

GROWTH AND INVESTMENT

I. INTRODUCTION

Pakistan's economy continues to maintain its strong growth momentum for the fifth year in a row in the fiscal year 2006-07. With economic growth at 7.0 percent in the current fiscal year, Pakistan's economy has grown at an average rate of almost 7.0 percent per annum during the last five years. This brisk pace of expansion on sustained basis has enabled Pakistan to position itself as one of the fastest growing economies of the Asian region. The growth that the economy has sustained for the last five years is underpinned by dynamism in industry, agriculture and services, and the emergence of a new investment cycle supported by strong growth in domestic demand. The State Bank of Pakistan (SBP) attempted to shave off some of the excess demand which was causing general price hike by changing its monetary policy stance to aggressive tightening. Successive hikes in policy rates have led to higher interest rates across the spectrum, but higher inflation means that real interest rates remain low and their dampening effect on growth remained minimal. The prerequisites for a sustained economic growth appear to have gained firm footing during the last five years.

The past few years of strong economic growth has brought Pakistan to the attention of an ever-wider set of investors and leading companies of the world. Resultantly, foreign investment has attained new heights and likely to touch \$ 6.5 billion mark this year. Never before have conditions been so well aligned for a major push toward sustainable growth and poverty reduction.

The current economic upturn is substantially different from the occasional economic rebounds of short duration that Pakistan has witnessed in the recent past. The gradual build-up of the

investment momentum this time also suggests that investment recovery is likely to be more sustainable. The monetary tightening has therefore not derailed the ongoing economic upsurge because balance between sustaining the growth momentum and containing inflation is maintained.

Real GDP grew strongly at 7.0 percent in 2006-07 as against the revised estimates of 6.6 percent for last year and 7.0 percent growth target for the year. When viewed at the backdrop of rising and

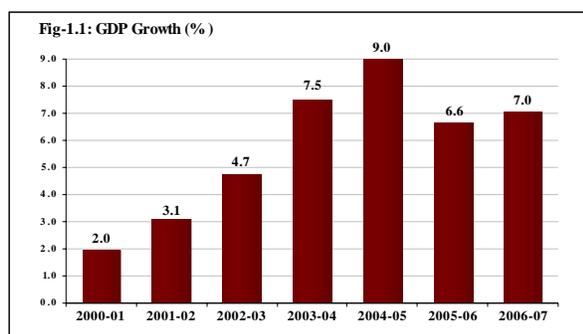
Table-1.1: Comparative Real GDP Growth Rates (%)

Region/Country	2003-04	2004-05	2005-06	2006-07
World GDP	4.0	5.3	4.9	5.4
Euro Area	0.8	2.0	1.4	2.6
United States	2.5	3.9	3.2	3.3
Japan	1.4	2.7	1.9	2.2
Germany	-0.2	1.2	0.9	2.7
Canada	1.8	3.3	2.9	2.7
Developing Countries	6.7	7.7	7.5	7.9
China	10.0	10.1	10.4	10.7
Hong Kong SAR	3.2	8.6	7.5	6.8
Korea	3.1	4.7	4.2	5.0
Singapore	3.1	8.8	6.6	7.9
Vietnam	7.3	7.8	8.4	8.2
ASEAN				
Indonesia	4.8	5.0	5.7	5.5
Malaysia	5.5	7.2	5.2	5.9
Thailand	7.1	6.3	4.5	5.0
Philippines	4.9	6.2	5.0	5.4
South Asia				
India	7.3	7.8	9.2	9.2
Bangladesh	5.8	6.1	6.3	6.7
Sri Lanka	6.0	5.4	6.0	7.5
Pakistan	7.5	8.6	6.6	7.0
Middle East				
Saudi Arabia	7.7	5.3	6.6	4.6
Kuwait	16.5	10.5	10.0	5.0
Iran	7.2	5.1	4.4	5.3
Egypt	3.2	4.1	4.5	6.8
Africa				
Algeria	6.9	5.2	5.3	2.7
Morocco	5.5	4.2	1.7	7.3
Tunisia	5.6	6.0	4.0	5.3
Nigeria	10.7	6.0	7.2	5.3
Kenya	2.8	4.5	5.8	6.0
South Africa	3.1	4.8	5.1	5.0

Source: World Economic Outlook (IMF), April 2007.

volatile energy prices and fallout of the earthquake of October 8, 2005, Pakistan's growth performance for the year has been impressive. The growth is broadly based and is evenly distributed across sectors of the economy. Services sector, though witnessed slight deceleration in growth, still has spearheaded the movement towards higher growth trajectory. The services sector continued to perform strongly and grew by 8.0 percent as against the target of 7.0 percent and last year's actual growth of 9.6 percent. Large-scale manufacturing grew by 8.8 percent as against 10.7 percent of last year and 12.5 percent target for the year, exhibiting signs of moderation on account of higher capacity utilization on the one hand and stabilization of demand for industrial products especially consumer durables on the other. Agriculture sector bounced back from lacklustre performance of last year and particularly its major crop sector recovered strongly from a negative growth of 4.1 percent to a positive growth of 7.6 percent. Livestock, a major component of agriculture, exhibited signs of moderation from its buoyant growth of 7.5 percent last year to 4.3 percent in 2006-07. Construction too continued its strong showing, partly helped by activity in private housing market, spending on physical infrastructure, and reconstruction activities in earthquake affected areas [See Fig.1.1].

Consumer spending remained strong with real



private consumption rising by 4.1 percent and investment spending maintaining its strong momentum at 20.6 percent increase in real investment. While strong economic growth is underpinned by the sound macroeconomic policies pursued by the government, Pakistan has also benefited from the buoyant global economic environment undeterred by the rising and volatile energy prices. The global economy continued its strong expansion. The expansion is becoming geographically more broad-based, and global

growth is expected to remain strong over the near term. Inflation and inflationary expectations remained tamed but there are downside risks, including those related to continued high and volatile oil prices, abrupt tightening of global financial conditions, and a rise in protectionist tendencies.

Domestic macroeconomic reforms teamed with an expanding world economy have helped in sustaining prolonged period of macroeconomic stability. In 2004-05, global growth at 5.3 percent was the strongest in thirty years. Growth in 2005-06 moderated to 4.9 percent and then expected to accelerate to 5.4 percent in 2006-07. The remarkable expansion seen in the past couple of years has been broad-based with almost every region of the world experiencing buoyant growth – including South Asia [See Table-1.1].

The main impetus to growth in world output is coming from two economic giants United States and China, and that growth prospects in Japan and in some members of the euro area have improved considerably in 2006-07. The performance of many emerging economies and developing countries continue to be strong. The growth in the United States continues to be a major driving force for global growth. However, real GDP growth is declining persistently from 3.9 percent in 2004-05 to 3.2 percent in 2005-06 and 3.3 percent in 2006-07. The fact remains that the buoyancy of the US economy has helped fuel growth in other regions. The pace of growth in emerging Asia especially but not limited to China, India and Pakistan, has also contributed to strong global performance in the past few years and this too looks set to continue with growth in Asian emerging market projected to exceed 9.4 percent this year.

The Japanese economy appears better poised for a strong recovery than for many years, with deflation almost squeezed out of the system, and more buoyant consumer demand has helped in providing impetus to growth for third consecutive year in a row. And in the euro area, the growth is picking up after considerable dip last year. South Asia, particularly India and Pakistan, appear to have overtaken ASEAN region in terms of their growth performance. Barring China, and Vietnam all the other Asian economies have fallen short to the South Asian giants (India and Pakistan) in

terms of their growth performance. Middle Eastern and African countries recorded strong to modest growth for the last few years on the back of rising oil revenues in the last few years. With the exception of Nigeria (another oil producing country) and Tunisia all other countries in African region showing a modest growth performance [See Table-1.1].

The global economic expansion amidst monetary and fiscal tightening and higher energy and commodity prices is amazing but it is emanating from strong surge in domestic demand teamed with buoyant external sector. Undeterred by rising interest and inflation rates, the global output is likely to continue show its resilient mood in the coming year. The recent expansion has already shown some signs of moderation at the year end and downside risk is built in because the growth has taken place against a backdrop, which might have been expected to hamper global growth. Continuing geopolitical uncertainty, a sharp rise in oil prices and continuing concern about rising fiscal and current account imbalances, the collective impact thus far has been significantly less than many had predicted.

While the current regional and global outlook offers some optimism, there are nevertheless, some important downside risks to which all policy makers need to be ready to respond. High oil prices and resultant higher level of twin deficits are most threatening to the global macroeconomic stability. So far most countries have shown great resilience to both threats. This might be attributed to buoyancy in demand rather than supply; and partly to the lessons learnt of the 1970s oil crisis as most economies have gradually replaced their dependence on oil to run the machines of their economies.

Macroeconomic imbalances continue to pose a risk to continuing global economic growth. The payment imbalances are part of a wider problem of imbalances in the global economy with rapidly rising foreign exchange reserves in Asia. The main risk posed by these global imbalances is a disorderly resolution of the problem for example, an abrupt adjustment of exchange rates and US interest rates, with obvious implications for emerging market debt.

Pakistan's economy builds on strong economic fundamentals that has undergone substantial structural transformation and is fueling rapid changes in consumption and production patterns. The enhanced and easy access to credit is boosting new entrepreneurship as well as changing consumption patterns. The emerging and growing middle class is becoming an increasingly dominant force in the economic activity. Pakistan's per capita real GDP has risen at a faster pace during the last four years (5.5% per annum on average in rupee terms) leading to a rise in average income of the people. Such increases in real per capita income have led to a sharp increase in consumer spendings during the last three years. As opposed to an average annual increase of 1.4 percent during 2000-2003, real private consumption expenditure grew by 12.1 percent in 2004-05 but declined in the subsequent two years to 3.3 percent in 2005-06 and 4.1 percent in 2006-07. Relatively slower growth in the consumption in 2005-06 and 2006-07 is mainly attributed to the tight monetary policy pursued by the SBP. The extraordinary strengthening of domestic demand during the last four years points to the following facts. First, the higher consumer spending feeding back into economic activity has provided adequate support to the on-going growth momentum. Second, it suggests the emergence of a strong middle class with more purchasing power which is a healthy sign for business expansion and social transformation. Third, extra-ordinary rise in consumer spendings over the last four years appears to have contributed, in part to building inflationary expectations in Pakistan.

