shariah-compliant trading counter at PSX

A proposal for establishment of a Shariah-compliant trading counter at PSX has been presented by IFD to the SECP's Shariah Advisory Board. The Shariah Advisory Board has granted, in principle, approval for the introduction of the counter and said that the relevant regulatory changes to the regulations of PSX, NCCPL and CDC may be made and presented to it for its review.

Murabaha share financing product at PSX

The SECP's Shariah Advisory Board has granted, in principle, approval for murabaha share financing product at PSX and decided that NCCPL team would coordinate with the Shariah advisors to bring about necessary improvements to the process flow and agreements. The revised agreements and process flow will be presented to the Shariah Advisory Board for its review and approval.

Agricultural Credit & Microfinance Department of SBP:

Agriculture financing continued its strong growth momentum as disbursements to the sector grew 38.1 percent during FY18 reaching Rs. 972.6 billion compared to Rs. 704.5 billion in the previous year. The financial institutions were thus able to achieve 97.2 percent of their annual indicative agriculture disbursement targets of Rs. 1,001 billion set by the Agricultural Credit Advisory

Committee (ACAC) for the said fiscal year. In terms of credit demand, financial institutions were able to meet 72% of Rs. 1,343 billion demand which is an all time high. Similarly, the outstanding agri. finance portfolio reached Rs. 469.4 billion at the end of June 2018, showing an increase of 15.7 percent compared to last year position of Rs. 405.8 billion. In terms of outreach, the banks added more than 450,000 new agri-borrowers during the year, increasing the total number of outstanding agri-borrowers to 3.72 million from 3.27 million farmers last year.

It may be noted that the above mentioned growth can be attributed to the various initiatives taken by State Bank of Pakistan (SBP) for promotion of agri. finance in the country. Details of some of the recent initiatives are provided below:

- **Implementation of Credit Guarantee Scheme for Small and Marginalized Farmers (CGSSMF):** CGSSMF was implemented in line with the Government's budgetary announcement. The scheme aims to encourage financial institutions to lend to small farmers across Pakistan not having adequate collateral (acceptable to banks) in order to meet their working capital requirements. Under the scheme, PFIs have been assigned credit disbursement targets of Rs. 2 billion, while more than 74,000 borrowers have been financed under the scheme since its inception.
- **Support towards Innovations in Agricultural Financing:** SBP, aiming at modern and innovative agri. finance in the country, is implementing and supporting a number of projects that ride on modern farming and financing practices. Some of these projects include:

Government of Punjab E-Credit Scheme: SBP has facilitated the Government of Punjab in designing and implementation of the GoPB E-Credit scheme wherein E-Passbook and other automated land revenue records, accessible through an online portal, are being used by participating financial institutions (ZTBL, NBP, Telenor Microfinance Bank, Akhuwat and NRSP) to provide interest free loans to small farmers. Since 2016, interest free loans have been provided to 411,347 farmers with small and no landholdings.

Pilot Project for Improving Farmers' Productivity through use of Unmanned Aerial Vehicles (UAV) Technology: SBP, in collaboration with University of Agriculture

Faisalabad (UAF), completed a pilot project wherein borrowers of participating banks (ZTBL, NBP and Faysal Bank) were provided technical advisory for crop management and yield enhancement through the use of modern technology & quality inputs, precision agriculture, timely availability of money and guidance through service providers. The information gathered through UAV technology remained beneficial for the banks in assessing their portfolio quality and taking timely corrective measures where necessary. Under this project, 3,000 acres of 600 farmers from 22 villages were scanned and surveyed. Proposal for scaling up the project to other districts is under consideration.

- **Workshops/Trainings/Capacity Building & Awareness:** SBP regularly organizes various training programs and awareness sessions in order to meet demand and supply side capacity building requirements of agri-finance stakeholders including banks and farmers. Details of these programs carried out during the year are provided below:

Farmers Financial Literacy Programs: SBP has been striving to introduce credit culture amongst farmers through its flagship Farmers Financial Literacy

Programs (FFLP). These programs have been very helpful in spreading financial awareness amongst the target groups. The 1-day training module is specially designed for farmers to increase their understanding of banking services, credit, savings, insurance and documentary requirements for obtaining a loan etc. As of June 2018, 38 FFLP programs have been conducted in different agriculture intensive districts across the country, wherein 1,000 Agri. Credit Officers have been trained and around 4,000 farmers were given awareness about financial products and services.

Training Program on Agri. Value Chain Financing (AVCF): The objective of this

program is to provide Agri. Credit Officers (ACOs) of banks the general understanding of value chain financing and its application in the banking sector. During the year, two refresher courses in Karachi and Islamabad for the previous trainers and some new participants were conducted for enhancing their skills and ability to further train ACOs and other related personnel to promote AVCF in the county.

- **Awareness Workshops on Collateral Management and Warehouse Receipt Financing (WHRF):** In order to apprise leaders from the banking industry regarding recent progress on the subject and to initiate a dialogue on the way forward for engagement of financial sector in advancing the agenda of WHRF in Pakistan, two workshops were held. The workshops provided an overview of the Collateral Management Companies (Establishment & Operations) Regulations, developed by SECP in consultation with SBP and other stakeholders.

2. Microfinance

During FY18, Microfinance Banks (MFBs) experienced impressive all-round growth. The aggregate asset base registered a rise of 35.8 percent (or Rs. 72.8 billion) and increased to Rs. 276.1 billion as against Rs. 203.3 billion at the end of last year.

In terms of the microcredit outreach, a notable increase was witnessed as gross loan portfolio grew by 45.4 percent (or Rs. 50.7 billion) followed by a parallel increase of 31 percent (0.68 million) in number of borrowers reaching 2.9 million by the end of FY18. Over the years,

Indicators	FY17	FY18	Annual Growth (%)
No. of Borrowers	2,209,237	2,893,994	31.0%
Gross Loan Portfolio	111.859	162.6	45.4%
Deposits	146.5	207.8	41.9%
No. of Depositors	21,951,479	22,669,333	3.3%
Equity	27.9	37.1	33.0%
Assets	203.3	276.1	35.8%
Borrowings	13.9	13.8	-0.3%

Source: Agricultural Credit & Microfinance Department, SBP.

MFBs have gradually developed capacity to attract competitively priced funding in shape of deposits and institutional borrowings to meet their need for business and outreach expansion. During the said period, the growth in MFBs' deposits remained impressive, witnessing a rise of 41.9 percent, the aggregate deposit base surpassed Rs. 207.8 billion compared to Rs. 146.5 billion recorded in FY17. The number of depositors increased to 22.7 million from 21.9 million at the close of FY17, registering 3.3 percent growth. MFBs collectively injected fresh equity of Rs. 9.2 billion, which resulted in 33 percent increase in overall equity base to reach Rs. 37.1 billion at the end of FY18 from Rs. 27.9 billion last year. **(Table A)**

At the close of FY18, the microfinance industry including MFBs and Non-Bank Microfinance Companies (NBMFCs) witnessed growth of 24.1 percent enhancing its outreach to around 6.4 million borrowers at the end of period. Concurrently, an increase of 40 percent was registered in terms of aggregate microcredit portfolio, which grew by Rs. 68.4 billion to reach Rs. 239.4 billion as of June 2018 from Rs. 171 billion as at end of corresponding period last year.

The NBMFCs continued to serve a larger number of borrowers (55.2 percent), while MFBs took lead in terms of the aggregate value of loans. The industry-wide average outstanding loan balance increased to Rs. 37,053/-, however, the average balance of loans offered by MFBs stands at Rs. 56,182/-.

(Table B).

