



# HIGHLIGHTS

## **Pakistan Economic Survey 2010-11**

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# HIGHLIGHTS

## 01. GROWTH AND INVESTMENT

- ▶ The **Real GDP** is estimated to grow at 2.4 percent on the back of strong performance of services sector as against actual growth of 3.8 percent last year and target of 4.5 percent.
- ▶ The growth in the **agriculture** is estimated at 1.2 percent on the back of 3.7 percent growth in the **livestock sector**.
- ▶ **Major Crops** accounting for 31.1 percent of agricultural value added registered negative growth of 4.0 percent compared to a negative growth of 2.4 percent last year and a target of 3.7 percent.
- ▶ **Minor crops** registered a growth rate of 4.8 percent compared to the target of 3.0 percent and massive negative growth of 7.8 percent last year.
- ▶ Output in the **manufacturing sector** has witnessed expansion of 3 percent in 2010-11 as compared to expansion of 5.5 percent last year on the back of strong performance from small and medium manufacturing sector
- ▶ **Large-scale manufacturing** grew by 0.98 percent (July-February 2010-11 incorporated in the national accounts but the growth is now 1.7 percent in July-March 2010-11) as against 4.9 percent of last year.
- ▶ The **services sector** grew by 4.1 percent against the target of 4.7 percent and actual outcome of 2.9 percent. Within services sector **Wholesale and retail trade sector** grew at 3.9 percent as compared to 4.6 percent last year and the target for the year of 5.1 percent. **Finance and insurance sector** recorded negative growth of 6.3 percent in 2010-11 as against contraction of 11.3 percent last year. **Public administration and defense** posted a stellar growth of 13.2 percent as compared to 2.5 percent in last year. **Social Services Sector** grew by 7.1 percent which is slightly higher than the target of 5.0 percent but lower than last year's actual growth of 7.8 percent.
- ▶ Pakistan's **per capita real income** has risen by 0.7 percent in 2010-11 as against 2.9 percent last year.
- ▶ **Per capita income in dollar term** rose from \$ 1073 last year to \$ 1254 in 2010-11, thereby showing tremendous increase of 16.9 percent. This is mainly because of stable exchange rate as well as higher growth in nominal GNP.
- ▶ **Real private consumption** rose by 7.0 percent as against 4.0 percent attained last year. However, gross fixed capital formation lost its strong growth momentum and **real fixed investment growth** contracted by 0.4 percent as against the contraction of 6.1 percent in last fiscal year.
- ▶ The **total investment** has declined from 22.5 percent of GDP in 2006-07 to 13.4 percent of GDP in 2010-11.
- ▶ **Fixed investment** has decreased to 11.8 percent of GDP from 13.4 percent last year.
- ▶ The **national savings** rate has decreased to 13.8 percent of GDP in 2010-11 as against 15.4 percent of GDP last year.
- ▶ **Domestic savings** has also declined substantially from 16.3 percent of GDP in 2005-06 to 9.5 percent of GDP in 2010-11.

## 02. AGRICULTURE

- ▶ The agriculture growth this year is estimated at 1.2 percent as compared with 0.6 percent during 2009-10.
- ▶ Cotton production has decreased from 12,913 thousand bales in 2009-10 to 11,460 thousand bales in 2010-11, showing a decrease of 11.3 percent.

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- ▶ Wheat production has increased from 23,311 thousand tons in 2009-10 to 24,214 thousand tons in 2010-11, showing an increase of 3.9 percent.
- ▶ Rice production has decreased from 6,883 thousand tons in 2009-10 to 4,823 thousand tons in 2010-11, showing a decrease of 29.9 percent.
- ▶ Sugarcane production has increased by 12 percent to 55.3 million tons in 2010-11 from 49.4 million tons last year.
- ▶ Gram production has increased from 562 thousand tons in 2009-10 to 523 thousand tons in 2010-11, showing a decrease of 6.9 percent.
- ▶ Maize production has increased from 3,262 thousand tons in 2009-10 to 3,341 thousand tons in 2010-11, showing an increase of 2.4 percent.
- ▶ In minor crops, the production of potato, onion and mash increased by 18.6 percent, 11.2 percent and 1.0 percent, respectively. However, the production of mung, chillies and mash decreased by 35.5 percent, 8.6 percent and 2.7 percent respectively.
- ▶ Agriculture credit disbursement of Rs. 168.7 billion during July-March 2010-11 is higher by 1.4 percent, as compared to Rs. 166.3 billion over the same period last year.
- ▶ The domestic production of fertilizers during the first nine months (July-March 2010-11) of the current fiscal year was higher by 2.7 percent as compared with corresponding period last year. On the other hand, the import of fertilizer decreased by 50.4 percent, the off-take of fertilizer also decreased by 11.3 percent during the same period last year.

