



Year Book 2020-2021

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

PREFACE

The Year Book 2020-21 of Finance Division has been prepared in pursuance of sub-rule (2) of Rule 25 of the Rules of Business, 1973, whereby each Ministry is required to prepare a Year Book for information of Cabinet and the general public. The Year Book containing details of activities / achievements undertaken by various wings and its constituent organizations during the year under review with reference to the mission statement and the various functions assigned to the Finance Division.

The Year Book elaborates functions, organization structure, area of responsibilities, working set up and chain of command which is largely embedded in the activities and accomplishments during Fiscal Year 2020-21. I hope this will serve as a useful information resource and reference document for the policy makers, researchers, planners and general public on matters relating to Finance Division as a whole and also individually of its attached departments and organizations in the area of policy and economic development.

Finance Division remains committed to develop and implement pragmatic economic policies to achieve sustainable and equitable economic growth through transparent and efficient financial management of public resources. Despite all internal and external shocks, Pakistan's economy is expected to stabilize by continuing structural reforms, improved public expenditure management and domestic resource mobilization.

I highly appreciate the efforts of officers and staff engaged in compiling and printing the Year Book in time. Soft version of this Year Book 2020-21 can be downloaded from the website www.finance.gov.pk. We would appreciate suggestions / comments and feedback to improve the quality of this Book in future.

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Finance Secretary

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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 improving 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 1st December, 2021 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**

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FUNCTIONS

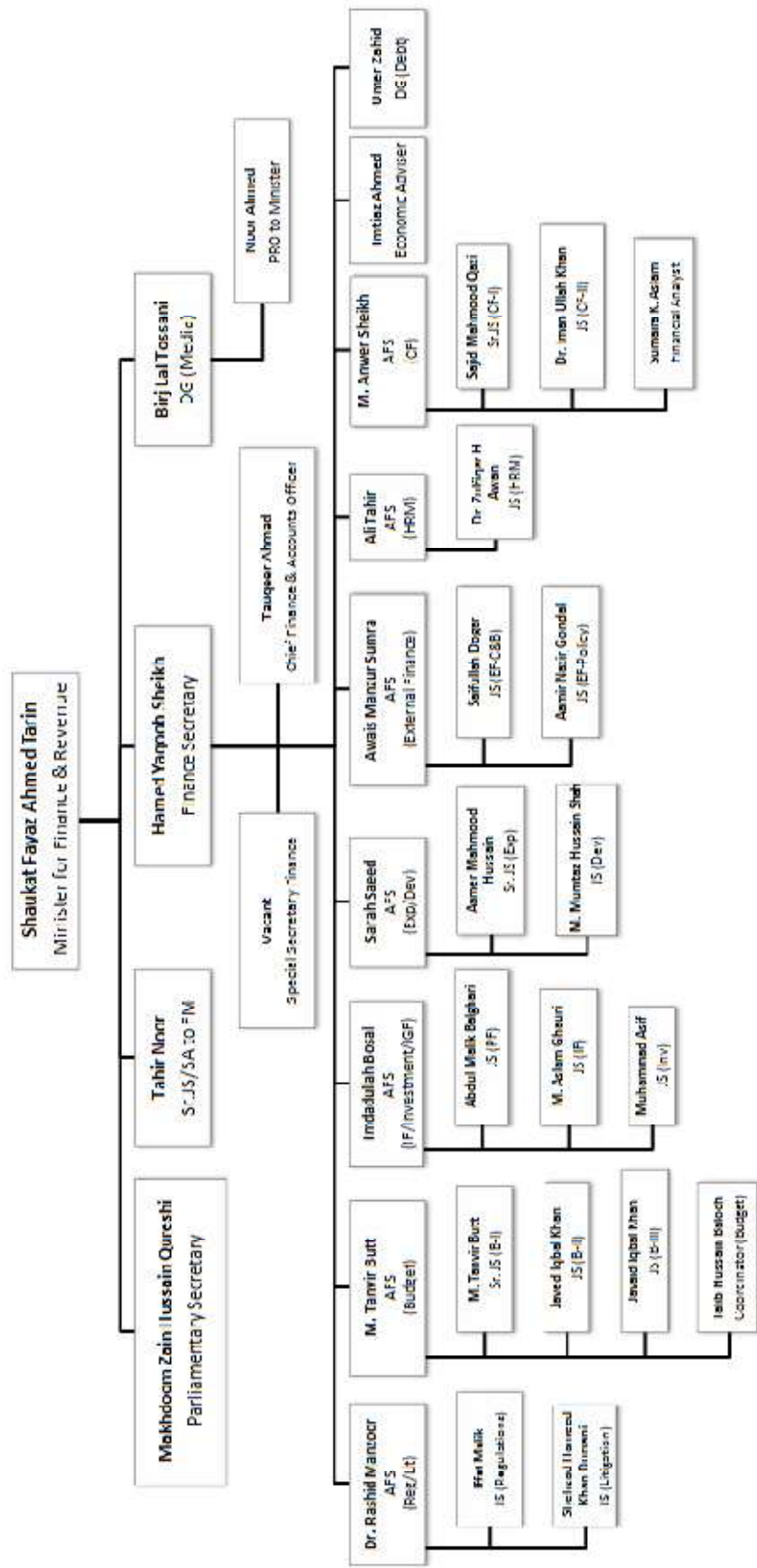
corporations including banking insurance and financial corporations not confined to or controlled by or carrying on business in one Province; and
(iv) business related to the Federal Government Properties Management Authority (FGPMA).

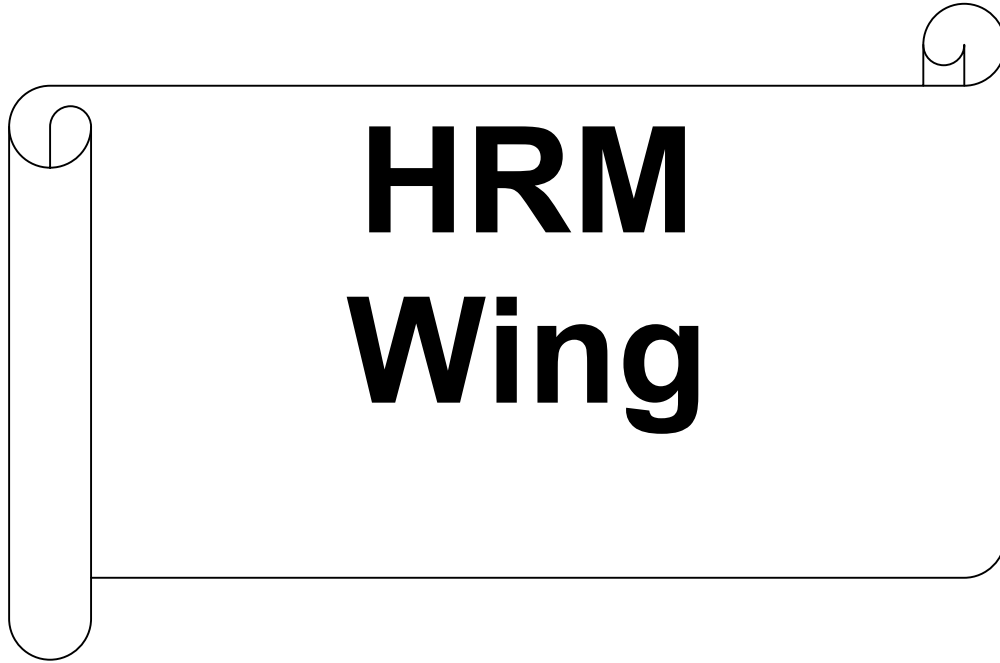
12. Company Law: Accountancy.
13. Investment policies: Capital issues (Continuance of Control) Act, 1947; statistics and research work pertaining to investment and capital.
14. Stock exchanges and future markets with objects and business not confined to one Province; Securities Regulations.
15. Financial 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.
- 28-29 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, Monthly Economic Update and Outlook 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.**

ORGANIZATIONAL CHART OF FINANCE DIVISION





HUMAN RESOURCE MANAGEMENT WING

The major function of Human Resources Management Wing is to manage official business of Finance Division smoothly and efficiently by providing effective human resource and logistic support to other Wings of Finance Division.

The detailed information in respect of HRM Wing is as under:-

HR-I SECTION

The HR-I Section of Finance Division deals with the cadre posts of BS-17 to BS-22 i.e. Secretary, Additional Secretaries, Sr. Joint Secretaries, Joint Secretaries, Deputy Secretaries and Section Officers which is administratively controlled by the Establishment Division.

The post of Private Secretary (BS-17) is a 100% promotion post and is required to be filled in through promotion from amongst the senior most Assistant Private Secretaries (APSS). During the Financial Year 2020-21, eligible APSS were promoted to the post of Private Secretary against the posts falling vacant on retirement of the incumbents in Finance Division.

HR-II & HR-III SECTIONS

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

FILLING UP VACANT POSTS

All vacant posts of Assistant, Steno Typist, UDC, Artist, LDC, were advertised and the recruitment process was completed.

APPOINTMENT UNDER PRIME MINISTER'S ASSISTANCE PACKAGE

In order to implement the Assistance Package for Families of Government Employees who Die in Service, HR-II & HR-III Sections finalized all cases of appointment of aggrieved family members during the reference period.

PROMOTION

In order to enhance the quality of work of the officials, HR-II & HR-III Sections promoted Assistant as Superintendent, Steno Typist as APS, UDC to the post of Assistant, LDC to the post of UDC, Qasid to the post of Daftary, Naib Qasid to the post of Qasid and Naib Qasids/Regular Farashs were granted one step promotion on completion of 10/20 years service during the FY 2020-21.

SERVICE BOOKS

Service Books of about 1068 employees were completed in all respects.

SELECTION OF STAFF FOR SEASONAL HAJJ DUTY, 2022: -

HR-II Section has organized a balloting for selection of two candidates for seasonal hajj duty-2022, through M/o Religious Affairs and Interfaith Harmony during the reference period.

HR-IV SECTION

HR-IV Section deals the following matters:-

- i) Personal administration of ex-cadre officers, officers of Economist Group posted by Planning, Development and Special Initiatives Division, and Accounts Group posted by MAG/CGA/AGPR, etc.
- ii) Hiring of Private Residential Accommodation for the officers and staff of Finance Division.
- iii) Medical re-imbusement to serving and retired officers/officials of Finance Division.

Achievements

- (i) It is in the domain of HR-IV Section to make recruitment of professionals of MP-I, MP-II, MP-III Scales and on fixed pay package meant for ERU, Actuary office, Debt office and MTBF Secretariat.

- (ii) Hiring facilities to more than 650 officers/staff of Finance Division are provided to meet the demand of shelter temporarily. In this regard, Rs. 100,166,000/- were allocated in FY 2020-21.
- (iii) In order to provide the medical re-imburement facilities to officers and staff of Finance Division as well as the retired employees of Finance Division an amount of Rs. 12,308,000/- (retired employees) and Rs.15,000,000/- (In-service employees) was allocated respectively in FY 2020-21

Budget & Account Section:

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

- Preparation and processing of budget of Finance Division (Main) and its allied organization under Demand No. 041.
- Re-appropriation of funds, Supplementary Grant/Technical Supplementary Grant and other financial matters.
- Pension / family pension matters of the employees of Finance Division.
- Facilitation to Federal Audit to conduct annual audit.

The statement/material showing the budget in respect of Finance Division (Main) and its allied organizations for the FY 2021-22 and list of pension cases pertaining to Finance Division are as under:

Revised Budget under Demand No. 041 (2021-22)

S.N.	Department	Budget 2021-22	After Re-appr.
1	Finance Division (main) Part-I	993,913,000	760,371,000
2	Finance Division (main) Part-II	872,745,000	872,745,000
Finance Division (Total)		1,866,658,000	1,633,116,000
3	Economic Minister, Washington –DC, USA	39,463,000	39,463,000
4	Economic Minister Beijing (China)	29,372,000	29,372,000
5	Economic Minister Tokyo (Japan)	24,336,000	24,336,000
6	Economic Minister London (UK)	20,171,000	20,171,000
7	Finance Division (Military Finance Wing)	0	213,864,000
8	FA Air Force, Peshawar	0	19,678,000
GRAND TOTAL:		1,980,000,000	1,980,000,000

LIST OF OFFICERS / OFFICIALS RETIRED DURING FY 2020-21

OFFICERS

S.N.	Name & Designation	Date of Retirement	Sanction Amount
1	Mr. Arshad Mahmood, AO	31.07.2020	123,100
2	Mr. Jan Muhammad Khan, APS	01.08.2020 (Pre mature retirement)	64,675
3	Mr. Muhammad Boota, APS	05.08.2020	97,485
4	Mr. Abdul Akbar Sharifzada, AFS	03.09.2020	172,795
5	Mr. M. Aslam Tahir, PS	14.10.2020	107,370
6	Mr. Anwar ul Haq Satti, AO	23.10.2020	112,460
7	Mr. M. Arshad Majeed, Progammer	25.11.2020	104,490
8	Mr. Zulfiqar Ali Shah, APS	06.12.2020	102,390
9	Malik Muhammad Arif, Superintendent	19.12.2020	-
10	Syed Asim Akbar Shah, APS	15.12.2020	-
11	Mr. Saeed Ahmed Khan,	26.12.2020	151,950
12	Mr. Abdul Sattar, APS	31.12.2020	102,280
13	Mr. Muhammad Nawaz-III, APS	31.12.2020	87,430
14	Mr. Umar Nawaz Khan, DS	05.01.2021	158,810
15	Mr. Muhammad Ashraf, APS	31.01.2021 (already proceeded on LPR)	-
16	Mr. Waseem Ahmed, Sr. PS	07.02.2021	99,560
17	Syed Farrukh Sear, Superintendent	14.02.2021	226,820
18	Mr. Mazhar ul Hassan Shah, DS	03.03.2021	-
19	Mr. Naveed Kamran Baloch, FS	07.03.2021	335,930
20	Mr. Abdul Aziz, APS	19.03.2021	81,050
21	Mr. Saqib Rashid, APS	24.03.2021	72,205
22	Mr. Muhammad Tariq, SO	07.04.2021	89,140
23	Mr. Muhammad Arshad, APS	09.04.2021	80,690
24	Mr. Javed Hussain, APS	11.04.2021	60,990
25	Mrs. Fozia Abid, DS	16.04.2021	-
26	Mr. Muhammad Yaqoob, APS	31.05.2021	123,820
27	Mr. Nayyar Nadeem, DS	17.06.2021	-
28	Mr. Muhammad Ishtiaq, APS	24.06.2021	75,300
29	Mr. Abdul Ghaffar, ACO	04.03.2021	122,270

OFFICIALS

S.N.	Name & Designation	Date of Retirement	Sanction Amount
1.	Mr. Muhammad Ishaq, N/Q	01.09.2020	28,042
2.	Mr. Banaras Khan (Late), Assistant	13.09.2020	42,145
3.	Mr. Muhammad Hassan, N/Q	29.09.2020	23,266
4.	Mr. Zahoor Ahmed Arain, Assistant	30.09.2020	149,630
5.	Mr. Bakshal Channar, Assistant	04.10.2020	159,730
6.	Mr. Amjad Ali, Daftary	16.10.2020	-
7.	Mr. Muhammad Akhtar, Daftary	16.10.2020	25,594
8.	Syed Shahid Hasnain Zaidi, Assistant	04.11.2020	28,660
9.	Mr. Zahoor Alam, Daftary	20.11.2020	-
10.	Mr. Muhammad Aslam, Assistant	24.12.2020	68,715
11.	Mr. Misri Khan, Daftry	31.12.2020	27,264
12.	Mr. Muhammad Aslam, Daftary	08.03.2021	-

S.N.	Name & Designation	Date of Retirement	Sanction Amount
13.	Mr. Muhammad Yaqub, Assistant	14.03.2021	-
14.	Raja Nazir Ahmed, Assistant	14.03.2021	44,038
15.	Mr. Sagheer Ahmed, Daftary	19.04.2021	-
16.	Mr. Abdul Samad, Assistant	14.05.2021	-
17.	Mr. Naseer Ahmed, LDC	06.06.2021	-
18.	Mr. Muhammad Farooq, Assistant	20.06.2021	66,850
19.	Mr. Akbar Ali, Daftary	30.06.2021	-
20.	Mr. Ahmed Ali Qasim, Assistant	30.06.2021	-

Council Section:

Council Section works under HRM Wing and DS (Council) handles the business of National Assembly and Senate Secretariat. As time-to-time Advisor to Prime Minister on Finance & Revenue and/or full-fledge Minister for Finance & Revenue holds the portfolio of Finance Division, and Revenue Division (FBR), accordingly, all the business of Parliament of these two Divisions are dealt in the Council Section. Briefing to the Advisor to PM on Finance & Revenue, and/or Minister for Finance & Revenue, and Parliamentary Secretary of Finance Division regarding business of Parliament was arranged well before time. Moreover, the work relating to meeting of the Standing Committees of both Houses is coordinated and its briefs were sent to concerned quarters. All the senior officers, who attend meetings, are facilitated by the Council Section with regard to provision of entry passes for Parliament House to the conducting officers in the meetings. Moreover, the Council Section is also engaged during the Budget Session of National Assembly and Senate Secretariat till the finalization of the Federal Annual Budget.

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.	14	14
2	Publication of Year Book of Finance Division	01	Year Book (2019-20) was uploaded on the website of Finance Division.
3	Verification and Safe Custody Certificates, Security Booklet and War Book.	04	All Safe Custody Certificates were got verified from the concerned officers and report submitted to the concerned organization/ department.

S.N.	Nature of Cases/Activities	Cases Received	Cases Disposed Off
4	Preparation of Permanent and Temporary Security Passes of Officers/Officials of Finance Division	Permanent 190 Temporary 228	190 passes got issued through NADRA 228 temporary passes issued by Documentation Section locally.
5	Issuance of No Demand Certificates (NDC) in respect of officers/officials on their retirement and transfer from Finance Division.	88	88 NDCs issued.
6	Online Public Complaints received through Wafaqi Mohtasib's Secretariat Public Complaint resolution mechanism.	712 Complaints received through online system.	All complaints were forwarded to concerned quarters for final disposal under intimation to Wafaqi Mohtasib Ombudsman's Secretariat and the complainants as well.

- Measures were also taken to ensure strict security of office buildings of Finance Division through law enforcing agencies from time-to-time.
- A 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 2020) by an officer of Intelligence Bureau (I.B) was conducted successfully.

Protocol Section:

- Protocol services were provided to foreign as well as local delegates/guests, Ambassadors, Ministers/MOS, and senior officers of Finance Division, etc.
- Several official passports were got renewed/issued from Directorate General of Passports and Immigration of officers of Finance Division.
- Note Verbale from M/O 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 were proceeding aboard on official meetings / trainings / seminars / workshops, etc.
- No Objection Certificates were issued to different Officers of 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 2020-21
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.	180	Circulated 180 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.	320	320 notifications forwarded to PCPP Karachi / Islamabad
3.	Obtaining information from Attached Departments/Sub-Ordinate Offices requested by following: - Senate Secretariat/ National Assembly Establishment Division Cabinet Division Prime Minister's Office Other Ministries/Divisions/ Departments Miscellaneous matters	Obtained the requisite information from different wings of the Finance Division (Main) and its entities and submit consolidated replies to the concerned quarters.	23 25 33 12 45 16	154 cases disposed off

S.N.	Main Tasks	Course of action	Cases received	Target achieved during the year 2020-21
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 submitted consolidated replies to the concerned quarters.	15	15 cases disposed off
Total number of cases disposed off =			669	

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.	72	Disposed off 72 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.	71	Disposed off 71 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.	59	Disposed off 59 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.	29	Disposed off 29 decisions.
5.	Decisions of the following Cabinet Committees received in the Section from Cabinet Division: - Cabinet Committee on Institutional Reforms (CCIR)	The said decisions are immediately forwarded to the concerned Wings/ Offices for implementation	18	Disposed off 31 decisions.

S.N.	Main Tasks	Course of action	Cases received	Target achieved
	Cabinet Committee on Privatization (CCoP)	report.	01	
	Cabinet Committee on State Owned Enterprises (CCoSoEs)		08	
	Cabinet Committee on China-Pakistan Economic Corridor (CCoCPEC)		02	
	Cabinet Committee on Energy (CCE)		<u>02</u>	
	Total number of cases/decisions disposed off:			31
				262

Services Sections (I & II):

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

Machinery Items:

S.N.	Items	Quantity
1.	Split Air Conditioner	07
2.	Micro Phone Speaker	03
3.	Cannon Scanner (From NITB)	72
4.	Conference Camera (BCC950)	03
5.	Metal detector	01
6.	Binding Machine	01
7.	Multi Media Screen	01
8.	Electric Heater (2-Rod)	30
9.	Fan heater	10
10.	Refrigerator	01
11.	Firewall	01
12.	IT Switch	03
13.	Laptop (From NITB)	38
14.	Bracket fan	35
15.	CCTV Camera	01
16.	Electric Geyser	02

Furniture & Fixture:

S.N.	Items	Quantity
1.	Executive Revolving Chairs	02
2.	Officer Revolving chairs	27
3.	Assistant Revolving chairs	12
4.	Visitor chairs	54
5.	Executive Table	01
6.	Computer table	18
7.	Officer table	03

S.N.	Items	Quantity
8.	AC ducting/ Cabinet/Almirah	920 Sq Ft
9.	Sofa Set 5 –Seater	05
10.	Coat Hanger	08
11.	Centre Table	14
12.	Assistant Table	10

Purchase of Stationery/Miscellaneous:

- Stationery / miscellaneous items were 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 was carried out on receipt of requisitions.

Miscellaneous Work:

- Cleanliness in “Q” & “S” Blocks, 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 / sanitizers and special arrangement at work places 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.

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.
- Fumigation spray in various offices was carried out on regular basis to ensure cleanliness to contain corona virus.
- Logistic support was also provided to employees of Finance Division in vaccination drive against Covid-19.
- Checking of temperature of visitors to Finance Division was arranged at the entry gate to contain the spread of Covid-19.

Communication & Printing Facility:

- Communication facility through phone was provided and printing of classified/unclassified documents was also arranged.

Quality Assurance Sections I&II:

S.N.	Main Tasks	Target Achieved during the year 2020-21																
1)	Revision of Job Descriptions (JDs)	<ul style="list-style-type: none"> ➤ The Job Descriptions (JDs) of all regular BS-17 to BS-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 2020-2021, the Job Descriptions (JDs) of 82 positions of the following Wings have been revised and distributed to all concerned with the approval of Finance Secretary:- <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>S#</th> <th>Name of Wing</th> <th>Number of positions</th> <th>Date of Revision</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Human Resource Management</td> <td>22</td> <td>16-10-2020</td> </tr> <tr> <td>2.</td> <td>Military Finance</td> <td>60</td> <td>27-11-2020</td> </tr> <tr> <td colspan="2" style="text-align: center;">Total:-</td> <td>82</td> <td></td> </tr> </tbody> </table>	S#	Name of Wing	Number of positions	Date of Revision	1.	Human Resource Management	22	16-10-2020	2.	Military Finance	60	27-11-2020	Total:-		82	
S#	Name of Wing	Number of positions	Date of Revision															
1.	Human Resource Management	22	16-10-2020															
2.	Military Finance	60	27-11-2020															
Total:-		82																
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, 20th Internal Quality Audit for the period 1st July 2020 – 31st December 2020 has been successfully carried out by our experienced and trained Departmental Quality Assurance Coordinators/ Auditors in March 2021. ➤ The Audit Findings comprising Major or Minor Non-Conformities (NCs)/observations are subsequently conveyed to the Wings for initiating appropriate corrective actions. 																
3)	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. ➤ Following Quality Assurance Procedures are reviewed and revised in Financial Year 2020-21. <ul style="list-style-type: none"> (1) Economic Advisor Wing 06-05-2021 (2) Debt Policy Coordination Office 25-05-2021 (3) Finance & Accounts Wing 21-06-2021 																
4)	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 tools, which is meant to review in-house monitoring, strengthen internal systems, address resource needs, and to look for opportunity for performance improvements, etc. ➤ Fifteen (15) DQRC Meetings of different Wings have been held during the year 2020-21. ➤ Keen watch is kept to ensure holding of such meetings on regular basis and compliance to the decisions thereon. 																

