Chapter 1

Growth and Stabilization

Introduction

The resilience of the economy of Pakistan has been tested several times by one crisis after another. The economy has witnessed numerous domestic and external shocks from 2007 onwards. The sharp rise in international oil and food prices, the internal security hazards brought on by the campaign against extremism and the repeated natural disasters in the form of successive floods have buffeted the macroeconomic strategy with shock after shock. Domestically, two floods, the difficult security situation and the energy crisis have combined to drastically impact economic growth. The campaign against extremism with its associated destruction of physical infrastructure, the displacement of thousands of people from the affected areas and the associated rise in expenditure to support the moved people has all taken their toll. The growth in our export markets has slowed down compared to last year. Gross Domestic Product (GDP) growth has been stuck at a level, which is half of the level of Pakistan's long-term trend potential of about 6.5 percent per annum and is lower than what would be required for sustained increases in employment and income and a reduction in poverty.

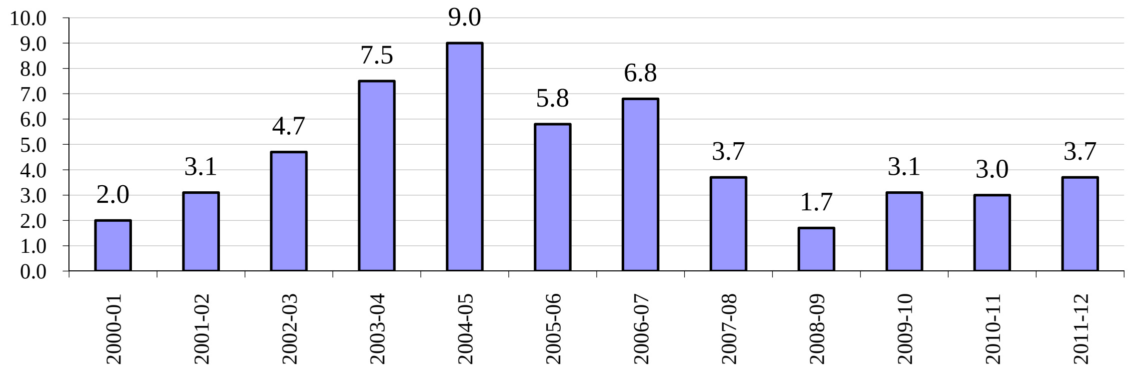
Amidst the critical challenges of the floods and heavy rains of 2010 and 2011, skyrocketing oil prices and global contraction, the government's strategy continued to focus on regaining macroeconomic stability. There have been some successes. Pakistan has been able to withstand the pressures and improve its performance in some key areas such as the check on inflation, the increase in exports and revenue generation and maintenance of comfortable foreign exchange reserve levels. The focus on reforms and austerity through the control of public expenditures despite the difficulties has continued.

The economy is now showing signs of modest recovery. The commodity producing sectors and especially the agriculture sector are doing better. Some improvement is also witnessed in the Large Scale Manufacturing (LSM) sector. The Service sector also gained from healthy trade activities and the improvements in the commodity producing sectors. The smooth functioning of the supply chains is playing a key role in improving the economic situation and ensuring the availability of essential items. Pakistan has the potential to grow at 6 to 7 percent in the next couple of years.

The GDP growth for 2011-12 was projected at 4.2 percent on the back of 3.4 percent growth in Agriculture, 2 percent growth in LSM and 5 percent in Services sectors. However, the torrential rains in Sindh province during August 2011 compelled the government to revise its GDP growth target to 3.6 percent from 4.2 percent on the basis of 2.5 percent growth in Agriculture, 1.5 percent in LSM, and 4.4 percent growth in services sector.

The revised growth targets have been met and marginally exceeded. The economy has shown resilience. GDP growth for 2011-12 has been estimated 3.7 percent based on nine month data as compared to 3.0 percent (revised) in the previous fiscal year 2011. The Agriculture sector recorded a growth of 3.13 percent against a target of 3.4 percent and previous year's growth rate of 2.38 percent. The Large Scale Manufacturing sector grew by 1.78 percent as compared to the target of 2.0 percent and against the growth of 1.15 percent in the last year. Although the Services sector recorded steady growth of 4.02 percent as compared to 4.45 percent in 2010-11, this was lower than the target of 5.0 percent set for the outgoing year. Figure-1.1 presents an overview of GDP growth over the previous years.

Fig-1.1 GDP Growth (%)



The 3.7 percent growth based on the nine months data 2011-12, up from 1.7 percent in 2008-09 and 3.0 percent last year, indicates the potential growth trajectory. The country has enormous potential to grow at much higher rates which is demonstrated by the achievement of the 3.7 percent growth this year despite the numerous internal and external shocks that the economy has been forced to withstand.

Some of Pakistan's economic problems are structural in nature. The objectives of sustaining high growth, low inflation, and external payment viability can not be achieved without removing certain structural barriers. To this end the major structural reforms of the government have included tax legislation, trade reforms, further privatization of State Owned Enterprises (SOEs), financial sector reforms, human resource development and social protection. The EU approval of duty waiver on textile items is being pursued aggressively, which would help in improving the exports and providing support to the business environment. In recent times, Pakistan has also undergone political and constitutional changes. Civil societies and other organizations are now playing a more active and independent role and this coupled with government reforms are helping economic growth.

Global Developments

The International Monetary Fund (IMF) has warned that the euro zone debt crisis is escalating and dragging down the entire world economy. In this scenario China has remained a bright spot. Its growth rate, although down to a forecast of 8.2 percent for this year compared to 9.2 percent last year, has remained relatively high. If China can maintain its growth, it's good for the world, providing support for commodities markets and growth in other countries.

The IMF maintained its forecast of 2.1 percent growth for the US in the year 2012 and 2.4 percent for the year 2013. For Japan the growth rate projected for 2012 is 2.0 percent and for 2013 it is 1.7 percent. Overall, economic activity in advanced economies is likely to expand by 1.7 percent on average in 2012 and 2013. Growth in emerging economies is projected at 5.7 percent in 2012. The IMF expects growth in oil exporting countries in the Middle East and North Africa to slow to 3.9 percent in 2012, from 4.9 percent in 2011. Net oil importers in the Middle East and North Africa region are expected to record 2.6 percent growth in 2012, after sluggish growth of 1.4 percent in 2011. GDP growth across the Gulf Cooperation Council (GCC) countries is expected to be moderate at a rate of 4 percent in 2012.

Unfortunately, Europe is now caught in a vicious cycle of high debt and low growth. Highly burdened by debt, most of the economies in the region may not attain respectable levels of growth to improve their fiscal position. This will imply potential debt servicing difficulties and limit their abilities to unshackle their growth potential. Almost 17 percent of total exports of Pakistan are to the Euro zone as are a reasonable portion of its total import from this region. Problems in this area can impact on Pakistan's trade and hence its overall growth.

Asia on the other hand, continues to move ahead, with China and India leading the growth. There is some hope that perhaps Asia has created some distance from the OECD, and has therefore, not been dragged down so far. However, if the OECD continues its downward slide, the export-led Asian giants could see their growth prospects diminish.

Table-1.1: Comparative Real GDP Growth Rates (%)

Region/Country	2009	2010	2011	2012	2013 (P)
World GDP	**-0.5**	**5.3**	**3.9**	**3.5**	**4.1**
Euro Area	-4.1	1.9	1.4	-0.3	0.9
United States	-2.6	3.0	1.7	2.1	2.4
Japan	-6.3	4.4	-0.7	2.0	1.7
Germany	-4.7	3.6	3.1	0.6	1.5
Canada	-2.5	3.2	2.5	2.1	2.2
Developing Countries	2.7	7.5	6.2	5.7	6.0
China	9.2	10.4	9.2	8.2	8.8
Hong Kong SAR	-2.7	6.8	5.4	2.6	4.2
Korea	0.2	6.1	4.5	3.5	4.0
Singapore	0.6	2.8	3.3	2.7	3.9
Vietnam	5.3	6.8	5.9	5.6	6.3
	ASEAN				
Indonesia	4.6	6.2	6.5	6.1	6.6
Malaysia	-1.6	7.2	5.1	4.4	4.7
Thailand	-2.3	7.8	0.1	5.5	7.5
Philippines	1.1	7.6	3.7	4.2	4.7
	South Asia				
India	6.6	10.6	7.2	6.9	7.3
Bangladesh	5.9	6.4	6.1	5.9	6.4
Sri Lanka	3.5	8.0	8.2	7.5	7.0
Pakistan	**1.7**	**3.1**	**3.0**	**3.7**	**4.3**
	Middle East				
Saudi Arabia	0.1	4.6	6.8	6.0	4.1
Kuwait	-5.2	3.4	8.2	6.6	1.8
Iran	3.9	5.9	2.0	0.4	1.3
Egypt	4.7	5.1	1.8	1.5	3.3
	Africa				
Algeria	2.4	3.3	2.5	3.1	3.4
Morocco	4.9	3.7	4.3	3.7	4.3
Tunisia	3.1	3.1	-0.8	2.2	3.5
Nigeria	7.0	8.0	7.2	7.1	6.6
Kenya	2.6	5.6	5.0	5.2	5.7
South Africa	-1.5	2.9	3.1	2.7	3.4

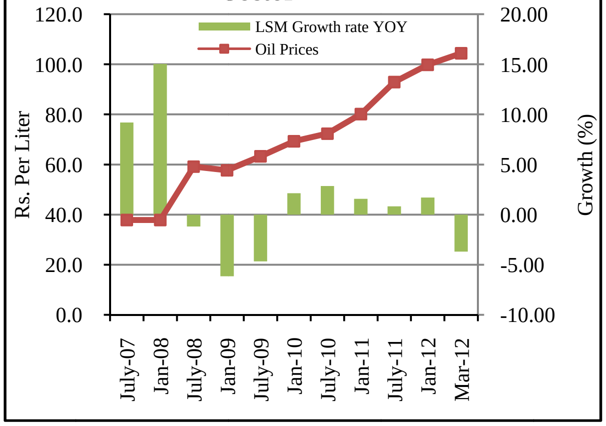
Source: World Economic Outlook (IMF), April 2012.
P: Projected.

Pakistan's economy is very closely linked to the rest of the world due to its high external sector exposure. Several countries of the euro zone are important trading partners of Pakistan. As such, any untoward development in these countries could have a substantial negative impact on the economy of Pakistan. A contraction or stagnation in economic activity in the global economy, can potentially affect the level of our exports, Foreign Direct Investment (FDI) and home remittances adversely. Similarly further increase in oil prices can create hurdles in the ongoing economic activities of the country. The increase in oil prices is already seriously hampering economic activities (Box-1).