Indicators	FY17	FY18	Annual Growth
Total No. of Borrowers	5,202,872	6,460,015	24.1%
Gross loan portfolio	171.0	239.4	40.0%
Average Loan Balance (in Rs.)	32,868	37,053	12.7%
Source: Agricultural Credit & Microfinance Department, SBP			

Initiatives for Promotion of Microfinance

a) **Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Regime for MFBs** continued to be strengthened as SBP supervised implementation of measures prescribed vide its circular.¹ MFBs were also followed-up for installing Biometric Verification System (BVS) at branches to enhance KYC/CDD measures and implementing Transaction Management System (TMS) capable of producing meaningful alerts based on pre-defined parameters/thresholds for analysis and possible reporting of suspicious transactions to the concerned quarters. The intervention has enhanced MFBs' capacity to deter against threats of Money Laundering and Financing of Terrorism.

b) **Prudential Regulations for MFBs** are being amended to enhance outreach of microfinance services for the benefit of underserved and marginalized segments. So far, in response to the market demand to upscale micro-credit ceilings, the maximum loan size for microenterprises has been enhanced up to Rs. 1.0 million through revisions in PR R-5 for MFBs vide AC&MFD Circular No. 03 of 2017. Moreover, individual borrower's (micro-entrepreneur's) aggregate exposure has also been enhanced (under PR R-6 for MFBs). Moreover, six MFBs have been allowed to extend microenterprise loans up to Rs. 1.0 million. The enhanced loans limits have enabled MFBs to adequately cater microenterprises' and the cottage industries' need for credit that are traditionally referred to as the missing middle.

¹ AC&MFD Circular No. 02 of 2017

c) **Line of Credit (LoC)** has been established by SBP under World Bank’s Financial Inclusion and Infrastructure Project. The funding intervention aims to address funding constraints of MFBs and NBMFCs for onward lending to microfinance borrowers. LoC will also be made available to Non-Banking Finance Companies (NBFCs) which have been established to extend wholesale lending to MFBs and NBMFCs².

Branchless Banking

Realizing the limitations of brick & mortar retail network of banks, SBP issued regulatory framework for Branchless Banking (BB) in 2008, which indeed was a cornerstone to promote alternate delivery channels for fast-paced financial inclusion. SBP came forward with numerous interventions since the

Table C: Branchless Banking Indicators

Indicators	FY17	FY18
Number of Agents	402,710	403,100
Number of Accounts	27,312,964	38,507,887
Deposits as of date (Rs. in millions)	15,423	17,051
Number of transactions during the quarter (No. in ‘000’)	551,543	532,743
Value of transactions during the quarter (Rs. in millions)	2,427,823	2,269,482
Average size of transaction (in Rs.)	4,402	4,260
Average number of transactions per day	1,511,077	1,973,124
<small>* Data available for three quarters (Jul-17 to Mar-18)</small>		
<small>Source: Agricultural Credit & Microfinance Department, SBP</small>		

issuance of BB Regulations for developing market infrastructure and initiated policy dialogue among regulators and other stakeholders. In addition, SBP pushed to achieve interoperability amongst various platforms in a bid to establish a digital financial eco system in the country. These include issuance of (i) Rules for PSOs/PSPs, (ii) Regulations for Mobile Banking Interoperability, (iii) Framework for Branchless Banking Agent Acquisition and Management, (iv) Revision in BB Regulations, (v) Asaan Account Regulations, (vi) Guidelines on White Label ATMs, and (vii) Electronic Fund Transfers Regulations.

The BB channel, consisting of 12 players is offering basic banking services besides facilitating social welfare payments and micro-insurance, exhibited encouraging growth during FY18. The number of accounts witnessed an impressive growth of 40.97 percent to reach at 38.5 million from 27.3 million during the period FY18. The agent network grew to 403,100 shared agents, to act as financial points of presence in the vicinity of customers (**Table C**).

3. NFIS Initiatives

In order to address the challenges behind the low level of financial inclusion, SBP developed a broader National Financial Inclusion Strategy (NFIS) which was adopted by GoP and launched in May 2015. The strategy aims to enhance formal financial access to 50 percent of the adult population by 2020.

²AC&MFD Circular No. 01 of 2018

It's a well known fact that Financial Inclusion plays a pivotal role in promoting inclusive economic growth through enhancing livelihoods and enterprise activities.

SBP, being the apex policy & regulatory body, has been striving to promote access to formal financial services for achieving inclusiveness which is a prerequisite for wider distribution of the economic growth across all regions and segments of the population. In this regard, the initiatives taken under NFIS have resulted in considerable growth in different financial inclusion indicators (Table D). It is worthwhile to mention that the recently published World Bank Group - Global Findex Report 2017 shows that account ownership in Pakistan has increased from 13% to 21%, showing 62% rise over the level of year 2014. In order to implement the strategy, a coordination mechanism was established with participation from both the public and private sector stakeholders.

Indicators	Jun 17	Jun 18	Growth (%)
No. of Deposit Accounts (millions)	49.0	53.1	8.37%
No. of Branchless Banking Accounts (millions)	27.31	39.2	43.54%
Commercial Bank Deposits	11,980	13,062	9.03%
No. of ATMs	12,689	14,019	10.48%
No. Bank Branches	15,023	16,056*	6.88%
No. of POS Machines	54,490	53,511	-1.8%

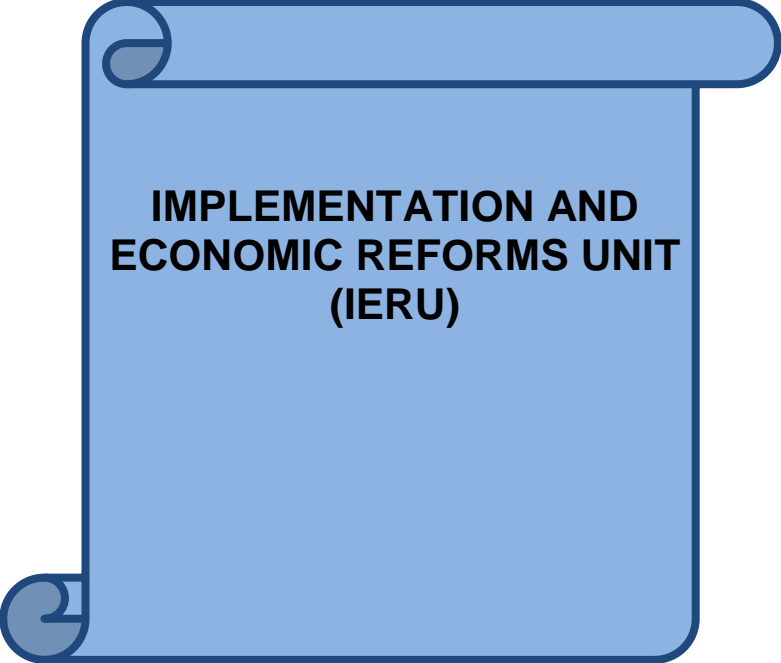
*including Microfinance Bank Branches
Source: Agricultural Credit & Microfinance Department, SBP

The major initiatives adopted by NFIS are as follows:

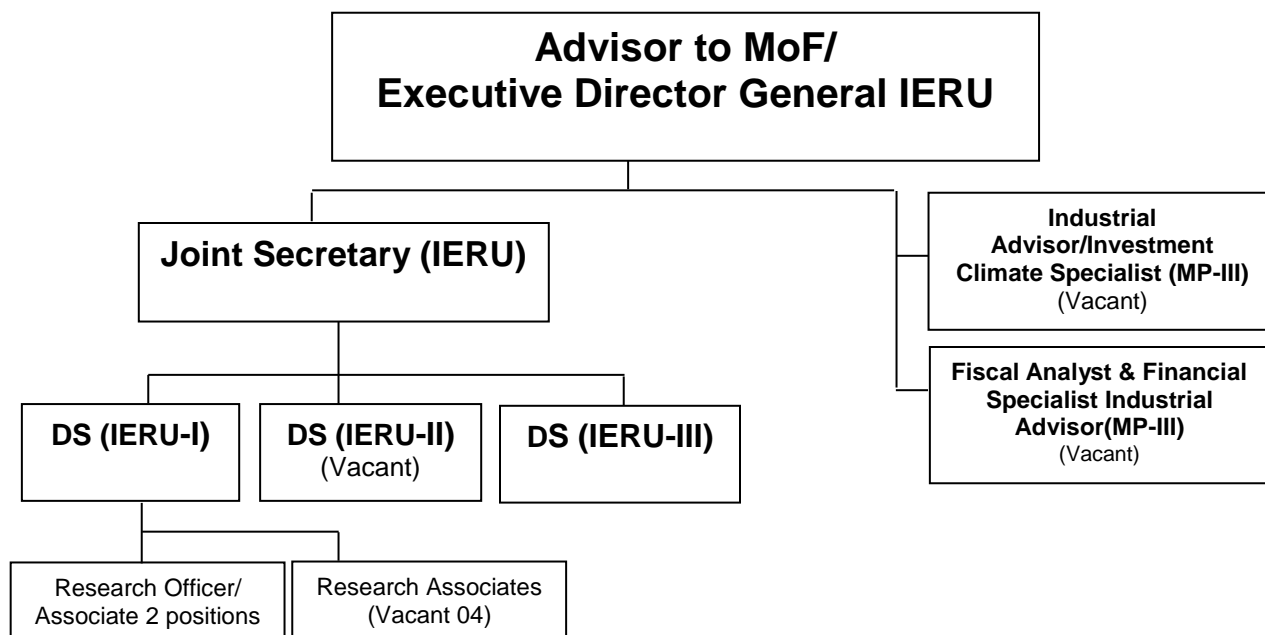
- i. **Asaan (Easy) Mobile Account (AMA) Scheme:** The AMA scheme was approved by NFIS Council in its meeting dated January 11, 2017. The scheme aims to facilitate 2 minute account opening process and allow transactions with a basic-feature mobile phone from anywhere, at any time. Under the approved scheme, customers will remotely open BB accounts of their choice and use all financial products & services available at AMA platform accessed through a unified USSD platform. The Scheme is currently in the developmental phase and after the completion of all the developmental activities (technical integrations, commercial aspects, governance structure etc.), it is expected to be launched on pilot basis with selective institutions in near future.
- ii. **Opening of Asaan Accounts:** To enhance the outreach of basic financial services to unbanked or underserved segments of the population and achieve the targets set out in NFIS, SBP introduced Low Risk "Asaan Account" with simplified due diligence requirements, minimum initial deposits (Rs. 100) and monthly withdrawal limit of Rs. 500,000 and overall deposit limit of Rs. 500,000. The initiative resulted into addition of 3.1 million accounts in the banking system as of December 2017.
- iii. **Rationalization of NADRA's Verification Cost:** In order to facilitate mass enrollment of Digital Transactional Accounts (DTAs), NADRA has reduced the verification cost to Rs. 10/- to meet low cost KYC requirements for opening of Branchless Banking (BB) accounts.

- iv. Adjustment of Withholding Tax (WHT) on Cash Withdrawals made by Branchless Banking (BB) Agents:** BB agents conduct banking transactions on behalf of their customers and such transactions are being settled on daily basis which attract withholding tax when withdrawals exceed Rs. 50,000 limit. It was, therefore, recommended to the NFIS Council that Federal Board of Revenue (FBR) may consider adjustment of withholding tax on cash withdrawals by the BB agents to the extent of disbursements made to their clients. The proposal was approved under Finance Bill 2017-18 and the relaxation has been provided to the agents.
- v. Financial Inclusion and Infrastructure Project (FIIP):** To support the implementation of Pakistan's NFIS, the World Bank has approved a Financial Inclusion and Infrastructure Project (FIIP) worth US\$ 137 Million. The project will focus on improving market infrastructure and institutional capacity; supporting the uptake and usage of Digital Payments and Financial Services; and improving access to financial services for microenterprises and SMEs (MSMEs). The project will also facilitate substantial increase in access and usage of financial services to women, along with support to women-owned MSMEs.
- vi. Pilot on Digital Credit for Microfinance Borrowers (Ongoing since 2016):** To focus on the previously neglected dimension of financial inclusion, Telenor MFB was allowed to evaluate the feasibility for digital credit in the country. SBP has adopted a proportionate regulatory approach and active monitoring to allow Telenor MFB to test and analyze digital credit, particularly its market potential and consumers' dynamics in Pakistan's context. Telenor MFB is offering digital credit, wherein small ticket size loans (Rs. 1,500 - 3,500) are being offered to the customers for short tenures of 7, 15 and 30 days. The findings of this pilot will pave way in setting the course of action for digital credit.
- vii. Digital Financial Services (DFS) – Innovation Challenge Facility (ICF):** One of the actions approved by NFIS Steering Committee is to foster innovations to develop client-centric products and services. In this regard, SBP has launched the ICF guidelines for invitation of applications from key stakeholders like BB providers, Fintechs and various technological interest groups.
- viii. Development of Credit Scoring Model for Micro & Small Enterprises (MSEs):** SBP has initiated process of engaging consultants and an EOI has been published in local as well as International newspapers in this regard.

- ix. ***Proof of Life in Pension Payments through Biometric Verification System (BVS)***: In order to facilitate pension payments through alternate delivery channels, CGA in collaboration with NADRA is working to develop a solution for proof of life in pension payments through biometric verification system.
- x. ***Financial Literacy Initiatives***: As per Access to Finance Survey – 2015, 40 percent of the population reported lack of understanding of financial products as the main reason for financial exclusion. In order to enhance the financial education and awareness among the low income segment population, SBP has taken following initiatives:
- **National Financial Literacy Program**: SBP is implementing National Financial Literacy Program (NFLP) as its flagship program to impart basic financial education among low income segment of the population; especially, the youth & women. NFLP is a five year program which commenced in August 2017. During its first year of implementation, the program was successfully rolled out in 77 districts of the country through 16 SBP-BSC field offices and 31 partner banks. Around 4,270 classrooms sessions were conducted during FY 18 wherein around 111,020 adults have been financially educated on basic themes like savings, budgeting, investments, branchless banking, Islamic banking, etc.
 - **Child and Youth Financial Literacy Program (CYFLP)**: SBP has launched pilot Child and Youth Financial Literacy Program in 2016 which is the first ever initiative to provide basic financial education to children and youth and train them for their future roles as social and economic actors. The program aimed to provide a holistic learning experience that embraces knowledge and skills harnessed from both inside and outside the classroom. The program has engaged 200 educational institutions, while over 44,000 students enrolled in these institutions have been imparted CYLFP message through 450 teachers trained under this program. The program has been concluded in June 2018.



**IMPLEMENTATION AND
ECONOMIC REFORMS UNIT
(IERU)**



NAME AND OFFICIAL TELEPHONE NUMBERS OF OFFICERS OF IERU WING:

S#	Name of Officer	Designation	Telephone Number(Off)
1	Dr. Khaqan Hassan Najeeb	Advisor to MoF/ Executive DG(IERU)	051-9223619
2		Joint Secretary (IERU)	051-9217854
3	Mrs. Fozia Abid	Deputy Secretary (IERU-I)	051-9217882
4	Vacant	Deputy Secretary (IERU-II)	051-9209367
5	Mr. Rashid Ali Zuberi	Deputy Secretary (IERU-III)	051-9209639

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 enterprises, 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 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, including 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 Privatization Commission is in the process of formulating a new privatization plan for the government, all of the ministries are giving input on the formulation. Additionally, a reform strategy being followed in case of the three major PSEs – Pakistan Railways, Pakistan International Airlines and Pakistan Steel Mills as outlined below:

Pakistan Railways

Ministry of Railways and Pakistan Railways have developed Pakistan Railway Strategic Plan (PRSP) to guide the future development of the rail sector in Pakistan. The Process to develop strategic plan was based on wide consultation within the railway and among government departments. It also included an

extensive operational review, study of international railways strategies and detailed economic and financial analysis.

The PRSP is underpinned by a financial analysis tool referred to as the Analytic Business Model (ABM) to help evaluate the implications of various policy and investment options and it also provides traffic and pricing forecasts by freight, passenger and infrastructure functions. Over the next decade the strategy will transform Pakistan Railways into a modern, effective and sustainable mode of transport in Pakistan.

