

PREFACE

In pursuance of Rules 25 of the Rule of Business 1973, Finance Division has prepared Year Book 2022-23 which provide information regarding the activities, achievements and progress of the various Wings/Sections of the Division during the preceding financial year in line with its mission statement for information of the Cabinet and the general public.

The Year Book provides detailed account of functions, organizational structure, and area of responsibilities, working set up and chain of command which is largely embedded in activities and accomplishments during Fiscal Year-23. I hope this will serve as a useful information resource and reference document for the policy makers, researchers, planners and general public on matters relating to Finance Division as a whole and also individually of its attached departments and organizations in the area of policy and economic development.

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

I hope that the Year Book will serve as a useful document to concerned stakeholders. I appreciate the work done by the officers and staff of the Finance Division in preparation of this Year Book. Soft version of this Year Book 2022-23 can be downloaded from the website www.finance.gov.pk. We would appreciate suggestions / comments and feedback to improve the quality of this Book in future.

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VISION STATEMENT

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

MISSION STATEMENT

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

KEY OBJECTIVES

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

FUNCTIONS

The following functions are allocated to the Finance Division under the Rules of Business, 1973 (As amended up to 1st December, 2021 by Cabinet Division):

1. Finances of the Federal Government and financial matters affecting the country as a whole.
2. The Annual Budget Statement and the Supplementary and Excess Budget Statements to be laid before the National Assembly; the schedules of authorized expenditure.
3. Accounts and audit.
4. Allocation of share of each Provincial Government in the proceeds of divisible Federal Taxes; National Finance Commission.
5. Public debt of the Federation both internal and external; borrowing money on the security of the Federal Consolidated Fund.
6. Loans and advances by the Federal Government.
7. Sanctions of internal and external expenditure requiring concurrence of the Finance Division.
8. Advice on economic and financial policies; promotion of economic research.
9. Proper utilization of the country's foreign exchange resources.
10. Currency, coinage and legal tender, Pakistan Security Printing Corporation and Pakistan Mint.
11. Banking, investment, financial and other corporations, that is to say:
 - i. Central Banking; State Bank of Pakistan;
 - ii. Other banking (not including co-operative banking) and investment and financial corporations with objects and business not confined to one Province;
 - iii. Incorporation, regulation and winding up of corporations including banking insurance and financial corporations not confined to or controlled by or carrying on business in one Province; and 1
 - iv. Business related to the Federal Government Properties Management Authority (FGPMA).

FUNCTIONS

12. Company Law: Accountancy. 1 Added vide SRO. 1373(1)/2021 dated 01-12-2021 44
13. Investment policies: Capital issues (Continuance of Control) Act, 1947; statistics and research work pertaining to investment and capital.
14. Stock exchanges and future markets with objects and business not confined to one Province; Securities Regulations.
15. Financial settlement between Pakistan and India and division of assets and liabilities of the pre-independence Government of India.
16. Framing of rules on pay and allowances, retirement benefits, leave benefits and other financial terms and conditions of service.
17. Cost Accountancy.
18. International Monetary Fund.
19. Omitted vide SRO.294 (I)/2011 dated 08.04.2011.
20. Monopoly Control and anti-Cartel Laws.

- 21to24.Omitted vide Cabinet Div. Notification No.4-14/98-Min.I, dated 01.12.1998.

25. Deregulation policies.
26. Administration of Economic Reforms Order, 1978.
27. Negotiations with international organizations and other countries and implementation of agreements thereof.

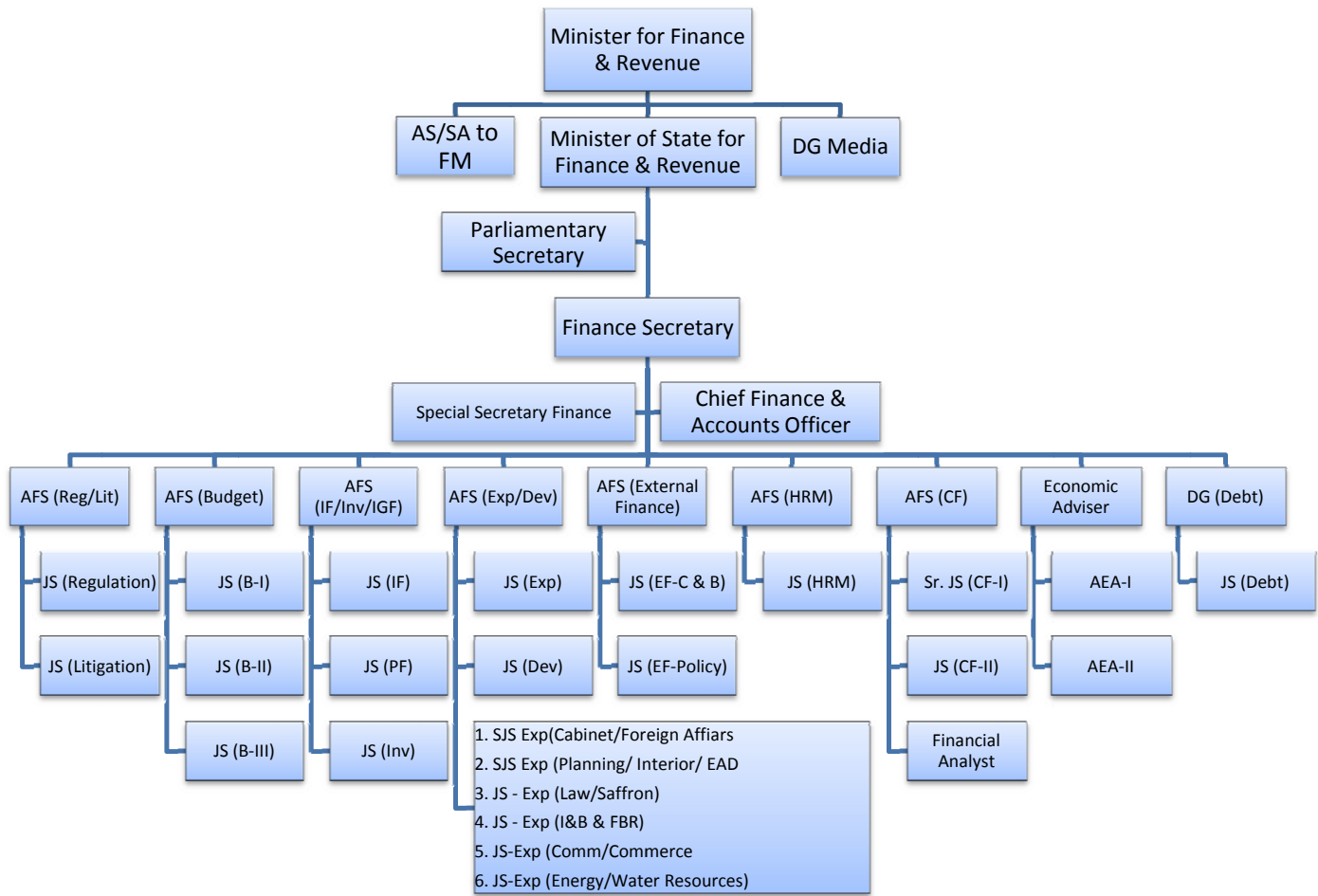
- 28-29. Omitted vide SRO 487 (1)/2019 dated 23-04-2019.

30. Omitted vide SRO 939(1)/2019 dated 19-08-2019.

FUTURE GOALS

- Preparation of Annual Budget / Financial Planning and Budgeting.
- Publishing Pakistan Economic Survey, Statistical Supplement of Pakistan Economic Survey, Monthly Economic Update and Outlook and Year Book annually.
- Proper utilization of country's Foreign Exchange resources.
- Proper application of share of each Provincial Government in the proceeds of divisible Federal Taxes, National Finance Commission.
- Framing of Investment Policies.
- Issues/negotiations with IMF.
- Banking Sector Reforms.
- Reforms in State Owned Enterprises (SOEs)
- Formulation and Implementation of Austerity Measures.

ORGANIZATION CHART OF FINANCE DIVISION



HUMAN RESOURCE MANAGEMENT WING

Finance Division is one of the flagships Organization of Federal Government. The HRM Wing is the backbone of the Finance Division, ensuring that everything pertaining to human resources runs smoothly. Effectively managing the officers and employees is its main responsibility in order to create a positive work atmosphere where everyone may flourish and support the objectives of the Ministry of Finance. One of the main duties is to locate, hire, and retain outstanding personnel. In order to maximise the use of each person's skills and competencies, HRM Wing works to place the appropriate individuals in the right roles.

HRM Wing is committed to making investments in the professional development of its staff. We enable our employees to develop their abilities and stay current with national and international market trends through a variety of training programmes and workshops. Workings of Sections falling under the HRM Wing are given below.

COUNCIL SECTION

Council Section plays an important role to coordinate among all Wings of Finance Division and other Ministries, Divisions, as well as with the attached departments of Ministry of Finance to handle the Parliamentary Business in both the Houses of Parliament.

MAIN TASKS:-

- ❖ Transmission of Questions, Motions, Calling Attention Notice, Resolutions, cut Motions to concerned Wings of Finance Division as and when received from Senate/National Assembly.
- ❖ To submit the replies of questions/ motions/resolutions/calling attention notice of National Assembly / Senate in time for printing before Rota day.
- ❖ To coordinate the holding of meetings of Standing Committees on Finance & Revenue.
- ❖ To coordinate with FBR and attached departments of Finance Division for timely preparation/delivery of approved replies / brief.
- ❖ Briefing to Finance Minister/Minister of State/ Parliamentary Secretary on Parliamentary Business and meetings of Standing Committees

ACTIVITIES / ACHIEVEMENTS/ PROGRESS:

Council Section of Finance Division has completed the following tasks relating to Parliamentary Business during the year 2022-23:-

SENATE BUSINESS:

- ❖ Council Section facilitated / coordinated for conduct of **31 Senate Standing Committee meetings** scheduled during the year.
- ❖ Finance Division participated in **32 Senate Sessions** with necessary documents during the year.
- ❖ Council Section made arrangements for smooth conduct of **17 Rota days** of Ministry of Finance & Revenue scheduled by Senate Secretariat.

NATIONAL ASSEMBLY BUSINESS:

- ❖ Council Section facilitated / coordinated for conduct of **18 National Assembly Standing Committee meetings** scheduled during the year.
- ❖ Ministry of Finance & Revenue participated in **70 National Assembly Sessions**.
- ❖ Council Section made arrangements for smooth conduct of **22 Rota days** of National Assembly relating to Ministry of Finance & Revenue scheduled by Secretariat.

BUDGET 2023-24:

The Government presented the Annual Budget 2023-24 in the Parliament on 09-06-2023. In this regard, a camp office was established in the National Assembly wherein Council Section had played a vital role to facilitate the officers of Finance Division as well as the members of the Parliament. Till the final approval of annual budget, Council Section had been dealing with Senate Standing Committee on Finance & Revenue for making recommendations to the National Assembly on the Finance Bill, 2023-24, containing the Annual Budget Statement. The other miscellaneous duties were performed by the Council Section during the budget session to make it a successful.

BUDGET & ACCOUNT (B&A) SECTION

The functions of B&A Section are as under: -

- Preparation and processing of budget of Finance Division (Main) and its allied organization under Demand No. 041.
- Pension / family pension matters of the employees of Finance Division.
- Coordination of Audit of Finance Division (Main).
- Liaison with the office of AGPR timely release of salaries and payment of contingent bills of vendors.

The statement showing the budget in respect of Finance Division (Main) and its allied organizations.

Pension papers/cases of 49 officers/officials were prepared who retired during the year 2022-2023.

PROTOCOL SECTION

- Protocol services were provided to the foreign as well as local delegates/guests Ambassadors, Ministers/MOS and senior officers of Finance Division.
- Number of official/gratis passports were renewed/issued from Directorate General of Immigration and passports in respect of officers of this Division.
- Note Verbal from M/O Foreign affairs were arranged on request of the concerned officers.
- Number of Visas were arranged from respective embassies for the Officers of Finance Division who proceeded aboard for official meetings / trainings / seminars / workshops, etc.
- No Objection Certificates were issued to the Officers of BPS-17 and above preceded abroad for official meetings / training courses / seminars / workshops etc.

SERVICES SECTION

Services Section is primarily responsible to look after management and provision of all required services to the employees of the Finance Division. The services include but not limited to the repair/maintenance of the office buildings .i.e. Q-Block, S-Block, FBC Building, Kohsar Complex, machinery and equipment, furniture and fixture etc. Besides, it also provides logistical support to all employees of the Finance Division on need basis. Furthermore, The Services Sections have been able to perform its duties satisfactorily during the Financial Year 2022-23.

LIBRARY

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

S. No	Nature of Cases	Number of Cases received (from July 2022 to June 2023) and disposed of
1.	Purchase of Books	-
2.	Technical processing of Books i.e. Accessioning, Cataloguing, Classification and Computerization of Books, Periodicals and Newspapers.	465
3.	Issuance of Books	22 (books)
4.	Receiving of Books	07 (books)
5.	Issuance of NOC/NDC	81 (Cases)
6.	Provision of Newspapers to Officers	80 (Cases) every month
7.	Maintenance of record regarding Circulars, Office Orders & Notifications	237

DOCUMENTATION SECTION

S.No.	Functions	CASES RECEIVED	Achievements
1.	Publication of Year Book of Finance Division	01	Year Book (2021-22) was uploaded on the website of Finance Division.
2.	Preparation of Permanent and Temporary Security Passes of Officers/Officials of Finance Division	Permanent 266 Temporary 109	266 Permanent Passes got issued in collaboration with M/o Interior. 109 Temporary passes got issued by Documentation Section.
3.	Issuance of No Demand Certificates (NDCs) in respect of officers/officials on their either retirement or transfer from Finance Division	82	82 NDCs were issued.
4.	Online Public Complaints received through Wafaqi Mohtasib's Secretariat Public Complaint Resolution Mechanism	336 Complaints received through online system.	All complaints were forwarded to concerned quarters for final disposal under intimation to Wafaqi Mohtasib Ombudsman's Secretariat and the complainants as well.

- Measures were also taken to ensure strict security of office buildings of Finance Division in the light of directions by law-enforcing agencies from time-to-time.
- A full time Reception Desk is working at the entrance of Q-Block to enlist the visitors in a register.
- Displaying of official security passes by all the officers/officials during duty hours has also been ensured.
- Annual Inspection of Finance Division (Year 2022) was undertaken by a team of Intelligence Bureau.

(Quality Assurance - I & II Sections)

Sl.#	Main Tasks	Target Achieved during the year 2022-23
1	Foreign Training Chartered Financial Analyst Scholarships (CFA)	<ul style="list-style-type: none"> ➤ 37 applications of Officers were processed for foreign training. ➤ 5 applications received and forwarded.
2	Domestic/Inland Training <ul style="list-style-type: none"> • Officers • Officials • Naib Qasids 	<ul style="list-style-type: none"> ➤ 36 applications of officers/officials were processed for domestic/inland trainings. ➤ 23 Officers availed the domestic/inland training facilities. ➤ 9 Officials availed the training from STI. ➤ 233 Naib Qasids, Daftries, Qasids, has availed the domestic/inland training facilities from STI.
3	Nomination / Appointment of Departmental Quality Assurance Coordinators(DQACs)	<ul style="list-style-type: none"> ➤ Departmental Quality Assurance Coordinators (DQACs) are nominated in each Wing of Finance Division to implement Quality Assurance Program and to coordinate with the ISO Secretariat for better public service delivery. ➤ 14 Officers were nominated as Quality Assurance Coordinators in the respective Wings of Finance Division.
4.	ISO Certification	➤ After completion of all cordial formalities Tender for ISO Certification was awarded to M/s ISOQAR.
5.	Customer Satisfaction Index (CSI)	➤ Customer Satisfaction Surveys are required to be conducted to determine customer requirements and expectations regarding performance. CSI for the period of July 2023-June 2023 has been completed.
6.	Work Efficiency	➤ Work Efficiency Survey is one of the important quality appraisal tools that is regularly conducted twice a year in order to achieve Quality Objective i.e “Continually Improve Work Efficiency” under the umbrella of Quality Assurance Programme of Finance Division. Work Efficiency Survey for above mentioned financial year has been completed.
7	Newsletter	➤ Quality Assurance Procedure, Quality Review Newsletter of Finance Division is to be published to promote the theme and vision of the Quality Assurance Program .Quality Review newsletter for the period (July-December, 2022) has been published.
8.	Internal Quality Audit	<ul style="list-style-type: none"> ➤ The prime focus of Internal Quality Audit is to assess the conformance of Quality activities carried out in respective Wings with the established Quality Assurance Programme of Finance Division. ➤ Accordingly, 24th Internal Quality Audit for the period 1st July 2022 to 31st December 2022 has been successfully carried out from 12th -14th June 2023 by our experienced

		<p>and trained Departmental Quality Assurance Coordinators/ Auditors in March 2021.</p> <p>➤ The Audit Findings comprising Major or Minor Non-Conformities (NCs)/observations are subsequently conveyed to the Wings for initiating appropriate corrective actions.</p>
9.	Prime Minister's Delivery Unit (PMDU)	<p>Pakistan Citizen's Portal (PCP)</p> <p>➤ All complaints received on Finance Division dashboard of Pakistan Citizen's Portal were got resolved through relevant Wings and department concerned.</p> <p>➤ Three review meetings of PMDU were held to resolve escalated and super escalated complaints pending on the dashboard of various Wings and departments of Finance Division.</p> <p>Task Management System (TMS)</p> <p>➤ 102 tasks assigned by the Prime Minister of Pakistan received through PCP dashboard were got completed through relevant Wings of Finance Division.</p>

COORD-I SECTION

S#	Main Tasks	Course of action	Cases received	Target achieved during the year 2022-23
1.	Circulation of Instructions/ Orders/ Notifications/ Circulars in Finance Division, its Attached Departments, Corporations, Autonomous/ Semi-Autonomous Bodies received from Prime Minister's Office, Finance Ministers Office, Cabinet Division, Establishment Division/ Interior Division and other Ministries Divisions.	The said instructions / Orders / Notification / circulations are immediately forwarded to the attached departments / subordinate offices of Finance Division for further necessary action.	108	108
2.	To ensure timely publication of Notifications issued by Finance Division in Gazette of Pakistan.	Notifications received from different wings of Finance Division are forwarded to the PCPP, Karachi/Islamabad for publication in the Gazette of Pakistan.	82	82 notifications forwarded to PCPP Karachi / Islamabad
3.	Obtaining information from Attached Departments/Sub-Ordinate Offices requested by following: - i. Senate Secretariat/ National Assembly ii. Establishment Division iii. Cabinet Division iv. Prime Minister's Office v. Other Ministries /Divisions vi. Pakistan Information Commission	Obtained the requisite information from different wings of the Finance Division (Main) and its entities and submit consolidated replies to the concerned quarters.	8 22 5 8 18 16	77 cases disposed off.