Having discussed the overall growth and consumer spending, it is imperative to look into the growth performance of the various components of Gross National Product for the outgoing fiscal year 2006-07 in the historical context. The performance of the various components of national income over the last two and a half decades is summarized in Table 1.2.

II. Commodity Producing Sector (CPS)

Commodity Producing Sector (CPS) accounting for 56.7 percent of the GDP and responsible for one-fourth of the 6.6 percent real GDP growth in 2005-06. The contribution to 7.0 percent growth in GDP of CPS has increased to 40 percent. This was spearheaded by the manufacturing sector which

added 22 percentage points to overall contribution of 40% while agriculture sector contributed the rest of 18 percentage points. Growth of value addition in CPS sector is estimated to increase by 6.0% in 2006-07 as against 3.4% in 2005-06. The important component of the commodity producing sector namely, agriculture has outpaced the target while manufacturing witnessed slippage in the target. Within the CPS, agriculture and manufacturing grew by 5.0 percent and 8.4 percent, respectively [See Table 1.2].

II.i. Agriculture

In spite of persistently falling share since 2002-03, agriculture remains the single largest sector of the national economy. It still accounts for 20.9 percent of GDP and employed bulk of the total work force. Agriculture contributes to growth as a supplier of raw materials to industry as well as a market for industrial products and is the main source of foreign exchange earnings. Approximately 66.7% of the country's population live in rural areas and are directly or indirectly rely on the agriculture sector for their livelihood.

The agriculture sector consists of crops, livestock, fishing and forestry sub-sectors. The crop sub-sector comprises major crops (primarily wheat, cotton, rice, sugarcane, maize and gram) and minor crops (such as pulses, potatoes, onions, chillies and garlic). The internal composition of the agriculture sector has changed over time and the share of crops sub-sector in agriculture has gradually declined from 65.1% in 1990-91 to 47.9% in 2006-07. By contrast, the share of livestock in agriculture has increased from 29.8% to 49.6% in the same period. The contributions of fishing and forestry have been insignificant with only 0.3% and 0.2%, respectively.

Growth in the agricultural sector bounced back from a modest 1.6 percent last year to 5.0 percent this year. The major crops registered an impressive growth of 7.6 percent. The performance of all the sub-sector of agricultural remained robust with the exception of minor crops and fishing [See Table 1.2]. The detailed discussion on the sub-sectors of agriculture is presented below:

II.i.a. Major Crops, Major crops, accounting for 36.3 percent of agricultural value added, witnessed an impressive growth of 7.6 percent as against a negative growth of 4.1 percent last year. Four major crops wheat, sugarcane, cotton and rice account for almost 90 percent of weight in major crops. The impressive growth in value added of major crops was underpinned by robust growth in two major crops, namely, wheat and sugarcane. Cotton maintained its previous year's production level of 13.0 million bales. The other two major crops, namely maize and rice, registered negative growth of 2.0 percent and 4.5 percent, respectively. Wheat production increased by 10.5 percent and stood at 23.5 million tons—highest ever production of wheat in the country's history.

II.i.b. Minor crops, Minor crops, accounting for 11.7 percent of value added in overall agriculture, grew by 1.1 percent – slightly up from last year's growth of 0.4 percent. Production of pulses such as masoor and mung registered a sharp increase of 17.9% and 21.5%, respectively. Vegetables such as potatoes and onions exhibited mixed performance as the former registered an increase of 67.2 percent while the later posted a decline of 14.3 percent. Chillies, being an important minor crop, registered a sharp decline of 49.6 percent during the year under review. Edible oils also witnessed decline in production.

II.i.c. Livestock. The government has placed great focus on this important sector which accounts for 49.6 percent of agriculture value addition. The importance of this sector can be gauged by the facts that the livelihoods of about 35 million rural population depend directly or indirectly to livestock and dairy sector; it is highly labour-intensive and good source of job creation; its share in agriculture is much more than combined shares of all the major crops, it accounts for 10.4% of GDP and most importantly its performance is not dependent on mother nature. Accordingly, it has emerged as a major alternative source of income, particularly for rural poor. Livestock includes: cattle, buffalos, sheep, goats, camels, horses, asses and mules. The livestock sector grew by 4.3 percent during 2006-07 as against 7.5 percent last year.

**Table 1.2: Growth Performance of Components of Gross National Product
(% Growth At Constant Factor Cost)**

	1980's	1990's	2002-03	2003-04	2004-05	2005-06	2006-07
Commodity Producing Sector	6.5	4.6	4.2	9.3	9.5	3.4	6.0
1. Agriculture	5.4	4.4	4.1	2.4	6.5	1.6	5.0
- Major Crops	3.4	3.5	6.8	1.7	17.7	-4.1	7.6
- Minor Crops	4.1	4.6	1.9	3.9	1.5	0.4	1.1
- Livestock	5.3	6.4	2.6	2.9	2.3	7.5	4.3
- Fishing	7.3	3.6	3.4	2.0	0.6	20.5	4.2
- Forestry	6.4	-5.2	11.1	-3.2	-32.4	-43.7	-3.8
2. Mining & Quarrying	9.5	2.7	6.6	15.6	10.0	4.6	5.6
3. Manufacturing	8.2	4.8	6.9	14.0	15.5	10.0	8.4
- Large Scale	8.2	3.6	7.2	18.1	19.9	10.7	8.8
- Small Scale *	8.4	7.8	6.3	6.2	6.3	8.3	7.7
4. Construction	4.7	2.6	4.0	-10.7	18.6	5.7	17.2
5. Electricity & Gas Distribution	10.1	7.4	-11.7	56.8	-5.7	-23.8	-15.2
Services Sector	6.6	4.6	5.2	5.8	8.5	9.6	8.0
6. Transport, Storage and Comm.	6.2	5.1	4.3	3.5	3.4	6.9	5.8
7. Wholesale & Retail Trade	7.2	3.7	6.0	8.3	12.0	8.7	7.1
8. Finance & Insurance	6.0	5.8	-1.3	9.0	30.8	33.0	18.2
9. Ownership of Dwellings	7.9	5.3	3.3	3.5	3.5	3.5	3.5
10. Public Administration & Defence	5.4	2.8	7.7	3.2	0.6	10.0	6.9
11. Services	6.5	6.5	6.2	5.4	6.6	6.3	8.5
12. GDP (Constant Factor Cost)	6.1	4.6	4.7	7.5	9.0	6.6	7.0
13. GNP (Constant Factor Cost)	5.5	4.0	7.5	6.4	8.7	6.4	6.9

* Slaughtering is included in small scale

Source: FBS

II.i.d. Fisheries: The fisheries sector account for only 0.3 percent of GDP and witnessed a growth of 4.2 percent against 20.5 percent last year. Components of fisheries such as marine fishing and inland fishing, contributed to an overall increase in value added in the *fisheries* sub-sector. Marine fisheries registered a growth of 1.2 percent against negative growth of 2.7 percent last year. Inland fish segment also registered a growth of 5.1 percent as against 29.5 percent last year.

II.i.e. Forestry: Forestry plays an important role in the Pakistani economy inspite of its meager share of 0.2 percent in the GDP. Forests are important for the protection of land and water resources, particularly in prolonging the lives of dams, reservoirs and the irrigation network of canals. Forestry is also essential for maintaining a sustained supply of wood and wood products. Pakistan has only 5% of its total land area under forest which is very low as compared to other Asian countries. Of the 5% of total landmass that has forest cover, 85% is public forest, which includes 40% coniferous and scrub forests on the

northern hills and mountains. The balance is made up of irrigated plantations and river rain forests along major rivers on the Indus plains, mangrove forests on the Indus delta and trees planted on farmlands. The value addition in forestry sector witnessed a decline in growth to 3.8 percent as against massive decline of 43.7 percent last year. Massive earthquake of October 8, 2005 is partly responsible for destruction of considerable portion of forests during the last two years. Alarming thing is that this is the fourth year in a row when forestry is depicting negative growth. For a better climate and protection of water reservoirs we need forestation to grow at a brisk pace.

II.ii. Manufacturing

Manufacturing sector has reaped the benefits of the recent upsurge in the growth momentum and its share in the GDP has persistently increasing from 14.7 percent in 1999-2000 to 19.1 in 2006-07. Large-scale manufacturing, accounting for 69.9% of overall manufacturing, registered a growth of 8.8% in 2006-07 against the target of 12.5% and last year's achievement of 10.7%. Although large-scale

manufacturing is exhibiting a decelerating trend in growth over the last four years, a growth of 8.8 percent is still robust and is likely to show further improvement once the numbers for May and June 2007 are incorporated.

The main contributors to the 8.8% growth during July-April 2006-07 were the textile and apparel group (8.4%), chemicals (6.5%), , tires and tubes group (16.1%), non-metallic mineral products (21.7%), engineering goods group (21.5%), electrical items group (12.9%), and automobile group (6.2%). The items that registered positive growth were cotton yarn (12.0%), vegetable ghee (1.5%), cooking oil (6.9%), cement (21.1%), cigarettes (4.1%), jeeps and cars (3.0%), tractors (11.4%), L.C.V's (17.0%), motorcycles/scooters (12.3%), sugar (19.6%), cotton cloth (7.0%), motor tyres (17.2%), refrigerators (9.8%) and caustic soda (11.6%). The individual items exhibiting negative growth include: cotton ginned (10.9%), billets (47.9%), petroleum group (2.3%), nitrogenous fertilizer (4.5%), and phosphatic fertilizer (12.0%).

II.iii. Mining and Quarrying

Pakistan has economically exploitable reserves of coal, rock salt, limestone and onyx marble, china clay, dolomite, fire clay, gypsum, silica sand and granite, as well as precious and semi-precious stones. Mineral deposits which may have sizeable reserves but require greater exploration including gold, copper, tin, silver, antimony, the platinum group of elements, tungsten, lead, bauxite and fluorite. The mining and quarrying sector grew by 5.6% in 2006-07 as against 4.6 percent growth last year and target of 3.8 percent. However, the sector contributed only 2.6% to GDP in 2006-07 and almost stagnant at this level for some time. The main contribution to the growth of the mining and quarrying sector came from mining of argi clay, fire clay, limestone, coal and the extraction of natural gas which grew by 18.8%, 31.7%, 47.3%, 3.4% and 3.5%, respectively, in the first nine months of 2006-07.