Pakistan International Airlines

PIAC has been converted into a company under Companies Ordinance 1984 in order to improve corporate governance and move PIA under a more efficient and up to date legal framework. A new CEO has been appointed and a new Strategic Business Plan 2018-22 has been developed which in being implemented, it provides a five-year roadmap for improving the national carrier's performance. The Plan prioritizes segregation of non-core functions from core functions, improvement in customer experience and product, route rationalization, cost reduction/ optimization, HR capability development and IT modernization. The Plan is supplemented by a financial restructuring plan, which focusses on curtailing financial and operational losses.

Pakistan Steel Mills

The process to attract strategic private sector participation has been restarted, in the absence of an agreement with the Government of Sindh, which was earlier offered transfer of PSM's ownership. The transaction structure for Strategic Sale of Pakistan Steel Mills has been approved by the Privatisation Commission Board. A liability settlement plan in consultation with NBP, SSGC, PSMC and Ministry of Industries and Production is being finalised.

2. Power Sector Reforms

Broad based power sector reforms under the framework of the National Power Policy 2013 have improved the performance of public sector power sector distribution companies, 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 legislation to pursue electricity thefts, up-gradation of electricity transmission and distribution network, provision of incentives to collectors and introduction of mechanism of at-source deduction; the power sector line losses have reduced to 17.9 percent during FY 2016-17 from 18.7 percent during FY 2014-15 and collection from consumers have improved to 94 percent during FY 2016-17 as compared to 89.2 percent in FY 2014-15.

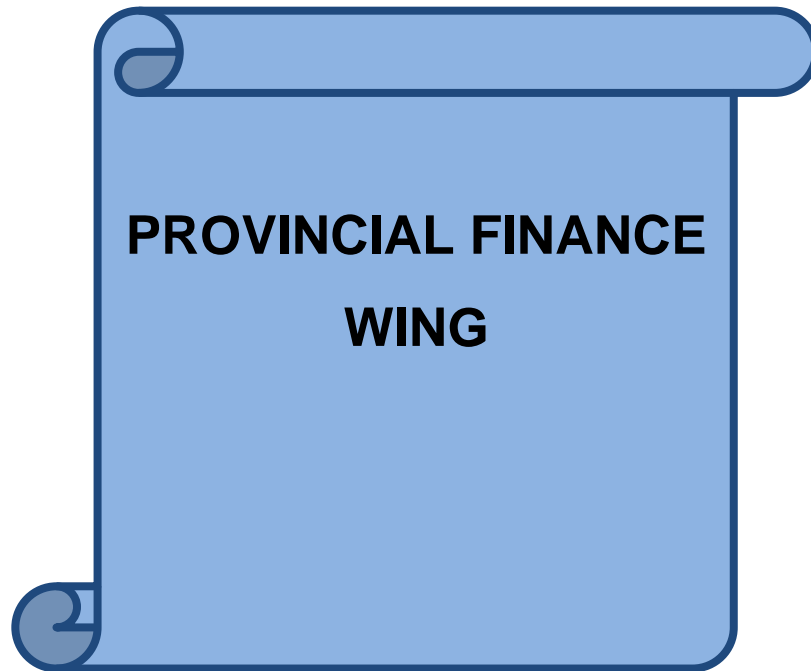
The dispute of DISCOs with NEPRA over the FY 2015-16 tariff has been resolved and new tariffs have been determined. The tariffs include Multi Year Tariffs for FESCO, IESCO & LESCO and yearly tariffs for the remaining DISCOs. In the new tariff the average allowable T&D losses for DISCOs have been rationalized from 15.2 percent to 16.3 percent in light of the technical studies. Write-off of some old receivables has also been allowed to resolve the less than 100% recovery issue. The above provisions are expected to lead to full cost recovery and arrest buildup of circular debt in the sector.

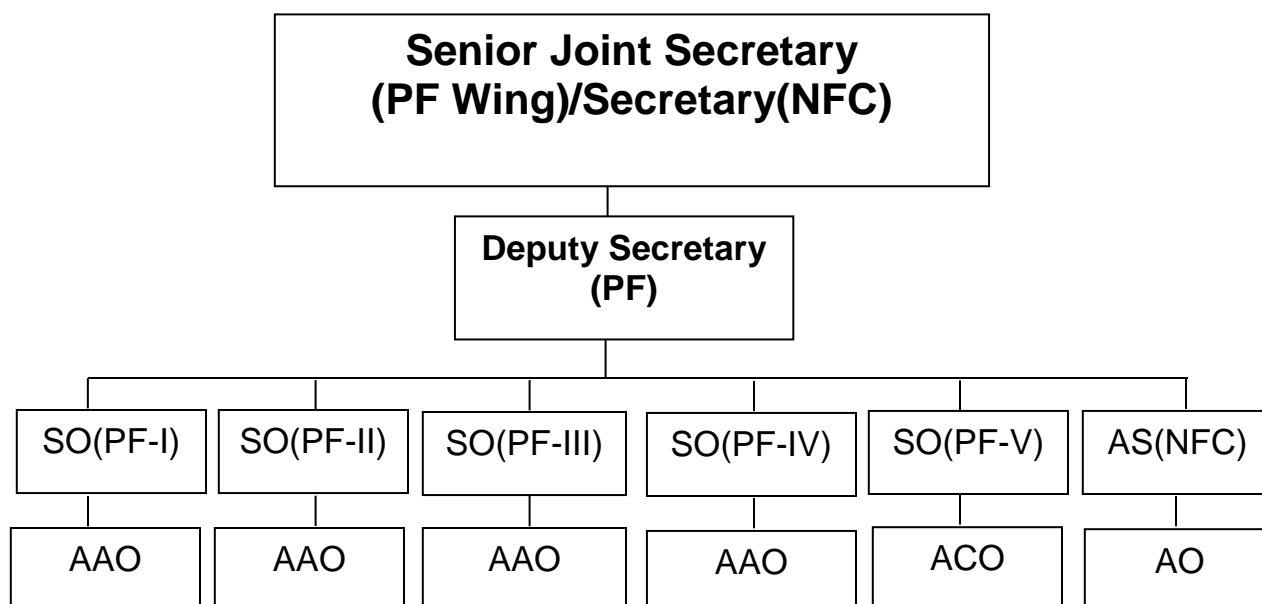
The amendment in NEPRA Act, will enable the Federal Government to implement policy decisions to address financial sustainability of the power sector and introduce framework for licensing electricity market operator, traders & system operator.

Since 2013, over 12,000 MWs of new generation capacity have been added to the national grid. Consequently, the industrial sector is having uninterrupted supply of electricity. The new power generation projects under implementation are based on a diverse mix of low cost power generation sources, including wind, solar, coal, nuclear, hydel and RLNG. To bridge the growing demand-supply gap of Natural Gas, the Government started importing LNG through, with gas of 1,200 mscfd to be available to power producers and industry.

3. Policy Support to Finance Division and other Ministries/Division

During the year in 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 development by other ministries and undertaking analytical work on various aspects of the government's reform agenda, including work for the office of Finance Minister. IERU also manages the working of the Secretariat of the Economic Advisory Council (EAC).





NAME AND OFFICIAL TELEPHONE NUMBERS OF OFFICERS OF PF WING:

S#	Name of Officer	Designation	Telephone Number(Off)
1	Dr. Rashid Manzoor	Sr.Joint Secretary (PF)/ Secretary (NFC)	051-9202378
2	Mr. Abdul Malik Balghari	Deputy Secretary (PF)	051-9202927
3	Vacant	Section Officer (PF-I)	051-9209356
4	Mr. Muhammad Javed Rana	AAO (PF-I)	051-9209356
5	Mr. Habib-ur-Rehman	Section Officer (PF-II) Add. Charge	051-9209757
6	Mr. Abdul Ghaffar	AAO(PF-II) Add. Charge	051-9209757
7	Mr. Habib-ur-Rehman	Section Officer (PF-III)	051-9209364
8	Vacant	AAO (PF-III)	051-9209364
9	Mr. Ali Akbar	Section Officer (PF-IV)	051-9209394
10	Mr. Muhammad Bilal	AAO (PF-IV)	051-9209394
11	Mr. M. Anwar Javaid	Section Officer (PF-V)	051-9209406
12	Mr. Abdul Ghaffar	ACO(PF-V)	051-9209406
13	Mr. Ali Akbar	AS/SO(NFC)	051-9208109
14	Mr. Arshad Mehmood	AO(NFC) Add. Charge	051-9208109

Pakistan has a federal democratic form of Government having four provinces viz. Balochistan, Khyber Pakhtunkhwa, Punjab and Sindh with Special Areas which include Gilgit-Baltistan, and Azad Jammu & 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 include 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 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.
- To provide long term loans/advances to government employees for house building /purchase of motor cars/motor cycles/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)

2. 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.