(i) Total Cases received = 267

(ii) Total Cases disposed off = 267

Coordination-II Section

S#	Main Tasks	Course of action	Cases received	Target achieved during the Year 2022-23
1.	Cabinet decisions received in the Section from the Cabinet Division.	The said decisions were immediately forwarded to the concerned Wings/ Offices of the Finance Division for implementation report.	58	Disposed off 58 decisions.
2.	Economic Coordination Committee (ECC) of the Cabinet decisions received in the Section from Cabinet Division.		100	Disposed off 100 decisions.
3.	Executive Committee of National Economic Council (ECNEC) decisions received in the Section from Cabinet Division.		50	Disposed off 50 decisions.
4.	Decisions of the Cabinet Committees received in the Section from Cabinet Division.		06	Disposed off 06 decisions.
Total			214	214

- i. **Total number of cases/decisions received: 214**
ii. **Total number of cases/decisions disposed off: 214**

FINANCIAL ANALYSIS WING

Introduction:

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

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

Functions:

Major functions of this Wing are as follows:

1. To take part in the formulation of fiscal policy of the country.
2. To oversee matters regarding anti-money laundering.
3. Functional capabilities of a Chief Financial Officer.
4. Establishing authenticity of data/information provided by other institutions.
5. Analysis of banks/schemes where GOP's contribution is involved.
6. Observance of rules and regulations under which a reference is to be proposed.
7. Investment banking
8. Development financing
9. Leading change in complex organization.
10. Money laundering its techniques and controls.

Performance:

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

- 1) Drug Regulatory Authority of Pakistan
- 2) Printing Corporation of Pakistan
- 3) Institute of Cost and Management Accountants of Pakistan

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

Budget Wing

Budget Wing is primarily entrusted with formulation and execution of the federal budget, and management of public finances and ancillary reforms. It is divided into the following three functional units:

- i. Budget-I: preparation of budget and its approval from the parliament
- ii. Budget-II: public finance management reforms
- iii. Budget-III: budget implementation , cash forecasting and the treasury single account initiative

Major Initiatives

- Initiatives on green and gender responsive budgeting
- Expansion of the treasury single account initiative with operationalization of sweeping arrangement
- Concerted efforts to enhance non-tax revenue through repeated engagement with relevant ministries and entities
- Improving the functioning of the Federal Treasury Office (FTO) and the Central Directorate of National Savings (CDNS)

Central Directorate of National Savings (Attached Department of Budget Wing)

For FY 2022-23, the gross target of investments in National Savings Schemes (NSS) and prize bonds was Rs. 1.15 trillion. CDNS surpassed this target and achieved an investment of Rs. 1.62 trillion. CDNS drive towards digitization gained significant momentum as it started operations on real-time basis through automation. Customers can now collect profit through cheques, ATMs or direct credit through RAAST payment gateway without having to visit National Savings Centers. CDNS remains engaged with the Central Depository Company (CDC) for dematerialization of savings certificates. Another important achievement of the department was its compliance with FATF recommendations.

In May 2023, CDNS successfully launched Shariah compliant products namely, Sarwa Islamic Savings Account (SISA) and Sarwa Islamic Term Account (SITA). These products were launched as the public had persistently demanded for Islamic savings products. The response received was healthy, with a total of Rs. 15 billion deposits received since launch.

As a new initiative, CDNS developed a ‘National Savings Digital’ mobile application which will allow customer to transfer funds, purchase or encash digital products and open digital accounts. The initiative will be taken forward to cater for outward funds transfer, utility bills payment and mobile top-up. Digital prize bonds are also in pipeline.

CORPORATE FINANCE WING

The Corporate Finance Wing looks after the economic, financial and corporate affairs of various Public Sector Entities (PSEs). The financial support is provided to the PSEs for their operational restructuring to make them sustainable entities. In this connection, GOP grants, loans, subsidies and equity investment are provided. The PSEs are also allowed to avail Bank Credit as per Cash Credit Limits assigned by Finance Division against their own assets. In case of specific approval by ECC, sovereign guarantees of GoP are issued for credit to meet their financial requirements under GOP guarantees.

The major activities / achievements during the FY 2022-23 relating to CF Wing are as under:

SOEs Reforms:

- i. The State-Owned Enterprises (Governance & Operations) Act, 2023 has been promulgated vide Gazette Notification No. F. 22 (21)/2021-Legis dated February 02, 2023.
- ii. Under Section 4 of the State-Owned Enterprises (Governance and Operations) Act 2023, a draft SOEs policy is being developed with the technical support of Asian Development Bank (ADB). The draft SOE policy has been thoroughly discussed with all the line Ministries/Divisions and is at final stage of consultation with the stakeholders. The SOEs policy will be submitted to the Federal Cabinet for approval after following all legal formalities.
- iii. For implementation of SOEs Act, 2023 in letter and spirit and to update all the line Ministries/Divisions and SOEs over the SOEs Reforms, Finance Division conducted a workshop on 8th May, 2023.
- iv. In Order to improve the administrative and legislative structure of the SOEs, Finance Division has initiated to amend the Acts of the SOEs in line with the SOEs Act, 2023. This matter has been taken up in consultation with the concerned Ministries/Divisions, SOEs and other stakeholders.

CASH LOANS / CASH DEVELOPMENT LOAN/GRANTS:

- i. With the approval of the ECC and the Cabinet Rs. 2,488/-million was provided to Pakistan Steel Mills (PSM) as GoP loan to meet their requirement of pay and pension of PSM employees.
- ii. Cash loan of Rs. 500 million was provided to Pakistan Machine Tool Factory for retiring banks liabilities and meeting employees related expenses.
- iii. Budget Allocation of Pakistan Railways for FY 2022-23 was Rs. 45 billion and was released in full to Pakistan Railways during FY 2022-23.
- iv. The Cash Development Loans were extended to the following PSEs through PSDP on the prescribed terms and conditions:
 - a. National Highways Authority Rs.75,190.396 million

b. Pakistan Broadcasting Corporation Rs.412.777 million

Detail of Cash Credit Limits (CCLs) on quarterly basis to the PASSCO, TCP, Punjab Seed Corporation and various provincial food departments as part of Commodity Operations Financing (COF) during CFY- 2022-23 is as under:

(Rs. in Billion)

S. N.	Particulars	Budget 2022-23	Amount Released 2022-23
1	USC, Prime Minister's Relief Package	5.00	33.171
2	Wheat Reserve Stokes	5.00	5.00
3	Cost Differential for Sale of Wheat	2.00	2.00
4	Wheat Subsidy to GB		10.900
5	Subsidy for import of Urea		5.570
6	Production & Supply of Urea Fertilizer		15.00

DIVIDEND:

Federal government has been injecting investment in the Share Capital of Financial/Non-financial institutions in the account of non-tax receipt, GOP has received dividend on its investment during last financial year as under: -

(Rs. in Million)

Description	Budget Estimates FY 2022-23	Receipt FY 2022-23
Financial Institutions	1,605.000	666.974
Non-Financial Institutions	78,695.000	66,396.947
BESOS	-	1,605.103
Total:	80,300.000	68,669.024

DEVELOPMENT WING

PROFILE OF FUNCTIONS OF DEVELOPMENT WING

Development Wing of Finance Division, inter-alia, performs the following functions/ tasks:

- In general Development Wing deals with Finance Division (Main)'s projects reflected in PSDP under the portfolio of Finance Division and its allied matters.
- Proper utilization of Development funds of Projects of Finance Division (Main), Appraisal/ Evaluation of documents (PCs / Feasibility Studies / Concept Clearance Proposals) of Development Projects of various Ministries / Divisions / Provincial Governments shared by Planning Commission M/o Planning Development & Special Initiative (PD&SI).
- Examination/Scrutiny of PSDP Projects (Finance Division (Main) reflected under the portfolio of Finance Division.
- Liaison with M/o PD&SI for implementation of policies with regard to development projects to ensure the following:
 - i. The schemes are fit in overall Development Program.
 - ii. The scheme does not clash with any other schemes of any other Ministry / Division /Department either in principle or in detail and that no contradictory policy is being followed in schemes of two different Ministries / Divisions / Departments.
- Preparation of Briefs for meeting of CDWP, ECNEC & NEC.
- Representation of Finance Division in meetings of Pre-CDWP, CDWP, Post-CDWP & ECNEC.
- Representation of Finance Division in quarterly reviews of Federal PSDP convened by PD&SI.
- Coordination with concerned Joint Secretaries (Expenditures) on Development Projects.
- Coordination with Budget Wing for release of funds & incorporating necessary information in SAP System.
- Formulation of Statements regarding excesses & savings, reconciliation of expenditure to fulfil statutory requirements and maintain financial discipline.
- Representation of Finance Division in the Selection Committees Constituted by different Ministries / Divisions for recruitment of independent Project Directors (PDs) under Project Pay Scales (PPS).
- Downloading / Uploading soft copies of PC-Is from/on "Intelligent Project Automation System" (IPAS) of PD&SI Division.

- Pursuant to issuance of Budget Call Circular by Finance Division followed by Notices from “Standing Committees of National Assembly / Senate on Finance & Revenue” submitting cases of proposed PSDP(to the extent of PSDP Projects of Finance Division (Main) for seeking its approval in principle.
- Participation in Annual Plan Coordination Committee (APCC) meeting under Planning Commission to finalize the Indicative Budget Ceiling (IBC) for Development Projects.
- On receipt of final Indicative Budget Ceiling (IBC) for each Development Project of Finance Division (Main) preparation of New Item Statement (NIS)/Budget Order(BO).
- On approval of budget by the parliament, adherence to release of budget in the wake of Strategy in vogue, Annual Work / Cash Plans for Development Projects of Finance Division (Main) processed with Planning Commission (Project Management & Evaluation System (PMES) for their concurrence and regular monitoring.
- Participation in meeting of Departmental Accounts Committee (DAC) / Public Accounts Committee (PAC) in connection with appropriation accounts of PSDP projects of Finance Division (Main).
- Disposal of Petitions/complaints received through Prime Minister’s Delivery Unit (PMDU) / Citizen Portal. Disposal of miscellaneous issues / tasks assigned time to time.

ACHIEVEMENTS DURING F.Y 2022-23

S.N.	Meetings Attended	Number	No. of Projects
1.	Pre-CDWP Meetings	192	228
2.	CDWP Meetings	42	612
3.	Post CDWP Meetings	01	01
4.	ECNEC Meetings	08	77
5.	APCC Meeting	01	(Projects of F. D) (Main)
6.	NEC Meeting	01	08
	Total	134	---
PC-Is received During FY 2022-23			319

3. Represented Finance Division in a series of meetings including Quarterly Reviews and Annual Review of PSDP convened by PD&SI. Development Wing also participated in the meetings for Selection of Project Director of PSDP Projects of Ministries / Divisions.

4. Participated in Annual Plan Coordination Committee (APCC) meeting to finalize Indicative Budget Ceiling (IBC) for Development Projects. During formulation of PSDP 2022-23, Annual work/cash plan of **08** Development Projects of Finance Division (Main) were finalized and got approved from Finance Secretary in capacity as Principal Accounting Officer (PAO) and Planning Commission, and subsequently uploaded the same on PMES System for regular monitoring. Development Wing also represented Finance Division in the Quarterly / Mid-Year / Full Year Review meetings of PSDP 2022-23 in the Planning Commission.

5. Pursuant to release of funds, respective Project Director(s) (PDs) are responsible for the expenditure to be incurred. A profile of project wise allocation, vis-à-vis, release of funds for F.Y 2022-23 is as follows:-

(Rs. In Millions)

S#	Name of the Project	Approved Cost Up-to 30-06-2023	Allocation 30-06-23	Release 30-06-23	Cumulative Exp. Up-to 30-06-2023
i.	Construction of Federal Audit Complex, Mauve Area, G-8/1, Islamabad (PSDP No. 196).	504.970 (20-03-2020)	171.647	171.647	310.920
ii.	Construction of Office Building of Competition Commission of Pakistan (CCP) (PSDP No. 197).	47.200 (06-04-2021)	23.600	2.800	13.800
iii.	Financial Inclusion & Infrastructure Project (PSDP No. 198).	22282.410 (06-10-2017)	227.704	227.704	9490.820
iv.	Implementation & Mainstreaming of Audit Management Information System (AMIS) (PSDP No. 199).	1003.356 (19-05-2021)	370.240	184.350	520.660
v.	Implementation of PFM Policy Framework in Federal Government (PSDP No. 200).	320.000 (05-04-2021)	156.806	49.000	61.660
vi.	Modernization & Up-gradation of Pakistan Mint Phase-II-A (PSDP No. 201).	1790.000 (08-06-2020)	500.000	10.624	14.920
vii.	Construction of Pakistan Audit & Accounts Academy (PAAA) at H-8/4, Islamabad (PSDP No. 202).	1500.000 (04-06-2022)	200.000	90.000	90.000
viii.	Feasibility Study for Construction of National Saving Complex, Islamabad (PSDP No. 203).	8.000 (29-03-2022)	10.000	0.000	0.000
New Schemes / Projects Under Process Till 30-06-2023					
ix.	Construction of Audit House, Lahore	Under Procedure	250.000	0.000	0.000
x.	Implementation of online Billing Solution (Sehel) Under the PFM Reforms at Federal & Provincial Level (PC-I)	Under Procedure	1000.000	0.000	0.000

Total		2909.997	736.125	10502.780
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6. Apart from above, Development Wing performed the under-mentioned functions:
- i. Preparation of working paper/ briefs for higher authorities to attend meeting of DAC/PAC.
 - ii. Processed cases for surrendering of anticipated savings projects dealt by Development Wing.
 - iii. Attended meeting in connection with PC-IV and PC-Vs of the completed projects.
 - iv. Forwarded PC-IV project titled “Modernization & Up-gradation of Pakistan Mint Phase-II” to M/o PD&SI.

ECONOMIC ADVISER'S WING

The detailed activities performed during FY2022-23 are as under:

A. Publication – Pakistan Economic Survey

Economic Adviser's Wing regularly prepares and publishes the annual document of Pakistan Economic Survey along with its highlights. Pakistan Economic Survey 2022-23 was launched by the Minister for Finance and Revenue on 8th June, 2023. The Economic Survey evaluated the overall performance of the country in the outgoing year. It reviewed the government's economic and social policies, programmes and projects across all sectors of the economy and provided their implementation status on the basis of preceding fiscal year's data. The survey comprises of 17 chapters & 03 Special Sections as mentioned below:-

Overview of the Economy	
Chapters	
i. Growth and Investment	x. Education
ii. Agriculture	xi. Health and Nutrition
iii. Manufacturing and Mining	xii. Population, Labour Force and Employment
iv. Fiscal Development	xiii. Transport and Communication
v. Money and Credit	xiv. Energy
vi. Capital Markets & Corporate Sector	xv. Information Technology and Telecommunication
vii. Inflation	xvi. Social Protection
viii. Trade and Payments	xvii. Climate Change
ix. Public Debt	
Special Section	
i. Contingent Liabilities	iii. Pakistan Floods 2022 Impact Assessment
ii. Tax Expenditure Report 2023	

Economic Survey caters the demand of wide ranging audience both at national as well as international level which includes academia, researchers, policy makers, development partners, embassies, public and private sectors organisations etc. The soft copies of Economic Survey are also made available through the official website of Finance Division www.finance.gov.pk for its broader outreach both at national and international level. The soft version of Economic Surveys published during the last sixteen years can also be accessed on the official website of Finance Division. So far, over 100,000 visitors have accessed the document and around 1300 copies of Pakistan Economic Survey 2022-23 and 800 USB cards were distributed.

B. Publication - Statistical Supplement of Pakistan Economic Survey

Economic Adviser's Wing also publishes the Statistical Supplement of Pakistan Economic Survey that comprises of data for the entire fiscal year (July-June) along with data series of several preceding years on various chapters published in the Economic Survey. Hence, it is a complete document that presents historical trend of all the major economic indicators. Data on each sector is compiled in close coordination with the concerned organizations like State Bank of Pakistan, Pakistan Bureau of Statistics, Federal Board of Revenue and various Ministries/Divisions/Agencies & attached Departments. Statistical Supplement of the Pakistan Economic Survey 2021-22 was published on 15th December, 2022.

C. Monthly Economic Update & Outlook

Economic Adviser's Wing has been regularly publishing Monthly Economic Update & Outlook since March 2020 which is also available on Ministry's Website. The monthly document highlights the trend of all major economic indicators and their detailed analysis along with the economic outlook for coming months. Total 40 reports pertaining to Monthly Economic Update & Outlook have been published till June 2023.

D. Macro-Fiscal Policy Unit

The Macro-Fiscal Policy Unit (MFPU) is established to strengthen professional and analytical capacity of the Ministry of Finance with the objective to provide its estimates on the overarching macroeconomic and fiscal framework through state-of-the-art Econometric Modelling.

MFPU has performed following activities during FY2022-23:

1. Prepared first Medium-Term National Macro Fiscal Framework (MTNMFF) under section 7A of Fiscal Responsibility and Section and Debt Limitation (Amendment) Act, 2022.
2. The framework has been complemented by incorporating Fiscal Sensitivity Analysis which elaborated the consequences of Expenditure/ Revenue Policy Alternatives for maintaining/ ensuring Fiscal Sustainability. The MTMNF serves as the base for preparing budget strategy paper which is prepared under section 5 of the Fiscal Responsibility and Debt Limitation Act, 2005.
3. Prepared and published first Annual Debt Sustainability Analysis Report that provides analysis of debt dynamics to enhance debt transparency, fiscal sustainability, and evidence for strengthening of debt management in upcoming three years.
4. Prepared and developed comprehensive Fiscal Risk Statement covering all potential risks and uncertainties that could impact the country's fiscal outlook in the coming years under section/4, sub-section/3 (b) of the Public Finance Management Act, 2019.
5. Developed and published Annual Fiscal Policy Statement for FY2021-22.
6. Provided extensive input to Budget Wing in preparation of Mid-Year Budget Review Report for FY2022-23.
7. Prepared and submitted Budget Proposals for Annual Budget 2023-24.

E. Parliament Business

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

F. Other Tasks

Economic Adviser's Wing has provided inputs on all the relevant economic and financial matters to the other wings of Finance Division as and when asked. During 2022-23, Economic Adviser's Wing represented Ministry of Finance in meetings with International Monitoring Fund, World Bank, Asian Development Bank and other high level national committees like National Accounts Committee, Senate Standing Committee for Finance and Revenue, Annual Plan Coordination Committee, Technical Committee for New Base Year, Data Producer Council and Federal Committee on Agriculture etc.

