



Year Book 2019-2020

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

PREFACE

In pursuance of Rule 25 of the Rules of Business, 1973 and as per practice, the current Year Book of Finance Division 2019-20 delineates activities undertaken, functions performed by various Wings / Sections of the Finance Division and its constituent organizations during the year under preview. The Year Book serves as a source of convenience and easy access to the working and achievements of Finance Division and its attached departments / organizations in the process of policy making for economic development.

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

Government's swift and decisive policy actions since the start of the current fiscal year; including resource mobilization, completion of IMF program, adopting austerity measures, and monetary policy helped in stabilizing the economy. These measures remained useful for the economy to reverse large external and internal imbalances. Significant improvement in external accounts was also made as the current account and trade deficit witnessed a substantial contraction.

However, the macroeconomic stability gained during the period was challenged by the COVID-19 pandemic; thus making this fiscal year the toughest in the history of Pakistan's economy. The effects of global lockdown diffused into the domestic economy and resulted in a decline in Pakistan's trade which adversely affected tax collection efforts. The Government's incentive package and the Central Bank's cut in policy rate at the time of distress provided a spur to mitigate the adverse impact of the pandemic. The Government is also vigilantly monitoring international and domestic conditions to ensure stabilization to stir growth in this challenging environment.

I appreciate the work done by the staff and officers of the Finance Division in preparation of this Year Book and I hope this Book will serve as a useful reference document. The suggestions/comments in form of feedback to improve the quality of this Book in future would be highly appreciated.

Finance Secretary

COMPILATION TEAM

DR. ZULFIQAR HUSSAIN AWAN

Joint Secretary (HRM)
(Head of Compilation Team)

MR. RIAZ AHMED

Deputy Secretary (Services)

SYED BUNIAD HAIDER

Section Officer (Doc/CSD)

SYED NASIR ALI

Asstt. Private Secretary (Doc)

Mr. IMRAN SATTAR

Assistant (Doc)

Vetted By;

MR. ZILLE HASNAIN

Deputy Economic Advisor

CONTENTS

<u>Title Page</u>	<u>Page No.</u>
Preface.....	i
Compilation Team.....	ii
Contents.....	iii
Vision Statement.....	01
Mission Statement.....	02
Functions of Finance Division.....	03-04
Future Goals of Finance Division.....	05
Organizational Chart of Finance Division.....	06
Human Resource Management Wing.....	07-25
Financial Analysis Wing.....	26-28
Cost Accounts Organization Wing.....	29-31
Budget Wing.....	32-48
Corporate Finance Wing.....	49-54
Development Wing.....	55-57
Economic Adviser Wing.....	58-61
Expenditure Wing.....	62-65
External Finance (C&B) Wing.....	66-67
External Finance (Policy) Wing.....	68-70
Finance Division (Military) Wing.....	71-73
Internal Finance Wing.....	74-86
Investment Wing.....	87-104
Implementation and Economic Reforms Unit Wing.....	105-106
Provincial Finance Wing.....	107-112
Regulations Wing.....	113-116
Litigation Wing.....	117-123
Federal Treasury Office.....	124-125
Debt Policy Coordination Office.....	126-129

VISION STATEMENT

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

MISSION STATEMENT

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 improve the quality of life of all citizens through prudent and transparent public financial management carried out by dedicated professionals.

FUNCTIONS

The following functions are allocated to the Finance Division under the Rules of Business, 1973 (As amended up to 8th October, 2020 by Cabinet Division):

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.

Cont'd... P/4

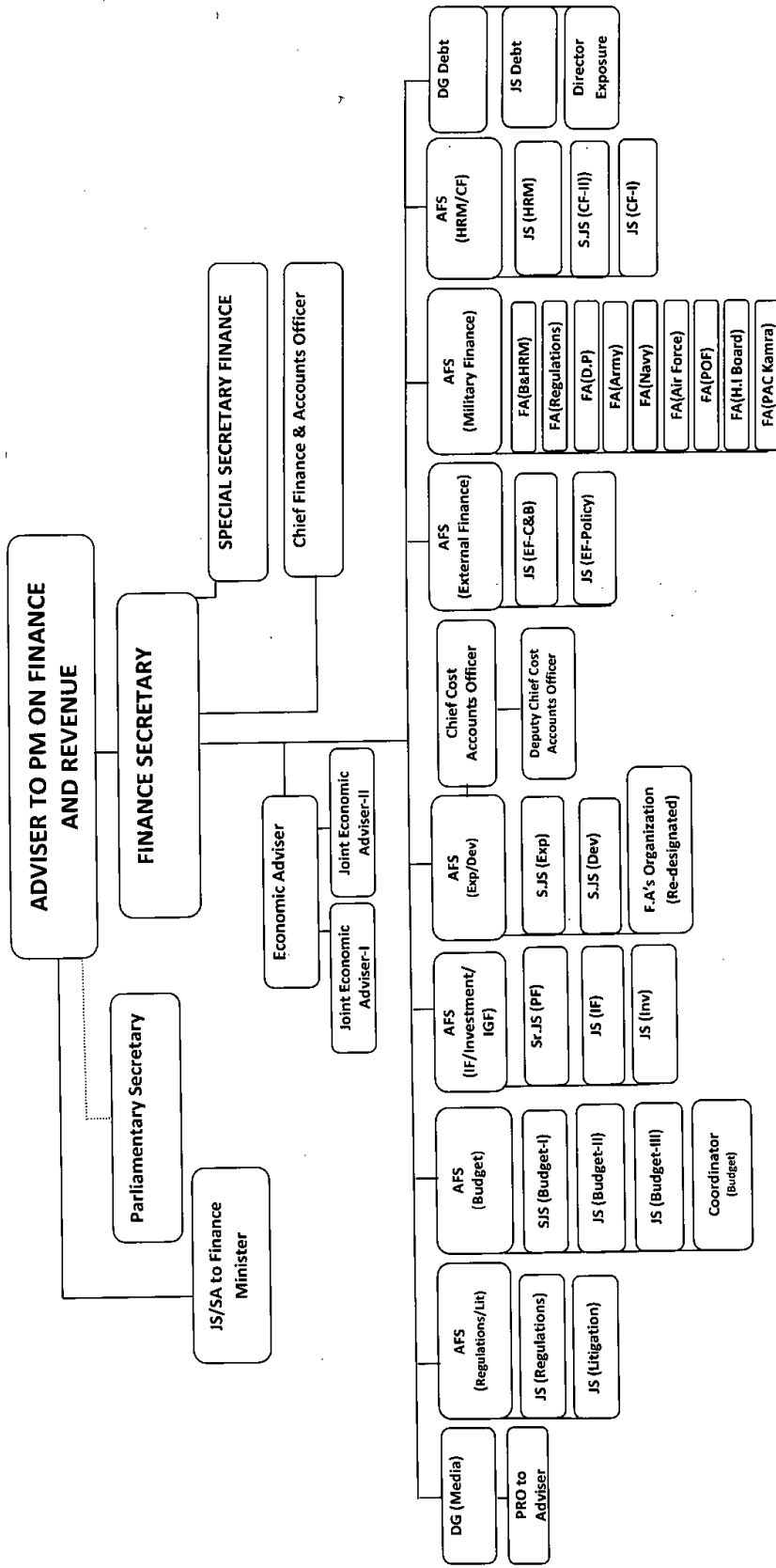
FUNCTIONS

12. **Company Law: Accountancy.**
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. **Omitted vide SRO.294(I)/2011, dated 08.04.2011.**
20. **Monopoly Control and Anti-Cartel Laws.**
- 21to24 **Omitted vide Cabinet Div. Notification No.4-14/98-Min.I, dated 01.12.1998.**
25. **Deregulation policies.**
26. **Administration of Economic Reforms Order, 1978.**
27. **Negotiations with international organizations and other countries and implementation of agreements thereof.**
- 28to29 **Omitted vide SRO 487(1)/2019, dated 23-04-2019.**
30. **Omitted vide SRO 939(1)/2019, dated 19-08-2019.**

FUTURE GOALS

- ❖ 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.

ORGANIZATION CHART OF FINANCE DIVISION





HUMAN RESOURCE MANAGEMENT WING

Introduction:

HRM Wing in Finance Division performs all the core functions like hiring/recruitment and developing skills of the employees to add value. Being ISO certified Division, the Wing performs job analysis, planning, salary management, provision of benefit and incentives, performance evaluation, dispute resolution and communication with 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 ensuring their compliance for better performance is also taken care of in different ways.

The workload of HRM Wing increases manifold with the start of the process of preparation of budget. The Wing prepares strategy to ensure smooth flow of services during the process followed by printing of budget books, presentation of budget before the Parliament, and passage of the Finance Bill. In addition, the Wing handles normal parliamentary business on behalf of Finance Division, and also caters to the parliamentary business of Economic Affairs & Revenue Divisions.

Main Functions Performed During the Fiscal Year (2019-20):

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

HR-I Section:

HR-I Section deals with the cadre posts of BS-17 to 22 i.e. Secretary, Additional Secretaries, Senior Joint Secretaries, 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. During the Financial Year 2018-19, the following employees were promoted to the post of Private Secretary (BS-17) against the posts falling vacant on retirement of the incumbents in Finance Division:-

S.N.	Name	Date of promotion as Private Secretary
1.	Mr. Abdul Haleem Maher	25.03.2020
2.	Mr. Iftikhar Ahmed Khan	-do-
3.	Mr. Muhammad Ramzan	-do-
4.	Mr. Muhammad Ibrahim	-do-
5.	Sheikh Muhammad Yasir Mushtaq	-do-

HR-II Section:

Promotion:

In order to enhance the quality of work of the officials, this Section promoted (05) Stenotypist (BS-14) as Assistant Private Secretary (BS-16) and 04 Upper Division Clerk (BS-11) as Assistant (BS-15).

Selection of Staff for Seasonal Hajj Duty—2020:

HR-II Section organized balloting for selection of two candidates for Seasonal Hajj Duty—2020, through Ministry of Religious Affairs and Interfaith Harmony during the reference period.

HR-III Section:

The major function of HR-III Section is to manage official business of Finance Division smoothly and efficiently by providing effective human resource to other Wings of the Finance Division.

HR-III Section is responsible to manage the administrative matters pertaining to support staff of BPS-01 to BPS-11 within Finance Division as per rules and regulations issued by the Government of Pakistan.

Filling Up Vacant Posts:

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

Verification of Service Books:

HR-III Section completed about 609 Service Books of the official being dealt by the HR-III Section (BPS-01 to BPS-11) every year.

In order to enhance the quality of work of the officials, HR-III Section promoted LDC to UDC, Naib Qasid to Qasid and Qasid to Daftary, Staff Car Driver/ Dispatch Rider to Next BPS promptly.

HR-IV Section:

HR-IV Section deals the following matters;

- i. Personnel administration of Ex-cadre officers i.e. officers of Economist Group posted by Planning, Development & Special Initiatives Division and Accounts Group posted by CGA/AGPR/AGP, etc.
- ii. Hiring of Private Residential Accommodation for officers and staff of Finance Division.
- iii. Medical Re-imbusement to serving and retired officers/officials of Finance Division.

It is in the domain of HR-IV section to make recruitment of professionals in MP-scales and on fixed pay package meant for IERU, Debt office, etc.

Hiring facilities to more than 500 (Five hundred) officers/staff of Finance Division are provided to meet the demand of shelter temporarily. In this regard, **Rs.17,252,000/-** (Rupees seventeen million two hundred fifty-two thousand) has been incurred in FY 2019-20.

In order to provide the medical re-imbusement facilities to officers, staff as well as the retired employees of Finance Division, amount of **Rs.17,252,000/-** (Rupees seventeen million two hundred fifty-two thousand) and **Rs.12,000,000/-** (Rupees twelve million) have been exhausted during FY 2019-20, respectively.

B&A Section:

B&A Section of HRM Wing carries out the following work:-

- Preparation and processing of budget of Finance Division (Main) and its subordinate offices under Demand No.34 & 38.
- Re-appropriation of funds, supplementary grant/technical supplementary grant and other financial matters.
- Pension matters of the employees of Finance Division.

The statement/material showing the budget in respect of Finance Division (Main) and its subordinate offices for the financial year 2020-21, detail of Token/ Technical Supplementary Grant, Re-Appropriation of funds and list of pension cases pertaining to Finance Division (HRM Wing) are as under:

Revised Budget under Demand No. 59 (2020-21)

Sr. No	Department	Budget 2019-20	Budget 2020-21
1	Finance Division (main) Part-I	645,533,000	561,457,000
2	Finance Division (main) Part-II	922,368,000	904,431,000
Finance Division (Total)		1,567,901,000	1,465,888,000
3	Economic Minister, Washington–DC, USA	33,505,000	39,463,000
4	Economic Minister Beijing (China)	32,401,000	29,372,000
5	Economic Minister Tokyo (Japan)	25,319,000	24,336,000
6	Economic Minister London (UK)	14,226,000	20,171,000
7	Finance Division (Military)	243,690,000	258,571,000
8	FA Air Force, Peshawar	14,477,000	16,751,000
Total:		1,931,519,000	1,854,552,000

Revised Budget under Demand No. 60 (2020-21)

Sr. No	Department	Budget 2019-20	Budget 2020-21
1	FTO, Islamabad	117,362,000	91,775,000
2	FTO, Karachi	61,640,000	65,915,000
3	Loss by Exchange	50,000,000	50,000,000
Total:		229,002,000	207,690,000

**Re-appropriation of Finance Division (Main) under Demand No. 34 and 38
for the FY 2019-20**

Sr. No.	Date	Re-app. (-)	Re-app. (+)	
1	16.09.2019	3,000,000	3,000,000	Finance Division (Main)
2	31.12.2019	11,922,000	0	
3	03.01.2020	2,000,000	20,000,000	
4	10.01.2020	3,000,000	3,000,000	
5	16.03.2020	7,500,000	7,500,000	
6	20.04.2020	0	7,000,000	
7	21.04.2020	24,353,000	26,605,000	
8	21.04.2020	7,500,000	0	
9	20.05.2020	14,220,000	14,220,000	
10	28.05.2020	400,000	400,000	
11	28.05.2020	3,000,000	0	
12	29.05.2020	450,000	450,000	
13	04.06.2020	9,000,000	9,000,000	
14	04.06.2020	500,000	500,000	
Total:		86,845,000	91,675,000	
1	05.08.2019	14,391,000	0	Finance Division (Military)
2	09.12.2019	50,000	0	
3	31.12.2019	0	11,922,000	
	09.01.2020	50,000		
4	15.01.2020	500,000	500,000	
5	24.02.2020	50,000	0	
6	19.03.2020	374,260	0	
7	20.04.2020	0	4,000,000	
8	21.04.2020	0	7,500,000	
9	30.04.2020	243,000	243,000	
10	05.05.2020	200,000	0	
11	28.05.2020	8,410,000	11,410,000	
12	01.06.2020	174,503	0	
Total:		24,442,763	35,575,000	
1	05.08.2019	0	14,391,000	Air Force, Peshawar
	09.01.2020	0	50,000	
2	09.12.2019	0	50,000	
3	24.02.2020	0	50,000	
4	19.03.2020	0	374,260	
5	05.05.2020	0	200,000	
6	01.06.2020	0	174,503	
Total:		0	15,289,763	
1	03.01.2020	6,700,000	0	WASHINGTON
2	21.04.2020	2,252,000	0	
3	21.04.2020	9,678,000	9,678,000	
Total:		18,630,000	9,678,000	

1	03.01.2020	4,700,000	0	JAPAN
Total:		4,700,000	0	
1	03.01.2020	3,700,000	0	China
Total:		3,700,000	0	
1	03.01.2020	2,900,000	0	London
2	20.04.2020	7,000,000	0	
3	20.04.2020	4,000,000	0	
Total:		13,900,000	0	
1	03.02.2020	310,000	310,000	FTO, Islamabad
2	03.03.2020	16,300,000	16,300,000	
3	21.05.2020	2,250,000	2,250,000	
4	28.05.2020	7,100,000	7,100,000	
Total:		25,960,000	25,960,000	
1	06.11.2019	0	5,000,000,000	Lump Provision for Relief
Total:		0	5,000,000,000	
1	06.11.2019	5,000,000,000	0	T.T. Charges
2	05.06.2020	0	590,827,000	
Total:		5,000,000,000	590,827,000	
1	05.06.2020	0	190,000,000	Loss by Exchange
Total:		0	190,000,000	
1	05.06.2020	780,827,000	0	KA3131-New Incentive Scheme for Marking Campaign
Total:		780,827,000	0	
1	15.10.2019	491,000	491,000	FTO, Karachi
2	17.02.2020	309,000	309,000	
3	28.05.2020	18,078,000	18,078,000	
Total:		18,878,000	18,878,000	
Grand Total:		5,977,882,763	5,977,882,763	

**Technical & Token Supplementary Grant under Demand No. 34 and 38 for
FY 2019-20**

Sr. No.	Date	Amount	Department
1	07.10.2019	1,000	Finance Division (Main).
2	10.02.2020	80,000,000	
3	02.08.2019	86,000	FA Air Force, Peshawar
4	07.10.2019	1,000	Finance Division (Military).
5	07.10.2019	1,000	FTO, Islamabad.
6	07.10.2019	1,000	FTO, Karachi.
Total:		80,090,000	

**List of those Officers/Officials who retired from service
w.e.f. 01.07.2019 to 30.06.2020**

Officers:

S.N.	Name & Designation	Date of Retirement
1	Mr. Khalil Ahmed Chaudhary, JS	12.05.2020
2	Mr. Manazar Hussain Faryad Shah, DS	29.09.2019
3	Mr. Abdul Waheed Mangrio, DS	06.10.2019
4	Mr. Shafiq Anwar, PS	31.12.2019
5	Mr. Sohail Ahmed, PS (On medical ground)	31.12.2019
6	Mr. Arshad Ali, PS	01.01.2020
7	Mr. Rana Muzaffar Ahmed, AO	14.04.2020
8	Mr. Muhammad Shafique, APS	01.08.2019 Pre-mature retirement
9	Syed Sarfazul Hassan, APS	26.08.2019
10	Mr. Sabet Khan, APS	26.08.2019
11	Mr. Habib Ullah, APS	29.11.2019
12	Mr. Taj Muhammad, APS	31.01.2020
13	Mr. Nazeer Ahmed, APS	28.02.2020 Already proceeded on LPR
14	Mr. Sultan Ahmed, APS	14.03.2020

Officials:

S.N.	Name & Designation	Date of Retirement
1	Mr. Shabbir Ahmed Khan, Stenotypist	25.07.2019
2	Mr. Tanvir Rasheed, Qasid (in service death)	29.09.2019

S.N.	Name & Designation	Date of Retirement
3	Mr. Muhammad Riaz Qasid, (in service death)	10.12.2019
4	Mr. Saeed Akhtar Qureshi, Assistant	14.03.2020
5	Mr. Muhammad Iqbal-II, Assistant	03.04.2020
6	Mr. Muhammad Rashid Qureshi, Assistant	06.05.2020
7	Mr. Muhammad Munir, Assistant	11.05.2020
8	Mr. Pervez Akbar, Staff Car Driver	31.05.2020
9	Mr. Abdul Bari-II, Daftary	31.12.2019
10	Mr. Habib ur Rehman, Daftary	09.01.2020
11	Mr. Muhammad Pervez-I, Daftary	30.06.2020
12	Mr. Iqbal Mehdi, Daftary (in service death)	06.02.2020
13	Mr. Afzal Faheem, Assistant	01.03.2020
14	Mr. Atta Muhammad, Daftary	13.03.2020
15	Mr. Gul Hussain, Qasid	31.03.2020
16	Mr. Khalid Khan, Daftary	15.04.2020

Council Section:

Introduction:

Ministry of Finance is one of the flagship Organizations of the Federal Government and Council Section of this Ministry plays an important role in coordination among all Ministries, Divisions, as well as with the attached departments of Ministry of Finance to handle Parliamentary Business in both the Houses of Parliament. Council Section is a component of HRM Wing and Deputy Secretary (Council) provides necessary support to the relevant quarters regarding National Assembly and Senate Businesses. As the Minister for Finance & Revenue held the portfolio of Ministry of Finance and Revenue, all the businesses of Parliament of these two Divisions get approved by him.