3. 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. Provision 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.
4. The 9th NFC has held three meetings and initial deliberation took place.
5. 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 recommendation for new NFC Award will take time.

Revenue Transfers

6. 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 well-head is located. These collections are reported to Finance Division by the Ministry of Petroleum & Natural

Recourses with the exception of Excise Duty on Natural Gas, which is reported by the FBR.

7. A profile of Federal transfers to Provinces during FY 2017-18 is as under:-

(Rs. in billion)

Description	Punjab		Sindh		Khyber Pakhtunkhwa		Balochistan	
	B.E	Release	B.E	Release	B.E	Release	B.E	Release
Divisible Pool	1,153.713	1,072.160	547.423	508.727	365.173	339.359	202.691	202.691
Straight Transfers	8.111	6.600	65.168	53.544	24.682	24.119	17.283	10.229
Total	1,161.824	1,078.760	612.591	562.271	389.855	363.478	219.974	212.920

Grants-in-Aid to Provinces:

8. In addition to the above revenue transfers, the NFC Award also provides for grant-in-aid to Sindh [Rs. 12.867 billion]. 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) [Rs. 10.00 billion]. Besides, an amount of Rs. 1.023 billion has been released to provinces in pursuance of PM Directives for miscellaneous purposes.

Funding for Provincial Projects:

9. 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 2017-18, an amount of Rs. 15.665 billion has been 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	09	3.231	3.231

Sindh	08	9.029	9.029
Khyber Pakhtunkhwa	03	0.100	0.100
Balochistan	17	3.305	3.305
Total	37	15.665	15.665

*Includes release of funds in pursuance of PM Directives for development purposes.

Loans and Advances to Federal Government Servants:

10. An amount of Rs. 10.516 billion has been released on account of Loans and Advances to Federal Government Servants during FY 2017-18 [House Building Advance Rs. 8.193 billion, Motor Car 1.651 billion, Motor Cycle 0.662 billion, Cycles 0.010 billion].

Recoveries of Cash Development Loans (CDL) from Provinces & Special Areas

11. 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 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 2017-18 is shown as follows:-

(Rs. in billion)

Province	Principal	Interest	Total
Punjab	33.035	9.325	42.360
Sindh	9.694	5.356	15.050
Khyber Pakhtunkhwa	6.719	1.033	7.752
Balochistan	5.629	0.506	6.135
AJ&K ¹	4.056	9.717	13.773
Gilgit Baltistan	-	3.962	3.962
Total	59.133	29.899	89.032

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

12. The following new financial arrangements has been made between the Government of Pakistan and Government of the Azad State of Jammu & Kashmir w.e.f. 1st July, 2018-19 .

- (i) Government of the AJ&K shall be entitled to receive variable grant in lieu of share from FBR taxes. The variable grant shall be worked out based on multiple indicators as adopted in the NFC Award. The percentage so worked out is 3.64%.
- (ii) Revenue Deficit Grant as provided in the financial arrangements of 1992 shall be discontinued.
- (iii) AJ&K Government will exercise full financial autonomy by remaining within the resources availability position. **No additional grant shall be provided by the Federal Government for current expenditures.**

13. Based on the above financial arrangements, Federal Government shall provide funding to the AJ&K Government for its current and development expenditure during financial year 2018-19 as per detail given below.

(Rs. in billion)

FY	Share Tax (@ 3.64%)	Development	Total
2018-19	49.000	24.057	53.057

14. 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 2017-18 is shown as follows:-

(Rs. In billions)

Component	Allocation (Revised)	Released
Federal Grant (Shared taxes)	26.000	26.000
Revenue Deficit Grant	14.300	13.147
Total	40.300	39.147

15. The Federal Government also funds Annual Development Programme of the Government of AJ&K through block allocation made by the PD&R Division. Releases are made by the Finance Division on authorization of the PD&R

Division. The position of Development funds released to AJ&K Government during 2017-18 is as follows:-

(Rs. in billion)

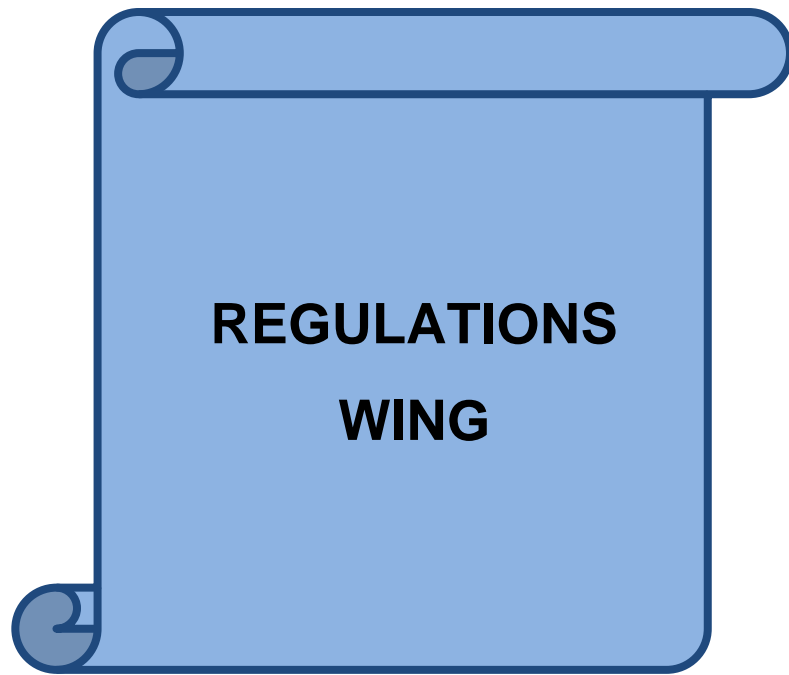
Component	No. of Projects	Allocation 2017-18	Released 2017-18
ADP (Block Allocation)	---	20.200	20.200
PSDP (Federal Projects)	09	02.974	01.055
Total	09	23.174	21.255