The Wing also provided input/comments on Standard and Poors, Fitch and Moodys reports. During 2022-23, the Economic Adviser's Wing gave several presentations and delivered lectures on economic situation to important national institutes such as National Defence University, Staff College and National Institute of Public Administration.

Expenditure Wing

Expenditure Wing of the Finance Division is the interface between Finance Division and all the Ministries/Divisions of the Federal Government. The Wing is headed by Additional Finance Secretary along with 10 Joint Secretaries and 18 Deputy Secretaries. Joint Secretaries are allocated office work relating to financial matters of different Ministries/Divisions. The main functions of Expenditure Wing include:

- I. Ensuring appropriate allocation of funds to Ministries through expenditure tracking analysis (role in budget preparation).
- II. Exercising controls in expenditure under Cabinet's instructions to ensure austerity.
- III. Firming up proposals for Technical Supplementary Grants (TSGs), Supplementary Grants (SGs) based on discrete need analysis.
- IV. Approval of Re-appropriations of funds under the restricted heads of expenditures as per Finance Division's policy guidelines.
- V. Advising Federal Divisions on financial management and expenditure related issues.
- VI. Rendering financial advice to the autonomous entities as member of Board of Directors (BOD)/Board of Governors (BOG).
- VII. Representation of Finance Division (from expenditure perspective) on top policy fora i.e. Federal Cabinet, ECC, Standing Committees, ECNEC, CDWP, DDWPs etc.
- VIII. Representation of Finance Division in Public Accounts Committee, Departmental Accounts Committees.
- IX. Examination of summaries for the Prime Minister on various financial matters initiated by Ministries/Divisions.
- X. Release of funds to the departments, keeping in view the prevailing instructions, utilization of funds and trend of expenditure;

2. Every year, owing to financial constraints faced by the country, Finance Division introduces Austerity measures. During the financial year 2022-23, the Federal Cabinet, in view of un-precedented financial challenges, decided to take austerity measures to curtail expenditures and to ensure utilization of public money so as to reduce fiscal deficit. Accordingly, in July, 2022, the Federal Cabinet imposed ban on the expenditures of the following heads of accounts: -

- i) Creation of posts
- ii) Purchase of vehicles
- iii) Procurement of durables
- iv) All official visits abroad by the Government functionaries where GoP funding is involved except obligatory visits for all Ministries / Divisions/departments/organizations/ autonomous bodies/ corporations/ authorities etc.
- v) Reduction of existing entitlement of POL for government functionaries by 30%;

3. During the financial year 2022-23, the Federal Cabinet also constituted a high level Austerity Committee headed by Finance Minister with Minister for Planning, Minister for Communication, Minister for Commerce, Minister for Maritime Affairs, Minister of State for Finance, Secretary Finance, Secretary Planning, Secretary Industries, and Additional Finance Secretary (Expenditure) as its members. The Committee's TORs were to:

- a) periodically review and ensure implementation of Austerity Measures and matters ancillary to ;

- b) invite proposals from Principal Accounting Officers for curtailing expenditures;
 - c) approve proposals for relaxation from the approved measures;
 - d) Constitute a separate committee for reviewing need and utility of autonomous bodies, SOEs, corporations, authorities, etc.
4. Three meetings of Austerity Committee were held under the chairmanship of Minister for Finance & Revenue during FY 2022-23 wherein several proposals for relaxation of ban imposed on purchase of vehicles and creations of posts were considered and approved.
5. The Federal Cabinet on 22.02.2023 further strengthened austerity measures by imposing ban on purchase of vehicles and durables till June, 2024, non-obligatory visits involving GOP funds, and that too with visit in Economy class hotel.
6. In addition to Austerity Measures Expenditure Wing also deals with matters relating to Controller General of Accounts and Auditor General of Pakistan as given below:

Office of Auditor General of Pakistan

The Department of Auditor General of Pakistan being established under constitutional provisions has been mandated under Article 169 & 170 (2) of the Constitution of Islamic Republic of Pakistan to carry out Audit. The exercise culminates in the form of Annual Audit Reports relating to the Accounts of Federation, Provinces and Local Governments.

Compliance with Authority and other Audits

The reports of the AGP on Compliance with Authority and Performance Audits are distinct from the Financial Attest of Accounts. In compliance with authority audits, the expenditure incurred by executive entities are examined in the light of laid down rules and regulations and irregularities, misappropriation, misclassification and failure of internal controls are highlighted in audit reports. During the audit year 2022-23, the Field Audit Offices working under the supervision and control of various audit Wings of the Department of Auditor General of Pakistan carried out the audit of formations of Federal and Provincial Governments along-with entities of Local Governments and Public Sector Enterprises. Table below provides nation-wide figures of the total amounts audited, recoveries made on the basis of the audit findings and values of transactions placed under audit observations reported in Audit Reports laid before Parliament/Provincial Assemblies.

(Rs. in million)

Sr. No	Description	Total
1	Total amount audited	25,623,786.46 US\$ 196.618
2	Recovery made at the instance of audit	483,893.36 US\$ 0.061
3	Amount placed under audit observations	15,277,759.78 US\$ 160.655 Euro 3.237

Table below provides nation-wide figures of audit reports issued in the audit year 2022-23:

Sr. No.	Description	No. of Reports
1	Audit Reports	80
2	Special Audit Reports	43
3	Certification Audit	244
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5	Other Audit Reports (Audits of Foreign Aided Projects, IT & Environment Audit /Special Studies)	216
Total		607

Office of Controller General of Accounts

The office of Controller General of Accounts was established through CGA Ordinance (Appointment, Functions and Powers) in 2001. This office, being premier accounting institution of the country, is primarily responsible for the authorization of payments, accounting and reporting of the financial transactions of the Federation. The detailed functions and responsibilities of Controller General of Accounts have been laid down in Sections 5 and 7 of CGA Ordinance (Appointment, Functions and Powers) 2001. The office of Controller General of Accounts performs its functions through Account General Pakistan Revenues (AGPR), Provincial Accountant Generals (AGs) and Self Accounting Entities (SAEs). This office prepares Financial Statements on the format of Intelligent Project Automation System (IPSAS) Cash Basis-Financial Reporting under the Cash-Basis of Accounting that fulfills financial reporting requirements of International Financial Institutions (IFIs). Moreover, Combined Financial Statements (CFS) of Federation are prepared by using Systems Applications and Products / Real Time three tier application architecture(SAP/R3), a robust software, which is implemented across the country.

The office of Controller General of Accounts is playing a pivotal role in the implementation of Public Finance Management (PFM) Reforms besides embarking upon new initiatives like online bill submission, Micro Payment Gateway (MPG) and Biometric Verifications Services (BVS) of pensioners to ensure transparency in financial transactions and accuracy of Financial Statements of the country.

The following functions/activities have been done by the CGA office:

1. Online bill submission

2. Green Channel Facility
3. Anticipatory Pension Program
4. Mandatory Deduction of Sales Tax on services
5. E-Salary slips and Pension slips
6. Micro Payment Gateway (MPG)
7. Daily Debt and Receipts Data Collection
8. Biometric Verification of Pensioner's Life Certificate
9. Dashboards for Ministry of Climate Change
10. Dashboards for the Federal and Sindh Secretaries of Finance
11. System based Controls
12. Processing of Monthly Salaries and Pension through SAP
13. Monthly Civil Account of Federal and Provincial Governments
14. SAP Data Archiving and SAP Re-Org
15. Disbursement Linked Results (DLRs) of WB funded Projects
16. Devolution of Release of PSDP Projects
17. SAP Business Objects/ Business Intelligence Tool

ACHIEVEMENT OF CONTROLLER GENERAL OF ACCOUNTS

Online Bill Submission:

FABS Directorate has developed a standardized and simplified online billing solution SEHAL (سهل) which will bring transparency in doing day-to-day business and will also facilitate in reporting. Online bill submission will replace paper-based bills and manual token system. Under this solution bills are submitted electronically through a web link/portal using internet. The solution has been implemented successfully during FY 2021-22 and 2022-23 in 11 Ministries/ Departments and PC-1 to roll it out to other Ministries and Accountant General Offices has been approved.

Green Channel Facility (GCF):

For speedy & efficiently service delivery processing of claims up to Rs.25,000/- and all utilities bill irrespective of the amount, GCF is introduced in the office of AGPR, Islamabad. GCF is an automated approval system and fast track/ one-day processing facility for day-to-day expenditures of the Ministries/ Divisions/ Departments.

On-line submission of 'schedules' of Assan Assignment Accounts (AAA) and Revolving Fund Account (RFA):

A new solution has been developed for submitting AAA and RFA schedules of cheques to Account office for online endorsement by project authorities which has replaced physical visits and paper-based endorsements. Through this initiative not only the submission of schedules of cheques on-line but also their clearance/accounting, reconciliation with NBP and rendering copy of schedule to NBP, is performed online. Currently, the solution is used by Higher Education Commission (HEC), Benazir Income Support Program (BISP) and Khyber Pakhtunkhwa Revenue Mobilization Project (KPRMP) Peshawar.

Establishment of Pension Facilitation Center.

Pension facilitation center has been established to facilitate the pensioner and ensure on time payment of pension. The main activate / facilities of pension facilitation centres as under: -

- i. **Anticipatory Pension Program** has been introduced to ensure that no retiree remains unpaid on retirement. Anticipatory Pension is being authorized @ 65% of the pay of the retiree immediately and without requirement of a single document till finalization of (regular) pension. This functionality is implemented in Federal Government, AG Khyber Pakhtunkhwa, AG Balochistan and AG Sindh.
- ii. **Biometric Verification of Pensioner's Life Certificate** is one of the initiatives to provide pensioners the facility of biometric verification linked with NADRA that automatically provide 'proof of life' to the computerized pension system. This functionality has been piloted in AGPR Islamabad and will be replicated to all AGs.

iii. **Online Pension Case:** Successful pilot project for processing online pension cases routed pension facility centers. With this solution, Pension cases of retired government employees can be submitted by the Ministry, using SAP. The pension documents are attached in the SAP for processing at Account Offices. The solution has been piloted in Establishment Division of Federal Government and also in AG Punjab for provincial Education department.

Mandatory Deduction of Sales Tax on services:

FABS Directorate, in consultation with Sindh, and Balochistan Revenue Authorities and Accountant Generals, has developed SAP ERP software solutions for mandatory deduction of sales tax on services rendered on payments processed by AGs/DAOs. Through these solutions the FABS system synchronizes with FBR/PRAL database on a daily basis to verify the status of sales tax registration of vendors/suppliers. System auto updates status of Vendors for distinction of status as filer and non-filer to auto calculate and deduct sales tax on services. The system ensures that the correct amount of sales tax on services at applicable rates is withheld from the bills.

FABS Directorate has also enabled automatic calculation and deduction of Income Tax as per applicable rates on the vendor bills/ claims processed through SAP system. This solution allows SAP system to communicate with PRAL system through an API to fetch Active Taxpayer List (ATL) status of vendors (filer/non filer); and based on this status income tax rates are applied.

E-Salary slips and Pension slips Micro Payment Gateway (MPG):

Total monthly payroll of 2.8 million employees and 1.6 million pensioners is being processed on SAP system and more than 1.7 million Government employees/pensioners are receiving their salary slips and pension slips through their email addresses, every month. This has contributed towards curbing the increasing cost incurred on the purchase of paper stationery and the repair & maintenance of printers at government offices.

Micro Payment Gateway (MPG) is a payment system which has helped direct transfer of salaries, pensions and vendor payments processed by AGPR Office, from State Bank of Pakistan to IBAN Account of payees. It has also replaced generation/printing of cheques, submission of cheques at banks and clearing processes. The solution is operational with ten (10) banks and will soon be replicated to all banks.

Daily Debt and Receipts Data Collection:

SAP integrations have been made with Central Directorate of National Savings (CDNS) and Federal Board of Revenue.

Dashboards developed by FABS:

Different Dashboards for the Federal and provincial government have also been developed by FABSIE.

- i. Dashboards for the Federal and Sindh Secretaries of Finance yield daily, cumulative of month and cumulative of the year information of government's expenditures, tax and non-tax receipts, domestic debt and external debt transactions, as well as the daily cash balances from the State Bank of Pakistan (SBP).
- ii. Dashboards for Ministry of Climate Change of Federal Government and Khyber Pakhtunkhwa Government which yields cost-center-wise information on ministry/department-wise and function-wise expenditure on climate-change related areas under the categories of mitigation, adaptation and support. Training to-update the data has also been imparted.
- iii. Dashboard for Department of Literacy and Finance, Government of the Punjab, Lahore for real time tracking of utilization of budget (in house development of AG, Office Punjab).
- iv. Dashboard for Secretary finance, government of the Punjab for tracking of utilization of budget implementation for entire Punjab province. (In-house development of AG, Office Punjab).
- v. FABS Directorate has developed and presented user-friendly dashboard using SAP Business Objects/ Business Intelligence tool, for the Finance Minister, SA to FM, Finance Secretary, Additional Secretaries of Budget and Expenditure, according to their particular and unique requirements. Similar dashboard has been developed for the Auditor General of Pakistan and Controller General of Accounts.

Other initiatives by CGA organization

1. Monthly Civil Account of Federal and Provincial Governments are prepared from SAP, that can be printed and published in PDF format.
2. Office of the Controller General of Accounts is committed to the cause of good governance and prudent financial management in the country. DG MIS worked with the World Bank as part of Third Party Validation exercise of the Disbursement Linked Results (DLRs) and has made good progress. Disbursement of more than US\$ 17 million has been made to the Federal Government by WB for achieving the DLRs of CGA organization.
3. FABS Directorate has established SAP connectivity at Ministries/Division, trained their resources to utilize SAP system for release of funds of PSDP projects.
4. During FY 2022-23 FABS/ CGA has signed a Memorandum of Understanding (MoU) with Local Government Department, Government of Sindh regarding extending SAP system to the Local Councils of Government of Sindh. This will automate the payroll of approximate 25 to 30 thousand active employees working in Local Councils / District Municipals Corporations (Local Government Department), and the Pension Roll of approximately 20 thousand retired employees of Karachi. The entire development budget of Local Government can also be automated and the related payments will be done through system generated cheques.

AUDITOR GENERAL OF PAKISTAN

The Department of Auditor General of Pakistan being established under constitutional provisions has been mandated under Article 169 & 170 (2) of the Constitution of Islamic Republic of Pakistan to perform Audit which is a well planned and time bound exercise carried out during the whole financial year. The exercise culminates in the form of Annual Audit Reports which are relating to the Accounts of Federation, Provinces and Local Governments.

With the core values of integrity, Quality and Partnership as our guiding principles and with the help of workforce consisting of diversified professionals, DAGP has been in the consistent pursuit of ensuring parliamentary oversight on the public funds, a responsibility entrusted to it by the Constitution of Pakistan.

Compliance with Authority and other Audits

The reports of the AGP on Compliance with Authority and Performance Audits are distinct from the Financial Attest of Accounts. In compliance with authority audits, the expenditure incurred by executive entities are examined in the light of laid down rules and regulations and irregularities, misappropriation, misclassification and failure of internal controls are highlighted in audit reports. In the performance audit, the activities of executive organizations are reviewed in the light of stated objectives of the organization's initiatives / projects and commentary is made on the economy, efficiency and effectiveness of the utilization of resources.

During the audit year 2022-23, the Field Audit Offices working under the supervision and control of various audit Wings of the Department of Auditor General of Pakistan carried out the audit of formations of Federal and Provincial Governments along-with entities of Local Governments and Public Sector Enterprises. The audited outlays representing revenue receipts, disbursements and expenditure is presented against each wing's report.

Table below provides nation-wide figures of the total amounts audited, recoveries made on the basis of the audit findings and values of transactions placed under audit observations reported in Audit Reports laid before Parliament/Provincial Assemblies.

(Rs. in million)

Sr. #	Description	Total
1	Total amount audited	25,623,786.46 US 196.618
2	Recovery made at the instance of audit	483,893.36 US 0.061
3	Amount placed under audit observations	15,277,759.78 US 160.655 Euro 3.237

Sector-wise detail is as under:

(Rs. in million)

Sr. #	Description	Total amount Audited	Recovery made at the instance of audit	Amount placed under audit observations
1	Dy. AG (FAO)	991,728.28	135,848.31	1,231,079.49
2	Dy. AG (C&EA)	13,323,560.82	306,946.16	10,049,209.32
3	Dy. AG (DSA)	1,279,377.62 US 196.618	4,356.23 US 0.061	1,106,904.25 US 160.655 Euro 3.237
4	Dy. AG (North)	827,928.07	5,708.90	293,681.83
5	Dy. AG (South)	1,574,684.89	1,175.38	1,393,369.12
6	Dy. AG (SSA & RRA)	6,182,960.00	21,873.80	425,474.86
7	Dy. AG (Central)	1,443,546.78	7,984.58	778,040.91
Total		25,623,786.46 US 196.618	483,893.36 US 0.061	15,277,759.78 US 160.655 Euro 3.237

The Field Audit Offices produced audit reports based on the audit of entities receiving funds from the Federal, Provincial and District budgets and PSEs. The audit findings pointed out overpayments and effected recovery of a total of Rs.483,893.36 million and USD \$0.061 billion.

