



# **Year Book 2021-2022**

**Government of Pakistan  
Finance Division  
Islamabad  
[www.finance.gov.pk](http://www.finance.gov.pk)**

## **PREFACE**

The Year Book 2021-22 of Finance Division has been prepared under Rule-25 of the Rules of Business, 1973 that requires to prepare a Year Book covering/highlighting the activities, achievements and progress of the various Wings/Sections of the Division during the preceding Financial Year for information of the Cabinet and the general public.

The vision of Finance Division is to maintain national economic and financial stability along a path of sustainable and inclusive growth by achieving allocative efficiency through best budget making practices, strengthening Public Finance Management, efficient Macro-Economic and Fiscal Management, meaningful coordination with financial institutions to achieve long term debt sustainability, optimizing availability and utilization of foreign exchange by managing prudent expenditures control and austerity.

Pakistan's economy in FY 2022 has witnessed an estimated GDP growth of 5.97 percent on the back of 4.4 percent, 7.2 percent and 6.2 percent growth in Agriculture, Industry and Services sector respectively. This unsustainable growth has triggered macroeconomic imbalances which resulted in deterioration of the exchange rate, high inflation and widened twin deficits bringing the economy to the verge of a financial crisis. The present government is taking politically tough decisions to steer the economy through various crisis by vigilantly monitoring the international and domestic conditions to ensure stabilization and sustainable growth in this challenging environment. The government has also forwardly taken CPEC with new vigor, promoting the multifaceted development of the flagship project of China's ambitious Belt and Road Initiative (BRI).

The Year Book will provide readers an insight into working, functions and performance of Finance Division during the year 2021-22 with reference to the Division's Mission Statement and the various functions assigned to it. It describes key developments in various sectors of the economy and summarizes the policies along-with the reform undertaken by the government during the year.

It is hoped that the Year Book would sufficiently address the needs and interests of a wide range of stakeholders to depict the true picture of the economy. This document is also being made available on Finance Division's website.

**( Hamed Yaqoob Sheikh )**  
Finance Secretary

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# CONTENTS

<u>Title Page</u>	<u>Page No.</u>
Preface.....	i
Compilation Team.....	ii
Contents.....	iii
Vision Statement.....	01
Mission Statement.....	02
Key Objectives.....	03
Functions of Finance Division.....	04-05
Future Goals of Finance Division.....	06
Organizational Chart of Finance Division.....	07
Human Resource Management Wing.....	08-21
Financial Analysis Wing.....	22-24
Cost Accounts Organization Wing.....	25-27
Budget Wing.....	28-51
Corporate Finance Wing.....	52-57
Development Wing.....	58-60
Economic Advisor Wing.....	61-65
Expenditure Wing.....	66-67
External Finance (C&B) Wing.....	68-70
External Finance (Policy) Wing.....	71-72
Finance Division (Military Finance Wing).....	73-75
Internal Finance Wing.....	76-99
Investment Wing.....	100-115
Provincial Finance Wing.....	116-120
Regulations Wing.....	121-124
Litigation Wing.....	125-129
Federal Treasury Office.....	130-131
Debt Management Office.....	132-135

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## VISION STATEMENT

*To maintain national economic and financial stability along a path of sustainable and inclusive growth.*

## **MISSION STATEMENT**

***To assist in the formulation and ensure the effective execution of sound and equitable economic and financial policies, that put Pakistan on the path of sustained economic development and macro-economic stability with a view to improving the quality of life of the people of Pakistan.***

## KEY OBJECTIVES

**Achieving allocative efficiency through best budget making practices. Strengthening Public Finance Management Efficient Macro-Economic and Fiscal Management. Meaningful coordination with financial institutions. Achieving long term debt sustainability. Optimizing availability and utilization of foreign exchange. Maintaining expenditures control and austerity.**

# FUNCTIONS

The following functions are allocated to the Finance Division under the Rules of Business, 1973 (As amended up to 1<sup>st</sup> 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;
  - (iii) incorporation, regulation and winding up of corporations.



## FUNCTIONS

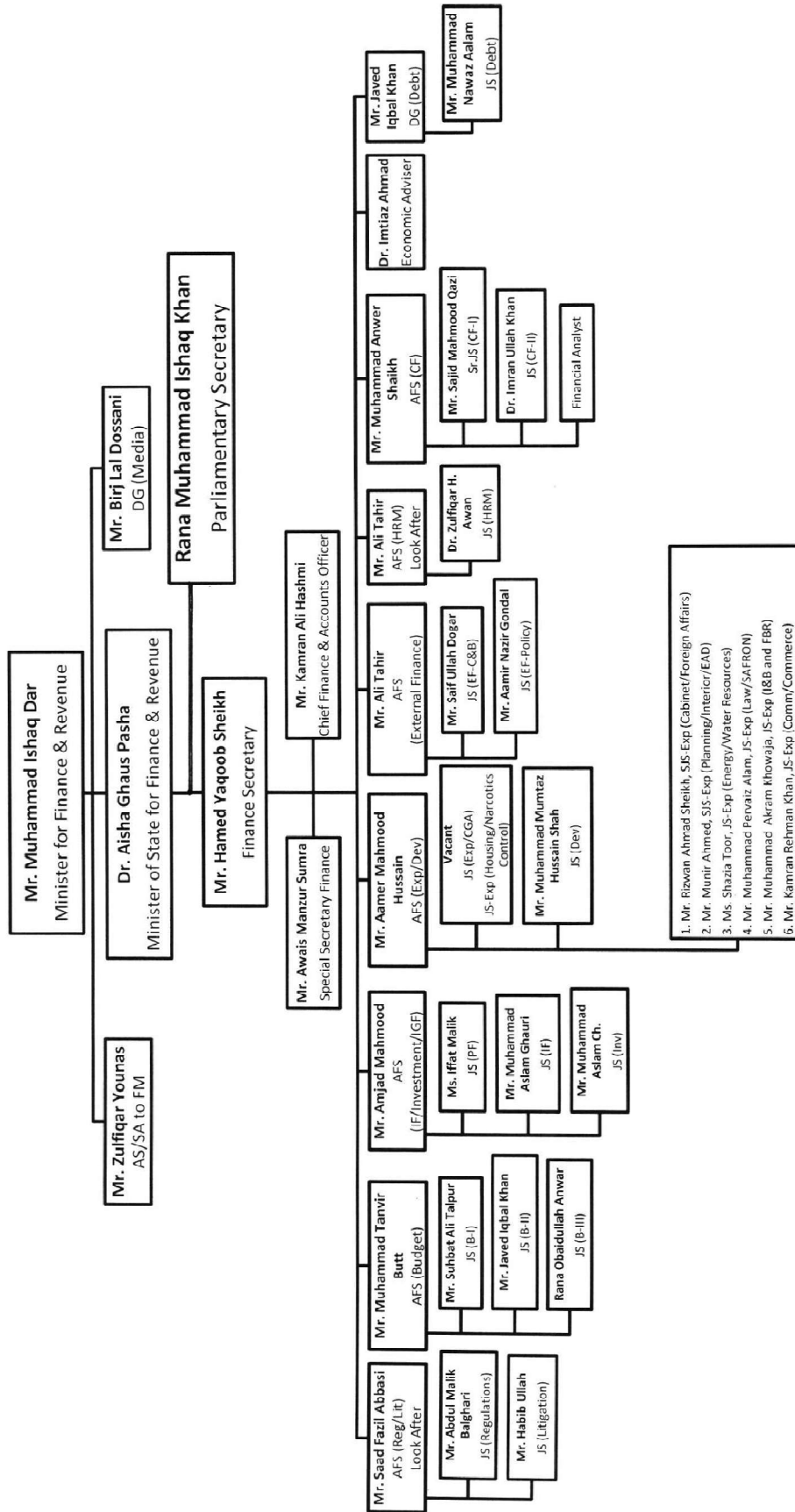
corporations including banking insurance and financial corporations not confined to or controlled by or carrying on business in one Province; and  
(iv) business related to the Federal Government Properties Management Authority (FGPMA).

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. Monopoly Control and Anti-Cartel Laws.
20. Deregulation policies.
21. Administration of Economic Reforms Order, 1978.
22. Negotiations with international organizations and other countries and implementation of agreements thereof.

## **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.**
- ❖ **Banking Sector Reforms.**
- ❖ **Formulation and Implementation of Austerity Measures.**

**ORGANIZATIONAL CHART OF FINANCE DIVISION**



1. Mr. Rizwan Ahmad Sheikh, JS-Exp (Cabinet/Foreign Affairs)
2. Mr. Munir Ahmed, JS-Exp (Planning/Interior/EAD)
3. Ms. Shazia Toor, JS-Exp (Energy/Water Resources)
4. Mr. Muhammad Pervaiz Alam, JS-Exp (Law/SAFRON)
5. Mr. Muhammad Akram Khawaja, JS-Exp (R&B and FBR)
6. Mr. Kamran Rehman Khan, JS-Exp (Comm/Commerce)



## **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 22 i.e. Secretary, Additional Secretaries, Sr. Joint Secretaries, Joint Secretariat, Deputy Secretaries and Section Officers which is administratively controlled by the Establishment Division.

The post of Private Secretary (BS-17) is a 100% promotion posts and is required to be filled in through promotion from amongst the senior-most Assistant Private Secretaries. During the Financial year 2021-22, the following employees were promoted to the post of Private Secretary (BS-17) against the posts falling vacant due to retirement and deputation of the incumbents in Finance Division:-

<b>S.N.</b>	<b>Name</b>	<b>Date of promotion as Private Secretary</b>
1.	Mr. Irshad Ali	27.05.2022
2.	Mr. Muhammad Naveed	27.05.2022
3.	Mr. Mamoon Riaz	27.05.2022
4.	Mr. Muhammad Saeed Akhtar	03.08.2021
5.	Mr. Muhammad Akram-II	29.11.2021
6.	Mr. Muhammad Hafiz	29.11.2021

### **HR-II & HR-III SECTION**

HR-II & HR-III Sections are responsible to deal with matters pertaining to support staff i.e. BPS-01 to 16. Their management is very important for efficient conduct of official business in any department/office. HR-II & HR-III 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. Following are the main functions:-

### **APPOINTMENT UNDER P.M. ASSISTANCE PACKAGE**

For Government Employees, who died in service, HR-II & HR-III Sections finalized all cases of appointment of aggrieved family members during the reference period and extended all other financial benefits to the widow.

### **PROMOTION**

In order to enhance the quality of work of the officials, HR-II & HR-III Sections promoted Assistants as Superintendent. UDCs to the post Assistant, LDCs 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 financial year 2021-22.

### **SERVICE BOOKS**

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

### **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 i.e. officers of Economist group posted by Ministry Planning, Development & Special Initiatives, Accounts group Officers posted by CGA/AGPR/AGP, etc.
- (ii) Hiring of Private Residential Accommodation for officers and staff of Finance Division.
- (iii) Medical Re-Imbursement to serving and retired officers/officials of Finance Division.

It is in the domain of HR-IV Section to make recruitment of professionals in MP Scales i.e. Implementation & Economic Reforms Units (Central Monitoring Unit),

Debt Policy Coordination Office (Debt Management Office), Micro Fiscal Policy Unit and on fixed pay package.

Hiring facilities to more than 670 officers/staff of Finance Division are provided to meet the demand of shelter temporarily. In this regard, Rs. 159,800,000/- has been expended during FY 2021-22.

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/- for (retired employees) and Rs.15,000,000/- (In-service employees) have been expended during FY 2021-22.

### **BUDGET & ACCOUNT SECTION**

Budget & Account 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)**

<b>S. N.</b>	<b>Department</b>	<b>Budget 2021-22</b>	<b>After Re-Appr.</b>
1	Finance Division (main) Part-I	993,913,000	760,371,000
2	Finance Division (main) Part-II	872,745,000	872,745,000
<b>Finance Division (Total)</b>		<b>1,866,658,000</b>	<b>1,633,116,000</b>
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

S. N.	Department	Budget 2021-22	After Re-Appr.
6	Economic Minister London (UK)	20,171,000	20,171,000
7	Finance Division (Military)	0	213,864,000
8	FA Air Force, Peshawar	0	19,678,000
<b>GRAND TOTAL:</b>		<b>1,980,000,000</b>	<b>1,980,000,000</b>

**LIST OF OFFICERS / OFFICIALS WHO RETIRED DURING FY 2021-22,  
W.E.F. (01.07-2021 to 30.06.2022)**

**OFFICERS**

S.N.	Name & Designation	Date of Retirement
1.	Dr. Rashid Manzoor, AFS	24.04.2022
2.	Mr. Asif Khan, JEA	30.09.2021
3.	Mr. Khurshid Anwar, DS	06.03.2022
4.	Mr. Ghulam Farooq, DS	30.05.2022
5.	Mr. Ataullah Khattak, DEA	27.01.2022
6.	Syed Bunaid Haider, SO	16.04.2022
7.	Mr. Muhammad Khalil, SO (Died)	04.11.2021
8.	Mr. Muhammad Nawaz, PS	04.04.2022
9.	Mr. Hussain Ali Khan, PS	09.04.2022
10.	Mrs. Pervaiz Akhtar, PS	14.04.2022
11.	Syed Saeed Ahmed Shah, Supdt.	30.09.2021
12.	Mr. Abdul Latif Soomro, Supdt	21.10.2021
13.	Mr. Iftikhar Ahmed, Supdt.	04.12.2021
14.	Mr. Ghulam Muhammad, Supdt.	31.05.2022
15.	Mr. Muhammad Yousaf Ansari, Supdt.	06.06.2022
16.	Mr. Muhammad Yaseen, APS	14.07.2021
17.	Mr. Muhammad Zahid Shah, APS	11.10.2021
18.	Mr. Muhammad Yousuf, APS	09.11.2021
19.	Mr. Asghar Ali Shahid, APS	30.11.2021
20.	Mr. Hadi Bux Qureshi, APS	12.12.2021
21.	Mr. Abdul Rashid, APS	18.12.2021
22.	Mr. Muhammad Alyas, APS	24.12.2021
23.	Mr. Muhammad Ashfaq, APS	30.12.2022
24.	Mr. Abdul Slaam, APS	02.01.2022
25.	Mr. Noor Hussain, APS	31.01.2022
26.	Mr. Muhammad Akram-II, APS	02.02.2022
27.	Malik Abdul Qayyum, APS (Medical Ground)	18.04.2022
28.	Mr. Shahid Ali Khan, Composer	07.06.2022



## **OFFICIALS**

<b>S.N.</b>	<b>Name &amp; Designation</b>	<b>Date of Retirement</b>
1	Mr. Azhar Ali, Assistant (Died)	07.07.2021
2	Mr. Farooq Adil, Assistant (Died)	08.10.2021
3	Mr. Munawar Ali, Assistant	20.10.2021
4	Mrs. Talat Azia, Assistant	01.11.2021
5	Mr. Fida Hussain, Assistant	24.11.2021
6	Mr. Muhammad Saleem, Assistant	15.02.2022
7	Syed Muhammad Mairaj, Assistant	19.04.2022
8	Mr. Muhammad Asghar, Assistant	04.06.2022
9	Mr. Muhammad Zafar Iqbal, Assistant	14.06.2022
10	Mr. Habib Ur Rehman, UDC	10.09.2021
11	Mr. Shakeel Ahmed, Daftary	15.09.2021
12	Mr. Muhammad Akbar, Daftary	05.01.2022
13	Mr. Muhammad Aslam, Daftary	08.03.2022
14	Mr. Iftikhar Ahmed, Qasid	04.12.2021
15	Mr. Maqbool Ahmed, Qasid	28.12.2021
16	Mr. Muhammad Yunas, Qasid	31.12.2021
17	Mr. Ali Hassan, N/Q	02.12.2021
18	Mr. Nazir Abbasi, N/Q	10.02.2022

### **COUNCIL SECTION:**

#### **INTRODUCTION**

Ministry of Finance is one of the flagships Organization of Federal Government and Council Section of this Ministry plays an important role to coordinate among all Ministries, Divisions, as well as with the attached departments of Ministry of Finance to handle the Parliamentary Business in both the Houses of Parliament. Council Section is a component of HRM Wing and Deputy Secretary (Council) provides necessary support to the relevant quarters regarding National Assembly and Senate Business. As the Finance Minister holds the portfolio of Ministry of Finance and Revenue accordingly all the business of Parliament of these two Divisions are got approved by him.

#### **MAIN TASKS:-**

- ❖ Transmission of Question, Motion, Call Attention Notice, Resolutions, cut Motions to concerned Wings of Finance Division as and when received from Senate/National Assembly.
- ❖ To submit the replies of questions/motions/resolutions/call attention notice of National Assembly / Senate in time for printing before Rota day.

- ❖ In compliance with the Prime Minister's directive and Chairman Senate to ensure the attendance of BS-20 officer in both the Houses of Parliament when Sessions are convened.
- ❖ To coordinate the holding of meetings of Standing Committees on Finance & Revenue.
- ❖ To coordinate with FBR and attached departments of Finance Division for timely preparation/delivery of approved replies / brief.
- ❖ Briefing to Finance Minister/Minister of State/Parliamentary Secretary on Parliamentary Business and meetings of Standing Committees and Sub-Standing Committees of Parliament.

### **ACTIVITIES / ACHIEVEMENT/ PROGRESS:**

The Government presented the Annual Budget 2022-23 in the National Assembly on 10-06-2022. In this regard, a camp office was established in the National Assembly wherein Council Section had played a vital role to facilitate the officers of Finance Division as well as the **members of the Parliament**. Till the final approval of annual budget, Council Section had been dealing with Senate Standing Committee on Finance & Revenue for making recommendations to the National Assembly on the Finance Bill, 2022-23, containing the Annual Budget Statement. The other miscellaneous duties were performed by the Council Section during the budget session to make it a successful.

### **DOCUMENTATION SECTION:**

<b>S.N.</b>	<b>NATURE OF CASES/ACTIVITIES</b>	<b>CASES RECEIVED</b>	<b>CASES DISPOSED OFF</b>
1.	Publication of Year Book of Finance Division	<b>01</b>	Year Book (2020-21) was uploaded on the website of Finance Division.
2.	Preparation of Permanent and Temporary Security Passes of Officers/Officials of Finance Division	Permanent <b>218</b> Temporary <b>99</b>	218 passes got issued through NADRA 99 temporary passes issued by Documentation Section locally.
3.	Issuance of No Demand Certificates (NDC) in respect of officers/officials on their retirement and transfer from Finance Division.	<b>110</b>	110 NDCs issued.

S.N.	NATURE OF CASES/ACTIVITIES	CASES RECEIVED	CASES DISPOSED OFF
4.	Online Public Complaints received through Wafaqi Mohtasib's Secretariat Public Complaint resolution mechanism.	445 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 as mentioned in 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.
- Displaying of official security passes by all the officers/officials during duty hours has also been ensured.
- Annual Inspection of Finance Division (year 2021) could not be taken place by an officer of Intelligence Bureau (I.B).

#### **PROTOCOL SECTION:**

- Protocol services were provided to foreign/local delegates/guests, Ambassadors, Ministers/MoS, etc., and senior officers of Finance Division.
- Visa services were provided to the officers of Finance Division (BPS-17 & above) who proceeded abroad on official meetings/trainings/seminars/workshops, etc.

#### **COORDINATION-I SECTION:**

S.N.	Main Tasks	Course of action	Cases received	Target achieved during the year 2019-20
1.	Circulation of Instructions/ Orders/ Notifications/ Circulars in Finance Division, its Attached Departments, Corporations, Autonomous/ Semi-Autonomous Bodies received from Prime Minister's Office, Finance Ministers Office, Cabinet	The said instructions / Orders / Notification / circulations are immediately forwarded to the attached departments / subordinate offices of Finance Division for further necessary action.	345	Circulated 282 receipts.