Because much of the country's mining reserves exist in remote areas, infrastructure improvements are necessary to attract higher investment in this sector. Since 2000, the Government has implemented a mining policy under which imports of machinery have been allowed free of

tariffs and restrictions on repatriation of profits by foreign investors have been removed. These measures have been successful in attracting foreign investment in the mining and quarrying sector.

II.iv. Services Sector

The services sector account for 53.3 percent stake in the GDP. It consists primarily of wholesale and retail trade; transport, storage and communications; and financial and insurance services. These sectors collectively absorb approximately one-third of workforce in Pakistan. The services sector has been an important contributor to Pakistan's economic growth over the past five years. The services sector grew by 8.5% in 2004-05, by 9.6% in 2005-06 and by 8.0% in 2006-07. Finance and insurance sector remained major driver of the growth in the services sector for the last three years and the growth has touched 30.8%, 33.0% and 18.2%, respectively in these three years. Growth in the services sector in 2006-07 was primarily attributable to strong growth in the finance and insurance sector, better performance of wholesale and retail trade, as well as social services sector.

Finance and insurance sector spearheaded the growth in the services sector and registered stellar growth of 18.2 percent during the current fiscal year 2006-07 which is slightly lower than 33.0 percent of last year. Value added in the *wholesale and retail trade sector* is based on the margins taken by traders on the transaction of commodities traded in the wholesale and retail market. In 2006-07, the gross value added in wholesale and retail trade increased by 7.1% over the previous year, compared to 8.6% growth in 2005-06.

Value added in the *transport, storage and communications sector* is based primarily on the profits and losses of Pakistan Railways, Pakistan International Airlines and other airlines, Pakistan Posts & Courier Services, Pak Telecom and motor vehicles of different kinds on the road. In 2006-07, this sector grew by 5.7% from the previous year compared to 6.9% growth in 2005-06. The moderation in the growth rate resulted primarily from stabilization of strong consumer demand for mobile phones, internet services of Pak Telecom, and motor vehicles on road. *Public administration and defense* posted a growth of 7.0 percent while

ownership of dwellings grew by 3.5 percent and *social services sector* improved its growth performance to 8.5 percent from 6.3 percent last year.

III. Contribution to Real GDP Growth (Production Approach)

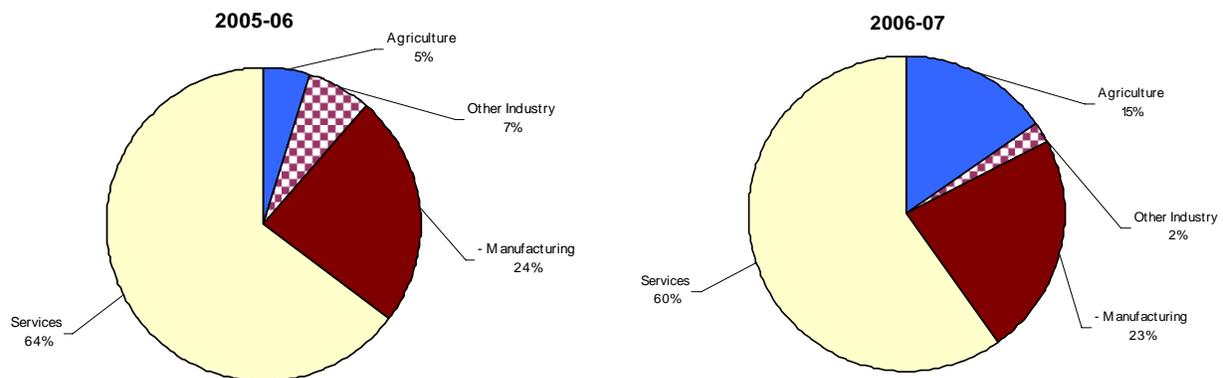
The contribution to economic growth is broadly distributed among different sectors of the economy. Services sector continues to be the major driving force in its contribution to economic growth. The commodity producing sectors (agriculture and industry) has contributed two-fifth and service sector contributed the remaining three-fifth to the real GDP growth of 7.0 percent during 2006-07. The CPS contributed 30.2 percent or 2.9 percentage points to this year's growth while the remaining 59.8 percent or 4.2 percentage point's contribution came from services sector. Within the CPS, agriculture contributed 1.1 percentage points or 15.1 percent to overall growth while industry contributed 1.8 percentage points or 22.7 percent [See table 1.3 and fig. 2 for details]. The reliance on the agriculture sector has declined

with the passage of time. It is encouraging to note that the contribution of wholesale and retail trade is increasing. It has contributed 19.4 percent or 1.4 percentage points to GDP growth in 2006-07. This sector is highly labour-intensive and higher growth in the sector may have contributed to the rise in employment and income level of the people attached with the sector. Construction with many forward and backward linkages is also making impact on the economic growth by contributing 5.2 percent or 0.4 percentage points to this year's real GDP growth. Construction is also highly labour-intensive sector and a strong growth in this sector must have generated a variety of jobs. Less labour intensive sector such as finance and insurance has also contributed 13 percent or 0.9 percentage points to this year's growth.

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

Sector	2002-03	2003-04	2004-05	2005-06	2006-07
Agriculture	1.0	0.6	1.5	0.4	1.1
Industry	1.0	3.8	3.1	1.3	1.8
- Manufacturing	1.1	2.3	2.7	1.8	1.6
Services	2.7	3.1	4.4	4.9	4.2
Real GDP (Fc)	4.7	7.5	9.0	6.6	7.0

Fig-1.2: Contribution to the Real GDP Growth



IV. Contribution to Economic Growth (Aggregate Demand Side Analysis)

Consumption, investment, export are figuratively described as the 'three horses of Troika' that drives economic growth. In all economies the expansion of output is the sum of consumption (both private and government) plus investment (public and private) plus net exports of goods and services. Consumption comprises a major chunk of

economic growth in almost all economies. Pakistan's economic growth is historically characterized as consumption-led growth. For a brief interval (2000-04) of external sector buoyancy net exports contributed positively. However, the balance between investment and consumption has improved for the last three years and driving the growth momentum while the contribution of net exports remained negative since 2004-05. Consumption has accelerated in early phase

starting from 2001-02 with support from investment coming over the last three years. Higher growth in consumption allowed the firms to use its excess capacity in the first phase but

continued strong growth in consumption encouraged firms to undertake new investment over the last three years [See Table 1.4 and Fig. 1.3].

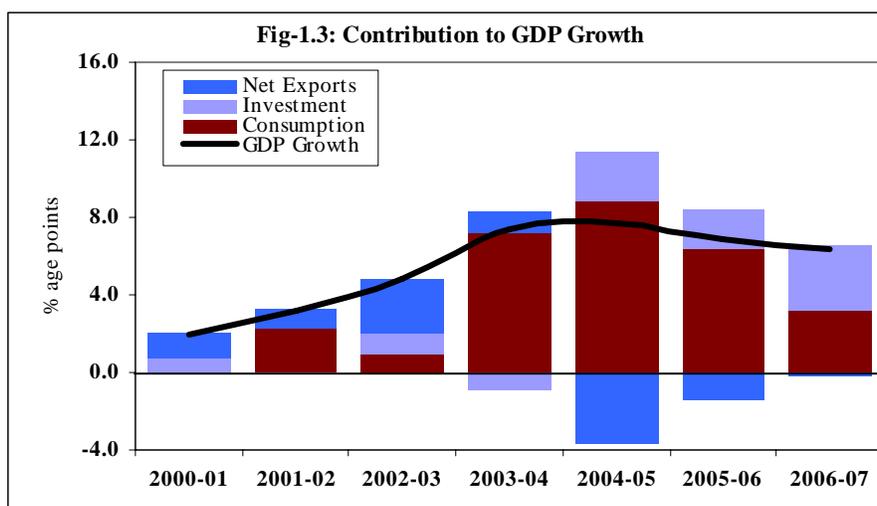
**Table-1.4: Composition of GDP Growth
Point Contribution**

Flows	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Average 2003-07
Private Consumption	0.4	1.0	0.3	7.1	8.7	2.4	3.0	5.3
Public Consumption	-0.5	1.2	0.6	0.1	0.1	3.9	0.2	1.1
Total Consumption [C]	-0.1	2.2	0.9	7.2	8.8	6.4	3.2	6.4
Gross Fixed Investment	0.7	-0.1	0.6	-1.0	1.8	2.5	3.3	1.7
Change in Stocks	0.0	0.0	0.4	0.1	0.7	-0.5	0.1	0.1
Total Investment [I]	0.7	0.0	1.1	-0.9	2.5	2.0	3.4	1.8
Exports (Goods & Serv.) [X]	1.6	1.5	4.5	-0.3	1.7	1.8	0.1	0.8
Imports (Goods & Serv.) [M]	0.3	0.4	1.6	-1.3	5.4	3.2	0.2	1.9
Net Exports [X-M]	1.3	1.0	2.8	1.0	-3.7	-1.5	-0.2	-1.1
Aggregate Demand (C+I+X)	2.3	3.7	6.5	6.0	13.0	10.2	6.6	9.0
Domestic Demand (C+I)	0.7	2.2	2.0	6.3	11.3	8.4	6.5	8.1
GDP MP	2.0	3.2	4.8	7.4	7.7	6.9	6.4	7.1

Source: Federal Bureau of Statistics.

Economy has maintained a steady and rapid growth for the last five years in a row. Given its lion's share in GDP, consumption mainly supported the on-going growth momentum and as it is documented in Table 1.4 it contributed in the range of 80 – 83 percent to overall economic growth over the last 7 years. In 2006-07 consumption accounted for 49.8 percent or 3.2 percentage points to economic growth and while investment accounted for 52.7 percent or 3.4 percentage points to growth. This is the first time in recent economic history that investment is

driving growth by surpassing consumption. Net exports appear to have been a drag on overall growth in 2006-07. The investment rate is on the rise since 2004-05, reaching as high as 23 percent of GDP in 2006-07. This is the highest investment rate ever in recent economic history. This year's economic growth is largely investment-driven but ably supported which provides source of optimism that a growth of 6-8 percent in the next 5 years is quite achievable. National savings are financing a large part of this investment boom. The national savings rate is now at 18.0 percent of GDP.