Table below provides nation-wide figures of audit reports issued in the audit year 2022-23:

Sr. No.	Description	No. of Reports
1	Audit Reports	80
2	Special Audit Reports	43
3	Certification Audit	244
4	Performance Audit Reports	24
5	Other Audit Reports (Audits of Foreign Aided Projects, IT & Environment Audit /Special Studies)	216
Total		607

Detail of Wing wise Audit Reports in the Audit Year 2022-23 is as under:

Description	Dy. AG (FAO)	Dy. AG (C&EA)	Dy. AG (DSA)	Dy. AG (Central)	Dy. AG (RRA)	Dy. AG (South)	Dy. AG (North)	Total
Compliance Audit Reports	9	13	3	9	1	5	40	80
Special Audit Reports	3	12	2	5	1	12	8	43
Performance Audit Reports	-	6	3	3	2	4	6	24
Foreign Aided Project Reports	48	38	11	10	1	30	42	180
IT/IS Report / others	-	2	-	-	-	-	1	3
Special Studies Reports	-	5	3	3	2	3	2	18
Certification Audit Report	8	3	2	147	-	5	79	244
Project Audit Reports/Forensic Audit Reports	-	4	3	2	-	1	5	15
Total	68	83	27	179	7	60	183	607

STATUS OF CERTIFICATION AUDIT CONDUCTED IN THE YEAR 2022-23

S.#	Government/Self Accounting entities	Nature of Accounts	No. of Accounts	Types of Audit Opinion
1	Federal Government	Appropriation Account Financial Statements	1 1	Unqualified Unqualified
2	Pakistan Railways	Appropriation Account Appended Financial Statements	1	Qualified Adverse
3	Pakistan Mint.	Appropriation Account	1	Unqualified
4	Central Directorate of National Savings.	Appropriation Account	1	Unqualified
5	Ministry of Foreign Affairs	Appropriation Account	1	Unqualified
6	Ministry of Defence Services	Appropriation Account	1	Unqualified
7	Pakistan Public Works Department	Appropriation Account	1	Unqualified
8	Pakistan Post office Department	Appropriation Account	1	Adverse
9	Geological Survey of Pakistan	Appropriation Account	1	Unqualified
10	Government of the Punjab	Appropriation Account Financial Statements	1 1	Unqualified Unqualified
11	Government of the Punjab (Forest Department)	Appropriation Account	1	Unqualified
12	District Education Authorities (Punjab)	Appropriation Account Financial Statements	36 36	Unqualified Unqualified
13	District Health Authorities (Punjab)	Appropriation Account Financial Statements	36 36	Unqualified Unqualified
14	Government of Sindh	Appropriation Account Financial Statements	1 1	Unqualified Unqualified
15	Government of Sindh (Forest Department)	Appropriation Account	1	Qualified
16	Government of Khyber Pakhtunkhwa	Appropriation Account Financial Statements	1 1	Qualified Qualified
17	Khyber Pakhtunkhwa (District Government)	Appropriation Account Financial Statements	35 35	Unqualified Qualified

S.#	Government/Self Accounting entities	Nature of Accounts	No. of Accounts	Types of Audit Opinion
18	Government of Khyber Pakhtunkhwa (Forestry, Environment and Wildlife Department)	Appropriation Account	1	Unqualified
19	Government of Baluchistan	Appropriation Account Financial Statements	1 1	Unqualified Unqualified
20	AJ&K Government	Appropriation Account Financial Statements	1 1	Unqualified Unqualified
21	Gilgit-Baltistan Council	Appropriation Account Financial Statements	1 1	Unqualified Unqualified
22	Gilgit-Baltistan Government	Appropriation Account Financial Statements	1 1	Unqualified Unqualified
23	ERRA	Financial Statements	1	Unqualified
24	National Disaster Management Authority	Financial Statements	1	Unqualified
25	Provincial Disaster Management Authority Sindh	Financial Statements	1	Unqualified
		Total	244	

EXTERNAL FINANCE POLICY WING

External Finance Policy (EF-P) Wing deals with multinational and bilateral institutions like the World Bank Group (IDA, IBRD, IFC and MIGA), International Fund for Agricultural Development (IFAD), SAARC Development Fund (SDF) and ECO Trade and Development Bank. It is the focal point for Joint Ministerial Commissions (JMCs) and Joint Economic Commissions (JECs). EFP Wing is also the focal point for climate finance. The performance of EFP Wing during the FY 2022-2023 was as under:-

- i) Tracked federal and provincial government's expenditures under Poverty Reduction Strategy Paper-II (PRSP-II) for FY 2021-2022.
- ii) Participated in Project Board Meetings on Sustainable Development Goals (SDGs) established by M/o Planning, Development & Special Initiatives.
- iii) Implementation of reforms under World Bank's Resilient Institutions for Sustainable Economy (RISE-II) program focusing on fiscal management, sustainability, economic growth and competitiveness. US\$ 450 million are expected to be disbursed.
- iv) Reforms under PACE-II are being implemented. US\$ 500 million are expected to be disbursed.
- v) Negotiated terms and conditions of WB loans worth US\$ 2255 million for various projects and programs.
- vi) Actively participated in the Board meetings of SAARC Development Fund and ECO Trade & Development Bank to safeguard our national interests.
- vii) Successfully negotiated terms and conditions for the ETDB EUR 50 million loan facility for the expansion of Health & Nutrition Conditional Cash Program (CCT) under Benazir Nashonuma Program which is a part of Benazir Income Support Program (BISP) in the flood affected districts.
- viii) EFP Wing has given concurrence to Country Strategic Opportunities Program (COSOP)- (IFAD)- (2023-2027), and associated matters regarding National Poverty Graduation Program (NPGP)
- ix) Furthermore, presented Finance Division's view points on various issues raised in various Joint Ministerial Commissions and Joint Economic Commissions.

SECTION (EF-FCM)

The credit ratings for Pakistan by the three credit rating agencies are as follows:

	Rating	Recent Rating Action
Moody's	Caa(1) Negative outlook	28 th Feb 2023
Fitch	CCC	10 th July 2023 Upgraded from CCC-
Standard and Poor	CCC+	September 2023 Maintained at CCC +

Historical:

Year	S&P	Moody's	Fitch
2015**	B- (Positive)	Caa1 (Positive) B3(Stable)	B Stable
2016	B (Stable)	B3 (Stable)	B Stable
2017	B (Stable)	B3 (Stable)	B Stable
2018**	B (Stable)	B3 (Negative)	B (Negative) & B- Stable
2019	B- (Stable)	B3 (Stable)	B- Stable
2020**	B- (Stable)	B3 B3 (Stable)	B- Stable
2021	B- (Stable)	B3(Negative)	B- Stable
2022**	B- (Negative) CCC+ (Stable)	B3(Negative) Caa1(Negative)	B- Stable B- Negative CCC+
2023	-	Caa3(Stable)	CCC- CCC

Section EF-IFR

1. The Extended Fund Facility (2019-2023) Program could not be completed due to technical reasons. As an alternative to utilize the balance amount under EFF, IMF proposed nine-months Stand-By Arrangement (SBA).
2. On 12th July, 2023, IMF Executive Board approved the SBA to USD 3 billion of which USD 1.2 billion has been disbursed. The key features of the SBA include:
 - i) Improving public finance management through prudent spending and broadening of tax base;
 - ii) Strengthening the viability of the energy sector (including through a timely FY 2024 annual rebasing);
 - iii) Improving SOE governance;
 - iv) Improving debt sustainability;
 - v) Increasing social protection through increased budgetary allocations under BISP.
 - vi) Introducing monetary and financial reforms such as returning to a market-determined exchange rate, targeting inflation and rebuilding foreign exchange reserves; and
 - vii) Strengthening the public investment management framework, including climate change related investment.

Section EF-IFR

Foreign exchange reserves play an important role in maintaining balance of payments and overall economic health of the country. Given the importance of the FE reserves all Public Sector Entities (PSEs) advised to have estimate of outflows from the country for each financial year as this helps informed decision making in the context of FE outflows. Moreover, prior allocation is also aimed at streamlining the process of releases enabling the organizations concerned to meet their FE requirements in a systematic and planned manner.

Finance Division (EF Wing) allocates/releases foreign exchange to meet FE requirements of public sector entities. During FY 2022-23 foreign exchange reserves remained unsatisfactory and we faced acute FE constraints. Consequently, due to rational needs of required FE funds, actual FE released during FY 2022-23 remained US\$ 2.635 billion against the budget estimates of US\$4.417 billion for Civil entities. Similarly, actual FE releases during FY 2022-23 remained US\$ 636 million against budget estimates of US\$ 2.920 billion for Defence Services. This shows 59.6% saving in FE releases for civil entities and 78.21% for Defence Services.

Military Finance Wing

Finance Division (Military Finance Wing) deals with preparation, execution, monitoring of Budget and expenditure relating to Ministry of Defence, M/o Defence Production, Armed Forces, Inter Services Organizations, DP establishments, as well as procurement of all Defence equipments and all other related financial matters pertaining to them. Military Finance Wing has performed the assigned role in accordance with the laid down procedures / instructions and set targets. While concurring all procurement and development contracts, due care has been exercised for optimum utilization of available resources and adherence to rules by applying different financial techniques to get the best value for money. In addition, achievements in other main areas are highlighted as under: -

- During FY 2022-2023, the sanctioned budget allocation was Rs 1,563.000 billion. Service-wise / head-wise expenditure was monitored carefully. Budget Estimates for the financial year 2023-24 were also scrutinized in detail and Ministry of Defence was advised to accommodate all the demands within Indicative Budget Ceiling. Accordingly, budget has been allocated to tri-services, ISOs, Accounts Orgns and DP Establishments within the IBC and approved budget thereof, and due to financial management in place, efforts were made to keep the expenditure within the allocated ceiling.

- Defence expenditure/receipts are classified in 32 main heads and a large number of sub heads, minor heads and detail heads. To cope with the day-to-day requirements, necessary changes are carried out in the classification hand book. All proposals on this account have been examined carefully to ensure transparency in reporting/booking of expenditure.

- Optimum efforts have been made to facilitate the Armed Forces and Attached Departments of Defence Division for timely flow of finances, within the parameters of existing rules and regulations.

- Endeavor has been made to meet the operational requirements of the Armed Forces within the allocated resources. In this regard, extra efforts are made by persuading the procurements agencies to generate healthy competition among the competitors in order to ensure transparency and best value for money, as per instructions contained in PPRA Rules.

- Efforts have been made to streamline budgetary proposals in line with Public Finance Management Act, 2019.

Program of Activities/Targets.

- Timely disposal of all cases.
- Strict adherence to relevant financial regulations and procedures in finalization of cases.
- Finalization of Revised Estimates 2022-2023 and Budget Estimates 2023-2024 with due regard to economy in expenditure.

All the above targets assigned to this Division had been achieved well in time and within the stipulated period with no pendency at the end of financial year i.e. 30th June, 2023. The inputs of this Wing during CFY had led to value-creation and yielded savings for national exchequer after cost rationalization without compromising operational efficiency.

INTERNAL FINANCE WING

ZARAI TARAQIATI BANK LIMITED

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

Performance/Credit Disbursement in the Financial Year 2022-23

The Bank maintained its position as the main source of institutional financing in the agriculture sector. During the fiscal year 2022-23, an amount of Rs.75, 423.87 million was disbursed by the Bank. During the same period the Bank facilitated 224,529 farmers by advancing aforesaid amount.

Disbursement against Credit Target Assigned by SBP

A lending target of Rs. 124,000 million was assigned by State Bank of Pakistan to ZTBL for the financial year 2022-23, against which, the Bank achieved disbursement of loans amounting to Rs.75,423.872 million with a pace of 61% against the allocated target. Another target of agri. outstanding loan portfolio of Rs. 124,000 million was assigned to the ZTBL by the SBP, against which ZTBL's total outstanding balance was reported at Rs. 108,125.44 million by the end of June 30, 2022, indicating 84% achievement.

The Bank focused on increase in farm production by exploiting the maximum potential of land resources with appropriate use of agricultural inputs, tillage practices and water management techniques, and channeled major portion of its funds towards **Production Loans**. This is evident from the disbursement of Rs.42,661.982 million made for production purpose representing 57% share in overall disbursement.

Development Loans were provided to the farmers for medium and long term investment categories. During the period under review, an amount of Rs.32,761.890 million constituting 43% of the total agricultural credit was disbursed under development loans. These development loans were mainly utilized for tractors, farm mechanization, tube-wells, dairy farming and poultry farming etc.

The Bank has also provided loans amounting to Rs. 33,321.504 million and Rs.42,102.368 million under two categories of **Farm Credit** and **Non-Farm Credit** respectively (Annex I).

Loan to Small Farmers

The Bank channelized bulk of its credit to farmers especially small who constitute backbone of the agriculture sector of the country. The Bank accorded highest priority to fulfill the demand of small farmers with land holding under 25 acres. During the period under review ZTBL disbursed Rs. 73,556.736 million to small farmers constituting 98% of total agriculture credit (Annex I).

Recovery Operations

During the fiscal year 2022-23, ZTBL successfully recovered an amount of Rs.82,722.644 million.

INITIATIVES CARRIED OUT DURING FY 2022-23

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

1. ZTBL on Wheels “ZARAI BANK AAPKE GAOON MAIN”

A large segment of Pakistan’s population depends either directly or indirectly on agriculture sector for income generation. Presently, there is huge gap between actual and potential crop productivity. However, better access to agricultural advisory and financial services may play pivotal role in bridging this gap. Therefore, to facilitate farming community of Pakistan, Board of Directors of the Bank in its 94th meeting has approved launching of ZTBL Mobile Van Services with slogan “**ZARAI BANK AAPKE GAOON MAIN**” to increase its outreach. Through this initiative, agriculture advisory and financing services will be provided to the farmers. Bank’s Brand image is also envisaged to be enhanced along with participation in the financial inclusion policy of the Govt. of Pakistan.

Recently i.e. May to June 2023, 02 Mobile Vans remained operational in Sindh, especially in flood affected areas, for promotion of PM Kissan Package 2022 and extension of agriculture advisory services among farming community of the area.

Signing MOUs with Academia, Research Institutes & Others:

Under the visionary guidance of the Board of Directors and the directives of the President ZTBL, the Bank acknowledged the importance of building strong linkages with various stakeholders. In a significant development, ZTBL took proactive measures to establish these linkages by signing Memorandums of Understanding (MoUs) with key entities.

- To strengthen ties with academia, ZTBL has signed MoUs with renowned educational institutions/academia such as the University of Agriculture, Faisalabad and the Pir Mehr Ali Shah Arid Agriculture University, Rawalpindi.
- The Bank has also signed MOUs with Pakistan Agriculture Research Council (PARC), a premier agricultural research institution and Sustainable Development Policy Institute (SDPI), a leading think tank focused on sustainable development and policy advocacy

These collaborations aim to foster knowledge exchange, research collaboration and joint initiatives in the agricultural sector. By partnering with these esteemed universities, ZTBL can tap into their expertise, access research and enhance its services to meet the needs of farmers and rural communities.

This collaboration also allows Bank to take benefit from academic research, and expertise in promoting sustainable agriculture practices. It further strengthens ZTBL's commitment to environmentally conscious and socially responsible approaches in the agricultural sector.



Figure 1 Signing of MOU with PMAS AAUR



Figure 2 Signing of MOU with UAF



Figure 3 Signing of MOU with SDPI



Figure 4 Signing of MOU with PARC

Brief of Initiatives Carried out during the Period FY 2022-23

With the objective to provide sustainable rural finance and services particularly to small farmers and low income houses, the Bank has carried out steps/initiatives in introduction of schemes/development of innovative products which would help to overcome food security issues and also mitigating the poverty among rural populace. Brief detail of initiatives is given under:

Financing for Apiculture (Bee Keeping) as Green Banking Product:

Apiculture/Beekeeping is a green banking product as Bees play a very important role in maintaining biodiversity, ecosystem and the natural networking balance for the survival of life. Bees play a vital role as pollinators and help in maintaining current agricultural production levels. The decrease in quantity of honeybees results in food insecurity “No Honey Bees, No Food, No Future”. So there is dire need for financing and promoting Apiculture/bee keeping activities to maintain the ecological balance of the planet as well as in order to protect food security.

Benefits of Apiculture/Beekeeping:

- It promotes pollination and provides food for predators.
- Provides bee wax which is used in many industries, including cosmetics industry, polishing industry and pharmaceutical industry, etc.
- Helps to maintain nature.
- Bees are responsible for the production of many seed, nuts, berries and fruits which serve as a vital food source for wild animals.

Keeping in view the above, the Bank has introduced the subject titled scheme as Green Banking Product. The maximum loan limit under the scheme is upto Rs.2.500 million per borrower/party, recoverable within seven years in half yearly instalments.

2. Retrieval of Electronic Copy of Credit Worthiness Report (CWR) From SBP e-CIB:

In order to facilitate field staff in loan processing and provide related services at customer's doorstep, a specially designed mobile application, installed on Mobile tablet, is being launched. It has been planned that Mobile Tablet facility will be provided to every Mobile Credit Officer (MCO) who, while processing loan application, will be enabled to download e-CIB (CWR) Reports of borrowers on spot. The report may be extracted for one time only before the entertainment of loan case of the borrower.

3. Revaluation of Agri. Land Under Agri. Pass Book System

In compliance of the Notification issued by Finance Division, Government of Pakistan, Islamabad dated 19.12.2022, the value of each Productive Index Unit (PIU) has been increased by the Bank from Rs. 4,000/- to Rs. 10,000/-.

4. Kissan Rozgar Scheme (KRS) (Financing for Establishment of Fresh/Dry Fruit Shop):

Gilgit-Baltistan (GB) has been blessed with world top class delicious fruits like Cherry, Apricot, Apple, Pear, Almond etc. However, due to its geographical locality and perishability of fruits in nature, shelf life of these fruits is minimal and most of the fruits are marketed after dehydration process. Every year millions of tourists around the globe & domestic vicinities of

Pakistan visit Gilgit-Baltistan. Therefore, if farmers of GB are encouraged to establish their own fresh/dry fruit shops in every nook & corner of the villages of Gilgit-Baltistan, this will lead to increase in their agriculture income.

Keeping in view of the above, the subject scheme has been introduced by the Bank. The maximum loan limit under the scheme is upto Rs. 2.500 million per borrower/party, recoverable within five years in half yearly instalments.

5. Digital Kissan Karobar Scheme (DKKS):

Digital marketing is one of the popular concept and methodology used in today's business world. Digital marketing also called online marketing; is the promotion of brands to connect with potential customers using the internet and other forms of digital communication.

Literacy rate of Gilgit-Baltistan is considerably high than other parts of the country and after inception of 4G services across Gilgit-Baltistan, tendency for usage of internet services have been increased manifold. On the other hand, world top class fruits like cherry, almond, apricot, pine net, pear etc. are widely produced here but more than 30% is wasted due to non-availability due to non-availability of adequate storage facilities and market place.

Therefore, to capture this opportunity and to provide business and employment opportunities in far flung villages of Gilgit-Baltistan by marketing their fresh/dry fruits by establishing virtual online shops, a financing product with title of “**Digital Kissan Karobar Scheme (DKKS)**” has been introduced. The maximum per borrower/party loan limit under the scheme is upto Rs. 2.500 million per borrower/party, recoverable within five years in half yearly instalments.

6. Financing for “Establishment of High Efficiency Irrigation System”

Small water reservoirs can effectively play a role in boosting agricultural production coupled with solar pumping system thereby decreasing the depletion of natural resources. Renewable energy such as solar is a viable and alternate energy source. Solar energy, coupled with suitable pumps i.e. submersible energy pumps, can help to meet the irrigation requirements.

Solar powered tube well can be considered as a reliable source of irrigation as compared to electric or diesel operated tube well due to frequent load shedding and rising energy & diesel prices. Due to finite supply of surface water, farmers make use of ground water to meet the irrigation demands of their crop. There are around 2.5 million farmers in the country that depends upon the supply of ground water extracted through tube wells for their crop water needs. Through connecting high efficiency irrigation systems with solar energy systems, farmers can achieve high water use efficiency, energy efficiency and most important to the farmer, cost-efficiency. The maximum loan limit under the scheme is upto Rs. 5.000 million per borrower/party, recoverable within ten years in half yearly instalments.