Main Tasks:

- ❖ Transmission of Question, Motion, Call Attention Notice, Resolutions, cut Motions to concerned Wings of Finance Division as and when received from Senate/National Assembly.
- ❖ To submit the replies of questions/ motions/resolutions/call attention notice of National Assembly/Senate in time for printing before Rota day.
- ❖ In compliance with the Chairman Senate and Prime Minister's directive to ensure the attendance of BS-20 officer in both the Houses of Parliament as and when Sessions are convened.

- ❖ To coordinate the holding of meetings of Standing Committees on Finance & Revenue.
- ❖ To coordinate with FBR and attached departments of Finance Division for timely preparation/delivery of approved replies/brief.
- ❖ briefing to Finance Minister/Minister of State/Parliamentary Secretary on Parliamentary Business and meetings of Standing & Select Committees

Activities/Achievement/Progress:

Council Section of Ministry of Finance has completed the following tasks relating to Parliamentary Business during the year 2019-20:-

Senate Business		National Assembly Business	
Starred / Un-starred Questions from Senate for reply	147	Starred/ Un-starred Questions from National Assembly.	344
Senate Standing Committee Meetings	60	National Assembly Standing Committee Meetings	75
Total Senate Sessions	52	Total National Assembly Sessions	74
Number of Senate Sessions in which Finance Division's Business was discussed	40	Number of National Assembly Sessions in which Finance Division's Business was discussed	60

Budget 2020-21:

The Government presented the Annual Budget 2020-21 in the National Assembly on 12-06-2020. In this regard, a camp office was established in the National Assembly wherein Council Section had played a vital role to facilitate the officers of Finance Division as well as the **members of the Parliament**. Till the final approval of annual budget, Council Section had been dealing with Senate Standing Committee on Finance, Revenue and Economic Affairs Division for making recommendations to the National Assembly on the Finance Bill, 2020-21, containing the Annual Budget Statement whereas National Assembly issued almost One thousand Cut Motions which were circulated day and night to all Ministries / Divisions for obtaining brief for the Finance Minister to defend the matter in the House.

Documentation Section:

S.N.	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.	07	07
2	Publication of Year Book of Finance Division	01	Year Book (2018-19) was uploaded on the website of Finance Division.
3	Verification and Safe Custody Certificates, Security Booklet and War Book.	08	All Safe Custody Certificates were verified from the concerned officers and report was submitted to the concerned organization/ department.
4	Preparation of Permanent and Temporary Security Passes of Officers/Officials of Finance Division	Permanent 124 Temporary 163	124 passes were issued by NADRA 163 temporary passes were issued by Documentation Section internally.
5	Issuance of No Demand Certificates (NDC) in respect of officers/officials on their retirement and transfer from Finance Division.	47	47 NDCs issued.
6	Online Public Complaints received through Wafaqi Mohtasib (Ombudsman)'s Secretariat's "Public Complaint Resolution Mechanism Portal".	722 Complaints received through online system.	All complaints were forwarded to concerned quarters for final disposal under intimation to Wafaqi Mohtasib (Ombudsman)'s Secretariat, Islamabad, 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 full time Reception Desk is working at the entrance of Q-Block to enlist the visitors in a register and a daily visitors report is also submitted to the higher officers of the HRM Wing for their information.
- Displaying of official security passes by all the officers/officials during duty hours has also been ensured.
- Duty Roaster of officers/officials of Finance Division is regularly maintained to ensure security of Finance Division, Q-Block to avoid occurrence of any untoward incident.
- Annual Inspection of Finance Division (year 2019) by an officer of Intelligence Bureau (I.B) conducted successfully.

Protocol Section:

- Protocol services were provided to foreign delegates/guests, Ambassadors, Ministers/MOS, etc.
- Protocol services were provided to the foreign as well as local delegates/guests and senior officers of Finance Division.
- 49 official passports got renewed/issued/processed from the Directorate General of Immigration and Passports.
- 52 Note Verbale from Ministry of Foreign affairs were arranged on request of the concerned officers.
- Visa services were provided to the Officers of Finance Division (BPS-17 and above) who proceeded aboard on official meetings/trainings/seminars/workshops, etc.
- 109 No Objection Certificates (NOCs) were issued to Officers (BPS-17 and above) proceeded abroad on official meetings/training courses/seminars/workshops, etc.

Coordination-I Section:

S.N.	Main Tasks	Course of Action	Cases Received	Target Achieved during the Year 2019-20
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.	129	Circulated 129 receipts.
2.	To ensure timely publication of Notifications issued by Finance Division in Gazette of Pakistan.	Notifications received from different wings of Finance Division are forwarded to the PCPP, Karachi/Islamabad for publication in the Gazette of Pakistan.	339	339 notifications forwarded to PCPP Karachi / Islamabad
3.	Obtaining information from Attached Departments/Sub-Ordinate Offices requested by following: - i. Senate Secretariat/ National Assembly ii. Establishment Division iii. Cabinet Division iv. Prime Minister's Office v. Other Ministries /Divisions	Obtained the requisite information from different wings of the Finance Division (Main) and its entities and submit consolidated replies to the concerned quarters.	13 45 21 17 23	119 cases disposed off.
4	PROVISION OF DATA / INFORMATION UNDER SECTION-4 OF PAKISTAN COMMISSIONS OF INQUIRY ACT - 2017	Obtained the requisite information from different wings of the Finance Division (Main) and its entities and submit consolidated replies to the concerned quarters.	9	09 cases disposed off.

Coordination-II Section:

S.N.	Main Tasks	Course of Action	Cases Received	Target Achieved
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.	87	Disposed off 87 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.	56	Disposed off 56 decisions.
3.	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.	21	Disposed off 19 decisions.
4.	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.	20	Disposed off 20 decisions.
Total number of cases disposed off:				184

Services Sections (I & II):

The requisite information regarding physical assets in respect of Services-I & II Sections is as under:-

Machinery Items:

S.N.	Items	Quantities
1.	CCTV Cameras	02
2.	Microphone	01
3.	Air-Conditioners (Portable)	10
4.	Desktop Computers	08
5.	Bracket Fan	56
6.	Exhaust Fan	15
7.	Fax Machine	03
8.	Geysers	02

S.N.	Items	Quantities
9.	Electric Heaters	56
10.	Microwave Oven	04
11.	Paper Shredder	02
12.	Photocopier Machine	01
13.	Printers	10
14.	Fridge	01
15.	Color Printer	03
16.	Water Dispenser	04
17.	LED TV	09
18.	Web Camera	02
19.	Gas Heater	03
20.	Pedestal Fan	08

Furniture & Fixture:

S.N.	Items	Quantity
1.	Executive Chair	29
2.	Officer Chair	30
3.	Officer Table	24
4.	Blinds	14
5.	Assistant Chair	04
6.	Computer Chairs	24
7.	Computer Tables	09
8.	Assistant Tables	17
9.	Coat Hanger	12
10.	Sofa Five Seaters	02
11.	Sofa Single Seaters	32
12.	Sofa Seven Seaters	02
13.	Steel Cabinet	20
14.	Steel Almirah	20
15.	Visitor Chairs	113
16.	Centre Table	02
17.	File Rack	14
18.	AC Ducting	54
19.	Plastic Chair / Table	01

Purchase of Stationery/Miscellaneous:

- Stationery/Miscellaneous items are purchased on approved tender rates/quotations as per PPRA Rules, 2004 and provided to the offices of Finance Division on their 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 / Shredder Machines / Photostat Machines, Telephone and Fax Machines were carried out on receipt of requisitions.

Miscellaneous Work:

- Cleanliness in “Q”, “S” Block, Kohsar Block and FBC Building was ensured.
- Arrangements for meetings with officers of the other Ministries and with foreign dignitaries /delegations were made.
- Provision of special Services during pandemic of COVID-19 and to facilitate the employees with Masks / Sanitizer and special arrangement at work place were carried out.
- All Wings/Offices of Finance Division were facilitated before and during the Budget preparation / presentation in the Parliament till the completion of the budget process for the Financial Year, 2020-21
- Present System of the Quality Assurance Review Committee is supported.

Logistic Support:

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

Quality Assurance Sections:

S.N.	Main Tasks	Target Achieved during the year 2019-20
1.	Revision of Job Descriptions (JDs)	<ul style="list-style-type: none">➤ The Job Descriptions (JDs) of all regular BS-17 to 21 positions of Finance Division have been prepared on the standard format.➤ Key purpose of JDs is to bring clarity in duties and responsibilities of a position, defining reporting mechanism and better performance management.➤ JDs are reviewed and revised on need basis and in the wake of changing circumstances.➤ The JDs are required to be revised in order to incorporate necessary changes as per New Management Standards ISO 9001:2015. During the year 2019-2020, the Job Descriptions (JDs) of 170

S.N.	Main Tasks	Target Achieved during the year 2019-20			
		<p>positions of the following Wings have been revised and distributed to all concerned with the approval of Finance Secretary:-</p>			
		S.N.	Name of Wing	Number of Positions	Date of Revision
1.	External Finance Policy	11		24-12-2019	
2.	Corporate Finance	14		24-12-2019	
3.	Investment	09		24-12-2019	
4.	Finance & Accounts	05		31-12-2019	
5.	Expenditure	07		01-01-2020	
6.	Economic Adviser	19		02-01-2020	
7.	External Finance (C&B)	14		02-01-2020	
8.	Regulations/Litigation	25		02-01-2020	
9.	Debt Policy Coordination Office	04		07-01-2020	
10.	Development	08		09-01-2020	
11.	Provincial Finance	14		24-01-2020	
12.	Internal Finance	14		05-03-2020	
13.	Budget	26		16-03-2020	
Total:-		170			
2.	Internal Quality Audit	<ul style="list-style-type: none"> ➤ The prime focus of Internal Quality Audit is to assess the conformance of quality activities carried out in respective Wings with the established Quality Assurance Programme of Finance Division. ➤ Accordingly, 19th Internal Quality Audit for the period 1st July 2019 – 30th June 2020 has been successfully carried out by our experienced and trained Departmental Quality Assurance Coordinators/ Auditors in September 2020. ➤ The Audit Findings comprising Major or Minor Non-Conformities (NCs)/observations are subsequently conveyed to the Wings for initiating appropriate corrective actions. 			
3.	Development of Major Tasks and Key Performance Indicators (KPIs) (BS-19 & above positions)	<ul style="list-style-type: none"> ➤ In pursuance of Establishment Division the exercise for development of Major Tasks and Key Performance Indicators (KPIs) of BS-19 & above positions was started on 25-10-2019. After continuous and hectic efforts, Major Tasks and Key Performance Indicators (KPIs) of BS-19 & above positions of Finance Division including Military Finance Wing have been developed and were forwarded to Establishment Division on 30-01-2020 & 20-03-2020 for vetting. A final printed BOOKLET of 115 KPIs of BS-19 & above positions of Finance Division has been 			

S.N.	Main Tasks	Target Achieved during the year 2019-20
		received from Establishment Division on 17-09-2020 for record. Thus, KPIs of BS-19 & above positions have been successfully developed/formulated.
4.	Revision of Quality Assurance Procedure (QAP)	<ul style="list-style-type: none"> ➤ The Quality Assurance Procedure (QAP) is the principle booklet containing quality SOPs/framework in respect of each Wing of Finance Division. ➤ QAPs are reviewed and revised by the Wings on need basis and in the wake of changing circumstances.
5.	DQRC Meetings of all Wings	<ul style="list-style-type: none"> ➤ Monthly Departmental Quality Review Committee (DQRC) 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. ➤ Thirty-four (34) DQRC Meetings of different Wings were held during the year 2019-20.
6.	Foreign Trainings.	<ul style="list-style-type: none"> ➤ 191 applications of officers were processed for foreign training. ➤ 73 Officers were nominated by the Foreign Training Committee (FTC). ➤ Finally, 42 Officers availed the foreign training facilities.
7.	Domestic / Inland Trainings	<ul style="list-style-type: none"> ➤ 98 applications of officers/ officials were processed for domestic/inland trainings. ➤ 80 Officers/ officials availed the domestic / inland training facilities.

Library Section:

The following material/data is being furnished for inclusion in the upcoming Year Book (2019-20) of Finance Division.

S.N.	Nature of Cases	Number of Cases received (from July 2019 to June 2020)	Number of cases disposed off
1.	Purchase of Books	-Nil-	-Nil-
2.	Technical processing of Books i.e. Accessioning, Cataloging, Classification and Computerization of Books	850 (Books)	850
3.	Issuance of Books	112 (books)	112
4.	Receiving of Books	78 (books)	78

5.	Issuance of NOC/NDC	64 (Cases)	64
6.	Provision of Newspapers	82 (Cases)	82
7.	Maintenance of record regarding circulars, Office orders & Notifications	450	450

Finance & Accounts Wing:

The following important events and activities regarding performance relating to Finance & Accounts Wing were carried out during FY 2019-20:-

- F&A Wing conducted nineteen (19) DAC meetings wherein Audit Reports of Finance Division and its attached departments / organizations were discussed.
- Seven (07) meetings of Public Accounts Committee (PAC) were held wherein Accounts of Finance Division and its subordinate office(s) for the Audit Years 2011-12, 2014-15, 2016-17, 2018-19 & 2019-20 & 2020-21 were discussed.
- Twelve (12) reconciliation statements of expenditure containing thirteen Demands i.e. 34, 35, 36, 38, 39, 40, 41, 105, 106, 122, 123, 125 & 148 were finalized.
- Material for Green Book (2020-23) in respect of Finance Division was prepared and compiled by collecting information / data from all wings of Finance Division and the same was submitted to Budget Wing / MTBF after approval of the Finance Secretary.
- Performance Monitoring for the FY 2018-19 regarding actual expenditure for the year 2018-19 and Goals and Targets achieved by the Finance Division during 2018-19 was compiled after obtaining / collecting data from all wings of Finance Division duly approved by Finance Secretary was submitted to Budget Wing for discussion in Priorities Committee Meetings.
- 51 cases of Re-appropriation of funds, 34 cases of surrenders, 91 cases of Supplementary / Technical Supplementary Grants, 07 cases of tendering of advice, creation of posts and more than 150 BO/NISs for the FY 2020-21 in respect of all wings of Finance Division were scrutinized and forwarded to FA's consortiums for concurrence / endorsement.

F&A Wing conducted Internal Audit of fifteen (15) entities. Fifteen (15) preliminary Internal Audit Reports have been issued and thirteen (13) final Internal Audit Reports have been issued for taking necessary corrective measures.

A dark green graphic element resembling a scroll, with a white outline and rounded corners. It features a vertical bar on the left side and a small circular detail at the top right corner.

Financial Analysis Wing

FINANCIAL ANALYSIS WING

Introduction:

Financial Analysis (FA) Wing looks after the Government of Pakistan (GOP) interest by providing financial analysis of the institutions where Government of Pakistan's money is at stake. It further provides financial analysis to help the government in placement of government funds by way of pointing out the risks involved. FA Wing does the risk management for government by analyzing complex financial data and extract relevant information for the purpose of determining financial performance.

FA wing helps in improving laws to implement fiscal policy and performs cost-benefit analysis where government funds are involved. It also performs complex statistical analysis of data reported in various accounting statements and financial reports for forecasting and trending.

Functions:

Major functions of this Wing are as follow:

1. To take part in the formulation of fiscal policy of the country.
2. To oversee 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 proposed.
7. Investment banking
8. Development financing
9. Leading change in complex organization.
10. Money laundering its techniques and controls.

Performance:

FA Wing is performing key role to safeguard the interest of Government of Pakistan in following Public Sector Enterprises (PSEs) and participation in Board of Directors meetings throughout the year:

- 1) First Women Bank Limited
- 2) Drug Regulatory Authority of Pakistan
- 3) Printing Corporation of Pakistan

FA Wing further performed different verifications, analysis and reconciliations on behalf of Ministry of Finance in the case of National Fertilizer Marketing Ltd., PASSCO and National Security Printing Company.



Cost Accounts Organization

COST ACCOUNTS ORGANIZATION

Introduction:

Cost Accounts (CA) Organization is an integral part of Finance Division. This Organization consists of Chief Cost Accounts Officer (CCAO), Deputy Chief Cost Accounts Officer (DCCAO), Cost Accounts Officer (CAO), and Assistant Cost Accounts Officer (ACAO). It is involved in cost analysis of proposals referred by Cabinet / ECC, Federal Ministries, Divisions & Attached Departments for provision of advice on financial and costing matters. It also reviews the subsidy proposals submitted by various Ministries for advice on sale price of controlled items. Further, it performs reconciliation for reimbursement of subsidy claim to various public sector entities.

Functions:

Main functions of CA organization are as under:

1. Review and analysis of accounts of gas producing companies.
2. Determination of well-head gas prices.
3. Award of decisions / reconciliation of accounts in cases of financial disputes among different government agencies / corporations / autonomous bodies referred by ECC / Cabinet / Competent authority.
4. Act as member of Drug Pricing Committee (DPC) of Drug Regulatory Authority of Pakistan (DRAP) to recommend prices of drugs / medicines as per provision of Drug Pricing Policy, 2018.
5. Act as member of the Drug Appellate Board for hearing the appeals regarding prices of drugs / medicines etc
6. Act as member of National Council of Institute of Cost and Management Accountants of Pakistan (ICMAP) as government nominee and coordinate the activities and functional matters of ICMAP.
7. Subsidy / losses verification of cases of NFC units, NSPC, PASSCO and other organizations.
8. Evaluation of cases referred for advice by other ministries like Industries & Production, National Food Security & Research, National Health Services Regulations & Coordination, Information & Broadcasting, Religious Affairs & Inter-faith Harmony, Federal Education and Professional Training, National Heritage & Culture, Sports, Tourism, etc.
9. Act as member / chairman of various committees / groups etc. constituted by government from time to time.

Performance:

Cost Accounts (CA) Organization has performed pivotal role in cost verification / reconciliation of accounting statements pertaining to following organizations during the year on behalf of Ministry of Finance:

1. Verification/calculation of wheat incidentals of PASSCO.
2. Cost verification and fixation of sales price of Postal / Non-Postal items of National Security Printing Company (NSPC).
3. Evaluation of revival plan of Printing Corporation of Pakistan (PCP).
4. Participation in four meetings of Drug Price Committee (DPC) of Drug Regulatory Authority of Pakistan (DRAP).
5. Reconciliation of claim pertaining to National Fertilizer Marketing Limited (NFML) and Trading Corporation of Pakistan (TCP) on account of incidental charges of freight and TWPP bags incurred on imported urea / fertilizer.
6. Processing of administrative matters pertaining to the Institute of Cost and Management Accountants of Pakistan (ICMAP).
7. Coordination and participation in National Council meetings of ICMAP.



Budget Wing

FEDERAL BUDGET

The federal budget is a document which, once approved by the parliament authorizes the Government to raise revenues, incur debts and affect expenditure in order to achieve certain goals. It reflects 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.

Budget Wing's Profile:

The basic functions of the Budget Wing are to coordinate, prepare, print and publish the budget of the Federal Government. The budget making process comprises the following stages:-

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

Types of Budget:

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

- a) Revenue Budget
- b) Capital Budget

Revenue Budget:

The revenue budget represents the current or day to day non-development expenditure i.e., defense, 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.

Capital Budget:

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 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 end 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 along with surrender order.

ii. Revenues: The revenue receipts estimates are submitted to the Budget Wing by the FBR. The non-tax receipts are 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.

Medium Term Budgetary Framework (MTBF):

Medium Term Budgetary Framework (MTBF) is a budget reform programme 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; wherein 1st year goes for the budget and the rest two years serve its 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/Divisions.
- 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 agreed 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.