A faster growth in exports is needed to make total demand less sensitive to rising domestic real interest rates and indebtedness, secure productivity gains as a result of competition in the international market, and relax the foreign exchange constraints for imports.

V. Composition of the GDP

The process of structural transformation has accelerated in recent years. The structure of the GDP has undergone substantial change during the last three and a half decades (see Table 1.5 for details). The commodity producing sector (CPS) which accounted for almost 62 percent of the GDP in 1969-70, its share declined to almost 46 percent

in 2006-07 — a decline of 16 percentage points. The decline in the share of CPS is fully accounted for by the equal rise in the share of services sector. Within the CPS, the contribution of agriculture is shrinking over the years. It has declined from almost 39 percent in 1969-70 to 20.9 percent in 2006-07 - a decline of 18 percentage points in three and a half decade. The share of agriculture in GDP has declined by 3.2 percentage points in the last 6 years alone and the share of the manufacturing sector has increased by 3.1 percentage points in the same period. It implies that the space created by the agriculture sector is occupied by the manufacturing sector which is a pre-requisite for structural transformation in the first phase.

**Table 1.4: Sectoral Share in Gross Domestic Product(GDP)
(At Constant Factor Cost) (In %)**

	1969-70	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Commodity Producing Sector	61.6	47.9	47.6	48.4	48.7	47.2	46.7
1 Agriculture	38.9	24.1	24.0	22.9	22.4	21.3	20.9
- Major Crops	23.4	8.0	8.2	7.8	8.4	7.5	7.6
- Minor Crops	4.2	3.1	3.0	2.9	2.7	2.6	2.4
- Livestock	10.6	12.0	11.7	11.2	10.6	10.6	10.4
- Fishing	0.5	0.3	0.3	0.3	0.3	0.3	0.3
- Forestry	0.1	0.7	0.7	0.6	0.4	0.2	0.2
2 Mining & Quarrying	0.5	2.4	2.5	2.6	2.7	2.6	2.6
3 Manufacturing	16.0	15.9	16.3	17.3	18.3	18.9	19.1
- Large Scale	12.5	10.4	10.6	11.7	12.9	13.4	13.6
- Small Scale	3.5	5.6	5.6	5.6	5.4	5.5	5.6
4 Construction	4.2	2.4	2.4	2.0	2.1	2.1	2.3
5 Electricity & Gas Distribution	2.0	3.0	2.5	3.7	3.2	2.3	1.8
Services Sector	38.4	52.1	52.4	51.6	51.3	52.8	53.3
6 Transport, Storage and	6.3	11.4	11.4	10.9	10.4	10.4	10.3
7 Wholesale and Retail Trade	13.8	17.8	18.0	18.2	18.7	19.1	19.1
8 Finance and Insurance	1.8	3.5	3.3	3.4	4.0	5.0	5.6
9 Ownership of Dwellings	3.4	3.2	3.1	3.0	2.9	2.8	2.7
10 Public Admn. & Defence	6.4	6.4	6.6	6.3	5.9	6.0	6.0
11 Other Services	6.7	9.8	9.9	9.7	9.5	9.5	9.6
12 GDP (Constant Factor Cost)	100.0						

P Provisional

Source: Economic Adviser's Wing, Finance Division

Beside compulsions imposed by the theory of economic development that with higher level of economic development the share of agriculture has to shrink, the other determining factor is the exclusive preoccupation of the successive governments in the past to four major crops, namely, wheat, cotton, sugarcane and rice in policy making and little or no efforts to increase yield per acre or no policy support to diversification of agriculture sector. These four major crops only account for one - third of agricultural value added

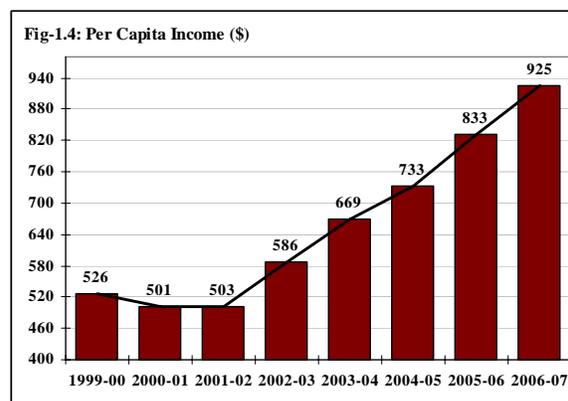
while rest of the two-third has received almost no attention from all the governments until two years ago. Most importantly, livestock, which accounts for almost one-half of the agricultural value added, has been the major victim of the total neglect of the governments all along until few years ago that this sector started receiving some attention. As long as the government continues to concentrate on four major crops and neglect the rest, the contribution of agriculture to overall GDP is bound to shrink rapidly in the next five to ten years because

industry has been growing at least twice as fast as agriculture and services sector has outpaced the growth in the agriculture. During the last six years, the major impetus to growth has come from services and manufacturing sectors. The share of manufacturing in GDP has remained stagnant at around 16 percent for 33 years until 2002-03. Its contribution to GDP has increased only during the last three years - rising from 16.3 percent in 2002-03 to 19.1 percent in 2006-07. Almost three percentage point's increase in just four years is an impressive achievement. Within the services sector, almost all the components have raised their contribution over the last three and half decades. This simply suggests that the decline in the share of agriculture is fully compensated by the equal rise in the share of manufacturing with contribution from the services remaining more or less stagnant.

VI. Per Capita Income

Per capita income is regarded as one of the key indicators of economic well-being for many years. With the emergence of more analytical tools and sophisticated indicators, numerous indicators and measures of well being are added to economic literature. Yet none of these could undermine the historical importance of per capita income in providing simple reflection of the average level of prosperity in the country or average standards of living of the people in a country. Per capita income, defined as Gross National Product at market price in dollar term divided by the country's population, grew at a much slower pace of 1.4 percent per annum in the 1990s, due mainly to slower economic growth, declining trend in workers' remittances and fast depreciating exchange rate. The pendulum swung to other extreme during the last few years and the per capita income grew at a much stronger pace. The per capita income in dollar term has grown at an average rate of 13.0 percent per annum during the last five years rising from \$ 586 in 2002-03 to \$ 833 in 2005-06 and further to \$ 925 in 2006-07 [See Fig-1.4]. The main factor responsible for the sharp rise in per capita income include acceleration in real GDP growth, stable exchange rate and four fold increase in the inflows of workers' remittances. Per capita income in dollar term rose from \$ 833 last year to \$ 925 in 2006-07, depicting an increase of 11.0 percent. Fig. 1.4 shows the improvement in

per capita income during the last six years. Real per capita income in rupee terms has also increased by 4.9 percent on average for the last three years as compared to just 1.0 percent per annum on average during the 1990.



VII. Investment and Savings

Total investment has reached record level of 23.0 percent of GDP in the current fiscal year (2006-07) as against 21.7 percent of GDP last year. Fixed investment has increased to 21.4 percent of GDP from 20.1 percent last year. Investment is a key determinant of growth. Total investment has increased from 16.9 percent of GDP in 2002-03 to 23.0 percent of GDP in 2006-07— showing an increase of 6.0 percent of GDP in five years. Fixed investment grew, on average, by 17.3 percent in real terms and 30.3 percent in nominal terms per annum during the last three years (2004-07). Private investment grew by 18.7 percent per annum in real terms and 32.0 percent per annum in nominal terms during the same period. In the fiscal year 2006-07, gross fixed capital formation or domestic fixed investment grew by 21.8 percent as against 34.8 percent last year. The composition of investment between private and public sector has changed considerably during the last three years. Private sector investment grew by 20.4 percent this year as against 37.5 percent increase in last year in nominal terms. Public sector investment has also increased by 25.7 percent per annum during the last three years and 25.7 percent during the current fiscal year in nominal terms. Public sector investment has created spillovers effects for private sector investment through massive increase in development spending particularly on infrastructure [See Table-1.6]. The other interesting

development that has taken place on investment scene is that the share of private sector investment in domestic fixed investment has increased from less than two-third (64.2%) to more than three-

fourth (76.0%) in the last seven years clearly reflecting the growing confidence of private sector in the current and future prospects of the economy.

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

Description	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07P
Total Investment	17.2	16.8	16.9	16.6	19.1	21.7	23.0
Changes in Stock	1.4	1.3	1.7	1.6	1.6	1.5	1.5
Gross Fixed Investment	15.8	15.5	15.3	15.0	17.5	20.1	21.4
- Public Investment	5.7	4.2	4.0	4.0	4.3	4.7	5.2
- Private Investment	10.2	11.3	11.3	10.9	13.1	15.4	16.2
Foreign Savings	0.7	-1.9	-3.8	-1.3	1.6	4.5	5.0
National Savings	16.5	18.6	20.8	17.9	17.5	17.2	18.0
Domestic Savings	17.8	18.1	17.6	15.7	15.4	15.3	16.1

P: Provisional

Source: EA Wing Calculations

Private sector investment was broad-based. Major nominal growth in private sector investment is witnessed in manufacturing (27.0%), mining & quarrying (93.6%), construction (10.7%), transport and communication (20.8%), and wholesale and retail trade (25.4%). All sectors of the economy barring agriculture (3.8%), ownership of dwellings (4.6%) and electricity & gas distribution (-49.9%), witnessed high double digit growth in investment. In the public sector investment, only manufacturing witnessed negative growth but investment in all other sectors rose sharply, thus enabling overall public sector investment to grow by 26.6 percent. Investment in public and general government sectors grew by 34.6 percent and 20.2 percent, respectively.

The contribution of national savings to the domestic investment is indirectly the mirror image of foreign savings required to meet investment demand. The requirement for foreign savings needed to finance the saving-investment gap simply reflects the current account deficit in the balance of payments. National Savings at 18.0 percent of GDP has financed 84 percent of fixed investment in 2006-07 as against 85.5 percent last year. National savings as percentage of GDP stood

at 18.0 percent in 2006-07 fractionally higher than last year's level of 17.2 percent. Domestic savings has risen from 15.3 percent of GDP to 16.1 percent of GDP. In the current scenario, net foreign resource inflows are mainly coming from non-debt creating inflows.