7. Financing Product for Fruits & Vegetable Saver:

Fruit and vegetable dryers are available for batch drying application. The drying cycles are extremely flexible. Time, temperature and air volume can be adjusted within a given cycle to meet precise product specifications. This makes the tray dryers ideal for operations that require drying a wide variety of fruit & vegetables products, particularly those with long retention times.

Minimum Specifications:

The tray design is available to handle at least 1000 kg fresh mango fruit slices and other fruit & vegetable products with a moisture content of 84 to 86%. After processing the moisture of finished products will be 15-17%. The removal of moisture will take 12-18 hours' period depending upon product moisture & temperature setting. The dryer is able to maintain temperature of 50-90 degree Centigrade with a digital temperature control. The dryer has the ability to set two temperatures. It can be run on LPG and Natural Gas Automatic Heating Systems.

The product is available in various sizes – 18 Trays, 25 Trays, 50 Trays, 75 Trays and 150 Trays. The maximum loan limit under the scheme is upto Rs. 2.500 million per borrower/party, recoverable within eight years in half yearly installments. The Prevailing Bank's markup rate on development loans is applicable.

8. Financing Product for Potato Grader:

Potato is major crop of district Okara and exported from Pakistan on large scale. Small units for Potato packaging will increase the export as it will add value to the product of small farmers. Packaging Machines are easily available and accessible. Financing for installation of these small units will improve the profitability, sustainability and income of farmers as Pakistan earned over Rs. 300 M last year on potato export.

The scheme would help the farmers to have easy access towards credit and to facilitate the farmers for enhancement of their agricultural productivity by adopting mechanization practices. The maximum loan limit under the scheme is upto Rs. 2.500 million per borrower/party, recoverable within five years in half yearly instalments.

9. Financing for Electric Chakki for Making Masalajaat (Chilli, Dhanya, Zeera Etc.)

Spices/condiments are a daily need of households in Pakistan. There is a huge demand of different Masalajaat like Chili, Dhanya, Zeera etc for daily use. The subject scheme is developed to fulfill daily requirement of these Masalajaat in ground form by providing grinding units to needy persons living near the market.

The scheme would help the farmers to have easy access towards credit and to facilitate the farmers for enhancement of agri. productivity in the country. The maximum loan limit under the scheme is up to Rs. 1.000 million per borrower/party, recoverable within five years in half yearly instalments.

10. PRIME MINISTER KISSAN PACKAGE 2022

The Government of Pakistan in collaboration with State Bank of Pakistan (SBP) launched the Prime Minister Kissan Package 2022 with four special schemes for the development of rural sector specially in flood affected areas and youth of the country. The Bank participated in the schemes and special targets were allocated by the SBP in following schemes.

- a.** Prime Minister's Youth Business & Agriculture Loan Scheme (PMYB&ALS):
- b.** GOP Markup Subsidy Scheme (GMSS) For Revival of Agriculture / Livestock Sectors in Flood Affected Areas
- c.** Interest Free Loans and Risk Sharing Scheme for Landless Farmers (IF&RSLF) in Flood Affected Areas
- d.** Markup Subsidy and Risk Sharing Scheme for Farm Mechanization (MSRSSFM):

Brief detail of these schemes is given below:

a. Prime Minister's Youth Business & Agriculture Loan Scheme (PMYB&ALS):

This scheme was launched for the rural youth aged between 21-45 years to cater their term loan and working capital financing requirements in agriculture sector, on low mark-up rate to be subsidized by the Government of Pakistan with the objective of job creation in rural masses.

ZTBL, being participatory Bank in the scheme, introduced this product. The maximum per borrower/party loan limit under the scheme for Production Loans is from Rs. 1.500 - 2.500 million & for Development Loans it ranged from Rs. 1.500 to Rs. 5.000 million, recoverable within five & eight years respectively & in half yearly instalments.

Alhamdulillah, by the grace of Almighty Allah, Bank has successfully achieved its disbursement targets of Rs. 6,000 million (allocated by SBP to the Bank for this scheme). The Bank successfully disbursed an amount of Rs. 6,003 million to 3,112 number of loan cases as of 30.06.2023. The Bank achieved this milestone with hectic efforts of whole team along with field force under the kind guidance of Senior Management and the Worthy President, ZTBL.

b. GOP Markup Subsidy Scheme (GMSS) For Revival of Agriculture / Livestock Sectors in Flood Affected Areas:

This scheme was launched by the Government of Pakistan to facilitate the farmers of flood affected areas for the both farm and non-farm sector. The ZTBL participated in this scheme and successfully disbursed an amount of Rs. 3,703.09 million to 8,786 number of cases against the target of Rs. 6000 million. The maximum per borrower/party loan limit under the scheme is up to Rs. 0.500 million, recoverable within 18Months.

c. Interest Free Loans and Risk Sharing Scheme for Landless Farmers (IF&RSLF) in Flood Affected Areas:

This scheme was launched for land less farmers of rain/flood affected areas, for production loans. ZTBL also participated in it and launched the subject titled scheme. The maximum per borrower/party loan limit under the scheme is up to Rs. 0.200 million, recoverable within 18 months. An amount Rs. 10.60 million has been disbursed in 53 number of loan cases against the target of Rs. 500 million.

d. Markup Subsidy and Risk Sharing Scheme for Farm Mechanization (MSRSSF):

This scheme was launched to facilitate the farmers of the country. The maximum per borrower/party loan limit under the scheme is up to Rs. 5.000 million, recoverable within seven years & in half yearly installments. The Bank being a participatory has successfully disbursed an amount of Rs. 520.30 million to 256 number of loan cases against the target of Rs. 10,000 million till 30.06.2023.

11. Revision of Per Acre Credit Limits of Inputs for Different Crops / Vegetables / Orchards / Forestry:

Consequent upon enhancement of per acre limits fixed for major/minor crops, orchards and forestry by SBP to enable the farming community to use required quantity and quality agri. inputs, ZTBL Board of Directors in its 108th meeting held on January 21, 2023 has approved following per acre credit limits for various major/minor crops, vegetables, orchards and forestry with under mentioned conditions;

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

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

A credit scheme/product titled “Financing for Establishment of Agri. Tourist Outlet/Orchard” was launched by Credit Division of the Bank for the farming community of Gilgit-Baltistan.

Keeping in view of the proposal received from Zonal Office, Mingora for expansion of Business Portfolio, Bank has also allowed following districts of Mingora Zone (i.e. Swat, Dir Upper, Shangla, Chitral Lower & Chitral Upper) for financing under subject cited scheme.

ISLAMIC BANKING DIVISION (IBD)

Expansion Plan

- As part of its expansion plan, ZTBL Islamic Banking initiated the process of converting conventional branches into Islamic. During the period FY 2022-2023, ZTBL-IBD successfully converted 11 conventional branches into Islamic against SBP approval of 20 branches for conversion into Islamic by the year end 2023. Moreover, ZTBL IBD also commenced operations of 10 Islamic Banking Windows.

Development of Islamic Banking Products

- In the period under consideration, ZTBL-IBD launched Islamic Tractor Financing & Islamic Rice Transplanter Financing schemes under the Farm Transport Machinery, Musharakah Financing Product, based on the principles of Diminishing Musharakah.
- Moreover, to provide Farm Credit Facility for purchase of inputs like fertilizers, pesticides etc. to be used in crops cultivation, Shariah Compliant Financing product Zarai Khushali Financing has also been developed and submitted to State Bank of Pakistan for acknowledgment.
- Going forward, Zarai Islamic Livestock Financing product is under development. The product will facilitate financing for Dairy Farming, Livestock along with Poultry Farming.

DIGITAL BANKING

ZTBL Digital Journey started in 2018. Being a late starter in the field of Digital Banking, ZTBL is on a roadmap to mark its Digital space in the industry. In this regard, ZTBL has achieved following milestones during the period Jul 2022 till June, 2023:

- ZTBL has issued more than 20,000 ATM PayPak Debit cards to its customers till date.
- ZTBL is also pioneer in liveliness detection for digital onboarding in the industry.
- Latest development is launch of industry tested top Customer Resource Management (CRM) for complaint management for facilitation of Digital customers.
- For internal customers, a structured ITIL Complaint IT-Service Management Software is now implemented.
- Internet Banking feature has been floated among ZTBL employees in Phase-I.
- ZTBL Corporate website has been Revamped with latest Template / Banners.
- Deployment of 09 modules of CRM including Computer telephony integration, Automated call distribution, Agent desktop, Campaign Management, Knowledge base, Quality assurance management, Recording system, Workforce management, Key performance indicator widget/dashboard.

Major Activities/milestones to be achieved in 2023

- Work on RAAST G2P platform is in hand and is expected to be launched in early 2023.
- Mobile Banking Application is also scheduled to be launched in 2023.
- Special ATM facility for disabled person to be installed in 2023.
- Mobile van with ATM facility will be made available for public in 2023.
- Farmer's portal especially designed to meet the need of farmers will be launched in 2023.
- ZTBL ATM's base will be increased after obtaining management's approval.
- ZTBL Corporate website shall be Revamped with latest Template/Banners and updated content in bilingual languages (English and Urdu).
- To Implement Multi-channel (Convention and Digital) Fraud Detection and Prevention system to closely monitor all Debit and Credit transactions.
- Establishment of Disaster Recovery (DR) Site of ZTBL call center& Card Production setup as per SBP Mandate.
- Establishment of Digital services for Islamic Banking clients.
- To launch merchant Point of Sale (POS) network in ZTBL branches for card based / Card Less / QR Payment transactions.
- To re-launch sales force monitoring and management for MCO through digital gadgets.
- Utilization of (USSD) Services to reach the maximum customers.
- Collaboration with Fin-Tech companies, insurance companies, marketing companies and other active relevant industry players for coming up with a differentiated e-solutions for ZTBL clients.

- Issuance of Debit cards with different benefits against each type, thus giving targets to ZTBL call center for card issuance and increasing digital customer base.
- Tailor based digital solutions for payments will be provided to corporates companies where liabilities division will have payroll relationships
- Disbursement of loan via merchant's network.

PERFORMANCE OF ZTBL	
(During July 2022 to June 2023)	
(Rupees Million)	
CREDIT OPERATIONS	
Total Disbursement	75,423.872
Borrowers served (Nos)	224,529
Category-wise disbursement	
Production Loans	42,661.982
Development Loans	32,761.890
Farm Credit	33,321.504
Non-Farm Credit	42,102.368
Disbursement to Small Farmers	
Disbursement to Small Farmers	73,556.736
Small Farmers as % of total loans	98%
Tractors/ Tube wells Financed	
Tractors financed	Number 768
Amount	1,259.642
Tube wells financed	Number 34
Amount	11.224
Recovery Operations	
Total Amount Recovered	82,722.644
Network of Operations	
Number of Zones	31
Number of Branches	501

SMALL AND MEDIUM ENTERPRISES (SME) BANK LIMITED

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

Bank's performance during financial year 2022-23 is given hereunder:

	<u>Rs. in million</u>
<u>Disbursement from July 01, 2022 to June 30, 2023</u>	<u>476.70</u>
<u>Loan Recovery from July 01, 2022 to June 30, 2023</u>	<u>627.93</u>
<u>Deposit as on 30-06-2023</u>	<u>2588.48</u>
<u>Loans outstanding as on 30-06-2023</u>	<u>937.07</u>

SME Bank Ltd is in winding down process since the decision of federal cabinet dated March 17, 2023. Due to winding down process the deposit position and credit portfolio declined as deposit as on December 31, 2022 was Rs 8472.49 million and came down to Rs 2588.48 million as on June 30, 2023. Similarly credit portfolio as on December 31, 2022 was Rs 1329.57 and it came down to Rs 937.07 as on June 30, 2023.

HOUSE BUILDING FINANCE COMPANY LIMITED (HBFC)

House Building Finance Corporation (HBFC) was established in 1952 through the House Building Finance Corporation Act, with the primary aim of providing financial support for the construction, and purchase of houses. The Ministry of Finance (MoF) and the State Bank of Pakistan (SBP) are the main shareholders of the Company.

In a re-organization and restructuring effort, the Corporation underwent a transformation in the first phase, becoming a company named House Building Finance Limited – HBFC. The change was implemented through the issuance of a vesting order, SRO.I/2007, and the new company was registered under the Companies Ordinance, 1984. Additionally, the Government of Pakistan (GOP) designated the new company as a Development Financial Institution (DFI) under section 3A of the Banking Companies Ordinance, 1962.

Achievements

Disbursements during the period under review were PKR 5.1 billion for construction and purchase of housing units.

During the period under review, the company made profit before tax of PKR 1.9 billion while profit after tax was PKR 1.4 billion.

Other major initiatives during the year 2022 were as follows:

- a. Digitization of payments to eliminate the hassles of cheque.
- b. Introduction of Business intelligence-based recovery and data visualization.
- c. Implementation of Section 15 of FIO for reduction of Non-Performing Loan, which resulted into significant favorable change.
- d. Infection ratio reduced to 16.4%.
- e. Revision in credit procedure create a seamless experience.
- f. VIS Credit Rating Agency has upgraded the entity ratings of HBFC to 'AA-/A-1+' from 'A/A-1'.
- g. Development of Sales Acquisition Unit to enhance the customer service experience.
- h. Development of new product based on PKRV.
- i. Bachat scheme was launched to provide relief to the existing customers where they can convert their loans from KIBOR to 5 years fixed rate product.
- j. Various initiative in Human Resource Development Department:
 1. Keeping in view the rise in inflation, Adhoc relief of 6.5 % of gross salary was granted to all the regular officers.
 2. One time hardship allowance i.e.; one (01) basic salary was granted to all regular and contractual employees.
 3. Auto financing facility was introduced for the employees where they can avail the financing up to 3 million at the rate of 6%.
 4. Key executive hiring in different groups to improve the performance under the expertise of the experienced resources.
 5. Engagement activities such as celebrating International Women's Day, Breast Cancer Awareness Day, Tobacco hazard awareness were conducted.
 6. 652 working hours were invested in In-house and outsource training of the employees.

Company future plan

The company aims to achieve following goals in the upcoming five years.

- a. To achieve marketing objectives such as improved brand visibility, brand authority, lead quality & conversion funnel, capturing new market.
- b. Business alliances/ with leading corporate entities for provision of housing finance facility for their employees on preferential terms.
- c. Improve response time to have better customer service through social media.
- d. Relocation of branches to enhance visibility and better accessibility.
- e. Reduction in Non-Performing Loans (NPL).
- f. Digitalization of internal processes.
- g. Harmonization of compensation and terminal benefits structure and benchmarking with rest of the market.
- h. Leadership development through various interventions like training, coaching, rotation & attachments, etc.
- i. Develop synergies with property brokers and developers.
- j. Centralization of Sales Acquisition Unit for better management of digital leads.
- k. Incorporation of modern digital tools to enhance overall customer experience.
- l. Implementation of Auto-Collect and introduction of write-off policy.
- m. Update of HR manual and Policies.
- n. Strengthening and expanding digital footprint.

Financial Monitoring Unit (FMU)

1. The Financial Monitoring Unit (FMU) was established in 2007 in accordance with AML Ordinance 2007 (now AML Act 2010). FMU is the central agency in Pakistan responsible for receiving, analyzing and disseminating to the investigating and regulatory authorities, disclosures of financial information concerning suspected proceeds of crime and apparently linked to money laundering or financing of terrorism. These disclosures are expected to support the law enforcement agencies (LEAs) in carrying out effective investigations and prosecutions.

2. The key functions of FMU as per AML Act 2010 are:

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

Performance / achievements during the Year 2022-2023

3. Throughout the period of 2022-23, FMU sustained its progress across all areas, encompassing fundamental tasks such as receiving and evaluating STRs/CTRs. Additionally, the organization excelled in leading efforts to remove Pakistan from the FATF's grey list.

4. During the FY 2022-23 a total of 28,866 Suspicious Transaction Reports (STRs) and 5,739,436 Currency Transaction Reports were received by FMU from the Reporting Entities (REs). FMU disseminated 914 Financial Intelligences to the Law Enforcement Agencies and Regulators. The Financial Intelligence may include multiple STRs & CTRs. Following are the key indicators summarizing FMU's performance throughout the year 2022-23.

Suspicious Transaction Reports	28,866
Currency Transaction Reports	5,739,436
Proactive Disseminations	914
Reactive Disseminations	797
Strategic Analysis reports	10
International cooperation requests & voluntary disclosures	159
Capacity Building Sessions conducted	11
Guidelines / Circulars issued	1
MOU signed	3

5. On the basis of FMU's disseminations, LEAs have registered a number of cases on the offence of money laundering/predicate offences and also made huge recoveries on the basis of these disseminations. Regulators have also taken corrective measures on the basis of FMU's referrals and recommendations. During the year, coordination with different stakeholders has also improved through meetings. Capacity building programs, intelligence committee, etc.

6. So far, the Financial Monitoring Unit (FMU) has entered into Memorandum of Understanding (MOUs) with 18 Financial Intelligence Units (FIUs) of various countries to facilitate the exchange of information regarding money laundering and terrorist financing. Notably, in the year 2022-23, FMU inked MOUs with the FIUs of South Africa, Japan, and Indonesia.

7. The Financial Monitoring Unit (FMU) releases its typologies (case studies), which are featured in the APG Annual Typologies Reports published periodically. The APG Typologies Report for the year 2022, released in July, encompasses nine case studies contributed by FMU across diverse domains e.g. Misuse of legal persons, Trade-Based ML (Precious Stones), Hawala & Smuggling, tax evasion, drug trafficking, IUU Fishing, Suspected origin of proceeds of crime (complex ML case), Corruption, Ponzi Scheme. In the most recent APG typologies report of 2023, FMU submitted a total of 10 case studies to APG. These case studies are scheduled to be published by APG by the end of August 2023.

8. FMU played a lead and active role on the follow-up reports on Pakistan's Mutual Evaluation Report-2019 (MER). At the time of adoption of MER, Pakistan's legal framework was judged as weak as Pakistan was rated Compliant (C)/Largely Compliant (LC) in 10 out of 40 FATF recommendations. Due to FMU's active involvement in implementation of FATF recommendations, Pakistan has achieved re-rating in 28 Recommendations, leading in a total of 38 out of 40 Recommendations rated as either "C" or "LC." With adherence to 38 out of 40 technical compliance recommendations, Pakistan now holds the 3rd rank among FATF and APG members alongside some other countries.