### 03. MANUFACTURING & MINING

- ▶ During the First nine months of the current Fiscal Year 2010-11, production of Large Scale Manufacturing (LSM) increased by 1.71 percent which was mainly caused by the improvement in sub groups of leather (30 percent), automobile (14.6 percent), Food, Beverages & tobacco (9.3 percent) and paper & board (2.9 percent).
- ▶ The items which show an increase in their production during this period were TV sets (28.6 percent), sugar (26.5 percent), LCVs (23.3 percent) and cooking oil (9.7 percent).
- ▶ During the current fiscal year (2010-11), cement production decreased to 20.8 million ton as against 23.1 million tons last year showing a decrease of 9.6 %, whereas sugar production increased by 3.8 million ton showing an increase of 26.5 percent.
- ▶ Exports earning of the Textile products in 2010-11 (July-March) showing an increase of 29.9 percent.
- ▶ During 2010-11 (July-March) in automotive industry cars, LCVs/Jeeps and two/three wheelers registered a positive growth of 16.4 percent, 20.5 percent and 12.6 percent, respectively.
- ▶ The mining and quarrying sector is estimated to grow by 0.4 percent in 2010-11 as against 2.2 percent last year. Natural gas, crude oil and dolomite posted positive growth rate of 1.9 percent, 1.1 percent and 5.9 percent, respectively.

### 04. FISCAL DEVELOPMENT

- ▶ Tax collection by the FBR was targeted at Rs 1667 billion for fiscal year 2010-11. However, the target was downward revised to Rs 1,588 billion, as a result of devastation caused by floods during July and August 2011.
- ▶ The catastrophic floods reduced growth and posed a further challenge to public finances by depressing budget revenues and additional spending to meet the humanitarian and reconstruction needs, thereby upward adjustment in the fiscal deficit target from 4 percent of GDP at the time of budget announcement to 5.3 percent of GDP have made.

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- ▶ The government is focused on prudent expenditure management and better resource mobilization to create fiscal space for providing support to growth. Major reforms like harmonization of tax administration have taken place and strengthening of Risk Based Audit is under process.
- ▶ Through a combination of Presidential Ordinance and withdrawal of SRO base exemptions, amendments have been made in the Sales Tax Act 1990, Income Tax Ordinance 2001 and Federal Excise Act 2005. The additional revenues of Rs 53 billion are estimated during the last quarter of 2010-11. The following tax measures have been taken through these amendments:-
  - i. Withdrawal of sales tax exemption on agriculture inputs like tractors, pesticides, and fertilizer both at domestic and import stages. Now these are subjected to 17 percent GST
  - ii. A one time surcharge of 15 percent has been imposed on withholding and advance taxes payable during financial year 2011; and
  - iii. Special excise duty rate has been increased from 1 percent to 2.5 percent on non-essential items for the remaining period of tax year 2010-11.
- ▶ The administrative measures and vigilance will be helpful in generating another Rs 24 billion. These steps will also be helpful in achieving the revised collection target of Rs 1588 billion.
- ▶ Revenue collections of FBR stood at Rs 1,156 billion during July-April 2010-11, thereby reflecting 12.6 percent growth over Rs 1,026.5 billion collected during the corresponding period last year. Among the four federal taxes, the highest growth 15.6 % has been recorded in *sales tax* receipts, followed by *customs* (12.6 %), *direct tax* (10.7 %) and *federal excise* (7.0%).
- ▶ For July-April, 2011, direct taxes have been a major source of FBR tax revenue collection, contributing 37.1 percent of total receipts. Net collection was estimated at Rs. 430 billion.
- ▶ Indirect taxes including (Sales Tax, Federal Excise Duty and Custom Duty) grew by 13.8 percent during July-April, 2011 and accounted for 62.8 percent of the total FBR tax revenue. Net collection was estimated at Rs.726.0 billion.
- ▶ Total expenditure of Rs. 3,257 billion was estimated for the full year, comprising of Rs. 2,641 billion of current expenditure (81.1% of total), and Rs. 617 billion of development expenditure (18.9% of total).