Box-1
Rise in Oil Prices and Economic Activities

Rising oil prices affect an economy through direct and indirect channels. The direct channel works through the supply side whereas the indirect channel works through the demand side. The variables ultimately affected by oil price hikes include consumption, investment, exchange rate, balance of payments, and unemployment. The first nine months of the fiscal year 2011-12 depict that oil bill has reached $11.14 billion indicating a rise of 38 percent over $8.01 billion for the same period of last year. Soaring oil prices are causing massive trade imbalances; the trade deficit has reached to $16.1 billion which is $4.8 billion higher than the corresponding period of previous period.

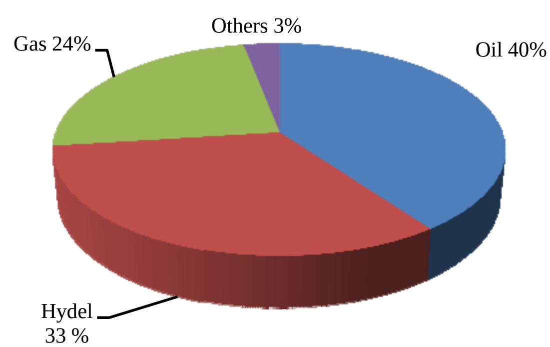
Fig 1.2: Impact of Oil Prices on LSM Sector



In the first stage, rising oil prices make input expensive which effect producers' price and lower the real profits of firms and investment for future projects. Decomposing the investment in different sectors reveals further that the fall in investment was more in the manufacturing sector compared to construction, transportation and communication sectors. Thus Large Scale Manufacturing (LSM) growth was more adversely impacted as shown in the Fig-1.2.

The increasing oil prices also crippled our economic growth due to the backward and forward linkages with agriculture and the services sector. Thus oil price shocks hampered capacity utilization and lowered the availability of inputs thus adding to the capacity utilization issues. In response, firms attempt to minimize the cost of production through the minimization of the variable cost resulting in large layoffs.

Fig-1.3: Electricity Generation



Another important aspect is the energy mix for electricity generation-in Pakistan which is creating huge financial pressures and massive electricity shutdowns. Pakistan is generating almost 40 percent of electricity (Fig-1.3) from thermal resources (imported input), which is the least cost-effective option due to the ever increasing furnace oil prices.

Heavy reliance on imported oil has resulted in circular debt and electricity shortages, which is eroding our export competitiveness and creating fiscal imbalances. So just the oil price hike by itself has been a major challenge for Pakistan's economic growth.

Sectoral Analysis of Growth

It is essential to look into the performance of various components of Gross National Product (GNP) to understand what is happening to overall growth. The growth performance of various components of GDP over the last five years is presented in Table-1.2. These data highlights the relative importance of various sectors and sub-sectors and the inter- relationship between them.

Table 1.2: Growth Performance of Components of Gross National Product
(% Growth at Constant Factor Costs of 1999-2000)

Sectors/Sub-Sectors	2007-08	2008-09	2009-10	2010-11 R	2011-12 P
Commodity Producing Sector	**1.3**	**1.8**	**3.56**	**1.47**	**3.28**
1. Agriculture	1.0	4.0	0.62	2.38	3.13
-Major Crops	-6.4	7.8	-2.28	-0.23	3.18
-Minor Crops	10.9	-1.2	-7.72	2.68	-1.26
-Livestock	4.2	3.1	4.28	3.97	4.04
-Forestry	9.2	2.3	2.20	-0.40	0.95
-Fishing	-13.0	-3.0	1.47	1.94	1.78
2. Mining & Quarrying	4.4	-0.5	2.23	-1.28	4.38
3. Manufacturing	4.8	-3.6	5.46	3.06	3.56
-Large Scale	4.0	-8.1	4.79	1.15	1.78
-Small Scale	7.5	7.5	7.51	7.51	7.51
-Slaughtering	-	-	4.33	4.38	4.46
4. Construction	-5.5	-11.2	16.34	-7.09	6.46
5. Electricity & Gas Distribution	-23.6	59.0	6.16	-7.25	-1.62
Services Sector	**6.0**	**1.7**	**2.63**	**4.45**	**4.02**
6.Transport,Storage and Communication	3.8	3.6	1.89	0.87	1.25
7. Wholesale & Retail Trade	5.3	-1.4	4.49	3.53	3.58
8. Finance & Insurance	11.1	-7.6	-12.16	-1.41	6.53
9. Ownership of Dwellings	3.5	3.5	3.51	1.79	3.51
10. Public Administration & Defence	1.2	3.6	2.52	14.17	2.61
11. Social, Community & Public Services	9.8	8.9	7.83	6.90	6.77
12. GDP (Constant Factor Cost)	**3.7**	**1.7**	**3.07**	**3.04**	**3.67**

Source: Pakistan Bureau of Statistics
P : Provisional, R : Revised, - : Included in Small Scale

Commodity Producing Sector

The commodity producing sector (CPS) comprises of agriculture and industry. It is the most important sector of the economy, with relatively stronger forward and backward linkages for economic development and prosperity of the country. It accounted for 46.5 percent of GDP during the outgoing fiscal year. This is a decline from 49.1 percent of GDP in 2001-02, indicating that the share of the non-commodity producing sector has increased. The commodity producing sector has performed much better in outgoing fiscal year compared to last year; its growth rate this year was 3.28 percent against only 1.47 percent in last year. The recovery in both agriculture and industrial sector, though moderate, has helped to achieve this level. However, the growth of the commodity producing sector remained far below its potential due to largely unforeseen climatic factors.

Agriculture Sector

Agriculture is a key sector of the economy. It provides food items and raw materials for industrial units and accounts for 21 percent of GDP, 45 percent of employment and 60 percent of exports. In the inevitable process of structural transformation its share shrank to 21.1 percent in fiscal year 2011-12 compared to 24.1 percent ten years earlier in 2001-02. Despite its declining share, it is the single largest sector of Pakistan's economy. Moreover, an overwhelming majority of the population depends directly or indirectly on income generated by this sector. The agriculture sector has strong backward and forward linkages. As a result its growth has a larger impact on the overall economic performance. The performance of the agriculture sector remained weak due to recent catastrophic floods.

However, the government's supportive polices in this sector resulted in a growth of 3.13 percent against the growth of 2.38 percent last year and 0.62 percent in fiscal year 2009-10. The improved performance is mainly attributed to a sharp pick-up in the production of rice; cotton, and sugarcane. Livestock also registered a significant growth. The agriculture sector consists of various sub-sectors which include crops, livestock, fisheries and forestry. The crop sub-sector is further divided into major crops, namely, wheat, cotton, rice, sugarcane, maize and gram and minor crops namely, pulses, potatoes, onions, chilies and garlic etc.

Major Crops: Major crops account for 31.87 of agricultural value added and registered an accelerating growth of 3.18 percent compared to a negative growth of 0.23 percent last year and -2.28 percent in fiscal year 2009-10. The major crops including cotton, sugarcane and rice witnessed growth in production of 18.6 percent, 4.9 percent and 27.7 percent respectively. However, wheat registered a negative growth of -6.7 percent. The main reason for the negative growth of wheat is the 2.6 percent decline in area under cultivation. In lower Sindh, in particular, sowing was delayed mainly because of late receding rain water which resulted in a decline in both the acreage as well as the yields. Moreover, in Punjab also the extended fog season delayed the planting of seed beyond the optimal period. The other major crops bajra, jowar, maize, sesamim, gram, barley, rapeseed and mustard and tobacco showed mixed trends but their share in the overall sector is small.

Minor Crops: Minor crops contributed 10.11 percent to value addition in overall agriculture. Production in this sub-sector declined by -1.26 percent. This negative growth is far below the 2.68 percent positive growth last year. The main reason for this negative growth of minor crops is the heavy flood in Sindh and Balochistan provinces. The growth of pulses is estimated at -3.50 percent, vegetables -10.0 percent, chilies -78.4 percent, onion -15.4 percent and oil seeds -26.9 percent.

Livestock: Global integration, rising income and living standards as well as changing dietary patterns across regions have brought a paradigm structural shift. This shift is visible in Pakistan also. The share of livestock in agriculture has increased to 55 percent. Livestock includes cattle, buffalos, sheep, goat, camel, horses, asses, mules and poultry and their products. The demand for livestock has grown at a phenomenal pace. The increase in prices has provided incentive for greater production and spurred growth. The importance of this sector may be recognized by the fact that the majority of people living in rural areas depend directly or indirectly on the livestock and dairy sector. This sub-sector is highly labour intensive. It has also emerged as a major source of income for the small farmers as well as the landless rural poor.

Livestock has witnessed a marginally higher growth of 4.04 percent against the growth of 3.97 percent last year. The production of milk, poultry products and other livestock items has increased at the rate of 3.3 percent, 7.1 percent and 2.24 percent respectively.

Fisheries: The fisheries sector witnessed a growth of 1.78 percent against the growth of 1.94 percent last year. Components of fisheries such as marine fishing and in-land fishing, contributed to an overall increase in value addition in the fisheries sub-sector. The gross value addition of marine fish increased by 1.35 percent and that of inland fish by 1.96 percent.

Forestry: The growth of the forestry sub-sector is recorded at 0.95 percent as compared to the contraction of -0.40 percent last year. Forests are a key component of our environment and degradation of forests can pose severe socio-economic challenges for the coming generations. The main components of forestry, timber and fire wood, grew at 0.90 percent and 0.46 percent respectively.

Manufacturing Sector: The manufacturing sector contributes much to the progress of our economy. The manufacturing sector has remained under stress for the last several years, due to energy shortages, poor law and order situation. The heavy floods also depressed the supply chain and affected market demand. The share of the manufacturing sector in GDP was 17.7 percent in 2001-02. This has increased in 2011-12 to 18.6 percent of GDP. The manufacturing sector has been hard hit by international and domestic factors, which caused the slowing down of its output. The growth of the manufacturing sector was 3.56 percent compared to the growth of 3.06 percent last year.

Manufacturing has three main sub-components; namely the Large-Scale Manufacturing (LSM), Small Scale Manufacturing and Slaughtering. Small scale manufacturing maintained its growth of last year at 7.51 percent and slaughtering growth is estimated at 4.46 percent against 4.38 percent last year. Large Scale Manufacturing (LSM) has also witnessed a slight improvement. It has shown a growth of 1.78 percent against the growth of 1.15 percent last year. The major LSM industries which registered notable growth include; refrigerators 7.56 percent, sugar 27.09 percent, beverages 10.60 percent, liquid/syrup 15.93 percent, injection 6.53 percent, soaps and detergents 8.15 percent, buses 25.0 percent, electric bulbs 15.02 percent, electric transformers 27.72 percent etc. On the whole 38 major industries group recorded positive growth. The industries which reported negative growth include; cooking oil -1.61 percent, motor tyres -25.73 percent, T.V. sets -22.19 percent and deepfreezers -49.47 percent etc.