S.N.	Main Tasks	Target Achieved during the year 2020-21
5)	Foreign Trainings through Economic Affairs Division (EAD), etc.	<ul style="list-style-type: none"> ➤ 01 application of officer was processed for foreign training. ➤ 01 Officer was nominated by the Foreign Training Committee (FTC). ➤ Finally, 01 Officer availed the foreign training facilities.
6)	Domestic / Inland Trainings	<ul style="list-style-type: none"> ➤ 36 applications of officers/ officials were processed for domestic/inland trainings. ➤ 24 Officers/ officials availed the domestic / inland training facilities.
7)	Nomination/ Appointment of Departmental Quality Assurance Coordinators (DQACs)	<ul style="list-style-type: none"> ➤ Departmental Quality Assurance Coordinators (DQACs) are nominated in each Wing of Finance Division to implement Quality Assurance Program and to coordinate with the ISO Secretariat for better public service delivery. ➤ At present, 14 Officers were nominated as Quality Assurance Coordinators in the respective Wings of Finance Division.

Library Section:

The following activities were carried out by Library Section of Finance Division.

S.N.	Nature of Cases	Number of Cases received (form July 2020 to June 2021)	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, Periodicals and Newspapers.	650	650
3.	Issuance of Books	171 (books)	171
4.	Receiving of Books	144 (books)	144
5.	Issuance of NOC/NDC	81 (Cases)	81
6.	Provision of Newspapers to Officers	80 (Cases)	80
7.	Maintenance of record regarding Circulars, Office orders & Notifications	273	273

Finance & Accounts Wing:

The following important events and activities regarding performance relating to Finance & Accounts Wing were carried out during FY 2020-21:-

- Finance & Accounts Wing conducted twenty six (26) DAC meetings wherein Audit Reports of Finance Division and its attached departments / organizations were discussed.

- Ten (10) meetings of Public Accounts Committee (PAC) were held wherein Accounts of Finance Division and its organizations were discussed.
- Twelve (12) reconciliation statements of expenditure containing Eleven Demands i.e. 59,60,64,65,66,146,147,165,166,167 & 185 were finalized.
- Material for Green Book (2021-2024) 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 getting approval of the Finance Secretary.
- 57 cases of re-appropriation of funds, 88 cases of surrenders, 09 cases of creation of posts and more than 71 cases of BO/NISs for the FY 2020-21 in respect of all wings of Finance Division were scrutinized.
- F&A Wing conducted inspection of 26 formations of Finance Division during FY 2020-21. Preliminary report and final reports of these inspections were prepared and issued to respective offices for taking necessary corrective measures.



**Financial
Analyst
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 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 analysis for government by analysing complex financial data and extracts 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 to be 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 Government of Pakistan interest in following Public Sector Enterprises (PSEs) and participated in Board of Directors meetings of following entities throughout the year:

- 1) First Women Bank Limited
- 2) Drug Regulatory Authority of Pakistan
- 3) Printing Corporation of Pakistan
- 4) Institute of Cost and Management Accountants 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, National Security Printing Company, and determination of well-head gas prices for Ministry of Petroleum.



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 to provide 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 as the cases 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. Also 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 coordinating 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 of various committees/groups, 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 reported year on behalf of Ministry of Finance:

1. Evaluation of revival plan of Printing Corporation of Pakistan (PCP). Participation in two meetings of the Board of Directors of PCP.
2. Participation in five meetings of Drug Price Committee (DPC) of Drug Regulatory Authority of Pakistan (DRAP).
3. 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.
4. Processing of administrative matters pertaining to the Institute of Cost and Management Accountants of Pakistan (ICMAP).
5. Evaluation of various cases referred by Expenditure Wing and Corporate Finance Wing of Finance Division.
6. 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 effect 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 performance of the Government in relation to 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
- 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 presents the current or day to day non-development expenditure i.e. defence, debt, repayments, running of civil government, subsidies and grants which are financed from revenues derived through taxes,

duties and other miscellaneous receipts. The difference between revenue receipts and current/non-development expenditure results in revenue surplus/deficit for the year which is transferred to the capital budget. The deficit of capital, revenue of 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 January each year on issuance of a Budget Call Circular (BCC) by the Budget Wing, Ministry of Finance. The procedure applicable to the preparation of the budget estimates for a financial year is indicated by the Ministry of Finance every year in a "Budget Call Circular" issued to the administrative Ministries/Divisions and Departments of the Federal Government. The circular contains comprehensive instructions for the preparation and scrutiny of the budget estimates. It also sets out the target dates by which the various stages of budget formulation are to be completed. Since time factor is important, emphasis is laid, among other things, on the strict observance of the budget time table at all stages of budget making.

b. Preparation of Estimates:

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

The revised estimates for the current year, prepared simultaneously, include provision for such expenditure has been duly authorized and for which there is reasonable expectation that it will be incurred before the close of year. In all cases where revised estimates for the year exceed the authorized grants, these have to be supported by documentary evidence 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 revenues receipts estimates are submitted to the Budget Wing by the FBR. The non tax receipt is submitted to the Budget Wing by the various Ministries/Divisions and Departments where as the external receipts estimates are submitted to the Budget Wing by Economic Affairs Division.

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

MEDIUM TERM BUDGETARY FRAMEWORK (MTBF):

Introduction:

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 year – where- in year – 1 becomes the budget and the outer 2 years are used for planning purposes).
- Medium-Term Fiscal Framework – keeping in view the macro implications to guide budget preparation process.

- An annual pre-budget analytical 'Budget Strategy Paper'—which includes 3-years 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 budgetary 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 is considered by the Federal Cabinet and approved for presentation to the Parliament.

ii. Submission of Budget / Finance Bill to the National Assembly:

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

iii. Submission of Budget to the Senate:

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

iv. Voted and Charged Expenditure:

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 or to refuse or reduction of the amount. No demand for grant shall be made except on the recommendation of the Federal Government.

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 [and the Islamabad High Court];
 - (ii) the Chief Election Commissioner;
 - (iii) the Chairman and Deputy Chairman;
 - (iv) the Speaker and the Deputy Speaker of the National Assembly;
 - (v) the Auditor General;
- 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, decree 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.

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. Estimates of Foreign Assistance.
- vii. Demands for Grants and Appropriation- (Including Schedules I-III).
- viii. Details of Demands for Grants and Appropriation–Pink Book (Volumes I-III).
- ix. Medium Term Budgetary Statements.
- x. Supplementary Demands for Grants and Appropriations.
- xi. Medium Term Budgetary Estimates for Service Delivery.
- xii. Finance Minister Winding up Speech.
- xiii. Schedule of Authorized Expenditure.

FUNCTIONS OF VARIOUS SECTIONS OF BUDGET WING:

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.
- iv. Priorities Committee, etc.

Budget – I Section:

1. Issuance of Budget Call Circular (BCC).

2. Budget Formulation and Coordinating all related activities.
3. Preparation of Budget Strategy Paper for presentation to the Cabinet.
4. Preparation of Annual Budget Statement for presentation to National Assembly.
5. Preparation of Schedules for authorization.
6. Preparation of Notice of Intention for Demands for Grants.
7. Preparation & Presentation of Summary to the Federal Cabinet for consideration and approval of Annual Budget ahead of its laying before the National Assembly.
8. Annual budget making and formulation.
9. Completion of all codal formalities on account of TSG/Surrender Orders from Grant-Subsidies and Miscellaneous Expenditure.
 - a. Provision for Contingencies.
 - b. Provision for Disaster/Emergency Relief Fund.
 - c. Provision for Medical Equipment, NDMA and Agriculture.

Budget – II Section:

1. Working on recurrent budget's Indicative Budget Ceilings of all the line Ministries in consistent with the budget strategy of the ensuing year.
2. 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.
3. Calibration and analysis of internal demands of Finance Division and recommendation of the ensuing year budgetary allocation.
4. 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.
5. Generation of SAP/R3 reports related to 'Federal Government Service Delivery' for budget analysis and policy advice as and when required by the high-ups.
6. Economic Stimulus Package (COVID-19) Working of Supplementary Grants.
7. Completion of all formal/codal formalities on account of TSG / Surrender Orders from Grant - Subsidies and Miscellaneous Expenditure.
 - a) Grants to others (ECP, Artists, Retired Officers & PMTF).
 - b) Lump Provision for subsidies.

8. Preparation of Medium Term Budgetary Framework (MTBF), Output based budgeting/Green Book, etc.
9. Responsible for following in developing Budget Strategy Paper:
 - i. Medium-Term Macroeconomic Framework (MTMF) (Coordination with Economic Adviser Wing).
 - ii. Medium-Term Fiscal Framework (MTFF).
 - iii. Medium-Term Indicative Budgetary Spending Levels.
 - iv. Revenue Projections/Policies.
10. Focal Person on Fiscal for Technical Review Meetings of IMF.
11. Medium Term Performance Budget (MTPB) Report.

Economic Stimulus Package. Government of Pakistan announced Economic Stimulus Package (Rs.1,240 Billion) to support the floundering economy of the country. The major components of the Economic Stimulus Package are:-

- a. Emergency Response (Rs.190 Billion).
- b. Relief to Citizens (Rs.570 Billion).
- c. Support to Business and Economy (Rs.480 Billion).

This Section successfully implemented and released nearly 72% of Economic Stimulus Package with the approval of competent forum. The Section was also able to present Government initiatives of Economic Stimulus Package during pandemic of COVID-19 at various forums.

Budget – III Section:

1. Dealing with matters relating to releases from Finance Division's Lump Provisions under Demands No 44.
2. Matters relating to Pension Expenditure Reforms.
3. To prepare Mid-Year Budget Review Report for presentation in the National Assembly by February 28 each year.
4. To prepare concise budget document titled "Budget in Brief" on ensuing Financial Year's budgetary position.
5. Arranging meeting/interaction for PSDP Budgetary Allocations with PAOs including Planning, Dev. & SI Division.
6. Interaction for APCC/NEC Meetings.
7. Issuance of PSDP IBC to Planning, Dev. & SI Division.

8. Monitoring of Issuance of PSDP IBCs to PAOs by Planning, Dev. & SI Division.
9. Monitoring of Entry/Receipt of NIS enclosed by Planning, Dev. & SI Division (PSDP).
10. Final reconciliation / verification of NIS in accordance with IBCs (PSDP) issued by Planning, Dev. & SI Division.
11. Printing of reports from SAP system for compilation of books (PSDP).
12. Preparation of Replies for Audit Paras – DAC / PAC matters.
13. To prepare other reports required.
14. To perform assigned core responsibilities in relation to preparation of Federal Budget.
15. Preparation of Revised and Budget Estimates of Superannuation Allowances and Pension on the basis of data received from the AGPR and MAG offices.
16. Submission of summary to Secretary for approval of Revised and Budget Estimates of Pension.
17. Issuance of surrender and re-appropriation orders of pension.
18. Preparation of Mid Year Budgetary Review Report.
19. Submission of summary to Secretary for approval of Mid Year Budgetary Review Report. After approval, the report is placed before National Assembly by end of the month February of every year.
20. Preparation of Annual Budget of Public Sector Development Programme (PSDP) of all line Ministries/Divisions.
21. Compilation of Budget Document “Budget in Brief”.
22. Cut-Motions in National Assembly.
23. Any other task assigned.

Achievements:

1. Prepared (charged/voted) NISs of Civil and Defence Pension as per budgetary allocation.
2. Issued surrender and re-appropriation orders in respect of Civil / Defence Pension duly approved by competent authority.
3. Mid-Year Budget Review Report FY 2020-21 has been prepared to fulfill the requirement laid down under Section 34 of the Public Finance Management Act, 2019. Report covers Mid-Year Fiscal Performance, Revenue Receipts, Expenditures, Budget Financing, etc.

4. The Budget Document “Budget in Brief” has been prepared which is a synopsis of the Federal Budget and is published to provide concise and simple information for clear understanding of the readers.
5. Collected NISs of Public Sector Development Programme (PSDP) from all line Ministries/Divisions and after verification of figures forwarded to Budget Computerization Section for data feeding and preparation of Pink Book.
6. Prepare and consolidate the replies of Cut-Motions to present in National Assembly.

Budget - IV Section:

1. Processing of cases for allocation of funds for Defense Forces under Ministry of Defence and Finance Division’s Demands through budgetary mechanism for Defence Forces in consultation with Ministry of Defence and Joint staff Headquarters. Release of allocated funds through TSG.
2. Processing of cases for allocation of funds under Finance Division’s Demand through budgetary mechanism for Strategic Organizations in consultation with Strategic Plan Division. Release of allocated funds.
3. Processing of case for allocation of funds under Finance Division’s Demand through budgetary mechanism for “Provision for Relief”. Release of allocated funds.
4. Processing of cases for provision of additional funds over and above the allocated funds for Defence Forces and Strategic Organizations.
5. Preparation of briefs for Minister for Finance & Revenue, Finance Secretary, and Additional Finance Secretary (Budget) for meetings regarding defense services matters.
6. Keeping the information / data updated regarding allocations and releases and requirements.
7. Preparation of Replies for Audit Paras – DAC / PAC matters.
8. Core responsibilities of preparation of Budget Speech.
9. Preparation of Citizen Budget (Urdu).
10. Core responsibilities associated with establishment of Camp Office at National Assembly Secretariat during Budget Presentation.
11. Daily reporting of National Assembly / Senate Proceedings.
12. Finance Minister’s winding up Speech.
13. Other responsibilities connected with preparation of budget.
14. Any other task assigned.

Budget - Implementation Section:

The BI Section deals the following matters:-

- (i) Vetting of fund rules, accounting procedure, financial rules Act and ordinances, etc.
- (ii) Opening of revolving fund account and change of signatories of these accounts.
- (iii) Cases relating to designation of other officers as PAOs.

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 advice as and when required by the high-ups.

Achievements:

Medium Term Budget Strategy Paper: This 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 purpose of the paper is to elaborate the macroeconomic context and present indicative projections over the medium-term. The aim is to present strategic policy priorities of the government. The Budget Strategy Paper presents medium-term forecasts on a rolling basis. The first year of those forecasts will form the basis for the coming annual budget, while the other two years are provided for improved predictability of resources.

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 country. 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. Pakistan has embarked upon a reform agenda initially to stabilize and later to focus on economic growth. The budget over the short and medium-term is being strategized to support the reform direction. Key principles followed are to increase government revenues, expenditures curtailed, while public debt would be brought down as percentage of gross-domestic-product.

To implement the strategy, the M/o Finance and Revenue coordinates with various government departments and provide all necessary facilitation services. 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 2020-21: Mid-Year Budget Review Report FY 2020-21 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. The next report will be prepared as per timelines of scheduled activities in Budget Wing.

Treasury Single Account (TSA) Section:

Activities:

1. Implementation of Cash Management & Treasury Single Account Policy 2019-2029.
2. Establishment of a unified Government banking arrangement enabling oversight of government cash flows and allowing complete fungibility of all cash resources.
3. Issuance of detailed instructions and guidelines to all Government Offices i.e. Ministries, Divisions, Attached Departments, Sub-Ordinate Offices

- (MDAS) and Public Entities for effective implementation of the Cash Management and Treasury Single Account (CM &TSA) Rules, 2020.
4. Facilitate Joint Secretary (B-III) in conducting meetings of Cash Management Working Group (CWMG) and Cash Coordination Committee (CCC).
 5. Collection of data, compilation & processing of Commercial Bank Account Data of Ministries, Divisions, Attached Departments, Sub-Ordinate Offices (MDAS) for their closure and transfer of balances into Central Account No. I (Non-Food).
 6. Follow-up meetings for guidance and assistance on Cash Management and Treasury Single Account (CM &TSA) Rules, 2020.
 7. After completion of exercise under TSA-I, necessary work will be started on TSA-II applicable on autonomous organizations, public sector enterprises etc. of the Federal Government.

Achievements:

1. Established TSA phase-I system in Ministries, Divisions, Attached Departments, Sub-Ordinate Offices (MDAS).
2. Notified 163 Ministries, Divisions, Attached Departments and Sub-Ordinate Offices (MDAS) in August, 2020 under Treasury Single Account.
3. Closed over 4500 Commercial Bank Accounts of Government entities.
4. Conducted awareness workshop on TSA phase-II system for Public Entities including Autonomous bodies, Regulatory Authorities, Funds, Civil Armed Forces and Defence.
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. Special Assignment Account Procedure for Public Account of the Federation 2020 has been devised and circulated for opening and operation of Public Account.

Progress:

1. Established TSA Phase-I system in which Ministries, Divisions, Attached Departments and Sub-Ordinate Offices (MDAS) were required to close their commercial bank account.
2. After establishing TSA Phase-I, in all Government offices i.e. Ministries, Divisions, Attached Departments and Sub-Ordinate Offices (MDAS) and Public Entities will be brought under TSA Phase-II System.
3. Started awareness / series of consultative workshops on TSA Phase-II.

Non Tax Revenue Section Profile:

The basic functions of the Non Tax Revenue Section of Budget Wing are to coordinate, prepare, print and publish the budget estimate of Non Tax Revenue in Explanatory Memorandum on Federal Receipts and Estimates of Foreign Assistance of the Federal Government. It is also responsible to implement the budgetary targets, monitoring of collection of Non-Tax Revenue under all heads and compilation of data on monthly basis.

Activities:

1. Prepared estimates of Non-Tax Revenue, recommendations for updating/revision of existing legal frame works, finalization of proposals for inclusion in the Finance Bill.
2. Monitoring the surplus profit of State Bank of Pakistan and other Public Sector Entities in respect of Non-Tax Revenue on quarterly basis.
3. Monitored for collection of dividend from Public Sector Entities.
4. Meetings on revision of fees being charged by different entities as Non-Tax Resources.
5. Compilation and preparation of Budget Documents “Estimate of Foreign Assistance” and “Explanatory Memorandum on Federal Receipts”
6. Processing releases of foreign aid (Cash Grant) Cheques (in foreign currency as well as in Pak rupee) from the donor Governments/agencies etc. for depositing in Government Account and subsequent transfer thereof to the beneficiaries concerned. Monitoring and evaluation of foreign exchange parity rate viz Pak Rupee.
7. 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 estimates of Non-Tax Revenue receipts.
8. Preparation/exploration of steady sources of Non-Tax Revenue for Federal Government.
9. Review of proposals for investment of surplus fund/working balances of government institutions.

Achievements:

1. Reclassification of Head of Accounts of Petroleum Levy, Gas Development Surcharge and Gas Infrastructure Development Cess from “Tax Receipts” to “Non-Tax Receipts” through CGA Office.

2. Vigilant monitoring of collection of Non Tax Revenue and preparing reports for high-ups based on Budget Estimates and Actual Receipts for timely decision.
3. Coordination with Privatization Commission for winding up of BESOS.
4. Coordination with Cabinet Division on winding up of Abandoned Properties Organization and deposit of proceeds thereof in Federal Consolidated Fund.
5. Holding of bi annual meetings with Ministries/Divisions/Departments/PSEs to follow up on realization of budgetary targets in terms 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 of 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. Receipt of cases of supplementary grants from Ministries / Divisions / Departments for budgetary support.

Achievements:

1. Compilation of books (for seven 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 2018-19, 2019-20 and 2020-21.

Budget Publication Office:

Activities:

1. Provision of Budgetary data in consolidated/printed form for usage of Economic Development Purposes.
2. To maintain Budget Library for Provision of Budgetary data of last years to various Ministries/Divisions/Departments and Libraries.

3. Coordination with all Ministries/Divisions/Departments for incorporating their input for Finance Minister's Budget Speech.
4. Composing/pasting of Budget Documents/Post Budget Documents.
5. Printing of Budget Documents/Post Budget Documents.
6. Composing of various Summaries/Reports relating to Budget Wing.
7. Coordination of manuscript/materials of Budget documents, summaries/reports of the Budget Session.
8. Supply of Budget Documents to the Cabinet/ Senate/ National Assembly during the Budget Session.
9. Dissemination of Budget Documents to Press Information Department/Journalists/ all Federal and Provincial Government Offices.
10. Record and maintenance of Budget Wing Library.
11. Photocopying Cell of the Budget Wing's Library.
12. Any other matters relating to printing of Budget Wing's important official documents.
13. Urdu translation of the Budget Documents and Schedules.
14. Development/Coordination with AGPR Party for getting the accurate Budgetary Data.
15. Provision of Budget Publications to the National Assembly, Senate Secretariat for discussion in the Federal Budget Session.

Budget Research Officer (Urdu):

Activities:

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

Achievements / Publications:

The Budget Publication Section has got published the Federal Budget 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 (2009-10 to 2013-14).
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. Winding-Up Budget Speech by the Finance Minister.
17. Cash Management & Treasury Single Account Rules 2020.
18. Public Finance Management Act 2019 (Amended up to 30th June, 2020).
19. Assan Assignment Account Procedure (Local Currency 2020).
20. Standard Operating Procedure for Budget Preparation First Edition November, 2020.
21. Fiscal Policy Statement January 2021.
22. Debt Policy Statement January 2021.
23. Mid-Year Budget Review Report FY 2020-21.
24. Financial Management and Powers of Principal Accounting Officers Regulations 2021.
25. Medium Term Budget Strategy Paper 2021-22 - 2023-24.
26. Special Assignment Account Procedure for Withdrawal of Funds from the Public Account of the Federation 2021.

PFMR Section:

Public Finance Management Act was promulgated in 2019 to strengthen management of public finances with a view to improve definition and implementation of fiscal policy for better macroeconomic management, to clarify institutional responsibilities related to financial management and to strengthen budgetary management. Hence, requisite material/information regarding PFM Act and its implementation is as under:

- i. Financial Management and Powers of Principal Accounting Officers Regulations, 2021 was issued wherein Financial advisor's organization of the Finance Division has been disbanded. Now on completion of transitory period, the Joint Secretaries or Deputy Secretaries Expenditures Finance Division shall be reassigned official duties to be performed for various Ministries or Divisions forthwith.
- ii. The office of Chief Finance and Account Officer headed by a senior level officer has been established who is responsible for assisting and supporting the Principal Accounting Officer in managing the financial affairs of the Division concerned or more Divisions if so allocated and all the organizations or departments or offices under the administrative control of that Division.
- iii. Principal Accounting Officer has been empowered to utilize his one liner Budget grant without endorsement by the Finance Division.
- iv. Amendments have been made in Federal Treasury Rules to facilitate the pensioners.
- v. Amendment in GFR 130(3) has been made to empower head of an office to authorize any gazetted officer serving under him, or such other officials as are authorized by the Finance Division in this behalf, to incur expenditure.
- vi. Amendment has been made in GFR 130, sub-rule 3 to authorize Police House Station Officers (SHOs) of Islamabad Capital Territory (ICT) as Drawing and Disbursement Officer (DDOs) for their respective jurisdictions in ICT.
- vii. Receipt and Payment Rules, Grant in Aid Rules and General Financial Rules have been drafted in consultation with stake holders.
- viii. Established TSA phase-I system in Ministries, Divisions, Attached Departments, Sub-Ordinate Offices (MDAS).
- ix. 163 Ministries, Divisions, Attached Departments and Sub-Ordinate Offices (MDAS) have been notified under Treasury Single Account.
- x. Closed over 4500 Commercial Bank Accounts of Government entities.