### 05. MONEY AND CREDIT

- ▶ SBP has raised the discount rate to 14 percent on 30<sup>th</sup> November 2010, and decided to keep the rate unchanged at 14 percent.
- ▶ Net expansion in M<sub>2</sub> increased by 9.62 percent during July-April, 2011 as compared to 8.1 percent during the same period last year
- ▶ Net Domestic Assets (NDA) during July-April 2011 reached at Rs 402.5 billion against Rs 446.1 billion during the same period last year. The expansion in NDA mainly attributed by a rise in demand for private sector credit and government borrowings.
- ▶ On the other hand the NFA of the banking system during the period under review stood at Rs 153.2 billion after registering a significant decline of Rs 31.3 billion during the same period of last year.
- ▶ During July-April, 2011 Credit to private sector enterprises (PSEs) registered a sharp decline from Rs72.5 billion in 2009-10 to Rs 26.7 billion owing to the retirements by an oil refinery and a state owned oil marketing company .
- ▶ The government borrowing from the banking system for budgetary support and commodity operations stood at Rs 342.2 billion during July-April, 2011. Government has borrowed Rs 196.3 billion from the State Bank of Pakistan (SBP) , while Rs 275.9 billion has been borrowed from the scheduled banks. In the month of May 2011, the government has further reduced its borrowing stock from the SBP to attain the target of net zero borrowing from the SBP.

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- ▶ During July-April 2010-11 the retirement of loans under commodity financing picked up sharply and reached at Rs 134.2 billion on account of retirement of advances for wheat by provincial departments and Pakistan Storage and Supply Corporation (PAASCO) and other provincial procurement agencies as compared to Rs 35.6 billion during the same period last year.
- ▶ The credit availed by the private sector during July-April, 2011 was Rs 156.7 billion is compared to Rs 144.2 billion in the corresponding period last year.
- ▶ A strong growth has been witnessed since January 2010 which was due to an increase in seasonal demand for working capital. More than half of private sector credit went to the textile sector showing higher input prices, especially cotton. Sector wise breakup of private sector credit also shows that sugar and textile industries were the major drivers to this increase, which respectively availed credit of Rs 105.6 billion and Rs 62 billion during Jul-March 2011.
- ▶ Liquidity conditions in the money market remained fairly comfortable during July-March 2010-11 underpinned by the reduced government borrowings from the SBP and growth in bank deposits. SBP drained this excess liquidity not only through auctions, but also mopped up a significant amount through open market operations (OMOs).

### 06. CAPITAL MARKETS

- ▶ The KSE-100 index recorded a bullish trend during first half of the current fiscal year (CFY) as the market was trading around 12,000 at the end of December 2010. The KSE- 100 index however, remained steady during the third quarter of 2010-11 and after touching at 12,682 on January 17, 2011 and at the end of March 2011 it traded at 11,810 points.
- ▶ The main reason of better performance in 3<sup>rd</sup> quarter of 2010-11, in the stock market and gearing up the momentum in the KSE-100 is considerable foreign investment in the capital market
- ▶ Lahore stock exchange index-25 increased to 3,343 points on March 2011 and its market capitalization is Rs. 2921.5 billion.
- ▶ Islamabad stock exchange index-10 inched up from end-June 2010 level of 2,445 points to 2605 points on end-March 2011 with market capitalization of Rs. 2,531.5 billion.
- ▶ Net inflow of foreign investment in Pakistan from July –March 2010-11 was US\$ 301.5 million which as compared to US\$431.9 million in the last corresponding period, it is important to mention that noteworthy contribution was made during the first two quarter of 2010-11.
- ▶ Corporate profitability has increased in 2011 but profitability concentrated in few large companies. The sectors of Oil and Gas companies, Fertilizers and Chemical sector and Banks exhibit considerable profits.
- ▶ Seven auctions of Pakistan Investment Bonds (PIBs) were carried out in July-March2010-11 and government collected Rs.83.4 billion. Three and ten years maturities contributed a large proportion by resulting in an amount of Rs.76.2 billion.
- ▶ Three 3-years *Ijara Sukuk* were issued from July-March2010-11. Rs.136.6 billion was raised against the total target of Rs. 125 billion.
- ▶ During the fiscal year July-March 2010-11, net deposits with National Saving Schemes (NSS) increased to Rs 1,822.4 billions. *Behbood* Savings Certificates, Regular Income Certificates and Special Saving Certificates were the precursor products. Profit Rates for some National Saving Schemes were revised.
- ▶ The Securities and Exchange Commission of Pakistan (SECP) formulated a comprehensive policy for dealing with companies in default of securities market laws to protect the investor, enhance transparency and improve member listing.