Construction Sector: The construction sector has shown 6.46 percent growth as compared to negative growth of -7.09 percent in last year. The increase in growth is due to rapid execution of work on the rehabilitation of the flood affected areas, increased investment in small scale construction and rapid implementation of PSDP schemes which are near completion.

Mining and Quarrying: Extraction of minerals and ores through efficient mining and quarrying provides convenient and economical access to raw materials and a competitive edge to the country. The mining and quarrying sector recorded positive growth of 4.38 percent during the year 2011-12 against the negative growth of -1.28 percent last year. The contribution of this sector in GDP has expanded remarkably and now accounts for 9.45 percent of the industrial value addition. The output of chromite, bauxite, gypsum, chalk and fluoride increased by 591.54 percent, 82.15 percent, 24.43 percent, 82.18 percent and 111.28 percent respectively. This growth was also made possible in some part due to the increase in natural gas production. The extraction of bentonite, however, registered substantial decline of -47.82 percent. Much of the country’s mining reserves exist in remote areas. Infrastructure improvements are necessary to sustain and achieve higher growth rates in future. Improvement in the security situation in the country would also lead to greater production.

Services Sector:

The importance of the services sector has been recognized all over the world. This sector has emerged as the main driver of economic growth. The services sector also plays a vital role in sustaining economic activities in Pakistan. The economy has gone through a major transformation in its economic structure. The share of the services sector has increased to 53.5 percent in 2011-12. In developed countries the share of services sector in GDP is around 75 percent. This share is 65 percent in Singapore, 52 percent in India and 42 percent in Indonesia.

The services sector consists of the following sub-sectors: Transport, Storage and Communication; Wholesale and Retail Trade; Finance and Insurance; Ownership of Dwellings; Public Administration and Defense; and Social Services. The Services sector has registered a growth rate of 4.02 percent in 2011-12. This performance is dominated by Finance and Insurance at 6.53 percent, Social and Community Services 6.77 percent and Wholesale and Retail Trade 3.58 percent. The contribution of transport, storage and communication is estimated at 1.25 percent. The recovery in agriculture and industry have resulted a positive impact on the performance of the whole sale and retail trade. Our services sector has a great potential to grow at a rapid pace. In order to develop the services sector, Pakistan has recognized the needs to liberalize operating rights and has separated regulators from operators.

Finance and Insurance Sector: The finance and insurance sector comprises the State Bank of Pakistan; all scheduled banks (domestic and foreign), Development Financial Institutions (DFIs), all insurance (life and general) companies, Modaraba/Leasing companies, Money Changers and stock exchange brokers. The financial sub-sector consists of all resident corporations principally engaged in financial intermediations or in auxiliary financial activities related to financial intermediation. Pakistan's financial sector is integrated with the world economy and this is reflected in its performance. Finance and Insurance sector recorded positive growth of 6.53 percent in 2011-12 as against contraction of -1.41 percent last year.

Transport, Storage and Communication: The role of Transport, Storage and Communication (TS&C) sector is very important in boosting the economic activities of the country. The current global economic crisis and the level of integration of these sub-sectors in the globalized economy including the presence of multi national enterprises (MNEs) in the markets of all countries of the world puts a greater need for major investments in physical and qualitative terms to meet expected demand. Information and Communication Technologies (ICTs) are perhaps the most critical tool for a dynamic and flexible services sector. The TS&C sub-sector grew at 1.25 percent as compared to 0.87 percent last year. Water Transport has declined by -3.14 percent during 2011-12, and Air Transport by a massive -27.93 percent. Sub-sectors that showed a positive growth are; pipeline transport 34.64 percent, road transport 2.88 percent, storage 2.10 percent and communication 0.93 percent.

Wholesale and Retail Trade Sector: The wholesale and retail trade sector is based on the margins taken by traders on the transaction of commodities traded. In 2011-12, this sector grew at 3.58 percent as compared to 3.53 percent in the last year.

Public Administration and Defense: Public Administration and Defense posted a growth of 2.61 percent as compared to 14.17 percent last year. The positive change in the wage component of public sector employees, and an increase in defense and security related expenditures were largely responsible for this growth.

Ownership of Dwellings: Ownership of Dwellings has recorded a growth of 3.51 percent during the year 2011-12 compared to 1.79 percent last year. Social Services grew by 6.77 percent against the last year's growth of 6.90 percent. The rise in the growth of Ownership of Dwelling and social services is mainly due to the fast track work on reconstruction and rehabilitation of flood affected areas by government, NGOs and private sectors.

Contribution to Real GDP Growth (Production Approach)

As in previous years the improvements in economic growth in the fiscal year 2011-12 came mainly from the services sector. The services sector contributed 58.58 percent to overall economic growth; while the commodity producing sector (CPS) contributed only 41.4 percent. The agriculture sector contributed 17.98 percent to economic growth compared to 23.43 percent contribution by the industrial sector.

The overall growth of 3.67 percent is shared between the Commodity producing sector and Services sector. Within the commodity producing sector, agriculture contributed 0.66 percentage points to overall GDP growth, while industry contributed 0.86 percentage points. The services sector contributed the remaining 2.15 percentage points. The percentage share of agriculture, manufacturing and services in overall growth was 17.98 percent, 23.43 percent and 58.58 percent respectively. The sectoral contribution to the GDP growth is shown below in Table-1.3.

Table 1.3: Sectoral Contribution to the GDP growth (% Points)

Sector	2007-08	2008-09	2009-10	2010-11	2011-12
Agriculture	0.23	0.86	0.13	0.50	0.66
Industry	0.38	-0.03	1.57	0.18	0.86
- Manufacturing	0.92	-0.69	0.10	0.57	0.66
Services	3.08	0.89	1.37	2.36	2.15
Real GDP (Fc)	3.68	1.72	3.07	3.04	3.67

Source: Pakistan Bureau of Statistics

Contribution to Real GDP Growth (Aggregate Demand Side Analysis)

Consumption is the largest and relatively smooth component of aggregate demand; the other two components are investment and net exports. In every economy of the world consumption may be disaggregated into the public and private sector consumption. Similarly investment may be classified into public and private investment. Aggregate demand is the sum of consumption, investment and net exports (exports minus imports) of the goods and services. Pakistani society like other developing countries is a consumption oriented society, having a high marginal propensity to consume. As a result private consumption is the major sub-component of aggregate demand.

Private consumption expenditure has increased to 75 percent of GDP, whereas public consumption expenditures are 13 percent of GDP. Total consumption has reached 88.35 percent of GDP in fiscal year 2011-12 compared to 83 percent in the last fiscal year. Private consumption has increased on the back of sustained growth in remittances. Furthermore, increase in rural income due to higher production of crops and the sharp increase in commodity prices also supported the consumption demand.

The share of investment in GDP growth remained negative. A number of factors may be responsible for this decline. These include: slow down in global business activities affecting foreign direct investment, the decline in the external demand of the domestic production, serious energy shortages, unstable law and order situation and higher interest rates in the recent years. The contribution of net exports has also been negative. The balance between investment and consumption has been disturbed from 2008-09 onwards due to domestic and external shocks. The composition of aggregate demand highlights an alarming factor. The contribution of fixed investment to economic growth has become negative since 2008-09. Domestic demand continued to be the most significant driving force for economic growth, with private consumption being the major driver for sustaining aggregate demand.

Table-1.4: Composition of GDP Growth

Point Contribution

Flows	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**
Private Consumption	0.8	3.4	-1.9	8.3	-1.5	2.3	8.5
Public Consumption	3.9	-1.1	3.8	-4.2	5.1	0.4	0.9
Total Consumption [C]	4.7	2.3	1.9	4.1	3.6	2.7	9.4
Gross Fixed Investment	2.9	2.2	1.3	-2.7	-1.5	-1.3	-1.5
Change in Stocks	0.1	0.1	0.0	0.1	0.1	0.1	0.1
Total Investment [I]	2.9	2.3	1.3	-2.7	-1.4	-1.2	-1.4
Exports (Goods & Serv.) [X]	1.8	0.4	-1.0	-0.6	2.2	2.4	-2.1
Imports (Goods & Serv.) [M]	3.2	-0.7	0.6	-2.7	0.9	0.9	1.7
Net Exports [X-M]	-1.5	1.1	-1.6	2.2	1.3	1.5	-3.8
Aggregate Demand (C+I+X)	9.4	5.0	2.2	0.9	3.5	3.0	5.9
Domestic Demand (C+I)	7.6	4.6	3.2	1.4	2.2	1.5	8.0
GDP MP	**6.2**	**5.7**	**1.6**	**3.6**	**3.5**	**3.0**	**4.2**

Source: Pakistan Bureau of Statistics

Composition of Gross Domestic Product

The economy of Pakistan, like all developing economies, is in the process of structural transformation during the last few decades. There has been a clear shift away from the Commodity Producing Sector (CPS) which accounted for almost 62 percent of the GDP in 1969-70 to 46.46 percent in 2011-12, a decline of 15.54 percent. The decline in the share of CPS is offset by the increase in the share of the services sector. A further breakdown of the CPS shows that the share of the agriculture sector has been falling over time. In 1969-70, agriculture accounted for 38.9 percent of

GDP. This has gradually declined to 21.1 percent in 2011-12. The decline in the share of agriculture in GDP indicates that the non-agriculture sectors grew more quickly as compared to the agriculture sector.

Scientific development and revolutionary innovations in the business climate have encouraged the manufacturing and services sectors more than the agriculture sector. Structural, social and cultural problems of the agriculture sector, the higher risk and vulnerability to natural calamities have encouraged investors to switch to the non-agriculture sectors. The contribution of agriculture to overall GDP will continue to decline as development takes place. This is an inevitable consequence of the process of growth and development.

It has been observed during the last two decades that the major momentum to economic growth has come from the services sector which has emerged as the main driver of the economic growth. Within the services sector, almost all the sub-sectors have increasing contributions. The share of manufacturing in GDP has remained stagnant, at around 14.7 percent, for 30 years until 1999-2000. Its contribution to GDP has increased after 1999-2000 from 14.7 percent to 18.65 percent in 2011-12.