- xi. Conducted awareness workshop on TSA phase-II system for Public Entities including Autonomous bodies, Regulatory Authorities, Funds, Civil Armed Forces and Defence.
- xii. 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.
- xiii. Special Assignment Account Procedure for Public Account of the Federation 2020 has been devised and circulated for opening and operation of Public Account.
- xiv. Financial Management and Powers of Principal Accounting Officers Regulations, 2021 has been reviewed in consultation with stake holders for incorporation of amendments in the said regulations.

		Provisional
<u>CONSOLIDATED FISCAL OPERATIONS 2020-21</u>		
(Rs. In billion)		
	Budget	Prov.Actual
Description	Estimates	July-June
Total Revenue	7,261.1	6,903.4
Tax Revenue	5,498.5	5,272.7
Federal	4,963.0	4,764.3
Provincial	535.5	508.4
Non-Tax Revenue	1,762.7	1,630.7
Federal	1,583.4	1,480.4
Provincial	179.3	150.3
Total Expenditures	10,455.4	10,306.7
Current Expenditure	9,113.1	9,084.0
Out of Which		
Mark-up Payments	2,946.1	2,749.7
Defence	1,289.1	1,316.4
Development and net lending	1,342.4	1,315.7
Statistical discrepancy	-	(93.0)
BUDGET DEFICIT	3,194.3	3,403.3
As % of GDP	7.0%	7.1%
FINANCING	3,194.3	3,403.3
External	810.3	1,338.1
Domestic	2,383.9	2,065.2
Non-Bank	1,394.5	196.2
Bank	889.4	1,869.0
Privatization Proceeds	100.0	-

Total Revenue	15.9%	14.5%
Tax Revenue	12.1%	11.1%
Federal	10.9%	10.0%
Provincial	1.2%	1.1%
Non-Tax Revenue	3.9%	3.4%
Federal	3.5%	3.1%
Provincial	0.4%	0.3%
Total Expenditures	22.9%	21.6%
Current Expenditure	20.0%	19.0%
Out of Which		
Mark-up Payments	6.5%	5.8%
Defence	2.8%	2.8%
Development and net lending	2.9%	2.8%
GDP	45567	47709
<i>Budget Deficit (As % of GDP)</i>	7.0%	7.1%

**BRIEF OVERVIEW OF THE ACTIVITIES, PROGRESS, AND
ACHIEVEMENTS OF CENTRAL DIRECTORATE OF NATIONAL
SAVINGS (CDNS)**

Vision and Objectives of CDNS:

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 be the preferred institution for small savers to facilitate objective of financial inclusion and extending social security net to all the deserving sections of the society. The purpose of National Savings is to sell government securities/debt instruments in shape of National Savings Schemes which are categorized as unfunded debt in the Government debt obligations criteria.

This unfunded debt mobilized through NSS is the cheapest source of domestic debt to bridge the budget deficit for the Government of Pakistan. Besides it enlarges the choices/options for the Federal Government as in the shape of NSS, many other economic dividends like financial inclusion, for almost every segment of the society including disabled persons and families of martyrs of the civilians and armed forces. National Savings is also in the process of providing Overseas Pakistanis a safest mode of

investment in their home country and is launching a Shariah-Complaint Islamic Window for those investors who seek to invest in the non-conventional investment schemes. Over a period of last one decade, National Savings has transformed itself from a mere debt raising arm of the Government of Pakistan to a vibrant organization promoting Financial Inclusion and ensuring Social Safety Net for the most deserving segments of the society. This has recently been recognized by an award for being the Best Financial Inclusion Organization in 2017 by the CFI.Co, UK.

National Savings has a network of 427 offices comprising 12 Regional Directorates, 16 National Savings Treasuries, 375 National Savings Centers, 01 Directorate of Inspection and Audit, 07 Zonal Inspection and Accounts Offices, 12 Regional Accounts Offices and 02 Training Institutes. It is a key contributor towards financial inclusion with a portfolio of over PKR 3900 billion.

Progress and Achievements of CDNS:

a. Restructuring and IT Transformation

The process of restructuring and transformation in CDNS has been started to synchronize its role in the financial sector, both public and private, according to the needs of the time to bring an efficient public service delivery system to the public at large. The achievements made in the Current Financial Year (CFY) and initiatives in the pipeline are as under:

Starting from 2002-03, National Savings has gone a long way towards computerization and automation of its processes and all National Savings Centers (NSCs) have become fully computerized. In the last one year, some major milestones have been achieved for transforming the organization into an Information Technology (IT) enabled entity.

- i. The data Centre has been established at the National Telecommunication Corporation (NTC) and now all 375 NSCs are connected through centralized location i.e. Wide Area Network (WAN) whereas NTC is working for provisioning of connectivity at remaining NSCs.

- ii. Besides, the CDNS Main Application system has been upgraded into state of the art Business Application Solution and deployed at all 375 NSC. The aforesaid achievement has enabled CDNS for provisioning of advance, efficient and value added services to its customers using Alternative Deliver Channels (ADCs) i.e. Debit/ATM Cards, etc.
- iii. Agreements have been signed with National Database Registration Authority (NADRA) and accordingly Biometric Verification Machines are placed in all NSCs for proper Biometric and CNIC verification of all the customers.
- iv. CDNS has started an efficient and effective screening of its customers under AML-CFT Regime. The regime is comprehensively implemented in all the NSCs and the branches are regularly monitoring the financial transactions and reporting the CTRs and STRs accordingly.

b. Initiatives in the Pipeline

i. **Opening of Central Account in SBP to implement PFM Act, 2019**

CDNS, under the supervision of the Finance Division, has opened a separate account in SBP to avoid/stop direct access to the Non-Food Account-1. Accordingly, the PFM Act, 2019 is adopted in its true spirit and CDNS will route all its receipts and payments through this separate account titled “CDNS Zero Balance Account”. Finance Division will allocate a monthly budgetary ceiling and CDNS will monitor the ceiling on daily basis. This will help in better reconciliation and monitoring of the funds as well. For better and efficient transfer of funds electronically, CDNS is going to adopt RAAST [Pakistan’s first instant payment system that will enable end-to-end digital payments among individuals, businesses and government entities instantaneously. The state-of-the-art Pakistan’s Faster Payment System will be used to settle small-value retail payments in real time while at the same time provide a cheap and universal access to all players in the financial industry including commercial banks, microfinance banks, government entities and fintechs (EMIs & PSPs).] for speedy flow of funds through its financial tributaries.

ii. **ATM Debit Card Launch**

CDNS has accomplished soft launch of ATM debit card in December, 2021. However, for commercial purpose, it will be available at the end of January, 2022.

iii. **Sharia Product of National Savings**

There was a persistent demand of Sharia Compliant Product and CDNS has responded by starting developing its first-ever Sharia Compliant Product called Sarwa Islamic Savings Account (“SISA”) for those who desire to invest only in the Sharia-compliant scheme of CDNS. After approval from the Federal Cabinet, SISA rules were notified, dated 23.10.2019, in the official gazette. Accordingly, multiple conference calls and meetings had taken place between Dar Al Sharia (DAS) and CDNS team from time to time; whereby it was finalized that DAS team would meet DG, CDNS and DG, Debt on December 22, 2021, and update on the CDNS project. Accordingly, a meeting was conducted on the date in the premises of CDNS headquarters, Islamabad. The DAS presented the overall developments of SARWAR. It was decided in the meeting that CDNS would create Rafa National Savings, an Islamic Window of National Savings and notify the Shariah Board at their own level. After that, a “wakala” agreement is to be signed between the CDNS and Finance Division after vetting the same from the Shariah Board. The expected date for launch of Sarwa Islamic product is March, 2022.

iv. **Launch of Rs.100,000 Premium Prize Bond (Registered)**

Documentation of economy is considered as the most important to enhance security and handling of financial assets. After successful launch of Rs.40,000, Premium Prize Bond (Registered) National Savings is in the process of launching another registered prize bond of Rs.100,000/-. These registered bonds have the feature of automatic credit of prize money, if any, and profits thereon in the bank account of the customer.

v. **Issuance of Premium Prize Bonds from NSCs**

To document the financial instruments and to meet the FATF requirements of implementing AML-CFT regime, CDNS in collaboration with SBP launched the premium prize bonds which are registered on the name of investors. The bonds are available in SBP offices and commercial banks. However, CDNS has requested the Finance Division to advise SBP to arrange the RTGS facility for CDNS, so that CDNS may also offer these bonds from its counters of National Savings Centers.

vi. **Script-less Issuance of NSCs**

CDNS is moving towards fully digitized environment where script-less savings certificates will also be issued to general public. CDNS is engaged with Central Depository Company

(CDC) for dematerialization of its Savings Certificates. This process is under deliberations and will be implemented as and when feasible to the structural adaptability of CDNS. This will reduce the cost of stationary for the Government.

Targets and Achievements of CDNS during the FY 2020-21:

(PKR In Million)		
FY 2020-21	Gross	Net
Targets	935,385.00	(301,459.00)
Achievements	972,055.57	(320,510.91)

**NSS Investment Figures
PKR In Million**

Schemes	Gross	Net
	Achievements FY 2020-21	
Defence Savings Certificates	37,995.10	(9,132.62)
National Deposit Certificates	-	(0.00)
Khaas Deposit Certificates	0.08	(0.43)
Special Savings Certs (Regd)	95,503.50	(6,327.88)
Special Savings Certs (Bearer)	-	(0.50)
Regular Income Certificates	87,123.60	26,711.24
Bahbood Savings Certificates	172,828.86	2,549.42
Short Term Savings Certificates	14,152.36	(20,362.16)
Khaas Deposit Accounts	-	0.18
National Deposit Accounts	-	-
Savings Accounts	348,304.22	1,083.53
Special Savings Accounts	48,888.21	(39,659.08)
Mahana Amdani Accounts	4.87	(47.52)
Pensioners' Benefit Account	67,623.51	16,347.15
Shuhda Welfare Accounts	26.09	24.19
Prize Bonds	65,110.18	(315,531.72)
Premium Prize Bonds	29,562.94	25,147.19
Post Life Insurance	4,932.06	(1,311.91)
TOTAL	972,055.57	(320,510.91)



**Corporate
Finance
Wing**

CORPORATE FINANCE WING

CF-I Wing

The Corporate Finance Wing looks after the economic, financial and corporate affairs of various Public Sector Entities (PSEs). The financial support is provided to the PSEs for their operational restructuring to make them sustainable in the shape of Equity injections, and advancing Government's loans for the working capital requirements. 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 guarantees of GoP are issued for bank credit to meet their financial requirements under GoP guarantees.

The major activities / achievements during the FY 2020-21 are as under:-

A. Subsidy / Grant / GoP Guarantee:

- i. Subsidy of Rs.142.687 million was provided to Pakistan Machine Tool Factory as grant for Pay of Pakistan Machine Tool Factory Employees as per decision of ECC and Cabinet,
- ii. Credit Ceiling of Rs. 650.00 million was allowed to Pakistan Television Corporation (PTV) during FY 2020-21 in order to meet their cash flow requirement,
- iii. In addition to the above, Cash Credit Limits (CCLs) to the PASSCO, TCP and other Food Departments of Government of Punjab and Sindh for the procurement of Wheat, Sugar, Rice, Cotton, etc., maintain reasonable stock of commodities as per requirement.

B. Cash Loans / Cash Development Loan:

- i. With the approval of the ECC and the Cabinet an amount of Rs.37.894 billion was provided to Pakistan Steel Mills(PSM) as GoP loan to meet their requirement of pay and pension of PSM employees;
- ii. Cash loan of Rs. 500.00 million was provided to Pakistan Machine Tool Factory as decided by the ECC and verified by the Cabinet. Furthermore, Rs.25.00 million was also provided to State Engineering Corporation as GoP loan;
- iii. The Cash Development Loans (CDL) were extended to the following PSEs through PSDP on the prescribed terms and conditions:-

A. National Highway Authority	Rs.100,574.855 million
B. Pakistan Broadcasting Corporation	<u>Rs. 51.331 million</u>
Total	Rs.100,626.186 million

C. Non-Tax Receipts:

- During the FY 2020-21, the following amounts were received from various Public Sector Enterprises (PSEs) under Non-tax receipts heads against the Budgetary Estimates of FY 2020-21:-

i. Dividend Receipt on GoP Investment	Rs.43,853.251 million
ii. Recovery of GoP loans	Rs.16,858.425 million

CF-II Wing

A. Power Sector:

Energy supply is life line of the country's economy. To overcome electricity related issues, the Government is working on multi-pronged strategy including development of Power Projects based on indigenous resources both in public and private sector and strengthening distribution network. The planned expansion in the generation capacity also requires matching transmission infrastructure. In this regard, NTDC has developed and started implementation of a twin-phase System Constraints Removal Plan (TSCR) 2021-24. The salient features of the plan are:-

- The three years plan has been designed in two phases. First phase with the plan horizon July 2021 to June 2022 is envisioned to cater the immediate needs. It includes completion of ongoing transmission projects (new grid stations and associated transmission lines).
- NTDC Emergency Management Plan through internal arrangement through own resources:
 - Additions/Augmentations of 500/220 kv and 220/132 kv transformers at the existing grid stations.
 - Rehabilitation of 220 kv transmission lines.
- New NTDC's projects shall result in elimination of system constraints in NTDC network and would increase the capability of national grid system in the range of 2000 MW. Moreover, these NTDC projects shall also result in the reduction of expensive RFO based generation dispatch in the load centers.

The Government has accorded due attention to develop mega Hydel power projects including Mohmand Dam, Diamer Bahasha Dam & DASU Dam, and also supporting renewable energy projects under Renewable Energy Policy, 2019.

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 shape 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 implementation 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 market financing.

Further, Finance Division has collaborated with Power Division regarding framing of Circular Debt Management Plan (CDMP), covering targets for FYs 2020-21, 2021-22 and 2022-23. Consequently, the circular debt flow in FY 2020-21 was reduced to Rs.130 billion as compared to Rs.538 billion in FY 2019-20. However, further rationalization in electricity tariff due to different factors, Revised CDMP for FY 2021-22 and FY 2022-23 is under consideration before submission to Federal Cabinet.

To overcome liquidity issues, 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	Power Sector
1.	GOP Guarantees	In pursuance of ECC's decision, previous commercial financing to PHPL amounting to Rs.41.00 billion has been rescheduled and fresh GoP guarantee has been issued.
2.	SUKUK-II	In a land mark development, Finance Division facilitated Power to get financing upto Rs.199.966 billion through market competitive mechanism and a step forward to create debt market by issuance of Pakistan Energy Sukuk (Shariah Compliant). Accordingly, GoP guarantee has been issued.
3.	Subsidy	<ul style="list-style-type: none"> ➤ Power Subsidy of Rs.140.00 billion was earmarked in Power Division's demand during FY 2020-21 keeping in view the Prime Minister's Office directives that the subsidy is to be focused, targeted and re-oriented. ➤ Moreover, ECC also approved Economic Stimulus Package of Rs.63.940 billion to counter the adverse impacts of COVID-19 in the Power Sector.
4.	Shifting of the	ECC of the Cabinet decision No.ECC-167/19/2020 dated 6 th

S.N.	Particulars	Power Sector
	Circular Debt from Power Holding Limited to Government Debt.	May, 2020, approved the “ Conversion of Power Holding Company’s Debt to Public Debt ” amounting to Rs.804 billion . Accordingly, Rs.72.635 billion has been repaid to respective banks through PHL.
5.	IPPs Settlement as per Approved Mechanism	<p>➤ The CCoE and ECC in their meetings held on 08th February 2021 have approved the payment mechanism to IPPs and Cabinet has ratified these decisions on 09th February 2021. In accordance with approved mechanism Rs.403 billion will be paid to IPPs for their settlement.</p> <p>➤ In this connection, Rs.89.860 billion has been paid to 20 IPPs on account of first installment @ 40% of their payables upto November, 2020.</p>
6.	Cash Development Loans	<p>i) Released Rs.1,443.324 million for the project RBOD-III through WAPDA (Water).</p> <p>ii) Released Rs.5,609.787 million for the power projects.</p>

B. Petroleum Sector:

Policy measures and necessary following actions taken by the Government have visibly improved the performance of oil & gas sector: -

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

In addition to release of funds through budgetary allocations, Finance Division also supports in the following matters:-

- i. An amount of over Rs.400 billion as GIDC arrears are held with fertilizer sector, CNG sector, Power sector companies. In this regard, the honorable Supreme Court of Pakistan has decided the case in favour of GoP,

however, allowing the relevant companies to pay in installment. GoP is engaged with the sectoral players for recovery of the same.

- ii. Finance Division is actively supporting the trans-border gas transportation project and providing funding support through policy intervention.

C. PIACL:

During the FY 2020-21, PIACL strived to remain in the business despite many challenges such as COVID-19, Legacy loans and European Aviation Union Safety Agency (EASA) suspension. Government of Pakistan has provided following support to improve air traffic and better services delivery:-

- i. MoF issued Letter of Comfort to the tune of PKR 32,500 Million.
- ii. PKR 18,824 Million was released by GoP on account of Markup reimbursement to financial institution.
- iii. Voluntary Separation Scheme (VSS) was introduced by PIACL and 1,838 (approx.) employees opted this scheme and an amount of PKR 8,000 Million (approx.) was paid to them as full and final settlement for which cash support was released by MoF and Aviation Division.
- iv. Despite all constraints and international border closure, PIACL continued to operate aircraft for grasping charter and cargo revenue.
- v. Financial restructuring plan submitted by Advisor to PM on Institutional reforms which under consideration of the Govt.



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 of PCs of Development Projects of PSDP / Preparation of briefs for CDWP /ECNEC /NEC meeting.
- (c) Representation of Finance Division in quarterly review/ monthly review/ special review of Federal PSDP Projects held in PD&SI Division.
- (d) Representation of Finance Division in CDWP Meeting at Joint Secretary/ AFS level.
- (e) Coordination with respective JS's Expenditure of Ministries/ Divisions on PC-Is placed before DDWP, CDWP & ECNEC meetings.
- (f) Releases of PSDP funds for development Projects of Finance Division (Main).
- (g) Representation of Finance Division in the Selection Committees Constituted in different Ministries/ Divisions for the appointment of Independent Project Director (PPS).
- (h) Dealing with Project Management & Evaluation System (PMES).
- (i) Dealing with Intelligent Project Automation System (IPAS).
- (j) Dealing with Prime Minister's Delivery Unit (PMDU).

Achievements during FY-2020-21:

During the FY 2020-21, Development Wing examined **363** PC-1s and participated in **101** Pre-CDWP, **30** CDWP, **06** ECNEC, and **01** NEC meetings to discuss/ recommend/ rationalize the cost of the PSDP Projects.

Development Wing represented the Finance Division in a series of meetings convened by Planning Commission for simplification of Development Procedures to Improve Project Management including release of PSDP funds and its effective utilization. Resultantly, after consultation with all stake holders i.e. Planning Commission, Budget Wing, Regulations Wing, CGA and AGPR, the release mechanism for utilization of Development Budget was made quite simple.

Development Wing participated in the Annual Plan Coordination Committee (APCC) meeting to finalize Indicative Budget Ceiling for Development Projects. During the formulation of PSDP 2020-21, Annual work/cash plan of 06 Development Projects of Finance Division (Main) were finalized and got approved from Finance Secretary/ PAO and Planning Commission, and uploaded on the PMES System for regular monitoring. Development Wing also represented Finance Division in the quarterly/ mid year/full year review meetings of PSDP 2020-21 in the Planning Commission.

The Development Wing coordinated/ facilitated for Budget Estimate (BE) Revised Estimates/ New Item Statement (NIS) / Allocation and Release of PSDP funds to the Projects of Finance Division (Main) amounting to Rs.416.500. The Project Directors of respective Projects are responsible for the expenditure incurred on the PSDP Projects. Project wise Allocation and Release of funds during **FY 2020-21** is as follows:-

Sr#	Name of the Project	Total Allocation 2020-21	Total Released 2020-21
(i)	Expo Center, Peshawar (PSDP No. 174).	296.500	296.500
(ii)	Financial Inclusion & Infrastructure Project (PSDP No. 175).	100	100
(iii)	Construction of National Academy of Public Finance and Accountancy (PSDP No. 190).	10	10
(iv)	Expo Center, Quetta (PSDP No. 195).	100	10
Total		506.500	416.500

- Ensured monthly reconciliation statements and appropriation/ re-appropriation of Development Expenditure of Projects of Finance Division (Main).
- PC-IV/PC-V of the closed Projects asked from concerned authorities of projects to forward to Planning Division for their further necessary action.



**Economic
Advisor
Wing**

ECONOMIC ADVISOR WING

Performance:

During FY 2020-21, Economic Adviser's Wing performed the following activities:

A. Publication – Pakistan Economic Survey

Economic Adviser's Wing regularly prepares and publishes the annual document Pakistan Economic Survey along with its highlights both in English and Urdu. Pakistan Economic Survey 2020-21 launched by the Minister for Finance and Revenue on 10th June, 2021 which was later on presented to the National Assembly in the Budget Session 2021-22 on 11th June, 2021. Economic Survey evaluates the overall economic performance of the country, reviews government's policies and implementation status in all sectors on the basis of preceding fiscal year's data and covers the following 16 chapters and 04 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. Special Economic Zones
ii. Tax Expenditure	iv. Impact of COVID-19 on Socioeconomic Situation of Pakistan.

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. The soft copies of Economic Survey are also prepared for its national and international users. The soft version of Economic Surveys

published during the last fourteen years can also be accessed on the official website of Finance Division www.finance.gov.pk. From where relatively longer time series data can be compiled for detailed analysis. So far over 42,000 visitors accessed the document and around 2900 copies of Pakistan Economic Survey distributed during the FY 2020-21.

B. Publication - Statistical Supplement of Pakistan Economic Survey

Economic Adviser's 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 the major 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 & attached Departments. Statistical Supplement of the Pakistan Economic Survey 2019-20 was published on 10th December, 2020.

C. Monthly Economic Update & Outlook

Economic Adviser's Wing has been publishing Monthly Economic Update & Outlook since March 2020 regularly 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 for coming months. Total 16 reports pertaining to Monthly Economic Update & Outlook have been published during March 2020 to June 2021.

D. National Price Monitoring Committee (NPMC) meetings

A National Price Monitoring Committee (NPMC) has been constituted on 24th January, 2011 under the chairmanship of Secretary Finance Division to review and monitor prices and supply situation of essential food items on monthly basis. Economic Adviser's Wing is the Secretariat of the committee having representation from Ministry of Commerce, Ministry of Industries, Ministry of National Food Security & Research, Ministry of Planning, Development & Special Initiatives (Pakistan Bureau of Statistics), Chief Secretaries and Secretaries of the concerned departments of provincial governments. Economic Adviser's Wing is conducting the meeting of National Price Monitoring Committee (NPMC) on weekly basis to mitigate the price pressure and to ensure the smooth supply of essential commodities. During FY 2020-21, a total of 31 meetings have been convened with the purpose to provide relief to the general public.