VII. Foreign Investment

Foreign direct investment (FDI) has emerged as a major source of private external flows for developing countries. During the last two decades countries have liberalized their FDI regimes and pursued investment- friendly economic policies to attract investment. Countries have tried to address the issue of making domestic policies to maximize the benefits of foreign presence in the domestic economy. FDI has triggered technology spillovers, assisted human capital formation, contributed to international trade integration, helped in creating a more competitive business environment and promoted enterprise development. These developments contributed positively to higher economic growth, which is the most potent tool for alleviating poverty. Another contribution of FDI in recent years to developing countries has been that it has overshadowed official development assistance (ODA) by a fair margin.

Table 1.7: Inflow of Net Foreign Private Investment (FPI)

Country	(Million US \$)								
	2005-06			July-April			2006-07		
	Direct	Portfolio	Total	Direct	Portfolio	Total	Direct	Portfolio	Total
USA	516.7	303.8	820.5	419.1	331.5	750.7	676.7	669.4	1346.1
UK	244.0	-19.5	224.5	151.4	-16.1	135.3	724.4	382.3	1106.7
UAE	1424.5	63.3	1487.8	1284.6	55.1	1339.6	364.2	19.5	383.8
Germany	28.6	-3.5	25.1	27.0	-4.2	22.7	30.0	6.9	36.9
Kuwait	21.0	2.9	23.9	15.2	2.1	17.2	61.8	18.3	80.0
Hong Kong	24.0	31.2	55.2	21.9	33.1	55.0	30.2	-93.8	-63.6
Norway	252.6	0.0	252.6	243.3	0.0	243.3	25.1	0.0	25.1
Japan	57.0	-8.7	48.2	37.3	-6.4	30.9	51.0	0.2	51.2
Saudi Arabia	277.8	0.8	278.5	273.7	0.8	274.5	91.7	0.1	91.8
Canada	4.8	0.2	5.0	3.9	0.2	4.1	10.5	0.1	10.6
Netherlands	121.1	-0.7	120.4	101.1	-0.8	100.4	753.4	5.7	759.1
Mauritius	87.0	-4.1	83.0	64.4	-4.1	60.3	63.4	9.7	73.1
Singapore	9.9	5.6	15.5	8.9	0.6	9.5	14.2	169.1	183.3
China	1.7	0.0	1.7	1.6	0.0	1.6	708.9	0.0	708.9
Australia	31.3	0.0	31.3	26.1	0.0	26.1	60.5	-5.9	54.6
Switzerland	170.6	11.6	182.2	161.5	-11.9	149.6	157.8	-85.7	72.1
Others	248.5	-31.3	217.2	197.2	-24.1	173.1	336.5	51.7	388.2
Total	3521.0	351.5	3872.5	3038.2	355.8	3393.9	4160.2	1147.6	5307.8

Source: State Bank of Pakistan

Sensing the potential role that FDI can play in accelerating economic growth and economic development; Pakistan, like many other developing countries, has also initiated wide-ranging structural reforms in various sectors of the economy to restore macroeconomic stability and improve enabling environment to attract FDI. Higher foreign direct investment in Pakistan has relaxed the foreign exchange constraint for imports to a greater extent, and supported the increase in the investment-to-GDP ratio, necessary to deliver the higher growth rates.

The reforms and policies that Pakistan pursued over the last seven years are now paying handsome dividends. Pakistan has become an attractive destination for foreign investors. In sheer contrast to an average of \$350-450 million per annum prior to 1998-99, the overall foreign investment during the first ten months (July-April) of the current fiscal year has touched \$ 6 billion – highest ever in the country's history and nearly doubles the inflows of foreign investment of last year [See Table-1.8].

Table-1.8: Net Inflow of Foreign Investment

	(Million US\$)			
	2005-06	July-Apr		% Change
		2005-06	2006-07	
Foreign Private Investment	3872.5	3394.0	5307.8	56.4
Foreign Direct Investment	3521.0	3038.2	4160.2	36.9
<i>of which Privatisation Proceeds</i>	<i>1540.3</i>	<i>1538.3</i>	<i>133.2</i>	<i>-91.3</i>
Portfolio Investment	351.5	355.8	1147.6	222.5
Equity Securities	45.7	355.8	847.6	138.2
Debt Securities	0.0	0.0	300.0	-
Foreign Public Investment	0.0	655.0	671.4	2.5
Portfolio Investment	0.0	655.0	671.4	2.5
Equity Securities	0.0	0.0	738.0	-
Debt Securities *	0.0	655.0	-66.6	-110.2
Total	3872.5	4049.0	5979.2	47.7

* Encashment of Special US\$ bonds, FEBC, DBC and Receipts of Eurobonds

Source: SBP

The overall foreign investment has two components – foreign direct investment (FDI) and portfolio investment i.e., investment in the equity market. Foreign investment was only limited for private sector until recently, however, the public sector entered the market through global depository receipts (GDR) of OGDCL. The overall foreign investment stood at \$5979.2 million during the first ten months (July-April) of the current fiscal year as against \$4048.9 million in the same period last year – an increase of 47.7 percent (See Table 1.8). Public foreign investment depicted modest 2.5 percent growth in Jul-April 2006-07 by moving to \$671.4 million as against \$655 million in the comparable period of last year. It is the private

sector which took the major task of providing impetus to foreign investment. During July-April 2006-07, total foreign private investment reached \$5307.8 million as against \$3393.9 million in the comparable period of last year, thereby, depicting 56.4 percent increase [See Table 1.8].

Almost 78 percent of FDI has come from five countries, namely, the UAE, US, China, UK and Netherlands. Netherlands with 18.1 percent (\$753.4 million) has topped the list of foreign investors followed by the UK (17.4% or \$724.4 million), China (17.0% or \$708.9 million), US (16.3% or \$676.7 million), and UAE (8.8% or \$364.2 million) [See Table 1.7].

Table-1.9: Net Inflow of Foreign Direct Investment (Group-Wise)

S.N ECONOMIC GROUP	Million US\$							
	2001-02	2002-03	2003-04	2004-05	2005-06	July-April		
						2005-06	2006-07	
1 Food, Beverages & Tobacco	-5.1	7.0	4.6	22.8	61.9	56.2	492.3	
2 Textiles	18.4	26.1	35.5	39.3	47.0	36.1	49.4	
3 Sugar, Paper & Pulp	0.9	2.3	2.1	4.3	5.1	4.5	16.9	
4 Leather & Rubber Products	0.8	1.2	3.5	6.5	8.2	7.2	6.7	
5 Chemicals & Petro Chemicals	12.9	86.9	16.8	52.1	72.4	58.3	37.5	
6 Petroleum Refining	2.8	2.2	70.9	23.7	31.2	24.4	114.6	
7 Mining & Quarrying	6.6	1.4	1.1	0.5	7.1	5.2	21.0	
8 Oil & Gas Explorations	268.2	186.8	202.4	193.8	312.7	243.3	449.4	
9 Pharmaceuticals & OTC Products	7.2	6.2	13.2	38.0	34.5	27.4	28.9	
10 Cement	0.4	-0.4	1.9	13.1	39.0	37.1	15.2	
11 Electronics & Other Machinery	26.4	17.6	17.0	16.5	21.0	18.7	18.1	
12 Transport Equipment(Automobiles)	1.1	0.6	3.3	33.1	33.1	26.3	41.1	
13 Power	36.4	32.8	-14.2	73.3	320.6	309.6	136.2	
14 Construction	12.8	17.6	32.0	42.7	89.5	58.7	117.1	
15 Trade	34.2	39.1	35.6	52.1	118.0	108.3	133.9	
16 Communications	12.7	24.3	221.9	517.6	1937.7	1720.7	1423.2	
1) Telecommunications	6.0	13.5	207.1	494.4	1905.1	1690.8	1359.9	
17 Financial Business	3.5	207.6	242.1	269.4	329.2	289.7	871.4	
18 Social & Other Services	10.2	19.7	16.4	24.7	64.7	51.2	77.3	
19 Others	12.7	28.8	33.1	78.9	65.5	47.5	74.1	
TOTAL	484.7	798.0	949.4	1,524.0	3,521.0	3,038.2	4,160.2	

Source: SBP

The communication sector (including Telecom) spearheaded the FDI inflows by accounting for 34.2 percent stake during July-April 2006-07 followed by financial business (20.9 percent), energy including oil & gas and power (14.1 percent), and food, beverages and tobacco (11.8 percent). These four groups accounted for almost 80 percent of FDI inflows in the country [See Table-1.9]. The pace of both FDI and portfolio

investment clearly indicates that foreign investors are upbeat on Pakistan's current and future economic prospects. The challenge for the government is therefore, to maintain consistency and continuity in economic policies. Continue to maintain macroeconomic stability and continue to pursue structural reforms in different sectors of the economy.