Table 1.5: Sectoral Share in Gross Domestic Product (GDP)

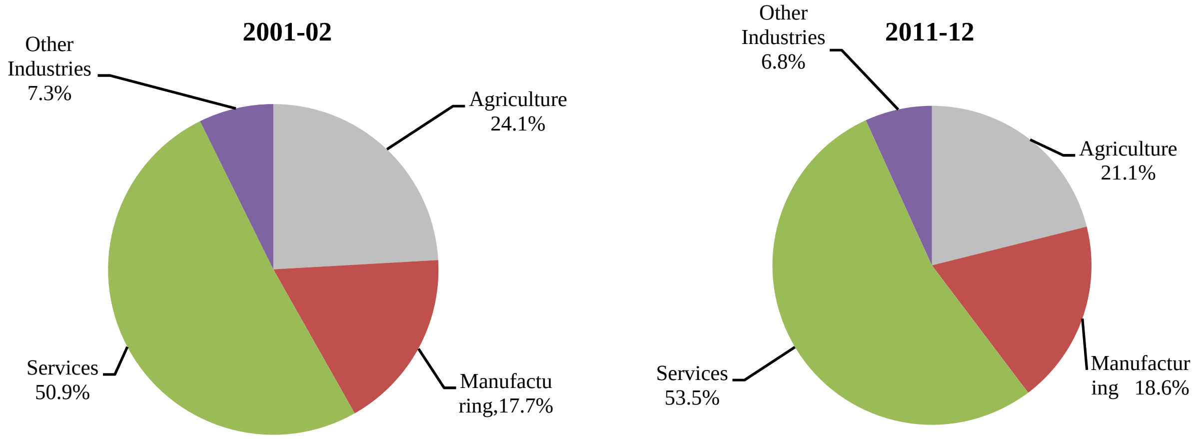
(At Constant Factor Cost-in percentage)

	1999-00	2004-05	2008-09	2009-10	2010-11	2011-12 P
Commodity Producing Sector	**49.3**	**48.7**	**47.1**	**47.6**	**46.7**	**46.46**
1. Agriculture	25.9	22.4	21.8	21.2	20.9	21.1
- Major Crops	9.6	8.4	7.3	6.9	6.5	6.71
- Minor Crops	3.5	2.7	2.5	2.2	2.3	2.13
- Livestock	11.7	10.6	11.3	11.4	11.5	11.61
- Fishing	0.4	0.3	0.4	0.4	0.4	0.37
- Forestry	0.7	0.4	0.3	0.3	0.2	0.24
Industrial Sector	**23.3**	**26.3**	**25.3**	**26.4**	**25.8**	**25.40**
2. Mining & Quarrying	2.3	2.7	2.5	2.5	2.4	2.40
3. Manufacturing	14.7	18.3	18.2	18.6	18.7	18.65
- Large Scale	9.5	12.9	12.1	12.3	12.1	11.90
- Small Scale	5.2	4.1	4.7	4.9	5.1	6.74
4. Construction	2.5	2.1	2.1	2.6	2.5	2.15
5. Electricity & Gas Distribution	3.9	3.2	2.5	2.8	2.2	2.19
Services Sector	**50.7**	**51.3**	**52.9**	**52.4**	**53.3**	**53.54**
6. Transport, Storage & Communication	11.3	10.4	10.2	10.1	10.0	14.12
7. Wholesale and Retail Trade	17.5	18.7	16.8	17.0	17.2	17.12
8. Finance and Insurance	3.7	4.0	5.7	4.9	4.5	4.79
9. Ownership of Dwellings	3.1	2.9	2.8	2.7	2.7	2.72
10. Public Admn. & Defence	6.2	5.9	6.1	6.0	6.6	6.62
11. Other Services	9.0	9.5	11.3	11.8	12.3	12.65
12.GDP (Constant Factor Cost)	100.0	100.0	100.0	100.0	100.0	100.0

Source: Economic Adviser's Wing, Finance Division
P: Provisional

Fig-1.4 presents the structural shift in the economy. During the last 10 years the sectoral share of the agriculture sector has decreased from 23 percent to 21.1 percent. The sectoral share of the manufacturing sector has increased from 18 percent to 18.6 percent and the share of other industries has remained more or less stagnant around 7 percent of the GDP over the last 10 years. The share of the services sector has increased from 50.9 percent to 53.5 percent in the same period. It may be concluded that on the whole structural transformation has been slow during the decade under discussion. The share of the commodity producing sector and the services sector has increased marginally.

Fig-1.4: Contribution to GDP



The government has approved the Framework of Economic Growth which lays out a wide-ranging strategy for long term competitiveness and growth. The strategy focuses on governance, institutions, markets, connectivity and cities. The government is making efforts to accelerate the operationalization of the growth strategy by initiating specific policies and programs in key strategic areas. The salient features of the new growth strategy are summarized in Box-2.

Box-2
New Growth Strategy

- New growth strategy is an approach to accelerate economic growth and sustain it. It identified a coherent approach to growth that goes well beyond projects and targets public service delivery, productivity, competitive markets, innovation and entrepreneurship
- The strategy is based on sustained reform that builds efficient and knowledgeable governance structure, and markets in attractive and well-connected locations. It focuses on the 'software' of economic growth (issues of economic governance, institutions, incentives, human resources, etc.), and provides an environment in which the 'hardware' of growth (physical infrastructure) could be expanded and made more productive at every level.

Targeting Growth

- Around 68 percent of Pakistan's population is in the youth category (under 30 years) with the size of the workforce increasing by over 3 percent annually. To absorb this youth bulge productively, Pakistan's real GDP needs to grow at an annual average rate in excess of 7 per cent
- Efforts will be undertaken to revive the economy to its short term potential GDP growth rate of about 5–6 percent annually. Resolving issues regarding energy and governance and ensuring credible macro stability, this could be achieved in a short time
- Deep and sustained reforms for a number of years in areas such as public sector management, developing competitive markets, urban management and connecting people and places are the way forward for accelerating growth to above 7 percent. This is precisely what fast growing economies have done. This is also the direction towards which Pakistan is now aimed to move.

Thrust of Growth Strategy

Pakistan is facing several external and internal challenges. In order to achieve economic growth in this scenario the new growth framework has the following characteristics. It does the following:

- Puts emphasis on productivity and efficiency beyond brick and mortar perspective
- Seeks to build a better government and markets, taking the view that good government complements

efficient, competitive and connected markets

- Recognizes that economic well-being is a result of the variety and frequency of economic transactions. Policy, law and regulation must seek to minimize transaction costs and allow speedy and frequent transactions.
- Focuses on urban development as a crucible for the nurturing of innovation entrepreneurship and productivity
- Includes youth through community development and the provision of market opportunities while continuing to impart skills and education.

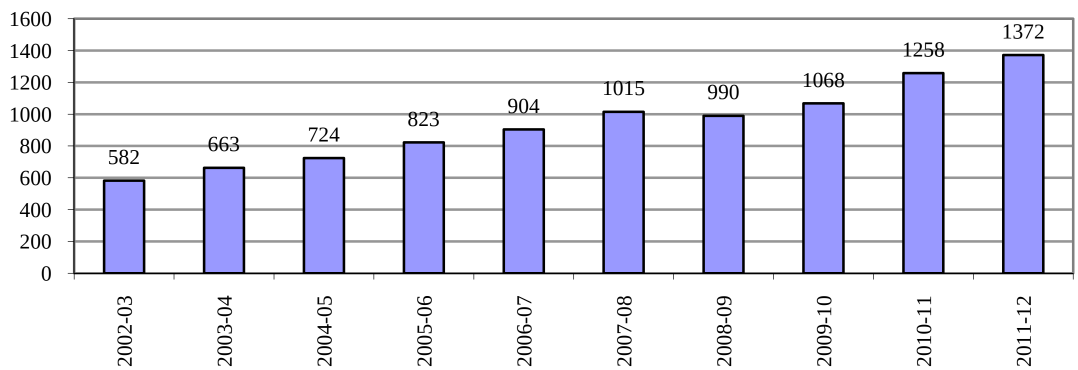
Source: Planning and Development Division

Per Capita Income:

Per capita income is defined here as Gross National Product at market price in dollar term divided by the country's population. Per capita income is widely used and recognized as one of the important indicators of economic growth and general well-being of a society. Per Capita Income in dollar terms grew at a modest rate of 9.1percent in 2011-12 compared to 17.8 percent growth last year.

The per capita income in dollar terms has increased from \$ 582 in 2002-03 to \$ 1,372 in 2011-12. The major factors, which contributed in the rise of per capita income, include acceleration in real GDP growth, inflows of workers remittances and the stable exchange rate. Fig 1.5 shows the improvement in per capita income during the last ten years.

Fig-1.5: Per Capita Income (\$)



Investment and Savings

Investment plays an important role in the economic growth of a country. It raises the productive capacity of the economy, affects the employment levels, and promotes technological progress through embodiment of new techniques. Investment spending is usually volatile, because it depends on multiple factors. That is why it is responsible for much of the fluctuations of the GDP. Investment has been hard hit by international and domestic factors during the last few years. Total investment has declined from 22.1 percent of GDP in 2007-08 to 12.5 percent of GDP in 2011-12. Fixed investment has decreased to 10.9 percent of GDP in 2011-12 from 20.5 percent of GDP in 2007-08. Private investment witnessed a contraction of 7.9 percent in 2011-12 compared to 15.0 percent of GDP in 2007-08. Public investment as a percent of GDP also declined to 3.0 percent in 2011-12 against the 5.4 percent in 2007-08. The composition of investment between the private and public sector has also changed during the period under review.

The contribution of national savings to domestic investment is indirectly the mirror image of foreign savings required to meet investment demand. The requirement of foreign savings needed to finance the saving investment gap, reflects the current account deficit in the balance of payments. National savings are 10.7 percent of GDP in 2011-12 compared to 13.6 percent in 2007-08. Domestic savings have also declined from 11.5 percent of GDP in 2007-08 to 8.9 percent of GDP in 2011-12. Net foreign resource inflows are financing the saving investment gap. Theoretically, there are two ways of improving the savings investment gap. One is through increasing savings and the other is through decreasing investment. Pakistan needs to gear up both savings and investment to enhance the employment generating ability of the economy as well as increase resource availability for investment.

Public sector investment is crucial for catalyzing economic development. It creates spillover effects for private sector investment because private sector development is facilitated through public sector development spending particularly on infrastructure. However, curtailment of development expenditures limits private sector development. Public sector investment decreased from 5.4 percent of GDP in 2007-08 to just 3.0 percent in 2011-12. Saving and Investment as percentage of GDP are presented in Table 1.6.

Table 1.6: Structure of Savings and Investment (As Percent of GDP)

Description	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 P
Total Investment	**16.6**	**19.1**	**22.1**	**22.5**	**22.1**	**18.2**	**15.4**	**13.1**	**12.5**
Changes in Stock	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Gross Fixed Investment	**15.0**	**17.5**	**20.5**	**20.9**	**20.5**	**16.6**	**13.8**	**11.5**	**10.9**
-Public Investment	4.0	4.3	4.8	5.6	5.4	4.3	3.6	2.9	3.0
-Private Investment	10.9	13.1	15.7	15.4	15.0	12.3	10.2	8.6	7.9
Foreign Savings	-1.3	1.6	3.9	5.1	8.5	5.7	2.2	-0.1	1.8
National Savings	**17.9**	**17.5**	**18.2**	**17.4**	**13.6**	**12.5**	**13.2**	**13.2**	**10.7**
Domestic Savings	15.7	15.4	16.3	15.6	11.5	9.8	9.3	13.3	8.9

Source: EA Wing Calculations
P: Provisional

Foreign Direct Investment

Pakistan has a very fertile market for foreign investors given its very large consumer base of 180 million people. People need food, energy and other amenities to live and thrive. There is a great potential in the power and infrastructure sector and in natural resources. There seems to be huge scope for investment in hydel and coal based power projects, alternative energy like wind power, and natural gas transmission from foreign lands. The country also needs infrastructure, world class education systems, exploration of its natural resources and mechanization of industries. Foreign investors can exploit all such opportunities.