E. Monetary and Fiscal Coordination Board meetings

Economic Adviser's Wing also serves as the Secretariat of Monetary and Fiscal Policies Coordination Board which is chaired 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 Adviser to the PM on Commerce & Investment, Deputy Chairman Planning Commission, Secretary Finance Division, Governor State Bank of Pakistan and two eminent economists. During the period under review, the board held 02 meetings while 32 meetings have so far been convened since its inception in 24th May, 1995.

F. Establishment of Macro-Fiscal Policy Unit

The Establishment of Macro-Fiscal Policy Unit is planned to strengthen professional and analytical capacity of the Ministry of Finance which will provide its estimates on the overarching macroeconomic and fiscal framework through state of the art Econometric Modeling. The unit will perform the following functions:

- i. Conduct modeling & forecasting of key macro-economic variables;
- ii. Prepare Medium Term Macro - Fiscal Framework;
- iii. Interface with relevant stakeholders like Planning Commission, FBR, PBS, SBP, etc.;
- iv. Establish and maintain up-to-date database of major macroeconomic variables for policy analysis and forecasting;
- v. Secretariat of Fiscal Coordination Committee & National Tax Commission/Committee;
- vi. Provide technical support in designing, calculating or modifying NFC Award;
- vii. Conduct risk analysis for implementation of budget/MTBF/MTFF; and
- viii. Professional policy inputs in coordination with academia and experts.

G. Parliament Business

Economic Adviser's Wing also prepared replies and responses pertaining to the National Assembly and Senate questions, resolutions and motions for the Finance Minister/Parliamentary Secretary related to economic matters. Similarly, briefs and speeches were prepared for the Finance Minister which were presented at various national and international forums.

H. Other Tasks

Economic Adviser's Wing has provided inputs on all the relevant economic and financial matters to the other wings of Finance Division. During 2020-21, Economic Adviser's Wing represented Ministry of Finance in meetings with International Monitoring Fund, World Bank, Asian Development Bank and other high level national committees like National Accounts Committee, Senate Standing Committee for Finance and Revenue, Annual Plan Coordination Committee, Technical Committee for New Base Year, Data Producer Council and Federal Committee on Agriculture, etc.

The Wing also provides input/comments on State Bank of Pakistan Quarterly & Annual reports, Standard and Poor, Fitch and Moodys, etc. During 2020-21, the Economic Adviser's 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.



Expenditure Wing

EXPENDITURE WING

Auditor General of Pakistan (AGP):

Total Audited Accounts for the FY 2019-20 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		5 Unqualified 2 Qualified 1 adverse
3	Provincial- Punjab+ Punjab Health +Punjab Education	147	1,697,538,578,850	Unqualified
4	Provincial- Sindh	3	860,650,587,750	Unqualified
5	Provincial- KP + Distt KP	55	542776485897	Provincial Appropriation Accounts. Unqualified Provincial Financial Statement. Unqualified District Government Appropriation Accounts. Qualified District Government Financial Statement Disclaimer
6	Provincial- Balochistan	2	260278632867	Unqualified
7	ERRA	1	3445258	Qualified
8	AJ&K Government	2	123541596541	Unqualified
10	Gilgit Baltistan Council	2	597451647	Un-Qualified
11	Gilgit Baltistan Government	2	59,429,086,919	Unqualified
12	National Disaster Management Authority	1	0	-
13	Provincial Disaster Management Authority Sindh	1	0	-
Total		226	26,063,288,004,372	-

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 2020-21, 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	19,149,494.709
2	Recovery made at the instance of audit	487,235.085 USD \$0.037 Euro 0.003
3	Amount placed under audit observations	10,104,733.007

The Wing wise detail of Audit is as under:

(Rs. in million)

Sr. #	Description	Total amount Audited	Recovery made at the instance of audit	Amount placed under audit observations
1	DAG (FAO)	2,599,383.057	4,654.249	411,268.696
2	DAG (CA&E)	12,561,392.074	442,682.231	7,399,568.18
3	DAG (DSA)	1,310,328.893	3,807.129 USD \$0.037 Euro 0.003	738,086.375
4	DAG (North)	392,421.834	1,375.147	143,949.751
5	DAG (South)	1,118,924.412	1,256.515	293,691.567
6	DAG (SSA & RRA)	592,373.000	27,832.33	133,501.88
7	DAG (Central)	574,671.439	5,627.484	984,666.558
Total		19,149,494.709	487,235.085 USD \$0.037 Euro 0.003	10,104,733.007

The Field Audit Offices produced 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. 487,235.085 Million, USD \$0.037 Euro 0.003.

Table below provides nation-wide figures of audit reports issued in the audit year 2020-21:

Sr. No.	Description	No. of Reports
1	Audit Reports	01
2	Special Audit Reports	0
3	Performance Audit Reports	01
4	Other Audit Reports (Audits of foreign funded Projects, IT & Environment Audit /Special Study)	05
Total		07

The Wing wise detail of Audit is as under:

Description	DAG (FAO)	DAG (CA&E)	DAG (DSA)	DAG (Central)	DAG (RRA)	DAG (South)	DAG (North)	Total
Audit Reports	9	12	03	11	01	4	40	80
Special Audit Reports	8	08	09	7	0	13	8	53
Performance Audit Reports	2	09	0	6	01	4	13	35
Foreign Aided Project Reports	37	43	10	21	01	25	41	178
IT/IS Report / others	1	01	0	2	0	1	2	7
Environment Audit Report	0	0	0	0	0	0	1	1
Special Studies Reports	0	07	01	04	04	5	8	29
Certification Audit Report/Project Audit Reports/Forensic Audit Reports	9	08	0	1	0	0	-	18
Total	66	88	23	52	07	52	113	401

Controller General of Accounts (CGA)

Introduction:

The office of the Controller General of Accounts (CGA) was established under Controller General of Accounts (Appointment, Functions and Powers) Ordinance, 2001. After its establishment, the accounting functions were transferred to this office from office of the Auditor General of Pakistan. The office of Controller General of Accounts is responsible for maintaining an efficient and effective accounting and financial reporting system of the Government of Pakistan,

Provincial and District Governments. As per CGA Ordinance, 2001 some of the major functions of this office are as follow:-

- a. Maintenance of accounts of the Federation, Provincial Governments and District Governments and of such organizations and authorities established by these Governments.
- b. To submit the accounts after the close of financial year to the Auditor General, showing under the respective heads, the annual receipts and disbursements for the purpose of Federation and of each Province within the time-frame prescribed by the Auditor-General.
- c. Authorizing payments and withdrawals from Consolidated Fund and Public Accounts against approved budgetary provisions and after applying pre-audit checks.
- d. To render advice on accounting procedures for new schemes, programs or activities undertaken by the Government concerned.
- e. Develop and maintain an efficient system of Pension, Provident Fund and other retirement benefits in consultation with the concerned Government.

In order to carry out its functions, the following offices work under the administrative control of Controller General of Accounts:-

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

KEY ACTIVITIES AND ACHIEVEMENTS OF THE OFFICE DURING THE PERIOD 2020-21

Following are some of the major activities under taken by office of the Controller General of Accounts during the FY 2020-21 to achieve its goals and objectives:-

1. Annual Accounts including Appropriation Accounts and Financial Statements of the Federal, Provincial and District Governments for the Financial Year 2020-21 got prepared and submitted to Auditor General of Pakistan on 31.12.2021 for onward submission to the respective Government and Assembly.

2. Combined Financial Statements (CFS) of the Federal, Provincial and District Government for the FY 2019-20 prepared and submitted to the Auditor General of Pakistan for authentication as well as onward submission to the respective Government.
3. The CGA, FABS Directorate in consultation with Sindh/Balochistan Revenue Authorities and Accountants General Sindh/Baluchistan has developed SAP-based solution for mandatory deduction of sales tax on services rendered on payments processed by AGs/DAOs. Through these solutions the FABS system synchronizes with FBR database on a daily basis to verify the status of sales tax registration of vendors/suppliers. The system ensures that the correct amount of sales tax on services at applicable rates is withheld from the bills processed at AGs/DAOs.
4. More than 1.6 Million Government employees/pensioners are receiving their salary and pension slips through email, every month. This has contributed towards curbing the increasing cost incurred on the purchase of paper stationery and the repair & maintenance of printers at government offices. The measure is also appreciated by government employees and pensioners as they are receiving a monthly pay/pension slip on their registered email address, for their reference and record keeping.
5. CGA/FABS is also working on developing OM module-based, dashboards: which will provide regular update on sanctioned, vacant and filled posts in various government departments districts across the respective provinces, at the click of a button; (online sanctioned posts data is available online at <http://m.pifra.gov.pk/ddops>) thereby enabling better rationalization of human resources across the Federal and Provincial Governments.
6. Biometric verification of pensioner's life certificate is one of the initiatives to provide pensioners the facility of biometric verification linked with NADRA that would automatically provide 'proof of life' to the Computerized Pension System.
7. Dashboards for AGPR and Provincial Accountants General have also been developed. Dashboard for Planning and Development Department Sindh has been developed for monitoring of ADP schemes. Dashboard has been developed for Federal Government which can be accessed by Ministry of Finance and Revenue.
8. FABS directorate developed a standardized and simplified online billing solution to bring transparency in process, ease of doing day to day business and to facilitate in reporting. Under online bill submission, bills will be submitted by DDOs electronically through a web link/portal.

9. Monthly Civil Accounts for Federal Government, Provincial Government of Punjab, Sindh, Khyber Pakhtunkhwa and Gilgit Baltistan have been made system generated and monthly Accounts of Accountant General Azad Jammu & Kashmir will be made system generated in the Fiscal Year 2021-22.
10. Micro Payment Gateway (MPG) is a payment system which will help direct transfer from State Bank of Pakistan to any IBAN Account of payees. Work on MPG is in progress to convert normal bank to IBAN accounts to facilitate MPG implementation



External Finance (C&B) Wing

EXTERNAL FINANCE (C&B) WING

Pakistan entered into an SDR 4.268 billion (USD 6.0 billion) 39 month Extended Fund Facility (EFF) with the IMF in July 2019. Of this amount, SDR 1,394 million have been disbursed under the program, including SDR 350 million in March 2021 after successful completion of 2nd to 5th reviews.

Additionally, the IMF Board of Governors, approved on 2nd August, 2021 a general allocation of about SDR 456 billion (about USD 650 billion) to boost global liquidity and mitigate the socio-economic impact of Covid-19 crisis. The SDRs were credited to IMF member countries in proportion to their existing quotas in the Fund; accordingly, Pakistan received SDR 1,946 million.

The stabilization measures by the Government in FY 2020-21 were successful in improving macroeconomic stability fundamentals and addressing Pakistan's external account vulnerabilities. Friendly countries China and UAE reposed confidence in the Government's reform agenda and rolled over seven deposits of USD 5,450 million (3 by China SAFE and 4 by UAE) to support country's balance of payments position. An additional deposit of USD 1 billion was provided by China in July, 2020.

During FY 2020-21, the international credit rating agencies affirmed Pakistan's progress towards macroeconomic stability. Moody's, Fitch and S&P reaffirmed Pakistan's sovereign outlook as 'Stable'.

In line with the Government's commitment to work for the welfare of overseas Pakistanis, Naya Pakistan Certificates and Islamic Naya Pakistan Certificates were launched. These certificates provided an attractive investment opportunity to the Pakistani diaspora by offering sizeable returns while increasing the foreign exchange deposits in Pakistan.

Government of Pakistan completed two reform programs with Asian Development Bank namely (i) Third Capital Markets Development Program; and (ii) Trade and Competitiveness Program in FY 2020-2021. Third Capital Markets Development Program (Subprogram 1) of USD 300 million aimed at supporting demand and supply measures to broaden and deepen the financial system in Pakistan. The Trade and Competitiveness Program amounting to USD 300 million aimed at facilitating implementation of key reforms in a sequential manner to strengthen the export sector's competitiveness and facilitate trade diversification.



**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). The performance of EFP Wing during the FY 2020-2021 is as under:-

- i) Tracked federal and provincial government's expenditures under Poverty Reduction Strategy Paper-II (PRSP-II) for FY 2019-20.
- ii) Participated in Project Board on Sustainable Development Goals (SDGs) established by M/o Planning, Development & Special Initiatives.
- iii) Implementation of reforms under World Bank's Resilient Institutions for Sustainable Economy (RISE-II) program focusing on fiscal management, sustainability, economic growth and competitiveness. US\$ 400 million are expected to be disbursed.
- iv) Securing Human Investments to Foster Transformation (SHIFT-II) has been successfully concluded. The program focused on improved access to quality healthcare and education, supporting economic opportunities for women, and strengthening social safety nets for Covid-19 response. US\$ 400 million have been disbursed under this program.
- v) Concluded policy reforms program under Program for Affordable and Clean Energy (PACE) focusing on energy sector reforms. US\$ 400 million have been disbursed under PACE. Reforms under PACE-II are being implemented.
- vi) Disbursement of US\$ 286.1 million under World Bank's "Public Financial Management and Accountability to Support Service Delivery-Program for Results (PFR).
- vii) Negotiated terms and conditions of WB loans and grants worth US\$ 3786.8 million for various projects and programs.
- viii) Actively participated in the Board meetings of SAARC Development Fund and ECO Trade & Development Bank to safeguard our national interests.
- ix) Furthermore, presented Finance Division's view points on various issues raised in various Joint Ministerial Commissions and Joint Economic Commissions.



**Finance
Division
(Military
Finance Wing)**

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 related 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 the best value for money. In addition, achievements in other main areas are highlighted as under:-

- During FY 2020-2021, the sanctioned budget allocation was Rs 1,290.000 billion. Service-wise / head-wise expenditure was monitored carefully. Budget Estimates for the financial year 2021-22 were also scrutinized in detail and Ministry of Defence was advised to accommodate all the demands within Indicative Budget Ceiling. Accordingly, budget has been allocated to tri-services, ISOs, Accounts Orgns and DP Establishments within the IBC and approved budget thereof, and due to financial management in place, efforts were made to keep the expenditure within the allocated ceiling.
- Defence expenditure/receipts are classified in 31 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.
- Optimum efforts have been made to facilitate the Armed Forces and Attached Departments of Ministry of Defence for timely flow of finances, within the parameters of existing rules and regulations.
- Endeavor has been made to meet the operational requirements of the Armed Forces within the allocated resources. In this regard, extra efforts are made by persuading the procurements agencies to generate healthy competition among the competitors in order to ensure transparency and best value for money, as per instructions contained in PPRA Rules.
- Efforts have been made to streamline budgetary proposals in line with Public Finance Management Act, 2019.

Program of Activities/Targets

- Timely disposal of all cases.
- Strict adherence to relevant financial regulations and procedures in finalization of cases.
- Finalization of Revised Estimates 2020-21 and Budget Estimates 2021-22 with due regard to economy in expenditure.

All the above targets assigned to this Wing have been achieved well in time and within the stipulated period with no pendency at the end of financial year i.e. 30th June, 2021. The inputs of this Wing during FY 2020-21 had led to value-creation and yielded savings for national exchequer after cost rationalization without compromising operational efficiency.



**Internal
Finance
Wing**

INTERNAL FINANCE WING

Anti Money Laundering

Financial Monitoring Unit (FMU)

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

The key functions of FMU are:

- Receive Suspicious Transactions Reports (STRs) & (Cash-based) Currency Transaction Reports (CTRs) from Reporting Entities.
- Analyze the reports and call further information from reporting entities.
- Refer transactions needing further investigation to the designated Law Enforcement Agencies (LEAs) and those requiring regulatory / administrative actions to concerned regulatory bodies.
- Create & maintain databases of STRs and CTRs.
- Cooperate with other FIUs and to share and request information subject to reciprocal agreements entered into by the Federal Government.
- Frame regulations for receipt of STRs & CTRs in consultation with AML / CFT Regulatory Authorities.
- Represent Pakistan at international and regional forums dealing with money laundering and financing of terrorism.

Performance / achievements during the Year 2020-2021

The Financial Monitoring Unit (FMU) is the Financial Intelligence Unit of Pakistan and its primary responsibility is to receive, analyze and disseminate the financial intelligence information, concerning suspected proceeds of crime that are apparently linked to money laundering or financing of terrorism to the law Enforcement Agencies (LEAs) and the regulatory authorities. In this respect, FMU has been generating financial intelligence reports based on the analysis of STRs that are reported by the reporting financial institutions and other entities,

under the AML Act, 2010. These financial intelligence reports are expected to support the LEAs in carrying out effective investigations and prosecutions.

FMU continued developments not only in its core functions of receipt and analysis of STRs/CTRs but also strengthened international cooperation on AML/CFT with various countries. FMU's analytic function (analysis of STRs/CTRs and dissemination to LEAs and AML/CFT Regulators) has been made fully automatic on go AML application during the last three years period. This has considerably reduced the paper work.

So far, FMU has entered into 14 MOUs with counterpart FIUs for information exchange on ML/TF of which two MOUs (Australia and UAE) were signed in the fiscal year 2020-21.

To improve Pakistan's compliance with FATF 40 recommendations, a thorough review of the AML Act, 2010, was undertaken by FMU. These amendments were enacted in September 2020.

Based on the legislative amendments made in the AML Act, 2010, various underlying rules and regulations including Sanctions Rules, High Risk Jurisdiction Rules, Assets Forfeiture Rules, Referral Rules. Further AML / CFT Regulatory Authorities i.e. SBP, SECP, CDNS, Pakistan Post, FBR (DG DNFBPs), ICAP and ICMAP issued comprehensive AML/CFT Regulations in September 2020 and FMU being the lead agency coordinated and provided necessary input in framing of these regulations.

DNFBPs including real estate agents, jeweller, and accountants were brought into the reporting regime of FMU and are now registered with FMU on GoAML for filling of STRs.

FMU played a lead and active role on the follow-up reports on Pakistan's Mutual Evaluation Report-2019 (MER). At the time of adoption of MER, Pakistan's legal framework was judged as weak (10/40 recommendation as C/LC). Based on the legislative amendments, Pakistan sought for re-rating of 26 recommendations that were previously rated partially or non-compliant. As a result of efforts and FMU's role, Pakistan has been given upgrades on 25 Recommendations, leading the aggregate to 35/40 Recommendations rated as C or LC. Pakistan is now in the top tier of countries that have achieved a rating of C/LC for over 30 of the 40 FATF Recommendations

In April 2021, Pakistan submitted Post Observation Period Report to FATF on the progress against 11 immediate outcomes. FMU led two Immediate Outcomes for effectiveness i.e. IO1 (Risk, policy and coordination) and IO6 (Financial intelligence). In both the IOs (5xIO1 and 12xIO6), all the Recommended Actions were assessed as largely addressed by the FATF. In addition, FMU contributed in other IOs which mainly included IO2 (International cooperation), IO7 (ML investigation and prosecution), IO9 (TF investigation and prosecution) and IO10 (TF preventive measures and financial sanctions) and in all these IOs, FMU's related recommended action were assessed as largely addressed.

A number of cases based on Strategic Analysis have been developed and disseminated by FMU based on the available and obtainable information to identify money laundering and terrorist financing trends and patterns. Strategic Analysis conducted is based on multiple factors such as vulnerable geographical regions, high risk predicate offences, product-based analysis, etc. Strategic analysis conducted during the FY 2020-21 by FMU includes:

- Strategic Analysis on Schedule-IV STRs
- Strategic Analysis on ML Risks Associated with Cash Courier
- Strategic Analysis on Schedule-IV STRs
- Strategic Analysis on Schedule-1 STRs
- Strategic Analysis on Schedule-IV STRs
- Strategic Analysis on Strategic Analysis on CTRs
- Strategic Analysis on Misuse of Prize Bonds of Money Laundering
- Strategic Analysis on Misuse of NPOs for Money Laundering/terrorism Financing
- Strategic Analysis on Comingling of funds through cash intensive business _ Petroleum Sector
- Foreign Remittances-Risk of Money Laundering and Terrorist Financing
- Analysis of Attempted / Rejected transactions / activities
- Strategic Analysis on Comingling of Funds through Cash Intensive Businesses – Real Estate
- ML/TF Risk associated with Afghan Refugees/Migrants

On the basis of FMU's referrals, LEAs have registered a number of cases on the offence of ML/predicate offences and also made huge recoveries on the basis of these referrals. Regulators have also taken corrective measures on the basis of

FMU's referrals. FMU has also coordinated & arranged a number of capacity building programs for AML/CFT stakeholders.

Keeping in line with FMU's commitment to the national cause despite the prevailing pandemic situation, FMU has been actively involved in enhancing capacity building of FMU officers and other stakeholders. The FMU has conducted numerous capacity building sessions for Law Enforcement Agencies (LEAs) and Reporting Entities (REs). The objectives of these sessions were to enhance the understanding of LEAs & REs officials about the recent developments in the field of AML/CFT, overview of the Anti-Money Laundering (AML) Act 2010 and its amendments, FMU's guidelines for LEAs on utilization of Financial Intelligences (FIs) and Feedback mechanism. Emphasis of these sessions was to enhance FMU and LEAs interface to improve interagency coordination, confidentiality of financial intelligence and feedback from Law enforcement to improve the effectiveness of the AML/CFT regime.

In the year 2020-21, FMU in collaboration with all the relevant stakeholders have developed National AML / CFT Strategy in order to address the concerns / risks identified in the NRA-2019

Future policies, priorities

- Completion of FATF Action Plans
- Getting upgrades on remaining recommendations remaining Partially / Non-Compliant in the MER
- Conducting focused sectoral risk assessment
- Reviewing National roadmap and national strategy in order to address new risk / threats
- MoUs to be signed with FIUs of other countries.
- To obtain the membership of Egmont Group for FMU.
- To arrange capacity building programs through APG's DAP (Donors and Providers Group) for all AML/CFT stakeholders.
- To arrange AML/CFT awareness raising campaign programs in coordination with regulators and law enforcement agencies.
- To make more effective cooperative framework between FMU and LEAs to get periodic feedback in respect of inquiries / investigations / prosecutions and other statistics.
- To provide feedback reports to reporting entities enabling them to review their AML/CFT measures.
- To continue working closely with APG and other international bodies.

Pakistan Mint Lahore

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.

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) **The Details of its “activities”, “achievements”, and “progress” during the FY 2020-21 giving only the un-classified information which can be used for reference purposes;**

1) Coinage Production of Pakistan Mint.

S.#.	Regular Coins	No. of Pieces Produced	Value In Rupees
1.	Re-1 Coin	36.808 million	36.808 million
2.	Rs-2 Coin	2.325 million	4.650 million
3.	Rs-5 Coin	62.545 million	312.725 million
4.	Rs-10 Coin	---	---
	Total	101.678 million	354.183 million

S.#.	Commemorative Coin	No. of Pieces Produced	Value In Rupees
1.	Rs.70/- Commemorative coin 70 th Anniversary of Pakistan China Diplomatic Relations	0.100 million	7.0 million

2) Non-Coinage Production

During the preceding FY 2020-21, Pakistan Mint planned to produce non-coinage items i.e. Medals, Shields, Embossing Machine, etc. upon the indent of different departments. Following non-coinage items produced during FY 2020-21 amounting to Rs. 104.350 million against target of Non Tax Revenue of Rs.50 million.