S.N.	Main Tasks	Course of action	Cases received	Target achieved during the year 2019-20
	Division, Establishment Division/ Interior Division and other Ministries Divisions.			
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.	260	339 notifications forwarded to PCPP Karachi / Islamabad
3.	Obtaining information from Attached Departments/Sub-Ordinate Offices requested by following: - <ul style="list-style-type: none"> <li>i. Senate Secretariat/ National Assembly</li> <li>ii. Establishment Division</li> <li>iii. Cabinet Division</li> <li>iv. Prime Minister's Office</li> <li>v. Other Ministries /Divisions</li> </ul>	Obtained the requisite information from different wings of the Finance Division (Main) and its entities and submit consolidated replies to the concerned quarters.	3 36 17 18 32	106 cases disposed off.

### **COORDINATION-II SECTION:**

S.N.	Main Tasks	Course of action	Cases received	Target achieved
1.	Decisions of Cabinet, ECC, ECNEC, Cabinet Committees, and CCI received from the Cabinet Division.	The said decisions were immediately forwarded to the concerned Wings/ Offices for implementation.	197	100%
<b>Total number of cases/decisions disposed off:</b>				<b>197</b>

## **SERVICES SECTION-I:**

Services Section provided support to all officers of Finance Division through provision of electronic items, computer equipment, furniture, etc.

## **REPAIR OF PHYSICAL ASSETS / MACHINERY & EQUIPMENT:**

- All types of repair of Transport, Computers / Printers / ACs / Refrigerators / were carried out on receipt of requisitions.

## **MISCELLANEOUS WORK:**

- Cleanliness in “Q”, “S” Block, Kohsar Block and FBC Building was ensured.
- Arrangements for meetings with officers of the other Ministries and with foreign dignitaries / delegations were made.
- 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, 2021-22

## **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 this 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.

## **SERVICES SECTION-II:**

### **Printing & Advertisement:**

- Printing of all official documents i.e. printing of D.O Letters, Visiting Cards, Budget Documents / Books, Economic Survey / Statistical Supplement of Pakistan Economic Survey / Summaries and their payment to Printing Corporation of Pakistan Press (PCPP).

- Tenders & Advertisement of Finance Division and related to other organization under Finance Division.
- Advertisement and Media Campaign regarding Kamyab Pakistan Programme released in Print Media through PID.

**Telephone:**

- Installation, Shifting and repair of NTC / PTC and green line numbers for officers of Finance Division.
- Smooth functioning of intercom and payment of telephone bills.
- Compilation (Printing of Finance Division internal telephone directory).
- Internet Connection Matters and payment of monthly basis.
- Enhanced the existing internet facility for better connectivity.

**Purchase of Stationery / Miscellaneous Items:**

- 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.

**Library:**

- Smooth functioning of Library at FBC Building which provides facility for reading Books, News Papers, and Magazines.
- It provides various books on rules and regulations for employees of Finance Division as well as for researchers.

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

S.N.	Nature of Cases	Number of Cases received (July, 2021 to June, 2022)	Number of Cases Disposed Off
1.	Purchase of Books	-Nil-	-Nil-
2.	Technical processing of Books (i.e. allocating Accession Number to new arrived books, cataloging, classification, computerization of books' record, periodicals, and newspapers)	580	580
3.	Issuance of Books	133 (books)	133
4.	Receiving of Books	102 (books)	102

S.N.	Nature of Cases	Number of Cases received (July, 2021 to June, 2022)	Number of Cases Disposed Off
5.	Issuance of NOC/NDC	117 (cases)	117
6.	Provision of Newspapers to Officers	80 (Cases) every month	80
7.	Maintenance of record regarding Circulars, Office Orders, and Notifications	225	225

**Record Rooms:**

- Out of 02 Record Rooms, one is situated on ground floor “Q” Block and other is located at Kohsar Block 5<sup>th</sup> floor maintains old files as per direction of National Archives of Pakistan.

**R&I Section:**

- Smooth & efficient functioning of R&I Section at “Q” Block, FBC Building and Kohsar for speedy delivery of Official Dak. Purchase of Postal tickets for smooth Dak delivery.

**Dispensary:**

- Smooth functioning of Dispensary at 5<sup>th</sup> floor “Q” Block which provides first aid treatment facility to the employees of Finance Division.

**Day Care Center:**

- Day Care Centers have been established in “Q” Block and FBC Building for looking after the infants of working mothers in Finance Division.

**Photostat Pool:**

- There are four Photostat Pools out of which 02 located in “Q” Block 1<sup>st</sup> floor Finance Division and one each is located at FBC Building and Kohsar Block for provision of hassle free Photostat facility to Finance Division.

**Arrangement of Souvenirs:**

- Arrangement of Souvenirs and shields which are presented to foreign / local dignitaries during their official visit to Finance Division.

### Miscellaneous Work:

- All Wings/Offices of Finance Division were facilitated before and during the Budget preparation / presentation in the Parliament till completion of the budget process for the Financial Year, **2022-23.**
- Established Camp Office at Parliament House for facilitation of Officer of Finance Division for Smooth Passing of Budget Session **2022-23.**

### QUALITY ASSURANCE SECTIONS I&II:

S.N.	Main Tasks	Target Achieved during the year 2021-22																				
1.	Foreign Trainings through Economic Affairs Division (EAD) etc.	<ul style="list-style-type: none"> <li>➤ <b>05</b> applications of officer were processed for foreign training.</li> <li>➤ <b>03</b> Officers were nominated by the Foreign Training Committee (FTC).</li> <li>➤ <b>03</b> Officers availed the foreign training.</li> </ul>																				
2.	Domestic / Inland Trainings	<ul style="list-style-type: none"> <li>➤ <b>45</b> applications of Officers / Officials were processed for domestic / inland trainings.</li> <li>➤ <b>45 Officers/ officials</b> availed the domestic / inland training facilities.</li> </ul>																				
3.	Nomination/ Appointment of Departmental Quality Assurance Coordinators (DQACs)	<ul style="list-style-type: none"> <li>➤ 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.</li> <li>➤ At present, 14 Officers were nominated as Quality Assurance Coordinators in the respective Wings of Finance Division.</li> </ul>																				
4.	Revision of Job Descriptions (JDs)	<ul style="list-style-type: none"> <li>➤ The Job Descriptions (JDs) of all regular BS-17 to 21 positions of Finance Division have been prepared on the standard format.</li> <li>➤ Key purpose of JDs is to bring clarity in duties and responsibilities of a position, defining reporting mechanism and better performance management.</li> <li>➤ JDs are reviewed and revised on need basis and in the wake of changing circumstances.</li> <li>➤ The JDs are required to be revised in order to incorporate necessary changes as per New Management Standards ISO 9001:2015. During the year 2021-2022, the Job Descriptions (JDs) of <b>37 positions</b> of the following Wings have been revised and distributed to all concerned with the approval of Finance Secretary:-</li> </ul> <table border="1" style="margin-left: auto; margin-right: auto;"> <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>Budget Wing</td> <td>27</td> <td>29-11-2021</td> </tr> <tr> <td>2.</td> <td>HRM/QA</td> <td>04</td> <td>26-11-2021</td> </tr> <tr> <td>3.</td> <td>Corporate Finance Wing</td> <td>06</td> <td>13-01-2022</td> </tr> <tr> <td colspan="2" style="text-align: right;"><b>Total:</b></td> <td><b>37</b></td> <td></td> </tr> </tbody> </table>	S#	Name of Wing	Number of positions	Date of Revision	1.	Budget Wing	27	29-11-2021	2.	HRM/QA	04	26-11-2021	3.	Corporate Finance Wing	06	13-01-2022	<b>Total:</b>		<b>37</b>	
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<b>Total:</b>		<b>37</b>																				



S.N.	Main Tasks	Target Achieved during the year 2021-22
5.	Revision of Quality Assurance Procedure (QAP)	<ul style="list-style-type: none"> <li>➤ The Quality Assurance Procedure (QAP) is the principle booklet containing quality SOPs/framework in respect of each Wing of Finance Division.</li> <li>➤ QAPs are reviewed and revised by the Wings on need basis and in the wake of changing circumstances.</li> <li>➤ Following Quality Assurance Procedure are reviewed and revised in FY 2021-22. <ul style="list-style-type: none"> <li>- Human Resource Management Wing 06-05-2021</li> </ul> </li> </ul>
6.	DQRC Meetings of all Wings	<ul style="list-style-type: none"> <li>➤ Monthly Departmental Quality Review Committee (DQRC) Meeting is one of the effective Quality assessment tool, which is meant to review in-house monitoring, strengthen internal systems, address resource needs and to look for opportunity for performance improvements etc.</li> <li>➤ Fifteen (<b>15</b>) DQRC Meetings of different Wings have been held during the FY 2021-22.</li> <li>➤ Keen watch is kept to ensure holding of such meetings on regular basis and compliance to the decisions thereon.</li> </ul>

### **FINANCE & ACCOUNTS WING:**

The following important events and activities regarding performance relating to F&A Wing were carried out during FY 2021-22:-

- Finance & Accounts Wing conducted thirty four (34) DAC meetings wherein Audit Reports of Finance Division and its attached departments / organizations were discussed during the period under report.
- Eight (08) meetings of Public Accounts Committee (PAC) were held wherein Audit Reports of Finance Division and its attached departments / organizations were discussed during FY 2021-22.
- Reconciliation statements of expenditure for the FY 2021-22 relating to eighteen Demands of Finance Division were finalized.
- During the period under report, more than 118 cases of Re-appropriation of funds, Budget proposals / BOs / NISs, release of funds cases relating to all wings of Finance Division and its attached departments / projects were received and scrutinized.
- F&A Wing conducted inspection of 17 formations of Finance Division and its entities during FY 2021-22. Preliminary and final reports of these inspections were prepared and issued to respective entities for taking necessary corrective measures.

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# **Financial Analysis Wing**

## **FINANCIAL ANALYSIS WING**

### **Introduction:**

Financial Analysis (FA) Wing looks after the Government of Pakistan (GoP) interest by providing financial analysis of the institutions where Government of Pakistan 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 interest of Government of Pakistan 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 Press (PCPP)
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. Further, FA Wing is also nominated as Focal Person by the Finance Division for the 2<sup>nd</sup> Review of Pakistan under United Nations Convention against Corruption (UNCAC) Mechanism.



# **Cost Accounts Organization**

## **COST ACCOUNTS ORGANIZATION**

### **Introduction**

Cost Accounts (CA) Organization is an integral part of Finance Division. As per Schedule – II of Rule 3 (3) “Distribution of Business among Divisions” Rules of Business 1973 (as amended up to 23rd April, 2019) ‘Cost Accountancy’ is an allocated business 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, and 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 has the responsibility to perform reconciliations regarding reimbursement of subsidy claim to various public sector entities.

### **Functions**

Main functions of CA organization are as under:

1. Subsidy / losses verification of cases of NFC units, NSPC, PASSCO and other organizations.
2. Computation of incidental charges of wheat, imported urea and other consumable items.
3. Review and analysis of accounts of gas producing companies.
4. Determination of well-head gas prices.
5. 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.
6. 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.
7. Act as member of the Appellate Board of DRAP for hearing the appeals regarding prices of drugs/medicines, etc.
8. Act as member of National Council of Institute of Cost and Management Accountants of Pakistan (ICMAP) as government nominee.
9. Coordination and processing the functional matters of ICMAP as per Cost and Management Accountants Act, 1966.

10. Evaluation of cases referred for advice by various ministries/divisions and other wings of Finance Division related to cost accountancy and financial analysis.
11. Act as member of various committees/groups, etc., constituted by government from time to time.

### **Performance**

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

1. Verification / computation of wheat incidentals of PASSCO for the years 2019-20 and 2020-21.
2. 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 for the year 2018-19.
3. Participation in three meetings of Drug Price Committee (DPC) of Drug Regulatory Authority of Pakistan (DRAP).
4. Participation in the meeting of Board of Directors of Printing Corporation of Pakistan.
5. Processing of administrative matters pertaining to the Institute of Cost and Management Accountants of Pakistan (ICMAP).
6. Coordination and participation in nine meetings of National Council of ICMAP and five meetings of Education Committee of ICMAP.
7. Evaluation of various cases referred by Expenditure Wing, Corporate Finance Wing of Finance Division and Internal Finance Wing.
8. Performed duties in the National Assembly and Senate sessions as representative of Finance Division.



# 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 ensuring 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 whereas the external receipts estimates are submitted to the Budget Wing by Economic Affairs Division.

After the finalization of the budget estimates in respect receipt and expedites, 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 1<sup>st</sup> July of each financial year.

### **Medium Term Budget Strategy Paper**

The 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 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 debts 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 are included in Public Finance Management Act, 2019.

## **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 and Revenue 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.
- b. The judges of the Supreme Court and the Islamabad High Court.
- c. The Chief Election Commissioner.
- d. The Chairman and Deputy Chairman (of the Senate).

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

### **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 Schedule I, II & III).

- viii. Details of Demands for Grants and Appropriation–Pink Book (Volume I, II, III& IV).
- ix. Supplementary Demands for Grants and Appropriations.
- x. Finance Minister Winding up Speech.
- xi. Schedule of Authorized Expenditure.

## **FUNCTIONS OF VARIOUS SECTIONS OF BUDGET WING:**

### **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.
- 10. Provision for Contingencies.
- 11. Provision for Disaster/Emergency Relief Fund.
- 12. 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 advise 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.

### **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, Development & Special Initiatives Division.
6. Interaction for APCC/NEC Meetings.
7. Issuance of PSDP IBC to Planning, Development & Special Initiatives Division.
8. Monitoring of Issuance of PSDP IBCs to PAOs by Planning, Development & Special Initiatives Division.
9. Monitoring of Entry/Receipt of NIS enclosed by Planning, Development & Special Initiatives Division (PSDP).
10. Final reconciliation / verification of NIS in accordance with IBCs (PSDP) issued by Planning, Development & Special Initiatives Division.
11. Printing of reports from SAP system for compilation of books (PSDP).
12. Preparation of Replies for Audit Para's – DAC / PAC matters.
13. To prepare other reports required.
14. To perform assigned core responsibilities in relation to preparation of Federal Budget.
15. Any other task assigned.

## **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 consultant 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 Advisor to Prime Minister on 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 Para's – DAC / PAC matters.
8. Core responsibilities 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, 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.
- (iv) Cases relating to Assan Assignment Account procedures.



## **Treasury Single Accounts (TSA) Section:**

### **Activities:**

- Implementation of Cash Management & Treasury Single Account Policy 2019-2029.
- Establishment of a unified Government banking arrangement enabling oversight of government cash flows and allowing complete fungibility of all cash resources.
- Issuance of detailed instructions and guidelines to all Government Offices, 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.
- Facilitate Joint Secretary (B-III) in conducting meetings of Cash Management Working Group (CWMG) and Cash Coordination Committee (CCC).
- 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.1 (Non-Food).
- Follow-up Meetings for guidance and assistance on Cash Management and Treasury Single Account (CM & TSA) Rules, 2020.
- TSA-II applicable on autonomous organizations, public sector enterprises etc., of the Federal Government.
- Meetings held with State Bank of Pakistan regarding Bank Account data.
- Meeting with major Banks to remove their reservations/from about TSA System.
- Scrutinize of Bank Account Data of MDAS and public entities.

### **Achievements:**

- Established TSA phase-I system in Ministries, Divisions, Attached Departments and Sub-Ordinate Offices (MDAS).
- 163 Ministries, Divisions, Attached Departments and Sub-Ordinate Offices (MDAS) have been notified in August, 2020 under Treasury Single Account.
- Closed Over 4500 Commercial Bank Accounts of Government entities.

- Conduct awareness workshop, meetings on TSA phase-II system for Public Entities including Autonomous bodies, Regulatory Authorities, Funds, Civil Armed Forces and Defence.
- Drafted amendments in CM & TSA Rules, 2020 to include Public entities in TSA System.
- Preparation of draft Public Account Receipt and Payment Procedure, 2022.
- Cash Forecasting Unit (CFU) and Cash Management Unit have been established under Budget Wing of Finance Division to forecast Cash Flows and to anticipate cash needs of Federal Government for improved liquidity management.

### **Progress:**

- Established TSA Phase-I system in which Ministries, Divisions, Attached Departments and Sub-Ordinate Offices (MDAS) were required to close their commercial bank account.
- Started awareness/Series of consultative workshop on TSA Phase-II.

### **NON TAX REVENUE**

The main functions of Non Tax Revenue Section Budget Wing is to keep a close coordination with all stakeholders particularly in the preparation printing and publishing the Budget Estimate Non Tax Revenue in the "Explanatory Memorandum" on Federal receipts which includes estimates of Foreign Assistance of the Federal Government. Moreover, this Section is also responsible to identify, potential NTR avenues in cooperation with respective entities and to implement Budget targets.

### **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 estimated 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. Enhancement in the rates of Petroleum Levy through Finance Bill 2022-23.
2. Mobile Hand Set Levy rates increased through Finance Bill which resulted in the enhancement NTR revenue receipts.
3. Efforts have been made to bifurcate the head of accounts of different NTR receipts.
4. Several meetings/works shops had been held to sensitize all the stakeholders to review NTR receipts.
5. Regular coordination with SOEs to deposit dividend into Government Accounts.
6. Vigilant monitoring of collection of Non Tax Revenue and preparing reports for high ups based on Budget Estimates and Actual Receipts for timely decision.
7. Coordination with Cabinet Division on winding up of Abandoned Properties Organization and deposits of proceeds thereof in Federal Consolidated Fund.

### **Chief Accounts Officer**

The Chief Accounts Officer is primarily responsible to process all cases of Supplementary and Technical Supplementary Grants, received from Divisions/Departments in a financial year for approval of Finance Secretary. Besides, compilation of Supplementary Budget Statement and Excess Budget Statement and approval by Federal Cabinet and Parliament is also responsibility of the CAO, as well as examination of Certification Audit of Federal Government. Activities and achievements during FY 2021-22 are given below:

## **1. SUPPLEMENTARY GRANTS**

### **Activities:**

To streamline the system of SGs and TSGs, circulated procedure for grant of additional budget to all PAOs and Accounting Offices vide OM No.F.5(1)-CAO(MoF)/2021-22/869 dated 27<sup>th</sup> August, 2021. According to that:

- The Division concerned shall move Summary for ECC of the Federal Cabinet to obtain additional funds, through Expenditure Wing to Budget Wing for consideration.
- Such requests shall be reviewed in line with resource position before submission to the competent authority for approval.
- The deadline for inclusion of schedules of SG/TSG in Supplementary Demands for Grants and Appropriations (SDGA) was 14<sup>th</sup> May, 2022
- The justifications/reasons of SGs are extracted from the schedules of supplementary grants.
- The compilation process of book of Supplementary Demands for Grants and Appropriations (SDGA) was started in March, 2022.

### **Achievements:**

- Prepared authorised schedule of supplementary demands for grants and appropriation and submitted to Prime Minister for authentication under Article 83 of the Constitution in June, 2022.
- The Book of SDGA submitted to Budget Publication Officer for printing in Last week of May, 2022.
- The Book of SDGA was tabled in the National Assembly with other budgetary documents for discussion, voting and approval during budget session 2022-23.
- Prepared Notice of Intention of Demands for Grants – Supplementary Budget Statements

## **2. EXCESS BUDGET STATEMENTS**

The Excess Budget Statement of FYs 2018-19, 2019-20 and 2020-21 were also submitted to Federal Cabinet and Parliament alongwith other budgetary documents in June, 2022.