Global foreign direct investment will be close to $ 800 billion during 2012; less than the $ 1 trillion achieved in 2007. The Euro crisis has dampened enthusiasm. However, prospects from East Asia are looking good. The United States is focusing on economic revival and its stock markets are responding positively. China, India, Turkey, Brazil and Indonesia also appear to be moving in a positive direction.

Foreign Direct Investment (FDI) in Pakistan stood at $ 666.7 million during July-April 2011-12 as against $ 1292.9 million last year. This is a decline of 48.4 percent. Oil & Gas Exploration remained the major sector for foreign investors. The share of Oil and Gas Exploration in total FDI during July-April 2012 stood at 69.8 percent.

Pakistan will certainly attract foreign direct investment with the resolution of the energy shortages and improvement in the law and order situation. The Board of Investment (BOI) under the Prime Minister’s Secretariat is making efforts to provide an increasingly investment friendly environment to investors. Efforts are being made to facilitate foreign investors in Pakistan with improved infrastructure and a better working environment so that the favorable business climate may induce investors to initiate new investment projects. In particular, efforts are also going on to encourage the setting up of fruit processing industries and more export processing zones in the country, so that sustained high economic growth through exports may be achieved.

Workers Remittances

Remittances from overseas Pakistanis have been an important source of foreign exchange during the last four years. These have not only provided critical support to the balance of payments but have helped in stimulating the domestic economy and helped to alleviate poverty. Significant flows of remittances also helped Pakistan to partially counter the adverse effects of the oil price shocks, reduce the unemployment problem, and improve the standard of living of recipient households.

The upsurge in the remittances may be attributed to the government's efforts for redirecting these flows from informal to formal channels. Bilateral arrangements of commercial banks with foreign entities under Pakistan Remittance Initiatives (PRI) have helped facilitate movement in this direction. Furthermore, initiatives under the PRI such as introduced Xpress money, Inter bank Fund Transfer (IBFT) facility have also helped to improve the remittance flow to Pakistan. Increase in remittances is also the result of the higher demand of Pakistani workers. An overview of country wise remittances is presented in Table 1.7.

Table-1.7: Country Wise Workers' Remittances US$ Million

Country	06-07	07-08	08-09	09-10	10-11	July-April* 11-12
USA	1459.64	1762.03	1735.87	1771.19	2068.87	1922.35
U.K.	430.04	458.87	605.59	876.38	1199.67	1263.67
Saudi Arabia	1023.56	1251.32	1559.56	1917.66	2670.07	2987.86
U.A.E.	866.49	1090.30	1688.59	2038.52	2597.74	2386.26
Other GCC Countries	757.33	983.39	1202.65	1237.86	1306.18	1226.61
EU Countries	149.00	176.64	247.66	252.21	354.76	304.59
Total	5493.65	6451.24	7811.43	8905.90	11200.97	10,876.99

Source: SBP
* : Provisional

Workers' Remittances totaled $ 10,876.99 million in July-April of 2011-12, as against $ 9,046.61 million in the comparable period of last year. This is an increase of 20.23 percent. Remittances from Saudi Arabia recorded massive growth of 43.25 percent, followed by U.K. (27.52 percent), USA (14.57 percent), Other GCC countries (15.34 percent) and UAE (14.10 percent) during the period under review. Monthly data on remittances suggests that the monthly average for the period of July-April 2011-12 stood at $ 1,087.70 million compared to $ 904.66 million during the corresponding period last year.

Prospects of Economic Growth

Pakistan's economy is resilient. This resilience comes from the potential as well as the growth in remittances and in the informal economy. Despite positive developments including the easing of inflation and reduction in fiscal deficit, Pakistan's economy remains in an unsteady state with slow growth, fragile macroeconomic fundamentals, and heightened vulnerability to balance of payments shock. Key problems affecting the economy include energy shortages and a host of structural impediments that have held back investment and growth. Necessary reforms are under process to remove the structural impediments.

Reinitiating the privatization process will attract foreign investment for Pakistan. Foreign investment may also be attracted from the Middle East in agriculture and livestock sectors. Many of these countries need an assured supply of items like wheat, rice, milk, poultry meat, edible oil, flowers, fruit and vegetables and are ready to invest on the basis of long-term supply contracts.

Savings are the mover of growth. Policies are being implemented which give savings incentives such as, tax breaks and compulsory savings in employee provident funds. The government is aware that several long term savings instruments may need to be developed to increase household savings. There is also need to expand the network of National Savings Schemes, microfinance institutions, banks and postal savings to far flung areas of the country. These have been and are the focus of the government's attention.

Measures to stimulate growth will not yield full potential unless the structural weaknesses responsible for the decline in the investment are addressed. This decline is due largely to the unstable security situation. The shortage and high cost of energy, and the rising cost of doing business in Pakistan are also contributing to the decline. The government is making efforts to address these negative factors in order to improve investment climate in the country.

Pakistan's middle class has expanded and is currently estimated at 35 percent of the population. Having substantial size and composition primarily urban and associated with professional white-collar occupations the middle class may play a major role in boosting economic growth. A vibrant middle class not only generates demand of goods and services but also the savings required to fund productive investments. Moreover, the middle class households provide a breeding ground for the professional and skilled labour force. Such human capital is essential for growth in the long run. With the existence of such a vibrant middle class the consumer goods industry can provide a strong impetus to economic growth. Despite an overall slump in the economy, the consumer goods industry in Pakistan has registered a steady growth and has a great potential for further expansion.

There is rising trend of youth entrepreneurship in Pakistan. Many young entrepreneurs have succeeded in establishing various businesses that are booming. This has produced a strong demonstration effect for others to follow. These young entrepreneurs have the potential to cause a paradigm shift in the economic fortunes of Pakistan. The opening up of trade with India is another major initiative that can boost economic growth by providing greater market access as well as easy and cheaper availability of raw materials for domestic producers.

TABLE 1.1

GROSS NATIONAL PRODUCT AT CONSTANT FACTOR COST OF 1999-2000

(Rs million)

Sectors	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 R	2011-12 P	% Change 2010-11/ 2009-10	% Change 2011-12/ 2010-11
A. COMMODITY PRODUCING SECTOR	2,041,661	2,234,671	2,348,925	2,504,569	2,535,968	2,580,671	2,672,521	2,711,746	2,800,657	1.5	3.3
1 Agriculture	964,853	1,027,403	1,092,098	1,137,037	1,148,851	1,195,002	1,202,411	1,230,978	1,269,491	2.4	3.1
Major Crops	327,057	385,058	370,005	398,617	373,188	402,135	392,983	392,096	404,577	-0.2	3.2
Minor Crops	124,121	125,993	126,457	125,243	138,887	137,201	126,609	129,999	128,360	2.7	-1.3
Livestock	473,771	484,876	561,500	577,400	601,408	620,253	646,783	672,486	699,629	4.0	4.0
Fishing	13,611	13,691	16,540	19,080	20,834	21,319	21,632	22,051	22,443	1.9	1.8
Forestry	26,293	17,785	17,596	16,697	14,534	14,094	14,404	14,346	14,482	-0.4	0.9
A1. INDUSTRIAL SECTOR	1,076,808	1,207,268	1,256,827	1,367,532	1,387,117	1,385,669	1,470,110	1,480,768	1,531,166	0.7	3.4
2 Mining & Quarrying	111,473	122,621	128,288	132,254	138,047	137,348	140,415	138,616	144,685	-1.3	4.4
3 Manufacturing	727,439	840,243	912,953	988,301	1,036,101	998,846	1,053,362	1,085,643	1,124,266	3.1	3.6
Large Scale	492,632	590,759	639,585	695,489	723,626	665,285	697,148	705,139	717,690	1.1	1.8
Small & Household	176,841	190,121	206,656	223,365	240,139	258,173	277,562	298,407	320,817	7.5	7.5
Slaughtering	57,966	59,363	66,712	69,447	72,336	75,388	78,652	82,097	85,759	4.4	4.5
Construction	82,818	98,190	108,195	134,536	127,076	112,884	131,324	122,010	129,893	-7.1	6.5
5 Electricity and Gas Distribution	155,078	146,214	107,391	112,441	85,893	136,591	145,009	134,499	132,322	-7.2	-1.6
B. SERVICES SECTOR	2,173,947	2,358,559	2,511,551	2,687,140	2,847,044	2,895,045	2,971,081	3,103,283	3,227,914	4.4	4.0
6 Transport, Storage & Communication	461,276	477,171	496,073	519,486	539,297	558,703	569,285	574,212	581,396	0.9	1.3
7 Wholesale & Retail Trade	766,693	858,695	838,426	887,294	934,231	921,375	962,739	996,722	1,032,389	3.5	3.6
8 Finance & Insurance	141,768	185,501	265,056	304,514	338,386	312,818	274,774	270,912	288,595	-1.4	6.5
9 Ownership of Dwellings	126,764	131,214	135,820	140,587	145,521	150,629	155,916	158,707	164,278	1.8	3.5
10 Public Admn. & Defence	267,321	268,826	295,959	316,915	320,565	332,108	340,475	388,734	398,888	14.2	2.6
11 Social and Community Services	410,125	437,152	480,217	518,344	569,044	619,412	667,892	713,996	762,368	6.9	6.8
12 GDP (fc)	4,215,608	4,593,230	4,860,476	5,191,709	5,383,012	5,475,716	5,643,602	5,815,029	6,028,571	3.0	3.7
13 Indirect Taxes	372,029	358,455	395,440	361,841	372,651	360,584	353,432	344,977	393,779	-2.4	14.1
14 Subsidies	53,488	69,889	72,545	75,602	190,288	70,830	27,074	13,582	18,682	-49.8	37.5
15 GDP(mp)	4,534,149	4,881,796	5,183,371	5,477,948	5,565,375	5,765,470	5,969,960	6,146,424	6,403,668	3.0	4.2
16 Net Factor Income from Abroad	90,721	88,766	84,343	82,434	85,586	112,838	193,711	193,711	234,616	0.0	21.1
17 GNP(fc)	4,306,329	4,681,996	4,944,819	5,274,143	5,468,598	5,588,554	5,837,313	6,008,740	6,263,187	2.9	4.2
18 GNP (mp)	4,624,870	4,970,562	5,267,714	5,560,382	5,650,961	5,878,308	6,163,671	6,340,135	6,638,284	2.9	4.7
19 Population (in million)	151.0	154.4	157.7	161.2	164.7	168.2	171.7	175.3	178.9	2.1	2.1
20 Per Capita Income(fc-Rs)	28,521	30,334	31,347	32,722	33,211	33,231	33,992	34,276	35,007	0.8	2.1