S.N.	Items	Quantity Produced
1	Medals	76957
2	Badges / Ranks	103
3	Coin Pieces	12109
4	Stamps & Seals a/w types	252
5	Year Type / Month type & date	33923
6	Coat Flag / Lapel Pins	10
7	P.P Seal / Sealers / P.M Seals	241
8	Shields	73
9	Pakistani Crest	1038
10	Embossing Machine a/w dies	39
11	Hanging Pin	1953
12	Paper cutter	17
13	Ribbons	237
14	Velvet Box	82
15	Brass Seal & Sealing Bits	20
16	Year Punches	675
17	Embossing Press Dies	2
18	Portrait	1
19	Sealing Pliers a/w bits	7
	Total	127739

(b) The programme of activities and targets set out for itself during the FY 2020-21 and the extent to which they have been realized;

1) Production Planned by Pakistan Mint for Financial Year 2021-22

Pakistan Mint has requested the State Bank of Pakistan (SBP) for indent of coins for FY 2021-22. However, this department has planned the production as per following details:-

In million

Production Planned				Coins Produced upto 30-11-2021	
S.#.	Regular Coins	No. of Pieces	Value	No. of Pieces	Value
1.	Re-1	40.000	40.000	23.240	23.240

Production Planned				Coins Produced upto 30-11-2021	
S.#.	Regular Coins	No. of Pieces	Value	No. of Pieces	Value
2.	Rs-2	40.000	80.000	-	-
3.	Rs-5	90.000	450.000	11.215	56.075
4.	Rs-10	100.000	1000.000	-	-
	Total	270.000	1570.000	34.455	79.315

S.#.	Commemorative Coin	No. of Pieces Produced	Value In Rupees
1.	Rs.100/- Commemorative coin on the 100 th Anniversary of NED University of Engineering and Technology, Karachi.	0.090	9.000
2.	Rs.70/-Commemorative coin 70 th Anniversary of Pakistan China Diplomatic Relations	0.050	3.500

2) Non-Coinage Revenue Receipts

Rs. in million

S.#.	Estimated Budget 2021-22	Actual Collection Upto 30-11-2021
1.	50	6.327

(c) Other relevant Information

The department would continue its efforts for meeting demand in coming 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 new PSDP titled “Modernization and Upgradation of Pakistan Mint Phase-II-A” has been started with effect from 01-07-2021 for mechanical/electrical and associated civil works.

ZARAI TARAQIATI BANK LIMITED (ZTBL)

Zarai Taraqiati Bank Limited (ZTBL) being the successor of Agricultural Development Bank of Pakistan (ADBP) is the single largest financial institution of Agri. Financing 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 2020-21:

The Bank maintained its position as the main source of institutional financing in the agriculture sector. During the fiscal year 2020-21, an amount of Rs.78,500.10 million was disbursed by the Bank. During the same period the Bank facilitated 346,901 farmers with the aforementioned advanced amount. This is indicating an increase of Rs.16,213.98 million (26%) as compared to loans amounting to Rs.62,286.10 million disbursed during the corresponding period of last year.

Another target of agri. outstanding loan portfolio of Rs.130,000.00 million was assigned to the ZTBL by the SBP, against which ZTBL successfully reduced the principal outstanding amount to Rs.118,365.24 million during the period under review, showing reduction of 8% amounting to Rs.10,993.64 million over the same period of the last year.

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.59,105.09 million made for production purpose representing 75% 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.19,394.99 million constituting 25% of the total agricultural credit was disbursed under development loans. The development loans were mainly utilized for tractors, farm mechanization, tube-wells, dairy farming and poultry farming, etc.

The Bank has also provided loans amounting to Rs.49,166.34 million and Rs.29,333.735 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.67,055.75 million, Rs.11,159.49 million and Rs.284.83 million respectively from the Bank.

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. E Credit Scheme are major schemes. The Bank provided loans amounting to Rs.56,188.05 million under “Sada Bahar Scheme” and Rs.2,704.63 million under Punjab Government Agri. E. Scheme 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.76,285.07 million to small farmers constituting 97% of total agriculture credit.

Recovery Operations

During the Fiscal Year 2020-21, ZTBL successfully recovered an amount of Rs.93,854.538 million.

Recent initiatives taken by the Bank during the Fiscal Year 2020-21.

i. Fiscal Package Announced by The Prime Minister in The Wake of Covid-19 Pandemic:

The Government of Pakistan has announced a Fiscal Package of over Rs.1,200 billion in the wake of Covid-19 Pandemic and ECC of the Federal Cabinet, in its meeting dated July 22, 2020 approved allocation of mark-up subsidy amounting to Rs.6.8 billion to ZTBL to augment Govt. efforts and facilitate farming community. Salient features of the program are given below:

- All new and existing borrowers of ZTBL with landholding up to 12.5 acres are eligible to avail the package.

- Loans disbursed during the fiscal year 2020-21 and outstanding as of June 30, 2020 (for which mark-up will be accrued during July 1, 2020 to June 30, 2021) shall be eligible in the subject scheme.
- The mark-up subsidy shall be valid for fiscal year 2020-21 for all loans/schemes of the Bank, except Government of Punjab E-Credit scheme and Rural Development Scheme of AJ&K.
- Government of Pakistan shall bear mark-up @ 10% on agricultural loans for Fiscal Year 2020-21 and the individual farmers shall bear balance mark-up as per the agreed terms.
- The subsidy shall however be available to the date of full repayment of loan or the due date, or up to June 30, 2021, whichever is earlier.
- In case of default, the borrower shall be liable to pay applicable mark-up for the defaulted period.
- Markup subsidy of the Government of Pakistan shall only be valid for Fiscal Year 2020-21. As such, installments of loan beyond this period will be repaid by the borrowers as per recovery schedule.

ii. Financing for “Green Banking Products”

In light of “Green Banking Guidelines issued by State Bank of Pakistan (SBP)” and Green Banking Policy of ZTBL five Green Banking Products have been proposed, designed and developed by ZTBL. These products will not only help in mitigating the harsh effects of climate change on agriculture but also helps in conserving natural resources like water, soil energy and protection of environmental hazards such as environmental pollution and smog etc. Under the scheme, the Bank will finance following five (05) Green Banking Products: -

- 1) Raised Bed Planter/ Machine
- 2) Direct Seeding Rice/ Planter
- 3) Happy Seeder/Pak Seeder
- 4) Solar Dryer
- 5) Solar –powered Drip Irrigation System

Maximum financing limit under the scheme is up to Rs. 1.500 million per borrower/party.

iii. Financing for “Establishment of Agri. Tourist Outlet/Orchard”

Gilgit-Baltistan is primarily a rural society dotted with small urban centers and agriculture is the primary occupation of rural people. The main strength of the economy of Gilgit-Baltistan (GB) is largely depends on dry fruits and agriculture. More than 15 lac domestic and international tourists visit Gilgit-Baltistan every

year. Unfortunately, poor farmer could not benefit directly from such mass inflow of tourists in the area because of exploitation by intermediaries/middlemen.

Keeping in view this scenario and to gather Agriculture & Tourism in such a way that local farmers could fetch maximum benefit of their agriculture produce, ZTBL played its role for promotion of agri. sector by facilitating the farming community to provide loans for “Establishment of Agri. Tourist Outlet/Orchard” where tourist could visit, stay, enjoy and purchase agri. produce of farmer in real time environment thereby eliminating the role of intermediaries.

Keeping in view the captioned benefits of the product, the Bank introduced the titled scheme for the farming community of Gilgit-Baltistan. Maximum Financing Limit under the Scheme is upto Rs. 1.500 million per borrower/party.

iv. Financing Scheme for “Dairy Value Chain”

The Bank is endeavoring to provide dairy agriculture credit to meet the genuine & real needs of the dairy farming community. Dairy in general and fresh milk in particular, are important components of the diet in Pakistan. Dairy milk is reported to be most widely used nutrient dense food for complementary and young child feeding. In order to facilitate the farmers, Bank has launched the captioned scheme. Maximum Financing Limit under the scheme is upto Rs.1.500 million per borrower/party.

v. Financing Scheme for “Agri. Land Development Through Alternate/Renewable Energy”

The country is facing an energy crisis. Agriculture sector has received a setback due to energy crisis resulting into low crop productivity. In order to help the farmers to overcome the energy crisis, the Bank is going to introduce following two products as an alternate/renewable energy resource which will help not only to get energy at low cost but also be useful in boosting agri. production. This would provide credit for relatively cheaper energy resources to farmers to shift from existing expensive energy options. Hence, it has been decided by the President, ZTBL to introduce the renewable energy scheme.

- 1) Solar Energy System
- 2) Bio Gas Plant

The maximum loan limit under the scheme is upto Rs.1.500 million per borrower/party.

vi. Enhancement of Loan to Existing Borrowers of the Bank:

In order to meet the genuine credit needs of the borrowers, it has been allowed by the President, ZTBL to enhance the loan limit of the existing borrowers of the Bank in genuine regular cases for both production & development loans.

vii. 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 upto 12.5 acres, the Bank has launched subject cited 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 Records 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 the captioned scheme:

- Disbursement under agri. E-Credit Scheme for Rabi Season 2020-21 (1st Jan to 31st Mar, 2021) was made to 5,402 farmers amounting to Rs. 598.997 million.
- Disbursement under agri. E-Credit Scheme for Kharif Season 2021 (1st April to 30th June, 2021) was made to 6870 farmers amounting to Rs. 1166.98 million.
- An aggregate amount of Rs. 2704.63 million to 18,883 farmers was disbursed under agri. E-Credit scheme during the FY (2020-21).
- Under Agri. E-Credit Scheme (1st July, 2020 to 30th June, 2021), Rs. 3394.39 million were recovered with balance outstanding amount of Rs. 1876.88 million.

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. 2,151.54 million by conducting 38,375 transactions through Western Union and others across the country.

ii. Utility Bills Collection:

The Bank has successfully collected 1,075,305 number of utility bills amounting to Rs.4,532.18 million as of June 30, 2021.

iii. Locker Facility:

ZTBL is offering locker facility in the branches to enhance income based services and grow brand image. Total available lockers are 2520 and 1,247 are occupied (49%).

House Building Finance Company Limited (HBFCL)

House Building Finance Corporation (HBFC) was established under House Building Finance Corporation Act, 1952 with the objective to provide financing facility for the construction and purchase of housing units. Ministry of Finance (MoF) and the State Bank of Pakistan (SBP) are main shareholders of the Company. As part of reorganization and re-structuring, Corporation was converted into a company in the first phase by issuance of vesting order SRO.I/2007 incorporating a new company HBFCL with a new charter registered under Companies Ordinance, 1984. The new company has been designated as Development Financial Institution (DFI) under section 3A of the Banking Companies Ordinance, 1962 by the GoP.

Achievements

The sanctioned and disbursement amount during the review period 2020-21 was PKR 1.95 Billion and 1.81 Billion, respectively, for construction and purchase of housing units. On other hand, the company collected PKR 3.97 Billion from its customers during the period.

During the period under review, the company made profit before tax of PKR 1.39 Billion while profit after tax was PKR 1.03 Billion.

Other major initiatives during the year 2020-21 were as follows;

- a. Under the vision of Prime Minister, HBFC launched "Mere Pakistan, Mera Ghar (MPMG)" scheme which aims to provide affordable housing options for low and middle income segment, and help them fulfill their dream of home ownership.
- b. Successful relocation and renovation of 10 branches throughout Pakistan.
- c. An alternative business channel was established to facilitate corporate clients throughout Pakistan. HBFC successfully signed MOU with 11 corporate clients which generated business of PKR 137.94 Million.
- d. Launched website lead management system to facilitate and engage customers through digital platform.

- e. Inauguration of newly renovated branches in 8 major cities of Pakistan that include, Karachi, Rawalpindi, Lahore, Mardan and Chitral to make customer experience more friendly and accessible.
- f. Annual Branch Managers Conference to recognize the top achievers of Year 2020 and set forth targets for the next year.
- g. Branding initiatives for branches across Pakistan.
- h. Print campaigns across Pakistan to create engagement and promote our products.
- i. Country wide Point of Sale campaign to spread our message better and penetrate the market.
- j. BTL activities for our esteemed corporate clients.
- k. Determination of human resource requirement of company and approval of Manpower Plan 2020.
- l. Continuity of functional leadership through renewal of contract employment of four Key Executives.
- m. Capacity building of employees through in-house/ external training programs in which 290 employees participated.
- n. Hiring of 20 Junior officers on entry positions through a competitive and merit based selection process, and hiring of 04 Managers on lateral hiring.
- o. Revision of Human Resource Policies:
 - i. Training & Development Policy.
 - ii. Retirement Recognition Policy.
 - iii. Performance Management System.
 - iv. HBFC Employees Disciplinary Rules and Procedure.

Organization's Future Plan

The company aims to achieve following goals in coming years;

1. Launch of Renewable Energy Product.
2. Business alliances with public & private sector companies for provision of housing finance facility to their employees on preferential terms.
3. Marketing Campaigns (ATL, BTL, Digital and Print).
4. Continuation of relocation and renovation of branches to enhance visibility and accessibility of HBFC in order to facilitate customer.
5. Reduction in Non-Performing Loans (NPL).
6. Digitalization of internal processes.
7. Digitalization of payment collection system.
8. Diversification in current products to cater multiple demographics i.e. separate product(s) for women and specially-abled persons segment.

9. Establishing Customer Facilitation Centre throughout Pakistan to increase foot prints.
10. Setting up technologically advanced call center to facilitate and engage customer.
11. Revamping of credit policies & process to reduce TAT.
12. In line with the institution's efforts to make services more convenient and accessible for customers, it is being planned that selected HBFC branches shall remain operational on Saturday, to further facilitate customers.
13. Revision of compensation and terminal benefits structure for officers.
14. Leadership development through various interventions like training, coaching, rotation & attachments, etc.
15. Batch hiring of MTOs and lateral entrants for strengthening human resource base.
16. Capacity building through learning & development interventions.
17. Automation of HR processes.

SME Bank Limited

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

Bank's performance during financial year 2020-21 is given as under:

	Rs. In million
Disbursement from July 01, 2020 to June 30, 2021	1073
Loan Recovery from July 01, 2020 to June 30, 2021	501
Deposits as on 30-06-2021	8200
Loans outstanding as on 30-06-2021	1891

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

National Security Printing Company

Activities, Achievements, and Progress during the FY 2020-21:

1) E-Passports Project:

DGI&P has honored NSPC to provide third generation passport i.e. E-Passport to the country. Earlier, NSPC has supplied first generation passport i.e. Manual Passport and then second generation passport i.e. Machine Readable Passports (MRP). Till date NSPC has supplied more than 40 Million ICAO compliant MRP passports with maximum security since 2004. Now, Directorate General of Immigration and Passport (DGI&P) has been upgrading Machine Readable Passport to E-passport. NSPC has been assigned the task of printing of e-Passport.

E-Passport is a traditional passport that has an embedded electronic microprocessor chip which contains information that is printed on the passport's data page: the holder's name, date of birth, and other biographic information, that can be used to authenticate the identity of passport holder. The chip holds the same information. E-Passports will:

- Increases security of passports
- Fast processing at airports
- Helps to detect counterfeit or manipulated documents
- Reduces the risk of fraud
- Provides greater protection against tampering

NSPC has successfully acquired all technological essentials for manufacturing of E-Passports. All ground work is completed and NSPC is fully geared up to meet E-Passport launching date announced by the Government of Pakistan.

E-Passport would have embedded electronic microprocessor chip containing information that is printed on the passport's data page: the holder's name, date of birth, and other biographic information, that can be used to authenticate the identity of passport holder.

2) Hi-Tech Polycarbonate Card (PC) Manufacturing Industry-First of its Kind:

Realizing the emerging trend of switching of paper based security documents on to Polycarbonate (PC) bases cards due to longevity of base material, ease in integration with electronic devices for transactions and development of next generation of high-tech security features, NSPC is in the process of first time installation of Polycarbonate (PC) card manufacturing industry in Pakistan. PC cards manufactured at NSPC will be used in e-Passport as data page for

Directorate General Immigration & Passport (DGI&P), Smart CNIC cards for NADRA and ATM Cards for CDNS.

1st phase of PC Card manufacturing project has already been completed in which machines for card personalization and manufacturing of E-Passports have already been imported.

2nd phase of civil work for development of infrastructure for housing of machines is in progress.

3rd phase of the project of installation of plant for manufacturing of PC Cards will commence soon after completion of requisite civil work for infrastructure.

3) Card Personalization:

Use of storage and processor cards for identification and other business purposes are growing at an impressive pace. Government agencies such as Excise & Taxation Departments intend to provide Motor Vehicle Registration document in form of card. Similarly, brisk shift can be observed in banking sector where shifting of paper based cheques to card based ATM and Credit card has provided convenience to the customers.

With addition of card personalization facility, NSPC would become able to provide personalized Motor Vehicle Registration Cards, ATM Cards, Credit Card, Driving Licence, Arm Licence, ID Cards, etc.

Achievements during FY 2020-21

(Revenue Rs. in million)

Revenue Target 2020-21	Achievement 2020-21	Percentage
3564	3623	101.65%

First Women Bank Limited

The First Women Bank Ltd (FWB) is a unique intervention of GoP established in 1989 as a Scheduled Commercial Bank to assist the special banking needs of women and to encourage and assist them in participating and running of trade, industry and business. It was incorporated in the Public Sector as a 'Public Limited Company' on 21.09.1989 under the Companies Ordinance, 1984.

The Bank commenced its business on 2nd December, 1989 with a paid-up capital of Rs. 100 Million; 90% of which was contributed in varying proportions by five leading Public Sector banks of the country. They were:

- National Bank of Pakistan
- Habib Bank Limited
- Muslim Commercial Bank Limited
- United Bank Limited
- Allied Bank Limited
- 10% of the remaining capital came from the Federal Government

However, the current shareholding of bank is as under:

Shareholders	Number of Shares	% of Holding
Federal Government of Pakistan	330,088,793	82.64%
MCB Bank Limited	23,095,324	5.78%
Habib Bank Limited	23,095,324	5.78%
Allied Bank Limited	7,734,927	1.94%
National Bank Limited	7,698,441	1.93%
United Bank Limited	7,698,441	1.93%
Total	399,411,250	100.00%

The bank currently operates a network of 42 branches and 3 booths spread across 24 cities nationwide.

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

The staff strength of the Bank as at 30th June 2021 is as under:

Permanent Staff	467
Contractual Staff	9
Total	476

A. Details of activities, achievement and progress:

The management during the period under consideration has taken various initiatives including, launching of mobile banking app and YouTube channel, joined hands with KFUEIT, Impressive growth in Govt Let scheme, PMKJ-YES. The bank continued focused on reducing its funding cost, rationalizing cost structure, expansion of retail customer base. Brief notes on above activities and achievements are as follows:

i. Constitution of Board of the Bank:

The Board of FWBL was become non-functional on retirement of 3 Directors in Jan 2019. Due to non-existence of Board, the bank had to face lots of difficulties for complying regulatory/statutory requirements and related compliances. Appointment of BOD of the bank was a long outstanding issue that needs to be settled on priority.

On June 08, 2021, Federal Government in its cabinet meeting approved the Board by appointing a Chairman and five Directors on Board of the bank and thus long outstanding issue has been resolved finally. Constitution of Board is positive sign for the growth and progress of the bank to achieve its crucial targets. This will also help in streamline the statutory/regulatory requirements and related compliances that was pending due to non-existence of Board.

ii. Launching of Mobile Banking Application “FWBL Digital”

Another big achievement of the bank is the launching of Mobile Banking Application named “FWBL Digital”. This application was launched to offer convenience for its customers.

‘FWBL Digital’ is a real-time Mobile Banking App Service (Android, and Apple iOS-based smart phone application) that offers a simple, convenient and secure method of accessing FWBL accounts via mobile phone. It allows customers to access their FWBL accounts securely on their mobile phone in a reliable and secure manner. Through this banking facility, they can conduct their financial transactions at their own time, location and convenience, 24 hours a day, 07 days a week.

iii. Sign MOU with KFUEIT Rahim Yar Khan

FWBL and Khawaja Fareed University of Engineering & Information Technology, Rahim Yar Khan joined hands in providing easy and approachable access to financial services.

The objective is to ensure the smooth execution of financing facilities offered to eligible university students by providing an online fee collection facility and extending specialized loan to university employees.

FWBL may also contribute towards university events through sponsorship and may offer an internship to students, keeping in view the internal policies and procedures of the Bank.

iv. Impressive Growth in GOP Led Scheme PMKJ-YES

It has been very rightly said, “Give light and people will find the way”. The Government of Pakistan has provided the unemployed youth of Pakistan an opportunity to seek employment through banks under the Prime Minister’s Kamyab Jawan Youth Entrepreneurship Scheme.

FWBL offers the PMKJ-YES to unemployed youth, having valid CNIC, between ages 21-45 and possess entrepreneurial potential. Women-owned businesses are encouraged to apply. All FWBL branches are authorized to provide these loans.

FWBL has adopted this scheme in Nov 2020, and from its inception to the end of fiscal year (i.e. June 30, 2021), the bank has disbursed an amount of Rs. 234 million to 267 borrowers under this scheme which shows an impressive growth in this scheme.

v. Promoting SME Development

FWBL has redefined itself, as a niche player, with a focus on ‘S’ of the SME market sector. Over the years, FWBL has developed several products to promote the SME sector in the country. FWBL is an active player in the scheme and is providing financing/handholding support to both women and men.

vi. FWBL Launches Its YouTube Channel

FWBL is devoted to connecting with its customers in a more direct way. The Bank has thus created its official YouTube channel (First Women Bank Limited) which will be used to share happenings of the Bank.

vii. Branches visit by Management

The Management took keen interest in improving branch level services and in order to achieve their objective they visited branches during the period. During their visit, they not only met with the customers but also provided the branches a chance to discuss their issues.

B. Future targets set by the bank:

The FWBL aims to achieve following targets in upcoming five years.

- Business Growth
- Deposit Mobilization
- Reduction in NPLs
- Focus on recoveries against NPL
- Improved Customer Services
- Human Resource Development
- Digitization
- Enhanced Risk Management

National Bank of Pakistan

(A) Financial Performance:

- Total income for 9M'21 amounted to PKR 99.5 Bn being 7.5% lower against PKR 107.6 Bn of 9M'20. Both, NII and NFI recorded a YoY decline by 9.3% and 2.2%, respectively.
- Total administrative expenses of the Bank increased by 4.5% YoY to PKR 47.0 Bn, with compensation expenses increasing by 5.6%; and Other expenses by 4.3%.
- Consequent to the lower total income and higher REVEX, pre-provision profit closed at PKR 52.5 Bn i.e. 16.1% down, YoY.
- Provision charge for the period amounted to PKR 12.2 Bn, being 47.5% lower than PKR 23.3 Bn of 9M'20.
- Given the significantly lower provision charge, the pre-tax profit amounted to PKR 40.2 Bn being 2.5% up against PKR 39.3 Bn of 9M'20.

- Effective tax rate stood at 40.0% i.e. 6.6 percentage point up against 33.4% for same period last year.
- Consequently, after-tax profit for 9M'21 closed at PKR 24.1 Bn, declining 7.6% YoY.
- PAT translates into an Earnings per Share of Rs. 11.35 (Sep'20: Rs. 12.28).