### **Activities:**

- Prepared draft statement of excess budget from Appropriation Accounts in February, 2022 and submitted to the Office of the Controller General of Accounts and relevant Accounts Offices for vetting.
- The statements were also submitted to concerned PAO for confirmation of figures and reasons of excess expenditure during March and April, 2022.
- Compiled Excess Demands for Grants and Appropriations (EDGA) 2018-19 to 2020-21 during May, 2022.

### **Achievements:**

- Prepared authorised schedule of excess demands for grants and appropriations of FYs 2018-19, 2019-20 and 2020-21 for submission to Prime Minister for authentication under Article 83 of the Constitution during May, 2022.
- The Book of EDGA was submitted to Budget Publication Officer for printing in the last week of May, 2022.
- The Book of EDGA was tabled in the National Assembly with other budgetary documents for discussion, voting and approval during budget session 2022-23.
- Prepared Notice of Intention of Demands for Grants – Excess Budget Statements

### **3. CERTIFICATION AUDIT OF FEDERAL GOVERNMENT**

Under Article 170 (2) of the Constitution of Islamic Republic of Pakistan, Para 7 of Ordinance No. XXIII of 2001 of Auditor General's (Functions, Powers and Terms and Condition of Services) and Para 4 of Ordinance No. XXIV of 2001, Controller General of Accounts (Appointment, Functions and Powers), the audit starts certification audit in 1<sup>st</sup> half of next financial year.

### **Activities:**

- The Office of the AGPR submit/forward the observations raised by Audit to concerned Divisions/Offices for appropriate reply on priority basis under intimation of this Office.
- Chief Account Office is responsible to submit these observations before higher authorities for information and necessary action if any.

- Chief Accounts Officer attended the Exit meeting on Audit Observations of Certification Audit 2020-21 on 30<sup>th</sup> November, 2021.

## **Budget Publication Office**

### **Activities:**

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

To supervise the tasks related to:

- Composing/pasting of Budget Documents/Posts Budget Documents.
- Printing of Budget Documents/Post Budget Documents.
- Composing of various Summaries/Reports relating to Budget Wing.
- Coordination of manuscript/materials of Budget documents, summaries/reports of the Budget Session.
- Supply of Budget Documents to the Cabinet/ Senate/ National Assembly during the Budget Session.
- Dissemination of Budget Documents to Press Information Department/Journalists/all Federal and Provincial Government Offices.
- Record and maintenance of Budget Wing Library.
- Photocopying Cell of the Budget Wing's Library.
- Any other matters relating to printing of Budget Wings important official documents.
- Urdu translation of the Budget Documents and Schedules.
- Development/Coordination with AGPR Party for getting the accurate Budgetary Data.
- Provision of Budget Publications to the National Assembly, Senate Secretariat for discussion in the Federal Budget Session.

## **Budget Research Officer (Urdu)**

### **Activities:**

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

### **Achievements / Publications**

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

1. The Budget Speech of the Finance Minister (English)
2. The Budget Speech of the Finance Minister (Urdu)
3. Annual Budget Statement (English)
4. Annual Budget Statement (Urdu)
5. Demands for Grants and Appropriations
6. Regular & Technical Supplementary Grants for FYs 2018-19, 2019-20, & 2020-21.
7. Budget in Brief (English)
8. Budget in Brief (Urdu)
9. Performance Based Budget 2021-22 & 2023-24.
10. Details of Demands for Grants and Appropriations (Current Expenditure) 2021-22.

11. Details of Demands for Grants and Appropriations (Development Expenditure) 2021-22
12. Details of Demands for Grants and Appropriations (Current Expenditure Budget and Revised Estimates 2020-21)
13. Details of Demands for Grants and Appropriations (Development Expenditure Budget and Revised Estimates 2020-21)
14. Explanatory Memorandum on Federal Receipts
15. Medium Term Budget Strategy Paper 2021-22 - 2023-24
16. Schedule of Authorized Expenditure
17. Schedule of Authorized Supplementary Expenditure
18. Winding-Up Budget Speech by the Finance Minister
19. Fiscal Policy Statement January, 2021
20. Debt Policy Statement January, 2021
21. Mid-Year Budget Review Report FY 2020-21
22. Financial Management and Powers of Principal Accounting Officers Regulations 2021
23. 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 were issued. Necessary amendments to remove the difficulties in implementation of the provisions of said regulations have been made from time to time.
- ii. Amendments in article 45, 906, 907, 908 and 922 of CSR, Rule 3 of the Civil Pension (Commutation) Rules and Rule 234 of FTR were made to convert pensioners from manual to Direct Credit System (DCS). Since it is a continuous process, around 90 per cent of Federal Government pensioners have been converted from manual to DCS.



- iii. Amendments were made in Federal Treasury Rules to facilitate the pensioners and biometric verification on National Database and Registration Authority (NADRA) system from any branch of a bank maintaining pension account, every year in the months of March and October, in place of provision of life certificate, which was held in abeyance due to Covid-19 situation, as pensioners were unable to visit the bank for the purpose. However, the same was reactivated with effect from December, 2021 and the process of biometric verification has almost been completed.
- iv. Grant in Aid Rules are under process for approval of Cabinet Committee for disposal of Legislative Cases (CCLC).
- v. Receipts and Payment Rules, was drafted and circulated among the stakeholders for their views/ comments. Inputs of the stakeholders have been incorporated, where necessary in the draft rules.
- vi. 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**

**CONSOLIDATED FISCAL OPERATIONS 2021-22**  
(Rs. In billion)

Description	Budget Estimates	Prov. Actual July-June
<b>Total Revenue</b>	<b>8,775.7</b>	<b>8,035.4</b>
<b>Tax Revenue</b>	<b>6,483.9</b>	<b>6,755.2</b>
Federal	5,829.0	6,142.8
Provincial	654.9	612.4
<b>Non-Tax Revenue</b>	<b>2,291.8</b>	<b>1,280.2</b>
Federal	2,044.4	1,151.9
Provincial	247.4	128.3
<b>Total Expenditures</b>	<b>12,195.6</b>	<b>13,295.3</b>
<b>Current Expenditure</b>	<b>10,320.7</b>	<b>11,521.4</b>
Out of Which		
Mark-up Payments	3,059.7	3,182.4
Defence	1,370.0	1,411.6
<b>Development and net lending</b>	<b>1,874.9</b>	<b>1,657.4</b>
<b>Statistical discrepancy</b>	-	<b>116.5</b>
<b>BUDGET DEFICIT</b>	<b>3,419.9</b>	<b>5,259.9</b>
<b>As % of GDP</b>	<b>6.3%</b>	<b>7.9%</b>
<b>FINANCING</b>	<b>3,419.9</b>	<b>5,259.9</b>
<b>External</b>	<b>1,245.8</b>	<b>1,178.4</b>
<b>Domestic</b>	<b>2,174.1</b>	<b>4,081.5</b>
Non-Bank	1,240.7	980.6
Bank	681.3	3,100.9
Privatization Proceeds	252.0	-

<b>Total Revenue</b>	<b>16.3%</b>	<b>12.0%</b>
<b>Tax Revenue</b>	<b>12.0%</b>	<b>10.1%</b>
Federal	10.8%	9.2%
Provincial	1.2%	0.9%
<b>Non-Tax Revenue</b>	<b>4.3%</b>	<b>1.9%</b>
Federal	3.8%	1.7%
Provincial	0.5%	0.2%
<b>Total Expenditures</b>	<b>22.6%</b>	<b>19.9%</b>
Current Expenditure	19.2%	17.2%
Out of Which		
Mark-up Payments	5.7%	4.8%
Defence	2.5%	2.1%
<b>Development and net lending</b>	3.5%	2.5%
<b>GDP</b>	<b>53867</b>	<b>66950</b>
<b>Budget Deficit (As % of GDP)</b>	<b>6.3%</b>	<b>7.9%</b>

## **CENTRAL DIRECTORATE OF NATIONAL SAVINGS (CDNS)**

### **Introduction:**

National Savings as it stands today is one of the primeval institutions in the country with a legacy of more than 140 years that came into existence with the promulgation of Government Savings Bank Act in 1873. During the World Wars I and II, the British Government used this channel to raise funds to meet war related expenditures. Given the effectiveness and net benefits of these initiatives, the idea of institutionalizing the savings culture was materialized by setting up a National Savings Bureau (NSB) in 1943-44 as an attached department of the undivided Government of India. Since acquiring independence in 1947, this organization remained operational in Pakistan in various forms. The Bureau was renamed as Central Directorate of National Savings (CDNS) in 1953 with its functions and responsibilities in line with the NSB.

In September 1960, it was decided to rejuvenate the structure of CDNS by declaring the status of an Attached Department of the Ministry of Finance with the powers to formulate policies and execute various National Savings Schemes (NSS). These continuous advancements made it essential for the Government to reposition the CDNS as a Technical Department and conferring all powers of a Head of the Department to the Director General (DG) .

The year 1972 came as a turning point in the long journey of National Savings whereby the organization was made responsible for all policy matters and execution of various NSS. However, the operations of National Savings before

December 1971 were limited to publicity and promotion of the investment schemes it offered.

CDNS has long served the country by functioning as the sole avenue for mobilization of savings through retail government securities called National Savings Schemes (NSS), and fulfilling the Exchequer's internal financing requirements. The department operates with a **vision** *"to promote and inculcate the habit of thrift for mobilization of Savings"*, supplemented by the **mission** *"to be the preferred institution for small savers in facilitating the objective of financial inclusion and extending social security net to all the deserving section of society"*.

CDNS is primarily oriented towards providing a safety net to the marginalized and under privileged segments of the society including senior citizens, widows, differently disabled individuals, and the families of Shuhada of war against terror, by launching and maintaining a product mix of National Saving Schemes (NSS) suited to their diverse requirements.

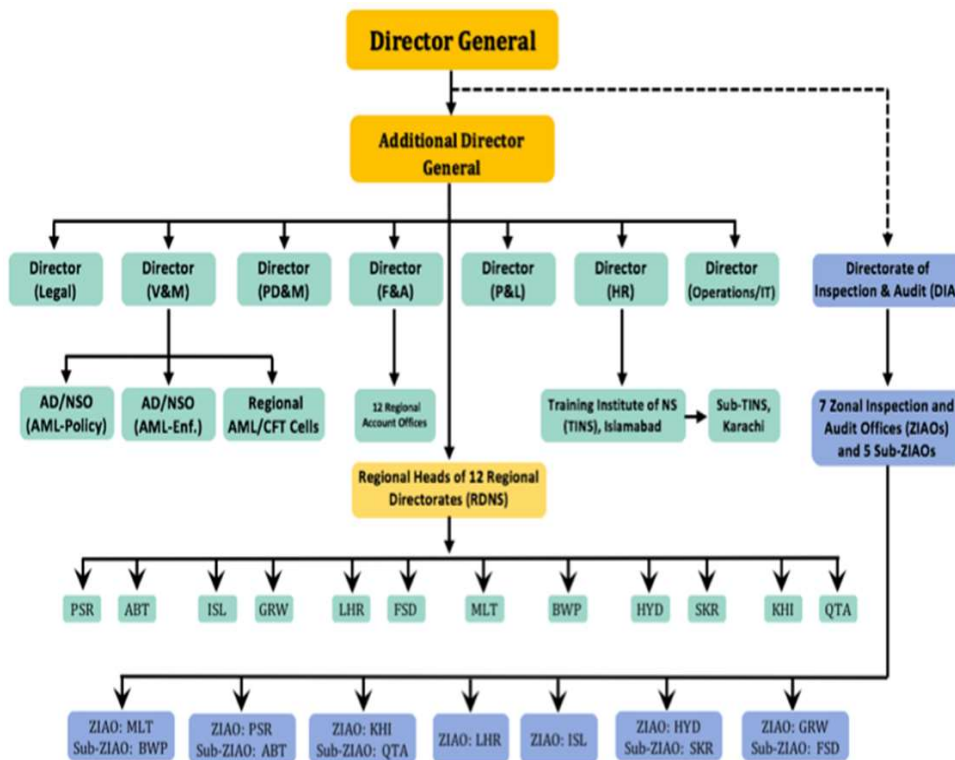
Driven by the urge to remain relevant in this digital era, CDNS has embarked upon a digital transformation journey with the aim of enhancing public service delivery, while assisting the government exchequer in uplifting the country's economy through mobilizing and channelizing the nations' savings from unconventional to the mainframe financial eco-system. The journey started off by digitizing the department's 376 NSCs and integration of the same with a centralized business application i.e., the Core Business Application (CBA) of CDNS which was completed in December, 2020; and laid the foundations for offering digital avenues and alternative delivery channels (ADCs) to CDNS' clients for bringing the department at par with other players of the financial sector.

So far, CDNS has not only remained successful in promoting financial savings in the economy but has also generated requisite funds for the Government to finance the budgetary deficit and infrastructure projects. As a custodian of the nation's savings, today the National Savings is the largest investment and financial institution in Pakistan with a portfolio of over Rs. 3.6 trillion and more than 04 million valued investors. The department is a key contributor towards financial inclusion with a portfolio of around 17% of the nation's entire banking deposits, while the Department's share in domestic debt is around 16%.

## **ORGANOGRAM**

National Savings functions as an attached department of the Ministry of Finance, and operates through a network of 427 offices comprising, 12 Regional

Directorates (RDNS'), 16 National Savings Treasuries (NSTs), 376 National Savings Centers (NSCs), 01 Directorate of Inspection and Audit (DIA), 07 Zonal Inspection and Accounts Offices (ZIAOs), 12 Regional Accounts Offices (RAOs) and 02 Training Institutes (TINS).



## PORTFOLIO POSITION

A snapshot of National Savings Schemes (NSS) product basket and portfolio is tabulated below:

Table - Product-wise summary of the portfolio

Schemes	Tenure	Stock as of 30-June-2022 (PKR in bn)
Defense Savings Certificates	10 Years	466.74
Bahbood Savings Certificates	10 Years	1,017.02
Regular Income Certificates	05 Years	589.02
Special Savings Certificates/Account	03 Years	683.85
Short Term Savings Certificate	3M to 12M	4.64
Shuhda Family Welfare Account	10 Years	0.1
Pensioner Benefit Account	10 Years	390.97

Schemes	Tenure	Stock as of 30-June-2022 (PKR in bn)
Savings Account	--	53.88
Prize Bond (Bearer)	--	317.78
Premium Prize Bonds Rgtd.	--	56.84
<b>Grand Total:</b>		<b>3,580.84</b>

## TARGETS ACHIEVED DURING THE YEAR

The target of investment in NSS/ Prize Bonds/ Premium Prize Bonds assigned and achieved in FY 2021-22 are as follows:

Budget Target (Gross)	1,050,418 (Million)
Achievements (Gross)	1,290,053.34 (Million)
Budget Target (Net)	(143,685) (Million)
Achievements (Net)	(358,826.11) (Million)

Table - Product-wise summary of the target

*Rs. In Million*

Name of Scheme	Achievements FY 2021-22	
	Gross	Net
Savings Bank Accounts	457,075.85	9,548.30
Khass Deposit Accounts	1.11	-
MahanaAmdani Accounts	13.66	(11.57)
Pensioners' Benefit Accounts	86,893.64	22,055.63
Defence Savings Certificates	55,035.44	(10,429.43)
Bahbood Savings Certificates	215,090.91	16,628.89
National Deposit Certificates	0.04	(0.36)
Khass Deposit Certificates	0.08	(0.02)
Speical Savings Certificates (Regd)	182,623.88	(44,747.70)
Special Saving Accounts	102,860.81	(272,939.84)
Regular Income Certificates	127,609.79	(10,563.16)
Short Term Savings Certificates	12,583.96	690.34
Shuhadas Welfare Account	49.54	40.24
<b>Total</b>	<b>1,239,838.69</b>	<b>(289,728.69)</b>
Prize Bonds	24,202.96	(81,803.74)
Premium Prize Bonds (Regd)	26,011.70	12,706.32
<b>Grand Total</b>	<b>1,290,053.34</b>	<b>(358,826.11)</b>

## **MILESTONES ACHIEVED**

During FY 2021-22, CDNS has successfully achieved following milestones:-

1. Public Finance Management Act, 2019 has been adopted in its true spirit for the Alternative Delivery Channels of CDNS. Initially, the CDNS has opened three separate accounts in State Bank of Pakistan (SBP) to avoid/stop direct access to the Non-Food Account-1 for its Alternative Delivery Channel (ADC) operations, 1Link Payment, UPI Payment and RAAST payment.
2. Automated KYC/CDD forms have been deployed in Core Business Application (CBA) since **August 2021**. Approximately 568,551 customer's KYC/CDD forms were digitized during FY 2021-22 strengthening the centralized customer database. Further, screening of Politically Exposed Person (PEP) customers was made live in CBA in **November, 2021**.
3. Initiation of inter-branch transactions through digital platforms has been enabled. CDNS has successfully implemented standardized cheque book through which customers can access and avail their funds from any of the National Savings Centre under IBTF initiated on **5<sup>th</sup> November, 2021**.
4. CDNS has launched Union Pay ATM Debit Card in **January, 2022** which has enabled digital access to all ATM machines across the country for National Savings' customers. As of 30<sup>th</sup> June 2022, a total of 122,568 ATM cards have been issued to the customers.
5. CDNS has started issuance of personalized cheque books to its Saving Accounts clients since **17-01-2022**. These cheque books bear International Bank Account Number (IBAN) of the customers facilitating cross-platform transactions.
6. Integration of National Savings Account through SBP' micropayment gateway RAAST with entire banking system w.e.f. **23-05-2022** has effectively made CDNS an integral part of Financial Ecosystem. The customers can transfer their funds into any of the commercial bank on real time basis.
7. To provide exclusive financial services to women through women staff, CDNS has successfully opened "Women Only Branch" in Aabpara, Islamabad on **04-04-2022**. Further, similar branches are under consideration for all provincial capitals of Pakistan.

## **INITIATIVES IN THE PIPELINE**

### **i. 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 schemes. CDNS has fulfilled all prerequisites including system development, legal framework and now is ready to launch its first Shariah Product.

### **ii. Launch of Digital Prize Bonds**

CDNS in consultation with SBP is developing digital prize bonds. Being agent of CDNS, SBP has engaged IT vendors for development of the same. These bonds will be available through various electronic channels and over the counter as well.

### **iii. Scrip-less Issuance of National Savings Certificates and Integration with CDC**

CDNS is moving towards fully digitized environment where scrip-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 as well.

### **iv. Mobile Application**

A non financial version of mobile application has successfully been developed. CDNS is now engaging IT vendors to add financial modules in the application. The financial version of app shall facilitate customers in all financial dealings of National Savings Schemes. E-version of certificates and digital prize bonds will be available for sale purchase through this application.

### **v. SMS-Email Alert Services**

SMS and Email alerts to customers for information regarding their account statement and status of profit are under process and will be available soon.



# **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 entities. In this connection, GOP grants, loans and equity investment are provided. The 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 credit to meet their financial requirements under GOP guarantees.