Financial Procedure:

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

The Budget proposals prepared by the Ministry of Finance are 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. Voted and Charged Expenditure:

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:-
 - i. The judges of the Supreme Court,
 - ii. The Chief Election Commission,
 - iii. The Chairman and Deputy Chairman (of the Senate),

- iv. The Speaker and the Deputy Speaker of the National Assembly,
 - v. The Auditor General, and
 - vi. Federal Ombudsman
- b. 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;
 - c. 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;
 - d. Any sums required to satisfy any adjustment, degree or award against Pakistan by any court or tribunal and;
 - e. Any other sums declared by the Constitution or by Act of (Majlis-e-Shoora) (Parliament) to be so charged.

Article 82 of the Constitution provides that the expenditure 'charged' upon the Federal Consolidated Fund may be discussed in, but shall not be submitted to the vote of the National Assembly. Expenditure other than charged shall be submitted to National Assembly in the form of Demands for Grants and National Assembly shall have power to assent, refuse or reduce the amount. No demand for grant shall be made except on the recommendation of the Federal Government.

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 to the extent of expenditure to be made under a specific grant/appropriation. It also specifies the expenditure charged upon Federal Consolidated Fund and otherwise.

Budget Documents:

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

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

Functions of Various Sections of Budget Wing:

Budget Section:

All matters related to formulation of budget including:

- i. Preparation of Budget Strategy Paper,
- ii. Compilation of Budget Documents "Annual Budget Statement" and "Budget in Brief",
- iii. Preparation of Summary for the Cabinet, and
- iv. Priorities Committee, etc.

MTBF Section:

1. Preparation of Medium Term Budgetary Framework (MTBF), Output based budgeting/Green Book etc.
2. Working of recurrent budget indicative budget ceilings of all the line Ministries consistent with the budget strategy of the ensuing year
3. Preparation and presentation of indicative budget ceilings in the priorities committee meetings to bridge the gap between Finance Division and line Ministries to set the budget priorities

4. Calibration and analysis of internal demands of Finance Division and recommendation of the ensuing year budgetary allocation
5. Calibration and execution of demands for additional funds committed as a result of priorities set during the priorities committee meetings for the recurrent budget in the form of lump provision
6. Generation of SAP/R3 reports related to 'Federal Government Service Delivery' for budget analysis and policy advise as and when required by the high-ups

Achievements:

Medium Term Budget Strategy Paper is prepared and presented in compliance with the Section 3 of the Public Finance Management Act, 2019. As per the section, the Budget Strategy paper is to be approved by the Cabinet by middle of March each year. The Budget Strategy Paper (BSP) is a standard policy document of the government to set out the budget strategy, keeping in view the macroeconomic picture of the county. The strategy is approved by the Cabinet and forms basis of the detailed budget preparation exercise that would culminate in presentation and approval of the budget by the National Assembly in June, every year.

As per the government's transparency drive, the BSP was made available to the public for the first time. This is part of reform in efficient management of public money that is included in Public Finance Management Act, 2019.

Mid-Year Budget Review Report FY 2019-20 Mid-Year Budget Review Report FY 2019-20 has been prepared to fulfill the requirement laid down under Section 34 (1) of the Public Finance Management Act, 2019. This first ever Mid-Year Budget Review signifies the intent of responsiveness and transparency of the Government for better Public Financial Management. Report covers Mid-Year Fiscal Operations, Revenue Receipts, Expenditures, Budget Financing and Outlook.

Treasury Single Account (TSA) Section:

Activities:

1. Preparing projections of cash requirements of the Federal Government on monthly, quarterly and annual basis by taking into consideration all inflows and outflows of revenue receipts, capital receipts and public account receipts.
2. Implementation of Cash Management & Treasury Single Account Policy 2019-2029.
3. Closure of Commercial Bank Accounts of Ministries Divisions, Attached Departments, Sub-Ordinate Offices and Transfer of Balance thereof to Federal Consolidated Fund (Account No.1 – Non Food) in TSA Phase-I Implementation.
4. Preparation of effective cash management system of public entities (TSA-II).
5. Identification and closure of commercial banks accounts maintained by Federal Government entities.

Achievements:

1. Cash Management and Treasury Single Account Rules, 2020 have been promulgated in July, 2020.
2. 163 Ministries, Divisions, Attached Departments and Sub-Ordinate Offices (MDAS) have been notified in August, 2020 under Treasury Single Account.
3. Guidelines have been issued for “Implementation of Cash Management and Treasury Single Account Rules, 2020” by MDAS.
4. Strengthening Cash Management of Federal Government through collection of Fiscal Data from MDAS.
5. Cash Forecasting Unit (CFU) has been established under Budget Wing of Finance Division to forecast Cash Flows and to anticipate cash needs of Federal Government for improved liquidity management.
6. Assan Assignment Account Procedure (Local Currency), 2020 has been devised and circulated for opening and operation of Assignment accounts for Development Projects and Non Development Expenditure.

Non - Tax Revenue (NTR) Section:

The basic function of the Non-Tax Revenue Section of Budget Wing is to coordinate, prepare, print and publish the budget estimate of Non Tax Revenue of the Federal Government. It is also responsible to implement the budgetary targets and prepare a monthly report.

Activities:

1. Compilation and preparation of Budget Documents “Estimates of Foreign Assistance” And “Explanatory Memorandum on Federal Receipts”.
2. Processing releases of foreign aid (Cash Grant) Cheques (in foreign currency as well as in Pak Rupee) from the donor Government/agencies etc. for depositing in Government Account and subsequent transfer thereof to the beneficiaries concerned. Monitoring and evaluation of foreign exchange parity rate viz Pak Rupee.
3. Holding of Annual pre Budget meetings with Ministries/Divisions/ Departments regarding Non-Tax Receipts and sorting them according to Explanatory Memorandum on the Federal Government Receipts. Preparation of estimated Non-Tax Revenue Receipts.
4. Preparation/exploration of steady sources of Non Tax Revenue for Federal Government.
5. Review of proposals for investment of surplus fund/working balances of Government institutions.

Achievements:

1. Vigilant monitoring of collection of Non Tax Revenue.
2. Coordination with Privatization commission for winding up of Benazir Employees Stock Option Scheme (BESOS).
3. Coordination with Cabinet Division on winding up of Abandoned Properties Organization and deposit of proceeds thereof in Federal Consolidated Fund.
4. Holding of bi-annual meetings with Ministries/Divisions/ Departments/PSEs to follow up on realization of budgetary targets in term of Non Tax Revenue.

Chief Accounts Officer:

Activities:

1. Collection of schedules of Supplementary Grants.
2. Reconciliation of schedules of supplementary grants with SAP System on monthly basis and Ministries /Divisions on yearly basis.
3. Writing of Justification on book of Supplementary Demands for Grants and Appropriations and its compilation.
4. Preparation of Supplementary Schedules I, II and III.
5. Preparation of Schedule of Authorized Expenditure and Notice of intention
6. Compilation of Excess Demands for Grants and Appropriations along with collection of reasons for such excess.
7. Preparation of Revised and Budget Estimates of Superannuation Allowances

and Pension on the basis of data received from the AGPR and MAG offices.

8. Submission of summary to Secretary for approval of Revised and Budget Estimates of Pension.
9. Receipt of cases of supplementary grants from Ministries/Divisions/ Departments for budgetary support.

Achievements:

1. Compilation of books (for five financial years) of Excess Demands for Grants and Appropriations along with NIS of Pensions and Lump Provision.
2. Compilation of Book of Supplementary Demands for Grants and Appropriations for financial year 2019-20.
3. Issuance of surrender and re-appropriation orders duly approved by competent authority.

Budget Publication Office:

Activities:

- Provision of Budgetary data in consolidated/printed form for usage of Economic Development Purposes.
- To maintain Budget Library for Provision of Budgetary data of last years to various Ministries/Divisions/Departments and Libraries.
- Coordination with all Ministries/Divisions/Departments for incorporating their input for Finance Minister's Budget Speech.

To supervise the tasks related to:

- Composing/pasting of Budget Documents/Posts Budget Documents.
- Printing of Budget Documents/Post Budget Documents.
- Composing of various Summaries/Reports relating Budget Wing.
- Coordination of manuscript/materials of Budget Documents, summaries/reports of the Budget Session.
- Supply of Budget Documents to the Cabinet/ Senate/ National Assembly during the Budget Session,
- Distribution of Budget Documents to Press Information Department/ all Federal and Provincial Government's Offices.
- Record and maintenance of Budget Wing Library.
- Photocopying Cell of the Budget Wing's Library.
- Any other matters relating to printing of Budget Wings important official documents.

- Urdu translation of the Budget Documents & Schedules.
- Development/Coordination with AGPR for getting the accurate Budgetary Data.
- Provision of Budget Publications to the national Assembly, Senate Secretariat for discussion the Federal Budget Session.

Budget Research Officer (Urdu):

Activities:

- Translation of budget documents from English into Urdu and vice versa.
- Supervision of Composing/pasting of Budget Documents/Post Documents (Urdu) and Composing of various Summaries/Reports relating to Budget Wing.
- Maintenance of record and distribution of computerized material and manuscript of composed budget of the Ministries/Division.
- Coordination of manuscript/materials of Budget Documents, summaries/ reports of the Budget Wing.
- Supply of Budget Documents to the Cabinet/ Senate/ National Assembly during the Budget Session,
- Distribution of budget documents.
- Record and maintenance of Budget Wing Library.

Achievements/Publications:

The Budget Publication Section has got the Federal Budget published and laid before the Parliament. The publications are mentioned here under:

1. The budget speech of the finance minister.
2. Annual budget statement (English & Urdu).
3. Demands for grants and appropriations.
4. Supplementary demands for grants and appropriations.
5. Excess demands for grants and appropriations (1993-94, 2002-03, 2008-09, 2014-15, 2015-16, 2016-17 and 2017-18).
6. Medium term budgetary statement.
7. Budget in brief.
8. Federal medium term budgetary estimates for service delivery.
9. Estimates of foreign assistance.
10. Details of demands for grants and appropriations (pink book).
11. Budget at a glance.

12. Explanatory memorandum on federal receipts.
13. Schedule of authorized expenditure.
14. Schedule of authorized supplementary expenditure.
15. Schedules of authorized excess expenditure.
16. Sectional books. (Published covering the details of current and development budget related to each ministry, separately).
17. Winding-up budget speech by the Finance Minister.
18. Public Finance Management Act, 2019-2020.
19. Cash Management & Treasury Single Account Policy, 2019-2029.
20. Budget manual.

Pakistan – Consolidated Fiscal Operations 2019-20:

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 2019-20 is given below:

Description	Provisional	
	<u>CONSOLIDATED FISCAL OPERATIONS 2019-20</u>	
		(Rs. In billion)
	Budget Estimates	Prov. Actual July-June
Total Revenue	7,365.5	6,272.2
Tax Revenue	6,352.2	4,747.8
Federal	5,822.2	4,334.2
Provincial	530.0	413.6
Non-Tax Revenue	1,013.4	1,524.4
Federal	870.4	1,422.0
Provincial	143.0	102.4
Total Expenditures	10,502.5	9,648.5
Current Expenditure	8,956.4	8,532.0
Out of Which		
Mark-up Payments	2,891.4	2,619.7
Defence	1,152.5	1,213.3
Development and net lending	1,546.1	1,203.7
Statistical discrepancy	-	(87.3)
BUDGET DEFICIT	3,137.0	3,376.3
As % of GDP	7.1%	8.1%
FINANCING	3,137.0	3,376.3

External	1,828.8	895.5
Domestic	1,308.2	2,480.8
Non-Bank	819.2	540.3
Bank	339.0	1,940.6
Privatization Proceeds	150.0	-
Total Revenue	16.7%	15.0%
Tax Revenue	14.4%	11.4%
Federal	13.2%	10.4%
Provincial	1.2%	1.0%
Non-Tax Revenue	2.3%	3.7%
Federal	2.0%	3.4%
Provincial	0.3%	0.2%
Total Expenditures	23.9%	23.1%
Current Expenditure	20.4%	20.4%
Out of Which		
Mark-up Payments	6.6%	6.3%
Defence	2.6%	2.9%
Development and net lending	3.5%	2.9%
GDP	44003	41727
Budget Deficit (As % of GDP)	7.1%	8.1%

CENTRAL DIRECTORATE OF NATIONAL SAVINGS

Activities:

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 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 has recently included disabled 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

Shariah-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 Centres, 01 Directorate of Inspection and Audit, 07 Zonal Inspection and Accounts Offices, 12 Regional Accounts Offices and 02 Training Institutes.

Achievements of Investment Targets:

The target of investment in NSS/ Prize Bonds/ Premium Prize Bonds assigned and achieved in FY 2019-20 are as follows:

Budget Target (Gross) FY 2019-20	1,569,663 (Million)
Achievements (Gross) FY 2019-20	1,837,025 (Million)
Budget Target (Net) FY 2019-20	349,375 (Million)
Achievements (Net) FY 2019-20	372,449 (Million)

Name of Schemes	PKR (In Million)	
	Achievements FY 2019-20	
	Gross	Net
Savings Bank Accounts	350,536	4,537
Mahana Amdani Accounts	3	(60)
Pensioners' Benefit Accounts	78,939	33,876
Defence Savings Certificates	149,893	92,783
Bahbood Savings Certificates	235,307	83,380
Special Savings Certificates (Regd)	262,417	13,946
Special Saving Accounts	434,507	200,771
National Savings Bonds	-	(137)
Regular Income Certificates	205,764	83,232
Short Term Savings Certificates	37,427	19,255
Shuda Welfare Account	27	27
Total	1,754,821	531,609
Prize Bonds	61,334	(171,110)
Premium Prize Bonds (Regd)	14,154	11,323
Postal Life Insurance	6,715	628
Grand Total	1,837,025	372,449

Automation and Modernization of Central Directorate of National Savings:

Brief Overview:

CDNS approached the Foreign Commonwealth and Development Office (“FCDO”), the then Department for International Development (“DFID”), through National Financial Inclusion Secretariat (“NFIS”) for the funding assistance/grant for carrying out the work of computerization of residual manual 153 NSCs and 12

Offices of CDNS with the concurrence of Finance Division. In response to CDNS' request, the State Bank of Pakistan ("SBP"); Karachi, on behalf of the TA Technical Committee, conveyed the approval of funding assistance/grant under Financial Inclusion Programme (FIP) to the tune of Rs. 698.15 Million subject to the condition that rest of the funding (co-financing) of Rs. 386.42 million shall be secured from Government of Pakistan. The project for automation of residual sites was named as "Automation & Modernizations of CDNS". The aim of the project is computerization of 153 National Savings Centre and 12 offices of CDNS and connect them to the centralized solution, and are operating on real time basis.

The approved project timelines are July 2019 to June 2021 (24 Months). It is important to mention here that the funding assistance under FIP is time bound and the funds from grant portion will be utilized by the project deadline i.e., 30-09-2020, and regular funds were to be utilized to meet the rest of the expenditures.

Salient Features:

The "Automation & Modernization of CDNS" shall serve as a significant milestone in the department's efforts for uplifting the level of service delivery and enhancing operational efficiency. The initiative shall result in uniformity of business processes, enhancement of internal controls, ability to govern electronically: ultimately leading to satisfied customers and saving time for both NS Staff & Public. The automated business processes and real time business processing shall result in reduction in workload and enhanced public service delivery in time on one hand, and on the other, would yield financial benefits to the exchequer; through implementation of strict internal controls and accurate planning & budgeting.

The instant project shall also pave the way for offering Alternative Delivery Channels i.e., ATMs, PoS, Mobile Banking & Web based portals, to the customers in near future. The up-gradation of CDNS' infrastructure shall enable the department for accurate calculation of Tax & Zakat. Data reporting to the State Bank of Pakistan in context of Currency Transaction Reports (CTRs) and Suspicious Transaction Reports (STRs) shall further be improved while allowing to vigorously implement Anti-Money Laundering (AML) practices. This integration

of the financial institutions of Pakistan shall result in a proper channeling of funds in the future.

Progress of the Project up to 30 June 2020:

Almost 64 out of 153 National Savings Centres have been completely automated & connected to the centralized solution i.e. Core Banking Application (CBA), and are operating on real time basis.

Moreover, 178 out of 222 National Saving Centers have been successfully connected to the centralized solution i.e. Core Banking Application (CBA) from decentralized application, and are operating on real time basis.

Recruitment:

The recruitment against the vacant post of Stenotypist (BPS-14), Junior National Officer (BPS-11), Driver (BPS-04) and Gunman (BPS-01) was initiated in Financial Year 2019-2020.

S.N.	From the post of	To the post of	No. of Employees Promoted
1	Steno typist (BPS-14)	Assistant Private Secretary (BPS-16)	8
2	Junior National Officer (BPS-11)	Assistant National Savings Officer (BPS-14)	71
3	Driver (BPS-04)	Junior National Officer (BPS-11)	36



Corporate Finance Wing

CORPORATE FINANCE 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 operational restructuring in shape of equity injections and advancing Government's loans for the working capital requirement and to make them sustainable. PSEs are also allowed to avail Bank Credit as per Cash Credit Limits assigned by Finance Division against their own assets. In case of specific approval by ECC, sovereign GoP guarantees are issued for obtaining credit to meet their financial requirements.

The major activities/achievements during the FY 2019-20 relating to CF Wing are as under:-

A) Subsidy/Grant/GoP Guarantee:

- i. Subsidy of Rs.45.0 billion was provided to Pakistan Railways as grant for Pay and Pension of Pakistan Railways Employees,
- ii. GoP Sovereign Guarantee of Rs.5.0 billion was extended to Utility Stores Corporation on the direction of the ECC,
- iii. Credit Ceiling of Rs.850 million was allowed to Pakistan Television Corporation during FY 2019-20 in order to meet their cash flow requirement,
- iv. In addition to the above, Cash Credit Ceilings under Commodity Operation Financing to the PASSCO, TCP and Provincial Food Departments for maintenance of strategic reserve and undertaking commodity operations.

B) Cash Loans/CDL:

- i. In pursuance to the ECC decisions, GoP support of Rs.6.10 billion was provided to Pakistan Steel Mills for pay and pension of PSM employee,
- ii. Cash loan of Rs.416 million was provided to Pakistan Machine Tool Factory as decided by the ECC. Furthermore, Rs.20 million was provided to State Engineering Corporation as GoP loan,
- iii. Cash Development Loans (CDL) were extended to the following PSEs through PSDP on the prescribed terms and conditions:

a) National Highway Authority	Rs.94,791.27 million
b) Pakistan Broadcasting Corporation	<u>Rs. 104.74 million</u>

Total **Rs.94,896.01 million**

C) Non-Tax Receipts:

During FY 2019-20, the following amounts were received:

a) Dividend on GoP Investment in PSEs	Rs.48,170.59 million
b) Recovery of GoP loans to PSEs	Rs.23,034.00 million

D) Petroleum Sector:

Policy measures and necessary actions taken by the Government have visibly improved the performance of Energy Sector.

- Government is endeavoring to turn SSGC and SNGPL into model utilities, be it profitability, customer care, provision of uninterrupted gas supply and efficient operations.
- Both Sui companies have been instructed to take effective steps in curbing UFG (Unaccounted for Gas) and improve customer care.
- Government has ensured optimum utilization of RLNG to resolve the issue of demand and supply.
- Government is dedicated to play an active role in supporting and working with its stakeholders for growth in oil and gas market and expansion of OMCs (Oil marketing Companies) for sustainable profitability in oil sector.

In addition to release of funds through budgetary allocations, following financing facilities were also provided in Petroleum Sector.

- GoP Guaranteed commercial financing has been provided for TAPI Gas Pipeline and other infrastructural development projects.
- Another highly complicated issue faced by the new government was recovery of arrears of Gas Infrastructure Development Cess (GIDC) involving recovery of over Rs.400 billion pertaining to the period from 2012 as of date, held up due to protracted litigation by the defaulting companies. The Government in consultation with stakeholders evolved a workable mechanism to recover the GIDC in easy installments.