(B) Balance Sheet at end Sep, 2021:

- With a 27.1% growth YoY, Total Assets stood at PKR 3,823.5 Bn as compared to PKR 3,008.5 Bn at YE'20.
- Gross Advances marginally increased by 4.1% or PKR 47.8 Bn to PKR 1,207.7 Bn from PKR 1,159.9 Bn at YE'20.
- As compared to the YE'20 levels, NPLs increased by 17.7% or PKR 30.4 Bn from PKR 171.3 Bn to PKR 201.7 Bn. Gross and Net NPL stood at 16.7% and 2.3%, respectively. Provision coverage stood at 88.6% (YE'20: 90.0%).
- Net Investments significantly increased by 45.6% to PKR 2,130.7 Bn as compared to PKR 1,463.4 Bn at YE'20.
- Deposits amounted to PKR 2,551.6 Bn, depicting a substantial growth of PKR 132.6 Bn or 5.5% over PKR 2,419.0 Bn at YE'20.
- Net Assets stood 8.4% higher at PKR 290.0 Bn, translating into a break-up value per share at PKR 136.3 (YE'20: PKR 125.8)
- Capital Adequacy Ratio (CAR) improved to 22.20% with Tier-1 capital adequacy ratio at 16.70% as compared to 19.78% and 14.99% respectively at YE'20.

Financial Performance for the 9 Months period ended September 30, 2021:

Despite the continued challenging environment, the Bank has delivered strong financial results for the nine-months period ended September 30, 2021. This demonstrates the resilience of the Bank's business model and the efforts of its staff during this period.

▪ **Profitability (PKR 'Bn)**

KPI	Sep'21	Sep'20
Net Interest Income	72.4	79.8
Non-Fund Income	27.1	27.7
Total Income	99.5	107.6
Admin Expenses	47.0	45.0
Profit Before Provisions	52.5	62.6
Provisions and write offs – net	12.2	23.3
Profit Before Tax	40.2	39.3
Profit After Tax	24.1	26.1
Earnings Per Share (Rs.)	11.35	12.28

- **Mark-up/Interest Income**

During the period under review, the Bank earned gross mark-up/interest income of PKR 166.5Bn (-19.2%, YoY). Performing interest-bearing assets averaged PKR 2,656.4 Bn, being marginally higher by 9.9%, YoY. On the back of sharp cut in the policy rates to dampen the impact of Covid-19, average rate for 9M'21 remained around 7.0% i.e. 2.6ppt below 9.6% in 9M'20. Consequent reprising of the interest bearing assets at much lower KIBOR resulted in a reduction in mark-up/interest income in the recent quarters.

Consequently, the Bank's net mark-up/interest income closed at PKR 72.4Bn, 9.3% lower than PKR 79.8Bn earned during the corresponding nine-month period of 2020 but as the gains in 2020 were recognised to be non-recurring, this was still better than budget.

SBP has stipulated that, starting December 31, 2020, financing for housing & construction (residential and non-residential) should be at least 5% of the Bank's total domestic private sector credit for each calendar quarter. Whereas, the banks falling short of their quarterly financing target will have to maintain a higher cash reserve ratio, in the next quarter, by the amount equivalent to the deficit in achieving the financing target, as of the relevant quarter end. This punitive additional CRR has inflicted a drag on the Bank's interest income.

- **Non mark-up/interest income**

The Bank generated non mark-up income of PKR 27.1Bn, marginally 2.2% lower YoY. Fee & Commission income that constitutes a major 47% share of the total NFI, amounted to PKR 12.7 Bn similar to PKR 12.8Bn of 9M'20. As corporates have recently resumed dividend pay-outs (which wasn't the case in 9M'20as companies had resorted to retain the profits to address the risk emerging due to the onset of Covid-19), dividend income for the period increased by a 114.0% to PKR 2.8Bn compared to PKR 1.3Bn of 9M'20.Forex income of the Bank also recorded a significant YoY growth as it closed at PKR 4.8 Bn as compared to PKR 3.4Bn of SPLY. Growth in FE income was mostly observed during Q3'21.The Bank realised equity gains on securities to the tune of PKR5.4Bn (9M'20:PKR 6.9Bn).

Accordingly, the non-mark-up/interest income of the Bank totalled at PKR 27.1Bn, being 2.2% lower than PKR 27.7Bn of the corresponding nine-month period of prior year.

- **Expense Management**

Non mark-up / interest expense of the Bank for the period under review amounted to PKR 47.0Bn, being 4.5% up, YoY. Given the lower total income, the Bank's cost-to-income ratio for the period weakened to 47.3% as against 41.7% for the corresponding nine-month period of 2020. However, expenses incurred during the period are in line with the industry norms. HR compensation that accounts for around 66.8% of the total operating expenses, amounted to PKR 31.39Bn compared to PKR 29.73Bn for the corresponding nine-month period of 2020, reflecting, among other things, the impact of promotions which were last implemented in 2017. While Property related expenses amounted to PKR 6.22Bn (9M'20: PKR 5.66Bn), IT related expenses were PKR 1.85Bn (9M'20: PKR 1.67Bn). Other operating expenses declined by 1.4%.

- **Loan Losses and Provisions**

Reflecting the economic environment triggered by the Covid-19 pandemic and earlier portfolio weaknesses, the asset quality of the Bank has come under considerable pressure in the recent months. As of September 30, 2021, NPLs of the Bank totaled PKR 201.66Bn, being PKR 30.37 Bn or 17.7% higher than PKR 171.29 Bn at YE20.

The Bank prudently identifies loan impairments under the expected credit loss model to strengthen its balance sheet by maintaining a robust level of provisions. The Bank's financial results, which show strong increase in earnings, also demonstrate its resilience and ability to build the necessary cushion to absorb credit losses. Accordingly, a net provision charge of PKR 12.2Bn (Sep'20: PKR 23.3Bn) has been created. Consequently, the specific and general provisions held stood at PKR 178.6 Bn (Dec'20: PKR 154.2Bn) and PKR 12.4Bn (Dec '20: PKR 22.5Bn), respectively. Gross NPL Ratio, Net NPL Ratio and provision coverage stood at 16.7%, 2.3% and 88.6% at the end of period under review as compared to 14.8%, 1.7% and 90.0% as of Dec 31, 2020, respectively. Inclusive of general provisions, the NPL coverage is at 95% in September 2021.

▪ **Profit After-Taxation**

Profit after-tax for the nine-months period ended September 30, 2021 amounted to PKR 24.1 Bn i.e. 7.6% lower than PKR 26.1 Bn of 9M'20 and has been impacted by the effective tax rate rising to 40.0% vs.33.4% for the corresponding period last year.

Financial Position / Balance Sheet as at September 30, 2021:

As of September 30, 2021 total assets of the Bank amounted to PKR 3,823.5Bn which is 27.1% above the year-end 2020 level of PKR 3,008.5Bn. On the liability side, the Bank's balance sheet is driven by its wide market outreach and branch banking network where the focus remains on low-cost deposit mobilization.

▪ **Loans and Advances**

Given the sluggish loan demand in the private sector, gross advances of the Bank grew marginally by 4.1% to PKR 1,207.7 Bn from PKR 1,159.9 Bn as at December 31, 2020. The Bank's net advances recorded a marginal growth of 3.4% to PKR 1,016.7 Bn from PKR 983.3 Bn at YE'20. The Bank is pursuing a more conservative and risk-prudent strategy for loan growth focused on reducing concentrations of exposure in line with learnings from recent NPL situations and ensuring these are not repeated.

▪ **Investments**

Pursuant to an effective risk and liquidity management strategy, the Bank is maintaining a diversified investment portfolio across zero risk weighted instruments, high dividend yielding equities and other interest-bearing financial instruments. As of September 30, 2021, investments at cost amounted to PKR 2,109.3Bn (Dec'20:PKR 1,437.4Bn), whereas the carrying value amounted to PKR 2,130.7Bn (Dec'20:PKR 1,463.4 Bn). This portfolio-mix gives the Bank flexibility to capitalise on short-term price movement by frequently churning the short-term portfolio.

▪ **Deposits &Funding**

As of September 30, 2021, total deposits of the Bank were PKR 2,551.6Bn being 5.5% higher against year-end, 2020 level of PKR 2,419.0Bn. The vast majority of the Bank's funding comes from its core customer deposit base which has continued to grow during 9M'2021. Customer deposits pool-in 87.2% (PKR 2,224.6Bn) of the Bank's total deposits. Compared to Dec 31, 2020 level,

customer deposits have increased by PKR 204.0Bn or 10.1%. Non-remunerative current deposits are significant at 26.2% of the total customer deposits; whereas remunerative, but low cost, current accounts deposits comprised 22.5%. On a positive note, the Bank's CASA ratio also improved to 84.2% (2020: 83.8%).

Liquidity profile of the Bank is supported by the presence of sizeable liquid assets in relation to deposits and borrowings. Furthermore, adequate liquidity is available through Liquidity Coverage Ratio and Net Stable Funding Ratio over the regulatory requirements as the same amounted to 170% and 270% at Sep'21, respectively vis-à-vis regulatory requirements of 100% for each.

▪ **Capital Strength and Adequacy**

The Bank is currently required to maintain CET-1 Ratio at 9.5% and Total Capital Adequacy Ratio at 13.5%. At September 30, 2021 the Bank's eligible common equity Tier-1 amounted to PKR 197.3Bn, 14.1% up against PKR 172.9Bn at the year-end 2020. At end September 2021, the total Risk Weighted Assets "RWAs" amounted to PKR 1,181.6Bn (Dec '20: PKR 1,153.1Bn). Higher profitability, coupled with reduction in the capital conservation buffer and the total RWAs has improved the Bank's tier-1 capital ratio to 16.70% (Dec'20:14.99%) and total capital adequacy ratio to 22.20% (Dec'20:19.78%). Both the ratios are thus fully compliant with regulatory requirements. Net Assets at end September'21 stood at PKR 290.0Bn i.e. 8.4% or PKR 22.4 Bn. This translates into a break-up value per share at PKR136.3, depicting a 40% growth from PKR 97.2 at the beginning of the year 2019.

▪ **Credit Ratings**

NBP is rated as 'AAA' by both the recognised credit rating agencies in Pakistan. In June 2021, M/s VIS Credit Rating Company re-affirmed the Bank's standalone credit rating as "AAA", the highest credit rating awarded by the company for a bank in Pakistan. Similarly, M/s PACRA Credit Rating Company also assigned the Bank long-term entity rating as 'AAA' (Triple AAA) and short-term credit rating as 'A1+' (A-one Plus).

▪ **Key Awards & Achievements – 2021**

1. Corporate & Investment Bank of The Year 2021 – Asian Banking & Finance
2. Best Corporate Report Award (Certificate of Merit) – 2021

3. Best Bank for Agriculture- Institute of Bankers Pakistan
4. Debt Deal of the Year 2021 – Asian Banking & Finance
5. Best Project Infrastructure Deal of the Year 2021 – Asian Banking & Finance
6. Best Trade Finance Bank in Pakistan 2021 – The Asian Banker
7. Best Corporate & Investment Bank in Pakistan 2021 – The Asiamoney
8. Best Investment Bank in Pakistan 2021 – Global Finance Magazine
9. Best Corporate Finance House 2021-CFA Society Pakistan



Investment Wing

INVESTMENT WING

A. Competition Commission of Pakistan (CCP):

The Competition Commission of Pakistan (CCP), established in 2007 under the Competition Ordinance, 2007 (now the Competition Act 2010 (the "Act" or "Competition Act")), is mandated to provide for free competition in all spheres of commercial and economic activity, to enhance economic efficiency and to protect consumers from anti-competitive practices. CCP essentially administers the provisions of the Act by means of enforcing the prohibitions against anti-competitive behavior, advocating for competition with different stakeholders, and carrying out competition assessments in various sectors of Pakistan's economy. Enforcement pertains to addressing violations of Section 3 - Abuse of Dominance; Section 4 - Prohibited Agreements and Section 10 - Deceptive Marketing Practices. Pre-merger clearances are covered in Section 11 - Approval of Merger. Advocacy and research activities are covered in Sections 28 and 29 respectively - Competition Advocacy.

ENHANCING ENFORCEMENT PACE

The Government is committed to institution building and bringing transparency and effectiveness in the administration of public authorities like the CCP for improved accountability. In July 2020, the Government appointed Ms. Rahat Kaunain Hassan, and Mr. Mujtaba Ahmad Lodhi as Commission Members, also designating Ms Hassan as the Chairperson. With these new appointments, the Commission has accelerated the pace of enforcement against powerful lobbies and vested interests without fear and favour. Notable actions in this period include initiation and conclusions of enquiries relating to key sectors of the economy, inter alia, Sugar, Cement, Poultry and Tractors. Anti-competitive practices, which are corrosive of the trust and benefit of the common man, have been unveiled, which will have long term corrective impact on the economy.

The table below gives a snapshot of the activities conducted by the CCP during FY 2020-2021. Further, an overview of the activities is provided in the paragraphs that follow:-

MERGERS CLEARED 60	EXEMPTIONS GRANTED 32	POLICY NOTES/OPINIONS 02
SEARCH & INSPECTIONS 17	INQUIRIES COMPLETED 26	SHOW CAUSE NOTICES ISSUED 118
HEARINGS CONDUCTED 40	ORDERS ISSUED 05	PENALTIES IMPOSED PKR 152 MILLION

i Enforcement Activities:

- During this period **118 show cause notices** were issued for alleged violation of the Competition Act; **40 hearings** on various matters took place with respect to cases under different provisions of the Competition Act before CCP; issued **05 Orders** and imposed penalties amounting to **PKR 152 Million** on undertakings.
- Conducted a record **17 search-and-inspections** on the premises of All Pakistan Sugar Mills Association, Sugar Mills, All Pakistan Cement Manufacturers Association, Poultry feed mills and their association, etc.; completed **26 enquiries** against undertakings on account of *prima facie* anti-competitive behaviour;
- **60 merger applications** and 32 applications seeking **exemptions** were cleared;
- **2 Policy Notes** on Wheat and Sugar were issued (i) Recommendations were sent to Federal and Provincial Governments in August 2020 to address the issue of distortion in wheat sector resulting in a shortage of the commodity and the provision of substandard wheat flour to the consumers.

(ii) On the decision of the Government of Punjab to fix the maximum retail price of sugar, CCP issued a policy note in April 2021 highlighting the unintended consequences of such a decision and recommending that instead of fixing the sugar price, the government should deregulate the sugar industry to promote free trade mechanisms where price signals can be effectively conveyed to all stakeholders.

ii. Advocacy, Policy And Partnerships:

- Two sessions on '*Guidance for Competition Compliance* were held with Master Paints (10 July 2020) and Indus Motor Corporation (28 July 2020).
- The Commission signed Memorandum of Understanding (MOU) with the Sustainable Development Policy Institute (SDPI) in October 2020 for strengthening analysis of policy actions that results in distortions in the economy and combating anti-competitive practices. It also signed an MOU with the Intellectual Property Organization of Pakistan (IPO) to help CCP combat trademark violations mostly notable in deceptive marketing practices.

- For the World Competition Day (5 December 2020), CCP chose the theme, "*Enhancing Economic Efficiency of SMEs*," resolving to play an active role under its mandate to strengthen and support the small and medium enterprises through policy and advocacy initiatives. Consequently, it began a systematic review of factors affecting the economic efficiency and competitiveness of Pakistan's SMEs. Consultations took place with key stakeholders i.e., the SBP, SMEDA, Development Finance Institutions, and chambers of commerce all over Pakistan.
- To celebrate International Women's Day, CCP held different events from 8 to 10 March 2021, inviting esteemed guest speakers, to acknowledge the role of women in CCP and other fields of professions in Pakistan.

iii. **International Activities:**

- CCP participated in the Istanbul Competition Forum, jointly organised by the Turkish Competition Authority and the United Nations Conference on Trade and Development (UNCTAD), in December 2020. CCP gave a presentation on '*Pakistan's Experience on Competition Issues in Digital Markets.*'
- In April 2021, CCP took part in a two-day workshop, "*Competition v Regulation and the Appropriate Organisational Structure of a Competition Agency*," jointly arranged by the Turkish Competition Authority and the OIC's Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC).
- CCP initiated the process of signing a Memorandum of Understanding with counterpart competition agencies of **Egypt, Turkey, China and Russia.**

iv. **Capacity Building:**

- A week-long workshop on '*Strengthening the Competition Regime in Pakistan*' arranged by the Korean International Co-Operation Agency (KOICA) in September 2020.
- Two sessions on investigative techniques for cartel investigations in collaboration with the United Kingdom's Competition and Markets Authority (CMA) in February 2021.
- An interactive session on State Owned Enterprises and Competition Law was arranged in March 2021.

v. Miscellaneous:

- The **PC-II (PSDP 2021-22 SI No. 218)** for the construction of the CCP's own office building in Sector G-10/4, Islamabad was approved in April 2021 and PKR 47.2 million was allocated for the project. This is an important milestone as it would help the Commission realise considerable savings of rental expenditure.

Furthermore, this period saw two of CCP's most pressing problems move towards resolution.

LEGISLATIVE COMPETENCE OF THE PARLIAMENT UPHELD BY THE COURTS.

In a major constitutional law development, a three-member Full Bench of the Honourable Lahore High Court, Lahore vide its Order dated 26-10-2020 in LPG Association of Pakistan vs Federation of Pakistan and Others 2021 CLD 214 has upheld the Competition Act as being constitutionally valid and has dismissed challenges assailing the legislative competence of the Federation to enact a law on competition with some caveats. Nonetheless, the ruling is a landmark moment for constitutional law in Pakistan in general and for CCP in particular.

HELPING THE COMMISSION ACHIEVE FINANCIAL AUTONOMY

The Government's commitment to strengthening key institutions hinges upon allowing institutions administrative and financial autonomy. In this regard, the Federal Government demonstrated its unequivocal support to the CCP by approving the issuance of a statutory regulatory order (SRO) on 27 November 2020, prescribing 3% of fee and charges levied by SECP, OGRA, PTA, NEPRA and PEMRA from the financial year 2009-10. This successful resolution of the long pending matter of receiving 3% of the Fee and Charges levied by the five regulators will certainly enable CCP to pursue its legislative mandate more effectively and will also pave way for key organisational strengthening.

B. NATIONAL INVESTMENT TRUST LIMITED

PERFORMANCE REVIEW 2020-21 FOR YEAR BOOK

As per audited accounts, the performance of Funds under management of NITL for the year ended on 30th June 2021 is given below.

NI(U)T Fund

Despite extremely difficult market conditions, NIT has maintained its 58 years history of consistently paying dividend and declared a cash dividend of Rs.1.61 per unit for unit holders of NI(U)T Fund for the year ended on 30th June, 2021.

During FY21, NI(U)T Fund has earned a net income of Rs.3,161 million.

As of 30th June 2021, net assets of NI(U)T Fund stood at Rs. 64,860 million.

For the year ended 30 June, 2021, the Fund earned a healthy total return of 37.14% where its NAV increased from Rs.54.93 (Ex-Dividend) as on 30.06.20 to Rs. 75.33 as on 30.06.21 against the benchmark KSE-100 index which increased by 37.58%.

Moreover, NI(U)T Fund also managed to realized a healthy capital gains and dividend income of Rs. 101 million and Rs. 2,409 million respectively during the year.

Performance Highlights of NI(U)T Fund

(Rs. in million)

	FY21	FY20	FY19	FY18	FY17
Dividend Income	2,409	2,067	2,678	3,219	3,067
Capital Gains	101.3	18.2	3.4	2,078	5,012
Net Income	3,161	1,878	1,526	2,534	8,751
Dividend/ Unit (Rs.)	1.61	1.29	1.55	2.33	4.50
NAV/Unit Rs. (30 th June)	75.33	56.22	54.40	73.85	83.74

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

Top 10 Holdings:

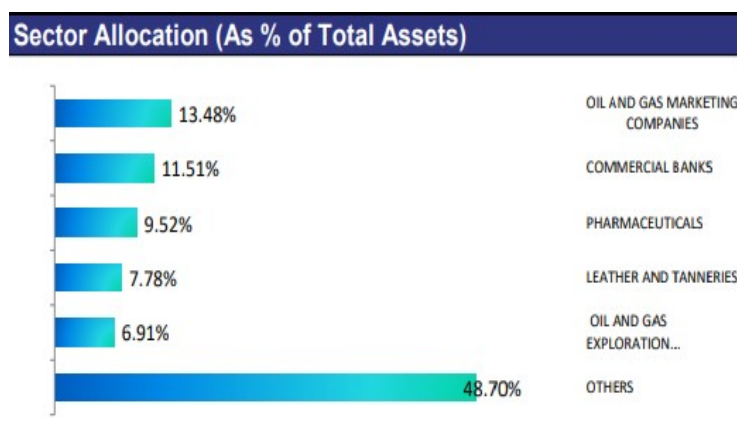
As on 30th June, 2021

NAME	% of NI(U)T's PORTFOLIO AS % OF TOTAL ASSETS
PAKISTAN STATE OIL CO. LTD.	11.71%
BANK ALHABIB LIMITED	6.01%

NAME	% of NI(U)T's PORTFOLIO AS % OF TOTAL ASSETS
MARI PETROLEUM COMPANY LTD.	6.01%
SERVICE INDUSTRIES LTD.	4.93%
PAKISTAN TOBACCO CO. LTD.	3.81%
FAUJI FERTILIZER CO. LTD.	3.04%
PACKAGES LTD.	3.00%
ABBOT LABOATORIES (PAKISTAN) LTD.	2.92%
BATA PAKISTAN LTD.	2.79%
HABIB METROPOLITAN BANK LIMITED	2.27%
Total	46.49%

SECTORAL BREAK-UP OF NI(U)T'S PORTFOLIO AS % OF TOTAL ASSETS

As on 30th June, 2021



NIT State Enterprise Fund (NIT-SEF)

NITL declared a cash dividend of Rs 0.24 per unit for unit holders of NIT-SEF for the year ended June 30, 2021. During the year under review, NIT-SEF earned a net income of Rs. 36.7 million.

During FY21, the dividend income earned by the Fund stood at around Rs. 66.8 million.

Moreover, during the year ended on 30th June 2021 against an increase of 37.58% in the benchmark KSE-100 Index, Fund's NAV increased by 1.49%.

As of 30th June 2021, net assets of NIT-SEF stood at Rs. 1,541 million.

NIT Equity Market Opportunity Fund (NIT-EMOF)

NITL declared a cash dividend of Rs. 5.0 per unit for unit holders of NIT-EMOF for the year ended June 30, 2021.

During the year under review, the NIT-EMOF earned a net income of Rs. 209 million. During FY21, the dividend income earned by the Fund stood at around Rs. 372 million.

During the year ended on 30th June 2021, the Fund's NAV increased by 37.43% against an increase of 37.58% in the benchmark KSE-100 Index.

As of 30th June 2021, net assets of NIT-EMOF stood at Rs. 8,374 million.

NIT Islamic Equity Fund (NIT-IEF)

NITL declared a cash dividend of Rs. 0.23 per unit for unit holders of NIT-IEF for the year ended June 30, 2021.

During the year under review, the Fund has earned a net income of Rs. 81.20 million.

The dividend income earned by the Fund stood at Rs. 168.27 million.

During the year ended on 30th June 2021, the Fund's NAV increased by 33.33% against an increase of 39.32% in the benchmark KMI-30 Index.

As of 30th June 2021, net assets of NIT-IEF stood at Rs. 3,380 million.