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TABLE 1.1

GROSS NATIONAL PRODUCT AT CONSTANT FACTOR COST OF 1999-2000

Sectors	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	(Rs million)	
									% Change	
									2005-06/ 2004-05	2006-07/ 2005-06
							R	P		
COMMODITY PROD. SECTOR	1,754,472	1,768,695	1,792,972	1,868,125	2,041,661	2,234,671	2,311,000	2,449,227	3.4	6.0
1 Agriculture	923,609	903,499	904,433	941,942	964,853	1,027,403	1,043,587	1,095,673	1.6	5.0
Major Crops	342,200	308,474	300,911	321,505	327,057	385,058	369,180	397,258	-4.1	7.6
Minor Crops	125,679	121,673	117,217	119,446	124,121	125,993	126,471	127,887	0.4	1.1
Livestock	417,120	433,066	448,968	460,495	473,771	484,876	521,423	543,698	7.5	4.3
Fishing	15,163	14,715	12,901	13,346	13,611	13,691	16,503	17,197	20.5	4.2
Forestry	23,447	25,571	24,436	27,150	26,293	17,785	10,010	9,633	-43.7	-3.8
A1. INDUSTRIAL SECTOR	<i>830,863</i>	<i>865,196</i>	<i>888,539</i>	<i>926,183</i>	<i>1,076,808</i>	<i>1,207,268</i>	<i>1,267,413</i>	<i>1,353,554</i>	<i>5.0</i>	<i>6.8</i>
2 Mining & Quarrying	81,050	85,528	90,431	96,418	111,473	122,621	128,232	135,412	4.6	5.6
3 Manufacturing	522,801	571,357	596,841	638,044	727,439	840,243	923,997	1,002,072	10.0	8.4
Large Scale	338,602	375,687	388,859	416,955	492,632	590,759	653,840	711,064	10.7	8.8
Small & Household	184,199	195,670	207,982	221,089	176,841	190,121	205,991	222,627	8.3	8.1
Slaughtering					57,966	59,363	64,166	68,381	8.1	6.6
4 Construction	87,386	87,846	89,241	92,789	82,818	98,190	103,750	121,627	5.7	17.2
5 Electricity and										
Gas Distribution	139,626	120,465	112,026	98,932	155,078	146,214	111,434	94,443	-23.8	-15.2
SERVICES SECTOR	1,807,546	1,863,396	1,952,146	2,053,979	2,173,947	2,358,559	2,585,736	2,791,494	9.6	8.0
6 Transport, Storage & Communication	400,983	422,195	427,296	445,552	461,276	477,171	510,016	539,348	6.9	5.8
7 Wholesale & Retail Trade	621,842	649,564	667,615	707,665	766,693	858,695	932,994	999,619	8.7	7.1
8 Finance & Insurance	132,454	112,455	131,761	130,081	141,768	185,501	246,633	291,415	33.0	18.2
9 Ownership of Dwellings	110,425	114,593	118,604	122,466	126,764	131,214	135,820	140,587	3.5	3.5
10 Public Admn. & Defence	220,291	225,152	240,585	259,148	267,321	268,826	295,719	316,269	10.0	6.9
11 Social and Community Services	321,551	339,437	366,285	389,067	410,125	437,152	464,554	504,256	6.3	8.5
12 GDP (fc)	3,562,018	3,632,091	3,745,118	3,922,104	4,215,608	4,593,230	4,896,736	5,240,721	6.6	7.0
13 Indirect Taxes	295,815	301,920	312,886	355,323	372,029	358,455	395,440	410,318	10.3	3.8
14 Subsidies	31,724	32,050	30,227	54,451	53,488	69,889	72,545	98,331	3.8	35.5
15 GDP(mp)	3,826,109	3,901,961	4,027,777	4,222,976	4,534,149	4,881,796	5,219,631	5,552,708	6.9	6.4
16 Net Factor Income from abroad	-47,956	-47,285	22,594	127,050	90,721	88,766	85,572	85,573	-3.6	0.0
17 GNP(fc)	3,514,062	3,584,806	3,767,712	4,049,154	4,306,329	4,681,996	4,982,308	5,326,294	6.4	6.9
18 GNP (mp)	3,778,153	3,854,676	4,050,371	4,350,026	4,624,870	4,970,562	5,305,203	5,638,281	6.7	6.3
19 Population (in million)	137.5	140.4	143.2	146.8	149.7	152.5	155.4	158.2	1.9	1.8
20 Per Capita Income(fc-Rs)	25,551	25,540	26,316	27,592	28,776	30,696	32,067	33,674	4.5	5.0
21 Per Capita Income(mp-Rs)	27,471	27,463	28,291	29,642	30,905	32,587	34,146	35,647	4.8	4.4

R: Revised

P: Provisional

Source : Federal Bureau of Statistics

TABLE 1.2

SECTORAL SHARE IN GDP

Sector	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06		2006-07	
							R	P	R	P
COMMODITY PROD. SECTOR	<u>49.3</u>	<u>48.7</u>	<u>47.9</u>	<u>47.6</u>	<u>48.4</u>	<u>48.7</u>	<u>47.2</u>	<u>46.7</u>		
1. Agriculture	25.9	24.9	24.1	24.0	22.9	22.4	21.3	20.9		
Major Crops	9.6	8.5	8.0	8.2	7.8	8.4	7.5	7.6		
Minor Crops	3.5	3.3	3.1	3.0	2.9	2.7	2.6	2.4		
Livestock	11.7	11.9	12.0	11.7	11.2	10.6	10.6	10.4		
Fishing	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3		
Forestry	0.7	0.7	0.7	0.7	0.6	0.4	0.2	0.2		
A1. INDUSTRIAL SECTOR	<u>23.3</u>	<u>23.8</u>	<u>23.7</u>	<u>23.6</u>	<u>25.5</u>	<u>26.3</u>	<u>25.9</u>	<u>25.8</u>		
2. Mining & Quarrying	2.3	2.4	2.4	2.5	2.6	2.7	2.6	2.6		
3. Manufacturing	14.7	15.7	15.9	16.3	17.3	18.3	18.9	19.1		
Large Scale	9.5	10.3	10.4	10.6	11.7	12.9	13.4	13.6		
Small & Household	5.2	5.4	5.6	5.6	4.2	4.1	4.2	4.2		
Slaughtering	0.0	0.0	0.0	0.0	1.4	1.3	1.3	1.3		
4. Construction	2.5	2.4	2.4	2.4	2.0	2.1	2.1	2.3		
5. Electricity and Gas Distribution	3.9	3.3	3.0	2.5	3.7	3.2	2.3	1.8		
SERVICES SECTOR	<u>50.7</u>	<u>51.3</u>	<u>52.1</u>	<u>52.4</u>	<u>51.6</u>	<u>51.3</u>	<u>52.8</u>	<u>53.3</u>		
6. Transport, Storage & Communication	11.3	11.6	11.4	11.4	10.9	10.4	10.4	10.3		
7. Wholesale & Re- tail Trade	17.5	17.9	17.8	18.0	18.2	18.7	19.1	19.1		
8. Finance & Insurance	3.7	3.1	3.5	3.3	3.4	4.0	5.0	5.6		
9. Ownership of Dwellings	3.1	3.2	3.2	3.1	3.0	2.9	2.8	2.7		
10. Public Admn. & Defence	6.2	6.2	6.4	6.6	6.3	5.9	6.0	6.0		
11. Social Services	9.0	9.3	9.8	9.9	9.7	9.5	9.5	9.6		
12. GDP (fc)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		

R: Revised

P: Provisional

Source: Federal Bureau of Statistics.

TABLE 1.3

REAL GDP / GNP GROWTH RATES

Sector	2000-01	2001-02	2002-03	2003-04	2004-05	(%)	
						2005-06 R	2006-07 P
COMMODITY PROD. SECTOR	<u>0.8</u>	<u>1.4</u>	<u>4.2</u>	<u>9.3</u>	<u>9.5</u>	<u>3.4</u>	<u>6.0</u>
1. Agriculture	-2.2	0.1	4.1	2.4	6.5	1.6	5.0
Major Crops	-9.9	-2.5	6.8	1.7	17.7	-4.1	7.6
Minor Crops	-3.2	-3.7	1.9	3.9	1.5	0.4	1.1
Livestock	3.8	3.7	2.6	2.9	2.3	7.5	4.3
Fishing	-3.0	-12.3	3.4	2.0	0.6	20.5	4.2
Forestry	9.1	-4.4	11.1	-3.2	-32.4	-43.7	-3.8
A1. INDUSTRIAL SECTOR	<u>4.1</u>	<u>2.7</u>	<u>4.2</u>	<u>16.3</u>	<u>12.1</u>	<u>5.0</u>	<u>6.8</u>
2. Mining & Quarrying	5.5	5.7	6.6	15.6	10.0	4.6	5.6
3. Manufacturing	9.3	4.5	6.9	14.0	15.5	10.0	8.4
Large Scale	11.0	3.5	7.2	18.1	19.9	10.7	8.8
Small & Household	6.2	6.3	6.3	-20.0	7.5	8.3	8.1
4. Construction	0.5	1.6	4.0	-10.7	18.6	5.7	17.2
5. Electricity and Gas Distribution	-13.7	-7.0	-11.7	56.8	-5.7	-23.8	-15.2
SERVICES SECTOR	<u>3.1</u>	<u>4.8</u>	<u>5.2</u>	<u>5.8</u>	<u>8.5</u>	<u>9.6</u>	<u>8.0</u>
6. Transport, Storage & Communication	5.3	1.2	4.3	3.5	3.4	6.9	5.8
7. Wholesale & Re- tail Trade	4.5	2.8	6.0	8.3	12.0	8.7	7.1
8. Finance & Insurance	-15.1	17.2	-1.3	9.0	30.8	33.0	18.2
9. Ownership of Dwellings	3.8	3.5	3.3	3.5	3.5	3.5	3.5
10. Public Admn. & Defence	2.2	6.9	7.7	3.2	0.6	10.0	6.9
11. Social Services	5.6	7.9	6.2	5.4	6.6	6.3	8.5
12. GDP (fc)	2.0	3.1	4.7	7.5	9.0	6.6	7.0

R: Revised

P: Provisional

Source: Federal Bureau of Statistics.

TABLE 1.4

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

Flows	(Rs million)									
	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 R	2006-07 P	% Change	
									2005-06/ 2004-05	2006-07/ 2005-06
Private Consumption										
Expenditure	2,884,021	2,899,747	2,940,387	2,952,588	3,251,947	3,644,536	3,763,704	3,917,981	3.27	4.10
General Govt. Current										
Consumption Expenditure	330,691	312,070	358,968	384,825	390,319	396,818	588,576	600,282	48.32	1.99
Gross Domestic Fixed										
Capital Formation	607,410	634,423	632,134	658,070	617,731	701,392	824,843	994,977	17.60	20.63
Change in Stocks	51,700	52,914	53,491	71,051	73,703	105,298	79,697	85,229	-24.31	6.94
Export of Goods and										
Non-Factor Services	514,280	576,936	634,399	814,425	801,982	878,896	965,863	969,922	9.90	0.42
Less Imports of Goods										
and Non-Factor Services	561,990	574,130	591,602	657,983	601,559	845,144	1,003,052	1,015,683	18.68	1.26
Expenditure on GDP at										
Market Prices	3,826,112	3,901,960	4,027,777	4,222,976	4,534,123	4,881,796	5,219,631	5,552,708	6.92	6.38
Plus Net Factor Income										
from the Rest of the World	-47,957	-47,284	22,594	127,050	90,721	88,750	84,343	86,110	-4.97	2.10
Expenditure on GNP at										
Market Prices	3,778,155	3,854,676	4,050,371	4,350,026	4,624,844	4,970,546	5,303,974	5,638,818	6.71	6.31
Less Indirect Taxes	295,815	301,920	312,886	355,323	372,029	358,455	395,440	410,318	10.32	3.76
Plus Subsidies	31,724	32,050	30,227	54,451	53,488	69,889	72,545	98,331	3.80	35.54
GNP at Factor Cost	3,514,064	3,584,806	3,767,712	4,049,154	4,306,303	4,681,980	4,981,079	5,326,831	6.39	6.94

R: Revised

P: Provisional

Source: Federal Bureau of Statistics.