E) Pakistan International Airlines Corporation (PIAC):

Government of Pakistan has taken interest to regain the lost glory of Pakistan International Airline on the direction of Prime Minister through Aviation Division with close coordination of Finance Division. PIA has made following detailed roadmap on PIA reform.

- “Special Attention” should be paid to reduce PIA’s expenses, increase its revenue and financial resources, and upgrade its aircraft. Special attention should also be paid to “the best use of domestic and foreign assets owned by PIA through a clean and completely transparent procedure so that these assets do not become a further burden on the people”.
- Moreover, the excess workforce with little work to perform continuously engaged themselves in disruptive activities that negatively impacted other employees’ productivity, as claimed by the management. Keeping it in mind, the PIA report said, it was critically important to right-size the workforce and with the approval of federal government, PIA management offered VSS to employees, by offering them one-time payment (the VSS process is likely to be concluded within two months).
- PIA undertook a wide range of non-core business functions comprising food services and technical ground services, repairs and maintenance of aircraft fleet through a large engineering facility, Precision Engineering Complex (PEC), and Speedex courier service. These areas consumed a great deal of executive and management time and caused distractions from the core business that resulted in lack of focus. The ‘core’ category comprised the marketing, human resources, finance, flight services and procurement departments. After reduction of 3,977 workers from non-core areas, PIA would be saving Rs 6.1 billion a year, the report revealed. Besides, the PIA had extensive aviation engineering capability and with some additional capital investment and technical expenditure in MRO, PIA engineering services could be positioned as a separate company that not only provided services to PIA, but also got business from other airlines in the region.

F) Energy/Power 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. However, in this regard Power Division may provide the Data.

The Government has accorded due attention to develop mega Hydel power projects including Mohmand Dam, Diamer Bahasha Dam, DASU and Neelum Jhelum and also supporting renewable energy projects under Power Policy 2015.

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.

Finance Division looks after the financial issues of Public Sector Entities (PSEs) working under the administrative control of different Ministries/Divisions. GoP support is provided to these PSEs in form of loan, subsidy and equity in order to strengthen their economic position and stabilize the prices of their products/services. Finance Division also contributes in policy formulation process and implements them through budgetary mechanism. These policies are implemented and on the request of said PSEs, Finance Division also guarantees their loans and accords credit ceiling through commercial banking.

To overcome energy crisis, Finance Division has been providing financial support to **power and water sectors** proactively. In this regard following measures/actions have been taken:-

S.N.	Particulars	Achievements of CF-I Section for FY 2019-20
1.	GOP Guarantees	<p>i) Issued GoP Guarantees against financing facilities to the tune of Rs. 248.911 billion to Power Holding Limited (PHL) to set-off/adjust their repayment liabilities.</p> <p>ii) Issued GoP Guarantees against financing facilities to the tune of Rs.17.500 billion for WAPDA regarding NHP payment to KP and Rs. 20 billion for PAEC regarding K-2/K-3 project.</p>
2.	SUKUK-II	In a landmark development, Finance Division facilitated Power to get financing upto Rs. 200 billion through market competitive mechanism and a step forward to create debt market by issuance of Pakistan Energy Sukuk (Shariah Compliant).
3.	Subsidy	Power Subsidy of Rs. 226.500 billion was earmarked in Power Division's demand during FY 2019-20. Moreover, ECC also approved Economic Stimulus Package of Rs. 23 billion and Rs. 51 billion under Prime Minister's Relief Package for SMEs to counter the adverse effects of COVID-19. Of this Rs. 43.400 billion have been disbursed during 2019-20.
4.	Shifting of the Circular Debt	ECC of the Cabinet decision No.ECC-167/19/2020 dated 6 th May, 2020, approved the " Conversion of

S.N.	Particulars	Achievements of CF-I Section for FY 2019-20
	from Power Holding Limited to Government Debt.	Power Holding Company's Debt to Public Debt" amounting to Rs. 804 billion . Accordingly, it has been notified and repayment of principal amount will be made as and when due.
5.	Cash Development Loans	<ul style="list-style-type: none"> ➤ Released Rs. 2,821.780 million for the projects RBOD-I & RBOD-III through WAPDA (Water). ➤ Released Rs. 1,029.661 million for the power projects.

A dark green graphic element resembling a scroll or banner. It has a vertical strip on the left side that curves at the top and bottom. The main body is a horizontal rectangle with rounded corners, also featuring a scroll-like curve at the top right. The text "Development Wing" is centered within this graphic in a white, bold, sans-serif font.

Development Wing

DEVELOPMENT WING

Performance Report:

Development Wing of Finance Division performs the following functions /tasks:

- 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/ monthly review/ special review of Federal PSDP projects held in Planning, Development and Special Initiatives Division.
- d. Representation of Finance Division in CDWP Meeting at Sr. Joint Secretary level.
- e. Coordination with respective JS's Expenditure of Ministries/Divisions on PC-Is placed before CDWP & ECNEC meetings.
- f. PSDP releases for development projects of Finance Division (Main).

Achievements during FY-2019-20:

During the FY 2019-20, the Development Wing has examined 152 PC-Is representing Finance Division in 49 Pre-CDWP meetings held in Planning, Development and Special Initiatives Division to discuss / recommend / rationalize the cost of the PSDP projects.

During the period, 18 CDWP, 01 NEC, dated 10-06-2020, and 06 ECNEC meetings were held. The Development Wing examined / prepared briefs for the meetings. Two Departmental Accounts Committee meetings (DAC) for FY 2016-17 and FY 2014-15 and two Public Account Committee (PAC) meetings on appropriation accounts of PSDP projects for FY 2016-17 and FY 2014-15 were held during 2019-20. Audit of PSDP projects of Finance Division (main) for the Audit year 2018-19 was carried out. External Audit Activities for the Audit Year 2018-19 (FY 2017-18) were performed. Reconciliation of Expenditure statements of PSDP Projects was done.

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 2019-20 is as follows:-

(Rs. In million)

S.N.	Name of the Project	PSDP Allocation FY 2019-20	Amount Released FY 2019-20
1.	Energization and Functionality of Construction/Extension of Audit House, Islamabad (PSDP No.185).	74.198	74.198
2.	Financial Inclusion & Infrastructure Project (PSDP No.190)	300	*27.3

*Because of Covid-19 the scheduled tasks could not be performed and the SBP could not finalize the financial and technical TOR's for selection of consultants. Therefore major chunk of fund remained unutilized

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). During the FY 2019-20, an amount of Rs.29, 046.882 million was allocated for HEC, while Rs.26, 939.422 million was released.



Economic Adviser Wing

ECONOMIC ADVISER WING

Performance:

During FY 2019-20, Economic Adviser Wing performed the following activities:

A. Publication – Pakistan Economic Survey

A comprehensive exercise was carried out by Economic Adviser Wing for publication of annual document “Pakistan Economic Survey 2019-20” along with its highlights both in English and Urdu. The Adviser to Prime Minister on Finance & Revenue launched the document on 11.06.2020 and was presented to the National Assembly in the budget session. Economic Survey evaluates the overall economic performance of the country, government’s policies and implementation status in all sectors on the basis of preceding fiscal year’s data and consists of the following 16 chapters & 03 Special Sections:-

Overview of the Economy

Chapters

- | | |
|--|--|
| i. Growth and Investment | ix. Public Debt |
| ii. Agriculture | x. Education |
| iii. Manufacturing and Mining | xi. Health and Nutrition |
| iv. Fiscal Development | xii. Population, Labour Force and Employment |
| v. Money and Credit | xiii. Transport and Communication |
| vi. Capital Markets & Corporate Sector | xiv. Energy |
| vii. Inflation | xv. Social protection |
| viii. Trade and Payments | xvi. Climate Change |

Special Section

- | | |
|---------------------------|--|
| i. Contingent Liabilities | iii. COVID-19 Advent and Impact Assessment |
| ii. Tax Expenditure | |

Economic Survey is widely distributed and highly demanded document at national as well as international level which includes academia, researchers’ embassies, public and private sectors organizations, etc. Soft copies on CD format are also prepared for the users. Soft version of Economic Surveys published during the last thirteen years can also be accessed on www.finance.gov.pk. So far over 42,000 visitors accessed the document and

around 3000 copies of Economic Survey have been distributed during the reported period.

B. Publication - Statistical Supplement of Pakistan Economic Survey

Economic Adviser Wing also publishes the Statistical Supplement of Pakistan Economic Survey that comprises data for the entire fiscal year (July-June) along with data series of several preceding years on various chapters published in the Economic Survey. Hence, it is a complete document that presents historical trend of all economic indicators. Data on each sector is compiled in close coordination with 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 2018-19 was published on 6th December, 2019.

C. Monthly Economic Update & Outlook

Economic Adviser Wing has been publishing Monthly Economic Update & Outlook since March 2020, which is also available on Ministry's Website. The monthly document contains the trend of all major economic indicators and their detailed analysis alongwith the economic outlook in coming months.

D. National Price Monitoring Committee (NPMC) meetings

A National Price Monitoring Committee (NPMC) had been constituted on 24th January, 2011 under the chairmanship of Secretary Finance Division to review and monitor supply situation of essential food items on monthly basis. Economic Adviser Wing is the Secretariat of the committee having representation from Ministry of Commerce, Ministry of Industries, Ministry of National Food Security & Research, Chief Secretaries and Secretaries of the concerned departments of provincial governments. The Committee so far held 06 meetings during FY 2019-20 and a total of 46 meetings since its inception.

E. Monetary and Fiscal Coordination Board meetings

Economic Adviser Wing also serves as the Secretariat of Monetary and Fiscal Policies Coordination Board headed by the Finance Minister to review the current economic situation and impact of monetary policy on economic growth, investment, trade and balance of payments etc. Members of the said Board include Ministers for Commerce, Planning, Development & Special Initiatives,

Secretary Finance Division, Governor State Bank of Pakistan and two eminent economists. During the period under review, the Board held 02 meetings and a total of 30 meetings have so far been convened.

F. Establishment of Macro-Fiscal Policy Unit

Finance Division is establishing a Macro-Fiscal Policy Unit in the Economic Adviser Wing to serve as the principal unit for coordinating work on the modeling and forecasting of macroeconomic variables with the aim to develop a macro economic framework and equilibrium models for forecasting of all major economic and policy variables, etc. Economic Adviser Wing will play a lead role for establishment of the said unit.

G. Parliament Business

Economic Adviser Wing also prepared replies and responses pertaining to the National Assembly and Senate questions, resolutions and motions for the Finance Minister/Parliamentary Secretary. Similarly, briefs and speeches for the Finance Minister for different economic forums are also prepared.

H. Other Tasks

Economic Adviser Wing has provided inputs on all relevant economic and financial matters to the other wings of Finance Division. During 2019-20, Economic Adviser Wing represented Ministry of Finance in meetings with International Monetary Fund, World Bank, Asian Development Bank and other high level national committees includes National Accounts Committee, Standing Committee on Balance of Payments, Committee for formulation of 3 years Growth Strategy, Annual Plan Coordination Committee, Technical Committee for New Base Year, Data Producer Council and Federal Committee on Agriculture, etc.

The Wing provided input/comments on State Bank of Pakistan's Quarterly & Annual reports, Standard and Poor, Fitch and Moodys, etc. Economic Adviser Wing also acts as a resource tool for GoP in its training and development activities. During the FY 2019-20, the Wing gave several presentations and delivered lectures on economic situation to important national institutes such as National Defence University, Staff College, and National Institute of Public Administration.

A dark green graphic element resembling a scroll, with a white outline of a scroll edge on the left and top. The text is centered within the scroll.

Expenditure Wing

EXPENDITURE WING

Auditor General of Pakistan:

Total Audited Accounts for the FY 2018-19 alongwith Expenditure:

S.#	Government	No. of Accounts Certified	Size of Accounts Rs.	Nature of Audit Certificate
1	Federal	2	48,037,987,948,611	2 Unqualified
2	Self-Accounting Entities	8		6 Unqualified 1 Qualified 1 adverse
3	Provincial- Punjab+ Punjab Health +Punjab Education	147	1,697,538,578,850	8 Qualified 139 Unqualified
4	Provincial- Sindh	3	860,650,587,750	03 Unqualified
5	Provincial- KP + Distt KP	55	542,776,485,897	55 Unqualified
6	Provincial- Balochistan	2	260,278,632,867	02 Unqualified
7	ERRA	1	3,445,258	01 Qualified
8	AJ&K Government	2	123,541,596,541	02 Unqualified
10	GilgitBaltistan Council	2	597,451,647	02 Qualified
11	GilgitBaltistan Government	2	55,730,967,754	02 Unqualified
12	National Disaster Management Authority	1	272.587,587	01 Disclaimer
13	Provincial Disaster Management Authority Sindh	1	917,826,605	01 Unqualified
Total		226	51,580,023,521,780	212 Unqualified 12 Qualified 01 Adverse 01 Disclaimer

Performance regarding Compliance with Authority and other Audits:

The reports of the AGP on Compliance with Authority and Performance Audits are distinct from the Financial Attest of Accounts because they relate to the executive departments who, in the prevalent centralized system of payments and accounting, are not responsible for maintaining their accounts. The results of such audits are given in the following section of this report.

During the audit year 2019-20, the FAOs working under the supervision and control of various audit wings of the AGP carried out the audit of 6,848 formations of Federal and Provincial Governments along-with entities of districts and PSEs. The audited outlays representing revenue receipts, disbursements and expenditure is presented against each wing's report.

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 reported in Audit Reports laid before Parliament/Provincial Assemblies.

(Rs. in million)

Sr. #	Description	Total
1	Total amount audited	519,154,626.36
2	Recovery made at the instance of audit	62,880.00
3	Amount placed under audit observations	50,834,081.38

The Audit Wing wise detail is as under:

(Rs. in million)

S.N.	Description	Total amount Audited	Recovery made at the instance of audit	Amount placed under audit observations
1	DAG (FAO)	502,113,479.53	3,527.93	565,496.86
2	DAG (CA&E)	8,543,432.76	39,509.30	43,843,936.02
3	DAG (DA)	2,804,755.12	3,489.76	3,018,718.82
4	DAG (North)	355,913.39	1,989.33	1,001,167.04
5	DAG (South)	968,382.06	1,808.78	482,245.06
6	DAG (SSA & RRA)	3,296,894.00	10,089.87	309,478.29
7	DAG (Central)	1,071,769.50	2,465.03	1,613,039.29
Total		519,154,626.36	62,880.00	50,834,081.38

The Field Audit Offices produced 368 audit reports based on the audit of entities receiving funds from the Federal, Provincial and District budgets and PSEs. The audit findings pointed out overpayments and facilitated the recovery of a total of Rs.62,880.00 million.

Table below provides nation-wide figures of audit reports issued in the audit year 2019-20:

Sr. No.	Description	No. of Reports
1	Audit Reports	74
2	Special Audit Reports	36
3	Performance Audit Reports	44
4	Other Audit Reports (Audits of foreign funded Projects, IT & Environment Audit etc.)	214
Total		368

The Audit Wing wise detail is as under:

Description	DAG (FAO)	DAG (CA&E)	DAG (DSA)	DAG (Central)	DAG (RRA)	DAG (South)	DAG (North)	Total
Audit Reports	10	12	3	12	1	4	32	74
Special Audit Reports	6	2	3	5	4	12	4	36
Performance Audit Reports	1	8	0	6	1	4	24	44
Foreign Aided Project Reports	52	55	9	19	0	21	24	180
IT/IS Report / others	0	1	0	2	0	0	1	4
Environment Audit Report	0	0	0	0	0	0	1	1
Special Studies Reports	0	4	0	3	0	6	3	16
Certification Audit Report	7	2	4	0	0	0	0	13
Total	76	84	19	47	6	47	89	368



External Finance (C&B) Wing

EXTERNAL FINANCE (C&B) WING

The international credit rating agencies expressed confidence in Pakistan's progress towards macroeconomic stability. Moody's upgraded Pakistan's outlook to 'Stable' from 'Negative' while reaffirming the rating at B3. Fitch and Standard & Poor's also reaffirmed Pakistan's rating at B-with Stable outlook.

Pakistan entered into an SDR 4.268 billion (USD 6.0 billion) 39 month Extended Fund Facility (EFF) with the IMF on 3rd July, 2019. Of this amount, two tranches of SDR 716 million and SDR 328 million were disbursed on 9th July and 23rd December, 2019, respectively.

In order to meet emergent Covid-19 financing requirements, IMF provided emergency assistance of SDR 1.015 billion (USD 1.386 billion) under the Rapid Financing Instrument (RFI). The Government also continued its cooperation with multinational development partners like the ADB and WB.

A dark green scroll graphic with a white outline, featuring a vertical bar on the left and a horizontal bar on the right, both with rounded ends and a small white scroll-like detail at the top. The text is centered within the horizontal bar.

External Finance (Policy) Wing

EXTERNAL FINANCE (POLICY) WING

External Finance Policy (EF-P) wing deals with multinational and bilateral institutions 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 Joint Ministerial Commissions (JMCs) and Joint Economic Commissions (JECs).

Performance:

The performance of EFP wing during the FY 2019-2020 is as under:-

- i) Successfully implemented targets of first year for World Bank's policy reforms under its 3-year "Resilient Institutions for Sustainable Economy (RISE)" program focusing on fiscal management and sustainability, and economic growth and competitiveness. World Bank has disbursed USD 500 million linked to RISE – I. An additional USD 350 million is expected to be disbursed in FY 2020-21.
- ii) Implemented targets of first year for World Bank's policy reforms under its 2-year "Securing Human Investments to Foster Transformation (SHIFT)" program focusing on improved access to quality healthcare and education, supporting economic opportunities for women, and strengthening social safety nets for COVID-19 response. World Bank has disbursed USD 500 million linked to SHIFT – I. An additional USD 250 million is expected to be disbursed in FY 2020-21 under SHIFT-II.
- iii) Initiated dialogue with the World Bank on policy reforms under its 3-year "Program for Affordable and Clean Energy (PACE)" focusing on energy sector reforms. World Bank is expected to disburse USD 500 million linked to PACE – I in FY 2020-21.
- iv) Disbursement of \$72 million under World Bank's "Public Financial Management and Accountability to Support Service Delivery- Program for Results (PfR)"
- v) Negotiated terms and conditions of WB loans and grant worth \$ 3.71 billion for various projects and programs.
- vi) Tracked federal and provincial governments' expenditures under Poverty Reduction Strategy Paper-II (PRSP-II) for FY 2018-19 and uploaded the same on Finance Division's Website.
- vii) Actively participated in Project Board on Sustainable Development Goals (SDGs) established by M/o Planning, Development & Special Initiatives.
- viii) Secured technical assistance from UN Women for MoF (Budget Wing) for "Gender Responsive Budgeting"

- ix) In order to discourage Hawala/Hundi and other forms of illegal foreign exchange transactions which are detrimental to the economy of the country, and to strengthen foreign exchange regime in Pakistan more comprehensively; as well as to strengthen the effectiveness of the Foreign Exchange Regulation Act, 1947 (FERA, 1947), certain amendments as proposed by State Bank of Pakistan in the Foreign Exchange Regulation Act (FERA), 1947 were processed and got approved from the Majlis-e-Shoora (Parliament) and the President gave his assent on the 21st February, 2020.
- x) Successfully negotiated Asian Infrastructure Investment Bank's loan amounting to \$500 million in co-financing for ADB's budget support program, "Covid-19 Active Response & Expenditure Support (CARES)"
- xi) Actively participated in the Board meetings of SAARC Development Fund and ECO Trade & Development Bank to safeguard our national interests.

Furthermore, presented Finance Division's view points on various issues raised in various Joint Ministerial Commissions and Joint Economic Commissions.