R: Revised

P: Provisional

Source : Pakistan Bureau of Statistics

TABLE 1.2

SECTORAL SHARE IN GDP (%)

Sector		2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 R	2001-12 P
A. COMMODITY PRODUCING SECTOR		47.6	48.4	48.7	48.3	48.2	47.1	47.1	47.4	46.6	46.5
1.	Agriculture	24.0	22.9	22.4	22.5	21.9	21.3	21.8	21.3	21.2	21.1
	Major Crops	8.2	7.8	8.4	7.6	7.7	6.9	7.3	7.0	6.7	6.7
	Minor Crops	3.0	2.9	2.7	2.6	2.4	2.6	2.5	2.2	2.2	2.1
	Livestock	11.7	11.2	10.6	11.6	11.1	11.2	11.3	11.5	11.6	11.6
	Fishing	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4
	Forestry	0.7	0.6	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2
A1. INDUSTRIAL SECTOR		*23.6*	*25.5*	*26.3*	*25.9*	*26.3*	*25.8*	*25.3*	*26.0*	*25.5*	*25.4*
2.	Mining & Quarrying	2.5	2.6	2.7	2.6	2.5	2.6	2.5	2.5	2.4	2.4
3.	Manufacturing	16.3	17.3	18.3	18.8	19.0	19.2	18.2	18.7	18.7	18.6
	Large Scale	10.6	11.7	12.9	13.2	13.4	13.4	12.1	12.4	12.1	11.9
	Small & Household	5.6	4.2	4.1	4.3	4.3	4.5	4.7	4.9	5.1	5.3
	Slaughtering	-	1.4	1.3	1.4	1.3	1.3	1.4	1.4	1.4	1.4
4.	Construction	2.4	2.0	2.1	2.2	2.59	2.36	2.06	2.33	2.10	2.15
5.	Electricity and Gas Distribution	2.5	3.7	3.2	2.2	2.2	1.6	2.5	2.6	2.3	2.2
B. SERVICES SECTOR		52.4	51.6	51.3	51.7	51.8	52.9	52.9	52.6	53.4	53.5
6.	Transport, Storage & Communication	11.4	10.9	10.4	10.2	10.0	10.0	10.2	10.1	9.9	9.6
7.	Wholesale & Retail Trade	18.0	18.2	18.7	17.2	17.1	17.4	16.8	17.1	17.1	17.1
8.	Finance & Insurance	3.3	3.4	4.0	5.5	5.9	6.3	5.7	4.9	4.7	4.8
9.	Ownership of Dwellings	3.1	3.0	2.9	2.8	2.7	2.7	2.8	2.8	2.7	2.7
10.	Public Admn. & Defence	6.6	6.3	5.9	6.1	6.1	6.0	6.1	6.0	6.7	6.6
11.	Social Services	9.9	9.7	9.5	9.9	10.0	10.6	11.3	11.8	12.3	12.6
12.	GDP (fc)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

R: Revised

P: Provisional

Source: Pakistan Bureau of Statistics

TABLE 1.3

REAL GDP / GNP GROWTH RATES (%)

Sector	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 R	2011-12 P
A. COMMODITY PRODUCING SECTOR	9.3	9.5	5.1	6.6	1.3	1.8	3.6	1.5	3.3
1. Agriculture	2.4	6.5	6.3	4.1	1.0	4.0	0.6	2.4	3.1
Major Crops	1.7	17.7	-3.9	7.7	-6.4	7.8	-2.3	-0.2	3.2
Minor Crops	3.9	1.5	0.4	-1.0	10.9	-1.2	-7.7	2.7	-1.3
Livestock	2.9	2.3	15.8	2.8	4.2	3.1	4.3	4.0	4.0
Fishing	2.0	0.6	20.8	15.4	9.2	2.3	1.5	1.9	1.8
Forestry	-3.2	-32.4	-1.1	-5.1	-13.0	-3.0	2.2	-0.4	0.9
A1. INDUSTRIAL SECTOR	16.3	12.1	4.1	8.8	1.4	-0.1	6.1	0.7	3.4
2. Mining & Quarrying	15.6	10.0	4.6	3.1	4.4	-0.5	2.2	-1.3	4.4
3. Manufacturing	14.0	15.5	8.7	8.3	4.8	-3.6	5.5	3.1	3.6
Large Scale	18.1	19.9	8.3	8.7	4.0	-8.1	4.8	1.1	1.8
Small & Household	-20.0	7.5	8.7	8.1	7.5	7.5	7.5	7.5	7.5
Slaughtering	-	2.4	12.4	4.1	4.2	4.2	4.3	4.4	4.5
4. Construction	-10.7	18.6	10.2	24.3	-5.5	-11.2	16.3	-7.1	6.5
5. Electricity and Gas Distribution	56.8	-5.7	-26.6	4.7	-23.6	59.0	6.2	-7.2	-1.6
B. SERVICES SECTOR	5.8	8.5	6.5	7.0	6.0	1.7	2.6	4.4	4.0
6. Transport, Storage & Communication	3.5	3.4	4.0	4.7	3.8	3.6	1.9	0.9	1.3
7. Wholesale & Retail Trade	8.3	12.0	-2.4	5.8	5.3	-1.4	4.5	3.5	3.6
8. Finance & Insurance	9.0	30.8	42.9	14.9	11.1	-7.6	-12.2	-1.4	6.5
9. Ownership of Dwellings	3.5	3.5	3.5	3.5	3.5	3.5	3.5	1.8	3.5
10. Public Admn. & Defence	3.2	0.6	10.1	7.1	1.2	3.6	2.5	14.2	2.6
11. Social Services	5.4	6.6	9.9	7.9	9.8	8.9	7.8	6.9	6.8
12. GDP (fc)	7.5	9.0	5.8	6.8	3.7	1.7	3.1	3.0	3.7

R: Revised
P: Provisional

Source: Pakistan Bureau of Statistics

TABLE 1.4

EXPENDITURE ON GROSS NATIONAL PRODUCT AT CONSTANT PRICES OF 1999-2000

(Rs million)

Flows	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 R	2011-12 P	% Change 2010-11/ 2009-10	% Change 2011-12/ 2010-11
Private Consumption Expenditure	2,952,588	3,251,947	3,670,749	3,708,073	3,882,891	3,779,311	4,240,380	4,168,781	4,323,703	4,823,958	3.72	11.57
General Govt. Current Consumption Expenditure	384,825	390,319	396,818	588,576	532,147	739,071	506,036	732,307	770,320	833,498	5.19	8.20
Gross Domestic Fixed Capital Formation	658,070	617,731	701,392	840,977	955,140	1,024,696	873,129	814,633	769,389	690,931	-5.55	-10.20
Change in Stocks	71,051	73,703	79,085	82,934	87,647	89,046	92,248	95,519	98,343	102,459	2.96	4.19
Export of Goods and Non-Factor Services	814,425	801,982	878,896	965,863	988,164	935,303	904,375	1,046,406	1,071,283	927,869	2.38	-13.39
Less Imports of Goods and Non-Factor Services	657,983	601,559	845,144	1,003,052	968,041	1,002,052	850,698	887,687	886,614	975,047	-0.12	9.97
Expenditure on GDP at Market Prices	4,222,976	4,534,123	4,881,796	5,183,371	5,477,948	5,565,375	5,765,470	5,969,959	6,146,424	6,403,668	2.96	4.19
Plus Net Factor Income from the Rest of the World	127,050	90,721	88,750	84,343	82,434	85,586	113,424	174,698	209,717	234,616	20.05	11.87
Expenditure on GNP at at Market Prices	4,350,026	4,624,844	4,970,546	5,267,714	5,560,382	5,650,961	5,878,894	6,144,657	6,356,141	6,638,284	3.44	4.44
Less Indirect Taxes	355,323	372,029	358,455	395,440	361,841	372,651	360,584	353,432	344,977	393,779	-2.39	14.15
Plus Subsidies	54,451	53,488	69,889	72,545	75,602	190,288	70,830	27,074	13,582	18,682	-49.83	37.55
GNP at Factor Cost	4,049,154	4,306,303	4,681,980	4,944,819	5,274,143	5,468,598	5,589,140	5,818,299	6,024,746	6,263,187	3.55	3.96

R: Revised F : Final Source: Pakistan Bureau of Statistics

P: Provisional

TABLE 1.5

GROSS NATIONAL PRODUCT AT CURRENT FACTOR COST

(Rs million)