TABLE 1.5

GROSS NATIONAL PRODUCT AT CURRENT FACTOR COST

Sectors	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 R	2006-07 P	(Rs million)	
									% Change	
									2005-06/ 2004-05	2006-07/ 2005-06
1. Agriculture	923,609	945,301	968,291	1,059,316	1,164,751	1,314,234	1,382,660	1,608,522	5.2	16.3
Major Crops	342,200	325,579	316,857	370,117	411,836	497,556	496,841	579,996	-0.1	16.7
Minor Crops	125,679	130,679	133,136	130,450	126,372	154,218	169,886	191,835	10.2	12.9
Livestock	417,120	446,058	476,310	512,976	578,218	621,170	678,033	794,987	9.2	17.2
Fishing	15,163	16,546	16,377	16,625	16,728	17,490	22,230	24,359	27.1	9.6
Forestry	23,447	26,439	25,611	29,148	31,597	23,800	15,670	17,345	-34.2	10.7
2. Mining & Quarrying	81,052	106,370	116,952	137,044	208,290	182,051	219,590	256,068	20.6	16.6
3. Manufacturing	522,801	608,132	642,850	725,434	902,486	1,136,634	1,387,708	1,597,525	22.7	15.7
Large Scale	338,602	410,879	424,089	481,374	621,899	814,657	1,025,418	1,183,069	25.9	15.4
Small & Household	132,369	143,463	161,734	244,060	280,587	222,176	245,170	276,703	10.3	12.9
Slaughtering	51,830	53,790	57,027			99,801	117,120	137,753	17.4	17.6
4. Construction	87,386	94,670	95,197	100,880	115,497	153,333	172,494	206,363	12.5	19.6
5. Electricity and Gas Distribution	139,626	133,091	134,350	120,556	190,713	187,267	159,368	143,534	-14.9	-9.9
6. Transport, Storage & Communication	400,983	512,997	542,828	609,929	675,623	759,711	933,184	1,056,555	22.8	13.2
7. Wholesale & Re- tail Trade	621,842	691,854	720,812	785,776	896,357	1,093,114	1,314,010	1,519,008	20.2	15.6
8. Finance & Insurance	132,454	116,997	142,424	144,989	165,230	236,254	338,997	431,754	43.5	27.4
9. Ownership of Dwellings	110,425	124,359	126,454	135,139	146,264	165,441	184,812	205,109	11.7	11.0
10. Public Admn. & Defence	220,291	235,039	260,042	285,854	312,105	343,348	404,228	466,398	17.7	15.4
11. Social Services	321,551	354,434	395,967	429,301	473,211	551,181	632,125	735,683	14.7	16.4
12. GDP (fc)	3,562,020	3,923,244	4,146,167	4,534,218	5,250,527	6,122,568	7,129,176	8,226,519	16.4	15.4
13. Indirect Taxes	295,815	320,669	339,262	403,221	455,549	468,573	569,077	631,808	21.4	11.0
14. Subsidies	31,724	34,040	32,775	61,791	65,496	91,359	104,399	151,410	14.3	45.0
15. GDP(mp)	3,826,111	4,209,873	4,452,654	4,875,648	5,640,580	6,499,782	7,593,854	8,706,917	16.8	14.7
16. Net Factor Income from abroad	-47,957	-54,482	23,665	151,812	124,478	134,461	149,901	160,738	11.5	7.2
17. GNP(fc)	3,514,063	3,868,762	4,169,832	4,686,030	5,375,005	6,257,029	7,279,077	8,387,257	16.3	15.2
18. GNP (mp)	3,778,154	4,155,391	4,476,319	5,027,460	5,765,058	6,634,243	7,743,755	8,867,655	16.7	14.5
19. Population (in million)	137.53	140.36	143.17	146.75	149.65	152.53	155.37	158.17	1.9	1.8
20. Per Capita Income(fc-Rs)	25,551	27,563	29,125	31,932	35,917	41,022	46,850	53,027	14.2	13.2
21. Per Capita Income(mp-Rs)	27,471	29,605	31,266	34,259	38,524	43,495	49,841	56,064	14.6	12.5
22. Per Capita Income(mp-US \$)	526	501	503	586	669	733	833	925	13.6	11.0
23. GDP Deflator Index	100.00	108.02	110.71	115.61	124.55	133.30	145.59	156.97	-	-
Growth		8.02	2.49	4.42	7.74	7.02	9.22	7.82	-	-

R: Revised
P: Provisional

Source : Federal Bureau of Statistics

TABLE 1.6

EXPENDITURE ON GROSS NATIONAL PRODUCT AT CURRENT PRICES

Flows	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	(Rs million)	
									% Change	
									2005-06/ 2004-05	2006-07/ 2005-06
Private Consumption										
Expenditure	2,884,021	3,211,093	3,329,860	3,600,963	4,184,717	5,001,499	5,732,321	6,527,372	14.61	13.87
General Government Current										
Consumption Expenditure	330,691	327,562	388,446	428,689	462,462	509,864	824,300	902,603	61.67	9.50
Gross Domestic Fixed										
Capital Formation	607,410	659,325	680,373	736,433	844,847	1,134,942	1,529,897	1,864,180	34.80	21.85
Change in Stocks	51,700	56,200	58,000	80,629	90,249	105,298	116,465	134,196	10.61	15.22
Export of Goods and Non-Factor Services	514,280	617,148	677,855	815,158	883,704	1,019,783	1,161,257	1,214,051	13.87	4.55
Less Imports of Goods and Non-Factor Services	561,990	661,455	681,880	786,224	825,399	1,271,604	1,770,386	1,935,485	39.22	9.33
Expenditure on GDP at Market Prices	3,826,112	4,209,873	4,452,654	4,875,648	5,640,580	6,499,782	7,593,854	8,706,917	16.83	14.66
Plus Net Factor Income from the rest of the world	-47,957	-54,482	23,665	151,812	124,478	134,461	149,901	160,738	11.48	7.23
Expenditure on GNP at Market Prices	3,778,155	4,155,391	4,476,319	5,027,460	5,765,058	6,634,243	7,743,755	8,867,655	16.72	14.51
Less Indirect Taxes	295,815	320,669	339,262	403,221	455,549	468,573	569,077	631,808	21.45	11.02
Plus Subsidies	31,724	34,040	32,775	61,791	65,496	91,359	104,399	151,410	14.27	45.03
GNP at Factor Cost	3,514,064	3,868,762	4,169,832	4,686,030	5,375,005	6,257,029	7,279,077	8,387,257	16.33	15.22

R: Revised

P: Provisional

Source: Federal Bureau of Statistics.

Note: Private Consumption Expenditure has been taken as residual

TABLE 1.7

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

Sector	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06		(Rs million)	
							R	P	% Change	
									2005-06/ 2004-05	2006-07/ 2005-06
GFCF (A+B+C)	607,410	659,325	680,373	736,433	844,836	1,134,942	1,529,897	1,864,180	34.8	21.9
A. Private Sector	394,749	423,097	496,464	545,104	616,514	852,424	1,172,044	1,410,993	37.5	20.4
B. Public Sector	146,912	169,242	113,523	104,051	103,536	129,482	159,777	215,072	23.4	34.6
C. General Govt.	65,749	66,986	70,386	87,278	124,786	153,036	198,076	238,115	29.4	20.2
Private & Public (A+B)	541,661	592,339	609,987	649,155	720,050	981,906	1,331,821	1,626,065	35.6	22.1
SECTOR-WISE:										
1. Agriculture	75,434	67,147	69,604	75,681	81,159	135,308	135,812	141,114	0.4	3.9
2. Mining and Quarrying	18,221	33,694	48,996	77,430	18,651	33,378	49,448	95,720	48.1	93.6
3. Manufacturing (A+B)	140,345	151,020	168,055	164,920	203,929	247,166	317,901	403,886	28.6	27.0
A. Large Scale	120,532	128,826	143,005	136,066	164,572	195,655	252,127	331,075	28.9	31.3
B. Small Scale*	19,813	22,194	25,050	28,854	39,357	51,511	65,774	72,811	27.7	10.7
4. Construction	15,117	13,589	15,163	7,130	10,113	17,824	26,106	32,529	46.5	24.6
5. Electricity & Gas	67,354	67,628	56,865	57,562	25,261	40,050	68,831	72,595	71.9	5.5
6. Transport and Communication	80,081	104,679	86,360	82,864	148,646	224,974	389,897	471,166	73.3	20.8
7. Wholesale and Retail Trade	7,111	8,589	10,375	12,533	17,192	21,381	29,157	36,575	36.4	25.4
8. Finance & Insurance	9,992	5,104	10,158	23,366	27,945	31,580	39,979	76,507	26.6	91.4
9. Ownership of Dwellings	77,973	87,448	87,833	91,379	110,398	129,247	149,167	156,102	15.4	4.6
9. Services	50,033	53,441	56,579	56,290	76,754	101,065	125,523	139,871	24.2	11.4

P: Provisional

R: Revised

* Slaughtering is included in small scale sector

(Contd.)