Finance Division (Military)

FINANCE DIVISION (MILITARY) 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 as well as procurement of all Defence equipments and all other financial matters pertaining to them. Military Finance Wing has performed the assigned role in accordance with the laid down procedures / instructions and set targets. 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:

During FY 2019-2020, Indicative Budget Ceiling (IBC) was issued by Finance Division worth Rs.1153.696 billion. This ceiling covered the defence services include Pak Army, Pak Air Force, and Pak Navy. Service-wise/head-wise expenditure was also monitored carefully and necessary instructions were also issued to keep the expenditure within sanctioned grant. Besides, Budget Estimates for the financial year 2020-21 were also scrutinized in detail and Ministry of Defence was advised to accommodate all the demands within Indicative Budget Ceiling approved for the financial year 2020-21 i.e. Rs.1290.000 billion. The same advice was also passed on to the services/organizations by the Ministry of Defence at the time of further allocation to services/organizations, accordingly.

Accounting of Defence Expenditure:

Defence expenditure/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:

Endeavors have 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 ensure transparency and best value for money, as per instructions of Public Procurement Rules 2004 (PPRA Rules).

Indigenization efforts are being encouraged to support growth of our Defence industries to reduce reliance on imports and to compete in the international market for increasing exports.

Miscellaneous Activities and Achievements:

- Optimum efforts have been made to facilitate the Armed Forces and Attached Departments of Defence Division for timely flow of finances, within the parameters of existing rules and regulations.
- The trend of expenditure was closely monitored throughout the year to pre-empt over expenditure by the Departments/Services.

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 2019-2020 and Budget Estimates 2019-2020 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, 2020.

Track record reveals that the inputs of this Wing have led to value-creation and yielded savings for national exchequer after cost rationalization without compromising operational efficiency.



Internal Finance Wing

INTERNAL FINANCE WING

Agricultural Finance Review 2019-20:

The performance of the banks in FY 2019-20 remained encouraging despite COVID-19 pandemic and other challenges like; locust attack, floods, low crop production etc. During FY 2019-20, the Agri. Lending institutions disbursed **Rs. 1,215 billion** i.e. 90% against the indicative target of **Rs. 1,350 billion** set by Agricultural Credit Advisory Committee (ACAC). The current year's disbursement witnessed 3.5% growth from Rs 1,174 billion disbursed in FY 19. Further, the outstanding portfolio of Agri. credit increased to Rs. 581.0 billion at end June, 2020 registering a growth of 3.3% compared with the last year's position of Rs. 562.0 billion. However, the Agri. outreach in terms of number of outstanding borrowers reached to 3.74 million at end June 2020. The group wise YoY performance of Agri. lending institutions is shown in Table below:

Agricultural Credit Targets and Disbursement (Rupees in billions)							
Banks	FY 2018-19			FY 2019-20			% YoY
	Target	Disbursed	% Achieved	Target	Disbursed	% Achieved	
5 Big CBs	651	654	100.5	705.0	708.3	100.5	8.3
ZTBL	100	72	72.0	100.0	62.3	62.3	(13.5)
PPCBL	13	10	76.9	13.0	8.8	67.9	(2.0)
DPBs(14)	245	212	86.5	253.6	225.0	88.7	6.1
IBs(5)	50	39	78.0	55.0	42.1	76.6	7.9
MFBs(11)	156	154	98.7	184.0	139.3	75.7	(9.5)
MFIs/RSPs	35	34	97.1	39.4	28.9	73.4	(15.0)
Total	1,250	1,174	93.9	1,350	1,215	90.0	3.5

Source: Agricultural Credit & Microfinance Department. SBP

For promotion of agricultural financing in the country, SBP has taken various regulatory initiatives during the recent years. The details of some of the recent initiatives are as under:

SBP's Initiatives for Promotion of Agriculture Financing:

- **Adoption of Automation of Land Record for Agri. Financing** SBP has been working in collaboration with provincial governments and financial institutions for implementing and mainstreaming electronic land verification records and charge creation for availing bank loans. In Punjab, 32 out of 35 banks doing agriculture financing have signed MoU with Punjab Land Revenue Authority (PLRA) for availing these services. Out of these, 20 banks

are already using the portal for issuing loans to farmers, while other banks are in process of integrating their banking system with the PLRA portal.

- **Loan repayment relief to dampen the effects of COVID-19** Banks have been instructed to allow deferment of loan principal to Agri. borrowers, for one-year, upon their request. Regulatory space is also provided to facilitate banks in rescheduling/restructuring of loans for borrowers who cannot service markup or need deferment exceeding one year.
- **Crop Loan Insurance Scheme (CLIS) & Livestock Insurance Scheme for Borrowers (LISB)** CLIS has enabled financial access for farmers, with premium for small farmers being borne by the government. During the period July 2008 to June 2019, banks have submitted premium claims of Rs.8.2 billion against 6.1 million beneficiaries. Insurance premium for small livestock farmers, availing bank financing, continues to benefit farmers as claims of Rs.2.3 billion against 0.6 million beneficiaries have been received during period from July 2014 to June 2019.
- **Regulatory space for innovative financing** Relevant Prudential Regulations have been amended to allow Electronic Warehouse Receipt (EWR) as acceptable collateral for bank financing. Further, the maximum tenure for agricultural development loans has been increased from 5 to 10 years to encourage development and mechanization for efficiency, resource conservation and yield enhancement. Additionally, indicative credit limits and eligible items for Agri. financing have also been revised to allow banks to provide loans to farmers as per their internal policies. This will also facilitate provincial planning departments in estimating the total financial and credit requirements of provinces/regions for agriculture sector.
- **Workshops/Trainings/Capacity & Awareness Building** 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. These training programs include Job Fairs for hiring of Agri. Graduates and Farmers Financial Literacy Programs; and awareness sessions on Agricultural Value Chain Financing, Warehouse Receipt Financing and Shariah based agricultural financing, etc.

ZARAI TARAQIATI BANK LIMITED (ZTBL)

Zarai Taraqati Bank Limited (ZTBL) being the successor of Agricultural Development Bank of Pakistan (ADBP) is the single largest financial institution of Agri. Financing in the country. 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. In the year 2002, responding to the market aspirations, ADBP was converted into a Public limited company as ZTBL, for providing better services to the target clients.

Performance/Credit Disbursement in the Financial Year 2019-20:

The Bank maintained its position as the main source of institutional financing in the agriculture sector. During the fiscal year 2019-20, an amount of Rs. 62,286.10 million was disbursed by the Bank. During the same period the Bank facilitated 305,204 farmers with the aforementioned advance amount.

This is indicating a decline of Rs. 9,191.5 million (13%) as compared to loans amounting to Rs. 71,477.60 million disbursed during the corresponding period of last year. This decrease was mainly due to Pandemic of Covid-19 and attack of locust on crops occurred in the country.

Another target of Agri. outstanding loan portfolio of Rs. 140,000 million was assigned to ZTBL by the SBP, against which ZTBL successfully reduced the principal outstanding amount to Rs. 129,359 million during the period under review.

The Bank focused on increase in farm production by exploiting the maximum potential of land resources with appropriate use of agricultural inputs, tillage practices and water management techniques, and channeled major portion of its funds towards Production Loans. This is evident from the disbursement of Rs.45,776.29 million made for production purpose representing 73% share in overall disbursement.

Development Loans were provided to the farmers for medium and long term investment categories. During the period under review, an amount of Rs. 16,509.81 million constituting 27% 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. **(Annex I)**.

The Bank has also provided loans amounting to Rs. 40,397.58 million and Rs. 21,888.52 million under two categories of Farm Credit and Non-Farm Credit respectively. According to holding wise disbursement, subsistent farmers, farmers having land up to economy level and large received loans of an amount of Rs. 48,492.01 million, Rs. 13,418.70 million and Rs. 375.38 million respectively from the Bank **(Annex I)**.

The Bank is also catering to the credit requirements of the rural populace through various credit schemes. These schemes generally fall under two broad categories namely production and development purposes. Among these, Sada Bahar Scheme and Punjab Government's Agri. ECredit Scheme are major schemes. The Bank provided loans amounting to Rs. 42,127.72 million under Sada Bahar Scheme and Rs. 3,326.95 million under Punjab Government Agri. E. Scheme **(Annex I)** during the period under review.

Loan to Small Farmers:

The Bank channelized bulk of its credit to farmers especially small 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. 59,498.45 million to small farmers constituting 96% of total agriculture credit **(Annex I)**.

Recovery Operations:

During the fiscal year 2019-20, ZTBL successfully recovered an amount of Rs. 77,914.10 million **(Annex I)**.

Recent Initiatives Taken by the Bank during the Fiscal Year 2019-20:

i. **E-Sanctioning System of Loans at Central Loan Sanctioning Department (CLSD)** As a part of transparent credit initiative and in the process of digitization of lending procedures, a milestone has been achieved by the Bank by improving loan sanctioning methodology and establishing an E-Sanctioning system of loans through creation of Central Loan Sanctioning Department at its Head Office. This Department is working under the administrative control of

Credit Administration and Risk Management Division of the Bank. It is empowered to sanction all production & development loan cases (scheme-wise/purpose-wise) up to maximum of Rs. 1.00 million per borrower/per party in terms of instructions contained in the Bank's Credit Manual Volume-I.

ii. **Discontinuation of Manual Loan of Documents included in LA File/Booklet** In order to create a paperless environment and as a part of transparent credit initiative in the Bank, loan documents included in Loan Application (L.A.) File/Booklet for processing of loan have been digitized in the Centralized Branch Automation System (CBAS). These documents have been developed in the system and are available for the use of the branches. It was also decided by the higher management that henceforth no manual application would be entertained by the branches.

iii. **Enhancement of Valuation of Agri. Land in un-settled areas of the Country:** During the period under review, the Bank has revised/enhanced the valuation of Agri. land in un-settled areas of the country. This would not only increase the profitability of the Bank but also fulfill the general demands of the borrowers. Resultantly, livelihood/living standards of the rural community will be raised. The revised rates are given below in table:

Sr. No.	Type of Land	Revised Rates (Per Acre)
1.	Irrigated Land (all types)	Rs. 10,00,000
2.	Barani Cultivated Land	Rs. 8,00,000
3.	Barani Cultivable Land	Rs. 6,00,000

iv. **Refinancing to SAM Borrowers:** The Bank has decided to allow financing to borrowers of SAM court cases who are willing to repay their outstanding dues along with up to date mark-up and other charges where decree has not yet been awarded by the Banking Court or any decision whatsoever, by any court, of law, has not so far been taken in the best interest of the Bank. In this relevance, an undertaking from the intending SAM borrowers may also be obtained to clear/repay any charges received after closure of their loan cases and withdraw cases from the respective court of law.

v. **E-Credit Ceiling (Per Acre) Enhancement for Kharif Season** In terms of decision of the Project Steering Committee of Government of Punjab regarding Agri. E-credit Scheme taken in its 18th meeting, dated 13.11.2019, it was decided to enhance the per acre ceiling for E-Credit Kharif season input loans from Rs. 40,000/- to Rs. 50,000/-.

vi. **Ensuring Minimum Required Standard of Public Facilitation at all Branches of ZTBL** In light of instructions issued by HRM & Internal Finance Wing, Finance Division, regarding improvement in the existing service delivery system/process of the Bank, Branches have been advised to display the following information on notice boards of the Bank for providing good environment & awareness to borrowers/farmers during their visit to Branch:-

- **Display of Fee/Charge List:** Branches have been advised to ensure display of various types of services on the notices boards and standees of appropriate size at prominent places especially at waiting areas of the Branch. The information may include detail of fees/charges of loan application procedure.
- **Step-wise Display of Procedures Required in Availing Agri. Loans:** Branches have also been advised to display step wise detail of lending procedures, involved in availing Agri. loan on the notice boards and standees of proper size at prominent places in branches.

vii. **Disbursement under Agri. E-Credit Scheme:** In order to support Punjab Government efforts to increase Agri. produce as well as to alleviate rural poverty among small and poor farming segment of the society having land ownership ranging from 2.5 acres up to 12.5 acres, the Bank has launched this scheme across the Punjab province.

The scheme is unique in terms of facilitating farmer's right from free of cost registration at Sahulat Centers maintained by the Punjab Land Record Authority (PLRA) in collaboration with Punjab Information Technology Board (PITB). Digitalized loan processing through e-Pass Book/Digitalized Mutation work is done in Land Records Centers at Tehsil level which materializes prompt disbursement of loan to the farming community of rural areas.

Loan Disbursement under E- Credit Scheme:

- Disbursement under Agri. E-Credit Scheme for Kharif Season 2019-20 (July to Oct, 2019 & April to June, 2020) was made to 13,073 farmers amounting to Rs. 2122.63 million.
- Disbursement under Agri. E-Credit Scheme for Rabi Season 2019-2020 (October to March) was made to 11,060 farmers amounting to Rs. 1,204.32 million.
- An aggregate amount of Rs. 3,326.95 million to 24,133 farmers was disbursed under Agri. E-Credit scheme during the financial year-2019-2020 (July, 2019 to June, 2020).
- Under Agri. E-Credit Scheme (1st July, 2019 to 30th June, 2020), Rs. 3,793.49 million were recovered with balance outstanding amount of Rs. 2457.77 million.

viii. **Implementation of FATF Guidelines** In compliance with Financial Action Task Force (FATF) recommendations, ZTBL has been arranging exclusive trainings sessions on Anti Money Laundering (AML)/Counter Terrorism Financing (CFT)/Countering Proliferation Financing (CPF) for its employees and valuable customers. Recently, the Bank has facilitated 4,009 participants by arranging 314 sessions at various locations in the country under the supervision of Chief Compliance Officer of the Bank. A report on Bank's internal ML/TF Risk assessment has also been submitted to SBP by the Bank, which was later presented to FATF, showing efforts of Pakistan in mitigation of ML/TF risk posed to the country. Moreover, an Action Plan 2020 has been prepared by the Bank to meet the growing and stringent requirements of FATF/SBP.

ix. **Digitization of Payment System** The Bank has successfully played in Alternate Delivery Channels platforms and has installed Automated Teller Machines (ATMs), established a call center and positively acquired membership of National Institutional Facilitation Technologies (NIFT) and Real-Time Gross Settlement (RTGS). Under these platforms, the Bank has enabled funds flow/transfers across the country, and subsequent launch of online banking services. An android mobile application for Mobile Credit Officers has been made for enhancing outreach, transparency and operational efficiency on low cost basis.

ix. Process of implementing of Credit Administration function at Zonal level which was previously carried out at branch level.

- x. Rollout of centralized function of account opening process.
- xi. All controllable and variable costs have been brought to a minimum.
- xii. Mobile Application for MCOs is being developed which may help the management to oversee the role of MCO in an effective & efficient manner.

Ancillary Banking Formalities:

- i. **Home Remittance:** ZTBL is currently offering Home Remittance facility for funds received through Western Union, Xpress Money and more than 42 companies under the umbrella of Pakistan Remittance Initiative (PRI). During the period under review, the Bank successfully collected an amount of Rs. 1,715 million by conducting 31,055 transactions through Western Union and others across the country.
- ii. **Utility Bills Collection:** The Bank has successfully collected 835,906 number of utility bills as of June 30, 2020 against the target of 2,150,000 bills in the calendar year 2020.
- iii. **Collection of Hajj Applications:** During the Hajj Operations-2020, an amount of Rs. 1,393 million was collected on behalf of 2,952 Hajj applications.
- iv. **Locker Facility:** ZTBL is offering locker facility in the branches to enhance income based services and grow brand image. Total available lockers are 2,448 and 1,223 are occupied (50%).

PERFORMANCE OF ZTBL		
(During July 2019 to June 2020)		
		(Rupees Million)
CREDIT OPERATIONS		
Total Disbursement		62,286.10
Borrowers served (Nos)		305,204
Category-wise disbursement		
Production Loans		45,776.29
Development Loans		16,509.81
Farm Credit		40,397.58
Non-Farm Credit		21,888.52
Economic Group wise disbursement		
Subsistence		48,492.01
Economic		13,418.70
Large		375.38
Disbursement to Small Farmers		
Disbursement to Small Farmers		59,498.45
Small Farmers as % of total loans		96%
Scheme wise disbursement		
SaddaBahar Scheme(Revolving Finance Scheme)		42,127.72
Punjab Government E-Credit Scheme		3,326.95
Tractors/Tube wells Financed		
Tractors financed	Number	1,262
	Amount	872.39
Tube wells financed	Number	435
	Amount	56.79
Recovery Operations		
Total Amount Recovered		77,914.10
Network of Operations		
Number of Zones		31
Number of Branches		501

Pakistan Mint:

Pakistan Mint is a Services Department of the Government of Pakistan. It is the only entity in Pakistan for minting the coins against the demand from the State Bank of Pakistan for circulation within the country. Apart from minting of coins, the Mint manufactures all Civil and Military Awards, Defence Medal, Embossing Machines, Postal Seals, Stamps, Medals and Medallions, etc., required by different Government and Semi-Government Organizations.

The Mint assays silver and gold, confiscated by different Government Agencies. The Gold is also refined and converted into 5 Kg bars which is delivered to the State Bank of Pakistan. The State Bank of Pakistan accordingly takes this gold in accounts against International Gold Market rates.

Pakistan Mint consists of a Factory, a residential colony, two Primary Schools, one Industrial Home and a Medical Dispensary. It has been declared as a **Security Key Point 1-A** and entry is permitted only on production of proper identification.

(a) Coinage Demand of State Bank of Pakistan (SBP)-2019-20

S.#.	Denomination of Regular Coins	No. of Pieces	Value In Rupees
1.	Re-1 Coin	100.500 million	100.500 million
2.	Rs-2 Coin	159.000 million	318.000 million
3.	Rs-5 Coin	122.200 million	611.000 million
4.	Rs-10 Coin	6.070 million	60.700 million
	Total	387.770 million	1090.200 million

S.#.	Denomination of Commemorative Coins	No. of Pieces	Value In Rupees
1.	Rs.550/-Commemorative coin (Baba Guru Nanak DevJee)	0.400 million	220.000 million
2.	Rs.40/-Commemorative coin (Afghan Refugees)	0.010 million	0.400 million
	Total	0.410 million	220.400 million

a(i) Coinage Production of Pakistan Mint

S.#.	Denomination of Regular Coins	No. of Pieces	Value In Rupees
1.	Rs-1 Coin	33.304 million	33.304 million
2.	Rs-2 Coin	47.814 million	95.628 million
3.	Rs-5 Coin	122.200 million	611.000 million
4.	Rs-10 Coin	---	---
	Total	203.318 million	739.932 million

S.#.	Denomination of Commemorative Coins	No. of Pieces	Value In Rupees
1.	Rs.550/-Commemorative coin (Baba Guru Nanak DevJee)	0.400 million	220.000 million
2.	Rs.40/-Commemorative coin (Afghan Refugees)	0.010 million	0.400 million
	Total	0.410 million	220.400 million

(b) Non-Coinage Production

Pakistan Mint planned to produce non-coinage items i.e. Medals, Shields, Embossing Machine etc., amounting to Rs. 50 million during financial year 2019-2020.

b(i) Following non-coinage items were produced during 2019-20 amounting to Rs. 116,259,455/-

Sr.#	Items	Quantity
1	Medals	52120
2	Badges	100
3	Monogram	25
4	Coin Pieces	24046
5	Stamps & Seals a/w types	181
6	Year Type / Month type & date	34564
7	Coat Flag / Lapel Pins	22
8	P.P Seal / Sealers / P.M Seals	222
9	Shields	20
10	Pakistani Crest	350
11	Embossing Machine a/w dies	21
12	Miniature	553
13	Hanging Pin	90
14	Mounting Pin	200
15	Paper cutter	25
16	Ribbons	817
17	Velvet Box	16
18	Key Rings & Buttons	2
19	Brass Seal & Sealing Bits	7
20	Year Punches	418
21	Sealing Pliers a/w bits	15
	Total	113814

b (ii) Pakistan Mint received 6808 grams confiscated Gold. It refined 6126 grams Gold, out of which SBP lifted 5000 Grams.