Sectors	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	% Change	
										2010-11/	2011-12/
								R	P	2009-10	2010-11
A. COMMODITY PRODUCING SECTOR	2,329,502	2,628,468	2,914,444	3,370,480	4,034,362	5,606,501	6,541,878	7,961,363	8,865,027		
1 Agriculture	1,164,751	1,314,234	1,457,222	1,685,240	2,017,181	2,611,526	2,972,660	3,697,068	3,899,313	24.4	5.5
Major Crops	411,836	497,556	464,276	546,418	671,374	979,148	1,072,164	1,410,112	1,191,683	31.5	-15.5
Minor Crops	126,372	154,218	168,461	184,121	211,553	237,536	266,519	357,874	382,187	34.3	6.8
Livestock	578,218	621,170	766,448	881,806	1,051,442	1,299,865	1,533,721	1,821,158	2,204,251	18.7	21.0
Fishing	16,728	17,490	30,492	42,668	52,391	59,514	60,363	61,426	62,480	1.8	1.7
Forestry	31,597	23,800	27,545	30,227	30,421	35,463	39,893	46,498	58,712	16.6	26.3
A1. INDUSTRIAL SECTOR	1,416,986	1,659,285	1,923,698	2,214,612	2,658,205	2,994,975	3,569,218	4,264,295	4,965,714	19.5	16.4
2 Mining & Quarrying	208,290	182,051	219,682	252,541	301,469	346,412	437,899	391,267	446,526	-10.6	14.1
3 Manufacturing	902,486	1,136,634	1,370,793	1,567,313	1,950,522	2,069,482	2,484,699	3,181,980	3,694,464	28.1	16.1
Large Scale	621,899	814,657	1,003,062	1,149,573	1,467,225	1,502,879	1,807,076	2,329,144	2,661,885	28.9	14.3
Small & Household	280,587	222,176	245,962	279,943	334,610	395,005	449,933	552,977	653,312	22.9	18.1
Slaughtering		99,801	121,769	137,797	148,687	171,598	227,690	299,859	379,267	31.7	26.5
4 Construction	115,497	153,333	179,885	225,239	260,340	294,990	319,315	336,993	410,863	5.5	21.9
5 Electricity and Gas Distribution	190,713	187,267	153,338	169,519	145,874	284,091	327,305	354,055	413,861	8.2	16.9
B. SERVICES SECTOR	2,668,790	3,149,049	3,777,607	4,335,247	5,246,198	6,503,961	7,491,751	9,131,540	10,571,798	21.9	15.8
6 Transport, Storage & Communication	675,623	759,711	908,409	1,012,206	1,155,873	1,587,934	1,832,760	2,143,403	2,476,789	16.9	15.6
7 Wholesale & Retail Trade	896,357	1,093,114	1,262,001	1,441,786	1,829,944	2,104,337	2,463,640	3,112,125	3,574,101	26.3	14.8
8 Finance & Insurance	165,230	236,254	364,320	447,270	556,679	621,508	609,944	685,110	807,807	12.3	17.9
9 Ownership of Dwellings	146,264	165,441	184,812	206,166	239,010	298,789	345,760	401,354	459,829	16.1	14.6
10 Public Admn. & Defence	312,105	343,348	404,628	467,685	530,074	662,723	757,061	983,924	1,119,328	30.0	13.8
11 Social and Community Services	473,211	551,181	653,437	760,134	934,618	1,228,670	1,482,586	1,805,624	2,133,944	21.8	18.2
12 GDP (fc)	5,250,527	6,122,568	7,158,527	8,235,099	9,921,584	12,110,462	14,033,629	17,092,903	19,436,825	21.8	13.7
13 Indirect Taxes	455,549	468,573	569,077	556,874	667,604	763,501	842,899	1,014,853	1,274,467	20.4	25.6
14 Subsidies	65,496	91,359	104,399	118,966	346,389	149,976	72,878	74,885	57,424	2.8	-23.3
15 GDP(mp)	5,640,580	6,499,782	7,623,205	8,673,007	10,242,799	12,723,987	14,803,650	18,032,871	20,653,868	21.8	14.5
16 Net Factor Income from Abroad	124,478	134,461	149,901	157,631	208,916	346,281	566,247	820,225	1,025,110	44.9	25.0
17. GNP(fc)	5,375,005	6,257,029	7,308,428	8,392,730	10,130,500	12,456,743	14,599,876	17,913,128	20,461,935	22.7	14.2
18. GNP (mp)	5,765,058	6,634,243	7,773,106	8,830,638	10,451,715	13,070,268	15,369,897	18,853,096	21,678,978	22.7	15.0
19 Population (in million)	150.99	154.35	157.75	161.18	164.66	168.18	171.73	175.31	178.91	2.1	2.1
20 Per Capita Income(fc-Rs)	35,598	40,538	46,331	52,071	61,524	74,068	85,016	102,180	114,370	20.2	11.9
21 Per Capita Income(mp-Rs)	38,182	42,982	49,276	54,787	63,475	77,716	89,500	107,541	121,173	20.2	12.7
22 Per Capita Income(mp-US $)	663	724	823	904	1,015	990	1,068	1,258	1,372	17.8	9.1
23. GDP Deflator Index	124.55	133.30	147.28	158.62	184.31	221.17	248.66	293.94	322.41	-	-
GDP Deflator (Growth %)	7.74	7.02	10.49	7.70	16.20	20.00	12.43	18.21	9.68	-	-

R: Revised

P: Provisional

Source : Pakistan Bureau of Statistics

TABLE 1.6

EXPENDITURE ON GROSS NATIONAL PRODUCT AT CURRENT PRICES

(Rs million)

Flows	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 R	2011-12 P	% Change 2010-11/ 2009-10	% Change 2011-12/ 2010-11
Private Consumption Expenditure	4,184,717	5,001,499	5,720,225	6,543,843	7,835,310	10,338,101	12,188,896	15,159,996	18,031,743	24.38	18.94
General Government Current Consumption Expenditure	462,462	509,864	824,300	796,204	1,278,431	1,029,156	1,178,732	1,430,122	1,720,759	21.33	20.32
Gross Domestic Fixed Capital Formation	844,847	1,134,942	1,565,838	1,814,620	2,094,743	2,114,132	2,066,945	2,069,243	2,255,864	0.11	9.02
Change in Stocks	90,249	105,298	121,971	138,768	163,885	203,584	236,858	288,526	330,462	21.81	14.53
Export of Goods and Non-Factor Services	883,704	1,019,783	1,161,257	1,230,660	1,316,439	1,636,196	2,009,463	2,552,620	2,575,359	27.03	0.89
Less Imports of Goods and Non-Factor Services	825,399	1,271,604	1,770,386	1,851,088	2,446,008	2,597,181	2,877,243	3,467,636	4,260,319	20.52	22.86
Expenditure on GDP at Market Prices	5,640,580	6,499,782	7,623,205	8,673,007	10,242,800	12,723,988	14,803,651	18,032,871	20,653,868	21.81	14.53
Plus Net Factor Income from the rest of the world	124,478	134,461	149,901	157,631	208,916	346,281	566,247	820,225	1,025,110	44.85	24.98
Expenditure on GNP at Market Prices	5,765,058	6,634,243	7,773,106	8,830,638	10,451,716	13,070,269	15,369,898	18,853,096	21,678,978	22.66	14.99
Less Indirect Taxes	455,549	468,573	569,077	556,874	667,604	763,501	842,899	1,014,853	1,274,467	20.40	25.58
Plus Subsidies	65,496	91,359	104,399	118,966	346,389	149,976	72,878	74,885	57,424	2.75	-23.32
GNP at Factor Cost	5,375,005	6,257,029	7,308,428	8,392,730	10,130,501	12,456,744	14,599,877	17,913,128	20,461,935	22.69	14.23

R: Revised

P: Provisional

Note: Private Consumption Expenditure has been taken as residual

Source: Pakistan Bureau of Statistics

TABLE 1.7

GROSS FIXED CAPITAL FORMATION (GFCF) IN PRIVATE, PUBLIC, AND GENERAL GOVERNMENT SECTORS BY ECONOMIC ACTIVITY AT CURRENT MARKET PRICES

(Rs million)

Sector	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	% Change	
								R	P	2010-11/ 2009-10	2011-12/ 2010-11
GFCF (A+B+C)	844,836	1,134,942	1,565,838	1,814,620	2,094,743	2,114,132	2,066,946	2,069,242	2,255,864	0.1	9.0
A. Private Sector	616,514	852,424	1,197,740	1,335,849	1,539,647	1,561,600	1,545,179	1,549,480	1,639,510	0.3	5.8
B. Public Sector	103,536	129,482	162,022	172,697	204,873	175,472	182,194	148,798	176,661	-18.3	18.7
C. General Govt.	124,786	153,036	206,076	306,074	350,223	377,060	339,573	370,964	439,693	9.2	18.5
Private & Public (A+B)	720,050	981,906	1,359,762	1,508,546	1,744,520	1,737,072	1,727,373	1,698,278	1,816,171	-1.7	6.9
SECTOR-WISE:											
1. Agriculture	81,159	135,308	145,575	151,574	147,511	169,923	190,024	200,840	188,586	5.7	-6.1
2. Mining and Quarrying	18,651	33,378	49,569	75,559	94,753	138,448	169,471	85,861	70,133	-49.3	-18.3
3. Manufacturing (A+B)	203,929	247,166	326,797	350,248	364,088	375,452	355,062	349,418	403,122	-1.6	15.4
A. Large Scale	164,572	195,655	261,023	276,131	271,840	254,937	220,083	188,124	177,052	-14.5	-5.9
B. Small Scale*	39,357	51,511	65,774	74,117	92,248	120,515	134,979	161,294	226,070	19.5	40.2
4. Construction	10,113	17,824	26,106	38,299	33,515	42,931	31,876	22,370	29,076	-29.8	30.0
5. Electricity & Gas	25,261	40,050	69,795	73,497	88,443	89,553	74,153	131,806	79,885	77.7	-39.4
6. Transport & Communication	148,646	224,974	392,651	395,240	457,156	327,772	314,493	224,628	204,190	-28.6	-9.1
7. Wholesale and Retail Trade	17,192	21,381	29,157	37,227	43,140	52,003	56,879	62,996	71,073	10.8	12.8
8. Finance & Insurance	27,945	31,580	41,009	81,683	152,038	89,450	44,373	57,774	38,483	30.2	-33.4
9. Ownership of Dwellings	110,398	129,247	149,167	158,719	181,729	219,867	234,423	264,374	329,859	12.8	24.8
10. Services	76,754	101,065	129,936	146,500	182,147	231,673	256,619	298,211	401,764	16.2	34.7

P: Provisional

R: Revised

* Slaughtering is included in small scale sector

(Contd.)

TABLE 1.7

GROSS FIXED CAPITAL FORMATION (GFCF) IN PRIVATE SECTOR BY ECONOMIC ACTIVITY
AT CURRENT MARKET PRICES

(Rs million)

Sector	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 R	2011-12 P	% Change 2010-11/ 2009-10	% Change 2011-12/ 2010-11
PRIVATE SECTOR	616,514	852,424	1,197,740	1,335,849	1,539,647	1,561,600	1,545,179	1,549,480	1,639,510	0.3	5.8
1. Agriculture	81,050	135,086	143,538	151,340	147,381	169,795	189,874	200,695	188,435	5.7	-6.1
2. Mining and Quarrying	12,701	18,384	31,323	49,007	62,764	90,731	109,627	74,092	61,135	-32.4	-17.5
3. Manufacturing (A+B)	200,521	244,959	320,501	346,574	362,824	371,200	351,225	344,468	398,336	-1.9	15.6
A. Large Scale	161,162	193,448	254,727	272,457	270,576	250,685	216,246	183,174	172,266	-15.3	-6.0
B. Small Scale*	39,359	51,511	65,774	74,117	92,248	120,515	134,979	161,294	226,070	19.5	40.2
4. Construction	6,608	13,418	19,248	24,262	19,091	28,205	21,927	14,833	15,389	-32.4	3.7
5. Electricity & Gas	3,039	11,612	32,372	29,633	32,843	31,637	26,989	64,403	14,612	138.6	-77.3
6. Transport & Communication	86,951	153,558	312,549	324,335	372,544	297,200	274,845	191,589	152,360	-30.3	-20.5
7. Wholesale and Retail Trade	17,192	21,381	29,157	37,227	43,140	52,003	56,879	62,996	71,073	10.8	12.8
8. Finance & Insurance	110,398	129,247	149,167	158,719	181,729	84,879	40,051	53,927	34,546	34.6	-35.9
9. Ownership of Dwellings	26,599	30,520	38,692	77,974	147,268	219,867	234,423	264,374	329,859	12.8	24.8
10. Services	71,455	94,259	121,193	136,778	170,063	216,083	239,339	278,103	373,765	16.2	34.4

R: Revised

P: Provisional

* Slaughtering is included in small scale sector

(Contd.)