TABLE 1.7

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

Sector	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	(Rs million)	
									% Change	
									2005-06/ 2004-05	2006-07/ 2005-06
PRIVATE SECTORS	394,749	423,097	496,464	545,104	616,514	852,424	1,172,044	1,410,993	37.5	20.4
1. Agriculture	72,513	66,468	65,636	74,293	81,050	135,086	135,697	140,907	0.5	3.8
2. Mining and Quarrying	13,108	13,230	26,710	48,252	12,701	18,384	31,203	57,296	69.7	83.6
3. Manufacturing	119,158	137,127	166,657	163,520	200,521	244,959	311,605	397,675	27.2	27.6
Large Scale	99,345	114,933	141,607	134,666	161,162	193,448	245,831	324,864	27.1	32.1
Small Scale*	19,813	22,194	25,050	28,854	39,359	51,511	65,774	72,811	27.7	10.7
4. Construction	12,373	11,360	11,689	4,178	6,608	13,418	19,248	24,441	43.4	27.0
5. Electricity & Gas	15,169	15,258	35,141	26,417	3,039	11,612	29,962	15,008	158.0	-49.9
6. Transport & Communication	23,868	31,697	31,476	51,381	86,951	153,558	311,247	378,305	102.7	21.5
7. Wholesale and Retail Trade	7,111	8,589	10,375	12,533	17,192	21,381	29,157	36,575	36.4	25.4
8. Ownership of Dwellings	77,973	87,448	87,833	91,379	110,398	129,247	149,167	156,102	15.4	4.6
9. Finance & Insurance	6,312	2,827	7,996	20,897	26,599	30,520	37,661	74,052	23.4	96.6
10. Services	47,164	49,093	52,951	52,254	71,455	94,259	117,097	130,632	24.2	11.6

R: Revised

P: Provisional

* Slaughtering is included in small scale sector

(Contd.)

TABLE 1.7

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

Sector	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06		% Change	
							R	P	2005-06/ 2004-05	2006-07/ 2005-06
Public Sector and										
General Govt. (A+B)	212,661	236,228	183,909	191,332	228,322	282,518	357,853	453,187	26.7	26.6
A. Public Sector	146,912	169,242	113,523	104,054	103,536	129,482	159,777	215,072	23.4	34.6
1. Agriculture	2,921	680	3,968	1,388	109	222	115	207	-48.2	80.0
2. Mining and										
Quarrying	5,113	20,463	22,285	29,178	5,950	14,994	18,245	38,424	21.7	110.6
3. Manufacturing	21,187	13,893	1,398	1,400	3,410	2,140	6,296	6,211	194.2	-1.4
Large Scale	21,187	13,893	1,398	1,400	3,410	2,140	6,296	6,211	194.2	-1.4
Small Scale	-	-	-	-	-	-	-	-	-	-
4. Construction	2,744	2,229	3,474	2,952	3,505	4,406	6,858	8,088	55.7	17.9
5. Electricity & Gas	52,185	52,370	21,724	31,145	22,222	28,438	38,869	57,587	36.7	48.2
6. Transport and										
Communication	56,213	72,982	54,884	31,486	61,695	71,416	78,650	92,861	10.1	18.1
Railways	369	2,473	5,376	3,133	3,336	3,439	5,115	1,395	48.7	-72.7
Post Office & PTC	27,438	31,239	26,440	6,699	5,834	10,763	15,067	2,678	40.0	-82.2
Others	28,406	39,270	23,068	21,654	52,525	57,214	58,468	88,788	2.2	51.9
7. Wholesale and										
Retail Trade	-	-	-	-	-	-	-	-	-	-
8. Finance &										
Insurance	3,680	2,277	2,162	2,469	1,346	1,060	2,318	2,455	118.7	5.9
9. Services	2,869	4,348	3,628	4,036	5,299	6,806	8,426	9,239	23.8	9.6
B. General Govt.	65,749	66,986	70,386	87,278	124,786	153,036	198,076	238,115	29.4	20.2
Federal	24,980	24,029	29,657	31,581	41,304	38,938	53,522	68,964	37.5	28.9
Provincial	31,763	31,371	17,729	26,689	50,059	71,567	113,512	122,041	58.6	7.5
Local Bodies	9,006	11,586	23,000	29,008	33,423	42,531	31,042	47,110	-27.0	51.8

R: Revised

P: Provisional

- Nil

.. Not available

Source: Federal Bureau of Statistics.

TABLE 1.8

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

Sector	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06		2006-07		(Rs million)	
							R	P	% Change		2005-06/	2006-07/
									2004-05	2005-06		
GFCF (A+B+C)	607,410	634,422	632,133	658,070	617,731	701,392	824,843	994,978	17.6	20.6		
A. Private Sector	394,749	406,003	459,634	485,849	447,212	521,326	625,717	748,610	20.0	19.6		
B. Public Sector	146,912	163,175	105,388	91,475	72,763	75,153	80,638	106,234	7.3	31.7		
C. General Govt.	65,749	65,244	67,111	80,746	97,756	104,913	118,488	140,134	12.9	18.3		
Private & Public (A+B)	541,661	569,178	565,022	577,324	519,975	596,479	706,355	854,844	18.4	21.0		
SECTOR-WISE:												
1. Agriculture	75,434	64,965	64,953	66,762	55,779	76,389	65,572	67,596	-14.2	3.1		
2. Mining and Quarrying	18,221	32,610	45,169	66,738	12,232	17,482	21,967	42,360	25.7	92.8		
3. Manufacturing	140,345	142,550	153,417	149,275	144,010	148,129	169,444	214,665	14.4	26.7		
Large Scale	120,532	120,952	129,781	120,969	115,700	117,147	135,538	177,558	15.7	31.0		
Small Scale*	19,813	21,598	23,636	28,306	28,310	30,982	33,906	37,107	9.4	9.4		
4. Construction	15,117	12,283	13,347	6,606	7,919	13,155	19,378	24,128	47.3	24.5		
5. Electricity & Gas	67,354	65,582	52,804	50,119	16,934	21,659	31,613	33,148	46.0	4.9		
6. Transport and Communication	80,081	101,023	80,582	74,151	105,851	133,953	200,616	240,342	49.8	19.8		
7. Wholesale and Retail Trade	7,111	8,369	9,925	11,692	13,760	15,165	18,123	22,332	19.5	23.2		
8. Finance & Insurance	9,992	4,957	9,552	21,265	22,025	21,835	24,563	46,144	12.5	87.9		
9. Ownerships of												
Dwellings	77,973	84,926	82,596	83,163	87,010	89,213	91,649	94,151	2.7	2.7		
10. Services	50,033	51,915	53,006	49,996	54,455	59,499	63,431	69,977	6.6	10.3		

R: Revised

P: Provisional

- Not available

* Slaughtering is included in small scale sector

(..Contd.)

TABLE 1.8
GROSS FIXED CAPITAL FORMATION (GFCF) IN PRIVATE SECTOR
AT CONSTANT MARKET PRICES OF 1999-2000

Sector	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	(Rs million)	
									% Change	
									2005-06/ 2004-05	2006-07/ 2005-06
PRIVATE SECTOR	394,749	406,003	459,634	485,849	447,213	521,326	625,717	748,609	20.0	19.6
1. Agriculture	72,513	64,307	61,250	65,537	55,704	76,264	65,516	67,497	-14.1	3.0
2. Mining and Quarrying	13,108	12,805	24,624	41,589	8,330	9,629	13,862	25,356	44.0	82.9
3. Manufacturing	119,158	129,506	151,822	145,588	141,613	146,847	166,059	211,334	13.1	27.3
Large Scale	99,345	107,908	128,186	119,724	113,303	115,865	132,153	174,227	14.1	31.8
Small Scale*	19,813	21,598	23,636	25,864	28,310	30,982	33,906	37,107	9.4	9.4
4. Construction	12,373	10,268	10,289	3,871	5,175	9,903	14,287	18,095	44.3	26.7
5. Electricity & Gas	15,169	14,796	32,632	23,001	2,044	6,280	13,761	6,853	119.1	-50.2
6. Transport & Communication	23,868	30,590	29,370	45,979	61,918	91,431	160,148	192,973	75.2	20.5
7. Wholesale and Retail Trade	7,111	8,369	9,925	11,692	13,760	15,165	18,123	22,332	19.5	23.2
8. Ownership of Dwellings	77,973	84,926	82,596	83,163	87,010	89,213	91,649	94,151	2.7	2.7
9. Finance & Insurance	6,312	2,745	7,519	19,018	20,964	21,102	23,139	44,663	9.7	93.0
10. Services	47,164	47,691	49,607	46,411	50,695	55,492	59,173	65,355	6.6	10.4

R: Revised

P: Provisional

- Nil

* : Slaughtering is included in small scale sector.

(..Contd.)

TABLE 1.8

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

Sector	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 R	2006-07 P	(Rs million)	
									% Change	
									2005-06/ 2004-05	2006-07/ 2005-06
Public and General										
Government (A+B)	212,661	228,419	172,499	172,221	170,518	180,066	199,128	246,368	10.6	23.7
A. Public Sector	146,912	163,175	105,388	91,476	72,762	75,153	80,640	106,234	7.3	31.7
1. Agriculture	2,921	658	3,703	1,224	75	125	56	99	-55.2	76.8
2. Mining and Quarrying	5,113	19,805	20,545	25,149	3,902	7,853	8,105	17,004	3.2	109.8
3. Manufacturing	21,187	13,044	1,265	1,245	2,397	1,282	3,385	3,331	164.0	-1.6
4. Construction	2,744	2,015	3,058	2,735	2,745	3,252	5,091	6,033	56.5	18.5
5. Electricity & Gas	52,185	50,785	20,173	27,118	14,890	15,379	17,852	26,295	16.1	47.3
6. Transport and Communication	56,213	70,433	51,212	28,173	43,933	42,522	40,469	47,369	-4.8	17.1
Railways	369	2,387	5,016	2,804	2,376	2,048	2,632	712	28.5	-72.9
Post Office & T&T	27,438	30,148	24,671	5,992	4,154	6,408	7,753	1,366	21.0	-82.4
Others	28,406	37,898	21,525	19,377	37,403	34,066	30,084	45,291	-11.7	50.5
7. Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-
8. Finance & Insurance	3,680	2,211	2,033	2,247	1,061	733	1,424	1,481	94.3	4.0
9. Services	2,869	4,224	3,399	3,585	3,759	4,007	4,258	4,622	6.3	8.5
B. General Govt.	65,749	65,244	67,111	80,745	97,756	104,913	118,488	140,134	12.9	18.3
Federal	24,980	23,404	28,277	29,217	32,357	26,694	32,017	40,586	19.9	26.8
Provincial	31,763	30,555	16,904	24,691	39,216	49,062	67,902	71,823	38.4	5.8
Local Bodies	9,006	11,285	21,930	26,837	26,183	29,157	18,569	27,725	-36.3	49.3

R: Revised

P: Provisional

Source: Federal Bureau of Statistics.