(c) Other Activities of Pakistan Mint

The department will continue its efforts for meeting demand in proceeding years. The Feasibility study for modernization of Pakistan Mint has been completed. In order to transform recommendations of Feasibility study into reality, new state of the art machinery & equipment will be installed and infrastructure will also be reconstructed in phases. A project titled “Up gradation and Modernization of Pakistan Mint Phase-II, Part-A” is also under consideration of Government.

A dark green graphic element resembling a scroll, with a vertical bar on the left and a horizontal bar on the right. The text "Investment Wing" is centered on the horizontal bar. The scroll has decorative white outlines at the top and bottom corners.

Investment Wing

INVESTMENT WING

A. 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.

The table below gives a snapshot of the activities conducted by the CCP during FY 2019-2020. Further, in the paragraphs that follow, an overview of the activities is provided:

MERGERS CLEARED	EXEMPTIONS GRANTED	ENQUIRY & RESEARCH REPORTS
58	44	19
SHOW CAUSE NOTICES ISSUED	HEARINGS CONDUCTED	ORDERS ISSUED
78	50	16
POLICY NOTES & OPINIONS ISSUED	PENALTIES IMPOSED	
03	PKR 246.25 MILLION	

Competition Enforcement and Consumer Protection:

- The **Cartels and Trade Abuse Department**, which handles anti-competitive issues, and the **Office of Fair Trade**, the Commission's consumer protection arm, remained busy in assessing and addressing deceptive marketing activities by various undertakings.
- *The COMMISSION imposed a cumulative penalty of **PKR 246.25 million**, of which **PKR 75 million** was on the **Pakistan Flour Mills Association (PFMA)** for fixing not only the quantity of wheat flour to be produced but also the price. The COMMISSION imposed a cumulative penalty of **PKR 45 million** in the food-and-beverage sector for trademark violation. In the real estate sector, the COMMISSION imposed a penalty of **PKR 50 million** and **PKR 5 million** in the education sector, both for deceptive marketing practices. The Fast-Moving Consumer Goods sector saw penalties of **PKR 31 million** imposed on two undertakings. Other penalties were in construction sector (**PKR 5 million**), services (**PKR 0.5 million**), and dairy (**PKR 35 million**)*
- The COMMISSION reviewed and cleared **58 merger** cases, including the important second-phase review order pertaining to the UBER's acquisition of CAREEM.
- The COMMISSION issued **44 exemptions** after assessing various agreements to see whether the gains from economic efficiency outweighed possible competition concerns.

Focused Advocacy:

- The Commission's **advocacy** activities included two online workshops with Diamond Paints and Indus Motors to create awareness of the competition law and how businesses can comply with it.
- An open hearing on wheat straw took place in November 2019, for which a short video summarizing the event was produced.
- A virtual session on the Commission's mergers and acquisitions online filing system took place in June 2020.
- Two issues of *Ceterus Paribus*, the Commission's bi-annual newsletter, were published.

Competition Impact Assessments and Policy Advice:

- The COMMISSION prepared research studies on the **wheat flour** and **tea** in Pakistan.
- The COMMISSION prepared an **addendum** for Pakistan's National e-Commerce Policy Framework highlighting possible competition and consumer protection issues that could happen in the digital economy.

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

- The COMMISSION leveraged its excellent professional relationship with international agencies, *i.e.*, ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD), the KOREAN INTERNATIONAL CO-OPERATION AGENCY (KOICA), and the JAPAN INTERNATIONAL CO-OPERATION AGENCY (JICA), through **6 various trainings** for **18** officers. These events helped the COMMISSION learn new ideas and allowed it to benchmark its work with its peers.
- The COMMISSION participated in the **Intergovernmental Group of Experts Meetings on Competition Law and Consumer Protection** in July 2019.
- The Commission began the process to sign MOUs with counterpart agencies in Russia and China.

Interaction with the Executive:

- After the directive of the Federal Government, a comprehensive report on **agency effectiveness** and the **strategic plan 2020-23** was prepared for the Advisor on Institutional Reforms, Dr. Ishrat Husain. This was presented to the Cabinet in March 2020.

B. Securities and Exchange Commission of Pakistan (SECP):

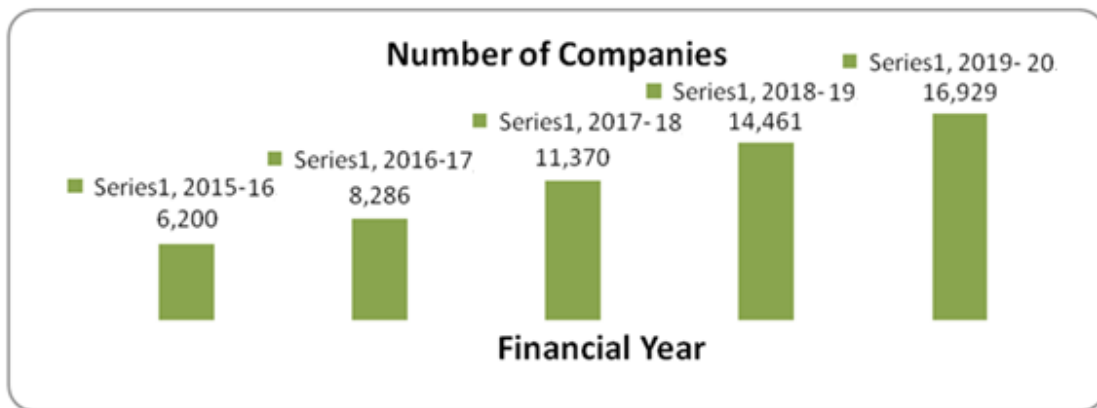
Introduction:

The Securities and Exchange Commission of Pakistan (SECP) is mandated to regulate the corporate sector, capital markets, non-banking finance companies and the insurance industry.

During the fiscal year 2019-20, the SECP has made significant progress towards improving the overall business climate in the country through reforms targeting ease of doing business, reducing overall cost of doing business and regulatory facilitation. The SECP has pursued a multi-pronged strategy aimed at building a robust regulatory infrastructure for sustainable progress as a role-model regulator, bringing improvements to its internal processes, harnessing the benefits of technology through increased digitalization, transparency in enforcement actions and supervision, and enforcement through effective offsite reviews, onsite inspections and investigations across all regulated sectors. SECP’s major accomplishments and future roadmap are briefly stated below:-

Corporate Sector:

During the year, SECP registered 16,929 new companies, indicating a growth of 17% compared with the corresponding financial year. This has raised the total number of registered companies to 120,395. In new incorporations, approximately 71 percent companies were registered as private limited companies, 26 percent were registered as single-member companies and the remaining 3 percent were registered as public unlisted, association’s not-for-profit, trade organizations, foreign companies and limited liability partnerships. In 2019-20, 98 % companies were registered online and around 44 % companies registered same day.



The FY 2019-20 was the second consecutive year when Pakistan has improved its position on World Bank Ease of Doing Business Index, this time by 28 points from 136 to 108, which is an unprecedented improvement. Out of 6 reform areas acknowledged in WB’s EODB 2020 report, the highest improvement of 58 points has been made in Starting a Business indicator, where SECP is leading the

reforms process. Pakistan's ranking in this indicator has improved from 130 to 72 and is placed at 2nd position in South Asian countries in terms of ease of starting a business.

Another significant achievement of FY 2019-20 was the successful launch of Secured Transactions Registry (STR) on April 30, 2020 under the Financial Institutions (Secured Transactions) Act, 2016 (STA). Moreover, in order to tap potential of startups and promote culture of entrepreneurship, Regulatory Sandbox has been launched, allowing entities to conduct limited scale live testing of innovative products, services, processes, and business models in all sectors regulated by SECP.

Capital Markets:

A total of 530 companies, with paid-up capital of Rs1,391.477 billion were listed on Pakistan Stock Exchange (PSX) as on June 30, 2020. The KSE-100 index began the year at 33,901.58 points and ended at 34,421.92 on June 30, 2020, i.e., an increase of 1.53% since the beginning of the year. Market capitalization was Rs. 6,529.7 billion on June 30, 2020, which is 5.19% lower than June 30, 2019, which stood at Rs. 6,887 billion.

In the beginning of FY 2019-20, the KSE-100 witnessed a declining trend, however, positive recovery was witnessed towards the end of financial year. During the year, KSE 100 touched its lowest level of 27,228.80 on March 25, 2020 and highest level of 43,218.67 on January 13, 2020. Average daily turnover in ready and future markets was 196.364 million shares and 79.277 million shares, respectively. Foreign investment in the stock market exhibited a net outflow of \$284.832 million during the FY 2019-2020, however, it was 20% lower to the net outflows of \$ 356.04 million observed in the FY 2018-2019.

During the year, the untiring efforts of the SECP and successful collaboration with the stakeholders, have resulted in the first ever issuance of Energy Sukuk - II by Power Holdings Ltd for a size of PKR 200 billion through book building mechanism, utilizing the debt market platform of PSX to save PKR 18 billion on debt servicing over the life of Sukuk. Additionally, one issue of listed Sukuk, i.e. Rs.2 billion by Bank Islami Pakistan Limited (EhadSukuk) was offered to retail as well as pre-IPO investors. Out of total issue of Rs 2 billion, Rs0.3 billion were

offered to retail investors, whereas, Rs1.7 billion were offered to pre-IPO investors.

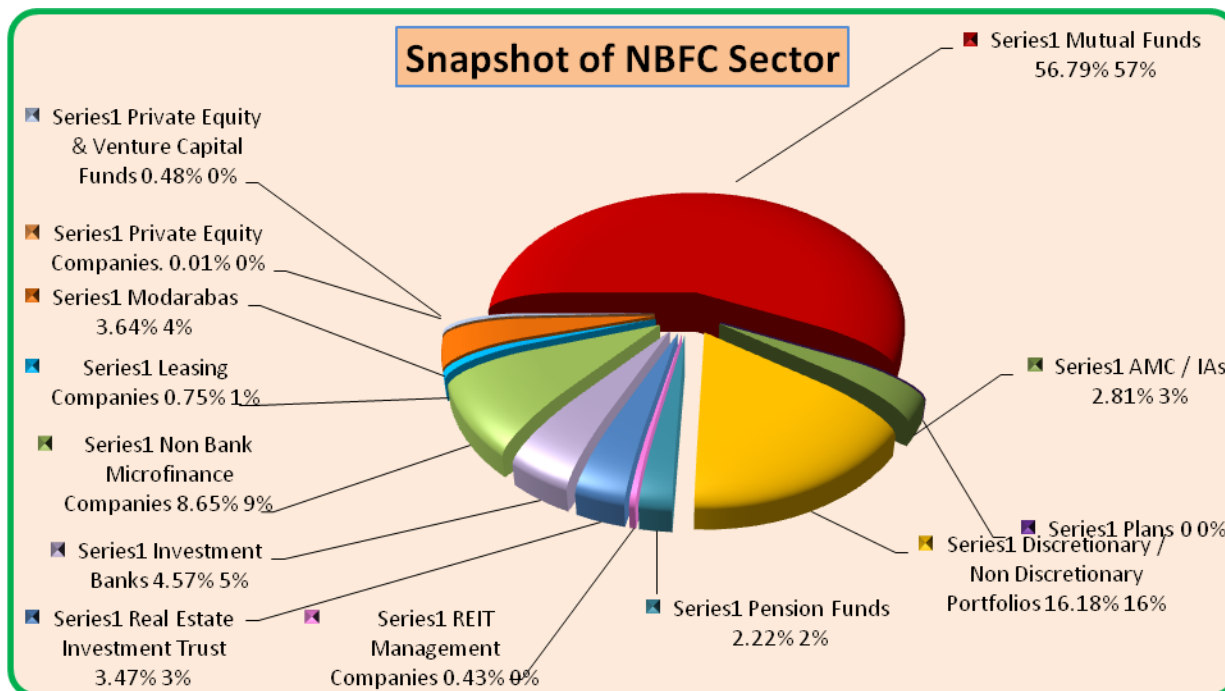
Despite COVID-19 pandemic, the IPO of Bank Islami Sukuk was over-subscribed. The issue was able to receive significant interest from institutional and retail investors generating Rs 321 million of subscription against the IPO size of RKR300 million. The IPO witnessed a remarkable response from online subscription channels with more than 80% applications (i.e. 105 applications) received via e-IPO platforms.

During the year, the SECP introduced index-based market halts in the stock market, whereby 5% movement in KSE-30 index in either direction would trigger temporary suspension of trading at stock exchange for sixty minutes. The halts give market a cooling period and allow brokers to deposit their margins. Further, applicable circuit breakers on individual scripts have been enhanced from 5% to 7.5%, thus improving price discovery and enabling easy exit from the market to the investor.

Moreover, SECP in coordination with PSX has successfully launched two ETFs. Further, in order to promote Shariah compliant financing, Murabaha Share Financing (MSF) product has been introduced, which is a counterparty risk-based financing product in KMI-All Shares Index. Moreover, an alternative board, the Growth Enterprise Market (GEM) has been introduced at PSX to encourage smaller companies to list equity securities and avail the benefits of listing at the exchange. In order to encourage new issuers to tap capital market and to shift towards disclosure-based regime and make the IPO process more efficient, various amendments have been introduced in the Public Offering Regulations, 2017.

Non-Banking Financial Sector:

As on June 30, 2020, the asset size of NBFC sector stood at Rs1,412.42 billion as compared to Rs1,140.36 billion reported as on June 30, 2019, reflecting an overall increase of 23.86%.



The total size of the mutual fund industry on June 30, 2020 stood at Rs. 802.15 billion and the total number of funds, including plans, were Rs.309. Money Market funds dominated the AUMs of the mutual fund industry with the largest share of 41.16%, while Income funds held the second largest industry share i.e. 24.76%, followed by Equity funds with industry share of 23.28%. In order to foster growth of the mutual fund industry, major relief was extended to the Asset Management Companies by significantly reducing the SECP's annual monitoring fee. The fee has been reduced to 0.02% effective from July 1, 2019. Further, the NBFC formation, licensing and registration fee for notified entities was also reduced in order to encourage development of the financial sector.

As of June 30, 2020, seventeen (17) AMCs have the license to conduct the business of investment advisory in addition to business of asset management services, while (4) NBFCs have exclusive licenses to offer investment advisory services.

As of June 30, 2020, the total assets of the pension schemes stood at Rs.31.35 billion, out of which 64.29% were invested in Sharia-compliant pension funds and 35.71% in conventional pension funds.

During the period under review, two new REIT management companies (RMCs) were granted license to undertake REIT management services, raising the number of RMCs to seven (7). The SECP during this period also accorded

approval for registration of the country's first developmental REIT Scheme under the REIT Regulations, 2015.

The number of leasing companies was seven as on June 30, 2020, compared to six as on June 30, 2019. One of the leasing companies whose license was cancelled and was previously excluded, has filed an appeal against cancellation of license and the appeal is pending adjudication at the Appellant Bench. Resultantly, asset size of leasing companies marginally increased to Rs 10.64 billion as of June 30, 2020 from Rs 10.16 billion as of June 30, 2019.

The total number of investment finance companies increased from ten on June 30, 2019 to twelve on June 30, 2020. During the year, two new licenses were issued to IFCs. The total asset size of investment finance industry stood at Rs. 64.55 billion as of June 30, 2020 against Rs. 63.19 billion as of June 30, 2019.

In order to promote housing finance business, SECP has granted formal approval for formation of one Housing Finance Company (HFC). The company, after incorporation is in the process of completing formalities for obtaining the HFC license.

The total assets of companies licensed to undertake lending business, including investment banks, leasing companies and non-bank microfinance companies have increased to Rs. 197.35 billion on June 30, 2020 as compared to Rs. 190.06 billion as on June 30, 2019. As of June 30, 2020, the total asset size of the lending NBFCs is as follows:

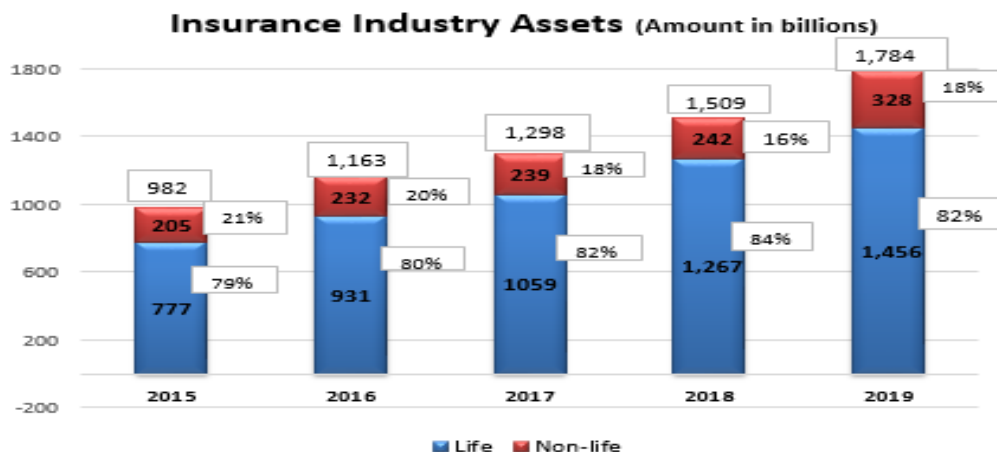
As of June 30, 2020, total number of modaraba companies registered with the SECP were 33. Similarly, 29 Modarabas were operating with total assets of Rs. 51.43 billion. The funds raised through issuance of certificate of musharakah were Rs. 10.35 billion.

Insurance Sector:

The insurance industry showed modest growth in life and non-life insurance sectors in the last calendar year. As of December 31, 2019, the total assets of the insurance industry stood at Rs. 1,784 billion compared to Rs. 1,509 billion as of December 31, 2018, showing 16% increase in asset size year on year basis. On the revenue side, during the year 2019, the industry has underwritten total direct gross written premium (GWP) amounting to Rs. 343 billion compared to

Rs. 326 billion in 2018, demonstrating a growth of around 5% in GWP. The reinsurance premium, underwritten by the only non-life reinsurance company in Pakistan, owned by the Government of Pakistan, amounts to Rs. 18 billion.

According to sector-wise analysis, the life insurance industry owns assets amounting to Rs. 1,456 billion and non-life insurance sector owns assets amounting to Rs. 328 billion. On the revenue side, the life insurance sector has underwritten premium of Rs. 228.6 billion and non-life insurance sector has recorded premium amounting to Rs. 114.9 billion during the year 2019.



During the year, the SECP granted authorization to conduct window takaful operations to one (1) conventional life insurer, after which, total number of window takaful operators has reached twenty nine (29). Seven (7) life insurers and twenty two (22) non-life Insurers are authorized to conduct window takaful operations in Pakistan. During the period under review, SECP approved 139 new life insurance products and supplementary riders, including some technology-based product features proposed to be distributed through digital platforms.

Anti-Money Laundering:

Pakistan Mutual Evaluation Report (MER) was adopted by APG during October 2019, and Pakistan was placed on accelerated follow-up. SECP has demonstrated significant progress towards fulfilling FATF obligations under the Action Plan, and is an active member of the working group constituted by FMU for this purpose.

In this regard, to further align its AML/CFT governance regime with FATF standards, SECP focused on further improvement in its laws, regulations and directives, and accordingly, amendments have been introduced in SECP's

AML/CFT regulatory framework. Significant measures include enhancement of laws and mechanisms to address Beneficial Ownership disclosure requirements through amendments in Companies Act 2017, Limited Liability Partnership Act 2017, Companies (Incorporation) Regulations 2017, Companies (General Provisions & Forms) Regulations 2018, Foreign Companies Regulations 2018 and Limited Liability Partnership Regulations 2018; amendments in SECP AML/CFT Regulations 2018 and revision to AML/CFT Guidelines for NPOs 2018.