TABLE 1.7

GROSS FIXED CAPITAL FORMATION (GFCF) IN PUBLIC AND GENERAL GOVERNMENT SECTORS BY ECONOMIC ACTIVITY AT CURRENT MARKET PRICES

(Rs million)

Sector	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 R	2011-12 P	% Change 2010-11/ 2009-10	% Change 2011-12/ 2010-11
Public Sector and												
General Govt. (A+B)	191,332	228,322	282,518	368,098	481,771	555,096	552,532	521,767	519,762	616,354	-0.4	18.6
A. Public Sector	104,054	103,536	129,482	162,022	175,697	204,873	175,472	182,194	148,798	176,661	-18.3	18.7
1. Agriculture	1,388	109	222	2,037	234	130	128	150	145.2	150.8	-3.2	3.9
2. Mining and Quarrying	29,178	5,950	14,994	18,246	29,552	31,989	47,717	59,844	11,769	8,998	-80.3	-23.5
3. Manufacturing	1,400	3,410	2,140	6,296	3,674	1,264	4,252	3,837	4,950	4,786	29.0	-3.3
Large Scale	1,400	3,410	2,140	6,296	3,674	1,264	4,252	3,837	4,950	4,786	29.0	-3.3
Small Scale	-	-	-	-	-	-	-	-	-	-	-	-
4. Construction	2,952	3,505	4,406	6,858	14,037	14,424	14,726	9,949	7,537	13,687	-24.2	81.6
5. Electricity & Gas	31,145	22,222	28,438	37,423	43,864	55,600	57,916	47,164	67,403	65,273	42.9	-3.2
6. Transport & Communication	31,486	61,695	71,416	80,102	70,905	84,612	30,572	39,648	33,039	51,830	-16.7	56.9
Railways	3,133	3,336	3,439	4,754	3,680	4,296	1,907	10,874	2,136	550	-80.4	-74.3
Post Office & PTC	6,699	5,834	10,763	15,232	11,981	14,445	7,755	8,373	16,153	12,327	92.9	-23.7
Others	21,654	52,525	57,214	60,116	55,244	65,871	20,910	20,401	14,750	38,953	-27.7	164.1
7. Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-	-
8. Finance & Insurance	2,469	1,346	1,060	2,317	3,709	4,770	4,571	4,322	3,847	3,937	-11.0	2.3
9. Services	4,036	5,299	6,806	8,743	9,722	12,084	15,590	17,280	20,108	27,999	16.4	39.2
B. General Govt.	87,278	124,786	153,036	206,076	306,074	350,223	377,060	339,573	370,964	439,693	9.2	18.5
Federal	31,581	41,304	38,938	53,522	78,862	83,175	59,663	64,510	60,486	64,518	-6.2	6.7
Provincial	26,689	50,059	71,567	113,512	156,261	179,756	211,330	217,545	240,692	283,641	10.6	17.8
Local Bodies	29,008	33,423	42,531	39,042	70,951	87,292	106,067	57,518	69,786	91,534	21.3	31.2

R: Revised   - : Not available   Source: Pakistan Bureau of Statistics

P: Provisional

TABLE 1.8

GROSS FIXED CAPITAL FORMATION (GFCF) IN PRIVATE, PUBLIC AND GENERAL GOVERNMENT SECTORS BY ECONOMIC ACTIVITY AT CONSTANT MARKET PRICES OF 1999-2000

(Rs million)

Sector	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 R	2011-12 P	% Change 2010-11/ 2009-10	2011-12/ 2010-11
GFCF (A+B+C)	617,731	701,392	840,976	955,141	991,718	873,128	814,633	769,390	690,932	-5.6	-10.2
A. Private Sector	447,212	521,326	635,894	691,550	716,375	650,315	624,596	582,729	507,257	-6.7	-13.0
B. Public Sector	72,763	75,153	81,809	85,153	90,236	62,122	61,939	46,721	42,814	-24.6	-8.4
C. General Govt.	97,756	104,913	123,273	178,438	185,107	160,691	128,098	139,940	140,861	9.2	0.7
Private & Public (A+B)	519,975	596,479	717,703	776,703	806,611	712,437	686,535	629,450	550,071	-8.3	-12.6
SECTOR-WISE:											
1. Agriculture	55,779	76,389	70,285	70,902	64,484	112,295	119,833	122,012	112,718	1.8	-7.6
2. Mining and Quarrying	12,232	17,482	22,021	32,557	36,248	44,917	53,286	25,028	14,580	-53.0	-41.7
3. Manufacturing	144,010	148,129	171,302	179,530	165,610	138,276	126,497	112,366	101,147	-11.2	-10.0
Large Scale	115,700	117,147	140,320	142,424	125,001	93,833	77,855	59,131	42,888	-24.0	-27.5
Small Scale*	28,310	30,982	30,982	37,106	40,609	44,443	48,642	53,235	58,259	9.4	9.4
4. Construction	7,919	13,155	19,378	26,805	21,284	19,815	13,806	8,059	9,053	-41.6	12.3
5. Electricity & Gas	16,934	21,659	32,056	32,750	35,094	29,824	24,006	39,438	17,434	64.3	-55.8
6. Transport & Communication	105,851	133,953	202,033	197,176	203,242	119,949	111,967	72,861	51,188	-34.9	-29.7
7. Wholesale and Retail Trade	13,760	15,165	18,123	22,578	23,816	22,960	24,568	24,556	24,180	0.0	-1.5
8. Finance & Insurance	22,025	21,835	25,196	48,454	81,023	40,425	19,321	22,915	12,513	18.6	-45.4
9. Ownership of Dwellings	87,010	89,213	91,648	94,151	96,721	99,363	102,075	104,861	107,257	2.7	2.3
10. Services	54,455	59,499	65,661	71,800	79,090	84,612	91,175	97,355	100,002	6.8	2.7

R: Revised

(Contd.)

P: Provisional

* Slaughtering is included in small scale sector

TABLE 1.8

GROSS FIXED CAPITAL FORMATION (GFCF) IN PRIVATE SECTOR AT CONSTANT MARKET PRICES OF 1999-2000

(Rs million)

Sector	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	% Change	
										2010-11/	2011-12/
								R	P	2009-10	2010-11
PRIVATE SECTOR	447,213	521,326	635,893	691,549	716,375	650,313	624,596	582,730	507,257	-6.7	-13.0
1. Agriculture	55,704	76,264	69,302	70,792	64,393	112,251	119,783	121,968	112,683	1.8	-7.6
2. Mining and Quarrying	8,330	9,629	13,915	21,116	23,621	29,436	34,470	21,598	12,709	-37.3	-41.2
3. Manufacturing	141,613	146,847	167,917	177,636	165,029	136,711	125,140	110,810	99,988	-11.5	-9.8
Large Scale	113,303	115,865	136,935	140,529	124,420	92,268	76,498	57,575	41,729	-24.7	-27.5
Small Scale*	28,310	30,982	30,982	37,107	40,609	44,443	48,642	53,235	58,259	9.4	9.4
4. Construction	5,175	9,903	14,287	16,981	12,139	13,018	9,497	5,344	4,791	-43.7	-10.3
5. Electricity & Gas	2,044	6,280	14,868	13,204	12,841	10,536	8,737	19,270	3,189	120.6	-83.5
6. Transport & Communication	61,918	91,431	160,818	161,803	164,899	108,761	97,851	62,144	38,194	-36.5	-38.5
7. Wholesale and Retail Trade	13,760	15,165	18,123	22,578	23,816	22,960	24,568	24,556	24,180	0.0	-1.5
8.Ownership of Dwellings	87,010	89,213	91,648	94,151	96,721	99,363	102,075	104,861	107,257	2.7	2.3
9. Finance & Insurance	20,964	21,102	23,772	46,253	79,070	38,359	17,439	21,389	11,233	22.7	-47.5
10.Services	50,695	55,492	61,243	67,035	73,846	78,918	85,036	90,790	93,033	6.8	2.5

R: Revised

P: Provisional

* : Slaughtering is included in small scale sector.

(..Contd.)

TABLE 1.8

GROSS FIXED CAPITAL FORMATION (GFCF) IN PUBLIC AND GENERAL GOVERNMENT SECTORS AT CONSTANT MARKET PRICES OF 1999-2000

(Rs million)

Sector	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 R	2011-12 P	% Change 2010-11/ 2009-10	% Change 2011-12/ 2010-11
Public and General Government (A+B)	170,518	180,066	205,084	263,590	275,340	222,814	190,036	186,662	183,674	-1.8	-1.6
A. Public Sector	72,762	75,153	81,810	85,152	90,234	62,123	61,938	46,722	42,813	-24.6	-8.4
1. Agriculture	75	125	983	109	91	44	50	45	35	-10.0	-22.2
2. Mining and Quarrying	3,902	7,853	8,106	11,441	12,626	15,481	18,817	3,431	1,871	-81.8	-45.5
3. Manufacturing	2,397	1,282	3,385	1,895	581	1,565	1,357	1,556	1,159	14.7	-25.5
4. Construction	2,745	3,252	5,091	9,824	9,145	6,797	4,309	2,715	4,261	-37.0	56.9
5. Electricity & Gas	14,890	15,379	17,188	19,545	22,253	19,288	15,269	20,168	14,245	32.1	-29.4
6. Transport & Communication	43,933	42,522	41,215	35,373	38,343	11,188	14,115	10,716	12,993	-24.1	21.2
Railways	2,376	2,048	2,446	1,836	1,856	698	3,871	693	138	-82.1	-80.1
Post Office & T&T	4,154	6,408	7,837	5,977	6,501	2,838	2,981	5,239	3,090	75.7	-41.0
Others	37,403	34,066	30,932	27,560	29,986	7,652	7,263	4,784	9,765	-34.1	104.1
7. Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-
8. Finance & Insurance	1,061	733	1,424	2,200	1,952	2,066	1,882	1,526	1,280	-18.9	-16.1
9. Services	3,759	4,007	4,418	4,765	5,243	5,694	6,139	6,565	6,969	6.9	6.2
B. General Govt.	97,756	104,913	123,274	178,438	185,106	160,691	128,098	139,940	140,861	9.2	0.7
Federal	32,357	26,694	32,017	45,976	43,961	25,427	24,335	22,817	20,669	-6.2	-9.4
Provincial	39,216	49,062	67,902	91,098	95,008	90,062	82,065	90,797	90,868	10.6	0.1
Local Bodies	26,183	29,157	23,355	41,364	46,137	45,202	21,698	26,326	29,324	21.3	11.4

R: Revised - : Not available Source: Pakistan Bureau of Statistics

P: Provisional