The major activities / achievements during FY 2021-22 relating to CF Wing are as under:

#### **1. Cash Loans / Cash Development Loan:**

- i. Rs. 7,851.94 million was provided to Pakistan Steen Mills (PSM) as GOP loan to meet their requirement to pay and pension of PSM employees.
- ii. Cash loan of Rs. 500 million was provided to Pakistan Machine Tool Factory for retiring banks liabilities and meeting employees related expenses. Moreover, Rs. 25.0 million was provided to State Engineering Corporation to meet its budgetary requirements.
- iii. The Cash Development Loans were extended to the following PSEs through PSDP on the prescribed terms and conditions:-

a) National Highway Authority	Rs. 61,466,252,640
b) Pakistan Broadcasting Corporation	<u>Rs. 50,758,000</u>
<b>Total:</b>	<b>Rs. 61,517,010,640</b>

#### **2. Non-Tax Receipts:**

During FY 2021-22, the following amount were received/recovered from various Public Sector Enterprises (PSEs) under Non-Tax Receipts head against the budgetary estimate of FY 2021-22:-

i. Dividend Receipt on GOP	Rs.47,888.957 million
ii. Recovery of GOP Loans	Rs. 3,372.236 million

## **CF-II WING**

### **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:

- i. 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)
- ii. NTDC Emergency Management Plan through internal arrangement through own resources:
  - Additions/Augmentations of 500/220kv and 220/132 kv transformers at the existing grid stations
  - Rehabilitation of 220 kv transmission lines
- iii. 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 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 2021-22 was reduced to Rs. 78 billion for the period from July, 2021 to January, 2022 as compared to correspondence period from July 2020 to January, 2021 was Rs.50 billion. However, further rationalization in electricity tariff due to different factors, Revised CDMP for FY 2022-23 has been approved by the Federal Cabinet in February, 2022.

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	Financial Support
1.	<b>Power Subsidy</b>	Power Subsidy of <b>Rs.330.00 billion</b> was earmarked in Power Division's demand during FY 2021-22. Of this <b>Rs.327.984 billion</b> has been disbursed by the Power Division.
2.	<b>PM Relief Package from March to May 2022</b>	In accordance with the Prime Minister's Relief Package, ECC has approved XWDISCOs and K-Electric's commercial consumers having sanctioned load less than 5 kW and domestic non-ToU consumers having monthly consumption upto 700 units in four equal installments of <b>Rs.26 billion</b> each month for the period from March to June 2022. However, package was discontinued on 31 <sup>st</sup> May, 2022 and <b>Rs.79.500 billion</b> has been utilized by Power Division for the same.
3.	<b>Advance Subsidy (TDS)</b>	Due to liquidity crunch, ECC has approved <b>Rs.100 billion</b> against Advance Subsidy Claims and accordingly Finance Division provided the same to Power Division through supplementary grant.
4.	<b>CPEC IPPs</b>	Due to liquidity crunch and non-payment to CPEC IPPs against their receivables by the CPPA-G, ECC/Cabinet has approved <b>Rs.50 billion</b> for their settlement against the outstanding subsidy claims.
5.	<b>GOP Guarantees</b>	➤ In compliance to ECC/Cabinet <b>vide cases No.ECC-151/19/2015 dated 25<sup>th</sup> November, 2015 and No.156/06/2016 dated 09-09-2016</b> , WAPDA raised commercial financing of PKR 144.00 billion for Dasu Hydro Power Project (Stage-I) from local banks through conventional/Islamic mode (PKR 88.00 billion under GoP Guarantee and PKR 56.00 billion against WAPDA's balance sheet). In this regard, 2 <sup>nd</sup> drawdown tranche amounting to <b>Rs.10.588 billion</b> has been

S.N.	Particulars	Financial Support
		<p>disbursed on 24<sup>th</sup> September, 2021 for Dasu Hydro Power Project (Stage-I).</p> <p>Furthermore, 3<sup>rd</sup> drawdown (tranche) amounting to <b>Rs.10.588 billion</b> has been disbursed on 16<sup>th</sup> June, 2022 for Dasu Hydro Power Project (Stage-I) against LOC. However, GoP guarantee will be issued shortly.</p> <p>➤ In compliance of ECC/Cabinet decision under cases No.ECC-87/8/2021 dated 17<sup>th</sup> March, 2022 and No.281/11/2021 dated 1<sup>st</sup> April, 2021, Finance Division has issued GoP guarantee amounting to <b>Rs.15.250 billion</b> as Syndicate Financing Facility for NTDC regarding Evacuation of Power from 2x660 MW Thar Coal Based Project (SSRL/SECL).</p>
6.	<b>Approval of Term Sheet for issuance of sovereign guarantees</b>	Finance Division has approved Terms Sheet in respect of STFF in mix of Sharia Compliant/Islamic and/or Conventional Mode of Financing facility of <b>Rs.10 billion</b> for M/s Jamshoro Power Company Limited regarding 2x660 MW Coal Fired Power Project Jamshoro.
7.	<b>Shifting of the Circular Debt from Power Holding Limited to Government Debt.</b>	ECC of the Cabinet decision No.ECC-167/19/2020 dated 6 <sup>th</sup> May, 2020, approved the <b>“Conversion of Power Holding Company’s Debt to Public Debt”</b> amounting to <b>Rs.804 billion</b> . Accordingly, <b>Rs.129.747 billion</b> has been repaid to respective banks through PHL during FY 2021-22.
8.	<b>IPPs Settlement as per Approved Mechanism</b>	<p>➤ The CCoE and ECC in their meetings held on 08<sup>th</sup> February 2021 have approved the payment mechanism to IPPs and Cabinet has ratified these decisions on 09<sup>th</sup> February 2021. Accordingly, during FY 2021-22 <b>Rs.295.00 billion</b> has been granted through SG/TSG for settlement of IPPs settlement.</p> <p>➤ Beside, ECC/Cabinet has also approved settlement of <b>Rs.445 billion</b> for Govt. Owned Power Plants (GPPs) at par with IPPs. Of this, <b>Rs.89 billion</b> has been disbursed while remaining will be provided during FY 2022-23.</p>
9.	<b>Cash Development Loans</b>	Released <b>Rs.5,330.325 million</b> for the power sector development projects under PSDP 2021-22 against the authorization of Planning Division.

## **Petroleum Sector:**

Policy measures and necessary following actions taken by the Government have visibly improved the performance of Oil and Gas Sector:-

- i. Government is endeavoring to turn SSGC and SNGPL into model utilities, be it 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 playing 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.

A detail account of the financial support and actions taken in CF-V Section during CFY is elaborated as under:-

- i. Allocated **Rs.10 billion** from GIDC funds during FY 2021-22 for the projects like Turkmenistan-Afghanistan-Pakistan-India (TAPI) Pipeline Project, Iran-Pakistan Gas Pipeline Project (IP), North-South Gas Pipeline Project (NSGPP) and processed various matters pertaining to the said projects under the Petroleum Division.
- ii. Finance Division has issued Sovereign Guarantees amounting to Rs.22.938 billion and Rs.1.250 billion in favour of SNGPL.
- iii. Finance Division is working on Sovereign Guarantee of Rs.21 billion in favour of SSGCL.
- iv. Finance Division has provided GoP Guarantee of Rs.65 billion in favour of GHPL for Reko-Diq Project.

## **PIACL:**

During the FY 2021-22, PIACL strived to remain in the business as COVID-19 and Legacy Loans augmented by EASA suspension had affected its operation badly. PIACL took many initiatives to curtail that and in this regard many avenues were explored and GoP being a major shareholder also assisted in running PIACL operations in smooth manner:-

- MoF issued letter of Comfort to the tune of PKR 130,344 million out of which PKR 75,344 million were utilized for restructuring of the loan.
- PKR 21,849 million was released by GoP on account of Markup reimbursement to financial institution under the head of account Loan and advances which is directly reflected in PIACL financial.

A dark green graphic element resembling a scroll or banner. It has a vertical strip on the left side that looks like a scroll's edge, and a small circular detail at the top right corner. The text "Development Wing" is centered within the main rectangular area of the scroll.

# 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 2021-22**

During FY 2021-22, Development Wing examined **309** PC-Is and participated in **106** Pre-CDWP, **42** CDWP, **07** 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 including Quarterly Reviews and Annual Review meetings of the PSDP. Development Wing also participated in meetings held for Simplification of Development Procedures to Improve Project Management including release of PSDP funds and its effective utilization, convened by Planning Commission. 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 also participated in the meetings for Selection of Project Director of PSDP Projects of Ministries / Divisions.

Development Wing participated in the Annual Plan Coordination Committee (APCC) meeting to finalize Indicative Budget Ceiling for Development Projects. During the formulation of PSDP 2021-22, 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 2021-22 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. 835.844 million. 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 2021-22** is as follows:-

(Rs. In Millions)

S.N.	Name of the Project	Total Allocation 2021-22	Total Release 2021-22
(a)	Financial Inclusion & Infrastructure Project (PSDP No. 173).	200.000	110.112
(b)	Implementation of PFM Policy Framework in Federal Government (PSDP No. 188).	100.000	14.871
(c)	Construction of Federal Audit Complex, Mauve Area, G-8/1, Islamabad. (PSDP No. 197).	138.644	138.644
(d)	Implementation & Mainstreaming of Audit Management Information System (AMIS) (PSDP No. 216).	47.200	150.415
(e)	Modernization & Up-gradation of Pakistan Mint Phase-II-A (PSDP No. 217).	100.000	39.400
(f)	Construction of Office Building of Competition Commission of Pakistan (CCP) (PSDP No. 218).	250.000	11.000
<b>Total:</b>		<b>835.844</b>	<b>464.442</b>

Development Wing also performed the following functions during FY 2021-22:

- Ensured monthly reconciliation statements and appropriation/ re-appropriation of Development Expenditure of Projects of Finance Division (Main).
- Provided briefs for Meeting of Departmental Accounts Committee (DAC) and Public Accounts Committee (PAC) on appropriation accounts for the FY 2010-11 and 2011-12.
- Submission of Proposed Current Expenditure Budget Estimates (Form-II and Form-III) regarding submission of Revised Estimates 2021-22 and Budget Estimates 2022-23 collected from PDs.



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# **Economic Advisor Wing**

## **ECONOMIC ADVISOR WING**

The detailed activities performed during FY 2021-22 are as under:

### **A. Publication – Pakistan Economic Survey**

Economic Adviser's Wing regularly prepares and publishes the annual document of Pakistan Economic Survey along with its highlights both in English and Urdu. Pakistan Economic Survey 2021-22 was launched by the Minister for Finance and Revenue on 10<sup>th</sup> June, 2022. The Economic Survey evaluated the overall performance of the country in the outgoing year. It reviewed the government's economic and social policies, programmes and projects across all sectors of the economy and provided their implementation status on the basis of preceding fiscal year's data. The survey comprises of 16 chapters & 03 Special Sections as mentioned below:-

<b><u>Overview of the Economy</u></b>	
<b>Chapters</b>	
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
<b>Special Section</b>	
i. Contingent Liabilities	iii. Information Technology
ii. Tax Expenditure	

Economic Survey caters the demand of wide ranging audience both at national as well as international level which includes academia, researchers, policy makers, development partners, embassies, public and private sectors organizations, etc. The soft copies of Economic Survey are also made available through the official website of Finance Division [www.finance.gov.pk](http://www.finance.gov.pk) for its broader outreach both at national and international level. The soft version of Economic Surveys published during the last fifteen years can also be accessed on the official website of Finance Division. So far, over 43,000 visitors have accessed the document and around 2900 copies of Pakistan Economic Survey were distributed during 2021-22.

## **B. Publication - Statistical Supplement of Pakistan Economic Survey**

Economic Adviser's Wing also publishes the Statistical Supplement of Pakistan Economic Survey that comprises of 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 2020-21 was published on 10<sup>th</sup> December, 2021.

## **C. Monthly Economic Update & Outlook**

Economic Adviser's Wing has been regularly publishing Monthly Economic Update & Outlook since March 2020 which is also available on Ministry's Website. The monthly document highlights the trend of all major economic indicators and their detailed analysis alongwith the economic outlook for coming months. Total 28 reports pertaining to Monthly Economic Update & Outlook have been published till June 2022.

## **D. National Price Monitoring Committee (NPMC) meetings**

The National Price Monitoring Committee (NPMC) was constituted on 24<sup>th</sup> January 2011 in a meeting regarding Price Control Mechanism headed by the Secretary Finance Division to review and monitor prices and supply situation of essential food items on monthly basis. At that time NPMC was comprised of M/o Commerce, M/o Industries & Production, M/o Food Security & Research and provincial departments. Subsequently, the Minister for Finance & Revenue took over the charge of NPMC meetings and all provincial Chief Secretaries & ICT Administration, relevant federal Ministries/Organizations i.e. M/o of Industries & Production, M/o NFS&R, M/o Commerce, M/o Planning, Development & Reform, M/o Petroleum Division, FBR, TCP, USC, CCP and PBS were included in its composition. Economic Adviser's Wing served as the Secretariat of NPMC and conducted the meetings on weekly basis to mitigate the price pressure and to ensure the smooth supply of essential commodities. During FY 2022, a total of 29 meetings have been convened. The last meeting of NPMC was held on 28<sup>th</sup> March 2022 in Finance Division. The mandate of holding NPMC was transferred to the Ministry of Planning, Development & Special Initiatives during the month of June, 2022.

## **E. 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 Modelling. The unit will perform the following functions:

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

## **F. Economic Executive Council & Macro –Economic Advisory Group**

Economic Adviser's Wing served as the Secretariat of Economic Executive Council (EEC) headed by the Finance Minister and reviewed the overall economic condition of the country and took possible corrective measures considering available resources of the country. The EEC met regularly on weekly basis on the issues of national economic importance. During the period, under review, 11 meetings of EEC have been held.

The Wing also served as a Secretariat of Macro-Economic Advisory Group (MEAG) headed by the Finance Minister and reviewed /formulation of Macro Economic Policy in an integrated fashion and provided analytical guidance on major policies being considered by the government to ensure that they are based on sound economic analysis considering their likely economic impact. The MEAG engaged regularly on monthly basis on the issues of national economic importance. During the period under review, the 04 meetings of the MEAG have been convened.

## **G. Economic Advisory Council & Business Advisory Council**

Economic Adviser's Wing served as the Secretariat of Economic Advisory Council (EAC) constituted by the Prime Minister on 27-04-2022 to review/formulate economic policies in a more holistic manner and advised on short term macro-economic stabilization as well as structural reforms for stable and sustained economic progress.

The Wing also served as a Secretariat of Business Advisory Council (BAC) constituted by the Prime Minister on 27-06-2022 to review and formulate business friendly policies under a competitive environment to scout the marketplace, gauge future trends, and seek new strategic position in the global market, as well as provide a catalyst in the country's efforts to sustain economic progress.

## **H. Parliament Business**

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

## **I. Initiated working on a special brochure (75 Year's Economic Journey of Pakistan)**

Economic Adviser Wing has started a special working on Brochure "75 Year's Economic Journey of Pakistan since independence: to be launched on the occasion of 75<sup>th</sup> Anniversary (Diamond Jubilee) of Pakistan Independence".

## **J. Other Tasks**

Economic Adviser's Wing has provided inputs on all the relevant economic and financial matters to the other wings of Finance Division as and when asked. During 2021-22, 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 Poors, Fitch and Moodys, etc. During 2021-22, 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.

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# Expenditure Wing

## **EXPENDITURE WING**

Expenditure Wing of Finance Division is the interface of all the Ministries/Division of the Federal Government. The Wing is headed by Additional Finance Secretary alongwith Joint Secretaries and with other officers. Different Joint Secretaries are allocated the work relating to financial matters of different Ministries/Divisions. The main functions of Expenditure include:

- i. Ensuring appropriate allocation to Ministries through expenditure tracking analysis (role in budget preparation)
- ii. Exercising expenditure controls under Cabinet instructions to ensure austerity
- iii. Firming up proposals for TSGs, SGs based on discrete needs analysis
- iv. Approval of Re-appropriations involving whole federal government
- v. Advising federal divisions on financial management and expenditure related issues
- vi. Imparting financial advise to autonomous entities as member of BOD/BOG;
- vii. Ensuring Prudent Financial Management for Development Budget and its related expenditure related issues
- viii. Representation of Finance Division (from expenditure perspective) on top policy forums i.e. Federal Cabinet, ECC, Standing Committees, ECNEC, CDWP, etc.
- ix. Representation of Finance Division in Public Accounts Committee, Departmental Accounts Committee, etc;
- x. Examination of summaries for the Prime Minister on different matters related to the Ministries/Divisions;
- xi. Release of funds to the departments, keeping in view the prevailing instructions, utilization of funds and trend analysis;

Every year owing to financial constraints faced by the country, Finance Division issues Austerity measures in the start of every Financial Year. In July, 2021 austerity measures were issued putting a ban on creation of posts, purchase of vehicles, etc; for reviewing the cases for relaxation of ban imposed by Finance Division, an Austerity Committee has been constituted under the chairmanship of Additional Finance Secretary (Exp). Fifteen meetings of Austerity Committee were held during FY 2021-22 wherein scores of proposal for relaxation of ban imposed on purchase of vehicles and creations of posts were processed. Expenditure Wing is also dealing all matters relating to Controller General of Accounts and Auditor General of Pakistan.

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# **External Finance (C&B) Wing**



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

The stabilization measures by the Government in FY 2021-22 were successful in improving macroeconomic stability fundamentals and addressing Pakistan's external account vulnerabilities. Friendly countries reposed confidence in the Government's reform agenda and successfully rolled over already held deposits and also providing new deposit for a period of one year. These included four SAFE China deposits of USD 4.0 billion for Pakistan's budgetary and balance of payments needs and two UAE Central Bank deposits held with State Bank of Pakistan of USD 2.0 billion to support the country's external account. Another two UAE Central Bank deposits of USD 450 million were rolled over until December, 2021 with next roll-over under process. Similarly, Kingdom of Saudi Arabia provided a deposit of USD 3.0 billion in December, 2021. In addition to bilateral deposits, commercial loans with upsized financing were rolled over at favorable rates which included syndicate Chinese loan of RMB 15 billion (USD 2.24 billion) which was rolled-over for a period of three years.

During FY 2021-22, 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 continued. These certificates gained significant traction among Pakistani diaspora providing them an attractive investment opportunity by offering sizeable returns while increasing the foreign exchange deposits in Pakistan.

The 6<sup>th</sup> review of ongoing Extended Fund Facility (EFF) Program was completed on 4<sup>th</sup> February, 2022 and an amount of USD 1 billion was disbursed, bringing the total disbursements to about USD 3 billion out of the agreed \$ 6 billion.

Further, first round of negotiations for 7<sup>th</sup> and 8<sup>th</sup> Reviews started virtually in February, 2022 while second round took place in May, 2022 in Doha. A staff level agreement was reached on 13<sup>th</sup> July, 2022. A Board Meeting of the Fund has been scheduled on 29<sup>th</sup> August, 2022 and may accord its approval. The successful completion of 7<sup>th</sup> and 8<sup>th</sup> reviews would bring about USD 1.18 billion. Pakistan has requested for extension of EFF program which would be completed in September 2022. The size of the program, if extended, would increase to USD 7 billion.

The Asian Development Bank (ADB) is one of the largest development partners of Pakistan. External Finance Wing, Finance Division works with ADB closely for designing and processing of budgetary support/Policy support loans offered by

ADB. During FY 2021-22, Government of Pakistan completed two policy support programs of USD 600 million with Asian Development Bank namely (i) Energy sector reforms and financial sustainability program (sub-program-2, USD 300 million); and (ii) Third Capital Markets Development Program (sub-program-2, USD 300 million).

In addition to the above, work has been started to design following new program loans with ADB expected in FY 2022-23:

- i. Countercyclical support Facility Program of \$1500 million
- ii. Domestic Resource Mobilization Reform Program of \$500 million
- iii. Integrated Social Protection Development Program of \$ 600 million
- iv. Public Private Partnerships Reform Program of \$500 million (two sub-programs of \$250 million each)
- v. Energy Sector Reforms and Financial Sustainability Program sub-Program-3 of \$400 million
- vi. Women's Inclusive Finance Sector Development Program of \$150 million
- vii. State Owned Enterprises Reform Sector Development Program of \$250 million
- viii. OPEC Fund for International Development provided USD 50 million to Pakistan for Covid-19 Active Response and Expenditure Support Program during FY 2021-22.