Income Funds:

NIT Government Bond Fund (NIT GBF)

NITL declared a dividend of Rs. 0.5101 per unit for unit holders of NIT GBF for the year ended June 30, 2021. During FY21, NIT GBF earned a net income of Rs. 170 million.

The NAV of NIT GBF increased from Rs. 9.8079 (Ex-Dividend) as on June 30, 2020 to Rs. 10.2977 as on June 30, 2021, thus yielded a return of 4.99% p.a. compared to the benchmark return of 7.28% p.a.

The net assets of NIT Government Bond Fund stood at Rs. 3,417 million as on June 30, 2021.

NIT Income Fund (NIT IF)

NITL declared a dividend of Rs. 0.6332 per unit for unit holders of NIT IF for the year ending June 30, 2021. NIT-IF earned a net income of Rs. 232 million during FY21.

NAV of NIT Income Fund increased from Rs. 10.0825 as on June 30, 2020 to Rs. 10.7252 as on June 30, 2021, thus, yielded an annualized return of 6.37% and against its benchmark return of 7.43% p.a. during FY21.

The net asset of NIT Income Fund stood at Rs. 3,672 million as on June 30, 2021.

NIT Money Market Fund (NIT MMF)

NIT declared a cumulative per unit dividend of Rs. 0.6905 for unit holders of NIT MMF for the year ended June 30, 2021. During FY21, NIT MMF earned a net income of Rs. 521.1 million.

Assets under management of NIT Money Market Fund increased from Rs. 4,824 million as on 30 June 2020 to Rs. 12,303 billion as on June 30, 2021, an increase of about 155% year on year.

The Fund yielded a return of 6.80% p.a. against its benchmark return of 6.70% p.a.

NIT Islamic Income Fund (NIT IIF)

NIT declared a dividend of Rs. 0.8071 per unit for unit holders of NIT IIF for the year ended June 30, 2021. During FY21, NIT IIF earned a net income of Rs. 54.4 million.

NAV of NIT-IIF increased from Rs. 9.5588 as on June 30, 2020 to Rs. 10.1626 as on June 30, 2021, and yielded a return of 6.32% p.a. against benchmark return of 3.56% p.a., an outperformance of 2.76% during FY 21.

As of June 30, 2021, the net assets of NIT Islamic Income Fund stood at Rs. 818 million.

NIT Asset Allocation Fund (NIT AAF)

NIT-AAF was launched on April 09, 2020. NIT declared a dividend of Rs. 1.84 per unit for unit holders of NIT AAF for the year ended June 30, 2021. During FY21, NIT AAF earned a net income of Rs. 110.1 million.

NAV of NIT-AAF increased from Rs. 10.0114 (Ex-Dividend) as on June 30, 2020 to Rs. 12.0921 as on June 30, 2021, and yielded a return of 20.78% against benchmark return of 24.36% during FY21.

As of June 30, 2021, the net assets of NIT Asset Allocation Fund stood at Rs. 668 million.

NIT Pakistan Gateway Exchange Traded Fund (NIT PGETF)

NIT-PGETF was launched on March 24, 2020. NIT declared a dividend of Rs. 0.90 per unit for unit holders of NIT PGETF for the year ended June 30, 2021. During FY21, NIT PGETF earned a net income of Rs. 8.6 million.

NAV of NIT-PGETF increased from Rs. 10.3339 as on June 30, 2020 to Rs. 12.3711 as on June 30, 2021, and yielded a return of 19.71% against benchmark return of 24.10% during FY21.

As of June 30, 2021, the net assets of NIT Pakistan Gateway Exchange Traded Fund stood at Rs. 52.58 million.

Important Achievements:

➤ *NITL Assigned AM1, Highest Asset Management Rating By VIS*

First time in the history, NITL has achieved the highest asset manager rating of AM1 by accredited rating agency, VIS Credit Rating Company Limited. This

is the top quality asset management rating for asset management companies which denotes the high standards of governance, management, product innovation and customer focus being relentlessly pursued by NITL.

➤ ***Payout to Shareholders of NITL***

NITL maintains a good payout history not only to the unit holders but also for the shareholders of the company. Government of Pakistan being the shareholder of the company has been persistently receiving cash dividends which makes NITL the only asset management company of country which contributes to the national exchequer distinguishly.

(Rs. million)	2019	2020	2021
Dividend	570	665	855
YoY growth %	-	16.7%	28.6%

➤ ***Competitive returns and consistent dividend payout history***

Since its inception in 1962 NITL has been proudly serving to the unit holders by not just maximizing returns on their investments but also by paying out cash dividends to unit holders. NITL since its inception has never missed any cash dividend payout despite changing investment environment and market conditions. During FY20, NI(U)T Fund outperformed its benchmark by a healthy margin of 4.85%, the Fund earned a total return of 6.38% where its NAV appreciated from Rs.52.85 (Ex-Dividend) as on 30.06.19 to Rs.56.22 as on 30.06.20 as against the benchmark KSE-100 index which increased by 1.53%. Similarly, on a 10 year basis (FY11 – FY21 CAGR) fund outperformed its benchmark by 2.42%, the Fund earned annualized return of 16.67% against its benchmark return of 14.25%.

➤ ***Payouts to unit holders by Funds for the year ended 30th June 2021***

During FY21, 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. 1.61 per unit for unit holders of NI(U)T Fund. As of 30th September 2021, net assets of NI(U)T Fund stood at Rs. 59,985 million.

- NIT has declared a cash dividend of Rs. 0.24 per unit for unit holders of NIT-State Enterprise Fund. As of 30th September 2021, Net Assets of NIT State Enterprise Fund stood at Rs. 1,375 million.
- NIT has declared a per unit cash dividend of Rs. 5.0 for unit holders of NIT Equity Market Opportunity Fund. As of 30th September 2021, Net assets of NIT Equity Market Opportunity Fund stood at Rs. 7,402 million.
- NIT has declared a per unit cash dividend of Rs. 0.23 for unit holders of NIT Islamic Equity Fund. As of 30th September 2021, Net assets of NIT Islamic Equity Fund stood at Rs. 3,088 million
- NIT has declared a per unit cash dividend of Rs. 0.5101 for unit holders of NIT Government Bond Fund. As of 30th September 2021, the net assets of NIT Government Bond Fund stood at Rs. 3,335 million.
- NIT has declared a cash dividend of Rs. 0.6332 per unit for unit holders of NIT Income Fund. As of 30th September 2021, the net asset of NIT Income Fund stood at Rs. 4,484 million.
- NIT has paid cumulative a per unit cash dividend of Rs. 0.6905 for unit holders of NIT Money Market Fund. As of 30th September 2021, Net Assets of NIT Money Market Fund stood at Rs. 10,990 million.
- NIT has declared a per unit cash dividend of Rs. 0.8071 for the unit holders of NIT Islamic Income Fund. As of 30th September 2021, Net assets of NIT Islamic Income Fund stood at Rs. 961 million.
- NIT has declared a per unit cash dividend of Rs. 1.84 for the unit holders of NIT Asset Allocation Fund. As of 30th September 2021, Net assets of NIT Asset Allocation Fund stood at Rs. 612 million.
- NIT has declared a per unit cash dividend of Rs. 0.90 for the unit holders of NIT Pakistan Gateway Exchange Traded Fund. As of 30th September 2021, Net assets of NIT Asset Allocation Fund stood at Rs. 47 million.

➤ **Launching of New Funds**

During the year period under review, NIT launched three new funds, one being a Conventional Asset Allocation fund namely: NIT Asset Allocation Fund (NIT-AAF), and the other being Pakistan's first Exchange Traded Fund namely: Pakistan Gateway Exchange Traded Fund (NIT-PGETF) aimed towards overseas Pakistanis and good product for Roshan Digital Account

holders to get exposure to our stock market. Further, during FY22, NIT launched Shariah Compliant Money Market namely: NIT Islamic Money Market Fund (NIT-IMMF).

➤ ***Mobile application and Web portal***

In order to facilitate investors, NITL has developed Mobile application and Web portal. These applications enable investors to have an easy access to NIT's wide range of products and, operational services such as 1) buying/selling of units, 2) switching of investment among funds, 3) account statements, 4) Fund Manager Reports (FMR) and 5) returns etc. At present Mobile app and Web portal are fully operational.

➤ ***Digital transformation of NIT***

In order to manage the Funds more efficiently, development on IT related issues is an ongoing process. Completion of in hand projects in a short time span of time and initiation of new projects to meet the additional requirements are top priorities of NIT. In this regards, NITL has developed its new website alongwith a new Web Portal and Mobile application, this brand-new platform enables customers to conduct transactions easily, efficiently and from anywhere. Similarly, customers are now also provided with Digital account opening facility. Furthermore, NIT systems are now integrated with 1Link, a largest payment gateway system of Pakistan to facilitate online transactions. Moreover, various initiatives are in pipeline including facilitating transactions through EasyPaisa and Jazz Cash.

➤ ***Top performing funds***

During FY 20, NIT - 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.

NIT Social Impact Fund (NIT - SIF)

NITL is in process of launching NIT Social Impact Fund (NIT - SIF). NIT Social Impact Fund (NIT - SIF) is a sector specific open-end Micro Finance Sector, Income Scheme, that shall channelize funds of impact investors to leverage

on the strengths of rated asset pool of Micro-Finance Sector, for maximization of financial returns and catalyze financially sustainable social impact.

The Micro-Finance Sector specific fund will be dedicated to finance strategic and financially sustainable social initiatives such as women empowerment, agriculture value chains, MSME development, Low cost renewable energy etc. through microfinance banks/institutions/providers.

➤ ***Support to the capital markets.***

NITL being the leading Asset Management Company always took the lead in efforts of bringing the stability and restoring the confidence of investors by providing support to the capital market during the adverse conditions. In addition, NITL being the Fund Manager of EMOF has shown unmatched performance which paved the way to bring in the stability to the capital markets during chaotic spells.

➤ ***Contribution in increasing market depth to boost investors' confidence.***

NITL has always been a most concerned and socially responsible market player. NITL believes in playing its role in enhancing the depth and breadth of the capital markets.

➤ ***Awareness Campaign***

As a market leader, NITL fully understands its Corporate & Social responsibility, NIT has continued its campaign to spread awareness among general public on the benefits of investment in Mutual Funds using different social media tools and applications. Moreover, increasing the awareness among the masses through print media is also a continuous process.

➤ ***Branch Network of NIT***

The total nationwide distribution network of NIT comprises of 27 branches, three sale counters and a state of the art Investors Facilitation Center. In addition to our branch network, various authorized banks and distributors all over Pakistan are also facilitating our investors. NIT plans to increase its branch network all over the country which will further facilitate the existing unit holders and shall cater the needs of potential investors of different areas

including remote areas. In addition, NITL is also adopting innovative ways to improve sales thus three new counters were opened to facilitate the investors.

➤ **Market Share**

As of 30th September 2021, the share of NITL managed Funds stood at around 8.76% of the mutual fund industry. Similarly, its equity Funds account for 44.65% of all Open End Equity Funds whereas, Fixed Income Funds of NITL hold around 5.47% share of all Open End Income Fund Schemes. Gradual increase its market share is on the agenda of NITL. In this regard, NIT has already started striving hard to achieve its target to gradually increase its market share in the Mutual Fund Industry by increasing the size of existing Funds and launching new Funds.

Agricultural Finance Review 2020-21

State Bank of Pakistan (SBP) assigned annual agricultural credit disbursement target of Rs.1,500 billion for FY 21, which is 23.5 percent higher than the disbursement of Rs.1,215 billion made during FY 20. Despite COVID situation, the agriculture credit disbursement remained encouraging in FY 21. During FY 21, the agricultural lending institutions disbursed Rs,1,365.9 billion, which is 91.1 percent of the overall annual target and 12.4 percent higher than the disbursement of Rs.1,214,7 billion made during the corresponding period last year. Further, the outstanding portfolio of agriculture credit increased to Rs.627.9 billion on end June 2021, registering a growth of 8.1 percent compared to the last year's outstanding credit of Rs.580.8 billion. In terms of outreach, the agricultural outstanding borrowers reached to 3.5 million borrowers in June, 2021.

The group wise YoY performance of agricultural lending institutions has placed in table below:

Agriculture Credit Targets and Disbursement (Rupees in billions)							
Banks	FY 2019-20			FY 2020-21			% YoY
	Target	Disbursed	% Achieved	Target	Disbursed	% Achieved	
5 Big CBs	705.0	708.3	100.5	800	801.5	100.2	13.2
ZTBL	100.0	62.3	62.3	105	78.5	74.8	26.0
PPCBL	13.0	8.8	67.9	13	8.2	63.1	(7.0)
DPBs(14)	253.6	225.0	88.7	296	274.5	92.7	22.0
IBs(5)	55.0	42.1	76.6	63	47.8	75.9	13.5
MFBs(11)	184.0	139.3	75.7	182	132.1	72.6	(5.2)
MFI/RSPs	39.4	28.9	73.4	41	23.3	56.8	(19.5)
Total	1,350	1,214.7	90.0	1,500	1,365.9	91.1	12.4

Source: Agricultural Credit & Microfinance Department, SBP.

During the recent years, SBP has taken various regulatory initiatives for promotion of agriculture financing in the country. The details of some of the recent initiatives are as under:

SBPs Initiatives for Promotion of Agriculture Financing

- **Loan repayment relief to dampen the effects of COVID-19:** Banks were advised to allow deferment of loan principal to agriculture borrowers for one-year, upon their request. Regulatory space has also been provided to facilitate banks in re-scheduling/re-structuring of loans for borrowers who cannot service markup or need deferment exceeding one year. In this regard, as of April 76, 2021 banks provided relief of Rs.11.6 billion to 27,216 agriculture borrowers.
- **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 December, 2020, banks have submitted premium claims of Rs.9.4 billion against 6.54 million beneficiaries. Insurance premium for small livestock farmers, availing bank financing, continues to benefit farmers as premium claims of Rs.2.84 billion against 0.82 million beneficiaries have been received during period July, 2014 – December, 2020.
- **Credit Guarantee Scheme for Small & Marginalized Farmers:** With support from federal government, SBP is offering a Credit Guarantee Scheme for

Small and Marginalized Farmers (CGSMF). This scheme can be availed by banks for providing loans to small farmers, with default protection of up to 50 percent. Under this scheme, loans of Rs.2.32 billion are outstanding as of June 30, 2021 by 12 PFIs. Since inception, more than 131,000 farmers have benefitted through this scheme against Rs.1.1 billion funds released by the federal government.

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Introduction:

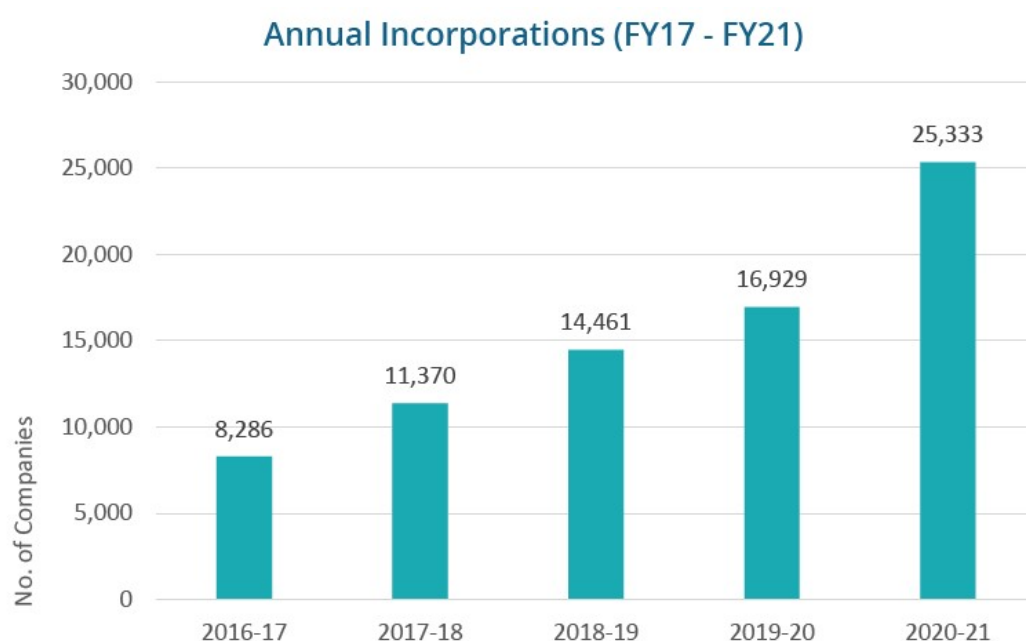
The Securities and Exchange Commission of Pakistan (SECP) is mandated to regulate the corporate sector, capital markets, non-banking finance companies and the insurance industry. The SECP is also entrusted with oversight of various external service providers to the corporate and financial sectors, including chartered accountants, credit rating agencies, corporate secretaries, brokers, surveyors, etc.

During the fiscal year 2020-21, the SECP has made significant progress towards improving the overall transparency and efficiency of the regulator's role in promoting business climate in the country, ease of doing business and reducing the regulatory burden. SECP has put into place multiple reforms with a regulatory guillotine approach aimed at building a robust regulatory infrastructure for sustainable progress. In addition to the external improvements, SECP has also ensured overhaul of internal processes, as a role-model regulator, bringing improvements to its internal processes, separating the adjudication functions from supervision functions, reducing the potential of conflict of interest and improving transparency. Additionally, increased inculcation of technology through increased digitalization, and enforcement through effective offsite reviews, onsite inspections and investigations markedly remain among the top focuses of SECP during the year.

SECP's major accomplishments and future roadmap are briefly stated as below.

Corporate Sector

During the year, SECP registered 25, 533 new companies, indicating a growth of 51% compared with the corresponding financial year. This has raised the total number of registered companies to 145,913. In the new incorporations, approximately 68 percent companies were registered as private limited companies, 29 percent were registered as single-member companies. Three percent were registered as public unlisted, association's not-for-profit, trade organizations, foreign companies and limited liability partnership. In 2020-21, 99% companies registered online and around 33% companies registered same day.



One of the significant achievements of FY 2020-21 was the completion of establishment process of a centralized Adjudication Division and the establishment of a Centralized Supervision Division on March 31, 2021. The journey of digitizing the company registration process also continued, which shows nearly 64 percent growth in the number of registered companies over the past three years. In this fiscal year, the incorporation process was digitized end-to-end, considerably reducing time and costs of doing business.

Capital Markets

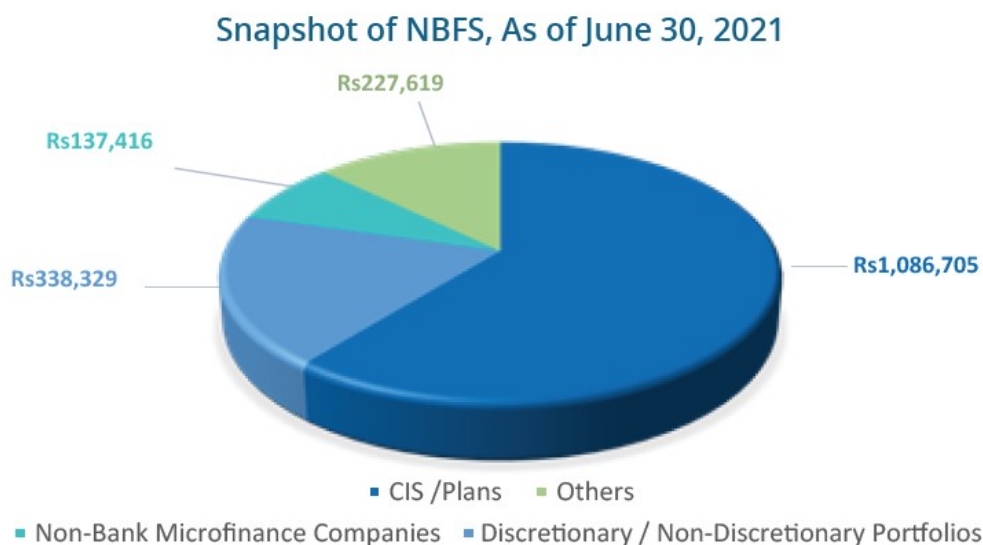
A total of 532 companies with paid-up capital of Rs. 1,442.64 billion were listed on Pakistan Stock Exchange (PSX) as on June 30, 2021. The KSE-100 index

began the year at 34,421.92 points and ended at 47,356.02 on June 30, 2021, i.e., an increase of 38% since the beginning of the year. Market capitalization was Rs. 8,297.31 billion on June 30, 2020 which is 27% higher than June 30, 2020 market capitalization of Rs. 6,529 billion.

During the year, KSE 100 touched its lowest level of 34,889 on July 1, 2020 and highest level of 48,726 on June 14, 2021. Average daily turnover in ready and future markets was 527.45 million shares and 141.26 million shares, respectively. Foreign investment in the stock market exhibited a net outflow of \$387.34 million during the FY 2020-2021, however, it was 36% higher than the net outflows of \$284.83 million observed in the FY 2019-2020.

Non-Banking Financial Sector

As on June 30, 2021, the asset size of NBFC sector stood at Rs1,790 billion as compared to Rs1,361 billion reported as on June 30, 2020, reflecting an overall increase of 32%.



The Assets under Management (AUMs) of the mutual fund industry are the largest segment within NBF Sector with assets of Rs.1,086,705 million as on June 30, 2021 (2020: Rs. 802,151 million) thus showing a growth of 35.5% on a yearly basis. Money Market funds dominated the AUMs of the mutual fund industry with the largest share of 42%, followed by Income Funds having share of 24%.

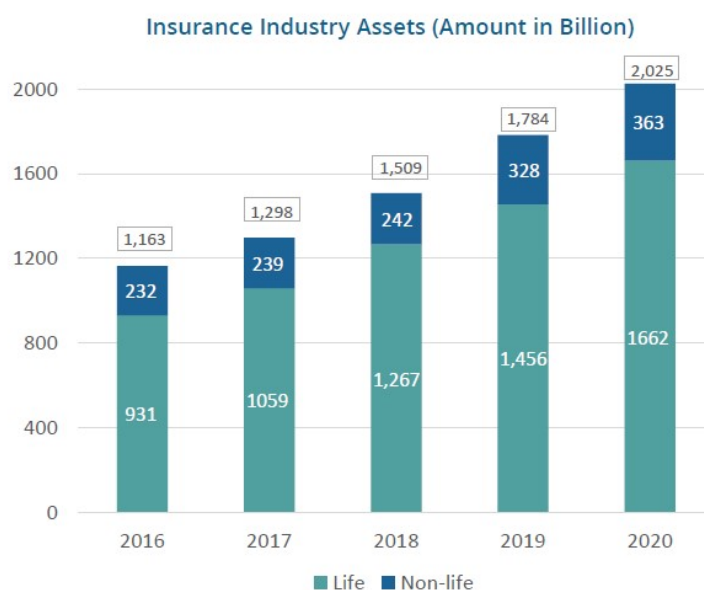
The other significant asset class in Fund Management NBFCs is the Investment Advisors. There are currently 18 AMC's which have been licensed to offer Investment Advisory Services with portfolio of Rs. 338 billion as on June 30, 2021 while posting a growth of 18% on yearly basis.

The total assets of nineteen pension funds managed by ten Pension Fund Managers (Voluntary Pension Systems) stood at Rs. 39,700 million as on June 30, 2021. This asset class also showed strong growth of 27% in the year under review. Further, another AMC has been allowed to act as Pension Fund Manager during the year.