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### 07. INFLATION

- ▶ The inflation rate as measured by the changes in Consumer Price Index (CPI) stood at 14.1 percent during (July-April) of the current fiscal year 2010-11, as against 11.5 percent in the comparable period of last year.
- ▶ The food inflation is estimated at 18.4 percent and non-food 10.4 percent, against 12.0 percent and 11.0 percent in the corresponding period of last year.
- ▶ The core inflation which represents non-food and non-energy prices also decreased from 11.0 percent to 9.6 percent.
- ▶ The Wholesale Price Index (WPI) during July-April, 2010-11 have increased by 23.3 percent, as against 11.3 percent of last year.
- ▶ The Sensitive Price Indicator (SPI) has recorded an increase of 18.2 percent during July-April, 2010-11, as against 12.4 percent of last year.
- ▶ The increase in inflation rate during the current year 2010-11 is attributable to the increase in food price inflation which has been mainly due to increase in prices of sugar, milk, poultry, meat, fresh vegetables and fruits owing to shortfall in production of these items and significant increase in world food stuff prices.

### 08. TRADE AND PAYMENTS

- ▶ **Overall exports** recorded a positive growth of 27.8 percent during the first ten months (July-April) of the current fiscal year against an increase of 8.0 percent in the same period of last year. In absolute terms, exports have increased from \$15,773.2 million to \$20,154.2 million in the period.
- ▶ **Imports** during the first ten months (July-April) of the current fiscal year (2010-11) increased by 14.7 percent compared with the same period of last year, reaching to \$32.3 billion. The overall import bill is higher by \$4.1 billion, reflecting the impact of higher global crude oil & Commodity Prices.
- ▶ The higher import bill during July-April 2010-11 is contributed by food group (\$1,528 billion), petroleum group (\$678.3 million) consumer durables (\$247 billion), raw material group (\$ 1039 million), telecom (\$245 million) and other item group (\$ 951 million).
- ▶ **Trade Balance** The merchandise trade deficit improved by \$240 million and declined from \$12.3 billion in July-April 2009-10 to \$ 12.1 billion in July-April 2010-11. The substantial increase of 14.7 percent in imports is more than neutralized by 27.8 percent growth in exports which caused the trade deficit to improve.
- ▶ **Worker's Remittances** totaled \$ 9.1 billion in July-April 2010-11 as against \$ 7.3 billion in the comparable period of last year, depicting an increase of 23.8 percent.
- ▶ **Current Account Balance** improved significantly during the last two years or so. Current account recorded a broad-based surplus of \$ 748 million in July-April 2010-11 as against deficit of \$3456 million in the comparable period of last year. The improvement came from all components of current account balance like trade balance of goods and services, and current transfers.
- ▶ **Services account deficit** shrank by 28.2 percent during July-April 2010-11 to reach \$ 1.4 billion as compared to \$1.9 billion during the same period last year.
- ▶ **Financial account** surplus deteriorated and reached to \$ 412 million as compared to \$ 3533 million in corresponding period last year.
- ▶ **Exchange rate** remained more or less stable as rupee depreciated by just 2.2 percent in July-April 2010-11, however, Real Effective Exchange Rate (REER) appreciated by 0.8 percent in the period.
- ▶ **Foreign direct investment (private)** stood at \$1232 million during the first ten months (July-April) of the current fiscal year as against \$1725 million in the same period last year thereby showing a decline of 29 percent.