# **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 FY 2021-2022 was as under:-

- i. Tracked federal and provincial government's expenditures under Poverty Reduction Strategy Paper-II (PRSP-II) for FY 2021-2022.
- ii. Participated in Project Board Meetings 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\$ 450-500 million are expected to be disbursed.
- iv. Reforms under PACE-II are being implemented. US\$ 500 million are expected to be disbursed.
- v. Negotiated terms and conditions of WB loans worth US\$ 1391 million for various projects and programs.
- vi. Actively participated in the Board meetings of SAARC Development Fund and ECO Trade & Development Bank to safeguard our national interests.
- vii. 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 1,370 billion. Service-wise/head-wise expenditure was monitored carefully. Budget Estimates for the FY 2022-23 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 Defence Division 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 the 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 2021-22 and Budget Estimates 2022-23 with due regard to economy in expenditure.

All the above targets assigned to this Division had been achieved well in time and within the stipulated period with no pendency at the end of financial year i.e. 30<sup>th</sup> June, 2022. The inputs of this Wing during CFY had led to value-creation and yielded savings for national exchequer after cost rationalization without compromising operational efficiency.

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# **Internal Finance Wing**



## **INTERNAL FINANCE WING**

### **Anti Money Laundering**

#### **Financial Monitoring Unit (FMU)**

The Financial Monitoring Unit (FMU) 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. These disclosures are expected to support the law enforcement agencies (LEAs) in carrying out effective investigations and prosecutions.

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.
- 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**

FMU continued developments not only in its core functions of receipt and analysis of STRs/CTRs but also strengthened international cooperation on Anti Money Laundering / Countering Financing of Terrorism (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 automated on goAML application during the last three years' period. This has considerably reduced the paperwork. During FY 2021-22, a total of 1263 Financial Intelligences have been disseminated to the Law Enforcement Agencies and Regulators. On the

basis of FMU's referrals, LEAs have registered a number of cases on the offence of money laundering/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. During the year coordination with different stakeholders has also improved through meetings. Capacity building programs, intelligence committee, etc.

So far, FMU has entered into 15 Memorandum of Understandings (MOUs) with counterpart FIUs for information exchange on ML/TF of which MOU with Tajikistan and Malaysia was signed during the year 2021-22.

Designated non-financial businesses and professionals (DNFBPs) including real estate agents, jeweler and accountants were brought into the reporting regime of FMU and are now registered with FMU on goAML for filing of STRs. In order to enhance the understanding of the DNFBPs, red flag indicators and guidance documents were also issued. Moreover, capacity building sessions were also held in different cities of Pakistan for these sectors.

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 Compliant/Largely Compliant 'C/LC'). Based on the legislative amendments, Pakistan sought for re-rating of 29 recommendations that were previously rated partially / non-compliant. As a result of efforts and FMU's role, Pakistan has been given upgrades on 28 Recommendations, leading the aggregate to 38/40 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 35 of the 40 FATF Recommendations

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. During FY 2021-22, FMU conducted Nine (09) strategic analyses on the emerging and existing risks, for example, ML/TF risk associated with Virtual Assets, Trade Based Money Laundering and with sectors such as dealers in precious metals and stones.

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 understanding of LEAs & REs officials about the recent developments in the field of AML/CFT, overview of the Anti-Money Laundering (AML) Act, 2010, FMU's guidelines for LEAs on utilization of Financial Intelligences (FIs), domestic & international cooperation and Feedback mechanism. Emphasis of these sessions was to enhance FMU and LEAs interface to improve inter-agency coordination, confidentiality of financial intelligence and feedback from Law Enforcement Agencies, to improve effectiveness of the AML/CFT regime.

In the year 2021-22, FMU in collaboration with National FATF Secretariat also initiated process of reviewing and updating the National Risk Assessment (NRA) on money laundering / terrorism financing / proliferation financing (ML/TF/PF) of Pakistan which is aimed to be completed by 2023. The last NRA was updated in 2019.

### **Future Policies / Priorities**

- Continue to develop financial intelligence for effective utilization by LEAs.
- Getting upgrades on remaining recommendations at Partially / Non-Compliant level in the MER
- Finalizing National Risk Assessment
- Reviewing National roadmap and national strategy in order to address new risk / threats in the light of NRA- 2023
- MoUs to be signed with FIUs of other countries.
- Membership of FMU in Egmont Group
- Capacity building programs through APG's DAP (Donors and Providers Group) for all AML/CFT stakeholders.
- AML/CFT awareness raising campaign programs in coordination with regulators and law enforcement agencies.
- More effective cooperative framework between FMU and LEAs to get periodic feedback in respect of inquiries / investigations / prosecutions and other statistics.
- Feedback reports to reporting entities enabling them to review their AML/CFT measures.
- Working closely with APG and other international bodies.

## **House Building Finance Company Limited (HBFC)**

House Building Finance Corporation (HBFC) was established under House Building Finance Corporation Act, 1952 with the objective to provide finance for the construction, reconstruction, repair and purchase of houses. Ministry of Finance (MoF) and the State Bank of Pakistan (SBP) are main shareholders of the Company. As part of re-organization and re-structuring, the Corporation was converted into a new company HBFC Ltd., 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**

Disbursements during the period under review were PKR 4.29 billion for construction and purchase of housing units. On the contrary, the company collected PKR 4.063 billion from its customers during the period.

During the period under review, the company made profit before tax of PKR 1.33 billion while profit after tax was PKR 0.96 billion.

Other major initiatives during the year 2021 were as follows:-

- i. Annual Branch Managers Conference to recognize the top achievers of year 2020 and set forth targets for the next year
- ii. Branding initiatives for branches across Pakistan
- iii. Print campaigns across Pakistan to create engagement and promote HBFC's products
- iv. BTL activities for corporate clients
- v. Planning, execution and implementation related to selected HBFC branches to remain operational on Saturday, to further facilitate customers
- vi. Batch hiring of MTOs and lateral entrants for strengthening human resource base
- vii. Ongoing revision of Human Resource Policies:
- viii. Training & Development Policy
- ix. Retirement Recognition Policy
- x. Performance Management System
- xi. HBFC Employees Disciplinary Rules and Procedure
- xii. Sanctioned 1700+ loans

## **Future Plan of the Company**

The company aims to achieve following goals in the upcoming five (05) years:-

- i) Launch of Renewable Energy Product.
- ii) Business alliances with leading corporate entities for provision of housing finance facility for their employees on preferential terms.
- iii) Improve response time to have better customer service through social media.
- iv) Launch campaign #GharForHER along with initiative to improve products related to people with disability, special needs, martyrs, etc.
- v) Relocation of branches to enhance visibility and better accessibility.
- vi) Reduction in Non-Performing Loans (NPL).
- vii) Digitalization of internal processes.
- viii) Revision of compensation and terminal benefits structure for officers.
- ix) Leadership development through various interventions like training, coaching, rotation & attachments, etc.
- x) Develop synergies with property brokers and developers.
- xi) Formation of Sales Acquisition Unit (SAU) and incorporation of modern digital tools to enhance overall customer experience.
- xii) Integration of online payment option for customers.
- xiii) Implementation of Auto-Collect and introduction of write-off policy.
- xiv) Updation of HR Manual and Policies.
- xv) Strengthening digital presence and expanding digital footprint.
- xvi) Renovation of 10 Branches across the country and 01 regional along with relocation of 01 branch.

## **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 generators. 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, hospitals/clinics, construction, textile, cold storage, garments, electronics, etc.

Bank's performance during FY 2021-22 is given hereunder:

	Rs. In million
Disbursement from July 01, 2021 to June 30, 2022	307
Loan Recovery from July 01, 2021 to June 30, 2022	570
Deposits as on 30-06-2022	8,369
Loans outstanding as on 30-06-2022	1,740

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 FY 2021-22 are given below;

#### **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. 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 launch E-Passport announced by the Government of Pakistan.

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

Realizing the emerging trend of switching from paper based security documents 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.

1<sup>st</sup> 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.

2<sup>nd</sup> phase of civil work for development of infrastructure for housing of machines is in progress.

3<sup>rd</sup> 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 be able to provide personalized Motor Vehicle Registration Cards, ATM Cards, Credit Card, Driving Licence, Arm Licence, ID Cards, etc.

## Achievements

(Revenue Rs. in million)	
Financial Year	Achievement / Performance (Revenue Rs. in million)
2021-22	3587

## **Pakistan Mint**

Pakistan Mint is a services department of the Government of Pakistan. It is the only entity in Pakistan for minting the coins against the demand from the State Bank of Pakistan for circulation within the country. Apart from minting of coins, the Mint manufactures all Civil and Military Awards, Defence Medals, 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 are 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 preceding financial year giving only the un-classified information which can be used for reference purposes;

i) Total Coins Lifted by State Bank of Pakistan (SBP) in FY 2021-22.

<b>S.N.</b>	<b>Regular Coins</b>	<b>No. of Pieces</b>	<b>Value In Rupees</b>
1.	Rs-1 Coin	40.000 million	40.000 million
2.	Rs-2 Coin	6.900 million	13.800 million
3.	Rs-5 Coin	65.000 million	325.000 million
4.	Rs-10 Coin	---	---
	<b>Total</b>	<b>111.900 million</b>	<b>378.800 million</b>

ii) Non-Coinage Production

During the FY 2021-22, Pakistan Mint planned to produce non-coinage items i.e. Medals, Shields, Embossing Machine, etc., upon the indent of different departments.

(b) The programme of activities and targets set out for itself during the preceding financial year and the extent to which they have been realized;

i) Production Planned by Pakistan Mint for FY 2022-23

ii) Non-Coinage Revenue Receipts



(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 for mechanical/electrical and associated civil works.

**Zarai Taraqati Bank Limited (ZTBL)**

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

**Performance/Credit Disbursement**

The Bank maintained its position as the main source of institutional financing in the agriculture sector. During the FY 2021-22, an amount of Rs. 69,216.188 million was disbursed by the Bank. During the same period, the Bank facilitated 262,855 farmers with the aforementioned advanced amount.

**Disbursement against Credit Target Assigned by SBP**

A lending target of Rs. 105,000 million was assigned by State Bank of Pakistan to ZTBL for the financial year 2021-22, against which, the Bank achieved disbursement of loans amounting to Rs. 69,216.188 million with a pace of 66% against the aforementioned target. Another target of agri. outstanding loan portfolio of Rs. 124,000 million was assigned to the ZTBL by the SBP, against which ZTBL’s total outstanding balance was reported at Rs. 117,739.774 million by the end of June 30, 2022.

**Development Loans** were provided to the farmers for medium and long term investment categories. During the period under review, an amount of Rs.30,792.834 million constituting 44% 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.

### **Loan to Small Farmers**

The Bank channelized bulk of its credit to farmers especially small ones who constitute the 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. 67,095.334 million to small farmers constituting 97% of total agriculture credit.

### **Recovery Operations**

During FY 2021-22, ZTBL successfully recovered an amount of Rs. 83,124.479 million.

### **New Products/Schemes/Initiatives**

With the objective to provide sustainable rural finance and services particularly to small farmers and low income houses, ZTBL has taken steps/initiatives in introduction of schemes/development of innovative products which would help to overcome food security issues and also mitigate the poverty among rural populace; these include:

1. Kissan Khushhal Scheme (KKS)
2. Financing Product for Transport “Three Wheeler Loader Rickshaw”
3. Financing Product for “Raw Sugar (Jaggery/Shakkar) Making, Processing & Packaging”
4. Financing Scheme for Tea Plantation, Processing, Packaging & Marketing
5. Financing Scheme for “Women Empowerment in Garments Sector”
6. Financing Scheme for “Soya Bean Cultivation” and “Sesbania (Jantar) Fodder Cultivation” As Green Banking Product
7. Financing Product on Horticulture “Production of Flowers (Potted & Ornamental Flowers)
8. Financing Product for Packing and Small Godowns Facility to The Farmers
9. Financing Product on Golden/Misri Chicken Poultry Farming (Egg & Meat Production)
10. **Financing Product for Black Australorp Chicken Farming (Egg & Meat Production)**

11. Financing Product for Bio Floc Fish Farming
12. **Financing Product for Agri. Machinery (Rice/Wheat Straw Baling Machine & Mini Rotavator (Walking Tractor)**
13. Financing Product for Rice Trans planter
14. Extension of Ware House Receipt Financing Scheme (For Rice & Maize Crop)

## **Digitization In Lending Process**

### **a. Adoption of Digitalized Land Record System for Agri. Financing**

ZTBL in collaboration with Punjab Land Record Authority (PLRA) of Government of Punjab planned a project for online generation of revenue documents/charge creation in the Punjab Province as per advice and guidance of SBP. Project was initiated in Nov-2019 in 5 pilot branches of ZTBL (i.e. Madrasa, Yazman, Gujranwala, Sahiwal, & Multan). Now bank has launched the CLRMIS (Computerized Land Revenue Information System) of PLRA (CLRMIS – PLRA) Project in all branches under Punjab Province. Necessary hardware and trainings to the master trainers in all zones have also been provided with PLRA collaboration. Moreover, Branches have also been directed to perform the following operations using CLRMIS – PLRA:

- Access to Fard, Mutation Verification
- Access to Generation of Fard for Loan
- Access to Generation of Fard for EC (Encumbrance Certificate) & NEC Non Encumbrance Certificate
- Access to the Entry of the Mutation of Loan (Arr-rehan)
- Access to the Fuk-Arrehan (Redemption)
- Access to the Additional Mortgage (Azadi Arr Rehan)

### **b. Revision of Maximum Per Borrower/Party Credit Limit**

The Bank has successfully revised maximum loan limit up to Rs. 5.00 million per CNIC Per party/borrower from the existing loan limit. This Decision was made by the Board of Directors in its 96<sup>th</sup> meeting held on December 01, 2021 at Karachi

on the recommendation/endorsement of Board Product Development & Marketing Committee in its 3<sup>rd</sup> meeting held on September 9, 2021.

**c. Revision of Per Acre Credit Limits of Inputs for Different Crops/ Vegetables/ Orchards/ Forestry**

Consequent upon enhancement of per acre limits fixed for major/minor crops, orchards and forestry by SBP to enable the farming community to use required quantity and quality agri. inputs, it has been decided by the Management to revise the existing per acre credit limits of following various major/minor crops, vegetables, orchards and forestry with following decisions:

- i. New borrowers will take the benefit of revised per acre credit limit.
- ii. Borrowers who have been regular for one year will take the benefit of revised per acre credit limit.
- iii. NPLs & SAM borrowers are eligible for loans up to extent of principal recovered from them.
- iv. NPLs & SAM borrowers will become eligible for revised per acre credit limit only after repayment of previous loans with up to date mark-up and will have been regular for one year.

**d. Lending against e-Pass Book across Punjab province**

Under the Agri. e-Credit Scheme of Govt. of Punjab for small famers, lending was being done on the basis of e-Pass Book. The land record has almost been digitized in Punjab province under Punjab Land Record Authority (PLRA). Hence, manual fard generation has almost become obsolete now. This system enables the electronic fard generation, charge creation & verification of already provided land record and legally protected by LACIP ACT, 1973 (XLII of 1973) Bill-2021 approved by National Assembly Secretariat/Senate of Pakistan and published in the Gazette of Pakistan dated 04.12.2021. For the ease of customers as well as branches, it has been decided that lending against e-Pass Book against all schemes/products and general lending can be done from now on as per normal practice in the province of Punjab. In remaining non-computerized Mouzas, the acceptance of manual Pass Books/Fard Jamabandi will continue as per practice in vogue till complete computerization.

**Branch Operations**

ZTBL is dedicated to serve the needs to the farming community/ General Public by delivering financial products and technical services on competitive and

sustainable basis. To cater best services to its customers, the Bank managed to perform 24,719 transactions under home remittance service and collected an amount of Rs. 1,498.861 million.

### **First Women Bank Limited (FWBL)**

First Women Bank Ltd. is a unique financial institution, a Scheduled Commercial Bank, set up in 1989 to meet the banking needs of women. It was incorporated in the Public Sector as a Public Ltd. Company on 21<sup>st</sup> November, 1989 under the Companies Ordinance, 1984.

The Bank commenced its business on 2<sup>nd</sup> 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 and Allied Bank Limited
- 10% of the remaining capital came from the Federal Government

However, the current shareholding of bank is as under:

<b>Shareholders</b>	<b>Number of Shares</b>	<b>% of Holding</b>
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%
	<b>399,411,250</b>	<b>100.00%</b>

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. 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 30<sup>th</sup> June 2022 is as under:

Permanent Staff	440
Contractual Staff	6
<b>Total</b>	<b>446</b>

#### **A. Details of activities, achievement and progress**

The management during the period under consideration had taken various initiatives including, Constitution of board of the bank, filling up vacant key executive positions, completion of external audit for CY2018, revamping of branch appearance and profitability in 2022. The bank continued focused on reducing its funding cost, rationalizing cost structure, expansion of retail customer base.

##### **1) Constitution of Board of the Bank**

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

Federal Government in its cabinet meeting held on June 08, 2021 approved the appointment of Chairman and Directors on the board of First Women Bank Ltd. Fit and proper test of Board of Directors was approved by State Bank of Pakistan on September 03, 2021.

##### **2) Filling up vacant Key Executive Positions:**

Filling up of several vacant key executive positions including president and CEO was also a long outstanding issue which was pending due to unavailability of Board of Directors of Bank. After the appointment of Board of Directors of the bank by Ministry of Finance and Fit and proper test approved by SBP the bank has appointed the following vacant key positions during the year to resolve this long outstanding issue.

- a) President & CEO
- b) Chief Financial Officer
- c) Chief Risk Officer

- d) Head Business
- e) Head HR
- f) Company Secretary
- g) Head Internal Audit

### **3) Completion of External Audit for CY 2018**

Completion of audit since CY 2018 was also a long outstanding issue which was pending due to unavailability of Board of Directors. After the appointment of Board of Directors, the engagement and fees of Auditors were approved in 8<sup>th</sup> EOGM held on February 07, 2022.

Audit started on March 01, 2022 and completed on 22<sup>nd</sup> April 2022. Draft Financial Statements (Initialed by Auditors) with cover letter received from auditors on 29<sup>th</sup> April 2022.

This is an achievement of management to complete the audit of CY 2018 within short time of two months despite the challenges faced in getting information/confirmation from external stake holders and auditors' keen approach to obtain even small information to avoid any kind of risk.

After the approval of Financial Statements for CY 2018 by Board of Directors, Auditors will initiate the audit for next year's CY 2019 to CY 2021.

### **4) Revamping of branch appearance**

Mostly branches were not presentable and customer avoid to visit branches due to pitiful seating arrangements and furniture, its required a lot of renovation work to increase the customer footprint and their satisfaction in customer services. Renovation work carried out in many branches including Mall Peshawar, Clifton and Shadman Town branches and more branches are still in process of renovation.

### **5) Profitability**

After making huge losses in CY 2021 the bank is on the track of making profit in 2022. The bank has made profit of PKR 47mn against the budget of PKR 21mn during Q1 2022. The management has put strong check over administrative expenses as a resultant, despite of all inflationary factors, the administrative expense for the quarter ended 31<sup>st</sup> March 2022 is Rs. 286mn which is 22% reduced from the budgeted administrative expense. Improvement in CASA ratio,

decrease in loss making branches and business target monitoring are the other factors of the profitability.

## **B. The programme of activities and targets set out by the bank**

The bank set out the following activities and targets for itself during the FY 2021-22.