9. FMU also significantly contributed to the process of removing Pakistan from the FATF's grey list. In the FATF Plenary session of October 2022, Pakistan was removed from the Financial Action Task Force's (FATF) grey list. This decision came after successfully meeting the criteria of two distinct FATF Action Plans, which encompassed a total of comprehensive 34 action plan items. Both the FATF itself and its member countries have recognized Pakistan's dedicated endeavours in establishing a resilient framework for Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT). Consistent

with a resolute political dedication, Pakistan has persistently pursued enhancements to fortify its AML/CFT framework.

10. Following Pakistan’s exit from the FATF's grey list, Pakistan was also removed from the United Kingdom's list of high-risk countries on November 14, 2022. Additionally, on March 29, 2023, Pakistan achieved the successful elimination of its name from the European list of high-risk jurisdictions.

11. Capacity building by FMU: Keeping in line with FMU’s commitment to the national cause, FMU has been actively involved in enhancing capacity building of FMU officers and other stakeholders. The FMU has conducted numerous capacity building sessions for Law Enforcement Agencies (LEAs) and Reporting Entities (REs). The objectives of these sessions were to enhance the understanding of LEAs & REs officials about the recent developments in the field of AML/CFT, overview of the Anti-Money Laundering (AML) Act 2010, utilization of Financial Intelligences (FIs) and Feedback mechanism. Emphasis of the sessions was to enhance the FMU and LEAs interface to improve interagency coordination, confidentiality of financial intelligence and feedback from Law enforcement to improve the effectiveness of the AML/CFT regime. During the year 2022-23, FMU conducted 11 sessions of capacity building programs for the AML/CFT Stakeholders. These sessions were attended by 948 number of officers from AML/CFT stakeholders.

12. A number of cases based on Strategic Analysis have been developed and disseminated by FMU, based on the available and obtainable information to identify money laundering and terrorist financing trends and patterns. During the year 2022-23, FMU conducted ten (10) strategic analyses on the following topics:

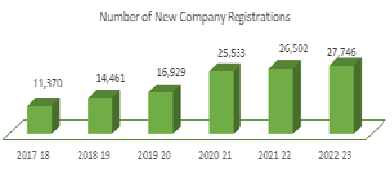
S.N.	Topic of Strategic Analysis
1	Analysis of Money laundering & terrorist financing risks associated with porous borders of Pakistan
2	Strategic Analysis on ML / TF Risks Associated with Currency Smuggling
3	Strategic Analysis on Currency Exchange – Risks of ML/TF
4	Strategic Analysis on Money Laundering & Terrorism Financing Risk Related to Branchless Banking
5	Strategic Analysis on misuse of Housewife accounts and Student accounts.
6	Strategic Analysis- Evaluation of Risks Associated with USD Exchange Rate Fluctuations as per reported STRs/ CTRs
7	Strategic Analysis Report on Financial Frauds
8	Strategic Analysis-CTRs
9	Strategic Analysis – Virtual Assets
10	Strategic Analysis- ML/TF Risks Associated to Hawala/Hundi

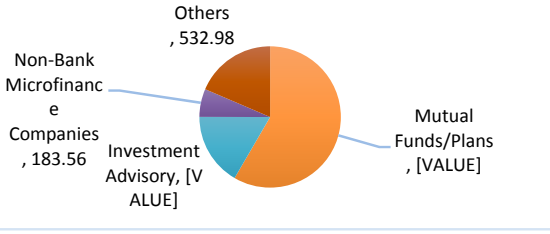
Future policies, priorities

- Continue to develop financial intelligence for effective utilization by LEAs.
- Finalizing National Risk Assessment in collaboration with other stakeholders
- Reviewing National roadmap and national strategy in order to address new risk / threats in the light of NRA- 2023
- Arranging MoUs to be signed with FIUs of other countries.
- Pursuing Membership of FMU in Egmont Group
- Conducting capacity building programs through APG’s DAP (Donors and Providers Group) for all AML/CFT stakeholders.

- Organizing AML/CFT awareness raising campaign programs in coordination with regulators and law enforcement agencies.
- Building more effective cooperative framework between FMU and LEAs to get periodic feedback in respect of inquiries / investigations / prosecutions and other statistics.
- Feedback reports to reporting entities enabling them to review their AML/CFT measures.
- Working closely with APG and other international bodies on various initiatives at global level.

INVESTMENT WING

Sr. No	Name of Entities, Projects, Major Assignments /Tasks	Achievements / progress	Future Targets / pipeline Projects														
01.	<p>The Securities and Exchange Commission of Pakistan (SECP) is mandated to regulate the corporate sector, capital markets, non-banking finance companies and the insurance sector.</p>	<p>During the fiscal year 2022-23, SECP made significant progress in promoting ease of doing business and reducing regulatory burden; designed to improve the overall business climate in the country.</p> <ul style="list-style-type: none"> ➤ Brief overview of performance of regulated sectors and key achievements during the year are provided below: <p>1. Growth of Regulated Sectors</p> <p><u>i. Corporate Sector</u></p> <p>End-to-end digitalization of company incorporation process has resulted in significant improvement in new incorporations. During the year, 27,746 new companies were incorporated, registering a growth rate of 4.7 percent over the previous year, and the total number of registered companies stood at 196,805 as of June 30, 2023. Moreover, over 99.8 percent companies were registered online, with 24 percent completing registration on the same day.</p> <p style="text-align: center;"><u>ii. Capital Market</u></p> <p>a. Foreign investment in the stock market exhibited a</p> <div style="text-align: center;">  <table border="1" style="margin: auto;"> <caption>Number of New Company Registrations</caption> <thead> <tr> <th>Year</th> <th>Registrations</th> </tr> </thead> <tbody> <tr> <td>2017-18</td> <td>11,370</td> </tr> <tr> <td>2018-19</td> <td>14,461</td> </tr> <tr> <td>2019-20</td> <td>16,529</td> </tr> <tr> <td>2020-21</td> <td>25,533</td> </tr> <tr> <td>2021-22</td> <td>26,502</td> </tr> <tr> <td>2022-23</td> <td>27,746</td> </tr> </tbody> </table> </div> <p>net inflow of \$1.56 million during the year, as compared to the net outflow of \$297 million observed in FY2021-22.</p> <p>b. Trading activity at mercantile exchange marked a significant growth of 21.24 percent in terms of traded value of commodity futures that rose to Rs. 4.641 trillion <i>vis-à-vis</i> traded value of Rs. 3.867 trillion for the previous year.</p> <p>c. During the year, 1,043 Electronic Warehouse Receipts (EWRs) valuing Rs. 2.683 billion were issued against deposit of eligible commodities, of these issued EWRs, 629 valuing Rs.1.604 billion were used for bank financing.</p> <p style="text-align: center;"><u>iii. Non-Banking Financial Companies (NBFC) Sector</u></p> <p>The aggregate asset size of NBFC sector was Rs 2.87 trillion as of June 30, 2023, posting a growth of 35.9 percent as compared to Rs 2.11 trillion as of June 30, 2022.</p>	Year	Registrations	2017-18	11,370	2018-19	14,461	2019-20	16,529	2020-21	25,533	2021-22	26,502	2022-23	27,746	<p>1. Corporate Sector</p> <ol style="list-style-type: none"> i. Review of the Companies Act, 2017. ii. Collaboration with federal/provincial departments, to establish a one-window registration system for businesses under Pakistan Regulatory Modernization Initiative. iii. Launch the 'Electronic Mortgage Register' iv. Consolidate and standardize forms and applications for easier compliance with the regulatory framework v. Adherence to the Hague Apostille Convention - facilitating the acceptance of foreign public documents. vi. Conducting regular awareness sessions to inform stakeholders about the measures implemented to improve the ease of doing business for company incorporation and post incorporation requirements in the country. <p>2. Capital Market</p> <ol style="list-style-type: none"> i. Launch of Centralized Gateway Portal (CGP) ii. Introduction of Guidelines for ESG (Environmental, Social, and Governance) disclosures for listed companies. iii. Introduction of new categories of futures brokers iv. Improvements in the Code of Corporate Governance, 2019 v. Introduction of new stock market products
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Sr. No	Name of Entities, Projects, Major Assignments /Tasks	Achievements / progress	Future Targets / pipeline Projects
		<p style="text-align: center;">NBFC Sector as of June 2023 (In billion rupees)</p>  <ul style="list-style-type: none"> • As of June 30, 2023, the fund size of REITs was Rs276.64 billion as compared to Rs98.344 on June 30, 2022, marking a growth of 181 percent over the previous year. • There are thirteen (13) Private Funds registered with SECP, with total asset size of Rs 8.79 billion as of June 30, 2023. <p style="text-align: center;"><u>iv. Insurance Sector</u></p> <p>As of December 2022, total assets of the insurance industry stood at Rs 2,634 billion, compared to Rs 2,305 billion as of December 31, 2021, showing 14 percent increase in asset size. On the revenue side, the industry has underwritten total direct Gross Written Premium (GWP) amounting to Rs. 579 billion, compared to Rs. 455 billion in 2022, demonstrating a growth of around 27 percent.</p> <p>2. <u>Legislative Reforms</u></p> <ol style="list-style-type: none"> i. Amendments in the Seventh Schedule of Companies Act, 2017 ii. Introduction of separate categories for election of female and independent directors iii. Amendments in Listed Companies (Buyback of Shares) Regulations, 2019 iv. Amendments in Companies (General Provisions and Forms) Regulations, 2018 v. Amendments in the Credit Rating Companies Regulations, 2016 vi. Amendments in Non-Banking Finance Companies and Notified Entities Regulations, 2008 vii. Notification of Asset Backed Securitization Regulations, 2022 viii. Revamping REIT framework ix. Amendments in Securities & Futures Advisory (Licensing & Operations) Regulations, 2017 x. Amendments to Unit Linked Product and Fund Rules, 2015 xi. Revamping of the Modaraba Regulations, 2021 <p>3. <u>Market Development</u></p> <ol style="list-style-type: none"> i. Introduction of Online-only Brokers ii. Introduction of Digital-only insurers and Micro-insurers iii. Introduction of Centralized Gateway Portal (CGP) framework iv. Induction of National Savings Certificates (NSCs) into Central Depository System (CDS) 	<ol style="list-style-type: none"> vi. Enhancing and Refining Existing Regulations vii. Review of following Regulations: <ul style="list-style-type: none"> • REIT Regulations, 2022 • Public Offering Regulations, 2017 • Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 • Companies (Further Issue of Shares) Regulations, 2020 • Issuance of Convertible Debt Securities (CDS) Through Right Offer Regulations, 2022 • Credit Rating Companies Regulations, 2016. viii. Develop a strategic action plan for development of Islamic finance capital market. ix. Implementation of the recommendations of diagnostic review of Islamic capital markets. x. Strengthen the legal and regulatory framework for Islamic Finance. <p>3. <u>Non-Banking Finance Companies (NBFC) Sector</u></p> <ol style="list-style-type: none"> i. Registration of Mutual Fund Association of Pakistan (MUFAP) as a Self-Regulatory Organisation (SRO) ii. Implementation of recommendations from the diagnostic review of the Private Funds sector, including amendments to the Private Funds Regulations, 2015. iii. Introduction of short-term Islamic debt instrument / sukuk by GOP in order to provide an additional avenue of investment for Islamic

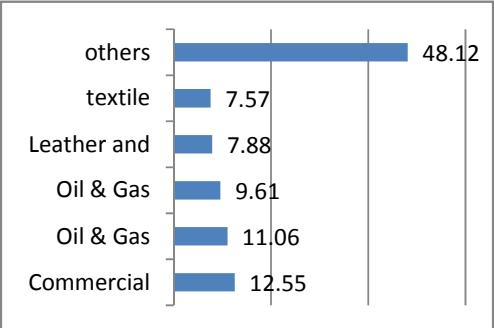
Sr. No	Name of Entities, Projects, Major Assignments /Tasks	Achievements / progress	Future Targets / pipeline Projects
		<ul style="list-style-type: none"> v. Allowing Money Market Collective Investment Schemes (CISs) to invest in short term Sukuk vi. Introduction of Digital Lending Standards vii. Issuance of Convertible Debt Securities (CDS) through Right Offer Regulations, 2022 viii. Accession to Hague Apostille Convention <p>4. Digitalization Initiatives</p> <ul style="list-style-type: none"> i. Launch of WeChat ii. Approval of First P2P Service Provider iii. Approval of Hilal Invest iv. Launch of Emlaak Financials <p>5. Developmental Initiatives</p> <ul style="list-style-type: none"> i. Signing of MoU for integration of Business ii. Issuance of promoters guide in German and Korean languages iii. Advancing Compliance and Capacity Building through CROs and Business Center iv. First Meeting of ECO Capital Market Supervisory Authorities v. First International Conference on Islamic Capital Markets vi. Premier ESG Symposium & ESG capacity building session 	<p>money market funds.</p> <ul style="list-style-type: none"> iv. Implementation of information security framework requirements for NBFCs v. Evaluation of fit and proper criteria for major shareholders, directors, and CEOs of Corporate Restructuring Companies (CRCs) to enhance corporate governance and build stakeholder confidence. vi. Compliance of all digital lending platforms with regulatory requirements; appropriate action will be taken against unlicensed apps. <p>4. Insurance Sector</p> <ul style="list-style-type: none"> i. Refine RBC regime. ii. Phase III implementation of IFRS 17. iii. Establishment of auto insurance repository to improve underwriting and pricing in motor insurance. iv. Undertake a comprehensive review of the existing regulatory returns and identify opportunities to simplify, consolidate, or eliminate redundant reporting obligations. v. Create awareness among the general public about the significance of insurance and to promote inclusive insurance vi. Launch a Life Insurance Policy Finder service

Sr. No	Name of Entities, Projects, Major Assignments /Tasks	Achievements / progress	Future Targets / pipeline Projects
02.	<p>Pakistan Development Fund Limited (PDFL) was established on June 2nd, 2014 to engage in Investment Finance Services</p>	<p>Pakistan Development Fund Limited (PDFL) is a Public Limited Company established on June 2nd, 2014 as a Non-Banking Finance Company (NBFC) under Section 282(A) of the Companies Ordinance, 1984, to engage in Investment Finance Services. Pakistan Development Fund Limited (PDFL) has been established as a Company which will provide complementary long-term project finances to Private Public Partnership (PPP) projects to encourage private sector participation.</p> <p><u>INVESTMENT IN NPPMCL</u></p> <p>National Power Parks Management Company Limited (NPPMCL) is fully owned company of the Federal Government through the Ministry of Energy (Power Division) and is operating two Re-gasified Liquefied Natural Gas (RLNG) based power plants at Balloki, District Kasur and Haveli Bahadur Shah (HBS), District Jhang with capacity of 1223MW and 1230MW respectively.</p> <ul style="list-style-type: none"> • With the approval of the Federal Cabinet on June 29th, 2017, the amount of Cash Development Loan (CDL) disbursed (Rs. 114 billion) to NPPMCL was acquired by PDFL as advance against equity injection. • Out of the total Rs 114 billion, Rs 53 billion was converted into Equity (Shares of NPPMCL were issued) whereas the remaining Rs 61 billion continued to be treated as Advance Share Deposit. • In addition to the Rs 114 billion equity injection mentioned above, a loan of Rs 32.738 billion was given to NPPMCL in FY 2017-18 with the approval of PDFL Board. 	<ul style="list-style-type: none"> • Keeping in view the main mandate; PDFL is hunting new venues for investment. • PDFL is a nascent body and is currently in the process of managerial setup. <p>The reconstitution of the Board of Directors is currently being processed as per the directions of the Cabinet. After the resignation of the CEO, PDFL Finance Division is processing the case for appointment of a new regular CEO.</p>

Sr. No	Name of Entities, Projects, Major Assignments /Tasks	Achievements / progress	Future Targets / pipeline Projects
03.	Crop Loan insurance Scheme (CLIS) & Livestock Insurance Scheme (LIS)	<p>Crop Loan Insurance Scheme (CLIS) is a scheme of Government of Pakistan (GoP), approved by the Federal Cabinet, to provide loan loss protection to small farmers where GoP bears insurance premium cost up to 2% per crop per season for production loans of eligible borrowers (landholding up to 32 acres in Balochistan and 25 acres elsewhere) for five major crops i.e. wheat, cotton, rice, maize, and sugarcane. Likewise, under Livestock Insurance Scheme for Borrowers (LISB) GoP bears insurance premium cost up to 4% per annum for small borrowers availing financing for purchase of up to 10 animals (cows, buffalos, bulls).</p> <p>With the federal government bearing the cost of premium for eligible borrowers, these recurring schemes aim to mitigate the risk of losses to the farming community due to natural calamities like excessive rain, hail- storm, frost, cyclone, floods, drought, crop diseases, infestation, accidents etc. CLIS is applicable and mandatory for agriculture production loans of Banks/ MFBs for wheat, cotton, rice, sugarcane, and maize, while LISB is applicable for loans of Banks/ MFBs extended for the purchase of cows, buffalos, and bulls. During the period from July 2008 to December 2022, banks have submitted premium claims of Rs 10.7 billion against 6.9 million beneficiaries under CLIS. While under LISB, during the period from July 2014 to December 2022, banks submitted premium claims of Rs 3.17 billion against 0.93 million beneficiaries.</p>	<ul style="list-style-type: none"> •The Federal Government has allocated Rs. 200M each for the Crops loan insurance scheme and Livestock insurance scheme for the CFY.