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- ▶ **Foreign Exchange Reserves** amounted to \$ 17.1 billion by the end of April, 2011. Of which, reserves held by State Bank of Pakistan stood at \$ 13.7 billion and by banks stood at \$ 3.4 billion.

### 09. EXTERNAL AND DOMESTIC DEBT

- ▶ During the first nine months of the current fiscal year 2010-11, Pakistan's total external debt increased from \$55.9 billion at end-June 2010 to \$ 59.5 billion by end-March 2011 — an increase of US \$ 3.6 billion or 6.4 percent which is lowest growth in EDL in the last five years.
- ▶ In relative terms, EDL as percentage of GDP decreased from 31.6 percent at end-June 2010 to 28.2 percent by end-March 2011— a decrease of 3.4 percentage points.
- ▶ The country's debt burden defined as external debt and liabilities as percentage of foreign exchange earnings decreased from 146.6 percent by end-June 2010 to 127.2 percent by end-March 2011.
- ▶ Public Debt increased by Rs 1162 billion in the first nine months of 2010-11, reaching a total outstanding amount of Rs. 1,002,0 billion; an increase of 13.1 percent in nominal terms.
- ▶ The primary source of increase in public debt during July-March, 2011 has been a sharp rise in local currency component that accounted for 69.7 percent of the total increase in total public debt.
- ▶ The external debt component grew by Rs 275 billion or 6.4 percent partially due to increased foreign public debt inflows and partly because of cross-currency translation effect.
- ▶ Public debt as percent of GDP has decreased to 55.5 percent by end-March 2011 after hovering around to 60 percent of GDP for three years.
- ▶ Domestic Debt stood at Rs 5462.2 billion at end-March 2011 which implies net addition of Rs.803.9 billion in the nine months of the current fiscal year.
- ▶ In relation to GDP the domestic debt stood at 30.2 percent of GDP which is lower than end-June 2010 level at 31.4 percent.
- ▶ The domestic debt grew by 17.3 percent which is lower than last years' growth of 20.7 percent. The focus on deficit financing through internal sources owing to non-availability of external receipts has been the major cause.
- ▶ The composition of major components shaping the domestic debt portfolio has undergone a complete transformation from a high dominance of unfunded debt to an increasing dependence on floating component of domestic debt.
- ▶ Since 2006-07, domestic debt witnessed a sharp rise with consequent build-up in the interest payments. Interest payments as percent of GDP has peaked to 4.4 percent of GDP in 2008-09 but since then declined persistently to 2.5 percent of GDP in 2010-11. This also incorporates impact of higher nominal GDP growth.
- ▶ Higher fiscal deficit and enormous slippages in the revenue and expenditure targets remained key problems.

### 10. EDUCATION

- ▶ The **overall literacy rate** (10 years & above) which was 57.4 percent in 2008-09 has increased to 57.7 percent in 2009-10, indicating 0.5 percent increase over the same period last year.
- ▶ Male literacy rate (10 years & above) remained 69.3 percent in 2008-09 and 69.5 percent in 2009-10 while it increased from 44.7 to 45.2 percent for females during the same period. Literacy remained higher in urban areas (73.2 percent) than in rural areas (49.2 percent) during 2009-10.
- ▶ Province wise literacy data of PLFS (2009-10) shows Punjab stood at 59.6 percent, Sindh (58.2 percent), Khyber Pakhtunkhwa (50.9 percent) and Balochistan (51.5 percent).



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- ▶ According to the Ministry of Education, there are currently 228,376 institutions in the country. The overall enrolment is recorded at 38.22 million with teaching staff of 1.41 million as compared to 1.40 million last year showing an increase of 0.7 percent.