- 1) Business Growth
- 2) Deposit Mobilization
- 3) Reduction in NPLs
- 4) Focus on recoveries against NPL
- 5) Improved customer services
- 6) Human Resource Development
- 7) Digitization
- 8) Enhanced Risk Management

## **C. Relevant Statistics properly tabulated**

Profit & Loss Statement	PKR in Million			
	Mar-22	Mar-22	Variance	
	Actual YTD	Budget YTD	Amount	%
Markup earned	1,045	1,054	(9)	-1%
Markup expensed	(717)	(667)	(50)	7%
<b>Net Markup Income</b>	<b>328</b>	<b>387</b>	<b>(59)</b>	<b>-15%</b>
Fee Commission and brokerage income	16	21	(5)	-24%
Dividend Income	-	-	-	0%
Foreign Exchange Income	1	2	(1)	-28%
Gain / (loss) on securities	-	-	-	0%
Other Income	0	-	0	100%
<b>Non Markup Income</b>	<b>18</b>	<b>23</b>	<b>(5)</b>	<b>-22%</b>
<b>Total Operating Income</b>	<b>346</b>	<b>410</b>	<b>(64)</b>	<b>-16%</b>
Administrative expenses	(286)	(366)	80	-22%
Other Charges	-	-	-	0%
<b>Non Markup expenses</b>	<b>(286)</b>	<b>(366)</b>	<b>80</b>	<b>-22%</b>
<b>Profit &amp; Loss before Provisions</b>	<b>60</b>	<b>44</b>	<b>16</b>	<b>36%</b>
Provisions and write Offs - net	-	(8)	8	-100.0%
<b>Profit &amp; Loss before Taxations</b>	<b>60</b>	<b>36</b>	<b>24</b>	<b>66%</b>
Taxation	(13)	(13)	-	0.0%
<b>Profit &amp; Loss after Taxations</b>	<b>47</b>	<b>23</b>	<b>24</b>	<b>104%</b>



**BALANCE SHEET**

PKR in Million

	Mar-22	Mar-22	Variance	
	Actual	Budget	Amount	%
Cash & Balances with Treasury Bank	2,605	2,651	(46)	-2%
Balances with other Banks	4	-	4	100%
Lending to Financial Institutions	2,000	1,939	61	3%
Investments-net	32,328	24,922	7,406	30%
Advances-net	9,101	10,213	(1,112)	-11%
Operating fixed assets	690	559	131	23%
Deferred Tax Asset-net	3	-	3	100%
Other assets-net	961	628	333	53%
<b>Total Assets</b>	<b>47,692</b>	<b>40,912</b>	<b>6,780</b>	<b>17%</b>
Bills Payable	269	96	173	180%
Borrowings	20,641	11,198	9,443	84%
Deposits & other accounts	22,998	25,696	(2,698)	-10%
Deffered Tax Liability	-	-	-	100%
Other liabilities	1,356	1,446	(90)	-6%
<b>Total Liabilities</b>	<b>45,264</b>	<b>38,436</b>	<b>6,828</b>	<b>18%</b>
<b>Net Assets</b>	<b>2,428</b>	<b>2,476</b>	<b>(48)</b>	<b>-1.9%</b>
<b>Represented by:</b>				
Share capital	3,994	3,994	-	0.0%
Reserves	432	425	7	1.6%
Unappropriated profit / (loss)	(2,250)	(2,165)	(85)	3.9%
	<b>2,176</b>	<b>2,254</b>	<b>(78)</b>	<b>-3.5%</b>
Surplus on revaluation of assets-net of tax	252	222	30	13.5%
	<b>2,428</b>	<b>2,476</b>	<b>(48)</b>	<b>-1.9%</b>

**National Bank of Pakistan****A. Financial Performance for the half year ended June 30, 2022**

- Total income for H1'22 amounted to PKR 71.5 Bn being 9.2% higher against PKR 65.4 Bn of H1'21. Both, NII and NFI recorded a YoY increase by 12.0% and 1.7%, respectively.
- Total administrative expenses of the Bank increased by 17% YoY to PKR 35.8 Bn, with compensation expenses increasing by 11.7%; and Other expenses by 27.6%.
- Provision charge amounted to PKR 1.7 Bn, being 74.4% lower than PKR 6.8 Bn of H1'21.

- Given the significantly lower provision charge, the pre-tax profit amounted to PKR 33.9 Bn being 20.9% up against PKR 28.0 Bn of H1'21.
- Effective tax rate stood at 64.5% i.e. 25.5 percentage point up against 39% for last year.
- Consequently, after-tax profit for H1'22 closed at PKR 12.1 Bn, declining 28.4% YoY.

## **B. Financial Position as at June 30, 2022**

- With a 33.1% growth, Total Assets stood at PKR 5,119.8 Bn as compared to PKR 3,846.7 Bn at YE'21.
- Gross Advances increased by 4.8% or PKR 62.1 Bn to PKR 1,367.3 Bn from PKR 1,305.2 Bn at YE'21.
- As compared to the YE'21 levels, NPLs increased by 2.7% or PKR 5.4 Bn from PKR 197.9 Bn to PKR 203.3 Bn. Gross and Net NPL stood at 14.9% and 1.3%, respectively. Provision coverage stood at 92.4% (YE'21: 90.6%).
- Investments increased by 67.7% to PKR 3,250.6 Bn as compared to PKR 1,938.2 Bn at YE'21.
- Deposits amounted to PKR 3,198.6 Bn, depicting a substantial growth of PKR 179.5 Bn or 5.9% over PKR 3,019.2 Bn at YE'21.
- Net Assets stood 2.4% higher at PKR 293.0 Bn, translating into a break-up value per share at PKR 137.7 (YE'21: PKR 134.5)
- Capital Adequacy Ratio (CAR) improved to 22.04% with Tier-1 capital adequacy ratio at 16.59% as compared to 20.39% and 15.42% respectively at YE'21.

## **C. Financial Performance for 6 months period ended June 30, 2022**

Despite the continued challenging environment, the Bank has delivered strong financial results for the six-months period ended June 30, 2022. This demonstrates the resilience of the Bank's business model and the efforts of its staff during this period.

### **▪ Profitability (PKR 'Bn)**

<b>KPI</b>	<b>Jun'22</b>	<b>Jun'21</b>
Net Interest Income	53.1	47.4

<b>KPI</b>	<b>Jun'22</b>	<b>Jun'21</b>
Non-Fund Income	18.4	18.0
<b>Total Income</b>	<b>71.5</b>	<b>65.4</b>
Admin Expenses	35.8	30.6
Profit Before Provisions	35.6	34.8
Provisions and write offs – net	1.7	6.8
Profit Before Tax	33.9	28.0
<b>Profit After Tax</b>	<b>12.1</b>	<b>17.0</b>
Earnings Per Share (Rs.)	5.71	7.97

#### ▪ **Mark-up/Interest Income**

During the period under review, the Bank earned gross mark-up/interest income of PKR 179.4Bn (+66.1%, YoY). Performing interest-bearing assets averaged PKR 3,497.1 Bn, being marginally higher by 26.7%, YoY. Consequently, the Bank's net mark-up/interest income closed at PKR 53.1Bn, 12.0% higher than PKR 47.4Bn earned during the corresponding six-month period of 2021 but as the gains in 2021 were recognised to be non-recurring, this was still better than budget.

SBP has stipulated that, starting December 31, 2021, 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 18.4Bn, marginally 1.7% higher YoY. Fee & Commission income that constitutes a major 55.8% share of the total NFI, amounted to PKR 10.2 Bn similar to PKR 8.8Bn of H1'21. As corporates have recently resumed dividend pay-outs (which wasn't the case in H1'21 as 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 33.0% to PKR 1.9Bn compared to PKR

1.5Bn of H1'21. Forex income of the Bank also recorded a significant YoY growth as it closed at PKR 4.3 Bn as compared to PKR 2.7 Bn of SPLY. Growth in FE income was mostly observed during Q2'22. The Bank realised equity gains on securities to the tune of PKR1.1Bn (H1'21:PKR 4.1Bn).

Accordingly, the non-mark-up/interest income of the Bank totalled at PKR 18.4Bn, being 1.7% higher than PKR 18.0Bn of the corresponding six-month period of prior year.

#### ▪ **Expense Management**

Non mark-up / interest expense of the Bank for the period under review amounted to PKR 35.8Bn, being 17% up, YoY. Given the lower total income, the Bank's cost-to-income ratio for the period weakened to 50.2% as against 46.1% for the corresponding six-month period of 2021. However, expenses incurred during the period are in line with the industry norms. HR compensation that accounts for around 64.1% of the total operating expenses, amounted to PKR 22.9Bn compared to PKR 20.5Bn for the corresponding six-month period of 2021, reflecting, among other things, the impact of promotions which were last implemented in 2017. While Property related expenses amounted to PKR 4.32Bn (H1'21: PKR 3.96Bn), IT related expenses were PKR 2.65Bn (H1'21: PKR 1.21Bn). Other operating expenses increased by 20.0%.

#### ▪ **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 June 30, 2022, NPLs of the Bank totaled PKR 203.24Bn, being PKR 5.4Bn or 2.7% higher than PKR 197.94Bn at YE21.

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 15.4Bn (Jun'21: PKR 18.6Bn) has been created. Consequently, the specific and general provisions held stood at PKR 187.9Bn (Dec'21: PKR 179.3Bn) and PKR 9.2Bn (Dec '21: PKR 12.5Bn), respectively. Gross NPL Ratio, Net NPL Ratio and provision coverage stood at 14.9%, 1.3% and 92.4% at the end of period under review as compared to 15.2%, 1.7% and

90.6% as of Dec 31, 2021, respectively. Inclusive of general provisions, the NPL coverage is at 97% in June 2022.

#### ▪ **Profit After-Taxation**

The Bank's pre-tax profit increase by 21% YoY and amounted to PKR 33.9 Bn as against PKR 28.0 Bn for H1'21. The Finance Act-2022 brought in certain changes in Corporate Tax, which apart from increase in the statutory and super tax rate, also had a retrospective impact with reference to prior year's earnings attributable to investments in the federal government securities. Consequently, effective tax rate increased from 39% in H1'21 to 64% for H1'22 and tax charge amounted to PKR 21.7 Bn against PKR 11.0 Bn for H1'21. Impact of the higher tax rate is reflected in the Q2'22 as total tax charge for 2<sup>nd</sup> quarter of 2022 amounted to PKR 15.5 Bn against PKR 6.2 Bn for the 1<sup>st</sup> quarter of 2022.

Resultantly, after-tax profit for the six-months period ended June 30, 2022 amounted to PKR 12.1 Bn i.e. 28.4% lower than PKR 17.0 Bn of H1'21 and has been impacted by the effective tax rate rising to 64.5% vs.39% for the corresponding period last year.

#### **Financial Position / Balance Sheet**

As of June 30, 2022 total assets of the Bank amounted to PKR 5,119.8Bn which is 33.1% above the year-end 2021 level of PKR 3,846.7Bn. 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 4.8% to PKR 1,367.3Bn from PKR 1,305.2Bn as at December 31, 2021. The Bank's net advances recorded a marginal growth of 5.1% to PKR 1,170.2Bn from PKR 1,113.4Bn at YE'21. 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 June 30, 2022, investments at cost amounted to PKR 3,251.0Bn (Dec'21:PKR 1,924.2Bn), whereas the carrying value amounted to PKR 3,250.6Bn (Dec'21:PKR1,938.2 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 June 30, 2022, total deposits of the Bank were PKR 3,198.6Bn being 5.9% higher against year-end, 2021 level of PKR 3,019.2Bn. The vast majority of the Bank's funding comes from its core customer deposit base which has continued to grow during H1'2022. Customer deposits pool-in 84.7% (PKR 2,707.9Bn) of the Bank's total deposits. Compared to Dec 31, 2021 level, customer deposits have increased by PKR 209.8Bn or 8.4%. Non-remunerative current deposits are significant at 24.2% of the total customer deposits; whereas remunerative, but low cost, current accounts deposits comprised 27.4%. On a positive note, the Bank's CASA ratio also improved to 82.9% (2021: 82.3%).

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 146% and 277% at Jun'22, respectively vis-à-vis regulatory requirements of 100% for each.

Going forward, the Bank may be exposed to the implementation of the Treasury Single Account, where the deposits of the federal government and certain agencies will be required to be held at the SBP instead of various commercial banks. This will lead to some deposit outflows from banks. While this measure is meant to strengthen the fiscal position of the Government, it brings with it strong implications for the banking sector. Clearly a deposit migration of this size from commercial banks can have a major implication for commercial banks in terms of liquidity and profitability, as these deposits act as a significant funding source for their assets. For NBP, in particular, being saddled with government guaranteed PSE debt that is not being serviced, this development is unfortunate.

## ▪ **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 June 30, 2022 the Bank's eligible

common equity Tier-1 amounted to PKR 218.2Bn, 9.2% up against PKR 199.8Bn at the year-end 2021. At end June 2022, the total Risk Weighted Assets “RWAs” amounted to PKR 1,315.2Bn (Dec ‘21: PKR 1,295.1Bn). Higher profitability, coupled with reduction in the capital conservation buffer and the total RWAs has improved the Bank’s tier-1 capital ratio to 16.59% (Dec’21: 15.42%) and total capital adequacy ratio to 22.04% (Dec’21:20.39%). Both the ratios are thus fully compliant with regulatory requirements. Net Assets at end June’22 stood at PKR 293.0Bn i.e. 2.4% or PKR 6.7 Bn. This translates into a break-up value per share at PKR137.7.

## ▪ **Credit Ratings**

NBP is rated as ‘AAA’ by both the recognised credit rating agencies in Pakistan. In June 2022, 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).

## **1. Key Awards & Achievements**

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

A dark green graphic resembling a scroll, with a vertical strip on the left side and a circular element at the top right corner. The text "Investment Wing" is centered on the scroll in white.

# Investment Wing



## **INVESTMENT WING**

### **A. Securities and Exchange Commission of Pakistan (SECP)**

- i. 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.
- ii. During the fiscal year 2021-22, 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.
- iii. SECP also up-scaled its structure, operational effectiveness and human resources. From a function-based regulator, SECP moved towards a sector-based regulator when we established a dedicated supervision division and a dedicated adjudication division. Manuals and SOPs for supervision, adjudication and litigation as well as the penalty grid were standardized.
- iv. Automation and digitalization remained at the forefront of SECP's reform agenda, which was implemented through new company registry, ISO/IEC 27001:2013 ISMS Certification, and implementation of XBRL. Two more reforms including establishment of Security Operations Centre (SOC) and implementation of Business Process Re-engineering (BPR) within SECP are in the works as well.

### **Major Accomplishments and Future Roadmap**

#### **Corporate Sector**

- During the current financial year 2021-22, 26,502 new companies were registered. As compared to the previous year, a growth rate of 4 percent has been observed. Due to this growth, the total number of registered companies now reached to 172,234 whereas 99.4 percent companies were registered online during the current year and around 23 percent companies were registered within the same day. The desired results are due to targeted use of automation and streamlining of processes to facilitate end-users and reduce the overall time of starting a business in Pakistan. Resultantly, the current user experience has been improved considerably.

- Out of the companies registered during the FY 2021-22, approximately 64 percent companies were registered as private limited companies, 33 percent were registered as single-member companies, and the remaining were registered as either public unlisted, not-for-profit associations, trade organizations, foreign companies or limited liability partnerships.
- Sector wise breakdown of registered companies during the current year shows that the construction & real estate sector took the lead with the incorporation of 4,791 companies. This was followed by IT with 3,760 companies registered, trading with 3,534 companies, services with 2,408 companies, and Ecommerce with 1,038 companies. Education related companies registered were 962, food & beverages companies were 937, tourism companies were 790, textile companies were 701, and marketing & advertisement companies were 671. The remaining companies were registered in other sectors.

### **Stock Market**

- Overall, the fiscal year 2021-22 was a challenging year for the markets. The KSE-100 index began the year at 47,356.02 points and ended at 41,540.83 points on June 30, 2022, recording a decrease of almost 12.3%. The market recorded its highest level of 48,112.21 on August 23, 2021 and touched its lowest level, 40,879.93 on June 13, 2022. The index posted its highest single-day gain of 1,700.38 points on April 11, 2022.
- The average daily turnover was 292.69 million shares and 117.78 million shares in ready and futures market, respectively. A total of 530 companies with accumulated paid up capital of Rs 1,525.899 billion are listed on the Pakistan Stock Exchange, while the total market capitalization is Rs 6,956.507 billion, as on June 30, 2022. Foreign investment in the stock market exhibited a net outflow of \$297 million during the year, which is 23% lower than the net outflows of \$387 million observed in FY 2020-21.

### **Commodity Market**

- During the period July 01, 2021 to June 30, 2022, various commodities futures contracts including gold, crude oil and US equity indices, worth Rs. 3.867 trillion were traded at PMEX. Previously, for the period of 2020-2021, various commodities futures contracts worth Rs 2.841 trillion were traded.

## **Non-Banking Financial Sector Asset Management**

- The aggregate asset size of NBF sector was Rs 2,110 billion as of June 30, 2022, posting a promising growth of 17.9% as compared with assets of Rs 1,790 billion as of June 30, 2021.
- The Assets under Management (AUMs) of the mutual fund industry are the largest segment within NBF Sector with assets of Rs 1,281 billion as on June 30, 2022 (June 2021: Rs 1,087 billion), showing a growth of 17.9%. Money Market funds dominated the AUMs of the mutual fund industry with the largest share of 52%, followed by Income Funds having share of 24%.
- The other significant asset class in NBFs are the Investment Advisors. There are currently 28 entities licensed to offer Investment Advisory Services with portfolio of Rs 356 billion as on June 30, 2022.
- The total assets of 22 pension funds managed by 14 Pension Fund Managers (Voluntary Pension Systems) stood at Rs 41.64 billion as on June 30, 2022. This asset class also witnessed a growth of 4.9% in the year under review.
- The NBF sector also includes five Real Estate Investment Trusts (REITs) and thirteen REITs Management Companies. As of June 30, 2022, the fund size of REITs was Rs 98.344 billion marking a growth of 81% over the previous year's figure.
- Another important area in the NBF sector is Private Fund Management. In this context, Private Equity and Venture Capital (PE & VC) investment is poised to take off in Pakistan. Currently, there are five PE & VC Funds and eight Private Equity Companies operated in Pakistan. The total asset size of the PE & VC funds stood at Rs 10.96 billion as of June 30, 2022, compared to Rs 6.69 billion as on June 30, 2021, registering a growth of 64%.

## **Insurance Sector**

- The insurance industry of Pakistan is enhancing the economic and social growth by not only indemnifying losses of various sizes and nature but also generate long term financial resources which are invested by insurers in various markets in Pakistan. Through risk transfer mechanism, it supports individuals as well as large industrial, commercial, and trade ventures by protecting against losses and operate even if catastrophic events (such as earthquake, floods, and severe weather conditions, etc.) hit the economy.
- As of December, 2021, total assets of the insurance industry stood at 2,149 billion, compared to Rs 1,987 billion as of December 31, 2020, showing 8% increase in asset size. On the revenue side, during the year 2021, the industry has underwritten total direct Gross Written Premium (GWP) amounting to 433

billion, compared to Rs 347 billion in 2020, demonstrating a growth of around 24% in GWP. The reinsurance premium underwritten by the only non-life reinsurance company in Pakistan, owned by the Government of Pakistan, amounted to 22 billion.

- According to sector-wise analysis, the life insurance industry assets amount to 1,845 billion and non-life insurance sector owns assets amounting to 304 billion. On the revenue side, the life insurance sector has underwritten premium of 291 billion and non-life insurance sector has recorded premium amounting to 142 billion, during the year 2021.

## **Brief Overview of Achievements**

### **Digital mortgage certificates**

- The SECP has started issuing digital mortgage certificates and acknowledgements of annual and other returns. The digital issuance is equivalent to the physical certificate/acknowledgement for all legal purposes. The SECP has also started issuance certified true copies of company's statutory returns and company profile digitally.