Insurance Sector

The insurance industry in Pakistan has been able to sustain its footing, despite the impact of Covid-19 pandemic. This can be partly attributed to adoption of alternate means of insurance distribution and policy administration i.e. digital modes. The premium revenue As of December 31, 2020, the total assets of the insurance industry stood at Rs. 1,987 billion, compared to Rs. 1,784 billion as of December 31, 2019, showing 11% increase in asset size. On the revenue side, during the year 2020, the industry has underwritten total direct gross written premium (GWP) amounting to Rs. 347 billion, compared to Rs. 343 billion in 2019, demonstrating a growth of around 1% in GWP. The reinsurance premium underwritten by the only non-life reinsurance company in Pakistan, owned by the Government of Pakistan, amounted to Rs. 17.5 billion.

According to sector-wise analysis, the life insurance industry assets amount to Rs.1,630 billion and non-life insurance sector owns assets amounting to Rs. 357 billion. On the revenue side, the life insurance sector has underwritten premium of Rs. 225 billion and non-life insurance sector has recorded premium amounting to Rs122.6 billion, during the year 2020.



During the year, various policy reforms have been undertaken, centered around the objective of strengthening the insurance regulatory framework, market development, consumer protection, and improved compliance with the Insurance Core Principles (ICPs). The SECP has also embarked on introducing reforms aimed at curbing malpractices, and strengthening consumer protection regime.

Brief Overview of Achievements

1. The journey of digitizing the company registration process resulted in nearly 64 percent growth in the number of registered companies over the past three years. It is also during his tenure that independent Adjudication and Supervision Divisions are created in SECP.
2. Exchange Trade Funds (ETFs) were launched, for which the definition of investment advisory services was amended to enable brokers to launch low cost ETF. Regulatory framework for Debt and Hybrid ETFs was issued, and the first shariah compliant ETF was also launched.
3. IPO process was simplified through amendments in Public Offering Regulations, 2017, Structuring of Debt Securities Regulations, 2020 and in PSX Regulations. This resulted in eight equity- and two debt-IPO issues during the year. Highest number of companies were listed during the year as compared to last 5 years.
4. SECP's regime for regulated financial institutions have been rated as largely compliant in FATF action plan (08 out of 08 action items) and in the Post

Observation Period Report of the Mutual Evaluation Report (54 out of 54 recommended actions).

5. The new trading engine is ready to be implemented at the PSX that is expected to not only improve trading operations of the stock market, but also lead to a much stronger surveillance system of the front-end regulator by December 2021.
6. All institutional investors and individual investors, having net worth of greater than Rs.5 million, can now invest in securities on GEM Board. Furthermore, banks and accounting and auditing firms are allowed to act as advisor for listings on GEM Board at PSX.
7. The REIT regulations simplified to provide stimulus for activation of this segment, triggering a number of REIT management license requests and REITs schemes applications.
8. Market making framework revised to allow commercial banks to act as consultant to the issue for debt securities, which resulted in 11 commercial banks sign up with PSX.
9. To encourage new individual investors in the capital market and mutual funds, necessary revisions have been made in the regulatory framework to enable digital on boarding of investors.
10. Private companies and startups were permitted to raise capital by receiving immovable property, intangible assets and services, instead of only cash and were allowed to offer employee stock option plans to employees.
11. Secured Transaction Registry (STR) was launched, which is a critical enabling factor of Pakistan's National Financial Inclusion Strategy (NFIS). This initiative is expected to usher a new era of SME growth, and is in line with the government's vision and reforms agenda for a vibrant and sound economy.

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 geographically spread throughout the 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)

1	Company	PLHCL	PKICL	SPIAICO	POICL	PBICL	PAIR	PCICL
2	Year of Incorporation	1978	1979	1981	2001	2006	2007	2007
3	Paid Up Capital	8,141	10,000	6600	6150	6000	6000	9,696
4	Dividend paid (GOP Share)	1,446	10,110	5,851	2,266	1650	775	-

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.

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

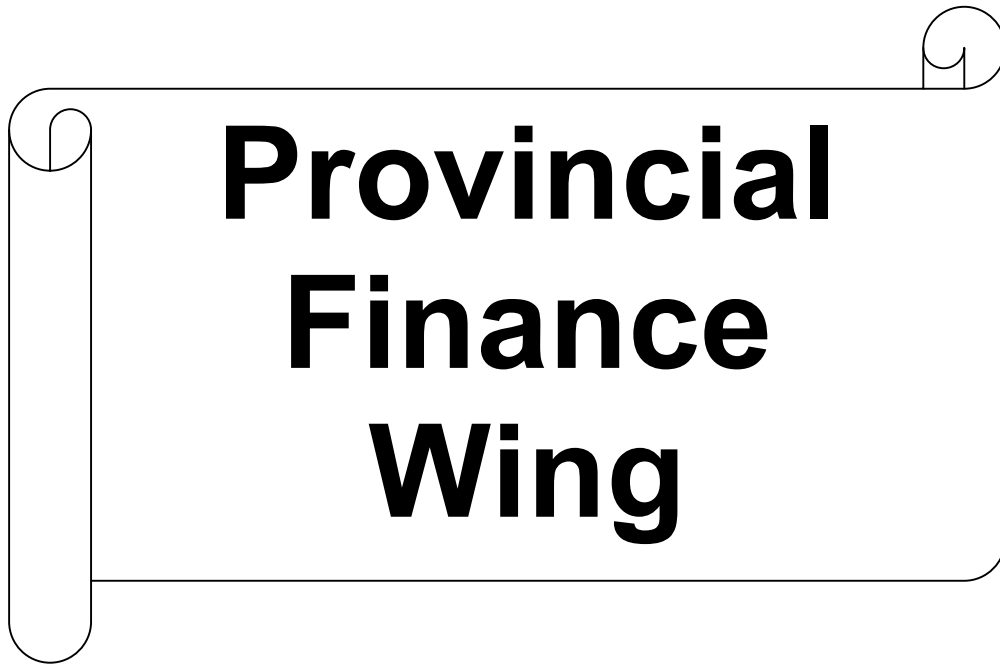
and liabilities. IDBP stood dissolved and ceased to exist on 13-11-2012 in pursuance of vesting order dated 13-11-2012 issued by the Finance Division. Resultantly, all of its assets and liabilities were conveyed, transferred, and vested in the newly incorporated banking company namely Industrial Development 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).



**CENTRAL
MONITORING
UNIT**

CENTRAL MONITORING UNIT

- Completion of SOEs Triage: A report titled “SOEs Triage: Reforms & Way Forward” was finalized in collaboration with the World Bank, Pakistan, and was uploaded on the Finance Division’s website in March 2021. The report categorizes commercial SOEs for retention, privatization, and liquidation.
- Publication of Federal Footprint: Annual SOEs Report FY 2018-19: Since FY 2013-14, IERU (now CMU) 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 so far and uploaded on Finance Division’s website). The report is widely read and used by key stakeholders including Cabinet, Regulatory Bodies (OGRA, NEPRA, SBP) and donor agencies. During FY 2020-21, CMU not only published and uploaded two reports for FY 2017-18 and FY 2018-19 on Finance Division’s website but also completed the collection of data for compiling the report for FY 2019-20.
- Reconstitution of Economic Advisory Council (EAC) Prime Minister’s Economic Advisory Council (EAC) was reconstituted in April 2021 with representation from academia, private and public sector. The EAC was reconstituted with the aim to advise government on taking short-term, medium-term, and long-term reforms essential for obtaining sustainable economic growth. The CMU provided the secretariat support for conducting the EAC meetings.



**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. Azad Jammu and Kashmir and Gilgit-Bal 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 2020-21

- ❖ The tenure of 9th NFC was completed on 23rd April 2020, and 10th NFC has been set up on 12-05-2020 and re-consultation on 21-07-2020 for deliberation on new NFC Award. However, 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 10th NFC, in its inaugural meeting held on 18-02-2021 has setup Seven (07) Sub-Groups to work on various aspects of the TORs and submit recommendation to the NFC.
- ❖ Laid two bi-annual reports for the period July– December, 2020 and January-June, 2021 in the both houses of the Parliament and Provincial Assemblies duly approved by Federal and Provincial Finance Ministers as required under Clause of Article 160 of the Constitution.
- ❖ 08 meeting of Executive Committee (EC) of National Tax Council (NTC) comprising of Federal and Provincial Finance Secretaries as well as heads of Federal and Provincial Revenue authorities were held during 2020-21 for GST Harmonization.

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.
- **Grants-in-Aid to Provinces:**

In addition to the above revenue transfers, the PF Wing also process the cases for transfer of Rs.16.849 billion to Government of Sindh in lieu of

Octroi Zila Tax (OZT) 7th NFC Award. The PF Wing also process 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) Rs. 10.00 billion. The cases for transfer of funds under OZT and AHBP were processed on monthly basis.

The PF Wing processed to transfer funds under the above categories to Provinces during FY 2020-21 the details thereof are as under:-

(Rs. in billion)

Description	Punjab		Sindh		Khyber Pakhtunkhwa		Balochistan	
	B.E	Release	B.E	Release	B.E	Release	B.E	Release
Divisible Pool	1,432.462	1,320.844	679.686	626.724	453.401	373.227	251.664	232.054
Straight Transfers	6.654	6.742	62.344	61.701	24.117	26.711	13.390	11.514
GST on Services	-	16.586	-	-	-	1.344	-	-
1% War on Terror	-	-	-	-	48.636	44.846	-	-
Additionality to Balochistan	-	-	-	-	-	-	-	19.610
Development Grant (PSDP)	-	-	-	-	3.049	7.988	-	-
Out Side PSDP Grant (PFR)	-	0.931	-	0.737	-	0.263	-	0.036
Non-Development grant on account of OZT	-	-	19.000	16.849	-	-	-	-
Total	1,439.116	1,345.103	761.030	706.011	529.203	454.379	265.054	263.214

Non-Development Grant: An amount of Rs. 1.00 billion on account of “Refund of Balance Amount of Funds of Insaf Imdad-Ehsas Program Category-III A”

under Demand No.65-GS21G01-Grants-in-Aid and Miscellaneous Adjustments between the Federal and Provincial Governments.

Paid Rs.25.00 billion as bridge financing to Khyber Pakthunkuwa on account of NHP. Besides, the PF Wing processed the cases for transfer of funds to Government of Khyber Pakthunkuwa for Erstwhile FATA on monthly basis and an amount of Rs.73.000 (billion) was transferred to Khyber Pakthunkuwa. Detail is as under:

Other Components		
1	Grant to KPK for Merged Areas	45.000
2	KPK for Erstwhile FATA Levies & Khasadar	11.000
3	IDP Grant to KPK	17.000
Total:		73.000

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 2020-21, the PF Wing handled transfer of an amount of **Rs. 93.666** 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 (B.E)	PSDP Allocation (Revised) (R.E)	Releases
Punjab	17	2.500	22.591	22.591
Sindh	05	3.590	10.928	10.928
Khyber Pakhtunkhwa	11	52.439	56.188	56.188
Balochistan	19	7.629	8.336	8.336
Total	52	66.161	98.043	98.043

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 2020-21 is as follows:

Province	Principal	Interest	(Rs. in billion)
			Total
Punjab	48.296	14.277	62.573
Sindh	23.555	7.832	31.387
Khyber Pakhtunkhwa	10.635	2.203	12.838
Balochistan	5.632	0.651	6.283
AJ&K	5.780	9.118	14.898
Gilgit Baltistan	0.003	0.109	0.112
Total	93.901	34.190	128.091

For 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 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 funds to AJ&K Government for its current and development expenditure during financial year 2020-21 as per detail given below.

(Rs. in billions)

Share Tax (@3.64%) (current)		PSDP 2020-21		Total BE current and Development	Total Releases
Allocation	Releases	Allocation	Releases	Allocation	Releases
54.890	58.390	24.825	24.494	79.715	82.884

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. In this regard the detail of the funds released by the PF Wing to GB Government for the FY 2020-21 is given below:-

(Rs. in billions)

Component	Allocation 2020-21 (R)	Released 2020-21
i) Grant in Aid to GB	32.000	37.000
ii) Wheat Subsidy to GB	6.000	8.370
iii) Ways and Means Advances	0.010	0.112
Total	38.010	45.482



**Regulations
Wing**

REGULATION WING

- Policies formulation and interpretation regarding pay package and other financial terms and conditions of service, perquisites, and fringe benefits of Govt. servant(s), pension of civil employees, armed forces personnel, employees of autonomous/semi-autonomous and regulatory bodies of Federal Government.
- Matters relating to pay protection and up-gradation of posts.
- Matters related to pay and pension of (a) President (b) Prime Minister (c) Ministers (d) Governors (e) Service Chiefs (f) Chief Justice(s) and Judges of Supreme/High Courts (g) Members of Parliament (h) Speaker, Deputy Speaker of National Assembly (i) Chairman, and Deputy Chairman of Senate.
- Matters related to deputation allowance, senior post allowance and additional charge allowance.
- Honorarium policy for civil servants, policy on Management Grade, MP 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 Fund, 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 draft 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.

Strength of Regulations Wing

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

(i) Achievements 2020-21:-

- a. Government has granted Disparity Reduction Allowance @ 25 % of basic pay scale 2017 w.e.f. 01-03-2021 vide Finance Division's O.M No. 14(1)R-3/2021-90, dated 03-03-2021.
- b. Constitution of Pay & Pension Commission, 2020
- c. Government has increased the rate of Ration Allowance to ANF Cadre from Rs.390/- per month to Rs. 6000/- per month with immediate effect vide Finance Division's O.M No. 11(22)R-1/2009(R-5)-491, dated 17-11-2020.
- d. Government has increased the rate of Ration Money Allowance to ASF from Rs. 2500/- per month to Rs. 6000/- per month w.e.f. 01-09-2020 vide Finance Division's O.M No. 11(5)R-1/2007(R-5)-302, dated 03-09-2020.

(ii) The Programme of Activities and Targets Set Out for Itself During the Preceding FY 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 FY 2021-22.

(iii) The Relevant Statistics

Items	Number of cases
Court Cases	1142
Service Rules/Regulations of different departments vetted	237
Major Policy Decisions taken	17
Cases regarding Up-gradations of posts of different organizations	194
Fixation of Pays	72
National Assembly/Senate business	70
FR-17 Cases	96
Number of Summaries for Prime Minister/Cabinet processed	70
Total	1898



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, 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 & AJK, Federal Service Tribunal, 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 before the court(s) concerned for deletion of the name of Finance Division in cases where it stands impleaded 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 **941** new cases, where the Finance Division was impleaded as primary as well as proforma party, during the Financial Year 2020-21. The break-up is, as under:

Legal-I		
S. No	Name of Court	No. of Cases
1.	Lahore High Court (LHC), Lahore.	218
	LHC, Rawalpindi Bench.	13
	LHC, Multan Bench.	26
	LHC, Bahawalpur Bench.	06
2.	Islamabad High Court, Islamabad.	149
3.	Civil Courts, Islamabad	01
	Total	413
Legal-II		
1.	High Court of Sindh, Karachi (all benches and lower courts).	214
2.	Peshawar High Court, Peshawar (all benches and lower courts).	120
3.	Baluchistan High Court, Quetta (all benches and lower courts).	16
	Total:	350
Legal-III		
1.	Federal Service Tribunal (FST), Islamabad.	130
Legal-IV		
1.	Supreme Court of Pakistan (all Registries).	15
2.	Chief Court Gilgit Baltistan, Gilgit.	04
3.	Federal Service Tribunal, Lahore & Karachi.	27
4.	National Industrial Relations Commission (All Benches).	01
5.	Civil Courts, Punjab.	01
	Total	48
	Grand Total:	941

Achievements of Litigation Wing:

- Under the able guidance of senior officers, with the assistance of other wings of this Division and 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.
 - Supreme Appellate Court, Gilgit Baltistan, Gilgit.
 - 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).
 - 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 **941** 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 for Pakistan & its regional offices, other wings of this Division, its attached/subordinate organizations.
 - Coped with the challenge of load of work despite dearth of human resources.

Regulation Sections:

Regulation Sections have the following main functions:-

a) 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 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.

b) Regulation -14 Section

- a. Vetting of draft 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. Pay Package for Project staff and clarification thereto.
- 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 143 cases from various Ministries/Divisions/ Departments for concurrence, NOC and clarification during the period from 01.07.2020 to 30.06.2021. The cases were examined and reply was given. Details are, as following:-

Description	No. of cases
Travelling Allowance (TA) and Daily Allowance (DA)	38
Medical reimbursement	44
Appointment of Authorized Medical Attendants at Missions abroad and revision of consultation fee.	19
Vetting of TA/DA and Medical Rules of Autonomous bodies	07
Miscellaneous cases	35
Total:	143

Regulation -14 Section:

The Regulation-14 Section received 192 cases from various Ministries/Divisions/ Departments and finalized during the period from 01-07-2020 to 30-06-2021. Details are given below:-

Description	No. of cases
Vetting of draft bills on Ordinances, Acts, Resolutions, etc.	20
Disability Pension/Special Family Pension cases	14
Approval to payment of rent of office accommodations received from Ministries/Divisions Departments which were in excess of prescribed rental ceiling	60
Pay Package of Project Staff recruited for development projects and funded from PSDP	25
Court cases	15
Misc.	50
Total:	184



**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 O/O 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 the huge receipt is generated through sale proceed of Stamp Papers etc from the Strong Room of this office:-

Major Functions/Activities of FTO are as under:-

- 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.

In addition, vide Finance Division's notification dated additional functions have been assigned to debt office:

- Prepare Medium-Term Debt Management Strategy;
- Raise domestic debt, set auction targets, conducting auctions and executing borrowing decisions;
- Prepare annual debt review and annual borrowing plan;
- Prepare semi-annual Debt Bulletin containing information regarding debt stock, debt operations and sources of change in debt stock;
- Monitoring of CDNS;
- Raise external debt through commercial sources;
- Set annual & medium-term targets and proposing policy guidelines for the Economic Affairs Division in raising external debt through multilateral and bilateral sources and advising on such financing terms;
- Coordinate with External Finance Wing, Finance Division to record and analyze debt raised for balance of payment support or through IMF;
- Issuance, management, valuation, budgeting, funding, allocation, monitoring of government guarantees;

- Evaluation of requests for government guarantees made by State Owned Entities;
- Maintain consistent and authenticated record of Public Debt and Government Guarantees; and
- Act as the Investor Relations office of Finance Division in matters pertaining to Public Debt.

Publications:

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

- Debt Policy Statement;
- Medium-Term Budgetary Statement;
- Annual debt review and borrowing plan;
- Semi-annual Debt Bulletin.

These statements were uploaded on Finance Division’s website. DPCO presents the above statements to the National Assembly. Debt Policy Statements and Public Debt Bulletin include a comprehensive review of the dynamics of Pakistan’s debt portfolio as well as borrowing details. These documents also contain a report on compliance with the provisions of FRDL Act, 2005. Medium-Term Budgetary Statement includes three-year targets for key economic indicators and is presented with the annual budget.

Further to the above, DPCO also facilitates Economic Advisor Wing and prepares following on yearly basis:

- Pakistan Economic Survey (Public debt chapter);
- Statistical supplement, Pakistan Economic Survey (Public debt chapter).

List of Activities:

- Debt Policy Statement for year 2020-21 was submitted 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;
- Published “Annual Debt Review & Public Debt Bulletin FY 2020-21”. The public debt bulletin contains detailed analysis on (i) developments in public debt and government guarantees portfolio; (ii) debt service payments; (iii) composition and structure of debt; (iv) key debt risk indicators; and (iv)

developments in the domestic debt market during FY 2020-21. It also highlights the progress on implementation of Medium-Term Debt Management Strategy (2019/20 -2022/23);

- Provided technical advisory on loan proposals which resulted in reduction in cost and risks of external public debt portfolio;
- Technical advisory and assistance were provided in raising financing for the PSEs and costs and risks were reduced through effective negotiations;
- Issuance of Eurobonds and International Sukuk in the international capital markets
- Handled debt-related questions related to Senate/National Assembly;
- Maintained monthly & quarterly public debt (domestic & external) and sovereign guarantees stocks;
- Maintained maturity profile of public debt;
- Issuance of Auction Calendar for Pakistan Investment Bonds (PIB) and T-Bills in collaboration with SBP;
- Active participation in auction process of Government Securities (PIBs & T-Bills);

List of Achievements:

- Profile of domestic debt has improved significantly in the last few years. Short-term debt as percentage of total domestic debt has decreased to around 25 percent at end June 2021 compared with 54 percent at end June 2018;
- In-line with the government's commitment, no new borrowing was made from State Bank of Pakistan (SBP). In fact, government repaid Rs 569 billion during the year against its debt owed to SBP. The cumulative debt retirement against SBP debt stood over Rs 1.1 trillion during last two fiscal years;
- The Rs 25,000, Rs 15,000 and Rs 7,500 denominations prize bonds were withdrawn from circulation in order to improve the documentation of the economy. The holders have been given options to (i) convert to premium prize bonds; or (ii) replace them with eligible National Savings Certificates; or (iii) encash at face value into their bank accounts;
- All institutional investors have been barred from investing in National Saving Schemes (NSS) with the objective to deepen the financial markets and lower the government's borrowing costs by creating more competition for long-term government debt;
- Published Asset Light Structure Framework of Sukuk issuances on Finance Division's Website, this framework provides general guidelines on raising Shariah compliant funding through a varied portfolio of underlying structures where the GoP can leverage the assets and projects in an efficient way to create a wider portfolio of sovereign Sukuk whilst being able to increase the value and regularity of issuances;

- Published Buy back policy of Government Securities on Finance Division’s Website, this policy will enable the Government to retire portion of its outstanding debt before its maturity;
- Debt from multilateral and bilateral sources cumulatively constituted around 78 percent of external public debt portfolio at end June 2021. A set of reforms initiated by the government to improve the economy has brought strong support from multilateral development partners during last two years. This is expected to strengthen confidence and catalyze additional support from development partners in the coming years which will also help in reducing the pressure on domestic sources;
- DPCO assisted EAD to negotiate the G-20 Debt Service Suspension Initiative (DSSI) extension with bilateral lenders for another 6-month period (July 2020 - Dec 2021) which will help to reduce the debt servicing impact to the tune of around US\$ 1.05 billion during FY 2020-21;
- Pakistan entered the international capital market after a gap of over three years by successfully raising USD 2.5 billion through a multi-tranche transaction of 5-, 10- and 30-year Eurobonds. The transaction generated great interest as leading global investors from Asia, Middle East, Europe and the US participated in the global investor calls and the order book. This was for the first time that Pakistan has adopted a program-based approach with registration of Global Medium-Term Note (GMTN) program. The program will allow Pakistan to tap the market at short notice. The Government intends to make full use of this program and become a regular issuer in the International Capital Markets;
- Government introduced various new instruments to further develop the domestic securities market, attract more diversified investor base and to provide more flexibility and options to the investors as well as to the government;
 - Government started issuance of 5-Year Sukuk with fixed rate rental payments from July 2020;
 - Similar to conventional bond, government introduced re-opening mechanism in Sukuk auctions in July 2020 to increase liquidity of the Sukuk;
 - Government started issuance of 3-, 5- and 10-Year floating rate PIBs with quarterly coupon payment frequency from October 2020; and
 - Government introduced 2-Year floating rate PIBs in November 2020 with quarterly coupon payment frequency and fortnightly interest rate re-setting.