Moreover, SECP has conducted inspections of 125 Security Brokers, 18 NBFCs and 21 Insurance Companies, and as result, penalties amounting to Rs. 42.33 million have been imposed through 154 enforcement orders for AML/CFT breaches of SECP AML/CFT Regulations 2018.

C. National Investment Trust Limited:

As per audited accounts, the performance of Funds under management of NITL for the year ended on 30th June 2020 is given below.

NI(U)T Fund:

Despite extremely difficult market conditions, NIT has maintained its 58 years' history of consistently paying dividends and declared a cash dividend of Rs. 1.29 per unit for unit holders of NI(U)T Fund for the year ended on 30th June 2020.

During FY20, NI(U)T Fund has earned a net income of Rs. 1,878 million.

As of 30th June 2020, net assets of NI(U)T Fund stood at Rs. 50,299 million.

For the year ended 30 June 2020, the Fund earned a healthy total return of 6.38%, where its NAV increased from Rs. 52.85 (Ex-Dividend) as on 30.06.19 to Rs. 56.22 as on 30.06.20 against the benchmark KSE-100 index which increased by 1.53%. Thus the NI(U)T Fund outperformed its benchmark by a significant margin of 4.85%.

Moreover, NI(U)T Fund also managed to realize healthy capital gains and dividend income of Rs. 18.2 million and Rs. 2,067 million respectively during the year.

Performance Highlights of NI(U)T Fund:

<i>(Rs in million)</i>	FY20	FY19	FY18	FY17	FY16
Dividend Income	2,067	2,678	3,219	3,067	3,177
Capital Gains	18.2	3.4	2,078	5,012	5,264
Net Income	1,878	1,526	2,534	8,751	7,658
Dividend/ Unit (Rs.)	1.29	1.55	2.33	4.50	4.50
NAV/Unit Rs. (30 th June)	56.22	54.40	73.85	83.74	65.15

NIT State Enterprise Fund (NIT-SEF):

NITL declared a cash dividend of Rs 0.16 per unit for unit holders of NIT-SEF for the year ended June 30, 2020. During the year under review, NIT-SEF earned a net income of Rs. 24.5 million.

During FY20, the dividend income earned by the Fund stood at around Rs. 49.4 million.

Moreover, during the year ended on 30th June 2020, against an increase of 1.53% in the benchmark KSE-100 Index, Fund's NAV decreased by 17.39%.

As of 30th June 2020, net assets of NIT-SEF stood at Rs. 1,544 million.

NIT Equity Market Opportunity Fund (NIT-EMOF):

NITL declared a cash dividend of Rs. 4.21 per unit for unit holders of NIT-EMOF for the year ended June 30, 2020.

During the year under review, the NIT-EMOF earned a net income of Rs. 164 million. During FY 20, the dividend income earned by the Fund stood at around Rs. 303 million.

During the year ended on 30th June 2020, the Fund's NAV increased by 4.64% against an increase of 1.53% in the benchmark KSE-100 Index. Thus the NIT-EMOF outperformed its benchmark by a significant margin of 3.11%.

As of 30th June 2020, net assets of NIT-EMOF stood at Rs. 6,259 million.

NIT Islamic Equity Fund (NIT-IEF):

NITL declared a cash dividend of Rs. 0.14 per unit for unit holders of NIT-IEF for the year ended June 30, 2020.

During the year under review, the Fund has earned a net income of Rs. 56.9 million.

The dividend income earned by the Fund stood at Rs. 121 million.

During the year ended on 30th June 2020, the Fund's NAV increased by 2.78% against an increase of 1.62% in the benchmark KMI-30 Index. Thus the NIT-IEF outperformed its benchmark by a decent margin of 1.16%.

As of 30th June 2020, net assets of NIT-IEF stood at Rs. 2,961 million.

INCOME FUNDS:

NIT Government Bond Fund (NIT GBF):

NITL declared a dividend of Rs. 1.6180 per unit for unit holders of NIT GBF for the year ended June 30, 2020. During FY 20, NIT GBF earned a net income of Rs. 588 million.

The NAV of NIT GBF increased from Rs. 9.8432 (Ex-Dividend) as on June 30, 2019 to Rs. 11.4259 as on June 30, 2020, thus yielded a return of 16.04% p.a. compared to the benchmark return of 12.07% p.a., an outperformance of 3.97% p.a. during FY20.

The net assets of NIT Government Bond Fund stood at Rs. 4,354 million as on June 30, 2020.

NIT Income Fund (NIT IF):

NITL declared a dividend of Rs. 1.2963 per unit for unit holders of NIT IF for the year ending June 30, 2020. NIT-IF earned a net income of Rs. 456 million during FY20.

NAV of NIT Income Fund increased from Rs. 10.1040 as on June 30, 2019 to Rs. 11.3788 as on June 30, 2020, thus, yielded an annualized return of 12.58% and outperformed its benchmark return of 12.22% p.a. by 0.36% p.a. during FY20.

The net asset of NIT Income Fund stood at Rs. 3,760 million as on June 30, 2020.

NIT Money Market Fund (NIT MMF):

NIT declared a cumulative per unit dividend of Rs. 1.2474 for unit holders of NIT MMF for the year ended June 30, 2020. During FY 20, NIT MMF earned a net income of Rs. 520 million.

Assets under management of NIT Money Market Fund increased from Rs. 3,484 million as on 30 June 2019 to Rs. 4,824 billion as on June 30, 2020, an increase of about 38.5% year on year.

The NAV of NIT MMF as on June 30, 2019 stood at Rs. 9.7784 (Ex-Dividend) whereas as on June 30, 2020 the NAV was Rs. 9.6920 (Ex-Dividend). During FY20, the fund has declared a cumulative dividend of Rs. 1.2474 for unit holders. The Fund yielded a return of 12.51% p.a. and outperformed its benchmark return of 11.64% p.a. by 0.87% p.a.

NIT Islamic Income Fund (NIT IIF):

NIT declared a dividend of Rs. 1.2481 per unit for unit holders of NIT IIF for the year ended June 30, 2020. During FY20, NIT IIF earned a net income of Rs. 90 million.

NAV of NIT-IIF increased from Rs. 9.7825 as on June 30, 2019 to Rs. 10.8069 as on June 30, 2020, and yielded a return of 10.44% p.a. against benchmark return of 6.33% p.a., an outperformance of 4.11% during FY 20.

As of June 30, 2020, the net assets of NIT Islamic Income Fund stood at Rs. 990 million.

NIT Asset Allocation Fund (NIT AAF): NIT-AAF was launched on April 09, 2020. NIT declared a dividend of Rs. 0.2005 per unit for unit holders of NIT AAF

for the year ended June 30, 2020. During FY 20, NIT AAF earned a net income of Rs. 11.1 million.

NAV of NIT-AAF increased from par value of Rs. 10.0 as on April 09, 2020 to Rs. 10.2119 as on June 30, 2020, and yielded a return of 2.12% against benchmark return of 3.09% during FY20.

As of June 30, 2020, the net assets of NIT Asset Allocation Fund stood at Rs. 524 million.

NIT Pakistan Gateway Exchange Traded Fund (NIT PGETF):

NIT-PGETF was launched on March 24, 2020. During FY20, NIT PGETF earned a net income of Rs. 1.6 million.

NAV of NIT-PGETF increased from par value of Rs. 10.0 as on March 24, 2020 to Rs. 10.3339 as on June 30, 2020, and yielded a return of 7.21% against benchmark return of 8.76% during FY20.

As of June 30, 2020, the net assets of NIT Pakistan Gateway Exchange Traded Fund stood at Rs. 50.4 million.

IMPORTANT ACHIEVEMENTS:

➤ *Payouts to unit holders by Funds for the year ended 30th June 2020*

During FY 20, NITL has declared dividend for its unit holders as follows:

- Despite extremely difficult market conditions, NIT has maintained its 58 years' history of consistently paying dividend and declared a cash dividend of Rs. 1.29 per unit for unit holders of NI(U)T Fund. As of 30th June 2020, net assets of NI(U)T Fund stood at Rs. 50,299 million.
- NIT has declared a cash dividend of Rs. 0.16 per unit for unit holders of NIT-State Enterprise Fund. As of 30th June 2020, Net Assets of NIT State Enterprise Fund stood at Rs. 1,544 million.
- NIT has declared a per unit cash dividend of Rs. 4.21 for unit holders of NIT Equity Market Opportunity Fund. As of 30th June 2020, Net assets of NIT Equity Market Opportunity Fund stood at Rs. 6,259 million.

- NIT has declared a per unit cash dividend of Rs. 0.14 for unit holders of NIT Islamic Equity Fund. As of 30th June 2020, Net assets of NIT Islamic Equity Fund stood at Rs. 2,961 million
- NIT has declared a per unit cash dividend of Rs. 1.6180 for unit holders of NIT Government Bond Fund. As of 30th June 2020, the net assets of NIT Government Bond Fund stood at Rs. 4,354 million.
- NIT has declared a cash dividend of Rs. 1.2963 per unit for unit holders of NIT Income Fund. As of 30th June 2020, the net asset of NIT Income Fund stood at Rs. 3,760 million.
- NIT has paid a cumulative per unit cash dividend of Rs. 1.2474 for unit holders of NIT Money Market Fund. As of 30th June 2020, Net Assets of NIT Money Market Fund stood at Rs. 4,824 million.
- NIT has declared a per unit cash dividend of Rs. 1.2481 for the unit holders of NIT Islamic Income Fund. As of 30th June 2020, Net assets of NIT Islamic Income Fund stood at Rs. 990 million.
- NIT has declared a per unit cash dividend of Rs. 0.2005 for the unit holders of NIT Asset Allocation Fund. As of 30th June 2020, Net assets of NIT Asset Allocation Fund stood at Rs. 524 million.

➤ ***Top performing funds***

During FY 20, NIUT not only outperformed its benchmark but ranked among top 3 Funds in the equity category. Whereas in FY 19, NIT – GBF was also ranked among top performing Funds.

➤ ***Launching of New Funds***

During the year under review, NIT launched two new funds, one being a Conventional Asset Allocation fund (NIT-AAF) and the other being Pakistan’s first Exchange Traded Fund (NIT-PGETF). Further, in order to cater to the needs of investors and diversify its product portfolio, NIT is expected to launch another new fund in the Shariah Compliant Money Market category namely: “NIT Islamic Money Market Fund”. Similarly, NIT plans to launch additional funds in the Exchange Traded Funds category to further enhance its basket of products available to general public for investment as per their appetite at appropriate times depending on the market conditions.

D. Joint Investment Companies (JICS)

Pakistan has a rich experience of setting up Joint Investment Ventures with other friendly countries. This started with Pak-Libya Holding Company (Pvt) Limited (PLHCL) in 1978 followed by Pak-Kuwait Investment Company (Pvt) Limited (PKICL), Saudi-Pak Industrial & Agricultural Investment Company (Pvt) Limited (SPIAICO), Pak-Oman Investment Company (Pvt) Limited (POICL), Pak-Brunei Investment Company Limited (PBICL), PAIR Investment Company Limited (PAIR) and Pak-China Investment Company Limited (PCICL). These investment companies were setup on the basis of equal shareholding by the two governments towards paid up capital contribution. Since inception, these JICs are playing their due role in the economic uplift of the country and the projects financed by the companies so far belong to key sector of economy including power generation, textile, cement, fertilizer, construction, oil and gas, etc., and are geographically spread throughout Pakistan. Establishment of such companies brings much needed foreign direct investment in the country.

Salient features of the seven Joint Ventures are as under:-

(Rs. in millions)

	Company	PLHCL	PKICL	SPIAICO	POICL	PBICL	PAIR	PCICL
1	Year of Incorporation	1978	1979	1981	2001	2006	2007	2007
2	Paid Up Capital	6142	10,000	6600	6150	6000	6000	9,696
3	Dividend paid (GOP Share)	1,446	9,613	5,851	1,960	1500	500	-

The major areas of operation of all the Joint Investment Companies are almost the same and include project financing, lease financing, equity participation, money market operations, foreign currency deposits, stock market operations, term finance certificates (TFCs) investments, financial advisory services, financial consultancy and syndication. These JICs are controlled and managed by their Board of Directors with equal representation of two sovereign states.

E. Industrial Development Bank Limited (IDBL)

Industrial Development Bank of Pakistan (IDBP) was set up in August, 1961 through an Ordinance as a scheduled bank extending credit facilities to industrial sector. However, its financial position started deteriorating in mid-nineties.

The Federal Cabinet in its meeting held on 27-05-2011 approved the winding up of the IDBP in the most appropriate manner to address the issue of its assets and liabilities. IDBP stood dissolved and ceased to exist on 13-11-2012 in pursuance of vesting order dated 13-11-2012 issued by the Finance Division. Resultantly all of its assets and liabilities were conveyed, transferred and vested in the newly incorporated banking company namely Industrial Development Bank Limited (IDBL) with effect from 13-12-2012. Winding up of the IDBL is underway in accordance with Cabinet Decision, dated 27-05-2011, in collaboration with State Bank of Pakistan (SBP).



Implementation and Economic Reforms Unit

IMPLEMENTATION AND ECONOMIC REFORMS UNIT

During FY 2019-20 Implementation and Economic Reforms Unit (IERU) undertook following major activities.

1. Support to IMF Technical Mission

Government of Pakistan agreed with IMF to formulate State-Owned Enterprises (SOEs) Bill (IMF Structural Benchmark). In this regard, IERU facilitated IMF's Technical Mission in conducting a detailed Country Assessment Questionnaire, providing baseline information on performance of SOEs and their sectoral and administrative distribution, and finally facilitating TA Mission's in-person meetings with key stakeholders including Ministries/Divisions, Regulatory Bodies and SOEs among others. This culminated in a detailed diagnostic study on SOEs in Pakistan outlining actions matrix and timelines for formulating SOE law.

2. SOEs Triage

SOEs Triage, IMF Structural Benchmark, to categorize SOEs for retention, privatization, and liquidation, was undertaken in IERU, from development of methodology to approval of Cabinet Committee on SOEs (CCoSOEs), in collaboration with The World Bank. IERU, using its database on SOEs, undertook SOEs Triage and communicated initial results effectively to CCoSOEs and Institutional Reforms Cell (IRC) for further guidance.

3. Federal Footprint: Annual SOEs Report FY 2018-19

Since FY 2013-14, IERU has been collecting financial and non-financial data (information) on all the SOEs owned and controlled by Federal Government. The data collection results in a comprehensive SOEs Report, namely, Federal Footprint: Annual SOEs Report (Five editions of the report have been published and uploaded on Finance Division's website to date). The report is widely read and used by key stakeholders including Federal Cabinet, Regulatory Bodies (OGRA, NEPRA, SBP) and donor agencies. The SOEs report helps tracking government's investment and commercial operations, and is extensively used within Finance Division for taking key policy decision vis-à-vis SOEs. During FY 2019-20, IERU collected and compiled data on SOEs pertaining to FY 2018-19.



Provincial Finance Wing

PROVINCIAL FINANCIAL WING

Provincial Finance (PF) Wing of Finance Division is dealing with fiscal transfers under NFC Award, development grants approved by NEC to the four Provinces i.e. Punjab, Sindh, Khyber Pakhtunkhwa & Balochistan; and Grants-in-aid for development and current budgets of special areas of Azad Jammu and Kashmir (AJ&K) and Gilgit-Baltistan (GB). The main responsibilities of the PF Wing include the following:-

- a) Secretariat support to National Finance Commission (NFC), a Constitutional Body responsible to recommend revenue sharing arrangement between the Federal Government and Provinces.
- b) To arrange meetings of NFC as well as to implement the NFC award/recommendations.
- c) 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.
- d) Release of budgeted Grants-in-Aid to Special Areas i.e. AJ&K and GB as well as Khyber Pakhtunkhwa Government on account of Erstwhile FATA.
- e) 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.
- f) Implementation of President/Prime Minister's Directives relating to Provinces and Special Areas.
- g) Administration/maintenance of inter-governmental fiscal relationship as well as settlement of monetary issues raised by the Provinces.
- h) Provision of long term loans/advances to government employees for house building /purchase of motor cars/motor cycles/cycles.
- i) Recovery of Cash Development Loans (CDL) and Foreign Exchange Loans (FEL) from the provinces and keeping data/record of the recoveries.
- j) Coordination/implementation of the decisions of CCI and IPCC relating to Finance Division.
- k) Carrying out periodic reconciliation of the Federal transfers made to Provinces, with AGPR sub offices and offices of the Accountant Generals located at Provincial Headquarters.
- l) Conducting 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 inter-governmental financial relationship, containment of overall fiscal deficit, enhancement of ways and means limits, efforts to increase provincial own receipts, etc.

Important and Vital Activities of NFC Secretariat during the FY 2019-20:

- ❖ As the tenure of 9th NFC was completed on 23rd April 2020, the process for Constitution of 10th NFC was started. In this regard, consultation with Provincial Governments and Law Division were held and proposals were submitted to the President of Pakistan through the Prime Minister of Pakistan. .
- ❖ The PF Wing conducted a meeting of the NFC Monitoring Committee comprising Federal and Provincial Finance Ministers on 12th March, 2020 for fiscal coordination between the Federal and Provincial Governments.
- ❖ In the above meeting, the NFC Monitoring Committee approved two Bi-Annual Reports on Implementation of the 7th NFC Award for the period July to December, 2018 and January to June, 2019, which have been laid in the both Houses of the Parliament and Provincial Assemblies as required under Clause 3 (B) of Article 160 of the Constitution.
- ❖ The NFC Monitoring Committee also approved establishment of Ministerial level National Tax Council (NTC) and Executive Committee of the NTC comprising Federal and Provincial Finance Secretaries, Chairman FBR & Heads of Provincial Revenue Authorities for harmonization of GST across the country.

Revenue Transfers:

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

- **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.
- **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 Petroleum Division with the exception of Excise Duty on Natural Gas, which is reported by the FBR.

The PF Wing processed to transfer funds under the above categories to Provinces on fortnightly basis during FY 2019-20. The details thereof are as under:-

Description	Punjab		Sindh		Khyber Pakhtunkhwa		(Rs. in billion) Balochistan	
	B.E	Release	B.E	Release	B.E	Release	B.E	Release
Divisible Pool	1,603.869	1,185.497	761.016	562.504	507.655	375.234	281.230	281.230
Straight Transfers	7.496	7.594	53.900	51.513	25.606	24.600	13.754	10.182
Total	1,611.365	1,193.091	814.916	614.017	533.261	399.834	294.984	291.412

Grants-in-Aid to Provinces:

In addition to the above revenue transfers, the PF Wing also processed the cases for transfer of Rs.15.926 billion to Government of Sindh in lieu of Octroi Zila Tax (OZT) 7th NFC Award. The PF Wing also processed the cases for transfer of funds under grants-in-aid to Provinces, pursuant to the commitments of the Federal Government such as Aghaz-e-Huqooq-e-Balochistan Package (AHBP) amounting Rs. 10.00 billion. The cases for transfer of funds under OZT and AHBP were processed on fortnightly basis.