### **Online facility for Companies Easy Exit**

- The SECP has launched an online portal of Companies Easy Exit Scheme, automating and simplifying the process of easy exit. According to this legal framework, a private or public unlisted company which ceases to operate and has no known assets and liabilities, may apply directly to the registrar to strike its name off the register of companies through a simplified way instead of submitting a winding up petition to the court.

### **Digital Portal for Banks**

- The SECP, in coordination with the SBP, launched an exclusive digital portal. The portal enables banks to open corporate accounts without seeking physically certified copies of statutory documents from its customers.

### **Integration with SMEDA**

- The SECP has successfully integrated with SME Registration Portal (SMERP) of Small and Medium Enterprises Development Authority (SMEDA) through PITB.

## **Digitization and Innovation**

- SECP has launched a transformation program “Leading Efficiency through Automation Prowess” (LEAP). The project is designed to bring digital transformation, end-to-end automation and creation of a state-of-the-art interface across all functions of the Commission.

## **Promulgation of Companies (Amendment) Bill, 2021**

- SECP presented the Companies (Amendment) Bill, 2021, which was passed by the National Assembly in the year under concern. The amendments offer explicit permission for Employees Stock Option Scheme by private companies, provision of exit mechanism through buy-back of shares, and halving of required threshold for giving notice of shareholders’ resolution.

## **Amendments in the Companies (Further Issue of Shares) Regulations, 2020**

- SECP has amended the said regulation, in order to ensure efficient administration of Secured Transactions Registry, extend the scope of Secure Transaction Act, 2016, and to facilitate start-ups and small companies in raising equity.

## **Introduction of Special Purpose Acquisition Companies (SPACs)**

- The SECP has introduced the concept of SPAC, allowing capital market professionals to issue securities and raise capital by forming a special purpose company for entering into merger or acquisition transaction. Public Offering Regulations, 2017 were amended in September 2021, formally introducing the regulatory framework for SPACs. One company has so far been registered as SPAC with SECP.

## **Automation - listing applications**

- The SECP, in coordination with PSX, has deployed “PRIDE” online system, through which Issuer/company can submit IPO application, interact with PSX and get update/status of application.

## **Market making for debt securities**

- The SECP has allowed financial institutions including Banks, DFIs, PDs, AMCs etc. to act as market maker, thereby increasing secondary debt market

liquidity. This resulted in 16 financial institutions getting registered as market makers.

### **Launch of First Debt ETF**

- Approval granted for the launch of Pakistan's first Debt ETFs, providing investors with a new investment avenue.

### **Introduction of New Asset Classes for Pension Funds**

- The SECP has allowed pension funds to invest in Real Estate Investment Trusts, Private Equities, Venture Capital Funds and Exchange Traded Funds. Pension funds have also been allowed passive investment strategy in the form of Index sub fund. Moreover, VPS participants have been provided flexibility to change allocation ratios of their accounts and to freeze their portfolio allocation and percentages at a point in time.

### **Digital-only insurers and Dedicated Micro Insurers introduced**

- The SECP has proposed a new registration regime for digital-only insurer and dedicated micro insurers to enable small entities to obtain registration with the SECP, while complying with lenient regulatory requirements in terms of minimum paid up capital and solvency requirement.

## **B. Competition Commission of Pakistan (CCP)**

- The Competition Commission of Pakistan (CCP) is an administratively autonomous body established in 2007 under the Competition Ordinance, 2007, which was subsequently enacted as the Competition Act 2010 (the "Act" or "Competition Act").
- Under the Competition Act, CCP is mandated to (i) provide for free competition in all spheres of commercial and economic activity, (ii) to enhance economic efficiency and (iii) to protect consumers from anti-competitive practices.
- CCP discharges quasi-judicial functions with the sole objective of regulating anti-competitive behaviour. Its functions also include engaging in competition advocacy, to conduct studies and market assessments for promoting competition in all sectors of commercial economic activity in Pakistan and to give advice to undertakings with regard to complying with the provisions of the Competition Act.
- CCP's main enforcement functions pertain to four main pillars of competition law, i.e., Section 3 – Abuse of Dominance; Section 4 –

Prohibited Agreements, Section 10 – Deceptive Marketing Practices as well as Section 11 –Pre-Merger Approval. Advocacy and research activities are covered under Sections 28 and 29 of the Competition Act respectively.

- The Commission’s notable actions during this period include the conclusion of formal enquiries in key sectors of the economy, *inter alia*, related to Essential Commodities (Poultry, Sugar) Automotive (Tractors), Power (PESCO) and Education (PMDC). An Order was passed in August 2021 with regard to cartelization in the sugar sector against 85 undertakings (84 sugar mills and the Pakistan Sugar Mills Association), being a historic decision as it imposed the highest penalty yet amounting to approx. Rs 44 billion. Another landmark decision was passed related to price maintenance practices in the electronic home appliance sector in violation of Section 4 of the Act where guidelines were also issued therein to advise undertakings against implementing similar pricing provisions.
- The Commission has increased its advocacy outreach, holding advocacy sessions with key stakeholders, making appearances at different forums and resuming the Competition Consultative Group sessions, which is a ‘think-tank’ with participants from all sectors of the economy, including associations and other regulatory bodies.
- The Commission has also increased its research and policy work through conducting key sectoral studies with the objective of promoting competition and to increase economic efficiency. Main policy initiatives undertaken relate to a study on the e-commerce market in order to highlight competition concerns in the said sector and provide a minimum benchmark for undertakings to follow in order to adhere to the provisions of the Act. Moreover, the Commission is finalizing its study/report on SMEs, which highlight demand-side constraints and supply-side issues as well as other challenges faced SMEs. The Commission has also shared its findings with the NPMC on the supply chain distortions of two essential commodities, tomato and onion.
- On the legal front, the functionality of the Competition Appellate Tribunal and resumption of its proceedings has helped in clearing the backlog of cases. Both the Islamabad High Court and Sindh High Court have also subscribed to the ratio laid down by the Lahore High Court in the LPG Association of Pakistan case, declaring that the Competition Act is constitutionally valid.
- **The Commission’s activities in FY 2021-2022 are;** 97 mergers cleared, 80 exemption NOCs granted, 10 search & inspection, 17 enquiries completed, 55 show-cause notice issued, 45 hearing

completed, 12 final orders issued, Rs 44.6 billion penalty imposed and 7 formal enquiries initiated. Penalties to the extent of Rs 49.9 Million have been recovered.

### **Advocacy, Policy and Partnerships**

- As part of a series of advocacy sessions to raise awareness amongst the general business community on principles of competition law, two sessions were held at the Karachi Chamber of Commerce & Industry (16 June 2022) and Rawalpindi Chamber of Commerce & Industry (27 June 2022). The sessions also provided a platform for participants to highlight key competition and policy concerns.
- The Commission signed a Memorandum of Understanding (MOU) with the Pakistan Institute of Corporate Governance (PICG) in February 2022 on co-operation, collaboration, and capacity development for strengthening corporate governance and competition compliance in Pakistan.
- The Commission held the 23<sup>rd</sup> meeting of the Competition Consultative Group (CCG) in Karachi in December 2021, to brief the participants on the Commission's advocacy and policy initiatives in e-commerce and SME sectors, recent developments on the legal front, and its recent enforcement actions. Senior level representation was present from all sectors including regulatory bodies, SMEs, online trading platforms, and consumer associations. During the CCG meeting, competition concerns were also highlighted by the participants.
- As an observer member of NPMC, the Commission volunteered to conduct a pilot study in order to assess the supply chain distortions of two important essential commodities in Pakistan, i.e., tomato and onion, from farm-gate to retail. The findings were shared with the NPMC members in July 2021 and revealed that a variety of factors are disrupting supply chains, distorting competition, exploiting farmers, and adding inefficiencies to the economy.

### **Positive Developments on the Legal Front**

- In landmark judgments, both the Islamabad High Court (in its judgment dated 16 September 2021 in WP No. 4942/2010) and the Sindh High Court (in its decision dated 17 January 2022 in Const. Petition No. 149/2010) have subscribed to the ratio laid down by the Lahore High Court in the LPG Association of Pakistan case (2021 CLD 214), declaring that the Competition Act is a valid piece of legislation that covers interprovincial trade, commerce and intercourse throughout Pakistan and that Parliament/the Federation has the legislative competence to enact competition law.



- Correspondence also took place with key stakeholders to request that the appointment of the CAT members be expedited, stressing the need to clear the backlog of cases, and recovering the tied-up penalty amounts. Finally, two Members of the CAT were appointed on the same date, i.e., 26 November 2021 vide SROs F.4(3)2015-A.V, to fully constitute a functional Tribunal.

### **C. Agricultural Finance Overview 2021-22**

State Bank of Pakistan (SBP) assigned annual agricultural credit disbursement target of Rs 1,700 billion for FY22, which is 24.5 percent higher than the last year's achievement of Rs 1,366 billion. During FY-22, the agricultural lending institutions disbursed Rs 1,419 billion, which is 84 percent of the overall annual target and 4 percent higher than the disbursement of Rs 1,366 billion made during the corresponding period of FY-21. Further, the outstanding portfolio of agriculture credit increased to PKR691 billion at the end of June 2022, registering a growth of 10.1 percent compared to the last year's outstanding credit of PKR628 billion. In terms of outreach, the number of agricultural outstanding borrowers reached to 3.26 million borrowers in June 2022.

### **SBP's Initiatives for Promotion of Agriculture Financing**

- **Promoting Electronic Warehouse Receipt Financing (EWRF):** In order to allow banks to start EWRF in line with Collateral Management Company (CMC) Regulations 2019, SBP has issued the necessary amendments in Prudential Regulations while allowing EWR as acceptable collateral for bank financing. Further, to sensitize banking industry and promote EWRF in Pakistan, SBP has formally rolled-out EWRF Uptake Action Plan in February 2022, wherein, 25 banks signed the System Usage Agreements (SUA) with CMC. EWRF has been initially started for maize and rice crops in four districts of Punjab namely: Okara, Sheikhpura, Hafizabad and Kasur. Moreover, financing targets have been assigned to banks for FY-22 and FY-23. Additionally, a high level forum i.e. **Electronic Warehouse Receipt Financing Task Force (ETF)** has also been established to provide strategic direction and monitor implementation of EWRF uptake action plan.
- **Introduction of Champion Bank Concept:** To address the challenge of increasing agriculture credit outreach in underserved areas, SBP has introduced the concept of provincial/regional Champion Banks in underserved areas. In this regard, SBP has nominated six banks as Champion Banks. These banks will spearhead the efforts in their respective assigned underserved areas/regions from Southern Punjab, Sindh, KPK, Balochistan, AJK and GB to enhance the flow of credit and bring more borrowers into the fold of formal credit network. To implement this model, six Regional

Agricultural Coordination Committees (RACCs) have been established under the champion banks.

- **Adoption of Electronic Land Record Management Information System:** Charge creation (passbook/property mortgage) is a cumbersome process for both banks and borrowers. To address this problem, SBP coordinated with PLRA's for adoption of Land Record Management Information System (LRMIS) across Punjab for agricultural lending. With the support of SBP, the number of banks using LRMIS has increased from 21 in December 2020 to 27 in June 2022 and processing of land documents through LRMIS has increased to nearly 50 percent of agri. loans processed against Passbooks in Punjab.
- **Crop Loan Insurance Scheme (CLIS) & Livestock Insurance Scheme for Borrowers (LISB):** Under CLIS and LISB, GoP bears insurance premium for small farmers in accessing agriculture credit for crops or livestock from banks. Hence, CLIS is aimed at increasing financial access for small farmers. During the period from July 2008 to June 2021, banks have submitted premium claims of Rs 9.86 billion against 6.7 million beneficiaries. Insurance premium for small livestock farmers, availing bank financing, continues to benefit farmers, as premium claims of Rs 2.94 billion against 0.86 million beneficiaries have been received during period July 2014 - June 2021.
- **Credit Guarantee Scheme for Small & Marginalized Farmers (CGSMF):** With the support from federal government, SBP is implementing CGSMF. This scheme can be availed by banks for providing loans to collateral deficient small and marginalized farmers, with default protection of up to 50 percent. Since inception, more than 145,000 farmers have benefitted from this scheme against Rs 1.1 billion funds released by the federal government.

#### D. National Investment Trust Limited (NITL)

- **NI(U)T Fund:** NIT declared a cash dividend of Rs. 2.44 per unit for unit holders of NI(U)T Fund against the dividend of Rs. 1.61 last year i.e. an increase of 51.56% from last year. The payment of dividend @ Rs. 2.44 per unit translates to a payout of Rs. 2.00 billion among its unit holders. **During FY22, NI(U)T Fund has earned a net income of Rs. 2,138 million. As of 30<sup>th</sup> June 2022, net assets of NI(U)T Fund stood at Rs. 54,679 million.**

#### Performance Highlights of NI(U)T Fund

<i>(Rs in million)</i>	<b>FY22</b>	<b>FY21</b>	<b>FY20</b>	<b>FY19</b>	<b>FY18</b>
Dividend Income	3,580	2,409	2,067	2,678	3,219
Capital Gains	5.8	101.3	18.2	3.4	2,078

<i>(Rs in million)</i>	<b>FY22</b>	<b>FY21</b>	<b>FY20</b>	<b>FY19</b>	<b>FY18</b>
Net Income	2,138	3,161	1,878	1,526	2,534
Dividend/ Unit (Rs.)	2.44	1.61	1.29	1.55	2.33
NAV/Unit Rs. (30 <sup>th</sup> June)	64.99	75.33	56.22	54.40	73.85

- **NIT State Enterprise Fund (NIT-SEF):** NITL declared a cash dividend of Rs 0.64 per unit for unit holders of NIT-SEF for the year ended June 30, 2022. During the year under review, NIT-SEF earned a net income of Rs. 95.7 million. During FY22, the dividend income earned by the Fund stood at around Rs. 93.6 million. As of 30<sup>th</sup> June 2022, net assets of NIT-SEF stood at Rs. 1,257 million.
- **NIT Equity Market Opportunity Fund (NIT-EMOF):** NITL declared a cash dividend of Rs. 10.0 per unit for unit holders of NIT-EMOF for the year ended June 30, 2022. During the year under review, the NIT-EMOF earned a net income of Rs. 398 million. During FY22, the dividend income earned by the Fund stood at around Rs. 490 million.
- **NIT Islamic Equity Fund (NIT-IEF):** NITL declared a cash dividend of Rs. 0.35 per unit for unit holders of NIT-IEF for the year ended June 30, 2022. During the year under review, the Fund has earned a net income of Rs. 118.5 million. The dividend income earned by the Fund stood at Rs. 186.1 million.
- **NIT Asset Allocation Fund (NIT AAF):** NAV of NIT-AAF decreased from Rs. 10.2563 (Ex-Dividend) as on June 30, 2021 to Rs. 9.6729 as on June 30, 2022, and yielded a negative return of 5.69% against a positive benchmark return of 1.01% during FY22. During FY22, NIT AAF earned a net loss of Rs. 36.4 million. As of June 30, 2022, the net assets of NIT Asset Allocation Fund stood at Rs. 563 million.
- **NIT Pakistan Gateway Exchange Traded Fund (NIT-PGETF):** **Benchmark of the fund declined 11.0% in FY22. Similarly in line with the benchmark, NIT-PGETF posted a negative return of 12.56% during the year** where NAV of NIT-PGETF decreased from Rs. 11.4711 (Ex-Dividend) as on June 30, 2021 to Rs. 10.0301 as on June 30, 2022. During FY22, NIT PGETF earned a net loss of Rs. 5.3 million. As of June 30, 2022, the net assets of NIT Pakistan Gateway Exchange Traded Fund stood at Rs. 37.5 million.
- **NIT Government Bond Fund (NIT GBF):** NITL declared a dividend of Rs. 0.8753 per unit for unit holders of NIT GBF for the year ended June 30, 2022. During FY22, NIT GBF earned a net income of Rs. 279 million. The NAV of NIT GBF increased from Rs. 9.7876 (Ex-Dividend) as on June 30,

2021 to Rs. 10.7002 as on June 30, 2022, thus yielded a return of 9.32% p.a. compared to the benchmark return of 10.67% p.a.

- **NIT Income Fund (NIT IF):** NITL declared a dividend of Rs. 1.0339 per unit for unit holders of NIT IF for the year ending June 30, 2022. NIT-IF earned a net income of Rs. 388 million during FY22. NAV of NIT Income Fund increased from Rs. 10.0920 (Ex-Dividend) as on June 30, 2021 to Rs. 11.1658 as on June 30, 2022, thus, yielded an annualized return of 10.64% and against its benchmark return of 10.81% p.a. during FY22. The net asset of NIT Income Fund stood at Rs. 3,716 million as on June 30, 2022.
- **NIT Money Market Fund (NIT MMF):** During FY22, NITL paid cumulative per unit cash dividend of Rs. 0.9789 for unit holders of NIT Money Market Fund in the form of twelve interim payouts. During FY22, NIT MMF earned a net income of Rs. 1,378 million. During the year under review, the Fund yielded an annualized return of 10.79% p.a. compared to the benchmark return of 9.28% p.a., an outperformance by 1.51%.
- **NIT Islamic Income Fund (NIT IIF):** NIT declared a dividend of Rs. 0.8374 per unit for unit holders of NIT IIF for the year ended June 30, 2022. During FY22, NIT IIF earned a net income of Rs. 80.5 million.
- **NIT – Islamic Money Market Fund (NIT-IMMF):** Since its launch on September 23, 2021 till 30<sup>th</sup> June 2022, NITL paid cumulative per unit cash dividend of Rs. 7.3553 for unit holders of NIT Islamic Money Market Fund in the form of interim payouts.
- **NIT Social Impact Fund (NIT-SIF):** NIT-SIF was launched on May 16, 2022. NIT declared a cumulative per unit cash dividend of Rs. 0.1817 for unit holders of NIT SIF for the year ended June 30, 2022. Unit price of NIT-SIF was at par value of Rs. 10 when launched while increased to Rs. 10.1676 (Ex- interim Dividends of Rs. 0.0202) as on 30<sup>th</sup> June 2022, Annualized return of NIT-SIF since inception was 14.93 percent, against benchmark return of 15.22 percent.
- **NIT – Pension Fund (NIT-PF):** Equity Sub-Fund posted a negative return of 17.35 percent during FY 2022. Money Market Sub-Fund and Debt Sub-Fund posted annualized returns of 10.20 percent, and 7.06 percent respectively. Commodities sub-fund, which primarily invests in Gold futures, posted a return of 10.94 percent in absolute terms, for FY 2022. Assets under Management for NIT-PF as on 30<sup>th</sup> June, 2022 was Rs. 545.79 million.
- **NIT – Islamic Pension Fund (NIT-IPF):** Equity Sub-Fund posted a negative return of 17.00 percent during FY2022. Money Market and Debt Sub-Funds posted annualized return of 9.16 percent, and 8.58 percent

respectively during FY2022. Assets under Management for NIT-IPF as on 30<sup>th</sup> June, 2022 was Rs. 383.25 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.
- ***Competitive returns and consistent dividend payout history:*** NITL has distributed total dividend of over Rs. 4.77 Billion for the year FY22 representing an impressive 73% growth over previous year.
- ***Top performing funds:*** During FY21 and FY 2022, NI(U)T stood at the top 10 position among the equity category funds. Further, during FY 20, NI(U)T Fund outperformed its benchmark by a healthy margin of 4.85%, the Fund earned a total return of 6.38% as against the benchmark KSE-100 index which increased by 1.53%. Similarly, on a 10 year basis (FY12 – FY22 CAGR) fund outperformed its benchmark by 2.72%, the Fund earned annualized return of 14.37% against its benchmark return of 11.65%.
- ***Launching of New Funds:*** During the year under review, NIT launched two new funds, one being a Sharia Compliant Money Market fund (NIT-IMMF) and the other being Pakistan's first Social Impact Fund (NIT-SIF).
- ***Branch Network of NIT:*** The total nationwide distribution network of NIT comprises of 27 branches, including 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.
- ***Market Share:*** As of 30<sup>th</sup> June 2022, the share of NITL managed Funds stood at around 7.63% of the mutual fund industry. Similarly, its equity Funds account for 49.0% of all Open End Equity Funds whereas, Fixed

Income Funds of NITL hold around 4.2% share of all Open End Income Fund Schemes.