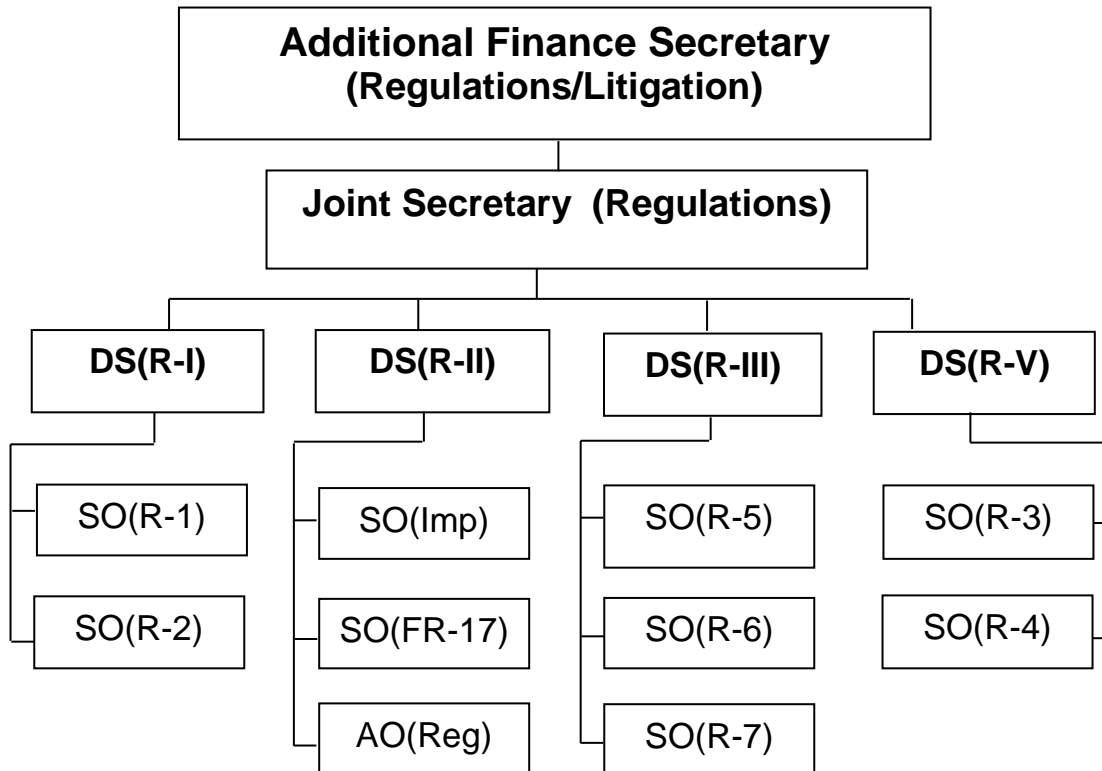
Federal Transfers to Government of Gilgit-Baltistan:

16. Prior to FY 2011-12, the current and development expenditures of Gilgit-Baltistan Government were controlled by the Kashmir Affairs and G.B Division. 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 2017-18 is shown as follows:-

(Rs. in billions)

Component	Allocation 2017-18	Released 2017-18
Grant in Aid to G.B.	27.500	27.650
Wheat Subsidy to G.B.	06.045	04.809
Total	33.545	32.459





NAME AND OFFICIAL TELEPHONE NUMBERS OF OFFICERS OF REGULATIONS WING:

S#	Name of Officer	Designation	Telephone Number(Off)
1	Dr. Rashid Manzoor	AFS(Regulations/Litigation)	051-9201496
2	Syed iftikhar Hussain Gillani	Joint Secretary(Regulation)	051-9245857
3	Mr. Umar Nawaz	Deputy Secretary (Reg-I)	051-9245861
4	Vacant	Deputy Secretary (Reg-II)	051-9245838
5	Syed Kalsoom Hai	Deputy Secretary (Reg-IV)	051-9245839
6	Mr. Muhammad Shahid Ahmed Ch.	Deputy Secretary (Reg-V)	051-9204386
7	Mr. Zia ur Rehman	Section Officer (R-1)	051-9245843
8	Mrs. Sadia Kanwal	Section Officer (R-2)	051-9205846
9	Mrs. Kishwar Sultana	Section Officer (R-3)	051-9245852
10	Mr. Muhammad Anwar Javed	Section Officer (R-4)	051-9245872
11	Vacant	Section Officer (R-5)	051-9245870
12	Mr. Muhammad Khalil	Section Officer (R-6)	051-9245848
13	Mrs. Parveen Mubarik	Section Officer (R-7)	051-9245871
14	Vacant	Section Officer (Imp)	051-9245853
15	Mr. Faisal Nadeem	Accounts Officer (Imp)	051-9245869

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 and High Courts (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 allowance, 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.

Joint Secretary (Regulations)									
DS (R-1)		DS (R-II)			DS (R-III)			DS (R-V)	
S.O (R-1)	S.O (R-2)	S.O (Imp)	S.O (FR-17)	A.O	S.O (R-5)	S.O (R-6)	S.O (R-7)	S.O (R-3)	S.O (R-4)

PERFORMANCE OF REGULATIONS WING DURING FY 2017-18.

<u>ITEMS</u>	<u>Number of Cases</u>
Court Cases	665
Service Rules/Regulations of different departments vetted	167
Major Policy Decisions taken	28
Cases regarding Up-gradations of posts of different organizations	43
Fixation of Pays	69
National Assembly/Senate business	108
FR-17 Cases	107
Number of Summaries for Prime Minister/Cabinet Processed	79

OTHER ACHIEVEMENTS OF REGULATIONS WING DURING THE FINANCIAL YEAR 2017-18

- Revision in Basic Pay Scale of all Federal Government employees in BPS 1-22, and introduction of Basic Pay Scale 2017 w.e.f 1-7-2017.
- Discontinuation of the Adhoc relief allowance 2010, with revision of the Basic Pay Scale 2017.
- Discontinuation of the Allowance equal to one month basic pay (2009) admissible to Armed Forces with the introduction of Basic Pay Scale 2017.
- Grant of Ad-hoc relief Allowance @10% to all Federal Government employees, Armed Forces and Civil Armed Forces w.e.f 1-7-2017.
- Grant of Special Allowance @ 10% of the merged running basic pay to all ranks of the Armed Forces w.e.f 1-7-2017
- Increase in pension @ 10% of net pension w.e.f. 1st July, 2017 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.
- Exemption from payment of house rent charges @ 5% to Government employees In BPS 1-5 living in Government accommodation.
- Rate of Orderly Allowance has been revised from Rs. 12,000/- to Rs. 14,000/- w.e.f 1-7-2017.
- Constant Attendant Allowance admissible to disabled/ medically boarded out employees of Armed Forces and CAF has been increased from Rs. 3000 and Rs. 1900/- to Rs. 7000/-, w.e.f 1-7-2017.
- Hard-lying Pay admissible to officers/officials of Pak Navy has been increased from Rs. 100/- to Rs. 700/- (for officers) and from Rs. 60/- to Rs. 400 (for CPOs and Sailors).
- Compensation in lieu of Batman (CLIB) admissible to officers of Pak Navy has been increased from Rs. 10500/- p.m to Rs. 14000/- p.m.
- Uniform Allowance allowed to Pakistan Navy Police has been increased from Rs. 3.50 p.m to Rs. 1200/- p.m and Ration Subsidy allowance, allowed to Pak Navy Police, has been increased from Rs. 390/- to Rs. 1000/- p.m.

- Design Allowance, admissible to Architectures/ Engineers working in Design offices of Ministry of Housing and Works, Ministry of Planning & Development and Ministry of Communication, has been increased by 50% of the existing amounts.
- The Frontier Constabulary (all ranks) have been allowed a fixed allowance @ Rs. 8000/- p.m. One third of that amount was allowed w.e.f 1-3-2017, One third has been allowed w.e.f 1-7-2017 and the balance one third (1/3) has been allowed from 1-7-2018.
- Grant of Basic Pay Scale 2017 and Ad-hoc Relief Allowance 2018 @ 10% to employees of Autonomous/Semi-Autonomous and Corporation who have adopted Federal Government Basic Pay Scales in totality.
- Revision in the Management Scales 2016 so as to introduce Management Scale-2017 w.e.f 1-7-2017.
- Personnel Staff subsidy admissible to Management Grade officers has been revised from Rs. 12000/- to Rs 14000/- p.m.
- An Adhoc Relief Allowance 2017 @ 10% of the running basic pay of Management Scales-2017 has been allowed to the civil employees in Management Scales, w.e.f 1-7-2017.
- Several Allowances admissible to Pakistan Post have been increased by 50%,
- Revision in 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 2016, It shall be 11.30% per year.
- Subsequent upon the revision of basic pay scales for the civil employees of the Federal Government, the rates of subscription towards General Provident Fund have been revised w.e.f 1-8-2017, at the following percentage:-