### 11. HEALTH AND NUTRITION

- ▶ At present, there are 972 hospitals, 4842 dispensaries, 5344 basic health units and 909 maternity and child health centres in Pakistan.
- ▶ With availability of 144,901 doctors, 10,508 dentists, 73,244 nurses and 104,137 hospital beds in the country by 2010-11, the population and health facilities ratio works out at 1222 persons per doctors, 16,854 persons per dentist and 1701 persons per hospital bed which compares well with the other developing countries.
- ▶ During 2010-11, 35 basic health units and 13 rural health centres have been constructed. While 40 rural health centres and 850 basic health units have been upgraded.
- ▶ Some 4500 doctors, 400 dentists, 3200 nurses and 5000 paramedics have completed their academic courses and 4300 new beds have been added in the hospitals.
- ▶ Some 96,000 Lady Health Workers (LHWs) have been trained and deployed mostly in the rural areas. Moreover, some 8 million children have been immunized and 24 million packets of ORS distributed.
- ▶ Various health programmes with a special focus on major public health problems have been carried out. These include cancer treatment, AIDS prevention and Malaria Control Programme.
- ▶ The total outlay of health is budgeted at Rs.42.0 billion (Rs.18.7 billion development and Rs. 23.3 billion current expenditure) which is equivalent to 0.23 percent of GDP which is 79 billion as compared in 2009-10.

### 12. POPULATION, LABOUR FORCE AND EMPLOYMENT

- ▶ According to the latest estimates population of Pakistan stood at 177.10 in 2011 and is sixth most populous country of the world. If the existing trend remained unchanged, it will reach 191.7 million by the year 2015 and 242.1 million by 2030 (Estimates and projection by Sub-Group II for the 10<sup>th</sup> five year People's Plan 2010-15).
- ▶ Growth Rate is 2.05 percent and total Fertility Rate (TFR) is 3.5 per woman.
- ▶ Life expectancy in Pakistan is 64.18 for male and 67.9 for female.
- ▶ Pakistan has the total labour force of 54.92 million and is the 9<sup>th</sup> largest country in the world with respect of the size of its labor force in 2010.
- ▶ About 3.05 million labour force is estimated as unemployed in 2009-10, with an unemployment rate of 5.6%.
- ▶ Agriculture dominates the distribution of employed persons among all the major sectors leading at 45.0 during 2009-10; wholesale and retail trade has the share of 16.3 percent and manufacturing with 13.2 percent.
- ▶ To cope with the evolving demographic challenge the National Population Policy 2010 seeks to attain replacement level fertility i.e. 2.1 births per woman by 2030.

### 13. POVERTY

- ▶ The floods of 2010 have caused a significant loss to poverty reduction efforts. The areas affected by floods were consistently lagging behind in terms of socio-economic and educational indicators as compared to the areas unaffected by floods. The loss to infrastructure and livelihood sources will push them behind further.

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- ▶ ADB's recently issued study on "Global Food Price Inflation and Developing Asia", maintains that a 10 percent rise in domestic food prices in Pakistan for one year could push an additional 3.47 million people below the \$1.25-a-day poverty line or worsen poverty situation by 2.2 percentage points.
- ▶ Food inflation in Pakistan has averaged 18 percent for the last four years which implies significant deterioration of purchasing power of the poor. The precise impact of this build-up in prices could not be determined until availability of results of the Household Income Expenditure Survey (HIES) component of PSLM Survey 2010-11 the work on which has already started.
- ▶ An analysis of 3 year moving average of changes in per capita income and commensurate impact on reduction in poverty headcounts suggests that large reductions in poverty headcount are associated with substantial growth in per capita GDP during 2002-2006.
- ▶ The Government has prioritized the 17 pro-poor sectors for budgetary intervention through the Medium Term Expenditure Framework (MTEF) from 2008-09 to 2010-11 in the PRSP-II. An amount of Rs.482.6 has been spent on these areas during July-December 2010 which is 15.8 percent higher than in the comparable period of last year.
- ▶ The social safety nets are major initiatives to reinforce the government's efforts to reduce the adverse effects of poverty on the poor. The social safety nets program include **Benazir Income Support Programme (BISP)** envisages cash grants of Rs 1,000 every month to the females of each qualifying household having a monthly income of less than Rs 6,000 through banks/post offices with the aim to ameliorate the conditions of the poorest of the poor by directly accessing them and supplementing their sources of income.
- ▶ To enhance self-employment, some registered beneficiaries of BISP under the current targeting mechanism are selected through a monthly draw under *Waseela-e- Haq* and each of them are provided with an interest-free loan worth Rs. 0.3 million, repayable in installments over a period of 15 years.
- ▶ The government is also working on various microfinance initiatives in collaboration with the SBP and multilateral institutions to generate employment and combat poverty.