## **E. Joint Investment Ventures**

- 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	6,600	6,150	6,000	6,000	9,696
4	Dividend paid (GOP Share)	1,446	1,200	6,016	2,451	1,800	740	-

- 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.

**F. 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.
- 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).



**Provincial  
Finance  
Wing**



## **PROVINCIAL FINANCIAL WING**

### **Main Role:**

The role of Provincial Finance (PF) Wing is vital being the arm of fiscal coordination amongst the provincial governments including special areas. It primarily deals with fiscal transfers under NFC Award and development grants approved by NEC to the four Provinces i.e. Punjab, Sindh, Khyber Pakhtunkhwa (KP) & Balochistan and Grants-in-aid for development and current budgets of special areas of Azad Jammu & Kashmir (AJ&K) and Gilgit-Baltistan (GB). Apart from this, this Wing arranges periodical meetings with the finance secretaries of the provincial governments to discuss fiscal issues and matters of mutual interests.

PF Wing provides secretarial support to National Finance Commission (NFC), a Constitutional Body responsible to recommend revenue sharing arrangement between the Federation and Provinces. Moreover Secretarial support is also provided to the National Tax Council (NTC) and Executive Committee of NTC constituted for the harmonization of GST across the country.

### **Federal Transfers to Provinces:**

During FY 2021-22, Rs.3,825.96 billion was transferred to provinces as per details given below:-

(Rs. in billion)

Description	Punjab		Sindh		KP		Balochistan		Total	
	B.E	Release	B.E	Release	B.E	Release	B.E	Release	B.E	Release
Divisible Pool	1,683.28	1,764.45	798.69	837.21	532.79	558.48	295.73	295.73	3,310.49	3,455.86
Straight Transfers	7.82	8.29	49.51	65.08	26.47	31.98	17.57	9.34	101.37	114.70
GST on Services	-	12.96	-	-	-	5.50	-	-	-	18.46
1% War on Terror	-	-	-	-	-	59.91	-	-	-	59.91
Development Grant (PSDP)	38.55	23.73	1.52	-	66.47	50.89	15.76	4.62	122.30	79.24
Grant-in-Aid	-	-	22.51	22.51	77.00	65.10	10.00	10.18	109.51	97.79
<b>Total</b>	<b>1,729.65</b>	<b>1,809.42</b>	<b>872.23</b>	<b>924.80</b>	<b>702.73</b>	<b>771.86</b>	<b>339.05</b>	<b>319.87</b>	<b>3,643.67</b>	<b>3,825.96</b>

### **Funding for Provincial Projects:**

The above table includes development grants to provinces also. At times, pursuant to the President/Prime Minister's directives as well as on the requests of the Parliamentarians, funding for various provincial projects are being made from federal PSDP. These projects are either on cost sharing basis or fully

funded from the Federal PSDP. During FY 2021-22, an amount of Rs.79.242 billion was released to the Provinces on this account as per detail is given below:-

(Rs. In billion)

Province	No. of Projects	PSDP Allocation (B.E)	PSDP Allocation (Revised)	Releases
Punjab	18	38.55	23.73	23.73
Sindh	02	1.52	0	0
KP	10	66.47	50.89	50.89
Balochistan	33	15.76	4.62	4.62
<b>Total</b>	<b>63</b>	<b>122.30</b>	<b>79.24</b>	<b>79.24</b>

The current 7<sup>th</sup> NFC Award was announced in December, 2009 and is effective with effect from 01.07.2022. At that time, erstwhile Federally Administered Tribal Areas (FATA) were governed directly by the Federal Government and was not part of KP. The erstwhile FATA became part of KP pursuant to the 25<sup>th</sup> Constitutional Amendment in 2018. As such, the Federal Cabinet decided that till announcement of new NFC Award, Federal Government will continue to provide grant-in-aid (both current and development) to KP for erstwhile FATA. The Current and Development Grant provided to KP Government as per details given in Para-4 and 5 above includes Rs.109.921 (billion) transferred to KP Government for meeting the current and development needs of Erstwhile FATA as per detail below:

(Rs. In billion)

1	Development Grant for 10 years Development plan	25.500
2	Normal ADP of erstwhile FATA	19.321
3	Grant-in-aid to recurrent budget.	49.000
4	Grant-in-Aid for recurrent budget of Levies & Khasadar	11.000
5	Grant-in-Aid for Internally Displaced Persons (IDPs)	5.100
<b>Total:</b>		<b>109.921</b>

### **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 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 Generals of the Provincial Governments for local currencies and Economic Affairs Division (EAD) for foreign exchange. A profile of recoveries during FY 2021-22 is as follows:

(Rs. in billion)

<b>Province</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Punjab	52.638	15.755	68.393
Sindh	29.866	14.537	44.403
Khyber Pakhtunkhwa	12.155	2.283	14.438
Balochistan	5.014	0.6754	5.689
<b>Total</b>	<b>99.673</b>	<b>33.2504</b>	<b>132.923</b>

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

### **Federal Transfers to AJ&K:**

Variable grant is being provided as share of AJ&K Government in Federal Taxes. Funding to AJ&K during 2021-22 is shown as follows:-

(Rs. in billions)

<b>Component</b>	<b>Allocation</b>	<b>Released</b>
Federal Grant (Shared taxes)	59.500	59.258
<b>Total</b>	<b>59.500</b>	<b>59.258</b>

The Federal Government also funds Annual Development Programme of the Government of AJ&K through block allocation made by the PD&SI Division. Releases are made by the Finance Division (PF Wing) as per the release strategy issued by the Finance Division (Budget Wing) and the PD&SI Division. The position of Development funds released to AJ&K during 2021-22 and allocation for 2022-23 is as follows:-

(Rs. In billion)

<b>Component</b>	<b>No of Projects</b>	<b>Allocation 2021-22</b>	<b>Released 2021-22</b>	<b>Allocation 2022-23</b>
ADP (Block Allocation)	---	26.000	20.800	26.000
PSDP (Federal Projects)	09	3.540	3.628	2.400
<b>Total</b>	<b>09</b>	<b>29.540</b>	<b>24.428</b>	<b>28.400</b>

The Government of Azad Jammu & Kashmir has been paid Rs.3.096 billion for utilization of fund on the scheme titled "Permanent settlement of Illegally Indian Occupied Jammu and Kashmir (IIOJK) Refugees 1989 & onwards" during the FY 2021-22.

### **Federal Transfers to Government of GB:**

Prior to FY 2011-12, the current and development expenditure of GB 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. Release of funds during FY 2021-22 and funding for the current expenditure of GB Government during FY 2022-23 is shown as follows:-

(Rs. in billion)

<b>Component</b>	<b>Allocation 2021-22</b>	<b>Released 2021-22</b>
i) Grant in Aid to GB	47.000	46.879
ii) Wheat Subsidy to GB	8.000	8.760
<b>Total</b>	<b>55.000</b>	<b>55.639</b>

### **Recovery Cash Development Loans (CDL/FRL) to GB and AJ&K:**

The following amounts have been recovered on account of Cash Development Loan/ Foreign Relent Loan:-

(Rs. In billion)

Province	CDL		FEL		Total
	Principal	Interest	Principal	Interest	
AJ&K	2.913	8.740	2.763	0.582	14.998
GB	0	0	0.003	0.059	0.062
			<b>Total</b>		<b>15.060</b>

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# 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, 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 of Regulations Wing during the FY 2021-22:-**

- a. Grant of Ad-Hoc Allowance-2021 @ 10% of Basic Pay to all the Federal Government Employees i-e Armed Force Personnel, Civil Armed Forces and Civil Employees of the Federal Government.
- b. Pay and Pension Commission continued its working during the period 2021-2022. Moreover, the Prime Minister sanctioned an increase of 10% in net pension w.e.f 14.04.2022 to all pensioners of Federal Government, including Civilians paid from Defence Estimates and retired Armed Forces' personnel and Civil Armed personnel.
- c. In the year 2021-2022, an additional Disparity Reduction Allowance (DRA) was granted @ 15% of the basic pay of Basic Pay Scales 2017 w.e.f. 01-03-2022 which was admissible to all civil employees in BPS 1-19 of the Federal Government.
- d. Revision of Orderly Allowance rates to BPS-20 to BPS-22 w.e.f. 01.07.2021 for the Civil Employees of the Federal Government, paid out of civil estimates and from the Defence estimates. Rs.14,000/ per month Rs.17,500/- per month.
- e. Finance Division vide its O.M F.No. 6(1)R-5/2005, dated 08.07.2021 revised the rate of Integrated Allowance from exiting Rs. 450/- to Rs. 900/- per month, w.e.f 01.07.2021, for Qasids, Naib Qasids and Daftaries of the Federal Government, paid out of Civil Estimates and Defence Estimates.
- f. Finance Division vide its O.M F.No.1(2)R-5/2022, dated 14.04.2022 granted a minimum gross salary @ Rs. 25,000/- to all Civil Employees of the Federal Government as well as the civilians paid from Defence estimates including contingent paid staff and contract employees employed against civil posts in BPS on standard terms and conditions of contract appointment. Those whose gross salary is less than 25000/- would be allowed difference as Special Allowance.

**(ii) The programme of activities and targets set out for itself during the preceding financial year and the extent to which they have been realized**

To address the existential issues of "Income Disparities" among Federal Government Employees in a comprehensive and holistic manner by rationalizing the pay and allowances keeping in view fiscal space.

(iii) **The relevant statistics**

<b>ITEMS</b>	<b>Number of cases</b>
Court Cases	1062
Service Rules/Regulations of different departments vetted	134
Major Policy Decisions taken	24
Cases regarding Up-gradations of posts of different organizations	98
Fixation of Pays	865
National Assembly/Senate business	43
FR-17 Cases	157
Number of Summaries for Prime Minister/Cabinet processed	126
<b>Total</b>	<b>2509</b>



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# Litigation Wing

## **LITIGATION WING**

Litigation Wing consists of six Sections dealing with litigation and regulation matters pertaining to various courts of law and vetting of draft Acts, Ordinances, Rules, Regulations, Rental Ceiling, Disability Pension/Gratuity & Death Special Family Pension/Gratuity, Death Compensation Package, Travelling/Daily Allowances and Medical treatment abroad, etc. Litigation Wing is supervised by AFS (Regs/Lit) with one Joint Secretary (BS-20), two Deputy Secretaries (BS-19) and six Section Officers (BS 17-18).

### **Functions:**

- Preliminary Examination of the court cases concerning Ministry of Finance received from Supreme Court, Federal Shariat Court, Supreme Appellate Court Gilgit-Baltistan, High Court, Chief Court Gilgit-Baltistan, Chief Court AJK, Federal Service Tribunals, National Industrial Relations Commission, Civil Courts, etc.
- Finalization of comments and vetting from Law & Justice Division.
- Nominations of Govt Counsels from Law & Justice Division and Briefing to nominated Counsels (Addl AGs/DAGs/AAGs).
- Submission of reports/comments in the courts conveying the stance of Finance Division
- Ensure attendance of representative of Ministry of Finance in Courts of date of hearing.
- Implementation of judgments / directions with concerned wings of Finance Division.
- Filing of Intra Court Appeals and CPLAs against the decisions of Courts
- Appointment of Authorized Medical Attendants (AMAs) in Pakistan Missions Abroad, Enhancement of consultation fees of AMAs, TA/DA on transfer/duty abroad.
- TA/DA within country, TA on temporary duty, TA on Retirement, Rest & Recreation Allowance, Grant of Emergency Passage
- Terms & Conditions for training abroad of Govt officers and Semi-Govt agencies.
- Medical treatment abroad of Govt servants/ family members and Private Citizen.
- Re-imburement of Medical Charges within country/abroad.
- Vetting of TA/DA & Medical Rules of Autonomous Bodies.

- Revision of rates of TA/DA, Mileage Allowance, Messing Allowance, Uniform Allowance, Non-practicing, Transfer Grant and Travel by Air.
- Vetting of draft Ordinances, Acts, Rules & Resolutions of newly established statutory organizations under the Federal Government.
- Vetting of Service Rules framed in pursuance of Ordinances, Acts, Resolutions, etc.
- Matters about Prime Minister's Assistance Package.
- Bonus policy and approval to the grant of bonus to the officers employed in PSEs.
- Enhancement of rental ceiling for hiring of private houses and hiring of buildings for office accommodation where rent is over and above the prescribed limits
- Revision of Project Pay Scales/Standard Pay Package
- Disability Pension/Gratuity & Death Special Family Pension/Gratuity and Compensation for Civil Armed Forces/ICT Police/IB personnel who die in service.

**Performance: (Section-wise)**

<b><u>Legal-I</u></b>	
Lahore High Court (LHC), Lahore.	143
• LHC, Rawalpindi Bench.	10
• LHC, Multan Bench.	29
• LHC, Bahawalpur Bench.	06
Islamabad High Court, Islamabad.	119
Civil Courts, Islamabad	03
<b>Total</b>	<b>310</b>
<b><u>Legal-II</u></b>	
High Court of Sindh, Karachi (all benches and lower courts).	326
Peshawar High Court, Peshawar (all benches and lower courts).	217
Baluchistan High Court, Quetta (all benches and lower courts).	37
<b>Total:</b>	<b>580</b>
<b><u>Legal-III</u></b>	

Federal Service Tribunal, Islamabad.	<b>139</b>
<b><u>Legal-IV</u></b>	
Supreme Court of Pakistan (all Registries).	24
Supreme Appellate Court, Gilgit, Batistan, Gilgit.	07
Chief Court Gilgit Baltistan, Gilgit.	01
Federal Service Tribunal, Benches Lahore & Karachi.	30
National Industrial Relations Commission (All Benches).	02
<b>Total</b>	<b>64</b>
<b>Grand Total:</b>	<b>1093</b>
<b><u>Reg-10</u></b>	
General Cases relating to TA and DA	52
DA Cases relating to forced halt /non-availability of PIA Flights	15
Cases regarding payment of DA due to Covid-19	15
Medical reimbursement	53
Appointment of AMAs and revision of consultation fee.	28
Vetting of TA/DA and Medical Rules of Autonomous bodies	16
Miscellaneous cases	28
<b>Total:</b>	<b>207</b>
<b><u>Reg-14</u></b>	
Vetting of draft Ordinances, Acts, Resolutions, etc.	42
Disability Pension/Gratuity & Death Special Family Pension	10
Payment of rent of office accommodations over and above the prescribed rates of rent.	46
Project Pay Scales/Standard Pay Package of project staff recruited for development projects funded from PSDP	25
Court Cases	3
<b>Misc.</b>	<b>30</b>
<b>Total:</b>	<b>156</b>

## **Achievements:**

- Attended each and every order and notice of Supreme Court of Pakistan, Federal Shariat Court, Supreme Appellate Court Gilgit Baltistan, Islamabad High Court, Lahore High Court, High Court of Sind, Peshawar High Court, Baluchistan High Court, Chief Court Gilgit-Baltistan, Chief Court AJ&K, National Industrial Relations Commission, Federal Service Tribunals and Civil Courts, Islamabad.
- Para-wise comments, reports, concise statements were filed in 1093 cases.
- Officers of Litigation Wing appeared before Courts alongwith concerned Law Officer.
- During the period, no case was decided against the Federation due to non-prosecution on part of Finance Division.
- Litigation Wing maintained cordial working relationship with Law & Justice Division, Office of the worthy Attorney General for Pakistan & its regional offices.
- Revision of rates of rental ceiling admissible for hiring of private accommodation to Government servants (BPS 1-22) was finalized on the proposal of Ministry of Housing & Works @ 44% vide their OM No.F.4(8)/92-Policy dated 28-09-2021.
- Standard Pay Package/Project Pay Scales were concurred and finalized with the approval of Prime Minister @ 75% vide OM No.4(9)R-14/2008 dated 18.04.2022.

## **Highlights:**

- Dr Rashid Manzoor, AFS (Reg/Lit) retired from Govt. service w.e.f. 21-04-2022.
- Mr Khan Hafeez, DS (Legal) has been officiating as JS (Lit) on current charge basis.
- Dr Ismail Hasni, SO R-10 has been holding additional charge of SO R-14.
- Mr Ishtiaq Hussain, SO (Legal-I) has been holding additional charge of SO Legal-II.

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# 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:**

- Compilation/Preparation of Federal Payment and Federal Receipt Accounts received daily from the State Bank Islamabad/Muzafarabad/Rwp and 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.

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# Debt Management Office



## **DEBT MANAGEMENT OFFICE**

Debt Management Office (DMO) acts as a Secretariat for the Fiscal Responsibility and Debt Limitation (FRDL) Act 2005. The details of activities, achievements and progress are presented below:-

### **Functions:**

As per the FRDL Act 2005, DMO 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.
- 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;
- Evaluation of requests for government guarantees made by State Owned Entities; and
- Maintain consistent and authenticated record of Public Debt and Government Guarantees.

## **Publications:**

As part of its primary responsibilities, the DMO 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.

## **List of Activities:**

- Debt Policy Statement for FY 2021-22 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 2021-22". 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
  - (v) developments in the domestic debt market during FY 2021-22. It also highlights the progress on implementation of Medium-Term Debt Management Strategy (2019/20 -2022/23);
- Public debt portfolio witnessed various developments during FY 2021-22, some of them are highlighted as follows:
  - Within domestic debt, the Government relied mostly on long-term domestic debt securities for the financing of its fiscal deficit and repayment of debt maturities;

- The Government repaid Rs 569 billion against its debt owed to SBP. The cumulative debt retirement against SBP debt stood at Rs 2.3 trillion from July 2019 to June 2022;
- The Government successfully issued Shariah Compliant Sukuk instruments amounting to around Rs. 1.6 trillion, in line with the target specified in Medium Term Debt Management Strategy of Pakistan (2019/20 - 2022/23), to increase the share of Shariah compliant securities within domestic debt stock;
- Debt from multilateral and bilateral sources cumulatively constituted around 80 percent of the external public debt portfolio at end-March 2022. A set of reforms initiated by the Government to improve the economy has brought strong support from multilateral development partners. This is expected to strengthen confidence and catalyse additional support from development partners in the coming years which will also help in reducing the pressure on domestic sources;
- Successful completion of the 6<sup>th</sup> review of the IMF Extended Fund Facility (EFF) led to the disbursement of US\$ 1,053 million;
- Government received US\$ 3,000 million deposit from Saudi Arabia which was utilized towards budgetary support;
- Within external debt, inflows from multilateral and bilateral development partners remained major sources of funding. In addition, Pakistan successfully raised US\$ 1 billion in July 2021 through multi-tranche tap issuance of 5-, 10- and 30-year Eurobonds and at a premium;
- In January 2022, the Government of Pakistan successfully raised US\$ 1 billion through the issuance of International Sukuk under the 'Trust Certificate Issuance Program'. This was the first time that Government has issued International Sukuk with 7 Year maturity and at market-clearing price i.e., zero issuance premium. The transaction was very successful as healthy participation was witnessed from Middle Eastern and European investors and as the books were oversubscribed 2.7 times;
- Government repaid US\$ 1 billion against maturing International Sukuks in October 2021; and
- Government utilized IMF allocated SDR equivalent to Rs 475 billion to support its budgetary operations.

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