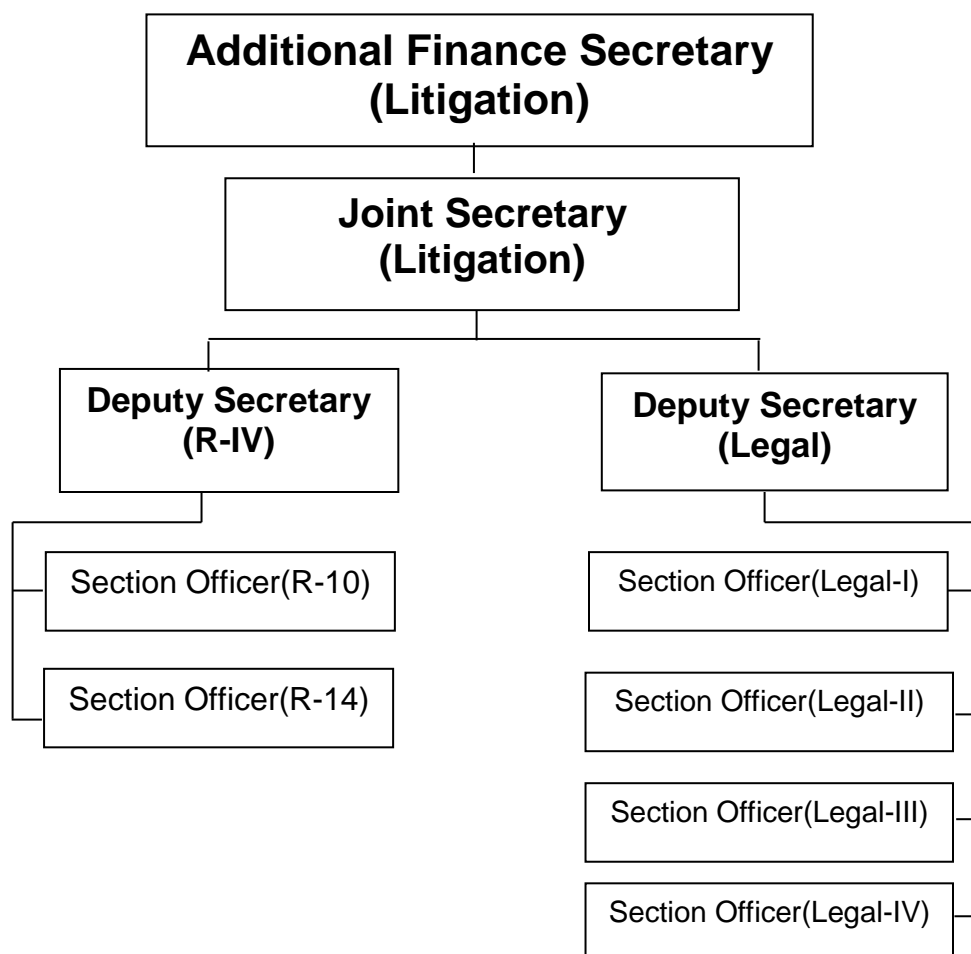
BPS-1	3% of the mean of BPS 2017
BPS 2-11	5% of the mean of BPS 2017
BPS 12-22	8% of the mean of BPS 2017

- Revision in pay limit and amounts fixed for advances for purchase of Bicycle, Motorcycle and Motor Car as under, w.e.f 1-1-2018:-

Ser .	Advances for	Existing limits Pay Rs.	Existing Amounts of Advances	Revised Pay limit Rs.	Revised Amounts of Advance. Rs
i.	Bicycle	Up to 7500/-	7000/-	Upto 15000/-	10,000/-
ii.	Motorcycle	7501-19999/-	75000/-	15001-34999/-	100,000/-
iii.	Motor Car	20,000/- and above	450,000/-	35,000/- and above	1,000,000/-

- Payment of contribution of Group Insurance Fund for Assistants in BPS-16 by the Government and it won't be deducted from their salaries being non-gazetted employee even after their up-gradation to BPS-16 as one time dispensation.





NAME AND OFFICIAL TELEPHONE NUMBERS OF OFFICERS OF LITIGATION WING:

S#	Name of Officer	Designation	Telephone Number(Off)
1	Dr. Rashid Manzoor	AFS(Regulations/Litigation)	051-9201496
2	Vacant	Joint Secretary(Litigation)	051-9245847
3	Mr. Khan Hafeez	Deputy Secretary (Legal)	051-9245842
4	Raja M. Akhtar Iqbal	Deputy Secretary (Legal)	051-9202917
5	Mr. Nadeem Arshad	Section Officer (Legal-I)	051-9245849
6	Mr. Ameen Khan	Section Officer (Legal-II)	051-9245851
7	Mr. Mujahid Ali	Section Officer (Legal-III)	051-9218223
8	Vacant	Section Officer (Legal-IV)	051-9245816
9	Dr. Muhammad Ismail Hasni	Section Officer (R-10)	051-9245725
10	Mr. Nisar Hussain	Section Officer (R-14)	051-9245873

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, TA/DA 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:-

- 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) and National Commission for Human Development (NCHD), etc.
- i. Obtaining paper books from the court (s), where the same are not received.
- ii. Seeking comments from relevant Wing (s)
- iii. Nominating Deputy Attorney Generals (DAGs)/Advocate on Record (AORs)/Assistant Attorney Generals (AAGs) from Law & Justice Division.
- iv. Vetting of comments from Law & Justice Division
- v. Coordinating/briefing to DAGs/AORs/AAGs.
- vi. Submitting of comments before the courts
- vii. Submitting of applications before the court(s) concerned for deletion of the name of Finance Division as proforma party.
- viii. Attending courts
- ix. Communicating courts' orders/directives to the quarter(s) concerned

Section Wise Distribution of Works

Legal-I	Legal-II	Legal-III	Legal-IV
• Islamabad High Court	• Sindh High Court (all benches)	• Federal Service Tribunal (FST),	• Supreme Court (all Registries)

<ul style="list-style-type: none"> • Lahore High Court (all benches) • Lower courts in Islamabad 	<ul style="list-style-type: none"> • Baluchistan High Court (all benches) • Peshawar High Court (all benches) • All cases in lower courts in Sindh, KPK & Baluchistan 	<p>Islamabad.</p> <ul style="list-style-type: none"> • Coordination work amongst Litigation sections. 	<ul style="list-style-type: none"> • All cases in lower courts in Punjab • All cases relating to Federal Shariat Court. • National Industrial Relations Commission • Chief Courts Gilgit-Baltistan & AJK
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Performance of Legal sections

Government employees and other persons filed 2509 cases, where the Finance Division was impleaded as necessary as well as proforma party during the Financial Year 2017-18, 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	296
2.	Rawalpindi Bench	15
3.	Multan Bench	12
4.	Bahawalpur Bench	03
5.	Islamabad High Court	193
6.	Civil Court, Islamabad	13
	Total	532
Legal-II		
1.	Sindh High Court Karachi (SHC) (inclusive all benches of lower courts)	1018
2.	Peshawar High Court , Peshawar (PHC) (inclusive all benches of lower courts)	555
3.	Baluchistan High Court (BHC), Quetta (inclusive all benches of lower courts)	57
	Total:	1630
Legal-III		
1.	Federal Service Tribunal (FST), Islamabad	184
Legal-IV		
1.	Supreme Court of Pakistan	92
2.	Federal Shariat Court	-
2.	Gilgit Baltistan/AJK Courts/Civil Courts Punjab	19
3.	National Industrial Relation Commission	01

	(NIRC)	
4.	Federal Service Tribunal, Lahore/Karachi	51
	Total:	163
	Grand Total: 532+1630+184+163	2509

Achievements of Legal Sections:

Legal-I Section

- Legal-I Section filed parawise comments, reports, concise statements, etc. before hon'ble courts in approximately all cases.
- All the cases have been defended efficiently, diligently and in time. No case has been left unattended.

Legal-II Section

- As a sequel of un-ending success journey, this time too Legal-II Section being dealing with almost 75% of courts of the country proved to be successful in pursuing the above cases in an effective and efficient manner.
- During the period, Legal-II remained successful in challenging and adjudicating High Court's judgments (found against the policy of the Finance Division) before the Supreme Court of Pakistan in timely manner. Hence none of the cases went unnoticed.
- Legal-II Section as a result of good working relations with Govt. Counsels stationed at Courts of Sindh, Baluchistan and KPK remained successful in motivating and sensitizing them to attend the courts without engaging Govt. officials hence, paid due consideration to the austerity measures.