### 14. TRANSPORT AND COMMUNICATION

- ▶ In 2010-11, Pakistan has a road network covering 259,463 kilometers including 180,866 KM of high type roads and 78,597 KM of low type roads.
- ▶ Since March 2008, NHA has launched/awarded 36 development projects covering a length of above 1000 Km inclusive of a number of bridges, flyovers and interchanges.
- ▶ During the year 2010-11 (July-March), in railway, there has been fall in growth rate of passenger traffic by 17.6 percent but freight traffic grows at the rate of 17.7 percent.
- ▶ During the calendar year 2010, PIA earned the revenue of around Rs. 107 billion as compared to last year of Rs. 94.6 billion.
- ▶ Karachi Port Trust handled a total of 20.2 million tones of cargo during 2010-11 (July-Dec).
- ▶ Port Qasim Authority handled 13.1 million tones cargo during the current financial year 2010-11 (July-Dec).
- ▶ First ever largest ship in Pakistan having 63,000 M ton of wheat was berthed at Gwadar Port in March 2008. Since then upto January 2011, 120 ships have been handled at Gwadar
- ▶ Total Cellular subscribers at the end of December 2010 crossed the 102.8 million mark, with over 97 percent prepaid subscription in the mobile market and the post paid subscription in Pakistan is only 3 percent.

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### 15. ENERGY

#### Crude Oil

- ▶ Production of crude oil per day has increased to 65,996.50 barrels during July-March 2010-11 from 65,245.69 barrels per day during the same period last year, showing an increase of 1.15 percent.
- ▶ The transport sector consumed 47.82 percent of petroleum products, followed by power sector (42.84 percent), industry (6.66 percent), other government (1.93 percent), household (0.49 percent) and agriculture (0.26 percent) during July-March 2010-11

#### Natural Gas

- ▶ The average production of natural gas per day stood at 4050.84 million cubic feet during July-March 2010-11, as compared to 4,048.76 million cubic feet over the same period last year showing an increase of 0.05 percent.
- ▶ The power sector consumed 23.81 percent of gas followed by industrial (20.15 percent), household (16.75 percent), fertilizer (15.04 percent), commercial (2.45 percent) and cement sector (0.05 percent) during July-March 2010-11

#### Electricity

- ▶ The total installed capacity of PEPCO system is 20,681 MW as of March 2011, compared to 20,190MW in first nine months of the last fiscal year.
- ▶ Total installed capacity of WAPDA stood at 11,439 MW during July-March 2010-11 of which hydel accounts 57.30 percent or 6,555 MW, thermal accounts for 42.70 percent or 4,884 MW.
- ▶ During the first nine month of current fiscal year 66,928 GWh of electricity has been generated by WAPDA as against 64,935 GWh in the same period last year showing an increase of 3.07 percent.
- ▶ The number of villages electrified increased to 160,110 by March 2011 from 147,038 recorded in March 2010.

#### CNG

- ▶ Presently there are 3329 CNG stations operating throughout the country. By March 2011 about 2.5 millions have been converted to CNG

#### Coal

- ▶ Supply of coal during July-March 2010-11 has been recorded at 5.85 million tonnes compared to 5.304 million tonnes in the first nine months of last fiscal year.
- ▶ Brick kilns and cement industry consumed 56.6 percent and 42.7 percent respectively of the supplied coal.
- ▶ The government is developing Thar Coalfield in order to increase the share of coal in energy mix and to reduce dependency on expensive imported fuel.

### 16. ENVIRONMENT

- ▶ Pakistan recognizes the importance of environmental concerns as a cross cutting theme in its sustainable development strategy. Hence its protection, renewal and enrichment is recognized as an obligation towards the betterment of its citizens. The environmental concerns of Pakistan are associated primarily with the adverse impact of un-sustainable social and economic development. High population growth rate, lack of public awareness of environmental related education, mismanagement of natural resources, widely unplanned urban and industrial expansions are the core hard issues. These are further compounded with the rapid urbanization.