Besides, the PF Wing processed the cases for transfer of funds to Government of Khyber Pakhtunkhwa and for Erstwhile FATA on monthly basis and an amount of **Rs.50.463 billion** was transferred to Khyber Pakhtunkhwa. Detail is as under:

1	Grant to KPK	41.175
2	KPK for Erstwhile FATA Levies & Khasadar	09.288
Total:		50.463

Funding for Provincial Projects:

At times, pursuant to the President/Prime Minister's announcements made during the public gatherings, Prime Minister Office issues directives for funding of various projects in the Provinces. Accordingly, such Provincial projects are funded through PSDP allocation of the Finance Division, either on co-sharing or on full funding basis. During **FY 2019-20**, the PF Wing handled transfer of an

amount of **Rs. 57.147** billion to the Provinces, as per authorization of Planning, Development & Special Initiatives Division. Detail is as under:-

(Rs. In billion)

Province	No of Projects	PSDP Allocation (Revised)	Releases
Punjab	04	4.980	4.980
Sindh	05	0.453	0.453
Khyber Pakhtunkhwa	13	47.755	47.755
Balochistan	20	3.959	3.959
Total	42	57.147	57.147

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

One of the functions of the Wing is to recover and to keep a record of such recoveries of principal amount and interest regarding Cash Development Loans granted to the Provinces. Such figures are maintained in consultation with respective Finance Departments/Accountant General for local currencies and Economic Affairs Division (EAD) for foreign exchange. A profile of recoveries during FY 2019-20 is as follows:

(Rs. in billion)

Province	Principal	Interest	Total
Punjab	47.155	15.879	63.727
Sindh	19.848	7.497	27.345
Khyber Pakhtunkhwa	9.926	2.180	12.106
Balochistan	7.737	0.555	8.292
AJ&K	5.833	11.740	17.573
GilgitBaltistan	-	0.026	0.026
Total	90.499	37.877	129.069

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

Federal Transfers to AJ&K:

The following new financial arrangements have been made between the Government of Pakistan and Government of Azad State of Jammu & Kashmir from 1st July, 2019-20 and onward:-

- i. Government of AJ&K shall be entitled to receive variable grant in lieu of share from FBR taxes. The variable 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.**

Based on the above financial arrangements, PF Wing transferred the funds mentioned below to AJ&K Government for its current and development expenditure during financial year 2019-20 as per detail given below.

(Rs. in billions)

Share Tax (@3.64%) (current)		PSDP 2019-20		Total BE current and Development	Total Releases
Allocation	Releases	Allocation	Releases	Allocation	Releases
54.890	54.890	24.464	23.964	79.354	78.854

Federal Transfers to Government of Gilgit-Baltistan:

Prior to FY 2011-12, the current and development expenditure of Gilgit-Baltistan Government were controlled by the Kashmir Affairs and GB Division. Consequent upon promulgation of "Empowerment and Self-Governance Order, 2009", allocation for Current Expenditure was entrusted to PF Wing of Finance Division. PF Wing released the following funds in FY 2019-20:-

(Rs. in billions)

Component	Allocation 2019-20 (R)	Released 2019-20
i) Grant in Aid to GB	29.500	29.500
ii) One time Grant for Hard Area Allowance to Gilgit-Baltistan Government	2.000	2.000
iii) Grant for Prevention COVID-19 Gilgit-Baltistan (Revised allocation)	1.000	1.000
iv) Wheat Subsidy to GB	6.045	5.261
v) Ways and Means Advances	0.018	0.026
Total	40.063	39.287

A dark green graphic element resembling a scroll, with a vertical bar on the left and a horizontal bar on the right. The text is centered on the horizontal bar. The scroll has a white outline and a white shadow effect.

Regulations Wing

REGULATION WING

Main Functions:

Regulations Wing of the Finance Division has been assigned the following main functions:-

- Policies formulation and their interpretation regarding pay package and other financial terms and conditions of service, perquisites and fringe benefits of the Govt. servants, pensions of civil employees, armed forces personnel, employees of autonomous/semi-autonomous and regulatory bodies of the Federal Government.
- Matters relating to 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.
- 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 relating to service terms 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.

Achievements:

Regulation Wing continuously monitors the data on pay structures in public sector as well as autonomous bodies and private sector, analyses the data and

provides its recommendations to Finance Secretary. After consideration, the proposals for enhancement of pay, allowances and pension, etc., are included in budget proposals in a summary for the Federal Cabinet. During the financial year 2019-20, following relief measures were proposed by Regulations Wing and were approved by the Federal Cabinet:-

- a. Adhoc Relief Allowance @ 10% on running basic pay of Basic Pay Scale 2017 has been allowed to all Federal Government civil and Armed Forces employees in BPS 1-16, and Adhoc Relief Allowance @ 05% to officers in BPS 17-20, vide O.M No. 1(2)Imp/2019-700, dated 5-7-2019 .
- b. An increase in Net Pension @ 10% has been allowed to all Civil and Armed Forces pensioners of the Federal Government vide Fin. Div. O.M No. F.4(1)R-6/2019-9383, dated 15-7-2019.
- c. Government has enhanced Special Conveyance Allowance for disabled employees from Rs. 1000/- to Rs. 2000/- w.e.f 1-7-2019 vide Finance Division's O.M No. 3(1)R-5/2019-351.
- d. Government has increased Special Pay admissible to SPS/PS/APS to Minister, Minister of State, Parliamentary Secretaries, Additional Secretaries and Joint Secretaries, by 25%, w.e.f 1-7-2019 vide Finance Division O.M No.2(1)R-3/2007-181, dated 8-8-2019, as under:-

S.N	Designation	Existing	Revised
a.	SPS/PS to Minister/Minister of State	Rs. 2000/- p.m	Rs. 2500/- p.m.
b.	SPS/PS to Parliamentary Secretary/ Secretary	Rs. 1600/- p.m	Rs. 2000/- p.m.
c.	PS to Additional Secretary	Rs. 1200/- p.m	Rs. 1500/- p.m.
d.	APS to Minister/MoS/Parliamentary Secretary/Secretary/ Additional Secretary/ Senior Joint Secretary	Rs. 800/- p.m	Rs. 1000/- p.m.
e.	APS to Joint Secretary of equivalent	Rs. 640/- p.m	Rs.800/- p.m.

Finance Division approved the following relief measures recommended by Regulation Wing after considering the inflation rate/ increase in pay and allowances and requests of the Federal Government employees, during the financial year 2018-2019:-

- a. Government has granted Adhoc Relief Allowance@ 5% to M-Grade vide O.M No. F.3(9)R-4/2004, dated 7-8-2019.
- b. Government has granted Adhoc Relief Allowance @ 5% and 10% to the employees of Autonomous/ Semi-autonomous Bodies, Corporations vide vide O.M No. F.4(3)R-4/2011-Revision, dated 7-8-2019.

- c. Meal charges for detainees of NAB has been increased from Rs. 60/- per head per day to Rs. 200/- per head per day, w.e.f 1-7-2019 vide Finance Division O.M No. 1(5)R-1/2019, dated 19-7-2019.
- d. Government has granted FIA Allowance @ 20%, Utility Allowance @ 25%, Investigation Allowance @ 60% and Anti Organized Crime Allowance @ 50% of the Running Basic Pay.
- e. Government has increased following allowances and stipend of Health employees:-

Rank	Allowance/ Stipend	Existing Rate Per month	Revised Rate Per month
Regular Nurses of BS-16 and above	Mess Allowance	Rs. 500/-	Rs. 8000/-
	Dress Allowance	Rs. 600/- per month	Rs. 3000/-
Diploma Student Nurses	Stipend	Rs. 6860	Rs. 20,000/-

- f. Government has revised Ration Allowance admissible to Pakistan Rangers Punjab/Sindh, Gilgit Baltistan Scouts and Pakistan Coast Guards from existing Rs. 92/- per day to Rs. 264/- per day w.e.f 1-1-2020/- vide Finance Division O.M No. F.25(2)R- 5/2017-92, dated 27-12-2019 and 27-2-2020, respectively.

- (i) **The programme of activities and targets set out for itself during the preceding financial year and the extent to which they have been realized:** Pay & Pension Commission has been constituted to review the existing Pay Scales, Allowances and Pension. Commission will prepare its report/ recommendations during the financial year 2020-21.

- (ii) **The relevant statistics**

Performance of Regulations Wing during the financial year 2019-20:-

<u>Items</u>	<u>Number of Cases</u>
Court Cases	1141
Service Rules/Regulations of different departments vetted	145
Major Policy Decisions taken	29
Cases regarding Up-gradations of posts of different organizations	40
Fixation of Pays	18
National Assembly/Senate business	115
FR-17 Cases	85
Number of Summaries for Prime Minister/Cabinet processed	78
Total	1651

A dark green graphic element resembling a scroll, with a vertical strip on the left and a horizontal strip on the right. The text is centered on the horizontal strip.

Litigation Wing

LITIGATION WING

Litigation Wing consists of four Sections dealing with litigation work and two Sections looking after regulation matters. The overall work of the Wing includes litigation cases in various courts of law and vetting of Acts, Ordinances, Rules, Regulations, Rental Ceiling, Project Allowance, Extra Ordinary Pension, Death Compensation Package, Travelling/Daily 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 litigation sections are, as follows:-

- i. Examining preliminarily, the court cases received from Supreme Court of Pakistan, Federal Shariat Court, High Courts, Supreme Appellate Court, Gilgit-Baltistan, Gilgit, Chief Court Gilgit-Baltistan, Gilgit, Chief Court, AJK, Wafaqi Mohtasib (Ombudsman)'s, Secretariat, Federal Service Tribunals, Civil Courts, National Industrial Relations Commission, etc.
- ii. Obtaining paper books in cases from the court(s), where the same are not received.
- iii. Seeking comments from relevant Wing(s) of Finance Division.
- iv. Arranging nominations of Advocate on Record (AORs)/Addl. Attorney General (Addl.AG) Deputy Attorney Generals (DAGs)/ Assistant Attorney Generals (AAGs) from Law & Justice Division.
- v. Vetting of reports/comments from Law & Justice Division.
- vi. Coordinating/briefing to Addl. AGs/DAGs/AAGs.
- vii. Submitting the reports/comments before the courts.
- viii. Submitting applications in cases before the court(s) concerned for deletion of the name of Finance Division as proforma party.
- ix. Attending courts.
- x. Communicating courts' orders/directions to the quarter(s) concerned.

Section-Wise Distribution of Works:

Legal-I	Legal-II	Legal-III	Legal-IV
<ul style="list-style-type: none"> • Islamabad High Court • Lahore High Court (all benches) • Lower courts in Islamabad 	<ul style="list-style-type: none"> • High Court of Sindh, Karachi (all benches) • Baluchistan High Court, Quetta (all benches) • Peshawar High Court, Peshawar (all benches) • All cases in lower courts in Sindh, Khyber Pakhtunkhawa & Baluchistan 	<ul style="list-style-type: none"> • Federal Service Tribunal, Islamabad. • Coordination work amongst Litigation Sections. 	<ul style="list-style-type: none"> • Supreme Court of Pakistan (all Registries) • Federal Shariat Court. • Supreme Appellate Court Gilgit-Baltistan, Gilgit • Chief Courts Gilgit-Baltistan & AJK • National Industrial Relations Commission (all benches) • Federal Service Tribunal, Lahore & Karachi

Performance of Legal Sections:

Government departments and their employees, companies, individuals, etc. filed 3054 cases, where the Finance Division was impleaded as primary as well as proforma party, during the Financial Year 2019-20. The break- up is, as under:

Legal-I		
S.N.	Name of Court	No. of Cases
1.	Lahore High Court (LHC), Lahore.	186
	LHC, Rawalpindi Bench.	26
	LHC, Multan Bench.	37
	LHC, Bahawalpur Bench.	24
2.	Islamabad High Court, Islamabad.	125
3.	Civil Courts, Islamabad	01
	Total	399
Legal-II		
1.	High Court of Sindh, Karachi (all benches and lower courts).	1439

2.	Peshawar High Court, Peshawar (all benches and lower courts).	731
3.	Baluchistan High Court, Quetta (all benches and lower courts).	104
	Total:	2274
Legal-III		
1.	Federal Service Tribunal (FST), Islamabad.	297
Legal-IV		
1.	Supreme Court of Pakistan (all Registries).	42
2.	Chief Court Gilgit-Baltistan, Gilgit.	07
3.	Federal Service Tribunal, Lahore & Karachi.	29
4.	National Industrial Relations Commission (All Benches).	06
5.	Civil Courts, Punjab.	08
	Total	92
	Grand Total:	3062

Achievements of Litigation Wing:

- Under the able guidance of senior officers and with the assistance of other wings of this Division, other organizations, and concerned Law Officers, Litigation Wing promptly and efficiently responded to and dealt with each and every order and notice of all of the following courts:-
 - Supreme Court of Pakistan.
 - Federal Shariat Court, Islamabad.
 - Islamabad High Court, Islamabad.
 - Lahore High Court (all Benches).
 - High Court of Sindh, Karachi (all benches and lower courts).
 - Peshawar High Courts (all benches and lower courts).
 - Balochistan High Court, Quetta (all benches and lower courts).
 - Supreme Appellate Court, Gilgit Baltistan, Gilgit.
 - Chief Court Gilgit-Baltistan, Gilgit.
 - Chief Court, AJ&K.
 - National Industrial Relations Commission, Islamabad and other benches.
 - Federal Service Tribunal, Islamabad, Lahore & Karachi.

- Civil Courts, Islamabad.
- Para-wise comments, reports, concise statements, etc., were filed in 3062 cases before the above courts.
- On given dates, all the cases were attended and defended efficiently by the Officers concerned alongwith the concerned Law Officer(s).
- As a result of proactive approach of Litigation Wing, no case was left unattended. Resultantly, almost no case was decided against the Federation due to non-prosecution on the part of Finance Division.
- Litigation Wing maintained strong and good working relationship with Law & Justice Division, Office of worthy Attorney General of Pakistan & its regional offices, other wings of this Division and its attached/subordinate organizations.
- Coping with the challenge of workload despite dearth of human resources.

Functions of Regulation Sections:

Regulation Sections have the following main functions:-

Regulation-10 Section

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

Regulation -14 Section

- a. Vetting of Ordinances, Acts, Rules & Resolutions of newly established statutory organizations under the Federal Government.
- b. Vetting of Financial Rules/Regulations made in pursuance of the provisions of Ordinances, Acts, Resolutions, etc.

- c. Bonus policy and approval to the grant of bonus to the officers employed in public sector organizations (PSEs).
- d. Examination of summaries/proposals received from M/o Housing & Works regarding enhancement of rental ceiling for hiring of houses by Federal Government employees and their submission/endorsement to the Prime Minister for approval.
- e. Project Allowance and Pay Package for Project staff.
- f. Extra-Ordinary Pension cases.
- g. Compensation for Civil Armed Forces/ICT Police/IB personnel, who die in service.

Performance of Regulation Sections:

Regulation -10 Section

The Regulation-10 Section received 244 cases from various Ministries/Divisions/ Departments for concurrence, NOC and clarification during the period from 01.07.2019 to 30.06.2020. The cases were examined and reply was given. Details are, as following:-

Description	No. of cases
Travelling Allowance (TA) and Daily Allowance (DA)	88
Medical reimbursement	61
Appointment of Authorized Medical Attendants at Missions abroad and revision of consultation fee.	23
Vetting of TA/DA and Medical Rules of Autonomous bodies	25
Miscellaneous cases	47
Total:	244

Regulation -14 Section

The Regulation-14 Section received 219 cases from various Ministries/Divisions/ Departments and finalized during the period from 01-07-2019 to 30-06-2020. Details are given below:-

Description	No. of cases
Vetting of Ordinances, Acts, Resolutions, etc.	18
Disability Pension/Special Family Pension cases	41
Approval to payment of rent of office accommodations received from Ministries/Divisions Departments which were in excess of prescribed rental ceiling	35

Pay Package of Project Staff recruited for development projects and funded from PSDP	30
Project Allowance	20
Court cases	25
Misc.	50
Total:	219



Federal Treasury Office

FEDERAL TREASURY OFFICE

Federal Treasury Islamabad is an executive office of the Finance Division working under the administrative control of the Finance Division (Budget wing). It ensures the timely completion and submission of portion of accounts of Federal Receipt and Payment to the office of the AGPR for incorporation in Finance account every month. All kinds of Judicial and Non Judicial Stamps Papers are issued from this office to the general public of Islamabad. Moreover, a large number of receipts are generated through sale proceed of Stamp Papers, etc., from the strong-room of this office:-

Major Functions/Activities:

- Compilation/Preparation of Federal Payment and Federal Receipt Accounts received daily from the State Bank Islamabad/Muzafarabad/Rwp & the different branches of National Bank situated in Islamabad/Rwp for incorporation in Finance Account through AGPR on SAP system.
- Compilation of Military payment & Receipt accounts and submission to the MAG office.
- Vending of all kinds of Stamp Papers, Judicial and Non Judicial Stamps, Driving license Stamps etc to the General public and the Government departments as well, from the strong-room of this office. Moreover this office is generating the millions of Receipt of Federal Government through vending of Stamp Papers etc to the general public.
- Verification of credits deposited in the SBP/NBP relating to the Federal Government.
- Maintenance of Personal Ledger Accounts in respect of Federal Government organizations.
- Maintenance of Assignment account for payment through National Bank of Pakistan.
- Refund of Revenue Deposits authorized by the Civil Courts.



Debt Policy Coordination Office

DEBT POLICY COORDINATION OFFICE

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 National Assembly Debt Policy Statement every year by end January. Apart from this, DPCO also publishes medium term debt management strategy on periodic basis. DPCO has also started publishing semi-annual public debt bulletin.

List of Activities and Achievements:

- Debt Policy Statement for year 2019-20 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,
- Government prepared its Medium-Term Debt Management Strategy for a period of four years (2019/20-2022/23), wherein, certain benchmarks and year-wise indicative risk ranges were defined to monitor the risks of total public debt portfolio and ensure its sustainability. Government remained within the stated benchmarks of risk indicators and achieved all targets set for the fiscal year 2019-20,

- Domestic borrowing was made entirely from the financial markets. No borrowing was made from State Bank of Pakistan (SBP) since July 2019. In fact, an amount of Rs 569 billion was repaid to SBP during the year. This policy reflects the government's commitment to greater fiscal discipline, macroeconomic stability and development of domestic financial markets,
- More than 90 percent of the borrowing needed to finance the fiscal deficit was made through longer-term debt (Pakistan Investment Bonds (PIBs) and National Savings Schemes),
- Government largely adhered to the targets announced for the auctions of government's debt securities. The enhanced transparency and credibility of the auctions encouraged greater participation and competition in the auctions and also led to lower borrowing cost. Government was consequently able to borrow at very reasonable rates relative to the prevailing inflation rates and the SBP's Policy Rate,
- At higher interest rates, relatively larger amounts were borrowed through floating-rate instruments. Whereas, the borrowing targets for fixed rate bonds were revised upward after decline in interest rates,
- After a gap of many years, government has started issuance of Shariah-compliant Government IjaraSukuks (GIS). These are contributing towards development of Shariah-Compliant debt markets and also lowering the borrowing cost of the government,
- 15-Year fixed rate PIBs were re-introduced (April 2020) after many years in order to issue more long-term debt and to provide more options to long-term investors,
- 3- and 5-Year floating rate PIBs were introduced to provide the investors with suitable substitutes to Treasury Bills (T-bills) and to lengthen the average maturity of domestic debt,
- With effect from 1st July 2020, all institutional investors have been barred from investing in National Saving Schemes (NSS). In future, all institutions will invest in government debt securities through the competitive primary (auction) and secondary markets. This will help in deepening of financial markets and lower the government's long-term borrowing costs by creating more competition for long-term government debt,
- DPCO assisted EAD to negotiate the G-20 Debt Service Suspension Initiative (DSSI) with bilateral lenders for a period of 14-Month (May 2020 - June 2021) which will help to reduce the debt servicing impact, and
- The second issue of Energy Sukuk for settlement of circular debt was issued through a competitive bidding process managed by the Pakistan Stock Exchange (PSX) and overseen by Securities and Exchange Commission of Pakistan (SECP). Despite its large size of Rs 200 billion, the issue was oversubscribed and the cost of borrowing was also reduced to 6-month KIBOR – 0.10% p.a. compared to the cost of 6-month KIBOR + 0.80% p.a., paid on a similar transaction executed last year. This has resulted in

expanding the investor base and cost savings of Rs 18 billion over the 10-year life of the Sukuk. This is the first ever debt transaction conducted through the stock exchange and has set the stage for future debt issuance by public and private sector entities in a similar manner.