Sr. No	Name of Entities, Projects, Major Assignments /Tasks	Achievements / progress				Future Targets / pipeline Projects																															
04.	Pak-Libya Holding Company (Pvt) Limited (PLHCL), Pak-Kuwait Investment Company (Pvt) Limited (PKICL), Saudi-Pak Industrial & Agricultural Investment Company (Pvt) Limited (SPIAICO), Pak-Oman Investment Company (Pvt) Limited (POICL), Pak-Brunei Investment Company Limited (PBICL), PAIR Investment Company Limited (PAIR) and Pak-China Investment Company Limited (PCICL).	<table border="1"> <thead> <tr> <th data-bbox="500 243 662 449">Company</th> <th data-bbox="662 243 781 449">Year of Incorporation</th> <th data-bbox="781 243 919 449">Paid up Capital</th> <th data-bbox="919 243 1081 449">Dividend paid cash (GOP Share) since inception (Rs. In Millions)</th> </tr> </thead> <tbody> <tr> <td data-bbox="500 449 662 478">PLHCL</td> <td data-bbox="662 449 781 478">1978</td> <td data-bbox="781 449 919 478">4,070</td> <td data-bbox="919 449 1081 478">1446</td> </tr> <tr> <td data-bbox="500 478 662 508">PKICL</td> <td data-bbox="662 478 781 508">1979</td> <td data-bbox="781 478 919 508">324.375</td> <td data-bbox="919 478 1081 508">6593</td> </tr> <tr> <td data-bbox="500 508 662 537">SPIAICO</td> <td data-bbox="662 508 781 537">1981</td> <td data-bbox="781 508 919 537">2000</td> <td data-bbox="919 508 1081 537">6016</td> </tr> <tr> <td data-bbox="500 537 662 567">POICL</td> <td data-bbox="662 537 781 567">2001</td> <td data-bbox="781 537 919 567">3000</td> <td data-bbox="919 537 1081 567">2529</td> </tr> <tr> <td data-bbox="500 567 662 596">PBICL</td> <td data-bbox="662 567 781 596">2006</td> <td data-bbox="781 567 919 596">3000</td> <td data-bbox="919 567 1081 596">1950</td> </tr> <tr> <td data-bbox="500 596 662 625">PAIR</td> <td data-bbox="662 596 781 625">2007</td> <td data-bbox="781 596 919 625">3000</td> <td data-bbox="919 596 1081 625">915</td> </tr> <tr> <td data-bbox="500 625 662 659">PCICL</td> <td data-bbox="662 625 781 659">2007</td> <td data-bbox="781 625 919 659">4858</td> <td data-bbox="919 625 1081 659">-</td> </tr> </tbody> </table>	Company	Year of Incorporation	Paid up Capital	Dividend paid cash (GOP Share) since inception (Rs. In Millions)	PLHCL	1978	4,070	1446	PKICL	1979	324.375	6593	SPIAICO	1981	2000	6016	POICL	2001	3000	2529	PBICL	2006	3000	1950	PAIR	2007	3000	915	PCICL	2007	4858	-	Salient features of the seven Joint Ventures are as under;		<p>Pakistan has a rich experience of setting up Joint Investment Ventures with other friendly countries. These investment companies were setup on the basis of equal shareholding by the two governments towards paid up capital contribution. Since inception, these JICs are playing their due role in the economic uplift of the country and the projects financed by the companies so far belong to key sector of economy including power generation, textile, cement, fertilizer, construction, oil and gas etc.</p>
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05.	Competition Commission of Pakistan (CCP)	<p>BRIEF SYNOPSIS During the period 3 show cause notice were issued, 21 hearings were conducted, Rs. 1,000,000 penalty was imposed and Rs. 117, 213, 767 penalty was recovered. Under its regulatory ex-ante purview, the Commission cleared 71 mergers and processed 50 exemption agreements.</p> <p>DETAILED ACTIVITIES</p> <p>Enforcement Activities 14 enquiries against undertakings in relation to <i>prima facie</i> anti-competitive concerns were concluded. Major sectors included FMCG, construction, real estate, education, and automobiles also closed 2 formal complaints after conducting preliminary probe.</p> <p>Advocacy and Partnerships Advocacy and Partnership sessions were held with the Overseas Investors Chambers of Commerce & Industry (OICCI), Korangi Association of Trade & Industry (KATI), Unilever Pakistan Limited, Quetta Chamber of Commerce & Industry (QCCI), Nestle Pakistan and the Guidelines on Deceptive Marketing Practices were issued by the Commission.</p> <p>Competition Policy and Partnerships. The Commission signed MoUs with Pakistan Institute of Corporate Governance (PICG), Trade Development Authority of Pakistan (TDAP), the Urban Unit, and the Pakistan Telecommunications Authority (PTA) to help businesses understand and comply with competition law, to embed a fair competition mindset into corporate culture.</p> <p>Research Activities Two major Competition Assessment Studies (research studies) were conducted. 1. “Enhancing the Economic Efficiency of SMEs in Pakistan” 2. “Review of Essential Commodities to Identify and Address Market Distortions”.</p> <p>International Trainings, Seminars & Capacity Building. Workshop held by International Competition Network (ICN) in Japan, Tokyo, the American Bar Association, a Spring meet-up held in Washington, D.C, USA and a workshop held at Asian Development Bank (ADB) Headquarters, Manila, Philippines. CCP officials also participated in 18 webinars and online workshops.</p>	<p>DETAILED ACTIVITIES The Commission is currently looking into the Construction and allied industry, Commodities, Energy and Power, Automobile, Banking and Financial Institutions, Telecom, Fertilizers and Urea, Transportation, Digital Platform and Education Sector for possible violations of Section 3 and/or 4 of the Act.</p>

Sr. No	Name of Entities, Projects, Major Assignments /Tasks	Achievements / progress	Future Targets / pipeline Projects																																																								
06.	National Investment Trust Limited (NITL)	<p>Performance Highlights of NI(U)T Fund (FY-23). NI(U)T Fund has earned a new income of Rs. 1,631 million and net assets stood at Rs. 41,232 million.</p> <table border="1" data-bbox="496 331 1083 573"> <thead> <tr> <th>Account Head</th> <th>FY23</th> <th>FY22</th> </tr> </thead> <tbody> <tr> <td>Dividend Income</td> <td>3,319</td> <td>3,580</td> </tr> <tr> <td>Capital Gains/loss</td> <td>(6.9)</td> <td>5.8</td> </tr> <tr> <td>Net Income</td> <td>1,631</td> <td>2,138</td> </tr> <tr> <td>Divident/Unit (Rs.)</td> <td>1.90</td> <td>2.44</td> </tr> <tr> <td>Nav/Unit Rs. (30th June)</td> <td>50.62</td> <td>64.99</td> </tr> </tbody> </table> <p>Top 10 holdings (FY-23).</p> <table border="1" data-bbox="496 600 1083 1050"> <thead> <tr> <th>Name</th> <th>% of NI(U)T's Portfolio as % of Total Assets</th> </tr> </thead> <tbody> <tr> <td>Pakistan State Oil Company Ltd.</td> <td>8.90%</td> </tr> <tr> <td>Mari Petroleum Ltd.</td> <td>8.51%</td> </tr> <tr> <td>Bank Al Habib ltd.</td> <td>5.67%</td> </tr> <tr> <td>Bata Pakistan ltd.</td> <td>4.46%</td> </tr> <tr> <td>Fauji Fertilizer Ltd.</td> <td>3.75%</td> </tr> <tr> <td>Service Industries Ltd.</td> <td>3.38%</td> </tr> <tr> <td>Packages Ltd.</td> <td>3.14%</td> </tr> <tr> <td>Pakistan Tobacco Co. Ltd</td> <td>2.92%</td> </tr> <tr> <td>Sapphire Textile Mills Ltd.</td> <td>2.68%</td> </tr> <tr> <td>Habib Metropolitan Bank Ltd.</td> <td>2.59%</td> </tr> <tr> <td>Total</td> <td>46.00%</td> </tr> </tbody> </table> <p>Sectoral Breakup of NI(U)T's Portfolio As % of Total Assets</p>  <table border="1" data-bbox="496 1161 987 1486"> <thead> <tr> <th>Sector</th> <th>% of Total Assets</th> </tr> </thead> <tbody> <tr> <td>others</td> <td>48.12</td> </tr> <tr> <td>textile</td> <td>7.57</td> </tr> <tr> <td>Leather and</td> <td>7.88</td> </tr> <tr> <td>Oil & Gas</td> <td>9.61</td> </tr> <tr> <td>Oil & Gas</td> <td>11.06</td> </tr> <tr> <td>Commercial</td> <td>12.55</td> </tr> </tbody> </table>	Account Head	FY23	FY22	Dividend Income	3,319	3,580	Capital Gains/loss	(6.9)	5.8	Net Income	1,631	2,138	Divident/Unit (Rs.)	1.90	2.44	Nav/Unit Rs. (30 th June)	50.62	64.99	Name	% of NI(U)T's Portfolio as % of Total Assets	Pakistan State Oil Company Ltd.	8.90%	Mari Petroleum Ltd.	8.51%	Bank Al Habib ltd.	5.67%	Bata Pakistan ltd.	4.46%	Fauji Fertilizer Ltd.	3.75%	Service Industries Ltd.	3.38%	Packages Ltd.	3.14%	Pakistan Tobacco Co. Ltd	2.92%	Sapphire Textile Mills Ltd.	2.68%	Habib Metropolitan Bank Ltd.	2.59%	Total	46.00%	Sector	% of Total Assets	others	48.12	textile	7.57	Leather and	7.88	Oil & Gas	9.61	Oil & Gas	11.06	Commercial	12.55	
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CENTRAL MONITORING UNIT

INTRODUCTION

Central Monitoring Unit (CMU) has been established in Finance Division for better management and governance of State Owned Enterprises (SOEs), particularly to develop an appropriate data collection and evaluation mechanism on the performance of SOEs. The CMU has been assigned the responsibility to maintain an electronic database of the financial and operational performance of SOEs and to submit recommendations to the Federal Government on matters related to the performance and governance of SOEs.

FUNCTIONS

Major functions of CMU are as follow:

- i. CMU shall maintain an electronic database of the financial and operational performance of SOEs including following information:
 - a. State of corporate intent;
 - b. Business plans;
 - c. Half-yearly and annual reports; and
 - d. Any other information as prescribed in the SOEs management policy.
- ii. The CMU shall undertake analysis on the financial, commercial, and operational performance of SOEs, and on the basis of such analysis, submit recommendations to the Federal Government on matters related to the performance and governance of SOEs including:
 - a. The overall performance of SOEs;
 - b. Performance of SOEs against their primary objectives, business goals, and performance targets and benchmarks;
 - c. Investment in, loans to, and guarantees of SOEs;
 - d. The risks associated with SOEs sector that could affect the State's investment in SOEs;
 - e. Proposals relating to major transactions by SOEs as and when required by the Federal Government;
 - f. Best practices by SOEs for encouraging and enhancing efficiencies and service delivery, and for improving performance;
 - g. Agreements for public service obligations as and when required by the Federal Government;
 - h. SOEs reform options as and when required by the Federal Government;
- iii. The CMU shall issue periodic reports and also publish consolidated report on the performance of the SOEs.

PERFORMANCE

In pursuance to the mandate and functions of CMU, the process for induction of necessary manpower as per approved organogram has been initiated. However, 2 x officers of Cost Accounts Organization have been assigned the look-after charge of CMU.

The CMU has performed the following functions during 2022-23:

1. Compilation of Federal Footprint SOEs Annual Report 2019-20
2. Establishment of focal points for Federal Footprint SOEs Annual Report 2020-21 & 2021-22
3. Initiation of data collection for Federal Footprint SOEs Annual Report 2020-21 & 2021-22

PROVINCIAL FINANCE WING

Main Role

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

PF WING AS NFC SECRETARIAT

PF Wing provides Secretarial support to National Finance Commission (NFC), a Constitutional Body responsible to recommend revenue sharing arrangement between the Federation and Provinces. Moreover, Secretarial support is also provided to the National Tax Council (NTC) and Executive Committee of NTC constituted for the harmonization of GST across the country. Important achievements of the NFC Secretariat during 2022-23 are as under:-

- Bi-annual Report on Implementation of the 7th NFC Award for the period July to December, 2021 has been approved by NFC Monitoring Committee. Report for the period January to June, 2022 has been forwarded for approval from Provincial Finance Ministers.
- Convened a number of meetings of the National Tax Council (NTC) & Executive Committee of NTC on GST harmonization, which is one of the Prior Actions of World Bank's Resilient Institution for Sustainable Economy (RISE). GST Harmonization across the country is also a pre-requisite for ease of doing business. While considering definitions of Goods and Services for the purpose of Sales Tax by the Federal or Provincial Governments, initially identified following grey areas. With the consensus of all stakeholders, NTC granted collection of Sales Tax rights to Federation (FBR) and Provincial Revenue Authorities (PRAs) as under:-
 - i. Restaurant business to PRAs
 - ii. Transportation of Petroleum Products to FBR
 - iii. Toll Manufacturing to FBR
 - iv. Construction Business to provinces with the stipulation that the provinces will ensure, tax on goods used in the business will go to FBR.
 - v. Transmission of electric services has been declared as services and FBR has approved legislation for the same through Finance Act, 2023-24.

- Moreover, due to efforts of the NTC the provinces have agreed upon common grounds pertaining to place of Provision of services and also notified the rules in respect of four(4) major areas effective from 01-05-2023.

- i. Advertisement Services / Advertising Agents:-
- ii. Insurance services.
- iii. Franchisee Services.
- iv. Transportation Services.

Federal Transfers to Provinces

During FY 2022-23, Rs. **4728.490** billion was transferred to provinces as per details given below: -

(Rs. in billion)

Description	Punjab		Sindh		KP		Baluchistan		Total	
	B.E	Release	B.E	Release	B.E	Release	B.E	Release	B.E	Release
Divisible Pool	2156.590	2064.897	1023.276	979.768	682.602	586.433	378.883	387.948	4241.351	4089.511
Straight Transfers	7.997	11.737	70.823	66.706	30.900	41.840	15.197	13.679	124.917	133.963
Additionality Paid to Balochistan Province in Divisible Pool Taxes during FY 2022-23	-	-	-	-	-	-	-	18.499	-	18.499
1% War on Terror	-	-	-	-	-	70.464	-	-	-	70.464
Development Grant (PSDP)	10.582	8.595	4.155	0.500	2.482	2.432	13.962	6.236	31.181	17.763
Public Financial Management & Accountability to Support Services Delivery Program for Results (P for R) Provincials	-	206.96	-	98.2	-	43.86	-	27.27	-	376.29
Non-Development grant on account of OZT	-	-	22.000	22.000	-	-	-	-	22.000	22.000
Total	2175.17	2292.19	1120.25	1167.17	715.984	745.029	408.042	453.632	4419.45	4728.490

The current 7th NFC Award was announced in December, 2009 and is effective with effect from 01.07.2010. At that time, erstwhile Federally Administered Tribal Areas (FATA) was governed directly by the Federal Government and was not part of KP. The erstwhile FATA became part of KP pursuant to the 25th Constitutional Amendment in 2018. As such, the Federal Cabinet decided that till announcement of new NFC Award, Federal Government will continue to provide grant-in-aid (both current and development) to KP for erstwhile FATA. The Current and Development Grants provided to KP Government as per details given in Para-4 and 5 above includes Rs.**110.050** (billion) transferred to KP Government for meeting the current and development needs of Erstwhile FATA as per detail below:

(Rs. in billion)

Development Grant		B.E.2022-23	Release
1.	Development Grant for 10 years Development plan Merged Areas (Erstwhile FATA)	30.000	30.000
2	Normal ADP of Erstwhile FATA	22.976	19.850
3.	Zyara to Daboori Road Orakzai Agency	0.200	0.200
Grant-in-aid to recurrent budget.			
4	Grant-in-Aid for recurrent budget of Levies &Khasadar	11.000	11.000
5	Grants to Khyber Pakhtunkhwa (For merged districts)	49.000	49.000
Grand Total:		113.176	110.050

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

One of the functions of the PF Wing is to recover and to keep a record of recoveries of principal amount and interest regarding Cash Development Loans granted to the provinces. Such figures are maintained in consultation with respective Finance Departments/Accountant Generals of the Provincial Governments for local currencies and Economic Affairs Division (EAD) for foreign exchange. A profile of recoveries during FY 2022-23 is as follows:

(Rs. in million)

Province	Principal	Interest
Punjab	84,555.006	30,457.703
Sindh	39,523.843	18,028.502
Khyber Pakhtunkhwa	20,975.769	6,487.426
Balochistan	7,885.070	887.901
Total	152,939.69	55,861.532

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

The following amounts have been recovered on account of Cash Development Loan/ Foreign Relent Loan from AJ&K and GB:-

(Rs. In billion)

Province	CDL		FEL		Total
	Principal	Interest	Principal	Interest	
AJ&K	2.419	7.257	4.086	1.142	14.904
GB	0	0	0.004	0.098	0.102
Total					15.006

Federal Transfers to AJ&K

Variable grant is being provided as share of AJ&K Government in Federal Taxes. Funding to AJ&K during 2022-23 is shown as follows:-

(Rs. in billion)

Component	Allocation	Released
Federal Grant (Shared taxes)	59.500	59.500
Total	59.500	59.500

The Federal Government also funds Annual Development Programme (ADP) of the Government of AJ&K through block allocation made by the PD&SI Division. Releases are made by the Finance Division (PF Wing) as per the release strategy issued by the Finance Division (F) and the PD&SI Division. The position of Development funds released to AJ&K during 2022-23 and allocation for 2023-24 is as follows: -

(Rs. In billion)

Component	No of Projects	Allocation 2022-23	Released 2022-23	Allocation 2023-24
ADP (Block Allocation)	---	26.950	20.947	28.000
PSDP (Federal Projects)	09	1.450	1.345	2.300
Total	09	28.400	22.292	30.300

Federal Transfers to Government of GB

Federal Government provides funds Current and Development expenditure of GB Government. The detail of the Funds released during FY 2022-23 and allocation for the current expenditure of GB Government during CFY 2023-24 is shown as follows: -

(Rs. In billion)

Component	Allocation 2022-23	Released 2022-23	Allocation 2023-24
Grant in Aid to GB	47.000	47.000	51.700
Wheat Subsidy to GB	10.900	10.900	9.500
Total	57.900	57.900	61.200

The detail of the funds released during FY 2022-23 and allocation for the Development Budget for CFY 2023-24 is as under: -

(Rs. in billion)

Component	No of Projects	Allocation 2022-23	Released 2022-23	Allocation 2023-24
ADP (Block Allocation)	---	16.348	15.057	19,500
PSDP (Federal Projects)	19	6.400	2.593	7,950
Total	19	22.748	17.650	27.450

REGULATIONS WING

Main Functions of Regulations Wing

As per its job description, Regulations Wing of the Finance Division has been assigned the following main functions:-

- To determine pay package and other financial terms and conditions of service, perquisites and fringe benefits of the Government Servants.
- Proposals for regulatory matters pertaining to pay, allowances, perquisites, fringe benefits and pensions of civil employees, armed forces personnel, employees of autonomous/semi-autonomous and regulatory bodies of the Federal Government.
- Approval of the pay packages of the employees of autonomous bodies, corporations, companies, etc., where public investments have been made in order to safeguard the interests of the Govt. of Pakistan.
- Approval of proposals regarding pay protection and up-gradation of posts.
- Matters related to pay and pension of (a) President of Pakistan (b) Prime Minister of Pakistan (c) Ministers (d) Governors of the provinces (e) Service Chiefs (f) Chief Justice and judges of Supreme Court of Pakistan and High Courts (g) Members of Parliament (h) Speaker/Deputy Speaker National Assembly (i) Chairman/Deputy Chairman Senate.
- Matters related to deputation allowance, senior post allowance, and additional charge allowance.
- Honorarium policy for civil servants, policy on Management Pay Scales, Management Position Scales, and Leave Rules.
- Determination of foreign allowance and entertainment allowance of the Govt. employees posted in Pakistan Missions abroad.
- Determination of rates of house rent allowance, conveyance allowance, overtime allowance, etc.
- Determination of policy in regard to pension for Govt. servants.
- Counting/regularization of service of civil employees.
- Matters relating to G.P. Funds, pension contribution during deputation of civil employees to autonomous bodies and vice versa.
- Issues relating to house building advance and conveyance advance.
- Terms and conditions of deputation on training within Pakistan and abroad.
- Vetting of financial provisions in the Ordinances, Acts, Resolutions, and Service/Financial rules of autonomous/semi-autonomous bodies.
- Drafting of para-wise comments /concise statements in all legal cases where Finance Division (Regulations Wing) is a party in the Supreme Court of Pakistan, High Courts, Federal Service Tribunal, and other courts and tribunals

SANCTIONED STRENGTH OF REGULATIONS WING

Joint Secretary (Regulations)										
DS (R-1)			DS (R-II)				DS (R-III)			
S.O(R-1)	S.O(R-2)	S.O(R-3)	S.O(Imp)	S.O(FR-17/R-10)	A.O	SO(R-4)	SO(R-5)	S.O(R-6)	S.O(R-7)	S.O(R-14)

PERFORMANCE OF REGULATIONS WING DURING FINANCIAL YEAR 2022-23.