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- ▶ A nation with a population of 177 million with an average population density of 222 persons per sq km, higher than many other developing countries, whose 37% people live in urban areas and 63% in rural has a high rate of migration to urban centers which has made the cities dysfunctional, overcrowded and very congested. Rapid urbanization is putting the available insufficient infrastructure under enormous pressure and causing environmental debacles of great magnitude. Serious risks of irreversible damages are present due to air and water pollution, mismanagement of solid waste and destruction of fragile ecosystems.
- ▶ With an estimated 37 percent of its population living in cities, Pakistan is the highly urbanized country in South Asia. Its cities continue to grow, offering employment opportunities, but rapid urbanization has been accompanied by environmental problems such as pollution, waste management, congestion and the destruction of fragile ecosystems. Urban air pollution remains one of the most significant environmental problems, facing the cities.
- ▶ Motorcycles and rickshaws, due to their two stroke (2 strokes) engines, are the most inefficient in burning fuel and contribute most to emissions. 2-stroke vehicles are responsible for emission of very fine inhalable particles that settled in lungs and cause respiratory diseases. The 2-stroke vehicles industry is performing fast in Pakistan and has increased by 142.6 percent in 2010-11 when compared with the year 2000-01. Rickshaws have grown by more than 24 percent while motorcycles and scooters have more than doubled since 2000-01.
- ▶ CNG is promoted as an alternate motor fuel for Pakistan's market to reduce pressure on petroleum imports and to curb air pollution. Presently, 3329 CNG stations are operating in the country and 2.50 million vehicles are using CNG as fuel. Use of CNG as fuel in transport sector has observed a quantum leap, replacing traditional fuels.
- ▶ National Environment Quality Standard (NEQS) for Motor Vehicle Exhaust & Noise (Amended), 2010 have been approved to control the vehicular emissions. It has been decided that: (i) all petrol driven vehicles imported or manufactured locally will comply with Euro-II emission standards with effect from July 2009. Existing models if not complying with Euro-II emission standards will have to switch over to Euro-II models by no later than three years, If not immediately: (ii) all diesel driven vehicles imported or manufactured locally will comply with Euro-II emission standards with effect from July, 2012. The Ministry of Petroleum and Natural Resources will ensure availability of Euro-II diesel (with sulphur contents 0.05 percent) with effect from January, 2012.
- ▶ Supply of drinking water and provision of sanitation are the most important contributing factors for improving the health of the people in any country. Inadequate water supply results in high incidence of water related diseases which in turn increase morbidity and mortality rates and pose major threat to the survival and development of children. The National Standards for Drinking Water Quality (NSDWQ) have been approved on 29<sup>th</sup> March, 2010 in order to improve the water quality and to provide the public with the safe drinking water.
- ▶ Pakistan is committed to achieve the MDG target of halving by 2015 the proportion of people without sustainable access to safe and improved sanitation. Strategic direction, capacity development, and monitoring and evaluation, as well as investments, are primarily the responsibility of the provincial governments through the provincial line departments.
- ▶ Climate change is one of the most complex challenges of the new century; Pakistan like other developing countries remained extremely vulnerable to the impacts of climate change. The most serious concerns are the threat to water and food security of the country and the vulnerability of its coastal areas. Other climate change related concerns include increased risks and extreme events (floods, droughts and cyclones) and adverse impact of forests, biodiversity human health etc.
- ▶ Implementation of the climate change programme under Tenth Five Years Plan will be carried out through coordinated efforts of the relevant ministries to secure ample resources and their effective utilization. The following areas will be targeted through mitigation and adaptation measures as well as studies to enhance our understanding for Pakistan specific needs.
  - i. Data information on Climatology

## **HIGHLIGHTS OF ECONOMIC SURVEY 2010-11**

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- ii. Reducing climate change induced risks and vulnerabilities from Glacier Lake Outburst Floods (GLOF) in Gilgit Baltistan Area of Pakistan.
  - iii. Enhancement of capacities to harness opportunities under Clean Development Mechanism and Adaptation Fund.
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