Legal-III Section

- This Section filed para-wise comments, reports, concise statements, etc. in 184 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 24 civil petitions for leave to appeals (CPLAs), 04 civil review petitions (CRPs) and 10 civil misc. appeals (CMAs) have been filed before Supreme Court of Pakistan during the year 2017-18.
- The cases filed in the Supreme Court of Pakistan were contested in efficient and sagacious manner within time.

2. Regulations Sections:

Regulations Sections have the following main functions:-

R-10 Section

- i. Travelling allowance on transfer abroad
- ii. Daily allowance on duty abroad
- iii. Medical treatment abroad of Government servants/ dependent family members.
- iv. Service Tribunal cases regarding training TA/DA (within country/abroad)
- v. Revision of rates of Daily Allowance, Mileage Allowance, Travelling Allowance, Messing Allowance, Uniform Allowance, Non-practicing, Transfer Grant and Travel by Air.
- vi. Clarification/Reimbursement of Medical facilities
- vii. 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.
- 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 01-07-2017 to 30-06-2018:-

Name of cases	No. of cases
DA/DA (relaxation of time barred/clarification)	244
Medical reimbursement/treatment/clarification	75
Appointment/revision of consultation fees of Authorized Medical Attendants (AMAs) at Missions abroad.	16
Vetting of TA/DA and Medical Rules of Autonomous bodies	58
Court/miscellaneous cases	144

The major policy decisions are as under:

- Revision of Rates of Daily Allowance on Official Duty within country vide this Division's O.M. No.F.8(1) R-10/2011-309/III, dated 3rd July, 2017.

- Grant of Financial Assistance by Government in the cases of Death of Government Servants at the Station of Duty vide this Division's O.M. No.3(2)R-10/95-308, dated 3rd July, 2017.

R-14 Section

The following cases received from various Ministries/Divisions/Departments, relating to the job description have been decided during the period from 01-07-2017 to 30-06-2018:-

Name of cases	No. of cases
Vetting of Ordinances Acts Resolutions etc.	40
Disability Pension/Special family pension cases	50
Approval for payment of rent of office accommodation received from Ministries/Divisions Departments which are excess of prescribed rental ceiling	67
Pay Package for Project Staff recruited for development projects funded from PSDP	55
Project allowance	2
Court cases	60
Miss.	14

The major policy decisions are as under:

- Standard Pay Package for the project staff directly recruited for Development Projects Funded from PSDP vide Finance Division's O.M. No.F.4(9)R-14/2008, dated 19-07-2017

- Exemption of employees upto BS-05 from deduction of 5% House Rent Charges vide Ministry of Housing & Works' O.M. No.F.2(12)/99-Policy, dated 20-11-2017.
- Revision of rental ceiling for hiring of residential accommodation at six specified stations i.e. Islamabad, Rawalpindi, Lahore, Quetta, Karachi and Peshawar vide Ministry of Housing & Works' O.M. No.F.4(8)/92-Policy, dated 25-06-2018 .

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

The Treasure office Islamabad is headed by FTO (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 worth 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

10. Endorsement of refund cases received from the District Courts of Islamabad

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:

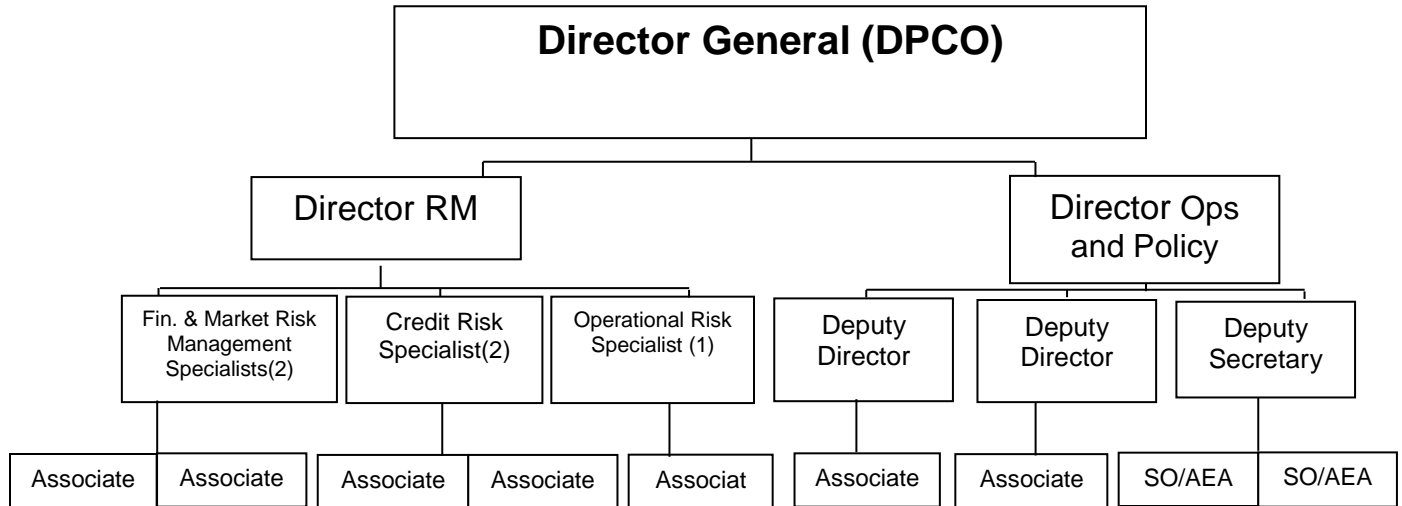
FTO has very important and significant role as it is compiling accounts of Federal Receipts and Payment on SAP System. Two computer labs fully equipped with 29 work stations are functioning there. Strong Room is also facilitating general public, department and resident of the Islamabad as it is generating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

USAGE OF SAP

All kind of receipts/payments on behalf of Federal Govt. by the SBP Islamabad/Rwp, Muzafarabad, 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. The officials are performing the key responsibilities in this office as they have been assigned the duties to post Federal Receipts & Payments Account on SAP on monthly basis.



**DEBT POLICY
COORDINATION
OFFICE**



NAME AND OFFICIAL TELEPHONE NUMBERS OF OFFICERS OF DPCO WING:

S#	Name of Officer	Designation	Telephone Number(Off)
1	Mr. Ehtesham Rashid	Director General (Debt)	051-9201897
2	Mr. Sajjad Ahmed Shaikh	Director Debt/RM	051-9207124
3	Mr. Izhar Ahmed	Deputy Secretary	051-9207372
4	Vacant	Director Ops and Policy	
5	Mr. Muhammad Umar Zahid	Market and Financial Risk Sp.	051-9201092
6	Mr. Arsalan Ahmed	Market and Financial Risk Sp.	051-9201092
7	Mr. Shujaat Malik Awan	Credit Risk Specialist	051-9201092
8	Syed Haroon Qidwai	Credit Risk Specialist	051-9201092
9	Mr. Zaheer Abbasi	Section Officer (Debt-1)	051-9202396

Debt Policy Coordination Office (DPCO) acts as a secretariat for the Fiscal Responsibility and Debt Limitation (FRDL) Act 2005.

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,
- Provide consistent and authenticated information on public debt and Government guarantees,
- Provide leadership on debt data questions and ensure compliance with agreed reporting requirements; and
- Maintain a centralized and updated electronic record of the public debt.

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

- Debt Policy Statement for year 2017-18 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 2017-18 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;
- Medium Term Budgetary Statement (2018/19-2020/21) was presented with annual budget (2018-19) to the National Assembly under section 5 of Fiscal Responsibility and Debt Limitation Act, 2005. The statement also contains 3 year rolling targets for macroeconomic indicators;
- Published "Debt Management Risk" reports on periodic basis 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 which resulted in reduction in cost and risks of external public debt portfolio;
- 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 (2017-18) 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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