<u>ITEMS</u>	<u>Number of cases</u>
Court Cases	522
Service Rules/Regulations of different departments vetted	57
Major Policy Decisions taken	23
Cases regarding Up-gradations of posts of different organizations	61
Fixation of Pays	67
National Assembly/Senate business	60
FR-17 Cases	17
Number of Summaries for Prime Minister/Cabinet processed	117

OTHER ACHIEVEMENTS OF REGULATIONS WING DURING THE FINANCIAL YEAR 2022-23

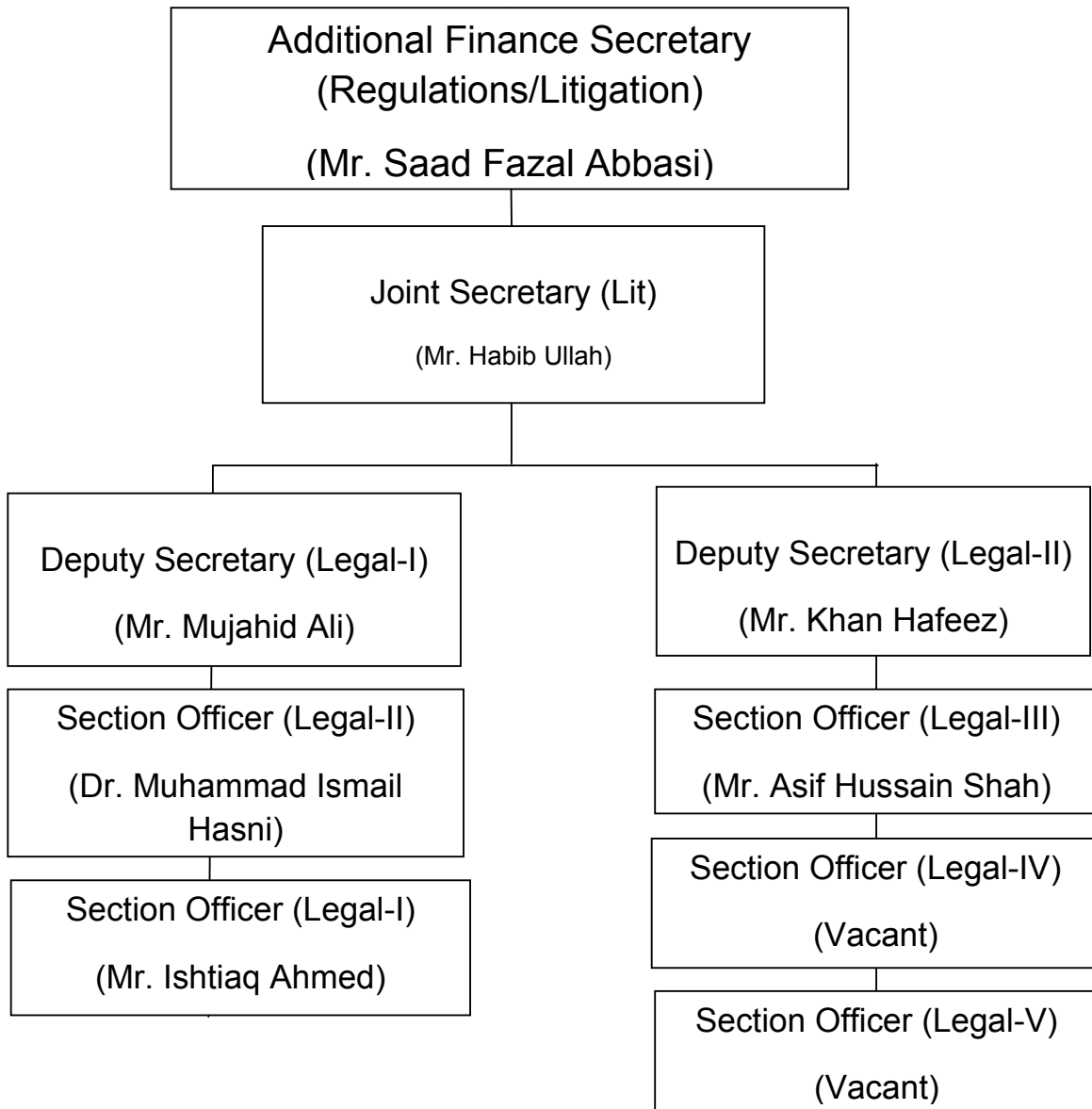
Regulation Wing keeps watch on inflation rate and pay structure of Government employees vis-a-vis autonomous bodies and private sector employees, analyses the data and provides its recommendations to Finance Secretary. After consideration the proposals for enhancement of pay, allowances and pension etc are included in budget proposals in a summary for the Federal Cabinet. During the financial year 2022-23 following relief measures were approved by the Federal Cabinet: -

- Revision of Basic Pay Scales-2022 of Civil Servants, Armed Forces Personnel and Civil Armed Forces w.e.f 01.07.2022
- Grant of Ad-Hoc Relief Allowance w.e.f 01.07.2022.
- Constitution of Anomaly Committee, 2022 and issuance of its recommendations on 02.02.2023.
- Policy for grant of Time Scale to all Civil Servants of the Federal Government in BPS-1 to BPS-16.
- Grant of 20*DA's to ISI Employees (Civil and Military) Personnel posted in Directorate General ISI on current rate (i.e 2017).
- Grant of 20*fixed days to ICT Police from existing rate 2005 to current rate of 2017.
- Special Dispensation for the Civil Servants in the Federal Government in BPS-01 to BPS-16.
- Prime Minister's Relief Fund for Turkiye and Syria Earthquake Victims.
- Policy for Grant of Time Scale BPS-18 to Divisional Accounts Officer (BS-17) working under the administrative control of Controller General of Accounts.
- The Federal Government approved Executive Allowance in line with the allowance granted by the Provincial Governments w.e.f 01.07.2022 to officers in BPS: 17-22 @ 1.5 times on the running basic pay as on 30.06.2022. The purpose is to eliminate disparity of officers (BPS-17-22) of Provincial and Federal Governments
- Finance Division conveyed the approval of Prime Minister for grant of Executive Allowance to all BPS-17-22 Officers, (excluding Private Secretaries), posted /working in the Federal Secretariat , as defined in the Rules of Business, 1973 , as well as Prime Minister's Office and President Secretariat w.e.f 01.01.2023 subject to the condition that Officers during Executive Allowance shall not be entitled to draw deputation allowance as well as any other allowances or emoluments, by whatever name called, specific to their cadre or organization.
- Federal Government has been pleased to enhance the existing rate of increase in pension (i.e 10% granted w.e.f 01-04-2022 vide O.M dated 14th& 30th April 2022) to 15% w.e.f 01-07-2022 to all pensioners of the Federal Government including Civilians paid from Defence Estimates as well as retired Armed Forces personnel and Civil Armed Forces personnel until further orders. The increase in pension cumulatively became 15% and is also admissible to pensioners who were to retire on or after 01-07-2022.

- Adhoc Relief Allowance @ 35% of basic pay for employees of BPS 1 to 16 and @ 30% of basic pay for employees of BPS 17 and above.
- An increase in Net Pension @ 17.5% has been allowed to all Civil and Armed Forces pensioners of the Federal Government w.e.f 1-7-2018, vide Fin. Div. O.M No. F.4(1)R-6/2023 dated 5-7-2023.
- Granted Adhoc Relief Allowance @ 35% of basic pay for employees of BPS 1 to 16 and @ 30% of basic pay for employees of BPS 17 and above supervisory staff of autonomous/ semi-autonomous bodies and corporations which have adopted the Federal Government's Basic Pay Scale system in totality.
- Special Allowance @100 % of basic pay has been granted to Private Secretaries/ Senior Private Secretaries in Federal Government.
- Conveyance Allowance for the Special Employees of Federal Secretariat enhanced @100 % from **Rs. 2000/-**p.m to **Rs. 4000/-** p.m.
- Government has allowed an increase in pension @ 17.5% w.e.f 01-07-2023 until further order to all civil pensioners of the Federal Government including civilians paid from defence estimates as well as retired Armed Forces personnel and Civil Armed Forces personnel vide Finance Division's O.M 4(1)Reg.6/2023 dated 05-07-2023.
- Government has allowed an increase in minimum pension from current rate of Rs.10000/- p.m to Rs.12000/- p.m and minimum family pension from current rate of Rs.7500/- p.m to Rs. 9000/- p.m. Vide Finance Division's O.M No.15(1)-Reg.6/2023 dated 05-07-2023.
- **14.22%**Markup rate of General Provident Fund and Contributory Provident Fund for the year 2022-23 has been fixed vide Finance Division Resolution No.F.2(1)-Reg.7/2014-223 dated 19-07-2023.
- Revision of rate of Orderly Allowance from Rs. Rs.17,500/ per month to Rs.25,000/- per month admissible to BPS-20 to BPS-22 officers.
- Revision of Deputation/ Additional Charge Allowances/ Special pay on Current Charge.

LITIGATION WING

ORGANOGRAM OF LITIGATION WING



LITIGATION WING

Profile:

Litigation Wing consists of five (05) Sections dealing with litigation pertaining to various courts of law. Addl. Finance Secretary (Regs/Lit) supervises Litigation Wing comprising of one Joint Secretary (BS-20), Two Deputy Secretaries (BS-19) and five (05) Section Officers (BS 17/18).

Functions:

- Preliminary Examination of the court cases concerning Ministry of Finance received from Supreme Court of Pakistan, Federal Shariat Court, Supreme Appellate Court Gilgit-Baltistan, Supreme Court Azad Jammu & Kashmir, High Courts, Chief Court Gilgit-Baltistan, Chief Court AJK, Federal Service Tribunal, National Industrial Relations Commission, Civil Courts, etc.
- Finalization of comments and vetting from Law & Justice Division.
- Nominations of Govt. Counsels from Law & Justice Division and briefing to nominated Counsels (Addl. AGs/DAGs/AAGs).
- Submission of reports/comments in the courts conveying the stance of Finance Division.
- Ensure attendance of representative(s) of Ministry of Finance in courts on dates of hearing.
- Implementation of judgments/directions through the concerned wings of Finance Division.
- Filing of Intra Court Appeals, Civil Petition for Leave to Appeals and Civil Review Petitions against the judgments/orders of courts.

Performance:

Legal-I	
Lahore High Court(all benches).	248
Islamabad High Court, Islamabad.	97
Lower Courts, Islamabad	05
Total	350
Legal-II	
Peshawar High Court (all benches)	219
Baluchistan High Court (all benches)	15
Total:	234
Legal-III	
Federal Service Tribunal, Islamabad.	1780
Legal-IV	
Supreme Court of Pakistan (all Registries).	22
Supreme Appellate Court, Gilgit-Baltistan, Gilgit.	04
Chief Court Gilgit Baltistan, Gilgit	05
Chief Court, AJK	-
Federal Service Tribunal, Lahore/Karachi.	42
Total: -	73
<u>Legal-V</u>	
High Court of Sindh (all benches)	192
National Industrial Relations Commission (All Benches)	01
Total:	193

Achievements/Highlights:

The Officers of Litigation Wing attended the hon'ble Supreme Court of Pakistan, Federal Shariat Court, Supreme Appellate Court Gilgit Baltistan, Islamabad High Court, Lahore High Court, High Court of Sind, Peshawar High Court, Baluchistan High Court, Chief Court Gilgit-Baltistan, Federal Service Tribunal and Civil Courts, Islamabad upon the receipt of notices and orders.

- Para-wise comments, reports, concise statements were filed in **2630** cases.
- Officers of Litigation Wing put appearance before the courts along with concerned Law Officer, where required.
- Litigation Wing maintained cordial working relationship with other wing of Finance Division, Law & Justice Division, and Office of the worthy Attorney General for Pakistan & its regional offices.
- Re-organization of Litigation Wing and re-distribution of Courts and business has been enforced to deal with court cases very effectively.
- Mr. Mujahid Ali, Section Officer (Legal-III) was promoted as Deputy Secretary by Establishment Division and he joined as Deputy Secretary (Legal-I).
- Mr. Asif Hussain Shah joined as Section Officer (Legal-III).

FEDERAL TREASURY OFFICER

ACTIVITIES

1. Compilation/Preparation of Federal Payment and Federal Receipt Accounts received daily from the State Bank Islamabad/Muzaffarabad/Rawalpindi & different branches of National Bank situated in Islamabad, Rawalpindi, Muzaffarabad, Kahuta, Murre, Gujar Kahn & Wah for incorporation in Finance Account through AGPR on Sap system.
2. Compilation of Military payment & Receipt accounts and submission to the MAG office through AGPR Islamabad.
3. Vending of all kinds of Stamp Papers, Judicial and Non-Judicial Stamps, Driving license Stamps etc. to the General public and the Government departments as well, from the Strong Room of this office. Moreover, this office generating Non-Tax Revenue of Federal Government through vending of Stamp Papers in billions per year.
4. Verification of credits deposited in the SBP/NBP relating to the Federal Government.
5. Maintenance of Personal Ledger Accounts of Pak. PEB, NTC (Non-Lapsable) and Foreign Office (GPF).
6. Maintenance of Assignments account of Chief Accounts Office (CAO) Ministry of Foreign Affairs for payment through National Bank of Pakistan.
7. Endorsing Revenue Deposits/refund vouchers issued by different courts of Islamabad including Islamabad High Court.

DEBT MANAGEMENT WING

Achievements during FY 2022-23

- (a) In addition to existing 5-year Ijara Sukuk instrument, government has introduced 3-year and 1-year Ijara Sukuk instruments in January and February 2023 respectively with target to diversify shariah-compliant instrument base and give more options to investors with appetite towards Islamic investments. Government successfully issued shariah-compliant Sukuk instruments amounting to around PKR 867 billion, out of which, 84 percent was through Variable Rental Rate (VRR) Sukuk and 16 percent through Fixed Rental Rate (FRR) Sukuk;
- (b) In order to diversify the investment opportunities for the retail investors, government has introduced shariah-compliant SARWA Islamic Term Account (SITA) and SARWA, Islamic Saving Account (SISA);
- (c) Owing to the rising interest rate environment, higher participation was witnessed in short-to-medium tenor floating-rate instruments. However, in order to manage the maturity profile, Government was able to raise PKR 6.3 trillion from floating rate PIBs;
- (d) Government has repaid international commercial bank loans to the tune of USD 5.9 bn. The inflows from international commercial banks, which mainly represented refinancing of maturities, amounted to USD 3.5 bn. Out of the gross inflow of USD 3.5 bn, USD 1.3 bn was recorded as foreign currency denominated domestic debt, owing to the transaction nature of the inflow;
- (e) Government has repaid international Sukuk amounting to USD 1.0 bn; and
- (f) Within external financing, major multilateral inflows were recorded as; USD 2.3 bn from ADB; USD 2.0 bn from World Bank; USD 1.2 bn from IMF (EFF facility); and USD 0.6 bn from AIIB. Total bilateral inflows were USD 1.4 bn, out of which, USD 1.2 bn was attributed to Saudi Oil Facility.

COST ACCOUNTS ORGANIZATION

Introduction:

Cost Accounts (CA) Organization is an integral part of Finance Division. As per Schedule – II of Rule 3 (3) “Distribution of Business among Divisions” Rules of Business 1973 (as amended up to 1st December, 2021) ‘Cost Accountancy’ is an allocated business of Finance Division. This Organization consists of Chief Cost Accounts Officer (CCAO), Deputy Chief Cost Accounts Officer (DCCAO), Cost Accounts Officer (CAO), and Assistant Cost Accounts Officer (ACAO). It is involved in cost analysis of proposals referred by various Ministries, Divisions, and Attached Departments to provide comments / views on financial and costing matters. Further, it has the responsibility to perform reconciliations regarding reimbursement of subsidy claims to various public sector entities.

Functions:

Main functions of CA organization are as under:

1. Subsidy/losses verification of cases of NFC units, NSPC, PASSCO and other organizations.
2. Computation of incidental charges of wheat, imported urea and other consumable items.
3. Review and analysis of accounts of gas producing companies.
4. Reconciliation of accounts in cases of financial disputes among different government agencies/corporations/autonomous bodies as the cases referred by ECC/Cabinet/Competent authority.
5. Act as member of Drug Pricing Committee (DPC) of Drug Regulatory Authority of Pakistan (DRAP) to recommend prices of drugs / medicines as per provision of Drug Pricing Policy, 2018.
6. Act as member of the Appellate Board of DRAP for hearing the appeals regarding prices of drugs/ medicines etc.
7. Act as member of National Council of Institute of Cost and Management Accountants of Pakistan (ICMAP) as government nominee.
8. Coordination and processing the functional matters of ICMAP as per Cost and Management Accountants Act, 1966.
9. Evaluation of cases referred for recommendations / comments by various ministries/divisions and other wings of Finance Division related to cost accountancy and financial analysis.

Performance:

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

1. Verification/computation of wheat incidentals of PASSCO for the years 2019-20 and 2020-21.
2. Participation in 5 meetings of Drug Price Committee (DPC) of Drug Regulatory Authority of Pakistan (DRAP).
3. Participation in the meeting of Board of Directors of Printing Corporation of Pakistan.
4. Processing of administrative matters pertaining to the Institute of Cost and Management Accountants of Pakistan (ICMAP).
5. Coordination and participation in 9 meetings of National Council of ICMAP and 4 meetings of Education Committee of ICMAP.
6. Evaluation of various cases referred by Expenditure Wing and Corporate Finance Wing of Finance Division.
7. Performed duties in the Senate session as representative of Finance Division.